GradeMax



# **Mark Scheme** (Results)

## Summer 2017

Pearson Edexcel International
Advanced Level
in Business Studies (WBS04)
Paper 01 Business in a Global Context

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## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

# Section A: Data response

| Question Number | Question | |
|---|---|---|
| **1 (a)** | What is meant by the term conglomerate? | 2 marks |
| | Answer | Mark |
| | **Knowledge – up to 2 marks:**<br><br>• A business that is made up of different areas **(1)** that are unrelated to each other **(1)**<br><br>1 mark for partial or vague definition but a valid example lifts to 2 marks.<br><br>Any other suitable alternative. | 1-2 |

| Question Number | Question | |
|---|---|---|
| **1 (b)** | What is meant by the term investment? | 2 marks |
| | Answer | Mark |
| | **Knowledge – up to 2 marks:**<br><br>• The spending of money by a business **(1)** in order to generate future returns/profit **(1)**<br><br>1 mark for partial or vague definition but a valid example lifts to 2 marks.<br><br>Any other suitable alternative. | 1-2 |

| Question Number | Question | |
|---|---|---|
| **2** | Using your own examples explain **two** ways trade barriers might restrict or prevent trade. | 6 marks |
| | Answer | Mark |
| | **(Knowledge 2, Application 2, Analysis 2)**<br><br>**Knowledge/understanding:** up to 2 marks are available for identifying ways that trade barriers might restrict or prevent trade<br><br>e.g. the use of tariffs to increase price **(1)** the use of quotas to restrict supply **(1)**<br><br>**Application:** up to 2 marks are available for contextualised answers<br><br>e.g. India places a 30% tariff on imported fish **(1)** Japan, has placed a quota on imports of U.S. apples on the grounds that the apples could be contaminated with the fire blight disease **(1)**<br><br>**Analysis:** up to 2 marks are available for developing the ways that trade barriers might restrict or prevent trade<br><br>e.g. the tariff is a tax that makes imports more expensive which reduces demand and effectively restricts trade and choice **(1).** Quotas place a physical limit on the amount of imports allowed into an economy thereby forcing the price up and making them less attractive to domestic consumers **(1)**<br><br>**N.B. if only one way cap at 3 marks.** | 1-2<br><br>1-2<br><br>1-2 |

| Question Number | Question | |
|---|---|---|
| **3** | Analyse **two** possible reasons why *Thomas Cook* is forming a joint venture with *Fosun*. | 8 marks |
| | Answer | Mark |
| | **(Knowledge 2, Application 2, Analysis 4)**<br><br>**Knowledge/understanding:** up to 2 marks are available for identifying the reasons<br><br>e.g. specialist help with Chinese market **(1)**, able to use existing supply chains/facilities **(1)**<br><br>**Application:** up to 2 marks are available for contextualised answers<br><br>e.g. very different language and culture to *Thomas Cook's* usual customer base **(1)** China is the world's second biggest country **(1)**<br><br>**Analysis:** up to 4 marks are available for developing the possible reasons<br><br>e.g. operating so far from home could lead to serious and costly communication failures or mistakes from misunderstanding cultural norms **(1)** *Fosun* are a local business that will help steer the joint venture clear of such risks increasing the chances of success **(1)** The cost of attempting to create a new supply chain or network of outlets could prove to be too much given the size of the country **(1)**. By using their partner's existing facilities this would save not only costs but also time, maximising their chance of success in capturing market share in this rapidly expanding market **(1)**<br><br>**N.B. if only one reason cap at 4 marks** | 1-2<br><br>1-2<br><br>1-4 |

| Question Number | Question | | |
|---|---|---|---|
| **4** | Assess the benefits for *Fosun* of expanding by inorganic growth. | | 10 marks |
| Level | Mark | Descriptor | Possible content |
| 1 | 1-2 | Knowledge/understanding of basic terms<br><br>*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. inorganic growth is when a business expands by taking over or merging with another business rather than relying on its own resources |
| 2 | 3-4 | Application: basic points developed to show awareness of the nature of *Fosun*'s growth<br><br>*Material is presented in simple, logical, easy to follow way 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. *Fosun* is a conglomerate and has taken over a variety of different businesses including holiday companies such as Club Med, banks such as *Hauck & Aufhaeuser* and pram maker *Silver Cross* |
| 3 | 5-7 | Analysis: candidate analyses using reasons/causes/consequences/costs to show the impact for *Fosun* of expanding by inorganic growth<br><br>**N.B. if analysis is not in context, limit to Level 2**<br><br>*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. such a diverse range of businesses spreads risk<br><br>e.g. expanding by inorganic growth is rapid which is important in a dynamic global market by acquiring already successful brands<br><br>e.g. it saves time and money in not having to create new brands/products and build a market<br><br>e.g. helps to acquire brands to extend product portfolio and fill gaps in Boston Matrix |

