1.5 Specialisation, Division of Labour and the Functions of Money: Test Pack

AQA 7136 · Calculators not allowed · about 15 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Full sentences are required for the extended 12-mark question only. Allocation: 15 minutes. Short-answer questions require brief, focused responses.

1 Define specialisation as it is used in microeconomics, referring to individuals or firms and giving context of production.

(Total for Question 1 is 2 marks)

2 State two reasons why a form of money that rapidly loses value due to hyperinflation fails as a store of value, with brief explanation of consequences for savers and lenders.

(Total for Question 2 is 2 marks)

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3 Scenario: Priya runs a small artisanal bakery that currently makes whole loaves from start to finish each day. She is considering reorganising production so one team mixes dough, another shapes loaves, and a final team handles glazing and packaging to supply supermarkets. Explain, using productivity concepts, how this move to division of labour could raise the bakery's output and per-worker productivity.

(Total for Question 3 is 4 marks)

4 State three other standard functions of money besides being a medium of exchange, naming each function and giving a short note on its meaning.

(Total for Question 4 is 3 marks)

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Mark scheme · 1.5 Specialisation, Division of Labour and the Functions of Money: Test Pack

Question 1

focus on producing a narrow range of tasks or goods rather than many different tasks	**B1**
applies to an individual worker or to a firm concentrating on a limited set of activities to gain expertise/efficiency	**B1**

Answer: Concentrating production on a limited range of tasks or goods so a worker or firm becomes more skilled or efficient at those tasks.

Question 2

money that loses value cannot preserve purchasing power, so holders lose real wealth	**B1**
consequences: savers see real value of savings erode, lenders lose in real terms unless interest rates fully compensate	**B1**

Answer: If money rapidly loses value it cannot preserve purchasing power, so savers lose real wealth and lenders lose real repayments unless interest compensates, undermining saving and credit markets.

Question 3

identifies that dividing tasks allows workers to specialise on a small set of duties	**B1**
explains that repetition increases speed and skill, reducing time per unit	**B1**
explains that simpler tasks make training faster and allow use of small specialised equipment, raising throughput	**B1**
links these changes to higher total output and higher output per worker, giving context to supplying supermarkets	**B1**

Answer: By dividing tasks workers specialise, repetitive tasks raise speed and skill, training becomes quicker and small specialised equipment can be used. These effects increase throughput so the bakery can produce more loaves overall and raise output per worker, enabling reliable supply to supermarkets.

Question 4

store of value	**B1**
unit of account	**B1**
standard for deferred payment	**B1**

Answer: Store of value; unit of account; standard for deferred payment.

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