

Teaching guide: The implications of psychological research for the economy

Introduction

The specification subject content includes 'Implications of psychological research for the economy' (see [AQA A-level Psychology specification: Research methods 3.2.3.1 Scientific processes](#)).

No extra teaching is required – students will be able to use content from topics they have covered elsewhere. However, students must be able to critically consider the economic implications of psychological research for the specific topic in the question.

Material relating to the implications of psychological research for the economy can be:

- asked directly about within a topic (see past paper questions). Previous questions have been asked in relation to the topics such as Social influence, Attachment and Clinical psychology and Mental health
- used as a discussion/evaluation point in relation to the range of topics on the specification.

The implications of psychological research for the economy

Psychology can play a role in helping the economy work better by enhancing our understanding of how people think, feel and behave. For this specification content, we are thinking about how what we learn from psychology can help or harm the economy i.e. cost money or create financial growth.

Psychological research leads to:

- the development of practical applications that can for example save on government/ employer spending
- the challenging of society's norms which can lead to societal change that has a consequent impact on the economy. For example, psychological research challenged the long-held view that women needed to stay at home to ensure children's well-being. This led to an increase in the number of women entering the workplace, meaning that more women were contributing directly to the economy through their taxes, improving their family's financial status, as well as increasing their own financial independence.

Illustrative examples of the implications of psychological research for the economy into topics

The following are some illustrative examples of how psychological research has contributed to the economy. Students might find it helpful to:

- consider the cost/benefit of a particular behaviour/issue
- explain what we have learned from psychological research
- link this to the implication for the economy, i.e. costs money/saves money.

For example:

Social influence

An example from social influence is using psychological research about conformity to change eating habits.

Cost

- Eating an unhealthy diet has a negative impact on physical health, increasing the likelihood of illness.
- A recent report estimates that chronic disease due to poor diet (including obesity, heart disease, diabetes and strokes) cost the UK £3268 billion per year, £392 billion in direct health and social care and £178 billion in indirect costs, for example, loss of productivity and welfare.
- Read the [article titled 'UK's obesity and overweight epidemic costs £126bn a year, study suggests' \(The Guardian\)](#).

What psychological research teaches us

- Social influence research shows us how behaviour and attitudes can be changed through processes such as conformity and minority influence. We know that many diet-related illnesses are preventable, therefore we can use our psychological knowledge of these processes to promote healthier eating.
- Research shows that people are influenced by what others are doing, so highlighting healthy eating as a common behaviour can encourage other people to adopt this behaviour.

What is the consequence of the economy?

- By applying this psychological research, we can increase the probability of a person following a healthy diet which improves the health of the population. This means a reduced need to use NHS health services therefore saving NHS budgets money.
- For example, it is estimated that, if all adults in the UK were at a healthy weight, it would save the NHS £14 billion.

Clinical Psychology and mental health (example 1)

Cost

- Mental health services are costly for the economy therefore it is in a country's interest to promote good mental well-being and reduce the likelihood of mental health issues.
- Mental health issues can increase the likelihood of absence from work, underperformance at work and decreased productivity. For example, it is estimated that 70 million workdays are lost annually due to mental health issues. It is also estimated that mental health issues account for 50% of all annual, long term sickness absences in the UK.
- Overall, it is estimated that mental health issues cost the UK economy approximately £300 billion per year. (Read the [article titled 'Mental ill health costs society £300 billion every year, according to new Centre for Mental Health economic analysis' \(Centre for Mental Health\)](#)).

What psychological research teaches us

- Research in psychology increases our understanding of the causes of mental health issues and has led to the development of therapies. Effective therapies and early interventions can lead to improvements in a person's mental health status.
- Read the [article titled 'Investment priorities for mental health 2025' \(Centre for Mental Health\)](#).

What is the consequence of the economy

- The application of psychological research to the effective treatment of mental health has an impact on NHS budgets. If a person's mental health improves then they may no longer need this support, which is an economic saving.
- Investment in psychological services has been shown to bring economic benefits. The evidence-based [return on investment tool \(GOV.UK\)](#) evaluates a range of mental health and well-being programmes and shows returns ranging from £1.26 to £39.11 for every £1 spent. This provides evidence that investment in mental health and wellbeing programmes has a positive long-term impact on the economy through future savings.
- Read the [article titled 'New tool identifies eight ways for local areas to prevent mental ill health' \(LSE\)](#).
- Improvement in mental health means that people are more likely to be productive and take less time off work. Absenteeism from work is a cost to the economy and therefore this is a saving for employers.

