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Mark Scheme (Results)

October 2024

Pearson Edexcel International Advanced Level  
In Economics (WEC11) Paper 01

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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.

### Section A

Question	Quantitative skills assessed	Answer	Mark
1	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<b>The only correct answer is B</b> <b>A</b> is not correct because this is a free market economy <b>C</b> is not correct because this is a command economy <b>D</b> is not correct because this type of economy does not exist	(1)
2	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<b>The only correct answer is D</b> <b>A</b> is not correct because this is market failure <b>B</b> is not correct because this is market failure <b>C</b> is not correct because this is market failure	(1)
3	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<b>The only correct answer is B</b> <b>A</b> is not correct because furniture is not purchased using forward markets <b>C</b> is not correct because smartphones are not traded on forward markets <b>D</b> is not correct because clothing is not traded on forward markets	(1)
4	<b>QS4:</b> Construct and interpret a range of standard graphical forms <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<b>The only correct answer is A</b> <b>B</b> is not correct because the welfare loss area is found by going up from the market equilibrium at point W <b>C</b> is not correct because this is producer surplus at the market equilibrium <b>D</b> is not correct because this is producer surplus at the social optimum	(1)

<b>5</b>	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms  <b>QS10:</b> Distinguish between changes in the level of a variable, and the rate of change	<b>The only correct answer is C</b> <b>A</b> is not correct because total utility is still rising <b>B</b> is not correct because total utility is still rising <b>D</b> is not correct because total utility is falling	<b>(1)</b>
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<b>6</b>	<b>QS8:</b> Make calculations of elasticity and interpret the result <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<b>The only correct answer is B</b> <b>A</b> is not correct because complements have a negative XED <b>C</b> is not correct because there is no information on the income elasticity of demand <b>D</b> is not correct because there is no information on the income elasticity of demand	<b>(1)</b>
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**Section B**

Question	<p>Draw a diagram to illustrate the impact of Artificial Intelligence on China's production possibility frontier (PPF).</p> <p>Include an arrow on your PPF diagram.</p> <p><b>Answer</b></p>	Mark
<p><b>7</b></p>	<p><b>Knowledge 1, Application 3</b> Quantitative skills assessed:  <b>QS4:</b> Construct and interpret a range of standard graphical forms  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b></p> <p>1 mark for showing knowledge on diagram</p> <ul style="list-style-type: none"> <li>• Original PPF <b>(1)</b></li> </ul> <p><b>Application</b></p> <p>Up to 3 marks for the following information included on diagram:</p> <ul style="list-style-type: none"> <li>• Correctly labelled axes <b>(1)</b></li> <li>• For drawing PPF shifted to the right <b>(1)</b></li> <li>• Arrow showing shift to the right <b>(1)</b></li> </ul> <div data-bbox="352 965 1257 1646" data-label="Figure"> </div> <p><b>N.B.</b> Accept straight-line or curved PPF diagram  <b>N.B.</b> Accept other appropriate labels for axis- e.g. agricultural goods and manufactured goods, goods and services, good A and , good B  <b>N.B.</b> Capital good and consumer good labels can be reversed  <b>N.B.</b> If price and quantity or no labels on axes maximum 1 mark should be awarded  <b>N.B.</b> Each PPF curve does not need labelling</p>	<p><b>(4)</b></p>

