GCSE

This Examiners' report relates to mark scheme

Publication code: UG014108

Examiners' Report

GCSE
Business Studies and Economics
(Nuffield - BP) 1171

June 2003

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September 2003

Publications Code UG014108

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General View:

This was the first examination based on the new specifications. The main change in the content of the specifications focussed on the developments in e-commerce and the use of the Internet in business. The other major change was in the doubling of the mark base for the examination questions. The change allows us to better discriminate between candidates who giving minimalist answers and those showing a greater degree of development in their answers.

It has always been the case that this specification offers a slightly different approach to the teaching and learning process and a chance for schools to chose over more traditional specifications. At the heart of the philosophy has been the development of investigation and enquiry throughout the course. This approach is exemplified by the way the content in the specifications are presented. Every section is described by a question. Recommendations for the portfolio work have been that it should always be a question that is posed in the first instance. Such a style and philosophy implies that there should also be a reflection of this approach in the teaching from day one. Students are to be given the opportunity of appreciating that there are many questions and rarely are there simple answers to those questions. Such a framework represents the basis upon which the assessment is organised. 50% of the assessment is for candidates demonstrating the skills of analysis and evaluation. At this level, some of these skills may be fairly unsophisticated but nevertheless, it is imperative to encourage students to have an opinion and to be able to support the views they offer.

Many centres that have been following the course for some time show a clear understanding of the approach and this is reflected in the way their students approach the questions. The use of terminology is improving every year, candidates are using real life examples and there have been some excellent examples of higher order skills demonstrated. Some centres did express concern about the doubling of the mark base. It must be stressed to candidates that they are NOT expected to write twice as much! Indeed the examiners deliberately restricted the number of lines available to guide students that the space given was enough to be able to access full marks – it is the substance of the answer rather than how much is being written! There was not a huge amount of evidence to suggest that candidates had struggled for time. There were still the candidates (mainly foundation it has to be said) who attempted all three questions on the perspectives papers (papers 2 and 4).

A guide to the do's and don'ts of the exam was posted on the Nuffield Business and Economics website several weeks before the examination. It is the intention of the Nuffield team to ensure that there are more regular updates posted on the website and teachers are encouraged to look at it regularly for new resources and guides in helping prepare students successfully for the exam.

http://www.necb.org/gcse/home/index.asp

There were of course still key errors committed by students that affected their overall performance. Misinterpreting questions, confusing one concept with another and the perennial problem of poor performance on the calculation questions are obvious areas for improvement. What was more worrying was further evidence that not all of the specification content was being covered fully. It is recognised that the content can be seen as being very wide and detailed, however guides as to the key areas to cover

have been available on the website and teachers would be advised to again, check this out.
Concern has been expressed by colleagues on recent insets at the apparent difficulty of the foundation paper. Many where concerned that command words such as ‘assess’ were to appear on the foundation paper. When the specification was submitted to QCA, they commented that the foundation questions appeared to be too easy! The paper does ask students to assess – it has to to meet the 50% assessment objectives criteria, however, we believe that candidates of all abilities can have views and can express them; some will be supported by relevant data and evidence far better than others and it is these candidates that will score highly. We believe that this is how it should be. But, less able/less motivated candidates can still express a view about an issue. It is these types of approaches that must be replicated in the classroom at every practical opportunity and should be reflected in the type of homework and tasks that students are given. It is to be hoped that teachers will use the Report to identify good practice and give candidates the opportunity of practicing appropriate methods throughout their studies – for example giving students four mark questions asking them to identify a point and then develop it. The sooner candidates get used to the format of the question asked and learning how they can earn marks the better prepared they will be for the examination.
One other general point involves candidates who insist on repeating the question prior to getting into the answer: for example:

Paper 3H Q4

‘*Virgin airlines could use a variety of stratagies to survive a fall in demand’*

This candidate had large writing and this sentence took up three lines. It earned the candidate no marks at all!

Paper 4H Q1 c i

‘There are many advantages and disadvantages to businesses and consumers of linking products to the Harry Potter name, some of these are…..’

Again this took up three lines and again earned no marks. Candidates do say that they like to introduce the answer; however, it should be impressed upon all candidates – whatever the paper, that time is limited, the examiners want to see what they know about the subject and how they can demonstrate the assessment objectives. Repeating the answer wastes time, means they have less opportunity of earning marks and importantly will not earn them any marks. Please encourage candidates to avoid this practice!
The examples given to highlight good practice are taken from a variety of candidates scripts; it should be noted that we have attempted to find these examples from a range of candidates performance – the answers are not all from A* candidates. The spelling and grammatical errors have been faithfully reproduced!

Paper 1F (Foundation)

<u>Question 1</u>

a (i).
Many candidates could not provide a definition of productivity, relying instead on reference to overall output or to 'how well' RMG is in producing. Candidates were able to gain 1 mark for identifying why improving productivity was important for RMG, but could not score more highly where no understanding of the concept was demonstrated.

a (ii).
This proved to be quite a straightforward question with many candidates able to identify a range of problems. Some candidates provided only one problem with some development. For example, an explanation of the risk of bankruptcy. However, the question asked candidates to exaplain the problems, and therefore more than one problem had to be identified to secure full marks.

b (i).
Most candidates were able to identify two sources of competitive advantage. This question was answered well.

b (ii).
This question provided students with the opportunity to gain three marks for explaining how each factor from b (i) could lead to a company gaining a competitive advantage. However, whilst some candidates could explain simple link (for example, 'Increased advertising will lead to higher sales') few managed to score three marks for a more analytical explanation. Answers tended to lack development.

<u>Question 2</u>

a.
Most candidates had a good idea of what a trade union is, although definitions sometimes lacked precision. Candidates were able to identify general objectives of unions, although some did not make reference to the evidence, as required by the question. Full marks could not be awarded without reference to the evidence.

b.
Many candidates referred to job losses as the main reason for possible strike action. Development was often lacking, and reference to collective bargaining was rare.

<u>Question 3</u>

a.
This question tended to be answered really well (3 or 4 marks) – or very poorly. In general it was quite encouraging to find a majority of candidates able to distinguish between private and public sectors. This was better than in previous years. The problems which did occur involved students confusing a public sector organisation as one where 'the public can buy shares'. Marks were awarded where candidates offered accurate examples despite inaccurate definitions.

b.
This question was not answered well. Very few candidates scored full marks. On this tier the marks that were awarded tended to be for some reference to 'less money available for the NHS'. Very few candidates could provide a definition of opportunity cost.

Question 4

Most candidates understood that falling sales would result in falling profits and were able to develop this point. However, the key to this question was the *assessment* of how far sales might fall. One candidate wrote the following:

> *'Although the amount of people flying has dropped, some people will still want or need to fly, so the company will still be sending out flights with not as many people on them. Therefore the company still have to pay fixed costs but are getting less income from ticket sales than before. The company will therefore make less profit.'*

This is a good example of the type of response we would like to encourage. Candidates were expected to show how the fall in sales impacted upon the company.

