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Pearson Edexcel International Advanced Level

# Friday 24 October 2025

Morning (Time: 2 hours)

Paper reference **WEC13/01A**

# Economics

## International Advanced Level
## UNIT 3: Business behaviour
## Question Paper

**You must have:**
Source Booklet and Answer Booklet

*Turn over* ▶

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## SECTION A

**Answer ALL questions in this section in the Answer Booklet.**

**1** In 2025 the Government of Zimbabwe proposed the privatisation of the 36 nationalised water suppliers.

Which **one** of the following is a potential benefit of this privatisation?

**A** Increased efficiency resulting from the profit motive

**B** Increased government control from state ownership

**C** Increased provision of public goods

**D** Increased job security for employees

**(Total for Question 1 = 1 mark)**

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**2** The shareholders of a car manufacturer, who own the company, are separate from its management team, that makes the operational decisions. Assume that this manufacturer has a satisficing objective.

Which **one** of the following best describes this objective?

**A** Maximising profits and reducing costs

**B** Achieving an acceptable level of profit and sales

**C** Minimising dividends to shareholders

**D** Maximising total revenue and total costs

**(Total for Question 2 = 1 mark)**

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**3** A hairdressing business in Sri Lanka is operating in a monopolistically competitive market.

Which **one** of the following combinations would apply to such a business in long-run equilibrium?

| | Profit | Allocatively efficient |
|---|---|---|
| **A** | Normal | No |
| **B** | Supernormal | No |
| **C** | Normal | Yes |
| **D** | Supernormal | Yes |

**(Total for Question 3 = 1 mark)**

**4** In January 2021 the UK Government appointed a new regulator to ensure that new houses are built from safe materials.

Which **one** of the following would limit the impact of this government intervention in the housing market?

**A** Perfect mobility of resources

**B** A flexible labour market

**C** Perfect knowledge of the housing market

**D** Regulatory capture

**(Total for Question 4 = 1 mark)**

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**5** The table shows a manufacturer's total costs at different levels of output.

| Output | Total costs ($) |
|---|---|
| 0 | 500 |
| 500 | 10 500 |
| 1 000 | 19 500 |
| 1 500 | 27 500 |
| 2 000 | 38 500 |
| 2 500 | 50 500 |

Which **one** of the following is the average variable cost for an output of 2000 units?

**A** $19.00

**B** $19.25

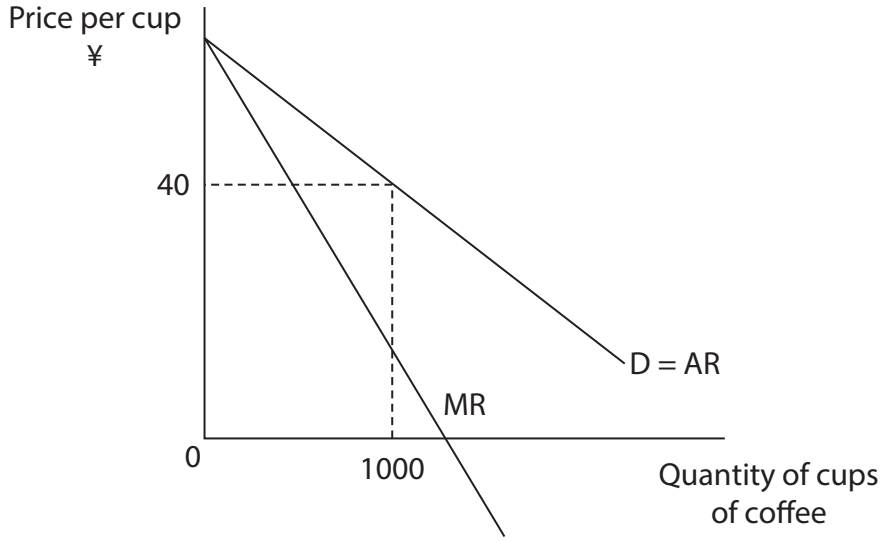
**C** $20.00

**D** $20.20

**(Total for Question 5 = 1 mark)**

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**6** The diagram shows the average revenue and marginal revenue curves for a café in China selling cups of coffee.




