

Mark Scheme for June 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

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1. Annotations

Annotation	Meaning
	Tick
	Cross
	Unclear
	Benefit of doubt
	Irrelevant
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Own figure rule
	Repeat
	Too vague
	Noted, but no credit

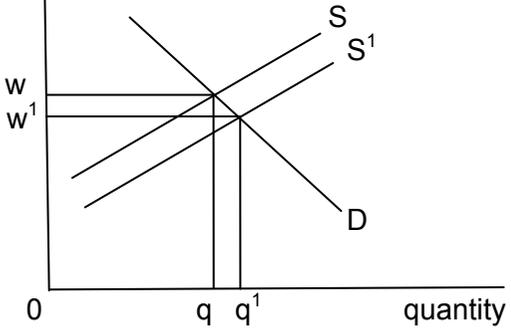
2. Subject-specific Marking Instructions

Some questions may have a 'Level of Response' mark scheme.

The following guidelines on the **quality of written communication** are embedded into the Levels of Response mark scheme used for part (d) of each question.

- Level 4:** Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the subject matter. There may be few, if any, errors of spelling, punctuation and grammar.
- Level 3:** Relatively straight forward ideas have been expressed with some clarity and fluency. There may be some errors of spelling, punctuation and grammar, but these are unlikely to be obtrusive or obscure meaning.
- Level 2:** Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar, which may be noticeable and obtrusive.
- Level 1:** Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar, of which some may be noticeable and obtrusive.

Question			CBT Question	Answer	Marks	Guidance
1	(a)	(i)	1.1	Tertiary	1	If more than one answer is ticked then no marks are available.
		(ii)	1.2	Both government (public) (1) and private (1) sectors	2	Up to two marks The exact words are not required, but candidates must show that they clearly understand the idea.
	(b)	(i)	2.1	Capital	1	If more than one factor is ticked \sqrt no mark can be awarded.
		(ii)	2.2	Supply is inelastic when any percentage change in price (1) results in a smaller percentage change in quantity (1)	2	One mark for each correct identification up to a maximum of two marks The words must be in the correct order and the only acceptable answer is the one shown.

Question	CBT Question	Answer	Marks	Guidance
(c) (i)	3.1	<p data-bbox="477 300 555 363">Wage rate</p>  <p data-bbox="477 726 1209 893">One mark for labelling the original equilibrium wage and quantity One mark for the new Supply line correctly drawn One mark for labelling the new supply line One mark for the new wage and quantity</p>	4	<p data-bbox="1417 300 1646 331">Up to four marks</p> <p data-bbox="1417 367 2072 502">Candidates can still gain up to three marks if the supply line is drawn incorrectly eg shift to the left as OFR applies to the new equilibrium. OFR must be shown on the script</p> <p data-bbox="1417 534 2072 638">NB the question asks for the new equilibrium to be shown so the mark can be gained by labelling the point where D & the new S intersect</p> <p data-bbox="1417 670 1960 702">If a candidate uses P instead of W allow.</p> <p data-bbox="1417 734 2072 837">If a candidate does not shift the supply curve, but shows the correct new W and Q then 'one mark for new wage and quantity' can be awarded.</p>
	(ii)	<p data-bbox="477 941 1209 1005">Give one mark for the wage has fallen (eg from w to w^1) Give one mark for the quantity has increased (eg from q to q^1)</p>	2	<p data-bbox="1417 941 2049 1005">One mark for each correct identification, up to a maximum of two marks.</p> <p data-bbox="1417 1037 2072 1181">OFR applies re the diagram so if the new supply line is shown to the left of the original then award marks accordingly. OFR must be shown on the script</p>

Question		CBT Question	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	4	<p>Skilled workers are likely to have higher productivity and thus earn the firm more revenue than unskilled ones. They are also more inelastic in supply so they are harder to replace and can therefore demand higher pay. This also relates to their Trade Unions which find it easier to gain pay increases as withdrawal of their labour could be more damaging to the firms. Skilled workers will have spent longer in education and training and thus wish to be compensated for this by higher pay.</p> <p>The two most important factors are the inelastic nature of their supply which means that any increase in demand leads to a higher rise in wage and the greater productivity which means that higher pay can easily be met without increase in prices. (Level 4)</p>	8	<p>Candidates may draw a diagram, which would count as analysis (if commented on), but this is not a requirement.</p> <p>To gain Level 3 analysis must be present. Reference to relevant economic ideas eg elasticity, productivity, etc would be appropriate.</p> <p>Likely points: Differences in:</p> <ul style="list-style-type: none"> • price elasticity of supply • productivity • trade Union power • final demand for the output • education and training • specialisation. <p>Allow any relevant idea.</p> <p>The level achieved must be indicated on the script</p>	<p>Levels 3 & 4 – AO3 Level 2 – AO2 Level 1 – AO1</p> <p>Level 4 (7–8 marks) Candidates give a fully supported answer which clearly considers a number of reasons and comes to a supported conclusion/offers comment. Answers at the bottom may have a conclusion which is not clearly supported, or the number of reasons is very limited</p> <p>Level 3 (5–6 marks) Candidates are able to analyse a number of reasons. At the top this analysis is either in depth or covers a wide range.</p> <p>Level 2 (3–4 marks) Candidates are able to apply some reasons. At the bottom application is likely to be limited to one or two reasons. Answers may be brief.</p> <p>Level 1 (1–2 marks) Candidates offer knowledge of reasons that could be considered.</p>