]Question	With reference to the table, explain one factor likely to influence the price elasticity of demand for energy.	Mark
8	<p><b>Answer</b></p> <p><b>Knowledge 1, Application 1 Analysis 2</b> Quantitative skills assessed:</p> <p><b>QS8:</b> Make calculations of elasticity and interpret the result</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b></p> <p>1 mark for understanding of 'price elasticity of demand'</p> <ul style="list-style-type: none"> <li>• <math>\% \Delta</math> in Qd/ <math>\% \Delta</math> in P/ responsiveness of quantity demanded to a change in price <b>(1)</b></li> </ul> <p><b>Application</b></p> <p>1 mark for reference to data</p> <ul style="list-style-type: none"> <li>• PED in Australia/Japan/India/Philippines is relatively inelastic / All 4 countries have price inelastic demand/ PED in Australia is -0.04/ Japan -0.12/ India -0.15/ Philippines -0.35/most inelastic in Australia/ least inelastic in Philippines <b>(1)</b></li> </ul> <p><b>Analysis</b></p> <p>Up to 2 marks for analysis</p> <ul style="list-style-type: none"> <li>• Necessity of energy <b>(1)</b> if consumers regard it as essential they will not change consumption when prices rise <b>(1)</b></li> <li>• Lack of available substitutes <b>(1)</b> so when the price rises they do not have alternatives to buy <b>(1)</b></li> <li>• The proportion of total income spent on energy <b>(1)</b> if it is small there will not be a significant change in quantity demanded <b>(1)</b></li> </ul>	(4)

Question	With reference to both statements, explain the difference between normative statements and positive statements.	Mark
	<b>Answer</b>	

<b>9</b>	<p><b>Knowledge 2, Application 2</b></p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b></p> <p>1 mark for definition of normative statements e.g.:</p> <ul style="list-style-type: none"><li>• Statements that contain value judgements/ cannot be proven/ not based on fact/ subjective <b>(1K)</b></li><li>• Statements that are value free/ can be proven/ based on fact/ objective <b>(1K)</b></li></ul> <p><b>Application</b></p> <p>Up to 2 marks for applying to stem e.g.:</p> <ul style="list-style-type: none"><li>• Statement 1 is positive <b>(1AP)</b></li><li>• Statement 2 is normative <b>(1AP)</b></li></ul>	<b>(4)</b>
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Question	<p>Ceteris paribus, calculate the difference between the percentage change in quantity demanded for flights within <b>developed countries</b> and the percentage change in quantity demanded for flights within <b>developing countries</b>.</p> <p>Show your workings. You may use the last column for your calculations.</p> <p><b>Answer</b></p>	Mark
10	<p><b>Knowledge 1, Application 3</b> Quantitative skills assessed:  <b>QS8:</b> Make calculations of elasticity and interpret the result.  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p><b>Knowledge</b>  1 mark for definition/the formula of income elasticity of demand  <math display="block">\frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}} /</math> YED x % change in income = % change in quantity demanded <b>(1)</b></p> <p><b>Application</b>  Up to 3 marks for calculations:</p> <ul style="list-style-type: none"> <li>• Change in quantity demanded in developed countries  <math>1.5 \times 2.5 = 3.75\%</math></li> <li>• Change in quantity demanded in developing countries  <math>2.0 \times 3.4 = 6.8\%</math></li> </ul> <p>Difference between percentages  <math>6.8\% - 3.75\%</math>  = 3.05 percentage points <b>(1)</b></p> <p><b>NB: if correct answer (e.g. 3.05/ 3.05 pp) is given, award full marks regardless of working</b>  <b>Accept reasonable rounding</b>  <b>Accept positive or negative responses</b>  <b>Award 3 marks for 3.05%</b></p>	(4)

Question	<p>Ceteris paribus, explain the likely impact on excess supply of this increase in the minimum price.  Illustrate your answer with a supply and demand diagram.</p> <p><b>Answer</b></p>	Mark

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**Knowledge 1, Application 1, Analysis 2**

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.

