

GCE

New Business

H431/03: The global business environment

A Level

Mark Scheme for June 2023

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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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**PREPARATION FOR MARKING
RM ASSESSOR**

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

YOU MUST MARK 6 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 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. 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 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, 4, 7 & 8 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, 5, 6 & 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		<p>Analyse <u>one</u> ethical issue affecting Amazon.</p> <p>Level 2 (4–6) Candidate shows reasonable knowledge and understanding and good analysis of one ethical issue affecting Amazon.</p> <p>Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis of an ethical issue affecting Amazon.</p> <p>NB – award maximum of one mark for non-contextualised answer.</p> <p>0 marks no response or no response worthy of credit.</p> <p>Only credit ONE aspect.</p>	<p>6 (AO1 1) (AO2 1) (AO3 4)</p>	<p>Allow environmental issues if linked to ethics.</p> <p>Ethical issues to consider:</p> <ul style="list-style-type: none"> • Customer data and the conflicts between pricing, advertising and what is in the customer’s best interests • Data privacy and data gathering – bugging device! • Payment of taxes • Over-packaging and the environment • Feeds the ‘now’ culture – stimulates demand • Supply chains and all of the associated environmental issues • Robot technology and increasing unemployment <p>Exemplar response Amazon may have invaded their customers privacy (K) by ‘bugging’ their conversations using Alexa (APP). People may decide not to purchase these devices, reducing Amazon’s sales (AN) and potentially reducing the company’s profit (DEV). However, Amazon gains a large amount of data from these devices, allowing them to sell this to other businesses (AN) which gives the company additional revenue streams (DEV).</p> <p style="text-align: right;">ARA</p>

