GradeMax



Mark Scheme (Results)

October 2020

Pearson Edexcel International Advanced Level
In Business (WBS14/01)
Unit 4: Global Business

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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.

Question Number	Answer	Mark
1 (a)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a reason, eg: • Increased sales/profitability **(1)** **Application** Up to 2 marks for contextualised answers, eg: • GDP in the ASEAN bloc has increased four times since 1999 **(1)** • The population is growing rapidly **(1)** **Analysis** 1 mark for developing the reason, eg: • The population is larger and also more likely to have increased income with money to spend on European products **(1)**	**(4)**

Question Number	Answer	Mark
1 (b)	**Knowledge 1, Application 2, Analysis 1** **Quantitative skills assessed:** **QS1:** calculate, use and understand ratios, averages and fractions. **Knowledge** 1 mark for identifying any suitable formula eg: • Aggregate of yearly growth rates ÷ number of years **(1)** **Application** Up to 2 marks for selecting the correct data: • 6.7 + 6.2 + 6.8 + 7.1 + 6.8 **(1)** ÷ 5 **(1)** **Analysis** 1 mark for calculating the average annual growth rate: • = 6.72% **(1)** **NB: if no working is shown award marks as below:** • If the answer is 6.72% award 4 marks • If the answer is 6.72 award 3 marks	**(4)**

Question Number	Indicative content
1 (c)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed** **QS9:** interpret, apply and analyse information in written, graphical and numerical forms. **Knowledge, Application, Analysis, Evaluation – indicative content** • FDI is the flow of money into one country from businesses in another country • FDI has grown rapidly, particularly since 2000 when it was $23bn and had more than quadrupled to $101bn by 2016 • In that time GDP had also more than quadrupled since 1999, from $577bn in 1999 to $2.5tn in 2016 • This suggests that FDI is a strong driver of economic growth • Much FDI has gone into manufacturing and infrastructure which will help the development of businesses in ASEAN • Investment in new production plants creates jobs and incomes for local inhabitants which increases the GDP of Vietnam • Local businesses are involved in the construction and supply for the new plants, creating further employment and income • Employment rises with increased incomes spent on local businesses, again driving growth • However, while FDI is important it is not the only factor that is important in the growth of businesses within ASEAN • Political change and the opening up of economies has also been significant eg Vietnam • The ASEAN economies also have a young and expanding labour force and many natural resources making growth more likely

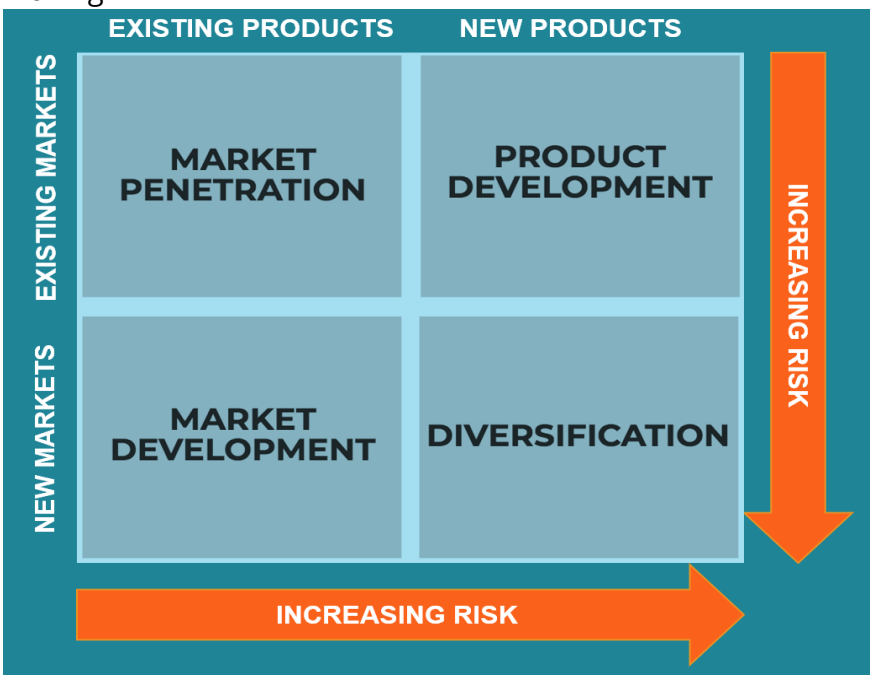
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

Question Number	Indicative content
1 (d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed** **QS8:** use and interpret quantitative and non quantitative information in order to make decisions. **Knowledge, Application, Analysis, Evaluation – indicative content** • A trade bloc is a group of countries with a trading agreement between themselves • Members have free trade or preferential trading agreements between themselves • Vietnam's main trading partners are the other 9 ASEAN members such as Indonesia, Cambodia and Malaysia • Vietnamese businesses may be able to import raw materials/components/products and services more cheaply thus reducing their costs which may give a competitive advantage • Vietnamese businesses should find it easier to access other ASEAN member's markets and face fewer trade restrictions thus increasing potential sales and revenues • Free trade should cause economic growth as prices fall (reflecting reduced costs), this increases disposable income and increases overall demand for local businesses • However, Vietnam's domestic industries will have lost some or all of their protective tariffs and barriers meaning they are now relatively more expensive and less competitive • Low cost manufacturing bases in other ASEAN countries such as Cambodia, will find it easier to penetrate Vietnamese markets and provide competition for domestic businesses • Increased competition for domestic producers may mean a drop in sales causing a drop in profits • If ASEAN imposes a common external tariff it may increase the cost of raw materials/components supplied from outside of the trade bloc. This could increase costs for some businesses • Despite this, Extract B suggests that Vietnam has made very good economic progress since joining ASEAN and has benefited from membership

