

Mark Scheme Summer 2008

IGCSE

IGCSE Business (4330)

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4330 Papers 1F and 2H

Report

GENERAL COMMENTS

The overall performance of candidates in this examination was generally satisfactory. Many candidates showed a good content knowledge, with answers containing analysis and evaluation. Most Foundation and Higher Tier candidates were able to write answers in context, which often benefited them in terms of gaining marks.

Candidates again coped well with space on the question paper/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 to ensure that (most) answers are limited to these answer lines, the number of lines being a good indicator of the expected length of answer. Centres should also continue encouraging candidates to indicate (eg 'continued on page 9') where an answer is continued elsewhere.

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

The Mark Scheme again contains information relevant to centres (past reports have confirmed that the answers given in the Mark Scheme are **not** meant to be exhaustive)

- Each question indicates the level(s) at which it is based:
 - AO 1 Demonstrate - this Assessment Objective tests the ability to demonstrate their knowledge and understanding of the business term, idea or concept featured in the question. Command words such as 'Define', 'Describe', 'Name', 'List' and 'State' confirm this level.
 - AO2 Apply - this Assessment Objective tests the ability to relate answers to the context. In this Series, candidates were required to use the information provided about a construction business. Command words such as 'Apply' and 'Give [an example in context]' confirm this level.
 - AO3 Analyse - this Assessment Objective requires selecting, interpreting or analysing an issue presented by the question. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.
 - AO4 Evaluate - this tests the ability to formulate some judgements. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Justify' confirm this level.

- 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.

PAPER 1F

Question 1

Part (a) was quite well answered, though some candidates struggled with the term 'legislation' in (ii), and others were not aware of environmental influences when answering (v). Part (b) was very well answered, with most candidates scoring full marks.

In part (c) there was the inevitable confusion with the term capital in the phrase 'capital-intensive', with many candidates regarding it as referring to the amount invested in a business. Centres are therefore encouraged to continue working with candidates to review business terms such as 'capital' that have more than one meaning (capital-intensive, capital equipment, capital goods, capital invested . . .). Some other candidates tried to use the context by arguing that the term labour-intensive referred to skilled labour, or to the demanding nature of manual labour, when of course it has a more precise business meaning. Phrases such as '. . . labour-intensive refers to the workforce' were too general to be awarded a mark. Not well answered in general, an example of an answer gaining two marks through simple recall is "Capital-intensive is mainly using machines to do the work. Labour-intensive is when the business's main production is done by workers."

Most candidates gained at least one mark for part (d). References to saving time or improving quality were popular and acceptable, although a number of candidates failed to expand these answers for the second mark. Some candidates tried to argue that no training whatsoever would be needed for skilled employees, which was too vague a statement: arguments such as less training would be likely because of the present high level of skill, resulting in cost savings, would have been acceptable. An example of a simple but sufficient answer here is ". . . they are more skilled and can work efficiently. This should increase output and eliminate waste of time."

1 (e) was not well answered. Assets tended to be the best known of the three terms, although there was some confusion with money, and 'assets' are more than this. Stronger answers gave a simple definition (often referring to 'owned'), and supported this with examples. Although many candidates knew the meaning of 'capital', some ignored the term 'share' and therefore gave incomplete answers. The term 'Liabilities' caused problems, with a number of candidates confusing it with expenses.

1 (f) was also not well answered. Most candidates who did not know the answer guessed incorrectly: for example, the difference between gross and net profit was something to do with assets, or that sales income was less than net profit. An example of an acceptable answer is "Because all the expenses such as rent, wages and interest have been deducted before the net profit is worked out, while in gross profit they haven't".

Question 2

Part (a) was often well answered, with many candidates referring to customer wants and needs. Stronger answers developed this: for example, ". . . research to find out consumer wants and needs so a business can make and sell a suitable product.", and ". . . to find out what consumers need before the product is developed and produced.". Most candidates selected either a specific method for part (ii) (questionnaires was the most popular choice), or stated either primary or secondary as research methods, which was acceptable.

Part (b) was generally well answered. In (i), the Fixed Cost line C proved the easiest to name. Candidates were sometimes imprecise when naming (Total) Revenue line A, for example using the terms 'Sales' or 'Output'. Line B was the most difficult to name, with Variable Costs being chosen by a great many candidates: this is the Total Cost line. Part (b) (ii) also proved easy for many candidates. Stronger answers tended to suggest the benefit of labelling the break-even point, and indicating areas of profit and loss (by, for example, shading them). Weaker answers tended to refer to colouring the chart in general, failing to describe how this would work in practice: for example, "To use the different colours to draw it . . ." was too vague for a mark.

Part (c) was not well answered, with candidates often providing a descriptive answer rather than the analytical one that was demanded by the question ("Analyse why . . ."), and/or failing to relate their comments to the given information ("The flats are nearly finished . . . borrow money for three months . . . in this situation."). No marks were awarded for simple descriptions of what an overdraft is. An example of a strong answer is ". . . because it can have lower interest rates than a bank loan . . . it needs few regulations to take the money out of the bank . . . the company needs the money for three months only so they can repay it faster especially if they sell the flats before the three months . . . The company is a Ltd so it can have more collateral than a sole trader . . .".

