

Mark Scheme

January 2024 (Results)

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

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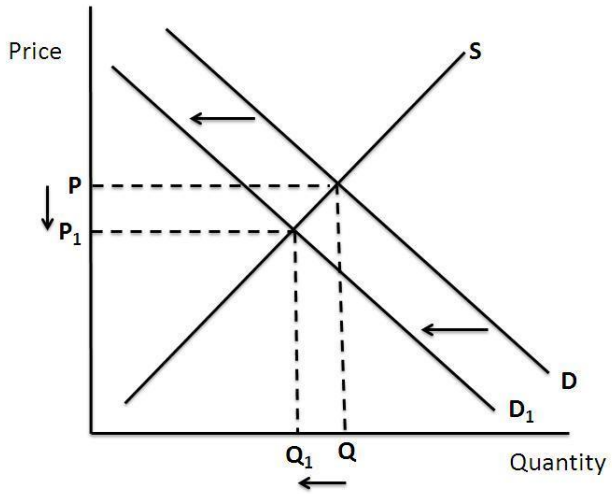
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General Marking Guidance

- 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	Using the data in Extract A, calculate the price elasticity of demand (PED) for *Reckitt Benckiser*'s products following the price change in 2022. (4) **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **QS1** Calculate, use and understand ratios, averages and fractions **Knowledge** 1 mark for identifying any suitable formula eg: • PED = %change QD / %change P **(1)** **Application** Up to 2 marks for selecting the correct data: • - 4.6% **(1)** • 12% **(1)** **Analysis** 1 mark for calculating the PED for *Reckitt Benckiser*'s products • - .38 **(1)** **NB: If no working is shown, award marks as follows:** If the answer given is - .38, award 4 marks	**(4)**

Question	Construct a supply and demand diagram to show the impact on the market for *Reckitt Benckiser*'s products as consumers now have less available income to spend on health, hygiene and nutrition products. (4) **Answer**	Mark
1(b)	**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 left **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (decreasing) and quantity supplied (decreasing) **(1)**  	**(4)**

Question	Discuss the benefits for a global business that come from extending the product life cycle of its products by entering a new overseas market. (8) **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** • Extending the product life cycle means preventing the decline stage from being reached and so continuing to sell the product successfully • One way this can happen is by entering a new market where the product is not yet known • This enables the product life cycle to start again • The business is already familiar with the product and will be able to use existing production facilities and supply chains thus saving time and money in creating new ones • The business does not need to go through the development stage which can be costly and/or lengthy, all the initial work has been done • By finding new customers in new markets the extra sales revenue will increase the return on the initial investment in the product • However, a new market will need promotion as the product will be in the introductory stage if it is to grow • Some changes may need to be made to the product to comply with the new market's rules and regulations • Cultural adaptations may be needed and not all products will transfer easily between markets • Some products such as fashion items or rapidly changing technologies have very short life cycles and may not be worth the effort

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 importance of exchange rates for a global business when considering entering a market such as Kenya. (12) **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** • An exchange rate is the price of one currency expressed in terms of another • Changes in exchange rates can be important for businesses when entering a market in another country because currencies need changing for trade to take place • Depreciation of a currency is usually seen as being bad for importers • Goods and services entering the country from somewhere with a stronger currency will appear to be more expensive • This would not be good for a business wishing to sell its products in somewhere like Kenya as Kenyans will have to give up more shillings than they previously did for the same product • Not only that but consumers' ability to buy will be reduced as they have to give up more of their currency to buy petrol and food meaning they have less to spend on products from new entrants • The opposite will happen if the exchange rate in the market has appreciated relative to the one the global business is based in, then the imported goods will seem cheaper and be more attractive to consumers • Other things being equal a business entering a new market would prefer that market's currency to be stable and not depreciating • However, it depends by how much the currency is depreciating and how long the depreciation lasts. • PED is important, some businesses may not be too badly affected as most customers will still want to buy even as prices in their currency rise • Businesses such as *Apple* have products that are likely to be price inelastic and many of its customers will continue to purchase • Other considerations may be more important than movements in exchange rates such as ease of doing business, infrastructure, political stability, supply chain constraints, level of competition • These factors may be more important than those caused by exchange rate fluctuation depending on the nature of the product or business

