

Practice Exam Papers

For GCSE (9-1) OCR Economics: Paper 1

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Teacher's Introduction

This resource consists of four Paper 1 practice papers and mark schemes that can be used by teachers to prepare learners to be examined at the end of their OCR GCSE in Economics (J205) course. The well-known saying suggests 'practice makes perfect' and hopefully the papers will help learners to perfect their exam skills, which will be particularly critical given the linear assessment requirements. The qualification is assessed via two exams which are sat at the end of the course, so ensuring students are familiar with the style and content of the papers is essential to provide them with the best chance of securing pleasing results.

The papers are written to cover all topics within the OCR specification. They have been produced after a thorough assessment of the specimen papers produced by the exam board to ensure that the questions are written in a similar format, tone and style to those students will face in the real exam.

Using this resource

This resource can be used in a number of ways to help students to prepare for their GCSE exam. It can be used independently by students or as a teacher-led exercise. Here are a few suggestions:

Homework: The papers could be completed by students as homework tasks. Students could be given one or two sections to complete in the run-up to the exam, or alternatively the questions could be divided up and given to students as they progress through the various topics to review their learning.

In-class exam: The practice papers make ideal mock exams to complete under timed exam conditions as they are based on the format of the final exam. There is a mark scheme and suggested answers to accompany every question. The mock exam will then enable teachers to pinpoint the topics that students find challenging, review their exam technique / time management and tailor any intervention activities appropriately. The benefit of using these practice papers as mock exams is that the mark schemes are not in the public domain (unlike past and specimen papers produced by the exam boards, which are posted on their website) so they give teachers a true picture of how students perform when tackling an unseen paper.

In class: The papers could be 'walked through' in their entirety or divided up into sections to give the students guidance related to the requirements of an exam. Using the mark schemes, teachers can inform learners how marks are awarded and the difference between the levels on the extended-mark questions.

Exam technique: The papers can be used to help students of all levels to enhance their exam technique. They can become familiar with what is required from an 'explain', 'calculate' and 'analyse' question so they are aware of the detail expected for each level of response. Students could complete a range of question styles and peer-mark their responses to the practice questions to give them the opportunity to 'think like an examiner'.

Revision: When the students are approaching their final exams, a whole practice paper could be given to them to complete. This technique may be particularly appropriate for over a holiday period, e.g. Easter or half-term. When the students return from their holiday the teacher can mark the entire paper and also share the mark scheme with the students so that they can see how their responses compare.

February 2021

Exam Paper Structure

The OCR GCSE Economics (J205) exams run from 2019 onwards. The qualification is linear, and, therefore, students sit both exams in the summer of their final year of study (Year 11).

The qualification is assessed via two papers, which are equally weighted to determine the final grade awarded.

Paper 1: Introduction to economics	<ul style="list-style-type: none">• Written exam – 1 hour 30 minutes• 80 marks• 50% of final GCSE grade
Paper 2: National and international economics	<ul style="list-style-type: none">• Written exam – 1 hour 30 minutes• 80 marks• 50% of final GCSE grade

There are no foundation papers in this qualification so all candidates must sit both papers. There are also no higher and foundation tiers so all candidates entered will include differentiated questions aimed at top and lower grades.

Students have 1 hour and 30 minutes to complete both papers, with a maximum of 160 marks.

Each paper is divided into two sections: A and B. Section A consists of 20 multiple-choice questions included throughout Section A. Section B consists of 18 questions of which the first 12 consist of stimulus material followed by four 2-mark short-response questions, and the last 6 consist of 2-mark short-response questions.

For Section B, students should be reminded to read the stimulus material for each question carefully before planning any answer. Students who score the highest marks for Section B questions will be those who refer to the context laid out in the stimulus material, rather than offering generic answers. The stimulus material is there for a purpose, and the examiner will be looking for evidence that students take all relevant information to demonstrate their in-depth economics knowledge.

Students should always look at the number of marks awarded for each question to determine the amount of depth a student should include within a response.

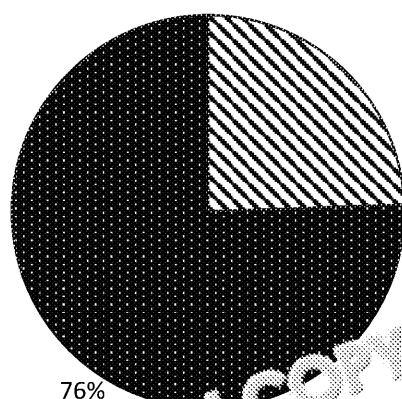
Time management is a critical skill for GCSE Economics students to master. It is advised that candidates divide their 90 minutes across the 80 marks offered throughout the exam. The first 20 marks are worth 20 marks and, therefore, approximately 22 minutes should be spent reading and answering questions within this section. Each part of Section B should also take up approximately 22 minutes. Students should practise answering a single part of Section B within 22 minutes as part of their exam preparation.

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Time allocation



Being disciplined with the time available is critical. Spending extra time answering one question will disadvantage the time available for another. There is a risk that the marks gained on a particular question will be lower than could have been gained by starting a subsequent question.

Command words

The following table outlines some of the commonly used command words for the face when completing these papers.

Command word	Overview
Analyse	Divide information into separate parts and identify the features.
Calculate	Complete a numerical calculation to work out an answer to avoid simply giving the answer to 'calculation' questions being marked if the final answer is wrong. The examiner is able to award marks if the final answer is wrong.
Draw	Create a diagram.
Explain	Present reasons or purposes.
Evaluate	Make a judgement based on the available evidence, with consideration of the drawbacks of the option(s).
State	Express in clear and concise terms.

Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same for all exam board qualifications. Here are the AOs and their weightings:

AO1	<ul style="list-style-type: none"> Demonstrate knowledge and understanding of economic concepts 35% of marks available
AO2	<ul style="list-style-type: none"> Apply knowledge and understanding of economic concepts and issues 35% of marks available
AO3	<ul style="list-style-type: none"> Analyse and evaluate economic information and issues to demonstrate economic activity, make judgements and draw conclusions 30% of marks available

Exam technique

Many students rush straight into writing their answer. This is inadvisable as rushing often helps to improve the quality of answers composed; however, it is important as it may leave candidates insufficient time to actually write their answer.

Candidates should spend a few minutes planning their answer. They could use a point list to outline the basic structure and key points.

Activity – planning

Ask your students to consider some of the practice questions within this resource and come up with a basic plan for their response to each question.

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ZigZag Practice Exam

Supporting GCSE OCR

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PAPER 1A

GCSE OCR Economics

Paper 1: Introduction to Economics

Name



Time allowed

1 hour 30 minutes

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **80**. The number of marks available for each question is displayed to the right of the question.

Use of an electronic calculator is permitted.



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Section A

For multiple-choice questions, provide only **one** answer.
For calculation questions, you are advised to show your working.

- 01 Which of the following best describes the basic economic problem?
- ☐ A Reducing costs and inefficiency
 - ☐ B Allocating scarce resources to meet demand
 - ☐ C Maintaining revenue to pay workers
 - ☐ D Implementing policies to achieve economic growth
- 02 Which of the following firms is part of the secondary sector of the economy?
- ☐ A Restaurant
 - ☐ B Supermarket
 - ☐ C Car manufacturer
 - ☐ D Internet service provider
- 03 Which of the following factors determines the supply of goods and services?
- ☐ A Declining average incomes
 - ☐ B A change in the cost of production
 - ☐ C Consumer trends
 - ☐ D Changing demographics
- 04 Which of the following is not a factor of production?
- ☐ A Labour
 - ☐ B Land
 - ☐ C Markets
 - ☐ D Capital
- 05 What is the equilibrium price after a rise in demand of 20 units at all prices?

Price (£)	Quantity Demanded	Quantity Supplied
25	40	20
20	30	30
15	20	40
10	10	50

- ☐ A £10
 - ☐ B £15
 - ☐ C £20
 - ☐ D £25
- 06 Which of the following describes market competition in an oligopoly?
- ☐ A No competition between firms
 - ☐ B Competition between a large number of small firms
 - ☐ C Competition between a small number of large firms
 - ☐ D Competition between firms of all sizes
- 07 What does a shift right of the supply curve indicate?
- ☐ A An increase in price and quantity
 - ☐ B An increase in price and decrease in quantity
 - ☐ C A decrease in price and quantity
 - ☐ D A decrease in price and increase in quantity

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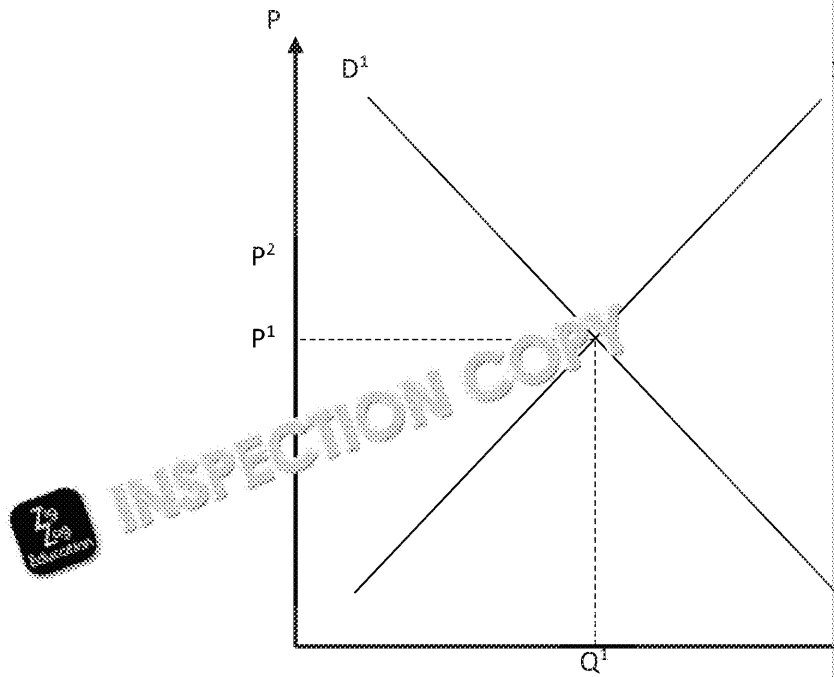
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- 08 Which of the following would cause the demand curve for meat products to shift?
- ☐ A Increasing farming costs
 - ☐ B Increasing incomes
 - ☐ C Increasing vegetarianism
 - ☐ D Increasing food prices
- 09 Which of the following is true of commercial banks?
- ☐ A They are part of the primary sector of the economy
 - ☐ B They operate in a factor market
 - ☐ C They are part of the secondary sector of the economy
 - ☐ D They operate in a product market
- 10 Which of the following best describes business expenses that are not dependent on output?
- ☐ A Total costs
 - ☐ B Fixed costs
 - ☐ C Average costs
 - ☐ D Variable costs
- 11 What is a factor market?
- ☐ A A market for the factors of production
 - ☐ B A market for goods
 - ☐ C A market for services
 - ☐ D A market for the services of the factors of production
- 12 Which of the following best describes the law of demand?
- ☐ A The quantity demanded has an inverse relationship to price
 - ☐ B The quantity demanded increases with price
 - ☐ C The quantity demanded is always rising
 - ☐ D The quantity demanded decreases with price
- 13 Which of the following is calculated by dividing costs by output?
- ☐ A Total cost
 - ☐ B Total revenue
 - ☐ C Average cost
 - ☐ D Average revenue
- 14 Which of the following functions cannot be performed by a commercial bank?
- ☐ A Paying interest on deposits
 - ☐ B Providing individuals and firms with loans
 - ☐ C Setting the rate of interest
 - ☐ D Making payments on behalf of customers

