



Pearson
Edexcel

Mark Scheme (Results)

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Pearson Edexcel International Advanced Level
In Business Studies (WBS04/01)

Unit 4: Business in a Global Context

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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.

Section A: Data response

Question Number	Question	
1 (a)	What is meant by the term investment? (Evidence A, line 11)	2 marks
	Answer	Mark
	Knowledge - up to 2 marks: <ul style="list-style-type: none">• Money spent by a business (1) in order to yield a future return (1) <p>1 mark for partial or vague definition but a valid example lifts to 2 marks.</p> <p>Any other suitable alternative.</p>	1-2

Question Number	Question	
1 (b)	What is meant by the term diversification? (Evidence A, line 15)	2 marks
	Answer	Mark
	Knowledge - up to 2 marks: <ul style="list-style-type: none">• When a business introduces a new product or service/increases its product range (1) to increase sales and/or reduce risk (1) <p>1 mark for partial or vague definition but a valid example lifts to 2 marks.</p> <p>Any other suitable alternative.</p>	1-2

Question Number	Question	
2	Using your own examples, explain two other forms of trade barriers apart from tariffs.	6 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding: up to 2 marks are available for identifying two other forms of trade barriers apart from tariffs eg quotas (1) government subsidies (1)</p> <p>Application: up to 2 marks are available for contextualised answers eg Turkey is placing a quota on steel imports (1), Mexico subsidises its tomato growers (1)</p> <p>Analysis: up to 2 marks are available for developing these other trade barriers eg quotas physically restrict the amount of steel allowed in and so buyers are more likely to buy from Turkish steelmakers (1). Subsidies reduce the costs of tomato production for Mexican farmers, meaning they can sell at a lower price and be more competitive (1)</p> <p>NB if only one trade barrier cap at 3 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	
3	Analyse one advantage and one disadvantage for an African business when operating in the new free trade area.	8 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 4)</p> <p>Knowledge/understanding: up to 2 marks are available for identifying an advantage and disadvantage eg increased opportunity for sales (1) increased competition in home markets (1)</p> <p>Application: up to 2 marks are available for contextualised answers eg free trade with 43 other countries (1) zero tariffs on 90% of imports (1)</p> <p>Analysis: up to 4 marks are available for developing the possible advantage and disadvantage eg African businesses should find it easier to access other member’s markets with fewer trade restrictions (1) in addition, their goods will be cheaper without tariffs thus increasing potential sales and revenues (1)</p> <p>Domestic industries will have lost some or all of their protective tariffs and barriers, meaning they are now relatively more expensive and less competitive (1) other member states will find it easier to penetrate domestic markets and provide competition for domestic businesses (1)</p> <p>NB if only one advantage or disadvantage cap at 4 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-4</p>

Question Number	Question		
4	Assess the impact of increasing specialisation on a country such as Equatorial Guinea.		10 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of basic terms.	<p>For example, this means economies concentrate their resources in the areas that they do best, excess output is then traded.</p> <p>For example, this often means relying on a natural resource or particular skill set.</p>
2	3-4	Application: basic points developed to show evidence of impact of increasing specialisation on a country such as Equatorial Guinea.	<p>For example, Equatorial Guinea relies on oil, 85% of GDP and 94% of exports.</p> <p>For example, use of other examples such as Indonesia and palm oil.</p>
3	5-7	<p>Candidate analyses using reasons/causes/consequences/costs to show impact of increasing specialisation on a country such as Equatorial Guinea.</p> <p>NB if just analysis but no context limit to Level 2.</p>	<p>For example, specialisation leads to increased productivity and output; economies of scale may be gained as more resources are devoted to specialisation rather than spread out over many areas.</p> <p>For example, increasing specialisation leads to a build-up of skills and expertise that may lower costs of production and increase efficiency.</p>

			<p>For example, large numbers of people are employed in Equatorial Guinea by production of oil, GDP rises and leads to economic growth.</p> <p>For example, exporting oil earns export revenue and increases levels of international trade.</p>
4	8-10	<p>Evaluation must be present, ie a candidate balances their answer.</p> <p>NB if evaluation is present but no context anywhere limit to Level 3.</p>	<p>For example, specialisation can lead to over reliance on one area of the economy resulting in structural problems.</p> <p>For example, should demand or price fall, there is likely to be a significant impact on the country as risk is not sufficiently spread.</p> <p>For example, fluctuating prices can be a problem – Evidence B shows falling GDP and recession.</p> <p>For example, the global trend away from fossil fuels may not bode well for the economic future of Equatorial Guinea.</p>