There were also many weak answers to part (d), particularly in (i). Some candidates dismissed an option simply because people may not see/read/hear it, which in itself was too weak an argument (people may not see/read/hear any of the four options: a coherent reason needs to be given). Many candidates selected option 4 (national paper) because of its national coverage, ignoring the fact that is highly unlikely that national papers would carry advertisements for new flats and that it was a 'one-off' advert. Stronger answers argued the case for concentrating on the local area: for example, ". . . option 1 . . . because the advertising is in the local paper . . . local papers are cheap to advertise in . . . it targets the local citizens who are most likely to be interested in buying . . .". Also, ". . . option 1 . . . because it will be advertised for 8 weeks which is a long period of time . . . Consumers that live in the area would be the consumers most interested . . .". Answers to part (ii) were usually more accurate, with option 2 (national television) being a popular selection due to the single appearance of the advert late at night. Some candidates argued effectively that option 3 (local radio) would be unsuitable: for example ". . . there will be no hard copy . . . it is not visual unlike all other options so people cannot see the flats".

There were many good answers to part (e). Their quality varied according to the clarification of 'persuasive' and 'informative'. Compare the answer that simply states "This persuades - attractive and very colourful photos . . . This is informative - details of the company and of the new flats such as the number of rooms." with one that explains the terms thus: "Informative advertising is leaflet contains details of *BC* and the new flats, which would give facts and figures the consumer needs . . . Persuasive

advertising is colourful, attractive photographs, which grab the customer's attention and help convince them the flats are what they want . . .". Weaker candidates were content to merely explain the meaning of persuasive and informative, and did not therefore answer the question because they failed to link these explanations to the information given about the leaflets.

Question 3 (also Question 1 on Paper 2H).

This question is common to both Foundation and Higher tier papers. It was generally not well answered. Part (a) (i) answers generally showed a reasonable understanding of the nature of induction, with stronger candidates either referring to both the employee and the business (that is, each is introduced to the other) or developing a given point about the employee: for example, ". . . to introduce a worker to the business by letting him meet his fellow workers, and to see what are his new work responsibilities." Some candidates failed to distinguish between induction and other training, and answers that only referred to some general aspect of training were not awarded the marks. Answers to part (ii) were less strong because many candidates ignored the emboldened term Finance Office given in the question. As a result, most answers were too general to score all three marks. Centres are encouraged to continue working with candidates to ensure that terms in bold font are treated with the importance indicated by the use of the bold font. In this instance candidates were expected to contextualise their answers, at least in part, to how induction is likely to operate in a Finance Office. In addition, sometimes items were simply listed by name: for example, 'computers' does not receive a mark, whereas 'computer software used in Finance' does.

Part (b) was very badly answered, with many candidates failing to gain any marks. Most candidates either seemed not to know Herzberg's theory, or confused it with that of Maslow. Those candidates who were familiar with the meaning of hygiene factors and motivators were often content to describe them (or describe the nature of motivation in general) rather than answer the question as set, which required a comparison of these terms in the context of motivation. It is appreciated that candidates can find Herzberg's theory difficult, but both factually incorrect statements, and statements that are not analysed through comparison, are in themselves insufficient. Answers that describe motivation in general, when the question asks for this to be explained in the context of a given theorist, are not sufficiently developed. An example of an answer scoring full marks is "Motivators are the factors that make the employee more productive and achieve more, and the hygiene factors are those that make the employee satisfied but do not motivate them. Such factors are salary . . . the motivating factors include achievement, responsibility . . . The directors should pay more attention to motivators, as these are the factors that make the employee more productive . . . as hygiene factors would only just satisfy them but because not having them will cause dissatisfaction in employees it is necessary for the directors to first fulfil these in order to create motivators . . .".

There was generally a good understanding of the term productivity in part (c) (i), with stronger candidates referring to outputs and inputs, and also to efficiency. A typical basic answer is ". . . the output measured against the input used to create it", whereas a stronger answer is ". . . the output measured against the input used to create it, which is a measure of business efficiency". However, many candidates were content to describe production rather than productivity - for example, ". . . the amount of products made by the company" - which was not acceptable for a mark. Comments to do with quality ("how well a product is made") or with payment of

bonuses were not usually sufficiently linked with productivity to receive marks. Part (ii) referred specifically to *BC*, and it was hoped that stronger candidates would phrase their answer in the context of a building business: for example, "Provide more training for the workforce, which should increase the speed at which they finish making the flats.". There were many references to improving motivation and training, which received at least one mark (two if in context), although a number of candidates assumed that simply increasing the numbers employed would increase productivity. An answer that could have received two marks had the candidates referred to some feature of *BC* is "By purchasing new machines and equipment to perform the tasks". Had the candidate said ". . . to build the properties" or similar, this would have provided a clear context.

Most candidates seem to like the topic of TQM, and part (d) was sometimes well answered as a result. The stronger answers did not consist of a series of statements related to TQM, but instead contextualised the points in terms of construction. For example, ". . . helps *BC* have good quality buildings to sell . . . This is important because safety is a key issue when buildings are made and sold . . . gives a good reputation to the company and its buildings . . . However, TQM costs more money to have and to check . . . takes time for employees to get used to . . . In conclusion, TQM is important because . . .".

PAPER 2H

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

Question 2

Part (a) was quite well answered. Candidates usually found it easy to give fixed costs in part (i) and breakeven in (iv). Parts (ii) (variable cost) and (v) (amount of profit) caused the greatest difficulty. Unfortunately, a number of candidates ignored the units (thousands) given in the question, and therefore lost marks. Centres are encouraged to keep reminding their candidates of the importance of numerical accuracy - in this context, using '000' to indicate thousands - when stating answers.

