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Mark Scheme (Results)

October 2022

Pearson Edexcel International Advanced Level
In Business (WBS14) Paper 01
Unit 4: Global 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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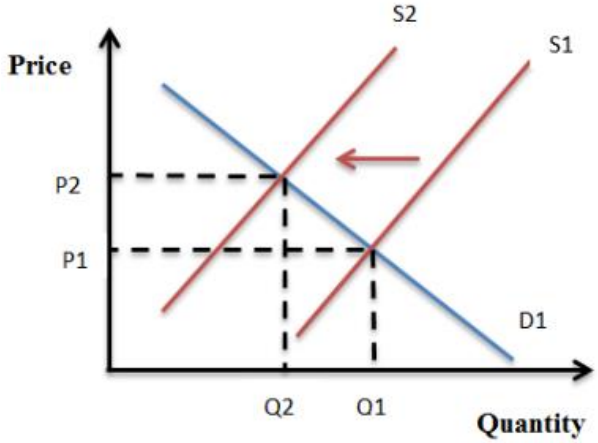
Question	Construct a supply and demand diagram to show the global market for hazelnuts after the events described in extract A. (4) **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **Quantitative skills assessed:** **QS3**: construct and interpret a range of standard graphical forms. **Knowledge** 1 mark for correctly constructing a supply and demand diagram with correctly labelled axes as 'price' and 'quantity' **(1)** **Application** Up to 2 marks for: Showing supply and demand curves with original equilibrium **(1)** Shifting the supply curve to the left **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity supplied (decreasing) **(1)**  	**(4)**

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Question	Explain one disadvantage for Turkey of specialising in the growing of hazelnuts. (4) **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a **disadvantage**, e.g.: • External shocks can be much more damaging to a specialist producer **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • Turkey is the biggest producer of hazelnuts, 75% of global output **(1)** • Turkey has been affected by extreme weather and insect infestation **(1)** **Analysis** 1 mark for developing the disadvantage, e.g.: • This has a much greater negative impact on the Turkish economy because it relies so much on hazelnut production **(1)**	**(4)**

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Question	Discuss the benefits for the EU fishing industry from receiving subsidies. (8) **Indicative content**
1(c)	**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 subsidy is a payment to a producer to offset/lower the costs of production • Some producers that may have had to leave the market, can now survive with the help of the subsidy • The EU paid $2bn to its fishing industry in 2018 • This enables EU fish producers to lower prices and become more competitive internationally • They can then expand and gain greater market share • Employment and long-term growth can be secured • However, this may lead to growing inefficiency as competitive pressures are reduced • Other fishing nations are likely to retaliate either by using their own subsidies ($35bn globally) or by placing tariffs on subsidised imports • It can have a detrimental impact on the sustainability of the industry such as the depletion of global fish stocks as stated in Extract B

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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.

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Question	Assess the role of the World Trade Organisation (WTO) in increasing trade liberalisation. (12) **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** • The WTO supervises world trading arrangements and trade negotiations and promotes the benefits of free trade • It helps to resolve disputes between governments such as the agreement on harmful fishing subsidies • Countries aspire to join the WTO (164 at present) to help them benefit from greater trade liberalisation • The WTO organises rounds of negotiations to increase and liberalise trade such as the Doha round • Through such rounds, reductions in trade barriers are negotiated and so international trade and in turn, globalisation increases • Disputes between member states are negotiated and settled to remove barriers and increase trade • The WTO actively assists and encourages less developed economies to join and participate in trade talks with a view to encouraging more trade and in turn economic development • However, the WTO is perhaps not as effective as it might be • It has taken 20 years to get close to an agreement over fishing • The Doha round collapsed after 14 years • There are other factors that have done much to increase trade liberalisation • The expansion of trading blocs has done much to liberalise trade and that has not involved the WTO • Increasing globalisation goes hand-in-hand with increasing international trade and is driven by a range of factors, social, political and cultural as well as economic • Better communications and infrastructure have encouraged trade without the help of the WTO • The WTO is just one of several factors responsible for trade liberalisation • Nevertheless it is an important contributor to trade liberalisation

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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.

