

GCE

New Business

H031/02: The wider business environment

AS 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.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

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:
- 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

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 1-7, & 9(b) 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 8, 9(a) & 10-13.]

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	Explain <u>two</u> reasons why the objectives of a business may need to change. One mark for the correct identification of a reason why the objectives of a business may need to change, up to a maximum of two marks. One further mark for correct explanation of the reason why the objectives of a business may need to change, up to a maximum of two marks.	4 (AO1 2) (AO2 2)	Reasons may include: • Internal changes – for example, if a business moves into profit, it may need to focus on improving this level of profit. • External influences – for example, a change in demographics may lead a business to focus on a new market segment, such as younger people. • Expectations of stakeholders - for example if shareholders vote to increase their own dividends. • A change in the market – for example, if the market size decreases then a business may have to focus on survival instead of profit. • New technology – advances in technology may force a business to adapt its processes and focus on new opportunities. ARA
2	A business is considering investing in new machinery. The estimated net cash-flow for the investment is shown in the table below. Calculate the payback period for this investment. One mark for method. Two marks for correct answer (with or without working), units required.	2 (AO2 2)	Payback – the amount of time it takes to recover the cost of an investment. $14000 + 20000 + 0.5(26000) = 47\ 000$ Answer = 2.5 years (2 years 6 months) Units required. NB: Maximum 1 mark for 2.5 without correct units.

Question	Answer	Mark	Guidance
3	Explain what Vroom's expectancy theory says about how individuals decide to behave. One mark for partial understanding of Vroom's expectancy theory. Two marks for a correct understanding of Vroom's expectancy theory.	2 (AO1 2)	Vroom's expectancy theory assumes that behaviour results from conscious choices among alternatives whose purpose is to maximise their own utility. It involves: • Expectancy – if workers believe more effort will increase performance. • Instrumentality – if workers believe that increased performance will lead to a desired outcome. • Valence – the value the worker places on the outcome.
4	Calculate the cross elasticity of demand between the price of margarine and the quantity of butter demanded. One mark for correct method (no marks for just quoting the formula). Two marks for a correct answer (with or without working).	2 (AO2 2)	XED = $\frac{\% \text{ change in QD (of margarine)}}{\% \text{ change in price (of butter)}}$ $\frac{3\%}{10\%} = (+)0.3$ Answer = 0.3 NB: Maximum 1 mark for an answer with any units.
5	Explain <u>two</u> reasons why the UK government sometimes imposes barriers to international trade. One mark for the correct identification of a reason why the government uses barriers to international trade, up to maximum of two marks.	4 (AO1 2) (AO2 2)	Reasons include: • To protect a domestic industry – for example to stop a larger international competitor from market dominance.

Question		Answer	Mark	Guidance
		One further mark for correct explanation of the reason why the government uses barriers to international trade, up to a maximum of two marks.		- To reduce unemployment / encourage employment – by reducing imports, more employment in domestic industries can occur. - To raise government income – through taxation and tariffs. - To enforce quality standards – for example to maintain safety standards in products where lower standards may exist overseas. - National security – to maintain self-sufficiency of trade, for example energy. - To develop absolute and comparative advantage in an industry - To protect against cheaper foreign labour. - To enforce sustainability or environmental concerns. ARA
6		Calculate the number of units wasted during the month. One mark for correct calculation of output. Two marks for a correct answer (with or without working).	2 (AO2 2)	Output = 75% of 4000 units = 3000 units 10% of 3000 units = 300 units Answer = 300 units
7		Explain what is meant by the term ‘division of labour’. One mark for partial understanding of division of labour. Two marks for a correct understanding of division of labour.	2 (AO1 2)	Division of labour is about dividing/splitting production process into different stages to enable workers to focus on specific tasks. By concentrating on one small aspect of production, worker efficiency can be increased. ARA

Question	Answer	Mark	Guidance
8	Explain <u>one</u> difference between physical distribution and online distribution. One mark for correct identification of a difference between physical distribution and online distribution. One further mark for correct explanation of a difference between physical distribution and online distribution.	2 (AO1 2)	Differences may include: - Physical distribution requires moving products from one geographical location to another, whereas online distribution moves data. - Online distribution can be instantaneous, whereas physical distribution is likely to involve delivery times. - Physical distribution involves a tangible product, whereas online distribution is usually intangible. - Physical distribution requires inventory, whereas online distribution does not. - Online distribution is likely to have zero cost, whereas physical distribution is likely to involve a cost. ARA
9	Explain what is meant by ‘market research’ (line 48). One mark for partial understanding of what is meant by market research i.e. market element or research element. Two marks for a full explanation of what is meant by market research i.e. market element and research element.	2 (AO1 2)	Market research is about gathering information about customers and consumers needs and preferences.
10	Evaluate <u>two</u> advantages for Pickfords of recruiting ex-armed forces personnel. Level 4 (10–12)	12 (AO1 2) (AO2 2) (AO3 4) (AO4 4)	Indicative content: Benefits may include: Experienced workforce – armed forces personnel will have experience of high-pressure working environments, meeting deadlines and

