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Mark Scheme (Results)

January 2014

International A Level Business Studies/Economics & Business (6BSA3/01)

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.

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Unit 3 International Business
January 2014

Mark scheme
Section A

Question Number	Question	Marks
1.	Explain **two** possible problems that a business such as JLR might encounter when trading internationally.	6 marks
	Answer	
	Knowledge 1, Application1, Analysis 1 <u>per reason</u> **Knowledge: 1 mark** for identifying possible problems e.g. language problems, exchange rate movements, political instability, cultural clashes **Application: 1 mark** for developing the above in the context of JLR or using examples from own knowledge to illustrate points e.g. JLR is British and Chery is Chinese; fluctuations between sterling and renmimbi **Analysis: 1 marks** for developing the reasons to show consequences e.g. translation of promotional materials may be offensive and lose sales, appreciation of the pound can reduce sales and profitability ***General – if only one reason, cap at 3 marks***	1 mark 1 mark 1 mark 3 marks x 2 = 6 marks

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Question Number	Question	Marks
2.	Analyse **two** possible reasons why JLR is enjoying strong sales worldwide, notably in China'. (See Evidence A line 1)	8 marks
	Answer	
	Knowledge 1, Application1, Analysis 2 <u>per reason</u> **Knowledge: 1 mark** is available for identifying possible reasons e.g. weak pound, rising incomes **Application: 1 mark** is available for a contextual answer e.g. UK pound has lost 25% in recent years, China's growth rate of 8 – 10% **Analysis: up to 2marks** are available for expanding on the consequences e.g. exports appear to be cheaper to foreign buyers and more competitive than rivals thus stimulating demand and increased sales, growing numbers of Chinese are wanting cars or upgrading to JLR because they can now afford them, both of which lead to increased sales. Up to 2 analysis marks for **one** impact, up to 4 marks for analysis of **two** impacts ***General – if only one impact, cap at 4 marks***	1 mark 1 mark 1-2 Marks 4 marks x 2 = 8 marks

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Question Number	Question		
3.	Assess JLR's decision to form a joint venture with Chery Automobile. (9 marks)		
Level	**Marks**	**Descriptor**	**Possible content**
1	1-2	Knowledge/understanding of basic terms	e.g. a joint venture involves collaboration between two businesses on a particular project
2	3-4	Application: basic points developed to show awareness of context in terms of the joint venture	e.g. perhaps referring to the evidence, China has a different culture and language, strong communist government and regulation of many industries
3	5-6	Candidate analyses using reasons/causes/consequences/costs to show why a joint venture may have been undertaken	e.g. reduction of risk with local partner and their local knowledge reduces potential failure and loss; being closer to main market reduces transportation costs; complies with government requirements and gives access to lucrative market, shares initial costs
4	7-9	Evaluation must be present i.e. a candidate balances his/her answer by looking at potential drawbacks of entering into a joint venture Maximum 8 marks for one side in context; Up to 9 marks if both sides in context	e.g. risk of failure due to clash of corporate culture or breakdown in communications, profits must be shared

N.B. If analysis is not in context restrict to bottom L3.
If evaluation not in context restrict to top L3

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Question Number	Question		
*4.	Evaluate the likely importance to a multinational business such as JLR of adjusting for 'local tastes'. (See Evidence B, line 12) (12 marks)		
Level	**Mark**	**Descriptor**	**Possible content**
1	1-2	Knowledge/understanding of basic terms *Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.*	for understanding what is meant by "local tastes" e.g. global localisation
2	3-4	Application: basic points developed to show awareness of context in terms of a business such as JLR and/or the Chinese market *Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.*	uses examples from evidence, or from own knowledge e.g. changing the design of the back seat of their cars
3	5-7	Candidate analyses using reasons/causes/consequences/costs to show importance to a business such as JLR of adjusting for "local tastes". *Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar*	the importance of adapting products to local needs may be discussed in terms of improved sales and maximisation of profits, brand loyalty is developed and competitive advantage over rivals is increased, e.g. this gives a distinctive feature that rivals like Ford do not possess, thus increasing competitive advantage, sales and profits
4	8-12	<u>Low Level 4: 8-9 marks.</u> Evaluation must be present i.e. a candidate balances his/her answer	begins to discuss potential drawbacks – involves greater need for market research and therefore more costly, cannot achieve full global economies of scale, wider product range is harder to manage, different marketing campaigns needed e.g. JLR cannot use the same machine tools and body parts on a global basis to save on cost