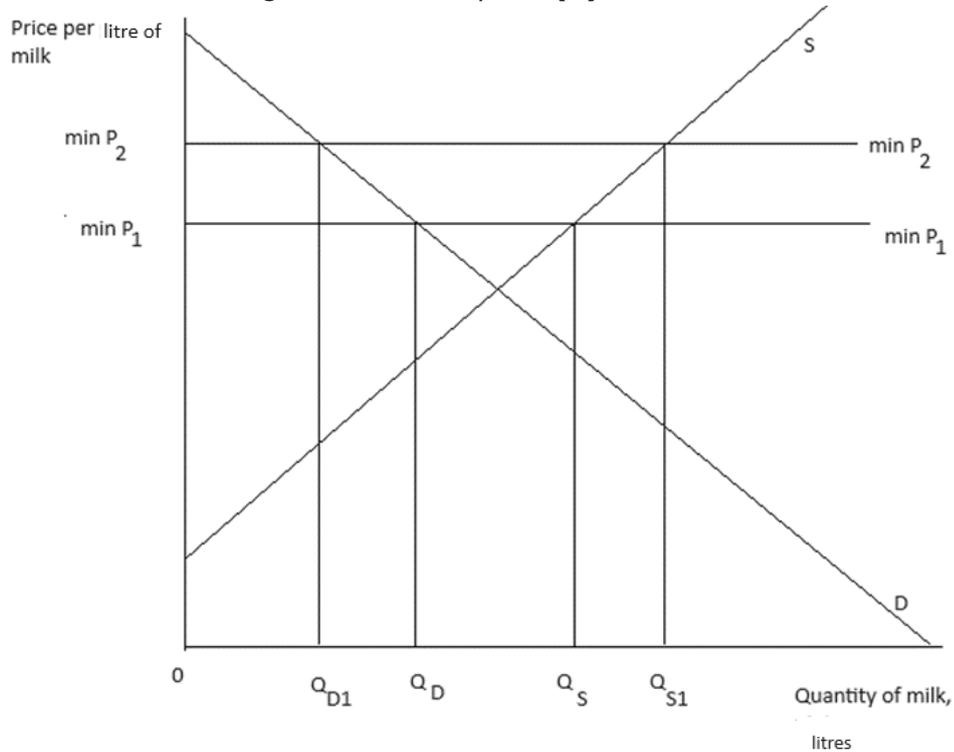
**Knowledge**

1 mark for definition of minimum price e.g.:

- Minimum price is the lowest price that firms can sell a good **(1)**

**Application**

1 mark for increasing the minimum price **(1)**



**Analysis**

Up to 2 marks for showing/describing/explaining the change in excess supply

Original excess supply  $Q_S - Q_D$  **(1)** increases to  $Q_{S1} - Q_{D1}$  **(1)**

The increase in excess supply **(1)** is  $Q_D$  to  $Q_{D1}$  and  $Q_S$  to  $Q_{S1}$  **(1)**

Contraction of quantity demanded /  $Q_D$  to  $Q_{D1}$  /

Extension of quantity supplied /  $Q_S$  to  $Q_{S1}$  **(1)**

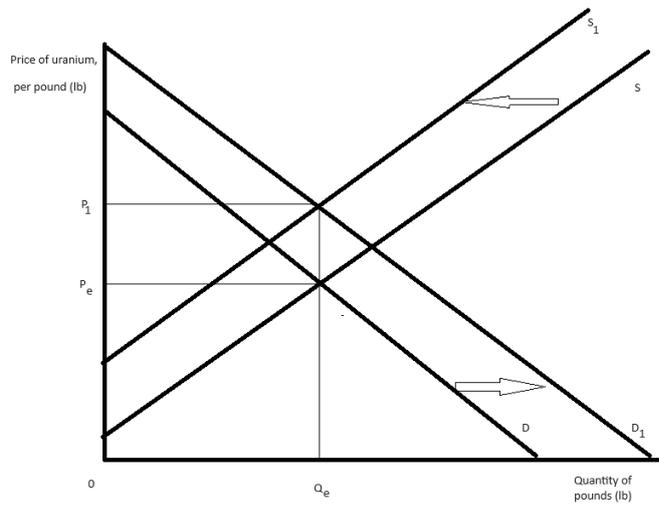
**(4)**

**Section C**

Question	Answer	Mark
Define the term 'speculation'. (Extract A, line 7)		

