

Write your name here

Surname

Other names

Pearson Edexcel
International
Advanced Level

Centre Number

--	--	--	--	--	--

Candidate Number

--	--	--	--	--

Business Studies

International Advanced Level
Unit 4: Business in a Global Context

Friday 13 June 2014 – Morning

Time: 2 hours

Paper Reference

WBS04/01**You do not need any other materials.**

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

P44561A

©2014 Pearson Education Ltd.

1/1/1


PEARSON

SECTION A

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A

Macedonia



Macedonia is a small landlocked and relatively poor country in Eastern Europe. Since 2006 it has risen from 96th to 23rd place in the World Bank's annual global "ease of doing business" survey, ahead of most European Union (EU) member states. It takes only a few hours to set up a company. Average monthly wages of €330 compare favourably with neighbouring Bulgaria and Serbia.

5

The country's main infrastructure priority is to complete a €220m upgrade of the highway to Gevgelija. This has been co-financed by the European Bank for Reconstruction and Development and the European Investment Bank. Macedonia is one of seven countries waiting to join the European Union. Although Greece, its southern neighbour, is currently blocking its application. Despite this, Greece is Macedonia's fourth-largest investor, accounting for about 10% of total inflows of foreign direct investment since independence in 1991.

10

15

(Source adapted from: <http://www.ft.com/cms/s/0/63447e4c-13bd-11e3-9289-00144feabdc0.html/siteedition=uk#axzz2ex4GyQtu>)

Evidence B

Macedonia: subsidies and friendly locals attract tourists



Lake Ohrid is a popular tourist destination

Macedonia is only just beginning to exploit its tourism potential. It boasts great natural beauty, but is still largely unknown outside Eastern Europe. Its transport and tourism infrastructure is largely undeveloped.

5

In 2012 Macedonia had 350,000 foreign tourists, a 7% rise on 2011, and a 300% increase on the figures from 2000. Much of this increase comes from government incentives such as subsidies to foreign holiday companies and airlines. Even at such modest levels, tourism creates about 3% of GDP and employs 16,500 people in an economy desperate for jobs.

10

15

(Source: adapted from: <http://www.ft.com/cms/s/0/640007a2-13bd-11e3-9289-00144feabdc0.html#axzz2ex4GyQtu>)



Evidence C

Gazprom and Macedonia set up joint venture

The Russian company, *Gazprom*, one of the largest energy companies in the world, is to set up a joint venture with the Macedonian energy company *JSC Elem* in order to build a gas pipeline to deliver gas to the Republic of Macedonia. The two companies will hold equal stakes (50%) in the joint venture and control the pipeline and its capacity.

(Source adapted from: <http://www.reuters.com/finance/stocks/GAZP.MM/key-developments/article/2789640>)



1 (a) What is meant by the term 'infrastructure'? (Evidence A, line 8)

(2)

.....

.....

.....

.....

.....

.....

(b) What is meant by the term 'foreign direct investment'? (Evidence A, line 16)

(2)

.....

.....

.....

.....

.....

.....

(Total for Question 1 = 4 marks)



2 Explain why the Macedonian government might have subsidised 'foreign holiday companies and airlines'. (Evidence B, line 11)

Dotted lines for writing the answer.

(Total for Question 2 = 6 marks)



3 Analyse the likely benefits to *Gazprom* and *JSC Elem* of forming a joint venture to build the pipeline.

[Dotted lines for writing]

(Total for Question 3 = 8 marks)



4 Macedonia is waiting to join the European Union (EU), which is a trade bloc.

Assess the likely impact on Macedonia of joining a trade bloc.

Ruled area for student answer, consisting of multiple horizontal dotted lines.



.....

.....

.....

.....

.....

.....

(Total for Question 4 = 10 marks)



5 Assess the likely importance of the 'ease of doing business' when deciding where to locate production.

Area with horizontal dotted lines for writing.



(Total for Question 5 = 12 marks)

TOTAL FOR SECTION A = 40 MARKS



BLANK PAGE
SECTION B STARTS ON NEXT PAGE



SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence D

Unilever's new focus

Unilever is a multinational consumer goods company that owns many leading brands. Historically it has been a food and beverages company. *Unilever* is now concentrating on the home and personal care (HPC) market, which includes cleaning products, soaps, shampoos and deodorants.