Part (b) was often well answered, with many candidates scoring 3 or more marks. Answers were often well linked to the context - for example, "Break-even analysis will show the number of flats . . ." - and stronger answers typically gave good examples of issues or decisions, such as ". . . the directors and staff have a target to work towards . . .", ". . . decisions such as to reduce building costs . . .", "If there are too many flats needed to break even they will decide it is not worth it", and ". . . see if a profit will be made, if so is it not large enough they can postpone or cancel the project". Some candidates even referred to the angle of incidence and linked this well to risk.

Part (c) generated a wide variety of responses, many good but also many weak ones. The weaker candidates either did not know the purpose of profit & loss or (particularly) balance sheet, and therefore lost marks for incorrect statements, or they grouped these financial documents together and lost marks for a lack of clarity. An example of a very good answer is "Profit & loss is a summary of some financial transactions for *BC* . . . shows the amount of profit made in a period, and can be used to calculate ratios to see if *BC* is profitable . . . Balance Sheet shows the total worth of the firm. It allows *BC* to see the value of their long-term and current liabilities and assets, and to calculate if they could pay off their debts and money owed . . .".

Part (d) (i) was often well answered, with most candidates making simple but accurate statements such as "Labour-intensive means that workers are used to do the job rather than machinery". Those candidates who did not know the meaning of the term guessed incorrectly, for example explaining the term as referring to physical (rather than clerical) work. As in the Foundation paper, the term 'capital' was sometimes used in a vague way: in Business Studies its meaning (as investment in a business) is distinct from that in Economics - a factor of production - and therefore candidates must clarify exactly what they mean when using this term. Part (ii) usually gained at least half marks for candidates. Brief and undeveloped statements such as "they will want higher wages than unskilled workers" were awarded one of the two marks. The better answers developed these points: for example ". . . they should build high quality buildings, which are important to *BC* because . . . a drawback is they may cost more money to employ, thus raising the costs of building each house".

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.

Parts (a) (i) and (ii) tested knowledge, and were generally very well answered. The distinction was usually clarified in (i) by referring to primary as original research, and to secondary as being "done by gathering information from someone else's research". In (ii), some candidates simply reused the question wording without further clarification by using their own words: for example, "Persuasive advertising is when you try to persuade, and informative advertising gives information" gained no marks. Alternative and clearer ways of phrasing usually gained both marks, such as "Persuasive advertising tries to convince the consumer that . . . Informative advertising gives them the facts and leaves them to decide for themselves".

In part (b) the stronger candidates often scored at least 4 marks. Again, some candidates decided to group the two media together without really clarifying which points they made referred to which medium: as a result, these answers tended to lack the focus and precision found when candidates dealt with the media separately (but still drew matters together and linked their points where relevant). Specific points to do with the newspaper - for example "some people won't throw the newspaper straight away . . . their friends can read it", ". . . but people can ignore the adverts section", and ". . . it cannot show images, unlike the newspaper, so people can't see a picture of the flats and the radio advert may not provide much information . . . at least it has a wider coverage, being heard in nearby towns, where people may live who would be willing to move . . .". Several candidates classified their thoughts using the notion of informative and persuasive advertising in the context of these media, which led to some very strong answers being given.

In part (c) the stronger candidates often scored 5 or more marks. The objective usually least well analysed was the profit increase, with many answers being rather simplistic. Better candidates were able to link clearly the survival issue to one or all of the objectives. Examples of strong points made are:

