

Mark Scheme (Results) Summer 2008

GCE

GCE Economics and Business

6365/01 Mark Scheme June 2008

Question Number	Indicative content
1	<p>Knowledge 2, Application 3, Analysis 2 marks</p> <p>Marketing restrictions are likely to hamper the attempt of Peruvian fishermen to ship their goods to Europe. This may have a negative impact on the price which they can charge and the quantity that they can sell. Alternative methods of selling i.e. animal foodstuffs is likely to result in a significant fall in revenue.</p> <p>The question may be validly interpreted by some candidates as the wider impact of such a ban and discuss the consequences on areas such as EU fishermen and consumers.</p> <p>At this level candidates should offer a clear explanation as to the potential impact of the trade restriction. Answers with sound development of at least two plausible consequences, offering some balance.</p> <p style="text-align: right;">6 - 7 marks</p> <p>Answers should demonstrate some understanding of the impact of the trade restriction. Answers which are reasonably developed, identifying plausible consequences, explained in a way which applies knowledge to the context, rather than the abstract should be rewarded in this mark range.</p> <p style="text-align: right;">4 - 5 marks</p> <p>Candidates should demonstrate some application of appropriate knowledge. Extravagant macro consequences in isolation cap at this level. Some merit in assertions which have relevance. Some economic and business knowledge should be evident.</p> <p style="text-align: right;">1 - 3 marks</p>

Question Number		Indicative content
2		<p>Knowledge 2, Application 2, Analysis 3, Evaluation 1 marks</p> <p>A level playing field could enable developing countries to exploit their comparative cost advantage in labour intensive products and encourage international specialization. The reality is that trade barriers do often distort trade. In practice the WTO has been criticized for favouring the developed nations, particularly the US when setting out terms and conditions for trade. The EU continues to operate significant barriers against cheap imported manufactures. This pattern is likely to continue in the long term.</p>
Level	Mark	Descriptor
Level 4	7-8	Look for clarity with some convincing analytical development and an element of evaluation for full marks. Look for application of knowledge, supporting analysis and evaluation. There should be clear evidence of candidates understanding the role of the WTO and its effectiveness in ensuring a level playing field
Level 3	5-6	Reasoned argument that the role of the WTO and its ability to ensure a level playing field. This level may be differentiated from Level 4 by the failure to fully develop analysis of the effectiveness of the WTO. Answers may rely more on abstract knowledge rather than the use of appropriate examples. Alternatively answers may not fully address all parts of the question.
Level 2	3-4	Some understanding of the possible role of the WTO, but this may be partially flawed or vague. Answers may lack the precise application to the context needed to progress to Level 3. Answers may rely more on description than analysis.
Level 1	1-2	A limited understanding of relevant subject matter is suggested. Reward valid assertions about the role of the WTO.

Question Number		Indicative content
3		<p>Knowledge 2, Application 2, Analysis 2, Evaluation 4 marks</p> <p>Trade can lead to improved living standards and higher economic growth. It is possible to cite the examples of Korea, Singapore and Japan who have achieved high levels of growth and high per capita incomes through export promotion. Achieving growth does tend to depend upon the terms of trade and the relative power of the trading partners. The EU for example has imposed trade barriers against value added products which involve processing foodstuffs. Inequality may result in the benefits of trade being unevenly shared.</p>
Level	Mark	Descriptor
Level 4	9-10	At least two well developed arguments, with analytical reasoning of the impact of trade on incomes <i>and</i> growth. Responses should consider the potential benefits and the adverse consequences for interest groups. Good responses may well note that there is the potential for winners and losers and draw on appropriate examples. A balanced and evaluative conclusion is often a good indicator of a Level 4 response.
Level 3	6-8	A reasoned argument that considers relevant points, plus there may be an attempt at forming evaluative comment. Look for some analysis of the points made. Evaluation at this level may be limited. Candidates may for example comment on the potential instability of commodity prices and the implications for producers. If there is no evaluation an answer will have to be very good to reach this level and can only reach 6 marks maximum.
Level 2	4-5	Some understanding and examination of at least one relevant point. Possibly excessive enthusiasm and little real evaluation will be evident. Knowledge should be appropriate to the context. At this level, candidates may fail to address one part of the question.
Level 1	1-3	A limited understanding of the subject matter is displayed, for example simple assertions may be offered regarding the benefits from a growth of trade.

