

## **GCE**

**New Business** 

H031/02: The wider business environment

**AS Level** 

Mark Scheme for June 2023

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It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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#### MARKING INSTRUCTIONS

# PREPARATION FOR MARKING SCORIS

- 1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: scoris assessor Online Training; OCR Essential Guide to Marking.
- 2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca
- 3. Log-in to scoris and mark the **required number** of practice responses ("scripts") and the **number of required** standardisation responses.

YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

#### **MARKING**

- 1. Mark strictly to the mark scheme.
- 2. Marks awarded must relate directly to the marking criteria.
- 3. The schedule of dates is very important. It is essential that you meet the scoris 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
- 4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the scoris messaging system, or by email.

#### 5. Crossed Out Responses

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

#### **Contradictory Responses**

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only one mark per response)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response'

on a line is a development of the 'first response', rather than a separate, discrete response. (The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)

#### Short Answer Questions (requiring a more developed response, worth two or more marks)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

#### **Longer Answer Questions** (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

- 6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.
- 7. Award No Response (NR) if:
  - there is nothing written in the answer space

Award Zero '0' if:

• anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

- 8. The scoris **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**If you have any questions or comments for your team leader, use the phone, the scoris messaging system, or e-mail.
- 9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.
- 10. For answers marked by levels of response: Not applicable in F501

- **To determine the level** start at the highest level and work down until you reach the level that matches the answer **To determine the mark within the level**, consider the following: a.
- b.

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

### 11. Annotations

BP	Blank page
<b>✓</b>	Tick
×	Cross
<u>                                      </u>	Highlighting tool
NAQ	Not answered question
OFR	Own Figure Rule
BOD	Benefit of Doubt
REP	Repeat
SEEN	Noted but no credit given
TV	Too vague/No use of context
?	Unclear
K	Knowledge
APP	Application of knowledge and understanding
AN	Analysis
DEV	Developed Analysis
EVAL	Evaluation
EE	Effective evaluation

#### 12. Subject Specific Marking Instructions

#### INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

### **Levels of response – Level descriptors**

	Knowledge and understanding/ Application	Analysis	Evaluation
Strong		An explanation of causes and consequences, fully developing the links in the chain of argument.	A conclusion is drawn weighing up both sides, and reaches a supported judgement.
Good	Precision in the use of the terms in the question and applied in a focused way to the context of the question.	An explanation of causes and consequences, developing most of the links in the chain of argument.	A conclusion is drawn weighing up both sides, but without reaching a supported judgement.
Reasonable	Awareness of the meaning of the terms in the question and applied to the context of the question.	An explanation of causes and consequences, which omit some key links in the chain of argument.	Some attempt to come to a conclusion, which shows some recognition of the influencing factors.
Limited	Awareness of the meaning of the terms in the question.	Simple statement(s) of cause and consequence.	An unsupported assertion.

Candidates will be awarded marks for the demonstration of each skill (Knowledge and Understanding/Application/Analysis/ Evaluation) according to the level (Strong/Good/Reasonable/Limited) seen. Their overall mark for Levels of Response questions will comprise the total of these four marks.

The descriptions in each levels of response question in this mark scheme describe a typical response at the top of that level.

# H031/02 Mark Scheme June 2023 USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co-ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co-ordination scripts then become part of this Mark Scheme.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

#### **INSTRUCTIONS TO EXAMINERS:**

#### A INDIVIDUAL ANSWERS

- 1 The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.
- Be prepared to use the full range of marks. Do not reserve high band marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

#### **B** TOTAL MARKS

- 1 The maximum mark for the paper is **60**.
- 2 The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level