2		<p>Explain <u>two</u> diseconomies of scale that Amazon might experience.</p> <p>One mark for knowledge of each diseconomy of scale, up to a maximum of two marks.</p> <p>One further mark for application to Amazon, up to a maximum of two marks.</p>	<p>4 (AO1 2) (AO2 2)</p>	<p>Diseconomies of scale occur when costs per unit increase due to a business increasing output.</p> <p>Possible diseconomies include:</p> <ul style="list-style-type: none"> • Communication • Co-ordination • Motivation • Organisation • Technical <p>Exemplar response Technical diseconomies. (K)(1) These might occur when Amazon grows so large that its high-tech warehousing (APP) is so fully utilised that there is no scope for maintenance – and therefore unit costs actually start to rise as breakdowns occur. (1)</p> <p style="text-align: right;">ARA</p>
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3		<p>Evaluate whether globalisation has been the most important factor in Amazon’s growth.</p> <p>Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of how important globalisation is to Amazon’s growth <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 important globalisation is to Amazon’s growth <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 important globalisation is to Amazon’s growth <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 of globalisation with limited or no</p>	<p>20 (AO1 2) (AO2 4) (AO3 6) (AO4 8)</p>	<p>Indicative content:</p> <p>Globalisation is the process whereby people, businesses, and governments interact and become more interconnected.</p> <p>Reasons why globalisation is important to growth:</p> <ul style="list-style-type: none"> • Massive increase in market/customers • Ability to outsource/off-shore where factors of production are cheaper = likely growth • Economies of scale & growth interlinked • Take advantage of favourable exchange rates • Buy from cheapest suppliers • Grow and use market power in supply chains • Movement of labour – get best talent/skills • ARA that is linked to increased revenues/reduced costs, and therefore growth potential, brought about through globalisation <p>An answer may include:</p> <ul style="list-style-type: none"> • Amazon’s business model is clearly set up to benefit from globalisation and thus it is clearly the driving force behind its huge growth. • There are many factors – it’s marketing, clever use of supply chains, innovative use of technology (eg Alexa) – but its overall growth would be nowhere near what it is without the powerful forces of globalisation. • One of those forces is the integration of supply chains which would simply not be possible with a globalised world economy. • Amazon has taken advantage of sourcing products from a huge range of suppliers
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		<p>analysis and evaluation of its impact on Amazon's growth <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>around the world BECAUSE globalisation enables that. That means fast, efficient supply – given Amazon's buying power – and the ability to source goods cheaply – those profiting from the savings made, as well as passing them on to consumers, thus increasing demand and, again, growth. This clear has made a major impact on its growth.</p> <p style="text-align: right;">ARA</p>
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4		<p>Amazon's advertising expenditure increased by 59% from 2018 to 2020. Calculate Amazon's advertising elasticity of demand between 2018 and 2020. Show your workings.</p> <p>Correct answer = 3 marks</p>	<p>3 (AO1 1) (AO2 1) (AO3 1)</p>	<p>Formula:</p> <ul style="list-style-type: none"> • $\frac{\% \text{ change in demand}}{\% \text{ change in advertising expenditure}}$ (1) <p>Calculating % change in demand:</p> <ul style="list-style-type: none"> • $\frac{(386.06-232.89)}{232.89} \times 100 = 65.77\%$ (1) <p>AED =</p> <ul style="list-style-type: none"> • $\frac{65.77}{59} = \underline{1.11}$ (1 for final stage OFR) <p>Answer = 1.11 (3 marks)</p> <p>Accept 1.1 r 1.12 (based on rounding in calculation)</p>
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5		<p>Evaluate the importance of price as a part of Amazon’s marketing mix.</p> <p>Level 3 (7–10) Candidate shows strong knowledge and understanding, analysis and evaluation of the importance of price as an element of Amazon’s marketing mix. There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</p> <p>Level 2 (4–6) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the importance of price as an element of Amazon’s marketing mix. The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</p> <p>Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis and evaluation of the importance of price as an element of Amazon’s marketing mix. 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.</p>	<p>10 (AO1 2) (AO2 2) (AO3 3) (AO4 3)</p>	<p>Price is important because:</p> <ul style="list-style-type: none"> • Customers are very price sensitive now that they shop online – easy to shop around and compare • Many items are naturally in very competitive product areas • Price is particularly important with big ticket items such as electronic goods <p>Price is not as important because:</p> <ul style="list-style-type: none"> • Product quality is critical when ordering online with the ability to return easily • Promotion spending by amazon has clearly worked judging by the amount spent compared to revenues • Where and how consumers get their goods is now hugely important with demise of high street and online shopping. <p>An answer may include:</p> <ul style="list-style-type: none"> • Customers can now shop around at the click of a mouse and are likely to be highly price elastic, given the online shopping options available. • Amazon actually show a range of prices and products in any given genre and in themselves get to steer customers in one direction by the discounting (relative to other outlets) what it chooses to. • Price is important and does make a huge difference to demand but the sheer convenience of Amazon’s placement – online – combined with its promotion make it many customers’ ‘go to’ outlet and then within the Amazon site price becomes important. <p style="text-align: right;">ARA</p>
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			<p>NB – award maximum of two marks for non-contextualised impacts.</p> <p>0 marks no response or no response worthy of credit.</p>		
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6		<p>There has been considerable change at Amazon over the last 10 years.</p> <p>Analyse <u>one</u> advantage and <u>one</u> disadvantage to Amazon of using an external consultant to manage some of these changes.</p> <p>Level 2 (4–6) Candidate shows reasonable knowledge and understanding and good analysis of Amazon using an external consultant.</p> <p>Level 1 (1–3) Candidate shows limited knowledge and understanding with limited or no analysis of Amazon using an external consultant.</p> <p>NB – award maximum of two marks for non-contextualised answer.</p> <p>0 marks no response or no response worthy of credit.</p> <p>Only credit ONE advantage and ONE disadvantage.</p>	<p>6 (AO1 2) (AO2 2) (AO3 2)</p>	<p>Advantages of an external consultant for change management include:</p> <ul style="list-style-type: none"> • Fresh pair of eyes/approach • Expertise • Not viewed with suspicion by Amazon staff <p>Disadvantages include:</p> <ul style="list-style-type: none"> • Might be viewed negatively • Do they understand the context? • Cost <p><i>ASSM note following review – some debate as to whether to remove the stem, as the timeline of many more operational changes is not clear from the RB – stem has been left in, but candidates should <u>not</u> be penalised by AEs just because they perceive a ‘change’ is older than 10 years</i></p> <p>Exemplar response An external consultant could help Amazon by giving a new perspective to managing change. This is particularly important when Amazon is dealing with new technology, such as drone technology. If Amazon get this wrong, then it could lead to a loss of customer loyalty, sales and eventually profit for Amazon. However, the obvious disadvantage is the likely cost of an external consultant. For Amazon, a global multinational business, this will be significant and likely to increase costs and reduce the profit of Amazon.</p> <p style="text-align: right;">ARA</p>
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7		<p>There has been a huge increase in the number of Amazon employees in recent years.</p> <p>Explain <u>two</u> ways Amazon could use workforce planning.</p> <p>One mark for each correct identification of a use for Amazon of workforce planning and one further mark for each explanation, up to a maximum of 2 identifications.</p> <p>The explanation must be in the context of Amazon.</p>	<p>4 (AO1 2) (AO2 2)</p>	<p>Possible impacts:</p> <ul style="list-style-type: none"> • Recruiting the right applicants – time/cost • Right skills for now and future – planning issues/costs • Succession planning – identifying the right staff/planning difficulties • Increasing engagement and morale – difficulties of motivating/costs • Retention – cost/the right staff? • Performance management issues – conflict/motivation • Professional development opportunities – impacts on staff chosen for these/those not/costs • Re-structuring/redundancy – costs and morale <p>Exemplar response</p> <p>One use for Amazon of workforce planning is to manage future redundancies that are likely to come from drone technology replacing delivery employees.</p> <p>A second use for Amazon of workforce planning would be making sure that it has the right management skills to survive, for example with the likely continued explosion of streaming services, like Prime.</p> <p style="text-align: right;">ARA</p>
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8	(a)		<p>Calculate the final selling price in US dollars. Show your workings.</p> <p>3 marks for correct answer</p>	<p>3 (AO1 1) (AO2 1) (AO3 1)</p>	Initial cost = R5665/R103 rate - £55 (1)	
					<p>Mark up of 65% = £55 x 1.65 = £90.75 (1)</p> <p>Resale price = £90.75 x US\$ 1.20 rate = \$108.90 (1)</p>	<p>Conversion to US\$ = £55 x 1.20 = \$66 (1)</p> <p>Resale price = \$66 x 1.65 = \$108.90 (1)</p>
					<p>Answer = \$108.90 (3 marks) OFR</p>	
8	(b)	(i)	<p>Identify the latest finish time for this activity?</p>	<p>1 (AO1 1)</p>	12	
8	(b)	(ii)	<p>Calculate the total float for this activity.</p>	<p>1 (AO2 1)</p>	12-7-3 = 2	
9			<p>Explain <u>one</u> qualitative factor which may affect project management in a business.</p> <p>One mark for a correct identification of qualitative factor which may affect project management, and one further mark for a correct explanation.</p>	<p>2 (AO1 2)</p>	<p>Qualitative factors are those that cannot be easily quantified or measured (non-numeric).</p> <p>Possible factors include:</p> <ul style="list-style-type: none"> • Unquantifiable risk • Emotions • Expectations • Motivation • Personal relationships • Leadership <p>Exemplar response The relationship between the management and employees (1) is a qualitative factor. If the employees do not like the manager, then they are likely to work slowly on the project (1).</p>	

