Mark Scheme (Results)

January 2014

International A Level Business Studies (WBS04/01)

Unit 4: Business in a Global Context

PEARSON

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

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.

WBS04 – January 2014

Mark Scheme

Question Number	Question	Marks
1a	What is meant by the term investment?	2 marks
	Answer	
	Knowledge up to 2: • Investment is spending by a business on human or physical capital (1 mark) in order to generate profits (1 mark) • 1 mark for partial or vague definition but a valid example lifts to 2 marks. • Any other suitable alternative.	1-2 marks

Question Number	Question	Marks
1b	What is meant by the term protectionism?	2 marks
	Answer	Mark
	Knowledge up to 2: • A policy designed to protect a country's businesses from the effects of imports (1 mark) often in the form of tariffs or quotas (1 mark) • 1 mark for partial or vague definition but a valid example lifts to 2 marks. • Any other suitable alternative.	1-2 marks

Question Number	Question	Marks
2	Explain why sales in developing markets have now exceeded those in mature markets.	6 marks
	Answer	
	Knowledge/understanding: up to 2 marks are available for what is meant by a developing market e.g. A developing market is one that is expanding in economic terms; this can be shown by increasing growth rates of GDP and/or rising levels of disposable income (1 mark). A mature market is one where sales are expanding slowly if at all. (1 mark).	1-2 marks
	Application: up to 2 marks are available for contextualised answers e.g. China is a developing nation with strong growth rates and rising incomes (1 mark) western markets are likely to be saturated or even declining (1 mark)	1-2 marks
	Analysis: up to 2 marks are available for developing a possible reason for why sales have increased in emerging markets e.g. Cars are income elastic products and rising incomes mean a more than proportional increase in the consumption of cars (1 mark). At the same time the western markets are still in recession and demand is likely to be flat or even falling and therefore sales in emerging markets have overtaken them (1 mark).	1-2 Marks Total 6 marks

Question Number	Question	Marks
3	Analyse the likely benefits, other than FDI, that membership of NAFTA brings to Mexico.	8 marks
	Answer	
	Knowledge/understanding: up to 2 marks are available for what is meant by NAFTA e.g. NAFTA is a free trade bloc (1 mark), which means that there are no trade barriers between the members i.e. Canada, Mexico and America (1 mark)	1-2 marks
	Application: up to 2 marks are available for contextualised answers e.g. Mexico is geographically close to the other (USA and Canada) members of NAFTA who have a high demand for products such as cars (1 mark) Mexico's car production has doubled since 2009, the majority of which will go for export (1 mark)	1-2 marks
	Analysis: up to 4 marks are available for developing the likely benefits e.g. Exports to the lucrative northern markets of Canada and the US are unrestricted because of the free trade agreement (1 mark) this Increases demand for products made in Mexico (1 mark) This creates employment for Mexicans and should lead to rising incomes and standards of living (1 mark). Increasing exports will improve Mexico's balance of payments (1 mark)	1-4 marks

Total
8 marks |

Question Number	Question		
4	Assess the likely impact of increasing levels of FDI on a country like Mexico. (10 marks)		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of basic terms	e.g. FDI means a business investing in a country other than the one it is based in. Money flows into Mexico from other countries to create business
Level 2	3-4	Application: basic points developed to show awareness of impact of increasing levels of FDI on a country like Mexico	e.g. Mexico is a growing economy, increased investment in auto and steel production – Honda and Audi
Level 3	5-7	Candidate analyses using reasons/causes/consequences /costs to show the impact of increasing levels of FDI on a country like Mexico **NB** if analysis is not in context limit to Level 2.	e.g. Jobs are created in the new industries such as car production, as unemployment falls income rises. e.g. This creates a multiplier effect in other areas besides the ones directly impacted by FDI e.g. Taxation rises leading to increased government spending on areas such as education and infrastructure e.g. Skills and technology transfer increase the productive capacity of the economy
Level 4	8-10	Evaluation must be present i.e. a candidate balances his/her answer **NB** if evaluation is not in context limit to Level 3	e.g. There may be negative side effects such as environmental damage and pollution e.g. Local businesses may be pushed out e.g. Labour may be exploited e.g. Wages may rise – wage inflation in China – asset price inflation e.g. Cultural imperialism

Question Number	Question		
5	Assess the likely importance of the labour force to a business such as VW, when deciding where to locate production. (12 marks)		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of the factors that affect location *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.*	e.g. This includes labour but also infrastructure, natural resources, location in trade bloc.
Level 2	3-4	Application: basic points developed to show awareness of labour needs for a business such as VW *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.*	e.g. Car production is on a large scale and needs skilled labour. e.g. Mexico has a skilled labour force and is attracting leading car manufacturers
Level 3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to show importance of the labour force **NB** if analysis is not in context limit to Level 2. *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.*	e.g. Skilled labour is important as many jobs in car production need a technical skill e.g. Without a large and skilled labour force training is needed which takes time and money e.g. Availability is important otherwise scarcity can drive up wages and costs of production

| Level 4 | 8-12 | Low Level 4: 8-10 marks
Evaluation must be present i.e. a
candidate balances his/her answer by showing relative importance of the labour force against other factors.

