

GCE

New Business

H031/02: The wider business environment

Advanced Subsidiary GCE

2020 Mark Scheme (DRAFT)

This is a DRAFT mark scheme. It has not been used for marking as this paper did not receive any entries in the series it was scheduled for. It is therefore possible that not all valid approaches to a question may be captured in this version. You should give credit to such responses when marking learner's work.

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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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1. Annotations

	Blank page
	Tick
	Cross
	Highlighting tool
	Not answered question
	Own Figure Rule
	Benefit of Doubt
	Repeat
	Noted but no credit given
	Too vague/No use of context
	Unclear
	Knowledge
	Application of knowledge and understanding
	Analysis
	Developed Analysis
	Evaluation
	Effective evaluation

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 when the paper is printed out in black & white.

[Questions 1 to 10 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 11 & 12.]

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.

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.

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.
- 2 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

Answer		Marks	Guidance
1	One mark for each correct identification up to a maximum of two identifications.	2 (AO1 2)	Indicative content: <ul style="list-style-type: none"> • Place • Price • Product • Promotion • <i>*Physical evidence</i> • <i>*People</i> • <i>*Process</i> <p><i>*Elements of the extended marketing mix for services</i></p>
2	One marks for knowledge of 'order quantity'. One further mark for understanding that the chosen order quantity is 'economic'.	2 (AO1 2)	Exemplar responses: The amount of inventory that a business will purchase from their suppliers (1) that keeps their average costs of holding/purchasing inventory to a minimum (1). This is the level of inventory required by a business (1) that will minimise inventory costs (1). ARA
3	Two marks for correct answer (with or without working).	2 (AO2 2)	$£2\ 025 + (£4\ 000) = \underline{£1\ 975}$ (2) Award max one mark for evidence of selecting the correct two figures to use for the calculation, i.e. '2025' and '4000' or an answer of £1975 or £6025.
4	One mark for each correct identification of an advantage, up to a maximum of two marks. Plus one mark for each correct explanation, up to a maximum of two marks.	4 (AO1 2) (AO2 2)	Advantages could include: <ul style="list-style-type: none"> • Larger potential market • Access to new markets • Extend the product life cycle by targeting different markets with established products • Access to cheaper raw materials • Access to cheaper labour • Access to different raw materials

Answer			Marks	Guidance
				<ul style="list-style-type: none"> • Access to new distribution channels • May enjoy lower tax costs from selling abroad • Economies of scale due to business growth, e.g. <ul style="list-style-type: none"> • Marketing e.g. through cheaper average ATL methods • Technical e.g. through investment in machinery that may bring lower average cost for higher production runs • Managerial e.g. access to better overseas specialist managers • Spreads risk across many countries <p>Exemplar responses: An advantage of operating as an international business may be to get a larger market of potential buyers (1) because the business can sell in shops in many countries to attract customers (1).</p> <p>The business can increase their output for the bigger overseas market and enjoy economies of scale (1) such as being able to bulk buy raw materials (1).</p> <p style="text-align: right;">ARA</p>
5		One mark for a correct identification of a function, up to a maximum of 2 identifications, plus one mark for each of two explanations.	4 (AO1 2) (AO2 2)	Functions of management <ul style="list-style-type: none"> • Planning • Organising • Controlling • Leading • Directing • Co-ordinating • Staffing

Answer		Marks	Guidance
			<p>Exemplar responses: One function of management is to plan (1) this could mean mapping out what needs to be done to meet the business objectives (1).</p> <p>Another function is staffing (1). This involves recruiting and selecting appropriate workers for the business (1).</p> <p style="text-align: right;">ARA</p>
6	<p>One mark for correct identification labour turnover rate formula*. One mark for correct calculation of labour turnover rate for April. One mark for correct calculation of labour turnover rate for May. One further mark for the calculation of the change in the labour turnover rate.</p> <p>*Formula can be implied from correct calculation of one labour turnover rate (either April or May).</p>	<p>4 (AO1 1) (AO2 3)</p>	<p>Number of workers who left Total number of workers (1) x 100</p> <p>April – $(6/150) * 100 = 4\%$ (1) May – $(8/160) * 100 = 5\%$ (1)</p> <p>Answer = Labour turnover rate has increased by 1% (accept 25% increase) (4)</p> <p>Award full marks for the correct answer (1%) irrespective of workings.</p>
7	<p>One for identification of a disadvantage of a business plan.</p> <p>One further mark for explanation of the disadvantage.</p>	<p>2 (AO1 1) (AO2 1)</p>	<p>Disadvantages may include:</p> <ul style="list-style-type: none"> • Does not guarantee success • May be inflexible • May not respond to external influences • Time taken to write the plan • May be unachievable • May have a cost (if an outside firm is used) <p>Exemplar response: Writing a plan does not mean the business will succeed (1) it only gives a direction and that direction may need to change over time (1).</p> <p style="text-align: right;">ARA</p>

