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# Mark Scheme (Result)

## October 2021

Pearson Edexcel International
Advanced Level in Economics (WEC13)
Unit 3: Business behaviour

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**General Marking Guidance**

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

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**Section A**

| Question | Quantitative skills assessed | Answer | Mark |
|---|---|---|---|
| 1 | **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. | **The only correct answer is D**<br><br>***A*** *is not correct because the takeover would decrease contestability*<br><br>***B*** *is not correct as the takeover will combine the two businesses and is likely to increase total costs*<br><br>***C*** *is not correct because the takeover would reduce competition in the market* | **(1)** |
| 2 | **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes.<br>**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. | **The only correct answer is C**<br><br>***A*** *is not correct as it does not use the correct firms in calculation*<br><br>***A*** *is not correct as it does not use the correct firms in the calculation*<br><br>***D*** *is not correct because it includes 'others' in the calculation* | **(1)** |
| 3 | **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms | **The only correct answer is D**<br><br>***A*** *is not correct as the increase in minimum wage would cause unemployment*<br><br>***B*** *is not correct because there is a contraction of demand*<br><br>***C*** *is not correct because there is an extension of supply* | **(1)** |

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|---|---|---|---|
| **4** | **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms<br>**QS6:** Calculate cost, revenue and profit (marginal, average, totals) | **The only correct answer is B**<br><br>***A*** *is not correct as there are increasing returns to scale*<br><br>***C*** *is not correct as diminishing returns have already set in*<br><br>***D*** *is not correct as diminishing returns have already set in* | **(1)** |
| **5** | | **The only correct answer is A**<br><br>***B*** *is not correct as this would affect the demand for labour*<br><br>***C*** *is not correct as this would increase the supply of labour*<br><br>***D*** *is not correct as this would affect the demand for labour* | **(1)** |
| **6** | **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. | **The only correct answer is A**<br><br>***B*** *is not correct because monopolistically competitive firms are productively inefficient and make normal profits in the long-run*<br><br>***C*** *is not correct as they make normal profits in the long-run* | **(1)** |

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|---|---|---|---|
| | | ***D*** *is not correct as monopolistically competitive firms are not allocatively efficient* | |

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**Section B**

| Question | With reference to Figure 1, calculate the percentage change in the average world price of coffee beans from 1 July 2017 to 1 May 2019. You are advised to show your working.<br>**Answer** | Mark |
|---|---|---|
| 7(a) | **Application 2**<br><br>**Quantitative skills assessed:**<br>**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br>**QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes.<br><br>Up to 2 marks for calculation:<br><br>1.57 – 2.31 ÷ 2.31 **(1)**<br>-0.32 x 100 = -32% **(1)**<br><br>**Award full marks for correct answer (-32, -32.03, -32.035, -32.0346) regardless of working.**<br>**Award only 1 mark if they do not identify that it has decreased/is negative** | **(2)** |

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| Question | With reference to Extract A (line 12), explain what is meant by 'short-run shutdown point.'<br>**Answer** | Mark |
|---|---|---|
| **7(b)** | **Knowledge 2 Application 2**<br><br>**Quantitative skills assessed: QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br><br>**Knowledge:** up to 2 marks for any two of the following:<br><br>• Shut down point occurs were AR=AVC **(1)**<br>• In the short-run a firm may shutdown if the price it receives does not cover its average variable costs of production **(1)**<br>• Where AVC>AR then each additional item sold adds to losses **(1)**<br>• Understanding of short-run (at least one fixed factor of production) **(1)**<br>• Examples of variable costs **(1)**<br><br>**Or** Accurate diagram to clearly show short-run shutdown **(1+1)**<br><br>**Application - up to 2 marks for application to context of the coffee market**<br>• Supply of coffee beans greater than demand/ surplus 4 million bags/global production **(1)**<br>• By May 2019, the global price of coffee beans fell to its lowest level in over 10 years **(1)**<br>• Caused serious problems for small coffee growers in coffee-producing regions/Central America/Africa **(1)**<br>• Farmers in Africa and Central America were making large losses **(1)** | **(4)** |

