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Candidate surname <i>StemUp Model Solution</i>		Other names
Centre Number	Candidate Number	

Pearson Edexcel Level 3 GCE

Friday 7 June 2024

Morning (Time: 2 hours)	Paper reference	9EB0/03
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Economics B

Advanced

PAPER 3: The economic environment and business

You must have: Insert (enclosed)	Total Marks
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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.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 100.
- 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.
- Try to answer every question.
- Check your answers if you have time at the end.

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Answer ALL questions.

SECTION A

Read the following extracts (A to D) before answering Question 1.

Write your answers in the spaces provided.

Extract A

Tesla

In early 2022, *Tesla* upgraded its Shanghai factory in China. This increased the factory's output capacity to 88,000 electric vehicles (EVs) per month.

In September 2022, *Tesla* produced 83,135 EVs, the highest monthly output for the factory since production began there in December 2019.

5

(Source: adapted from: <https://www.proactiveinvestors.co.uk/companies/news/996196/tesla-cuts-prices-for-its-vehicles-in-china-by-up-to-9-report-996196.html>)

Extract B

Risk of Global Recession in 2023

According to a study by the World Bank, the world may be moving toward a global recession in 2023. Central banks around the world have been simultaneously raising interest rates this year, a trend that is likely to continue into 2023, according to the report.

The global economy is now in its steepest slowdown since 1970. Global consumer confidence has already suffered a much quicker decline than in the run-up to previous global recessions. The world's three largest economies – the United States, China and the euro area – have all been slowing sharply.

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(Source: adapted from: <https://www.worldbank.org/en/news/press-release/2022/09/15/risk-of-global-recession-in-2023-rises-amid-simultaneous-rate-hikes>)

Extract C

Starbucks invests \$1bn in enhancing employee experience, training and pay

Starbucks is to spend \$1bn on improving conditions for its employees. This will include increased pay, benefits and training. From June 2022, there will be increased wages and further increases for long-service employees. All new baristas and new shift supervisors will have their training time doubled and training programmes will be enhanced. Other planned benefits include opportunities to increase sick leave and advice on student loans and finance.

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Starbucks' Chief Financial Officer, Rachel Ruggeri said: "We are confident the investments we are making in our employees, will deliver significant returns, resulting in accelerated long-term growth."

(Source: adapted from: <https://www.hcamag.com/nz/news/general/starbucks-invests-1-billion-in-enhancing-employee-experience-training-and-pay/404655>)



Extract D**Super Mario and the return of supply-side economics**

When Mario Draghi, the previous Prime Minister of Italy, took office in 2021 he made clear that supply-side policies were his priority for Italy. Closing the growth gap between Italy and the euro area was to be achieved through a combination of structural reforms – taxation, public administration and justice – and a broad public investment plan focused on education, digitisation and infrastructure.

5

These supply-side policies were very different from the demand-side policies that had been launched in the previous year to keep economies afloat during the global health crisis.

(Source: adapted from <https://www.omfif.org/2021/03/super-mario-and-the-return-of-supply-side-economics/>)



- 1 (a) Using Extract A and an appropriate calculation, discuss the implications for Tesla of September's production figures.

(8)

$\text{Capacity utilisation} = (\text{actual output} \div \text{maximum possible output}) \times 100 = (83,135 \div 88,000) \times 100 = 94.5\% (94.47\%)$. So spare capacity is only 4,865 EVs a month, an under-utilisation of 5.5%.

This is positive for Tesla because, the nearer it gets to 100% capacity utilisation, the more efficient the factory becomes: all resources are being used and fixed costs are spread over more units, so average costs should fall, raising profit margins on each EV.

September was the highest monthly output since production began in December 2019, which suggests strong demand and that the 2022 upgrade is paying off.

The 5.5% under-utilisation means some resources, such as machinery or employees, are not fully occupied, so Tesla can still increase production beyond September's output if demand rises. However, despite the recent upgrade, Tesla does not have much spare capacity if sales keep rising. Running close to full capacity can cause bottlenecks, machinery may not be maintained and may break down, and staff absence could halt production if no one else is available to step in, so quality and delivery times could suffer.