<b>12 (a)</b>	<b>Knowledge 2</b> <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for understanding of 'speculation.' e.g.: <ul style="list-style-type: none"><li>• Buying and selling of commodities/assets <b>(1)</b> in the hope that the commodities/assets will become more valuable <b>(1)</b></li><li>• Taking a risk in buying a commodity/asset <b>(1)</b> in the expectation that it will increase in value <b>(1)</b></li><li>• Buying large amounts of a product <b>(1)</b> in the hope that it increases in price <b>(1)</b></li><li>• Investors/speculators purchasing items at a low price <b>(1)</b> to sell at a higher price/to make a profit <b>(1)</b></li><li>• Speculation can result in a market bubble <b>(1)</b></li><li>• Speculation is a type of market failure <b>(1)</b></li><li>• Speculators bought significant amounts of uranium accounting for 25% of annual demand <b>(1)</b></li></ul>	<b>(2)</b>
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<b>Question</b>	With reference to Figure 1 and Extract A, analyse <b>one</b> demand factor and <b>one</b> supply factor that caused the price of uranium to more than double between January 2020 and September 2023.  Illustrate your answer with a supply and demand diagram.  <b>Answer</b>	<b>Mark</b>
<b>12 (b)</b>	<p><b>Knowledge 2, Application 2, Analysis 2</b></p> <p>Quantitative skills assessed:  <b>QS4:</b> Construct and interpret a range of standard graphical forms  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b></p> <p>Up to 2 marks for the diagram showing:</p> <ul style="list-style-type: none"> <li>• Original supply, demand and equilibrium price and quantity <b>(1)</b></li> <li>• New equilibrium quantity and increased price <b>(1)</b></li> </ul> <p><b>Analysis</b></p> <p>1 mark for demand factor from Extract A:</p> <ul style="list-style-type: none"> <li>• Governments increasing nuclear power generation /</li> <li>• Unstable supply of gas and rise in its price /</li> <li>• Governments need to reduce carbon emissions /</li> <li>• Speculators bought significant amounts of uranium accounting for 25% of annual demand <b>(1)</b></li> </ul> <p>1 mark for supply factor from Extract A:</p> <ul style="list-style-type: none"> <li>• In France production was disrupted by a lack of critical chemicals /</li> <li>• World's largest supplier/Kazakhstan had problems with shipping its uranium out of the country /</li> <li>• Canada had problems at two mines that reduced production by 9% <b>(1)</b></li> </ul> <p><b>Application</b></p> <p>Up to 2 marks for diagram or for reference to Figure 1.:</p> <ul style="list-style-type: none"> <li>• Shift demand curve to the right <b>(1)</b></li> <li>• Shift supply curve to the left <b>(1)</b></li> <li>• Figure 1- price rises from approximately \$24/25 to approximately \$53/54 per pound (lb) between January 2020 and September 2023 <b>(1)</b></li> </ul>	



**NB** if two separate diagrams award maximum of 5/6 marks

**NB-** price must rise but quantity may rise, fall or stay the same

**(6)**

Question	With reference to Extract B, explain whether the supply of nuclear reactors is price elastic or price inelastic. <b>Answer</b>	Mark
12 (c)	<p><b>QS8:</b> Make calculations of elasticity and interpret the result. <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge 2 Application 2</b></p> <p><b>Knowledge</b></p> <p><b>Up to 2 marks for any two of the following:</b></p> <p>Formula or definition of price elasticity of supply e.g.</p> <ul style="list-style-type: none"> <li>• The responsiveness of quantity supplied to a change in price <b>(1)</b></li> </ul> <p>Understanding of price elastic supply, e.g.</p> <ul style="list-style-type: none"> <li>• Elastic: A value above 1/ a larger than proportional change in quantity supplied to a change in price <b>(1)</b></li> </ul> <p>Understanding of price inelastic supply, e.g.</p> <ul style="list-style-type: none"> <li>• Inelastic: A value between 0 and 1/ a smaller than proportional change in quantity supplied to a change in price <b>(1)</b></li> </ul> <p><b>Application</b></p> <p>1 mark for application explicitly to Extract B:</p> <ul style="list-style-type: none"> <li>• It took on average 7.5 years to construct each nuclear reactor /</li> <li>• One reactor in Argentina took 33 years to construct <b>(1)</b></li> </ul> <p>1 mark for identifying the price elasticity of supply for nuclear reactors</p> <ul style="list-style-type: none"> <li>• price inelastic supply <b>(1)</b></li> </ul>	<b>(4)</b>

