

GCE

New Business

H431/03: The global business environment

A Level

Mark Scheme for June 2025

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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 RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM 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 available in RM Assessor
3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **required number** of standardisation responses.

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 RM Assessor 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 RM Assessor 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. There is a NR (**No Response**) option. Award NR (No Response):
 - if there is nothing written at all in the answer space
 - OR if there is a comment which does not in any way relate to the question (e.g., 'can't do', 'don't know')
 - OR if there is a mark (e.g., a dash, a question mark) which is not an attempt at the question.

Note: Award 0 marks – for an attempt that earns no credit (including copying out the question).

8. The RM Assessor **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 RM Assessor 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:

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

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

Annotation	Meaning	Annotation	Meaning
	Blank page (this MUST be used rather than SEEN)		Knowledge
	Tick		Application of knowledge and understanding
	Cross		Analysis
	Highlighting tool		Developed Analysis
	Not answered question (candidate writes irrelevant material)		Evaluation
	Own Figure Rule		Effective evaluation
	Benefit of Doubt (replaces tick in short answer questions)		Unclear
	Repeat (material already rewarded)		Too vague/No use of context
	Noted but no credit given (use where no other annotation is appropriate)		

EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read if the paper is printed out in black & white.

[Questions 2 & 8(a/c) should be annotated with ticks, crosses, BOD, REP, TV, OFR, NAQ or ?. The number of ticks plus OFR MUST match the final mark awarded for that question. Ticks MUST NOT be used in Questions 1, 3-7, 8(b) & 9.]

IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE AOs ARE REACHED, SO THAT YOUR TEAM LEADER CAN LOOK TO AGREE WITH YOUR FINAL MARK.

12. Subject Specific Marking Instructions

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 marks.

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

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.

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. Practice scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the practice 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.

Question		Answer	Mark	Guidance
1		State <u>two</u> ways to measure the size of a business. One mark for each correct identification of an appropriate measure of size, up to maximum of 2 marks.	2 (AO1 2)	Measures could be: • (Number of) outlets • (Number of) customers/memberships • Revenue/turnover/sales • Units sold • (Number of) employees • (Total) assets • Capital (employed) • Market capitalisation • Capacity • Profit NB: Do not accept market share. ARA