Question Number		Indicative content
4(a)		<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>Trade Liberalisation will inevitably produce winners and losers. Barriers to trade serve to reduce the impact of comparative cost advantage, which developing countries may hold. By erecting barriers to the products of developing countries, European producers may benefit. Competition may be reduced and prices maintained. Trade Barriers may well protect employment in the EU.</p> <p>Protectionism currently provides EU fishermen and canners with a commercial advantage. Removing this form of protectionism may put some firms and some workers at risk. In order to compete with foreign producers who may have lower overheads and lower production costs may require improved efficiency.</p> <p>It is possible that some canners may relocate their operations in order to take advantage of the lower costs. Marketing may also be used to counter the threat of imports, using the 'European is best' approach.</p> <p>Retailers may derive a commercial benefit from trade liberalisation, gaining access to lower cost goods.</p> <p>Trade liberalisation can refer to reduction of trade barriers or possible expansion of the EU itself. Responses that discuss the internal workings of the EU at present will gain no marks.</p>
Level	Mark	Descriptor
Level 4	9-10	Candidates take at least two points such as those above and develop them convincingly, considering the possible consequences of trade liberalisation for EU companies reasons which may influence the EU decision to erect barriers to trade. Some evaluation is necessary to reach 9 or 10 marks.
Level 3	6-8	There is some sound development of at least two points. Knowledge of possible consequences of trade liberalisation with some valid development. Responses should demonstrate knowledge of the rationale behind trade barriers. The evaluation may be non-existent or not fully developed. Answers at this level may lack balance.
Level 2	3-5	Valid points are raised rather than examined. A one sided examination of the consequences of trade liberalisation is considered. Only one consequence is Level 2 max.
Level 1	1-2	Some merit in unsupported assertions, demonstrating some business and economics knowledge. Generalised knowledge relevant to the question.

Question Number		Indicative content
4(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Trade barriers may benefit some domestic firms and protect jobs of some workers in those industries benefiting from trade protection. Other firms will be adversely affected particularly if they are dependent upon imported materials affected by trade barriers. This may make their goods less competitive, particularly if traded internationally. Accept all of the above as a legitimate focus for development. Consumers may experience higher prices as a result of trade barriers. Evaluation is important here and may take the form of assessing the likely extent of the tradeoff.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidates develop relevant points (at least two tradeoffs), show some sophistication and reach convincing evaluative conclusions linked to their evidence. To achieve this level it is expected that candidates will identify appropriate analytical tools and will reflect upon the consequences of barriers to trade for two stakeholder groups.
Level 3	8-11	Relevant points are developed (at least two tradeoffs for two stakeholders) but may lack the sophistication of a Level 4 response. Conclusions may lack balance. Evaluation will be present but may not reach a convincing conclusion. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Relevant points are made but not logically developed into analysis. Evaluation is lacking or weak. Knowledge of consequences of trade barriers is limited.
Level 1	1-3	Some merit in unsupported assertions, demonstrating some business and economic knowledge.

Question Number	Indicative content	
5(a)	<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>A joint venture is an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing <u>equity</u>, and they then share in the <u>revenues</u>, <u>expenses</u>, and control of the enterprise. A joint venture is often seen as a viable business strategy as the companies can complement their skill sets while it offers the foreign company a geographic presence. Some countries, such as the India require foreign companies to form joint ventures with domestic firms in order to enter a market. This requirement often forces technology transfers and managerial control to the domestic partner. The benefits of joint ventures include: spreading costs and risks, improved access to financial resources, exploitation of <u>economies of scale</u> and advantages of size, as well as access to new technologies and customers.</p>	
Level	Mark	Descriptor
Level 4	9-10	Candidates take at least two valid points such as those above and develop them convincingly in context, considering the benefits of joint ventures for both partners. Points should be developed logically and support an evaluative conclusion. Some evaluation is necessary to reach 9 or 10 marks.
Level 3	6-8	There is some sound development of at least two points in context. Knowledge and application are demonstrated but the evaluation is limited. Use of some theories and concepts.
Level 2	3-5	Valid points are raised rather than examined. Possibly only one argument offered, or two poorly analysed/applied.
Level 1	1-2	Some merit in unsupported assertions, demonstrating some business and economics knowledge. Generalised knowledge relevant to the question.