Question 5

Candidates on this tier did well in identifying different stakeholder groups which might have been affected by the fall in tourist numbers. Some provided similar stakeholders for both parts, but this was accepted. We also found that the development of each part was sometimes similar, which again was acceptable although not really the intention of the question. For example, a response which identified owners of restaurants in London might have explained how fewer tourists meant lower sales and falling profits. A second stakeholder group identified as owners of tourist attractions was affected by fewer tourists, which meant lower sales and falling profits.
Few candidates managed to score more than 4-5 marks for each stakeholder group. This was because the question once again required an assessment of how such groups might have been affected. The best answers recognised that the effects of the fall in tourist numbers was not uniform. One candidate identified the owners of hotels in London:

> *'Some hotels rely heavily on tourists from abroad and will suffer as a result of the attacks of September 11th. Some hotels, however, tend to attract customers from the UK and these might not suffer as much. Also, the amount of retained profit a hotel has will influence how it is affected'.*

It was noticeable here that few candidates made reference to the evidence. This was disappointing as the sources provided opportunities to develop responses in this type of question. Evidence D detailed the occupancy rates of hotels and a specific example from a hotel owner in Stratford Upon Avon. These sources pointed towards to the differential impact of a fall in tourist numbers. For example, hotel occupancy rates were rising once again from November 2001 onwards. We would like to see students being encouraged to use evidence when developing responses to the problem solving aspects of this paper.

Question 6

a.
This question was quite well answered on the whole, with most candidates recognising effects such as falling income and consequent reduced spending power (for instance, on luxuries). Development of some points was lacking. Candidates who talked about rising taxes as a result of higher benefit payment missed real the point of the question.

b.
Crime problems were mentioned in many answers. Too many candidates discussed macroeconomic effects and could not secure full marks as a result.
c.
Once again this was answered reasonably well. Too many candidates provided a list rather than developing specific explanations. An example of the type of response to encourage in this question is as follows:

> *'By attending college individuals can gain more qualifications. This will improve their chances of getting another job by developing a range of skills rather than those just suited to the airline industry. More skills will increase the number of jobs available to a person.'*

Question 7

a.
The best answers discussed the elements of the recruitment and selection process itself. Too many candidates talked in general terms about how better pay might help. Only a minority of candidates used the person specification and job description explicitly in their answers. Many answers lacked development.

b.
The vast majority of students were able to identify (at least) "one solution" to the problem of recruitment and retention. Development was sometimes good, but too often was from a single focus. For example, candidates explained the advantages of their solution without dealing with the disadvantages.

c.
A well answered question, with most candidates able to give detailed explanation of how websites/e-commerce can be useful to a business. To gain marks within Level 3 students were required to specifically explain how such developments would attract more customers. For example, students who described the content of a website with great detail, needed to analyse how this would lead to more custom. Targeting different market segments, ease of booking on-line, etc. were good examples.

Paper 2F (Foundation)

The mean mark for this paper was up compared to that in the legacy equivalent last year. This is most encouraging and reflected what the examiners felt was evidence of foundation candidates of al abilities meeting the assessment objectives far more appropriately than in recent years.

Question 1.

1 a i

This was a case where the new mark base allowed examiners to be more discriminatory in rewarding candidates. Many foundation candidates had an idea of what break even was; a number could not express this in a very articulate manner or indeed use the appropriate terminology but were able to be rewarded with marks for some understanding. Many referred to the 'amount coming in being the same as the amount going out' or 'the point where you made no profit but also made no loss'. Such a response gained two marks. Those using an example to illustrate the point showed a clearer understanding of the concept as a result and scored more. For example

> *' if you sell a hundred CDs costing £10 each and you charged £5 for each of them you would need to sell 200 to cover the costs'.*

The number of candidates at foundation level showing an understanding of this concept was most encouraging.

1 a ii

This question was tackled very well by the majority of candidates. The question was clear in its instructions and candidates seemed to respond well to the prompts in the answer section that steered them towards giving two points. Many suggested the popularity of the artists or who it was aimed at as being important factors. Making the point and then offering some form of development was sufficient to ensure the examiners could clearly give two marks per section as in the example below:

> *'The quality of the song or if the group is popular with the public. If the group is well know and the public like them then the price of the single should be higher because more people will buy it.'*

1 b i

Many foundation candidates handled this question well; they did in some cases focus on advertising but many were able to recognise that promotion involved getting information about the product to the customer and were able to use two valid examples to support the answer. Some candidates interpreted the question as 'promotion in an employment context'. It was decided that, despite the evidence clearly directing students to the marketing angle, it would be unfair to penalise such candidates. Reward was given therefore for such a response based on the quality of the answer. Some candidates sensibly hedged their bets and gave a definition of both!

1 b ii

Most candidates easily managed this question although some did offer two methods rather than two factors that a business should consider.

1 c i

Many foundation candidates took the sensible step of breaking this question down into its constituent parts and listing the advantages and disadvantages for both groups. This ensured that they were able to address both parts of the question and whilst the answers were not always correct helped many to maximise the amount of marks they were able to get. Identifying the advantages and disadvantages to businesses proved to be easier than those to consumers.

1 c ii

Many candidates coped well with this question and were able to see how profit can be affected, the degree of use of terminology and the extent of the development helped to discriminate between marks awarded. Essentially there was a mark for the point made and one further mark for the development of that point which should have made it within the reach of most candidates.

1 c iii

The assessment objective here was evaluation; by framing the question this way we were hoping to be able to lead candidates into making a direct comparison of the points they raised above. Originally this question was worth a full ten marks and effectively asked the same as the two parts on the page. Feedback from inset meetings suggested that teachers would be more comfortable with a more structured approach to questions for foundation candidates. We hope this went some way towards meeting those requests. As a result many candidates made a good attempt at the answer. An example of good practice is given below:

> '*Competition is a delicate factor and is usefull to find a launch date for the film but I believe promotion is more effective because if one film is promoted more widly and more often than its strong compotition it will attract more customers increasing sales revenue but it is also expensive.'*

Note that despite the spelling errors, the candidate meets the assessment objectives through making a direct comparison; they attempt to use relevant terminology and present an element of balance to the answer. Given that this is targeted at eliciting evaluation skills this is clear evidence of how a foundation candidate can meet that requirement. Questions structured in this way will continue to be used in future examinations.

1 d i

Most candidates in this level saw the advantage to the firm through increased profits but did not develop the point particularly well nor did they recognise the influence of the cost element in generating revenue in such a way. However, those recognising 'higher profit' invariably managed to get at least 2 marks.

1 d ii

Unfortunately, this question was not tackled very well. It was wordier than other calculation type questions we have had but should have been relatively easy to do.

Many candidates ended up with a profit margin of 400 pounds or percent and were awarded one mark for this. Practice at these types of questions will pay dividends for many candidates.

1 e

The question aimed to elicit the perspectives of two stakeholder groups to the increased competition. Many could see that customers would probably have more choice and possibly cheaper prices and equally could identify how BA might feel aggrieved at the competition. The opportunity was here to try to develop the points raised to discuss and place some relevance on the points raised. This was where the evaluation marks would have been earned.

> *'To customers who travel to Lagos, the extra Virgin flights will be a great advantage. It means prices or costs will be lowered because of the competition between the companies. It also means the flights will be more regular and frequent.*
>
> *British airways will be devastated at Virgins decision causing them to receive much lower profits off this flight. Virgin will be very pleased with it decision as long as people choose them over BA. If they do Virgins profits will increase as well as their popularity and serice.'*

This answer gained 7 marks – it dealt with both customers and BA and gave some simple evaluation. However, the candidate did start to drift from the focus of the question in the latter paragraph because they talked about Virgin when the question was asking for the focus to be on customers and BA.

Question 2.

