



Oxford Cambridge and RSA

Specimen Assessment Material

A Level in Business

H431/03 The global business environment

SAMPLE MARK SCHEME

Duration: 2 hours

MAXIMUM MARK 80

This document consists of 20 pages

MARKING INSTRUCTIONS

PREPARATION FOR MARKING SCORIS

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

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

TRADITIONAL

Before the Standardisation meeting you must mark at least 10 scripts from several centres. For this preliminary marking you should use **pencil** and follow the **mark scheme**. Bring these **marked scripts** to the meeting.

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the scoris 50% and 100% (traditional 50% 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, email or via the scoris messaging system.

5. Work crossed out:
- where a candidate crosses out an answer and provides an alternative response, the crossed out response is not marked and gains no marks
 - if a candidate crosses out an answer to a whole question and makes no second attempt, and if the inclusion of the answer does not cause a rubric infringement, the assessor should attempt to mark the crossed out answer and award marks appropriately.
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 isn't an attempt at the question.
- Note: Award 0 marks – for an attempt that earns no credit (including copying out the question).
8. The scoris **comments box** is used by your Team Leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
- If you have any questions or comments for your Team Leader, use the phone, the scoris messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.
10. For answers marked by levels of response:
- 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

12. Subject-specific Marking Instructions

INTRODUCTION

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

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

You should ensure that you have copies of these materials.

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

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

Levels of response – level descriptors – detailed explanation of each descriptor

	Knowledge and understanding	Analysis	Evaluation
Strong		A fully developed argument which demonstrates the sequential links in relation to the causes, consequences and/or possible solutions.	A conclusion is drawn weighing up both sides, and reaches a fully supported judgement.
Good	Accurate use of the terms and concepts in the question and applied in a focused way to the context of the question.	A developed argument which demonstrates the sequential links in relation to the causes, consequences and/or possible solutions.	A conclusion is drawn weighing up both sides, and reaches a judgement which is not fully supported.
Reasonable	Awareness of the meaning of the terms and concepts in the question and applied to the context of the question.	An argument which demonstrates some of the links in relation to the causes, consequences and/or possible solutions.	Some attempt to come to a conclusion, which shows some recognition of the influencing factors.
Limited	Awareness of the meaning of the terms and concepts in the question.	Simple statement(s) of cause and consequence and/or possible solutions.	An unsupported assertion.

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.

Before the Standardisation Meeting, you should read and mark in pencil a number of scripts, in order to gain an impression of the range of responses and achievement that may be expected.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited. You will encounter answers which fall outside the 'target range' of Bands for the paper which you are marking. Please mark these answers according to the marking criteria.

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 Using 'best-fit', decide first which set of BAND DESCRIPTORS best describes the overall quality of the answer. Once the band is located, adjust the mark concentrating on features of the answer which make it stronger or weaker following the guidelines for refinement.
 - **Highest mark:** If clear evidence of all the qualities in the band descriptors is shown, the HIGHEST Mark should be awarded.
 - **Lowest mark:** If the answer shows the candidate to be borderline (i.e. they have achieved all the qualities of the bands below and show limited evidence of meeting the criteria of the band in question) the LOWEST mark should be awarded.
 - **Middle mark:** This mark should be used for candidates who are secure in the band. They are not 'borderline' but they have only achieved some of the qualities in the band descriptors.
- 3 Be prepared to use the full range of marks. Do not reserve (e.g.) high Band 6 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 Transfer the mark awarded to the front of the script.
- 2 The maximum mark for the paper is **80**.
- 3 The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level.

Question	Answer	Marks	Guidance
1	<p>1 mark each correct identification of a factor of demand and 1 further mark for each explanation.</p> <p>The explanation must be in the context of Starbucks' products.</p>	<p>4</p> <p>(2 AO1) (2 AO2)</p>	<p>Indicative content:</p> <p>Many demand related factors, including;</p> <ul style="list-style-type: none"> • Income • price of substitute goods (e.g. tea) • advertising • price of complementary products • fashion and social trends. <p>Exemplar response: <i>Social trends impact on the demand for coffee (1). In recent years, helped by TV series such as Friends, coffee has become 'fashionable' – particularly the frequenting of a Starbucks style of coffee house that makes customers feel they are getting more than just coffee (1).</i></p>
2	<p>Level 2 (4-6 marks) Candidate shows reasonable knowledge and understanding and shows good analysis of how the potential of new competitors is likely to influence the decision making of Starbucks.</p> <p>Level 1 (1-3 marks) Candidate shows limited knowledge and understanding of this aspect of Porter's Five Forces and little or no analysis of how the potential of new competitors is likely to influence the decision making of Starbucks.</p> <p>(NB – award 1 mark for a non-contextualised response).</p> <p>0 marks no response or no response worthy of credit.</p>	<p>6</p> <p>(1 AO1) (1 AO2) (4 AO3)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> • must relate to the decision making of Starbucks and how it might unfold • Starbucks can respond in a number of ways – all essentially related to someone else doing what they do – a quality 'coffee house experience' – and forcing them to react. These could include: <ul style="list-style-type: none"> - conducting new/further market research - altering their product (both coffee and coffee house) - changing the pricing strategy - change to promotional activities - something more strategic, such as moving into a new market and relinquishing market share in coffee - ARA. <p>Exemplar response: <i>If a firm such as McDonald's entered the coffee market in the way that Starbucks operates, then it (Starbucks) would have</i></p>

