Solutions

Marking: **K** knowledge, **App** application to the case, **An** analysis (a developed chain of reasoning), **Ev** evaluation (a justified judgement); calculations earn **M1** for the method and **A1** for the answer.

Each answer shows the steps, then the **result**.

2.1

- the **concert ticket**
- it is the **next best alternative given up**

2.2

- needs: **water** and **a house** (shelter)
- want: the **games console**

2.3

- advantage: workers repeat one task, so they become **quick and skilled**, raising output (1 + 1 for the effect)
- disadvantage: the work is **repetitive and boring**, so motivation falls; or one absent worker stops the line (1)

3.1

D

3.2

(a)

- a business or worker **concentrating** on the product or task it does **best**

(b)

- $(150 - 40) \times 30$
- = $\$\mathbf{3300}$

(c) two benefits, each outlined (K + App each):

- each worker repeats one stage (cutting, joining, varnishing), so he becomes **faster**: more chairs a month
- less **training** is needed for each task, so new workers are productive sooner
- higher **quality** as each worker becomes expert at his task

(d) two ways, each explained (K, App, An each):

- raise the **price** by improving design or using better finishes: customers pay more for each chair, so the gap over $40 grows
- build a **brand** or offer delivery and made-to-order chairs: a higher price is accepted
- **cut** material costs by buying timber in bulk: each chair costs less than $40 to make

(e) for: (An)

- tables sell for more, so added value per item may be higher; the workers become skilled at one product; fewer types of timber and tools

against: (An)

- **dependence** on one product: if demand for tables falls, Ravi has nothing else to sell; he loses existing chair customers; tables take longer, so fewer are made

decision: (Ev) for example, Ravi should keep chairs until he knows table demand is strong, perhaps adding tables alongside, because depending on one product is a big risk for a small workshop.

Level 3 (5–6): a justified decision for this business, weighing both sides. Level 2 (3–4): points explained and applied. Level 1 (1–2): points identified.