GradeMax



Mark scheme Results

January 2022

Pearson Edexcel International Advanced level 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

Question	Explain one advantage of inorganic growth for a global business such as *Maxion Wheels*. **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a benefit, e.g.: • Rapid/instant growth in market share **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • It has taken over other major wheel manufacturers **(1)** • *Maxion Wheels* is now the world's largest manufacturer of wheels **(1)** **Analysis** 1 mark for developing the advantage e.g.: • Sales from these other companies immediately benefit *Maxion Wheels* and increase its market share and power **(1)**	**(4)**

Question	Using Extract C, calculate to two decimal places the gross profit margin of Maxion Wheels. **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **QS2** Calculate, use and understand percentages and percentage changes **Knowledge** 1 mark for knowledge of the formula to calculate gross profit margin eg: $\frac{\text{Revenue – cost of sales}}{\text{revenue}}$ x 100% **(1)** **Application** Up to 2 marks for selecting the correct data: R$2 514 756 **(1)** – R$2 259 081 **(1)** **Analysis** 1 mark for calculating the gross profit margin $\frac{\text{R\$2 514 756 – R\$2 259 081}}{\text{R\$2 514 756}}$ x 100 = 10.17% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 10.17% award 4 marks • If the answer given is 10.17 award 3marks	**(4)**

Question	Discuss the likely benefits to *Maxion Wheels* of a joint venture with *Dongfeng*. **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** • A joint venture is when two or more independent businesses collaborate on a specific venture • Differing knowledge, expertise and skills can be shared for mutual benefit • *Dongfeng* is a Chinese business and therefore understands the language, culture and business environment of that country • This can save *Maxion Wheels* a great deal of time and expense as it can avoid the many pitfalls that may arise for a non-Chinese business • *Dongfeng* will already have a supply and distribution network in place, once again saving time and money • Skills and expertise can be shared and they may complement each other gaining synergistic benefits • Risk is shared • In the past China has been resistant to foreign businesses entering its market without a Chinese partner and a joint venture avoids this • However, there may be problems with communication and/or a clash of cultures • A joint venture partner needs to be reliable and trustworthy, this has not always been the case with joint ventures in China	
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	Assess the possible impact on the local economy from *Maxion Wheels* opening a new plant in a location such as Limeira, Brazil. **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** • Employment will be created in the construction and operation of the new facilities in Limeira, Brazil • Local suppliers and businesses may be involved in providing the materials and services needed • 500 new jobs will be created by the new plant in Limeira, Brazil when it opens • Those employed will gain disposable income and spend much of it locally • Spending of this income creates a demand for more goods and services in the local area, creating more employment and a positive ongoing effect • There is likely to be a rise in local living standards and a more prosperous community • Technology transfer may take place improving the prospects for local businesses • However, wages and working conditions may not be as good as initially expected • The better-paid jobs may go to outsiders brought in by *Maxion Wheels* • Technology transfer may not occur if *Maxion Wheels* just uses cheap labour for basic production • Local businesses may not get contracts for supplying goods and services, they may be brought in from outside • The environment may suffer if *Maxion Wheels* does not fully comply with any environmental regulations • Such a large production facility may cause congestion to local infrastructure

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	Assess the importance of supply chain considerations for a global business such as *Maxion Wheels*. **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** • Supply chain considerations refer to the way a business treats and monitors the labour involved in the production of raw materials, components and services • Like many global businesses *Maxion Wheels* has a code of conduct in place to govern its relationship with its suppliers, part of which is shown in Extract E • This stipulates that *Maxion Wheels* will only deal with those suppliers that adhere to its conditions • Supply chain considerations are important to a global business for several reasons • Many global businesses do strive to behave in an altruistic manner simply because it is considered to be the right thing to do, businesses such as *Patagonia, Starbucks, H&M* and *Dr Pepper* are regularly praised for their strong ethical commitment to suppliers • There are also some sound business reasons as well such as improved quality and reliability • A supplier's labour force that is treated well with good pay and working conditions is likely to be happier and more motivated, thus increasing productivity and potentially lowering input costs and increasing profitability or enabling lower more competitive prices • Exploitation of labour and use of child labour is likely to reflect badly on a global business resulting in adverse publicity and pressure from consumers which can negatively affect sales • Recent examples include the fashion chain *Boohoo* which saw large falls in its sales and share price following revelations about poor treatment of workers in its supply chain • However, just because a business has an ethical supply chain policy it does not mean it carefully follows it • Pressure groups have accused some businesses of 'greenwashing' • Some businesses may face pressure from owners or shareholders to maximise profits and this may mean sourcing cheaper supplies from less scrupulous suppliers • Businesses that are revealed to have problems in the supply chain may not be too badly affected (if at all) such as *Apple* and *Primark*

