

Mark Scheme (Standardisation) Summer 2007

GCSE

GCSE Business Studies & Economics (Nuffield-BP)
(Paper 1171/3H)

Business and Economics (Nuffield)
1171
Summer 2007
Paper 3H
Problem Solving
Mark Scheme

Question

Mark

1.

(a) *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.

(b) Discuss the effect on the population of the unequal income distribution in a 'rich' country like the United States.

(8)

Possible effects might include a lack of access to certain basic items amongst some of the poor in US society - access to health, education, housing and so on. There is a possibility of those on lower incomes having a lower life expectancy, be more likely to be involved in crime, drugs and more likely to be unemployed. As a result sectors of the population are likely to be excluded from society.

The command word 'discuss' implies that there could be some element of evaluation in the answer but there is also likely to be a fair amount of analysis required.

Level 3

A well constructed discussion dealing with the effect/s of income distribution showing an understanding of the links between the different income distribution and the effect/s this will have on the population. One well developed effect could secure full mark.

(6 - 8 marks)

Level 2

A competent treatment of the issue but with more limited development than that in level three answers. The answer, at the lower end of this level, may demonstrate some confusion or an inability to articulate the effects very clearly. Only 1 effect may be given at a lower end of this level.

(3 - 5 marks)

Level 1

A weak answer showing little or no understanding of the issue. Answers in this level might offer a simple link only but with little or no supporting development.

(1 - 2 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) Identify and explain two problems facing a government in a country like Malawi or Sierra Leone as a result of the high levels of poverty in that country.

(8)

This is an opportunity for candidates to respond to an open ended question. As a result we can be fairly liberal in our interpretation of the responses provided they have a business and economics focus. Possible problems will include feeding the population, finding work for them, supporting those in poverty with the aim of making sure they have the basic needs to survive, the lack of tax revenue to invest in infrastructure and support those in poverty, the likelihood of large overseas debt burdens, education, unemployment and so on. The factor identified must be clearly linked to the level of poverty rather than just be any problem facing a government.

1 mark for the point and up to a further 3 marks for the development offered (the explanation) x2. Good quality development will make the link between poverty and the problem clear; will use appropriate business and economics terminology and methods and express the issue clearly. Weaker responses will struggle to make the link and possibly just comment that '*having lots of poor people means no money*' or similar.

(b) *Problems such as disease make it harder for people in countries such as Malawi or 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.

Analyse the impact of high unemployment on a country.

(8)

The command word here is 'analyse' which means that we are looking for candidates to break down the issue into some manageable bits. For eight marks we could expect a minimum of two points with some development but it is not the quantity of points made but the quality of the development that is the key to accessing the higher levels.

We might expect to see responses that comment on the difficulties the government might have in coping with high levels of unemployment - the cost of supporting people is likely to be very high. In addition there might be comments on the opportunity cost of high unemployment especially in a country where the standard of living is so poor; the possibilities of people turning to crime to survive and so on.

Level 3

Candidates identify the impact on a country as a result of high unemployment. The development will be detailed with good use of business and economics terminology and demonstrating a sound understanding of the issues involved.

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

(6 - 8 marks)

Level 2

Candidates identify the impact on a country and the development of the point/s will be of a reasonable standard with some understanding shown of the impact.

The quality of written communication will be of a reasonable standard with some mistakes in spelling, punctuation and grammar and some use of terminology.

(3 - 5marks)

Level 1

Answers in this level will demonstrate a lack of understanding of the impact of unemployment. The comments will be simplistic in nature and there will be weak development of the points made. A list of points with no development is likely to be typical but not exclusive to this level.

The quality of written communication will be of a poor standard with regular errors in spelling, punctuation and grammar and little or no use of terminology.

(1 - 2 marks)

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) *Explain two problems that relying on just one product might cause for such countries such as Costa Rica, Honduras and Panama.* (6)

A reliance on one product for a major part of the GDP of a country can cause problems if there is a fall in demand for that product or if its price goes down. This might be considered to be one of the problems of specialisation. It also requires exchange to enable the country to gain the full benefits and if it does not earn export revenue from selling bananas then the country suffers and poor people especially might suffer. The government might start to build up debt and be unable to offer the sort of support to the poor that is needed.

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)

Common

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)

Section B

7.

(a) Explain how putting funds into education might help a developing country develop flexibility and creativity in its workforce.

(6)

Investing money in education improves the quality of human capital in a country. It improves the level of creativity, increases productivity and enables the workforce to develop a wider range of skills that can be used to benefit the economy in terms of taking advantage of the investment that comes into the economy and also creating a more enterprising economy.

Candidates who offer a well developed response that focuses on education and the economy at the expense of flexibility and creativity will get a maximum of 4 marks.

Level 2

Candidates should be able to demonstrate a clear link between the investment in education on the one hand and the improvement in flexibility and creativity. A simple link will be likely to hit the lower end of the band but a more developed explanation that can show the link and how it provides the opportunity for people to be aware of opportunities, have the skills to turn to different projects and jobs and thus improve flexibility 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 creativity and flexibility but the link will be undeveloped and poorly articulated. A simple link only such as 'education makes people better qualified and more flexible' without any additional support will be at the lower end of the band.

