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Mark Scheme (Results)

Summer 2023

International A Level in

Business (WBS14)

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	Explain one advantage of using tariffs for a country such as Peru. (4) **Answer**	Mar
1(a)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying an **advantage**, e.g.: • Preventing unemployment in the Peruvian clothing industry **(1)** **Application** Up to 2 marks for contextualised answers, e.g.: • Over 420,000 people are employed in the clothing industry **(1)** • Clothing imports have increased their market share in Peru to 13.4% **(1)** **Analysis** 1 mark for developing the advantage, e.g.: • Tariffs increase the price of imports making domestic products more attractive which keeps people employed and maintains market share **(1)**	**(4)**

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Question Number	Using Extract A, calculate to two decimal places the percentage of the Peruvian labour force working in the clothing industry in 2021. (4) **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **QS2** Calculate, use and understand percentages and percentage changes **Knowledge** 1 mark for identifying any suitable formula eg: • Number employed in clothing / Total labour force x 100 **(1)** **Application** Up to 2 marks for selecting the correct data: • 420,000 **(1)** • 18,566,813 **(1)** **Analysis** 1 mark for calculating the percentage of the labour force working in the clothing industry • 2.26% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 2.26%, award 4 marks • If the answer given is 2.26, award 3 marks	**(4)**

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Question	Discuss the importance of different tastes and preferences for a global busine (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** • Different countries have different tastes and preferences and a global business may need to adapt its products to match them • Some countries are different, perhaps because of religious beliefs. McDonalds does not sell beef products in India and its menus are adapted around the world to suit local tastes • Other countries have different rules and regulations. Some foods from the US are banned in the EU because they contain certain additives or processes that do not comply with EU food standards and must be adapted before export • Adapting to local preferences and tastes is likely to increase sales, increase brand loyalty and increase competitiveness, which for many businesses is essential • Some products by their very nature are unlikely to sell well overseas. Inca Kola has struggled to overcome a preference for black colas elsewhere • However, some countries are similar in nature and products pass easily between them such as the UK and Ireland • Some products are universal in appeal and desirable on a global basis such as designer goods • Electronic goods with some allowance for different leads and electrical power supplies are easily adapted

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 importance of the level and growth of disposable income for a business when considering entering a market such as Peru. (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** • Disposable income is the amount of money that households have available for spending and saving after taxes have been paid • The level of disposable income is likely to be very important if a global business is to be successful in establishing a market in a country such as Peru • If incomes are low then competition for that income is likely to be strong and it may not be worthwhile entering the market • The growth of incomes is important if demand is to be sustained and sales increased • Peru is predicted to be the second fastest growing economy in South America and salaries are growing faster than the global average, 9% compared to 3% • This will be an important pull factor for a global business wishing to increase sales and/or enter a new market, particularly if its goods or services are income elastic • A rapidly growing economy is likely to have a growing demand for consumer and luxury goods and there may be gaps in the market for a new entrant • However, the level and growth of disposable income is just one factor that will be taken into account when considering entering a new market • Others factors such as infrastructure are important because a business must be able to maintain supply/distribution networks to retail outlets • Government policies which increase the ease of doing business may be important, Peru has a supportive government and a stable legal structure • Trading agreements may be a factor, for example Peru has 21 FTAs which will make cross-border trading easier • Much will depend on the nature of the business wanting to enter the market. Those businesses dependent on consumer sales with income elastic products will consider the level and growth of disposable income to be an important factor • Businesses that supply capital goods to other businesses may be more influenced by the high level of FDI into Peru

