Examiners' Report November 2007

IGCSE

IGCSE Business Studies (4330)

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November 2007

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Examiner Report
4330 1F

GENERAL COMMENTS

The overall performance of candidates in this examination was generally pleasing. Candidates in this series had a better content knowledge, for example in topics such as primary and secondary market research, and often gave appropriate analyses and evaluations. In general, the Higher Tier candidates proved more comfortable writing answers in context, whereas the (relatively few) Foundation candidates found this a more challenging task. However, there was evidence - based on the quality of some scripts - that a number of candidates who had been entered for the Higher tier paper would have benefited from being entered at Foundation tier.

Candidates again coped well with the use of the question paper as answer book. There were one or two instances where candidates used space in addition to the answer lines, in order to complete their answers. Centres are therefore again encouraged to work with their candidates, as the number of lines being a good indicator of the expected length of answer.

The standard of written communication was again satisfactory. Even so, centres are still encouraged to continue working with their candidates to ensure that incorrect phrases or figures are clearly deleted, with the replacement information or figure being positioned close by.

The Mark Scheme for this Series again contains much information that is relevant to centres, as follows.

- Each question indicates the level(s) at which it is based:
    - AO 1 Demonstrate - this Assessment Objective tests candidates on their ability to demonstrate their knowledge and understanding of the business term, idea or concept featured in the question. For example, paper 1F Question 1 (b) (i) asks candidates to list ways that the success of a business can be measured. Command words such as 'Define', 'Describe', 'Name', 'List' and 'State' confirm the question is at this level.
    - AO2 Apply - this Assessment Objective tests candidates' ability to relate their answer to the context. In this Series, candidates were required to use the information provided about one of two businesses: a sole trader and a manufacturing company. In this series, paper 1F Question 2 (c) (ii) required candidates to use the context in order to apply their knowledge of economies of scale to the company's situation. Command words such as 'Apply' and 'Give [an example in context]' confirm the question is at this level.
    - AO3 Analyse - this Assessment Objective requires candidates to select, interpret or otherwise analyse some issue presented by the question. For example, Paper 2H Question 2 (a) asked candidates to analyse the given financial situation for the company. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.
    - AO4 Evaluate - this, the most demanding Assessment Objective, tests candidates on their ability to formulate some judgements. For example, Paper 1F Question 3 (c) [also paper 2H Question 1 (c)] required candidates to make a judgement relating to the sole trader's policy of interviewing prospective employees in her shop. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Justify' confirm the question is at this level.

- The Mark Schemes for 4330 will continue to provide indicators of what is expected from candidates. Centres were informed in the previous Report that the answers given in the Mark Scheme are **not** meant to be exhaustive. This is confirmed by the use of the statement 'Valid points **could** include', and by the use of the abbreviation 'eg'.
- The possible answers are structured using dashes and obliques ('slashes'). It is the practice in this examination to use a dash in order to separate points that are worth **additional** marks, and an oblique to indicate an **alternative** way of making the same point.

Because entries for this series were relatively few, this Report does not include numerous illustrations from candidates' answers. Centres are therefore encouraged to study the illustrations given in previous (Summer) Reports.

PAPER 1F

Question 1
Part (a) was quite answered, with most candidates gaining at least three of the five marks available. Items (ii) and (iii) usually caused the greatest difficulty.

Part (b) was generally well answered, with profits and size being popular selections for measuring business success. However, some candidates did not express their answers clearly: for example, stating 'previous performance' without clarifying what is meant by this (eg Sales performance? Profit performance?).

In part (c), although most candidates were able to describe market 'segment' satisfactorily for a mark, a number of them were confused by the word 'share'. Such answers referred to shares in the financial/ownership - rather than the marketing - context and therefore lost the second mark.

Answers to part (d) were generally strong. If candidates struggled, it tended to be with categorising correctly 'information from a magazine' and 'telephoning people at home'.

Part (e) was often not well answered. Although there was a distinct improvement in candidates' knowledge and understanding of market research when compared with the November 2006 paper, a number of answers over-concentrated on information about market research, rather than on analysing and evaluating how such information related to the given situation of a small sole trader looking to offer a repair service in her local town, by (for example) identifying the level of local competition.