Clinical Psychology and mental health (example 2)

Cost

- Poverty and deprivation are key determinants of children's social and behavioural development and adult mental health.
- Knifton and Inglis (2020) established that people living in the most deprived areas of Scotland reported higher levels of mental ill health and lower levels of well-being than those living in wealthier areas.

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- They found that these inequalities in mental health emerged early in life. For example, at age 7, 14.7% of children living in the most deprived areas were rated as having mental health difficulties, compared with 3.6% of children in the least deprived.

What psychological research teaches us

- Psychological research can help address these root causes of mental health issues by contributing to earlier, more effective and sustained support for people with mental health condition, ultimately helping support management or recovery from a mental health issue.
- For example, research identifies “toxic stress” as the root of the connection between adverse childhood experiences (ACEs) and problems in adult life.
- Toxic stress includes abuse, neglect and poverty. These are all strongly linked to a higher risk of mental health problems in adulthood, increasing the likelihood of conditions like depression, anxiety and post-traumatic stress disorder (PTSD).
- Psychologists can also advocate for those who are deprived by researching and highlighting the link between toxic stress in childhood and well-being.

What is the consequence of the economy?

- Psychological research has shown a link between neglect/abuse/poverty/childhood trauma and mental health. This has informed policy interventions that reduce the likelihood of the negative effects of ACEs. For example, research has led to the development of trauma-informed schools which aim to reduce anxiety and depression in young people. Research has shown that this has positive impacts on mental health and wellbeing (Han, 2021; Chung et al., 2009; Sweeney et al., 2016).
- A UK parliamentary committee report found an 88% reduction in exclusions which suggests that the practice yields educational and social benefits. A cluster trial of the PATHS social-emotional learning curriculum found a net benefit of £5.56 per child.
- Mental health issues are a cost to the economy. For example, mental health conditions are one of the main reasons for people on long term benefits (e.g. Personal Independence Payment (PIP), Universal Credit etc).
- It is estimated that between May 2029 and April 2024, 39% of all PIP assessments were recorded under psychiatric disorders: [‘Personal Independence Payment statistics to October 2024’ \(GOV.UK\)](#). Therefore, by investing money in effective interventions, a government can reduce the long-term cost of its benefits bill.

Attachment (example 1)

Cost

- In the past, it was expected that women would not work and remain at home as the full-time carer for children (social norm- link to social influence)
- Bowlby’s World Health Organisation (WHO) report in the 1950s was taken to suggest that babies needed the constant care of the mother for healthy psychological development, leading to ‘stay at home’ mothering.
- Women were expected to stay at home and contribute to the economy via unpaid domestic labour – their unpaid ‘occupation’ was generally viewed as homemaker.

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- This had financial costs for women, i.e. they were financially dependent on the male.
- It also meant that women were not directly contributing to the economy through taxation on earnings etc.

What psychological research teaches us

Later psychological research showed that good substitute childcare, either in nurseries or by other family members (e.g. father) does not have a detrimental effect on social development. This challenged the view that women with children should be at home.

What is the consequence of the economy?

One consequence of this research is that increasing numbers of women entered/returned to the workplace after having a child. Data shows that women's active and direct contribution to the economy has increased in recent years.

Number of women in work:

Year	Employment
1951	Approximately 12% of married women were employed
1970s	45-55%
1990s	52-57%
2010-2020s	74-75%

- A further impact is that the changing role of women has led to greater financial independence. For example, 40% of women earn more than the average man and in the US 40% of households have a female breadwinner (Psychology Today). However, although progress has been made it is important to remember that a gender pay gap still persists.
- Read the [article titled 'Women in Work 2025 index' \(PWC\)](#).

Attachment (example 2)

Cost

- It has been shown that insecure attachment increases public costs (e.g. education, justice system and healthcare).
- For example, research suggests that the annual public cost of a child securely attached to their mother is £6,743 whereas the cost of an insecurely attached child is £10,199.
- Read the [article titled 'The cost of love: financial consequences of insecure attachment in antisocial youth' \(King's College London\)](#).

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What psychological research teaches us

Psychological research increases our understanding of the factors that promote secure attachment. This can be used in parenting programmes and interventions to ensure that the conditions for a secure attachment are maximised.

What is the consequence of the economy?

