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Mark Scheme (Results)

January 2016

Pearson Edexcel International Advanced Level in Economics (WEC03) Paper 01 Business Behaviour

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January 2016
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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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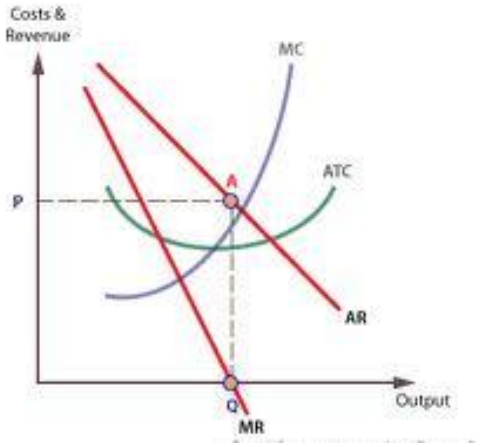
Section A: Essay questions

NB: Use levels based mark scheme (20 marks) to mark this section.

Question Number	Answer	Mark
1	**Indicative content** Definitions – private sector is any non-government owned business organisation. Private sector organisations include: • for profit (e.g. companies)and • not for profit (e.g. charities) Divorce of ownership from control – business owned by shareholders but controlled by managers/directors. Distinction is likely to be more pronounced in larger business organisations such as PLC's. Known as the principal agent problem. The prime objective of most **private sector** organisations is to make a profit. This may be: • profit maximisation • profit satisficing Other objectives may include: • revenue maximisation • sales maximisation • growth • Shareholders more likely to desire high profit/maximisation of profit. Shareholders tend to want good returns in the form of dividend payments and a rising share price. • Where there is a separation, managers may be more intent on growth objectives/satisficing/building a power base. Managers may have different objectives such as power, bonuses, prestige and status. • Many shareholders - have no day-to-day control over managers. • Many investors in a business are 'passive'. The biggest investors in companies tend to be large institutional shareholders such as pension funds and insurance companies.	

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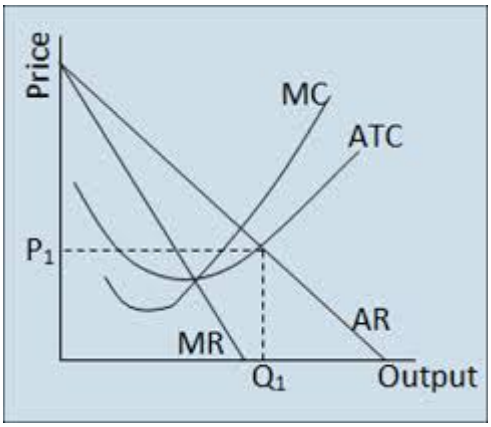
- Diagram to show the difference between profit maximisation output level (where MC = MR),and an alternative – e.g. revenue maximisation at Q, (where MR = 0). May be favoured by managers for example.



REVENUE MAXIMISATION

AND/OR

- Sales maximisation output level at Q1 (where AC = AR – normal profit). As above, may be a strategy for managers to increase market share, or for not for profit organisations.



SALES MAXIMISATION

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	Evaluation: • No automatic link between different objectives and separation of ownership from control. • Shareholders may also prefer to see short term company growth rather than short term profit gains. • In the long run all parties are likely to seek profit as an objective (except in the case of not for profit organisations) • The private sector also includes co-operatives, mutuals and not for profit organisations. Here the divorce between ownership and control may not be as significant as the owners/shareholders are not likely to seek high profit levels and have more social objectives. • May have been a rise in 'shareholder activism' – influencing the decision making of large companies e.g. blocking big pay rises and bonuses to directors/senior managers. • Incentives for managers in order to focus on achieving profit maximisation (pay awards, share schemes, bonuses etc). • Directors and senior managers may be major shareholders so not necessarily a divorce between the two	**(20)**