If the trend continues, Tesla may have to upgrade the factory yet again, or ultimately build another plant, which needs large investment and takes time. On the other hand, if demand falls, for example in a global recession (Extract B), capacity utilisation would drop. Either way, the implication is that Tesla must plan its future capacity now, if it has not already done so.



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- (b) Assess whether investment in the labour force is the best way for a firm to increase productivity.

(10)

Productivity is output per unit of input, for example output per worker per hour.

Increasing productivity means greater output per unit in a given time, which lowers average costs and gives a firm a competitive advantage, as it can cut prices or earn higher margins.

Investing in the labour force means spending on training, pay, benefits and working conditions. Extract C shows Starbucks spending \$1bn on higher wages, extra pay for long-service staff, doubling training time for new baristas and shift supervisors, and benefits such as sick leave, believing this will deliver 'accelerated long-term growth'.

Higher wages and better benefits may attract and retain more motivated employees, who work harder and serve customers faster. More contented employees reduce labour turnover, which in turn reduces the cost of recruiting and training new staff, lowering costs and increasing competitiveness. Better training raises skills, so staff make fewer mistakes, work more efficiently and give consumers a better experience, which builds loyalty and sales.

For a consumer-oriented, labour-intensive service business such as Starbucks, where the product is largely the service delivered by baristas, it makes sense to focus on the workforce to increase productivity and enhance competitiveness.

However, not all firms rely on their labour force to such an extent. Some, such as Tesla, are capital intensive, with a greater reliance on machines, robots and physical equipment. To be competitive and grow, they must take advantage of the latest advances in technology, as Tesla did by upgrading its Shanghai factory to raise capacity to 88,000 EVs a month. It may be more beneficial to invest in capital equipment rather than labour, particularly if production is highly automated and the labour force is small. Investment in labour is also risky: higher wages add permanently to costs, and trained



staff may leave and take their skills to rivals, while the return on the \$1bn is uncertain and may take years to appear.

Other methods may also raise productivity, such as better management, improved methods like lean production, or reorganising processes, which may be cheaper than large pay rises.

In conclusion, investment in the labour force is the best way to increase productivity for labour-intensive service firms such as Starbucks, but not for capital-intensive firms such as Tesla. Most businesses need to find a balance between investing in labour and capital, depending on their needs and the nature of their business, and the two are often complementary, as workers need training to use new technology effectively.



(c) Assess whether a firm should expand during a recession.

(12)

A recession is when an economy experiences prolonged negative economic growth; in the UK it is defined as two consecutive quarters of falling real GDP. Extract B warns that the world may be moving towards a global recession in 2023, with central banks simultaneously raising interest rates and the global economy in its steepest slowdown since 1970.

During a recession aggregate demand (AD) is likely to fall and unemployment to rise. Many firms face falling demand for their output, for example travel firms and car makers selling income elastic products, and business confidence falls. Extract B shows global consumer confidence falling faster than before previous recessions. In the short run firms are more likely to cut production to reduce the cost of holding inventory than to expand. Demand for inputs falls, so the firms that supply them also face falling demand. Employees may have their hours reduced or be laid off, causing less consumption, so AD falls further and the cycle repeats through the multiplier. Rising interest rates also make borrowing to finance expansion more expensive, and a firm that expands into falling demand risks spare capacity, higher average costs and losses. Expanding would therefore be very risky.

However, not all firms face falling demand. Firms that produce income inelastic goods, such as basic food, or strong brands such as Apple, may not be badly affected. Firms that produce inferior goods, such as budget supermarkets like Aldi and Lidl, may see an increase in demand as consumers trade down, so it makes sense for them to increase production and even expand their facilities.

Recessions do not last forever, and some firms may decide it is a good time to expand in order to be prepared for the economic recovery that will follow, gaining market share from weaker rivals that cut back or close. During a recession resources are more readily



available: the prices of land, premises, machinery and raw materials are likely to be lower, and labour is more plentiful with no upward pressure on wages, so firms can recruit skilled workers. Therefore, the cost of investing in expansion is cheaper than at other times in the economic cycle, and the firm will have extra capacity ready when demand recovers. Rivals may also be available to take over cheaply.