Answer		Marks	Guidance
8	<p>Two marks for a clear explanation of a public limited company (that does not confuse with any other legal structure).</p> <p>One mark for a limited explanation (that shows some element of a PLC but may be confused with another legal structure).</p>	<p>2 (AO1 2)</p>	<p>Exemplar responses: A public limited company is an incorporated business (1) that can sell shares on the stock market (1)</p> <p>A public limited company has limited liability (1) and must publish its accounts (1).</p> <p style="text-align: right;">ARA</p>
9	<p>Two marks for correct answer (with or without working).</p> <p>Accept suitable rounding in millions, for example, £35.1m or £35.13m.</p>	<p>2 (AO2 2)</p>	<p>Gross profit margin = 88.5%</p> <p>$£39,700,000 \times 88.5\% = £35,134,500$ (2)</p> <p>Award one mark for power of ten errors e.g. decimal place, number of zeros. E.g. £3,513,450,000 (1).</p>
10	<p>One mark for each correct identification to a maximum of two identifications, plus one mark for each of two explanations.</p>	<p>4 (AO1 2) (AO2 2)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> • To reduce/eliminate defective products • To reduce workers paid in quality control • To prevent customer dissatisfaction • To prevent damage to the brand • To be legally compliant • To meet external benchmarks • Improve productivity • Improve employee motivation/teamwork • As a marketing measure (to use in promotion) • To improve planning <p>Exemplar responses:</p> <ul style="list-style-type: none"> • Codemasters may use quality assurance to reduce the number of defective products (1) so that the business does not need to spend money correcting faults when customers identify them (1). • Quality assurance reduces the need for quality control and so quality control workers can be made redundant (1) which may allow them to sell games for a cheaper price than the competition (1).

Answer		Marks	Guidance
			<p>NB: Answers MUST be in context to be awarded the second mark</p> <p style="text-align: right;">ARA</p>
11*	<p>Level 4 (10–12) Candidate shows strong knowledge and understanding, analysis and evaluation of the usefulness to Codemasters plc of the job description in Extract C. <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p>Level 3 (7–9) Candidate shows good knowledge and understanding, analysis and evaluation of the usefulness to Codemasters plc of the job description in Extract C. <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></p> <p>Level 2 (4–6) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the usefulness to Codemasters plc of the job description in Extract C. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p>Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis and</p>	<p>12 (AO1 2) (AO2 2) (AO3 4) (AO4 4)</p>	<p>Context that could be utilised from the case includes:</p> <ul style="list-style-type: none"> • ‘Games tester’ quite descriptive of the role required – more likely to produce quality respondents. • Mentions ‘QA technicians’ which is the professional label, again likely to attract experienced respondents. • ‘Temporary, fixed length contract’ – again clear that this is not a permeant role and likely to attract the right type of respondent. • A simple description of the role which gives an idea to respondents of the role <p>However:</p> <ul style="list-style-type: none"> • The length of the ‘fixed’ contract is not known which may cause confusion • The role is only briefly outlined and may not give potential respondents enough detail to make a choice about applying or not. • ‘Following the company’s processes and procedures’ without knowledge of what these are the phrase is unlikely to be useful to many potential respondents. • No mention of what type of games this involves – potential respondents may not know this requires IT/technical skills – could lead to people with the wrong experience/qualifications. • Several terms used are ‘technical jargon’, which are not easily understood – e.g. feature sets, ‘assets’, validating addressed issues – this may affect who is attracted to apply

