Mark Scheme (Results)

Summer 2022

Pearson Edexcel International Advanced Level
In Business (WBS14) Paper 01
Unit 4: Global business

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 judgment 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.

Question Number	Using Extract A, calculate to **two** decimal places the GDP per capita of Thailand. **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **QS2** Calculate, use and ratios, averages and fractions **Knowledge** 1 mark for identifying any suitable formula eg: • $\dfrac{GDP}{Population}$ **(1)** **Application** Up to 2 marks for selecting the correct data: • $546bn **(1)** 69,410,000 **(1)** **Analysis** 1 mark for calculating GDP per capita • = $7,866.30 **(1)** **NB: If no working is shown, award marks as follows:** If the answer given is $7,866.30, award 4 marks If the answer given is 7,866.30, award 3 marks	(4)

Question Number	Explain **one** advantage for Thailand of specialising in the production of rubber.	Mark
	Answer	
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying an advantage, e.g.: • Provision of jobs/employment **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • Thailand is the biggest global exporter of rubber **(1)** • 42.4% goes to China, a growing economy **(1)** **Analysis** 1 mark for developing the advantage, e.g.: • This demand means many people are needed to keep up with the supply, creating jobs and incomes **(1)** **Accept any other appropriate response**	**(4)**

Question Number	Discuss the extent to which economic growth in a country such as Vietnam, may have caused its employment patterns to change.
	Indicative content
1(c)	**QS9** Interpret, apply and analyse information in written, graphical and numerical forms.
	Indicative content guidance
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	Knowledge, Application, Analysis, Evaluation – indicative content
	• Economic growth is when GDP rises, employment patterns refer to how a country's population is employed/distributed in terms of sectors
	• Prior to 2000, Vietnam was an emerging economy with many people employed in the primary sector
	• Since 2000 the GDP of Vietnam has steadily increased, it more than doubled between 2010 and 2020
	• This would indicate rising incomes and increasing industrialisation
	• Employment is likely to have moved from the primary to the manufacturing sector
	• In the case of Vietnam its exports of goods and services tripled in this period
	• Increase in services would indicate a rise in the size of the tertiary sector
	• However, whether economic growth itself has caused the change is not certain
	• Many countries have invested (FDI) in economies such as Vietnam to take advantage of low labour costs
	• This may have been the driver behind changing employment patterns, which then caused economic growth.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