Whether a firm should expand depends on the nature of the firm, its products and its financial position. A firm with large cash reserves or low debt, selling income inelastic or inferior goods, can afford to expand, whereas a highly indebted firm selling luxury goods should protect its cash flow. It also depends on how deep and how long the recession is expected to be; Extract B suggests that rising interest rates may make the 2023 downturn severe.

In conclusion, most firms should not expand at the start of a recession, but financially strong firms with inelastic or inferior products should, as it is a cheap time to invest and positions them to benefit from the recovery.



- (d) Using a suitable diagram, evaluate the importance of supply-side policies in promoting economic growth.

(20)

Economic growth is an increase in the output of goods and services in an economy, measured by the rise in real GDP. Supply-side policies are policies designed to increase the productive capacity of the economy, by increasing the quantity and quality of the factors of production or the efficiency with which they are used, so that more goods and services can be made from existing resources and the economy expands and grows.

Extract D shows that Mario Draghi made supply-side policies his priority in Italy, aiming to close the growth gap between Italy and the euro area. Italy intends to use a mix of interventionist and market-based policies. The interventionist policies are a broad public investment plan focused on education, digitisation and infrastructure. More training and education raise the skills of the workforce, so labour productivity increases; digitisation helps firms use the digital economy and new technology; and better infrastructure, such as transport and broadband, reduces firms' costs and journey times, making the whole economy more efficient.

The market-based policies are structural reforms to taxation, public administration and justice. These are designed to reduce market imperfections and allow businesses to operate more freely and efficiently: lower or simpler taxes increase incentives to work, invest and take risks, while a faster legal system and less bureaucracy reduce the cost and time of starting and running a business, encouraging enterprise and foreign direct investment.

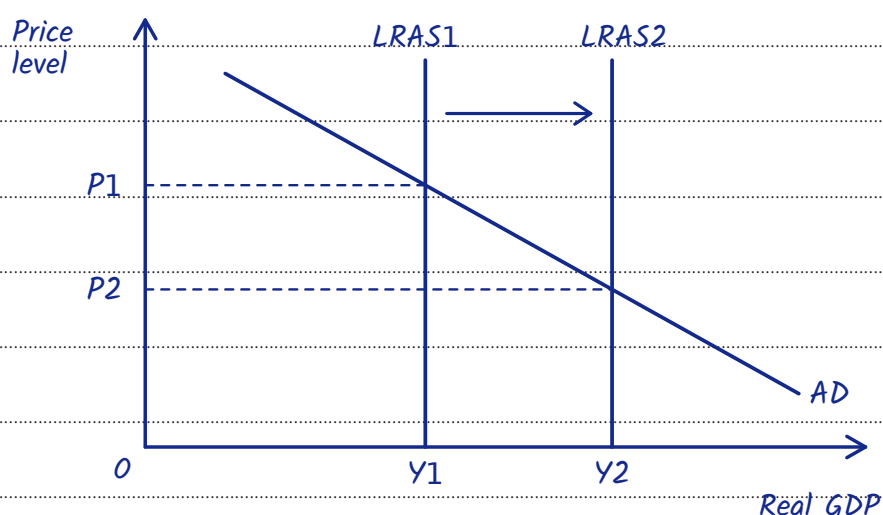
As shown in my diagram, these combined policies increase long run aggregate supply from $LRAS_1$ to $LRAS_2$. This causes an increase in real GDP from Y_1 to Y_2 and a reduction in the price level from P_1 to P_2 . More resources are used, with falling unemployment and rising incomes, so the economy is able to expand and grow without inflationary pressure, which also improves international competitiveness.



Supply-side policies are important because they deliver sustainable long-run growth.