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| Question | With reference to Figure 2 and Extract A, analyse **two** possible reasons for the increase in supply of coffee beans between 2015 and 2019.<br>**Answer** | Mark |
|---|---|---|
| **7(c)** | **Knowledge 2 Application 2 Analysis 2**<br>**Quantitative skills assessed: QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br><br>**Knowledge and Analysis**<br><br>1 mark for definition of supply- the quantity of goods that suppliers are willing to sell at a given price in a given time period **(1)**<br><br>Up to 2 marks for the identification of two reasons for the increase in supply of coffee and 1 mark for the linked expansion of each point<br><br>• Favourable weather conditions **(1K)** enables crops to grow, increasing the harvest yield, increasing supply **(1AN)**<br><br>• Improvements in farming equipment **(1K)** improvements in technology improves productive efficiency, increasing output and increasing supply **(1AN)**<br><br>• Improvements in farming methods of production **(1K)** improves the efficiency of factors of production used in farming, increasing output **(1AN)**<br><br>**Application**<br><br>Up to 2 marks for application to Figure 2 and Extract A<br><br>• Global coffee production rose from 150 million bags in 2015 to 171 million bags in 2019 **(1)**<br><br>• World coffee bean supply increased by 8.2% in 2019 (Figure 2)/ supply increased 8% (Extract A) **(1)**<br><br>• Global coffee bean surplus of 4 million bags **(1)**<br><br>• Large coffee farming countries such as Brazil had increased production **(1)** | **(6)** |

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| Question | With reference to Extract B, examine **two** barriers to entry into the US coffee shop market. | Mark |
|---|---|---|
| 7(d) | **Knowledge 2 Application 2 Analysis 2 Evaluation 2**<br>**Quantitative skills assessed: QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br><br>**Knowledge and Analysis**<br><br>**Up to 1 mark for the correct definition of barriers to entry**<br><br>Definition of Barriers to entry – obstacles that prevent new firms from entering the market **(1)**<br><br>**up to 2 knowledge marks for identification of two barriers to entry and 1 mark for the linked expansion of each barrier to entry (2+2)**<br><br>• A number of well-known firms operating in the coffee chain market **(1K),** making it more difficult for a new firm to establish itself because of brand loyalty, this increases barriers to entry **(1AN)**<br><br>• Firms compete using non-price competition such as advertising. **(1K)** This increases the costs of operating in the market and may prevent new firms entering if they cannot afford to cover the costs of large advertising campaigns **(1AN)**<br><br>• New firms will need to develop high quality coffee beans to compete with established coffee chains **(1K)** This requires expertise that a new firm may not have **(1AN)**<br><br>• Firms will need to compete using social media **(1K)**. This requires knowledge of social media and the ability to finance the campaign. This would increase barriers to entry to new firms **(1AN)**<br><br>**Application**<br><br>Up to 2 marks for relevant application to Extract B (1+1)<br><br>• Starbucks, Tim Hortons, Dunkin' Donuts, Dutch Bros Coffee and Peet's Coffee operate in the market **(1)**<br><br>• US coffee shop market is likely to be oligopolistic **(1)**<br><br>• Starbucks large with 27 000 stores worldwide **(1)**<br><br>• The firms compete using special offers, large advertising budgets and loyalty schemes **(1)** | |