Question Number	Question		
5	Assess the impact of increased FDI flows from multinational corporations on countries such as Morocco, Zambia and Kenya.		12 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of basic terms.</p> <p><i>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.</i></p>	<p>For example, FDI is the flow of investment from one country to another.</p> <p>For example, a multinational company has operations in more than one country.</p>
2	3-4	<p>Application: the answer must be contextualised and applied to show the impact of increasing FDI for a country such as Morocco, Zambia or Kenya.</p> <p><i>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.</i></p>	<p>For example, use of examples from own knowledge.</p> <p>For example, increase in FDI into automotive industry into Morocco.</p> <p>For example, increase in FDI into copper production in Zambia.</p> <p>For example, 71% increase in FDI into Kenya.</p>

3	5-7	<p>Analysis in context must be present, ie the candidate must give reasons/causes/costs/consequences to show the impact of increasing FDI for a country such as Morocco, Zambia or Kenya.</p> <p>NB if analysis is not in context, limit to Level 2.</p> <p><i>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.</i></p>	<p>For example, if car companies invest in Morocco, employment will be created in the initial building, and then the operation of, the new facilities.</p> <p>For example, local businesses may benefit as incoming MNCs source supplies and services from the host country. This creates more jobs and helps regional multiplier effect.</p>
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4	8-12	<p>Low Level 4: 8-10 marks Evaluation must be present ie a candidate balances their answer by showing the relative impact of increasing FDI for a country such as Morocco, Zambia or Kenya.</p> <p>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.</p> <p>NB if evaluation not in context limit to Level 3.</p> <p><i>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.</i></p>	<p>For example, MNCs have been known to take advantage of the local workforce with poor working conditions and low pay – <i>Foxconn</i> in China, <i>Primark's</i> suppliers, Rhani Plaza building collapse</p> <p>For example, profits may be repatriated, and tax avoided by various schemes – <i>Amazon, Google.</i></p> <p>For example, MNCs can be footloose. Morocco's growth will probably cause wages to rise in the future and the MNCs may move to a cheaper production location. This is happening in China.</p> <p>For example, MNCs can cause environmental damage, particularly in extractive industries such as copper production and may damage Zambia's ecosystems.</p>

Section B: Essay questions

Question Number	Question		
6	Evaluate the importance of the levels and growth of disposable income for a global business when entering a new market.		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of key terms.</p> <p><i>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.</i></p>	<p>For example, the amount of income consumers have available to spend after payment of taxes.</p>
2	3-6	<p>Application must be present, ie the answer must be contextualised by using knowledge/examples of the importance of the levels and growth of disposable income.</p> <p>Low Level 2: 3–4 marks. Candidate uses a limited range of examples.</p> <p>High Level 2: 5–6 marks. Candidate uses a good range of examples.</p> <p><i>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.</i></p>	<p>For example, uses evidence or examples from own knowledge.</p> <p>For example, countries in Sub-Saharan Africa have among the highest level of total cost of mobile ownership as a proportion of income worldwide.</p> <p>For example, 40% of the population in Sub-Saharan Africa is under the age of 16.</p> <p>For example, this demographic segment is likely to have low levels of disposable income.</p>

Level	Mark	Descriptor	Possible content
3	7 -12	<p>Analysis in context must be present, ie the candidate must give reasons/causes/costs/consequences of the importance of the levels and growth of disposable income.</p> <p>Low Level 3: 7–9 marks. Analysis weak: only one or two points explained.</p> <p>High Level 3: 10–12 marks. Analysis is more developed: two or more points are explained and developed.</p> <p>NB if analysis is not in context, limit to Level 2.</p> <p><i>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.</i></p>	<p>For example, mobile phone services are relatively expensive and likely to be income elastic.</p> <p>For example, therefore, the level and growth of disposable income is important for global businesses with income elastic products.</p> <p>For example, when entering a new market price may be crucial when trying to gain market share and this is related to income.</p> <p>For example, for some businesses low levels of disposable income may be attractive if they sell inferior goods.</p> <p>For example, some businesses thrive when disposable income falls such as Aldi and Lidl in the UK.</p> <p>For example, growth of income is important because although levels may be low at present, the future growth and potential of the new market should be considered.</p> <p>For example, according to the World Bank, six of the ten economies forecast to grow the most in 2018 are in Africa.</p>

Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context, showing the extent of the importance of the levels and growth of disposable income.</p> <p>Low Level 4: 13–14 marks. Some basic evaluative points are made, about the importance of the levels and growth of disposable income. A conclusion is unlikely.</p> <p>Mid Level 4: 15–17 marks. Candidate gives a range of arguments, qualifying the importance of the levels and growth of disposable income. A judgement may be attempted.</p> <p>High Level 4: 18–20 marks. Candidate gives a wide range of arguments that discuss the importance of the levels and growth of disposable income. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion.</p> <p>NB if evaluation is not in context limit to Level 3.</p> <p><i>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.</i></p>	<p>For example, disposable income is just one factor that will be taken into account when considering entering a new market.</p> <p>For example, other factors such as infrastructure are important because a retailer must be able to maintain supply/distribution networks to retail outlets.</p> <p>For example, this is particularly important for retailers such as <i>Walmart</i> and <i>Carrefour</i> that stock perishable foodstuffs.</p> <p>For example, Evidence D suggests that this is a particular problem in Sub-Saharan Africa.</p> <p>For example, Evidence D also points out that economic volatility and political instability are also problems in this area.</p> <p>For example, another factor to be considered is the ease of doing business. Countries in Sub-Saharan Africa are likely to be difficult markets to enter from this point of view.</p> <p>For example, these problems may be more important than any gains to be made from increased levels of disposable income and the business may decide not enter a market.</p>