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| 4 | 8-10 | Evaluation must be present i.e. a candidate balances his/her answer<br><br>**N.B. if evaluation is not in context, limit to Level 3**<br><br>*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. many mergers and takeovers do not deliver anticipated benefits because of culture clashes/lack of synergy between organisational practices<br><br>e.g. can be expensive and may bring diseconomies of scale such as communication and distribution problems<br><br>e.g. these businesses are all very different and *Fosun* may not have the expertise to make them all work<br><br>e.g. other aspects of *Fosun*'s strategy may be more important such as a balanced product portfolio or financial stability |

| Question Number | Question | | | |
|---|---|---|---|---|
| **5** | Assess the importance of the World Trade Organisation in the growth of international trade. | | | 12 marks |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Knowledge/understanding of the role of the WTO<br><br>*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 WTO supervise world trading arrangements and trade negotiations and helps to resolve disputes between governments | |
| 2 | 3-4 | Application: basic points developed to show awareness of the importance of the WTO<br><br>*Material is presented in simple, logical, easy to follow way 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. countries aspire to join the WTO and it has most of the world's countries as members (162 at present)<br><br>e.g. organises 'rounds' of negotiations to increase and liberalise trade such as the Doha Round | |
| 3 | 5-7 | Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to show the importance of the WTO in increasing international trade<br><br>**N.B. if analysis is not in context, limit to Level 2**<br><br>*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. through trade rounds such as Doha trade barriers are reduced and so international trade increases<br><br>e.g. disputes between member states are negotiated and settled to remove barriers and increase trade<br><br>e.g. it assists less developed economies to join and participate in trade talks thus encouraging increased trade | |
| 4 | 8-12 | **Low Level 4:** 8-10 marks. Evaluation must be present i.e. a candidate balances his/her answer by showing the relative importance of the WTO in increasing international trade<br><br>**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 | e.g. the WTO cannot enforce agreements and negotiations can be very lengthy such as Doha which has now been running for 14 years without resolution<br><br>e.g. there are other factors that have done much to increase international trade such as the expansion of trading blocs which has not involved the WTO<br><br>e.g. geo-political factors have done much to increase trade such as the break-up of the communist bloc and the opening up of the | |

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| | | **N.B. if evaluation not in context, limit to Level 3**<br><br>*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* | Indian and Chinese economies<br><br>e.g. increasing globalisation goes hand in hand with increasing international trade and is driven by a range of factors such as improved communications, infrastructure and the digital economy<br><br>e.g. whilst the role of the WTO should not be underestimated it is just one of the factors that has increased international trade |

## Section B: Essay questions

| Question Number | Question | | | |
|---|---|---|---|---|
| **6** | Evaluate the impact on western businesses of the growing Chinese economy**.** | | | 20 marks |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Candidate shows knowledge of the growing Chinese economy<br><br>*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. shows understanding of the growing Chinese economy such as sustained increase in GDP<br><br>e.g. China's growth affects the growth of the global economy as well | |
| 2 | 3-6 | Application must be present, i.e. the answer must be contextualised by using knowledge/examples of the growing Chinese economy<br><br>**Low Level 2:** 3–4 marks. Candidate uses a limited range of examples<br><br>**High Level 2:** 5–6 marks. Candidate uses a good range of examples<br><br>*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. The growing Chinese economy creates flows of FDI as given in evidence E – expected to reach £144bn in the UK by 2025<br><br>e.g. Tourism to the UK has more than doubled in 5 years<br><br>e.g. China's growth rate is 6.9% (2015) low by previous standards<br><br>e.g. use of own evidence and case studies | |
| 3 | 7 -12 | Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the growing Chinese economy<br><br>**Low Level 3:** 7–9 marks. Analysis weak: only one or two points explained<br><br>**High Level 3:** 10–12 marks. Analysis is more developed: two or more points are explained and developed<br><br>**N.B. if analysis is not in context, limit to Level 2** | e.g. increasing FDI as in evidence E leads to increased demand for domestic businesses for such things as building materials and financial services to supplement the FDI<br><br>e.g. jobs are created by the FDI which increases spending on other western businesses<br><br>e.g. Chinese FDI is the main reason for the building of Hinkley B nuclear power station<br><br>e.g. As per capita income increases so too does disposable income and a growing demand for western goods and services – particularly for | |

