GradeMax



Mark Scheme (Results)

January 2015

Pearson Edexcel International Advanced Subsidiary in Business Studies (WBS04)

Unit 4: Business in a Global Context

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Question Number	Question	Mark
1a	**Knowledge up to 2:** • Tariffs are taxes placed on imports **(1)** in order to increase their price and reduce consumption/raise revenue **(1)** • 1 mark for partial or vague definition but a valid example lifts to 2 marks. • Any other suitable alternative.	**1-2**

Question Number	Question	
1b	Answer	Mark
	Knowledge up to 2: • A process whereby trade barriers are reduced **(1)** which encourages greater levels of international trade **(1)** • 1 mark for partial or vague definition but a valid example lifts to 2 marks. • Any other suitable alternative.	**1-2**

Question Number	Question	
2	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying factors that have led to increasing globalisation e.g. improvements in transport and communication **(1).** Political change **(1).** **Application:** up to 2 marks are available for contextualised answers e.g. In real terms the costs of international air travel/satellite communications/broadband have decreased and become more widely available **(1)** Old regimes have vanished as in Eastern Europe or become more open to trade as in China **(1)** **Analysis:** up to 2 marks are available for developing the factors that have led to increasing globalisation e.g. When it becomes both easier and cheaper to reach and communicate with previously isolated areas interaction and trade becomes not only easier but more worthwhile and so globalisation increases **(1).** Political change breaks down barriers and new attitudes and increased openness encourage travel and integration **(1).** ***NB if only one factor cap at 3 marks***	**1-2** **1-2** **1-2** **Total (6 marks)**

Question Number	Question	
3	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying the reasons. E.g. governments increasingly want to protect their own industries **(1),** as a means of retaliation in trade disputes **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. during the recent global downturn it has been hard for many businesses to prosper or even survive **(1)** trade dispute over Chinese solar panels and US cars **(1)** **Analysis:** up to 4 marks are available for developing the possible reasons e.g. To encourage home based production governments are restricting their purchase to domestic goods and services (evidence A) **(1)** this Increases demand for products made at home and boosts local businesses' turnover and helps them to survive in a tough climate **(1)** To stop what the US government saw as unfair support from the Chinese government, tariffs were imposed to increase price and discourage consumption **(1).** This provoked retaliation from the Chinese on some US exports **(1)** ***NB if only one reason cap at 4 marks***	**1-2** **1-2** **1-4** **Total (8 marks)**

Question Number		Question	
4			
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic terms	e.g. The WTO supervise world trading arrangements and trade negotiations and helps to resolve disputes between governments
Level 2	3-4	Application: basic points developed to show awareness of importance of WTO	e.g. Countries aspire to join the WTO (159 at present). Organises 'rounds' of negotiations to increase and liberalise trade such as the Doha round
Level 3	5-7	Candidate analyses using reasons/causes/consequences/costs to show the importance of the World Trade Organisation (WTO) **NB if analysis is not in context limit to Level 2.**	e.g. Through trade rounds such as Doha trade barriers are reduced and so international trade increases e.g. disputes between member states are negotiated and settled to remove barriers and increase trade e.g. It assists less developed economies to join and participate in trade talks

Level 4	8-10	Evaluation must be present i.e. a candidate balances his/her answer **NB if evaluation is not in context limit to Level 3**	e.g. the WTO cannot enforce agreements and negotiations can be very lengthy such as Doha started in 2005 and still going e.g. the expansion of trading blocs has done much to liberalise trade and that has not involved the WTO e.g. increasing globalisation goes hand in hand with increasing international trade and is driven by a range of factors

Question Number		Question	
5			
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of the nature of specialisation *Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.*	e.g. This means economies concentrate their resources in the areas that they do best, excess output is then traded.
Level 2	3-4	Application: basic points developed to show awareness of impact of increasing specialisation by countries such as Brazil *Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.*	e.g. Brazil specialises in many commodities such as sugar, iron ore, soya, beef e.g. Large quantities are exported to China e.g. uses figures/information from evidence C
Level 3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to show impact of increasing specialisation by countries such as Brazil **NB if analysis is not in context limit to Level 2.** *Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar*	e.g. specialisation leads to increased productivity and output, economies of scale may be gained as more resources are devoted to specialisation rather than spread out over many areas, the scale of production increases bringing both internal and external economies of scale into being e.g. large numbers of people employed by production of commodities, GDP rises and leads to economic growth e.g. exporting commodities earns export revenue and increases levels of

		errors may be found which cause some passages to lack clarity or coherence.	international trade
Level 4	8-12	Low Level 4: 8-10 marks Evaluation must be present i.e. a candidate balances his/her answer by showing potential drawback impact of increasing specialisation by countries such as Brazil High Level 4: 11-12 marks Evaluation is developed to show a real perceptiveness on the part of the candidate. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion **NB if evaluation not in context limit to Level 3.** *Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.*	e.g. can lead to over reliance on area of economy and structural problems should demand fall there is likely to be a significant impact on the country as risk is not sufficiently spread e.g. fluctuating prices can be a problem for goods such as the commodities that Brazil specialise in and growth can decrease if prices suddenly fall e.g. evidence C shows marked fall in imports of ethanol by the EU e.g. can mean that economy depends too much on imports of other goods and services e.g. if area of specialisation is not sufficiently advanced, low cost rivals may take market share

