

Mark Scheme (Results)

Summer 2016

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

Unit 3: International Business

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2016

Publications Code 6BS03_01_1606_MS

All the material in this publication is copyright

© Pearson Education Ltd 2016

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 – Mark Scheme

If analysis but **no context anywhere** restrict to bottom of L3

If evaluation but **no context anywhere** restrict to top of L3

If context on one side **or** the other -i.e. an **or** eval - it can get L4 (see mark scheme for individual Q for how many allowed in this case)

If context on both sides i.e. an **and** eval - then full range of marks at L4 can be considered

Question Number	Question	
1.	Explain two possible reasons why China and other emerging economies may have led to increased sales for business such as <i>The Pentland Group</i> .	6 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks (one for each reason) for identifying reasons such as increasing levels of GDP and disposable income, rise of the middle class and increased leisure time</p> <p>Application: up to 2 marks (one for each reason) for developing the above in the context of China and other emerging economies, e.g. use of growth rate figures/many people in China have moved to cities for regular employment and time-off/holidays</p> <p>Analysis: up to 2 marks (one for each reason) for developing the reasons, e.g. <i>The Pentland Group's</i> products tend to be income elastic and therefore increase sales by proportionately more as disposable income increases. The ability to take holidays/have weekends off creates a new demand for leisure goods/accessories and hence demand and sales rise.</p> <p>General – if only one reason, cap at 3 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	
2.	Analyse two reasons why a business such as <i>The Pentland Group</i> may have chosen to expand through takeovers.	8 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 1, Application1, Analysis 2 per impact</p> <p>Knowledge: up to 2 marks (one for each reason) are available for identifying the reasons e.g. an opportunity to acquire established brand names, to achieve rapid growth, to spread/reduce risk, to reduce competition</p> <p>Application: up to 2 marks (one for each reason) are available for contextual answers and may use evidence or an example from own knowledge e.g. uses brand names from case study of The Pentland Group or other examples such as Cadbury and Green & Blacks, the rapid growth of the leisure industry in the 20th and 21st centuries</p> <p>Analysis: up to up to 4 marks (two for each reason) are available for expanding on the consequences e.g. brand names mean customer awareness and brand loyalty particularly in the leisure industry (1) by taking over established brands it saves time and money in creating new ones (1). The leisure industry has expanded quickly meaning that to be successful businesses have to expand to keep up with demand (1) Inorganic growth is usually faster than organic growth and means that <i>The Pentland Group</i> remains competitive (1).</p> <p>Up to 2 analysis marks for one impact, up to 4 marks for analysis of two impacts</p> <p>General – if only one impact, cap at 4 marks</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;">1-4</p>

Question Number	Question		
3.	Assess the likely benefits of global sourcing for a business such as <i>The Pentland Group</i> . (9 marks)		
Level	Marks	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms	e.g. having some or all of the production work undertaken by another business in another country.
2	3-4	Application: basic points developed to show awareness of context in terms of global sourcing for a business such as <i>The Pentland Group</i>	e.g. Asia is a source of cheap manufactured goods, footwear is often sourced from countries such as Vietnam and Indonesia
3	5-6	Candidate analyses using reasons/causes/consequences/costs to show likely benefits of global sourcing for a business such as <i>The Pentland Group</i>	e.g. production costs in Asia are usually cheaper than the UK e.g. This leads to a reduction in costs and the opportunity to achieve a competitive advantage with price e.g. This can lead to increased sales, profitability and long term growth
4	7-9	Evaluation must be present i.e. a candidate balances his/her answer by looking at the degree to which global sourcing can be a benefit for a business such as <i>The Pentland Group</i> <i>If context is one sided max of 7 marks</i>	e.g. cheaper production can mean poorer quality which will harm the reputation of <i>The Pentland Group</i> e.g. communication problems can arise given the distance and differences in language and culture leading to costly problems e.g. As more companies outsource the initial cost advantage can be neutralised e.g. Potential damage to brand image from accusation of exploitation of labour such as <i>Nike/Gap</i>