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Question Number	Answer	Mark
2	**Indicative content** Definitions: • Monopolistic competition – large number of buyers & sellers, no barriers to entry or exit, differentiated product, imperfect information • Monopoly market – pure monopoly where there is only one firm in the market – a sole supplier OR a cartel, where firms collude to act as if there is one supplier OR where firms have monopoly power (a high market share) Monopolistically competitive markets have the following characteristics: • Each firm makes independent decisions about price and output, based on its product, its market, and its costs of production. • Knowledge is widely spread between participants, but it is unlikely to be perfect. • There are four main types of differentiation: Physical product differentiation e.g. product features – colour, shape, design Marketing differentiation e.g. packaging, advertising, promotions Human capital differentiation e.g. skills, training Differentiation through distribution e.g. online selling • Firms are price makers – as the product/service is differentiated from competitors **Benefits to consumers:** - Differentiated products provide <u>more choice/variety</u> compared to monopoly **-** Firms are small and will have little market power – lots of rival firms. Hence <u>prices are likely to be lower</u>, compared with monopoly – with less short run supernormal profit **-** No barriers means that markets are <u>contestable</u> **-** No barriers will <u>lower prices further in the long run</u> and only normal profits can be made **-** Due to the proliferation of firms, <u>industry output may be higher</u> than under pure monopoly	

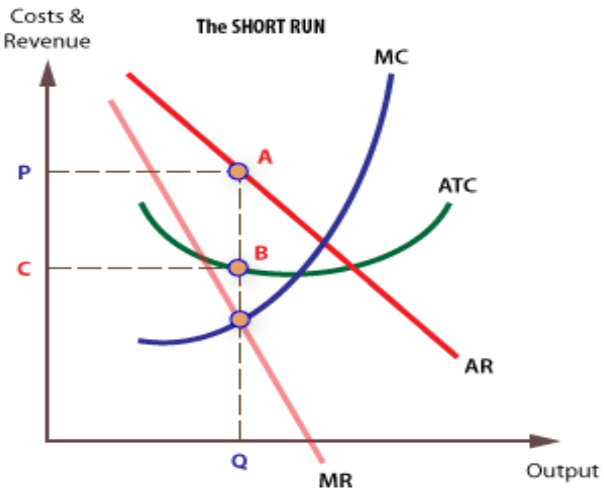
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-The market is more efficient than monopoly but less efficient than perfect competition – P is above MC, so allocative inefficiency and P is above lowest point of AC, so productive inefficiency. However the gap is likely to be less than under monopoly conditions

- Consumers may benefit from innovation - potential for dynamic efficiency

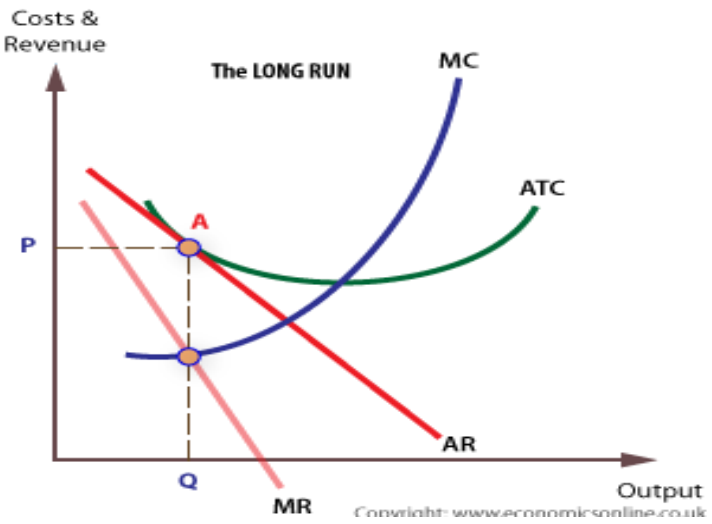
POSSIBLE DIAGRAM(S) FOR MONOPOLISTIC COMPETITION/MONOPOLY

Short run- firms make supernormal profits of CPAB at output OQ where MC =MR



Long run monopoly – same diagram as above – the ability to earn long run supernormal profits

Long run monopolistic competition-no barriers means AR shifts downwards and becomes more elastic until only normal profits are earned and price is lower at profit max level of output of OQ



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	Evaluation • Monopoly is a larger firm and so more scope for economies of scale: - Lower LRAC may result in efficiency gains being passed on to consumers – lower prices & higher output • Greater potential for dynamic efficiency – financial resources for investment in R & D and product innovation for consumer benefit • Monopolist has more freedom over the choice of price and may opt for a lower price to deter potential entrants – thus benefiting the consumer • Advertising by a large number of firms under monopolistic competition may be wasteful and add to the final price • Proliferation of brands under monopolistic competition may lead to confusion for consumers • Price discrimination by a monopoly may benefit some consumers **Candidates may take either perspective for KAA and the reverse perspective for evaluation.**	**(20)**

