

Mark Scheme (Results)

Summer 2007

GCSE

GCSE Business Studies & Economics (Nuffield-BP)
(1171) paper 1F

Business and Economics (Nuffield)
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Paper 1F
Problem Solving
Mark Scheme

Question

Mark

1.

(a) From the table, identify the two richest countries and the two poorest countries.

(4)

Two richest - Luxembourg and the United States
Two Poorest - Malawi and Sierra Leone.
One mark for each correct country

(b) Using an example, explain the meaning of the term 'income distribution'.

(4)

Common

Income distribution refers to the way that the national income is shared out amongst households - some people are going to be very rich and others very poor.

A simple statement of the question 'income distribution is how income is distributed' would get 0 mark.

A reference to the macro element is likely to reach the full 2 marks.

For the example look for candidates giving numerical examples and are able to pick up on the help given to them in the evidence such as '*12% of the population live below the poverty line, or 'the lowest wage earners own just 2% of the total wealth of the country'*' etc. The example should be clearly distinguished from the definition and the development of that definition.

Up to two marks for a convincing definition and up to two marks for the supporting example.

(c) People in Malawi have a low level of income. Suggest one problem that this causes for a person living in such a country.

(4)

There could be a wide range of responses to this question. It is designed to try to get candidates to demonstrate an awareness of the limitations of having such a small income and how people could be disadvantaged as a result (Unit 6 - who are the winners and losers?). Look for any reasonable response that identifies the lack of access to appropriate levels of food, clothing, shelter, access to services, basic goods for living and access to what might be termed 'luxuries' that make life that bit more comfortable.

1 mark for identifying the problem and up to 3 for the quality of the development. The use of examples might warrant a development mark; appropriate use of terminology and links to the problem will each gain development marks.

2.

(a) Using an example, explain the meaning of the term 'standard of living'.

(4)

Common

The standard of living measures the way people live with regard to the material possessions people are able to buy. The key point will be some reference to what people are able to acquire. Appropriate examples might include the number of TVs, cars etc. per household, the number of houses per head of the population and so on.

Up to 2 marks for an accurate definition and up to 2 marks for an appropriate example. Be wary of candidates who confuse standard of living with quality of life. The examples should relate to material possessions.

(b) Look at the four photographs in the evidence. Put the four photographs in order. Start with the photo showing the highest standard of living.

(2)

Common

1,4,2,3 is the most logical order. The people in 1 have a roof over their heads and access to basic sanitation; 4 the evidence suggests the boys are part of a family and live in a house, 2 - shows a street boy with no home and no evidence of a family and 3 shows a boy all alone with nothing at all!

There is likely to be some disagreement over the order but to be fair to all candidates and maintain a standard across the exam we need to stick to the order given here.

(c) *All of the photographs show examples of people living in poverty. Do you think that each person in the evidence is equally poor? Explain your reasoning.*

(6)

Common

This is an attempt to extract some reference to absolute and relative poverty as suggested by the evidence. Look for candidates who are able to recognise that poverty is a relative term and that whilst all seem to live in poverty some seem to be very much 'better off' than others. The boy in photograph 3 seems to be the one who lives in the most abject poverty - he has no parents and is living in a mud hut as well as having no clothing. The street boy in Mongolia is living in sewers but does seem to have clothes and as such might be considered better off than the boy in photo 3. The boys in the house in Wales are part of a family, they have clothes and a house but the house is clearly in a state of disrepair. Some students might suggest that, living in the UK they can get support and help from the state and as such are less deprived than might be the case with the boys in photos 3 and 2. The family in Russia clearly have a difficult life having to share toilet and other facilities with many other families but have a home and access to a kitchen and appear to be clothed with some basic decorations and furniture in the apartment.

Level 2

A clear recognition of the different levels of poverty that exist in the photographs is made with some sound supporting reasons offered using the evidence. At the top of the level the answer will be well written and offer a clear explanation. For the full 6 marks the evidence will be used as the basis for the explanation. The bottom end of the level will be less confident in the use of terminology and ideas.

(4 - 6 marks)

Level 1

Answers in this level may recognise that there are differences in the levels of poverty but will not be able to offer the quality of supporting explanation to back this assertion up. At the bottom end of the level the candidate may just say something like - '*they are all different*' or even just '*no*' which will get 1 mark. At the top end of the level some effort is made to try and justify the answer but the expression or understanding is weak and limited.

(1 - 3 marks)

3.

(a) Explain one possible cause of poverty in such countries.

(4)

This question is looking for candidates to recognise the causes of poverty in a developing country as opposed to the sort of poverty that might exist in the UK. Possible explanations therefore could be the lack of natural resources, the lack of capital to exploit what natural resources they have, an inability to add value, a lack of income, no jobs and so on.

