Examiners' Report
June 2025

Int Advanced Level Business WBS14 01

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Introduction

This proved to be an accessible examination paper where candidates accessed a range of marks. Candidates were able to use the extracts provided and their own examples to support the knowledge needed to address each question.

The majority of topics assessed on the paper were well received by the majority of candidates.

The strongest candidates were able to develop logical and coherent chains of reasoning showing the cause and effect on the businesses discussed in the extract, but also by bringing in many examples of their own to support these arguments. The weaker candidates would often try to cover too many points without developing their arguments in depth, often moving onto another point before completing a chain of reasoning. Some candidates misread questions 1(c) and 1(e) and referred to the impact on the economy rather than businesses. Candidates should make sure that they read the question carefully to ensure that they are answering it correctly.

Centres could work with students to help them build their confidence in showing the cause and effect of a point made. This could help the students achieve level 4 responses.

Some candidates are merely repeating themselves in their conclusion or offering brief summaries. The conclusion really should offer something new that supports an existing argument, ideally well contextualised.

Question 1(a)

There were a mix of responses for this question. Some students had revised the incorrect formula and used x 100 at the end. There were also students that didn't understand how to write billions out and finally there were some students who failed to display the currency. Centres should be advising candidates to show their workings throughout in case they round incorrectly. Currency should always be rounded to 2 decimal places.

SECTION A

Read Extracts A, B, C and D in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Using Extract A, calculate to **two** decimal places the GDP per capita of Chile.

(4)

$$\frac{\text{GDP}}{\text{total population}} \qquad \frac{\$301.03\text{bn}}{19,604,000}$$

$= 15354.01$

GDP/capita $= 15354.01$

$= 15355.539$

$= 15355.54$

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Examiner Comments

This answer shows the correct answer 15,355.54, but it lacks the $ sign. As per NB on the mark scheme this scores 3 marks. Candidates should look back over the question when they have answered it to decide which currency/units this answer should be displayed in to ensure that they get the full 4 marks.

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Examiner Tip

The candidates should make sure that they display the formula and workings when completing a calculation question.

Question 1(b)

This question was answered well. There were many different characteristics proposed, and any valid argument was accepted. There are still some candidates who just state information from the extract and do not use this context to support a point or a consequence. Information should be used to answer the question. Some candidates said 'an emerging economy is a growing one'; however, they needed to show that this was rapid growth.

(b) Explain **one** characteristic of an emerging economy such as Chile.

(4)

An emerging economy has a rapid economic growth rate. ~~Chile has a~~ In 2022, Chile had a growth rate of 4% with a gdp of $301.03bn. This means that global businesses will begin to invest in Chile, bringing in FDI as they see potential in the market & economy

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Examiner Comments

There is accurate knowledge in the point that 'an emerging economy has rapid growth' showing a characteristic. The application mark is achieved by the use of 'growth rate of 4%' and the analysis is achieved through explaining the consequence, ie 'businesses invest bringing in FDI'.

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Examiner Tip

Candidates should make sure that they use two pieces of evidence to support their arguments when answering the question. They should not just place stand-alone quotes in their answers without using the information to create or support an argument.

Question 1(c)

Those candidates that understood the impact of a depreciation generally answered this question well. Those that addressed the significance of the depreciation and the types of goods Chilean businesses export were able to put their arguments across well. However, there are still a number of candidates that do not understand this topic and more time should be given to this. Candidates were confident with the expectation from the command word ‘discuss’ which resulted in many of them giving balanced comparisons. However, some of the students are still writing conclusions which are not needed on an 8 mark question.

(c) Discuss the likely effects of the recent depreciation of the Chilean peso (CLP) on Chilean exporters.

(8)

Depreciation of a currency is a decrease in the value of a countries currency relative to one or more foreign countries.

one benefit is that it becomes cheaper for ~~chilean~~ buyers to purchase chilean ~~exports in foreign markets~~ goods such as copper, wine, seafood and fruits, this is because the chilean peso lost 27.4% of its value against the US dollar between 2017 and 2023. Making chilean exports more cheaper in foreign markets, this makes chilean goods competitive as buyers using stronger currencies can afford to buy more leading to increased demand for chilean exports and potentially higher revenues for exporters therefore this boosts profits, creates jobs, protects chiles economic growth especially since it is the worlds leading producer of copper ~~with~~ and has trade agreements with 65 economies.