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| | | |
|---|---|---|
| | • Investing heavily in developing mobile phone apps and online ordering systems **(1)**<br>• Social media advertising is the most effective form of marketing for coffee shops **(1)**<br><br>**Evaluation**<br>**Up to 2 marks for evaluative comments (2+0 or 1+1), e.g.:**<br>• A large number of successful, small independent coffee shops in the USA **(1)** A new firm can enter the market as it does not need to operate at the same size and scale as the bigger coffee chains **(1)**<br>• Product differentiation such as different drinks and food options, require limited skills **(1)** reducing barriers to entry **(1)**<br>• New firms can locate in different areas to well-known coffee chains **(1)**. These areas might be lower cost, reducing start-up costs and barriers to entry **(1)**<br>• Social media marketing may be free if using apps such as Instagram and Facebook **(1)** reducing the costs of advertising **(1)** | **(8)** |

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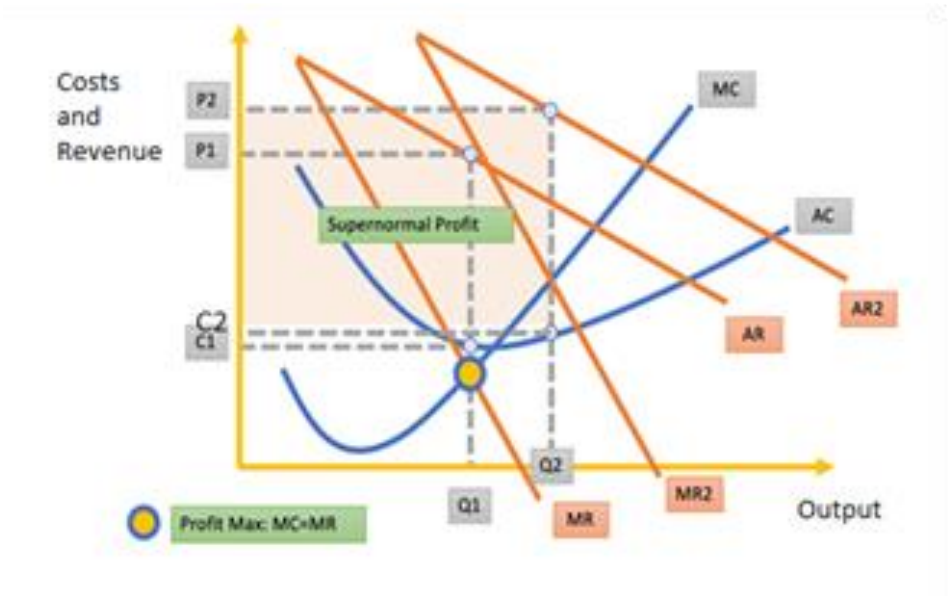
| Question | With reference to the information provided, discuss the reasons for the increase in Starbucks' profits in 2019.<br>For **one** of these reasons, illustrate your answer with an appropriate cost and revenue diagram. |
|---|---|
| **7(e)** | **Indicative content guidance**<br>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.<br><br>**Knowledge, Application, Analysis (8 marks) – indicative content**<br>• Definition of profits = total revenue - total costs<br>• Starbucks revenue increased by 7.24% in 2019<br>• Starbucks profits increased by 7.11% to $17.98 billion<br>• Globally sales of coffees have increased by 2%, this would increase both the average revenue and marginal revenue curves outwards, increasing profits<br>• Many new shops opening in China<br>• Attracting younger coffee drinkers<br>• Diagram to show an increase in both average revenue and marginal revenue shifting outwards with a new equilibrium price and quantity showing profit increasing<br><br><br><br><br>• AR and MR increase to AR2 MR2 with a higher area of profit from P1C1 x 0Q1 to P2C2 x 0Q2<br>• The price of coffee beans has fallen to $1.57 per kg in May 2019 reducing the costs of production for coffee shops. This would cause the marginal cost and average costs curve to fall, increasing profits |

