

4330 BUSINESS STUDIES, NOVEMBER 2005

CHIEF EXAMINER'S REPORT

Papers 1F and 2H

General Comments

The overall performance of candidates in this examination was good. Centres continue to cope well with the demands of the new Specification and a slightly different approach to that used in O level examinations. As in the June 2005 series, centres had generally entered their candidates for the correct Tier. In general, the Higher Tier candidates proved more comfortable writing answers in context, whereas the (relatively few) Foundation candidates found this a far more challenging task.

Candidates again coped well with the use of the question paper as answer book. There continue to be 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.

The standard of written communication remains at least satisfactory. The area of improvement suggested in the June 2005 series - that of communicating candidates' numerical answers - is still looked for. Centres are therefore still encouraged to continue working with their candidates to ensure that incorrect figures are crossed out, with the replacement figure being positioned close to (at the side, above or below) the one that has been crossed out.

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 (c)(i) asks candidates the differences between 'market' and 'market share'. 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 *GL plc*, a manufacturer of computer screens: in the previous Series, information was given about *RHL Ltd*, a company specialising in hotels. In the November paper, for example, Paper 1F Question 1 (d)(ii) required candidates to give examples of factors of production (labour and capital) specifically for *GL plc*. 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 1F Question 3 (b)(ii) asked candidates to analyse a given break-even chart. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.
 - AO4 Evaluate - this most demanding Assessment Objective tests candidates on their ability to formulate some judgements. For example, Paper 2H Question 1 (d)(ii) required candidates to judge why an overdraft

was appropriate in the given situation. 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. For example, the answer to Paper 2H Question 2 (a)(iii) for 'professional services' is given as "(AO2) Education/training support - (AO3) improves the efficiency of *GL plc* staff - and therefore increases productivity/improves motivation." As one of the two tertiary services that should be included in a candidate's answer, there are three marks available here. A candidate who referred to either education or training would gain the one mark available for applying (AO2) knowledge. If the candidate went on to make an analytical (AO3) statement regarding how this could improve the business's efficiency, a second mark would be awarded. The third mark, again for an analytical statement, would be awarded for reference to either increased productivity or improved motivation.

The June 2005 Report contained a number of illustrations taken from candidates' answers. This Report does not include such illustrations, essentially because entries for the November Series were far lower. Centres are strongly encouraged to return to the previous Report and examination papers, and to study the examples given in that Report. Future Reports will return to the practice of quoting from actual answers where entry numbers are sufficient to provide relevant illustrations.

Paper 1F

Question 1

- Part (a) was not as well answered as in the June 2005 series, with candidates struggling to get three of the five answers correct. Question (a)(iii) caused the greatest difficulty: it was clear that some candidates did not understand the term 'Boston Matrix'.
- Part (b) was also not well answered. It required candidates to list two types of 'below the line' promotional techniques, and some centres appear not to have taught this.
- Part (c) required candidates to provide statements to show they knew the difference between the terms given. Most could describe the term 'market', but 'market share' was not well described or explained. As in part (b), there was a lack of knowledge concerning both EPOS and EFTPOS, which was again disappointing because these are clearly mentioned in the Specification.
- Most candidates obtained at least 1 mark for (d)(i): answers to part (d)(ii), based on examples of specific factors of production, were also typically satisfactory.
- Part (e) was not well answered. Part (i) was a reasonably straightforward question based on Production, but the evidence in the answers again suggested that this section of the Specification had not been well taught. Candidates also struggled to apply their understanding of different departments to the given context when answering part (e)(ii).

Question 2

- This question was much better answered than Question 1. It started with an AO1 (Demonstrate) question asking for classification of types of market research. This was generally well answered.
- Parts (b) and (c) focused on a given chart of sales figures. Part (b) proved extremely easy, and there were some reasonable answers to part (c), which looked for a comparison of the sales performance for the three screens given. Candidates typically gained the AO3 (Analyse) marks for comments on the individual performances, but failed to gain many evaluation marks by ignoring trends and the requirement to compare these individual performances (for example, in terms of which screen was now the largest seller).
- Part (d) challenged candidates to use the context when explaining the benefits of a website. Although most could identify two benefits, the answers lacked any real development.

