

Mark Scheme (Results)

Summer 2024

Pearson Edexcel International Advanced Level
In Business (WBS14) Paper 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	Explain one push factor that may have caused *Valio* to expand overseas. (4) **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a push factor, e.g.: • A saturated home market **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • Finland's population is just 5.5 million and is declining **(1)** • At the moment, 60% of its sales come from this market **(1)** **Analysis** 1 mark for developing the push factor, e.g.: • In order to increase sales *Valio* will need to find more customers. This is unlikely in Finland and therefore they will need to expand into other markets to find new customers **(1)**	**(4)**

Question	**Answer** Using the data in Extract B, calculate to two decimal places, the gross profit margin for *Valio* in 2021. (4)	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **QS2** Calculate, use and understand percentages and percentage changes **Knowledge** 1 mark for identifying any suitable formula eg: • Revenue – cost of sales/goods sold x 100% revenue **Application** Up to 2 marks for selecting the correct data: • €1 918 238– €1 221 579 **(1)** £1 918 238 **(1)** **OR** £696 659 **(1)** £1 918 238 **(1)** **Analysis** 1 mark for calculating the gross profit margin • = 36.32% **(1)** **NB: If no working is shown, award marks as follows:** If the answer given is 36.32%, award 4 marks If the answer given is 36.32, award 3 marks	**(4)**

Question	Discuss the benefits of sustainability for a global business such as *Valio*. (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** • A sustainable business is one that operates without negatively affecting future generations • This means replacing resources so that they are not used up and preserving the environment • *Valio* has changed its packaging so that it can be reused or recycled • It aims to cut the carbon footprint of milk production in Finland to zero by 2035 • These policies will appeal to consumers who are concerned about the environment and encourage them to buy *Valio*'s products rather than a competitor's • This gives *Valio* a competitive advantage and should increase its sales and profitability • A sustainable policy will benefit the environment and enhance the brand image which may well motivate employees • Finnish consumers clearly rate *Valio* highly, showing that its efforts have been worthwhile • However, adopting sustainable policies mean changes have to be made and money invested which can increase costs and reduce profitability • The owners of the business may not be happy with this • If all *Valio*'s competitors adopt similar policies it may lose its competitive advantage	
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 benefits for *Valio* of being in the EU trading bloc. (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** • A trading bloc is a group of countries with a trading agreement between themselves • Members of the EU have free trade and full access to each other's markets • Finland is in the EU and therefore *Valio* will be able to freely access the markets of all the EU countries • There will be no tariffs or restrictions on the sale of its products and it will be easier to expand its sales and revenue beyond its saturated home market • If *Valio* uses inputs from other EU countries they will not carry tariffs and will be cheaper than might otherwise be the case • *Valio* sells to other countries outside of the EU including the potentially huge markets in the US and China • The size and power of the EU means that it is able to negotiate with countries such as the US and China and secure trade deals that benefit its members • This is of great help to a small country like Finland and businesses such as *Valio* • However, Finland will not have any protective tariffs and barriers, meaning businesses such as *Valio* are open to competition from other businesses anywhere in the EU • Low cost manufacturing bases in other EU countries such as Greece, may make it easier for their businesses to penetrate the Finnish market and provide competition for *Valio* • Increased competition for *Valio* may mean a drop in sales causing a drop in profits • Despite this, it would seem that *Valio* is a successful business and has benefited from being in the EU trading bloc

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 knowledge and understanding, supported 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 advantages of inorganic growth for a global business such as *Valio*. (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** • Inorganic growth is when a business expands by merging or taking over another business rather than expanding by using its own resources • It is faster than waiting for organic growth to happen • By taking over another company the business immediately grows in size with no need to wait for sales to increase organically • The business gets immediate use of a rival's assets and products, e.g. *Valio* now has a much enlarged product portfolio after taking over *Heinon Tukku* • This increases market share and market power, which could help *Valio* to continue to expand at home and overseas • It can remove competition from the market, which may reduce the need for costly promotion and competitive strategies • Increasing in size can bring benefits from economies of scale, which can reduce average costs • *Valio* has taken over a business that complements its existing strengths, it has also formed a joint venture with *St1*, which has the distribution network to complement the raw materials from *Valio* • Increasing in size can increase market power which gives greater control over prices and market trends such as the move towards sustainable and healthy products • However, organic growth is usually seen as less risky than inorganic growth • Many mergers and takeovers fail to deliver the anticipated benefits because of culture clashes or communication problems such as *Daimler* and *Chrysler* or *TimeAOL* and *Warner* • Organic growth is less risky as the organisation is unchanged with well-established systems and procedures that avoid this risk • Inorganic growth can be expensive and may stretch resources • It can attract the attention of the regulatory authorities, although in Extract D it says the FCCA have approved the takeover • In *Valio*'s case it does seem to be an effective and relatively secure method of growth

