

Examiners' Report November 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 some 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 attached sheet') 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 an ice cream manufacturer. 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, with items (iv) and (v) proving the easiest for candidates. Part (b) was often not well answered because many candidates confused public limited with public sector and therefore failed to outline appropriate differences.

Part (c) was quite well answered, with marketing function answers usually being more fully developed. Stronger answers referred to the actual products of *Nice Lolly Ltd* and therefore gave clearer examples.

In (d), many candidates struggled to describe economies of scale. Some stronger answers to (i) included an illustration: for example, "The advantages for an organisation as it increases in size. An example is bulk buying, or lower interest rates." Marketing economies were asked for in (ii), with many candidates being content merely to describe the marketing function rather than give suitable examples.

Part (e) was generally well answered, with most candidates providing a descriptive list: labour, power and cost-related points were usually made.

Question 2

Candidates overall found this the most difficult of the three Foundation questions. Part (a) was quite well answered, with most candidates being able to compare email and the telephone in some detail: for example, "Email . . . there is proof that the message has been sent. However, there is no direct feedback to know if the receiver has received the message . . .". Such answers gave a balanced view of the benefits and limitations of both communication methods.

Part (b) caused candidates difficulty: although some candidates managed to identify one or two examples of relevant external recruitment, sometimes over-brief statements such as "Ivan can advertise" were given. Most struggled to give appropriate examples of internal recruitment methods.

In (c) there was some misunderstanding of a skimming price strategy. Better answers related skimming to the fact that there was no competition for the product given in the question: for example ". . . as the competitors don't have this product, so Ivan could decide on the price . . . as the customers would not be able to compare . . .".

Part (d) was not generally well answered, with most candidates failing to use specific information about the named 'below the line' techniques. There was little understanding displayed of these techniques, and of their applicability to the given situation. Better answers referred to the fact that a free sample might mean the customer buys the new ice cream immediately, or that the competition would motivate people into buying the product.

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

This question is common to both Foundation and Higher tier papers. It was generally well answered, particularly by the Higher tier candidates. Part (a) calculations of gross and net profit were usually accurate, although many candidates in (b) failed to differentiate between net profit and the net profit ratio (that is, the profitability of the business based on comparing profit to sales). A good answer was: "It gives Ivan the percentage of net profit of the sales turnover . . . an idea of how much of the sales is made up of cost of sales and expenses".

Most candidates found part (c) easy to calculate, although a number lost the second mark in both (i) and (ii) by omitting the percentage sign. It is important at this level for candidates to state clearly what is meant by the results of their calculation: for example, "62.5" on its own does not show clearly a ratio.

Part (d) caused some difficulty to candidates. Weaker answers tried to explain that both businesses performed equally well, by for example totalling the two percentages given. Stronger answers stated clearly which of the two performed better, and gave supporting reasons. However, 'easy' marks were lost by candidates failing to use the figures (for example, stating "5% more"), being content merely to copy them out. Some use of figures is expected at this level.

Part (e) was quite well done by many, with most candidates stating that flow involves continuous production of a product whereas batch involves a limited number of different products. Better answers related these to the business's products, although this was not required to gain the marks.

Part (f) required candidates to analyse why job production is expensive in the given context, and most referred correctly to the likely higher cost of labour and materials. Stronger answers often explained that economies of scale were not possible.

PAPER 2H

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

Question 2

Parts (i) and (ii) of (a) were well answered generally, although a number of the Higher tier candidates also confused public limited and public sector. Points on ownership and control were usually well made, with typical reference to the increase in the number of shareholders and the risk of takeover. Part (ii) was not well answered: only the stronger candidates recognised the likely managerial economies of scale and related cost savings and/or efficiency improvements, although some managed to describe at least one marketing and one production economy of scale.

Part (b) was well answered, with nearly all candidates being able to identify and develop points related to two influences other than communication. Labour, transport and land were popular choices, with better answers concentrating on issues such as cost and time (for example, relating to the transport of a frozen product such as ice cream).