Question Number	Question		
6			
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Candidate shows knowledge of a global niche market	e.g. are smaller, more specialised parts of a global market where customers in more than one country have particular needs that are not fully met by the global mass market.
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of a global niche market Low Level 2: 3-4 marks Candidate uses a limited range of examples	e.g. uses evidence or examples from own knowledge such as Armani, Ferrari, Harley-Davidson e.g. often premium products with premium prices such as designer clothing by brands such as Stella McCartney, Zegna e.g. Often specialist services or products with limited appeal such as trekking holidays in the Himalayas,

		<u>High Level 2: 5-6 marks</u> Candidate uses a good range of examples	
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of operating in a global niche market <u>Low Level 3: 7-9 marks</u> Analysis weak: only one or two benefits explained <u>High Level 3: 10-12 marks</u> Analysis is more developed: two or more benefits are explained and developed **NB if analysis is not in context limit to Level 2.**	e.g. By focusing on a smaller segment of the market, a business has the ability to provide specialised services and products which are often more valuable and in greater demand. e.g. Consumer demand in a niche market can be more price inelastic, which may enable a higher price to be charged. e.g. Targeting very specific tastes and cultures is more likely to gain customer satisfaction and loyalty and gain a competitive advantage e.g. Smaller markets allow you to get to know your customers better and develop more effective marketing and sales strategies, thereby boosting sales and profitability. e.g. individual niche markets may add up to a global niche that is sufficiently large top begin to benefit from economies of scale
Level 4	13-20	Evaluation must be present and in context showing the extent of the benefits <u>Low Level 4: 13-14marks</u> Some basic evaluative points are made, about the extent to which benefits are yielded. A conclusion is unlikely <u>Mid-Level 4: 15-17</u> Candidate gives a range of arguments, qualifying the benefits yielded. A judgement may be attempted <u>High Level 4: 18-20</u> Candidate gives a wide range of arguments that discuss the benefits. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion **NB if evaluation is not in context limit to Level 3**	e.g. Producing on a smaller scale means that economies of scale cannot be fully exploited and so average costs may be higher. e.g. Market size is ultimately limited and in turn limits profitability. e.g. A successful niche market may attract competition or a takeover bid. e.g. Niche markets tend to be based on a narrow consumer interest; this may change quite suddenly causing major loss of sales e.g. Over time, niche markets can expand and become mass markets and so a business can lose the advantages of being a niche producer.

Question Number 7		Question	
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by a growing economy *Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.*	e.g. an economy where GDP per capita is increasing at a faster rate than many established or developed economies. Growth can also be shown by increase in literacy levels, life expectancy, decreases in child mortality and other socio-economic indicators
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show impact of growing economies on Western businesses <u>Low Level 2: 3-4 marks</u> Application is weak. <u>High Level 2: 5-6 marks</u> Application to growing economies is clear. *Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.*	e.g. uses evidence such as reduction in world poverty levels and increase in consumers e.g. consumption in emerging markets to more than double by 2025 e.g. success of business from growing economies (Embraer from evidence G) or examples from own knowledge such as Tata, Huawei, Haier, Lenovo e.g. importance of growing markets as in evidence F in areas such as e-commerce or examples from own knowledge such as car market in China and Mexico
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of impact of growing economies on Western businesses <u>Low Level 3: 7-9 marks</u> Analysis weak: only one or two impacts explained <u>High Level 3: 10-12 marks</u> Analysis is more developed: two or more potential impacts are explained and developed **NB if analysis is not in context limit to Level 2.** *Material is presented in a generally*	e.g. Increasing numbers of consumers with disposable income provides an opportunity for Western businesses to explore new markets and increase sales and profits e.g. Western businesses have an opportunity to move away from saturated western markets and grow e.g. Businesses that sell income elastic goods and services such as fashion clothing, cars and electronic products should see sales increase. e.g. growing economies provide opportunities for Western businesses involved in infrastructure, construction, telecommunications, media and financial services, civil engineering, defence

		relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.	e.g. growing economies/businesses can have increasing amounts of funds for investment which can benefit Western businesses such as JLR
Level 4	13-20	Evaluation must be present and in context showing the contrasting impact on Western businesses <u>Low Level 4: 13 – 14 marks</u> Some evaluative points are made, based on analysis of difficulties. A conclusion is unlikely <u>Medium Level 4: 15-17marks</u> A judgement is attempted with some effort to show contrasting impact on Western businesses <u>High Level 4: 18 – 20 marks</u> Convincing evaluation on contrasting impact on Western businesses. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion **NB if evaluation not in context limit to Level 3.** *Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.*	e.g. growing economies also produce their own growing businesses which may be very competitive and take sales from Western businesses such as Embraer and Canada's Bombardier e.g. western businesses lose market power as well as market share if this happens e.g. growing economies will demand more commodities and energy as they grow, increasing demand and causing their prices to rise, this may cause problems for western businesses facing increasing costs. Western consumers facing rising energy bills have less disposable income and so spend less on western businesses e.g Western businesses can face many obstacles in trying to access growing markets including protectionism and logistical problems – so taking advantage of increasing numbers of consumers may be problematical e.g. richer businesses from growing economies can take over and control Western businesses and not always in a positive way such as utility companies

Question	knowledge	application	analysis	evaluation	TOTAL
1a	**2**	**-**	**-**	**-**	**2**
1b	**2**	**-**	**-**	**-**	**2**
2	**2**	**2**	**2**	**-**	**6**
3	**2**	**2**	**4**	**-**	**8**
4	**2**	**2**	**3**	**3**	**10**
5	**2**	**2**	**3**	**5**	**12**
6	**2**	**4**	**6**	**8**	**20**
7	**2**	**4**	**6**	**8**	**20**
TOTAL	**16**	**16**	**24**	**24**	**80**

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