2	One industry estimate is that there will be 8500 gyms and fitness centres in the UK by 2028. Calculate PureGym's potential UK market share in 2028 based on this prediction. One mark for correct formula, or an attempt with only one mistake (OFR). Two marks for correct answer (with or without working).	2 (AO1 1) (AO2 1)	Market share = $\frac{\text{Business sales}}{\text{Total market sales}} \times 100$ (1) $900/8500 \times 100 = \underline{\underline{10.6\%}}$ (1) [Accept 10.59% or other correct rounding] Full answer - 10.58823529411765
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3	An analyst recently described the gym market as monopolistically competitive. Explain <u>two</u> features of the UK gym market which would suggest this statement is true. 1 mark for an identification of a feature of monopolistic competition, up to a maximum of 2 marks. Plus, a further 1 mark for a contextual explanation, up to a maximum of 2 marks.	4 (AO1 2) (AO2 2)	Possible features: • Many sellers • Many buyers • Product differentiation (similar but distinct) • Low barriers to market entry • Low barriers to market exit • Firms have some power to influence price (to differentiation) • (Some) price competition • Imperfect information • Non-price competition • Supernormal profits (in the short run) ARA Some of the above are ‘to an extent’. Exemplar response: The gym market has non-price competition (1) as some gyms have extra facilities, such as a sauna (1).
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4*		Evaluate likely external causes of change facing PureGym. Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the most likely external cause of change. <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i> Level 3 (11–15) Candidate shows good knowledge and understanding, analysis and evaluation of likely external causes of change. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 2 (6–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of likely external causes of change. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i>	20 (AO1 2) (AO2 4) (AO3 6) (AO4 8)	External causes of change are those which may affect a business, but are not controlled by the business. For example: Social Legal Economic Ethical Environmental Political Technological and Competition Indicative content includes: • Changes in the UK or global economy that impact demand – eg interest rates, unemployment, economic growth etc – many economic sub-factors • Competition – intensity of new entrants into the market – particularly in the budget genre • Social trends – fitness and health – post-pandemic issues • Politics – possible influences regarding pushing the tackling of obesity, for instance • Legal – possible changes to legal requirements and in different countries of setting up, running, employing etc • Technology – prevalence of apps for fitness, technologies in gyms etc that encourage demand OR discourage it from visits to the gym (eg the home gym phenomenon) ARA
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	Level 1 (1–5) Candidate shows limited knowledge and understanding of likely external causes of change. <i>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.</i> NB – award maximum of two marks for non–contextualised impacts.		An answer may include: • A highly likely external cause of change facing PureGym would be wealth and economic growth. Gym membership is expensive and with economic uncertainty or high rates of unemployment there will be a general reduction in demand for gyms. However, PureGym is a budget chain and those might prove to be income elastic and actually gain when economic circumstances are difficult. • Social trends is an important factor and this can be seen in the increase in membership that happens at the start of each year (February is the most popular month). The use of gyms in popular fiction and factual media is also likely to have a significant effect with people choosing to get healthy and therefore willing to pay for a gym membership. • Technology has had a huge impact on gym membership with internet services such as Peloton making it possible for customers to purchase gym equipment for their own homes and stream classes without having to go to a gym. • There is a great deal of competition in the market and large urban areas are often serviced by many gyms all competing for the same customers. • When inflation is high, many people will have economic uncertainty over their disposable income. Many gyms require a commitment
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				for a year or more and many people are uncertain of having enough income to afford this in the future. Likewise interest rates may increase, meaning that those customers who have loans or mortgages may find their outgoing increase and since gym membership is likely to be a luxury good, it may be given up to afford the basics.
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5	(a)	Analyse one method of non-monetary motivation PureGym could use for its personal trainers to ensure the efficient operation of its gyms. Level 2 (4–6) Candidate shows reasonable knowledge and understanding and good analysis of a non-monetary motivation method. Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis of a non-monetary motivation method. NB – award maximum of one mark for non–contextualised answer. 0 marks no response or no response worthy of credit. Only credit ONE method.	6 (AO1 1) (AO2 1) (AO3 4)	Possible methods: • Job rotation – increasing multi-skilling and variety for staff • Job enrichment – improving individual job to make it more intrinsically rewarding, responsibility • Job enlargement – increasing scope and therefore interest in job • Autonomy/involvement in decision making • Positive work environment • Titles and hierarchical promotions • Creation of teams and small group accountability • Praise/recognition • Non-financial rewards • Teamwork • Flexible working arrangements • Time off as a reward ARA Exemplar response: PureGym could motivate by job enrichment (AO1) such as giving its personal trainers who work in the gym specific training on certain fitness equipment (AO2). This could then mean that the staff feel empowered to teach gym members, which may improve customer service, leading to more satisfied customers, who are likely to keep paying their membership, increasing PureGym’s revenue and profit (AO3).
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				However, not every personal trainer will see this as good. Some may feel that PureGym is requiring them to do more work for the same pay, which may make them want to leave, increasing labour turnover and increasing costs as PureGym will need to recruit new trainers (AO3).
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5	(b)	Analyse two methods of recruitment that PureGym could use to recruit personal trainers. Level 2 (4–6) Candidate shows reasonable knowledge and understanding and good analysis of recruitment methods. Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis of recruitment methods. NB – award maximum of two marks for non–contextualised answer. 0 marks no response or no response worthy of credit.	6 (AO1 2) (AO2 2) (AO3 2)	Methods could include: • Direct advertising/social media • Employee referrals • Promotions or transfers • Agencies • Internships/apprenticeships • Recruitment events • Word of mouth • Bulletin/noticeboards • Job description • Person specification • Internal • External ARA NB: No reward for selection methods. Exemplar response: PureGym could recruit via in-house noticeboards (AO1) placed specifically where customers use the fitness equipment (AO2). This method has a low cost for PureGym but it likely to appeal to their target audience since personal trainers need access to gyms as well as their normal gym users (AO3).
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Question	Answer	Mark	Guidance
6	Discuss how PureGym can improve its capacity management. Level 3 (7–10) Candidate shows strong knowledge and understanding, analysis and evaluation regarding improving capacity management. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 2 (4–6) Candidate shows reasonable knowledge and understanding, analysis and evaluation regarding improving capacity management. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i> Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis and evaluation regarding improving capacity management. <i>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.</i>	10 (AO1 2) (AO2 2) (AO3 3) (AO4 3)	The answer can focus on both WHEN capacity management should be addressed as well as strictly HOW (ie methods), as ‘when’ is part of ‘how’. Possible capacity management issues to discuss: • Times in the week when it is busy/quiet • Times in the day • Months of the year • Methods to stimulate demand in quiet times – promotion/pricing offers etc. • Methods to reduce or spread out demand – use of PED • Above could include examination of different customer segments • Possible increasing capacity if the above isn’t possible, eg more equipment, staff etc at key times • Could include staff training to manage busy periods better ARA An answer may include: • PureGym could manage capacity better by looking at quiet times such as after 7pm (see Extract E). This could be done by looking at the price elasticity of certain customers and reducing the price of membership for those who use it after 7pm if PG’s research would show that those customers would respond disproportionately

Question	Answer	Mark	Guidance
	NB – award maximum of two marks for non-contextualised impacts. 0 marks no response or no response worthy of credit.		to a price drop – thus spreading out demand and taking the pressure off peak times. This, however, would be complicated in practice – having different price tariffs for different members and potentially upset those going at peak times. • PG could spread out demand such that those referred to in Extract F as lacking ‘gym confidence’ by advertising ‘off peak times’ to those customers who probably like quieter times now might find themselves put off by it being more crowded. • PG could increase capacity by reducing the space needed for certain pieces of gym equipment. The use of foldaway running machines, for example, may allow a more efficient use of space and make the gym more versatile. This could allow flexibility and increase the number and variety of machines available to customers. • PG may be able to purchase more multi-purpose machines, which again could increase the variety of equipment available. • PG could use market research to find out the most popular pieces of equipment. Alternatively PG could focus on activities which require smaller spaces and are more contained, such as cycling machines, at the expense of activities which require more space, such as fitness classes.