Part (c) required candidates to answer a question phrased as "To what extent . . .?". Although there was a lot of knowledge of (in particular) email and the telephone,

many candidates were content simply to describe the features of email without considering the telephone, and therefore gave part-complete answers only. It is important for candidates to provide balanced answers to such questions by for example using linking words such as 'however' or 'whereas'.

Question 3

This question is designed to be the most challenging faced by candidates taking this Paper.

Part (a) allowed candidates to select one from four pieces of legislation. Race Relations and Sex Discrimination were slightly more popular, and many candidates correctly referred to issues such as recruitment and training. Many easily gained two or three marks. Some weaker candidates selected the Employment Equality (Age) Regulations and attempted to guess its relevance, without success.

Part (b) required analysis, and this was often lacking. Although nearly all knew the nature of, and difference between, the job description and person specification, many simply described them rather than analysing their relevance to recruitment. Stronger answers provide this analysis: for example, "Applicants will know what is expected of them and can see if they are able to carry out all of the tasks. For the employer, fewer applicants will apply . . . Applicants will see if they have the right qualifications . . . if they fit the profile . . . This causes fewer people to apply and therefore less work for the company . . ."

Part (c) (i) was usually well answered, with clear statements being made about both market segment and market share. In (ii), more candidates seemed able to assess the position of a product in decline, with reference to (and examples of) extension strategies often being made. Stronger answers used the "four Ps" as a basis for points, with particular reference to appropriate pricing and promotion/advertising strategies.

4330 Paper 03

GENERAL COMMENTS

The last report for this specification began with a detailed breakdown of the outcomes for the 15.25% of candidates who had used additional paper for their responses and made the point that for many the results of that use had either no effect on their final mark or, at best, a minimal effect. Whilst it is always assumed that these reports are read and acted on it is always worthy of comment when there is an obvious improvement related to an earlier comment. This has been the case for this series where only 2.5% of candidates used additional paper. In each case no additional marks were forthcoming from that use. Centres should continue to inform candidates that the number of lines provided is sufficient for a response that can gain full marks. Linked to this was the very small percentage of candidates, 6%, whose responses made use of additional space on the paper outside the number of lines provided. It is hoped that both these improvements will continue in future series.

As has been mentioned in the past candidates will always benefit from a careful reading of the question. In this series it was felt that candidates had not done this as well as they had in the past. In particular, questions 2 (a) and 2 (b). Details relating to both these questions will be found below.

There remain candidates who only present responses to the last three parts of questions 1 and 2 that are purely knowledge based. Candidates should be made aware that if they continue this practice they are unlikely to score highly in these sub-questions that are targets to Assessment Objectives 2 (Apply), 3 (Analyse) and 4 (Evaluate). Centres are reminded that the link between command words and Assessment Objectives is given on page 21 of the Teachers' Guide for this specification.

Question 2 (c) was not well answered and many candidates showed a lack of knowledge and understanding of TQM that seriously restricted their responses.

Many candidates still spend time repeating the question or re-phrasing the stem as part of their answer. For some candidates in this series it was sometimes their only response. It is understood that candidates may use the question as an introduction to their response but all candidates should be told that there are never any marks available for only repeating the wording in the stem and the question. Such practice was most noticeable in responses of many candidates to 2 (d).

An increase in the number of candidates achieving a balance of marks on the two questions was noted for this series. There were a few papers where marks for question 2 exceeded those for question 1.

On a final, and, again, a positive note, it is encouraging to report that an increasing number of candidates are highlighting the command word in a question and some are also beginning to draft notes (usually in pencil) that they then use when framing their response to a question. Both represent good practice and candidates should be encouraged to do this, especially for the last three parts of each question.

Question 1 (a) (i)

While the majority of candidates were successful when answering this question - although there were some candidates who did score zero mark - too many candidates thought that the reinvestment of profits was short-term capital. Overall, the question was well answered.

Question 1 (a) (ii)

Candidates generally pick up the two marks available. A number of candidates reversed the correct responses whilst those scoring one mark tended to give the same answer to each part of the question. Overall, the question was well answered.

Question 1 (b)

Most candidates appeared to enjoy this question and these did apply their knowledge and understanding well to the problem. There were very few candidates who could not identify the underlying problem (costs were exceeding revenue).