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 cultural and social factors in global marketing. (12) **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** • Cultural and social factors cover a range of potential differences between countries and include language, religion, culture, social norms and different legal and political systems • Sometimes products must be adapted to comply with local safety or food standards • A global business needs to be aware of these differences because failure to take them into account may cause offence and loss of business • *McDonald's* avoids using beef in India and many other businesses take similar steps • Language needs to be carefully checked when using promotion to avoid any embarrassing or unintentional meanings when translated • By catering for local tastes and cultures sales can be enhanced. *Dunkin donuts* adapts its products to meet local preferences eg in South Korea you can buy kimchi flavoured donuts • In China where red is considered a lucky colour, *Samsung* markets a range of red televisions • Adapting products in this way gives a competitive advantage and can help to win market share from local businesses • However, not all products or services will need adapting or changing to such a degree • Some products such as *Apple* need little adaptation apart from changing the language and changing to different power requirements • Not having to adapt too much saves time and costs • Production is simplified and can lead to economies of scale • All this can mean the ability to be price competitive or yield enhanced profitability • Much depends on the nature of the business and its products or services

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	Evaluate the impact on businesses of increased globalisation. (20) **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 • Globalisation is the increase in the flow of goods, services, capital, people, and ideas across international boundaries • For businesses this means both opportunities and threats • It means an increase in trade between countries which creates new markets and the chance for businesses to expand their sales • A wider and usually cheaper range of inputs and raw materials can be sourced and imported leading to reduced costs • Production and part-production can be offshored more easily to take advantage of reduced costs. *Apple*'s iPhone uses components from 43 different countries and is assembled in China • Joint ventures become easier and more available, leading to mutually beneficial outcomes • Labour can move more easily between nations and migration can help to solve skills shortages for businesses in countries with a declining labour force such as Japan or Germany • Global cooperation allows nations to follow their economic strengths, knowing they can trade products for other resources • FDI increases, which benefits the business making the investment and the businesses in the receiving country that can supply materials and services • FDI can lead to a rise in income for the receiving country as employment is created leading to increased demand for local businesses • Technology transfer can lead to local businesses benefiting and growing • However, whilst global free trade is beneficial to the entire system, individual businesses can be disadvantaged as they face more global competition • In response, some countries may resort to protectionism with detrimental impacts on business growth • The benefits of globalisation are unequally distributed and while some businesses and economies prosper others see either a decline or slower growth • FDI can have a negative impact on local businesses if they cannot compete with the more efficient foreign ones • Increased specialisation can mean that while the richer countries develop high tech and more profitable businesses, the developing nations are often reliant on the primary sector where individual businesses have little opportunity to add value and are at the mercy of fluctuating global prices • Increased globalisation seems to be directly linked to environmental damage such as deforestation and loss of biodiversity and greenhouse gas emissions and other forms of pollution caused by increased transportation of goods • This has a cost that affects everyone as well as individual businesses • Globalisation is here to stay but at the moment its impact on businesses and the wider economy are mixed. Regulation and

	government intervention that will affect businesses may be the way forward

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 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 that MNCs might have on the local economy where they operate. (20) **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** • MNC is a business that operates in more than one country, when it moves into another country it has a range of impacts both positive and negative • FDI creates jobs and incomes for local inhabitants, in Ireland the number of people employed by MNCs reached a new high of 275,000 in 2021 • This can be particularly beneficial if the local economy has been in decline with high levels of unemployment • Local businesses are involved in the construction and supply for the new investment, creating further employment and income • Wages in the local economy may rise as the demand for workers in the new businesses rises • It is not just monetary wages that may rise, conditions and other benefits may increase • When that extra income is spent it leads to a rise in both GDP and living standards, particularly in the area where the new businesses locate • In some countries businesses pay local taxes which will be spent locally to the benefit of the local area • Technology transfer may take place improving the skills of the local workforce who may then start their own businesses or move to other local businesses and improve their efficiency • Local infrastructure may be improved if the MNCs build new facilities and access routes • CSR policies by MNCs can bring many benefits to local people and improve the quality of life • However, local businesses may not benefit if the MNCs are competitors who take sales away • Not all jobs may be well-paid or secure, working conditions may be poor or dangerous • If higher wages are paid by the MNCs it may mean that local businesses have to pay higher wages to retain employees that increases their costs • Local communities can be badly affected, *Totalenergies* has displaced more than 500 families effectively destroying their livelihoods and way of life • MNCs may cause environmental damage such as the pollution that is predicted to damage the wildlife on the coast in Mozambique • MNCs can be footloose, they can depart just as suddenly as they arrive, causing local job loss and regional decline • Whether the overall impact on the local economy is good or bad will depend on the MNCs own policies and the degree to which the country can regulate their activities

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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 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.

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