Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Monday 1 June 2020

Afternoon (Time: 2 hours) | Paper Reference **WBS14/01**

Business

International Advanced Level
Unit 4: Global business

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Sections A, B and C.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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SECTION A

Read Extracts A, B and C in the Source Booklet before answering Question 1.

1 (a) Explain **one** reason why a European business might want to trade with countries in ASEAN.

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(b) Using the data in Extract C, calculate to two decimal places, the average annual rate of GDP growth for Vietnam between 2015 and 2019. You are advised to show your working.

(4)

(c) Discuss the importance of foreign direct investment (FDI) to the growth of businesses in ASEAN.

(8)

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(d) Assess the likely impact of membership of the ASEAN trade bloc on Vietnamese businesses.

(12)

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(e) Assess the importance of skills and availability of the labour force for a business when choosing a production location.

(12)

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Read Extract D in the Source Booklet before answering Question 2.

2 Evaluate the usefulness of Ansoff's matrix for a business such as *Harley-Davidson,* when developing a global marketing strategy.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

Read Extract E in the Source Booklet before answering Question 3.

3 Evaluate whether adapting to local preferences is the best way to build a global brand.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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GradeMax

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Source Booklet
Do not return this Source Booklet with the question paper.

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Sources for use with Section A

Extract A

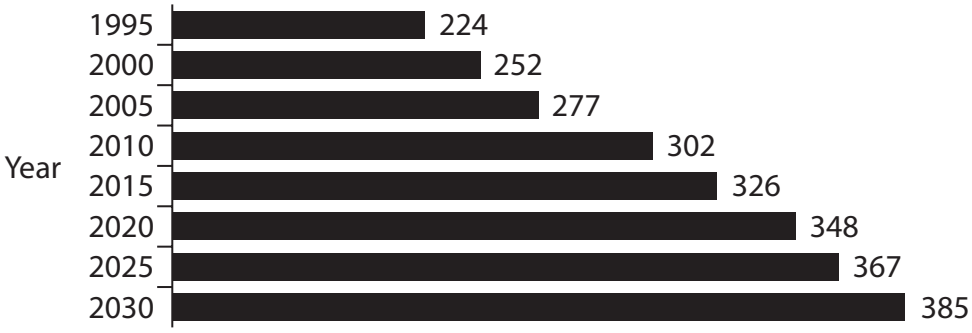
Driving growth in the Association of Southeast Asian Nations (ASEAN)

The story of economic growth within the ASEAN trading bloc is a remarkable one. Having survived the 1997 Asian financial crisis and the 2008 global economic collapse, ASEAN's gross domestic product (GDP) is now four times higher than it was in 1999. It increased from $577bn to $2.5 trillion in 2016, making it the sixth-largest economy in the world. ASEAN is expected to maintain its strong and steady economic progress with 2018 growth rates averaging 5.3% according to forecasts by the Asian Development Bank (ADB).

If ASEAN was considered as a single country, its approximate population would be 630 million, making it the third largest in the world behind India and China. It has a young population, 60% are below the age of 30, and it has the third largest labour force in the world behind China and India. The World Bank currently estimates ASEAN's labour force to be 350.5 million.

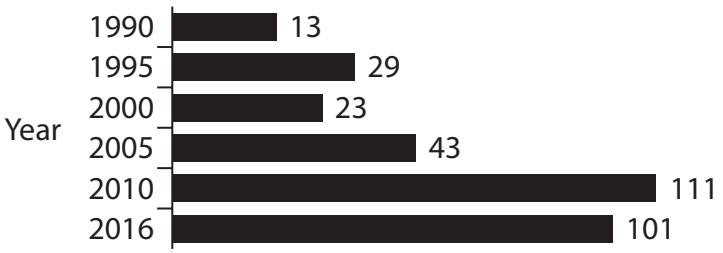
The International Labour Organisation (ILO) predicts that ASEAN will add another 59 million people to its workforce by 2030 – making it the second largest growing labour force in the world behind India. This means ASEAN would account for 10% of the global labour force by 2030.

Labour force in ASEAN (millions)



A growing workforce which is advanced and professional will also be a pull factor for foreign direct investment (FDI) into the region. ASEAN's share of FDI inflows has been dominated by the region's manufacturing sector as well as the financial services sector. The European Union (EU), China, South Korea and Japan are the major investors. FDI in CLMV (Cambodia, Laos, Myanmar and Vietnam) rose by 8% in 2018, driven mainly by manufacturing and infrastructure industries.