Question Number		Indicative content
5(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Tesco's may wish to expand to take advantage of rapidly expanding overseas markets where rising incomes fuel demand for western products. Interest rates and/or exchange rates will influence the movement of investment funds, risk and reward will also play a significant part as will the state of the host economy and barriers to entry. Saturation of the UK market is another valid alternative. Although the question does not specify Tesco itself, it does require discussion of a firm such as Tesco e.g. a large and successful firm. Evaluation is important here and may take the form of assessing the relative importance of each factor.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidates develop at least two different relevant points, show some sophistication and reach convincing evaluative conclusions linked to their argument. At least two reasons must be identified and examined. A sound evaluative conclusion is required at this level.
Level 3	8-11	Relevant points are developed but may lack the sophistication of a Level 4 response. Conclusions may lack balance. Evaluation will be present but may not reach a convincing conclusion. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Relevant points are made but not logically developed into analysis. Evaluation is lacking or weak. The suggested factors may be inappropriate or implausible.
Level 1	1-3	Some merit in unsupported assertions, demonstrating some business and economic knowledge.

Question Number	Indicative content
6	<p>Knowledge 2, Application 3, Analysis 2 marks</p> <p>Cost control is important in setting price and may therefore affect revenue. Controlling costs can be the key to competitive pricing which may increase sales and revenue. Increasing costs may force prices up as producers strive to maintain profit margins, in which case, sales and revenue may fall. It may also be that increasing costs can be a positive thing if the increase is due to developing better quality products or a successful promotion. These may improve sales and increase revenue. The effect of changes in price upon revenue depends in turn on PED. There is however a wide range of factors that needs to be considered. Consumer decisions are based on more than just price: quality, substitutes and product characteristics will all influence sales. Beware of candidates confusing revenue with profit!</p> <p>At this level candidates should offer a clear explanation as to the significance of costs in determining revenue. There should be a clear appreciation that controlling costs is one element in determining revenue. Answers with sound development of at least two plausible points supported by sound explanations should access this level.</p> <p style="text-align: right;">6 - 7 marks</p> <p>Answers which are reasonably developed, identifying plausible points which show understanding of the possible relationship between costs and revenue.</p> <p style="text-align: right;">4 - 5 marks</p> <p>Candidates should demonstrate some application of appropriate knowledge. Some merit in assertions which have relevance. Some economic and business knowledge should be evident.</p> <p style="text-align: right;">1 - 3 marks</p>

Question Number		Indicative content
7		<p>Knowledge 2, Application 2, Analysis 3, Evaluation 1 marks</p> <p>Economic forecasting is the process of making predictions about the economy as a whole or in part.</p> <p>Macroeconomic policies have to be framed in a forecast context, and if the forecasts are badly astray then there is a high chance that the policies so set will be less than ideal. Forecasts are made for various reasons. Governments make economic forecasts for the purposes of framing a Budget. They want to know how much revenue is likely to be available within a given period, so that the process of allocating public resources can be conducted properly, requisite amounts of borrowing arranged and so on. For firms forecasts can affect decisions about areas such as output and investment as well as long term strategy.</p> <p>Forecasts do have a role to play but their usefulness will depend upon the sophistication of the model and the assumptions on which it is based. Predictions rarely become reality but they are often better than nothing at all.</p> <p>The use of example will probably distinguish the better responses and may indicate the higher levels.</p>
Level	Mark	Descriptor
Level 4	7-8	Look for clarity on (at least) two arguments as to the role which forecasting can play in planning and resource allocation. Look for some convincing analytical development and an element of evaluation for full marks. Look for application of knowledge, supporting analysis and evaluation.
Level 3	5-6	Reasoned argument that considers whether economic forecasting can help firms and governments to plan. This level may be differentiated from Level 4 by the failure to fully develop analysis of the extent to which forecasting can help firms and governments to plan. Answers may rely more on abstract knowledge rather than the use of appropriate examples. Alternatively answers may not fully address all parts of the question.
Level 2	3-4	Some understanding of possible value of economic forecasting is identified. Answers may lack the precise application to the context needed to progress to Level 3. Answers may rely more on description than analysis and may consider one but not both of the groups identified in the question stem.
Level 1	1-2	A limited understanding of relevant subject matter is suggested - for example some basic knowledge of the value of planning is evident. Reward valid assertions.

