Examiners' Report June 2010

GCE Economics & Business (6EB02) Paper 01

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PE Report on Examination Paper 6EB02/01

General Comments

Overall performance was better in Section A than the two previous examination papers with majority of candidates showing a sound grasp of business and economic concepts. Answers suggested that candidates on the whole had been well prepared for this paper. There appeared to be use of precise economic and business terminology throughout rather than generalised comments. Again, the best students demonstrated excellent application of their knowledge to the precise question set, while the weakest students attempted questions from a 'common sense' approach rather than demonstrating any economic and business concepts. The examination paper required candidates to apply their understanding; good students did this well with clear development of points. Examination timing skills appeared to be very good as a whole with the majority of candidates completing all questions fully with very few unanswered questions for 13a and 13b.

Comments on Individual Questions

Section A

Examiners encountered a full range of approaches, from what appeared to be candidates carefully prepared on how to handle supported multiple choice questions, to others where there still appeared to be little evidence of preparation. At GCE level, the use of supported multiple choice questions enables the testing of more than straightforward recall. The three explanation marks in part (b) of the supported multiple choice questions proved good discriminators which required candidates to explicitly analyse and evaluate.

There are a variety of ways to gain marks for part (b) Supported Multiple Choice questions:

- If responses in part (a) are wrong then the maximum mark available for part (b) is 2 marks.
- If a candidate does no more than explain distracters in part (b) then a maximum of 2 is awarded.
- Expect to see at least a definition or explanation for selecting the correct response.
- Some candidates may only explain why their chosen answer is correct and depending upon the quality/development of this answer, can score 3 marks for part (b).
- Some candidates briefly explain the correct answer followed by explanations as to why the other options are correct. This method can gain the candidate 3 marks.

It is essential that candidates are taught how to tackle these questions and it is quite evident that some centres do spend time preparing and practicing SMC and this will only pay dividends in the examination.

Q1

This question was poorly tackled by most candidates as they have not understood what is meant by structural unemployment and the reasons why this occurs in comparison to demand deficiency (cyclical) unemployment. Many candidates selected the correct answer (C) but were unable to explain why shipbuilding is an example of structural unemployment and/or fully develop their answers in order to gain 3 marks for part (b). Many candidates stated that catering, food retailing and hairdressing do not suffer from any form of unemployment because they are necessities or offer a service. I really wanted candidates to show some understanding that options A, B and D are more likely to suffer from demand deficiency unemployment due to a fall in aggregate demand and/or incomes. Some candidates have gained marks by explaining what is meant by structural change and that there has been a shift towards the tertiary sector rather than manufacturing. More able candidates also stated that shipbuilding and other traditional industries have now been outsourced due to cheaper labour costs in developing countries.

Q2

This has been answered well with most candidates selecting the correct answer for part (a). Most candidates have managed to gain up to 2 marks by explaining why the distracters are incorrect plus some merit as to why a fall in business confidence is likely to lead to a fall in investment. Many candidates, especially in this question, did not fully develop why the distracters were incorrect. It is not sufficient enough to simply state that the other options would lead to an increase in investment - we want to know **WHY** this is the case.

Q3

This question has also been fairly well tackled. Some candidates have defined economies of scale and then have gone onto explain why this is an example of purchasing economies of scale (with an example). There were some good explanations of why the distracters were incorrect.

Q4

Generally well tackled by most – many could explain why baked beans are an inferior good but not enough detail to gain 3 marks. Many have picked up to 2 marks for discounting the other options and explaining substitute goods, normal goods and complementary goods. The examiners were impressed with candidates' use of the tool kit with references made to negative income elasticity (YED).

Q5

Generally answered well by most, with many candidates able to define span of control and also developing their answer as to why delegation is likely to ncrease. Some have picked up 1 mark for defining delegation as well as discounting the other options. Many gave detailed explanations as to why centralisation would lead to less delegation.

Q6

Many candidates have started their answer by defining lean management (1 mark) and then went onto explain why option D was correct and why there is less waste with lean management. Many have explained the use of JIT and why this would reduce stock levels.

Section B:

Q7

This question is has been done well by candidates who can define economic downturn by stating it is a decline in GDP or a decline in economic growth. There is no 'tight' definition of economic downturn so examiners looked for some indication that the candidate understood that it is a decline in GDP and could also gain marks by referring to the housing market and rising unemployment etc. Examiners did look for a context to lift a vague answer to 2 marks.

Q8

The marking of this question was split into two parts - the diagram and the written explanation. The diagram was worth a maximum of 4 marks and must be accurate (see mark scheme). The written explanation was worth 2 marks and must be in context and must explain the likely effects of rising costs on suppliers. Many candidates incorrectly shifted the demand curve so automatically lost 4 marks for the diagram. There maybe have been some merit in the written explanation but many candidates focused on demand rather than supply. This area of the specification is extremely important and will be one of the 'regular' topics examined either in Section A or Section B.

Q9

Many candidates were able to define profit (1 mark) and then go onto to explain that new suppliers may enter the market due to the high profit (1 mark). Not many candidates gained the application mark as they did not refer to holidays/travel market in sufficient depth to gain the application mark. More able students refer to the profit signalling mechanism and were able to fully develop it in order to gain full marks.

Q10

Many students just gave a list of ways to increase sales with no application, analysis or evaluation at all. Many candidates used advertising, promotions or cutting prices as their chosen methods. Examiners were looking for development and the consequences of these methods in order to award the analysis marks. Most answers were written context. Recommend is an evaluative command word and very few did evaluate their chosen methods so lost 2 evaluation marks.

Q11

This has been tackled well by candidates who clearly understood exchange rates and the impact upon demand for holidays. Many were able to define depreciation (1 mark) or what is meant by an exchange rate (1 mark). Some candidates have used exchange rate data to gain the application mark. Many are able to analysis and explain the impact on demand which gained them up to 2 marks. Only a few students thought widely about the implications for the demand for overseas holidays and considered that the £ sterling might still be strong against others currencies outside the Eurozone. This could result in holiday makers looking further afield for their overseas holidays.

Q12

This question has been fairly well tackled with the majority of candidates able to show some knowledge and application to Butlins. Typical responses were one side and focused on the positives to Butlins. One sided answers only gained a maximum of 5 marks. The higher level responses use relevant toolkit (inferior good and luxury good) to look at positive and negatives and created a balanced answer. Many of the better responses realise that Butlins may also see a fall in demand as incomes may be lower as well as increase competition within the UK holiday market. Use of the tool kit achieved the best results to this question. Some scripts were much too vague and general showing little study in depth of the subject matter.

Q13

Many candidates will simply stated 2 methods without evaluating them so this did restrict their mark and they could not enter Level 4. Responses tend to cover methods such as market research, contingency planning, R&D and collaboration. Examiners gave credit to candidates who also use the forward exchange rates (hedging) as this is relevant to many travel companies. We did not accept 'increasing sales' or 'advertising as valid methods. More able students mentioned exogenous events such as the recent volcano ash cloud and the relevance to travel companies. Some may also state travel firms can buy hotel rooms in advance – and we classed this as planning. Some of the poor answers may well have been due to poor time management and having insufficient time to attempt the question properly or indeed at all , but some that did answer often did not understand the concept of uncertainty and often those that did understand what was being asked, failed to evaluate.

Grade Boundaries

GCE2008 AS Unit grade boundary model

Grade	Max Mark	A	B	C	D	E	N	U
Raw mark boundary	70	40	35	30	25	21	17	0
Uniform mark scale boundary	100	80	70	60	50	40	30	0