



Examiners' Report

June 2017

IAL Business Studies WBS03 01

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Introduction

This paper followed the style, format and structure established in the published sample assessment material and previous live papers, with the same Assessment Objective (AO) and mark band (MB) weightings.

Examiner reports are a valuable resource for helping prepare candidates for external assessment, as they contain lots of general advice that is still relevant and likely to be useful for staff and candidates in preparation for future papers.

This report should be read together with the examination paper and the Mark Scheme for this paper. My own observations, supported by reports from all examiners who worked on this paper, will sometimes repeat problems or advice that have been raised in reports on other papers. However, any repetition is because these issues continue to reappear in papers and have not been resolved or even show signs of improvement.

By June 2017 some candidates will have completed the full, two-year course of study, starting in September 2015; others will have started their work on this unit in September 2016.

For support, candidates may have used sample assessment material, plus the past papers, Mark Scheme, and reports from previous series. This was clearly evident by the way that many candidates structured their answers to mirror the format used in the Mark Schemes for this paper. It was also obvious that some candidates had drawn extensively from the 1606 paper, as phrases and business terminology used in that paper and not seen in candidates' answers prior to its appearance in 1701, was being used in this 1706 paper - and not always correctly.

As outlined in the Specification: 'These International Advanced Level qualifications in Business Studies require students to:

- investigate different types of businesses that develop and sell products and/or services in a local, national or international marketplace. At IA2 level, candidates will study the ways in which companies make decisions, and grow and operate in the global market place
- be able to analyse numerical information and understand how it assists the decision making process of a business
- understand how a business is managed, how its performance is analysed and how it could trade internationally.'

Specifically: 'this unit (Unit 3) develops the content of Unit 2, which is designated at IA2 standard.' This sets the standard required for this unit, but it was evident from some of the answers and papers, that some candidates were not fully prepared, showing gaps in knowledge of specific business terms, a tendency for generalisation, using a rehearsed formulaic approach to answer questions, plus a lack of application in some of the responses, and little depth of assessment or evaluation.

The June 2017 paper was based on SurveyMonkey, the world's leading online survey platform, an online survey and questionnaire tool that helps users gather survey-related information.

Although focused on one particular sector, evidence was provided to candidates which outlined the business, its background, history and more recent developments which



affected how it was run; as such, this case study does not appear to have caused any problems for candidates.

All questions should have been accessible to candidates of all grades, and, in practice, most candidates attempted all questions.

Question 1 (a)

Despite the apparent simplicity of questions 1(a) and 1(b), some candidates gave vague generalisations rather than the more precise answers which are expected at this level.

Whilst many candidates gave a definition similar to that in the Mark Scheme, some were given zero marks as a result of lack of precision - defining a customer as the consumer, or as a stakeholder who merely showed an interest in a product - the answer needed to refer to the person or organisation that makes the purchase of product/service to get 2 marks. Answers based on a more economics-based knowledge, e.g. defining customers as the stakeholders who create demand were credited with 1 mark.

1 (a) What is meant by the term 'customers'? (Evidence B, line 9)

(2)

Customers are an external stakeholders and they are the people that buy the product. They are the people who survey monkey attempts to seduce to buy attempt the survey



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Examiner Comments

Encourage candidates, when asked for a definition, to give precise, knowledge-based answers rather than vague generalisations.

Question 1 (b)

Question: what is meant by the term annual revenue?

For this question, a proportion of candidates thought that 'revenue' meant 'profit'. Also, there were a lot of 'mirror' answers, e.g. '...annual revenue is the revenue produced annually...' which were not given any marks. However, in general, most candidates scored well on this question, often giving a formula for calculating annual revenue = the number of items sold x price per item, which displayed a good level of knowledge.

(b) What is meant by the term 'annual revenue'? (Evidence C, line 3)

(2)

The amount of money made by the business as a whole in a year. This is the money made without subtracting any costs. It is not the same as ~~the~~ annual profit.