Question 2
Part (a) was well answered, with most candidates mentioning the key budgeting issues of planning and control. Other answers referred to factors such as improved motivation and involvement, which were also accepted if described clearly.

Part (b) was also well answered by most, with generally accurate calculation of the two ratios in part (i). Although a few candidates related these ratios incorrectly to profitability when answering part (ii), the majority focused on liquidity matters, though few identified that the ratios focused on liquidity only and therefore gave no indication of the business's profitability.

Answers to parts (c) and (d) were weaker, however. Some candidates outlined clearly the meaning of economies of scale in part (c) (i), though many answers lacked the clarification that 'unit' costs decrease as output increases. Part (c) (ii) asked candidates to use the context, and some did this effectively by referring to (for example) the number of employees and the scale of the business. Weaknesses in detailed content knowledge were evident in a number of answers to part (d), where several candidates confused the given economies - technical, and financial - with those related to marketing and/or purchasing.

Part (e) was well answered, with candidates typically referring to problems with the speed and/or quality of communication, thereby gaining at least one of the marks available.

Question 3 (also Question 1 on Paper 2H).
This question is common to both Foundation and Higher tier papers. It was quite well answered, particularly by those candidates who had been entered for the Higher tier. Part (a) answers, however, were sometimes rather vague: for example, general reference to 'expand' in part (ii). Candidates were slightly more comfortable with part (i), which asked for appropriate sources of finance for a sole trader and a company, often differentiating clearly between the two (eg reference to the sole trader 'family' and the company 'shares'). Examples for part (ii) were not always different, with a number of candidates using the example of expansion for both organisations.

Although answers to (b) were usually accurate, a number of candidates ignored the requirement to give only 'one' advantage and 'one' disadvantage relating to a sole trader changing to a partnership. This often meant that any one advantage or disadvantage was outlined too briefly for two marks to be awarded. Centres are therefore encouraged to continue working closely with their candidates to ensure that the question requirements in terms of the number of (say) advantages and disadvantages are met.

Answers to (c) were less accurate, with again a significant number of candidates failing to read and answer the question with sufficient care. The question focused on interviewing applicants at the workplace (a shop in this situation). However, many candidates ignored the end of the sentence '. . . in her shop' and concentrated instead on the interview process, for example by listing and describing stages such as job descriptions and person specifications. In addition, this was an AO4 Evaluate question and it was hoped that both sides of the argument would be given: unfortunately, very few answers considered the downside of interviewing 'in her shop' (for example, time commitment) and therefore these candidates were not able to access all four marks. Centres are therefore encouraged to continue working with their candidates on these particular aspects of examination technique: ie, concentrating on (a) reading the whole question and determining exactly what is needed, and (b) identifying what is required to give a complete 'Evaluate'- type answer.

Although the terms in (d) - hierarchy and delegation - proved difficult for some candidates to explain and differentiate between, most could give appropriate examples from the given organisation chart. Part (e) was generally well answered although there again seemed to be a number of candidates who failed to read the question with sufficient care: as a result, they explained the roles of Marketing Director and Production Manager, rather than clarifying their relative spans of control.

4330 2H

For comments on Higher Question 1, see comments on Foundation Question 3 above.

Question 2

Part (a) was well answered, with candidates often arguing effectively that the Current Ratio seemed rather high with the Acid Test being on the low side. Stronger candidates argued correctly and effectively that the company was holding substantial stocks, although few focused on the limitations of these ratios in the sense that they gave information on the company's liquidity only, and not its profitability.

Part (b) was very well answered, with marketing/advertising and production budgets being particularly popular selections. Answers to (c) were much weaker, with again a number of candidates choosing to ignore the final three words of the question ('. . . in this situation', ie planning to make and sell a new type of radio). As a result, answers were sometimes extremely generic or misdirected.

There was a generally good understanding of flow production shown in answers to (d), where most candidates comfortably stated two of its features to gain both marks for part (i). Answers to (ii) varied greatly in terms of quality, with some candidates giving detailed and balanced answers. Stronger candidates tended to refer to the benefits arising from specialisation of people and machines, balancing these points with concerns expressed about issues such as possible employee boredom and the interdependence of the flow line.