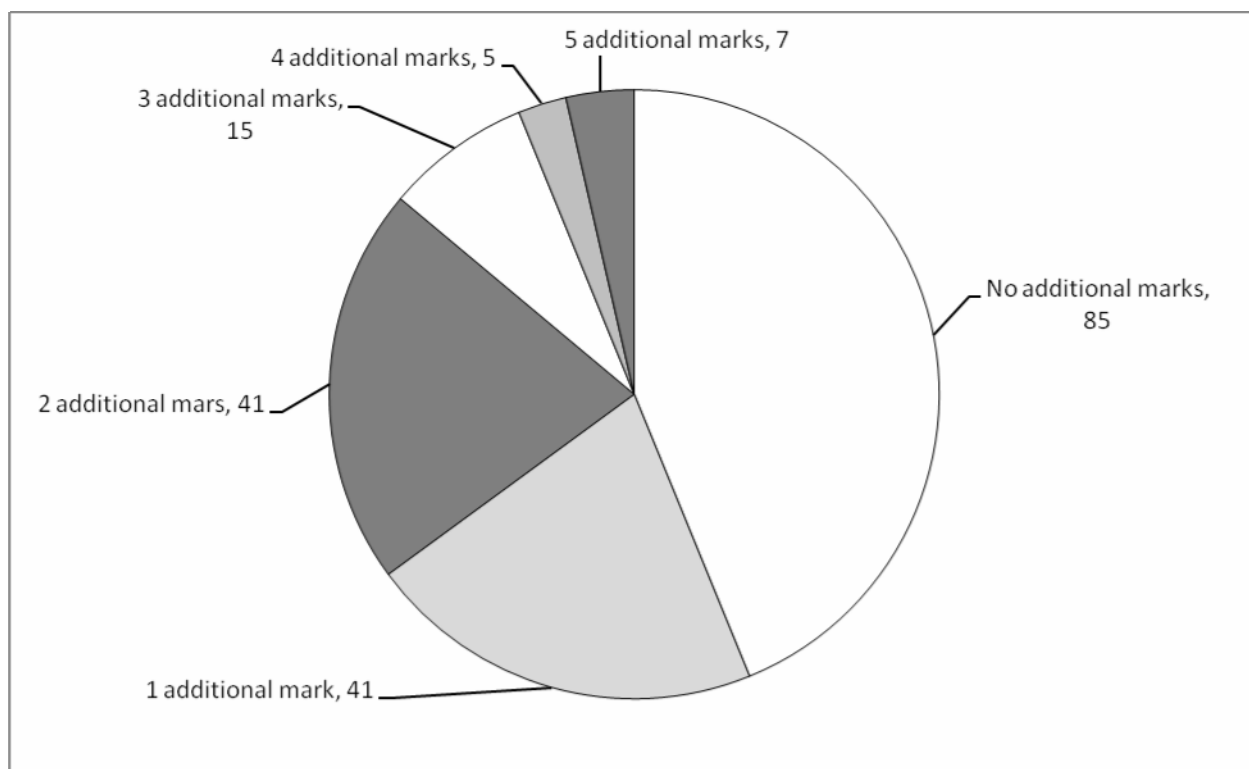
- (build outside the UK) ". . . it will expand . . . access to more consumers . . . spreads the risk and therefore helps survival . . . but buying materials and other resources from outside the UK may be expensive . . . increase costs of transporting . . . depends where they go . . . language, culture and formalities are relevant as well as currency and the ability to get raw materials . . .".
- (increase net profit) ". . . not only giving it more money to spend on resources, but also giving it more chance to grow, thereby increasing its chances of survival . . .".
- (train staff to use computers) ". . . help the company keep an accurate records system . . . motivate workers and therefore increase *BC's* productivity . . . could reduce the amount of paperwork and save costs in the long term . . . become more competitive although its competitors are also likely to be using computers . . .".

Paper 03

GENERAL COMMENTS

The general level of performance showed a noticeable improvement this year as candidates showed a greater understanding of the four assessment objectives in their responses to all questions. Further evidence was provided by (i) an increased number of candidates who scored similar marks on both questions and (ii) an increase in the number of candidates gaining total marks in the high twenties and low thirties.

Out of an entry of just over 1,200 candidates there were 183 scripts that included additional paper to complete their responses. In the light of past series, and after much careful thought and discussion, the number of lines had been increased this series for some questions and should have been sufficient. The pie chart below shows the number of additional marks that such candidates gained from their responses on the attached paper.



The second number is number of candidates gaining such marks. From this it can be seen that 85 candidates (44%) gained no benefit from the attached sheets. In the majority of cases the responses found on the attached paper were linked to questions 1 (d), 2 (c) and 2 (d) where the additional responses were primarily of a descriptive nature, addressing only Assessment Objective 1 but these questions do not target that assessment objective so no additional marks would have been gained. The 12 candidates who gained four or five additional marks were all where a response had been crossed out and replaced with a new response. Candidates should always be encouraged to respond within the lines available and remember that question (a) targets Assessment Objective 1, question (b) Assessment Objective 2, question (c) Assessment Objective 3 and question (d) Assessment Objective 4.

The command words are related to the Assessment Objectives and a list of the main command words used in the examination paper, with an explanation of meaning and the Assessment Objective they are used for.

Advise (AO4)	Suggest ways of solving a problem; benefits and drawbacks for each suggestion supported by evidence
Analyse (AO3, AO4)	Break something down into its parts to show cause and effect
Apply (AO2)	Use knowledge and apply it to a commercial situation/problem
Assess (AO4)	Weigh up two or more arguments/possible solutions, state the pros and cons and draw a conclusion - another way of asking for <i>Evaluation</i>
Calculate (AO2)	Work out answers using arithmetic, working should always be shown.
Compare (AO3)	Note the similarities and differences drawing on your knowledge of business, may require a conclusion supported by the evidence.
Consider (AO4)	Think carefully about or take into account when making a judgement - not just a statement of knowledge.
Decide (AO4)	Make a choice between options available and support your choice with relevant evidence.
Define (AO1)	State the meaning of a term as clearly as possible and support with an example.
Demonstrate (AO2)	Either show your understanding of a business idea or how the idea can be applied to a problem.
Describe (AO1)	Use your own words to show what something is or how it works - paint a word picture.
Discuss (AO3, AO4)	State both sides of a problem and draw conclusions.
Evaluate (AO4)	Weigh up the pros and cons of a situation/problem and then draw conclusions (making judgements).
Examine (AO2)	Look at a situation/problem applying your knowledge and using appropriate information.
Explain (AO3, AO4)	Can be used at different levels: expand something clearly by providing detail.
Give (AO1)	Similar to <i>State, List, Identify</i> or <i>Name</i> , requires you to show your knowledge.
Give an example of (AO2)	From your knowledge, case study or other information.

