

Mark Scheme (Results)

October 2024

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

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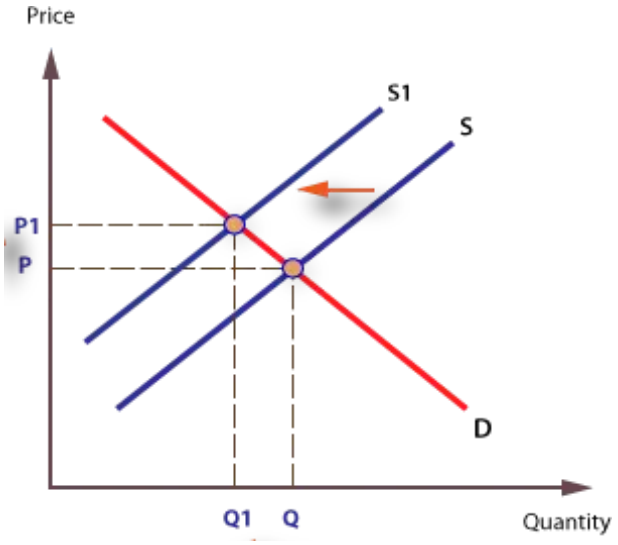
General Marking Guidance

- 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	Construct a supply and demand diagram to show the effect on the market for wheat in Turkey following the introduction of the tariff as described in Extract A. (4) **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 original equilibrium price and quantity **(1)** Shifting the supply curve to the left **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity supplied (decreasing) **(1)**  NB – accept any diagram that shows correct shift of supply curve e.g. ad valorem or unit	**(4)**

Question	Explain **one** possible disadvantage for Turkey of reintroducing the tariff on imported wheat. (4) **Indicative content**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a disadvantage, e.g.: • Rising prices for consumers **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • The tariff is high at 130% **(1)** • It is intended to reduce wheat imports from Eastern Europe **(1)** **Analysis** 1 mark for developing the disadvantage, e.g.: As supply is reduced the price of wheat will rise increasing the costs of production for many foodstuffs such as bread which may lead to increased prices for consumers **(1)**	**(4)**

Question	Discuss the usefulness of HDI as an indicator of growth. (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** • HDI is a composite index focusing on three basic measures of human development • Life expectancy at birth, mean years of schooling and expected years of schooling, standard of living as measured by gross national income per capita. • The higher the index the more developed the economy is said to be • It takes a wider view of development than one based on purely economic criteria such as GDP which has drawbacks • An increase in Turkey's ranking from 0.600 to 0.838 shows that the economy must have grown in order to provide higher levels of health, education and standard of living • However, it is still not totally reliable, it does not indicate how wealth is distributed or show that everyone has benefited equally e.g. Saudi Arabia • It does not indicate the 'quality' of life or the degree of civil liberties • It does not indicate other economic factors which can either indicate current problems affecting growth or factors that will influence future growth such as the inflation rate in Turkey and its currency problems

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 environmental considerations for a global business such as *ISKO*. (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** • Environmental considerations means taking action to minimise the negative impacts of business activity on the environment • A business such as *ISKO* could have a seriously detrimental impact on the environment, producing and distributing 250 million metres of denim cloth uses a lot of energy • Many countries have legislation that control the amount of greenhouse gases that can be emitted, *ISKO* will have to comply with this or face prosecutions and unfavourable publicity • Denim is used to produce casual and fashion clothing. Consumers are becoming more environmentally aware and careful in what they buy • Therefore, clothing manufacturers will want to use denim that has been produced with as much care for the environment as possible in order to maximise sales and enhance their own reputation • This means that environmental considerations are very important to *ISKO* and it will want to minimise emissions and waste as much as possible; this is reflected in their policy statement in Extract C • The owners/managers of *ISKO* may have an altruistic approach to business and believe it is the right thing to do • However, such measures will require considerable investment which has an opportunity cost • *ISKO* will have other aims that may clash, such as reducing costs and remaining competitive • Shareholders may be unhappy about the extent and range of such aims if they reduce returns on their investment • Some MNCs have been accused of 'greenwashing' and only paying lip service to environmental considerations because it is the 'done thing' to do and is not an important part of their strategy