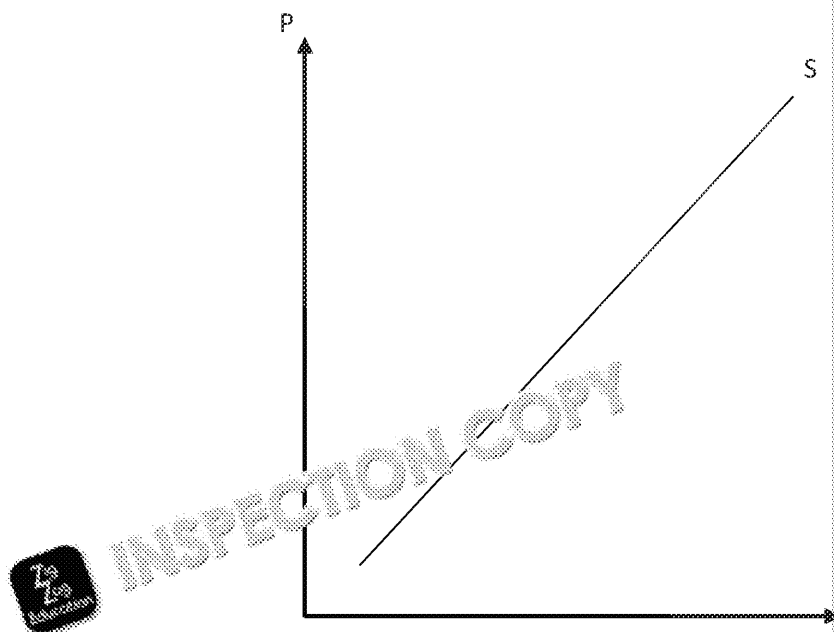
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What is the effect of P^2 on quantity demanded?

- ☐ A It will remain at equilibrium level
- ☐ B It will increase
- ☐ C It will decrease
- ☐ D It will have no effect



What is demonstrated by this supply curve?

- ☐ A A greater quantity is produced when prices are lower
- ☐ B A potential relationship between price and quantity of a product
- ☐ C Smaller producers can charge higher prices
- ☐ D The price level is unrelated to output

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- 17 Which of the following is the **least** likely result of a firm receiving a government subsidy?
- ☐ A Increase in output at the same price level
 - ☐ B Reduction in prices at the same output level
 - ☐ C Reduction in prices without lowering output
 - ☐ D Reduction in prices at a lower output level
- 18 Which of the following best describes equilibrium price?
- ☐ A When the price level is equal to output
 - ☐ B When the price level reflects no excess supply or demand
 - ☐ C When the price level is not affected by quantity produced
 - ☐ D When the price level is not affected by the level of output
- 19 Which of the following is **not** deducted to calculate net pay?
- ☐ A National Insurance
 - ☐ B Value added tax
 - ☐ C Income tax
 - ☐ D Pension contributions
- 20 The table below shows costs and output relating to a company that makes computers.

Fixed costs	£15,000
Variable costs per computer	£200
Current output level	100

What is the average cost of a computer based on the current level of output?

- ☐ A £175
- ☐ B £180
- ☐ C £200
- ☐ D £350

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EasyReader Co. is a company that publishes books. The market they are in is highly competitive, with popular authors in especially high demand amongst publishers.

For publishing companies, there are two primary business models: either major distributors by publishing books with mass appeal or building a small publishing special-interest books.

1.

2.

.....

[illegible][illegible][illegible][illegible][illegible]

...and

Abstract

14

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The latest book published by EasyReader Co. is a cookbook. The market is saturated, with many different publishers producing similar cookbooks. The book it published was about gardening. The market for this book is a lot more competitive. The quantity and price of each book is displayed below.

	Quantity	Price
Gardening book	2,000	£5
Cookbook	1,000	£2.50

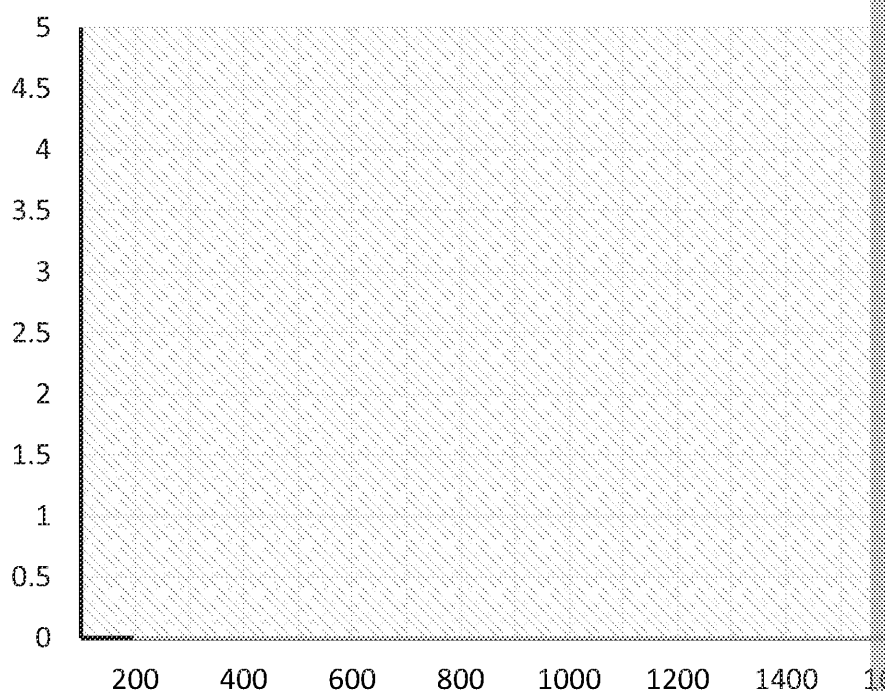
21d State what is meant by non-price competition.