It currently sells 1000 cups of coffee at ¥40 per cup.

*Ceteris paribus*, which **one** of the following would happen if the café increased its selling price by 15%?

**A** Demand would become less price elastic

**B** The price elasticity of demand would be constant

**C** Total revenue would fall

**D** Total revenue would rise

**(Total for Question 6 = 1 mark)**

**TOTAL FOR SECTION A = 6 MARKS**

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## SECTION B

**Study Figure 1 and Extracts A, B and C in the Source Booklet before answering Question 7.**

**Write your answers in the spaces provided in the Answer Booklet.**

**7** (a) With reference to Figure 1, calculate the percentage change in average diesel prices between July 2023 and June 2024.

You are advised to show your workings.

**(2)**

(b) With reference to Extract A, explain the type of integration that would result from the merger between Unity Bank and Providus Bank.

**(4)**

(c) With reference to Extract A, analyse **two** likely benefits of the merger between Unity Bank and Providus Bank.

**(6)**

(d) With reference to Extract B, examine **two** reasons why some businesses made significant losses.

Illustrate your answer with an appropriate diagram(s).

**(8)**

(e) With reference to Extract C, evaluate policies that the Government of Nigeria could use to support businesses.

**(14)**

**(Total for Question 7 = 34 marks)**

**TOTAL FOR SECTION B = 34 MARKS**

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## SECTION C

**Answer TWO questions from this section.**

**Write your answers in the spaces provided in the Answer Booklet.**

**8** The table shows the prices charged for train tickets between Buenos Aires and Rosario Sud by Trenes Argentinos, the state-run railway service in Argentina.

| | **Price per ticket, Argentine peso $** |
|---|---|
| Adult | 10 800 |
| Retired | 7 200 |
| Child | 6 000 |

Evaluate the benefits of price discrimination for producers **and** consumers.

Refer to an industry of your choice in your answer.

Illustrate your answer with an appropriate diagram(s).

**(Total for Question 8 = 20 marks)**

**9** The table shows the increases in the national minimum wage rates for selected countries in 2024.

| **Country** | **Percentage increase** |
|---|---|
| South Korea | 5% |
| Brazil | 7% |
| Mexico | 20% |

Evaluate the benefits of an increase in the minimum wage rate for businesses **and** workers.

Illustrate your answer with an appropriate diagram(s).

**(Total for Question 9 = 20 marks)**

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**10** The global electronic market is dominated by a few large businesses. The table shows the spending on research and development, and revenue for selected businesses in 2024.

| Business | Research and development | Revenue |
|---|---|---|
| Apple | $33.0 bn | $391.0 bn |
| Samsung | $25.2 bn | $207.5 bn |
| Huawei | $27.3 bn | $118.0 bn |

Evaluate the benefits of non-price competition in oligopolistic markets for consumers **and** businesses.

Refer to an industry of your choice in your answer.

**(Total for Question 10 = 20 marks)**

**TOTAL FOR SECTION C = 40 MARKS**
**TOTAL FOR PAPER = 80 MARKS**

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Paper reference **WEC13/01A**

