

**GCSE (9–1)**

**Examiners' report**

# **ECONOMICS**

**J205**

For first teaching in 2017

**J205/01 Autumn 2020 series**

## Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.



Reports for the Autumn 2020 series will provide a broad commentary about candidate performance, with the aim for them to be useful future teaching tools. As an exception for this series they will not contain any questions from the exam paper nor examples of candidate responses.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

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## Paper 1 series overview

J205/01 (Introduction to Economics) is one of two examinations components for the GCSE Economics. This component focuses on:

- Introduction to Economics, including the main economic groups and factors of production; and the basic economic problem
- The role of markets and money, including demand; supply; price; competition; production; the labour market; and the role of money and financial markets

This is the second examination of this component within the new specification and the paper appeared to be accessible with most candidates attempting all questions.

<i>Candidates who did well on this paper generally did the following:</i>	<i>Candidates who did less well on this paper generally did the following:</i>
<ul style="list-style-type: none"> <li>• Were able to provide clear and concise definitions, where required.</li> <li>• Had a good understanding of the requirements of each question and the command words used.</li> <li>• Drew accurate diagrams that were clearly labelled.</li> <li>• Recognised the need to answer questions from the perspective of specific economic agents, for example, the consumers of Calwith Farmers' products in Question 22d(iii).</li> <li>• Made effective use of the scenarios to provide contextual support for points made in their responses. For example, using the data provided in the scenario for Question 21 to help answer Question 21d(iii).</li> <li>• Developed chains of reasoning to analyse issues raised in the questions.</li> <li>• Were able to evaluate effectively by weighing up both sides of the argument or comparing alternatives and arriving at a supported judgement.</li> </ul>	<ul style="list-style-type: none"> <li>• Had a limited understanding of the content of this specification.</li> <li>• Found it difficult to apply their learning to the contexts contained within this paper.</li> <li>• Confused saving and investment and the role played by the rate of interest.</li> <li>• Confused the benefits of specialisation for a firm with the benefits of the division of labour for workers.</li> <li>• Did not take account of the different command words used.</li> <li>• Were unable to use the contextual information contained within each scenario to develop their responses effectively.</li> <li>• Provided inaccurate or incorrectly labelled diagrams.</li> </ul>

## Section A overview

Section A of this paper had 20 multiple choice questions that are intended to examine Assessment Objective (AO) 1 Demonstrate knowledge and understanding of economic concepts and issues and AO2 Apply knowledge and understanding of economic concepts and issues to a variety of contexts.

Candidates had been prepared well for this section of the exam paper. They coped well with selecting choices and writing their chosen letter in the answer boxes. There were some instances where candidates changed their minds, crossed out their first response and then tried to write their second response within the answer box. This made it difficult to read some candidates' responses. It was pleasing to note that there were very few instances where candidates did not provide a response to a multiple choice question.

## Comments on responses by question type


### Multiple choice questions

Questions that some candidates found more difficult included 3, 9, 12, 13, 15, 16, 17, 19 and 20.

## Section B overview

Section B of this paper consists of three questions, with a short case study and related short and medium response questions, as well as the opportunity for extended responses. Each of the three questions was broken down into six questions ranging in mark allocation and making 20 marks in total. In addition to examining AO1 and AO2, Section B also examines AO3 Analyse and evaluate economic evidence and issues to demonstrate understanding of economic behaviour, make judgements and draw conclusions.

To do well on Section B of this paper, candidates need to recognise the meaning and the significance of the command words used and recognise that the main economic agents (such as consumers and producers) have different roles and perspectives. In addition, candidates need to use economic concepts and relevant data from each case study to develop chains of reasoning, build economic arguments and make informed judgements. This may involve candidates having to apply their knowledge to a range of unfamiliar contexts.

	<b>AfL</b>	<p>Candidate performance could be improved if they:</p> <ul style="list-style-type: none"> <li>• Recognise and keep to the requirements of the command words used.</li> <li>• Recognise that some questions will include reference to a specific economic agent or group, e.g. the consumer or consumers.</li> <li>• Answer such questions that refer to a specific agent or group by consideration of their specific objectives and influences.</li> </ul>
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### Question 21(a)

Some candidates were able to answer this question successfully by referring to the price and quantity where supply and demand exactly equal each other and there is no excess of supply over demand or vice versa. However, there was a significant number who thought that the term 'equilibrium price and quantity' meant that price and quantity are the same or are equal.

### Question 21(b)

Most candidates were able to draw a correctly labelled diagram worth two marks. However, marks were lost by candidates who labelled supply and demand incorrectly or who did not show the equilibrium between the two market forces.

### Question 21(c)

Many candidates did not recognise that a movement along the demand curve can only occur after there has been a shift of the firm's supply curve. Despite this, many candidates were then able to analyse how a rise and/or fall in market price for the firm could affect its sales, revenue and profit. Better responses used the reference in the scenario to price elastic demand to good effect when analysing the effect of changing prices on the firm's revenue.

### Question 21(d)(i)

To be given any marks for this question, candidates had to answer in the context of a business in the holiday industry. Weaker responses did not refer to the holiday industry and, in some cases, answered in terms of producing goods rather than services. However, better answers considered the types of services provided by travel agents such as hotel and travel bookings.

### Question 21(d)(ii)

Most candidates provided the correct response of £3,500 for two marks. Common mistakes were to calculate the total profit, the average profit or to omit the £ sign from the final response.

### Question 21(d)(iii)\*

There were some good responses to this question, which demonstrated a clear understanding of the importance of cost and revenue data to the firm. Such responses took the route of using some of the data provided in the scenario to calculate the profit possible and then went to link this to the firm's survival or future expansion. Other good responses considered whether profit was the most important consideration for a new business, which might have other objectives such as increased sales or market share in its early days.