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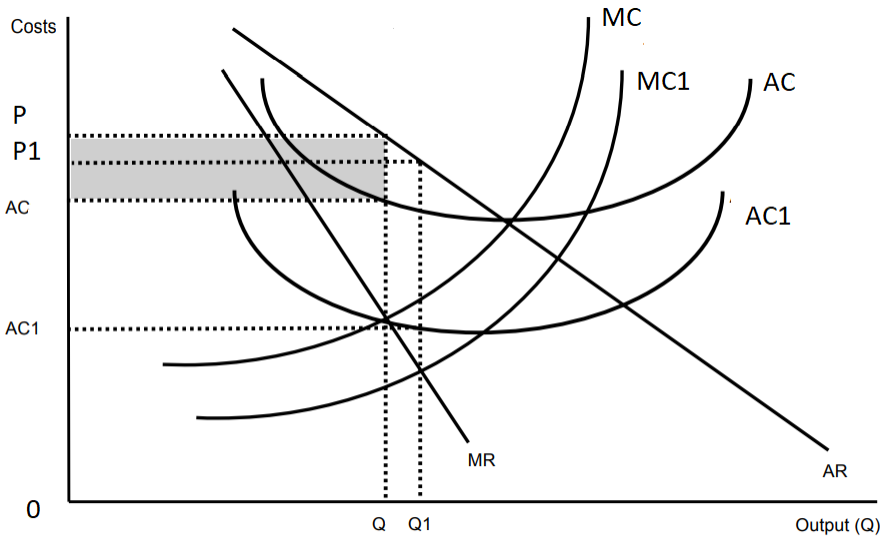


The fall in the price of coffee beans causes the MC1 and AC1 to fall, creating a higher output at a lower price. Profit increases from PAC x 0Q to P1AC1 x 0Q1.

**Maximum level 2 if no diagram**
**Maximum level 2 if only one reason is discussed**

| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Use of generic material or irrelevant information or inappropriate examples.<br>Descriptive approach which has no chains of reasoning. |
| **Level 2** | 4–6 | Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.<br>Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted. |
| **Level 3** | 7–8 | Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question.<br>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence. |

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|---|---|---|
| | **Evaluation (6 marks) – indicative content**<br>• The price of coffee beans fluctuates and costs may increase in the long-run reducing profits<br>• Other costs of production may increase offsetting the fall in costs from the reduction in the price coffee beans, reducing overall profits<br>• Costs of advertising and expansion will reduce overall profits<br>• A large number of firms competing in the coffee shop market which may reduce sales and revenue in the long-run<br>• A 32% fall in price of coffee beans is very large and might have had a significant impact on profits<br>• The impact of the fall in the price of coffee beans on Starbucks' profits depends on the significance of coffee beans as a proportion of total costs<br>• The rise in profits might be short-term only | |
| **Level** | **Mark** | **Descriptor** |
| | 0 | No rewardable material. |
| **Level 1** | 1–2 | Identification of generic evaluative comments.<br>No supporting evidence/reference to context.<br>No evidence of a logical chain of reasoning. |
| **Level 2** | 3–4 | Evidence of evaluation of alternative approaches<br>Some supporting evidence/reference to context.<br>Evaluation is supported by a partially-developed chain of reasoning. |
| **Level 3** | 5–6 | Evaluation recognises different viewpoints and/or is critical of the evidence.<br>Appropriate reference to evidence/context.<br>Evaluation is supported by a logical chain of reasoning. |

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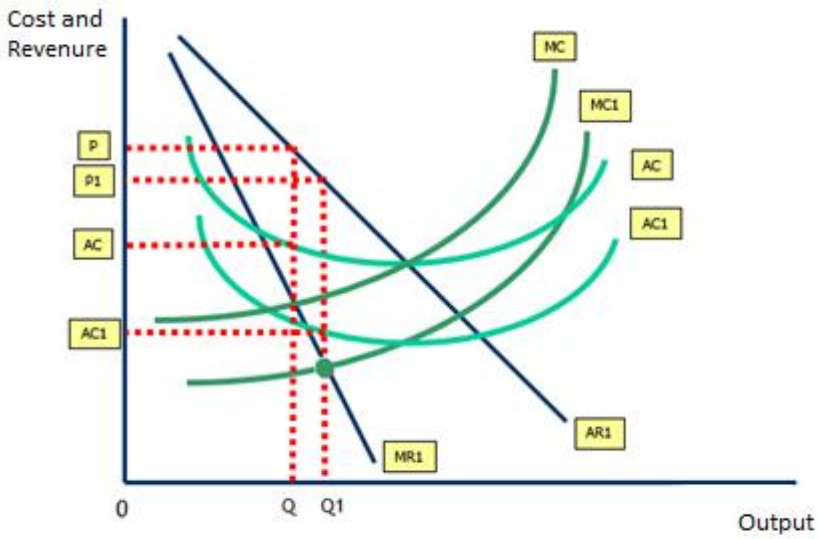
**Section C**