2 a i

Most candidates were able to give some form of definition here and use the evidence to support the answer thereby gaining at least two marks. Some additional development reflecting the command word 'explain' was required for full marks as below:

> *'Product innovation is when a company takes an existing product such as Windows 98 and modifies it adding new features and correcting errors before launching it back into the market under a new name Windows XP.'*

This candidate did not mention developing entirely new products as some also did but there was enough development and use of the evidence to warrant the full marks.

2 a ii

Candidates here tended to miss the point of the question. Many recognised that Microsoft are a big company with a massive reputation. They then suggested that this will enable them to increase sales – this type of focus tended to miss the point. The benefits needed to be stressed in terms of strengthening their hold on the market further or increasing sales, maintaining a viable product portfolio and so on. It was encouraging to note some candidates using the product life cycle in this respect.

The command word 'discuss' hinted at the need for some evaluation so some recognition of how important the factor concerned is should be alluded to in the answer to meet the assessment objectives.

2 b i

Many candidates confused this basic term with profit and as such missed the point. A pity because it is to be hoped that candidates at all levels would have a command of the basic terminology of the subject. Key terms such as this put on large posters in the classroom is a useful way of building peripheral learning.

Many candidates struggled to use accurate terminology and offered the likes of *'the total amount of money gained'* or *'the total amount of money made'* and supported this with an example drawn directly from the evidence.

2 b ii

Another question that needed two points and some development of each. The structure seemed to help candidates and many were able to score well off this question.

> '*More advertising to get more attention to the product, so more sales are made.*
> *They could decrease the price for a limited time so a lot more customers would buy the product quickly because they are getting a good deal.'*

It should be noted that where possible, candidates should be encouraged to ensure they make the link back to the question, in the case above the answer would have been strengthened by some reference to how this increases revenue, showing some acknowledgement of an implied understanding of the term.

2 c i

Some candidates confused the question here and gave methods that would make a product successful rather than the circumstances that would point to success after a product has been launched. Many who did get the focus correct referred to increasing sales, high profit levels and so on. It was encouraging that the range of responses went beyond this basic approach and some referred to word of mouth referrals, a worldwide brand identity and positive customer attitude surveys.

2 c ii

Many candidates were able to recognise two factors with little difficulty, however most did not get to level three because they did not assess the factors. Pricing, publicity, promotion, quality, the degree of competition were all popular factors. The example below of one part of an answer highlights how the element of evaluation can be brought in to an answer:

> *'Rival companies producing similar products and launching them at the same time. This will fill up the market bringing in more competition for Windows XP especially if other products are better.'*

2 d

The hope was that candidates could recognise the fact that costs would not be excessive in putting out CDs with similar material but could potentially generate 'easy money'. Some candidates recognised this but many veered from the focus of the question and looked at it from the benefit of the consumer rather than the business reasons despite the focus of the question having been emboldened to try to avoid that problem.

2 d ii
Again – the dreaded calculation question floored many. Many merely subtracted capital employed from revenue. A question area worth practicing.

2 e
The introductory comment prior to the question was designed to help candidates focus on the point of the question – to see the perspective of different groups. The scheme of assessment clearly states that the focus of papers 2 and 4 are on perspectives and candidates will be expected to be able to show an understanding of the different views of groups to controversial issues. Some candidates did recognised at a simple level that both consumers and producers had their reasons for producing and consuming such products and were able to draw some simple evaluation such as '*The consumers would not buy the products if they did not want them'*. However, to gain level three marks the points needed to be developed more strongly and candidates needed to show an understanding of the balance needed reflecting a knowledge of Unit 5 Enquiry 4 'How should Firms Behave?' and unit 6 – Enquiry 3, 'Is there Help at Hand – What are your rights?'

<u>Question 3.</u>

3 a i
The key here was to recognise the link between the amount people would like to buy and the price. Few candidates did this and instead offered a general discussion on the amount people wanted or needed. An example helped to get such candidates 2 marks.

3 a ii
This was very successful as a large percentage of candidates were able to identify two relevant points and offer some development thereby accessing the full mark allocation. Typical was:

> *'Advertising is a very influencing strategy. It means your product gets known quickly and easily although it is very expensive.*
> *Overtake a competing company. This makes the market smaller so there is not much choice for customers apart from their products.*

3 b i
Any macro economic issue continues to present problems to candidates off all abilities especially foundation candidates. The main area of confusion seems to be separating the effects on a business compared to that of a country as a whole. There is also confusion between the business cycle and the product life cycle. Some candidates were able to tell a story that showed some understanding and highlighted the knock on effects. In general however, this question was poorly done.
This candidate however had the right idea:

> '*Such things as the BSE scare could cause a downturn. Because of this farmers became unemployed as they couldn't supply because of the scare. So therefore there was no use for people to make use of such large amount sof farm machinery which would have led to job cuts. It had a knock on effect which then ended up in people having less disposable income because of unemployment rates going up which meant taxes did the same. Therefore industry suffers because demand is lower than supply'*

The candidate tried to use relevant terminology and concepts and clearly showed an understanding of the inter-relationship between events. We could criticise the answer and say it is rather unrealistic but our guiding principle should be to think what we are expecting of an average 16 year old under the pressure of an exam with a limited amount of time available as well as whether they are meeting the AOs.

3 b ii

Given the above comments, it should come as no surprise to realise that this question was equally poorly done. Candidates seem to be under the impression that governments can change prices, give people jobs, give people money and so on at will. This seems to reflect their lack of experience of life as well as a lack of understanding of the role of the government in a modern society. Will citizenship come to our rescue? There was therefore a general lack of specificity with vague references to 'using money to help' or 'giving money to people' The following example however does show what can be done to earn marks at a simple level:

> '*Another way the government could prevent a downturn in the business cycle is to reduce tax, this would mean people have more money to spend on goods and this would also mean that more businesses will be able to operate and provide people with jobs.*`

3 c i

In general the awareness of the answers on sustainable growth amongst foundation candidates was better; however, there are still a number of candidates who gave weak answers that struggled to articulate the concept;

> *'this means a held growth or something growing at a steady pace. It could also mean something getting smaller at a steady pace eg the amount of forests and the jungle around the world constantly being de-forested.'*

There was clearly some vague understanding here but the language was so difficult to penetrate it becomes hard to interpret what the candidate really means. We then get in to the danger of putting our own interpretation of what the candidate means rather than taking it at face value.

3 c ii

This question also elicited a number of 'generalised' answers that did not show much understanding. Having 'money' seems to be the stock answer! Some candidates confused economic growth in this context with population growth. Some more enterprising candidates recognised that the amount of raw materials the country had was important and also the quality of the human resources as well as the amount of investment but these were few and far between. The following was more typical:

> *'money is the key factor, you need money for everything in an economy.'*

Or *'support from governments or other officials is needed due to lack of education and money.'*

3 d i

Some candidates recognised the characteristics of a developing country – poverty lack of water etc but did not specify the fact that they were in the process of industrialising. Examples usually centred on India and Africa! Again, articulation of the point in the time and space available were mitigating factors; '*a country that cant* *support itself'* or *'a very poor country where the people can hardly survive but when they get work they become more developed.'*

3 d ii

Candidates here either knew their stuff or thought MNCs were charities! Weaker answers that were on the right track did not develop the points sufficiently to show how the establishment of a factory or the offer of work would help to lead to an improvement in the development of the country concerned.