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

- Answers to this question from both Foundation and Higher candidates were generally satisfactory. Part (a)(i), however, often generated incomplete (and therefore weak) answers, with most candidates failing to comment on the relevance of output when writing about fixed and variable costs. Some of the weaker answers suggested that fixed costs never change, which shows an incomplete understanding of this term. Rent and raw materials were two popular, and of course correct, examples given for part (ii).
- Answers to part (b) were often disappointing. In (i), many candidates added an extra nought and so stated the break-even output incorrectly as 25 000, or failed to include the £ sign when stating the break-even revenue (although they did not lose a mark for this omission). Answers to (ii) often showed that the candidate had failed to read the question with sufficient care. Many candidates were content to state 'loss' and 'profit' respectively (and correctly) for the given outputs, answering the requirement to 'state whether it is a profit or a loss'. However, they ignored the key part of the question, which asked them to

‘identify the profit or loss . . .’ for the given outputs, and so an actual figure was expected.

- Answers to part (c) usually contained some reference to ‘plan’, with ‘control’ as the main alternative advantage focused on by candidates. However, few candidates considered the ‘in this situation’ requirement given in the question, and did not therefore refer to the new screen in their answers.
- Most candidates correctly named February as the relevant month for (i). When answering (ii), a number of candidates confused cash and profit, incorrectly arguing in terms of the latter. There was some knowledge of the short-term requirement (the company has a negative cash balance only at the end of February/start of March), but again many candidates chose to ignore the ‘in this situation’ stipulation, and therefore provided rather generalised (and therefore weaker) answers about overdrafts.

Paper 2H

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

Question 2

- The question as a whole was well answered. Parts (a)(i) and (a)(ii) were both very well done, with many candidates achieving full marks. Insurance, banking, transport and accountancy were the most popular selections for the tertiary services in part (ii). Many answers to part (iii) were awarded the two marks available for suitable application (AO2), and there was typically one supporting analytical statement for each service, giving a further two marks for most candidates.
- Candidates either knew the answer to part (b) (on internal economies of scale), or did not. For example, there were a number of vague answers to part (i) with the candidate referring either to unit costs falling or to output rising, without linking these two. Finance, managerial and marketing economies were popular selections in part (ii), and were often very well described in context.
- Some candidates gave well-analysed answers, usually by referring to the negative effects on communication and/or motivation. A number of answers described the issue of diseconomies of scale without referring to this term: there was an easy mark to be gained here, and it was surprising that more candidates did not structure their answers by first referring to - and getting marks for - the general 'theory', then developing specific analytical points (related to *GL plc* wherever possible).

Question 3

This question was designed to be the most challenging faced by candidates taking this Paper, and - as in June 2005 - it proved to be the most difficult. Candidates were expected to use the skills of analysis and evaluation, with 15 of the 20 marks in total being allocated to these skill areas.

- When answering (a), many candidates ignored the phrase in the stem that explains the new computer screen is sold "not directly to the general public through its website." This was particularly disappointing and surprising since the word 'not' was clearly shown in bold. Other candidates ignored the fact that the very first statement that "The new flat computer screen has now been developed", including in their answers reference to issues of Research and Development. Centres are strongly encouraged to continue working with their candidates to ensure the stems provided for questions are read, studied and understood before answers start to be constructed. The stronger answers were often structured around "the four Ps": issues of price were often well analysed, although - in many cases as a direct result of not taking account of information in the stem - promotion was often inappropriate, particularly in terms of the selection of advertising media.
- There were many 'general' answers provided to part (b), with a number of what were almost 'traditional essays' about both training and motivation. Centres must advise their candidates that - especially in the later areas of the Higher Paper - there are likely to be only a few marks available for candidates who give simple repetitions of general Business Studies theory. The challenge for candidates is not to write all they know about (for example) Maslow, or to describe the general differences between on-the-job and off-the-job training: it is to apply, (and in particular to) analyse and evaluate the issues presented in the question. In this question, candidates were asked to explore issues of training and motivation in the context of retaining an existing sales force whose task will be to sell a new computer screen to computer shops (and not to the general public). The better

candidates achieved this by analysing points and making judgements that were often linked appropriately by words such as 'so', 'because', 'however' and 'therefore' in the context of retraining this new sales force for this specific task.