10	*	<p>Evaluate the impact on Amazon’s stakeholders of its operations strategy.</p> <p>Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the impacts on Amazon’s stakeholders of its operations strategy. <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 the impacts on Amazon’s stakeholders of its operations strategy. <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 the impacts on Amazon’s stakeholders of its operations strategy. <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 of Amazon’s operations management with limited or no analysis and evaluation of the impacts on Amazon’s stakeholders of its operations strategy.</p>	<p>20 (AO1 2) (AO2 4) (AO3 6) (AO4 8)</p>	<p>Possible impacts of Amazon’s operations strategy.</p> <p>Any stakeholders including:</p> <ul style="list-style-type: none"> • Shareholders • Employees • Customers • Suppliers • Governments (worldwide) • Environments both local & international <p>The impacts could include looking at any of:</p> <ul style="list-style-type: none"> • Stock control measures on customers/employees/suppliers • Supply chain management • Quality control measures • Robotics/automation • Capacity • EOS • Lean production • Productivity • R&D & project management etc • Location and logistics <p>And the impacts may include:</p> <ul style="list-style-type: none"> • Customer service/prices/availability/choice • Employee security, wages, opportunities etc • Governments – employment, taxes, growth • Shareholders – profits/dividends, growth • Suppliers – contracts longer term, prices etc <p>An answer may include:</p> <ul style="list-style-type: none"> • Amazon’s operations management will be massively affected by economic considerations, such as changes in the economic cycle.
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		<p><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>		<ul style="list-style-type: none"> • Amazon if consumers disposable income is fluctuating over the cycle then there will be an impact on demand and conceivably demand for Amazon's products. This would make stock control more problematic as Amazon would try to predict demand and stock the relevant quantities and types of product. • However, Amazon clearly has the resources to do this effectively and can match what it stocks to demand patterns in times of recession as well as it can at any other time. • The sheer range of its products and consumers' 'addiction' to online shopping with Amazon should not disrupt demand and therefore stock control issues. <p style="text-align: right;">ARA</p>
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