Some responses included some good relevant analysis, but often did not answer the question by not evaluating the importance of cost and revenue data.

### Question 22(a)

Many candidates were able to provide a clear definition of the term 'opportunity cost', such as 'the next best alternative given up when making a choice'. However, while recognising the relevance of the next best alternative foregone, some weaker responses made no reference to the fact that this only occurs when a decision or choice is made.

### Question 22(b)

Most candidates successfully identified from the scenario to the question that the rate of interest rose as more saving took place and were given one mark. However, very few candidates recognised that the rate of interest rises slowly up to £400,000 and then more quickly at higher levels of savings between £400,000 and £1,000,000.

### Question 22(c)

Better responses to this question were able to extract relevant issues from the scenario and use these to support their analysis of how an increase in the interest rate might affect the two owners of this small football club. These included references to the club's objectives with developed links as to how these could be achieved. There was recognition by some candidates of the usefulness of opportunity cost to develop the analysis.

Less well-developed responses tended to focus on the rewards for saving but did not analyse the significance of what the club is trying to achieve in the future. Such responses could have been improved

by analysing the likely effects of an increase in the rate of interest on the alternatives referred to in the question and linking this to an objective such as winning promotion.

#### Question 22(d)(i)

This question was not answered well. Many candidates made no reference to the fact that 'an oligopoly' refers to only a few firms that dominate a market or stated that it meant 'many firms' or 'lots of competition'.

#### Question 22(d)(ii)

This question was generally well answered. Once again, to be given any marks for this question, candidates had to answer in the context of a firm in the sports industry. This meant that there had to be correct understanding of the objectives of a club, such as Muncaster United, to gain promotion or to gain new supporters.

Most candidates were able to link such an objective to the need to purchase new players and the ability to generate future revenue or profits.

#### Question 22(d)(iii)\*

Better responses to this question were provided by candidates that clearly understood the significance of 'competition' in the transfer market to a football club like Muncaster United. For example, the competitive nature of the transfer market for new players would see prices of better players rise and, as a result, could make it difficult for a small club to afford the best players. Also, if other clubs can buy better players, this might affect the ability of Muncaster United to win future matches and gain promotion or new supporters.

Weaker responses often focused on competition between football clubs as if it were the same thing as competition between firms in markets such as clothing. Or they considered that the term 'competition' meant winning cups or trophies.

Less well-developed responses could have been improved by recognising the requirements of the command word, using the information within the scenario to better effect and providing suitable evaluative comments.

#### Question 23(a)

Many candidates were able to provide an accurate definition of the term 'economies of scale' for two marks. However, some responses lacked precision by referring to falling costs rather than falling average costs or they confused costs and price.

#### Question 23(b)

This question was generally answered rather poorly. This was partly caused by the failure of some candidates to recognise that the question asked for one benefit to a firm, while they answered in terms of one benefit to either the consumer or the country. Good responses, for example, often recognised that being 'environmentally sustainable' meant that a firm might be able to increase sales as consumers might choose to purchase from firms that are helping to protect the environment.

#### Question 23(c)

While most candidates demonstrated an understanding of 'specialisation' and were often able to define it accurately, many responses did not reach the higher levels of the mark scheme. This was partly because some candidates did not recognise the need to answer the question in terms of the benefits to the firm - Calwith Farmers. Some responses wrote extensively about the benefits of specialisation to an

individual or groups of workers and focused on the division of labour. Some candidates also considered the costs of specialisation, which were not relevant to this question.


Better responses built clear chains of reasoning, which identified a benefit and then linked this to a potential impact on the firm and its performance. For example, how specialisation might provide the potential for economies of scale in egg production, which resulted in lower average costs and so created the ability to reduce prices and increase sales.

### Question 23(d)(i)

This question was generally answered rather poorly. Better responses were accurate in providing a definition such as 'the percentage change in quantity supplied of eggs is greater than the percentage change in price of eggs'. However, to be given any marks for this question, candidates had to answer in the context of the production or supply of eggs. Common errors included a failure to refer to percentage changes or provided the formula for price elasticity of supply with no reference to the supply or price of eggs.

### Question 23(d)(ii)

There were many accurately drawn diagrams of the data provided in the scenario for this question. However, a significant number of candidates were not given both marks for the diagram drawn because they either did not plot all the points correctly or did not join all the points up accurately.

	<b>AfL</b>	It is important that candidates can draw accurate diagrams from data provided. Marks are rewarded for accurate plotting of the data provided and for joining the points up accurately and not for using a line of best fit.
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### Question 23(d)(iii)\*

Candidates seemed to struggle with answering this question. One of the main reasons for this was a failure to recognise that the question asks about the importance of price elasticity of supply to the consumers of Calwith Farmers' products and not to the firm itself. Also, there were comments made about the fact that consumers cannot calculate price elasticity of supply and so it cannot be important and did not recognise that the magnitude of price elasticity of supply has key implications for the ability of consumers to get hold of products that they might want. Other candidates wrote about shifts in supply and did not recognise that price elasticity of supply is relevant only once demand has shifted.

Responses could have been improved by consideration of how shifts in demand and price changes would lead to larger proportionate changes in quantity supplied of eggs and what this means to the consumers.

Better responses considered the impact of Calwith Farmers' price elastic supply of eggs and developed clear chains of reasoning as to how this meant that consumers would find it easier to obtain the eggs that they wanted when demand increased. This was then followed by fully supported judgements of the importance of price elasticity of supply for consumers of Calwith Farmers' products.

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