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

NB if evaluation not in context limit to Level 3.

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. | e.g. Other factors may be much more important

e.g. proximity to markets – VW and China – evidence B

e.g. Location within a trade bloc to avoid protectionism

e.g. Rising transport costs may be more important than the labour force - evidence C

e.g. Infrastructure, political stability, land and building costs are other factors that may be more important |

Question Number	Question		
6	Evaluate the benefits for a multinational of adapting the marketing mix to suit each market (20 marks)		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Candidate shows knowledge of marketing mix	e.g. Range of tactics and strategies used to promote and sell products and services – 4Ps
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of multinationals adapting the marketing mix Low Level 2: 3-4 marks Candidate uses a limited range of examples High Level 3: 5-6 marks Candidate uses a good range of examples	e.g. Daimler using internet/social media to sell cars, that is not the usual 'place' of car show rooms. e.g. Chinese consumers are now much more particular over the 'product' which now requires adaptation. e.g. Any other relevant examples from wider reading such as McDonald's adapting its menus, L'Oreal producing smaller and cheaper bottles of shampoo
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences for MNCs of adapting marketing mix Low Level 3: 7-9 marks Analysis weak: only one or two benefits explained High Level 3: 10-12 marks Analysis is more developed: two or more benefits are explained and developed **NB** if analysis is not in context limit to Level 2.	e.g. Adapting the marketing mix can bring many benefits such as increased sales and profitability e.g. A range of prices allow more consumers access to products/services e.g. Targeting different tastes and cultures is more likely to gain customer satisfaction and loyalty e.g. more likely to gain a competitive advantage e.g. traditional distribution methods will not reach some potential markets such as rural India e.g. marketing tactics acceptable in some areas may not be culturally acceptable in others
Level 4	13-20	Evaluation must be present and in context showing the extent of the benefits Low Level 4: 13-14 marks	e.g. researching each market and then adapting the marketing mix takes time and is costly

		Some basic evaluative points are made, about the extent to which benefits are yielded. A conclusion is unlikely	e.g. The business cannot fully exploit economies of scale
		Mid-Level 4: 15-17 marks Candidate gives a range of arguments, qualifying the benefits yielded. A judgement may be attempted	e.g. wider product ranges and multiple marketing campaigns are harder to manage
			e.g. average costs are likely to be higher
		High Level 4: 18-20 marks Candidate gives a wide range of arguments that discuss the benefits. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion	e.g. A global marketing strategy is cheaper and easier to manage
		NB if evaluation is not in context limit to Level 3	

Question Number	Question		
7	Evaluate the potential difficulties, other than marketing, for a retailer when entering new markets. (20 marks)		
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by potential difficulties *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.*	e.g. social and cultural differences that may mean a business has difficulty in attracting customers
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show examples of potential difficulties for a retailer when entering new markets Low Level 2: 3-4 marks Application is weak. High Level 3: 5-6 marks Application to retailer is clear. *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.*	e.g. possible protest against western firms such as Wal-Mart in India e.g. government regulations e.g. India forbids foreign retailers, such as Wal-Mart, from opening retail outlets and are restricted to wholesale only e.g. Tesco (Fresh and easy) in the USA have faced difficulties in persuading consumers to buy
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of potential difficulties for a retailer when entering new markets Low Level 3: 7-9 marks Analysis weak: only one or two potential difficulties explained High Level 3: 10-12 marks Analysis is more developed: two or more potential difficulties are explained and developed	e.g. There may be resistance to change from consumers who prefer the traditional way of retailing in areas such as India e.g. Governments may impose regulations on foreign retailers – India will only allow MNCs as wholesalers and restrict the retailing side e.g. Shoppers have different habits and expectations which businesses may not appreciate – Tesco/USA e.g. Problems can arise with language and social/cultural differences

		NB if analysis is not in context limit to Level 2. *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.*	
Level 4	13-20	Evaluation must be present and in context showing the extent to which retailers might face difficulties Low Level 4: 13–14 marks Some evaluative points are made, based on analysis of difficulties. A conclusion is unlikely Medium Level 4: 15-17 marks A judgement is attempted with some effort to show how external influences might impact on Tata's strategy. High Level 4: 18–20 marks Convincing evaluation on the impact external influences might have on Tata's strategy Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion **NB** if evaluation not in context limit to Level 3. *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.*	e.g. Problems are likely to occur in any new market but there is a range of possible solutions to minimise the difficulties. e.g. A joint venture partner can help to avoid potential problems with social and cultural problems. e.g. Using local agents can also help e.g. Market research can prepare retailers for differing shopping habits and help avoid potential problems. e.g. Retailers such as Unilever (Shakti), L'Oreal and in evidence D Coca Cola have all come up with novel ways of overcoming distribution and sales difficulties. e.g. Long term benefits and rewards may ultimately outweigh short term costs and problems.

Assessment objectives

Question	knowledge	application	analysis	evaluation	TOTAL
1a	2	-	-	-	2
1b	2	-	-	-	2
2	2	2	2	-	6
3	2	2	4	-	8
4	2	2	3	3	10
5	2	2	3	5	12
6	2	4	6	8	20
7	2	4	6	8	20
TOTAL	16	16	24	24	80