GradeMax



Mark Scheme (Results)

Summer 2021

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

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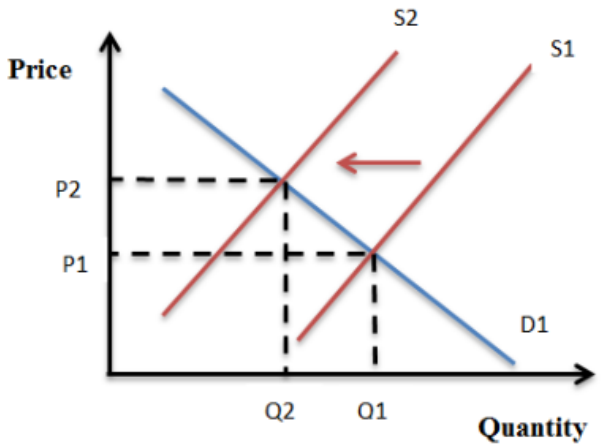
General Marking Guidance

- 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	Construct a supply and demand diagram to show the market for Alaskan seafood in China after the 25% tariff was imposed by China. Answer	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS3:** construct and interpret a range of standard graphical forms. **Knowledge** 1 mark for correctly constructing a supply and demand diagram with correctly labelled axes as 'price' and 'quantity' **(1)**. **Application** Up to 2 marks for: Showing supply and demand curves with original equilibrium **(1)**. Shifting the supply curve to the left **(1)**. **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity supplied (decreasing) **(1)**.  	**(4)**

Question Number	Using Extract A, calculate to one decimal place, the price elasticity of demand for Alaskan seafood. You are advised to show your working. Answer	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **QS1** Calculate, use and understand ratios, averages and fractions **Knowledge** 1 mark for identifying a suitable formula eg: • PED = <u>%change Q</u> %change P **(1)** **Application** Up to 2 marks for selecting the correct data: • = <u>-20% **(1)**</u> 25% **(1)** **Analysis** 1 mark for calculating PED • = -0.8 **(1)** **NB: All 4 marks for answers that give the correct answer -0.8, regardless of working.**	**(4)**

Question Number	Discuss the benefit for China of importing tariffs 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Tariffs increase the price of imported goods • This may lead to reduced demand as consumers have to pay a higher price • This may protect domestic industries from cheaper competition thus protecting jobs • They can give infant industries a chance to grow and compete • Tariffs can yield increased tax revenue for the government • They can prevent dumping • However, tariffs may be imposed on Chinese exports by way of retaliation, the US and China are currently in a trade dispute involving tariffs • Tariffs may not be effective if PED is relatively inelastic

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	Assess the implications for Alaska of specialising in seafood 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Specialisation means economies or businesses concentrate their resources in the areas that they do best, excess output is then traded • Alaska specialises in producing over one million tonnes of seafood a year • 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 • More people are employed by the Alaskan seafood industry, than in any other Alaskan industry • Output ($12.8bn) rises and leads to economic growth, which benefits other companies • The Alaskan seafood industry brings in $2.5bn in export revenue • However, specialisation can lead to over reliance on just one area, if anything happens to this area Alaska and the US could suffer • China is the top export market and the 25% tariff has already damaged sales of seafood • Risk and uncertainty are not spread. Should demand fall for seafood because of, for example, public concern over its environmental impact, demand will fall and have a serious impact on the Alaskan and US economy • Unemployment would rise with repercussions for other businesses and the economic wellbeing of Alaska and the US • The industry catches and processes enough seafood each year to feed everybody in the world at least one serving of Alaska seafood, 12.9 billion servings in 2015 • Whilst it is the largest sector, minerals and ores still generates $1,795m so there is some diversity in output