However the depreciation of the peso can create problems for exporters because chilean businesses rely on imported materials fuel or machinery when producing their goods, these imported items become more expensive when the chilean peso is weaker leading to higher production costs for businesses

In conclusion, in the short term the depreciation of the peso can help exporters attract more foreign investment into chile, leading to more funding for firms therefore businesses will expand their production. However, in the long term rising import costs and inflation could reduce profits limiting the overall benefits therefore the overall effects depends on how well businesses manage these rising costs overtime.

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Examiner Comments

This shows accurate and thorough knowledge and understanding of a change in exchange rates, but it is not applied throughout the answer and in some places drifts into the impact on the economy. The assessment is balanced but chains are not always fully developed. A conclusion is not needed on an 8 mark question, but in this case does offer some further knowledge. Best fit is the bottom of Level 3 for this answer.

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Examiner Tip

Balanced arguments are needed on an 8 mark question showing both the positive and possible negative effects.

Question 1(d)

This question was generally answered well as students were familiar with this topic and were able to bring in a balanced argument with alternative factors that may have been more important when entering a new market. Centres should work with students to help them develop their arguments into coherent and logical chains of reasoning as well as wide ranging arguments to help them secure marks in the level 4 criteria, as many responses listed a number of reasons why it is important but without explaining the consequences of it. Candidates need to also make sure they address the question, ie 'ease of doing business' before they offer an alternative reason to something else being more important.

(d) Assess the importance of the ease of doing business for a business such as *Krispy Kreme* when entering a new market.

(12)

When entering a new market, ease of doing business is an important factor for businesses such as Krispy Kreme. As per the World Bank's 'Doing Business' study, Chile is the 59th easiest country to do business in. It only takes 5½ days on average to open a business, which can help speed up operational efficiencies. Furthermore, good ease of doing business suggests moderate to low levels of bureaucracy Krispy Kreme is responsible for, which may have been a 'pull factor' for Krispy Kreme when considering market locations.

However, ease of doing business may not have been the most important factor for Krispy Kreme when assessing market locations. This is because Chile, when compared against other countries on the Doing Business index, does not rank very high. For example, in countries like New Zealand and Singapore, ease of doing business is far greater - only taking 1-2 days on average to open a business. This suggests that ease of doing business while important, is not the most significant factor for Krispy Kreme's decision making.

Another factor which is likely more important is economic growth, e.g. GDP. In 2022, Chile had a GDP of $301bn, which is around 4% in long-term annual growth. A rising GDP suggests Chile's economy is getting stronger. Consequently, it is expected that levels of employment are increasing due to higher labour-demand (in response to US & Chile trade increasing by 500%). Therefore levels of disposable income from Chile's growing middle income class likely increases the demand for normal/luxury goods, ie. donuts and desserts sold by Krispy Kreme - where previously, Chilean citizens were likely more focused on inferior and more essential goods, rather than goods/services that improve quality of living. Thus, economic growth was likely more important when assessing markets as Krispy Kreme could tap into growing demand.

Overall, while ease of doing business is important factor Krispy Kreme must consider during their market location assment, it is likely not the most important factor. This is because other factors, such as the economic growth of Chile's economy superceed their ease of doing business, when compared to other countries. In the short term, Krispy Kreme may face initial cost-inefficiencies due to lack of operational optimisations that need to be made over a long period of time when moving abroad. However, in the long term, Krispy Kreme will benefit from the growing demand of their products due to Chile's growing middle class and improved standard of living.

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Examiner Comments

This answer shows accurate and thorough knowledge and understanding of the assessment of a country as a market. There are balanced arguments looking at other factors that may be more important. There are logical chains of reasoning, leading to a supported judgement and there is also good use of context throughout the answer.

ResultsPlus
Examiner Tip

Candidates should avoid listing a number of reasons and should work at developing logical chains of reasoning around a few points.

Question 1(e)

This question was answered generally well as candidates knew the implications of free trade on a business. However, some candidates were linking this back to the economy rather than the businesses. Candidates need to be careful that they fully read the question before answering it. There were many responses that really lacked context here, so centres should be encouraging students to use the extract and bring in their own examples to support the arguments that they are making. The conclusion should not be a summary of what has already been said. They should aim to offer something new and add value to the answer.

Chile is a member of several trading blocs and has signed Free Trade Agreements with many countries such as the US.

(e) Assess the impact these agreements may have on Chilean businesses.

(12)

A free trade agreement is an agreement through which ~~the~~ two or more nations decide to remove all or most trade barriers between them.