3 e

This was a question that was answered poorly. Candidates at this level did know of some methods of helping the poor and used the evidence but were not, for the most part, able to offer views about such methods with respect to the balance and different perspectives that are required of this paper. As a result they gave a list of methods of helping people in poverty such as giving clothes to Oxfam or raising money via Comic Relief. Such a response rarely got beyond level one. There is much in Unit 6 on this issue and as a variation on a synoptic unit it is important that candidates are versed in the core discursive approach to this unit that should be more accessible by the time they reach the latter part of year 11.

Paper 3H (Higher)

<u>Question 1.</u>

a (i)
This was answered quite well, although a worryingly large minority of candidates, as with the foundation paper, could not provide a definition of productivity, confusing this concept with overall production.

a (ii).
Many candidates scored well on this question. Those that did not were usually those who did not understand productivity (i.e. those who did not score well on a (i)).

b (i)
Generally very well answered.

b (ii)
Some good answers here, although some candidates did not always relate their responses to their previous answer to b (i).

<u>Question 2.</u>

a.
Although many students could not provide a 'textbook' definition of trade union, it was clear that the majority understood both what a union is and what their objectives are. A disappointingly small number actually used the term 'collective bargaining', which we hope will be addressed in the future. Marks were lost where candidates did not make any reference to the evidence, as required by the question.

b.
Generally well answered. The difference between this and the foundation tier was, as expected, in the quality of the written expression and use of terminology. For example:

> *'Strike action is a very effective way of bringing their feelings to the attention of the managers. It will cost the company money and result in a loss of profit, and so they are more likely to be willing to compromise. It is a shock tactic which has the potential to bring much of the country to a standstill…'*

<u>Question 3.</u>

a.
A large majority of students on this tier gained full marks. The weaker candidates on this tier tended to lose marks on this question, often confusing the public sector with public limited companies.

b.
This was a common question and the difference between responses on the foundation and higher tiers was marked. On the higher tier the majority of students gained marks

wit many provided solid definitions and examples to illustrate. It is clear that understanding of this important concept is improving.

Question 4.

This question was answered well. Candidates were able to offer a range of strategies that companies could use to survive a fall in sales. Answers which were coherent and provided assessment of strategies were better than those which tended to list lots of strategies with often minimal development of each. One candidate suggested a promotional campaign to restore confidence in flying, along with product innovation to reduce the unit costs per passenger. They concluded their answer in the following way:

> *'In conclusion Virgin Airlines has two choices – to try to encourage people to come back, or to reduce costs so that profit does not suffer as much'*

This type of 'joined up' response is to be encouraged.

Question 5.

Similar to responses on the foundation tier, most candidates could identify different stakeholder groups and explain the effects of falling tourist numbers. Once again, however, development often lacked detail and was sometimes very similar for both stakeholder groups. Better answers recognised the extent to which some stakeholder groups were more affected than others. One candidate identified owners of travel agents and wrote the following:

> *'…many holiday destinations require planes to reach them. As there are few substitutes for long distance holidays, then travel agents may be affected significantly. This may result in job losses…'*

Question 6.

This question was answered well on the whole. Evidence seems to suggest that this element of the course has been well taught. Most candidates scored marks at the top of Level 2 or Level 3. Especially pleasing was the terminology that many students were able to employ in developing a response to this question. For example:

> *'…It is a drain on the resources of the government as they have to pay benefits such Job Seekers' Allowance to the unemployed…This means that disposable income is less so people will therefore spend less in shops and the multiplier effect is felt through the whole economy…'*

Some candidates did only focus on one aspect – either the individual or the economy. This was a minority but highlighted the importance of reading the question carefully.

Question 7.

a.
Receivership proved a difficult concept for many students, although a majority were able to explain reasons why firms might end up in this situation! Candidates generally had an idea that receivership was bad and the consequence of poor cash flow. Once again we felt that the evidence pointed students towards a definition of the term. Evidence D outlined how Sabena had ended up in receivership due to debts of £1.4 billion. A careful reading and assimilation of the information and data in the first section is essential on this paper.
Despite a large number of candidates misunderstanding the term, some clearly did understand and managed to develop some excellent responses. Centres deserve credit for the obviously thorough way in which they have taught this topic. A good response would typically begin with a definition (in context) of receivership before moving on to give reasons. We were pleased with how many candidates used the context of the evidence (i.e. the September 11th terrorist attacks) to suggest how this might lead to receivership. For example:

> *'An event somewhere in the world such as September 11th has a knock on effect. There will be less 'demand for flights and hotels ... and a business which is not flexible to adapt to the sudden change on the market may lose sales and build up debts which leads to receivership'*

Candidates were able to score high marks by giving accurate reasons for receivership – poor cash flow, high debts, loss of competitiveness, etc. – despite not understanding exactly what receivership was.

b.
This question was generally answered well, although a sizeable minority of candidates misread the question and offered advantages and disadvantages of new technology itself, rather than of the different sources of funds to buy new technology. We were quite surprised at the number of candidates who made this mistake. Importantly, those candidates which did misinterpret this question immediately lost 15% of marks and were placed at a big disadvantage. Students who 'underperformed' on this paper often misinterpreted this question.
Those were able to negotiate the phrasing of the question tended to do well and were able to describe different sources of funds along with advantages and disadvantages. Some sophisticated terminology was used by candidates, for instance when dealing with the distinction between internal and external sources of finance and share issues.

Paper 4H (Higher)

Question 1.

1a
Last year's problem solving paper had a break even question which was not answered very well. It was very refreshing and encouraging to note the number of candidates who understood this concept far better this year. Most were able to recognise the importance of price in determining the level of revenue and therefore the number of sales needed to break even. We have advised in the past – and continue to do so – that a question such as this benefits from candidates starting their answer with a clear definition; some candidates did this but a majority did not. It did not prevent candidates from getting the maximum marks but in cases where the articulation of the answer was limited did mean that candidates missed marks that could have been gained more easily. Areas where candidates made errors was in confusing break even with supply and demand and thinking that if a firm sets a low or a high price that they will NEVER break even because they won`t sell products.

1b i
Most candidates had no problems giving two valid examples to explain promotion and many used the evidence appropriately. The definition of promotion often centred on just 'advertising a product'; we were looking for something more than just advertising – primarily strategies to make the consumer aware of a products existence.

1 b ii
This presented few problems for higher candidates although a minority did, like foundation candidates, give two methods rather than factors. Some candidates wrote too much on this answer – seeking to offer some development to the point they were making. This is an example of where students can sensibly be directed to observe the requirements of the command words in the question. Identify implies merely using knowledge to recognise a relevant factor. This question had two marks – one for each point so candidates were not expected to develop their point. The following easily gained the two marks available:

1. *The audience they wish to promote to.*
2. *The area it is promoted – magazines/posters etc*

1 c i
Many higher candidates gave a more discursive answer to this question than those on the foundation paper. The main problems were in dealing only with the advantages and disadvantages facing businesses and ignoring the issues from the perspective of consumers. The latter appeared to be quite problematic. Where candidates did see the issue it tended to be the problem of high prices for consumers. The perspectives paper is designed to try to elicit candidates understanding of the different views of stakeholder groups in business and economic decision making and this should be encouraged at an early stage in the course. If the answer centred on only one perspective a maximum of four marks was given. What follows is an example of a clearly focussed answer that made excellent use of relevant concepts and made use of terminology:

> *For the Warner Brothers business, linking products like board games a T shirts to Harry Potter can bring in masses of revenue a avid fans feel obliged*

to buy the 'merchandise'. High prices can be charged as the name is copyrighted so a huge profit margin is achievable. This is unfortunate for the customer, but those who can afford the merchandise fee 'true' fans and the vast product range means that fans are able to find something they need/want intended by the company to cover many markets. However, once associated with the name Harry Potter and linking the name to such products firms maybe stuck with the image created to appeal to the Harry Potter fan, so many people may associate the business only with that and the business may find it difficult if not at least costly to break into new markets. Also the product range to some extent restricts the target market as, for example, some people to whom the products don't appeal feel as though they shouldn't like Harry Potter (if e.g the merchandise is just for kids) so the target market shrinks.