Award 1 mark for identifying the cause and up to three for the quality of the supporting explanation. A quality explanation is likely to be using appropriate business and economic terminology as part of the answer.

(b) Describe one possible effect of poverty on children such as those in Photograph 4 in Evidence B.

(4)

Possible effects could include poor health, lack of access to the basics or luxuries in life, the possibility of a poorer education experience, little by way of opportunities for the future and so on. The command word is 'describe' so look to award 1 mark for the recognition of the effect and up to 3 for the quality of the supporting description. This is likely to be predicated with the word 'because' and then some recognition of the link between poverty and the lack of access to many of the things many of us take for granted. Good quality development accessing the top marks will use appropriate terminology and make the link very clear. At the lower end of the mark range, the connection will be less obvious and there is likely to be some clumsy expression or lack of understanding evident.

(c) *Problems such as disease make it harder for people in countries such as Sierra Leone to escape from poverty. Explain why?*

(6)

Common

This is expecting candidates to recognise that disease means that people are unable to work and in some families it will also mean other members of the family who could be productive have to sacrifice working because they have to look after the sick person. Disease will also be indiscriminate in who it strikes and if the main 'bread winner' is hit the family's meagre income will be badly affected. Poor health facilities mean that appropriate treatment is not available and thus patients are unable to get better, and if they do may be left incapacitated.

The command word is 'explain' so look for candidates who are able to offer a developed response to this fairly open ended question. Where evidence exists of a coherent and developed response this is likely to get into level two.

Level 2

Clear evidence of the understanding of the relationship between disease and the inability to generate wealth. This type of language may not be in evidence but the general principle will be clear. The explanation will be well constructed and coherent. At the lower end of this band, the terminology and expression will be less convincing.

The quality of written communication will be of a good standard with accurate use of spelling, punctuation and grammar. The explanation is clear and well argued making use of appropriate terminology.

(4 - 6 marks)

Level 1

Candidates in this level will be struggling to make clear the link between disease and the ability to climb out of poverty. Answers are likely to make some simple link such as '*if people are ill they can't work*' but not be able to develop that response any further or use the sort of terminology appropriate to the question.

The lower end of this level will be a weak answer showing little or no understanding or where the candidate gives an unconvincing argument that demonstrates some confusion.

This is likely to be reflected in poor standards of spelling, punctuation and grammar with errors common.

(1 - 3 Marks)

4.

(a) *State two problems that an individual might face when unemployed.*

(2)

The command word here is 'state' so accept any reasonable response such as lack of income, lack of self esteem, boredom, impact on family, possibility of turning to crime and so on.

1 mark for each response.

(b) *Analyse two possible effects of a high unemployment rate on a country.*

(6)

The intention of this question and the associated evidence is to try to get candidates to think about the impact of unemployment in either a developing country or a country like the UK although the evidence clearly points the candidate in the direction of the former.

The problems are that countries will want to find ways in which they can support unemployed people so they are not left to fend for themselves. Such people are more likely to fall ill, especially in poorer countries, thus placing additional burdens on the health system, they are more likely to be involved in crime and do not contribute to wealth generation - there is an opportunity cost of lost output. They do not pay taxes and so a portion of the country is caught in a vicious circle of poverty.

The command word is 'analyse' therefore we are looking for candidates to break down the issue into smaller parts - 2 points are requested along with some explanation of the points as evidence of the development.

The answer can be marked as 1 for the point and up to 2 further marks for the development of the point x 2. Good quality development deserving of the full mark quota will demonstrate a clear understanding of the effect. Weaker development will not make the link clear or struggle to articulate the understanding of the impact of unemployment on the country.

5.

(a) *Using an example, explain what you understand by the term 'specialisation'.* (4)

Common

Specialisation is the focus on doing a particular task that is part of the productive process. In so doing, the individual becomes more skilled and competent over time and therefore becomes more productive and efficient.

2 marks for the definition which has the essential understanding if not using the terminology above and a further 2 marks for an appropriate example. This should be a question that is accessible to most candidates.

(b) *Describe one advantage of specialisation for a banana company.*

(4)

Common

Specialisation enables workers to develop skills and competence in a particular aspect of production. As a result there are advantages in increases in productivity and output for the firm. This improvement in productivity might be as a result of the increases in skills but might also be as a result of saving in time through not having to change tools and also the possibilities of organising the production line, like that in the case of banana packers, to maximise production.

The command word is 'describe' so we are not expecting detailed explanation. 1 mark for the advantage identified and up to 3 for the supporting development and description.

