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Economics

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Unit 11: Personal Economics



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1				Total for	this ques	tion: 28 m	arks
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1 (a) State **two** factors which may influence which computer console a consumer chooses to buy. (2 marks)

One mark for each factor.

(AO1: 2 marks)

Possible factors could include:

- price
- brand
- friend's recommendations
- how much they can afford/ their income
- advertising
- special deals.

1 (b) Explain **two** reasons why the price of computer consoles might have gone down. (4 marks)

One mark for identifying reason plus one for explanation in context

(AO1: 2 marks) (AO2: 2 marks)

Possible answers include:

- competition between manufacturers to attract consumers from rivals
- · retailers stimulating demand offers when sales are low
- to clear old stock eg prior to a new model coming out
- · encourage consumers to buy the console so that they will buy the games
- changes in technology have reduced costs of producing consoles.

1 (c) Jayne is wondering whether she should use her credit card to buy the computer console instead of her savings. Explain **one advantage** and **one disadvantage** for Jayne if she uses her credit card. (4 marks)

One mark for identifying an advantage plus one mark for an explanation

(AO1: 2 marks) (AO2: 2 marks)

Possible advantages/disadvantages include:

Advantages:

- allows purchase online
- credit card bonus for usage, eg air miles, 1% returned
- convenience/security, doesn't need to carry cash
- guarantee on purchase given by credit card company
- allows Jane to keep her savings for emergencies/future

One mark for identifying a disadvantage plus one mark for an explanation.

Disadvantages:

- high interest rates if balance is not paid off makes product more expensive
- can encourage impulsive spending, eg buying insurance/games
- chance of credit card fraud.

1 (d) Jayne does not want to spend any more than £200 on a computer console.

Using **Item A,** explain **two** reasons why she might choose to buy a computer console from the internet rather than from a shop in the high street. (6 marks)

Possible suggestions/reasons include:

- Prices are significantly cheaper on the internet than high street stores, this will allow Jayne to use the saved money to buy games etc
- Internet stores might have the most up-to-date versions of the games because of their higher turnover of stock
- Delivery times might be quicker from an internet sale if the machine is not in stock at the high street store/will be delivered to her home address rather than have to go to the store when she will be at school
- Greater convenience internet shopping is open 24/7 so Jayne can choose a suitable console from the comfort of her own home no travel to the high street
- Greater choice on the internet compared to the limited number of shops on the high street.

Apply grid twice.

Level	Descriptor	Marks	Assessment Objective
2	Explains in context reasons for buying from the internet.	3–2	AO2
1	Identifies possible reason for buying from the internet.	1	AO1
0	No valid response.	0	

1 (e) Do you agree that shopping on the internet is a good thing for consumers such as Jayne? Give reasons for your answer. (12 marks)

The following issues may be considered:

- consumers, like Jayne, can benefit from lower prices and convenience but if in the long run shops in the high street go out of business there will be less choice and less competition – suppliers on the internet may not keep such low prices
- internet sales are hitting the high street which is leading to shop closures (so less choice for consumers) and unemployment (as Jayne's mum so reducing family income). This can make the high street less attractive to visit for consumers like Jayne
- the internet has encouraged illegal downloading of films and music which deprives companies and authors of their income, which can discourage creativity and affect the production of games in the future affecting the consumer.

Award marks for AO1, AO2 and AO3 using the grid below. *Examiners must annotate the level selected by using L1 or L2 or L3.*

Level	Descriptor	Marks	Assessment Objective	
3	Uses Item A to analyse the effects of the internet on consumers.	6–5	AO3	
2	Uses Item A to describe the effects of the internet on consumers.	4–3	AO2	
1	Demonstrates understanding of the effects of the internet on consumers.	2–1	AO1	
0	No valid response.	0	701	

In addition, separately award marks for evaluation using the grid below.

Note: this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Judgement is being made in relation to the conclusion made.

	Offers judgement with clear justification.			
E2	Ideas are communicated using a logical structure, with some appropriate uses of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality	
E1	Offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	of written communication	

2 (a) State two reasons why people want to work.

(2 marks)

One mark for identifying a reason x2

(AO1: 2 marks)

Possible reasons include:

- to receive a wage/salary
- to have status in society
- to be occupied
- to be able to mix socially/make friends
- to have job satisfaction.

2 (b) If Jayne were employed as a computer games developer, she would be paid three times the wage of a sales assistant.

Explain **two** reasons why there is such a big difference in wages between the two types of job. (6 marks)

Possible reasons include:

- games developers need to undergo a lot of training high wages are a reward for this
- games developers are in short supply so companies are willing to offer higher wages to attract them
- sales assistants require much less training and there are a lot more people around who can do such a job so companies do not need to offer such high wages as games developers
- games developers can generate a lot of income for a company much more so than a shop assistant. Companies can therefore afford to pay more.