How (AO2)	How something works or is applied to a situation/problem.
Identify (AO1)	See <i>Give</i> .
Justify (AO4)	Confirm a conclusion or judgement by reference to evidence/case study.
List (AO1)	See <i>Give</i> .
Name (AO1)	See <i>Give</i> .
Organise (AO3)	Arrange systematically or order.
Outline (AO1)	A brief description of a concept, problem or theory.
Select (AO3)	Choose from a number of options.
Show (AO1, AO3)	See <i>Explain</i> .
State (AO1)	See <i>Give</i> .
Suggest (AO4)	Put forward your ideas relating to a commercial problem.
What is (AO1)	See <i>Define</i>
What would be (AO2)	What would happen if something occurred
Why (AO2)	See <i>Explain</i>

There was no evidence that candidates had insufficient time and it continues to encourage that many candidates made good use of the time available to think through their responses. The number of candidates not attempting any question remains low.

An increasing number of candidates evidenced planning of their responses to questions by marking the questions appropriately to aid them in focussing their responses. This is good practice and Centres should encourage this by teaching candidates to underline the command word and any relevant word or phrase within the question.

This paper is taken by those candidates who have chosen not to submit coursework and therefore, unlike Papers 1F and 2H, covers the complete range of awards, ie A*-G. There are two questions with each being sub-divided in exactly the same fashion, as set out below.

- Questions 1 (a) and 2 (a) address Assessment Objective 1 that requires candidates to demonstrate their knowledge and understanding of the specified subject content.
- Questions 1 (b) and 2 (b) address Assessment Objective 2 that requires candidate to apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues.

- Questions 1 (c) and 2 (c) address Assessment Objective 3 that requires candidates to select, organise, analyse and interpret information from various sources to analyse problems and issues.
- Questions 1 (d) and 2 (d) address Assessment Objective 4 that requires candidates to evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

Each question is worth five marks and matches the balance of Assessment Objectives as applied to coursework. The Principal Examiner's Report for Papers 1F and 2H gives further details on these Assessment Objectives and how they are applied to the marking process.

Centres are encouraged to work with their candidates to ensure that they have a clear understanding, not only of the structure of this paper but also of command words and the Assessment Objectives as this should enable candidates to achieve their full potential.

Candidates still need to understand that if they are given information in either the stem to the question or in the question itself there will be no marks available for repetition of that information no matter how well it is disguised. It remains a valueless activity and is a waste of candidates' time.

Question 1 (a)

This question was usually well answered with most candidates gaining full marks. A very few candidates gained no marks or one mark whilst most gained three or more. The most common error was related to the identification of the private limited company and the public limited company which were often reversed. The private limited company had to be D because in a public limited company shares are available to any person and the purchase of them does not require permission of existing shareholders.

Question 1 (b) (i)

Candidates were either totally correct or totally wrong. The latter is difficult to understand as the formula was given in the paper. Where candidates did not complete the calculation, ie they gave a figure that was a fraction, the mark was not given nor was it given to candidates who added a pound or percentage symbol to their response.

Question 1 (b) (ii)

Responses varied but some candidates did gain full marks thus demonstrating their ability to apply the information they were given. Weak candidates had a tendency to waffle, often by stating the difference between the two ratios, many subtracted one ratio from the other and commented on that.

One candidate wrote: *This is because for the business to be healthy the current ratio should equal between 1.5-2 (1) whilst the acid test ratio should be around 1*

(1). *Both ratios are too low indicating that the business had a liquidity problem (1)*
...

It is noteworthy that although this candidate continued to write another four lines all the marks available had been given at this point, after just three lines.

Another candidate wrote the following and gained no marks as they had not answered the question. *The managers of the business might consider the ratios of the business to be low because there are not a lot of fixed assets, the current assets are also small and the current liabilities are also big making the current ratio small.*

Question 1 (c)

This question required candidates to identify the actions of business in a given context. These actions had to relate to the bank and even though bank was emboldened in the question many missed it or, possibly, chose to ignore it. Candidates had difficulty with this question for a number of reasons that included:

- A description of overdrafts and/or loans that did not analyse the problem they were given.
- Responses were not related to the bank.
- Stating that the business had losses or deficits rather than a negative balance. In such cases the mark for negative balance was lost but the remainder of the answer was marked using the own figure rule (OFR).
- Responses that stated what the business could do to reduce its negative closing balances – not required by the question.
- A description of what a cash flow forecast was.
- The suggestion that a short/mid/long term loan was appropriate, which it is not. If any of these were suggested the mark for negative balance was lost but the rest of the question was marked under OFR.
- A number of candidates thought that bank was to blame for the negative cash flow.
- An analysis of the figures along the lines of this is up, this is down etc.

The above, and, for some candidates, a simplistic approach meant that the majority of candidates did not access the higher mark range. The usual mark was three for recognising that there was a negative balance, approaching the bank and securing an overdraft.

One candidate wrote: *The closing balance for June and July is negative (1) . . . It would be admirable for the owner of the business to arrange (1) an overdraft (1) as early as possible (1) . . . so the money is available before June (1) . . .* The candidate took a full page to say this but they had clearly analysed the actions that would have to be taken with the bank.

There were a number of additional responses that were encouraging as they did demonstrate good analysis by candidates. Amongst these were: seeking advice from the bank and taking figures and the forecast cash flow to the bank for discussion.