Question	Answer	Mark	Guidance
1	Explain what is meant by an apprenticeship.  One mark for a basic identification of the meaning of an apprenticeship.  One further mark for correct explanation of the meaning of an apprenticeship (additional aspects).	2 (AO1x2)	An apprenticeship is a real job with the opportunity to train and gain experience (1).  Aspects of apprenticeships may include:  Payment (a minimum wage for an apprenticeship) (1)  Levels from 1-5 in line with the national framework for qualifications (1)  Vocational education (1)  The opportunity to gain qualifications whilst earning a wage (1)  ARA
2	Calculate the acid test ratio.  One mark for the correct identification of figures.  Two marks for the correct answer.	2 (AO2x2)	Current assets – inventory Current liabilities $ \frac{90 - 60}{120} \qquad (1) $ = $\frac{30}{120}$ = 1:4 or 0.25 or $\frac{1}{4}$ (2)
3	Explain the difference between cash flow and profit.  One mark for an answer that correctly identifies the meaning of cash flow and/or profit.  Two marks for an answer that explains a difference between cash flow and profit.	2 (AO1x2)	Profit is the amount of revenue minus the costs of the business whereas cash flow is the money coming into and leaving the business.  Profit is the income for an owner of a business, whereas cash flow is the account of the money paid and received.  Profit is usually accounted for at the end of a trading period, whereas cash flow is accounted for when it happens.

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Question	Answer	Mark	Guidance
4	Explain one way in which a business can comply with each of the following:	4 (AO1x2) (AO2x2)	Intellectual property includes names of products or brands, inventions, designs, written content, new products etc.
	One mark for knowledge of a requirement of intellectual property legislation.  One further mark for explanation of how a business can comply with this requirement.  Consumer protection legislation  One mark for knowledge of a requirement of consumer protection legislation.  One further mark for explanation of how a business can comply with this requirement.		Copyright, patents, designs and trademarks are all types of intellectual property protection.  Ways in which a business may comply include:  • Establishing who owns a piece of intellectual property  • Obtaining permission to reproduce the information  • Making financial payments for using intellectual property  Consumer protection legislation aims to protect consumers from unfair trading practices.  Ways in which a business may comply include:  • Making sure products are of satisfactory quality  • Making sure products are fit for purpose  • Making sure products are as described  • Making sure services are provided within a reasonable time, with reasonable skill and with reasonable care
5	Calculate the net present value for the investment	2	PV – cost of investment
	One mark for the correct identification of figures.	(AO2x2)	4545 + 4130 +3755 – 10 000 (1)
			,
6	Two marks for the correct answer.	A	= £2430 (2)
6	Explain one advantage and one disadvantage to a business of product differentiation.	4 (AO1x2) (AO2x2)	<ul> <li>Advantages may include:</li> <li>Could give a USP/or make a product stand out</li> <li>Could create brand loyalty</li> </ul>

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Question	Answer	Mark		Gui	dance		
	One mark for identification of an advantage of product differentiation  One further mark for explanation of an advantage of product differentiation.  One mark for identification of a disadvantage of product differentiation.  One further mark for explanation of a disadvantage of product differentiation.		Disadvantages inc	rs may no ict may d	amage th	e brand im	age
7	Calculate the engineer's added value for the week.  One mark for the correct identification of figures.	2 (AO2x2)	Boiler	Direct costs (£)	Indirect costs (£)	Price charged (£)	Added value
	Two marks for the correct answer.		replacement Central heating	80	10	200	110
			service Radiator replacement	600	75	1000	325
			Gas safety test	15	15	55	25
			£500 + £110 + £3 OR TC (900+100+80- (1500+200+1000- = £960 (2) OFR – for a mist added	+10+600- +55) £27!	+75+15+1 55 (1)	,	

## H031/02 Mark Scheme June 2023

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Question	Answer	Mark	Guidance	
8	State two determinants of supply.  One mark for each determinant of supply correctly identified, up to a maximum of two marks.	2 (AO1x2)	Determinants of supply include:     Price     Cost of factors (allow price of factors)     Taxation     Availability of factors     Subsidies     Technology     Number of sellers     Prices of goods in joint supply     Prices of goods in competitive supply	
				ARA