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Question Number	Answer	Mark
3	**Indicative content** Define price war – a series of price reductions by firms in the market. Call and response to rivals' price cuts. May involve limit pricing or predatory pricing strategies Likely to be a price strategy of an oligopolistic market – define and explain Examples drawn from supermarkets, petrol companies, airlines etc. Effects: Possible **negative** effects on consumers and employees • A rise in the concentration ratio – greater market power for surviving firms. • Lower prices for consumers may only apply in the short run. In the long run prices may actually rise e.g. if firms leave the industry. Adverse effect for consumers leading to a loss of consumer surplus and a rise in producer surplus. • May even be collusion from remaining firms to avoid further price wars. • May result in firms being forced out of the industry – negative impact on those firms' employees (less jobs) and consumers (less choice) • In order to keep prices low, firms look to reduce costs and employees' wages are forced downwards • Cost cutting may cause a fall in quality of products (consumers) • Cost cutting may result in a fall in health & safety standards at work (employees)	

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Evaluation

Possible benefits

- Price reductions

- consumers benefit from lower prices and a consequent rise

in consumer surplus

- resulting in higher sales for some firms

  - Some firms may increase profits which can be re-invested leading to Improved R & D, quality of products – hence consumers benefit

  - Possibility of non-price competition – advertising, promotional techniques which may further benefit consumers (product information, special offers etc.)

  - Increased profits may lead to higher wages, more employment opportunities and greater job security

GENERAL POINTS

- Price war may not be sustainable beyond the short run and has little long lasting impact
- Price war may provoke a reaction from the government which moves to stop further price cuts
- Consumer groups may be highly critical- concerned with possible loss of competitors and future lack of choice/monopoly power.

Candidates may take either perspective for KAA and the reverse perspective for evaluation.

(20)

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Question Number	Answer	Mark
4	**Indicative content** **Measures** may include • Legislation to control mergers and takeovers e.g. to promote competition and choice for consumers • Laws against collusion – with bans and fines imposed e.g. to promote price competition • Deregulation – lowering barriers by allowing new companies to enter the industry e.g. to increase choice • Price and profit controls e.g. setting a maximum price to limit consumer exploitation  • Grants, funding schemes, low interest loans e.g. to promote small businesses and hence increase competition • Subsidies • Quality standards and performance targets **Impact of a range of measures on business behaviour** may include: • Firms become more price competitive so prices are lowered • Fewer firms leave the market • Firms become more efficient e.g. productive, allocative and dynamic; reduced x-inefficiency of firms • Diagram(s) – e.g. rightward shift in market supply curve and impact on individual firm OR shifts in firm's cost curves (could be shift either way depending on the analysis)	

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	Evaluation • Depends on the strength of the measures – discretionary or compulsory. Firms may be in a strong market position to ignore anything which is not legislation • Costs rise (e.g. compliance quality standards) and firms experience reduced profits • • Measures may have a damaging effect on firms' profits and cause some businesses to exit the market • Maximum prices may create shortages in the market (see diagram where shortage = Q1Q3) • Large TNC's may decide to disinvest • Those firms which are most successful in meeting quality standards and performance targets will tend to gain most profit and market share • Impact may depend on the influence of pressure groups	**(20)**

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Section A Questions: Performance Criteria for Mark base20		
Level 0	0	• No rewardable material
Level 1	1-4	• Displays knowledge presented as facts without awareness of other viewpoints • Demonstrates limited understanding with little or no analysis • Attempts at selecting and applying different economic ideas are unsuccessful • Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
Level 2	5-8	• Displays elementary knowledge of well learnt economic facts showing a generalised understanding together with limited analysis i.e. identification of points or a very limited discussion • Displays a limited ability to select and apply different economic ideas • Material presented has a basic relevance but lacks organisation, but is generally comprehensible. Frequent punctuation and/or grammar errors are likely to be present which affects the clarity and coherence of the writing overall.
Level 3	9-12	• Displays knowledge and understanding of economic principles, concepts and theories as well as some analysis of issues i.e. answer might lack sufficient breadth and depth to be worthy of a higher mark • Shows some ability to apply economic ideas and relate them to economic problems • Employs different approaches to reach conclusions • Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
Level 4	13-16	• Displays a good knowledge of economic principles, concepts and theories together with an analysis of the issues involved • Demonstrates an ability to select and apply economic ideas and to relate them to economic problems • Evidence of some evaluation of alternative approaches leading to conclusions • Material is presented in a generally relevant and logical way, but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.
Level 5	17-20	• Displays a wide range of knowledge of economic principles, concepts and theories together with a rigorous analysis of issues • Demonstrates an outstanding ability to select and apply economic ideas to economic problems • Evaluation is well balanced and critical leading to valid conclusions • Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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Section B: Data response