7	(a)	Calculate the value for A. Three marks for correct answer (with or without working). One mark for correct calculation of top branch. One mark for correct calculation of bottom branch. One mark for correct calculation at node A (OFR).	3 (AO1 1) (AO2 1) (AO3 1)	Calculation of top branch: $€1.4\text{m} \times 0.8 = €1.12\text{m}$ (1) Calculation of bottom branch: $-€0.5\text{m} \times 0.2 = -€0.1\text{m}$ (1) Calculation at node A: $€1.12\text{m} + -€0.1\text{m} = €1.02\text{m}$ (1) (OFR) Answer = €1.02m (€1 020 000)
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	(b)	Explain <u>two</u> reasons why the information shown on the decision tree may not be useful to GM. One mark for each correct point and one further mark for each contextual explanation, up to a maximum of 2 points.	4 (AO1 2) (AO2 2)	Reasons may include: • Information may not be accurate/estimates – for example the probability of 0.2 (20%) failure may have been guessed. • Unrealistic outcomes – has GM done market research into PureGym’s market to find the outcome of €1.4m • Author of the decision tree may be biased – and give success an 80% probability to encourage GM to supply to PureGym. • No other internal influences shown – for example does GM have the capacity to manufacture all of PureGym’s needs? • Need to see the other branches - to understand the impact of the initial trial on GM. • No external influences shown – for example if demand for home gym equipment is still high, then these outcomes may be irrelevant. • Only quantitative information shown – for example probability of 0.2 ARA Exemplar response: One issue is with the probabilities which are only estimates (1), so we do not know how accurate a 0.8 probability of success actually is (1).
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	(c) By completing the present value in Year 1, calculate the net present value (NPV) for this investment. Three marks for correct answer (with or without workings). One mark for correct calculation of present value for Year 1. One mark for the process of adding the present values and subtracting the initial cost (OFR). One mark for calculation of the net present value (OFR).	3 (AO2 2) (AO3 1)	Present value for Year 1 is €11,000 x 0.952 = €10,472 (1) (€43,000) + €10,472 (OFR) + €14,512 + €16,416 + €19,752 (1) = €18,152 (1) Answer = €18,152 (3)
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8*	Discuss the extent to which product is the most important element of the marketing mix for PureGym. Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the relative importance of product in PureGym’s marketing mix. <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i> Level 3 (11–15) Candidate shows good knowledge and understanding, analysis and evaluation of the relative importance of different elements of PureGym’s marketing mix. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 2 (6–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the relative importance of different elements of PureGym’s marketing mix. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i> Level 1 (1–5) Candidate shows limited knowledge and understanding of with limited or no analysis and evaluation of the relative importance of different elements of PureGym’s marketing mix.	20 (AO1 2) (AO2 4) (AO3 6) (AO4 8)	Marketing mix elements to consider: • Product • Price • Promotion • Placement • People • Physical evidence • Process Candidates must show some knowledge of product (as an element of the marketing mix) to be awarded any marks. Analysis of any element of the marketing mix can be awarded. Evaluation must be linked to the relative importance of product (as an element of the marketing mix). This can be compared to the importance of any other element. An answer may include: • Many customers are likely to choose a gym based on the variety and abundance of equipment that is available. Most customers will have limited time to visit a gym and are likely to want specific equipment to use whilst they are there. This shows the importance of product as an element of the marketing mix.
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		<i>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.</i> NB – award maximum of two marks for non-contextualised impacts.		• PureGym ‘sells’ itself as a ‘budget’ gym and the use of price promotions for new gyms, such as the one in Nottingham, shows the importance of price as an element of the marketing mix. However, whilst price might be the reason most customers make the initial choice of gym, it is unlikely to keep them as members unless the product is meeting their requirements. • There are likely to be many different market segments who use gyms. February is the most popular month for new members and this is likely to be in response to New Years resolutions. For people who may only be casual gym goers, or who are trying to make a change to their lifestyle, promotion is likely to be the most important element as they cannot join a gym that they are unaware of. • The ‘people’ element is important at PureGym as there will be personal trainers and other employees present. These are critical to the smooth running of this service, and it is often those employees’ inputs into advice and instruction that would make the PureGym experience better for customers – key being Extract F and members feeling like they lack confidence.
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				• The budget model of running a gym might not enable the best employees to be employed and trained appropriately, particularly if (budget) wage levels are low and staff are not motivated – this would emphasise the importance of ‘people’ at PureGym but it does not necessarily mean that that is what happens and PureGym’s management might take the view that price is far more important at bringing customers in than decent staff.
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