Question	Answer	Marks	Guidance
			<p><i>to react. The form and magnitude of this reaction would depend on how much of a threat the new competitor was perceived to be and exactly what its incursion into the coffee market was. For example, if McDonald's were to copy the coffee house style of Starbucks (something they could do at relatively little cost they already have premises and so forth) then Starbucks would have to factor this into how it will now compete on coffee house presentation. This would necessitate a re-think in terms of standard of furniture, colour schemes, ambience, coffee itself and so on. In short, Starbucks would be forced to 'up its game'.</i></p>
3	<p>Level 3 (7–10 marks) Candidate shows strong knowledge and understanding, analysis and evaluation of the extent to which global exchange rate fluctuations are likely to affect Starbucks' operations. <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 2 (4–6 marks) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the extent to which global exchange rate fluctuations are likely to affect Starbucks' operations. <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 1 (1–3 marks) Candidate shows limited knowledge and understanding of global exchange rate fluctuations with limited or no analysis and evaluation of the extent to which global exchange rate fluctuations are likely to affect Starbucks'</p>	<p>10</p> <p>(2 AO1) (2 AO2) (3 AO3) (3 AO4)</p>	<p>Indicative content: Starbucks is impacted on in a number of ways, including:</p> <ul style="list-style-type: none"> • importing coffee beans from a number of growers around the world (although importing to where?) • exporting coffee-related products to markets where it does not have an established base • exchange rates affect competitors and therefore impact on price competitiveness of Starbucks. <p>Exemplar response: <i>Starbucks is involved in importing huge quantities of coffee beans from those countries that grow them. If the currency, probably US\$, that Starbucks is operating in rises relative to the coffee producer's currency then the imported coffee will be cheaper. The volume of trade that Starbucks is undertaking in terms of imported coffee is likely to make a relatively minor currency fluctuation into a huge cost saving. Of course, this is equally true should the US\$ fall in value relative to the other currency. However, the impact will also be subject to how long the currency rise in value lasts and to what extent Starbucks has negotiated a long-term price agreement (very likely given its buying power) with favourable terms. To say a change in the exchange rate will</i></p>

Question		Answer	Marks	Guidance
		<p>operations.</p> <p>(NB – award a maximum of two marks for a non-contextualised response). <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>0 marks no response or no response worthy of credit.</p>		<i>definitely have a predictable impact on Starbucks is too simplistic given the sophisticated nature in which it buys coffee in the world markets, but there will certainly be pressure in a particular direction.</i>
4	(a)	<p>Up to 3 marks:</p> <p>3 marks for a correct answer (given to two decimal places) – whether or not working is shown.</p>	<p>3</p> <p>(1 AO1) (2 AO2)</p>	<p>Change/original number $3750/23500 \times 100 = 16\%$ (1)</p> <p>$16\%/22\%$ (1) = 0.73 (1)</p>
4	(b)	<p>Up to 3 marks:</p> <p>3 marks for a correct answer – whether or not working is shown.</p> <p>1 mark for calculating the change in hourly wage rate only.</p>	<p>3</p> <p>(1 AO1) (2 AO2)</p>	<p>$0.45/4.5 \times 100 = 10\%$ (1)</p> <p>$10\% - \text{local inflation } (7.6\%)$ (1) = 2.4% (1)</p>
4	(c)	<p>1 mark for each correct calculation up to a maximum of six identifications:</p> <p>1 mark for A: \$1.21m</p> <p>1 mark for B: \$0.41m</p> <p>1 mark for C: \$0.406m</p> <p>1 mark for D: \$0.25m</p>	<p>6</p> <p>(2 AO1) (2 AO2) (2 AO3)</p>	<p>See completed decision tree. OFR applies to nodes C, D, E and F based on errors in calculation of A and B.</p>

