

Examiners Report January 2007

GCE

GCE Business (8076/9076)

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Report on Paper 6121/01 January 2007

The nature of the context appeared to be very familiar to most candidates and therefore application appears to have been less of an issue than on previous papers. Overall the range and scope of questions seemed to be well within the grasp of the majority of candidates and many candidates wrote particularly fluently on the topics questioned.

Question 1

- a) Some disappointing responses from many with responses ranging from primary, secondary, tertiary to economies that are neither doing really well, or really bad. Those who did know mentioned public and private sectors for one mark but failed to give further definition resulting in very few full mark answers.
- b) This was one question where application was not well handled, responses varied significantly. Most candidates had excellent knowledge of the advantages and disadvantages of becoming a PLC, which was evidently well practiced. However, several could not achieve because there was no application to Google other than by name. Stronger candidates brought in information from the context such as the amount Google was worth once it went public. Analysis was along the lines of how such capital could be used to raise its status and how it could beat competition like Microsoft etc.
- c) Candidates who read the question correctly were able to score good Level 2/3 marks. Most candidates were able to make suggestions like increased disposable income and discuss the consequences of the growth of the internet and thus the growth of the tertiary sector particularly for firms like Google. Well written answers put emphasis on the fact that developed countries showed growth in the tertiary sector, whereas undeveloped countries are still behind due to the lack of money and technology. However, it appeared that some candidates misread the question and discussed why Google had massive growth, therefore could not score above Level 1.

Question 2

- a) A reasonably well answered question with many making two valid points usually describing a mission statement as a written statement which give focus, states goals and gives focus and direction for a company to work towards.
- b) Most candidates had a very good knowledge of why a business needs profit and recognised the link between profit and investment suggesting that in a high tech advancing market investment, therefore profit was necessary. Several candidates suggested that this profit would all go to investment and therefore growth because Google did not pay shareholders dividends. Application was often picked up with reference to You Tube. Several candidates seemed to think that profit could be used for recurrent expenditure items such as wages, advertising and recruitment costs this was quite a common error.

- c) This was perhaps the question that was anticipated but not read correctly. Centres seemed to have predicted that motivation would come up and candidates clearly had a good understanding of this. Unfortunately the question asked for the importance of job design in ensuring motivation and productivity, a limited number of candidates brought in the concept of job design, describing job rotation, enrichment and enlargement but then struggling to apply it to any job roles in Google. Stronger candidates described and applied Google's methods of job design to Maslow's Hierarchy and the hygiene factors, explaining how successful and unsuccessful these methods are therefore giving good analysis but not many valid conclusions.

Question 3

- a) A very well answered question where candidates were able to see how Google's demand could have fallen with the introduction of Microsoft's search engine and the reasons why it may have and also why it did not have to. An encouraging number of candidates were able to draw demand diagrams to show the effects on the demand and sometimes revenues/output for Google. Candidates were able to explain their answers and provide context simply by talking in terms of search engines, web site development.
- b) This question was done reasonably well with many candidates at least being able to write in context and score Level 2. Several candidates identified the need to make more effective use of advertising or product development. Few reached Level 4 as they really did not see either how Google might struggle to remain competitive or provide discussion about the different strategies which might be adopted.

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Question 1

- a) Most candidates could draw an accurate decision tree in answer to question 1a), although some candidates confused circles and squares, and most could calculate the expected values. A common error was to add the profit and loss figures (ie to treat the loss as a positive figure). The expected values being equal, sensible comments were usually presented as to how the decision could be made. 'Own figure rule' was applied to those whose calculations were incorrect.
- b) Apart from a small minority of candidates who failed to apply their knowledge to the context, answers to 1b) were generally sound, with some good analysis of the value of decision trees in this case where the expected values were equal.
- c) There was comparatively little data to apply knowledge to or to analyse in context, and too many candidates produced knowledge only, despite credit being given in Levels 2 and 3 to mentions of 'build or convert' or to a building project in general. There were some excellent answers, however, referring to problems such as the relative ease (or otherwise) of converting as opposed to building, the exact location or the costs, all of which could limit the value of CPA in this context. With a large band of marks for Level 4 (evaluation), this question proved to be a good discriminator. Candidates who fall back on the hackneyed point that 'if the correct data is not put in, the answer will be unreliable', with reference to probabilities and forecasts, will not receive much credit. It stands to reason with any numerical technique that incorrect or unreliable data will invalidate the result. Discussions as to why the data might be unreliable, such as inexperience or lack of previous data, bias of directors or managers in wanting one solution rather than the other, or volatility of the market or economy, are needed, and the stronger candidates produced arguments and assessments based on such ideas.

Question 2

- a) Many candidates produced accurate variance calculations. Some even split them into price and quantity, which was not required and is not in the Specification. Others clearly had little idea about variances, just comparing raw data. Some failed to calculate the total sales variance. Comments were good, however, where most candidates accessing Level 3 through remarks about lack of brand name in the area, possible lack of marketing, and price rises. Comments about seasonality were not generally rewarded unless comments were developed, as seasonal differences were allowed for in the budget.

- b) Most candidates understood sales forecasting, although a minority failed to apply it in context. Stronger candidates realised that there was experience and past data in the business, although not for this branch. They also acknowledged the competitive and volatile nature of the market.
- c) Answers were sound, despite a lack of time evidenced in quite a few scripts. The likely nature of the workforce in this industry (eg high turnover low wages, part-time and students, easily replaceable), the relative weakness of the employees, without a trade union, and the attitude of the management with regard to possible effects on their reputation if service became unsatisfactory, were valid points. Resorting to ACAS was not considered to be likely in this context.

Grade Boundaries

Unit 1 (6121/01) - Business Structures, Objectives and External Influences

Grade	Max. Mark	A	B	C	D	E
Raw boundary mark	63	45	40	35	30	25
Uniform boundary mark	90	72	63	54	45	36

Unit 4 (6124/01) - Analysis and Decision-making

Grade	Max. Mark	A	B	C	D	E
Raw boundary mark	84	55	50	45	40	36
Uniform boundary mark	90	72	63	54	45	36

Notes

Maximum Mark (Raw): the mark corresponding to the sum total of the marks shown on the mark scheme.

Boundary mark: the minimum mark required by a candidate to qualify for a given grade.

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