

**Tuesday 13 June 2017 – Afternoon**

**A2 GCE ECONOMICS**

**F583/01** Economics of Work and Leisure

Candidates answer on the Question Paper.

**OCR supplied materials:**

None

**Other materials required:**

- Calculators may be used

**Duration:** 2 hours



Candidate forename		Candidate surname	
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Centre number						Candidate number				
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### INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer Section A and **one** question from Section B.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the barcodes.

### INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- The quality of your written communication will be taken into account in the marking of your answer to Section B.
- This document consists of **20** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

## Regional and Gender Inequality

In the UK there are significant differences in earnings in different parts of the country. This is known as the regional pay gap. Fig. 1 shows data relating to the regional pay gap in the UK. There are also significant gaps in average earnings between the four nations of the UK and the regions within England.

Region	Average gross annual earnings (£) 2013
United Kingdom	27 017
England	27 376
North East	24 084
North West	25 097
Yorkshire and West Humberside	24 594
East Midlands	24 918
East	26 483
London	35 328
South East	28 400
South West	25 251
Wales	24 182
Scotland	26 472
Northern Ireland	23 904

Fig. 1 UK Average Gross Annual Earnings (£). 2013. ONS.

Inequality in society can exist in many forms. As well as regional inequality there are also large differences in earnings between male and female workers. The Equal Pay Act was introduced over forty years ago. However, the gender pay gap, a measure of the difference between male and female earnings, still exists. Looking at all workers, in full or part-time employment, on average women earn less than men. Fig. 2 shows the level of earnings and the changes in earnings of male and female workers.

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	Male		Female	
Age group	2013 average earnings per hour (£)	Percentage change since 1997	2013 average earnings per hour (£)	Percentage change since 1997
18–21	6.84	51.7%	6.60	59.8%
22–29	10.03	45.8%	9.50	55.7%
30–39	13.98	54.6%	12.30	81.7%
40–49	15.23	53.4%	11.17	79.0%
50–59	14.63	–	10.80	–
60+	11.93	–	9.47	–
<b>ALL AGES</b>	<b>12.86</b>	<b>57.4%</b>	<b>10.33</b>	<b>74.5%</b>

Fig. 2 Average earnings and increase in earnings between 1997 and 2013 by age group (gross hourly earnings excluding overtime)

Sam Smethers, the Chief Executive of the Fawcett Society, a charity campaigning for gender equality, said: “There has never been a better opportunity to close the pay gap. Progress has stalled in recent years, but with real commitment from government and employers, together with action from women and men at work, we could speed up progress towards the day when we can consign it to history.” The government has vowed to end the gender pay gap in a generation, setting out new rules forcing every company that employs more than 250 people to publish the difference between the average pay of its male and female employees.

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The Trades Union Congress (TUC) has stated that among Britain’s top earners, the pay divide between men and women is nearly 55%. The top 2% of male earners receive more than £117,352 a year, while women get £75,745. The TUC General Secretary, Frances O’Grady, said: “It is shocking the UK still has such large gender pay differences at the top of the labour market. We need pay transparency, equal pay audits and a requirement on companies to tackle gender inequality.”

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Both the TUC and the Fawcett Society believe the government must go further. They have called for employers to publish action plans to close the pay gap as well as proposing tough penalties for companies that fail to comply. Advancements in flexible working have helped to ensure that there are now a record number of women in work, but this flexibility is often accompanied by a hidden pay penalty. The hourly pay difference between full-time and part-time workers is currently 25%.

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1 (a) Calculate, using Fig. 1, the percentage difference in average gross annual earnings between;

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**(b)** Explain why significant regional differences in earnings are an example of labour market failure.

[4]

- (c) Using Fig. 2, compare the earnings and the growth in earnings of male and female workers in the 18 to 49 years old age group bands.

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..... [2]

- (d) Explain **two** reasons for the difference between male and female earnings in the UK.

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**(e)** Comment on the economic impact of removing the gender pay gap.

[5]

[8]

**SECTION B**

Answer **one** question from this section.

- 2 (a) Analyse the objectives a firm might pursue as an alternative to profit maximisation. [15]
- (b) Discuss, using examples from the leisure industry, whether a market dominated by one firm is beneficial for an economy. [20]
- 3 (a) Analyse, using examples, how differences in the elasticity of supply of workers in different occupations influences their wages. [15]
- (b) Discuss the extent to which the bargaining power of an employer is the main determinant of wages in an occupation. [20]
- 4 (a) Analyse how changes in wages and productivity affect unit labour costs. [15]
- (b) Discuss whether the removal of all government intervention in the labour market would increase the efficiency of the labour market. (20)



## SECTION B

Question No. ....

Start your answer to part (a) here.

[illegible]







Start your answer to part **(b)** here.

[illegible]









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