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21e Using the information in the table above, draw and label a supply and demand diagram for the cookbook recently published by EasyReader Co.



21f Evaluate which of the two books recently published by EasyReader Co. is likely to be more successful.

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22

Jeremy owns a local online-only shop that has been struggling for some time. As a number of his customers have started shopping online, his sales have gone down and he is struggling to cover his costs.

Jeremy employs three people in his shop and has been unable to increase sales due to declining sales. As a result of the difficulties, he is considering closing his business into an online-only service.

22a State what is meant by fixed costs.

22b Explain the concept of 'opportunity cost'.

22c Evaluate whether replacing his shop with an online-only service would be a good idea for Jeremy's business.

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The table below shows the wages of Jeremy's three employees over the same five-year period, inflation has increased by 8%

Year	Annual Hourly Wage
Year 1	£7.60
Year 2	£7.85
Year 3	£8.05
Year 4	£8.05
Year 5	£8.05

- 22d Calculate the percentage change in wages between Year 1 and Year 5. Give decimal place.

- 22e Explain how the value of wages is determined by the marketplace.

- 22f Analyse **two** factors affecting the supply of labour in the UK labour market

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23

The market for energy in the UK – providers of electricity and gas – has been dominated by a few energy suppliers for years. Together they provide 70% of the UK's energy. This market for energy is considered to be an oligopoly.

Market Share in 2019

British Gas	19%
EDF Energy	11%
E.ON	12%
Npower	7%
Scottish Power	9%
SSE	12%

Over recent years, the Big Six energy companies have frequently been accused of collusion because it has been frequently noted that all six charge virtually exactly the same price. In theory, by all charging the same price, the energy companies could all charge a price above that dictated by supply and demand. It has been noted that the Big Six rarely switch energy providers, which puts the Big Six at an advantage over consumers.

In 2018 the government passed a law introducing a price cap on energy. This set a maximum limit on the amount the Big Six could charge consumers. The government has since set prices at roughly the maximum amount allowed. The government is also making it easier for consumers to switch energy providers. Energy providers that were previously run by the government until the responsibility was handed to private companies.

Although the six energy companies currently control 70% of the market, this has not always been the case in previous decades. In 2004, the Big Six had a combined market share of 10%. Since then, many small local energy producers and green renewable energy providers have attracted customers from the major six companies. Most of the Big Six providers source their gas and electricity from renewable energy, compared to a 100% guarantee for some of the smaller providers.

The table below shows the annual cost of an electricity and gas bill from the Big Six providers for an average household.

British Gas	£1,190
EDF Energy	£1,180
E.ON	£1,180
Npower	£1,180
Scottish Power	£1,190
SSE	£1,170

23a Explain what is meant by market failure.

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- 23b** Calculate the mean average annual cost of an electricity and gas bill between energy providers.

- 23c** Analyse **two** possible reasons why the market share of the Big Six might be

[illegible]

- 23d Explain what is meant by an oligopoly.

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23e State **two** problems with oligopolies.

1.
2.

23f Analyse the reasons why an oligopoly might have formed in the UK's energy

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2nd Edition

GCSE 9-1 OCR Economics: Practice Exam Papers: Paper 1

Page 15 of 99

Paper 1A

Section A

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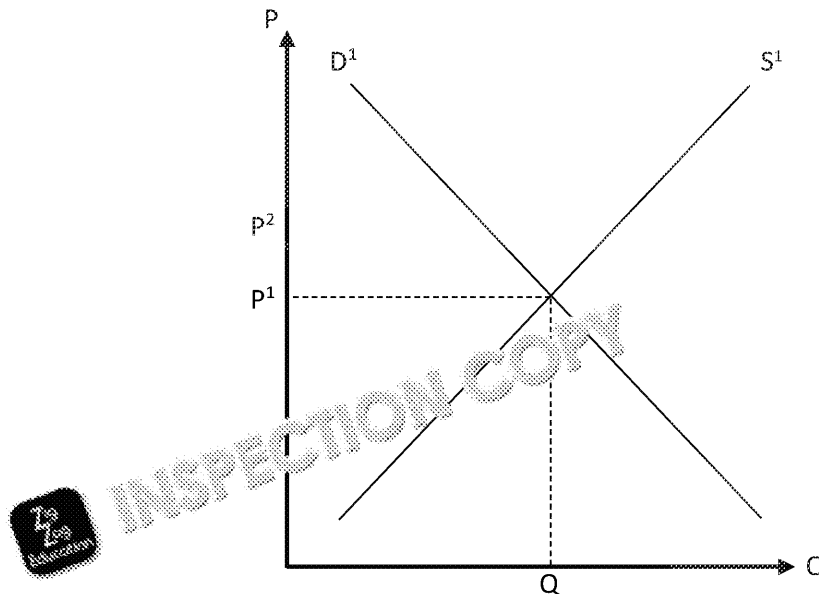
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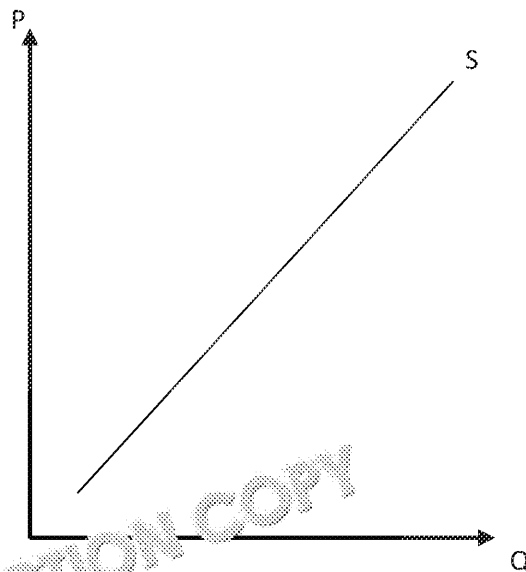
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What is the relationship by this supply curve?