Question	With reference to Extract C, examine <b>two</b> microeconomic effects of the introduction of an indirect tax on the production of coal. <b>Answer</b>	Mark
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<p><b>12(d)</b></p>	<p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p><b>Knowledge and Analysis</b>  2 marks for identifying effects and 2 marks for linked explanation, e.g.:</p> <ul style="list-style-type: none"> <li>• Consumers may switch to less polluting fuels <b>(1K)</b> as the price increases for coal <b>(1AN)</b></li> <li>• Lower levels of external costs <b>(1K)</b> as quantity consumed will decrease <b>(1AN)</b></li> <li>• Government raises tax revenue <b>(1K)</b> that can be used to compensate those affected by coal consumption <b>(1AN)</b></li> <li>• Diagram showing leftward shift or pivot of supply curve <b>(1K)</b> and showing impact on price/quantity/incidence of tax/tax revenue <b>(1AN)</b></li> <li>• The number of premature deaths may be avoided <b>(1K)</b> as the tax increases the costs of producing coal <b>(1AN)</b></li> <li>• Producers may substitute to other sources <b>(1K)</b> like oil which could emit harmful carbon emissions/ like renewables which will reduce carbon emissions <b>(1AN)</b></li> <li>• Increase costs of production <b>(1K)</b> resulting in a contraction of demand <b>(1AN)</b></li> <li>• Consumer surplus will decrease <b>(1K)</b> referring to original and new area on diagram <b>(1AN)</b></li> <li>• Producer surplus will decrease <b>(1K)</b> referring to original and new area on diagram <b>(1AN)</b></li> </ul> <p><b>Application</b>  Up to 2 marks for application to Extract C</p> <ul style="list-style-type: none"> <li>• In 2018 coal accounted for 40% of energy generated in Indonesia <b>(1AP)</b></li> <li>• Caused 95 155 premature deaths in 2018 <b>(1AP)</b></li> <li>• The tax is expected to raise \$3.6 billion per year <b>(1AP)</b></li> <li>• 1.96 million people are employed in coal mining <b>(1AP)</b></li> <li>• Coal exports earn \$19 billion per year <b>(1AP)</b></li> </ul> <p><b>Evaluation</b>  Up to 2 marks for evaluative comments (2+0 or 1+1), e.g.:</p> <ul style="list-style-type: none"> <li>• It may take time for producers to switch from coal to other alternatives <b>(1+1)</b></li> <li>• \$3.6bn is a substantial amount of money raised by the government enabling significant compensation for those negatively affected by coal production <b>(1+1)</b></li> <li>• Employment in the coal industry may fall having a significant impact, since 1.96 million people were employed in 2019 <b>(1+1)</b></li> <li>• Depends on the size of the tax <b>(1)</b></li> <li>• Depends on the PED/PES <b>(1)</b></li> </ul> <p><b>NB</b> Positive points may be presented as KAA and negative as EV or vice versa</p>	<p><b>(8)</b></p>
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	<b>NB</b> Responses must have a micro-economic focus e.g. employment effects on coal industry and not macroeconomic effects e.g. increased unemployment	
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	<ul style="list-style-type: none"> <li>• Increased welfare of its citizens as they can now access cheaper nuclear energy</li> <li>• Popular amongst voters as it reduces use of carbon-producing fossil fuels</li> <li>• Boosts energy production creating economic growth</li> </ul> <p><b>N.B.</b> Award a maximum of level 2 if candidates do not discuss both governments and consumers in their answer</p> <p><b>N.B.</b> Award a maximum of level 2 if candidates do not draw a relevant diagram</p> <p><b>NB</b> Positive points may be presented as KAA and negative as EV or vice versa</p>	
G	Mark	Descriptor
	0	No rewardable material
<b>Level 1</b>	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.
<b>Level 2</b>	4–6	Displays elements of 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. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
<b>Level 3</b>	7–8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant 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.