Paper 03

General Comments

There was a very small entry for this series and due to this there will be little exemplification through the work of candidates.

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 hence 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 these also apply to Paper 03 as does his commentary on how the mark scheme format works - specifically the second and third bullet points.

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 the Assessment Objectives as this should enable candidates to achieve their full potential.

Question 1 (a) (i) (ii)

Generally candidates were able to respond appropriately to this question. The best candidates gave the meaning in a business context whilst others gave a definition of the words 'survival' and 'expansion' that did not always demonstrate sufficient knowledge to be worthy of the marks available.

Question 1 (a) (iii)

Few candidates managed to identify three other objectives as requested. Most candidates managed one or two objectives. One candidate had, '*Profit, Loyalty (brand) and large market share.*' and thereby gained all the marks available. All candidates appeared too have clearly understood the command word 'List' in this context.

Question 1 (b)

Few candidates gained full marks on this question. Some candidates missed the fact that the disadvantages had to apply to the two brothers. This meant that a generic answer referring to two disadvantages of becoming a plc would be unlikely to attract full marks. There was evidence that not all candidates had a clear understanding of the structure and organisation of a plc. A mark of three for this question was rare and sometimes there was confusion between a Ltd and a plc that did not help those candidates. The usual mark was two as two disadvantages were given but no then developed to show clearly why they were a disadvantage to the two brothers.

Question 1 (c)

Generally candidates managed to achieve some, but not all of the marks for this question. The most popular responses were linked to visitors and/or tourists to the area because it was well known. At a higher level, candidates mentioned economies of scale and concentration, the availability of a skilled workforce and because it was in the centre of London, clients with the necessary money to spend on expensive jewellery.

There were a number of candidates who re-wrote the question around one piece of information and inevitably such answers had little value in terms of the mark scheme as they did not answer the problem that the question had posed.

Candidates will always know that this question and 2 (c) will require them to analyse a problem or an issue. They will benefit from working at becoming proficient in this Assessment Objective by working through past papers as they become available and making reference to published mark schemes.

Question 1 (d)

This question presented a problem for some candidates where their knowledge of appropriate legislation was poor, which then forced candidates into general answers that did not include the required references to such legislation.

The two pieces of legislation candidates should have referred to were the Sex Discrimination Act (male chef) and the Race Relations Act (white chef). Candidates who mentioned only these acts would have gained a maximum of two marks. Few candidates then developed their responses to address why the paper should not accept the advertisement. Where this was done it was usually a general response, along the lines of they will be breaking the law. Candidates would benefit from knowing that if a word is emboldened in the question it has a degree of importance that they should not ignore.

Some candidates spent time discussing the absence of detail such as job specification and/or job description or the poverty of the presentation of the advertisement. One candidate's answer was all to do with the fact that it was a local newspaper. In these cases the question was not answered.

Question 2 (a)

For the second series running this question performed well and it was a rare candidate that did not score between three and five.

Question 2 (b)

Most candidates did well on this question. There were few candidates who did not score all the marks available for (i) and (ii). The final part of the question, (iii), did differentiate as few candidates achieved the two marks available. Most candidates recognised that the cost would be greater for the customer although a few candidates thought that the reverse was true. The final mark was gained by many candidates who usually stated that the price of the keyboards might have to increase in the UK. No candidate mentioned that fewer keyboards might be purchased by the UK customer.

Question 2 (c)

This question was not well answered. Candidates missed the reference in the question relating to shareholders and they did not clearly state that ROCE is a measure of profitability and that it shows the amount of profit against each £1 of capital employed. A reference to the use of ROCE for the purposes of comparison with other similar businesses was not mentioned.

Only a few candidates commented on the small improvement from 2004 to 2005 and that this may encourage shareholders to leave their investment where it was.

Question 2 (d)

Few candidates mentioned Trading and Profit & Loss Account or the Balance Sheet and the related issues of gross and net profit and assets and liabilities. This omission made the task of answering the question more difficult than it was. The emphasis in the question relating to financial planning was missed by all candidates. Some candidates went down the avenue of either break even or cash flow forecasting - not part of final accounts.

Paper 04**Coursework Option**

There were no candidates for this option.