Question		CBT Question	Answer	Marks	Guidance	
2	(a)	5	Monopoly power exists when a supplier has twenty five percent (1) or more of the market, whereas a competitive market has many buyers and sellers (1)	2	One mark for each correct identification, up to a maximum of two. The words must be in the correct order and the only acceptable answer is the one shown. Allow 25 for twenty five without the “per cent”	
	(b)	(i)	6.1	$(\pounds)\frac{3000}{5000}$ (1) = (£) 0.60 or 60p	2	Up to two marks It must be clear that the answer is correct e.g. £0.6 is OK as is 0.60 or 0.6. The £ or p signs are not required for the marks. There is one mark for the correct figures, but incorrect answer e.g. 6p or 0.6p. If the correct method is stated, but incorrect answer, then one mark. The correct answer on its own is worth two marks.
		(ii)	6.2	Possible answers include: <ul style="list-style-type: none"> • profit maximisation/make a profit • break even • survive • increase or growth of sales/revenue • greater market share/gain monopoly power • provide a good service/customer satisfaction/good quality 	2	One mark for an identification, plus one mark for the explanation. Allow any valid response. Economies of scale/minimise costs are worth zero, but if related to e.g. profits 1 mark available. This applies to other vague answers such as ‘to grow, ‘to expand’ etc’. No marks for internal/external. In these cases marks can be gained in the explanation. NB question asks why it is an objective not a definition/what it is. One objective could be to break even (1), so as to avoid a loss and possible closure (1).

Question		CBT Question	Answer	Marks	Guidance
	(c)	7	Possibilities include: <ul style="list-style-type: none"> • risk bearing • financial • marketing • technical • managerial • purchasing/bulk buying 	6	One mark for each identification (maximum two) and two marks for each explanation: One mark for basic application of the economy of scale One mark for analysis of how this could reduce average cost of supermarkets [total cost is not acceptable]. There must be a connected argument. If no relevant reference to supermarkets maximum 2+2 No mark for internal/external, but marks available for explanation if linked to specific economies. These links must have a logical order. Allow any valid idea. 'Purchasing (1): supermarkets are able to buy in bulk (1) thus gaining a discount so the average cost of buying goods will be lower (1)' A tick must be placed to indicate where marks have been awarded.

Question		CBT Question	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	8	<p>'Supermarkets gain large economies of scale which mean that their average costs fall and they can sell at lower prices. More supermarkets mean more competition and thus lower prices and better quality. Large firms are able to offer a wider variety of products under one roof so that customers save time going from one small business to another. If the supermarkets drive out the small businesses they could raise their prices. Supermarkets are also impersonal and do not stock less popular items reducing consumer choice. The extent of the gain depends on whether the small specialist shops survive. If they do there will be a large gain in terms of lower prices and more choice. If not the gain could be quite small.' (Level 4)</p>	8	<p>Gains</p> <ul style="list-style-type: none"> • achieve economies of scale – candidates may talk in general or refer to specific economies. • can supply a greater range of products – 'one –stop shop'. • investment in up –to –date stock etc • increased competition • better quality products • employment <p>Losses</p> <ul style="list-style-type: none"> • specialisation of smaller firms • emphasis on personal service • less choice • raise prices. • loss of jobs from independents <p>Allow any valid point, but NB Plumscar is a place not a shop</p> <p>To reach the top of any level there must be an attempt to consider both sides of the argument. In addition, there must be some reference to Plumscar/use of the material e.g. independent shops.</p> <p>The level achieved must be indicated on the script</p>	<p>Levels 3 & 4 – AO3 Level 2 – AO2 Level 1 – AO1</p> <p>Level 4 (7–8 marks) Candidates give a fully supported answer which clearly considers a 'to what extent' and comes to a supported conclusion/offers comment. Answers at the bottom may have a conclusion which is not clearly supported and/or fails to really address 'to what extent' and/or ignores Plumscar.</p> <p>Level 3 (5–6 marks) Candidates are able to analyse a number of reasons. At the top this analysis is either in depth or covers a wide range, but must make reference to Plumscar.</p> <p>Level 2 (3–4 marks) Candidates are able to apply a number of reasons. At the bottom application is likely to be limited e.g. no reference to Plumscar. Answers may be brief.</p> <p>Level 1 (1–2 marks) Candidates offer knowledge of the effect of competition which could be considered.</p>

