

Mark Scheme (Results)

January 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.

Unit 3 Section A Mark Scheme

Question Number	Question	Mark
1.	Explain two possible reasons why Enel may have formed a joint venture with Colbún for the HidroAysen project.	6 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks for identifying reasons such as shared costs, local knowledge, government regulations, spread risk.</p> <p>Application: up to 2 marks for developing the above in the context of the project e.g. Italian firm and Spanish language, Chilean government anxious to keep some national control, very costly - \$3.2 billion</p> <p>Analysis: up to 2 marks for developing the reasons, e.g. preventing costly mistakes due to communication problems, easier access to materials and supply chain because of local knowledge of the partner</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	Mark
2.	Analyse the impact the HidroAysen project might have on any two stakeholder groups.	8 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 1, Application 1, Analysis 2 per stakeholder group</p> <p>Knowledge: 1 mark is available for identifying a stakeholder group, e.g. employees, suppliers, competitors, pressure groups, government, shareholders, local community/environment, consumers</p> <p>Application: 1 mark is available for contextual answers e.g. project will require local workers and suppliers in Patagonia/Chile, flooding of pristine wilderness area in Patagonia</p> <p>Analysis: up to 2 marks are available for identifying and developing the consequences e.g. suppliers gain contracts increasing turnover and profitability, long term benefits for businesses from cheaper power supplies. Environmental damage may impact on tourism to area and reduce local incomes</p> <p>General – if only one stakeholder group, cap at 4 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-4</p>

Question Number	Question		
3.	Assess the extent to which the activities of a multinational, such as Enel, can be controlled by pressure groups. (9 marks)		
Level	Marks	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms	define a pressure group/multinational/identify a control e.g. consumer boycott
2	3-4	Application: basic points developed to show awareness of context in terms of a multinational and/or a pressure group	e.g. legal challenge to the dam in Chile or another example (such as the McLibel case) to show a connection between a pressure group and a multinational
3	5-6	Candidate analyses using reasons/causes/consequences/costs to show how the pressure group may affect a multinational.	e.g. organising a campaign to turn public opinion and how this may affect sales and thus alter behaviour of the multinational, use of protests/courts and legal challenges to halt the project
4	7-9	Evaluation must be present i.e. a candidate balances his/her answer by the effectiveness of such tactics and the likelihood of success <i>Award 7 marks if one side is in context</i>	e.g. protests may have little effect on sales (Primark), powerful multinationals like Coca-Cola can finance legal challenges to overturn rulings, governments may ignore pressure groups because of economic benefits

***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 impact of multinationals on the economic growth of countries such as Chile. (12 marks)		
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>	for defining a multinational and/or economic growth e.g. percentage increase in GDP
2	3-4	Application: basic points developed to show awareness of context in terms of a multinational's impact <i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i>	e.g Chile is a developing economy, greater development of Chile's infrastructure
3	5-7	Candidate analyses using reasons/causes/consequences/costs to show how a multinational impacts on economic growth <i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i>	e.g. job creation given Foreign direct investment (FDI) e.g. Technology and skills transfer may lead to improved domestic businesses and economic growth. <i>Alternatively</i> downside may be developed to show damaging effect on economic growth e.g. competition and possible loss of production for domestic rivals, race to the bottom
4	8-12	<u>Low Level 4: 8-9 marks.</u> Evaluation must be present i.e. a candidate balances his/her answer <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	e.g. employment created may be only temporary or of menial variety, profits repatriated, limited technology and skills transfer e.g. evaluation becomes more sophisticated perhaps with short term contrasted with

		<p>be developed; the answer is clear and articulate leading to a convincing conclusion (candidates may use MOPS).</p> <p><i>Award 8-9 marks if one side is in context</i></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>long term etc. Multinationals may be contrasted with one another with different outcomes for growth. Trade-offs may be considered such as environmental damage vs. long term supplies of cheap power to aid economic growth.</p>
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N.B. If analysis is not in context restrict to bottom L3. maximum mark for one benefit = 3

If evaluation not in context restrict to top L3

Note to examiners – this question is about the impact on economic growth which should be the focus of the answer – if not restrict to bottom L3

Unit 3 Section B Mark Scheme

Question Number	Question	Mark
5.	Explain two possible benefits to India of specialising in services.	6 marks
	Answer	Mark
	Knowledge 2, Application 2, Analysis 2	
	Knowledge: up to 2 marks are available for identifying benefits to India , such as increase output/productivity, good commercial reputation, reduce average costs/economies of scale, creation of jobs	1-2
	Application: up to 2 marks are available for relating the above to the context e.g. India has chosen to specialise in services particularly software, large numbers of IT graduates	1-2
	Analysis: up to 2 marks are available for consideration of how this benefit will affect India e.g. this will lead to increased trade and GDP growth because India becomes more expert in this area and therefore enables India to enjoy a comparative advantage.	1-2

