GradeMax



Pearson
Edexcel

Mark Scheme (Results)

Summer 2018

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

Question Number	Question	
1a	What is meant by the term Gross Domestic Product? (Evidence B, line xx)	
	Answer	Mark
	Knowledge up to 2: • The total monetary value of all goods and services produced in an economy **(1)** over a period of time such as a year or a quarter **(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 joint venture? (Evidence D, line xx)	
	Answer	Mark
	Knowledge up to 2: • The temporary joining together of two independent businesses **(1)** for a specific business venture **(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** factors that have contributed to increased globalisation.	
	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 such as the communist empire in Eastern Europe collapsing/countries such as China becoming more open to trade **(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 possible but more worthwhile and so globalisation increases **(1)** Political/economic change breaks down barriers and new attitudes and increased openness encourage travel and integration **(1)** **Two factors must be covered for full marks (3+3). If only one factor covered, maximum mark of 3.** **Award for any relevant and developed factors**	**1-2** **1-2** **1-2** **(6 marks)**

Question Number	Question	
3	Analyse **two** reasons why a business might want to expand into a country such as Ghana.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying the reasons as to why a business might be planning to enter a country such as Ghana. e.g. opportunity for increased sales and profits **(1)** ease of doing business **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. Ghana has a high projected economic growth rate of 8% **(1)** ease of doing business in Ghana is best in West Africa according to the World Bank **(1)** **Analysis:** up to 4 marks are available for developing the possible reasons e.g. as economies such as Ghana continue to develop and grow, the demand for goods and services from international businesses will increase **(1)** as they are likely to be income elastic and so sales and profitability may rise **(1)** Ease of doing business means that it will take less time and fewer obstacles to enter the market **(1)** This will reduce costs making it a more attractive destination for FDI **(1)** **Two reasons must be covered for full marks (4+4). If only one reason covered, maximum mark of 4.** **Award for any relevant and developed reasons**	**1-2** **1-2** **1-4** **(8 marks)**

Question Number		Question	
4		Assess the benefits to Ghana of specialising in the production of a commodity such as cocoa.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic Terms	e.g. this means countries concentrate their resources in the areas that they do best, excess output is then traded e.g. a commodity is a raw material or semi-finished product traded in bulk such as cocoa, sugar or copper
Level 2	3-4	Application: basic points developed to show evidence of Ghana's specialisation	e.g. cocoa is Ghana's largest export and contributes 30% of its export revenues e.g. cocoa contributes 8.2% of Ghana's GDP e.g. 25 – 30% of population rely on cocoa production for an income
Level 3	5-7	Candidate analyses using reasons/causes/consequences/costs to show the benefits of specialisation **NB if analysis is not in context limit to Level 2.**	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 e.g. increasing specialisation leads to a build up of skills and expertise which may lower costs of production and increase efficiency 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 international trade
Level 4	8-10	Evaluation must be present i.e. a candidate balances his/her answer **N.B. if there is evaluation but no context at all, limit to Level 3.**	e.g. specialisation can lead to over reliance on one area of the economy and structural problems. e.g. 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 – Evidence B projects falling prices 2016 to 2019 caused by over production

			e.g. Evidence B mentions weak global demand 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	
5		Assess the possible impacts on European businesses of China and India's projected growth rates.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of the nature of projected growth 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. this means the expected expansion of an economy, not just in terms of GDP but in terms of resources and influence
Level 2	3-4	Application: the answer must be contextualised and applied to show the possible impact on European businesses of China and India's projected growth 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. The IMF expects India's economy to grow by 7.6% in 2016 and China's by 6.6% e.g. expected global growth is only 3.1%, Europe may be less than that e.g. the combined populations of India and China are approximately one third of the global population e.g. candidates may offer examples from their own studies such as impact on *JLR* or *Stella McCartney* of increased demand from China/India
Level 3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to show the possible impact on European businesses of China and India's projected growth 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. there is still a huge and growing potential consumer market in India and China for many European businesses and this is likely to lead to increased sales and profitability e.g. as China and India continue to develop they are likely to need not just consumer goods such as fashions and cars but services as well. Infrastructure will need input from engineering and transport businesses and so on e.g. an increasingly educated and healthy workforce may provide opportunities for outsourcing of production
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 possible negative impacts on European businesses of China and India's projected growth rates.	e.g. some Chinese (*Haier, Lenovo*) and Indian (*Tata, Infosys*) companies are amongst the biggest in the world and more than capable of innovation and competing with European businesses on a global level.