Demand-side policies, such as those launched in the previous year to keep economies afloat during the global health crisis (Extract D), only increase output in the short run if there is spare capacity; once the economy reaches full capacity, extra AD just causes inflation. Raising productive capacity is the only way to grow real GDP permanently, and it can also reduce structural unemployment and improve the current account.

However, these policies require both time and investment to implement. Training and education may take years before benefits appear in the workplace and economy, as a child starting school today will not join the workforce for over a decade. Infrastructure projects also take time and have an opportunity cost in terms of government spending,



which may be more effectively used elsewhere, such as on healthcare. Government spending on supply-side policies may mean reductions in spending in other areas or higher borrowing, which is a concern for Italy with its high national debt.

Interventionist policies may have unintended consequences. For example, tax reforms may create incentives for firms to invest but reduce tax revenues needed to fund infrastructure projects. Market-based reforms can be politically difficult, as public sector workers and lawyers may resist changes to administration and justice, and Draghi's government did not last long, so reforms may not be completed. There is also no

guarantee of success: workers may be trained in the wrong skills, and investment may be wasted.

Other measures, such as expansionary fiscal or monetary policies, may have a more immediate effect on economic growth, particularly when there is a negative output gap, as in a recession. With interest rates rising globally (Extract B), weak AD may mean that extra capacity created by supply-side policies is simply left unused, so growth will not happen unless demand also rises.

In conclusion, supply-side policies are very important for long-run economic growth, because they raise productive capacity and allow growth without inflation, which is why Italy has prioritised them. However, their impact is slow, costly and uncertain, and they do little in the short run. The best approach may be for an economy to use a mixture of demand-side policies to boost growth now and supply-side policies to sustain it in the long run, with their importance depending on whether the economy is operating near full capacity.

(Total for Question 1 = 50 marks)

TOTAL FOR SECTION A = 50 MARKS



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SECTION B

Read the following extracts (E to H) before answering Question 2.

Write your answers in the spaces provided.

Extract E

Furniture firm *Moko* raises 786.6m Kenyan shillings (KES) to expand

Moko, a Kenyan furniture company, sells home furnishings, sofas, beds and mattresses. It has raised KES 786.6m (\$6.5m) in venture capital to expand.

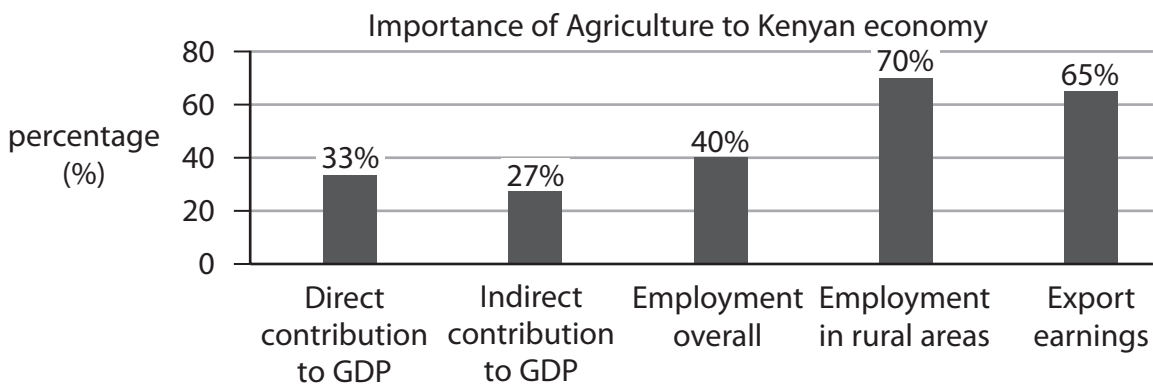
Moko will use the money raised to expand its business across Kenya through its digital platform and by forming partnerships with more retailers. Some of the venture capital will be invested in new machinery and in expanding its product range.

Moko plans to enter new markets in other African countries by 2025. The demand for furniture across the continent is expected to grow, driven by population growth, urbanisation and increasing purchasing power.