Unilever's share of the HPC market is growing rapidly, helped in part by successful mergers and takeovers and also by its high quality brand portfolio. 5

Unilever has benefitted from rival business *Procter and Gamble's* (P&G) problems in emerging markets. P&G admitted that it had 'overextended' itself with the pace of its expansion and this should provide *Unilever* with more time to strengthen leading market positions in existing and new product categories. 10

(Source adapted from: <http://www.express.co.uk/finance/city/378331/Unilever-s-new-focus-holds-promise-for-investors>)

Evidence E

Unilever's Competitive Strategy

Unilever's strategy focuses primarily on mergers and takeovers to acquire existing brands, rather than the development and introduction of new ones. Competition drives many of these acquisitions. For example, when *Unilever* acquired *Ben & Jerry's* Homemade Ice Cream in 2000, *Nestlé* acquired *General Mill's* stake in *Ice Cream Partners USA*. This included ownership of *Haagen-Dazs*. Then in 2002 *Nestlé* acquired a majority stake in *Breyers' Grand Ice Cream*. *Unilever* has since taken over the Romanian ice cream brand *Napoca*, and *Inmarko*, the leading Russian ice cream company. 5

Unilever has recently divested itself of many brands in non-core product categories to focus on acquiring more brands in its core products. From 2004 to 2009, *Unilever* divested 1,200 underperforming brands that lacked brand recognition in the relevant markets. *Unilever* presently owns more than 400 brands, although the 25 largest brands account for over 70% of total sales. *Unilever* focuses its resources on 13 'billion-Euro brands,' each of which has annual sales in excess of €1bn. It also invested in more research and development for existing products in the European market to maintain differentiation amongst other brands in that increasingly saturated marketplace. 10

(Source adapted from: <http://www.brevolutionconsulting.com/articles/ben-and-jerrys-Unilever-merger/>)



Evidence F**Improving health and well-being**

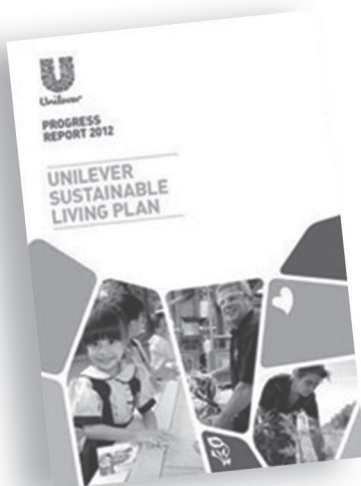
We estimate that we helped 224 million people take action to improve their health and well-being.

The Unilever Sustainable Living Plan focuses on creating three significant outcomes by 2020:

- 1 Help more than a billion people take action to improve their health and well-being.
- 2 Separate growth from negative environmental impact and halve the environmental footprint of the making and use of *Unilever* products.
- 3 Enhance the livelihoods of hundreds of thousands of people in our supply chain.

5

(Source adapted from: <http://www.Unilever.com/sustainable-living/uslp/>)

Evidence G**Unilever Sustainable Living Plan: the progress made in two years**

Two years into its 10-year Sustainable Living Plan, *Unilever* has reported solid progress on two of its three significant outcomes:

- helping more than a billion people take action to improve their health and well-being
- sourcing 100% of agricultural raw materials sustainably by 2020.

5

By the end of 2012, the company had reached 224 million people with programmes to reduce diarrhoea through hand washing with soap, provide safe drinking water, promote oral health and improve young people's self-esteem.

10

Unilever now buys over 30% of its agricultural raw materials from sustainable sources, with particular progress in palm oil, sugar, cocoa, vegetables and sunflower oil. The company has helped to train 450,000 tea farmers in sustainable practices, over 300,000 of whom have achieved Rainforest Alliance certification.

15

(Source adapted from: <http://www.theguardian.com/sustainable-business/Unilever-sustainable-living-plan-progress>)



6 Evaluate the importance of global mergers and takeovers for a multinational company such as *Unilever*.

A series of horizontal dotted lines for writing the answer.



Handwriting practice area with 20 horizontal dotted lines.



.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 6 = 20 marks)



7 Evaluate *Unilever's* decision to implement its Sustainable Living Plan.

A series of horizontal dotted lines for writing the answer.



Handwriting practice area with 20 horizontal dotted lines.



.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 7 = 20 marks)

TOTAL FOR SECTION B = 40 MARKS
TOTAL FOR PAPER = 80 MARKS



BLANK PAGE