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 importance of exchange rates for a global business based in Turkey. (12) **Indicative content**
1(e)	**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** • An exchange rate is the price of one currency expressed in terms of another. Changes in exchange rates may create uncertainty and can be the difference between making a profit or a loss • Exchange rates can be volatile and change constantly. Turkey's exchange rate has seen a very large fall in value in just a few years. It now takes five times as many lira to buy one dollar as it did in 2018 • This will have a huge impact on a global business based in Turkey • Depreciation of a currency is usually seen as being good for exporters and bad for importers • Foreign buyers of denim cloth from *ISKO* will find the amount of their own currency they need to exchange has fallen and buying Turkish goods will be cheaper • *ISKO*'s sales will increase and they will become more competitive than their rivals based in other countries • However, *ISKO* and other Turkish producers will have to give up more of their own currency to buy imported raw materials such as the cotton needed for denim cloth • Costs will rise for Turkish firms and this may mean that their prices will have to be increased to maintain profitability • How much they can increase prices by will depend on the PED for their products • The rising price of imports will contribute to Turkey's already high inflation rates making life for Turkish businesses even more uncertain • However, there are ways of reducing the risks of currency fluctuations such as hedging and forward markets • 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 problems may be more important than those caused by exchange rate fluctuations, 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 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 the benefits for a business of operating in a global niche market. (20) **Indicative content**
2	**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 • A global niche market is a smaller segment of a larger global market, with special characteristics such as specialised products/services often commanding premium prices and having a low PED • Products/services such as gender-neutral skincare and halal cosmetics are likely to have a high degree of added value and be more price inelastic, therefore commanding a premium price and increasing profitability • Competition in niche markets is usually lower than mass markets, with brand loyalty and product differentiation reducing direct competition, such as gender-neutral skincare • Targeting very specific requirements and cultures is more likely to gain customer satisfaction and loyalty and gain a competitive advantage • Smaller markets allow a business to develop more effective marketing and sales strategies, thereby boosting sales and profitability • Closer relationships with customers are possible increasing brand loyalty and enabling products/services to be more precisely targeted to customers • Growth in the global niche market of beauty products is faster than for mass market brands. The market for halal products is expected to more than triple by 2032 • However, businesses in niche markets can rely too much on one area/product/service which can be adversely affected by changes in tastes or superseded by innovation • Some niche markets are based on fads or the latest trends and although demand is increasing it may not last • Although niche markets have less competition, they are not monopolies and competition may increase as other producers see the advantages of producing more specialised, specifically targeted products • Global niche markets are limited in size and may not permit expansion or the ability to reap the full benefits of economies of scale • If a business becomes too successful, it may run the risk of being taken over by a larger company - such as *Green & Blacks* and *Cadbury* • Over time, niche markets can expand and become mass markets and so a business can lose the advantages of being a niche producer. This may well happen with niche beauty products as they grow in awareness and popularity

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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 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 whether price or product is the most important component of a global marketing strategy for a business such as *Netflix.* (20) **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** • Price is one of the 4 Ps in the marketing mix and refers to how much money the customer pays to buy the product or service • Price is important as it has to attract customers and be able to cover costs in the long run • Various pricing strategies exist depending on the nature of the market and varies with factors such as the level of competition and changing demand • When *Netflix* started it was likely to have been an innovative and new product and therefore able to charge a premium price • As the market has grown and matured the competition has also grown and now poses a threat to *Netflix*. According to Extract F, businesses such as *Disney+, Amazon Prime Video*, and *HBO Max* are gaining ground • This means that a competitive pricing strategy has to be adopted and price lowered to maintain and even increase market share. *Netflix* is doing this in the US • Price is also crucial in different markets where customers have differing PEDs depending on income. *Netflix* is offering lower prices in lower income countries such as India and Brazil to attract new subscribers • However, Product another of the 4 Ps can be crucial and refers to the nature of the good or service in terms of quality and how it is perceived • As competition increases the product becomes more important and can be a way of differentiating from the competition. *Netflix* has reached this stage and is investing $17bn on new content • Product has to be targeted to suit the different tastes and needs of different markets across the globe. Many global businesses do this already, such as *Starbuck's* and *Dunkin Donut's* and *Netflix* is becoming more focused on this approach • *Netflix* seems to see a high-quality product as a key part of its strategy with its content attracting more Academy Award nominations than conventional movie distributors such as *Disney* and *Warner Bros* • However, it is not just price and product that are important to a global business, the remaining two Ps place and promotion need to be considered • Place 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. With a physical product, the place part is very important, for *Netflix* arguably less so, as all that is needed is a digital connection • Promotion will become increasingly important for *Netflix* as the competition becomes stronger, because unless potential customers are aware of the range of products and services that *Netflix* has to offer compared to its rivals they will not subscribe

	• It would seem that Price and Product are very important to *Netflix* but it may be that Product becomes the key as the market matures and competition intensifies

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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.

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