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Examiner Comments

This answer gained 2 marks as the candidate defined annual revenue clearly.

Question 2

This question asked candidates to explain the importance of mission statements for a business such as SurveyMonkey.

It was noticed that many answers to this question seemed to have been developed as a result of training, in that they tended to start with a definition. Candidates should be made aware that on this IA2 paper, there are no marks for a definition in this question, the knowledge/understanding must be applied, in this case showing knowledge of why a mission statement is important for SurveyMonkey. In addition, there were also many answers which went beyond what was asked, and included a conclusion/evaluation - again, there are no marks for these skills in this question.

In many cases, answers also tended to be somewhat generic, with little or no application to SurveyMonkey or any other business. This limited marks to knowledge/understanding, with the opportunity for some analysis.

2 Explain the importance of mission statements for a business such as *SurveyMonkey*.

A mission statement is a short sentence a business makes summarizing what their aim is and what they want to achieve. Mission statements are published for customers to see.

SurveyMonkey's mission statement says they want to help the customer make better decisions.

This is the first sentence in their mission. The principal idea for a mission statement is to inform the public of what the business is all about.

Moreover, it is also important as it gives shareholders an idea of the business's aim, as well as to how intended they are in making profit.

Moreover, SurveyMonkey also say they are dedicated on making an advanced research design. The mission statement of a business also helps employees to be guided as to what they should focus on, as well as to be motivated on their work, because

mission statements are usually motivational and inspirational.

(Total for Question 2 = 6 marks)



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Examiner Comments

This clip starts with a generic definition, no marks, but shows knowledge in the second paragraph, 2 marks, with some analysis in the third, 2 marks, but lack of context/application limited the total mark to 4.

Question 3

Similar to Question 2, most answers to Question 3 started with a definition of 'corporate culture' but here again, there are no marks here for the definition, or for the conclusion/evaluation which inevitably appeared at the end of many answers. This would appear to be as a result of many answers being written to a practiced format, possibly a result of rote learning as an exam preparation technique, whereby the answer always started with a definition of what the candidate thought was the main topic of the question.

There were also a lot of answers which went to great lengths to explain the theories of Charles Handy in relation to business cultures. This was not asked for, and suggests that the 1606 paper, which features a question on Handy, had been used extensively for exam practice. Prior to 1606 there had never been a mention of Handy by any candidate when business culture was mentioned.

The question asked candidates to analyse the corporate culture at SurveyMonkey. This produced a lot of answers which tended to be somewhat generic, with little or no application to SurveyMonkey. This limited marks to knowledge/understanding, with the opportunity for some analysis. At this level, the analysis of the corporate culture at SurveyMonkey should go beyond generic definition, and should actually be applied to the business, based on the evidence provided.

3 Analyse the corporate culture at SurveyMonkey.

Corporate culture is ~~behavioural~~ ethics and rules that a business organisation follows in order to have a pleasant working environment.

According to Evidence C, SurveyMonkey has a corporate culture of enabling the company's CEO, Dave Coldberg, to leave the office by 5:30 pm by still remaining generating a revenue of \$100 m annually.

This means that the CEO along with the employees are not drained by making them over-work. Employees are allowed to leave the office by 5:30 pm. This would eliminate workers getting exhausted and longing to get leave work and get home. Employees would enjoy working and would not be demotivated.

~~How~~ Evidence C also states what type of a

leadership style Dave Goldberg is carrying out in the organisation. According to Evidence C, he strongly believes that there should be a 'cumulative effect of productive relationships amongst employees.

This will help employees feel valued and respected and they will have a willingness to come work at SurveyMonkey since they are being valued.



ResultsPlus Examiner Comments

This clip shows knowledge and application, with some analysis within the third paragraph, and is given 7 marks, needing a little more analysis for further marks.



ResultsPlus Examiner Tip

Read the answer back and confirm that it does, in fact, apply to the question asked.