***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

Question Number	Question		
4.	Evaluate the likely difficulties <i>Berghaus</i> might face when entering a developed market such as the US. (12 marks)		
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of basic terms</p> <p><i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i></p>	<p>e.g. a developed market is usually the most advanced economically. Developed markets have high levels of per capita income and competition.</p>
2	3-4	<p>Application: basic points developed to show awareness of context in terms of the likely difficulties</p> <p><i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i></p>	<p>e.g. uses evidence or own knowledge to show the nature of a developed market such as the US. The US is an established leisure market, with the world's largest economy. The sheer physical size, diversity and scale of the US</p>
3	5-7	<p>Candidate analyses using reasons/causes/consequences/costs of the likely difficulties</p> <p><i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i></p>	<p>e.g. Established leisure businesses in the US are unlikely to welcome a new competitor and may actively compete against <i>Berghaus</i></p> <p>e.g. <i>Berghaus</i> may find it costly to compete and break into the market</p> <p>e.g. The US is a huge market with different customer needs in different areas making it hard to adopt a standardised approach</p> <p>e.g. A successful launch will require a great deal of market research and expense and expenditure on distribution networks</p>
4	8-12	<p><u>Low Level 4: 8-9 marks.</u> Evaluation must be present i.e. a candidate balances his/her answer. <i>Award 8 – 9 marks if one side is in context</i></p> <p><u>High Level 4: 10-12 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. (candidates may use MOPS).</p> <p><i>Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to</i></p>	<p>Starts to look at the other side, begins to discuss the extent or severity of the difficulties.</p> <p>Difficulties may be balanced against potential rewards. Initial costs and difficulties may be justified by the prospect of long-term profitability.</p> <p>e.g. <i>The Pentland Group</i> which owns <i>Berghaus</i> already has a presence in the US and an established dealer network which will ease the initial difficulties</p> <p>e.g. <i>Berghaus</i> has already completed a two year trial and should be more aware of and prepared for any difficulties</p>

		<i>excellent spelling, punctuation and grammar</i>	e.g. <i>Berghaus</i> is an established brand and part of the larger <i>Pentland group</i> which will be able to subsidise the costs of any initial setbacks
--	--	--	---

***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

Section B Mark Scheme

Question Number	Question	
5.	Apart from environmental damage, explain two possible negative impacts a multinational corporation might have on the host country.	6 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks (one for each reason) are available for identifying two impacts e.g. poor treatment of workers, competition for local businesses/industries</p> <p>Application: up to 2 marks (one for each reason) are available for contextual answers e.g. use of child labour in the cottonseed industry/ sweatshops/the collapse of the Rana Plaza building, near Dhaka in Bangladesh. Increase in fast food restaurants in China or India</p> <p>Analysis: up to 2 marks (one for each reason) are for developing the impacts e.g. workers in poor conditions do not have the capacity to improve their own personal living standards or contribute to a rise in GDP therefore holding back the development of the country. Western fast food restaurants can take trade away from local restaurants which may close. The increased profits from the fast food restaurants leave the country rather than benefiting the local economy</p> <p>General – if only one reason, cap at 3 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	
6.	Explain two reasons why the UK Government might have decided to reduce the rate of corporation tax.	6 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks (one for each reason) are available for describing the reasons e.g. to encourage more businesses to locate in the UK which will generate more tax revenue and create employment.</p> <p>Application: up to 2 marks (one for each reason) are available for relating the above to the context e.g. UK economy facing austerity and govt. spending cuts, UK still has high levels of unemployment following recession</p> <p>Analysis: up to 2 marks (one for each reason) are available for developing the reasons e.g. although 20% is lower than before it is better to have some low rate taxation than none at all to help with the budget deficit, FDI from incoming businesses creates jobs and raises employment which reduces spending on benefits and raises tax revenues.</p> <p>General – if only one reason, cap at 3 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question		
7.	Assess the extent of the trade-off between ethical behaviour and profitability for a company such as <i>Bettys & Taylors of Harrogate</i> . (8 marks)		
Level	Mark	Descriptor	Possible content
1	1	Knowledge/understanding of basic terms	e.g. trade-off means having to give something up to get more of something else/ethical behaviour means adopting moral and responsible standards in business operations
2	2-3	Application: basic points developed to show awareness of trade-off between ethical behaviour and profitability	e.g. use of evidence such as no deforestation/saving the rainforest/community projects e.g. other examples from own knowledge such as <i>Marks and Spencer's Plan A/Mothercare's CSR programme</i>
3	4-5	Candidate analyses using reasons/causes/consequences/costs of trade-off between ethical behaviour and profitability	e.g. the actions of <i>Bettys & Taylors of Harrogate</i> will cost money to implement which will reduce profitability e.g. with a no deforestation policy companies such as <i>APP</i> and <i>APRIL</i> will have to start using sustainable resources which are likely to cost more and reduce profitability
4	6-8	Evaluation must be present i.e. a candidate balances his/her answer by pointing out the extent of a trade-off between ethical behaviour and profitability <i>If context is one sided max of 6 marks</i>	e.g. <i>Bettys & Taylors of Harrogate</i> may create a positive image which consumers respond to, which may increase brand loyalty and sales thus a trade-off may only be a short term problem e.g. customers may be willing to pay a higher price for ethically produced goods thus restoring profitability e.g. <i>APP</i> and <i>APRIL</i> may have faced costlier protests and boycotts in the future unless they adopted a more ethical stance