	Answer	Marks	Guidance
	<p>evaluation of the usefulness to Codemasters plc of the job description in Extract C. <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></p> <p>NB – award maximum of two marks for non-contextualised factors.</p> <p>0 marks no response or no response worthy of credit.</p>		<p>Responses could include: A job description can allow a business to outline the details about a role within an organisation. In this case, Codemasters is looking to use the job description to encourage ‘Games testers’ to apply for a role with the company.</p> <p>There is a clear statement that Codemasters is looking for ‘Games Testers’ and what this role may be called in other organisations ‘QA technicians’. This should allow potential respondents to know whether they are right for the job. This, in turn, should allow Codemasters to get a good number of respondents and be able to choose the best from this pool of potential employees. This could lead to a more productive workforce and better quality games for Codemasters to sell to the public, giving more revenue and profit.</p> <p>However, the description states a ‘temporary, fixed length contract’ without a clear understanding of what ‘temporary’ and ‘fixed length’ is in terms of time. Many potential respondents might be put off if they already have a permanent job, from applying to this job. That might be good if it is only a week-long job, but if the fixed term is 2-3 years then some potential respondents might be put off from applying. Several technical terms are also used, such as ‘feature sets’; ‘validating addressed issues’, which if not understood may put candidates off applying. This will reduce the size of the candidates applying and give Codemasters a much smaller pool of potential workers to pick from. This may reduce the quality assurance at Codemasters and might delay game development. This may make shareholders uneasy, sell their shares and Codemasters plc could end up being taken over by a bigger rival.</p>

Answer		Marks	Guidance
			<p>Overall the usefulness of the job description depends on the other documentation that comes with it. If this is the only recruitment documentation that Codemasters plc provides then they are unlikely to get a big range of respondents. However, if there is a person specification, an advert and perhaps further contact details, the potential respondent is likely to use these to work out if the job is for them or not. This, therefore, is very useful to Codemasters plc because it will give them a pool of quality applicants to be able to hire the best Games Testers who are looking for this type of job.</p> <p style="text-align: right;">ARA</p>
12*	<p>Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of how the strength of competition in the video games market may affect the future success of Codemasters plc <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p>Level 3 (11–15) Candidate shows good knowledge and understanding, analysis and evaluation of how the strength of competition in the video games market may affect the future success of Codemasters plc <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></p> <p>Level 2 (6–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of how the strength of competition in the video games market may affect the future success of Codemasters plc.</p>	<p>20 (AO1 2) (AO2 2) (AO3 8) (AO4 8)</p>	<p>Analysis may stem from the following contextual issues:</p> <ul style="list-style-type: none"> • Codemasters has been established for 30 years and is one of the most recognised British games developers – this may mean that competition may have limited effect on Codemasters because they have a good reputation. • Became a PLC in 2018 – therefore the business is susceptible to takeover by one of the competitors without Codemasters being able to do much about it. • Codemasters develops software for very high profile platforms, such as Xbox, Playstation and Windows – this is an oligopoly and Codemasters is likely to have to keep costs low to maintain customers. • Many games are produced for these platforms and Codemasters need a USP to stand out from the hundreds of games in the market – this may also include content sold directly by the owners of the platforms, such as Microsoft. • The profits were lower April 2018–October 2018 because there was one less game launched, this shows the importance of games launches to Codemasters because there are so many other products on the market.

	Answer	Marks	Guidance
	<p><i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p>Level 1 (1–5) Candidate shows limited knowledge and understanding with limited or no analysis and evaluation of how the strength of competition in the video games market may affect the future success of Codemasters plc. <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></p> <p>NB – award maximum of two marks for non-contextualised impacts.</p> <p>0 marks no response or no response worthy of credit.</p>		<ul style="list-style-type: none"> • This is a fast-moving market and Extract B states the importance of growing a customer base through a wider range of games and platforms – this is largely due to the competitive nature of the market. • Branding is obviously important in this competitive market. Codemasters need to build on their brands, such as F1 Esports series and F1 mobile Racing. In such a competitive market, consumers need to recognise the Codemasters brand and that they have a USP in the Esports market. • New platforms are being developed (Extract B) and Codemasters must develop games for these platforms as consumers are likely to migrate across as soon as these are launched. The importance of maintaining their brand and being first to market within the niche of F1 Esports is vital to the success of Codemasters. • Extract C shows Codemasters are looking for Games Testers – in such a competitive market Codemasters will need to pay higher wages to attract the best QA technicians to maintain their high levels of quality. • 2,261 games companies in the UK with 62% formed since 2010 – Codemasters has been established for 30 years giving them a competitive advantage of being one of the first to market. • A growth market but Codemasters have a (relatively) small share, making them a problem child on the Boston Matrix? • 32.4m people in the UK play video games – huge potential market but many are free and established brand names, such as FIFA. <p style="text-align: right;">ARA</p>

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