Level	Mark	Descriptor
	0	A completely inaccurate response.
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	Assess the importance of infrastructure, in an area such as Alaska, when a business is choosing a production location 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Infrastructure refers to the systems and services that an economy needs to function effectively, these include transport links and communications • Choosing a production location with good infrastructure makes it easier to run an effective business, this reduces start-up costs and saves valuable time • Alaska does not have a good infrastructure, which raises costs. Highway connections are sometimes lacking and restricted ports and harbours are also a problem • Broadband is underdeveloped and would be a problem for a business that relies on it for communication and sales • Other areas of the US may be more attractive as a result • However, other factors may be more important such as the cost and availability of labour, access to raw materials, government incentives and political stability • Alaska has abundant natural resources which may be the deciding factor for a business in the extractive industries • It is a stable and developed economy and much less risky than some developing countries • Workers are likely to be well-educated and relatively skilled • Being able to manufacture from within a trade bloc such as NAFTA/USMCA may be important • Much depends on the nature of the business and its needs

Level	Mark	Descriptor
	0	A completely inaccurate response.
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	Evaluate whether or not a business benefits by operating in a global niche market 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** • A global niche market is a smaller segment of a larger global market with special characteristics such as specialised products/services often commanding premium prices and having a low PED • Products/services such as banana flour and organic milk are likely to have a high degree of added value and therefore command a premium price increasing profitability • Consumer demand in a niche market, particularly by health-conscious customers, can be more price inelastic, which may enable a higher price to be charged • Competition in niche markets is usually low, only 0.7% of milk in Australia is organic, with brand loyalty and product differentiation reducing direct competition • Targeting very specific tastes and cultures is more likely to gain customer satisfaction and loyalty and gain a competitive advantage • Smaller markets allow a business to develop more effective marketing and sales strategies, thereby boosting sales and profitability • Closer relationships with customers are possible increasing brand loyalty and enabling products/services to be more precisely targeted to customers • However, businesses in niche markets can rely too much on one area/product/service which can be adversely affected by changes in tastes • Some niche markets are based on fads or the latest trends, although demand is increasing it may not last • Although niche markets have less competition, they are not monopolies and competition may increase as other producers see the advantages of producing banana flour and organic milk • Global niche markets are limited in size and may not permit expansion or the ability to reap the full benefits of economies of scale • If a business becomes too successful, it may run the risk of being taken over by a larger company - such as Green & Blacks and Cadbury • Over time, niche markets can expand and become mass markets and so a business can lose the advantages of being a niche producer

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	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 causes and/or consequences.
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 causes and/or consequences 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 causes and/or consequences 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 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	Evaluate the potential impact of skill shortages on the international competitiveness of businesses in a country such as Hungary 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** • Skills shortages occur when employers cannot find enough workers with a particular skill • Hungary is placed 48th out of 140 countries in the World Economic Forum's global competitiveness report. 'Ease of finding skilled employees' is 138th out 140 • A lack of supply coupled with the demand increases the price of labour • In other words, wages and costs both rise • If the price of the good or service is increased to maintain profitability, domestic goods may lose a competitive advantage to cheaper foreign substitutes • It may not just be a case of cost, new industries that require new skills may find it hard to recruit sufficient numbers of workers • Output is restricted and may lag behind other countries which can be crucial in establishing a competitive advantage • Without the right skills innovation and technological change can be hampered, once more restricting the competitiveness of Hungarian businesses • Hungarian businesses are being held back by the 'tight labour market' • However, the government could intervene with policies to improve the level and quantity of skills available in the labour force which would benefit Hungarian businesses • Education and training is one such way with governments currently encouraging technology subjects in schools • Other aspects of an economy can compensate for problems in the labour market • Hungary has good infrastructure and plenty of innovation • Skills shortages alone are not responsible for Hungary's overall poor competitive ranking • It lacks economic stability which makes it difficult for businesses to plan and remain competitive • Whilst skills shortages are not the only factor in determining the competitiveness of a business, they are important as the example of Hungary shows

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 causes and/or consequences.
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 causes and/or consequences 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 causes and/or consequences 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 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.

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