

International Business

2023 - 2024

Examination Paper

Sample Assessment: Mark Scheme

Answer ALL questions in Section A and Section B

Clearly cross out surplus answers.

Time: 2 hours

The maximum mark for this paper is 100.

Any reference material brought into the examination room must be handed to the invigilator before the start of the examination.

Candidates are allowed to use a scientific calculator during this examination.

Section A – 15 MCQs	
Answer all the questions in this section – there is just ONE (1) correct answer for each multiple choice question unless stated otherwise.	
	Marks
Question 1 (LO 1, AC 1.3)	
A company that has less than TEN (10) staff and an annual turnover of less than 2 million euros is classed as what size of business?	1
a. Small to medium sized enterprise (SME)	
b. Large organisation	
c. <i>Micro-business</i>	
d. Multi-national corporation (MNC)	
Question 2 (LO 1, AC 1.8)	
As part of conducting a SWOT analysis, an organisation lists a unique selling point (USP) of same day delivery to customers and a core competence of the swift handling of online queries by staff to ONE (1) of the quadrants. Which quadrant of the SWOT are these most likely to feature in?	1
a. <i>Strengths</i>	
b. Weaknesses	
c. Opportunities	
d. Threats	
Question 3 (LO 2, AC 2.4)	
Which of the following motivation techniques peaks at the tip of a pyramid as self-actualisation?	1
a. Herzberg's Two Factor Theory	
b. <i>Maslow's Hierarchy of Needs</i>	
c. McGregor's X and Y theory	
d. McClelland's Needs Theory	

Question 4 (LO 3, AC 3.4)		
A marketing manager outperforms their targets considerably and receives a large bonus for their efforts. The manager decides to reward him or herself by buying a new car. This is an example of which product classification?		1
a.	Convenience goods	
b.	<i>Shopping goods</i>	
c.	Speciality goods	
d.	Unsought goods	
Question 5 (LO 4, AC 4.6)		
A large defence company is currently in the process of building a new submarine. This is an example of what type of operations method?		1
a.	<i>Project</i>	
b.	Job	
c.	Batch	
d.	Mass production	
Question 6 (LO 1, AC 1.2)		
A fast food chain allows people for an initial investment to buy into their organisation over a 5-10 year contract and lease a fully functioning space. They must use the company's systems, trademarks, menus, methods, support, and marketing. This is an example of what type of business?		1
a.	Partnership	
b.	Sole proprietor	
c.	Limited liability company	
d.	<i>Franchise</i>	

Question 7 (LO 1, AC 1.4)		
<p>An organisation decides to launch a popular product in a new country with the aid of a marketing campaign. At the 12 monthly review, it is found that triple the expected number of sales were made and it has helped establish the brand and product in the market to the delight of senior managers and shareholders. Which of these business objectives is it most likely to help the organisation achieve?</p> <ol style="list-style-type: none"> 1. Increase profitability 2. Make savings 3. Increase market share 4. New product development 		1
a.	1 and 2 only	
b.	1 and 3 only	
c.	2 and 3 only	
d.	2 and 4 only	
Question 8 (LO 2, AC 2.12)		
<p>The CEO of a small family company wants the staff to be able to 'knock on his door'. If they have a problem, he can help with it. Which organisational structure is the best option to enable this to happen?</p> <ol style="list-style-type: none"> a. Tall b. Flat c. Matrix d. Functional 		1
a.	Tall	
b.	Flat	
c.	Matrix	
d.	Functional	
Question 9 (LO 4, AC 4.10)		
<p>An organisation uses the number of seats available compared to tickets sold (as a percentage) to measure its capacity. This is a good measure of which type of business.</p> <ol style="list-style-type: none"> a. Hotel b. Dentist c. Football match d. Car Manufacturer 		1
a.	Hotel	
b.	Dentist	
c.	Football match	
d.	Car Manufacturer	

Question 10 (LO 4, AC 4.1)		
What is classed as an output from a hospital when using the Input Output Transformational model?		1
a.	Qualified Doctor	
b.	Fully equipped ambulance	
c.	New MRI Scanner	
d.	<i>Cured patient</i>	
Question 11 (LO 1, AC 1.8)		
An organisation that manufactures mobility scooters is considering exporting their goods abroad as exchange rates are favourable and the countries chosen have a high percentage of elderly people with care needs. These are examples of which factors of the PESTLE analysis?		1
5. Political		
6. Social		
7. Economical		
8. Environmental		
a.	1 and 2 only	
b.	1 and 3 only	
c.	<i>2 and 3 only</i>	
d.	2 and 4 only	
Question 12 (LO 2, AC 2.16)		
A video-conferencing call has been arranged by commercial staff of a large multi-national organisation across many sites around the world including China, Australia, Singapore, Germany, France, Sweden, USA, and Brazil. The agenda is focused on exploring new sales opportunities and creating synergies across the organisation and the meeting is going well. Then, the representative from Singapore arrives late with no apology and no reason for their lack of punctuality. Which THREE (3) of the following could be barriers to this call?		1
a.	<i>Behaviour</i>	
b.	Noise	
c.	<i>Language</i>	
d.	<i>Time zones</i>	
e.	Management styles	
f.	Product names	

