Pearson

Mark Scheme (Results)

January 2026

Pearson Edexcel in International A Level in Business
WBS14/01A

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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.

Question	Using Extract A, calculate to **two** decimal places the percentage increase in GDP between 2024 and 2025. You are advised to show your working. **Answer**	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **QS2** Calculate, use and understand percentages and percentage change **Knowledge** 1 mark for identifying any suitable formula e.g.: $\frac{\text{Change in GDP}}{\text{Original GDP}} \times 100 = \text{percentage change}$ **(1)** **Application** Up to 2 marks for selecting the correct data: $\frac{\$0.038 \text{ trillion}}{\$1.780 \text{ trillion}}$ **(1)** x 100 **(1)** **OR** $\frac{\$1.818 \text{ trillion} - \$1.780 \text{ trillion}}{\$1.780 \text{ trillion}}$ **(1)** x100 **(1)** **Analysis** 1 mark for calculating the percentage increase in GDP = 2.13% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 2.13% award 4 marks • If the answer given is 2.13 award 3 marks	**(4)**

<table>
<tr><th>Question</th><th>Explain one disadvantage of using GDP as a measure of growth.

Answer</th><th>Mark</th></tr>
<tr><td>1(b)</td><td> Knowledge 1, Application 2, Analysis 1 Knowledge
1 mark for identifying a disadvantage, e.g.: Does not take into account all economic activity (1) Application
Up to 2 marks for contextualised answers, e.g.: 12% of Australia’s economic activity is unrecorded (1)
This would be $213.6bn in 2024/examples include cash-in-hand jobs that do not pay tax (1) Analysis
1 mark for developing the disadvantage, e.g.: GDP is not accurate because it under records the real level of economic activity (1)</td><td>(4)</td></tr>
</table>

Question	Discuss the likely benefits of inorganic growth for a business such as Nissin Foods wanting to enter the Australian market. **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** • By taking over another company the business immediately grows in size with no need to wait for sales to increase organically • The business gets immediate use of a rival's assets and products, e.g. Nissin Foods now has a larger product portfolio and the use of ABC Pastry's suppliers and distribution network • This increases market share, which could help Nissin Foods to continue to expand at home and overseas • Increasing in size can bring benefits from economies of scale, which can reduce average costs • Nissin Foods has taken over a business that complements its existing strengths • Increasing in size can increase market power which gives greater control over prices and market trends such as the demand for high-quality frozen foods • However, organic growth is usually seen as less risky than inorganic growth • Many mergers and takeovers fail to deliver the anticipated benefits because of culture clashes or communication problems • Organic growth is less risky as the organisation is unchanged with well-established systems and procedures that avoid this risk • Inorganic growth can be expensive and may stretch resources • It can attract the attention of the regulatory authorities

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.

Question	Assess the role of the WTO in trade liberalisation. **Indicative content**
1(d)	**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** • 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 Australian dispute with Canada over wine restrictions • Countries aspire to join the WTO (164 at present) to help them benefit from more 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 developing 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 often takes a long time to reach a solution or agreement in disputes • The Doha round collapsed after 14 years • It cannot force countries to reduce trade barriers • There are other factors that have done much to increase trade liberalisation such as the expansion of trading blocs which 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

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 knowledge and understanding, supported 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.

Question	Assess the benefits for Australian businesses of membership of ECTA. **Indicative content**
1(e)	**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** • A trading bloc is a group of countries with some form of trading agreement between themselves • Trading blocs may be based on free trade or preferential trading agreements and reduced protectionism • ECTA is growing and over three years trade has increased to $24bn • Australian businesses should find it easier to access India's markets as trade restrictions have been eased thus increasing potential sales and revenues • Australian exports have continued to rise in areas such as metal ores and wood products • Businesses may be able to import raw materials/components/products and services more cheaply from fellow members, thus reducing their costs which may give them a competitive advantage • Free trade or fewer trade restrictions should cause economic growth as prices fall (reflecting reduced costs), this increases disposable income and increases overall demand for local businesses • However, domestic industries will have lost some of their protective tariffs and barriers, meaning they are now relatively more expensive and less competitive • Low-cost manufacturing bases in India may find it easier to penetrate Australian markets and provide competition for domestic businesses • Increased competition for domestic producers may mean a drop in sales causing a drop in profits • Nevertheless, it seems that so far, ECTA has been a success for Australian businesses

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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 knowledge and understanding, supported 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.