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Question	Assess the possible impact of sustainable policies on a global business such as *Epson*. (12) **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** • Sustainability is the ability to satisfy the needs of the present without adversely affecting the future • For a business to act in a sustainable manner it has to move towards this goal • For many businesses this means reducing their environmental footprint in terms of inputs and harmful outputs • It may also mean additional costs, inputs from sustainable sources can be more expensive • This may reduce profitability, particularly if a business is competing against other businesses that do not follow sustainable policies • *Epson*, for example, is spending $1.15m a day on research and development • Developing and installing mechanisms to reduce emissions is likely to be expensive which will increase costs • This may cause conflicts with shareholders who wish to see a higher return • However, being sustainable may have a competitive advantage • Printers that use less energy may be cheaper to run and attract more customers • Other consumers may wish to support a business that is better for the planet than some of its rivals • Large buyers such as governments and the military may be committed to follow the United Nations' goals and purchase from *Epson* • Governments are enforcing ever tighter controls over businesses to meet environmental and political goals, a business that is already sustainable stays ahead • In the long run the benefits may outweigh the costs of pursuing sustainable policies

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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.

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Question	Evaluate the extent to which the marketing mix may need to be adapted for a global niche product such as *Halo Top*. (20) **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 • The marketing mix is the range of variables that a business can use to effectively market a product or service and are often referred to as the 4 'Ps' - Price, Product, Promotion and Place • A global niche market is a smaller more specialised section of a global market where consumer needs are not fully met by the mass market • For a niche product to be successful it has to appeal to these 'unsatisfied' consumers. In this extract, *Halo Top* has targeted the growing number of health conscious consumers • *Halo Top* ice cream does not have the same number of calories as traditional products and is differentiated by being 'healthier' • However, a risk of having a successful niche product is that success brings imitators as is the case with Ben & Jerry's, Häagen-Dazs and Magnum • To continue to grow *Halo Top* will have to keep developing and differentiating its product • The price of a niche product tends to be higher as its potential customers perceive it to be better and more suited to their needs and are therefore willing to pay a higher price • PED is more inelastic allowing greater profitability • However, as the popularity of *Halo Top* grows other new entrants will enter the market with similar products and existing businesses will also launch competitive products • This reduces the desirability and exclusivity of the niche product and it may need to adapt competitive pricing with lower profitability • Promotion is key to a niche products survival. To start with, it is crucial to contact the key niche customers to make them aware of the product • *Halo Top* has used digital methods and social networking to build a loyal fan base • However, this can only take the business so far, many consumers will not be reached by micro digital means. • *Halo Top* knows that to become a household name it will need to reach beyond the younger age groups and use more traditional marketing • Getting the product to the consumer (Place) is today much easier for a niche product. Many niche producers sell through specialist outlets or their own websites

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	• However, as a niche market grows, distribution channels need to grow and for *Halo Top* to become a best-selling brand it has to place its products into larger outlets such as the supermarkets or chain stores • This can be difficult as they are often reluctant to stock untried new lines • Although some aspects of the marketing mix may change over time, the so-called 4 P's remain constant

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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.

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Question	Evaluate the usefulness of Porter's five forces for a global business such as *Glovo*, when assessing potential markets. (20) **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** • Porter's five forces can be used to investigate the intensity of competition within an industry • Porter said that there were five forces that determined where power lay in any given market • They can help a business to analyse the competitive forces it faces and so to devise an effective strategy for achieving competitive advantage • Rivalry amongst existing competitors; markets that have only a few competing firms are likely to have much more control. *Glovo,* at the moment, has little to worry about as a claimed market leader • Threat of new entrants; if it is easy for rivals to enter the market then future competition may increase. Africa is still relatively underdeveloped and this is likely • Threat of substitutes; this is linked to the previous point and there are already two other businesses (Gokada and Jumia Food) that are not only present but providing a similar service • Bargaining power of suppliers; the more suppliers the greater the power of the business. Glovo has many suppliers, e.g. 8,000 restaurants • Bargaining power of buyers; many buyers should give greater power to the business, Glovo claims to already have over 300,000 customers and the prospect of many more should give Glovo the advantage • Altogether, Porter's five forces would tend to suggest that expansion for Glovo into its potential markets is relatively risk free and that it should have a strong competitive advantage • However, like other marketing tools, Porter's five forces is only a model and cannot take into account all variables that might affect a business • It does not take into account the levels of consumer incomes. Delivery services work well in relatively prosperous regions but in much of Africa disposable income levels are low and demand may not be there • Some parts of Africa are politically unstable with an 'unpredictable regulatory environment' which could disrupt plans

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	• Infrastructure can be poor in parts of Africa which would cause operational difficulties • Start-up costs might be high and the ease of doing business may not be high leading to delays and more costs • At best, Porter is a guide but needs to be supplemented by more rigorous research

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	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.

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