GradeMax



Mark Scheme (Results)

Summer 2015

Pearson Edexcel International Advanced Level in Business Studies WBS04/01 Unit 4: Business in a Global Context

GradeMax

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Mark Scheme

Question Number	Question	
1a	What is meant by the term takeover?	
	Answer	Mark
	Knowledge up to 2: • When a company buys another **(1)** in order to gain control of the business **(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	What is meant by the term ease of doing business?	
	Answer	Mark
	Knowledge up to 2: • The relative time it takes to enter a market and start a business **(1)** difficulties may include getting all the necessary permissions and complying with regulations **(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	Explain **two** reasons why *Carrefour* might have formed a joint venture with CFAO.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying reasons why Carrefour might have formed a joint venture e.g. to gain local knowledge **(1)** to acquire existing supply chains/distribution networks **(1).** **Application:** up to 2 marks are available for contextualised answers e.g. Carrefour will want to avoid mistakes such as Tesco made in the US **(1)** CFAO have the expertise that Carrefour can utilise **(1)** **Analysis:** up to 2 marks are available for developing the reasons why Carrefour might have formed a joint venture e.g. failure to understand local conditions can result in costly delays or even failure, a domestic partner can help prevent this an so reduce the risks **(1)** Setting up supply chains/distribution networks can be time consuming, especially in a new country that lacks, or has poor infrastructure. Making use of existing facilities/expertise speeds up first mover advantage and can save money (1). ***NB if only one reason cap at 3 marks***	**1-2** **1-2** **1-2** **Total (6 marks)**

Question Number	Question	
3	Analyse **two** push factors that may cause a business to trade internationally.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying the push factors e.g. saturated markets **(1)** high costs of competition **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. many western markets are saturated – mobile phones, big supermarkets, fuel companies, banks **(1)** high costs such as sophisticated promotion and advertising – spending in UK on advertising £16bn **(1)** **Analysis:** up to 4 marks are available for developing the possible reasons e.g. In a saturated market, all the customers that might buy a product have probably bought it, extra sales can only come from replacement purchases or stealing customers from rivals **(1)** the only way to gain new sales is to leave the domestic market and seek new customers in international markets **(1)** Part of the problem with a saturated domestic market is the amount of competition, as each business struggles not just to increase sales but maintain them which bears high costs **(1)** By moving into international markets there may be little if any competition which reduces the expense of competing as well as offering the chance of increased sales **(1)** ***NB if only one factor cap at 4 marks***	**1-2** **1-2** **1-4** **Total (8 marks)**

Question Number		Question	
4		Assess the possible impact on local businesses of *Walmart* and *Carrefour*'s entry into Africa.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic impacts	e.g. Local businesses are likely to experience both negative (loss of sales) and positive (supply contracts) impact
Level 2	3-4	Application: basic points developed to show awareness of impact on local businesses of *Walmart* and *Carrefour*'s entry into Africa.	e.g. *Walmart* is American and the world's largest retailer e.g. *Walmart* has a reputation of being powerful and a threat to smaller businesses
Level 3	5-7	Candidate analyses using reasons/causes/consequences/costs to show the impact on local businesses of *Walmart* and *Carrefour*'s entry into Africa. **NB if analysis is not in context limit to Level 2.**	e.g. local retailers may face increased competition and a fall in sales e.g. Some of the many traditional small shops that currently sell to local people may disappear as customers use the modern retailers with greater range and better prices e.g. *Walmart* and *Carrefour* may use their own suppliers rather than use local ones causing hardship and discontent
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. local suppliers may see an increase in orders if *Walmart* and *Carrefour* source within Africa e.g. construction firms may well receive a boost as the new stores are built, local businesses such as transport, banks or maintenance may receive contracts e.g. The FDI that comes with the new businesses is likely to boost incomes which in turn will be spent in other local businesses to their benefit

Question Number		Question	
5		Assess the importance of the level of disposable income when a retailer considers entering a new market such as Africa.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of the nature of disposable income *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 the amount of money that households have available for spending and saving after income taxes have been accounted for.
Level 2	3-4	Application: basic points developed to show awareness of the importance for a retailer of the level of disposable income *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. 50% increase in the middle class e.g. growing population and incomes 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 the importance for a retailer of the level of disposable income **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 errors may be found which cause some passages to lack clarity or coherence.*	e.g. disposable income is likely to be very important if a retailer is to be successful e.g. increasing levels of disposable income are an important pull factor as this is likely to lead to increased sales and profitability e.g. areas such as the Sub-Saharan African countries are likely to be attractive because their growth in GDP and therefore disposable income is greater than the global average

Level 4	8-12	<u>Low Level 4: 8-10 marks</u> Evaluation must be present i.e. a candidate balances his/her answer by showing the relative importance for a retailer of the level of disposable income when compared to other considerations <u>High Level 4: 11-12 marks</u> Evaluation is developed to show a real perceptiveness on the part of	e.g. Disposable income is just one factor that will be taken into account when considering entering a new market e.g. Overall income, patterns of spending and consumer behaviour also need to be considered along with disposable income e.g. Others factors such as infrastructure are important because a
		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.*	retailer must be able to maintain supply/distribution networks to retail outlets. e.g. Distribution is particularly important for retailers such as *Walmart* and *Carrefour* who stock perishable foodstuffs e.g. Evidence C suggests that this is a problem in some countries not just in terms of physical infrastructure but also in providing a stable legal framework e.g. Evidence A also points out that corruption, political instability and red tape are also problems in certain areas e.g. these problems may be more important than any gains to be made from increased levels of disposable income and the retailer may decide not enter a market