# Economics

## International Advanced Level

## UNIT 3: Business behaviour

**Source Booklet**

**Do not return this Booklet with the question paper.**

*Turn over* ▶

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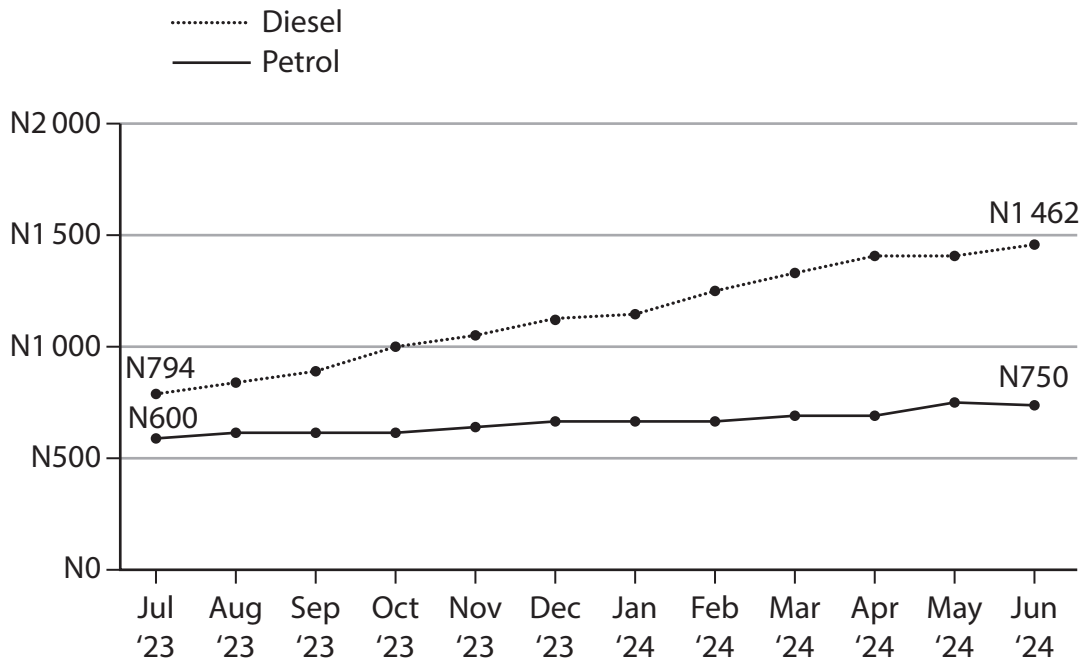
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## Sources for use with Section B

### The Nigerian economy

**Figure 1 Average price of diesel and petrol, Nigerian naira, July 2023–June 2024**




### Extract A Merger in the banking sector

In 2024 the Central Bank of Nigeria approved the merger between Unity Bank and Providus Bank. Unity Bank is one of the largest banks in Nigeria, with 220 branches across the country. Providus Bank is much smaller, with only 23 branches. The merger between the two banks was approved to avoid the collapse of Unity Bank, that had total debts of N303.7 billion.

Unity Bank has a large network of branches in Northern Nigeria and is well-established in this region. It also has a good reputation with its customers. This merger will allow Providus Bank to access these customers.

Providus Bank is a small, financially stable bank. The Central Bank of Nigeria hopes that the merger will enable the business to benefit from economies of scale. For example, it would allow Providus Bank to share its managerial expertise in financial investments with Unity Bank.

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**Extract B Business closures**

In January 2025 the Manufacturing Association of Nigeria (MAN) stated that 60% of manufacturers in the North-East region have shut down.

MAN stated that there had been a lack of incentives to attract investment. The North-East region had received little investment in infrastructure and the quality of roads and telecommunications was poor. Businesses in this region were significantly affected by the Government's decision to remove subsidies on petrol and diesel. This decision occurred when petrol and diesel prices were already rising. In December 2024 the rate of inflation had risen to 34.8%. This further increased business costs and reduced the level of business confidence. These factors, especially in the North-East region, caused hundreds of businesses to make significant losses.

Productivity has also been an issue in Nigeria. Businesses have not been able to invest in capital equipment because of low levels of profit. In addition, high rates of interest made borrowing money for investment costly. The base interest rate rose to 27.5% in February 2025.

However, in the service sector, industries such as finance, insurance and telecommunications have continued to grow despite the increase in costs.

**Extract C Policies to support business**

Since 2022 the Government of Nigeria has worked in partnership with private companies to invest in fibre optic infrastructure. This has helped to improve the quality of broadband throughout the country.