1 c ii

The command word here was assess. Many candidates were able to give a list of ways in which business success could be judged and in many cases this was varied and interesting making good use of knowledge acquired. To meet the assessment objectives however, candidates needed to comment on the significance or importance of the measure they had chosen. The question asked for 'ways' implying more than one factor was needed. This sort of clue in the question should be pointed out to candidates. Full marks therefore could have been gained by making two points, developing them both and commenting on the relative significance of them to the view of business success. The number of lines available was not extensive but candidates can be advised that the number is sufficient to allow them to be able to gain maximum marks BUT the important issue is to ensure that the assessment objective implied by the command word is addressed. The following is an excellent example of how a concise answer can be given which gains maximum marks.

'The success of a business could be judged by the number of employees who are employed at a company. However this may not be very accurate because some businesses use more machinery than others and so may have a smaller human workforce than other companies of similar success. The capital employed could also be used to assess the success of a business although not all companies have to invest as much as others i.e. if their overheads are low. The gross profit of a company could also be used but this wouldn't take into account overheads and taxation, or other costs and so may not be an accurate figure. Sales revenue could also be used to measure the success of a business. The problem with this is that businesses will have different costs (fixed and variable) which would greatly affect the gross profit and net profit figures so sales revenue may not be a true representation of the success of a business.'

There is clearly some repetition and scope for some summarising here but the basic understanding of relevant concepts in relation to the question is good.

1 d i

The attempt here was to get candidates to apply their knowledge of profit margins to the airline industry; clues were given in the evidence and most candidates recognised that there was the possibility of being able to increase profit overall. Many commented that business passengers tended to have lots of money and could afford to pay high prices! Candidates who developed the answer over and above the basic ‘making more profit’ and who recognised the cost element were then ones who scored highly. The following is an excellent example of a candidate using a range of knowledge appropriately.

> *Where the high margin passengers pay a lot for this service (which actually costs a lot less) the company makes a lot of money by doing so. This also means that extra revenue can balance out loss from promotions or budget flights for other passengers. This means a lower break even point and that less flights are sold for a higher profit – benefiting the company.*

1 d ii

Calculation questions continue to provide major stumbling blocks for candidates of all abilities. Inexplicably even candidates scoring in the high nineties got this question wrong. The Nuffield website again has a guide in the revision themes about what areas will be assessed. Invariably we will give candidates round numbers to work with and the answers will be convenient round numbers. Additional information may be given that is not required for the calculation – it is felt that just giving for example the profit and the capital employed would be too much of a give away! Most candidates arrived at an answer of £400. Many candidates confuse the term ‘cost’ and ‘price/revenue’. Many did not understand that a margin implies that the answer needs to be a percentage. Some candidates again, did not take sufficient notice of the directions in the question to show the formula and the workings clearly. This approach should be practised with candidates regularly during the two years of the course. What should have been four easy marks were invariably squandered.

1 e

The last question is clearly aimed at higher order skills. We are looking therefore for candidates to be able to demonstrate the ability to analyse and evaluate. The evidence is given as a stimulus and can be used or referred to in the answer as support for the points made but the words ‘such as’ also suggests that other examples can be used that are relevant to the topic – in this case opening up competition. Many candidates recognised that there would be benefits in terms of lower prices and greater choice for consumers. Others commented on the impact on BA given that they had a monopoly on the route prior to Virgin’s entry into this market. Fewer candidates were able to see the perspective of opening up competition in the long term. Those that did were able to suggest that intense competition could lead to one or other firm leaving the market and then the consumer facing possible exploitation. Some used their knowledge of the post 9/11 impact on the airline industry to point out that BA were already having problems and this would merely make things worse. This was an excellent use of real world knowledge acquired and was rewarded appropriately. Again, examiners were looking for the evidence in the answer of the different perspectives from the stakeholders in the case and for some value/significance or importance being attached to that perspective. The clue in the question that it is normally seen as benefiting consumers tried to give a hint that this was not always the case – possibly suggesting some collusive behaviour? The discussion in lessons about these different perspectives is again of paramount importance, we want to challenge students to be able to think that the more obvious benefits or costs of an issue are not always necessarily the ones that are the best or the right ones.

The following answer shows where evaluation is clearly evident (the relevant sections that gained marks for this skill are underlined). The doubling of the mark base did allow for a greater degree of discrimination between candidates and so candidates need to be well versed in structuring such answers. The answer below hopefully gives one such example of a sound concise structure.

> *'To open up a new flight route such as in Virgin's case cost a lot of money and is a very high risks venture because if Virgin do not attract sufficient passengers then they will suffer a huge loss of revenue and mounting costs. However this route is highly profitable due to the amount that passengers pay per seat relative to the cost per seat that the airline must pay. Currently British Airways almost have a monopoly on London to Lagos and so the passengers have little choice on which airline to use if they wish to fly directly therefore BA are able to increase prices and there is nothing passengers can do other than pay.*
>
> *Therefore, if virgin was to open a route, passengers would benefit greatly. This is because the competition to attract customers would cause both BA and Virgin to either offer better services for the same price, cut prices or do both. This is good for passengers as they will benefit from cheaper, better flights due to the competition that BA has from Virgin.*
>
> *However Virgin may struggle because although they have low costs, BA has shown over the last 12 months that it is not afraid to cut fairs and cut jobs to keep customers and remain competitive, furthermore it is the largest airline in the world and so could out price virgin.'*

Examiners felt they would have liked to have seen the argument pulled together but this was a clear level three answer that met the assessment objectives thoroughly.

<u>Question 2.</u>

2 a i

We have always tried to use evidence that we think candidates will have some knowledge and awareness about as the stimulus to a question. The use of Windows seemed to work well in this respect. Many candidates recognised the introduction of XP as an upgrade to Windows 95, 2000 etc. They did not always suggest that developing new products was also an important part of product innovation.

2 a ii

Many candidates again used the evidence well and suggested that Microsoft has such a dominant position that they could exploit this with new products increasing their market share and increasing profits. Some candidates referred to the product life cycle and the fact that they needed to maintain a balanced portfolio – not necessarily in those words. Such an application of concepts was very encouraging and far more widespread than has been the case in previous years.

2 b

In a question such as this, a definition at the outset would be beneficial. Some candidates confused revenue with profit and as such missed the point of the question. Most talked about the opportunities to try and increase the amount sold through promotion, advertising and so on. The command word is 'examine' this implies some recognition that an assessment of the point is important. For example, under what circumstances would promotion work in increasing total revenue? If the product was promoted through limited user trials, would this significantly increase revenue or would a blanket advertising campaign on TV be better? Some candidates referred to changing the price of the product but again did not fully develop the answer. They implied that lowering the price would encourage more sales and therefore increase profits. The additional couple of development/evaluation marks would have come from some suggestion that the extent of the revenue increase would have depended on the amount price was dropped and how many customers would now be tempted to buy the product. Again, these are the sorts of questions that can be posed to candidates on a regular basis during the normal teaching programme to try to encourage them to think about the issues more deeply. The following candidate showed excellent awareness and used examples appropriately.