| **Question** | For an industry of your choice, evaluate why many businesses have growth as their main objective.<br>Illustrate your answer with an appropriate diagram(s).<br>**Indicative content** |
|---|---|
| **8** | **Indicative content guidance**<br>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.<br>**Quantitative skills assessed:**<br>**QS4:** Construct and interpret a range of standard graphical forms.<br>**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br><br>**Knowledge, Application, Analysis (12 marks) – indicative content**<br><br>• Businesses can grow either organically or inorganically through mergers and takeovers<br>• Business objectives goals/targets for business including profit maximisation, revenue maximisation, sales maximisation and satisficing<br>• Increase in demand leading to higher revenue and profits/higher profits generates more funds for investment, improves innovation, further increasing profits<br>• Businesses such as Visinema would benefit from having more control over every aspect of their business allowing them to expand into new areas such as animated films<br>• Businesses may benefit from increased profits by internalising new areas of the business that they previously outsourced. This reduces costs and increases profits. Fall in AC to AC1and MC to MC1 showing a new equilibrium with a higher profit level P1 x Q1 (TR) - AC1 x Q1 (TC)<br><br><br> |

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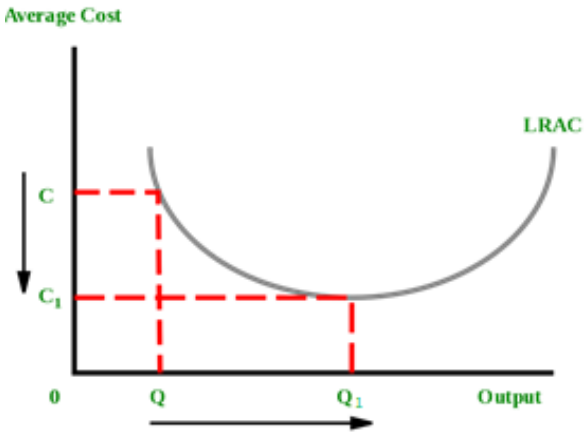
- Businesses can benefit from economies of scale and a fall in long-run average total costs
- The cost savings could be passed onto the consumer in the form of lower prices increasing competitiveness




- Businesses may be able to achieve monopsony power over suppliers and labour enabling them to negotiate better terms when purchasing supplies and workers reducing costs
- Increased market share gives higher price-setting ability, potentially increasing prices and profits
- Businesses such as Visinema can benefit from risk diversification. If the animated film industry declined other areas of their film production may offset the losses

**Accept reverse argument as KAA**

**Restrict to a maximum of Level 3 if no appropriate diagram provided**

| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Use of generic material or irrelevant information or inappropriate examples.<br>Descriptive approach which has no chains of reasoning. |