The response of this candidate was given no marks. *I think this business should keep on using the same method, because before the outflow was much higher than the inflow but now it is opposite. It shows that this company is increasing the profits.*

In July the opening balance is getting low and also the closing balance, but in some time inflow goes up and outflow goes down which is profitable. Should increase because closing balance is going to be the opening balance in next months so if it is low it's hard to get high closing balance.

There is confusion here and, obviously, the question has not been answered.

This response shows how a candidate has, in the main tried to answer the question using the information provided and has not done so, gaining only one mark: *Closing balances are negative for both the months which means outflow of cash is more than inflow but only for june, and july (1) outflow is a little less than that but the opening balance was only negative (1100). The expenditure of the business is more than the income. The business should take some actions with the bank.* At this point the response has ended and the question has not been answered.

Most candidates gained at least one mark for recognising the negative balances in June and July.

Question 1 (d)

Few candidates were capable of evaluating or making judgements relating to the interdependence of the two departments and this was one of the questions where many candidates added extra paper to their answer booklet as they wrote all that they knew of the function of each department. The following candidate response is typical of those that scored no marks: *The production department of this large business is the front line. They make the television sets and sell them. They will have a production method and use machines. The marketing department is important. They need to consider price, place, promotion and product. They need to set the price and use different price strategy. They need to consider how the televisions get across the world. They need to set discount or how to advertise the product.* The question has not been answered as at no point is there any reference to how the two departments work together. The response is a recital of knowledge with no evaluation or judgement.

The responses that did achieve marks, and there were some that gained all five marks, usually began as this candidate did: *The production department makes the television and the market department advertises and promotes them. They have to work together in these ways as . . .* In a similar vein another candidate began: *The production department is dependent on the marketing department because . . .* In such cases links between the two departments were more likely to be made.

Question 2 (a) (i)

Most candidates generally performed well on this question.

However some candidates responded with answers that were related to primary research and not secondary. Other candidates gave desk research as their answer which is another way of saying secondary research. A few went down the road of explaining how market research assisted a business in finding out what their

customers wanted even though the question asked for **methods** of secondary market research. Candidates have to read the question and answer the question asked not the question they would have liked asked.

Where the command word is list then all candidates have to do is what this candidate did: *Newspapers (1), specialist magazines (1), government statistics (1)* No more is required and candidates who give the answer in sentences or offer further detail are wasting their time, time that they could more effectively use on other questions. Compare the above with the response from another candidate who was given 1 mark: *Secondary research is a method of market research (less relevant and possibly out of date). This was carried out by looking at newspapers (1) or any other similar media such as sales records of a similar product, questionnaire research on a similar product from a different company.* Two of the methods given are primary research; the response includes analysis that is not required and over written.

Question 2 (a) (ii)

Whilst many candidates did gain the mark available others gave answers that would have been perfect of the question had replaced market orientated with product orientated. Again there is the issue here of reading and answering the question asked.

The responses to market share were much better than the last time this area of the specification was tested and far fewer candidates gave as their response something relating to the sale of shares in a business through the stock exchange.

Question 2 (b)

The question clearly asked candidates to only use managerial and trading internal economies of scale. Some candidates chose to ignore this guidance and included other internal economies of scale for which no marks were available. Knowledge of the appropriate economies of scale was demonstrated by many candidates but not all could apply this knowledge to the Morrison situation given.

Many candidates were able to gain two marks as they indicated the employment of specialists and bulk buying. Such candidates did not then go onto apply these to Morrison in terms of expertise and lower unit cost respectively. Two examples are given below one of which gained no marks and the one of which gained four marks.

They have taken over and gained more numbers of shops, this is good for the business because they will gain more cash for the business, profits and net income will increase. Therefore the business gets healthier meaning they will survive longer. They can trade some stores with others resulting in better locating where people will more likely to go to the stores. The question has not been answered. The candidate seems intent on getting as many business terms as they can into the response and there is a vagueness that may indicate confusion and the question not being understood.

Morrison would benefit because they would only need to employ managerial staff that is qualified at their job this is managerial economies, by employing specialist staff (1) Morrison become more efficient and therefore more productive. (1) Trading economies would be that they would be able to bulk buy (1) purchases more

therefore reducing average cost per unit and reducing overall costs for the business (1). The further development of one of these economies of scale would have given the candidate full marks, say may require fewer managers or buying power of the company respectively.

Question 2 (c)

This question was not well answered by most candidates with few gaining more than two marks. This was another question where candidates demonstrated sound knowledge of job descriptions and job specifications from the employers' perspective but the required it from the perspective of someone applying for a job and this phrase was emboldened on the question paper. Other responses concentrated on how you would draft a job description and specification, others gave responses that indicated that candidates thought that job descriptions and specifications were drawn up by applicants for the posts. Some candidates were not always clear on how a job description and a job specification differ. The following is typical of many responses where the question was not answered: *They need to see the job description which describes the tasks and responsibilities they will have, working hours, working times, and salary and wage. The job specification tells the applicant the skills and qualifications they need, possibly experience the applicant would have had at other jobs.* This is just knowledge and no analysis has taken place

Despite this it was encouraging to see that a number of candidates did analyse and respond well to this question, mainly by putting themselves in the position of an applicant. These responses were often instantly recognisable because they tended to make use of 'I' or 'me' in the answer. Such responses would talk about how they would help decide if you should apply for the post, did your qualifications match those required, would save you wasting time and would help you decide if you actually wanted the job. These were a pleasure to mark.