Question Number	Answer	Mark
5(a)	**Knowledge and Application (up to 4 marks)** **Knowledge** – up to 2 marks Explaining the meaning of profit: The difference between total revenue and total cost (2) Fall in profit means that the gap between revenue and cost is getting smaller (2) Profit margin (1)-the difference between price -AR, and cost per unit -AC (1) Accurate diagram (2) An incomplete definition (1) Accept any other valid definition (2) **Application – <u>up to 2 marks for ONE reason (1) with development (1)</u>** A fall in sales by 10% - 15 % (1) which means a drop in revenue (1) OR A rise in the costs of production (1)– animal feed (1), rising wage costs due to shortages of labour(1) OR Intense competition (1) – pressure on prices (1) and keeping costs down (1) OR Any other valid application point – up to 2 marks	**(4)**

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Question Number		Mark
5(b)		**(12)**

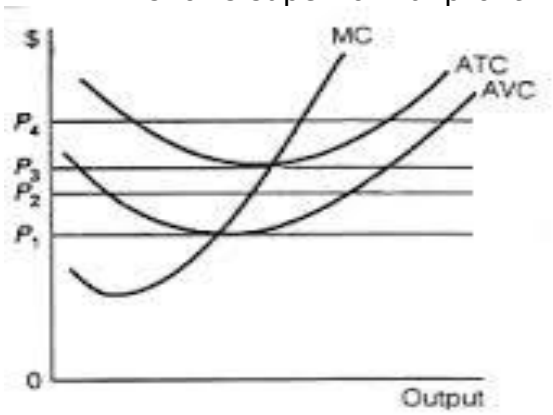
Knowledge, Application and Analysis – Indicative content

Explain the term 'loss making business' – a firm is unable to cover its costs of production (or earning less than its normal profit AR ≤ AC)

Distinction between the short run and long run – fixed and variable factors of production

Diagram

- In the short run the firm can survive as long as it covers its variable costs –minimum price of P1.
- P2 shows a contribution to fixed cost but still loss making
- P3 shows where normal profit is made - minimum price in the long run
- P4 shows supernormal profit



- The Adi Shakti poultry farm is covering AVC but not ATC – price P2 -so is able to survive in the short run

- In the long run survival depends on making at least normal profit (AR = AC), so loss makers will exit the industry. Costs of production would need to fall (downward shift)

  ACCEPT DIAGRAM SHOWING IMPERFECT MARKET

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Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the implications for a loss making business. Material presented is often irrelevant - lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the implications for a loss making business with some application to context. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the implications for a loss making business (short and long run distinction) with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