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Section B

- 21 EasyReader Co. is a company that publishes books. The market they are in is competitive, with popular authors in especially high demand amongst publishers.

For publishing companies, there are two primary business models: either becoming major distributors by publishing books with mass appeal or building a small publishing special-interest books.

- 21a State **two** features of a competitive market.
- 21b Explain the likely price elasticity of special-interest books.
- 21c Analyse the costs and benefits of the two different business models in the market.

The latest book published by EasyReader Co. is a gardening book. The market is saturated, with many different publishers producing similar gardening books. The book it published was about 300 pages long. The market for this book is a lot of competitors. The quantity and price of each book is displayed below.

	Quantity	Price
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- 21e Using the information in the table above, draw and label a supply and demand diagram for the gardening book recently published by EasyReader Co.
- 21f Evaluate which of the two books recently published by EasyReader Co. is likely to be more successful.

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Year 5	£8.05

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22e Explain how the value of wages is determined by the marketplace.

22f Analyse **two** factors affecting the supply of labour in the UK labour market.

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In 2018 the government passed a law introducing a price cap on energy. This set a maximum limit on the amount the Big Six could charge consumers. The government has since set prices at roughly the maximum amount allowed. The government is also making it easier for consumers to switch energy providers. Energy provision is now owned and run by the government until the responsibility was handed to private companies.

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Although the six energy companies currently control 70% of the market, this has not always been the case in previous decades. In 2004, the Big Six had a combined market share of 100%. However, in recent years, small local energy producers and green renewable energy providers have attracted customers from the major six companies. Most of the Big Six providers sell gas and electricity from renewable energy, compared to a 100% guarantee for the others.

The table below shows the annual cost of an electricity and gas bill from the Big Six providers for an average household.

British Gas	£1,190
EDF Energy	£1,180
E.ON	£1,180
Go Energy	£1,180
Scottish Power	£1,190
SSE	£1,170

- 23a Explain what is meant by market failure.
- 23b Calculate the mean average annual cost of an electricity and gas bill between the Big Six energy providers.
- 23c Analyse **two** possible reasons why the market share of the Big Six might be decreasing.
- 23d Explain what is meant by an oligopoly.
- 23e State **two** problems with oligopolies.
- 23f Analyse the reasons why an oligopoly might have formed in the UK's energy market.

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Preview of Questions Ends Here

This is a limited inspection copy. Sample of questions ends here to avoid students previewing questions before they are set. See contents page for details of the rest of the resource.

GCSE OCR Economics

Paper 1D Mark Scheme

Note: Although some questions have one correct answer, most of the answers below are given rather than exhaustive.