Question 13 (LO 5, AC 5.5)		
An organisation is considering its sales figures over the last 6 months which are set out below:		1
January	£227 500	
February	£325 000	
March	£275 750	
April	£285 550	
May	£315 700	
June	£295 650	
Calculate the expected figure for July using a six month moving average. Is it?		
a.	£268 500	
b.	£287 525	
c.	£223 550	
d.	£275 000	
Question 14 (LO 4, AC 4.3)		
A wallpaper manufacturer is moving to a new state of the art facility that uses digital production techniques which are less labour intensive and friendlier to the environment. What are the potential advantages of this investment?		1
9. Lower running costs		
10. Substantial investment costs		
11. Less human error		
12. Need for staff training		
a.	1 and 2 only	
b.	2 and 3 only	
c.	1 and 3 only	
d.	2 and 4 only	

Question 15 (LO 5, AC 5.16)

Consider the table below which shows the initial investment for a new laptop and expected additional revenues due to its speed and performance each year. How long does it take to pay back the initial investment?

1

YEAR	NET CASH FLOW (ANNUAL RETURN IN \$)	CUMULATIVE CASH FLOW (CASH IN FLOW IN \$)
0	-1000	-1000
1	500	-500
2	300	-200
3	200	0
4	200	200
5	150	300

- a. 1 year
- b. 2 years
- c. 3 years
- d. 4 years

Total 15 Marks

Another answer format for Section A below:

Question	Answer
1	C
2	A
3	B
4	B
5	A
6	D
7	B
8	B
9	C
10	D
11	C
12	A, C, D
13	B
14	C
15	C

SECTION B - Answer ALL questions

Marks

Question 1

a) Define motivation in the workplace.

2

Mark Scheme

Motivation is the intrinsic or extrinsic feeling of a staff member from work undertaken whether that be from completing a task or project or accepting a promotion. If a project succeeds the managers may get a warm feeling and sense of pride in what they have accomplished (i.e. intrinsic motivation or satisfaction) and be praised and receive a reward or bonus for their work (which is an extrinsic form of motivation).

Alternatively, they may use or complement their answer with a recognised definition of motivation such as,

‘The degree to which an individual wants and chooses to engage in certain specified behaviours’ Mitchell (1982) or other recognised definition.

b) It is a manager’s role to maximise the use of available resources, ONE (1) of which is considered an organisation’s ‘key asset’ of people.

i) Identify FOUR (4) ways to motivate staff.

4

Mark Scheme

Ways to motivate staff may include any FOUR (4) of the following:

- **Rates of pay (short term) – compared to competitors.**
- **Level of benefits (e.g. holidays, health insurance, flexitime, shareholding etc)**
- **Praise for high standards of work or achievements**
- **Offering staff development opportunities and paying any fees e.g. international business skills workshops or recognised and accredited qualifications e.g. Apprenticeship programme or MBA.**
- **Enabling staff to take on challenges e.g. project lead, shadowing or taking on an overseas assignment.**
- **Achieving Promotions**
- **Awarding trophies or awards e.g. best performing expatriate**
- **Rewarding staff performance with bonuses, incentives, or cash awards/vouchers etc.**

Another method with a clear rationale may be awarded marks.

ii)	Identify FOUR (4) factors that can demotivate staff.	4
	<p>Mark Scheme</p> <p>Factors that may demotivate staff may include any FOUR (4) of the following:</p> <ul style="list-style-type: none"> • Micro-management – overseeing staff actions too closely. • Low pay – if the pay awarded does not match the skills and experience needed then a staff member may become demotivated and decide to look for work elsewhere. • Inadequate benefits – not enough holidays, working overtime without pay insufficient pension contributions or health cover etc. • Lack of recognition or praise for work done • Observing favouritism within the workplace or team – but never them! • Lack of responsible work or progression or promotion opportunities 	
c)	Describe Herzberg's Two Factor theory and its importance to managers when managing staff motivation.	7
	<p>Mark Scheme</p> <p>A definition of the Herzberg Two Factor theory model includes assessing the factors impacting staff and categorising them into hygiene factors and motivation factors. It is the manager's job to reduce the hygiene factors and help facilitate and increase motivation factors.</p> <p style="text-align: right;">(2 marks)</p> <p>Hygiene factors include working conditions, worker relations, policies and rules, quality of management and rates of pay. A manager needs to reduce the impact of these factors or counteract them with motivational factors.</p> <p>Motivation factors include creating projects, tasks and activities that aid opportunities for achievement, offering praise/recognition for excellent work, by enabling work with responsibility and scope for growth and creating opportunities for advancement.</p> <p style="text-align: right;">(5 marks)</p>	