Question 3

This question is designed to be the most challenging faced by candidates taking this Paper. Candidates were expected to use the skills of analysis and evaluation, with 16 of the 20 marks being allocated to these skill areas.

There was some sound analysis shown by candidates when answering part (a), particularly in terms of the shop location with clear reference to and analysis of the local market and local monopoly situations. Answers based on the company's location were typically weaker, with many candidates basing their answers on the company as a retailer (which is not its obvious major function) rather than as a manufacturer. The context states clearly that it makes goods and reference to its 'factory' should have reinforced this point: however, many answers ignored this. Stronger candidates used the company's location near the centre of England to argue effectively benefits associated with (for example) ease of transport, and advantages of recruitment in terms of its location being in a large city.

Part (b) tested candidates' subject knowledge, and many did not know what 'market-oriented' meant. There was much confusion between this term and either 'market leader' or 'market share', with guesswork also in evidence.

Part (c) was targeted at AO4 Evaluate, and proved testing for many candidates. One reason for low marks in AO4 questions is where candidates write unbalanced, one-sided answers that contained a little analysis, but without supporting evaluation or judgment. Centres are advised to continue working closely with candidates to ensure that questions that ask for evaluation are answered using an argumentative style of language and terms such as 'however', 'therefore' 'although' and 'on the other hand'. Some candidates were content merely to describe the nature of market research, which was not required by the question, and the failure to relate it to the given product meant that most of the marks were lost. Centres are therefore again encouraged to advise their candidates that 'To what extent' and 'Evaluate' question require some critical consideration of the information given. Several candidates gave strong answers that balanced the benefits of undertaking market research (particularly primary research) with associated imperfections such as making decisions based on a limited research sample.

4330 03

GENERAL COMMENTS

The overall performance of candidates in this series was an improvement on the same series in 2006 and this is encouraging. In general answers were stronger than in the last Winter Series with more candidates beginning to tackle more appropriately the (b) – (d) questions and meeting, in some respects, the requirements of the linked assessment objectives, AO2-AO4 in that more candidates appeared to be better prepared of the needs in a (b) question to apply their knowledge, in a (c) question to use their knowledge to analyse and in a (d) question to make judgements, recommendations or conclusions. Candidates have to be very clear that the use of just knowledge in these questions will not lead to full marks.

As in the past, the mark scheme, when published, will give clear illustrations of how knowledge is used and it will be clear that the marks for just knowledge are limited in the (b)-(d) questions. Earlier comments in the Report for 1F and 2H are as relevant to the layout of this paper as those papers. Where a candidate gives an answer that is valid it will always be rewarded appropriately.

In one script the candidate had indicated against each question the assessment objectives that he thought applied. Although this is good practice, in this case they were wrong. In this paper this is not necessary as each question has only the one assessment objective as indicated in paragraph one of this report. This candidate thought that there was a mix of assessment objective for each question. In this paper, unlike 1F and 2H this is not the case.

Some candidates continue to use, erroneously, information from other questions to answer another question. This is a pointless activity as the information given in the stems and the questions cannot be used other than for that question. Candidates should be discouraged from such activities, which includes repeating the question as the answer. Activities such as these will not gain candidates marks.

There was a small entry for this series so this report will not contain examples of candidates' responses as in the June 2005, 2006 and 2007 reports. Centres should encourage their candidates to look at the examples given in those Reports for guidance as to what is appropriate and what is not appropriate in terms of responses.

Question 1 (a)

This was generally well answered with the majority of candidates displaying the basic knowledge required. The usual mark range was between 3 and 5. The most common mistake where some candidates indicated that running a hotel was a secondary activity. Candidates appeared to be more confident with the primary examples than the other two.

Question 1 (b)

There were some good responses to this question although, again, too many candidates simply stated what they knew about McDonalds and Coca-Cola and a few had responses that only referred to franchises and did not mention branding at all. Often the responses were of a general nature and demonstrated general rather than business knowledge. The best candidates focused on the word 'important' in the question and applied this to branding.

It was pleasing to note the number of candidates who used a quality approach and most candidates did understand the uniqueness of a branded product, its immediate recognition and brand loyalty. No candidate gained full marks but there were a number who gained four of the five makes and gave creditable responses.

