

Mark Scheme (Results)

Pearson Edexcel International
A Level in Business Studies
(WBS04) Paper 1

Unit 4: Business in a Global Context

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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.

Section A: Data response

Question Number	Question	Mark
1 (a)	What is meant by the term infrastructure?	2 marks
	Answer	Mark
	<p>Knowledge up to 2:</p> <ul style="list-style-type: none">• Infrastructure is the basic physical and organizational structures and facilities (1) needed for the operation of a society or economy (1)• 1 mark for partial or vague definition but a valid example lifts to 2 marks. <p>Any other suitable alternative.</p>	1-2

Question Number	Question	Mark
1 (b)	What is meant by the term foreign direct investment?	2 marks
	Answer	Mark
	<p>Knowledge up to 2:</p> <ul style="list-style-type: none"> • An investment made by a company or entity based in one country, (1) into a company or entity based in another country (1) • 1 mark for partial or vague definition but a valid example lifts to 2 marks. 	1-2

Question Number	Question	Mark
2	Explain why the Macedonian government might have subsidised 'foreign holiday companies and airlines'.	6 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding: up to 2 marks are available for explaining why a subsidy might have been paid e.g. a payment from a government to a company which effectively lowers the costs of production (1). This encourages an increase in supply. (1)</p> <p>Application: up to 2 marks are available for contextualised answers e.g. Macedonia is still a relatively poor economy with poor tourism infrastructure (1) the tourism industry provides 16,500 jobs (1)</p> <p>Analysis: up to 2 marks are available for developing a possible reason why subsidies might have been paid e.g. they will encourage more foreign businesses to invest in tourism which will generate further employment (1). This should result in the creation of more jobs, income and ultimately much needed tax revenue (1).</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	Mark
3	<p>Analyse the likely benefits to <i>Gazprom</i> and <i>JSC Elem</i> of forming a joint venture to build the pipeline.</p>	8 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 4)</p> <p>Knowledge/understanding: up to 2 marks are available for what might be a benefit of a joint venture e.g. sharing of the costs (1), gaining local knowledge and help in dealing with local laws and regulations (1)</p> <p>Application: up to 2 marks are available for contextualised answers e.g. Macedonia has poor infrastructure and needs to develop it (1) a pipeline is a huge engineering project which requires careful planning and local co-operation (1)</p> <p>Analysis: up to 4 marks are available for developing the likely benefits to both <i>Gazprom</i> and <i>JSC Elem</i> e.g. such an expensive project is unlikely to be undertaken by <i>JSC Elem</i> on its own (1) a joint venture makes this possible and will yield greater revenue and profits to <i>JSC Elem</i> ensuring future growth (1) <i>Gazprom</i> gain another outlet for their supplies increasing profitability (1). Any difficulties in planning and building the pipeline will be reduced by <i>JSC Elem</i>'s involvement and co-operation reducing delays and costs (1)</p> <p>NB if only one half of joint venture discussed, max of 4 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-4</p>

Question Number	Question		Mark
4	<p>Macedonia is waiting to join the European Union (EU), which is a trade bloc.</p> <p>Assess the likely impact on Macedonia of joining a trade bloc.</p>		10 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms.	e.g. awareness of the nature of a trading bloc e.g. a group of countries with preferential trading agreements between its members such as the EU
2	3-4	Application: basic points developed to show awareness of impact of membership of trade bloc	Macedonia is a small land-locked and relatively poor country. It has neighbours who are already in the EU e.g. Greece or who are also applying to join the EU.
3	5-7	<p>Candidate analyses using reasons/causes/consequences/costs of impact of membership of trade bloc</p> <p>N.B. if analysis is not in context, limit to Level 2.</p>	<p>e.g. Macedonia will want to join a trade bloc because being a member of a trade bloc will make trading easier and cheaper such as reduced tariffs and bureaucracy.</p> <p>e.g. Macedonia will have easier access to other member countries' markets and this will encourage much needed growth.</p> <p>e.g. other countries will be more likely to invest in Macedonia creating employment and increases in GDP</p>
4	8-10	<p>Evaluation must be present, i.e. a candidate balances his/her answer</p> <p>N.B. if evaluation is not in context, limit to Level 3.</p>	e.g. the removal of trade barriers means that Macedonia's businesses may be more vulnerable to foreign competition