Question Number		Indicative content
8		<p>Knowledge 2, Application 2, Analysis 2, Evaluation 4 marks</p> <p>Skills shortages may give rise to a number of consequences. Firms may have to pay higher wages to recruit and retain staff. Rising costs may have to be passed onto consumers, which may lead to higher inflation. As an economy, the UK may see a loss of international competitiveness, which may have implications for trade and economic growth. The evidence also suggests a decline in productivity and that some firms may re-locate in order to find the resources.</p> <p>Evaluation is the key to the higher levels and may take the form of questioning the strength of the link between skills shortages and inflation; wage costs may only form a small part of overall costs. It could be argued that the impact is mitigated by free movement of labour within the EU or that only certain sectors may face a skills shortages or that shortages might be balanced by surpluses elsewhere. Training schemes by firms and government may help to lessen the impact in the long run. Accept any logical arguments.</p>
Level	Mark	Descriptor
Level 4	9-10	At least two well-developed arguments, with analytical reasoning building to the impact that skills shortages may have on the UK economy. Responses should consider the potential benefits and the adverse consequences for interest groups. Good responses may well note that there are winners and losers and draw on appropriate examples. A balanced and evaluative conclusion is often a good indicator of a Level 4 response.
Level 3	6-8	A reasoned argument that considers at least two relevant consequences of a skills shortage, plus an attempt at forming evaluative comment. Look for some analysis of the points made. Evaluation at this level may be limited. At this level candidates may for example comment on the immediate consequences of labour shortages. If there is no evaluation an answer will have to be very good to reach this level and can only reach 6 marks maximum.
Level 2	4-5	Some understanding and examination of at least one relevant point. Possibly excessive enthusiasm and little real evaluation will be evident. Knowledge should be appropriate to the context.
Level 1	1-3	A limited understanding of the subject matter is displayed, for example simple assertions may be offered regarding the consequence of a skills shortage.

Question Number		Indicative content
9(a)		<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>Business culture may either hamper or facilitate change. A positive culture is likely to be characterised by effective communication and a willingness to engage in innovation and change. Resistance to change can therefore be reduced and managed more smoothly. Candidates may choose to focus on firms as learning organisations.</p>
Level	Mark	Descriptor
Level 4	9-10	Candidates take ways such as those above and develop them convincingly, considering two ways that business culture may support change. Some evaluation is necessary to reach this level.
Level 3	6-8	There is some sound development of two ways. Knowledge of the role that business culture may play in promoting change is considered. Responses should demonstrate knowledge of the concept with appropriate application to the context. The evaluation may be non-existent or not fully developed.
Level 2	4-5	Valid ways are raised rather than examined. The explanation of business culture is considered but development is incomplete. Only one way is Level 2 max.
Level 1	1-3	Some merit in unsupported assertions, demonstrating some business and economics knowledge. Generalised knowledge relevant to the question.

Question Number		Indicative content
9(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Any business that wants to stay ahead of its competitors must plan. Planning can help to develop strategies to cope with the unexpected or at least reduce the impact of shocks. Planning can help to ensure that resources are used efficiently and that the business has a clear focus.</p> <p>Evaluation is important here and may take the form of questioning the accuracy of planning and the information it might be based on. The nature of the uncertainty is also important as is the ability of the organisation to put the plans into action.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidates develop relevant points, show some sophistication and reach convincing evaluative conclusions about the value of corporate planning.
Level 3	8-11	Relevant points are developed but may lack the sophistication of a Level 4 response. Conclusions may lack balance. Evaluation will be present but may not reach a convincing conclusion. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Appropriate issues may be identified but not fully explained. Attempts may be made to evaluate. Relevant points are made but not logically developed into analysis. Evaluation is lacking or weak. Knowledge of corporate planning is limited.
Level 1	1-3	Some merit in unsupported assertions, demonstrating some business and economic knowledge.

Question Number		Indicative content
10(a)		<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>Business may target areas that are less susceptible to change. Innovation and market leadership may help. Consolidation may also be beneficial. There are a range of other strategies which firms might adopt such as 'hedging'. Reward all valid responses.</p>
Level	Mark	Descriptor
Level 4	9-10	Candidates take points such as those above and develop them convincingly, considering two suitable strategies that firms might adopt. Points should be developed logically and support an evaluative conclusion. Some evaluation is necessary to reach 9 or 10 marks.
Level 3	6-8	There is some sound development of points. Knowledge and application are demonstrated but the evaluation is limited.
Level 2	3-5	Valid points are raised rather than examined. Possibly only one argument offered, or two poorly analysed/applied.
Level 1	1-2	Some merit in unsupported assertions, demonstrating some business and economics knowledge. Generalised knowledge relevant to the question.