	<p><b>Evaluation (6 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Magnitude- depends on the level of the subsidy set- \$17billion in China likely to have a more substantial impact than in South Korea where \$515m subsidy</li> <li>• Short-run/long-run effects of subsidy- especially given the time it take to build</li> </ul> <p>Consumers</p> <ul style="list-style-type: none"> <li>• Nuclear power may be preferred to fossil fuels by final consumers but may be less popular than renewable alternatives</li> <li>• Final consumers may face an information gap around nuclear production/subsidies</li> <li>• The impact on consumer surplus/consumer subsidy depends on the PED and PES for nuclear power</li> </ul> <p>Government</p> <ul style="list-style-type: none"> <li>• Spending by the government will be the area ECP<sub>1</sub>G</li> <li>• Opportunity cost- the money spent on nuclear subsidies cannot be used elsewhere</li> <li>• Removing the subsidies is difficult- and will be needed for a long time</li> <li>• Large projects often result in overspending</li> <li>• The government may become unpopular because the public may object to nuclear power</li> </ul>
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Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
<b>Level 2</b>	3–4	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	5–6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

## Section D

<p><b>Question</b></p>	<p>In 2022 consumers in the UK who did not switch suppliers for different services at the end of their contracts were paying a total of £1.3 billion more than those consumers who chose to switch suppliers. It is estimated that this applied to:</p> <ul style="list-style-type: none"> <li>• 630 000 consumers with mortgages</li> <li>• 1.5 million consumers with mobile phone contracts</li> <li>• 7 million broadband consumers.</li> </ul> <p>Evaluate possible reasons why consumers did not switch suppliers for these services.</p> <p><b>Indicative content</b></p>
<p><b>13</b></p>	<p>Quantitative skills assessed            QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>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.            Knowledge, application and analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> <li>• Definition of rational consumers – consumers who maximise utility</li> <li>• Definition of irrational consumers- consumers who fail to maximise utility</li> <li>• Consumers who did not switch suppliers for different services at the end of their contracts were paying £1.3 billion more than those who did switch suppliers</li> <li>• Affected 630 000 consumers with mortgages/1.5 million consumers with mobile phone contracts/7 million broadband consumers</li> <li>• Prices may have been increased by all providers- so less benefit from switching</li> <li>• Information failure- where there is asymmetric information- where one party (bank/mobile provider/ broadband provider) has more information than another (consumer) or there is an information gap where consumers do not have information</li> <li>• Complexity of bills makes it hard to compare options to see if better deals exist</li> <li>• Some consumers may have been unable to switch as they were locked into long/fixed-term contracts</li> </ul> <p>Reasons why consumers may not aim to maximise utility:</p> <ul style="list-style-type: none"> <li>• The influence of other people’s behaviour (herding) – consumers may stay with the bank/mobile/broadband provider that their parents/ friends/ peers are using</li> <li>• Habitual behaviour- consumers may be used to using a brand, be in a habit of purchasing from a supplier and have loyalty</li> <li>• Inertia- consumers may not want to spend the time and effort finding a better deal- so they stay with a supplier that charges them more</li> <li>• Poor computational skills- the consumers may not be able to calculate possible savings from switching or the costs of the current deal, therefore they do not know how much they could save</li> <li>• The need to feel valued- consumers may feel valued by their current provider/ they may be part of loyalty schemes / they value the level of customer service offered</li> <li>• Framing and bias- when the information on service options is framed in a way that makes consumers select the more expensive option</li> </ul>