Question 4

A particular piece of evidence, drawn from the Evidence C at the start of the paper, was highlighted in the stem: that CEO Dave Goldberg states that "Recruiting talent is expensive. Recruiting the wrong talented person is even more expensive."

Candidates were then asked to assess the extent to which Dave Goldberg's opinion has contributed to the success of SurveyMonkey.

This was the first question on this paper to be marked using the levels-based criteria.

Some well written answers were limited to lower level marks as the candidate missed the focus of the question, tending to write generic answers about the process of recruitment and training, rather than focusing on Dave Goldberg's opinion and his recruitment policy. This approach limited marks to Level 2, maximum 4 marks, as there was no context given to any pieces of analysis that may be present.

At this level, the analysis of the corporate culture at SurveyMonkey should go beyond generic definition, and should actually be applied to the business, based on the evidence provided.

The more able responses managed to achieve this, but many less able responses were stuck just describing, often in great detail, the pros and cons of internal vs. external recruitment.

To move marks up to Level 3 and into Level 4, answers must be in context, applied to the business and evidence provided.

- 4 Dave Goldberg states that "Recruiting talent is expensive. Recruiting the wrong talented person is even more expensive." (Evidence C)

Assess the extent to which Dave Goldberg's opinion has contributed to the success of SurveyMonkey.

Evidence C, lines 7-9 state that Goldberg stated, "Some of the worst mistakes that I have made in hiring come from hiring someone who looks like they have experience, but they didn't ~~just~~ fit in with our culture."

When smart, talented, motivated, yet inexperienced people have been gotten right, they are the home-grown talent and the core team. They are those who represent the culture of the business, stay for long term in the company as they grew up there and learned how to be in a business. This means that ^{according to} Dave Goldberg's opinion employees will be more motivated increasing their productivity adding to SurveyMonkey.

Monkey's success and they will also retain longer in the business, reducing labour turnover costs such as recruitment, training etc.

SurveyMonkey operate for 24 hours and requires productive well motivated employees to deliver the best possible customer service and due to this SurveyMonkey's ~~best~~ satisfaction rating is 99.5% and is profitable since day one earning more than \$100m annually without being a public limited company as it may fear that the world's leading online survey platform may be taken over by interested buyers.

Also, hiring incapable experienced expensive senior employees can be more costly than the training costs and taking risks of unproven workers.

However, ^{wrong} experienced, talented employees may turn out to be expensive yet at the same time learn to adjust and improve productivity further more than unproven workers as they have been in a business, managed it and know the market and consumers well proving useful.



ResultsPlus Examiner Comments

No matter how well written, generic answers could only be given marks limited to the level below that which they would have achieved had the answers been in context - this clip shows an answer which is placed into Level 4 by virtue of the applied counter argument which can be seen in the final paragraph.

Question 5

Decision trees are a product offered by SurveyMonkey, and this question asked candidates to assess the usefulness of decision trees when making business decisions.

Most candidates knew something about decision trees, and could explain the basic advantages and disadvantages of this technique for making strategic and tactical decisions. But despite knowing the theory, many struggled to give examples of application relating to decision trees, although some earned Level 2 application marks by drawing an example of a decision tree to show how they worked.

As a consequence, a lot of answers were very descriptive, with candidates finding it difficult to relate decision trees to real decision making, lots of descriptions of what they are - not how they are used, which would be necessary to raise the mark up through to Level 3 or Level 4 by providing analysis and evaluation of the usefulness of decision trees.

- 5 To assist customers who need to make an objective decision, SurveyMonkey publishes examples of decision tree questionnaires on its website, based on a series of simple yes/no questions.

Assess the usefulness of decision trees when making business decisions.

Decision tree is a ~~business~~ decision process made by a business to undergo several choices and to choose the best one for the betterment of the company.

Decision trees help business in many ways. It provides an easy and quick method to make decisions. SurveyMonkey^{is} publishing example of decision tree questionnaires on its website, based on a series of simple Yes/No questions.

