

Exercise walk-through

3.3

Workers

IGCSE Economics

What we will cover

- 1 Money & banking
- 2 Households
- 3 Workers & wages
- 4 Firms & integration
- 5 Economies of scale
- 6 Market structures

Workers and wages – specialisation – worked reasoning

Productivity = $\frac{\text{output}}{\text{workers} \times \text{hours}}$. Before: $\frac{30}{3 \times 1} = 10$ boxes per worker per hour. After:
 $\frac{45}{3 \times 1} = 15$ boxes per worker per hour.

Repeated tasks can improve skill and save switching time. If total hourly cost is unchanged, cost per box falls. An absent packer could become a bottleneck; boredom may reduce quality.

Why wages differ

skill and training

lengthy training can limit supply; pay also depends on demand

danger and unpleasantness

unpleasant work may need higher pay to attract workers

trade unions

groups of workers bargaining together – a strong union can raise pay and improve conditions

the demand for the product

higher product demand can increase demand for workers

discrimination

unfair treatment can affect pay or access to jobs

government

a **minimum wage**

sets a legal floor

Wages are a **price** – set by the demand for and supply of that kind of labour. Explain relevant demand, supply, bargaining or policy conditions; a difference between jobs need not be a recent shift.

Exercises 2.1·2.3

2.1 State the difference between a *wage* and a *non-wage* factor.

[2]

2.2 Identify two reasons why workers earn different wages.

[2]

2.3 Define the term *division of labour*.

[2]

Exercises 2.1-2.3

2.1 State the difference between a *wage* and a *non-wage* factor. [2]

2.1

- a **wage factor** is the **pay**; a **non-wage factor** is everything else (hours, safety, enjoyment, promotion) (K)

2.2 Identify two reasons why workers earn different wages. [2]

2.2

- any **two** of: **skill/qualifications** / **danger of the job** / **trade-union strength** / **discrimination** (K, K)

2.3 Define the term *division of labour*. [2]

2.3

- **division of labour** is splitting a job into small tasks, with each worker doing **one task repeatedly** (K)

Exercises 3.1-3.2

3.1 Which is a **non-wage** factor when choosing a job?

[1]

☐

A the hourly pay

B a bonus payment

C the working hours and holidays

D commission on sales

3.2 Explain two reasons why a surgeon is paid more than a cleaner.

[4]

Exercises 3.1-3.2

3.1 Which is a **non-wage** factor when choosing a job?

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☐

A the hourly pay

B a bonus payment

C the working hours and holidays

D commission on sales

3.1 C

- **working hours and holidays** are **non-wage** factors (K)
- A, B and D are all forms of pay

3.2 Explain two reasons why a surgeon is paid more than a cleaner.

[4]

3.2

- for **each** of two reasons: K + An
- e.g. a surgeon needs **years of study** and rare skills → few can do the job → the wage is high
- e.g. a cleaner's job needs **little training**, so many can do it → plentiful supply keeps the wage low

Exercise 3.3

3.3 Analyse the advantages and disadvantages of the division of labour for a firm. [6]

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3.3

- **advantages:** workers get faster and more skilled; less time is wasted; **output per worker rises**, lowering unit cost ($K + A_n$)
- **disadvantages:** the task is boring $\rightarrow$ mistakes and high labour turnover; if one worker is absent the line can stop (A_n)
- the firm gains higher output but risks **low motivation**