> '*The way a product is advertised is an important factor as it makes people aware of the product. This will obviously encourage people to buy the product, therefore increasing revenue. However, advertising is not the only important factor as "mini-disks" were advertised well when they were released but failed to sell well.*
>
> *Consumer orientation also affects the company's revenue. A good example of this is the recently released "AOL 8" internet service. Here, consumers can choose what features they would like to gain from their internet service. The alternative of this "product orientation" is where the product is sold without consulting consumers first, this method is risky and may not increase revenue'*

2 c

The key word in this question was again 'assess'. Most candidates were able to recognise that factors such as quality, the amount of promotion, the price and so on, were all important in contributing to the success of a product. However how significant the factor was in determining that success was often neglected. Some candidates used the evidence and suggested that how people perceive the new product could be vital, suggesting that if people were satisfied with the PCs they had then sales of a new product like XP could be compromised. Those who used the entire evidence in this way were invariably on the right track. Candidates should be encouraged to use the evidence given appropriately – not just that immediately above the question! Some suggested that price was not that important for a product like XP because the features were more important - this sort of approach met the assessment objectives and was rewarded accordingly. Some candidates did try to give two points but merely reflected the same argument in each or gave the opposite view – this type of development does not reach the higher levels. For example:

> '*If the product is of good quality and at a reasonable price at the launching then more consumers are likely to buy that product. If the product is of poor quality and people know this they will not buy the product.*
>
> *If the business has a good advertising campaign which attracts more peoples attention then a new product could have a good launch. If the business has a poor advertising campaign that doesn't attract peoples attention then the product could have a bad launch and not sell very well.*

This answer showed only simple level evaluation skills and was rewarded with 6 marks. Candidates should be encouraged to avoid this type of approach.

2 d i

The term 'business reasons' was highlighted to try to steer candidates in the direction of the perspective required from this question. A number recognised that the cost of using material on different CDs was relatively low and as such the company could gain extra revenue at little additional cost. Some commented that this could be a ploy to target different audiences or to promote different DJs to a wider audience. Problems occurred when candidates drifted to seeing the issue from the perspective of the business and focussed on the needs of the consumer without making it obvious how meeting the needs of the consumer might help the business.

2 d ii

Note the comments on the calculation question above. Only a small number of people managed to cope with this question, which was, again, disappointing. Remind candidates that they will be expected to do a little judicious selection to earn their marks! One candidate ended up multiplying 25,000,000 by 20,000,000 – the resulting mountain of long division noughts should have rung alarm bells that this was perhaps not what was wanted in the answer. Answers will be nice convenient round figures and the calculation should be something capable of being performed by students in year 6.

2 e

A few years ago a question was included on consumer protection. There was evidence in the range of answers here that this topic had not been covered very well if at all. The use of past papers to help prepare candidates would have been beneficial in this instance. Very few candidates had a good knowledge of consumer protection, the purpose of it, and the arguments surrounding the level of consumer protection. The result tended to be a rather waffly attempt with little opportunity to be able to address the assessment objectives. The evidence was designed to try to build up a picture that consumers could be exploited by companies in a position of trying to entice them to buy products that they do not really need. Some were able to see this perspective and referred in the best cases to companies like Microsoft having a virtual monopoly in the industry. However few recognised that consumers do have a mind of their own and as such could be subject to over protection! Fewer still recognised the possible effects of increased protection for consumers on businesses. Given this was worth 14 marks, many candidates were severely disadvantaged through a lack of understanding of the arguments relating to his area. As mentioned previously in the report, guides on the key themes for revision appear on the Nuffield website and should be referred to regularly.

<u>Question 3.</u>

3 a

It was hoped that this question would be accessible to a wide variety of abilities at the higher level. The command word 'discuss' does imply some form of evaluative component and thus we were looking for candidates to suggest whether advertising, price changes, income and so on would affect demand significantly or not and under what circumstances this might or might not be the case. The following extract is a good example of development and the use of a relevant example to support the point and gained 5 marks:

> '*If the attitudes of society change then a change in the demand of products will follow. This may be due to a event that occurred of huge significance or a advertising campaign that has made people change their views on buying certain products. For example Shells sales plummeted after events in Nigeria came to light, this caused the demand for BP fuel to increase greatly.'*

3b

Macro economic questions are clearly challenging for candidates of all abilities. The fact remains that the subject matter is part of the specification and therefore has to be assessed. We are expecting a simple level of understanding however but at this level candidates need to appreciate the significance of factors influencing the economy. Many candidates referred to the war in Iraq as being a factor, others talked about a general fall in sales. In many cases, candidates seem to be under the impression that a boom must precede a downturn. This might not be helped by the way in which the text book presents the business cycle. The problem however was that half the answer was spent discussing the circumstances leading to an upturn in the economy before it inevitably crashed into a recession. Some candidates were able to tell a story about how the initial impact of an event could turn into a downturn through the various knock on effects that would occur. This was often very well done and was rewarded appropriately although the assessment angle was not always addressed in such answers it being rather descriptive. Too many candidates ignored the word 'country' in the question and instead referred to the circumstances under which firms sales could decline. Candidates need to be reminded of the difference between the two. The following attempt merited full marks:

> *'A country may experience a downturn in the business cycle when a country starts to go into recession. The recession may be caused by a slump in the global economy like that seen during the Wall Street Crash in 1929. The slump in the global economy can lead to countries importing less, therefore, British businesses that export goods would be hit. When a country is in a boom, the government may change its fiscal policy, by increasing taxes and so discouraging spending in order to prevent inflation. The government may also increase interest rates, which will discourage spending by altering its monetary policy. This will lead to the GDP reducing, and may cause the opposite effect by creating a recession in the business cycle. It might experience a downturn when government spending decreases. This may knock business confidence resulting in fewer products made and consumers less willing to spend. An increased exchange rate may affect businesses exporting and if an economy depends heavily on exporting goods, it will experience a downturn in the cycle if less goods are purchased abroad.'*

The answer could have included one fewer point and still merited high marks – there are errors in it but the basic understanding is clear.

3 c i

Again, there was a question on sustainable growth in recent years, this time however, it was answered very much better than before. Examples often referred to the rain forests but there was an acknowledgement that pollution and the use of non-renewable resources could present problems for future generations. Candidates who missed out on marks invariably confused sustainable growth with population growth. it was felt that the evidence gave some heavy clues in it that should have helped candidates in approaching this answer.

3 c ii

Two points with some development were required here. Many candidates had good ideas centred on factors such as the quality of the human capital in the country to the degree of investment in capital. Weaker answers just referred to the amount of money in the economy or to how much money the government has. Again, there were candidates who confused the core of this question with the growth in the population with one candidate suggesting a cut back on contraception to encourage people to have more babies!

3 d i

Many candidates had some idea of the conditions that exist in developing countries – poverty, access to clean water and so on and were able to give examples although a huge number of candidates seemed to think that Africa was a country. The key to getting full marks here was a recognition that the country was in the process of experiencing better economic growth rates and a number referred to the movement from a primarily agricultural economy to one that had a greater degree of secondary and tertiary industries. This was excellent – possibly a testament to candidates using their knowledge gained in geography?