This agreement, opened a huge market for Chilean exporters.
The US is one of the biggest countries in the world who has thousands if not millions of businesses which now can be more interested on buying Chilean products because they're cheaper than before.
This ~~can~~ could mean that chilean exporters could see an increase in demand for their products because US companies are now interested on buying from them. This would mean an increase in sales for Chilean ~~bust~~ exporters that would probably translate into increased revenue and profit.
However this might not be the case if ~~are~~ American businesses already had their suppliers offering similar prices to Chilean businesses.

On the other hand, this could also have a positive impact on Chilean importers because they would be able to ~~buy~~ import products at a lower price.
~~The US has exported mostly fuel and machinery to Chilean companies.~~
~~The US has a strong oil industry and therefore they have power~~ Since January 2015 all tariffs were removed between both countries. This allowed Chilean importers to ~~have~~ purchase all products at a lower costs allowing them to have ~~lower pric~~ higher margins ~~allowing them to~~ or to charge lower prices and both ways it would allow them to be more competitive.
However, all of Chiles importers had this same advantage so it's not an advantage at a national level but it can make them more competitive globally.

The free trade agreements have been benefitial to all Chilean businesses either because they ~~got~~ could now reach a huge market or because they had lower costs. And it also benefited all US companies because the trade flow between both countries ~~was~~ is well-balanced.

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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Examiner Comments

This answer shows accurate knowledge, but it is not very well applied to the extract. The candidate would benefit from bringing in business examples to support their answer. There are chains of reasoning, but these are also not well developed. There is a balanced comparison leading to a supported judgment.

ResultsPlus
Examiner Tip

Candidates should make sure that they read the question carefully and answer the question set.

Question 2

Many candidates were able to bring in their own examples to help support their answer to this question. There were also examples given in the extract that they could have used. Some candidates evaluated whether legal controls worked, whereas others looked at legal factors but also all the other factors that may be more effective in controlling multinational corporations. Both approaches were accepted. However, it is advised that students evaluate the legal controls and therefore provide balanced arguments to suggest they do work but also why they may not work in order for them to show the accurate and thorough knowledge and understanding in level 4, before they move on to alternative ways to control them.

SECTION B

Read Extracts E and F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate whether legal controls are the most effective way to control multinational corporations (MNCs).

(20)

Legal controls are an effective way to control MNC's such as Johnson & Johnson and Colgate-Palmolive. The Greek Government has imposed fines on the two businesses (J&J fined €1m, Colgate-Palmolive fined €672,000) for violating profit cap laws to control excessively high prices. This act of legal control is effective in controlling MNC's driven by profit by negatively impacting their financial position. Moreover, they are especially important when market leaders, who may be minimally affected by poor public reception, e.g. via social media, are acting unethically - such as Unilever. As a result, legal controls prove to be effective against MNCs like J&J, Colgate-Palmolive, Unilever, Gamble, etc.

However, legal controls are not always effective, especially in developing or emerging economies, e.g. Brazil. Brazil is an emerging economy that is notorious for its legal corruption through bribery, lobbying, etc. This means the impact legal controls have on MNCs in Brazil is greatly reduced. Moreover, despite legal measures placed on MNCs to mitigate environmental waste pollution, major MNCs such as: Nestlé, Unilever, PepsiCo, & CocaCola, were responsible for nearly half a million metric tonnes of waste being dumped across 6 developing countries. This demonstrates the limited effect legal controls, particularly in developing countries have on MNCs.

Other methods of controlling MNCs, such as pressure groups, may prove to be more effective. Pressure groups, such as Greenpeace, have historically demonstrated their effectiveness against MNCs. For example, companies like Kleenex and Huggies were scrutinised for their poor waste management. Greenpeace targeted these transnational companies, amongst many others (e.g. Nestle), which resulted in more ethical practices being imposed on these MNCs. Thus, pressure groups may be more effective in controlling MNCs, particularly those that are more sensitive to public perception and brand loyalty.

However, both pressure groups and legal controls are limited against particular MNCs, such as Glencore. Glencore is a mining company that has been reported numerous times for their unethical practices, e.g. poor working conditions. Despite this, Glencore has avoided many reprocutions and negative impacts due to the nature of their business model. They are a business-to-business company, meaning pressure groups ~~the~~ have very little influence against businesses driven soley by profit, with little regard for brand reputation.