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Indicative content
1 (e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed** **QS8:** use and interpret quantitative and non quantitative information in order to make decisions. **Knowledge, Application, Analysis, Evaluation – indicative content** • The labour force is the human element in production that may be seen in terms of cost or skill levels • The ASEAN countries have a large and growing labour force and will be the second largest behind India by 2030 • 60% are below the age of 30 which means that skilled workers will stay in the labour force for a long time • These attributes are desirable for western businesses such as those in Japan and Germany in particular, because they face both shrinking and ageing populations at home • With a large supply of labour wages are likely to be lower • Labour is often the most significant cost of production and many businesses will seek to minimise this cost by outsourcing or offshoring to a low wage economy such as Vietnam • This enables a price reduction which can be an important source of competitive advantage • Labour in overseas markets may be willing to accept working terms unacceptable to home markets such as a longer working week • Skills can be just as important as cost which is why *Dyson* located in Malaysia • However, there are many other factors that influence production location besides labour • Mexico experienced a large increase in FDI because it was within the free trade area of NAFTA which enables cheaper and easier access to the lucrative North American markets • Cheap labour is available in many African countries but political instability and corruption mean they are often avoided • Infrastructure can be important if the nature of the business requires it, one of the factors that influenced *Nissan*'s choice of Sunderland in the UK was nearby access to deep water ports. FDI in India has been constrained by lack of a reliable power supply • In practice, a business will not choose a location based solely on one factor. It will be based on a combination of factors the importance of which will depend upon the product or service

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	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Indicative content
2	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Ansoff's matrix is a tool designed to highlight the elements of a business strategy that will lead to growth and the development of a successful business portfolio • It divides a business on the basis of the products it has or could have and the markets it has or could have • It indicates the relative risk of the options and can guide decision making  • By concentrating on its existing big bikes it is following a market penetration strategy • This is the least risky option because it is profitable and has loyal global customers but is unlikely to lead to high future growth • By producing smaller middle-weight bikes it can increase market share in the US and Europe, this is product development • This is slightly riskier, as although *Harley-Davidson* has expertise in bike production it faces established competition from *Ducati* and the Japanese manufacturers • Market development is a possibility that *Harley-Davidson* has rejected as the new and rapidly growing markets do not want their existing products

	• This leaves diversification, the riskiest strategy of all, with new products and new markets • *Harley-Davidson* is following this with its new bikes and joint ventures in the Asian markets. It does not have the expertise yet to manufacture smaller bikes and working with a partner can be fraught with problems, particularly in Asia • *Harley-Davidson* is also developing a completely electrically powered bike which may or may not be successful. It has to overcome consumer resistance and the risk of China being more successful with its own electric motorcycles • However, Ansoff is only a theoretical and simplistic tool that takes no account of changing economic and market conditions • Accurate predictions are difficult and easily disrupted by events • It does not take into account the actions of competitors that will react to *Harley-Davidson*'s strategy and develop their own plans • While Ansoff's matrix may be a starting point on which to base a strategy, it cannot be used alone to justify the decision that is made • Much more research is needed into market conditions and consumer preferences

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

Question Number	Indicative content
3	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • A global brand is recognised across several different countries and continents • A local approach means adapting some part of the marketing mix to cater for local differences in taste/culture • *McDonald's* and *Starbucks* adapt their menus to suit local tastes such as no beef in India and the McAloo Tikki burger. Kit-Kat alters the flavours and type of chocolate to suit different markets • Taking local preferences into account means that many potential sales may be gained as the product/marketing is more likely to appeal to local tastes • This is also likely to give a business a competitive advantage over rivals who may not have followed such a policy • It may cost more to research and adapt to local tastes but the potential gains from increased sales may outweigh these extra costs • For some businesses having the same global business model is simply not an option such as *McDonald's* beef burgers cannot be used in India • However, 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* • Not having to adapt to local differences when trading internationally saves time and money in researching and adapting to the demands of individual markets • Economies of scale can be achieved giving a cost advantage • A standardised product gains recognition and becomes known on a global scale such as *Coca-Cola's* bottle/red and white lettering • This builds consumer loyalty and encourages repeat purchases and is a source of competitive advantage • 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* • Nevertheless, by using some local elements, a business can get the best of both worlds - the power and protection of a global brand such as *Häagen-Dazs* and the precise targeting of local tastes to maximise sales • Much will depend on the product or service and it is more likely that food and drink products will need to be more aware of local preferences than technological products

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Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendation(s).

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