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|---|---|---|
| **Level 2** | 4–6 | Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Limited application of knowledge and understanding to economic problems in context.<br>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence. |
| **Level 3** | 7–9 | Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.<br>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted. |
| **Level 4** | 10–12 | Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.<br>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence. |
| | **Evaluation (8 marks) – indicative content**<br><br>• Firms may wish to stay small to avoid diseconomies of scale if they move beyond their MES<br>• Some businesses benefit from operating in a niche market and are able to be profitable from selling at a higher price with a lower output<br>• Small businesses can maintain high levels of flexibility/innovation as the market changes<br>• Some businesses do not have the finances to grow and therefore getting bigger is not an option<br>• Large businesses can attract the attention of the competition authorities. Therefore a business may wish to stop growing to stop any form of intervention<br>• Business owners may have an objective of staying small and keeping total control of all aspects of the businesses<br>• Alternative business objectives e.g. satisficing | |

| **Level** | **Mark** | **Descriptor** |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Identification of generic evaluative comments. |

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|---|---|---|
| | | No supporting evidence/reference to context.<br>No evidence of a logical chain of reasoning. |
| **Level 2** | 4–6 | Evidence of evaluation of alternative approaches.<br>Some supporting evidence/reference to context.<br>Evaluation is supported by a partially-developed chain of reasoning. |
| **Level 3** | 7–8 | Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.<br>Appropriate reference to evidence/context.<br>Evaluation is supported by a logical chain of reasoning. |

| **Question** | For an industry of your choice, to what extent is a monopoly market structure *inefficient*?<br>Illustrate your answer with an appropriate diagram(s).<br>**Indicative content** |
|---|---|
| **9** | Indicative content guidance<br>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.<br>Quantitative skills assessed:<br>**QS4:** Construct and interpret a range of standard graphical forms.<br>**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br><br>Knowledge, Application, Analysis (12 marks) – indicative content |

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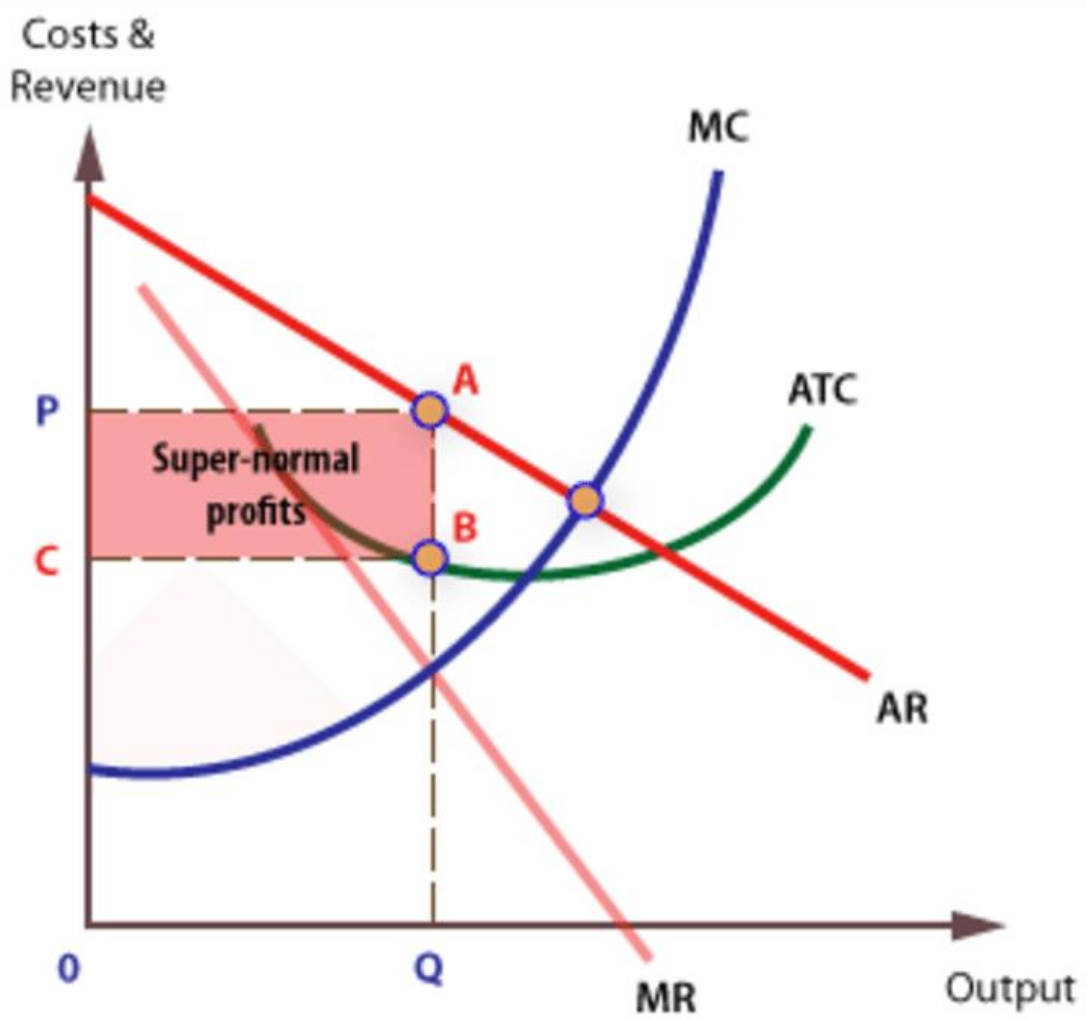
- A monopoly market structure is when there is one single dominant supplier in the market. These firms possess price setting ability
- Allocative efficiency occurs when P=MC, productive efficiency occurs when the business is producing at the lowest point of it LRATC curve, X-inefficiency occurs when a business allows average costs to rise, dynamic efficiency occurs when a business is investing to reduce it costs
- Firms with monopoly power, such as MTN Ghana, face limited competition therefore it has price setting ability
- MTN Ghana can abuse their dominant position by offering low quality products to consumers to save on costs of production. As consumers have limited other options but to purchase from them, consumer welfare decreases
- Monopolies will not be allocatively efficient as the lack of competition, such as MTN Ghana controlling 70% of the market, allows them to charge higher prices (P>MC) than in a more competitive industry
- Monopolies benefit from high producer surplus, reducing consumer surplus and causing a deadweight welfare loss