Question	Answer	Mark	Guidance
9	Explain what is meant by 'limited liability' (line x).  One mark for a correct knowledge of liability.  Two marks for a correct explanation of limited liability.	2 (AO1x2)	Liability refers to the financial risk involved in investing in a business. (1)  Limited liability means that investors (shareholders) are only risking the financial sum that has been invested into the business. Personal assets are not at risk, only business assets. (2)
10	Calculate the change in McLaren's road car labour productivity between 2018 and 2019.  One mark for the correct calculation of one labour productivity figure (2018 or 2019).  Two marks for the correct answer.	2 (AO2x2)	Vehicle sales46624829Number of employees44693798Labour productivity1.041.27A reduction of 0.23 (-18.11%) vehicles per worker (2)Allow for differences in final answer depending on
11	Evaluate the impact of the planned redundancies on one stakeholder of McLaren Group.  Level 4 (10–12) Candidate shows strong knowledge and understanding, analysis and evaluation of the impact of the planned redundancies on one stakeholder of McLaren.  There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.  Level 3 (7–9) Candidate shows good knowledge and understanding, analysis and evaluation of the impact of the planned redundancies on one stakeholder of McLaren.  There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.	12 (AO1x2) (AO2x2) (AO3x4) (AO4x4)	<ul> <li>Responses may include:</li> <li>Employees</li> <li>Almost a quarter of the workforce will be made redundant leading to those who have lost their jobs needing to find new employment in a specialised field. The main factor is the sport-wide restriction on motorcar racing budgets. Every F1 team is likely to face the same issue – so it may prove difficult to gain new employment. Retraining may be required. Those workers who are left at McLaren may also be concerned about their future, however they may also be motivated by the prospect of keeping their job since McLaren is still planning to increase production to 6000 cars by 2025.</li> <li>Customers/consumers</li> </ul>

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Question	Answer	Mark	Guidance
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Question	Answer	Mark	Guidance			
	Answer	Mark	Applied Technology - the redundancies may slow development of future technology for McLaren and the business may need to rationalise their objectives for developing new technology, such as the hybrid cars.  • Competitors  Competitors  Competitors such as Mercedes, Ferrari and Red Bull will be facing similar issues, however they may be able to avoid redundancy costs by moving employees to job roles in other parts of the business. This is an example of an economy of scale/scope that McLaren may not have access to since it only sells 4462 road cars a year. Competitors may see this as an opportunity to take some of McLarens market share, especially with waiting times for cars usually around 6 months.			
12 (a)	Explain the difference between product orientation and customer orientation	2 (AO1x2)	Product orientation is the focus on producing an excellent/superior product.			
	One mark for correct knowledge of product and customer orientation.		Customer orientation is the focus on producing a product that meets/matches customer expectations.			
	Two marks for correct knowledge of a difference between product and customer orientation.		Differences may include:  Customer orientation requires research into what customers actually want, whereas product orientation requires research into what a business can produce.  Product orientation requires much more advertising about the features of a product to inform the customer, whereas customer orientation may be focussed on branding.  The focus of product orientation is what the business can make, whereas the focus of customer orientation is what the customer wants.			

Questi	on Answer	Mark	Guidance
12 (b		2 (AO2x2)	<ul> <li>known for being one of the world's most respected high-technology brands</li> <li>pioneering and innovating in the competitive world of Formula 1 motorcar racing</li> <li>success of the Formula 1 team</li> <li>high-performance road car business</li> <li>uses technology and insight derived from Formula 1 to develop products in motorsport, road cars, public transport and health.</li> <li>Goal - we exist to win in everything we do.</li> <li>McLaren wants to build the world's best car and trust there is a market for people who want to buy the world's best car.</li> </ul>
13	Evaluate the importance of lean production to the future success of McLaren Group.  Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the importance of lean production to the future success of McLaren. There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.  Level 3 (11–15) Candidate shows good knowledge and understanding, analysis and evaluation of the importance of lean production to the future success of McLaren. There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.	20 (AO1x2) (AO2x2) (AO3x8) (AO4x8)	Indicative content may include:  Knowledge of lean production: The approach to the management of operations which aims to reduce waste, including:  Time based management  Kaizen (continuous improvement)  Just in time (JIT)  Cell production  Quality improvement  Application to McLaren may include:  uses technology and insight derived from Formula 1 to develop products in motorsport, road cars, public transport and health  McLaren's goal remains singular: exist to win in everything they do  The company said it had worked hard to cut costs and avoid redundancies.