This helps the business to get an overall view of the customers of what ~~they~~ they think about it. As SurveyMonkey is very successful and many people are using this survey, it gives a large ~~size~~ overall views of the people and their opinions and point of views. This help the decision to made even more easily and based on the requirements of the customers. The consumers will also want to answer such questionnaires which are brief and

short to make their point. It is also very cheap and easy way.

However, ~~this~~ this method may not be the ~~best~~ best way to make decisions. Many people would want to fill out a questionnaire for fun and may not be serious about it. This may give a biased results which could lead to SurveyMonkey making a decision they would regret in the future.

~~These~~ These simple yes/no questions might not be ~~enough~~ enough for consumers point of view, they might want to suggest better to SurveyMonkey but is not able to with ~~the~~ these short questions.

A lot of opinions made by the ~~best~~ consumers may make it hard for the Business to conclude to a best decision leading to loss of customers as they would think they're view was not chosen. ~~It~~ It could also lead to SurveyMonkey decision be totally different from that of the consumers.

Therefore, Survey Monkey should set their questionnaire in a way that it ~~is~~ is easy for consumers to give their opinions freely e.g. add several options under a question to give more variety of choice to the people. (Total for Question 5 = 12 marks)



ResultsPlus Examiner Comments

In addition to knowledge and application, plus analysis, there are several evaluative points which move this answer into Level 4.

Question 6

This is an essay length question, marked using levels.

Section B on the question paper, provided candidates with lots of information about how SurveyMonkey had achieved its spectacular growth. The question simply asked - evaluate the growth strategy used by SurveyMonkey.

To answer this, candidates had to read the evidence, decide what they thought the growth strategy was, and then evaluate their chosen strategy.

Less able candidates, operating at lower levels, tended to give answers that were very descriptive of various methods of growth and growth strategies, copying whole sections of text from the given evidence rather than providing original evaluation of the growth strategy used by SurveyMonkey. However, even if the answer started out very descriptive, candidates could get marks for some analysis or basic evaluation. This question, like question 7, gave more able candidates the opportunity to excel with essay length answers, worth up to 20 marks. To achieve these higher marks the answers needed to go well beyond the pages of description of growth strategies, and move on to actually analysing and evaluating the consequences of SurveyMonkey's growth, as laid out in the evidence provided.

As we have seen in previous series, some candidates tried the trick of concluding their answer with a phrase starting 'However...' and making a few comments that countered their positive descriptions of growth or strategy.

Such answers appear to be trying to put the answer into Level 4/evaluation - but unless the evaluation, or analysis, was in context the answer was capped at a lower level.

6 Evaluate the growth strategy used by SurveyMonkey.

(20)

Growth strategy is the methods that organizations uses to grow and expand by increasing their sales, ~~and~~ product range and areas of operations. The growth strategy adopted by SurveyMonkey seems to be a method of inorganic growth. That is a method that involves growing externally. And this inorganic growth is the takeover and acquisition. ^{This} ~~that~~ occurs when a businesses buys more than ~~or~~ 50% of shares in another company. They will be able to take control of that particular organization. It is mentioned in the case ^{that} Dave Goldberg was

asked what was his growth strategy and he replied ^{that} they are going to continue to look for further takeovers. SurveyMonkey has had a period of sustained buying activity. In June 2010 it took over Precision Polling a phone polling business and in November it bought Wufoo an online forms producer. In 2011 it bought shares in Clicktools and in December 2012 SurveyMonkey teamed up with TPG Capital to buy part of Markettools who is a competitor. By having a series of takeover SurveyMonkey is able to diversify their risk. That is because if sales falls in one organization they would be able to improve sales or gain in another organization thus not putting SurveyMonkey into a ditch of problems. By expanding they are likely to increase their output which means they would have the ability to exploit economies of scale thus enable them to operate at lower costs. Lower cost for the organization would mean that they would be able to pass it on their customers by charging a lower price thus making higher revenue and profits leading to the success of the business as a result of a takeover. By taking over some of the businesses SurveyMonkey will be able to enjoy from shared expertise of both the businesses. They will be able to improve in areas in which they were weak at before taking the business will also face less competition in the