- Early childhood interventions can improve long-term economic productivity by fostering secure attachments.
- Although such interventions can be costly, many argue that the long-term economic benefits - such as a reduced risk of poor educational outcomes and unemployment - make the initial investment economically sound. For many programmes, the overall savings are likely to outweigh the original costs. However, caution is needed when evaluating these benefits, as they typically do not become apparent until at least 15 years after the intervention begins.

Example: Sure Start programme

- One example of an early intervention programme is Sure Start, launched in 1998 by the Labour government.
- Its aim was to improve outcomes for young children in disadvantaged areas by supporting parents and strengthening early attachment.
- The programme focused on nurturing secure relationships between carers and children, recognising that strong early bonds contribute to better long-term educational and health outcomes.
- Research has shown lasting benefits, including improved school readiness and reduced antisocial behaviour. According to the Institute for Fiscal Studies (IFS), for every £1 invested Sure Start generated approximately £2 in value for both the public purse and individuals. These benefits include lower healthcare costs, increased tax revenue from higher lifetime earnings, and enhanced educational attainment.
- In conclusion, attachment-based early interventions like Sure Start can yield significant economic savings through improved health and education outcomes.
- For further details, see the IFS [report titled 'The short-and medium-term effects of Sure Start on children's outcomes' \(IFS\)](#).
- Watch the [video: 'Sure Start in Southampton | Celebrating twenty years of support' \(YouTube\)](#) (4 minutes).
- Watch the [video: 'What can we learn from Sure Start?' \(YouTube\)](#) (2 minutes).

Memory Research

Cost

- Crime is a cost to the economy. A 2025 Policy exchange report estimated that crime costs the UK economy up to £170 billion per year. Policing, courts and prisons are estimated to cost £31 billion.
- Read the [article titled 'The Costs of Crime – And How to Reduce Them' \(Policy Exchange\)](#).
- Read the [article titled 'Soaring UK crime costing up to £250bn a year, says thinktank' \(The Guardian\)](#).

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- It is in the public interest to prevent and solve crimes. One aspect that can increase costs for the public purse is unreliable eyewitness testimonies (EWTs). These costs range from miscarriages of justice to the costs of the police investigating false leads.

What psychological research teaches us

Psychological research into improving EWTs using the cognitive interview has improved the accuracy of EWTs. This reduces waste in the criminal justice system and brings economic benefits.

What is the consequence of the economy?

- Cognitive interviewing (CI) demonstrates how psychological research delivers economic value.
- Improved investigation efficiency reduces policing costs.
- Reduced compensation owed for false imprisonment (for example a 2011 report by the Home Office found that one wrongful conviction cost the public over £100,000).
- Less time following false leads meaning that there are reduced operational costs for the police.
- It is estimated that officers trained in CI recover 30–50% more accurate information resulting in greater investigative efficiency and therefore reduced operational costs.

Stress

Cost

- Workplace stress is a cost to the economy. People spend a large proportion of their lives at work, and work-related stress, 'burnout' and poor mental health is estimated to cost the UK economy around £28 billion per year (accounting for approximately 23.3 million sick days annually).
- Presenteeism – when people are at work but not fully functioning (productivity) it is estimated to cost employers more than absenteeism (Deloitte).

What psychological research teaches us

- Psychological research increases our understanding of the causes and management of stress. This knowledge can be applied in the workplace.
- As people spend a large proportion of their lives working, a supportive workplace environment that seeks to reduce stress in the workplace plays a critical role in reducing the associated costs. Examples include investing in mental health support, using psychological principles to increase job control and autonomy (prevents confusion and burnout), stress management techniques, and effective management of shift patterns.

What is the consequence of the economy?

- By investing in mental health, employers can increase well-being, productivity etc., which improves an economy. For example, it is estimated that for every £1 invested in workplace mental health and wellbeing, employers receive a £4.70 return.

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- Read the [article titled 'Mental health and employers – the case for investment' \(Deloitte\)](#). Deloitte found that for every £1 invested by employers on workplace mental health support, there is an average £5 return. This is achieved through increased productivity, lower absenteeism and reduced turnover of staff.
- Deloitte's research shows that proactive interventions bring better outcomes and higher return on investment than reactive approaches.