d)	Examine how Herzberg’s Two Factor Theory can be used to motivate staff by applying it to TWO (2) workplace situations.	8
<p>Mark Scheme</p> <p>Herzberg’s Two Factor Theory can be used to motivate staff by applying it to any two of the following workplace scenarios:</p> <p>To tackle hygiene factors by:</p> <ol style="list-style-type: none"> 1. Choosing team members carefully for a project to attain the right blend of skills, expertise, and personality to achieve objectives and create synergy. 2. Decorating the offices and purchasing new office furniture – to create the right working environment for staff to operate within. 3. Offering a pay award or better terms and benefits for a role/job. <p>To create or intensify motivational factors by:</p> <ol style="list-style-type: none"> 1. Appointing a staff member as project lead to enable the opportunity for the staff member to apply their skills/experience to full use (and be satisfied/motivated in their role). 2. Recognising work achievements in a team meeting (e.g. sales targets outperformed, or overseas assignment objectives excelled) 3. Offering a staff member, the chance to undertake a degree or Apprenticeship programme paid for by the company (and maybe day release or study days off) <p>Or any other workplace scenario with a clear rationale. Up to 4 marks are to be awarded for each workplace scenario.</p>		
Total 25 Marks		

Question 2		Marks
a)	<p>A successful national DIY chain is considering branching out and entering into new markets. It is determined to conduct adequate research to make the new venture a success and reduce the risks involved in exporting into new territories.</p> <p>The organisation’s CEO brings you in as an international business consultant to discuss the prospect of expanding into other external markets. At the end of the meeting, the CEO asks you to provide the following information.</p> <p>Examine the prospect of the DIY chain expanding into new markets by:</p>	
i)	<p>Explain FIVE (5) key considerations when exploring the possibility of expanding business by exporting into new markets.</p>	10
<p>Mark Scheme</p> <p><i>Students may choose from any of the key considerations listed with a clear explanation of how it impacts the exporting decision.</i></p> <ul style="list-style-type: none"> • <i>Resources needed – finance, partnerships required (working with intermediaries or exporters), storage/equipment needed and staff to hire.</i> • <i>Talent pool of staff (e.g. dedicated to exporting – international manager)</i> • <i>Logistics – how will products be transported to the new overseas market (via intermediaries, logistics company or own transport)?</i> • <i>Location – which markets to export to e.g. growing market, considering market analysis results on similar products/competitors and whether exchange/interest rates are attractive.</i> • <i>Marketing strategy – global or localised?</i> • <i>What are the key differences between other countries in terms of operations e.g. legal/regulatory constraints, tax regulations, time zones/language variations and cultural differences?</i> <p><i>Each key consideration with a clear rationale is to be awarded up to 2 marks.</i></p>		

ii)	Examine THREE (3) potential risks for the DIY chain through international trade and identify ways to overcome them.	9
<p>Mark Scheme</p> <p>Students can examine any three of the risks below for the DIY chain of operating internationally and ways to overcome them, which include:</p> <ul style="list-style-type: none"> • Changes in exchange rates – these can be mitigated by using fixed-term contracts or by taking part in hedging activities to counteract any changes in prices due to exchange rate fluctuations. • Introduction of quotas or trade barriers by country being exported to – risks can be identified and reduced by conducting extensive research or being flexible to export to other markets entering into a partnership or establishing an overseas subsidiary. • Differences in culture may mean that acceptance of new store and brand names may become tricky – direct the new consultant to carry out suitable research on the new market and their buying habits, customer behaviours, levels of income, demographics etc. • Market attractiveness - sufficient research needs to be conducted on the new market, level of competition, similar brands/products, and prices and whether there is a gap in the market. • Marketing/branding – is the store name suitable – does it need changing, what level of investment is needed, will the style of the store suit the new market – what are competitors doing? Adaptability and flexibility are key (unlike Tesco’s Fresh and Easy stores which used the same store set-up as in the UK for the USA but did not succeed). <p>Any other suitable risks and clear ways to mitigate the risk can be chosen. Up to 3 marks are to be awarded for each of the risks along with a way to mitigate them.</p>		