The cause of the difference between a good mark and a poor mark was what candidates did after identifying the problem. The question asked candidates **how** the business could solve the problem. Candidates who explained how a break-even chart is constructed, how costs and revenues are calculated and how the graph is drawn were not answering the question, simply displaying knowledge of break-even. Other candidates went into great detail about improving promotion, more advertising and lowering the price. Such candidates had missed the point of the question.

Other candidates gave responses that were a close match to the mark scheme and one of these - used by a number of candidates - increase output - was added to the mark scheme during the marking period. One candidate, who suggested this, had extended the total costs and total revenue line to see how many units would be required to reach break-even. Other candidates extrapolated the data to provide figures for costs and revenues, although few who did this made effective use of the information.

This question proved to be a good discriminator.

Question 1 (c)

Too many candidates responded with basic knowledge about primary research and a few gave descriptions of secondary research, not primary.

The best candidates used the information in the stem well in this question and recognised that the target market was likely to be very small. One candidate who spoke about the expense of primary research stated that as the business was dealing with the luxury end of the market the cost was unlikely to be a factor for the business. Other candidates who mentioned cost did not then do the analysis of the candidate quoted above.

A number of candidates commented on why secondary research was not appropriate and this was rewarded where it was accurate and appropriate.

Most, but not all, candidates mentioned at least one method of carrying out primary research and the best candidates did this in the context of the question, analysing why this was a suitable method.

Question 1 (d)

A large number of candidates responded with everything that they knew about being a sole trader and in doing this demonstrated some good knowledge and understanding. However, the Assessment Objective is AO4, evaluation and candidates were asked to assess the decision to become a sole trader in terms of control **only**. There was much discussion and in some cases assessment of finance and unlimited liability but the question was about control.

Candidates have to respond to the question that has been asked not the one they would have liked to have been asked.

Question 2 (a)

This question was generally well answered with many candidates gaining full marks. There were few candidates who scored 2 or less marks.

Candidate who scored four marks generally gave the wrong response to the fourth training need that they identified, incorrectly as on-the-job training rather than induction training. Such candidates may have avoided their error if they had more carefully read that particular part of the question. The same advice would have to be given to those candidates who responded on-the-job training for an employee who is to be trained on a new machine that will be delivered in eight weeks.

This is the first time that a question of this nature has been set and the response of candidates demonstrated good knowledge and understanding.

Question 2 (b)

Generally candidates appeared to respond effectively to this question and some showed the ability to apply their knowledge. Responses that demonstrated effective application included a possible reduction in costs for the processing of orders, the ability to gain a wider market by using a website with no associated travel, promotion and advertising costs and savings because brochures no longer had to be delivered. These were added to the mark scheme.

Those that did not were because they concentrated on the benefits of a website with no mention of how this would reduce costs for the business or created their own scenarios (one candidate worked a response around a chain of shops) and then did not comment on cost reductions. Candidates who did not perform well on this question ignored the three bullets.

Question 2 (c)

This question was not well answered and very few candidates appeared to have sufficient knowledge of TQM and those that did could not use that knowledge in relation to customer service. Past questions relating to TQM have not been well answered and Centres should note that TQM is in the specification and, therefore, it will be part of either this paper or papers 1F or 2H. On the evidence of this question

there is a need for candidates to have a greater knowledge of this area of the specification.

Against this there were a small number of candidates who did make an attempt at answering this question and one candidate who mentioned the importance of customer feedback to customer services as a method of discovering problems with a product and/or seeking improvements.

Question 2 (d)

Too many candidates just gave a description of JIT - in some cases missing the point of the question totally by their descriptions to the sale of cars and not the purchasing of car parts.

This was the question where the response of many candidates was little more than a re-writing of the stem and question and no evidence of them assessing the context they had been given.

There were candidates who present reasonable responses, the best looking at the advantages and disadvantages of the manufacturer of JIT.

4330 Paper 04

GENERAL COMMENTS

No candidates presented work 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, 2007 and 2008.

Grade Boundaries

Option	A*	A	B	C	D	E	F	G	U
1-1F & 03	-	-	-	49	43	38	33	28	-
3-2H & 03	76	63	50	37	29	25	-	-	-

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