Question Number		Indicative content
10(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Inflation is a rise in the general level of prices. A small amount of inflation is often viewed as having a positive effect on the economy. One reason for this is that it is difficult to renegotiate some prices, and particularly wages, downwards, so that with generally increasing prices it is easier for relative prices to adjust. Inflation can increase instability in the economy and make investors more cautious. It can also make exports less competitive. The convention is that borrowers will gain as real incomes outstrip the nominal sums borrowed. Those on fixed incomes will fare less well. It would also be reasonable to look at the effects any government policies designed to control inflation might have.</p> <p>Evaluation is important here and may take the form of looking at the extent and scope of rising prices, whether rising prices are caused by increasing AD and economic growth or higher input prices as at present and the likelihood of any implications.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidates develop relevant points, show some sophistication and reach convincing evaluative conclusions linked to their argument. At least two consequences must be identified and examined.
Level 3	8-11	Relevant points are developed but may lack the sophistication of a Level 4 response. Conclusions may lack balance. Evaluation will be present but may not reach a convincing conclusion. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Appropriate issues may be identified but not fully explained. Attempts may be made to evaluate. Relevant points are made but not logically developed into analysis. Evaluation is lacking or weak. Implications may be implausible.
Level 1	1-3	Some merit in unsupported assertions, demonstrating some business and economic knowledge.

Question Number	Indicative content
11	<p>Knowledge 2, Application 3, Analysis 2 marks</p> <p>The evidence suggests that there is a correlation between innovation and economic growth and there are numerous examples given. The Japanese experience of economic development was based on the development of electronics and manufacturing.</p> <p>What we are looking for is an explanation as to <u>how</u> innovation is transformed into economic growth. For example this could be by relating innovation to increased consumption, investment, exports or job creation which lead to more output and GDP. Without this answers are unlikely to gain the higher marks. Vague assertions will not get beyond lowest level.</p> <p>At this level answers should demonstrate sound development of at least two points regarding the significance of innovation. Clear explanation offered as to how innovation may lead to economic growth.</p> <p style="text-align: right;">6-7 marks</p> <p>Appropriate explanation as to how innovation may be a source of economic growth is discussed. The explanation may not be fully developed. Points may not be fully developed but may identify examples of how innovation may be beneficial.</p> <p style="text-align: right;">4-5 marks</p> <p>Some valid insights offered. Answers at this level are likely to be unqualified assertions.</p> <p style="text-align: right;">1-3 marks</p>

Question Number	Indicative content	
12	<p>Knowledge 2, Application 2, Analysis 3, Evaluation 1 marks</p> <p>Conventional theory suggests that competition is important in stimulating innovation. Firms may innovate in order to stay ahead of their rivals by achieving a competitive advantage through product innovation or a cost advantage through technological/process innovation. On the other hand innovation can come out of the blue from inspired inventors e.g. Dyson, Bayliss or by accident e.g. Teflon, Post-it notes.</p>	
Level	Mark	Descriptor
Level 4	7-8	The importance of competition in stimulating innovation is clearly identified and developed. Response will be articulate making good use of concepts/toolkit and appropriate assessment is offered of the importance of competition in stimulating innovation. Answers should demonstrate balanced examination with a clear evaluative comment for the highest mark.
Level 3	5-6	Clear arguments which correctly identify the role of competition in stimulating innovation. Answers may lack balance in their development. Analysis should be evident although the evaluative element is likely to be absent or limited at best.
Level 2	3-4	Valid comments are made. These comments may be characterised by assertions. Some reasons are given as to how competition leads to innovation, but development and/or analysis may be missing or brief.
Level 1	1-2	Simple insights are offered. There is likely to be some merit in unsupported assertions. Demonstrating some relevant economic and business knowledge.

Question Number		Indicative content
13		<p>Knowledge 2, Application 2, Analysis 2, Evaluation 4 marks</p> <p>Economic growth can lead to a range of benefits and externalities. Expect to see a wide range of benefits listed and potentially fewer negative externalities. Higher living standards may be a positive consequence, with an improved life expectancy and reduced infant mortality. Adverse consequences may be pollution and global warming; the loss of bio-diversity and the problems of an ageing population as the birth rate falls.</p>
Level	Mark	Descriptor
Level 4	9-10	Look for an effective and balanced examination of the tradeoffs and possible consequences of economic growth. Response will be articulate and make good use of concepts/toolkit. Look for two points well developed. Evaluation should be full and developed. A balanced and evaluative conclusion is often a good indicator of a Level 4 response.
Level 3	6-8	Look for some sound development of points and evaluation. A level 3 response may be distinguished from a level 4 response by some or all of the following: evaluation may not be as strong or as balanced, the use of concepts or theory may not be as wide ranging, the response may not be as articulate or flowing. If there is no evaluation an answer will have to be very good to reach this level and can only reach 6 marks maximum.
Level 2	4-5	Some valid points are made. Answers may be incomplete or little real evaluation will be evident or rely heavily upon listing of points without adequate examination
Level 1	1-3	Responses have some merit in unsupported assertions. Limited relevant business and economic knowledge is displayed.