3 d ii

Candidates here either knew this well and were able to offer a developed answer or they got completely the wrong end of the stick and saw multi-nationals as charities who would happily lend money to LDCs or give them clothes and food. The full marks were gained through the quality of the development and a recognition of the positive aspects of investment by MNCs in developing countries.

3 e

This question was designed to take advantage of the students knowledge of the Comic Relief programme and the fact that it would have been on screens during the immediate period before the exams. In addition, there was a resource put onto the Nuffield website under Unit 6 on Poverty that addressed many of the issues that could be raised in this question. Sadly, this did not seem to translate to the candidates answers. A very large number had little or no knowledge of the issues surrounding poverty and the work of charities. Few had an understanding of the different perspectives associated with this issue and in general the question proved to be a poor earner of marks for candidates. Those that were able to address the issues commented on the need to help people in poverty get out of a vicious circle and to help them stand on their own two feet. Some mentioned a variety of methods to help those who are poor and some were able to recognise that poverty in the UK was not the same as poverty in LDCs. The photograph and the evidence on page 20 was designed to suggest that aid might be a way of helping the poor in LDCs but this evidence was almost exclusively ignored. A few candidates did recognise that there are those that believe that merely giving help to people is not enough and that some even view those in poverty as bringing it upon themselves. It would have been encouraging if candidates who made such comments cold have commented about the validity of such statements thus meeting the evaluation assessment objective. Even if the last sentence is accurate, candidates could have scored more if they had recognised that on the perspectives paper they are expected to be able to give different views about an issue. This should make them think. Many therefore did not even attempt to see the issue as having another perspective apart from just offering help because we feel sorry for those who are in poverty. Discussing issues in class and encouraging the students to have the confidence of putting their own views is an important part of the course and one that should be encouraged and which reflects the ethos of the Nuffield approach. The following represents an all too infrequent example of a sound answer:

> *'the government is the organisation that not only runs the country but is appointed to serve the inhabitants of the country by providing the best standard of living possible. Some say that it is therefore up to the government to provide help for those living in poverty as they act for the people of Britain. But this would be costly at the expense of other UK citizens in the form of a tax raise and some people say that people living in poverty have got there themselves as education and training are available to all and it is their fault that they have not taken the opportunities they were presented with. Why should the working tax payer pay for those given the same start in life but who haven't made anything of it? But there is such a thing as the 'poverty trap' once in poverty, ill health and the need to work for a source of income rather than gain qualifications in order to rise out of poverty means that those born into poverty are often not to blame for their situation. Charities are organisations set up to help those in need. Their funds don't come from taxes only those willing to give do so. Some say this is better but often charities are only able to do some of the work they like due to shortage of funds. Poor people are need. If poor people are helped, either by the government or charities then it can be seen like an investment on behalf of the country. If they are helped now they can contribute to GDP later, so the tax raise costing the UK income earner is repaid when more people are in work (i.e. the poor) and income tax can be lowered.*

Paper 05 (Coursework)

New specification, new type of coursework? The answer is emphatically no! What is clearly evident is that the vast majority of centres' students have enhanced the quality of their investigations, because centres have taken on board recommendations from previous moderator reports, INSET and network meetings. This constant fine-tuning has resulted in some very high quality investigations, which obviously satisfy the level 4 assessment criteria, but the key aspect is that the seemingly insurmountable constraint of the word limit of 1000 words is no longer an issue. In fact, the quality of the investigations that some students are producing would merit worthy marks on equivalent Key Stage 5 courses and the skills shown and methodology employed augurs well for the future both in further education and the world of work.

I feel that it is important that with new assessment criteria, albeit very similar to the previous assessment criteria apart perhaps from analysis, (formerly selection), that an interpretation of good practice as found from the evidence from this year's cohort should be shared.

AO1 Knowledge level 4 criterion states " has demonstrated detailed, accurate and wide-ranging knowledge and understanding relevant to the question or hypothesis in a fully integrated way." Firstly, students must have a question or hypothesis. Sometimes this is not evident as there are not always title pages or any sign of any question or there might be a general title such as "Business Plan for Product/Service X" or "The European Union." It is vital, therefore, that each question/hypothesis is specific with a tight focus. For example, instead of an investigation on the European Union, many students chose to investigate the impact of the euro on a specific aspect of the Business/Economic world of their locality i.e. "Would the euro be good for firm Y in my town?" Another issue to be resolved is how can students demonstrate "wide-ranging" knowledge? This seems at odds with meeting the word limit of 1000 words. Firstly, the knowledge and understanding must be relevant to the question/hypothesis. Therefore, a tightly focussed question will hopefully address this issue. Secondly, good students/centres have shown tremendous skills of selection and knowledge by creating their own appendices. Included in these are relevant theories and key words fully explained and therefore demonstrating that they have accessed the level 4 indicator but, crucially, such examples are cross-referenced either numerically or alphabetically to the main body of the investigation.

The level 4 indicator for AO2 Application requires students to demonstrate the following: - to have "drawn together relevant terms, concepts, theories and methods, integrated them and used them to address problems and issues creatively." Students were successful in accessing this level by having a tightly focussed question/hypothesis and using this to display how well they understood the subject matter of their investigation by displaying relevant examples but also by using the evidence from their own research to reinforce this knowledge and understanding. By integrating their own findings with the theory they thus addressed the problems creatively.

The level 4 criterion for AO3 analysis requires students to be able to "demonstrate selection, organisation, and interpretation with great skill" and to be able to "use a wide range of appropriate sources to conduct in-depth analysis." The level 3 criterion for Analysis requires students to conduct "meaningful analysis." Far too often students have been taught correct research methodology but end up by just carrying out the methodology with the result that the analysis is not meaningful to the investigation. When students conduct surveys, they need to be clear on why they have asked a question. How do their questions link with the relevant concepts and theories that are integral to their investigation? The impression gleaned is that students feel it is vital to include some form of questionnaire, produce graphs and/or pie charts and then to talk about their findings in general terms with little or no value added being made whatsoever by so doing. The better students justify the questions asked by showing the links to the relevant concepts and theories and by including their rationale in the appendices and by referring to each question's validity in the analysis of their findings. A key point to make with regard to what constitutes a "wide range" of sources is that the sources used must be "appropriate." Therefore, there is no golden number of sources to be used to access level 4. Neither is there any necessity for students to use both primary and secondary sources. In fact, by students feeling that it is essential to include primary investigation, there is a negative impact on investigations chosen and it is apparent that students are constrained. The nature of the investigation will determine the "appropriateness" of the source. For example, there is very little point in conducting primary research in a student's town or village on many macroeconomic issues. Unless a student is lucky enough to bump into somebody like Mervyn King or, perhaps, Eddie George, now that he is retired, (s)he is not going to be able to conduct meaningful analysis through usage of primary research if they are investigating the relative success of the Bank of England in controlling inflation. A concluding point to be made is that analysis in the better investigations is systematic and detailed, but the key point to reiterate is that, if students exceed the word limit and it is obvious that this is the case, then they can not access level 4 Analysis and bearing in mind that the level 4 criteria for knowledge and application require integration, then this might well impact on students' ability to access these levels too.