Evaluation – Indicative content		
	Survival may be possible if: • demand for poultry rises • competitors exit the market • small poultry firms merge • financial support is provided by the Indian Government • the firm manages to reduce its costs Intense competition is likely to lower the chances of survival	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number		Mark
5(c)		**(12)**
Knowledge, Application and Analysis – Indicative content		
	• Define non price strategies–a strategy aimed at gaining sales, market share, profits which does not involve price competition • Examples may include –branding -patents -product innovation -quality of product/service -promotional offers -advertising -internet selling -loyalty cards • Non-price competition is more likely to occur in oligopolistic and monopolistic competition market structures because price competition can lead to destructive price wars • Apple's & Zara's non-pricing strategies likely to be a combination of all of the above examples– i.e. new products are referred to in both extracts • A further possibility is collusion with rivals on a non-price basis – divide up the market, exclusive deals etc. • Non-price competition will aim to make PED more price inelastic (less price elastic) and to raise barriers to entry (patents, branding, increased brand loyalty, advertising etc.)	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of non-pricing strategies. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the use of non-pricing strategies with some application. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the use of non-pricing strategies with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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Evaluation – Indicative content		
	• How successful are the strategies likely to be – in terms of revenue, profit, market share, impact on rivals? • Will rivals be able to copy the strategies? • Costs of the strategies – cost of product development & innovation, patents, advertising etc. If the cost of implementation is greater than the pay-off, clearly it will be rejected • How long will strategies take to work – short term long term impact? • May need to adopt pricing strategies alongside or as an alternative • Collusion – unlikely in the case of these two firms and consideration of government response	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number		Mark
5(d)		**(12)**
Knowledge, Application and Analysis – Indicative content		
	• Growth can be internal or external – definitions of both Benefits of internal growth may include: • Less risky than merging or taking over other businesses • Can be financed through internal funds (e.g. retained profits) • Allows the business to grow at a more sensible rate External growth consists of horizontal, vertical (forward & backward) & conglomerate Definition of horizontal merger – integration at the same stage of production in the same industry (e.g.2 poultry farms) Benefits may include: • merged firms are no longer competing against each other • gains from shared knowledge/understanding of the market from the other firm • a means of growth when market demand is low (see Extract 1) Definition of vertical merger – between firms at different stages of production in the same industry. Vertical forward and backward • Zara – designs and manufactures its merchandise (vertical backward integration) • Apple – produces hardware and software for its own devices Benefits of vertical integration may include: • Greater control of the supply chain – this helps to reduce costs and improve quality of inputs • Improved access to important raw materials used in manufacturing	

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	• Zara – fast speed of production process from design to on the shelf. Very important in fashion industry • More able to operate just in time system which lowers costs • Increased efficiency • More in touch with changes in consumer demand e.g. Apple products can be modified, innovated in response to consumer needs and wants • Better control over retail distribution channels • Restricting sale of rivals' product	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the different methods of business growth. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the different methods of business growth, with some application to context. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the different methods of business growth, with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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Evaluation – Indicative content		
	Disadvantages of **internal** growth may include – • Growth achieved may be dependent on the growth of the overall market • Harder to build market share if business is already a leader • Slow growth – shareholders may prefer more rapid growth Problems of horizontal merger may include – • Rising market share might attract the attention of competition authorities • Risk of possible culture clashes • Scope for economies of scale may be limited where combined firm size is still small (Extract 1) • Diseconomies of scale • Mergers may make little difference to profitability due to for example, cost pressures or falling demand Problems of vertical merger may include: • Firms may be sacrificing some of the benefits of specialisation -Extract 3 • Diseconomies of scale • Firms may be operating in unfamiliar markets (also applies to conglomerates) • Firms may lose some of the benefits of outsourcing (lower cost, familiarity) – Extract 2 • Possible growth in market power results in action from competition authorities	

Level	Marks	Description
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number	Answer	Mark
6(a)	**Knowledge and Application (up to 4 marks)** **Knowledge** – up to 2 marks: Explanation of FDI – Investing directly in production in another country (1), either by buying a company there or establishing new operations of an existing business (1) Outflow = total direct investment into other countries (rest of world) (1) Inflow = total direct investment into the country from all other countries (ROW) (1) **Application** – up to 2 marks: Both FDI inflows and outflows grow over the period 2009 - 2013 (10 Inflows grew by US$144b (1). Outflows grew by US$29.3b (1) Inflows grew by 66.7% (1). Outflows grew by 126% (1) Growth in inflows was higher than growth in outflows (1) Total inflows consistently higher than total outflows (1) Growth in inflows slowed down after 2011 (1) Outflows fell from 2010 to 2011 (1) Accept any other valid point (up to 2 marks)	**(4)**