N.B. maximum marks for the benefit = cap at 3 marks

Question Number	Question	Mark
6.	Analyse why Coca-Cola “prefer their products to be the same everywhere”. (Evidence B line 16)	6 marks
	Answer	Mark
	Knowledge 2, Application 2, Analysis 2	
	Knowledge: up to 2 marks for identifying reason(s) e.g. strong brand image, global marketing strategy, economies of scale	1-2
	Application: up to 2 marks for contextual answers such as linking the above specifically to Coca Cola and their brand/product, e.g. standard colours of logo.	1-2
	Analysis: up to 2 marks are for developing the reason(s) e.g. a standard product means only one product for all markets and therefore lower average costs.	1-2

N.B. If candidates provides one detailed/developed reason they can still gain up to 6 marks

Question Number	Question		
7.	<p>Tata is an Indian multinational.</p> <p>Assess the likely consequences for Tata of expanding by mergers and takeovers.</p> <p style="text-align: right;">(8 marks)</p>		
Level	Mark	Descriptor	Possible content
1	1	Knowledge/understanding of basic terms	e.g. inorganic expansion, joining together of more than one firm
2	2-3	Application: basic points developed to show awareness of context in terms of Tata	e.g. Tata's takeover of Tetley
3	4-5	Candidate analyses using reasons/causes/consequences/costs of expanding by mergers and takeovers	<p>e.g. gain to access to western markets which should therefore lead to higher sales and revenue/profits</p> <p>access to Technology/skills/patents/brand names/EU trade bloc which were previously unobtainable or denied to Tata</p>
4	6-8	<p>Evaluation must be present i.e. a candidate balances his/her answer by pointing out some of the potential drawbacks of expanding by mergers and takeovers</p> <p>6 marks if only one side of evaluation is written in context</p>	<p>identifies possible risks - e.g. clash of cultures and communication problems may cancel out anticipated advantages</p> <p>moves away from core competences may risk their competitive advantage</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		
8.	Assess the potential difficulties a UK business might face when entering a foreign market, such as India. (10 marks)		
Level	Mark	Descriptor	Possible contents
1	1	Knowledge/understanding of potential difficulties	e.g. away from country of origin, different consumers/culture, language, different currencies, tariffs/quotas/government regulations
2	2	The above is applied to a country such as India	e.g. English is not spoken by everyone in India
3	3-5	Candidate analyses using reasons/causes/consequences/costs of the difficulties facing a UK business when entering a foreign market	e.g. because of different tastes and culture there may be resistance to foreign brands, e.g. problems with language and communications may increase costs because of delays to production caused by misunderstanding
4	6-10	<p><u>Low Level 4: 6-8 marks.</u></p> <p>Evaluation must be present i.e. a candidate balances his/her answer</p> <p><i>6-7 marks if only one side of argument is in context</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>e.g. Considers the extent and scope of the difficulties identified and looks at how they might be overcome or the risks reduced e.g. joint venture partners, careful market research, help from government, employing local managers.</p> <p>e.g. difficulties may be balanced against potential rewards, initial costs and difficulties may be justified by the prospect of long-term profitability. English is actually the most widely-used business language across India despite the 1500 dialects, so communication problems should be minimised.</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 possible impact of India's growing economic power on multinational firms. (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 growing economic power or multinational firms, such as growing economic power is expanding GDP year on year.
2	3	<p>Application: basic points developed to show awareness of context in terms of India's impact</p> <p><i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i></p>	e.g. India's growth rate has averaged 7% since 1997.
3	4-7	<p>Candidate analyses using reasons/causes/consequences/costs to show how India's impacts on multinational firms</p> <p><i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i></p>	e.g. As India's GDP and levels of consumer incomes increase patterns of demand may change. Some foreign firms will flourish and experience growth, they may also locate in India. Indian MNCs may expand as detailed in the evidence and enter new markets and also grow. Those multinationals that are taken over or merged may see a revival of their fortunes.
4	8-15	<p><u>Low Level 4: 8-9 marks.</u> Evaluation must be present i.e. a candidate balances his/her answer</p> <p><i>8-9 marks if only one side of the argument is in context</i></p> <p><u>Medium Level 4: 10-12</u> Evaluation is developed to show perceptiveness on the part of the</p>	e.g. some multinationals may perhaps benefit from India's growing economic power, such as Coca-Cola, as opposed to those that may be threatened, such as those Tata is now competing with directly such as General Motors.

		<p>candidate.</p> <p><u>High Level 4: 13-15 marks</u> 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. the changing structural nature of the Indian economy as it grows will cause patterns of demand to change. In the short term, construction companies might benefit as infrastructure is improved, such as JCB. In the medium to long term, other companies like Jaguar/Land Rover may benefit because of the growing number of high net worth individuals.</p>
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***N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3***

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

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