Overall, the extent to which legal controls' effectiveness in controlling MNCs depends greatly on the nature of the MNC and the economy in which they operate in. For example, MNCs operating in developing/emerging economies, such as Brazil or Zambia are likely to not be affected greatly, given the politically corrupt nature of those economies - in which case, pressure groups may prove to be more effective. This is shown by Just Stop Oil's commitment to stopping the unethical dumping of oil by the MNC 'Shell' within Nigeria. It is recommended that the nature of the MNC is also taken into account. This is because the long-term financial impact on profit-driven MNCs as a result of legal reprocussions superceed the short-term impact on brand reputation as a result of social media or pressure groups.

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Examiner Comments

There is accurate knowledge of the effective ways to control MNCs. Legal issues have been evaluated alongside the impact of pressure groups. The answer is well contextualised with the candidate bringing in other examples of MNCs and how they have or haven't been controlled. The arguments are wide ranging leading to a conclusion.

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Examiner Tip

Candidates should make sure that their conclusions are offering something new and are not a repetition of what has already been said earlier in the answer.

Question 3

Many answers again were well contextualised with either use from the extract or the candidates' own examples. Any valid examples were accepted. Candidates generally were good at providing wide ranging arguments, but sometimes these arguments lacked depth in their analysis. Centres should work with students to help them develop their well developed logical and coherent chains of reasoning, to ensure that students are fully developing their arguments before moving onto another point.

SECTION C

Read Extract G in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether glocalisation is necessary for a global business to be successful.

(20)

Global localisation or glocalisation is ~~often~~ a strategy where a business change or alter its goods and services to adapt to local tastes and preferences in ~~another country~~ foreign markets.

Glocalisation is important for global businesses to avoid customer disatisfaction. By adapting its services to local preferences, businesses are able to show cultural sensitivity. Starbucks offers no beef or pork on its menu in India to show respect to India's religion. This is also seen done by McDonald's as it offers no beef burgers in India. By respecting India's customs and traditions, it is likely to attract loyal customers. This gives businesses positive public relations and can improve its brand identity. Not only does this increase chances of returning customers, but also sales and demand for the business. This could ultimately increase its profit margins and make the business successful in foreign markets.

However, ~~it~~ glocalisation may be difficult for some global businesses as it requires a substantial amount of market research. This means that it will be more expensive and time consuming for businesses to enter foreign markets. Walmart ~~ha~~ experienced problems with its overly-helpful customer service in Germany as it made customers uncomfortable. In order to ~~change~~ overcome this

Problem ~~custom~~, Walmart may need to change its way of giving customer service. This can be incredibly costly to change its way of staff training and may cause Walmart the need to hire more staff or experts to fit in with ~~Germany's~~ German customers' needs. This may not be as successful to businesses like Walmart as it may hinder its sales if not changed but may also cause a decrease in profits ~~to~~ to conduct market research.

Contrastingly, glocalisation is important to consider ~~to~~ when global businesses enter foreign markets as it may affect how successful the business is. In the short term, simple changes like translating into the foreign market's language may help businesses enter the market successfully. However, in the long term, it may require more investment into extensive market research and cultural sensitivity such as Starbucks offering separate counters or ovens for vegetarian dishes. This may increase the costs to research and supply vegetarian options but may lead to success as customers are likely to be satisfied. If businesses choose not to adapt to local tastes and choose to utilise the ethnocentric approach, it may cost less but its brand image may suffer. This could decrease demand and sales in the country and lead to an unsuccessful attempt in entering the market.

Overall, it is important to consider ~~to~~ glocalisation ~~in~~ for global businesses to be successful. If businesses are afraid of losing its original brand identity, such as Walmart and its store-front customer service, it may need to consider a geocentric approach rather than glocalisation. Businesses like ~~Apple is [illegible] to~~ Samsung offers red phones and TV stands in a figure of 8 in China as the colour and number is seen as lucky, while keeping its overall identity in other countries. However, it depends on the type of business and its objectives as strong brands like Apple are immune to local preferences as its loyalty and identity is already heavily established globally. Whilst if a business' objective is profit maximisation, it may not need to adopt a glocalised approach to gain profit in similar countries of its product.

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Examiner Comments

This answer shows accurate and thorough knowledge and understanding. There are wide ranging arguments that are well contextualised and there are balanced arguments with logical chains of reasoning in places, but these could be developed further. A supported conclusion is given offering something new rather than a repetition of a previous point.

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Examiner Tip

Candidates should make sure that they are using the context in the extract or bringing in their own evidence to ensure that their answer is applied throughout.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Read the question carefully and answer the question that is set
- Use business examples from the extracts plus their own examples to support their answers throughout
- Write concisely and neatly
- Make sure that the conclusions are not a just repetition or summary of what has already been said.

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