The Government also allocated N200 billion to support small-sized and medium-sized businesses in the capital city, Abuja. Loans were offered to these businesses to support them as they faced rising costs. In addition, manufacturers were provided with grants that would not need to be repaid to the Government.

Tax breaks of up to three years have been offered to businesses starting up in manufacturing and agriculture. There has also been a 25% tax reduction for businesses in the tourist industry and a tax reduction of up to 15% for businesses that are producing goods for export.

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**Acknowledgements**

Figure 1 adapted from:

https://intelpoint.co/insights/nigeria-the-price-of-diesel-has-risen-by-84-in-12-months/

Extract A adapted from:

https://businessday.ng/news/article/10-things-to-know-about-the-providus-unity-bank-merger/

https://blueprint.ng/implications-of-unity-providus-banks-merger/

https://www.bloomberg.com/news/articles/2024-08-07/nigeria-approves-first-banking-merger-under-new-capital-rules

Extract B adapted from:

https://dailypost.ng/2025/01/14/insecurity-forcing-60-of-north-east-manufacturers-to-shut-down-man/

https://www.techinafrica.com/nigerias-inflation-rises-amid-holiday-spending-and-transport-costs/

https://tradingeconomics.com/nigeria/interest-rate

https://www.un.org/africarenewal/magazine/august-2023/
nigeria-ends-oil-subsidy-invest-savings-infrastructure-development

Extract C adapted from:

https://www.worldbank.org/en/country/nigeria/overview#3

https://von.gov.ng/nigeria-commits-75-billion-naira-to-empower-small-businesses-information-minister/

https://taxsummaries.pwc.com/nigeria/corporate/tax-credits-and-incentives

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Please check the examination details below before entering your candidate information

| Candidate surname | Other names |
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Centre Number | Candidate Number

# Pearson Edexcel International Advanced Level

## Friday 24 October 2025

Morning (Time: 2 hours)

Paper reference **WEC13/01A**

# Economics

## International Advanced Level
## UNIT 3: Business behaviour
## Answer Booklet

**You must have:**
Question Paper and Source Booklet

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Section A and Section B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

### Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.

*Turn over* ▶

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## SECTION A

**Answer ALL questions in this section.**

**Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.**

**Question 1**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 1 = 1 mark)**

**Question 2**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 2 = 1 mark)**

**Question 3**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 3 = 1 mark)**

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**Question 4**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 4 = 1 mark)**

**Question 5**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 5 = 1 mark)**

**Question 6**

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

**(Total for Question 6 = 1 mark)**

**TOTAL FOR SECTION A = 6 MARKS**

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## SECTION B

**Study Figure 1 and Extracts A, B and C in the Source Booklet before answering Question 7.**

**Write your answers in the spaces provided.**

**Question 7**

Write the answer to Question 7 (a) in the space provided.

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Write the answer to Question 7 (b) in the space provided.

**(4)**

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Write the answer to Question 7 (c) on the two pages provided.

**(6)**

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Question 7 (c) continued

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Write the answer to Question 7 (d) on the two pages provided.

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Question 7 (d) continued

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Write the answer to Question 7 (e) on the three pages provided.

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Question 7 (e) continued

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Question 7 (e) continued

**(Total for Question 7 = 34 marks)**

**TOTAL FOR SECTION B = 34 MARKS**

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**SECTION C**

**Answer TWO questions from this section.**

**Write the answer to your FIRST chosen question on the five pages provided.**

**Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.**

**Write the answer to your SECOND chosen question on page 18.**

Chosen question number: **Question 8** ☐ **Question 9** ☐ **Question 10** ☐

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Section C continued

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Section C continued

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**Write the answer to your SECOND chosen question on the five pages provided.**

**Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.**

Chosen question number: **Question 8** ☒ **Question 9** ☒ **Question 10** ☒

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Section C continued

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Section C continued

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Section C continued

**TOTAL FOR SECTION C = 40 MARKS**
**TOTAL FOR PAPER = 80 MARKS**

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