Section A

All 1 mark each, A02 for calculation questions, otherwise A01

1	B	5	A	9	B	13	C	17	C
2	D	6	B	10	C	14	A	18	B
3	A	7	C	11	B	15	C	19	D
4	D	8	D	12	B	16	A	20	B

Section B

Q.	Marking															
21a	<p>A01</p> <ul style="list-style-type: none"> A non-competitive market. Because the market is dominated by only two competitors who can set prices because the market has high barriers to entry. <p>Award 1 mark for non-competitive market. Award 1 mark for explaining why.</p>															
21b	<p>A01</p> <ul style="list-style-type: none"> The price level at which the supply of goods meets demand. <p>Award 1 mark for explaining that equilibrium price is 'constant/stable'. Award 2 marks for defining as supply equalling demand.</p>															
21c	<p>A01, A02, A03</p> <ul style="list-style-type: none"> In a perfect market, with all things being equal, it would be expected that Richard would benefit from charging lower prices than his competitors. There are a number of reasons why this may not be the case under these circumstances, however. Firstly, jewellery is a highly expensive luxury item and so is relatively inelastic meaning demand is less likely to be affected by price rises. Secondly, the market for jewellery in this town could be considered as oligopolistic as there are only two suppliers, meaning there is greater room to increase prices without risking competition from each other. For both of these reasons, it is unlikely that reducing prices or keeping prices constant would radically improve the performance of Richard's business. In contrast, Richard would probably benefit from increasing his costs as it is possible as the only two suppliers that they can set prices between themselves and could stand to gain from further price increases, which could improve their profit without any additional costs. The likelihood of this being a successful strategy is increased by the fact that there are only two suppliers for this particular market. Because jewellery is so expensive, it is expensive to enter such a market, and so the risk of competition is further reduced. Overall, Richard probably stands to benefit from increasing prices and profits in this market alongside Anna, as price setters. <table border="1"> <thead> <tr> <th>Level</th><th>Marks</th><th>Description</th></tr> </thead> <tbody> <tr> <td>3</td><td>5-6</td><td>Knowledge of relevant economic concepts is clearly evident. Application of knowledge to the context presented in the question is highly successful.</td></tr> <tr> <td>2</td><td>3-4</td><td>Analysis is relevant and consistent throughout the answer. Demonstrates reasonable knowledge of relevant economic concepts which are presented in a logical manner. Partial application of knowledge to the context presented in the question. Relevant analysis is presented, but in a limited manner with some gaps.</td></tr> <tr> <td>1</td><td>1-2</td><td>An understanding of relevant economic concepts is demonstrated but concepts are presented in a disconnected manner. Knowledge is not successfully applied to the context presented in the question. Minimal analysis of ideas is attempted.</td></tr> <tr> <td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr> </tbody> </table>	Level	Marks	Description	3	5-6	Knowledge of relevant economic concepts is clearly evident. Application of knowledge to the context presented in the question is highly successful.	2	3-4	Analysis is relevant and consistent throughout the answer. Demonstrates reasonable knowledge of relevant economic concepts which are presented in a logical manner. Partial application of knowledge to the context presented in the question. Relevant analysis is presented, but in a limited manner with some gaps.	1	1-2	An understanding of relevant economic concepts is demonstrated but concepts are presented in a disconnected manner. Knowledge is not successfully applied to the context presented in the question. Minimal analysis of ideas is attempted.		0	Student produced no material worthy of a mark.
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Q.	Marking															
21d	<p>A01, A02</p> $115 - 120 = -5$ $-5 / 120 \times 100 = -4.2$ $2180 - 1470 = 710$ $710 / 1470 \times 100 = 48.3$ $-4.2 / 48.3 = -0.08, \text{ rounded to } -0.1$ <p>Answer: -0.1</p> <p><i>Award 2 marks for a correct answer.</i> <i>Award 1 mark for some correct calculations but an incorrect answer.</i></p>															
21e	<p>A01, A02</p> <ul style="list-style-type: none">Richard's jewellery is highly price inelastic, meaning that demand for it is unaffected by price increases.This is likely to be because jewellery is a luxury product and consumers are likely to spend a significant amount of money to acquire it. <p><i>Award 1 mark for identifying as price inelastic.</i> <i>Award 1 mark for explaining why.</i></p>															
21f	<p>A01, A02, A03</p> <p>Benefits</p> <ul style="list-style-type: none">For a firm that wishes to expand, being able to gain market share by reducing prices is a quick and effective way of growing a business.Similarly, reducing prices temporarily is a quick way to generate revenue that is greater than normal costs.If using economies of scale to produce goods, cutting prices will lower unit costs and output increases, which could increase profitability. <p>Costs</p> <ul style="list-style-type: none">Price-elastic goods are usually sold in more competitive markets, meaning there is a larger number of rival firms and less opportunity for profits.Price-elastic goods make product differentiation harder as the quality of the product compared to a rival's is of less importance.Estimating the highest price level that will not hurt demand is extremely difficult and smaller firms are less able to carry out sufficient market research and analysis, a disadvantage in this regard. <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>5–6</td><td>Knowledge of relevant economic concepts is clearly explained and applied to the context presented in the question. Application of knowledge to the context presented in the question is largely successful. Analysis is relevant and consistent throughout the answer.</td></tr><tr><td>2</td><td>3–4</td><td>Demonstrates reasonable knowledge of relevant economic concepts which are presented in a logical manner. Partial application of knowledge to the context presented in the question. Relevant knowledge is presented, but in a limited manner with some gaps.</td></tr><tr><td>1</td><td>1–2</td><td>Shows a basic understanding of relevant economic concepts is demonstrated, but concepts are presented in a disconnected manner. Knowledge is not successfully applied to the context presented in the question. Minimal analysis of ideas is attempted.</td></tr><tr><td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr></table>	Level	Marks	Description	3	5–6	Knowledge of relevant economic concepts is clearly explained and applied to the context presented in the question. Application of knowledge to the context presented in the question is largely successful. Analysis is relevant and consistent throughout the answer.	2	3–4	Demonstrates reasonable knowledge of relevant economic concepts which are presented in a logical manner. Partial application of knowledge to the context presented in the question. Relevant knowledge is presented, but in a limited manner with some gaps.	1	1–2	Shows a basic understanding of relevant economic concepts is demonstrated, but concepts are presented in a disconnected manner. Knowledge is not successfully applied to the context presented in the question. Minimal analysis of ideas is attempted.		0	Student produced no material worthy of a mark.
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22a	<p>A01, A02</p> <ul style="list-style-type: none">The secondary sector of the economy, because Custom Classics is a manufacturer. <p><i>Award 1 mark for identifying the secondary sector.</i> <i>Award 1 mark for explaining why.</i></p>															

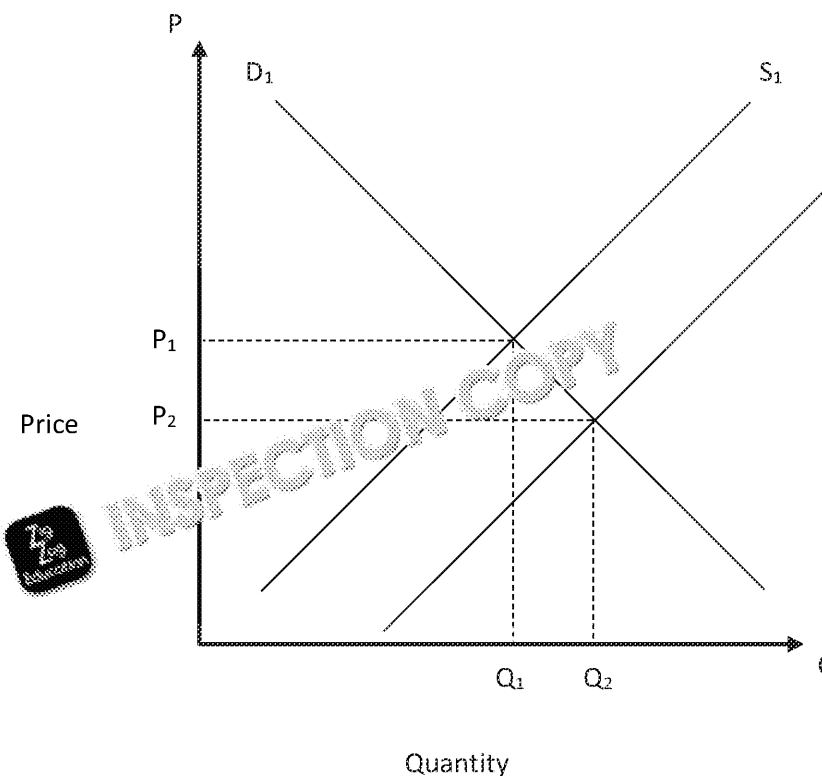
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Q.	Marking															
22b	<p>A01</p> <ul style="list-style-type: none">Staff solely working on, and developing expertise in, a specific task, in efficiency in the workplace. <p>Award 1 mark for explaining that workers are delegated specific tasks. Award 1 mark for explaining that this is intended to improve efficiency.</p>															
22c	<p>A01, A02, A03</p> <p>Would be beneficial</p> <ul style="list-style-type: none">Graham's staff would be able to focus on specific parts of the product which are stronger at, and not have to complete tasks they are weaker at or complete than other members of staff.This may have the effect of increasing the output produced per hour as staff specialise in certain parts of the process. More productivity would allow the company to meet demand.An increased level of training for staff may make them more highly skilled and increase the value of their labour.Greater efficiency and productivity could lead to other benefits for the company, such as lower prices for the company's products more competitive, or less time for staff to work, leading to greater profit margins. <p>Would not be beneficial</p> <ul style="list-style-type: none">Graham's staff may become less motivated due to the more repetitive nature of the work which could have the adverse effect of further decreasing productivity.The new division of labour could create the possibility of more competition as different parts of the production process are handled by different staff, which may require more managerial intervention, which could slow the production process and demotivate staff.The extra costs of training staff or the greater impact of a staff member losing their expertise leaving the company could outweigh the benefits of increased productivity.Some staff may be at greater risk of automation or structural unemployment if the tasks they perform become more limited.Specialisation may make the workforce less flexible and lead to an increase in bottlenecks in certain areas of the business due to issues such as sickness, rather than the bottlenecks currently holding up production. <p>Conclusion</p> <ul style="list-style-type: none">It is unusual for a manufacturing job not to operate a division of labour. In a small company the size of Graham's there are possible benefits in terms of giving employees more autonomy at work. Graham needs to ensure that any new labour he introduces has the full support of his staff; otherwise, altering the production process could be counterproductive and further decrease productivity. Alternatively, Graham could simply be to hire more staff to deal with the demand. <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>5-6</td><td><p>Knowledge of relevant economic concepts is clearly evident and applied to the context presented in the question.</p><p>Application of knowledge to the context presented in the question is successful.</p><p>Analysis is relevant and consistent throughout the answer.</p><p>Evaluation of the ideas and concepts raised is thorough and supported by the evidence.</p></td></tr><tr><td>2</td><td>3-4</td><td><p>Demonstrates reasonable knowledge of relevant economic concepts and applies them in a logical manner.</p><p>Partial application of knowledge to the context presented in the question.</p><p>Relevant analysis is presented, but in a limited manner.</p><p>Evaluation of the ideas and concepts raised is present but may lack supporting evidence.</p></td></tr><tr><td>1</td><td>1-2</td><td><p>A basic understanding of relevant economic concepts is shown, but these concepts are presented in a disconnected manner.</p><p>Knowledge is not successfully applied to the context presented in the question.</p><p>Minimal analysis of disconnected ideas is attempted.</p><p>Limited evaluation of the ideas and concepts raised, with little or no balance and/or supporting evidence.</p></td></tr><tr><td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr></table>	Level	Marks	Description	3	5-6	<p>Knowledge of relevant economic concepts is clearly evident and applied to the context presented in the question.</p> <p>Application of knowledge to the context presented in the question is successful.</p> <p>Analysis is relevant and consistent throughout the answer.</p> <p>Evaluation of the ideas and concepts raised is thorough and supported by the evidence.</p>	2	3-4	<p>Demonstrates reasonable knowledge of relevant economic concepts and applies them in a logical manner.</p> <p>Partial application of knowledge to the context presented in the question.</p> <p>Relevant analysis is presented, but in a limited manner.</p> <p>Evaluation of the ideas and concepts raised is present but may lack supporting evidence.</p>	1	1-2	<p>A basic understanding of relevant economic concepts is shown, but these concepts are presented in a disconnected manner.</p> <p>Knowledge is not successfully applied to the context presented in the question.</p> <p>Minimal analysis of disconnected ideas is attempted.</p> <p>Limited evaluation of the ideas and concepts raised, with little or no balance and/or supporting evidence.</p>		0	Student produced no material worthy of a mark.
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Q.	Marking						
22d	<div><div>A01, A02</div><div></div></div> <div><p>Award 1 mark for drawing supply curve shifted to the right.</p><p>Award 1 mark for full annotation.</p></div>						
22e	<div><div>A01</div><div><ul style="list-style-type: none">A managerial economy of scale is when a firm invests in a highly wage management to oversee the production process of a firm and improve<p>Award 1 mark for identifying as the hiring of an expensive managerial expert</p><p>Award 1 mark for explaining as an attempt to further improve efficiency.</p></div></div>						
22f	<div><div>A01, A02, A03</div><div><div>Benefits</div><ul style="list-style-type: none">Better managerial direction will ideally lead to improved communication mistakes or misunderstandings in the production process.Similarly, more careful oversight of the production process should prevent being repeated.More managerial direction should also improve delegation when improve of labour and create a more efficient process of specialisation.<div>Costs</div><ul style="list-style-type: none">Managerial positions are expensive and provide a business with high. Similarly, recruitment can present high up front costs when hiring managers.Workers may resent the presence of management and/or their higher staff morale and potentially for productivity.There is a risk of excessive levels of management or miscommunication management could further fuel staff resentment and reduce the efficiency of the production process.</div></div> <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>5-6</td><td><p>Knowledge of relevant economic concepts is clearly evident.</p><p>Application of knowledge to the context presented in the question is successful.</p><p>Analysis is relevant and consistent throughout the answer.</p><p>Evaluation of the ideas and concepts raised is thoroughly supported by the evidence.</p></td></tr></table>	Level	Marks	Description	3	5-6	<p>Knowledge of relevant economic concepts is clearly evident.</p> <p>Application of knowledge to the context presented in the question is successful.</p> <p>Analysis is relevant and consistent throughout the answer.</p> <p>Evaluation of the ideas and concepts raised is thoroughly supported by the evidence.</p>