Question 2 (d)

Too often responses were generic and showed little or no evidence of candidates suggesting ideas for the importance of studying competitors. Some candidates confused competitors with competition and gave inappropriate responses. In a similar vein some candidates did not comment on location, as asked, but rather spent much time discussing issues such as profit, advertising, price and product. Other responses concentrated on generic factors of location such as land and power with no reference to Morrison at all.

There were, though, some good responses where candidates did demonstrate their ability to suggest why studying their competitors was important and one such response was: *Competitors locations are very important for different reasons. For example if there is an area where lots of people live but also contains lots of competitors' retail outlets (1), then it may not be smart to locate there as consumers may be reluctant to change their shopping habits (1) - where they shop. However if there is a location with a relatively large consumer pool, lots of residents - and absolutely no competitors' retail outlets, then the discussion to locate there would be smart (1). This is because no competitors' retail shops could mean higher prices could be set hence increasing revenue (1). Also if that area has a large number of different retail shops then there will be a greater throughput of potential customers (1).*

Paper 04

Coursework Option

In the May 2008 series only two Centres entered candidates for this option. Both these Centres have received detailed reports.

As in May 2007 the intention of this report continues to be to give guidance on the application of the coursework criteria to assist any Centre in its decision whether to enter candidates for coursework instead of the 03 paper.

Centres should note that where the marketing coursework is undertaken it is not necessary for candidates to include a copy of every questionnaire they have administered. It is sufficient to include a copy of either an uncompleted questionnaire or one completed questionnaire. What is important is the use that candidates have made of the data they have collected from their questionnaire and this will be evidenced in the report.

No excuse is given for again including the information relating to the assessment of coursework that follows.

ASSESSMENT OBJECTIVE 1

Demonstrate knowledge and understanding of the specified subject content

1.1 Candidates are expected to have a basic knowledge of the subject content so they could mention, for example, profit, revenue, costs in a given context and gain this criterion. Obviously knowledge from any section of the specification is equally acceptable.

1.2 Candidates are expected to identify their sources of knowledge. This criterion is linked to 3.4 and 3.7. The plural should be noted and to gain this criterion candidates would have to have somewhere in their coursework something along the following lines, 'In doing this coursework I used a textbook called Business Studies by Karen Borrington and Peter Stimson and received help from my teacher Mr A. N. Other.' In this case the candidate has identified from the text and people group.

For the latter group the person must be named and a candidate who wrote my business studies teacher would not be identifying the person. For the other two groups relevant references would be for organisations, Tesco plc and for electronic a full web address such as www.bized.ac.uk. In a well designed piece of coursework this criterion would normally be found either in the action plan or in an information log kept by the candidate.

1.3 Candidates have to identify a minimum of **two** business aims or objectives. These must not be personal aims of the candidate. The business aims should be in the context of the problem or issue that the coursework is addressing. For most candidates they are likely to be from the following, profit, profitability, survival, expansion, market share.

1.4 Candidates have to recognise a minimum of **two** constraints. It is sufficient

that candidates recognise the constraint. Examples of constraints could be location, capital or communication.

- 1.5 Candidates have to recognise differences or check availability. If it is differences (the most usual reason for this criterion to be given) then two differences must be mentioned. Financial differences could refer to sources of finance; in marketing it could be primary and secondary research, in production job and batch, in Human Resources on-the-job and off-the-job training. The availability option in this criterion is rarely seen. To gain it candidates might for sources of finance, look at the availability of different sources in the context of the problem or issue.
- 1.6 Candidates have to consider influences. The word 'consider' appears in a number of criteria, specifically 1.7, 2.4, 3.6, 4.4 and 4.6. In each of these criteria consider means that the candidate has to do more than just state facts. Candidates have to be taught to deliberate and to think about, in this case the content of the specification. It is at this point that the 'understand' part of this Assessment Objective really comes into play. A candidate who just lists points relating to location will not have met the criterion whereas the candidate who looks at location within a context and shows evidence of thought and deliberation will have met the criterion.
- 1.7 Candidates have to consider alternatives from a knowledge and understanding perspective. Taking as an example measuring success, then a successful candidate will be able to show their clear understanding of how the different ways of measuring success can be used within in the context of the problem they are dealing with.
- 1.8 This is often seen as a difficult criterion to give. It is not. Teachers will instinctively know when a candidate is showing their own sound knowledge and are not just repeating what they have found in a textbook or a download from the internet. A candidate looking at the way businesses organise themselves would be expected to demonstrate and understand well two forms of organisation, say partnerships and franchises. This would go beyond simple statements about partnerships and franchises and would demonstrate clear understanding by the candidate.

The recognition of relationships could be between revenue and costs, employer and employee.
- 1.9 Candidates would be expected to make critical comments on the subject content or to make comparisons making use of their own knowledge and understanding.

ASSESSMENT OBJECTIVE 2

Apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issue.