Question	Evaluate the impact on international businesses of movements in exchange rates. **Indicative content**
2	**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 • An exchange rate is the price of one currency expressed in terms of another • Movements in exchange rates can be important for businesses that import or export because currencies need exchanging for trade to take place • Exchange rates are volatile and change constantly • Changes in exchange rates may create uncertainty and make the difference between making a profit or a loss • MNCs that trade in many different countries need to exchange currencies constantly are particularly prone to this • Appreciation of a currency is usually seen as being bad for exporters and good for importers • Businesses that import raw materials are likely to see a fall in costs of production • Depreciation of a currency is usually seen as being good for exporters and bad for importers • Businesses that import raw materials are likely to see a rise in costs of production • In Japan, depreciation of the yen has had a negative impact on households that may cut down spending on domestic businesses as the price of energy and food increase • Conversely, Japanese businesses that export or run tourist businesses will benefit • However, the impact of exchange rates depends on by how much rates change and for how long • PED is important, energy costs tend to be price inelastic and may increase production costs • Other international businesses may have more price elastic inputs and switch to a cheaper substitute • Some businesses may not be too badly affected as they may be able to increase prices to cover increased costs • Businesses such as Apple have products that are likely to be price inelastic and many of its customers will continue to purchase even if the price increases

	• Other considerations may be more important than movements in exchange rates such as ease of doing business, infrastructure, political stability, supply chain constraints, level of competition • These problems may be more important than those caused by exchange rate fluctuation depending on the nature of the product or business

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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 knowledge and understanding, supported 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.

Question	Evaluate whether economies of scale are necessary for an international business to succeed. **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** • Economies of scale are reductions in long-run average costs brought about by increasing output • They can be crucial if a business is to succeed in international markets where there is a lot of competition • A reduction in AC enables a business to gain a competitive advantage because price can be lowered while maintaining profit margins to gain sales and market share • As a business grows in size, it becomes less vulnerable to external threats, such as hostile takeover bids. This is one of the key benefits of economies of scale to industries as it has a positive effect on the company's share price, as well as their ability to raise new financing • Economies of scale lead to increased profits, generating a higher return on capital investment and providing businesses with the platform to grow • This is clearly an important factor for BYD whose cars can be sold for much less than its European rivals • It has also gained a large share (over a third) of China's domestic market • However, there is a danger that a business like BYD may get too big and begin to experience diseconomies of scale • Businesses begin to suffer from poor communication when it becomes more difficult to coordinate a large organisation and to monitor the productivity and quality of thousands of employees, leading to inefficient production processes and rising AC • Some businesses succeed because they remain small and focus on other objectives to achieve a competitive advantage • Cost is not a major concern but quality, design and customer satisfaction are the key to customer satisfaction and sales • Such businesses occupy a global niche

	• Lululemon and Arc'teryx are clearly successful on a global scale and have successfully penetrated the Chinese market despite their high prices • Their success is based on superior quality and a cherished brand image that consumers wish to be part of • Although, they cannot compete with the mass market brands such as Nike, profit margins are likely to be much higher • A lack of direct competition reduces or eliminates the need to be price competitive and drive costs down • Nevertheless, even a small global business will attempt to keep costs down where possible and economies of scale are possible for small global businesses like Arc'teryx as they expand into other markets • For large, truly global businesses, economies of scale are very important and without them, as many European car manufacturers are finding out, competing against the likes of BYD is very difficult

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