Mark Scheme (Results)

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GCE Business Studies/Economics and Business
(6BS03/01)
(6EB03/01)

Unit 3: International Business
Paper 01

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Question Number	Answer	Mark
1	**Knowledge (2), Application (2), Analysis (2)**	
	Knowledge: up to 2 marks are available for identifying reason(s) such as saturated home markets, need to increase /maintain/restore profitability. One reason developed will gain 2 marks.	1-2
	Application: up to 2 marks are available for developing the above in the context of new markets and showing how they might provide a means of expansion. Examples may be given.	1-2
	Analysis: up to 2 marks are available for consideration of the likely consequences of such expansion on a firm. E.g. expansion, increased profitability, market power, global market share and any other valid consequences.	1-2
	General – If students interpret new market as new product/service give BOD.	Total Marks 6

Question Number	Answer	Mark
2	**Knowledge (2), Application (2), Analysis (4)**	
	Knowledge: up to 2 marks are available for giving simple reasons such as cost, skilled labour, English spoken, political stability etc.	1-2
	Application: up to 2 marks are available for contextual answers e.g. such as Egypt having high levels of English speaking workers because of the educational system, proximity of Egypt to Europe for communication etc.	1-2
	Analysis: up to 4 marks are available for expanding on the above and showing why Egypt would be particularly attractive (over China) for companies such as Vodafone and Microsoft e.g. the nature of their business requires skilled labour and good infrastructure, there are clues in the stimulus material that this is the case. The consequences for these businesses may be developed	1-4
	Maximum 2 marks for **one** factor, 4 marks for analysis of **two** factors *General – if only one reason, cap at 4*	
		Total Marks 8

Question Number				Total Marks
3	Knowledge (2), Application (2), Analysis (2), Evaluation (3)			9
Level	Mark	Descriptor	Possible content	
1	1-2	Some relevant understanding of at least one factor is apparent	e.g. for identifying the impact as perhaps a threat to jobs or an opportunity to outsource	
2	3-4	Basic points developed to show awareness of context in terms of geography and IT businesses	e.g. skilled human capital, 21,000 professionals in IT, purpose built centres, infrastructure	
3	5-6	The points are developed to show the effects on the firm	e.g. an opportunity to move and take advantage of either a cheaper location with skilled workforce or an opportunity to join an expanding IT market in Egypt, this may be linked to concepts such as profitability, competitiveness etc.	
4	7-9	Evaluation must be present	e.g. a candidate balances his/her answer by contrasting the effect on firms that do not move/compete or perhaps examining the impact on European workers/regions that suffer unemployment as comparative advantage shifts.	

N.B. If analysis but no context restrict to bottom L3.
If evaluation but no context restrict to top L3

Question Number				Total Marks
4	Knowledge (2), Application (2), Analysis (3), Evaluation (5)			12
Level	Mark	Descriptor	Possible content	
1	1-2	Some relevant understanding of at least one factor is apparent, *Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.*	e.g. for identifying the importance of reducing costs, increasing profitability, maintaining competitiveness, etc.	
2	3-4	Basic points developed to show connection to outsourcing *Candidate uses a limited amount of*	e.g. reasons for outsourcing are linked to specific examples such as lower labour costs in China or multilingual graduates in Egypt.	

		business/economics terminology with reasonable spelling, punctuation and grammar.	
3	5-7	The effects of outsourcing and cheap labour are shown in relation to the fortunes of the firm *Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar*	e.g. labour costs are a crucial part of a firms cost structure, any reduction in costs can lead to reduced prices and increased competitiveness and this is important in a competitive market.
4	8-12	<u>Low Level 4: 8-10 marks.</u> Evaluation must be present <u>High Level 4: 11-12 marks</u> 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. *Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar*	e.g. mentions that low labour costs are not the only important factor, in fact cheap labour may be relatively unimportant. e.g. candidate prioritises factors like the skills of the workforce or the geographical location may be much more necessary for the survival of the firm.
		N.B. If analysis but no context restrict to bottom L3. If evaluation but no context restrict to top L3	

Question Number		Total Marks
5		6
	Answer	Mark
	Knowledge (2), Application (2), Analysis (2)	
	Knowledge: up to 2 marks are available for describing what the product life cycle is	1-2
	Application: up to 2 marks are available for relating the above to BAT e.g. BAT's products are in the maturity/decline stage in western markets	1-2
	Analysis: up to 2 marks are available for consideration of the decision to enter emerging markets in the context of the product life cycle e.g. it is a form of extension strategy.	1-2

