3	**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	**The only correct answer is A** **B** is not correct because the consumers would buy fewer products to maximise utility **C** is not correct because habitual behaviour would not result in consumers buying fewer products **D** is not correct because poor computational skills mean consumers would not be able to calculate the savings and would not buy fewer products	**(1)**

2	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** **A** is not correct because if consumers felt undervalued they are more likely to leave **B** is not correct because if consumers have good computational skills they will calculate the fact they are paying £108 more **C** is not correct because the free-rider problem relates to the underprovision of public goods	**(1)**

5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** **A** is not correct because if consumers experienced inertia they would not have used the energy to cancel their subscription **B** is not correct because if consumers experienced habitual behaviour they would keep their Amazon subscription **D** is not correct because rational consumers maximise their utility by switching	**(1)**

5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because if consumers experienced habitual behaviour they would remain with their existing supplier **C** is not correct because if consumers are poor at computation, they would not be able to calculate their savings from switching **D** is not correct because a rational consumer maximises utility	**(1)**

5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** **A** is not correct because inertia is about consumers finding that the effort to secure a better deal is too great **B** is not correct because the free-rider problem is associated with public goods **D** is not correct because a market bubble emerges when the price of an asset rises above its true value	**(1)**

Question Number	Quantitative skills assessed	Answer	Mark
1		**The only correct answer is A** ***B** is not correct because the subsidy would lead to increased quantity and external costs- the government role is to reduce external costs* ***C** is not correct because the tax on the good would lead to decreased quantity and a reduction in external benefits- the government role is to reduce external costs* ***D** is not correct because this is a government failure and not a role of the government*	**(1)**

Question	With reference to switching banks, explain the difference between 'herding' and 'inertia'. **Answer**	Mark
8	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding of 'herding' • Where consumers make choices based on the decisions of others /friends/family **(1)** 1 mark for understanding of 'inertia' • Where people think the effort of switching is too great / are too lazy to switch **(1)** **Application** 2 marks for reference to data • Herding - 39% use the same bank as their parents **(1)** • Inertia - 13% said that switching was too much time and effort **(1)**	**(4)**

Question	In October 2024, 475 000 consumers switched energy suppliers in the UK as they searched for the best energy deals. This was a 76% increase compared to October 2023.However, 15% of UK consumers have never switched energy suppliers. With reference to the above information, explain the difference between rational behaviour and habitual behaviour. **Answer**	**Mark**
8	**Knowledge 2, Application 2** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for definition of rational behaviour e.g.: • Consumers switch to maximise utility **(1K)** 1 mark for definition of habitual behaviour e.g. • Consumers do not switch because they repeat their decision-making actions / remain loyal to a business / inertia **(1K)** **Application** 1 mark for applying rational behaviour to stem e.g.: • The 475 000 consumers switched energy suppliers in October 2024 showed rational behaviour **(1AP)** 1 mark for applying habitual behaviour to stem e.g.: • 15% of consumers have never switched energy suppliers demonstrating habitual behaviour **(1AP)**	**(4)**

Question	Explain **one** reason why many consumers behave in this way and remain with their current internet providers. Answer	Mark
9	**Knowledge 1, Application 1, Analysis 2** **Knowledge & Analysis** 1 mark for knowledge and a further 2 marks for linked analysis e.g.: • Irrational behaviour is where consumers fail to maximise their utility **(1)** • Rational behaviour is where consumers maximise their utility **(1)** • People may be influenced by others' behaviour **(1)** where they stay with the same provider because their friends and family do **(1)** • People exhibit habitual behaviour **(1)** where they have used the same internet provider and are in a habit of using them/ loyal to the provider **(1)** • Consumers experience inertia **(1)** where they lack the energy or desire to go through the process of switching internet providers **(1)** • Consumers have poor computational skills **(1)** meaning they find it difficult to calculate the amount they can save by switching **(1)** • Consumers feel valued by current internet providers **(1)** so remain loyal to them **(1)** • Consumers may not have information about the possible savings **(1)** and therefore may be unaware that they could get a better deal by switching provider **(1)** **Application** Up to 1 mark for applying to Canada's internet providers, e.g.: • Consumers can save 25% by switching to smaller providers **(1)** • Consumers tend to stay with more expensive providers **(1)**	**(4)**

Question	With reference to this information, explain what is meant by 'rational decision making'. **Answer**	Mark
8	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding of 'rational decision-making' • Where consumers maximise utility/satisfaction/benefit where producers maximise profit **(1)** 1 mark for link to how behaviour is rational • Switching to cheaper alternatives for better value **(1)** • Customers want to avoid the new higher prices **(1)** • By spending less enabling them to purchase other goods **(1)** • Consumers are good at computation so can calculate the savings from buying alternative products **(1)** • Consumers lack loyalty/habitual behaviour so when they see a better deal they will be happy to switch **(1)** • The higher price results in a smaller decrease in quantity demanded so revenues will rise **(1)** • If the increase in revenue is greater than the change in costs then profits will increase **(1)** **Application** Up to 2 marks for reference to data • 6.8% decrease in the number of items sold **(1)** • Increase in total costs of €4.4 billion **(1)** • Unilever increased prices, on average, by 13.2% in response to higher costs **(1)**	**(4)**

Question	The division of labour applies to many types of production and occupation, including: • in the textile industry, workers are responsible for specific parts of the production process • in healthcare, workers have different roles including doctors, nurses, cleaners and administrators. Evaluate the advantages of the division of labour for businesses **and** workers. Refer to an industry of your choice in your answer. **Indicative content**
14	**Quantitative skills assessed** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **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** • Division of labour-breaking down production into tasks and each task is completed by a different worker • In textile production, one worker might focus on cutting, sewing, dyeing, packaging - enabling them to become experts at that job • In healthcare: ○ doctors performing specialist operations ○ nurses providing personal care ○ cleaners ensuring safe and secure environment ○ administrators completing paperwork • Firms that use the division of labour will find output increases as workers specialise in different jobs • The productivity improves as output per worker rises because workers do not need to keep changing tasks • With rising output per worker on the same pay costs to make each product will fall • More efficiency as less resources/time are wasted • With lower costs per unit the firms may be able to charge a lower price/ generate higher profit per sale • Some tasks can be simplified such that a machine can do the job- this automation may result in reduced labour costs • Workers need to be trained on fewer tasks, reducing the time spent on training and therefore reducing cost of training • Healthcare workers can train in a more specialised area/for more hours so can develop expertise and become more skilled • Workers can focus on jobs that best fit their abilities, thereby making them more productive and employable • As workers become more expert in that one task, they can demand higher salaries/wages e.g. cardiologists, paediatricians, surgeons **N.B. Award a maximum of level 3 if there is not reference to both business and workers**

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 • If workers are highly specialised, this may result in the job being monotonous, boring and repetitive • The boring and repetitive nature of the job may result in low labour morale • Workers will find it difficult to move to other jobs as they are specialised in only one task • If workers are replaced by machines then unemployment may result • With monotony/boredom/low morale productivity is likely to fall • Workers may leave the business resulting in a need for employers to spend more on recruiting and training new staff • If workers lose the motivation to concentrate and do a good job, mistakes may creep in lowering quality • An assembly line could grind to a halt if there is a blockage in one particular area if tasks are interdependent • Industrial action by one group of workers may negatively impact other tasks in the production process • Different impact will be felt by different industries	

Level	Mark	Descriptor
	0	No rewardable material.

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.