

# Mark Scheme (Results)

Summer 2013

GCE Business Studies/Economics & Business  
(6BS03/01 - 6EB03/01)  
Unit 3: International 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.

### Summer 2013 Unit 3 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	Mark
1.	Explain <b>two</b> likely reasons why Brazil imposed high tariffs on Chinese imports.	<b>6 marks</b>
	Answer	Mark
	<b>Knowledge 2, Application 2, Analysis 2</b>	
	<p><b>Knowledge: up to 2 marks (one for each reason)</b> for identifying reasons such as protecting domestic <b>OR</b> infant industry, protecting balance of trade, raising tax revenue</p>	1-2
	<p><b>Application: up to 2 marks (one for each reason)</b> for developing the above in the context of Brazil and China e.g. China has comparative advantage in manufactures, Brazil trying to develop its own industries, spend on social improvements</p>	1-2
	<p><b>Analysis: up to 2 marks (one for each reason)</b> for developing the reasons, e.g. prices will be higher for imports, which lead to the expansion of domestic firms / creation of jobs, A reduction in imports would improve the balance of trade and reduce reliance on commodities.</p>	1-2
	<b>General – if only one reason, cap at 3 marks</b>	

Question Number	Question	
2.	Analyse <b>two</b> effects that a strengthening Real (Brazil's currency) might have on Brazilian businesses.	<b>8 marks</b>
	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application1, Analysis 2 per effect</b></p> <p><b>Knowledge: 1 mark</b> is available for identifying the effect e.g. cheaper raw materials if imported, exports become more expensive.</p> <p><b>Application: 1 mark</b> is available for contextual answers e.g. Brazil has already increased the amount it imports by 24% between 2010 and 2011, commodity prices already rising.</p> <p><b>Analysis: up to 2 marks</b> are available for expanding on the consequences e.g. Importers may benefit but producers of domestic substitutes may suffer and employment may fall. Trade balance may worsen. Exporters already facing rising prices may see demand fall as their commodities cost even more, some may suffer and employment may fall.</p> <p>Up to 2 analysis marks for <b>one</b> effect, up to 4 marks for analysis of <b>two</b> effects</p> <p><i>General – if only one effect, cap at 4 marks</i></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 problems for the Brazilian economy of specialisation in commodities <b>(9 marks)</b>		
Level	Marks	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms	e.g. a concentration of productive resources in a particular area of the economy e.g. A commodity is a product or raw material traded in bulk usually with a common price
2	3-4	Application: basic points developed to show awareness of context in terms of specialisation in commodities for the Brazilian economy	e.g. perhaps referring to the evidence and/or discussing the kind of commodities involved such as soya, iron ore etc.
3	5-6	Candidate analyses using reasons/causes/consequences/costs to show how the specialisation in commodities may cause problems for the Brazilian economy	e.g. over-reliance can be a problem, if demand falls because no major alternative to fall back on, specialisation in commodities does not add as much value as manufacturing, not ideal long-term because it uses unsustainable resources jeopardising future generations, price fluctuations leading to uncertainty.
4	7-9	Evaluation must be present i.e. a candidate balances his/her answer by looking at the relative seriousness of the problems or the likelihood of them occurring  <i>If context is one sided max of 7 marks</i>	e.g. Brazil has benefited from specialisation in commodities – evidence B. Prices have been rising and so has demand. Brazil needs the revenue to grow, this may lead to development of the secondary sector and a more sustainable future.

***N.B. If analysis is not in context restrict to bottom L3 - 5 marks  
If evaluation not in context restrict to top L3- 6 marks***

