GradeMax



Mark Scheme (Results)

October 2017

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



Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

October 2017
Publications Code WBS04_01_1710_MS
All the material in this publication is copyright
© Pearson Education Ltd 2017

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 takeover? (Evidence A, line 17)	2 marks
	Answer	Mark
	Knowledge up to 2: • When a company buys another company **(1)** in order to gain control of that company/majority shareholding **(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	
1 (b)	What is meant by the term profit for the year? (Evidence D, line 6)	2 marks
	Answer	Mark
	Knowledge up to 2: • Total revenue **(1)** minus all costs and expenses **(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** difficulties that *John Lewis* might face when entering a new market, such as Dubai.	6 marks
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for identifying the difficulties e.g. Trade barriers **(1)** social and cultural differences **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. John Lewis is operating in ASEAN nations **(1)** Dubai has a very different culture compared to the UK and may not tolerate promotions involving female images **(1)** **Analysis:** up to 2 marks are available for developing the possible factors e.g. ASEAN may impose tariffs on *John Lewis'* goods making them more expensive and less competitive **(1)** *John Lewis* may inadvertently cause offence with images or language if they do not fully understand the culture and damage sales and reputation **(1)** ***NB if only one difficulty cap at 3 marks***	1-2 1-2 1-2

Question Number	Question	
3	Analyse **two** reasons why a business such as *John Lewis* might want to expand internationally.	8 marks
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 4) **Knowledge/understanding:** up to 2 marks are available for two reasons why a business such as *John Lewis* might want to expand internationally, e.g. opportunity for increased sales/profits **(1)** disappointing market conditions in the UK **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. Countries such as Dubai have high levels of disposable income **(1)** threat of recession/fall in spending in the UK **(1)** **Analysis:** up to 4 marks are available for developing the reasons, e.g. countries with high levels of income such as Dubai/Australia are likely to buy the upmarket goods sold by *John Lewis* **(1),** thus meeting the needs of these customers by selling high quality branded products will increase sales and profit in this new market for *John Lewis* **(1)** A recession in the UK following Brexit would mean a likely fall in disposable income/consumer confidence and so a fall in spending and a decrease in sales and profits **(1)**, international expansion would offset this and maintain the success of the business **(1)** ***NB if only one reason cap at 4 marks***	1-2 1-2 1-4

Question Number		Question	
4		Assess the benefits to *John Lewis* of expanding by organic growth.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of organic growth	e.g. Organic growth is when a business expands by using its own resources rather than by taking over or merging with another business which is inorganic growth
Level 2	3-4	Application: basic points developed to show awareness of the nature of *John Lewis'* growth	e.g. *John Lewis* has expanded by opening within other shops e.g. *John Lewis* now has outlets in Holland, Australia, Malaysia and Dubai amongst others e.g. online sales have increased by 50%, delivering to 40 countries
Level 3	5-7	Candidate analyses using reasons/causes/consequences/costs to show the impact for *John Lewis* of expanding by organic growth **NB if analysis is not in context limit to Level 2**	e.g. allows *John Lewis* to keep control over its operations e.g. many mergers and takeovers do not deliver anticipated benefits because of culture clashes/lack of synergy between organisational practices, organic growth avoids this e.g. can be cheaper than inorganic growth as *John Lewis* does not need to find large sums of money for takeovers e.g. allows *John Lewis* to concentrate on its core strengths and capabilities and the building of the *John Lewis* brand
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. takes longer to grow and benefit from possible economies of scale e.g. can be riskier as 'all your eggs in one basket' e.g. expanding by organic growth can be slow which may be a drawback in a dynamic global market e.g. resources may be limited, thus hampering or slowing potential growth

Question Number		Question	
5		Assess the importance of exchange rates to businesses when trading internationally.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of the nature of exchange rates *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 exchange rate is the price/value of one currency expressed in terms of another e.g. changes in exchange rates can be important for businesses that import or export because currencies need exchanging for trade to take place
Level 2	3-4	Application: basic points developed to show awareness of the importance of exchange rates *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 to show contrasting impacts on businesses such as *John Lewis* and *Pinewood* e.g. many commodities priced in dollars such as oil, minerals and foodstuffs
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 an international business of changes in exchange rates **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. Appreciation/depreciation of a currency can make exports seem expensive/cheaper and imports cheaper/more expensive e.g. changes in the value of some currencies may create uncertainty and make the difference between making a profit or a loss' e.g. depreciation of the pound has had a negative impact on *John Lewis* and *EasyJet* but a positive one on *Pinewood Studios*
Level 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 exchange rates when compared to other considerations **High Level 4:** 11-12 marks Evaluation is developed to show a real perceptiveness on the part of	e.g. the impact of exchange rates depends on by how much rates change and for how long e.g. *John Lewis* may not be too badly affected as it may be able to increase its prices to cover increased costs in dollars e.g. Many of its products are likely

		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*	to be price inelastic and many of its customers wealthy e.g. There are ways of reducing the risks of currency fluctuations such as hedging and forward markets e.g. Other considerations may be more important than exchange rates such as ease of doing business, infrastructure, political stability, supply chain constraints, level of competition e.g. These problems may be more important than those caused by exchange rate fluctuation depending on the nature of the product or business