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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 role of migration in increased globalisation (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** • Migration is the movement of people from one country to another to seek employment or a better life • In recent decades as labour has become more mobile, the migration of people has spread ideas and culture leading to closer integration and globalisation • Migrants can supply low-cost labour which improves competitiveness and can increase exports and trade • Migrants often send money home; Extract D estimates a total of $689bn. This increases incomes and demand which may benefit MNCs and increase trade and globalisation • Migrants are often highly skilled and fill 'skills gaps' boosting growth and national income leading to more trade and globalisation • However, there are other factors that have played an important part in increasing globalisation • The World Trade Organisation (WTO) organises rounds of negotiations to increase and liberalise trade such as the Doha round • Through such rounds, reductions in trade barriers are negotiated • Employment caused by FDI creates income which increases the demand for goods and services and more trade thus increasing globalisation • The expansion of trading blocs such as the EU and the AfCFTA has done much to liberalise trade • Political change such as the opening up of previously closed economies has increased integration • Transport and communication costs have reduced making trade and travel much cheaper and easier • Migration is just one of several factors but it is an important contributor to increased globalisation

Level	Mark	Descriptor

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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 benefits of entering a joint venture for a global business such as *Mercedes*. (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 • A joint venture is when two or more businesses come together for a specific project. It is not a formal takeover or merger and the businesses remain independent of each other • A joint venture spreads risk and the cost of investment • If the venture is large enough economies of scale may be achieved • Joint ventures are common in many overseas markets such as China or Thailand where the host government insists that MNCs join a local partner • For a MNC such as *Mercedes* there are many advantages of a joint venture with its local partner, *TAAP* • *TAAP* will understand the culture and language of Thailand which will be very different to that of the German business *Mercedes* • *TAAP* will have local knowledge of Thailand's business rules and regulations and can help guide the joint venture through government bureaucracy making it easier and faster to get the venture going and avoid future difficulties • A local partner may have an existing supply chain or network of outlets which will reduce costs and time • Using *TAAP*'s existing production facilities to produce the batteries for its EQS will save not only costs but time, maximising the chance of success in capturing market share in a rapidly expanding market • Local partners may have access to scarce resources, legal patents or brand names which the MNC wishes to take advantage of • However, not all joint ventures are successful, it is estimated that between 40% to 70% of all joint ventures ultimately fail • If costs are shared then it is likely that profits will be shared as well • There can be a clash of cultures that cause difficulties and prevent efficient operations • Decision making may need to be jointly made, this can be slow • Some local partners may even steal ideas from the foreign partner and set up as a rival business • While joint ventures can be risky, a well-planned and well managed project can yield mutual benefits as is the case with *Mercedes* and *TAAP*

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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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Question	Evaluate the impact of protectionism on global businesses. (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** • Protectionism means the use of trade barriers which are anything that slows or halts free trade. Examples include tariffs, quotas, subsidies and regulation • Tariffs increase the price of an imported good reducing sales and making it less competitive against domestic products • Quotas and other barriers have a similar impact in decreasing supply which pushes the price up and lowers sales • Protectionism means global businesses find it harder to successfully penetrate overseas markets • Extract F shows that the European Commission has reported a significant increase in the amount of trade barriers in 2020 even amongst those with EU trade deals • Extract G shows that this is part of a longer-term trend between 2008 and 2019, with the US passing 790 trade restrictions in this time • This would suggest that trade barriers are becoming more widespread and damaging to global businesses • Trade barriers have a disproportionate effect on smaller businesses that lack the economies of scale or lobbying power of larger ones • Protectionism can lead to retaliatory measures which have a damaging effect on all businesses, not just those trying to export but on the costs and availability of raw materials and resources that are imported by a global business and used for production • However, domestic businesses can flourish if protected by trade barriers. Infant industries can grow and established ones can expand • The impact of trade barriers may not be too great on exporters if PED is inelastic. *BMW* and *Jaguar* cars sell well in the USA despite trade barriers increasing • Any loss of foreign sales may be compensated by increased domestic sales if they are protected by trade barriers erected in retaliation • The impact on a business depends on the size and severity of the trade barriers and the length of time they remain in place • The impact may be reduced if negotiations by the WTO or the EU succeed in reducing or removing the barriers • A business can benefit from a domestic subsidy enabling it to be more competitive in global markets • China is often accused of using excessive subsidies to promote its industries and agricultural output. Chinese businesses gain at the expense of others • Protectionism is usually considered to be detrimental. Most economists argue that countries, businesses and consumers would be better off with free trade. However, as shown by Extracts F and G making that happen is not easy

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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.
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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.