- (c) *Countries like Costa Rica, Honduras and Panama are major banana producers. Explain two problems that specialisation might cause for such countries.*

(6)

Specialisation requires exchange to bring the full benefits therefore there has to be a developed trading system to enable countries like these to be able to get the products they want. In some cases they may not be able to access the markets of countries to sell their products to and so the reliance on specialist products can lead to problems such as volatile changes in the incomes they receive and being at the mercy of international market prices.

Specialisation might also mean that goods become rather standardised and so countries may lose out through a lack of competitive advantage. This might be particularly relevant in the case of banana producers where the opportunity of differentiating the product is limited to say the least. A recognition that specialisation might have implication for the labour market due to a reliance on a particular product which might affect people in work can be credited.

1 mark for the problem identified and up to two for the supporting explanation. Good quality explanations will show good understanding of the issues and an ability to couch the answer in economic and business terms and make use of appropriate concepts theories and methods. Weaker explanations will struggle to make the business or economic connections and offer only some limited development.

6.

(a) Define '*investment*' and explain how investment can lead to economic growth.
(5)

Common

This is really a two part question that is structured to try and help candidates frame their answer. Treat it as 2 marks for the definition and the remaining marks available for the quality of the explanation. Investment is expenditure on capital equipment and machinery that is used in productive activity and will lead to a return at some point in the future. Some candidates will confuse the term with 'investment' in the general sense in buying shares or putting money into a bank. It must be assumed that candidates have been through two years of a business and economics course and as such ought to have some awareness of the terminology used in business. This is also a key part of Unit 2 - Can we get more from less? As such, if this response is given, a maximum of 1 mark should be awarded.

Up to 2 marks for a clear definition showing understanding of the term. The explanation can earn up to 3 additional marks. Look for the evidence of understanding in the link between investment and economic growth. Candidates offering an explanation of investment from a micro perspective only will not be rewarded as highly as those that can clearly recognise the macro aspect of investment, especially in relation to a developing country. Expect to see comments about investment improving the level of productivity, enabling firms to produce more output. Investment also helps to generate further growth in acting as an injection into the economy - this terminology will be unlikely to be used except by the very able but some candidates may refer to the multiplier principle in which case they should be rewarded appropriately.

(b) Identify and explain one problem a developing country might face in attracting investment into the country.

(5)

There could be a range of answers offered here. There will be 1 mark awarded for the identification of the problem. The remaining marks are for the quality of the explanation and at the higher level there will be an explicit understanding of the position of a developing country. Problems could include the issue of corruption, civil conflict and uncertainty, the lack of opportunities, poor communication networks, incompetent officials, poor infrastructure and so on.

Level 2

One point is identified and the candidate provides a well developed explanation making clear the link to a developing country. The use of appropriate terminology will be evident and there will be a coherence and clarity to the argument. At the lower end, the development will be less certain and there may be some evidence of an inability to articulate the link between the problem and the developing country.

(3 - 5 marks)

Level 1

One point identified but with a limited explanation. This may be in the form of literally a minimalist comment or be a more lengthy explanation which demonstrates little understanding of the problem.

(1 - 2 Marks)

7.

Explain how investment in education can lead to economic growth in a country like Tanzania.

(6)

This question is looking for candidates to make a link between the investment in human capital and the effect on economic growth. A country like Tanzania will need education and a skilled workforce to take advantage of the opportunities and resources it possesses, and education is a key part of this process.

At the top end of responses we might expect to see candidates recognising the process of wealth creation and how the generation of a surplus begins to create the opportunities for trade and adding value and thus contributing to economic growth. The quality of the explanation of the link will be what determines the level awarded.

Level 2

Candidates should be able to demonstrate a clear link between the investment in education on the one hand and economic growth - the emphasis being on growth. A simple explanation of the link will be at the lower end of the band but a more developed explanation that can show the link and how it provides the opportunity for generating a surplus and thus enabling trade will be likely to be at the top of the band.

The quality of written communication will be of a good standard with accurate use of spelling, punctuation and grammar. The explanation is clear and well argued making use of appropriate terminology.

(4 - 6 marks)

Level 1

Candidates, at the top end of the band, will be able to offer some understanding of the link between investment in education and the effect on economic growth. The link however is likely to be simplistic in nature and make little use of appropriate economic and business terminology. A simple link only with little or no development will be at the lower end of the mark range. The quality of written communication will be poor with numerous spelling, punctuation and grammatical errors and a limited use of appropriate terminology.

(1 - 3 marks)

(b)

(i) Investment in education is one method that Tanzania could use to improve the standard of living of its people. Identify two other methods.

(2)

Any two factors can be accepted - the intention is to help the weaker candidates get some marks. Possible responses might include spending on agriculture, health, improving roads and public transport, improving infrastructure - communications to allow TV etc. water supplies, training more doctors and nurses and so on.

1 mark for each valid point.