- 2.1 Candidates are expected to be able to state the basic terms, concepts or theories that relate to business, for example they might mention that a sole trader takes all the risks and has to do everything themselves if the context and problem were so related.
- 2.2 Candidates are expected to apply basic methods to the problem or issue they are considering. This could be a graph, chart, tally or table.
- 2.3 Candidates will prepare a basic action plan. This could be as simple as a few sentences stating what the candidate intends to do. It must be in the future tense. Candidates should be encouraged to draw up an appropriate action plan that sets out what they are going to do, how they are going to do it and what they need to carry out their plan
- 2.4 Candidates will need to consider issues or legislation. Most candidates tend to go for the legislation option. If this is so candidates must be told that this is the 'Apply' assessment Objective and it is not sufficient just to list details of legislation but that they must show how this legislation will impact upon their issue or problem.
- 2.5 Candidates will be given this criterion where the methods being applied are relevant to the topic being studied or the issue or problem being considered.
- 2.6 Candidates will have already met 2.3 and will now further develop their action plan by adding deadlines for completion and indicating if such deadlines have been met and if not why not.
- 2.7 Candidates have to undertake three distinct activities; (i) recognise strengths of ideas they have used, (ii) recognise limitations of ideas they have used and then (iii) make decisions. In many cases this could be achieved through a SWOT analysis if relevant to the issue or problem being addressed. It does not have to be a SWOT analysis as long as there are a minimum of two strengths, two limitations and two decisions.
- 2.8 The candidate will have effectively addressed the issue or problem that has been set through the use of their knowledge and understanding and application of appropriate business terms, concepts, theories and methods.
- 2.9 Candidates will present their action plans, probably as a table, which will include full references to the sources used, the value of these sources, dates and deadlines and an indication of changes to the original plan with reasoning.

ASSESSMENT OBJECTIVE 3

Select, organise, analyse and interpret information from various sources to analyse problems and issues.

- 3.1 Candidates will gather basic information from the sources that they have indicated in 1.2. A typical response could be: 'I went to see the bank manager and the local building society to get my information on borrowing money for a business' This would then be followed by an indication of the relevant information gathered from that source.
- 3.2 Candidates can record information, be it textual, numerical or graphical, in a number of formats. These could include candidate's own notes, tables, charts, graphs and diagrams as appropriate.
- 3.3 Candidates can collate information in a number of ways. Examples could include a tally chart that relates to a questionnaire, a pie chart for the purpose of comparison, a spreadsheet showing cash flow or reports from a database.
- 3.4 Candidates will either gain this through evidence of having used three sources or, and this is more likely, through demonstrating their ability to organise and use the information they have gathered.
- 3.5 Candidates will be able to interpret and analyse the evidence they have gathered, recorded and collated. They might, for example, comment on a graph relating to profit or responses to parts of a questionnaire they have carried out.
- 3.6 Candidates are expected to consider alternative ways of selecting, organising and interpreting. This could be evidenced through the use of different types of graphs so the most suitable is chosen to match the purpose or through a consideration of types of questions in a questionnaire.
- 3.7 Candidates must have made use of all four sources and must then further demonstrate clearly the system they have used to ensure that the information they have gathered does what they have planned for it to do. This criterion cannot be given just for the use of four different sources. It is possible that a very good action plan as explained in 2.9 might enable a candidate to achieve this criterion.
- 3.8 Candidates are expected to use their information with specific reference to the issue or problem they have been set and that the use of this information is both effective and valid in addressing that issue or problem.
- 3.9 Candidates should note the two key words; these are **logical** and **comprehensive**. Logical implies that there is a recognisable format to the report or presentation and comprehensive implies that all that has to be

covered has been covered.

ASSESSMENT OBJECTIVE 4

Evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

- 4.1 Candidates are required to make at least two basic comments that have an implied sense of either judgement or evaluation. A typical response might say: 'The figures show The Body Shop has not got a very high net profit margin, which could mean that the firm is not very good at controlling costs.'
- 4.2 Candidates are required to draw a minimum of two conclusions that relate to the issue or problem they have been set and that are supported by what has already been written. Again, a typical response might be: 'When new employees were trained in the factory they kept getting interrupted so it was agreed that in future all training would take place at a College.' For the criterion to be given another conclusion, related to the task, would still be required.
- 4.3 Candidates can make reference to either social, financial or environmental effects, but they must be effect. So there could be two financial effects or one social and one environmental effect, but there must be two. A typical social effect might be: 'By engaging the employees I will be helping Cairo and the wider Egyptian economy in a small way by reducing unemployment.'
- 4.4 Candidates are expected to consider any results they have indicated in their work or make a limited attempt at analysis and conclusion. It should be noted here that a full conclusion is not required but there should be evidence of an attempt at making a conclusion from the analysis.
- 4.5 Candidates can gain this criterion through the statement of a hypothesis and then either proving or disproving it. When using a questionnaire a candidate can state what they think the opinion will be and then compare that with the facts gathered from the questionnaire. Limited conclusions are required. The following example gives an indication of what is being looked for. 'The cash flow gave an estimate of the amount likely to be made and spent in the first 12 months. However the actual income and expenditure showed that £40,000 and not £30,000 had to be invested. This improved overall cash-flow.'
- 4.6 Candidates would develop the basic references given in 4.3 and would show that they had thought about the effects and not just described them. Again such considerations can be for the same area or different areas.
- 4.7 Candidates need to note that a minimum of two outcomes need to be evaluated and that there must be an indication of at least two improvements.
- 4.8 Candidates need to present a detailed evaluation based on what they have researched and written and the suggested improvements (a minimum of two) have to be justified in the light of their own findings.
- 4.9 Whilst 4.3 and 4.6 can be of a more general nature this criterion requires

candidates to link the financial, social or economic effects to the suggestions they have made.

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