iii)	Outline TWO (2) main benefits if the DIY company is successful with its expansion plans.	6
<p>Mark Scheme</p> <p>The main benefits can include TWO (2) from:</p> <ul style="list-style-type: none"> • Rising revenues – to enable the organisation to grow continuously. • Increased profits – means investment in future plans and/or paying out to shareholders. • Market growth or increased market share – establishing the DIY store in an overseas market. • Expanded customer base – increasing the number of customers the company can reach with opportunities for cross-selling, up-selling or promotions. • Proven record with opportunities to expand into further markets. • Successful sales and marketing campaigns and activities – learning from international marketing success to formulate new campaigns to expand further and into new markets. <p>Any other benefit with a clear rationale can be awarded marks.</p> <p>Up to 3 marks to be awarded for each main benefit with a clear rationale given</p>		
		Total 25 Marks

Question 3	
<p>Discuss the importance and impact of culture on international trade including an examination of both the benefits and limitations of culture, with reference to a suitable model within your answer.</p>	25
<p>Mark Scheme</p> <p><i>This question enables the candidate more flexibility to answer in an essay style approach rather than structured as in earlier questions.</i></p> <p><i>Firstly, students should define culture which can be as simple as using the Drennan quote 'culture is the way things are done around here.' Students may also consider the different aspects of culture which impact international trade and include acceptable/unacceptable behaviours, habits, language, customs, religion, stories told, appropriate management styles, and work practices. holidays, festivals, clothing, gestures, and norms/beliefs. (6 marks)</i></p> <p><i>The candidate also needs to explore the benefits and limitations of culture.</i></p> <p><i>The benefits of culture include accommodating people from different backgrounds, approaching problems in different ways, sharing expertise/diverse views, and acting innovatively with products and services. (6 marks).</i></p> <p><i>Limitations of culture include the costs of cultural/diversity training, more difficulty in managing people from different backgrounds, communication misinterpretations and travel/CSR impact. (6 marks) etc.</i></p> <p><i>Candidates can choose between a number of models such as Hofstede's cultural dimensions, cultural web and Handy/Harrison's organisational culture model - and how these can help in terms of applying appropriate management styles, working in teams or individually, whether to create a macho-management or feminine type culture and the risk approach (e.g. averse or prone to) (7 marks).</i></p>	

Question 4	
<p>A car manufacturing company is considering purchasing a new robotic welding and assembling machine for its production line.</p> <p>Evaluate the importance and use of the different investment appraisal techniques of payback method, internal rate of return (IRR) and net present value (NPV) when considering this capital expenditure spend.</p> <p>Which method is the most suitable and why?</p>	10
<p>Mark Scheme</p> <p><i>The candidate should introduce what an investment appraisal technique is and its importance. An investment appraisal technique shows the initial investment and ongoing costs for a CAPEX item during its lifetime. It also shows the revenues expected from the investment and allows a manager or purchaser to decide whether it is worthwhile (financially). They often form part of a business case or proposal for a CAPEX item which considers the whole life costs, revenues, benefits, risks, range of purchase options and a recommended course of action.</i></p> <p style="text-align: right;"><i>(up to 2 marks)</i></p> <p><i>Candidates should consider different investment appraisal techniques which should include payback method, internal rate of return (IRR) and Net Present Value (NPV) and their strengths and weaknesses.</i></p> <p><i>Their advantages and disadvantages are set out below:</i></p> <p><i>Simple payback: Advantages of easy to use, simple to calculate and gives a rough estimate of whether a project is worthwhile (or not).</i> <i>Disadvantages: does not take into account the changing value of money, is too simplistic and does not factor in changes in the environment e.g. cost of living crisis, increasing fuel costs and rising inflation.</i></p> <p><i>IRR: Advantages of Showing the time value of money, simple to calculate and required rate of return is not required (and is only a rough estimate).</i> <i>Disadvantages of: Economies of scale ignored, impractical implicit assumption of reinvestment rate, does not include the range of factors impacted by a CAPEX project and creates confusion between IRR and rate of return.</i></p> <p><i>NPV: Advantages of fully declaring all income and expenditure and factors in the changing value of money by using discount factors to account for inflation, rising energy and fuel costs, increasing materials/replacement costs and is a comprehensive forecasting method for CAPEX items.</i></p>	