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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	Evaluate the extent to which the actions of multinational corporations (MNCs) can be controlled. **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** • MNCs are large businesses that operate in more than one country • Direct governmental control such as legislation can force MNCs to comply with required standards such as pollution levels • Governments can use legal regulation, such as the US and its fine of $20.8bn for *BP* after the Deepwater Horizon oil spill • To avoid such damaging costs MNCs will modify their behaviour • By representing public opinion, pressure groups can create negative publicity for a business that can cause it to modify its behaviour • They can organise campaigns and actions that create public awareness and force a business to change its ways for fear of losing reputation and/or sales, such as *Starbucks* and paying tax • Greenpeace has done this successfully in the past with campaigns against *Shell* for the disposal of oil platforms at sea and against *Nestle* for the use of palm oil in its confectionery • The rise of social media can be effective in mobilising public opinion and support to campaign and modify the actions of MNCs • However, the biggest MNCs have large resources and are able to mount legal and PR campaigns against pressure groups and can dispute legal challenge • The effectiveness of Government control/legal regulation is dependent on the size and influence of the country and on the size and resources of the MNC, for example, the USA is likely to be more successful than Vietnam • Even China is struggling to control MNCs as shown in Extract F • Not all MNCs are likely to be influenced by pressure groups or public opinion, particularly those not reliant on consumer sales • In some markets consumer pressure is unlikely to be strong, it tends to be more effective in affluent well-informed societies • MNCs are also adept at countering campaigns either with legal challenges or charm offensives via marketing and social media platforms • Other factors such as government support/economic necessity can outweigh actions of pressure groups or force of public opinion • In reality, it is a combination of many factors and working with governments, legal constraints, social media and public opinion that enable MNCs to be controlled

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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 causes 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	Evaluate the impact on global businesses from increased protectionism. **Indicative content**
3	**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** • Protectionism consists of various measures called trade barriers that discourage or stop imports entering an economy or give domestic businesses an advantage • Trade barriers make it more costly, or more difficult, for domestic businesses and consumers to buy goods from abroad, reducing trade flows • These barriers often take the form of tariffs, which increase the price of imported goods relative to those that are domestically produced • Global businesses that face such tariffs will see a fall in demand for their products or services • A rise in the cost of imported goods due to tariffs will lower real incomes and in turn reduce demand for other goods that may not face a tariff • Some domestic production which uses imports as inputs might also be reduced if trade barriers cause supply-chain disruption • Chart 1 shows that trade increases as tariffs decline. If tariffs and protectionism is increasing as shown in Chart 2, then trade will decline and have an impact on global businesses • Less trade can reduce productivity growth as businesses are less exposed to global competition and new ideas, less able to exploit advantages by specialising, and less able to benefit from economies of scale • In order to minimise loss of sales, businesses may have to reduce price and compromise profitability • However, if PED is inelastic, tariffs may have little impact. BMW and Jaguar cars sell well in the USA despite trade barriers • Much of the increase in protectionism is down to the US and China trade dispute, these may not be important markets for some global businesses • Loss of foreign sales may be compensated by increased domestic sales protected by trade barriers • It depends on the size of the tariff and its duration. Graph 2 only shows a sharp increase since 2018, this may be a blip in the long run • Long term barriers can be overcome by moving production inside a trade bloc to avoid tariffs, many global businesses set up production in Mexico to enter NAFTA and gain access to the US • Given time, the WTO can be effective in resolving disputes and reducing trade barriers leading to less protectionism and reducing any impact on global businesses

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