(Source : adapted from (<https://www.capitalfm.co.ke/business/2022/10/furniture-firm-moko-raises-sh786-6-million-to-expand-business-line/>)

Extract F

Contribution of agriculture to the Kenyan economy



In 2020, Kenya's total exports were \$6.52bn. Of these the largest were tea (\$1.2bn), cut flowers (\$596m), refined petroleum (\$308m), gold (\$262m), coffee (\$229m) and tropical fruits (\$191m).

(Source: adapted from: <https://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/> and <https://oec.world/en/profile/country/ken>)



Extract G**Kenyan shilling (KES) drops to a new historic low of 120 against the US Dollar**

The Kenyan shilling dropped to a new low in August 2022, at 119.85 shillings to the dollar amid controversies surrounding President William Ruto's victory in the keenly contested Kenyan presidential elections.

This was the 16th month in a row that the shilling has depreciated against the dollar. As one financial analyst puts it, a depreciating shilling means imports, such as petrol, food and raw materials, will become more expensive. This will further push up the household cost of living as importers pass their increased costs onto consumers.

5

(Source: adapted from: <https://africa.businessinsider.com/local/markets/kenyan-shilling-drops-to-a-new-historic-low-of-120-against-the-us-dollar/gt9zsy9>)

Extract H**Africa's Free Trade Area Has a Slow Take Off**

The African Continental Free Trade Area (AfCFTA) started in January 2021 but its impact has been slow due to the global health crisis and an economic downturn in Africa.

Out of the 55 African countries, 54 have signed the agreement, the exception being Eritrea. It is hoped that these 54 countries will grow together to form a single market.

5

Over time, they have pledged to eliminate import tariffs on 97% of goods traded between African countries. Many hope this will increase trade between the 54 African countries, which will in turn boost economic growth and bring more prosperity and social equality to those on the continent.

African countries currently trade more internationally than with each other. Intra-African trade accounts for just 17% of African exports, which is low compared to 59% for Asia and 68% for Europe, according to the World Economic Forum.

10

(Source: adapted from <https://allafrica.com/stories/202201030312.html>)



2 (a) Discuss the use of venture capital as a source of finance for a firm such as Moko.

(8)

Venture capital is finance provided by specialist investors to small and medium sized businesses with high growth potential, in return for a share of the business. It can be a useful source of finance when more conventional lenders, such as banks, consider a business expansion too risky. Moko has raised KES 786.6m (\$6.5m) to expand across Kenya and into other African countries by 2025.

Moko gains the KES 786.6m immediately, with no need to start repayments or pay interest, as it would on other forms of finance such as a bank loan, so its cash flow is protected while it invests in new machinery and a wider product range. The owners do not need to pledge any assets as security. Venture capitalists can also provide advice, expertise and contacts, which may be very useful to Moko as it expands at home through its digital platform and into new foreign markets.

However, finance is provided in return for a stake in the firm, which gives the venture capitalists some control and entitles them to a share of any profits. The owners of Moko will have to give up some control of the business, and this may cause conflict if the investors demand a say in how it is run or push for fast growth and an early exit. It can also be expensive in the long run: if Moko expands and becomes more valuable, the venture capitalists' equity stake rises in value too, so it may cost far more than a loan.

On balance, venture capital is suitable for Moko, as rapid expansion into new markets is risky and banks may be unwilling to lend, and expected growth in African demand makes giving up some equity worthwhile.



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- (b) Assess the possible economic impact of specialisation in agriculture for a country such as Kenya.

(10)

Specialisation means that economies or businesses concentrate their resources on the areas that they do best, where they have a comparative advantage, and the excess output is then traded. Kenya specialises in agriculture: Extract F shows it accounts for 65% of export earnings, which is $0.65 \times \$6.52\text{bn} = \$4.24\text{bn}$. Its largest export is tea (\$1.2bn), and cut flowers (\$596m), coffee (\$229m) and tropical fruits (\$191m) are also agricultural.