<p><i>Disadvantages: more difficult to calculate, takes time to populate the method accurately and like all the previous methods only takes a snapshot in time.</i></p> <p style="text-align: right;"><i>(up to 6 marks)</i></p>	
<p><i>Conclusion: The student needs to decide from their earlier analysis and evaluation of each method and consider of advantages and disadvantages of each which method is the best method to use. The NPV method is a more realistic assessment of the expected costs of a CAPEX item over its lifetime and expected returns as it factors in the changing value of money.</i></p> <p style="text-align: right;"><i>(up to 2 marks)</i></p>	

End of Paper

Learning Outcomes matrix

Question	Learning Outcomes / Assessment Criteria assessed	Marker can differentiate between varying levels of achievement
Section A (MCQs)		
1 - 15	1, 2, 3, 4 and 5	Yes
Section B		
1	2	Yes
2	1 and 3	Yes
3	2	Yes
4	5	Yes

Grade descriptors

Learning Outcome	Pass	Merit	Distinction
1. Recognise and appreciate the nature and scope of international business, the role of business in society, internationally and within each candidate's own country as well as the importance of enterprise, business's objectives, structure, size, and stakeholders, including all types of businesses especially multinationals.	Demonstrates an adequate recognition and appreciation of the nature and scope of international business, business in society and within own country.	Demonstrates a robust recognition and appreciation of the nature and scope of international business, business in society and within own country.	Demonstrates a highly comprehensive recognition and appreciation of the nature and scope of international business, business in society and within own country.
2. Develop critical and contemporary understanding and application of the concepts of people and culture in international organisations, with analysis and evaluation of the related present-day problems as well as the various management, leadership, and motivation theories.	Demonstrates adequate ability to develop a critical and contemporary understanding and application of the concepts of people and culture in international organisations with adequate analysis and evaluation of related present day problems and	Demonstrates a robust ability to develop a critical and contemporary understanding and application of the concepts of people and culture in international organisations with detailed analysis and evaluation of	Demonstrates a highly comprehensive ability to develop a critical and contemporary understanding and application of the concepts of people and culture in international organisations with a thorough and detailed analysis

	use of appropriate theories	related present day problems and use of appropriate theories	and evaluation of related present day problems and use of appropriate theories
3. Develop knowledge and apply it to business situations with analysis and evaluation of (international) marketing problems, including an emphasis on the process of finding and satisfying customers and how marketing objectives can be met by understanding, applying, and adapting the marketing mix.	Demonstrates adequate knowledge and application of business situations with adequate analysis and evaluation of international marketing problems	Demonstrates good knowledge and application business of situations with detailed analysis and evaluation of international marketing problems	Demonstrates comprehensive knowledge and application business of situations with thorough and detailed analysis and evaluation of international marketing problems
4. Recognise, discuss, and apply the concepts of international operations management, with analysis and evaluation of related problems, including the emphasis on the way international organisations use inputs and manage business processes efficiently.	Demonstrates adequate recognition, discussion, and application of the concepts of international operations management with adequate analysis and evaluation of related problems.	Demonstrates a robust recognition, discussion, and application of the concepts of international operations management with detailed analysis and evaluation of related problems.	Demonstrates a comprehensive recognition, discussion, and application of the concepts of international operations management with thorough and detailed analysis and evaluation of related problems.
5. Recognise the concepts of finance, cash flow, the sources of finance and published accounts, and apply these to practical situations, with analysis, evaluation, and development of quantitative, problem-solving, decision-making and communication skills.	Displays an adequate recognition of the concepts of finance, cash flow, the sources of finance and published accounts and adequately applies these to practical situations with adequate analysis, evaluation and development of suitable problem solving and	Displays a robust recognition of the concepts of finance, cash flow, the sources of finance and published accounts and competently applies these to practical situations with detailed analysis, evaluation and development of suitable problem solving and	Displays a comprehensive recognition of the concepts of finance, cash flow, the sources of finance and published accounts and comprehensively applies these to practical situations with thorough and detailed analysis, evaluation and development of

	decision making skills.	decision making skills.	suitable problem solving and decision making skills.
6. Identify, analyse, and discuss the international cultural, political, economic, social, technological, legal, environmental, and ethical issues associated with international business activity and how they guide the formulation and application of the international business strategy.	Sufficient identification, analysis and discussion of the international cultural, political, economic, social, technological, legal, environmental, and ethical issues associated with international business activity and how they help formulate and apply an international business strategy	Solid identification, analysis and discussion of the international cultural, political, economic, social, technological, legal, environmental, and ethical issues associated with international business activity and how they help formulate and apply an international business strategy	Highly comprehensive identification, analysis and discussion of the international cultural, political, economic, social, technological, legal, environmental, and ethical issues associated with international business activity and how they help formulate and apply an international business strategy