Question Number		Total Marks
6		6
	Answer	Mark
	Knowledge (2), Application (2), Analysis (2)	
	Knowledge: up to 2 marks are available for understanding the meaning of ethical behaviour and profitability.	1-2
	Application: up to 2 marks are available for contextual answers such as relating the nature of a company's trading activities to some degree of externalities (evidence in stimulus material).	1-2
	Analysis: up to 2 marks are for developing the nature of the conflict, e.g. attempting to correct the effects of the externalities may increase costs and have adverse effects upon profitability and competitiveness	1-2

Question Number				Total Marks
7	Knowledge (1), Application (2), Analysis (2), Evaluation (3)			8
Level	Mark	Descriptor	Possible content	
1	1	Some relevant understanding of mergers and takeovers	e.g. definition of takeover	
2	2-3	Knowledge is applied to BAT	e.g. BAT is expanding the scope and size of its market share by such methods	
3	4-5	For developing ideas by explaining the effects of increasing market share	e.g. increasing sales which will lead to greater profitability, mergers and takeovers are a rapid inorganic form of growth in expanding markets, by using existing firms time and development costs are saved.	
4	6-8	Evaluation must be present through a balanced response by perhaps pointing out some of the potential drawbacks	e.g. clash of cultures, unreliable partners, overtrading, diseconomies of scale etc.	
		N.B. If analysis but no context restrict to bottom L3. If evaluation but no context restrict to top L3		

Question Number				Total Marks
8	Knowledge (1), Application (1), Analysis (3), Evaluation (5)			10
Level	Mark	Descriptor	Possible content	
1	1	Knowledge of how the activities of multinationals might be controlled *Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.*	e.g. pressure groups, legislation	
2	2	The above is applied to multinationals with an awareness of how they might be controlled *Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.*	e.g. the work of ASH is referred to or any other specific example from the evidence or their own knowledge that is relevant.	

3	3-5	Candidates explore some of the impact of these controls and how they might influence the activities of multinational companies *Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar*	e.g. government legislation, pressure group activity, public pressure, media influence could impact on sales and lead to multinationals changing their operations
4	6-10	<u>Low Level 4: 6-8 marks</u> Evaluation must be present, such that candidates make judgments as to the effectiveness of their suggested strategies in controlling the activities of multinational companies <u>High Level 4: 9-10 marks</u> Evaluation is developed to show a real perceptiveness on the part of the candidate. A conclusion which is well contextualised is evident. *Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.*	Some activities might be more effective than others Some countries may actually benefit so much from multinationals that little is actually done to attempt to control them
		N.B. If analysis but no context restrict to bottom L3. If evaluation but no context restrict to top L3	

Question Number			Total Marks
9	Knowledge (2), Application (1), Analysis (4), Evaluation (8)		15
Level	Mark	Descriptor	Possible content
1	1-2	Candidate shows an understanding of multinationals or economic development *Written communication*	e.g. defines multinationals or identifies aspects of economic development such as living standards

		may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.	
2	3	Awareness of multinational activity linked to a country such as Indonesia. *Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.*	e.g. any specific examples illustrating the points made such as BP and the Gulf of Mexico, or Microsoft and Egypt
3	4-7	The way in which multinational activity impacts economic development might be developed here *Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar* *Not in context, cap at 4*	e.g. FDI, job creation, technology transfer, multiplier effects, raising productivity and wages OR negative aspects such as environmental damage etc.
4	8-15	<u>Low Level 4: 8-11 marks</u> Evaluation must be present, such that candidates discus both the extent and way in which multinationals have an impact. <u>High Level 4: 12-15 marks</u> Evaluation is developed to show a real perceptiveness on the part of the candidate, in this range it is likely that the discussion will be more articulate and show understanding of the complexities involved. A conclusion which is well contextualised is evident. *Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent*	At this level candidates may just contrast the positive and negative effects of multinational activity, e.g. wages higher than local employers yet cause further inequality of incomes. e.g. weighs relative significance of points raised such as employment and incomes are often more important to the unemployed than some externalities

		response/ good to excellent spelling, punctuation and grammar.	
		Not in context cap at 7 marks *Poor evaluation 8 marks*	

AO Grid

Question	Kn	App	An	Eval	Total
1	2	2	2	-	6
2	2	2	4	-	8
3	2	2	2	3	9
4	2	2	3	5	12
5	2	2	2	-	6
6	2	2	2	-	6
7	1	2	2	3	8
8	1	1	3	5	10
9	2	1	4	8	15
Total	16	16	24	24	80