Question			Answer	Marks	Guidance
			1 mark for E: \$0.588 1 mark for F: \$0.088		
4	(d)	*	<p>Level 4 (16–20 marks) Candidate shows strong knowledge and understanding, analysis and evaluation of whether or not Starbucks should open a coffee shop in Uttar Pradesh. <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 marks) Candidate shows good knowledge and understanding, analysis and evaluation of whether or not Starbucks should open a coffee shop in Uttar Pradesh. <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 marks) Candidate shows reasonable knowledge and understanding, analysis and evaluation of whether or not Starbucks should open a coffee shop in Uttar Pradesh. <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 marks) Candidate shows limited knowledge and understanding of decision trees and the factors which influence such a decision with limited or no analysis and evaluation of whether or not Starbucks should open a coffee shop in Uttar Pradesh.</p> <p>(NB – award a maximum of 2 marks for a non–</p>	<p>20</p> <p>(2 AO1) (4 AO2) (6 AO3) (8 AO4)</p>	<p>Indicative content: There is no correct answer in terms of which city or indeed whether they should open one at all. Key is that the decision is justified, by initially using the decision tree (or indeed dismissing its findings) and other information – largely related to table 1. Key points are:</p> <ul style="list-style-type: none"> the decision tree shows that there is very little to be gained in the first year from any of the three cities. Doing nothing seems just as good. However, it is only the first year – there are big gains, presumably, in the future. How reliable is the decision tree? In these three cities does InvestInIndia really know? How exactly are the probabilities and final outcomes actually calculated? Given the small differences in answer, the margin of error seems huge. Table 1 suggests many different points: City C has high economic growth and wages and is therefore probably a place to set up a Starbucks. However, it has the smallest population and most competition. City A is growing with a prosperous business (coffee drinking?) district. City B is huge, but poor. India likes tea, not coffee! Use other information in the case study. Other factors include: financing, demand trends, social trends (e.g. tea drinking), how does this fit with Starbucks' strategy? Are the relative profits/losses immaterial to Starbucks given its plan to dominate the Indian market? <p>Exemplar response:</p>

Question		Answer	Marks	Guidance
		<p>contextualised response.) <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>0 marks no response or no response worthy of credit.</p>		<p><i>The decision tree produced by InvestInIndia is, frankly, of little use to an international giant such as Starbucks. It is simply showing possible outcomes of setting up one coffee house in each of three cities. The outcomes are so similar (and small) that a firm like Starbucks would simply open them (probably all three!) anyway with an eye to the much longer term and bigger picture. The probabilities and outcomes may or may not be true and it is very unlikely that this one decision tree would have a huge influence on Starbucks' decision. More important is the data (if true) in Table 1. Rather than dealing in probabilities it deals in facts and does provide an indication – albeit on a very basic level – of which city might yield success. From the information we have here City C looks the most likely as Starbucks is out of the reach of most of India's population at present, so a large city population, if too poor to buy Starbucks' coffee, is irrelevant. Starbucks will want to be where there are wealthy customers and thriving businesses. City A is also viable for the above reasons, so I would suggest it invests in both.</i></p>
5		<p>1 mark for a correct identification, plus a further 1 mark for an explanation of one benefit to a business of having innovation at the heart of its organisational culture.</p>	<p>2 (2 AO1)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> • Innovation means that a firm is always seeking to better what it does, invent new products and systems and stay ahead of competition. It enables firms to have, even for a short time, a USP/competitive edge. If this is a firm's culture then it is likely to yield continuous change and re-invention, rather than simply 'one-offs'. <p>Exemplar response: <i>Starbucks promotes a culture of innovation so that, in such a competitive market, it stays ahead of other coffee houses (1). One benefit of this culture to Starbucks is that customers look to it for and expect new products, giving a constantly 'refreshed' image and product range – both inherently attractive to the, increasingly young, coffee-drinking market</i></p>