Question	Answer	Mark	Guidance
	Candidate shows strong knowledge and understanding, analysis and evaluation of the benefit to Pickfords of recruiting armed forces personnel. <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 (7–9) Candidate shows good knowledge and understanding, analysis and evaluation of the benefit to Pickfords of recruiting armed forces personnel. <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 of the benefit to Pickfords of recruiting armed forces personnel. <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 of the benefit to Pickfords of recruiting armed forces personnel. <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>		working within a chain of command and organisational structure. • Skilled workforce – armed forces personnel may have skills in many areas of Pickfords industry, such as logistics, management etc. • Self-disciplined/strong work ethic – armed forces personnel may be used to working in a structured work environment and be used to responding to orders and commands in an efficient manner. • Resilience/ability to work in a pressurised environment – the ability to ‘bounce back’ and cope with a dynamic and adverse work environment. Likely to be able to make decisions quickly and take responsibility if/when mistakes are made. • Strong communication skills/interpersonal skills – to give instructions to subordinates, take instruction from superiors, work with peers and speak to external stakeholders of the business. Likely to improve motivation in the workplace and increase efficiency as well as the marketing benefits when dealing with customers. • Give and take orders/follow instructions. • Increase the perceived supply of workers – leading to lower wage inflation and/or access to a larger supply of workers.

Question		Answer	Mark	Guidance
		NB – award maximum of two marks for non-contextualised references. 0 marks no response or no response worthy of credit.		Reputation benefits – Pickfords may become synonymous with the UK armed forces, boosting the firm's reputation. ARA
11	(a)	Calculate Pickfords' return on capital employed (ROCE) for the year ended 30 September 2022. One mark for correct method (no marks for quoting the formula). Two marks for a correct calculation of ROCE (with or without working). Percentage sign required.	2 (AO2 2)	ROCE = $\frac{\text{Operating profit}}{\text{Capital employed}} \times 100$ Capital employed = Total equity + non-current liabilities = 8 299 927 + 1 066 603 = 9 366 530 <u>3 048 358</u> 9 366 530 X 100 = 32.545% Answer = 32.55% (2 d.p.) Accept roundings. NB: maximum 1 mark for incorrect units or without percentage sign.
	(b)	Explain how <u>two</u> of Pickfords' stakeholders might use the financial documents in Extract D. One mark for identification of a relevant use for the chosen stakeholder, up to a maximum of two marks. One further mark for application of the use to the chosen stakeholder of Pickfords, up to maximum of two marks. NB: There is no reward for solely naming the stakeholder.	4 (AO1 2) (AO2 2)	Indicative content: - Owners/shareholders – to understand the return on their investment, for example 32.55% ROCE (OFR). - Potential investors – to see if Pickfords is growing – Pickfords increased its revenue by over £2m between 2021 and 2022. - Employees – to predict the level of job security, since the profit has increased between 2021 and 2022, this suggests that it is a secure job.

Question		Answer	Mark	Guidance
				- Suppliers – to understand whether to give Pickfords credit or not – Pickfords is low non-current liabilities. - Customers – to check if any deposit paid for moving services is likely to be safe. - Lenders – to check what assets the business has to secure any lending – Pickfords has £5.8m of non-current assets. ARA
12		Evaluate the most important factors that affect the demand for Pickfords' services. Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the factors affecting demand for Pickfords' products and services. <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 factors affecting demand for Pickfords' products and services. <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)	20 (AO1 2) (AO2 2) (AO3 8) (AO4 8)	Factors affecting demand may include: - The housing market / related goods – changes in the rental market and the market for purchasing houses will affect the demand for moving services. Moving services are a complementary product to these products, so an increase in the number of people renting/buying a property is likely to lead to an increase in demand for Pickfords. - Consumer income – moving services are likely to be a normal/luxury/superior income elastic product. As incomes rise, so too will demand for moving services and vice versa. - Interest rates – interest rate increases may see less customers able to afford to move house (and may see more businesses unable to relocate) and therefore reduce demand. However, as interest rates rise, this may force customers to move to smaller accommodation

Question	Answer	Mark	Guidance
	Candidate shows reasonable knowledge and understanding, analysis and evaluation of the factors affecting demand for Pickfords' products and services. <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 with limited or no analysis and evaluation of the factors affecting demand for Pickfords' products and services. <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. 0 marks no response or no response worthy of credit.		(and businesses to relocate to lower cost premises), still incurring moving service costs. • Inflation – as prices rise, if wages do not rise at the same rate/time, this may cause customers to move less often. However, it may also force more moves to smaller (lower cost) accommodation (premises). • Tastes and preferences of consumers – based on advertising/marketing or the actions of competitors. • Consumer expectations – as to the likely state of the economy in the future. May be particularly significant when looking at high value purchases. • Demographic changes – especially in the residential market as more/less people move into adulthood and move away from home. • Price – comparative price of Pickfords services compared to competitors. ARA

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