Section B: Essay questions

Question Number	Question		
6	Evaluate the benefits of glocalisation for an international business such as *Disney*.		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Candidate shows knowledge of glocalisation	e.g. when a global business adapts or changes its products and marketing strategies to suit individual countries or market segments e.g. glocalisation is a combination of globalisation and localisation to emphasise the idea that a product is more likely to succeed if adapted to local practices and cultural expectations
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of glocalisation **Low Level 2:** 3-4 marks Candidate uses a limited range of examples **High Level 2:** 5-6 marks Candidate uses a good range of examples	e.g. refers to *Disney*'s actions in Shanghai e.g. *McDonald's* or *Starbucks* adapting menus to suit local tastes such as no beef in India and the Mcaloo Tikki burger e.g. Kit-Kat alters the flavours and type of chocolate to suit different markets e.g. businesses that do not follow glocalisation include *Apple, Sony, Ferrari, Gucci* e.g. uses evidence or examples from own knowledge
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the benefits of glocalisation **Low Level 3:** 7-9 marks Analysis weak: only one or two points explained **High Level 3:** 10-12 marks 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. adapting the product or marketing strategy such as *Disney*'s inclusion of Chinese music into The Lion King, means that many potential sales may be gained as the product/marketing is more likely to appeal to local tastes e.g. this is also likely to give a business a competitive advantage over rivals who may not have followed a glocalisation policy e.g. glocalisation gives a business the best of both worlds - the power and protection of a global brand such as *McDonald's* 'golden arches' and the precise targeting of local tastes to maximise sales

			e.g. these extra sales may outweigh any lost potential cost savings from economies of scale e.g. for some businesses having the same business model is simply not an option, such as beef burgers in India
Level 4	13-20	Evaluation must be present and in context showing the extent and limitations of the benefits **Low Level 4:** 13-14 marks Some basic evaluative points are made, about the extent to which benefits are yielded. A conclusion is unlikely **Mid-Level 4:** 15-17 marks Candidate gives a range of arguments, qualifying the benefits yielded. A judgement may be attempted **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 **NB if evaluation is not in context limit to Level 3**	e.g not considering the importance of social and cultural differences when trading internationally saves time and money in researching and adapting to the demands of individual markets e.g. some products and services are universal and therefore little or no adaptation to social and cultural differences is needed when trading internationally – *Sony/Apple/Ferrari* e.g. attempting to glocalise may actually damage the brand as consumers may prefer the 'western brand' or the image that goes with it – such as fashion brands like *Gucci, Stella McCartney* 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. some cultural and social differences may be only slight and therefore there is no need to undertake potentially expensive adaptation such as between the UK and Australia

Question Number	Question		
7	Evaluate the extent to which ethical considerations might affect a business such as *Lush*.		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by ethical considerations *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 operates in accordance with moral and responsible guidelines
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show awareness of ethical considerations **Low Level 2:** 3-4 marks Application to business models is weak **High Level 2:** 5-6 marks Application to business models 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 *Lush* or other businesses with a similar approach such as *Ford, Body Shop* e.g. awareness of other businesses and their ethical programmes such as *Marks and Spencer's* Plan A e.g. awareness of other companies that are founded and guided by ethical considerations such as the *Ethical Fruit company* and *Tom's Shoes* e.g. awareness of companies that have not followed ethical guidelines such as *Volkswagen* and *Monsanto*
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the effects of an ethical approach **Low Level 3:** 7-9 marks Analysis weak: only one or two effects explained **High Level 3:** 10-12 marks Analysis is more developed: two or more potential effects are explained and developed **NB if analysis is not in context limit to Level 2**	e.g. ethical considerations are likely to be expensive and reduce profitability such as *Lush* not sourcing sandalwood from the cheapest sources e.g. many consumers seek out the cheapest price, particularly if the economy is not doing well e.g. this can lead to loss of competitiveness and see sales and market share decrease e.g. some of the world's most profitable companies such as *Chevron* and *Monsanto* have been accused of being amongst the least ethical

		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. the owners of a business may prioritise profit and want to see large dividends and a rising share price. This can lead to stakeholder conflict e.g. this may cause lack of leadership and direction leading to falling sales and lack of success e.g. nearly all companies have or claim to have an ethical approach, therefore it is nothing special
Level 4	13-20	Evaluation must be present and in context showing the contrasting effects of ethical considerations **Low Level 4:** 13 – 14 marks Some evaluative points are made, based on analysis of the effects. A conclusion is unlikely **Medium Level 4:** 15-17marks A judgement is attempted with some effort to show extent of the effects **High Level 4:** 18 – 20 marks 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.*	e.g. although a business that follows ethical guidelines may incur higher costs and reduced profitability in the short run it may reap larger profits in the long run e.g. *Lush* has clearly been very successful by following strict ethical guidelines with a doubling of sales and 50% increase in profits e.g. lack of ethical considerations can lead to consumer protests and loss of sales – Greenpeace and Kit-Kat or bad publicity - *Volkswagen* e.g. looking after the workforce with improved healthcare and education can improve morale, labour turnover and productivity leading to greater profitability e.g. an improved public image can increase consumer awareness and consumer loyalty leading to higher sales e.g. many consumers actively seek out ethical products e.g. ethically produced goods and services can carry a premium price without damaging sales such as Fairtrade products e.g. it may be possible to reduce or even eradicate stakeholder conflict by pursuing ethical considerations

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom