PEARSON EDEXCEL IAL ECONOMICS · YEC11

ECONOMICS



MARK SCHEME

UNIT 3: LABOUR MARKETS

SCORE	PERCENTAGE
/88	%

STEMUP

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Mark Scheme

Q1.

Q	With reference to Extract B, analyse **two** factors that influence the demand for online food delivery. **Answer**	**Mark**
	Knowledge 2 Application 2 Analysis 2 **Quantitative skills assessed:** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge and analysis** Up to 2 marks for identifying two factors influencing the demand for online food delivery and 1 analysis mark for each linked expansion: • Change in consumer preferences **(1K)** less demand for luxury items as people focus on buying essential items **(1AN)** • Change in real incomes **(1K)** e.g. real wages fell by 5.1% in June 2022 in the EU causing a fall in demand for online food deliveries **(1AN)** • Change in the number of people living in cities **(1K)** when more people move to cities there will be greater demand for online food deliveries **(1AN)** • Change in advertising/marketing expenditure **(1K)** e.g. increase in marketing expenditure is likely to raise consumer awareness and lead to an increase in demand **(1AN)** • Change in technology **(1K)** improvements in internet connectivity and smart phone usage have made online ordering more popular **(1AN)** • Increasing access to technology **(1K)** making online ordering easier and available to a wider range of consumers **(1AN)** **Application** Up to 2 marks for use of the context e.g. • The average value of an order for a takeaway meal fell **(1)** • From 2015 to 2025, there is expected to be a 7.6% increase in the population living in cities in the UK **(1)** • In the European Union in June 2022 the annual growth in wages was 4.5% **(1)** but the annual inflation rate was 9.6% **(1)** • Just Eat's marketing expenditure in the first half of 2021 totalled £252 million **(1)** • Online ordering and food delivery is growing at an annual rate of between 15% **(1)** and 20% in the UK **(1)**	**(6)**

Q2.

Question	With reference to Figure 1 and Extract A calculate the number of workers employed by SMEs in Bangladesh. You are advised to show your workings. **Answer**	Mark
	Application 2 **Quantitative skills assessed:** **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for calculation: • 20.2% +20.7% = 40.9% of employed people by SMEs **(1)** • 60.8 million x 0.409= 24 867 200 people employed by SMEs **(1)** **NB: Award full marks for correct answer (24.9 million, 24.86 million / 24.867 million/ 24.8 million/25 million)** **NB: only award 1 mark if million omitted**	**(2)**

Q3.

Question	Quantitative skills assessed	Answer	Mark
		The only correct answer is A B is incorrect as this would cause more available labour to enter the country B is incorrect as incentives to work would increase D is incorrect as this would not affect the supply of labour	**(1)**

Q4.

Question Number	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** ***A*** *is not correct because an increase in the costs of production would cause a contraction in the demand for labour* ***B*** *is not correct because a decrease in the productivity of labour would cause a contraction in the demand for labour* ***D*** *is not correct because a decrease in net migration would decrease the supply of labour*	**(1)**

Q5.

Question	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result. **QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.**	**The only correct answer is A** B is incorrect because this would result in an elastic demand for construction workers C is incorrect because this would result in an elastic demand for construction workers D is incorrect because this would influence the supply of construction workers	**(1)**

Q6.

Question Number	Quantitative skills assessed	Answer	Mark
		The only correct answer is A **B** *is not correct because the increase in house prices in Sydney relative to other parts of Australia would reduce geographical mobility of labour* **C** *is not correct because the increase in house prices in Sydney relative to other parts of Australia would reduce geographical mobility of labour* **D** *is not correct because the increase in house prices in Sydney affects geographical mobility of labour*	**(1)**

Q7.

Question Number	Quantitative skills assessed	Answer	Mark
	QS2: Calculate, use and understand percentages, percentage changes and percentage point changes. **QS8:** Make calculations of elasticity and interpret the result.	**The only correct answer is B** ***A*** *is not correct because demand for workers falls when wages rise* ***C*** *is not correct because the calculation is incorrect and the demand for workers falls as wages rise* ***D*** *is not correct because the calculation is incorrect.*	**(1)**

Q8.

Question Number	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result.	**The only correct answer is C** **A** *is not correct because a fall in net migration would cause a fall in the supply of labour* **B** *is not correct because a decrease in productive efficiency would affect output and not the elasticity of supply of labour* **D** *is not correct because a rise in trade union membership could cause a fall in the supply of labour*	**(1)**

Q9.

Question	Evaluate measures to reduce the occupational and geographical immobility of labour. **Indicative content**
	Indicative content guidance 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. **Quantitative skills assessed:** **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, Application and Analysis (12 marks) – indicative content** • Occupational immobility of labour occurs when there are barriers facing people active in the labour market moving from one job to another • 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 • Immobility of labour is a form of market failure • 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

	Measures implemeted by government, businesses could include: • 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 • 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 • encourage more apprenticeships to improve the skills of young people entering the workforce, to overcome occupational immobility, by improving their skill level • 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 • improve the knowledge of job opportunities available across the country to help individuals know where they could locate to find better work • reduce barriers to immigration to overcome occupational immobility of labour • improve infrastructure to reduce geographical immobility of labour **Restrict to a maximum of Level 3 if reference is not made to both occupation and geographical immobility**

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. Use of generic material or irrelevant information or inappropriate examples. 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. Limited application of knowledge and understanding to economic problems in context. 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. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. 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. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. 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 • The labour force may not have the potential to fill the vacancies for high skilled occupations • Many individuals will not move if they have family ties or friends, even if the government/ business provides relocation subsidies • If the training/education provided does not fill gaps in the labour market, the occupational mobility of labour will not improve • 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 • It will depend upon the magnitude of the government/ business expenditure on measures • Lack of information for those putting in place measures mean the wrong level of support is offered

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. 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. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q10.

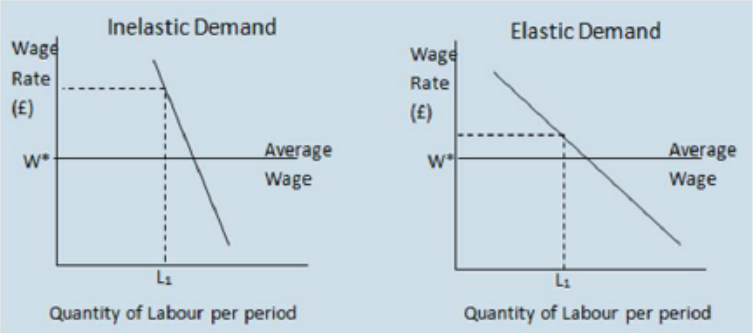
Question	Evaluate the possible reasons for wage differentials in an occupation of your choice. Illustrate your answer with an appropriate diagram(s). **Indicative content**
	Indicative content guidance **Answers must be credited by using the level descriptors (below) in line with the general marking 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.**

Quantitative skills assessed:

QS4: Construct and interpret a range of standard graphical forms.

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

- Level of skill and education, as lawyers with specialised skills, experience or higher levels of education receive higher wages because of scarcity of labour or higher productivity of the workers
- If the demand for a particular skill set is high relative to the supply, then the wage rate is likely to be higher than if demand is low relative to the supply
- Elasticity of demand for labour, the more elastic and substitutable the labour is the lower the wage rate. If labour cannot be replaced by capital the demand for labour is more inelastic and the wage rate is likely to be higher



- If the supply of labour is inelastic e.g. if high qualifications or extensive experience is required then the wage rate is likely to be higher than if supply of labour is elastic
- Job characteristics and working conditions - if the job requires high levels of physical demands/high-risk level/ poor working conditions, the business may need to pay higher wages to encourage individuals to work in the occupation. Higher-paid lawyers may be required to work much longer hours or be under more stress than lower paid lawyers
- Labour market discrimination could be based on biases in accessing higher-paying jobs or receiving equal pay e.g. gender, race, age

- Higher living costs in certain areas such as Geneva may lead to higher wages to attract workers, while lower living costs in other areas of Switzerland may result in lower wages
- Legislation e.g. different minimum wage rates for workers of different ages
- Contractual status/Trade union membership may influence the wage paid to different groups for identical work
- Greater degree of monopsony power may allow firms to reduce pay rates in certain geographical areas compared to more competitive labour markets
- Public vs private sector wages

NB: If no diagram candidate can achieve a maximum of level 3

Maximum of level 3 if no reference to an industry

Accept other labour market diagrams if they illustrate differences in wage rates

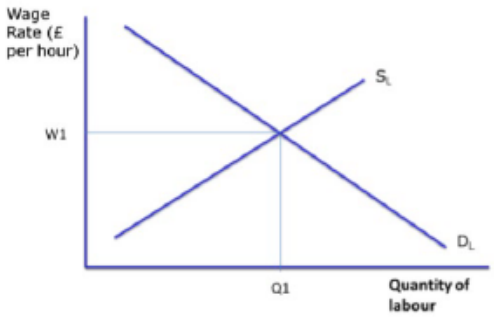
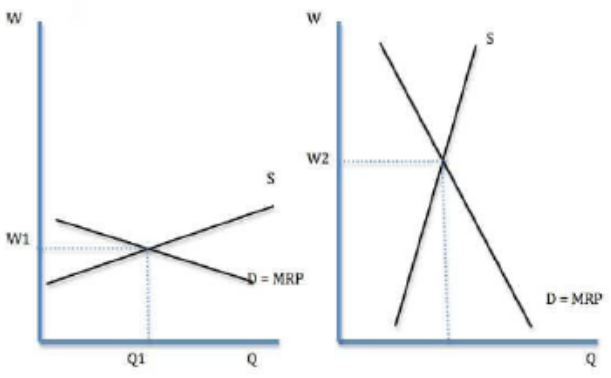
Level	Mark	Descriptor
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Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive 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. Limited application of knowledge and understanding to economic problems in context. 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. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. 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. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. 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
	• Prioritisation of reasons for wage differentials • Anti-discrimination laws might limit the size of wage differentials in an occupation • Paternity leave would cause men to also have gaps in their work, making the pay more equal between men and women • Government Policies: Government regulations, such as minimum/maximum wage laws, can influence wage differentials by setting a floor/ceiling on wages or affecting the take-home pay of workers • Trade unions may bargain for higher wages for lower-paid employees reducing the wage differential • Significance of reasons changes over time • Combination of reasons contribute to wage differentials

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	0	No rewardable material.
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Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. 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. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q11.

Question Number	In New Zealand in 2018, it was estimated that the average worker employed in the private sector earned 30% less than the average worker in the public sector. Evaluate the reasons why wage differences exist. Illustrate your answer with an appropriate diagram(s). Indicative content
	Indicative content guidance 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. **Quantitative skills assessed:** **QS4:** Construct and interpret a range of standard graphical forms. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

	Knowledge, Application and Analysis (12 marks) – indicative content • This labour market equilibrium may differ between markets and this will cause the wage rate to differ as the equilibrium determines the wage rate  Or 

	• If the supply or demand for labour changes in a market, this will also change the equilibrium price of labour. Therefore, the supply or demand of labour in a market will cause the wage to differ • The level of education/skill required for the job. Jobs which require more training and education offer higher wages because the supply of workers with this training and skills will be lower than the supply of unskilled workers • Wages in the private sector could be lower than the public sector because public sector pay is funded from taxation and not dependent on profit • In some parts of the private sector firms may have monopsony power and so be able to pay lower wages than firms in other sectors • Other factors such as age, gender and ethnic background may account for wage differences • A monopoly/trade union may be able to increase the wage rate through collective bargaining • Workers may have non-financial benefits that account for some of the difference e.g. hours of work, holidays, security • Workers may have financial benefits that account for some of the difference e.g. pensions, private healthcare, longer holidays • If the demand for labour is inelastic wages would be higher than if elastic • Wages tend to be higher in the sector that has more inelastic demand and /or inelastic supply **Restrict to a maximum of Level 3 if no appropriate diagram provided** **Accept reverse argument for KAA**

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. Use of generic material or irrelevant information or inappropriate examples. 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. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
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	Evaluation (8 marks) – indicative content • If labour is homogenous wage differences may not be different • If workers and employers have perfect knowledge of the labour market wages will be more similar • High mobility of labour enables workers to move between jobs and areas keeping wages stable • If there is no (age/gender/ethnic) discrimination in the market, everyone should be paid the same for the same job • Relative significance of relevant reasons • Private sector in some countries may be able to offer higher wages due to higher levels of profit • In the public sector, the government may have monopsony in the labour market and so can drive down the price of labour as workers have a lower price setting ability • The wage differential in NZ between workers in the public and private sectors may be temporary e.g. due to a downturn/recession • Government may limit pay rises for public sector workers e.g. to reduce budget deficit

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. 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. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q12.

Question	Quantitative skills assessed	Answer	Mark
		The only correct answer is A ***B*** *is not correct as this would affect the demand for labour* ***C*** *is not correct as this would increase the supply of labour* ***D*** *is not correct as this would affect the demand for labour*	**(1)**

Q13.

Question	Quantitative skills assessed	Answer	Mark
		The correct answer is **B** **A** is incorrect because this would increase the geographical mobility of labour **C** is incorrect because this would increase the geographical mobility of labour **D** is incorrect because this would increase the geographical mobility of labour	**(1)**

Q14.

Question	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect because this would increase the occupational mobility of labour **B** is incorrect because this would increase the geographical mobility of labour **D** is incorrect because this would increase the geographical mobility of labour	**(1)**

Q15.

Question	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** A is incorrect because this is likely to increase unemployment B is incorrect as this affects the geographical mobility of labour D is incorrect because this is likely to increase unemployment	**(1)**

Q16.

Question Number	Quantitative skills assessed	Answer	Mark
	QS6: Calculate cost, revenue and profit (marginal, average and totals) **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** *is not correct because this is an inaccurate calculation* **C** *is not as this is an inaccurate calculation* **D** *is not correct because this is average total costs at 4000 units*	**(1)**

Q17.

Question	Quantitative skills assessed	Answer	Mark
		A	**(1)**

Q18.

Question	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** B is incorrect because high wage rates would affect the price elasticity of supply of labour C is incorrect because if the demand for labour is elastic then the demand for the product will be elastic D is incorrect because this would discourage firms from employing workers	**(1)**

Q19.

Question	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** **B** is incorrect because this affects the price elasticity of supply of labour **C** is incorrect because this affects the price elasticity of supply of labour **D** is incorrect because this affects the supply of labour	**(1)**

Q20.

Question Number	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result.	**The only correct answer is A** ***B*** *is not correct because this would imply that the supply of aerospace engineers is elastic* ***C*** *is not correct because an increase in government support into training programmes would make the supply of labour more elastic* ***D*** *is not correct because a fall in the demand for aerospace products would impact the demand for labour not the elasticity of supply of labour*	**(1)**

Q21.

Question	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** A is incorrect because this is impacted by the demand for labour B is incorrect because the rate of unemployment should fall C is incorrect because an increase in immigration would increase the population	**(1)**

Q22.

Question	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result.	A	**(1)**

Q23.

Question	Quantitative skills assessed	Answer	Mark
	QS8: Make calculations of elasticity and interpret the result **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** **A** is incorrect because the demand for labour would be elastic **B** is incorrect because this impacts the elasticity of supply of labour **C** is incorrect because this impacts the elasticity of supply of labour	**(1)**

Q24.

Question	Quantitative skills assessed	Answer	Mark
	QS6: Calculate cost, revenue and profit (marginal, average, totals) **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** is incorrect because this is the increase in the wage for the original 50 workers **C** is incorrect because this is the total cost of employing 50 workers **D** is incorrect because this is the total cost of employing 51 workers	**(1)**

Q25.

Question	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** A is incorrect because more passengers are a likely to cause a rise in employment C is incorrect because it is unlikely to cause a rise in unemployment since costs have decreased D is incorrect because it is unlikely to cause a rise in unemployment since costs have decreased	**(1)**