The evidence of application of knowledge improved in this series although it was better in 1 (b) than in 2 (b)

Question 1 (c)
Candidates did not appear to like this question. There were too many general responses along the lines of a business has to survive, something candidates had been told, with little or no analysis of why this was important. For many candidates one mark was the most that could be achieved because their approach was one of knowledge and not of analysis.

A few candidates did make a better attempt at the question, some even linking survival to economic conditions and levels of competition. Few candidates stated that it is the main objective and without it no other objective can be achieved – a fairly basic piece of analysis. No candidate linked survival to the need for business planning but a few did make the link between survival and the application of the 4Ps.

Question 1 (d)
Some candidates approached this question from the wrong view point in that they gave responses that stated why the use of computer networks would not work rather than answering the question that wanted to know how the use of such networks would overcome communication problems.

Other candidates just gave knowledge about communications, sometimes without mentioning computer networks. In essence these were theoretical responses where detail was given about the media, medium and message but there were no attempts made at either judgement or evaluation.

There were a number of approaches that candidates could have taken and these related to hardware, software, data storage, security. Anyone of these would, if well answered, have been sufficient on its own to gain all five marks. No candidate achieved this, in the main, for the reasons given above. It is important that candidates have a clear understanding that in 1 (d) and 2 (d) they should be making judgements and/or evaluations based on the question asked. Many candidates simply did not answer the question.

Question 2 (a) (i)
Generally candidates displayed poor knowledge of this section of the specification with some candidates not even attempting any of the three parts.

For turnover some candidates did not include the word 'value' in their responses with many stating that it was just the sales.

Cost of sales was not understood and even when examples were given rather than a meaning those examples were not accurate. Some candidates' examples include the use of the terms 'fixed costs' and 'variable costs' and these were incorrect. The introduction to this report comments on how some candidates try to use information from one question to answer another question and it is possible that candidates noticed fixed and current assets in 2 (a) (ii) and tried to use this in responding to the question.

The expenses item was answered better than the previous two, either through the use of a simple definition of by quoting appropriate examples.

Question 2 (a) (ii)
Some candidates did not notice that this question was based on a Balance Sheet and not on the Trading and Profit and Loss Account and this meant that they tended to gain no marks at all. It remains a standard comment that candidates who read and answer the question asked will perform better than those that do not. For a small minority of candidates they gave, as their response, material they had extracted from the Trading and Profit and Loss Account which does not show fixed or current assets.

Many candidates, however, had the necessary knowledge to answer this question correctly. The most common mark was either two or zero. Candidates knew the answer or they did not.

Question 2 (b)

This question had some similarity to a question in the November 2006 paper. It was pleasing to note that the advice given in the report for that series seems to have been taken on board by candidates in some Centres.

Better candidates understood the reference to productivity and did approach the question from the angle. The emphasis in such responses was usually linked to payments and customers and how the increase in the efficiency of payment for goods by the use of credit or debit cards could lead to increased and impulse sales.

A few candidates approached the question from a stock control perspective but few then made the link to the ability of EFTPOS to monitor the sales of individual goods.

A number of candidates did as they did last year and shared their knowledge of EFTPOS but did not analyse its use linked to productivity as required by the question.

Question 2 (c)

Few candidates made use of the stem to this question, in particular the information that this was a five-year old business that had a record of successful trading. This information was included to prompt candidates to think of this business as established with a history for its bankers.

Responses were seen where candidates had covered all the expected responses shown in the mark scheme, but unfortunately only a very small number of candidates went beyond the most basic statement of advantages and disadvantages. It was not sufficient to mention factors such as availability, terms, security and interest with no development.

The most common responses related to term or rate as an advantage and interest as the disadvantage. Few candidates considered the question of security.

Question 2 (d)

Generally this question was not well answered with most candidates unable to go beyond a description of what commission was with no attempt made to explain how this would or would not motivate employees. Only a very few candidates mentioned the de-motivation aspects of commission payments, something the question required because of the use of the command phrase, 'To what extent . . .'

The links between assessment objectives and command words is shown on page 21 of the Teacher's Guide for this specification.

4330 Paper 04

GENERAL COMMENTS

No new candidates presented work for this option in this Series.

Centres considering offering this option to their candidates are referred to comments in the Reports for the May Series in 2005, 2006 and 2007.