(ii) Referring to the methods identified in (b)(i), explain which you think would be the most effective in raising the standard of living and why.

(8)

The aim here is to encourage some evaluation of the first part of the question. The question asks candidates to refer to both methods and so this should be evident for candidates getting into the top of level 2 and into level 3.

Level 3

A well constructed answer that addresses both methods and explains how they would improve the standard of living. There is clear evidence of evaluation in that the candidate is able to make a supported judgment as to which is the better method,

The quality of written communication at this level will be very high with little or no spelling, punctuation or grammatical errors evident and the quality of the terminology and language used will be appropriate for the subject matter.

(6 - 8 marks)

Level 2

Candidates in level 2 will be able to refer to both methods at the top end of the band and offer some development. The answer will not be as well articulated and the link between the method and the standard of living will not be so clear with any judgment made being simplistic and lacking support. At the lower end of the band candidates may refer only fleetingly to the other method or chooses to spend more time discussing the one method at length. One method with a judgement gets a maximum of 4 marks.

The quality of written communication will be more limited than in level 3. There will be spelling, punctuation and grammatical errors and the use of terminology will be limited.

(3 - 5 Marks)

Level 1

A weak answer with little development offered. There may be only a simple link or a simple judgment offered with no support or development or a discussion of only one method. At level 1 any discussion of just the one method will be limited in scope whereas a more developed response of just one method might just get into level 2.

The quality of written communication will be poor with numerous spelling, punctuation and grammatical errors and a limited use of appropriate terminology.

(1 -2 marks)

Bob Geldof used his contacts to set up a series of Live 8 concerts to raise awareness of global poverty.

(c) How effective do you think that such events are in helping those living in poverty in a country like Malawi?

(6)

This is an opportunity for candidates to be able to put forward their own judgment on events like Live 8. The answer must be rooted in economic and business understanding but an open ended question like this will hopefully prove to be a good discriminator.

The evidence provides a range of different viewpoints which it is hoped candidates will be able to pick up on and then offer some development.

The emphasis is on evaluation here so reward those candidates that do address the 'how effective' part of the question and arrive at a judgment.

Level 2

A clearly constructed and well balanced argument that makes direct and obvious reference to the 'how effective' part of the question. The judgment made is supported by use of the evidence and by the use of business and economics terminology.

At the lower end of this level will be a reasoned answer, it may have some balance but less coherence and less obvious in its use of the evidence to support the judgement made. Any judgement that is made will tend to be simplistic in nature.

The quality of written communication will be of a high standard with accurate use of spelling, punctuation and grammar and appropriate use of terminology.

(4 - 6 marks)

Level 1

A weak answer likely to be demonstrating limited development and understanding of the question. Little or no attempt is made to offer any evaluation and there will be limited or no use of the evidence. A list only with no development will characterise a level 1 response.

Quality of written communication will be poor with frequent errors in spelling, punctuation and grammar or at the bottom end of the level a limited response worthy of no merit other than a QWC mark.

(1 - 3 marks)

(d) *Assess the role of business in helping reduce poverty in a developing country.*
(8)

The aim of this question is to look at the role of business in helping to kick start the wealth creation process and how this can then help to reduce poverty. We are looking for candidates at this level to be able to make some links between the investment that business puts into less developed countries and economic growth. The links might only be simple but there should be some evidence of those links.

Look for responses that refer to the employment that business can bring, the investment in infrastructure and in training of the workforce; the skills that a business might bring and the taxes that a business might pay.

The question is expecting some evaluation so we are looking for candidates to offer some links but also to be able to recognise that businesses are not the only answer and that they might not bring the sort of expected benefits that might be there in theory. These views are well known and rehearsed at a relatively simple level and so we should be expecting candidates with aspirations of getting in the top level to be recognising some of the counter arguments.

Level 3

A well balanced answer that is developed clearly and offers some clear evidence of evaluation. The quality of written communication will be at a high level with almost faultless spelling, punctuation and grammar and appropriate use of business and economics terminology throughout.

(6 - 8 marks)

Level 2

To get to the top of level 2 the answer must demonstrate some balance. At the middle to lower end the development of the points may be limited but some awareness of the issue will be shown.

The quality of written communication is of a reasonable standard but contains some errors in spelling, punctuation and grammar and some use of business and economics terminology.

(3 - 5 marks)

Level 1

Answers in this level may be little more than one sentence or a response of limited development. There will be little or no evidence of any evaluation apart from a very simplistic judgment with no development. A list of bullet points might get 2 if relevant and if the answer has no merit will be likely to attract only a QWC mark.

The quality of written communication will be poor with frequent spelling, punctuation and grammar errors or have so little development that even this cannot be assessed appropriately.

(1 - 2 marks)