***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

Question Number	Question		
8.	Assess how important government policies, other than taxation, are to a business when deciding where to locate its operations. (10 marks)		
Level	Mark	Descriptor	Possible contents
1	1	Knowledge/understanding of government policies	e.g. the rules and regulations set and applied to businesses such as health and safety/grants and subsidies/supply-side policies/trade bloc membership/environmental laws
2	2	The above is applied to a business	e.g. refers to evidence or own knowledge such as <i>Nissan/Toyota/Honda</i> locating in UK due to government initiatives and help. Restricting the power of trade unions.
3	3-5	Candidate analyses using reasons/causes/consequences/costs of the importance of government policies to a company's decision as to where to locate its production	e.g. fewer rules and regulations mean that it is easier to operate a business, which reduces costs and this may be a good reason to choose a particular location e.g. Membership of a trade bloc such as the EU gives businesses free access to a wider market and circumvents external tariffs
4	6-10	<p><u>Low Level 4: 6-7 marks</u></p> <p>Evaluation must be present, such that candidates make judgments as to the importance of government policies when locating a business</p> <p><i>Award 6 – 7 marks if one side is in context</i></p> <p><u>Mid Level 4: 8 marks</u></p> <p>Effective evaluation with context on both sides</p> <p><u>High Level 4: 9-10 marks</u></p> <p>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 (candidates may use MOPS).</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. location may not be a choice a business has if it is determined by access to raw materials such as oil companies</p> <p>e.g. long term considerations may outweigh short term advantages or indeed drawbacks, and government policies are only one factor</p> <p>e.g. savings from government policies must be balanced against costs from other factors such as labour costs or skills availability</p> <p>e.g. much may depend on the nature of the business and its particular requirements</p>

***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

Question Number	Question		
9.	Evaluate the extent to which the actions of multinational corporations can be controlled. (15 marks)		
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of key terms</p> <p><i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i></p>	e.g. defines or identifies what is meant by a multinational firm – a business that operates in more than one country
2	3	<p>Application: basic points developed to show the extent to which the actions of multinational firms can be controlled</p> <p><i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i></p>	<p>e.g. uses evidence or examples from own knowledge such as campaign against palm-oil, Greenpeace and Kit-Kat/Orang-Utan fingers</p> <p>e.g. Consumer pressure on Starbucks, Primark resulting in tax paid/aid to Bangladesh</p>
3	4-7	<p>Candidate analyses using reasons/causes/consequences/costs to show the extent to which the actions of multinational firms can be controlled</p> <p><i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i></p>	<p>e.g. By representing public opinion pressure groups can create negative publicity for a business that can cause it to modify its behaviour</p> <p>e.g. The increasing use of social media to rapidly spread news of campaigns and transgressions by MNCs, which increases the pressure to modify behaviour</p> <p>e.g. MNCs respond by altering/modifying their actions for fear of loss of image/reputation/sales</p> <p>e.g. direct governmental control such as legal action can control MNCs</p> <p>e.g. consumers can individually react by boycotting a company's products such as Shell that caused a 50% fall in sales of its fuel</p>
4	8-15	<p><u>Low Level 4: 8-10 marks</u> Evaluation must be present i.e. a candidate balances his/her answer</p> <p><i>Award 8 – 10 marks if one side is in context</i></p> <p><u>Mid-Level 4: 11 - 12 marks</u> Effective evaluation with context on both sides</p>	<p>e.g. Not all MNCs are likely to be influenced by pressure groups or public opinion, particularly those not reliant on consumer sales</p> <p>e.g. The effectiveness of Government control/legal regulation is dependent on the size and influence of the country and on the size and resources of the MNC</p>

		<p><u>High Level 4: 13-15 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 (candidates may use MOPS).</p> <p><i>Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. in some markets consumer pressure is unlikely to be strong, it tends to be more effective in affluent well-informed societies</p> <p>e.g. MNCs are also adept at countering campaigns either with legal challenges or charm offensives via marketing and social media platforms</p> <p>e.g. other factors such as government support/economic necessity can outweigh actions of pressure groups or force of public opinion</p>
--	--	--	--

***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