Specialisation leads to increased productivity and output. As more resources are devoted to agriculture rather than spread over many areas, farmers and firms build up skills and knowledge, and economies of scale may be gained, for example in processing, packaging and transport of tea and flowers, so average costs fall and Kenyan products are competitive in world markets. Output rises, leading to economic growth, and the export earnings provide foreign currency to pay for imports such as petrol and machinery.

Agriculture also provides a living for a large number of people: 40% of all Kenyans are employed in agriculture, rising to 70% in rural areas, so it reduces poverty and supports rural incomes. Agriculture contributes 33% of GDP directly and 27% indirectly, so 60% of Kenya's GDP comes from agriculture. The incomes earned are spent, which benefits other firms in Kenya, such as transport and retail, through the multiplier effect.

However, specialisation can lead to over-reliance on just one area, so if anything happens to it Kenya could suffer. Agricultural exports such as tea, cut flowers and coffee are commodity products whose global prices can be volatile, as supply depends on weather, drought and disease, and demand for them is often price and income inelastic. Risk and uncertainty are not spread, so if demand for Kenyan agricultural products fell, for example in a global recession (Extract B), it could have a serious impact on the Kenyan economy. Unemployment would rise, with repercussions for other businesses and



the economic wellbeing of Kenya itself, especially in rural areas.

Agriculture is also often a low value added activity, so specialisation may hold back the development of manufacturing and services that offer higher wages and productivity.

Overall, specialisation in agriculture has a large positive impact on Kenya's growth, employment and exports, but the impact depends on stable world prices and weather.

Kenya would benefit from diversifying its exports, for example into processed foods or furniture firms such as Moko, to reduce its vulnerability.



(c) Assess how the depreciation of the shilling may affect Kenyan firms such as Moko.

(12)

An exchange rate is the price of one currency expressed in terms of another. Extract G shows that the Kenyan shilling has depreciated against the dollar for 16 months in a row, reaching a record low of 119.85 shillings to the dollar in August 2022.

Depreciation of a currency is usually seen as good for exporters and bad for importers.

If Moko imports raw materials, components or machinery for its furniture, a depreciating shilling means it must pay more shillings for the same dollar-priced inputs, so its costs of production rise. The new machinery it plans to buy with its venture capital will also cost more if it is imported. This may result in Moko raising prices to maintain profit margins. If the PED of Moko's furniture is relatively elastic, as furniture has many substitutes and purchases can be postponed, a price rise will have a larger, detrimental impact on sales, because revenue will fall.

Extract G states that a weaker shilling makes imports such as petrol and food more expensive, pushing up the household cost of living. Kenyan consumers whose real incomes are falling may be unwilling to buy new furniture, which is a durable and probably income elastic good, so demand for Moko's products in Kenya may fall. Higher petrol prices also raise Moko's delivery costs.

However, Moko is planning to enter new markets elsewhere in Africa by 2025, and a depreciating shilling may effectively lower the price of its furniture when exported, so it becomes more price competitive against local producers and imports from other countries.

Extract E states that population and the purchasing power of consumers are increasing in these intended markets. This could increase sales, making it easier for Moko to get established and gain a competitive advantage, and the increase in export sales may offset problems in the domestic market. Depreciation also makes imported furniture in Kenya more expensive, which may help Moko compete at home against foreign rivals.



Kenyan firms that export, such as tea, coffee and cut flower producers, will benefit most, as their products are priced in dollars and they earn more shillings, while firms that rely on imported inputs and sell domestically will suffer most.

The overall effect depends on how much longer the shilling continues to depreciate and on its value relative to other African currencies, not only the dollar. It also depends on the proportion of Moko's inputs that are imported, on whether it uses local timber, and on whether it can hedge its currency risk. In the short run the depreciation is likely to harm Moko through higher costs and weaker domestic demand, but in the long run, once it exports, it may be a benefit.



- (d) Evaluate how membership of the AfCFTA might benefit African countries such as Kenya.

(20)

A free trade area is a group of countries that agree to remove tariffs and other trade barriers on goods traded between them, while each keeps its own trade policy with non-members. The AfCFTA started in January 2021; 54 of the 55 African countries have signed, and they have pledged to eliminate import tariffs on 97% of goods traded between them, with the hope of forming a single market (Extract H).