<b>N.B. Award a maximum of level 3 if only one reason is given</b> <b>N.B. Award a maximum of level 3 if there is no reference to these services</b>		
Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	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.
<b>Level 2</b>	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.
<b>Level 3</b>	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.
<b>Level 4</b>	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.
<b>Evaluation (8 marks) – indicative content</b> <ul style="list-style-type: none"> <li>• Information gaps have been reduced- by provisions of information from suppliers that have been enforced by regulators/ government</li> <li>• The influence of other people’s behaviour (herding)- it may be that family and friends are helping each other make more rational decisions</li> <li>• Habitual behaviour- often this loyalty is rational as it comes from good levels of customer service</li> <li>• Inertia- websites now exist that will make comparisons for consumers and enable them to switch more easily</li> <li>• Poor computational skills – banks/ providers have often been made to make information clearer/ websites exist that help calculate the costs of different options</li> <li>• The need to feel valued- information on customer service is increasingly freely available may encourage customers to switch to those offering better customer service if consumers feel this will result in them being more valued</li> <li>• Framing and bias- competition authorities will challenge providers who mislead by framing the options in a better light</li> <li>• The decision to not switch may be rational- e.g. if all bank providers increased charges</li> </ul>		

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

<b>Question</b>	<p>The division of labour applies to many types of production and occupation, including:</p> <ul style="list-style-type: none"> <li>• in the textile industry, workers are responsible for specific parts of the production process</li> <li>• in healthcare, workers have different roles including doctors, nurses, cleaners and administrators.</li> </ul> <p>Evaluate the advantages of the division of labour for businesses <b>and</b> workers. Refer to an industry of your choice in your answer.</p> <p><b>Indicative content</b></p>
<b>14</b>	<p><b>Quantitative skills assessed</b>  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Indicative content guidance</b>  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.</p> <p><b>Knowledge, application and analysis (12 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Division of labour-breaking down production into tasks and each task is completed by a different worker</li> <li>• In textile production, one worker might focus on cutting, sewing, dyeing, packaging - enabling them to become experts at that job</li> <li>• In healthcare: <ul style="list-style-type: none"> <li>◦ doctors performing specialist operations</li> <li>◦ nurses providing personal care</li> <li>◦ cleaners ensuring safe and secure environment</li> <li>◦ administrators completing paperwork</li> </ul> </li> <li>• Firms that use the division of labour will find output increases as workers specialise in different jobs</li> <li>• The productivity improves as output per worker rises because workers do not need to keep changing tasks</li> <li>• With rising output per worker on the same pay costs to make each product will fall</li> <li>• More efficiency as less resources/time are wasted</li> <li>• With lower costs per unit the firms may be able to charge a lower price/ generate higher profit per sale</li> <li>• Some tasks can be simplified such that a machine can do the job- this automation may result in reduced labour costs</li> <li>• Workers need to be trained on fewer tasks, reducing the time spent on training and therefore reducing cost of training</li> <li>• Healthcare workers can train in a more specialised area/for more hours so can develop expertise and become more skilled</li> <li>• Workers can focus on jobs that best fit their abilities, thereby making them more productive and employable</li> <li>• As workers become more expert in that one task, they can demand higher salaries/wages e.g. cardiologists, paediatricians, surgeons</li> </ul> <p><b>N.B. Award a maximum of level 3 if there is not reference to both business and workers</b></p>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	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.
<b>Level 2</b>	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.
<b>Level 3</b>	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.
<b>Level 4</b>	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.
		<p><b>Evaluation (8 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• If workers are highly specialised, this may result in the job being monotonous, boring and repetitive</li> <li>• The boring and repetitive nature of the job may result in low labour morale</li> <li>• Workers will find it difficult to move to other jobs as they are specialised in only one task</li> <li>• If workers are replaced by machines then unemployment may result</li> <li>• With monotony/boredom/low morale productivity is likely to fall</li> <li>• Workers may leave the business resulting in a need for employers to spend more on recruiting and training new staff</li> <li>• If workers lose the motivation to concentrate and do a good job, mistakes may creep in lowering quality</li> <li>• An assembly line could grind to a halt if there is a blockage in one particular area if tasks are interdependent</li> <li>• Industrial action by one group of workers may negatively impact other tasks in the production process</li> <li>• Different impact will be felt by different industries</li> </ul>

Level	Mark	Descriptor
	0	No rewardable material.

<b>Level 1</b>	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
<b>Level 2</b>	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	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.