Question Number	Assess how economic growth in developing economies may affect the trade opportunities for European businesses.
	Indicative content
1(d)	**Indicative content guidance**
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	Knowledge, Application, Analysis, Evaluation – indicative content
	- As economic growth rises, disposable incomes rise, thus increasing the demand for goods and services - This means a huge and growing potential consumer market for many European businesses and this is likely to lead to increased sales and profitability - As developing economies grow, they are likely to need not just consumer goods such as fashions and luxury goods but services as well - Infrastructure will need input from engineering and transport businesses. Communications systems and equipment will be needed - European businesses have an opportunity to move away from saturated western markets where growth may be limited, or difficult and move to the new developing markets - Product life cycles can be extended as models developed in European markets can be introduced to the developing markets - However, economic growth can mean that the developing economies begin to develop their own industries - Some Chinese (*Haier, Lenovo*) and Indian (*Tata, Infosys*) businesses are amongst the biggest in the world and more than capable of innovation and competing with European businesses on a global level - Extract C shows that developing economies are increasing their share of global exports of goods and services. By 2019 this had reached 44.3% - Many of these exports may be cheaper than their European competitors - This increases pressure on European companies that may lose market share - European businesses that are innovative, or compete on quality, or have strong brands should continue to thrive - Those that just compete on price may not.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9 –12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Assess the possible impact on businesses in countries such as Thailand and Vietnam from their membership of a trading bloc.
	Indicative content
1(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • A trading bloc is a group of countries with some form of trading agreement between themselves • Trading blocs may be based on free trade or preferential trading agreements and reduced protectionism • RCEP will become the world's largest trading bloc, mainly based in Southeast Asia, reducing trade barriers for nearly a third of the global population • Businesses within such a trading bloc should find it easier to access other member's markets as trade restrictions are eased thus increasing potential sales and revenues • Businesses may be able to import raw materials/components/products and services more cheaply from fellow members, thus reducing their costs which may give them a competitive advantage • Free trade or fewer trade restrictions should cause economic growth as prices fall (reflecting reduced costs), this increases disposable income and increases overall demand for local businesses • However, domestic industries will have lost some or all of their protective tariffs and barriers, meaning they are now relatively more expensive and less competitive • Low-cost manufacturing bases in other countries may find it easier to penetrate home markets and provide competition for domestic businesses • China is a member of RCEP and may cause problems for its smaller neighbours as it exploits its competitive advantages • Increased competition for domestic producers may mean a drop in sales causing a drop in profits • If the trading bloc imposes a common external tariff it may increase the cost of raw materials/components supplied from outside of the trading bloc. This could increase costs for some businesses • Nevertheless, many countries are in trading blocs and the formation of new trading blocs such as the RCEP suggests that for many businesses the advantages outweigh any drawbacks.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based.
		Weak or no relevant application to business examples.
		Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example.
		Chains of reasoning are presented, but may be assertions or incomplete.
		A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.
		Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).
		An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9 –12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.
		A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).
		Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Evaluate the extent to which a global business will benefit from adapting to local tastes and preferences.
	Indicative content
2	Indicative content guidance
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	Knowledge, Application, Analysis, Evaluation – indicative content
	• Global localisation or glocalisation is a marketing strategy that adapts a global product or service to suit differing tastes and preferences in different regions
	• Many successful MNCs do this e.g. *McDonald's* adapts its menus to suit local tastes such as no beef in India and the Mcaloo Tikki burger. Kit-Kat alters the flavours and type of chocolate to suit different markets
	• Taking local preferences into account means that many potential sales may be gained as the product/marketing is more likely to appeal to local tastes
	• If the new *Nike* shops concentrate on the sports played in the local area they will attract more local sportspeople, build brand loyalty and encourage repeat purchases
	• This is likely to give a business a competitive advantage over rivals that may not have followed such a policy
	• Thinking local gives a business such as *Nike*, the best of both worlds - the power and protection of a global brand and its 'swoosh' symbol plus the precise targeting of local tastes to maximise sales
	• Although it may cost more to research and adapt to local tastes, the potential gains from increased sales may outweigh these extra costs
	• However, the reverse may also be true - not having to adapt to local differences saves time and money in researching and adapting to the demands of individual markets
	• Standardised products mean that economies of scale are more likely, leading to a cost advantage, leading to lower prices and a competitive advantage, or an increase in profitability
	• For *Aldi* its proven successes in Europe mean that it is confident in its approach and does not see the need to adapt to local tastes – so far, this has been successful
	• Some products and services are universal and therefore little or no adaptation to social and cultural differences is needed when trading internationally – *Sony/Apple/Ferrari*
	• Much will depend on the product or service and it is more likely that food and drink products will need to be more aware of local preferences than technological products
	• Perhaps the best approach for many products, as shown by *Nike*, is to use some local elements, alongside its recognised global brand

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding.
		Weak or no relevant application of business examples.
		An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example.
		Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question.
		A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.
		Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question.
		Arguments are well developed.
		Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.
		Uses well-developed and logical, coherent chains of reasoning, showing a range of causes and/or effect(s).
		Arguments are fully developed.
		Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

Question	Evaluate whether push or pull factors are more important for an international business when deciding where to locate.
	Indicative content
3	**QS9** Interpret, apply and analyse information in written, graphical and numerical forms.
	Indicative content guidance
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.
	Knowledge, Application, Analysis, Evaluation – indicative content
	- Push factors are the conditions that make a business' current location less desirable and may cause it to leave and move elsewhere - Pull factors are conditions that exist elsewhere that appear to be more advantageous and may cause a business to move to those areas to take advantage of them - China was originally considered to be an advantageous location, particularly for manufacturing. An abundance of cheap labour meant that costs could be reduced and competitive advantage gained - In those days, this was seen as a pull factor and many businesses set up manufacturing bases in China, usually in the form of joint ventures - Some global businesses are now planning on moving away from China because this situation no longer applies - Costs have risen, partly due to rising tariffs but also rising labour costs. As China has grown, wages have risen increasing production costs - Other push factors may include problems with the supply chain - Producing in China may have been cheap but there have been issues with quality. Delivery, in terms of both time taken and reliability, has caused problems with some manufacturers deciding to move production closer to home markets to avoid such problems - Some US businesses are doing this and moving to Mexico as it is much closer to the US reducing lead times, this is an example of a pull factor - Vietnam is a pull factor because its labour is now relatively cheaper than China's - Ireland has one of the lowest business tax rates in the world and as a result, businesses such as *Microsoft* and *PepsiCo* have moved significant parts of their business to Ireland to save taxes paid on profit - Other pull factors may include ease of doing business, levels of infrastructure, trading blocs, political stability, natural resources and government incentives

	• However, whether push or pull factors are more important depends on the needs of the business in question
	• If labour costs are paramount, then the pull factor of somewhere such as Vietnam may be paramount
	• The need for natural resources may be inescapable, the need to mine for raw materials only available in a certain location, overrides other considerations
	• Even if costs in China continue to rise, the pull of having easy access to China's huge and increasingly prosperous internal market may be more important and outweigh the push factors

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of causes and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.