Examples of past paper questions on the implications of psychological research for the economy

Example 1

Paper 2, 2022

A controlled observation was designed to compare the social behaviours of pre-school children of working parents and pre-school children of stay-at-home parents. The sample consisted of 100 children aged 3, who were observed separately. Half of the children had working parents and the other half had stay-at-home parents. The observation took place in a room which looked like a nursery, with a variety of toys available. In the room, there were four children and one supervising adult. Their behaviour was not recorded. Each child participant was brought into the room and settled by their parent. The parent then left to sit outside. Each child participant's behaviour was observed covertly for 5 minutes while they played in the room. The observation was conducted in a controlled environment and a standardised script was used when the children and their parents arrived. The findings of this study might have implications for the economy.

Explain one or more possible implication of this study for the economy. **(3 marks)**

Mark scheme

- Possible application:
 - The study suggests increased social behaviour in children of stay-at-home parents, then parents may delay returning to work until children start school resulting in a negative impact on the economy.
 - If the study suggests increased social behaviour in children of working parents, then parents may be encouraged to return to work earlier, boosting the economy.
 - Costs of providing childcare for working parents.
 - Provides employment opportunities for nursery/childcare employees.
- Credit other relevant material.
- Note – responses focusing on the minor financial impact of conducting the study, as opposed to the wider implications of the findings of the study for the economy, can be awarded a maximum of 1 mark.

Example 2

Paper 2, 2017

Explain how findings of psychological research into the treatment of depression could have implications for the economy. **(2 marks)**

Mark scheme

- 2 marks for a clear and coherent explanation of how research into treating depression might have implications for the economy.
- 1 mark for a vague or muddled explanation.
- Possible content:
 - Psychological research findings into psychopathology may lead to improvements in psychological health/treatment programmes which may mean that people manage their health better and take less time off work. This would reduce costs to the economy.
 - Psychological research findings may lead to better ways of managing people who are prone to mental health issues whilst they are at work, which could improve their individual productivity, again boosting the economy overall.
 - ‘Cutting-edge’ scientific research findings into treatments for mental health issues carried out in UK may encourage investment from overseas companies into this country which could boost the economy.
 - Providing effective treatments might be a significant financial burden to an NHS service already under huge financial strain.
 - Discovering that new treatments may be more effective than older therapies and that these may be more expensive so could increase the financial burden to the economy.
- Credit other relevant explanations.

Example 5

Specimen paper

- A researcher wanted to see whether cognitive behaviour therapy was an effective treatment for depression. 20 depressed patients who had all recently completed a course of cognitive behaviour therapy were involved in the investigation. From their employment records, the researcher kept a record of the number of absences from work each patient had in the year following their treatment. This was compared with the number of absences from work each patient had in the year prior to their treatment.
- Those patients who had fewer absences from work in the year following their treatment than in the year prior to their treatment were classified as ‘improved’ (+). Those patients who had more absences were classified as ‘deteriorated’ (-). Those patients who had the same number of absences were classified as ‘neither’ (0).

Outline the implications of psychological research for the economy. Refer to the investigation above in your answer. **(5 marks)**

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Mark scheme

- AO1 – possible content:
 - Psychological research may lead to improvements in psychological health/treatment programmes which may mean that people manage their health better and take less time off work.
 - Absence from work costs the economy an estimated 15 billion a year annually and much of this absence is due to 'mild' mental illness such as stress and anxiety.
 - Psychological research may lead to better ways of managing people whilst they are at work to improve productivity. For example, research into motivation and workplace stress.
 - 'Cutting-edge' scientific research may encourage investment from overseas companies into this country.
- Credit other relevant points/implications, including examples not linked to psychopathology.
- AO2 – application:
 - If research (such as the investigation described) suggests that depressives are better able to manage their condition following CBT and return to work, then it may benefit the economy to make treatment more widely available, improve funding, etc.
 - Psychological research such as this plays an important role in sustaining a healthy workforce and reducing absenteeism.
- Credit other relevant application points.

Resources

Please find below a list of free resources that may help support the delivery of the Psychology specification. Please note that resources without the 'AQA approved' badge have not been through our approval process, even if AQA is used in the title.

- Watch the [video: 'Psychology and the economy - Research Methods \[A-Level Psychology\]' \(YouTube\)](#) (6 minutes).
- Watch the [video: 'Research methods psychological research economic implications' \(YouTube\)](#) (9 minutes).
- Visit the [tutor2u website](#)
- Read the [article titled 'Peer review & The Economy' \(Seneca Learning\)](#)
- Read the [article titled 'Implications of Psychological Research and the Economy \(AQA AS Psychology\): Revision Notes' \(Save My Exams\)](#)

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