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		<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 be developed; the answer is clear and articulate leading to a convincing conclusion. (candidates may use MOPS). Reward 8-9 marks for one side in context; 10-12 marks if both sides in context *Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar*	evaluation becomes more sophisticated perhaps with short term contrasted with long term. A judgement may be made as to the overall importance after a balanced discussion of pros and cons e.g. the initial increase in costs is outweighed by long term brand loyalty and repeat purchases

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If evaluation not in context restrict to top L3

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Section B

Question Number	Question	Marks
5.	Explain **two** possible reasons why a reduction in trade barriers might 'help growth and development' in African countries. (See Evidence C, line 4)	6 marks
	Answer	
	Knowledge 1, Application1, Analysis 1 <u>per reason</u> **Knowledge: 1 mark** is available for describing a reason e.g. reduce costs of trade, encourage trade liberalisation **Application: 1 mark is** available for relating the above to the context e.g. Africa has high levels of poverty, difficult to do business in Africa at present **Analysis: 1 mark is** available for developing the reasons e.g. lower import prices mean cheaper raw materials and production costs which encourages growth and helps to reduce poverty; trade liberalisation should make it easier to do business which will lead to increased growth	 1-2 marks 1-2 marks 1-2 marks

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Question Number	Question	Marks
6.	Explain **two** possible reasons why Marico has chosen to expand by takeovers.	6 marks
	Answer	Mark
	Knowledge 1, Application1, Analysis 1 <u>per reason</u> **Knowledge: 1 mark** for identifying possible reasons. e.g. rapid expansion. Acquiring specialist product/knowledge **Application: 1 mark** for contextual answers such as linking the above specifically to the Marico or the African haircare market e.g. refers to fast growing market of $1.4 billion, refers to different products such as relaxers and colours **Analysis: 1 mark** for developing the reasons e.g. by expanding quickly Marico can get established before companies like L'Oreal and maximise sales; saves Marico the cost of having to develop and establish their own range of products	 1-2 marks 1-2 marks 1-2 marks

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Question Number	Question		
7.	Assess the likely importance of infrastructure in attracting foreign investment into developing regions such as Africa. (See Evidence C, line 2) (8 marks)		
Level	**Mark**	**Descriptor**	**Possible content**
1	1	Knowledge/understanding of basic terms	e.g. transport and communication links, spending by overseas companies
2	2-3	Application: basic points developed to show awareness of context in terms of infrastructure or a region such as Africa	use of evidence or own knowledge as examples, e.g. condition of roads and rail networks, availability of internet,
3	4-5	Candidate analyses using reasons/causes/consequences/costs of the importance of infrastructure	e.g. need to have good infrastructure as it is a key factor for attracting FDI by enabling efficient transportation of raw materials and finished goods, will help facilitate flow of trade, essential for high-tech industries, help industry/farmers move products safely and quickly.
4	6-8	Evaluation must be present i.e. a candidate balances his/her answer by pointing out that other factors may also be relevant/important Maximum 7marks for one side in context; Up to 8 marks if both sides in context	e.g. there are many other factors that are also important in attracting foreign investment such as political and social stability (particular problems in Africa); quality of labour force may prevent FDI because workers lack the skills and education required to meet production process needs

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If evaluation not in context restrict to top L3