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Q.	Marking		
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	2	3-4	Demonstrates reasonable knowledge of relevant economic concepts and these concepts are presented in a logical manner. Partial application of knowledge to the context presented. Relevant analysis is presented, but in a limited manner with some coherence. Evaluation of the ideas and concepts raised is presented but may lack supporting evidence.
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23a	<p>A</p> <ul style="list-style-type: none"> The cost associated with one choice being made over another. <p><i>Award 1 mark for identifying opportunity cost as potential or hypothetical.</i> <i>Award 2 marks for a full definition.</i></p>		
23b	<p>A01, A02</p> <p>$1795 - 1768 = 27$ $27 / 1795 = 0.015 \times 100 = 1.5$</p> <p>ITV: 1.5% decrease</p> <p>$854 - 791 = 63$ $63 / 894 = 0.070 \times 100 = 7.0$</p> <p>Channel 4: 7% decrease</p> <p><i>Award 1 mark for each correct answer.</i> <i>Award only 1 mark if answers are correct but not rounded to one decimal place.</i></p>		
23c	<p>A01, A02, A03</p> <ul style="list-style-type: none"> Technological innovation means that consumers are increasingly accessing content and information online rather than via television. Online video content is more relevant to consumer preferences than television is. Online content gives the consumer far greater choice in terms of what they are interested in and when they want to view it. In this regard, television provides a poorer consumer experience and offer an inferior service. 		
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Q.	Marking															
23d	<p>A01</p> <ul style="list-style-type: none">• Forces producers to innovate and improve the efficiency of their products to stay ahead.• Reduces the price of goods and services.• Allows new producers to enter the market.• Prevents producers from excessively reducing the quality of their products. <p>Award 1 mark for each correct reason, up to a maximum of 2 marks.</p>															
23e	<p>A01</p> <ul style="list-style-type: none">• Revenue is essential to cover the basic costs of a business.• Consistent revenue makes finance easier to access and safeguards against uncertainties.• Consistent revenue ensures a business does not fall behind on payments to suppliers or clients, or on tax payments.• Profits cannot be achieved without revenue. <p>Award 1 mark for each correct reason, up to a maximum of 2 marks.</p>															
23f	<p>A01, A02</p> <p>The extracts highlight that most original UK programming is made by production companies or, in the case of YouTube, uploaded by users. This is obviously much higher costs associated with producing television programmes than purchasing already-made content, or simply hosting user-generated content.</p> <ul style="list-style-type: none">• Similarly, live broadcasts are expensive to produce and tend to be a feature of broadcast television rather than online streaming services.• In addition, other expenses relating to running a television channel and the technical costs of maintaining a television channel are extensive, while those associated with broadcasting are also high due to the large number of staff required to produce television content. In contrast, the technical and staffing costs of online streaming services are far lower, with the market significantly easier to enter.• In addition to the much higher costs of broadcast television, we can also see that revenue for online streaming services may be higher as well.• This is evident from the extracts, which explain that advertising revenue for broadcast television is decreasing, while at the same time increasing for online streaming services, reflecting the substantial market growth of online streaming services.• Online services are performing far better among the lucrative youth market, which have fewer financial commitments and, as such, more disposable income.• In addition, the uncertain future of broadcast television makes the industry less attractive to any potential investors, while the business model of subscription services provides the service with a reliable and substantial stream of revenue, unlike free-to-air broadcast television. <table><tr><th>Level</th><th>Marks</th><th>Description</th></tr><tr><td>3</td><td>5–6</td><td><p>Knowledge of relevant economic concepts is clearly evident and applied to the context presented in the question.</p><p>Application of knowledge to the context presented in the question is successful.</p><p>Analysis is relevant and consistent throughout the answer.</p></td></tr><tr><td>2</td><td>3–4</td><td><p>Demonstrates reasonable knowledge of relevant economic concepts and presents them in a logical manner.</p><p>Partial application of knowledge to the context presented in the question.</p><p>Relevant analysis is presented, but in a limited manner with some lack of coherence.</p></td></tr><tr><td>1</td><td>1–2</td><td><p>An understanding of relevant economic concepts is displayed, but concepts are presented in a disconnected manner.</p><p>Knowledge is not successfully applied to the context presented in the question.</p><p>Minimal analysis of ideas is attempted.</p></td></tr><tr><td></td><td>0</td><td>Student produced no material worthy of a mark.</td></tr></table>	Level	Marks	Description	3	5–6	<p>Knowledge of relevant economic concepts is clearly evident and applied to the context presented in the question.</p> <p>Application of knowledge to the context presented in the question is successful.</p> <p>Analysis is relevant and consistent throughout the answer.</p>	2	3–4	<p>Demonstrates reasonable knowledge of relevant economic concepts and presents them in a logical manner.</p> <p>Partial application of knowledge to the context presented in the question.</p> <p>Relevant analysis is presented, but in a limited manner with some lack of coherence.</p>	1	1–2	<p>An understanding of relevant economic concepts is displayed, but concepts are presented in a disconnected manner.</p> <p>Knowledge is not successfully applied to the context presented in the question.</p> <p>Minimal analysis of ideas is attempted.</p>		0	Student produced no material worthy of a mark.
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