Question Number	Question		
*4.	Evaluate the impact that increasing Chinese FDI could have on the Brazilian economy <b>(12 marks)</b>		
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms  <i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i>	e.g. for understanding the nature of FDI and/or identifying possible impacts on an economy e.g. impact on economy such as consumer choice/prices, jobs, Brazilian businesses and government taxes
2	3-4	Application: basic points developed to show awareness of context in terms of Brazil's economy.  <i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i>	e.g. increasing FDI from China, uses examples from evidence - ZTE
3	5-7	Candidate analyses using reasons/causes/consequences/costs to show impact on the Brazilian economy <i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i>	e.g. 2000 jobs created, income generation leading to economic growth. e.g. Technology and skills transfer from ZTE may lead to improved domestic businesses and economic growth in Brazil.  <u>OR</u>  e.g. damaging effect on domestic producers, competition and possible loss of production for domestic rivals, loss of control over key industrial sectors.
4	8-12	<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>  <u>Mid Level 4: 10 marks</u> <i>Effective evaluation with context on both sides</i>  <u>High Level 4: 11-12 marks</u> Evaluation is developed to show a real perceptiveness on the part of	AND/OR e.g. employment created may be only temporary or of menial variety, profits repatriated, limited technology and skills transfer.  OR e.g. income generation, skills transfer, local businesses experiencing multiplier effect etc.  e.g short term effects contrasted with long term effects. It may depend on how extensive the FDI is;

	<p>the candidate. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion. (candidate 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>if it is across the Brazilian economy then it is likely to be more valuable/damaging</p>
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***N.B. If analysis is not in context restrict to bottom L3 – 5 marks  
If evaluation not in context restrict to top L3 – 7 marks***



**Unit 3 Section B**

Question Number	Question	
5.	Explain <b>two</b> likely reasons why PPR is keen to expand into China.	<b>6 marks</b>
	Answer	Mark
	<p align="center"><b>Knowledge 2, Application 2, Analysis 2</b></p> <p><b>Knowledge: up to 2 marks (one for each reason)</b> for identifying possible reasons. e.g. saturated domestic markets, wanting to increase revenues and profits, extend product life cycle, spread risk</p> <p>n.b. question is about expanding sales – do not reward lower production costs/production</p> <p><b>Application: up to 2 marks (one for each reason)</b> for contextual answers such as linking the above specifically to the Chinese economy or the nature of PPRs brands. e.g. average 10% growth in GDP, million millionaires, western markets in recession, Gucci and YSL.</p> <p><b>Analysis: up to 2 marks (one for each reason)</b> are for developing the reasons e.g. Luxury goods are income elastic and not necessities therefore PPR can expect strong sales and increased profitability, because saturated/declining domestic markets have cut off future growth prospects</p>	<p align="center">1-2</p> <p align="center">1-2</p> <p align="center">1-2</p>

Question Number	Question	
6.	Explain <b>two</b> benefits for PPR of owning brands that operate in global niche markets.	<b>6 marks</b>
	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2</b></p> <p><b>Knowledge: up to 2 marks (one for each benefit)</b> are available for describing the benefits of operating in a global niche market e.g. less competition, higher prices, price inelastic demand, less/spreads risk</p> <p><b>Application: up to 2 marks (one for each benefit)</b> are available for relating the above to the context e.g. PPR operates a number of luxury brands – Gucci, YSL - they are limited in appeal and/or affordability</p> <p><b>Analysis: up to 2 marks (one for each benefit)</b> are available for consideration of how this will benefit PPR e.g. able to charge premium prices and increase profitability, less risk of direct competition, relatively unaffected by macroeconomic change</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;">1-2</p>

Question Number	Question		
7.	Assess the likely importance of brand names to a business such as PPR when trading internationally. <b>(8 marks)</b>		
Level	Mark	Descriptor	Possible content
1	1	Knowledge/understanding of basic terms	e.g. name or symbol that represents company in the eyes of a consumer
2	2-3	Application: basic points developed to show awareness of context in terms of global market firms	e.g. use of evidence or own knowledge as examples, Gucci, YSL
3	4-5	Candidate analyses using reasons/causes/consequences/costs of the importance of a brand name	e.g. consumer loyalty, name recognition will lead to repeat purchase  e.g. increases price inelasticity, meaning higher prices can be charged
4	6-8	Evaluation must be present i.e. a candidate balances his/her answer by pointing out that other factors may also be relevant/important  <i>If context is one sided max of 6 marks</i>	e.g Brand names may not translate/travel well - Cultural and social differences may be more important  e.g. need to get other aspects of marketing mix right such as price and product – different designs/sizes of clothes for different climates/countries  e.g. some companies operate in markets where brand is relatively unimportant (non consumer), Evidence F suggests some very successful businesses where brands may be unimportant.