		<u>High Level 4: 11-12 marks</u> 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 **N.B. if there is evaluation but no context at all, 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. European businesses may begin to lose market share to these companies which are likely to have a lower cost of production e.g. as their economies grow, more and more domestic businesses may start to compete with western businesses e.g. those European companies that have offshored production to China and India may face problems as economic growth increases wages which increase costs of production

Section B

Question Number		Question	
6		". . . we need to have a clear idea of what it means to be global and what it means to be local." (Evidence E) Evaluate the extent to which a global brand should follow *Uniqlo*'s strategy.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Candidate shows knowledge of key terms	e.g. a global brand is recognised across several different countries and continents e.g. a local approach means adapting some part of the marketing mix to cater to local differences in taste/culture
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of such strategies **<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 as *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. global brands that do not localise their products include *Apple, Sony, Ferrari, Gucci*
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of such strategies **<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. creating the *Uniqlo* WearHouse 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 such a policy. Evidence E refers to 'retailers whose stores look and feel much the same the world over'. e.g. localisation gives a business the best of both worlds - the power and protection of a global brand such as *Uniqlo* and the precise targeting of local tastes to maximise sales e.g. it may cost more to research and adapt to local tastes but the potential gains

			from increased sales may outweigh these extra costs 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 to which the strategy should be followed **<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 merits and drawbacks of localisation. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion **N.B. if there is evaluation but no context at all, 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 localise a product 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, McCartney* e.g. a standardised product gains recognition and becomes known on a global scale such as *Coca-Cola's* 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 impact on a multinational business of operating in an ethical and sustainable manner.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of what is meant by an ethical and sustainable manner *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. ethical and sustainable manner is an attempt to pursue ethical considerations – behaving in a responsible and morally correct manner and having minimal negative impact on the global or local environment, community, society, or economy – and not depleting scarce resources
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show awareness of ethical and sustainable business practice **<u>Low Level 2: 3-4 marks</u>** Application to business models is weak. **<u>High Level 3: 5-6 marks</u>** 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 or examples from own knowledge such as *M&S* Plan A*, Starbucks'* ethical sourcing*, Pepsico* and stakeholder engagement e.g. use of figures from Evidence F to support arguments e.g. growing public awareness of issues such as climate change, re-cycling, pollution and worker's rights and conditions e.g. adverse publicity generated by non-ethical/sustainable behaviour such as *Volkswagen, Amazon, Sports Direct*
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the impact of operating in an ethical and sustainable manner **<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 potential points are explained and developed **NB if analysis is not in context limit to Level 2.**	e.g. it may be that *Nestle* and *Unilever* regard it as the right thing to do and are motivated by altruism e.g. the modern consumer in the developed economies is becoming more discerning and is likely to respond positively to businesses that behave in ethical and sustainable manner and therefore they may see sales rise e.g. consumer loyalty may improve as a result of such behaviour e.g. ethical and sustainable practice may be a key differentiator and give a

		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	competitive advantage over rivals e.g. figures from Evidence F suggest that such an approach is successful for *Unilever* and *Nestle* e.g. workers and suppliers may be more motivated, loyal and productive if they know that the business has their interests at heart
Level 4	13-20	Evaluation must be present and in context showing the relative impact of operating in an ethical and sustainable manner **<u>Low Level 4: 13 – 14 marks</u>** Some evaluative points are made, based on analysis of the impact. A conclusion is unlikely **<u>Medium Level 4: 15-17marks</u>** A judgement is attempted with some effort to show extent of the impact **<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 **N.B. if there is evaluation but no context at all, 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. there is a potential trade-off between ethical and sustainable behaviour and profitability because acting in this way can incur additional cost e.g. if these costs are passed on to consumers in the form of higher prices, sales may fall e.g. this trade-off may give rise to stakeholder conflict such as between shareholders and consumers e.g. figures in Evidence F are meaningless unless compared to other businesses particularly those that do not operate in an ethical and sustainable manner e.g. *Nestle* and *Unilever* are in competitive markets and it may be a bad move to implement a plan which may cut into its profits and reduce its ability to invest for the future e.g. however, short term costs may be outweighed by long term goodwill/sales/profits from the emerging markets who have benefited from the plan

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