			e.g. FDI may bring negative side effects such as environmental damage and pollution
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Question Number	Question		Mark
5	Assess the likely importance of the ease of doing business when deciding where to locate production.		12 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of what ease of doing business means</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	<p>e.g. refers to the time period required to get the business up and running and/or the number of bureaucratic obstacles to be overcome</p>
2	3-4	<p>Application: basic points developed to show awareness of ease of doing business means in a country such as Macedonia</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>e.g. the time taken in Macedonia is only a few hours to set up a new business</p> <p>e.g. Macedonia is keen to encourage business with tourism and joint ventures so government bureaucracy may be low</p>
3	5-7	<p>Analysis in context must be present,</p> <p>N.B. if analysis is not in context, limit to Level 2.</p> <p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i></p>	<p>e.g. ease of doing business means less time is taken to get started, this reduces start-up costs and brings revenue on-stream faster. This may be a good reason to choose a particular location</p> <p>e.g. less bureaucracy means that there is less need for expensive experts to advise on overcoming legal obstacles, it may also mean less regulation in the future, all of which may be a deciding factor</p>

Level	Mark	Descriptor	Possible content
4	8-12	<p>Low Level 4: 8-10 marks. Evaluation must be present, i.e. a candidate balances his/her answer by showing relative importance of the ease of doing business against other factors.</p> <p>High Level 4: 11-12 marks. Evaluation is developed to show a real perceptiveness on the part of the candidate. Several strands may be developed; the answer is clear and articulate, leading to a convincing conclusion.</p> <p>N.B. if evaluation not in context, limit to Level 3.</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>e.g. Other factors may be much more important such as other production costs, skills and availability of labour force, infrastructure</p> <p>e.g. much may depend on the nature of the business and its particular requirements</p> <p>e.g. long term considerations may outweigh short term advantages or indeed drawbacks, and ease of doing business is only an obstacle at the outset.</p>

Section B: Essay questions

Question Number	Question		Mark
6	Evaluate the importance of global mergers and takeovers for a multinational company such as <i>Unilever</i> .		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of global mergers and takeovers.</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	e.g. A global merger or takeover is when a company in one country, takes control or joins forces with a company in another country.
2	3-6	<p>Application must be present, i.e. the answer must be contextualised by using knowledge/examples of global mergers and takeovers.</p> <p>Low Level 2: 3-4 marks. Candidate uses a limited range of examples.</p> <p>High Level 2: 5-6 marks. Candidate uses a good range of examples.</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>e.g may refer to mergers such as <i>Tata</i> and <i>JLR/Tetley/Corus</i> or other relevant examples</p> <p>e.g. <i>Unilever</i> is a conglomerate company and has acquired and divested many brands over the years</p> <p>e.g. inorganic growth plays a key role in its competition with rivals such as <i>Nestle</i> and their takeovers of ice cream companies</p>
Level	Mark	Descriptor	Possible content
3	7-12	<p>Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the importance of mergers and takeovers for a multinational company</p> <p>Low Level 3: 7-9 marks. Analysis weak:</p> <p>High Level 3: 10-12 marks. Analysis is developed:</p> <p>N.B. if analysis is not in context, limit to Level 2.</p>	<p>e.g. expanding by inorganic growth is rapid which is important in a dynamic global market by acquiring already successful brands.</p> <p>e.g. it saves time and money in not having to create new brands/products and build a market</p> <p>e.g. helps to acquire</p>