Question Number		Indicative content
14(a)		<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>A range of possible reasons may be discussed. Arguments are likely to range from experience, to relevant skills to outright discrimination against women. Certainly the type of employment taken by women who seek to fit part time employment with childcare responsibilities is a contributing factor. Men are still in many cases seen as the major breadwinner as a result women may be prepared to sacrifice career opportunities to accommodate their spouses. Women who take career breaks to have children sometimes find themselves behind their male counterparts upon returning to work. It is certainly true that many single mothers may find themselves disadvantaged in the workplace.</p>
Level	Mark	Descriptor
Level 4	9-10	Candidate clearly examines the causes of pay inequality, giving clear examples of the potential reasons for the imbalance in pay. Some evaluation is necessary to reach 9 or 10 marks.
Level 3	6-8	Candidate provides a considered explanation as to why pay rates may vary between males and females. The evaluation may be non-existent or not fully developed.
Level 2	4-5	Candidate provides an understanding of the reasons for the pay discrepancy but do not offer a balanced explanation.
Level 1	1-3	Candidate demonstrates valid insights. Some merit is evident in unsupported assertions, demonstrating some business and economic knowledge.

Question Number		Indicative content
14(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Expect to see a balanced argument where candidates recognise a range of approaches that firms might adopt in order to build relationships with its employees. Motivation strategies may be considered and approaches such as job enrichment and worker empowerment may be suggested. Works Councils may also be identified as a legitimate approach. Evaluation is important here and may take the form of questioning the likely success of such strategies and their cost/opportunity cost.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidate provides a wide-ranging and well-supported answer using concepts/toolkit. We are looking for two approaches well developed. A sound evaluative conclusion is required at this level.
Level 3	8-11	Candidate demonstrates awareness of approaches that might be adopted by firms. Responses should demonstrate appropriate analysis and some evaluation. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Candidate demonstrates some appreciation of the suitable ways of building relationships with employees. Two approaches may be raised or one strategy well developed. Expect to see appropriate knowledge, identified and applied. Evaluation may be lacking or weak.
Level 1	1-3	Candidates provide a largely descriptive response. Assertions may have merit and demonstrate some business and economic knowledge.

Question Number		Indicative content
15(a)		<p>Knowledge 2, Application 2, Analysis 4, Evaluation 2 marks</p> <p>A falling share price may affect shareholders decision on holding or disposing of their shareholdings. A falling share price may trigger unwelcome interest from other firms interested in taking over the business. Borrowing costs may also be affected adversely.</p>
Level	Mark	Descriptor
Level 4	8-10	Candidates fully explain how a falling share price may have implications for a firm. Appropriate concepts are applied. Some evaluation is necessary to reach 9 or 10 marks
Level 3	6-7	Candidate provides a reasonable examination of potential consequences of a dip in the share price. Answers demonstrate an understanding of concepts.
Level 2	3-5	Candidate demonstrates knowledge of some possible issues arising from a fall in the share price. Some valid points are made, with little development, or a single effect is developed well.
Level 1	1-2	Candidate provides a descriptive and unsupported response. There is some demonstration of business and economic knowledge.

Question Number		Indicative content
15(b)		<p>Knowledge 3, Application 2, Analysis 3, Evaluation 7 marks</p> <p>Window dressing may be used in order to boost the share value during a rights issue or takeover bid. Window dressing may also be a way of triggering bonus payments for directors and senior managers.</p>
Level	Mark	Descriptor
Level 4	12-15	Candidates provide a full and varied explanation to the question, using appropriate examples. An assessment of the potential reasons for window dressing should be demonstrated. A sound evaluative conclusion is required at this level.
Level 3	8-11	Candidates provide a convincing explanation as to why firms may choose to massage financial data. Responses should demonstrate appropriate analysis and some evaluation. If there is no evaluation an answer will have to be very good to reach this level and can only reach 8 marks maximum.
Level 2	4-7	Candidates demonstrate a limited explanation but fail to develop points with appropriate examples. Evaluation may be lacking or weak.
Level 1	1-3	Candidates offer limited awareness and offer little explanation of possible reasons.