Question Number	Question		
7	Evaluate the extent to which glocalisation is necessary for a modern global business to succeed.		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of what is meant by a glocalisation.</p> <p><i>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.</i></p>	<p>For example, when a global business adapts or changes its products and marketing strategies to suit individual countries or market segments.</p> <p>For example, glocalisation is a combination of globalisation and localisation to emphasise the idea that a product is more likely to succeed if adapted to local practices and cultural expectations.</p>
2	3-6	<p>Application must be present, ie the answer must be contextualised and show awareness of the significance of glocalisation.</p> <p>Low Level 2: 3–4 marks. Application to business models is weak.</p> <p>High Level 2: 5–6 marks. Application to business models is clear.</p> <p><i>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.</i></p>	<p>For example, uses evidence or examples from own knowledge.</p> <p>For example, <i>McDonald's</i> and food products such as no beef in India.</p> <p>For example, <i>Kit Kat</i> and cherry flavour in Japan.</p> <p>For example, <i>Coca-Cola</i> in India and local flavours.</p> <p>For example, businesses that do not follow glocalisation include <i>Apple, Sony, Ferrari, Gucci</i>.</p>

Level	Mark	Descriptor	Possible content
3	7-12	<p>Analysis in context must be present, ie the candidate must give reasons/causes/costs/consequences of why glocalisation is necessary for a modern global business to succeed.</p> <p>Low Level 3: 7-9 marks. Analysis weak: only one or two points explained.</p> <p>High Level 3: 10-12 marks. Analysis is more developed: two or more potential benefits are explained and developed.</p> <p>NB if analysis is not in context, limit to Level 2.</p> <p><i>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.</i></p>	<p>For example, adapting the product or marketing strategy means that many potential sales may be gained as the product/marketing is more likely to appeal to differing tastes.</p> <p>For example, this is also likely to give a business a competitive advantage over rivals that may not have followed a glocalisation policy.</p> <p>For example, glocalisation gives a business the best of both worlds - the power and protection of a global brand such as <i>McDonald's</i> or <i>Coca-Cola</i> and the precise targeting of local tastes to maximise sales.</p> <p>For example, these extra sales may outweigh any potential cost savings from losing some economies of scale.</p> <p>For example, it may cost more to research and adapt to local tastes but the potential gains from sales outweigh these extra costs.</p>

			<p>For example, as more businesses move more closely to glocalisation other businesses will need to follow suit if they are to succeed in the global economy.</p> <p>For example, for some businesses having the same global business model is simply not an option, such as beef burgers in India.</p>
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Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context, showing the extent to which glocalisation is necessary for a modern global business to succeed.</p> <p>Low Level 4: 13-14 marks. Some evaluative points are made, based on analysis of the necessity. A conclusion is unlikely.</p> <p>Mid Level 4: 15-17 marks. A judgement is attempted with some effort to show extent of the necessity.</p> <p>High Level 4: 18-20 marks. Convincing evaluation of the necessity. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion.</p> <p>NB if evaluation not in context limit to Level 3.</p> <p><i>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.</i></p>	<p>For example, not adapting the business model saves time and money in researching and adapting to the demands of individual markets.</p> <p>For example, some products and services are universal and therefore little or no adaptation to social and cultural differences is needed when trading internationally – <i>Sony/Apple/Ferrari.</i></p> <p>For example, attempting to glocalise may actually damage the brand as consumers may prefer the ‘western brand’ or the image that goes with it – such as fashion brands like <i>Gucci, McCartney.</i></p> <p>For example, a standardised product gains recognition and becomes known on a global scale such as the ‘apple’ symbol on a Macbook.</p> <p>For example, this builds consumer loyalty and encourages repeat purchases and is a source of competitive advantage.</p> <p>For example, with increasing globalisation and increased travel, consumers recognise and purchase familiar products.</p>

			<p>For example, standardised products can be manufactured en masse and benefit from economies of scale which may reduce average costs leading to lower prices and a competitive advantage or an increase in profitability.</p> <p>For example, some cultural and social differences may be only slight and therefore there is no need to undertake potentially expensive adaptation such as between the UK and Australia.</p> <p>For example, in reality even standardised products are glocalised to an extent with different languages and marketing strategies.</p>
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