		<p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i></p>	<p>brands to extend product portfolio and fill gaps in Boston Matrix</p> <p>e.g. useful way of competing with businesses such as P&G (ice cream companies in evidence D)</p>
Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context balancing the importance of mergers and takeovers for a multinational company</p> <p>Low Level 4: 13-14 marks. Some evaluative points are made,</p> <p>Mid Level 4: 15-17 marks. Candidate gives a range of arguments,</p> <p>High Level 4: 18-20 marks. Candidate gives a wide range of arguments that discusses several strands on the extent to which inorganic growth is important to <i>Unilever</i>. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion.</p> <p>N.B. if evaluation is not in context, limit to Level 3.</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>e.g. many mergers and takeovers do not deliver anticipated benefits because of culture clashes/lack of synergy between organisational practices</p> <p>e.g. can be expensive and may bring diseconomies of scale such as communication and distribution problems</p> <p>e.g The large number of brands that <i>Unilever</i> is divesting (1,200 evidence G) may suggest that this strategy is not always successful.</p> <p>e.g. Other aspects of <i>Unilever's</i> strategy may be more important such as a balanced product portfolio or financial stability.</p> <p>e.g. evidence D suggests that organic growth is also important to <i>Unilever</i> and in the long term may even be more important than takeovers and mergers</p>

Question Number	Question		Mark
7	Evaluate <i>Unilever's</i> decision to implement its Sustainable Living Plan.		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	<p>e.g. <i>Unilever's</i> sustainable living plan is an attempt to pursue ethical considerations – behaving in a responsible and morally correct manner.</p>
2	3-6	<p>Application must be present, i.e. the answer must be contextualised and show examples of <i>Unilever's</i> decision to implement its sustainable living plan</p> <p>Low Level 2: 3-4 marks. Candidate uses a limited range of examples.</p> <p>High Level 2: 5-6 marks. Candidate uses a good range of examples.</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>e.g. increasing numbers of companies are being more ethically aware and being seen to be ethically aware</p> <p>e.g. uses evidence to illustrate <i>Unilever's</i> actions such as halving its environmental footprint</p> <p>e.g. uses evidence to gauge progress such as over a third of all supplies from sustainable resources</p>
Level	Mark	Descriptor	Possible content
3	7-12	<p>Analysis in context must be present, of <i>Unilever's</i> decision to implement its sustainable living plan</p> <p>Low Level 3: 7-9 marks. Analysis weak:</p> <p>High Level 3: 10-12 marks. Analysis is developed:</p> <p>N.B. if analysis is not in context, limit to Level 2.</p> <p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some</i></p>	<p>e.g. it may be that <i>Unilever</i> regards it as the right thing to do and is motivated by altruism</p> <p>e.g. the modern consumer in the developed economies is becoming more discerning and is likely to respond positively to <i>Unilever's</i> plan and therefore they may see sales rise.</p> <p>e.g. consumer loyalty may improve as a result of the plan</p>

		<i>punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i>	e.g. it is a useful way to achieve or increase competitive advantage over rival companies such as <i>Nestle</i> and <i>P&G</i>
Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context, balancing decision to implement its sustainable living plan</p> <p>Low Level 4: 13-14 marks. Some evaluative points are made, based on analysis</p> <p>Mid Level 4: 15-17 marks. Candidate gives a range of arguments</p> <p>High Level 4: 18-20 marks. Convincing evaluation on the impact of MNCs. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion.</p> <p>N.B. if evaluation is not in context, limit to Level 3.</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>e.g. This is an ambitious plan and will inevitably increase costs such as implementation of initiatives such as hand washing awareness</p> <p>e.g. If these costs are passed on to consumers in the form of higher prices, sales may fall.</p> <p>e.g. There is a potential trade-off between ethical responsibility and profitability because acting ethically sometimes incurs additional cost.</p> <p>e.g. this trade-off may give rise to stakeholder conflict such as between shareholders and consumers.</p> <p>e.g. <i>Unilever</i> is in a very competitive market and it may be a bad move to implement a plan which may cut into its profits and reduce its ability to invest for the future.</p> <p>e.g. However short term costs may be outweighed by long term goodwill/sales/profits from the emerging markets who have benefited from the plan.</p>