Question		Answer	Marks	Guidance
				(1).
6		<p>Level 2 (4–6 marks) Candidate shows reasonable knowledge and understanding and shows good analysis of two possible problems which could develop within Starbucks world–wide supply chain.</p> <p>Level 1 (1–3 marks) Candidate shows limited knowledge and understanding of supply–chain problems with limited or no analysis of possible problems which could develop within Starbucks world–wide supply chain OR good analysis of one possible problem which could develop within Starbucks world–wide supply chain.</p> <p>(NB – award a maximum of 2 marks for a non–contextualised response.)</p> <p>0 marks no response or no response worthy of credit.</p>	<p>6</p> <p>(2 AO1) (2 AO2) (2 AO3)</p>	<p>Indicative content: Problems could include:</p> <ul style="list-style-type: none"> • sheer distances could mean delays in shipping etc. • exchange rate fluctuations • transport methods may be inappropriate • over–reliance on one supplier if hit by bad harvest • political change/disruption may affect supply • any technological/logistical breakdown • impact of purchasing of coffee by competitors • ARA that is supply related. <p>Exemplar response: <i>Starbucks could experience considerable disruption to its supply chain if there was a particularly poor summer in one of its principal coffee–growing countries. Put simply, there would be fewer coffee beans to import from that country putting the price up of what there was and forcing Starbucks to go elsewhere. Starbucks’ supply chain will be set up for the mass transportation of coffee from a number of countries with shipping contracts, purchase guarantees and so forth. While this will be a serious issue, a major supplying country not actually supplying for one year, it should not be catastrophic as Starbucks will have spread its risk and have a diverse range of coffee producers from which to buy from around the world.</i></p>
7*		<p>Level 4 (16–20 marks) Candidate shows strong knowledge and understanding, analysis and evaluation of the extent to which Starbucks can be viewed as a successful organisation/perception of stakeholders as to the extent to which Starbucks is a successful organisation. <i>There is a well-developed line of reasoning which is clear</i></p>	<p>20</p> <p>(2 AO1) (4 AO2) (6 AO3) (8 AO4)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> • successful according to whom? Which stakeholders? Directors, customers, shareholders, suppliers etc. All will want different things (e.g. shareholders want either share price rises or large dividends). • evidence of the stock market rise suggests Starbucks is fantastically successful for anyone buying shares.

Question	Answer	Marks	Guidance
	<p><i>and logically structured. The information presented is relevant and substantiated.</i></p> <p>Level 3 (11–15 marks) Candidate shows good knowledge and understanding, analysis and evaluation of whether Starbucks can be viewed as a successful organisation/perception of stakeholders as to the extent to which Starbucks is a successful organisation. <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 marks) Candidate shows reasonable knowledge and understanding, analysis and evaluation of whether Starbucks can be viewed as a successful organisation/perception of stakeholders as to the extent to which Starbucks is a successful organisation. <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 marks) Candidate shows limited knowledge and understanding of success factors with limited or no analysis and evaluation of whether Starbucks can be viewed as a successful organisation/perception of stakeholders as to the extent to which Starbucks is a successful organisation.</p> <p>(NB – award a maximum of 2 marks for a non-contextualised response.) <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</i></p>		<ul style="list-style-type: none"> • customers clearly like Starbucks and demand its products on a worldwide scale. Its products are innovative and high in quality. • Starbucks is a global brand and can be found in most developed and (increasingly in) most developing countries in the world. • employees of Starbucks work in an innovative environment and, presumably, have career opportunities and are (reasonably) well rewarded with pay and (given the growth of Starbucks) a degree of job security that others would not have. • it is a customer itself for a vast number of suppliers who all benefit by its existence. To what extent they are exploited by Starbucks is a moot point. • the existence of independent retailers suggests that not everyone likes Starbucks and its corporate culture. Global brands are not to everyone's taste. • ARA • key is to evaluate between stakeholders and look at which is the most important to satisfy. <p>Exemplar response: <i>'Successful' really depends on who is asking. By most standard business yardsticks, Starbucks is a highly successful firm given its global brand image, number of outlets, profit margins, performance on the stock market and employment creation both within its firm and through its vast supply chain. Taking any one of its principal stakeholders, such as its customers, one can argue that it is hugely successful. Customers get a contemporary coffee house 'experience' that fulfils a part of people's social lives, a range of innovative products and the certainty of a standardised quality wherever they happen to be in the world. However, it is precisely that standardised approach that is often put forward as one of the downsides of globalisation. Bland,</i></p>

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Mark Scheme

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Question			Answer	Marks	Guidance
			<p><i>clear.</i></p> <p>0 marks no response or no response worthy of credit.</p>		<p><i>corporate ubiquity without any regional difference or variation – often at the expense of more ‘interesting’ independent chains which are unable to compete with Starbucks’ brand reach and economies of scale. That said, part of Starbucks’ success (on the McDonald’s model) is that it DOES differentiate and innovate its products for different countries – Extract E talks of ‘locally oriented choices’. Hence Starbucks, from the point of view of the paying public, really cannot be described as anything less than ‘successful’ given its operations around the world.</i></p>

Appendix 1 – Grid for Specimen Assessment Material Component 3

Question	AO1	AO2	AO3	AO4	TOTAL	Quantitative Skills
1	2	2	-	-	4	
2	1	1	4	-	6	
3	2	2	3	3	10	
4(a)	1 (1)	2(2)	-	-	3	(3)
4(b)	1 (1)	2(2)	-	-	3	(3)
4(c)	2 (2)	2 (2)	2 (2)	-	6	(6)
4(d)	2	4	6 (3)	8 (4)	20	(7)
5	2	-	-	-	2	
6	2	2	2	-	6	
7	2	4	6	8	20	
TOTAL	17	21	23	19	80	(19)

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