The level 4 criterion of AO4 Evaluation requires students to demonstrate a "high level of evaluation with precision in thought processes leading to logical, balanced and creative conclusions." The better students produce evidence of evaluation throughout their investigation as well as a concluding section laden with their own judgments based on well-founded evidence resulting from their research. I feel it necessary to remind some centres that students are to be rewarded for the evaluation of their findings that relate to the question/hypothesis posed i.e. on the "product" of their efforts. Far too often and disappointingly so students are being rewarded for making comments on the good points and bad points of doing their investigation i.e. commenting on the "process" of investigation. There is very little if any validity in such comments. Phrases such as "I should have asked more people to get better results and I would do so if I were to do this again" do not merit any marks for evaluation. All they do is to confirm gaps in the other assessment objectives especially analysis. If students do comment on the process of research ensure that they include such information in their appendices, thus freeing up words in the investigation and increasing their opportunity for making more meaningful analysis.

Too many centres are far too generous with the marks awarded for quality of written communication. For a student to access a level 3 performance, (s)he must produce “very good to excellent written communication” and later on it states “and in a form that is completely suitable to purpose.” The written communication must include relevant Business and Economic terminology for the investigation in question. The level of performance must reflect the range of terminology included in the students’ work. Generally speaking, there is a correlation between quality of outcome of the investigation and the performance of students with regard to quality of written communication. Students, in order to access level 3 performance must not only have almost faultless spelling etc. but also to be able to incorporate a wide range of Business and Economic terminology with some facility.

The following general comments and observations can be made from this year’s cohort’s investigations.

There was a full range of marks achieved by candidates yet again. The quality of work of many students was absolutely outstanding and they and their teachers are to be congratulated. They were successful along with many others because their investigations are deep, local and immediate. This is important, i.e. that they have investigated contemporary Business or Economic issues, because it is evident that some centres are producing the same investigations year in year out and there tends to be a lack of creativity amongst other omissions in the students work. The Nuffield ethos is one of enquiry and investigation and tried and trusted investigations e.g. “Should Terminal 5 be built or should a new By Pass be built?” are rather passé now that final decisions have been made. Where students exhibit this keen interest in events that are happening now, such enthusiasm flows through into their investigations with the appropriate rewards for them. One disconcerting downside is that many centres are completing only two investigations throughout the course. Although this is all that is theoretically required, it is not truly in the spirit of Nuffield and one would hope that in the future centres would use the portfolio as a means of delivering some of the syllabus.

It is important to stress again that the best, more rounded investigations had a tight, specific question or hypothesis and, where appropriate, they incorporated both primary and secondary research that was relevant. Informed and appropriate conclusions were made and there was wide-ranging and well-applied knowledge and understanding. Investigations of a descriptive nature did not allow students to access all assessment levels and, very often, good students were constrained by a poorly designed question. What was a feature of some students work was that, where certain investigations were chosen e.g. “should school X merge with school Y?” The costs/benefits of EU membership or anything to do with the environment, then there was too much political, sociological and ecological arguments put forward and not Business or Economic. Very few, if any students could translate such arguments into quantifiable statistics.

Quite rightly, many students sought to find out what business would be successful in their locality. Many focussed on a specific aspect of the topic and researched in depth to find accurate and worthwhile evidence from their market research or looked at the financial aspects of their project by finding specific, real costs and potential revenues and then researched the best way to finance their business from the wide range available from the market place. Accurate financial predictions could then be made using such tools as cash flow forecasts and break-even charts inter alia. These students were highly rewarded and deservedly so. Those students who had been left a large sum of money by a dead grandparent or who happened to have spare cash from their savings and thus felt they did not need to research sources of finance fell short of the high standard set by others. Several students used inappropriate costs/revenues that bore no semblance to reality. What seemed a feasible business proposition lacked any real development because of the "fairy tale" financial data. We, as teachers, should be on our guard, for what was a good idea for an animal welfare business started to lack credibility when the student intended to pay the veterinarian £4.10p an hour! What wage for teachers then? A few centres use Young Enterprise as their Business Plan. Of course, centres are to be encouraged to be part of such worthy schemes. Students and teachers must realise that such projects need to be adjusted to take out any artificial elements e.g. the fact that there is inelastic demand from a captive market and that costs are lower than would normally be the case because imputed costs for rent and electricity have not been assessed. Young Enterprise is a superb base from which to develop a potential first class investigation.

The best students always include accurate bibliographies and webographies with resource used, author, date etc. but also specific reference to page number as well. It helps to assess the validity of AO3 Analysis if this is done. In addition too many students are just printing off secondary research downloaded from the Internet with no evidence provided to show what material has been used for their investigation. It is quite clear that students need guidance on how to produce bibliographies/ webographies and appendices from their teachers.

There are several points that need to be made to ensure that difficulties relating to assessment are resolved. This, in reality, only affects a few centres because, for most, assessment is accurate and consistent, albeit several centres are rather generous and need to refer to the U9 report's comments so that future adjustment can be made. The biggest problem is that too often all students use the same investigative formula. This works well if it is open ended and allows students ownership of their investigation. However, quite often the investigation is far too prescriptive and teacher-led which tends to result in clustering towards the middle mark range and disables many students from the higher assessment levels. There is limited differentiation despite there quite obviously being a wide ability range.

The better centres have developed good feedback techniques and practices for their students and students are in no doubt as to where their weaknesses are. There is excellent teacher commentary showing where the assessment criteria have been met. In many ways the old PAC forms gave the standardising team an insight into the teacher's thinking, something which the new ICRS forms do not allow, and comments made by teachers to students or to external moderators are essential in getting a "feel" for the centre and to allow us to be proactive in the comments we make. Some centres are to be commended on providing the moderator with the investigations titles conducted on a separate sheet of paper and also any guidance sheets provided for their students. This, again, facilitates our work.

Most centres adapted very positively to the administrative changes made to the portfolio. However, the following points need to be addressed by some centres.

- Some centres are still using the old PACS. The ICRS forms need to be photocopied and can be found on page 56 of the specification.

- Students are required to produce one investigation from Units 1-3, and one from Units 4-6. Please refer to the section on Structure on page21 of the specification.
- There are addition and transcription errors. The ICRS and Optems marks do not match and some centres are adding QWC marks to both investigations. Please be vigilant in ensuring this does not reoccur as it results in long delays.
- Please refer to page 25 of the specification in the section titled "Marking and moderation of the portfolio" with regard to sending the portfolio to the moderator and once again we just want the students' work not every questionnaire and internet printout and company report. Verification by the teacher of students having used all the vast range of evidence is sufficient.

Statistics

Mark Ranges and Award of Grades

Unit/Component	Maximum Mark (Raw)	Mean Mark	Standard Deviation	% Contribution to Award
1171/05	100	58.4	20.7	25
1171/1F	100	37.7	15.7	35
1171/2F	100	39.2	14.8	40
1171/3H	100	57	14.3	35
1171/4H	100	54.5	13.4	40

Provisional statistics for the award (4085 candidates)

Option 1 (Foundation) – paper 1F, 2F, 05

Grade	A*	A	B	C	D	E	F	G	U
Lower Limit				48	41	34	27	20	0
% Candidates				26.9	46.0	64.5	79.8	89.8	100

Option 2 (Higher) – paper 3H, 4H, 05

Grade	A*	A	B	C	D	E	F	G	U
Lower Limit	76	68	57	47	38	33	0	0	0
% Candidates	6.9	23.2	56.1	84.8	96.0				100

Overall

Grade	A*	A	B	C	D	E	F	G	U
% Candidates	3.8	12.9	31.4	59.4	74.1	83.5	90.2	94.5	100.0

Notes

Maximum Mark (Raw): the mark corresponding to the sum total of the marks shown on the mark scheme.

Boundary mark: the minimum mark required by a candidate to qualify for a given grade.

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