ASEAN FDI inflows ($bn)



Extract B

ASEAN's newbies come into their own

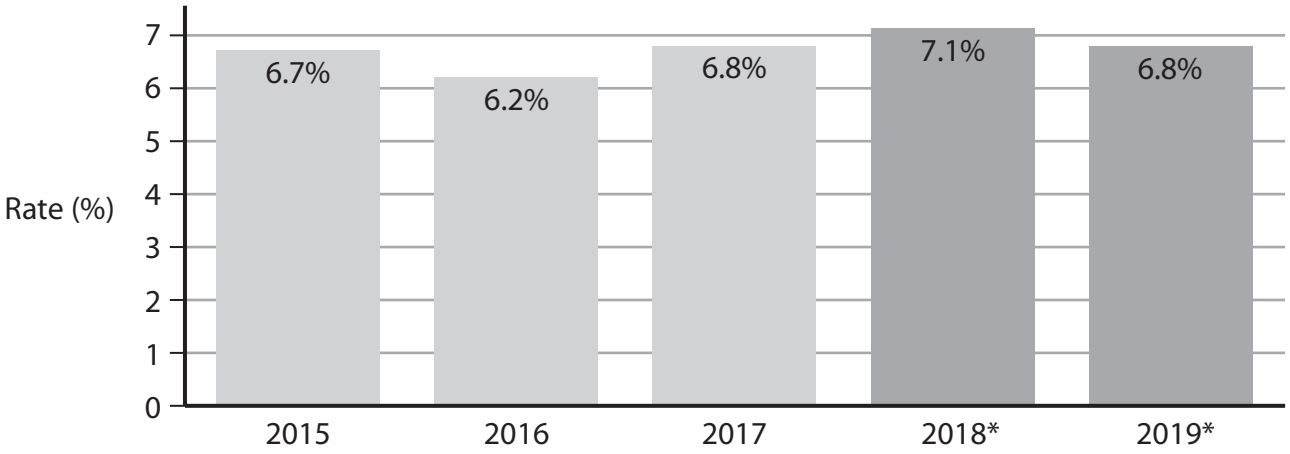
When the membership of ASEAN was enlarged between 1995 and 1999, the two most frequently asked questions were: could Cambodia, Laos, Myanmar and Vietnam (CLMV) integrate with the older ASEAN members? Would the 10-member ASEAN bloc survive with such a huge development gap, not to mention vast differences in political cultures?

Two decades later, the answer is quite clear, the newer member states are moving toward full integration in the economic, political, security, and social cultures of ASEAN.

For example, Vietnam has proven beyond any doubt that since joining ASEAN in 1995, it has adapted well to the bloc's structure and processes. In economic terms, Vietnam has become one of the most open economies in ASEAN. Since undertaking economic reforms in 1984, Vietnam has signed 17 free-trade agreements, even though it is still not classified as a market economy. With these global free-trade agreements, Vietnam is aiming high and wants to be a middle-income country within the next two decades.

Extract C

Vietnam's GDP growth rate % per year



*2018 and 2019 are forecasts. Source: Asian Development Bank. *Asian Development Outlook (ADO) 2018*

Source for use with Section B

Extract D

Here are four big opportunities *Harley-Davidson* will tackle in the future

Harley-Davidson is an American manufacturer of large, powerful motorcycles designed for use on the American highways. However, the motorcycle market in the US has been declining for years. Young Americans are not buying motorcycles as they used to and there are now fewer young riders. *Harley-Davidson* is considering a new global strategy and is developing several key areas.

The brand has a loyal and committed global following. It will continue to produce the large and profitable motorcycles that have made it a worldwide icon. At the same time, it is developing a range of lighter, middle-weight motorcycles to compete with the likes of *Ducati* and Japanese manufacturers in the US and European markets.

Overseas, it will focus on Asia and especially India, where the motorcycle market is expected to experience considerable growth in the coming years. The problem is that although motorcycles are a favoured form of transportation there, people prefer much smaller bikes than *Harley-Davidson* currently makes. So it plans to set up overseas partnerships with Asian companies to manufacture and sell new smaller motorcycles in the profitable Asian markets.

Harley-Davidson has also developed an electric motorcycle which went on sale in 2019. Like electric cars, electric motorcycles have not yet experienced rapid growth in the key markets of the US and Europe. The overall market is small but expected to grow. Electric motorcycles should also be poised for growth in Asia, notably China, where the government is backing electrification.

Source for use with Section C

Extract E

Becoming a global brand with local tastes

The challenge for many brands is finding the right balance between maintaining global standards of quality and presentation, while still retaining the flexibility to adapt to local preferences. Finding this balance will be especially important for many global brands.

For some products, the objective may be to educate the consumer and the world into wanting and expecting the same product, so the very best smartphones will look the same in India as they do in Iceland. However, when it comes to food every home has a preference.

Häagen-Dazs started as a simple ice-cream delivery business in New York in 1961 with only three flavours, chocolate, vanilla and coffee. Since then it has become a global brand, working with many distinct local markets and introducing new flavours and innovative ways of connecting the product with the consumer.

For example, green tea ice-cream, which in US and European markets is still a niche product, is consistently among its most popular flavours in Asian markets.

In Singapore and Malaysia, on account of the climate, there has always been strong demand for lighter flavours and refreshing sorbets and *Häagen-Dazs*' product mix reflects this.

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Acknowledgements

Extract B adapted from: https://www.mmtimes.com/news/aseans-newbies-come-their-own.html

Extract C adapted from: https://www.adb.org/data/statistics

Extract D adapted from: https://www.businessinsider.com/harley-davidson-new-motorcycle-designs-help-expand-markets-2018-7?r=UK&IR=T

Extract E adapted from: https://www.marketing-interactive.com/futurist-becoming-global-brand-local-tastes/

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