Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Wednesday 17 January 2024

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, C and D in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Using the data in Extract A, calculate the price elasticity of demand (PED) for *Reckitt Benckiser*'s products following the price change in 2022. You are advised to show your working.

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(b) 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)

(c) Discuss the benefits for a global business that come from extending the product life cycle of its products by entering a new overseas market.

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(d) Assess the importance of exchange rates for a global business when considering entering a market such as Kenya.

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(e) Assess the importance of cultural and social factors in global marketing.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

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

Write your answer in the space provided.

2 Evaluate the impact on businesses of increased globalisation.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Read Extracts F and G in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the impact that MNCs might have on the local economy where they operate.

(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 Booklet with the question paper.

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Sources for use with Section A

Extract A

Reckitt Benckiser sales fall as it increases prices

Reckitt Benckiser is a British multinational consumer goods business based in Slough, UK. It produces health, hygiene and nutrition products including well-known brands such as Dettol and Nurofen.

In 2022, sales at *Reckitt Benckiser* fell by 4.6% after it put its prices up by 12%. The business blamed increasing energy and employee costs.

Reckitt Benckiser's finance boss, Jeff Carr, said consumers were facing a cost of living crisis with rising food and fuel prices and were trying to cut costs. More consumers were buying cheaper supermarket and own-brand alternatives to save money, as consumers have less available income to spend on health, hygiene and nutrition products.

Extract B

How to extend the product life cycle

Identifying new markets for your product is a great way to potentially extend its life cycle. Perhaps the market you are currently operating in has become saturated or an unexpected economic downturn has affected sales.

Expanding by launching your product in different countries, for example, can be a good way of boosting sales and can be a good extension strategy. Globalisation has made this possible in the 21st century, and the internet has made reaching all parts of the world easier.

Extract C

Kenyan shilling (KES) drops to a new historic low of 120 against the US dollar

The Kenyan shilling dropped to a new low in August 2022, at 120 shillings to the US dollar amid the controversies surrounding President-elect William Ruto's victory in the keenly contested Kenyan presidential elections.

This was the 16th month in a row that the shilling had depreciated against the US dollar. As one financial analyst puts it, a depreciating shilling means imports, such as petrol, food and raw materials, will become more expensive. This will further increase the household cost of living as importers pass on the higher costs to consumers.

Extract D

Not an Option: Cultural Sensitivity in Advertising

Today, many businesses are selling to global audiences, and certainly not just their own domestic one. Expanding into new markets is becoming a priority for businesses that want to grow. Therefore, most successful businesses are looking for new customers and advertising to minority groups.

To stand out from the competition, brands need to learn how to market to a wider and more varied population and adapt their marketing strategies to suit different cultures.

Now they have to approach advertising with cultural sensitivity in mind and businesses must consider cultural differences to create adverts that appeal to their target audience.

Source for use with Section B

Extract E

Globalisation: a new way of interaction

Globalisation is a term used to describe the growing interdependence of the world's economic, social and technological exchanges within the framework of capitalism. It also refers to the integration of markets in the global economy, leading to increased co-operation between national economies.

Countries have built economic partnerships to facilitate these movements over many centuries. The term globalisation gained popularity after the Cold War* in the early 1990s, as these co-operative arrangements shaped modern everyday life. Thomas Friedman, an American political writer, stated that "Globalisation is a system that replaced the Cold War."

The wide-ranging effects of globalisation are complex. As with major technological advances and development, it benefits society as a whole, while harming certain groups.

Cold War* – the name given to the state of hostility and lack of trade and co-operation that existed between the Soviet bloc and the Western powers from 1945 to 1991.

Sources for use with Section C

Extract F

Number employed by multinational companies in Ireland hits all-time high in 2021

The number of people employed by multinational companies in Ireland reached an all-time high of 275,000 in 2021, an increase of 10% on pre-pandemic levels. Many of the new jobs are with the big technology and drugs companies attracted partly by Ireland's low corporate tax rate.

Martin Shanahan of the Irish development Agency said: "FDI in Ireland has come through the pandemic relatively unscathed."

Irish politician Leo Varadkar said the multinational sector had helped to sustain the economy while other sectors, mainly hospitality, struggled during the global health crisis.

Ireland's gross domestic product grew by 11% in the three months to the end of September 2021, one of the highest rates of growth in the EU.

Extract G

Oil and Gas Multinational *TotalEnergies* Is Making a Mess in Mozambique

TotalEnergies, a French business, is preparing for future offshore gas extraction in Mozambique by building a new coastal base. This includes an aerodrome, treatment plants, port, offices and other support facilities.

To make way for the 70 km^2 development, *TotalEnergies* displaced more than 550 families from surrounding communities. Fishing communities who had been living only a few metres from the ocean for generations were displaced to a 'relocation village' more than 10 km inland, with no way of accessing the sea. Farmers who had now lost their land were given small, inadequate pieces of land far from the relocation houses they had been given. These communities have lost their livelihoods and have been left without an income.

It is claimed that the climate and environmental impacts of the project will cause great damage. Gas extraction will lead to the elimination of several endangered species of fish, flora and fauna.

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Acknowledgements

Extract A adapted from: https://www.thisismoney.co.uk/money/markets/article-11358253/Sales-Reckitt-Benckiser-brands-including-Dettol-Nurofen-fall-hikes-prices.html

Extract B adapted from: https://www.ceutahealthcare.com/latest-news/how-to-extend-the-product-life-cycle

Extract C adapted from: https://africa.businessinsider.com/local/markets/kenyan-shilling-drops-to-a-new-historic-low-of-120-against-the-us-dollar/gt9zsy9

Extract D adapted from: https://www.adaptworldwide.com/insights/2022/what-is-cultural-sensitivity-in-advertising

Extract E adapted from: https://www.nation.com.pk/26-Jul-2022/globalisation-a-new-way-of-interaction

Extract F adapted from: https://www.irishmirror.ie/news/irish-news/number-employed-multinational-companies-ireland-25747254

Extract G adapted from: https://thewire.in/world/oil-and-gas-multinational-total-is-making-a-mess-in-mozambique