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|---|---|
| | • A monopoly may be productively inefficient if it restricts output below the lowest point on the AC curve<br>• A monopoly may restrict output and produce at a point below the lowest point of the AC. The monopoly produces at 0Q<br>• 0Q is profit-maximising output, shaded area is supernormal profit<br>• A monopoly will be x-inefficient. The lack of competition and inelastic demand enables the business to increase the price without a proportionate fall in quantity demanded. If costs increase the monopoly can allow prices to increase to cover the rising costs<br><br>**Accept reverse argument as KAA**<br><br>**Restrict to a maximum of Level 3 if no appropriate diagram provided** |

| **Level** | **Mark** | **Descriptor** |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Use of generic material or irrelevant information or inappropriate examples.<br>Descriptive approach which has no chains of reasoning. |
| **Level 2** | 4–6 | Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Limited application of knowledge and understanding to economic problems in context.<br>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence. |
| **Level 3** | 7–9 | Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.<br>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted. |
| **Level 4** | 10–12 | Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.<br>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence. |
| | **Evaluation (8 marks) – indicative content** | |

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|---|---|
| | • Monopolies are large firms and have a greater capacity to be productively efficient and achieve economies of scale. The fall in LRAC may cause the price to fall for consumers, improving consumer welfare<br>• Monopolies have greater potential for dynamic efficiency –financial resources for investment in R & D and product innovation for consumer benefit<br>• A monopolist in a contestable market may choose to set the price low to deter potential entrants (making close to a normal profit) where P is closer to MC and therefore closer to allocative efficiency<br>• A monopolist may be able to cross subsidise loss-making parts of its business and cover the losses with the supernormal profits made in other parts of the business. This increases consumer choice<br>• If the monopoly is a natural monopoly it is more efficient to have a single seller in the market achieving economies of scale, than to have firms competing<br>• Regulation may ensure efficient operation of monopolists<br>• Monopoly power is dependent on the firm's share of the market and the market shares of its competitors |