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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 knowledge and understanding, supported 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 whether a skills shortage is the most limiting factor on international competitiveness. (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 • Skills shortages occur when employers cannot find enough workers with a particular skill • Without those skills a business may be less efficient • In order to attract workers with those skills needed, such as in the digital sector (Extract E), businesses may have to offer higher wages which inevitably increases costs • 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 • As a result 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 restricted, once more reducing competitiveness • This is particularly important in the digital sector, Extract E states that 54% of firms surveyed thought that they had lost competitive advantage because of skills shortages • However, the degree to which it limits international competitiveness depends on the type of skill and how long the shortage lasts for • A shortage of production line workers will be easier to overcome than a shortage of software engineers who will need much more training and time • Governments can intervene with policies to improve the level and quantity of skills available in the labour force • Skills shortages are not the only factors limiting competitiveness • Extract F suggests that other problems may be just as important, if not more so • External factors such as exchange rates, the state of the economy and governmental laws and regulations can all affect competitiveness • Korea has a problem with its birth rate as do many other advanced economies such as Finland (Extract A), Japan and Germany • Low birth rates mean that the population will decline in the future, creating a labour shortage for all types of work • China has been a major contributing factor, its lower costs and relentless growth has outcompeted many industries in more advanced economies • Recent global events such as the global health crisis and conflict have disrupted supply chains, increasing costs and damaging trade • South Korea itself faces continuing problems with its northern neighbour which diverts scarce resources away from its economy • Whilst skills shortages are not the only factor in determining the competitiveness of a business, they are very important as the example of the technology sector shows

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	0	No rewardable material.
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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 knowledge and understanding, supported 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 importance of place in the global marketing strategy of a business such as *Starbucks*. (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** • Place is one of the 4 Ps in the marketing mix and refers to how the customer accesses and buys the product or service • It covers not just where the purchase takes place but the channels used to get the product to the customer and the means by which the customer buys the product • Increasingly, this involves a digital platform rather than a physical outlet • *Starbucks* started as a single shop in Seattle but has expanded all over the globe • It is still expanding its physical outlets, with 3,000 new ones planned in China over the next three years. So place, in the physical sense, is still a crucial part of *Starbucks*' marketing strategy • In order to compete for market share against competitors such as *Luckin Coffee, Starbucks* is developing its digital platform and growing its online business, another way (or place) in which customers can buy its products • It plans to double the sales of its delivery business by 2025 and increase online sales by an annual 30% • Another change in its strategy is to supply bottled and canned coffee to over 550,000 supermarkets and stores by 2025, thus giving customers yet another way to buy • It would seem therefore that for *Starbucks,* place is a crucial part of both its marketing strategy and marketing mix • However, this does not mean that other factors are not important in its growth strategy • Unless the product is perceived by customers to be of good quality they will not buy it in preference to *Luckin Coffee* or other rivals, therefore *Starbucks* needs to make sure that the product appeals to consumers • If the expansion into the supermarkets is to be successful they will have to develop the right type of canned and bottled drinks that will appeal to consumers, this again shows the importance of the product • Even if the product is what the consumers want, the price has to be set at the right level. China is a competitive market, if it is too high they will not sell and if it is too low it may not be profitable • The final 'P' of promotion is also important because unless potential customers are aware of the range of products and services that *Starbucks* has to offer they will not buy them. Therefore Starbucks must ensure that suitable promotional campaigns are in place • From *Starbucks*' point of view it would seem that in China, place is the most important factor but the other 3 Ps are also important • For other global businesses it will depend on what they are trying to achieve, the nature of their products and the market they are operating in

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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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