Apply grid twice

Level	Descriptor	Marks	Assessment Objective
2	Explains reason for differences in wages in context.	3–2	AO2
1	Demonstrates knowledge of one reason for differences in wages.	1	AO1
0	No valid response.	0	7.01

- **2** (c) The UK government is considering the following policies to encourage young people, such as Jayne, to work in the computer games industry:
 - giving money to UK computer games businesses, allowing them to increase wages paid to computer games developers
 - reducing university fees by 50% for students who study computer science.

Which policy would you recommend that the government should use? Give reasons for your answer.

(12 marks)

The following issues may be considered:

Give money to UK computer games businesses:

- could the government afford it? The economy is in recession and there are cutbacks on vital services
- government money would make the UK more competitive in the games industry and encourage foreign games firms to locate/remain here, also stop outflow of UK programmers
- would this be fair on other computer software businesses, eg educational software? Are these industries just as important to the economy?
- would the businesses pass on this money as higher wages?

Reduce university fees:

- this might encourage more people into studying computer science at university but they may not want to work in the computer games industry
- whether this is fair on other students, eg those doing 'useful' subjects like engineering and medicine
- would it work? There has been a reduction in those taking computer studies below degree level
- assumes that only those who have a degree in computer studies would make good games programmers.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item B to analyse how policy/policies might encourage young people to work in the industry.	6–5	AO3
2	Uses Item B to describe how policy/policies might encourage young people to work in the industry.	4–3	AO2
1	Demonstrates understanding of how policy/policies might encourage young people to work in the industry.	2–1	AO1
0	No valid response.	0	

Award marks for AO1, AO2 and AO3 using the grid below.

In addition, separately award marks for evaluation using the grid below.

Note: this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Judgement is being made in relation to the option selected

Level	Descriptor	Marks	Assessment Objective
	Offers judgement with clear justification.		
E2	Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written
	Offers judgement with limited justification.		communication
E1	Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	

3	Total for this question: 22 marks

3 (a) Explain **two** reasons why exports from the UK might increase. (4 marks)

For each reason:

One mark for identifying a reason plus 1 mark for an explanation (AO1: 2 marks) (AO2: 2 marks)

Possible answers:

- a fall in the value of the pound would make UK exports cheaper which could encourage people overseas to buy them so exports would increase, (or), a rise in foreign currency, relative to the pound, making UK goods cheaper (but not both)
- an advertising campaign abroad might encourage more foreigners to buy UK exports
- an increase in popularity of UK products abroad (eg Olympics effect) could lead to an increase in exports.

3 (b)	Explain two effects on the UK computer games industry if the value o	f the pound
	increases.	(6 marks)

Possible answers:

- price of UK produced games become more expensive to foreign buyers, causing demand to fall
- price of foreign-produced games become cheaper for UK buyers, shifting demand away from UK games in the domestic market
- foreign made consoles etc become cheaper to UK consumers stimulating the demand for games.

Apply grid twice.

Level	Descriptor	Marks	Assessment Objective
2	Explains one effect on the games industry	3–2	
1	Demonstrates understanding of one effect of value of pound increasing.	1	AO1
0	No valid response	0	701

3 (c) Do you agree that globalisation is good for UK citizens working in the computer games industry? Give reasons for your answer. (12 marks)

The following issues may be considered:

Benefits:

- globalisation has brought overseas markets to the industry over 62% of its sales are exported. This has been beneficial to UK citizens working in the industry as exports generate jobs and could lead to higher earnings (overtime, bonuses etc)
- worldwide opportunities are available for talented UK programmers, they can go to where the wages are highest
- new ideas/techniques are created and spread throughout the industry, encouraging innovation.

Downside:

- UK workers are more vulnerable companies which operate globally can close/move offices which can lead to unemployment
- wider competition encourages UK games companies to keep costs down which could include employees' salaries
- there might be an expectation that key employees are geographically mobile and can relocate to anywhere in the world.

Award marks for AO1, AO2 and AO3 using the grid below.

Judgement is being made in relation to the conclusion made.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse whether globalisation is beneficial or not to UK citizens.	6–5	AO3
2	Describes the issues surrounding globalisation on UK citizens.	4–3	AO2
1	Demonstrates understanding of the issues surrounding the effects of globalization on UK citizens.	2–1	AO1
0	No valid response.	0	

In addition, separately award marks for evaluation using the grid below.

Note: this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective	
	Offers judgement with clear justification as to the benefits/drawbacks of globalisation for UK workers.			
E2	Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality	
	Offers judgement with limited justification as to the benefits/drawbacks of globalisation for UK workers.		of written communication	
E1	Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are noticeable errors in accepted conventions of written communication.	3–1		