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Question Number		Mark
6(b)		**(12)**
Knowledge, Application and Analysis – Indicative content		
	Define TNC **Benefit**s – • Gives Chinese firms access to more markets – developed economies e.g. Sweden and other European markets and emerging markets • Increased revenues and profits • Opportunities to close the gap with foreign rivals • Insufficient demand in the emerging domestic economy • More scope for economies of scale e.g. cost savings on R& D in Sweden • Gain a better understanding of markets, technology standards and policies in other countries • Finance and other support may be available from the Chinese government (reducing costs to the businesses)	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the benefits of international growth for firms. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the benefits of international growth for Chinese firms with some application to context. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the benefits of international growth for Chinese firms with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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Evaluation – Indicative content		
	• High capital costs – although the Chinese government provides finance • Unfamiliarity with markets/economies – laws, customs, tastes etc. May be risky • Distrust of Chinese companies by some overseas consumers (Extract 1) • Potential diseconomies of scale • Distinction between short and long run (benefits usually gained in the long run in relation to FDI)	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number		Mark
6(c)		**(12)**
Knowledge, Application and Analysis – Indicative content		
	Measures to attract FDI (TNCs) may include domestic governments: Offering financial incentives e.g. – tax relief schemes, loan guarantees and lower interest rates Supporting R&D and encouraging innovation – lower taxes, investment promotion Creating a more competitive business environment (e.g. deregulation in Thailand) Funding improved infrastructure Removing trade barriers Increasing flexibility in labour markets The likely impact may include: <u>Positives</u>: • Development of skills in the labour force • Improved transport infrastructure • Growth in the economy – AD/AS analysis – short run AD shift to the right; long run LRAS shifts to the right (or shift to right of PPF) • Greater employment opportunities and fall in unemployment • More competitive & innovative industries (e.g. the motive behind Thai Government's measures) • Impact on the country's Balance of Payments: initial inflow into financial account; medium term: increased exports and improved current account <u>Negatives</u>: • B of P long term: outflow from B of P current account e.g. dividends to overseas shareholders • Lack of real benefit to economies due to profits being transferred abroad (e.g. accusations against ABF in Zambia)	

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	• May exert downward pressure on wages and living standards • No tangible benefits to public finances - a consequence of transfer pricing	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the impact of government measures to attract FDI. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the impact of government measures to attract FDI with some application to context. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the impact of government measures to attract FDI with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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Evaluation – Indicative content		
	Impact of measures depends on: • Short run/long run impact – e.g. tax incentives may only have a short run impact due to similar incentives offered by other countries • The relative level of incentives on offer – how they compare with "rival" economies (Extract 2) • The level of confidence in the economy - present and future • The pace of economic reform and development • Political and economic stability • Degree of opposition to TNC activity from pressure groups – may dissuade TNCs from investing • Measures may have serious cost implications for governments (opportunity cost, escalating budget deficits) – more challenging for emerging economies Accept KAA which adopts a microeconomics approach	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number		Mark
6(d)		**(12)**
Knowledge, Application and Analysis – Indicative content		
	Definition of pressure group – an organised group that seeks to influence government policy or protect or advance a particular cause or interest. They may operate at local, national or international level Examples of pressure groups –trade unions, charities such as Oxfam, Greenpeace, ActionAid. Pressure group activities may include • pressure on governments to tighten controls e.g. tax laws (Extract 3) • adverse publicity against TNCs • TU action • protests • consumer campaigns e.g. Fair Trade • consumer boycotts . Influence on TNC operations • may make it more difficult for TNCs to avoid taxes, reducing opportunities for transfer pricing – refer to Extract 3 due to pressure on government and public support • actions of trade unions and human rights groups may mean that TNCs have to comply with tighter laws and regulations –improved safety standards, higher wages etc. • Pressure groups may create public opposition to TNCs activities, adverse media coverage. This may lead to consumer action with consumers switching to locally sourced products, Fair Trade goods etc. • TNCs may alter behaviour in order to improve public image and avoid a potential loss in profit	

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Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the possible influence of pressure group activities. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the possible influence of pressure group activities with some application to context. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the possible influence of pressure group activities with effective application to context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

Evaluation – Indicative content		
	• Influence of pressure groups depends on different factors which may include: - • size of group - local, national or international, degree of media coverage, TU strength, government support, willingness of TNCs to comply • Some TNCs are very powerful – and it will often require concerted joint international action (Extract 3) perhaps with full government support • Governments may be concerned of the threat of TNCs pulling out of the economy – negative consequences on jobs, incomes etc. so don't act against TNC (possibly applies in Zambia) • Difficulties of imposing *national* laws and regulations on *transnational* organisations • Distinction between short term and long term impact	
Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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