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) Discuss the impact of business investment from overseas in improving the standard of living of people in a less developed country.

(8)

We might expect to see a range of reasonable answers here commenting on the role of MNCs in boosting the economy of a country. Some of the arguments will be well rehearsed but this is attempting to focus on the standard of living of the population. The command word 'discuss' does suggest that there could be some element of evaluation in the answer and we are looking for candidates to make some form of judgement about the impact of investment on the standard of living.

On the plus side, the investment might lead to more jobs, more income tax receipts for the government who can then in turn use this to invest in health and education, skill transfer, investment in infrastructure and so on, (the trickle down effect).

On the minus side might be the lack of skill exchange as firms use their own skilled labour to do the work; there could also be problems with firms moving on when grants or government favours run out and the possible impact on the environment of the activities of firms especially the accusation that they might not be so bound by regulation.

The use of the word 'impact' does give the candidate some room to offer a judgment as to the severity of the problem and thus allow for some evaluative comment that will help to distinguish levels of response.

Level 3

A discussion that offers both sides of the argument and is able to develop the points made in a clear manner. Understanding of the issues will be evident in responses in this level and are likely to include some form of evaluative comment.

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

(6 - 8 marks)

Level 2

At the top end of this level, both sides will be clearly stated but the quality of the development will not be as high as that in level 3. Answers in this level will be characterised more by a list of factors with some development but no attempt to offer any form of evaluative comment on the points made.

The quality of written communication will be of a reasonable standard with some errors in spelling, punctuation and grammar and limited use of use of appropriate terminology.

At the lower end of this band there will be positive features only and no evaluative comment. Some balance but limited development will get 4 marks as will all positive features but with some evaluative comment.

(3 - 5 marks)

Level 1

Answers in this level will be characterised by limited understanding of the issues and are likely to have only one side of the argument presented. Answers may be presented in the form of a list.

The quality of written communication will be of a poor standard with errors in spelling, punctuation and grammar. The explanation makes it limited and little or no use of appropriate terminology.

(1 - 2 marks)

(c) Describe one strategy to reduce the level of poverty in a country such as Sierra Leone.

(4)

The command word being 'describe' here suggests that we are looking for some simple development of a point. Rewarding the strategy given can be fairly flexible - use your judgement and if they are reasonable then give the benefit of the doubt.

Expect to see answers focusing on wiping out debt, offering loans for investment, improving trading conditions and other forms of aid.

1 mark for the point and a further 3 for the development of the point. Examples at standardisation will clarify what the distinction is between the levels of development in the answer.

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

(d) To what extent do events such as Live 8 help solve the problems facing less developed countries?

(12)

The aim of this question is to give candidates the opportunity of developing an argument using something that was a high profile event and mixing it in with the work they should have done on units 5 and 6.

We are looking for candidates to be able to recognise that events such as Live 8 may succeed in raising awareness of the population as a whole to the problems faced by poor countries and in some cases may contribute to the raising of funds for charities dedicated to fighting poverty (although this was not, of course, the main aim of Live 8).

However, candidates should also recognise that the decisions that really make a difference are in the hands of politicians and businesses themselves and very often the self-interest of individual countries may prevent this from happening to the extent that may be necessary.

In addition, there was plenty of discussion about the need for poor countries to help themselves and in this respect issues like corruption and the inappropriate use of funds that are made available might be points raised by good candidates.

We might also be looking for candidates to recognise the role that we as individuals have in ensuring that our spending decisions also support the aims that are targeted by the likes of Make Poverty History - it is one thing to go to the concert and wear a wrist band it is another to actively make decisions that may involve us in spending more money on things like Fair Trade products.

Level 3

A high quality response that shows clear understanding of the issues involved and which offers evidence of evaluation skills. The argument must be balanced to be in this level. Answers in this level are likely to offer some detail but they may not necessarily have lots of points - one well developed point from each side plus some clear evaluative comment may be sufficient to get maximum marks.

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

(9 - 12 marks)

Level 2

At the top end of this level answers will offer some balance and some evaluative comment but not have the depth of economic and business understanding of answers in level 3. The use of business and economics terminology will be less evident. At the lower end of this level the development of the points will be less confident and show some understanding but it will be clear that this understanding is not of a high level.

At the lower end of the band the answer may be single focus but with some development of the points offered. Some evidence of evaluative comment within this single focus will move the answer to the middle of the mark band.

The quality of written communication will be of a reasonable standard with some errors in spelling, punctuation and grammar and limited use of appropriate terminology.

(5 - 8 marks)

Level 1

Answers in this level will be incomplete or show little understanding of the issues involved. There will be little evidence of any evaluative comment and the development of points will be simplistic. At the top end of the level the answer might have some development but is one-sided.

The quality of written communication will be of a poor standard with errors in spelling, punctuation and grammar and little or no use of appropriate terminology.

(1 - 4 marks)