over the business market as they have bought one of their competitors enabling them to gain more market share and have more market power. However, it is said that the takeover that occurred in 2014 the Canadian rival Fluidware, for over \$20m. This shows that the takeover could result in a large cost for SurveyMonkey. Increased cost to the business for taking over itself is \$20m and if they start expanding more and end up in diseconomies of scale then it would double up the costs for SurveyMonkey. Higher cost would mean that they would start laying off employees because to reduce wage cost and bring down overall cost to a sustainable lower level affecting labour productivity, reducing their level of production, sales and profits of SurveyMonkey.

Taking over a Canadian business for example can cause culture clash. That is it ^{SurveyMonkey} would find it difficult to understand jargons used by the Canadian business thus resulting in poor decisions being taken and affecting overall operation of the business. By And also they involved in takeovers with businesses overseas. This means the environment for example the economic climate of these countries not being assessed before the takeover could ^{have serious effect on the} affect the operation of the organisation. They may have unstable political or government policies affecting SurveyMonkey and taking them into

(Total for Question 6 = 20 marks)

losses, and unprofitable takeover. ~~and not achieving~~ Therefore the takeover ~~is~~ does bring in some benefits to the organisation like faster growth is achieved but however comes it negative side too.



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Examiner Comments

Candidates need to know that simply rewriting the evidence provided is not answering the question and that generic answers which just write about the concept of growth strategy, but do not apply the answer to the evidence related to the business itself, will only produce low level marks.

However, this is an example of a Level 4 response.



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Examiner Tip

Answer the question based on what you know, rather than relying on a pre-learned format for the answer.

Question 7

Essay length question, marked using levels.

Evidence F, G and H gave candidates a series of steps that the business had to take, following the sudden death of its CEO, Dave Goldberg. They were then asked to assess the extent to which contingency planning could have protected SurveyMonkey from shocks such as the death of its CEO.

At lower levels there was a lot of writing/description of what contingency plans are - but candidates struggled to apply this knowledge to the situation presented in the evidence, few applying it to the loss of a CEO. Most candidates had no trouble in finding abstract examples of business disaster that would take them through Levels 1 and 2 and into the lower marks for Level 3, but any evaluation tended to be generic, but could still be credited if application or context was shown.

To score higher marks by rising up through the levels the answer needed to go beyond descriptions of what contingency plans are, applying knowledge to what actually happened at SurveyMonkey.

Candidates needed to be using the evidence, analysing it, and coming to some conclusion or evaluation, to take their answer through Level 4 and into the middle of Level 4, around 15-16 marks. Note that even well written answers which just expand on contingency planning as a process, with little or no reference to SurveyMonkey, were limited to Level 2 marks if there was analysis but no context, and Level 3 marks if there was evaluation but no context.

7 Assess the extent to which contingency planning could have protected SurveyMonkey from shocks such as the death of its CEO, Dave Goldberg.

(20)
Contingency planning is planning of future ^{problems} ~~hazards~~ that the company might face in running of its business. As stated in evidence F on May 4 2015, David Goldberg, the CEO ~~of~~ SurveyMonkey and husband of Facebook chief operating officer CEO Sheryl Sandberg, died suddenly. The former executive Mr Goldberg joined SurveyMonkey in 2009 and expanded the company from its 12 employees to 500 employees, attracting \$25 million customers and intended to break even in corporate market.

The contingency planning that was

held by Survey Monkey after the death of Mr. Goldberg was to appoint ~~there~~ Lurie interim leader as its temporary ~~ex~~ executive chairman. Lurie already serves on Survey Monkey's board by helping Survey Monkey through the transition and ~~case~~ research. Her replacement is conducted mentioned by Survey Monkey in its statement. In July 2, 2015 Survey Monkey names permanent CEO to Bill Veghte to succeed Dave Goldberg. ~~Therefore~~ Furthermore Survey Monkey also hires Veghte from Hewlett-Packard where he had been COO and led its enterprise group. Survey Monkey also appoints 2 new board members.

