GradeMax



Mark scheme (Results)

October 2021

Pearson Edexcel International Advanced Subsidiary In Business (WBS14/01)

Unit 4: Global business

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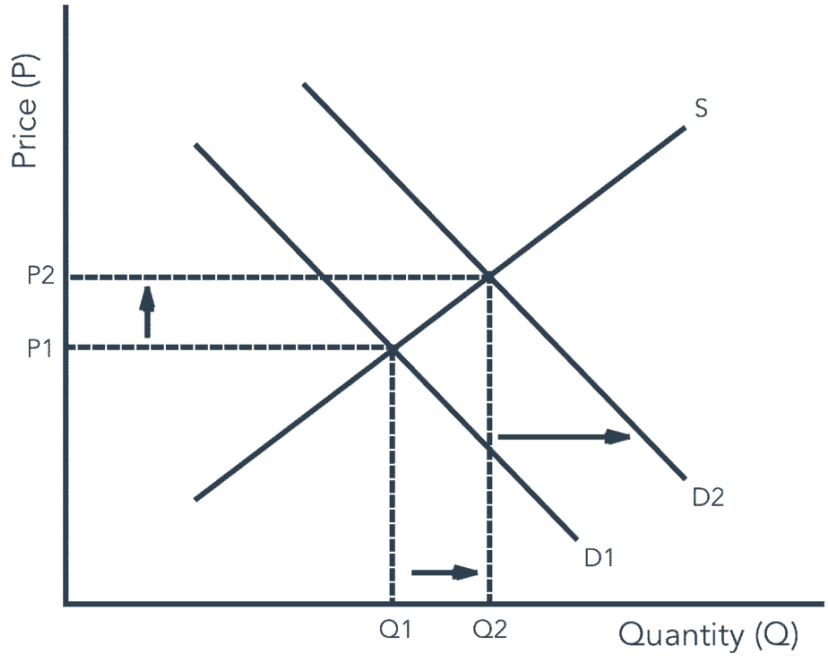
General Marking Guidance

- 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.

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- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:

  i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear
  ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
  iii) organise information clearly and coherently, using specialist vocabulary when appropriate.

Question	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 demand curve to the right **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity demanded (increasing) **(1)**  	**(4)**

Question	Answer	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for correctly explaining a characteristic of a developed economy e.g.: • Reliance on tertiary sector of the economy **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • Other examples of developed economies include US, UK, New Zealand and Germany **(1)** • Australia's services sector comprises 62.7% of GDP and employs 78.8% of the labour force **(1)** **Analysis** 1 mark for developing the explanation. E.g.: • The Australian economy has moved away from primary and secondary production and is now reliant mainly on the tertiary sector and is therefore a developed economy **(1)**	**(4)**

<table>
<tr><th>Question</th><th colspan="2">Indicative content</th></tr>
<tr><td>1(c)</td><td colspan="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

• FDI means that capital is being invested in the productive capacity of the Vietnamese economy
• It has increased every year for ten years
• South Korea invested $7.9bn and Apple is to move production of AirPods there
• This will create jobs lowering unemployment
• As incomes rise so does GDP
• The balance of payments is likely to improve as manufactured goods such as Apple’s AirPods are exported
• Tax revenues should increase enabling greater levels of government spending
• However, if growth is too rapid, inflation might occur
• FDI can cause negative impacts such as environmental damage</td></tr>
<tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr>
<tr><td></td><td>0</td><td>No rewardable material.</td></tr>
<tr><td>Level 1</td><td>1–2</td><td>Isolated elements of knowledge and understanding – recall based.
Weak or no relevant application to business examples.
Generic assertions may be presented.</td></tr>
<tr><td>Level 2</td><td>3–5</td><td>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.</td></tr>
<tr><td>Level 3</td><td>6–8</td><td>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.</td></tr>
</table>