Kenya will face fewer trade barriers for its exports, making it easier for firms such as Moko to expand into other African countries, as it plans to by 2025. The agreement should make trading between African countries cheaper and easier, increasing the amount of trade between them. At present intra-African trade is low, at just 17% of African exports, compared with 59% for Asia and 68% for Europe, so there is great potential for growth.

Increasing the amount of trade between AfCFTA members as tariffs are removed is called trade creation: higher cost domestic production is replaced by cheaper imports from more efficient member countries. Consumers benefit from lower prices and more choice, and resources are reallocated according to comparative advantage. Kenya could export more tea, flowers and processed food to other African countries. It is expected that this will lead to benefits in terms of economic growth, individual prosperity and greater social equality, as Extract H hopes.

At the same time, AfCFTA members should see a reduction in imports from outside Africa, because non-member countries still face tariffs, so it becomes cheaper to import goods from fellow AfCFTA members. This is called trade diversion, and it benefits the producers of member states through higher sales, output and employment, which again boosts growth.

Access to a market of 54 countries and over a billion people allows firms to grow



larger and gain economies of scale, lowering average costs and making them more competitive on world markets. Firms such as Moko can benefit from growing demand driven by population growth, urbanisation and rising purchasing power (Extract E).

Increased competition also forces firms to become more efficient and innovative, and the larger market may attract foreign direct investment into Kenya. Trading more within Africa would also reduce Kenya's reliance on exports of commodities to distant markets and the volatile dollar (Extract G).

However, the extent to which these benefits occur depends on a range of factors. As Kenya reduces its trade barriers, domestic firms are less protected and face more competition. Moko may find itself having to compete more rigorously for its share of the Kenyan market as other African furniture manufacturers try to move in, and less efficient Kenyan firms may close, causing structural unemployment. Governments also lose tariff revenue.

Extract H mentions the negative external factors of the global health crisis and an economic downturn in Africa, which have caused a slow take off. These are likely to delay or hamper the benefits of trade creation and trade diversion. In time these will pass, but other external shocks may arise, such as the global recession expected in 2023 (Extract B).

The extent to which trade diversion happens depends on the ability of African countries to produce acceptable substitutes for imports. Many countries in Africa lack the technological development to replace imports such as machinery, vehicles and refined products, so trade diversion may instead mean buying from higher cost producers, which reduces welfare. Poor infrastructure, such as roads, railways and ports, and non-tariff barriers such as border delays and red tape, will continue to restrict trade even when tariffs are removed. Many African economies also produce similar agricultural products, so there may be limited scope for trade between them.



AfCFTA is relatively new, and with 54 countries at different stages of development there may be teething troubles. Some countries may find that the benefits are outweighed by problems, and trade disputes may happen, as has happened in all trading blocs, including the EU and NAFTA. The benefits may also be unevenly shared, with larger economies such as Kenya, Nigeria and South Africa gaining most.

In conclusion, membership of the AfCFTA could bring significant benefits to countries such as Kenya through trade creation, economies of scale and faster growth, especially given how low intra-African trade is now. However, the benefits are likely to be long term rather than immediate, and their size depends on removing non-tariff barriers, improving infrastructure and on external shocks. For a relatively diversified economy such as Kenya with expanding firms such as Moko, the benefits are likely to outweigh the costs over time.

(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 100 MARKS



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Pearson Edexcel Level 3 GCE

Friday 7 June 2024

Morning (Time: 2 hours)

Paper
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9EB0/03

Economics B

Advanced

PAPER 3: The economic environment and business

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Pearson

Investigating the Economic Environment and Business

Context

This year the context is **expansion** and the growth of firms and economies.

Research

To prepare for this year's context, you should research:

- how and why firms expand and grow
- how and why economies expand and grow
- the impact of expansion and growth on individuals, firms and economies
- the benefits of expansion and growth
- the problems of expansion and growth.

You **cannot** take any of your research or investigation data carried out as part of the pre-release into the examination.