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| | | *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* | luxury, fashion and high-tech ones<br><br>e.g. UK firms such as *Alexander McQueen*, *Stella McCartney* and *Burberry* have all made significant sales in China as have other western businesses such as *McDonalds*, *JLR* and *AEG* |
| 4 | 13-20 | Evaluation must be present and in context showing the extent of the impact<br><br>**Low Level 4:** 13–14 marks. Some basic evaluative points are made, about the extent to which benefits are yielded. A conclusion is unlikely<br><br>**Mid Level 4:** 15–17 marks. Candidate gives a range of arguments, qualifying the benefits yielded. A judgement may be attempted<br><br>**High Level 4:** 18–20 marks. 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<br><br>**N.B. if evaluation not in context, limit to Level 3**<br><br>*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. candidates begin to contrast those sorts of western businesses that will perhaps benefit from China's growing economic power such as those providing goods and services increasingly demanded by China and the Chinese, as opposed to those that may be threatened and face increased competition. The degree and scope of these changes may be discussed<br><br>e.g. benefits may be short lived as profits and subsequent orders are routed back to China rather than benefiting western businesses<br><br>e.g. western businesses may face increased competition from Chinese MNCs expanding and growing such as *Huawei*, *Haier* and *Lenovo* that will take away market share<br><br>e.g. increased levels of investment may mean increasing loss of control by UK businesses as decisions are made in China's interests<br><br>e.g. profits may be repatriated rather than being re-invested to benefit UK businesses<br><br>e.g. takes the basic evaluation further and perhaps really looks at the differing impacts on some businesses in some detail and in particular at the changing structural nature of the Chinese economy as it grows and how this will impact businesses<br><br>e.g. the short term situation may be contrasted with the long term. Good examples will be given in context and a rounded evaluative conclusion will be present. |

| Question Number | Question | | | |
|---|---|---|---|---|
| **7** | Evaluate the extent to which it is possible to control the actions of multinational companies. | | | 20 marks |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Knowledge/understanding of what is meant by multinational companies<br><br>*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. defines or identifies what is meant by a multinational company – a business that operates in more than one country | |
| 2 | 3-6 | Application must be present, i.e. the answer must be contextualised and show awareness of multinational companies and how their actions might be controlled<br><br>**Low Level 2:** 3–4 marks. Application to MNCs is weak<br><br>**High Level 2:** 5–6 marks. Application to MNCs is clear<br><br>*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 or examples from own knowledge such as campaign against palm-oil such as Greenpeace and Kit-Kat/ Orang-Utan fingers<br><br>e.g. government action, such as China or India and insistence on joint ventures<br><br>e.g. consumer pressure on *Primark*, *Starbucks* resulting in tax paid/aid to Bangladesh<br><br>e.g. legal sanctions such as USA and *BP* fine of $18.7bn | |
| 3 | 7-12 | Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the ways in which an MNC might be controlled<br><br>**Low Level 3:** 7-9 marks. Analysis weak: only one or two ways explained<br><br>**High Level 3:** 10-12 marks. Analysis is more developed: two or more potential ways are explained and developed<br><br>**N.B. if analysis is not in context, limit to Level 2**<br><br>*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* | e.g. by representing public opinion pressure groups can create negative publicity for a business that can cause it to modify its behaviour<br><br>e.g. the increasing use of social media to rapidly spread news of campaigns and transgressions by MNCs means that MNCs are much more likely to be 'found out'<br><br>e.g. MNCs respond by altering/modifying their actions for fear of loss of image/reputation/sales<br><br>e.g. direct governmental control such as legal action can control MNCs such as the American department of Justice and *BP*<br>e.g. consumers can individually | |

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| | | *some passages to lack clarity or coherence* | react by boycotting a company's products such as *Shell* which caused a 50% fall in sales of fuel |
| 4 | 13-20 | Evaluation must be present and in context showing the extent to which the ways of controlling MNCs are actually effective<br><br>**Low Level 4:** 13-14 marks.<br>Some evaluative points are made, based on analysis of the ways. A conclusion is unlikely<br><br>**Mid Level 4:** 15-17 marks.<br>A judgement is attempted with some effort to show extent of the control<br><br>**High Level 4:** 18-20 marks.<br>Convincing evaluation of the ways of controlling MNCs. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion<br><br>Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion<br><br>**N.B. if evaluation is not in context, limit to Level 3**<br><br>*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. not all MNCs are likely to be influenced by pressure groups or public opinion, particularly those not reliant on consumer sales such as mining companies<br><br>e.g. Government control/legal regulation is dependent on the size and influence of the country and on the size and resources of the MNC. America and China will have much more success than a country such as Mali or Vietnam<br><br>e.g. in some markets consumer pressure is unlikely to be strong, it tends to be more effective in affluent well-informed western societies<br><br>e.g. MNCs are also adept at countering campaigns either with legal challenges or charm offensives via marketing and social media platforms<br><br>e.g. other factors such as government support/economic necessity can outweigh actions of pressure groups or force of public opinion. In Nigeria the wealth created by the oil companies seems to have outweighed environmental and social concerns |

| 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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