# Check In test

# External Influences

## Questions

1. An oligopolist:

(a) does not face any direct competition

(b) has only one customer

(c) is likely to use non-price competition

(d) possesses little market power **[1]**

1. Market equilibrium occurs when:

(a) a business breaks even

(b) demand equals supply

(c) the market is saturated

(d) there is no economic growth **[1]**

1. A retailer who sells car parts solely over the Internet operates in:

(a) a digital market

(b) a physical market

(c) an emerging market

(d) an online market **[1]**

1. Which of the following may delay a firm from exiting a market?

(a) The inability to achieve significant economies of scale

(b) The inability to make a profit

(c) The need to honour existing contracts

(d) would rise to 6800 bicycles **[1]**

1. Which of the following is a social factor which may impact on a business?

(a) Anti-discrimination legislation

(b) Changes in sterling exchange rates

(c) New government training programmes

(d) The changing role of women **[1]**

1. Sustainability is:

(a) a legal issue

(b) a social issue

(c) an economic issue

(d) an environmental issue **[1]**

1. Which of the following is an example of ethical business behaviour?

(a) Obeying health and safety regulations.

(b) Paying the minimum wage to employees.

(c) Using the latest mobile technologies.

(d) Working with charities in the local community. **[1]**

1. Corporation tax:

(a) is an indirect form of taxation.

(b) is collected by local government authorities.

(c) is paid by sole traders and partnerships.

(d) is used to fund public spending  **[1]**

1. Explain what is meant by the term ‘international trade’. **[2]**

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1. Explain **one** factor which has facilitated globalisation. **[2]**

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1. Explain how a business acquisition could lead to the creation of market dominance. **[2]**

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1. Explain **two** ways in which a business can comply with data protection legislation. **[4]**

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## Mark Scheme

| **Question** | **Answer** | **Marks** | **AO** | **Rationale** |
| --- | --- | --- | --- | --- |
|  |  | **(c)** | **1** | **1** | **(a)** This would only apply to a pure monopoly.**(b)** This is the definition of a monopsony.**(c)** Correct answer: Price competition is likely to start price wars which would benefit none of the oligopolists; instead, therefore, non-price competition is usually used in oligopolistic markets.**(d)** Oligoplists have significant market power. Markets with many suppliers, rather than a few dominant suppliers, are likely to experience limited market power. |
|  |  | **(b)** | **1** | **1** | **(a)** Breakeven output is the point at which a firm’s total costs equal its total revenue.**(b):** **Correct answer:** Market equilibrium occurs at the equilibrium price where the quantity supplied and the quantity demanded are equal with no surpluses or shortages to cause any movement in the price.**(c)** Market saturation occurs when all who want a product have one. This is shown as the peak in the product lifecycle – before this point demand was growing, after demand begins to fall.**(d)** There is no increase in the economies GDP, a stagnant economy. |
|  |  | **(d)** | **1** | **1** | **(a)** A digital market uses the Internet to supply digital, rather than physical, products e.g. e-books, music downloads, tickets.**(b)** A physical market is where buyers and sellers meet at a physical location e.g. a shop or trade fair.**(c)** An emerging market refers to a developing country which is experiencing rapid economic growth.**(d) Correct answer:** There are physical products but the interaction of buyers and sellers (i.e. the market) is online. |
|  |  | **(c)** | **1** | **1** | **(a)** This is a likely to speed up a firm’s exit from a market.**(b)** This is likely to cause a firm to exit a market.**(c) Correct answer:** There may be a high financial penalty for breach of contract which would make it unviable to cease trading immediately.**(d):** This is a barrier to entry into a market. A firm who enters such a market and is unable to match a leading competitors marketing spend is likely to leave the market sooner rather than later. |
|  |  | **(d)** | **1** | **1** | **(a)** Legislation is a legal factor.**(b)** This is an economic factor.**(c)** This is a supply side policy and, therefore, a political factor.**(d) Correct answer:** The role of women in society is a social factor, and varies significantly from country to country. |
|  |  | **(d)** | **1** | **1** | **(a)** There is no legal requirement for a business to act in a sustainable manner.**(b)** There is increasing social awareness about the issue of sustainability, but the issue itself is an environmental one.**(c)** Economic issues covers issues about the economy as a whole e.g. unemployment, inflation, exchange rates, interest rates, economic growth etc**(d) Correct answer:** Sustainability is about using natural resources without damaging/depleting them for future generations. |
|  |  | **(d)** | **1** | **1** | **(a)** There is a legal requirement. Ethics is behaving in a morally good way, beyond the requirements of the law.**(b)** This is also a legal requirement.**(c)** This is a technological factor, not an example of ethical behaviour.**(d) Correct answer:** Charity work is not a legal requirement and so is seen as doing above and beyond what the law requires; doing something morally beneficial for society. |
|  |  | **(d)** | **1** | **1** | **(a)** Corporation tax is a tax on company income, it is therefore a direct form of taxation.**(b)** Corporation tax is collected by central rather than local government. The department responsible for the collection is HMRC. **(c)** Sole traders and partnerships pay income tax, not corporation tax.**(d) Correct answer:** As with other taxes collected by central government, corporation tax is used to finance government expenditure on schools, hospitals etc. |

| **Question** | **Answer** | **Marks** | **Guidance** |
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|  |  |  | Up to two marks. | **2**(AO1 2) | Indicative content:* the exchange of capital, goods and services
* across country borders or territories.

**No** context required.Do **not** award examples.Exemplar response:International trade is the buying and selling of goods and services (1) from countries other than one’s own (1). |
|  |  |  | One mark for a correct identification, plus one further mark for explanation. | **2**(AO1 2)  | Indicative content:* the Internet
* communication technologies
* e-commerce
* trade liberalisation eg trading blocs
* improved transport eg air travel
* containerisation
* transport infrastructure
* refrigeration
* global media
* exploitation of economies of scale
* growth of multinationals
* global trade cycle
* global financial system
* improved mobility of capital
* increased mobility of labour.

**No** context required.Exemplar response:Improved transport links (1), making the global movement of goods across the globe easier, cheaper and faster (1). |
|  |  |  | One mark for a correct identification, plus one further mark for explanation. | **2**(AO1 2) | Indicative content:* takeover/buyout
* larger business/greater market share/ greater market power.

**No** context required.Accept examples by way of explanation (second mark only).Exemplar response:An acquisition is where one business buys another (1) forming a larger, more powerful business (1). |
|  |  |  | One mark for a correct identification, up to a maximum of two identifications plus one further mark for each of tow explanations. | **4**(AO1 4) | Indicative content:* register with Information Commissioner
* data obtained lawfully
* data used for lawful purposes
* data kept for limited amount of time
* data kept only for the purposes registered
* data not disclosed/used for any other purpose
* data adequate, relevant and not excessive
* data accurate and kept up to date
* data not kept longer than necessary
* data held securely
* must not sell the data without explicit consent
* not to be traded outside the EU
* duty to disclose to data subject on request
* timely correction and deletion of incorrect data.

Exemplar response:* All personal data kept by a business must be kept securely (1). This could involve the business in password protecting or encrypting data used within the organisation so that it can only be accessed by required employees or installing screen guards and screensavers to stop potential customers viewing the data (1).
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