Survey Company's contingency planning has been effective enough to control its organization from death shock of its CEO Mr. Goldberg by hiring most skilled CEO and COO to maintain the position of Survey Monkey. The contingency planning used by Survey Monkey is to hire CEO from its organization as

Survey Monkey may not need to train other employees and explain about the business transaction which has resulted in helping Survey Monkey to less time waste and Lurie was able to hold the business.

temporary appointing him. As stated in evidence it, ~~to~~ Survey monkey's CEO appointed witness of Mr. Goldberg who might have some knowledge of business transaction and might have helped in ~~returning~~ making the business back ~~to~~ its position.

The drawbacks of contingency planning would be that it holds opportunity cost of resources and strategies which might not be helpful in future as the contingency planning has already achieved. Furthermore, the contingency highlighted by survey monkey

could not be successful as the CEO has been employed ~~from~~ ~~other~~ externally and it will take time ~~for~~ survey monkey to get back to its original position. Contingency planning may be ~~costly~~ time-consuming.

In conclusion, it shows that Survey monkey was successful enough by operating the right contingency planning.



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Examiner Comments

This clip is an example of an answer which was just in at Level 4, showing some basic evaluation but little context. To have improved the mark this candidate would have needed to develop their counter arguments and apply them much closer to the SurveyMonkey evidence which was provided.

Paper Summary

Based on their performance on this paper, centres are offered the following advice:

- Preparedness

Some candidates were not fully prepared, showing gaps in knowledge of specific business terms, a tendency for generalisation, using a rehearsed formulaic approach to answer questions, a lack of application in some of the responses, and little depth of assessment or evaluation.

However, in contrast, it has become obvious that some candidates are being over-prepared in the process of answering questions on this paper.

Many answers are laid out in a format that matches the mark scheme i.e. being split into distinct sections to cover knowledge, application, analysis and evaluation - this can be seen clearly by the regular use of 'however...' or 'in conclusion...' to signal to the marker that the answer was about to present some 'evaluation'.

This is certainly one approach, but it is the candidate's business knowledge, application, analysis and evaluation that we are looking for - not their ability to lay out an answer in a given format.

- Rewriting question and copying given evidence

Whilst it would appear that some candidates find it a good way to lead their thoughts into an answer, candidates should be reminded that simply rewriting a question is not usually sufficient to gain marks.

Rewriting the question or information given in the evidence will not produce marks unless it is being used in context, to support a statement being made in the answer.

The question asked needs to be answered.

- Not answering the question

Some candidates pick a word or topic from within the question, and then write all they know about that particular word or topic, rather than answering the question asked.

This could be a way of demonstrating knowledge of general business terminology, but candidates need to understand that marks are only given for an answer that addresses the specific question asked.

Candidates need to focus on the question asked, and answer it, rather than just writing about something referred to in the question which they may know about.

Linked to this is a tendency for less able candidates to throw into their answer general expressions such as '...increase profit...', '...grow market share...', '...sell more...' etc.

Again, candidates should be made aware that such general terms are unlikely to result in marks unless they are related directly to an answer to the question asked.

Just writing '...which means or which will lead to more sales and more profit...' at the end of an answer will not lead to more marks.

- Overwriting

Quantity does not necessarily equate to quality nor to higher marks.

Some candidates appear to think that if they fill the space in the answer booklet, plus several extra pages, then they will get higher marks: this is rarely the case.

Often the sense of what the candidate is writing gets lost in the words which just fill the pages.

The space provided in the answer booklet is planned to match the marks available and consequently the amount of writing that candidates should produce: any more than this and they are usually wasting time in the exam.

As candidates move from education and into the world of business they will soon learn that a concise analysis or report is much more useful than a long and rambling piece of writing.



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