Question	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** • Ease of doing business refers to the number and severity of barriers a business faces when entering a new market/country. A high ranking means a business faces fewer barriers • Such barriers include; dealing with/amount of government regulations, access to energy sources, tax regimes, employment law and enforcing contracts • Choosing a production location in a country with a high Ease of Doing Business ranking means it is quicker and less costly to set up and run a business • This may be important if a business needs to get ahead of potential rivals or if set-up costs are potentially large • Although Vietnam is 70th, it still has a higher ranking than neighbouring countries Cambodia (144th) and Laos (154th) • For a business wanting to locate in this area, Vietnam's ranking may be the determining factor • However, other factors may be more important such as the cost and availability of unskilled/skilled labour, access to raw materials, infrastructure and political stability • Extract B suggests that Vietnam may need to improve the supply chain and the skills of its workforce, this may deter potential investors despite the ease of doing business • Some businesses such as oil, gas and mining need to locate near the source regardless of the ease of doing business • 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	Indicative content
1(e)	Quantitative skills assessed **QS9:** interpret, apply and analyse information in written, graphical and numerical forms **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** • Globalisation is the process by which an increasingly free flow of ideas, people, capital and trade connects economies and societies and increases integration between them • Trade liberalisation is the reduction, and sometimes removal, of trade barriers between countries • The EU-Vietnam trade agreement is an example of trade liberalisation and will contribute to increased globalisation • Such moves make trading easier as there are fewer regulations and procedures to follow • It also makes trading cheaper as there are fewer/no tariffs and delays • As a result, trade increases, thus strengthening the links and ties between economies • Economies become less self-sufficient more specialised and more reliant on other economies and trade for the goods they do not produce • In other words, globalisation increases • However, trade liberalisation is not the sole driver of globalisation • FDI enables MNCs to expand and locate in other economies, this often brings in new ideas and technologies • The WTO has been responsible for the encouragement of free trade and resolving trade disputes • Expanding free trade areas such as the EU or ASEAN break down barriers • Political change such as the opening up of Eastern Europe and China have speeded the process of globalisation • Trade liberalisation is important but is just one of the factors responsible and is dependent on the others

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	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** • The marketing mix is the range of variables that a business can use to effectively market a product or service • Often referred to as the 4 'Ps' - Price, Product, Promotion and Place • Promotion is all the activities that a business uses to communicate with potential and actual consumers to raise awareness and make sales • Promotion builds consumer loyalty, encourages repeat purchases and can enable premium pricing. It is a source of competitive advantage • Successful promotion gains recognition and becomes known on a global scale such as *Coca-Cola*'s bottle/red and white lettering or *McDonald*'s golden M arches • New products such as those in Extract E are unknown to consumers and likely to have many substitutes • Therefore, good promotion is essential if they are to become stars • Despite the $5.6m price tag for a 30 second advert they will become known to 100 million potential consumers and promotion is crucial • Product is the actual product or service and its use, function and desirability in the eyes of the consumer • Consumers are unlikely to buy, or continue to buy a product if it is not something that gives satisfaction • *Coca-Cola* has developed Power Water and Ultra because the older products were no longer relevant to consumer needs • Promotion would not increase the sales of the older products, it is the new product that is more important • However, other parts of the marketing mix (the other Ps, Price and Place) may be just as, or even more, important when trading globally • Price can be an issue when marketing globally, particularly in less developed economies. Elsewhere high price signifies desirability • In some parts of the world place is more important and just getting the product to the consumer can be the most important consideration.

	• While promotion at the Super Bowl may be important, unless the products appeal to consumers they are unlikely to make repeat purchases • While the new sports drinks may be better suited to today's consumers, they will not buy them unless they are made aware of them by promotion • Promotion and product cannot be taken in isolation, they are part of the mix and their importance will vary with the particular circumstances of the business that is trading internationally • Whether one is more important than the other depends on the nature of the product and its place in the product life cycle

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.

Question	Indicative content
3	Quantitative skills assessed **QS9:** interpret, apply and analyse information in written, graphical and numerical forms **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** • Environmental considerations include emissions and waste disposal • Emissions and waste disposal are by-products of production and are harmful to the environment • Emissions include gases and particles emitted by vehicles and energy consumption • Waste is usually a physical product that has to be disposed of and may be harmful • Sustainability refers to being able to meet present needs without damaging or compromising the needs of the future • There is growing awareness on behalf of consumers of the damage emissions and lack of sustainability do to the environment and human health and well-being • There is therefore pressure on businesses to act in a more sustainable and environmentally friendly manner

	• *IKEA* is showing that all of its cotton use is now more sustainable and that timber sustainability is improving from 77% in 2017 to 85% in 2018 • Its emissions (although increasing between 2016 and 2017 by 19%) did fall by 15% by 2018 • This shows that *IKEA* is investing a lot of money into these areas, which is likely to increase costs and reduce profitability • Owners of *IKEA* and other investors may prefer to maximise profits for personal gain or for investment into further expansion of the business • Employees may feel the same and wish to have a wage increase instead • To restore profitability prices may be increased which consumers may not like • However, given the increasing environmental awareness of consumers, *IKEA*'s stance may attract new ones and encourage existing ones • Consumers may be happy to support *IKEA*'s aims and pay a little extra • Sales may increase as a result of *IKEA*'s ongoing actions perhaps leading to long-term growth and increased profitability • Employees may feel more secure and accept financial rewards in the long run • There may be little or no conflict if all stakeholders share the vision of Torbjörn Lööf

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		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.