| **Level** | **Mark** | **Descriptor** |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Identification of generic evaluative comments.<br>No supporting evidence/reference to context.<br>No evidence of a logical chain of reasoning. |
| **Level 2** | 4–6 | Evidence of evaluation of alternative approaches.<br>Some supporting evidence/reference to context.<br>Evaluation is supported by a partially-developed chain of reasoning. |
| **Level 3** | 7–8 | Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.<br>Appropriate reference to evidence/context.<br>Evaluation is supported by a logical chain of reasoning. |

| **Question** | Evaluate measures to reduce the occupational and geographical immobility of labour.<br><br>**Indicative content** |
|---|---|

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|---|---|
| **10** | **Indicative content guidance**<br>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.<br>**Quantitative skills assessed:**<br>**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.<br>**Knowledge, Application and Analysis (12 marks) – indicative content**<br>• Occupational immobility of labour occurs when there are barriers facing people active in the labour market moving from one job to another<br>• Geographical immobility of labour occurs when there are costs or barriers facing individuals who need to move from one area to another to find employment<br>• Immobility of labour is a form of market failure<br>• The Indian Government is making access to university easier by allowing universities to offer online degrees. This should increase the number of people taking a degree so increasing the skill level of young people in India and reducing the occupational immobility of labour<br>Measures implemeted by government, businesses could include:<br>• offer training or subsidise businesses that provide specific training for their staff. This improves the skills of the workforce enabling them to fill gaps in the labour market more easily<br>• offer subsidies to businesses who take on workers from groups with very high unemployment levels. Businesses are incentivised by the lower labour costs and the work experience these individuals receive to improve their skill level making them more employable in the future<br>• encourage more apprenticeships to improve the skills of young people entering the workforce, to overcome occupational immobility, by improving their skill level<br>• introduce relocation subsidies or support for individuals who live in regions with lower house prices, that need to move to regions with higher house prices for work<br>• improve the knowledge of job opportunities available across the country to help individuals know where they could locate to find better work<br>• reduce barriers to immigration to overcome occupational immobility of labour<br>• improve infrastructure to reduce geographical immobility of labour<br>**Restrict to a maximum of Level 3 if reference is not made to both occupation and geographical immobility** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–3 | Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Use of generic material or irrelevant information or inappropriate examples.<br>Descriptive approach which has no chains of reasoning. |
| **Level 2** | 4–6 | Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Limited application of knowledge and understanding to economic problems in context.<br>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence. |
| **Level 3** | 7–9 | Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.<br>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted. |
| **Level 4** | 10–12 | Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.<br>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.<br>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence. |
| | **Evaluation (8 marks) – indicative content**<br>• The labour force may not have the potential to fill the vacancies for high skilled occupations<br>• Many individuals will not move if they have family ties or friends, even if the government/ business provides relocation subsidies<br>• If the training/education provided does not fill gaps in the labour market, the occupational mobility of labour will not improve<br>• There are time lags for education/training to have an effect. Therefore there may not be any change in the mobility of labour in the short-run<br>• It will depend upon the magnitude of the government/ business expenditure on measures<br>• Lack of information for those putting in place measures mean the wrong level of support is offered | |

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|---|---|---|
| Level | Mark | Descriptor |
| | 0 | No evaluative comments. |
| **Level 1** | 1–3 | Identification of generic evaluative comments.<br>No supporting evidence/reference to context.<br>No evidence of a logical chain of reasoning. |
| **Level 2** | 4–6 | Evidence of evaluation of alternative approaches.<br>Some supporting evidence/reference to context.<br>Evaluation is supported by a partially-developed chain of reasoning. |
| **Level 3** | 7–8 | Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.<br>Appropriate reference to evidence/context.<br>Evaluation is supported by a logical chain of reasoning. |