Question Number	Question		
6	Evaluate the effectiveness of pressure groups in controlling the actions of multinational companies.		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Candidate shows knowledge of a pressure group or MNC	e.g. an organisation of like-minded individuals who have a common aim in changing behaviour or influencing the political process or a business that trades in more than one country
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of a pressure group <u>Low Level 2: 3-4 marks</u> Candidate uses a limited range of examples <u>High Level 3: 5-6 marks</u> Candidate uses a good range of examples	e.g. uses evidence or examples from own knowledge such Greenpeace, Oxfam, Fairtrade e.g campaign against palm-oil such as Greenpeace and Kit-Kat/Orang-Utan fingers e.g range of tactics used including direct action, political lobbying
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of pressure group and consumer activities <u>Low Level 3: 7-9 marks</u> Analysis weak: only one or two points explained <u>High Level 3: 10-12 marks</u> Analysis is more developed: two or more points are explained and developed **NB if analysis is not in context limit to Level 2.**	e.g. By representing public opinion pressure groups can create negative publicity for a business that can cause it to modify its behaviour e.g. Direct action can create media attention which increases public awareness and pressure e.g. The increasing use of social media to rapidly spread news of campaigns and transgressions by MNCs can be very effective very quickly e.g. pressure groups can organise boycotts of a company's products such as Shell which caused a 50% fall in sales of fuel e.g. MNCs respond by altering/modifying their actions for fear of loss of image/reputation/sales

Level 4	13-20	Evaluation must be present and in context showing the extent of the the effectiveness of pressure groups. <u>Low Level 4: 13-14 marks</u> Some basic evaluative points are	e.g. Not all MNCs are likely to be influenced by pressure groups or public opinion e.g. any changes in behaviour may only be small and cosmetic
		made, about the extent to which pressure groups are effective. A conclusion is unlikely <u>Mid-Level 4: 15-17 marks</u> Candidate gives a range of arguments, assessing the effectiveness of pressure groups A judgement may be attempted <u>High Level 4: 18-20 marks</u> Candidate gives a wide range of arguments that discuss the effectiveness of pressure groups 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. some pressure groups are less effective/organised than others which may dilute or negate their impact e.g. businesses that rely on consumer sales are more likely to respond to pressure than those that sell B2B e.g. in some markets consumer pressure is unlikely to be strong, it tends to be more effective in affluent well-informed societies e.g. MNCs are also adept at countering campaigns either with legal challenges or charm offensives via marketing and social media platforms e.g. other factors such as government support/economic necessity can outweigh actions of pressure groups such as antifracking campaigns

Question Number		Question	
7		*Starbucks* and *Harley-Davidson* have different approaches to their global marketing strategies. Evaluate the benefits for a multinational company of using an ethnocentric approach.	
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by an ethnocentric approach *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. the way in which a company uses its marketing mix is the same in each country regardless of regional or local social and cultural differences.
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show awareness of different marketing approaches. <u>Low Level 2: 3-4 marks</u> Application to marketing approaches is weak.	e.g. uses evidence such as *HarleyDavidson* or other businesses with a similar approach such as *Ferrari, Apple* e.g. awareness of businesses that have a different approach such as *McDonald's* who adapt their foods to suit local tastes e.g. awareness of elements of the
		<u>High Level 3: 5-6 marks</u> Application to marketing approaches 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.*	marketing mix that are global such as brands, logos – golden arches, Coke bottle e.g. awareness of elements of the marketing mix that are localised such as *McDonald's* vegetarian menu in India or *Starbucks* and iced rice dumplings in China

Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the benefits of an ethnocentric approach <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 potential benefits are explained and developed **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 errors may be found which cause some passages to lack clarity or coherence.*	e.g. a standardised product gains recognition and becomes known on a global scale such as the Coke bottle/red and white lettering e.g. This builds consumer loyalty and encourages repeat purchases and is a source of competitive advantage e.g. With increasing globalisation and increased travel consumers recognise and purchase familiar products e.g. Standardised products can be manufactured en-masse and benefit from economies of scale which may reduce average costs leading to lower prices and a competitive advantage or an increase in profitability e.g. Economies of scale can be achieved with marketing as well e.g. Not adapting the marketing approach saves time and money in researching and adapting to the demands of individual markets
Level 4	13-20	Evaluation must be present and in context showing the contrasting impact of adapting an ethnocentric approach <u>Low Level 4: 13 – 14 marks</u> Some evaluative points are made, based on analysis of the benefits. A conclusion is unlikely <u>Medium Level 4: 15-17 marks</u> A judgement is attempted with some effort to show extent of the benefits	e.g. not adapting means that many potential sales may be lost as the product/marketing may not appeal to differing tastes/cultures e.g. these lost sales may outweigh any potential cost savings from economies of scale e.g. it may cost more to research and adapt to local tastes but the gains from sales may outweigh these extra costs e.g. for some businesses having the same marketing approach is simply not

		<u>High Level 4: 18 – 20 marks</u> Convincing evaluation of the benefits. 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.*	an option such as beef burgers in India e.g. some businesses such as *HarleyDavidson* may well benefit from such an approach due to the nature of their product which is easily transferable across cultures but for most businesses an adaptation of some aspects is desirable e.g. businesses such as *McDonald's* that adopt a mixed approach benefit from both global and local elements in their approach thus maximising sales– 'glocalisation'.

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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