***N.B. If analysis is not in context restrict to bottom L3 – 4 marks  
If evaluation not in context restrict to top L3 – 5 marks***

Question Number	Question		
8.	Assess the extent to which a positive ethical image might determine a company's international success. <b>(10 marks)</b>		
Level	Mark	Descriptor	Possible contents
1	1	Knowledge/understanding of ethical image	e.g. ways in which a business is perceived to behave with regard to its workforce, suppliers, environment – fair wages, sustainable resources, recycling, pay taxes
2	2	The above is applied to a business	e.g. refers to evidence or own knowledge of an ethical business such as Green & Blacks
3	3-5	Candidate analyses using reasons/causes/consequences/costs of the importance of a positive ethical image to a company's success	e.g. creates positive image in consumer's mind who are more likely, therefore, to buy  e.g. may provide competitive advantage which leads to differentiation/leading to increased sales/customer loyalty/the ability to charge higher prices
4	6-10	<p><u>Low Level 4: 6-8 marks</u></p> <p>Evaluation must be present, such that candidates make judgments as to the extent or degree of the importance of a positive ethical image to a company's success</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><i>Effective evaluation with context on both sides</i></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>Balances possible gains against negative factors</p> <p>e.g. having to compete with cheaper non ethical substitutes/increased costs for sustainable resources/ethical business practice/fair wages</p> <p>e.g. Evidence F would suggest that there is a trade-off between profitability and ethical behaviour</p> <p>e.g. ideas such as the changing climate of public opinion, the growing number of ethical firms and so on.</p> <p>e.g. during a recession ethical image may be of lesser importance e.g. ethical image may be more important for some products and services than others depending on factors such as target market</p>

***N.B. If analysis is not in context restrict to bottom L3 - 3 marks  
If evaluation not in context restrict to top L3-5 marks***

Question Number	Question		
*9.	Evaluate the likely impact of China's growing wealth on UK businesses. <b>(15 marks)</b>		
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 growing wealth in China or impact of, for example more jobs, increased sales
2	3	<p>Application: basic points developed to show awareness of context in terms of impact of China's growing wealth on UK businesses.</p> <p><i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i></p>	e.g. increasing number of millionaires, increasing demand for UK brands, reference to case study businesses
3	4-7	<p>Candidate analyses using reasons/causes/consequences/costs to show how China's growing wealth impacts on UK businesses</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. As China's GDP and levels of consumer incomes increase patterns of demand may change; some UK firms will flourish and experience growth, particularly those that have income elastic products such as Gucci/YSL</p> <p>e.g. Luxury goods such as Superdry should do well because Chinese consumers are brand conscious and have growing wealth</p> <p>e.g. UK businesses may also locate in China to take advantage of proximity to a growing market.</p> <p>e.g. Chinese tourists visiting the UK may increase and benefit UK hotels and visitor attractions</p>
4	8-15	<p><u>Low Level 4: 8-10 marks</u></p> <p>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></p> <p><i>Effective evaluation with context on both sides</i></p>	<p>e.g. some UK businesses may benefit from China's growing wealth but others may be threatened because they are competing in the same markets/producing similar products</p> <p>e.g. Chinese businesses like ZTE may expand and enter new markets and also grow, thus beginning to compete in markets that UK businesses rely on.</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. some UK businesses selling only in the UK market will not be affected such as hairdressers, poodle parlours</p> <p>e.g. businesses from other countries will also be attempting to exploit Chinese market and therefore UK businesses must be better or quicker to succeed as benefits will be short-lived.</p> <p>e.g. in the short term there may appear to be many opportunities given the rapid rate of growth, however in the long term this may reduce and other countries come to prominence</p>
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***N.B. If analysis is not in context restrict to bottom L3 – 4 marks  
If evaluation not in context restrict to top L3 – 7 marks***

#### Assessment Objectives

Question	Contents	Kn	App	An	Eval	Total
1	3.3.4c	2	2	2	-	6
2	3.3.3a	2	2	4	-	8
3	3.3.3b	2	2	2	3	9
4	3.3.2 and 3.3.6a&b	2	2	3	5	12
5	3.3.1a & 3.3.3a	2	2	2	-	6
6	3.3.5c	2	2	2	-	6
7	3.3.4b	1	2	2	3	8
8	3.3.4a	1	1	3	5	10
9	3.3.2	2	1	4	8	15
Total	-	16	16	24	24	80

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