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Question Number	Question		
8.	Assess the likely benefits to businesses such as Marico of operating in a global niche market. (10 marks)		
Level	**Mark**	**Descriptor**	**Possible contents**
1	1	Knowledge/understanding of a global niche market	e.g. small part of a global market with certain special characteristics
2	2	The above is applied to a global niche market	refers to evidence or own knowledge of a global niche market e.g. haircare market for African/African-American women
3	3-5	Candidate analyses using reasons/causes/consequences/costs of the benefits of operating in a global niche market for a business such as Marico	e.g. less direct competition therefore ability to charge higher prices; more precise targeting of market segment which helps to increase sales as well as greater customer loyalty thus increasing profitability
4	6-10	<u>Low Level 4: 6-8 marks</u> Evaluation must be present, such that candidates make judgments as to the extent or degree of the benefits <u>High Level 4: 9-10 marks</u> 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). Reward 6-8 marks for one side in context; 9-10 marks if both sides in context	Balances possible benefits against negative factors e.g. not being able to fully exploit economies of scale meaning that average costs may be higher than in the mass haircare market; the niche may be limited in size and so limits potential growth to a smaller group of women The above points may be developed further with a well-rounded conclusion e.g. the future threat from mass market MNCs such as L'Oreal and Unilever who may adapt their products to suit the global niche if it proves to be a lucrative market in the long run

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If evaluation not in context restrict to top L3

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Question Number		Question	
*9.		Evaluate the likely impact on MNCs, such as Wal-Mart and Vodafone, of their decision to enter African markets. (15 marks)	
Level	**Mark**	**Descriptor**	**Possible content**
1	1-2	Knowledge/understanding of key terms *Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.*	defines or identifies what is meant by a multinational, e.g. a company that operates in more than one country
2	3	Application: basic points developed to show awareness of context in terms of African markets *Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.*	Refers to evidence in the case study, e.g. GDP expected to grow by 6% per year, MNCs such as L'Oreal, 900 million population, growing middle class spending on mobile phones
3	4-7	Candidate analyses using reasons/causes/consequences/costs to show why multinationals like Wal-Mart and Vodafone might want to enter African markets *Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar*	e.g. As Africa's GDP and levels of consumer incomes increase demand for consumer goods will also increase, this represents a chance for MNCs like Wal-Mart and Vodafone to increase sales and profitability. Markets elsewhere may be saturated/ in recession and so Africa may be the next region of rapid growth.
4	8-15	<u>Low Level 4: 8-10 marks</u> Evaluation must be present i.e. a candidate balances his/her answer <u>Mid Level 4: 11-13 marks</u> Evaluation is developed to show perceptiveness on the part of the candidate. <u>High Level 4: 14-15 marks</u> Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion (candidates may use MOPS). Reward 8-10 marks for one side in context; 11-15 marks if both sides in context	Candidates begin to examine the potential problems and risks encountered in entering new markets, e.g. cultural and social differences may be discussed as potential obstacles and the difficulty of doing business according to the World Bank e.g. the "political turmoil and significant poverty" may mean that trading conditions become problematic and expected sales are lower than anticipated Takes the evaluation further, e.g. contrasts the short term situation of high development costs and political uncertainty with the long term potential for sales market share and profits from Africa justifies the initial decision and is worth the short term risk/investment.

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		Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.	Alternatively, reward the counter argument that the decision is unjustified e.g. because of political instability and significant poverty the risks are too great for MNCs such as Wal-Mart and Vodafone

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If evaluation not in context restrict to top L3

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Assessment objectives

Question	Contents	Kn	App	An	Eval	Total
1	3.3.1a	2	2	2	-	6
2	3.3.2 & 3.3.3a	2	2	4	-	8
3	3.3.4b	2	2	2	3	9
4	3.3.5a and 3.3.5b	2	2	3	5	12
5	3.3.5a	2	2	2	-	6
6	3.3.1b	2	2	2	-	6
7	3.3.1a & 3.3.3a	1	2	2	3	8
8	3.3.5c	1	1	3	5	10
9	3.3.1a, 3.3.3.a 3.3.5a&b	2	1	4	8	15
Total	-	16	16	24	24	80

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