ΠU3 I/UZ	Mark Scheme				
Question	Answer	Mark	Guidance		
WG SHOTI	Level 2 (6–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the importance of lean production to the future success of McLaren. The information has some relevance and is presented with limited structure. The information is supported by limited evidence.  Level 1 (1–5) Candidate shows limited knowledge and understanding with limited or no analysis and evaluation of the importance of lean production to the future success of McLaren.  The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.  NB – award maximum of two marks for non—contextualised impacts.  O marks no response or no response worthy of credit.	IWICITA	<ul> <li>McLaren plans to emerge as an efficient, sustainable business with a clear course for returning to growth</li> <li>Second phase of redundancies.</li> <li>A lot of our buyers are interested in the technology and engineering of the vehicles as well as what it looks like and how it performs.</li> <li>Orders in 2014 pushed the firm's production backlog from about 6 months to 9 -12 months, but the company worked hard to reduce that backlog back to its usual 6 months.</li> <li>McLaren does much of its manufacturing by hand, allowing it both to keep its investment in production capital low and to provide flexibility.</li> <li>Takes about 23 days in total to produce each car</li> <li>Increased product quality (less waste): Improved efficiency frees up employees and resources for innovation and quality control, particularly important when considering McLarens innovation objectives for 2025.</li> <li>Improved waiting times for customers: as production becomes leaner McLaren may be able to reduce their current waiting times (6 months)</li> <li>Sustainability: Less waste and better adaptability makes for a business that's better equipped to manage their future innovations (such as 18 new models, hybrid cars etc.)</li> <li>Employee satisfaction: McLaren employs specialist engineers so less waste in the production process may motivate these</li> </ul>		

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Question	Answer	Mark	Guidance		
			<ul> <li>engineers – particularly important with current round of redundancies</li> <li>Increased profits: And, of course, more productivity with less waste and better quality ultimately makes for a more profitable company.</li> <li>Competitive advantage: McLaren is in a competitive market (racing, road cars, super cars are all competitive markets with big brand names as competition) and lean production may give the business the ability to make cost savings and improvements to the production process that competitors may not be able to follow.</li> </ul>		
			<ul> <li>A judgement over the importance of lean production to the future success of McLaren.</li> <li>Evaluation over what McLaren may consider to be success – may be dependant on factors such as the external environment etc.</li> <li>What the judgement might depend upon; competitors actions, future changes to budgets in racing, economic influences such as Coronavirus, unemployment etc., Social factors such as tastes and fashions etc.</li> </ul>		

Question	AO1	AO2	AO3	AO4	Total	Quantitative
Section A						
1	2	-	-	-	2	
2	-	2 (2)	-	-	2	2
3	2	-	-	-	2	
4	2	2	-	-	4	
5	-	2 (2)	-	-	2	2
6	2	2	-	-	4	
7	-	2 (2)	-	-	2	2
8	2	-	-	-	2	
Sub-Total	10	10			20	6
Section B						
9	2	-	-	-	2	
10	-	2 (2)	-	-	2	2
11	2	2 (2)	4	4	12	2
12a	2	-	-	-	2	
12b	-	2	-	-	2	
13	2	2	8	8	20	
Sub-Total	8	8	12	12	40	4
Total	18	18	12	12	60	10

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Please get in touch if you want to discuss the accessibility of resources we offer to support you in delivering our qualifications.