Question		CBT Question	Answer	Marks	Guidance
3	(a)	9	Give one mark for reference to empty seats, supply greater than demand, etc Give one mark for reference to Fig.3 i.e. only 700 seats would be sold, but the theatre seats 800.	2	Up to two marks. For the first mark award any idea of sales not filling the theatre. For the second mark there must be reference to the data in Fig.3. This could be either in terms of seats or revenue.
	(b)	10	Give one mark for Total Revenue = (£)15000 (25x600) Give one mark for showing that 30x400 = (£)12000 Give one mark for showing that £15000 is more than £12000 i.e. £3000 difference Give one mark for stating that the theatre should charge £25 or this is clearly implied.	4	There is no need to show how the totals are derived. To gain four marks candidates must explain why a price of £25 would give a greater total revenue. A 'bald' statement eg '£25 would give greater total revenue' is worth only one mark as there is no explanation. OFR applies (please indicate if relevant) in which case a maximum of three marks is available if only one error made in the calculation/choosing the figures. The theatre could charge £25 (1) because the total revenue from doing so could be £15000 (1), Whereas with a price of £30, the revenue would be £12000 (1). The £25 could give £3000 more in revenue (1).

Question		CBT Question	Answer	Marks	Guidance	
					Content	Levels of response
	(c)	11	<p>If the government withdrew the subsidy, prices would rise as the subsidy has been keeping the price low. This could lead to a fall in the number of tickets sold, although for some shows this might not be the case as before at the lower price, demand may have exceeded supply (worth three marks on its own).</p> <p>If the government withdrew the subsidy costs would rise. The theatre would have to raise prices. This would lead to a fall in the number of tickets sold [3]</p> <p>If the local cinema closed down, so there is no longer a substitute for the theatre. Thus more people could decide to go to the theatre, increasing sales depending on how good a substitute it is.</p>	6	<p>Withdraws a subsidy</p> <ul style="list-style-type: none"> price would rise number of seats sold would fall if price goes up could depend on PED could depend on the type of shows. <p>Local cinema closes</p> <ul style="list-style-type: none"> substitute so depends on how close a substitute sales should rise could depend on PED could depend on the type of shows theatre could show films. <p>Allow any valid point.</p> <p>To go beyond Level 1 there must be reference to ticket sales or demand.</p> <p>NB this question is not 3+3, but is to be marked holistically. An answer that deals with only one of the bullet points can gain no more than three marks, but Level 3 could be reached with a analysis of one and some application of the other.</p> <p>Candidates may draw diagram(s), but this is not a requirement to gain six marks. Diagrams must be explained to gain marks.</p> <p>The level achieved must be indicated on the script.</p>	<p>Level 3 – AO3 Level 2 – AO2 Level 1 – AO1 No marks available for repeating the answer from part (b).</p> <p>Level 3 (5–6 marks) Candidates are able to analyse both bullet points, but at the bottom analysis of one and some application of the other is sufficient.</p> <p>Level 2 (3–4 marks) Candidates are able to offer application of both, top, or of one, bottom of the level.</p> <p>Level 1 (1–2 marks) Candidates show knowledge of one or both points. Answers that ignore ticket sales or demand will be at this level including those that only define substitutes.</p>

Question		CBT Question	Answer	Marks	Guidance	
					Content	Levels of response
	(d)	12	<p>Employing specialists usually means paying higher wages and having to send them on costly training courses. If performers are specialists this could also reduce the range of productions. On the other hand, specialist workers are usually more productive, which could reduce average costs while increasing the quality of productions and thus consumer satisfaction (top Level 3).</p> <p>While there are disadvantages to employing specialists, the benefits of doing so are likely to outweigh these because customers want high quality performances and this is what specialists should provide, thus increasing sales, revenue and profit (top Level 4).</p>	8	<p>NB 'such as performer or make-up artist' so candidates can refer to these or any other employees of the theatre.</p> <p>Benefits</p> <ul style="list-style-type: none"> workers become more productive likely to reduce costs/prices increased output/sales improved quality gains customers who want special products improves skills. <p>Costs</p> <ul style="list-style-type: none"> expensive training alienation of workers higher pay required lose customers who want a greater range. <p>Allow any valid idea.</p> <p>Answers that ignore the Theatre can get a max of four marks.</p> <p>NB The question is about 'business' not consumers. These answers can gain a maximum of two marks.</p> <p>The level achieved must be indicated on the script</p>	<p>Levels 3 & 4 – AO3 Level 2 – AO2 Level 1 – AO1</p> <p>Level 4 (7–8 marks) Candidates give a fully supported answer which clearly considers both benefits and costs and reaches a conclusion/offers comment. Answers at the bottom may have a conclusion that is not clearly supported and/or fails to adequately refer to both aspects.</p> <p>Level 3 (5–6 marks) Candidates are able to analyse a number of effects. At the top there is analysis of both benefits and costs.</p> <p>Level 2 (3–4 marks) Candidates are able to apply a number of effects to businesses. At the top both will be referred to while at the bottom application is likely to be limited. Answers may be brief.</p> <p>Level 1 (1–2 marks) Candidates offer knowledge of specialisation/definition.</p>

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