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Examiners' Report Principal Examiner Feedback

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Pearson Edexcel International A Level
In Business Studies (WBS01)

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SECTION A

All questions in Section A are Supported Multi Choice Questions (SMCQ).

A significant number of candidates did not try to develop **why** their answer was correct in part (b). This means they are unable to access further marks for fully explaining their correct choice of answer.

A significant number of marks for SMCQs can be gained for explaining why other distracters are wrong.

On the whole, this section was disappointing this series since a very significant number of candidates chose to either not attempt dismissing the distractors, or only provided brief definitions that could not be rewarded.

That said, some questions were answered more strongly than others, with clear results showing where candidates were confident of the subject topic.

Question 1

This question was generally well answered with a high number of candidates knowing that leasing was the right source of finance.

However, a few candidates struggled to explain the concept of "leasing" as distinct from other methods. They gave benefits such as 'pay monthly instalments' which could also apply to a loan or hire purchase. A small number of candidates think leasing is the same as hire purchase stating *Sewport Ltd* could buy the machine at the end of the lease. Application was often weak with repetition of the stem.

Those that answered this well referenced rent, maintenance costs and managing cash flow without having to pay out the full £125 000.

Candidates often lost marks when dismissing the Distractors, giving definitions rather than using the context.

Some candidates were unsure of which word they were defining with some choosing to give definitions for sources of finance rather than leasing (even if they had chosen the correct response in part (a)). The impact of this limited their marks.

Many learners were unable to give accurate reasoned responses to distractors A B and D, often just giving definitions without any development in the context of the stem or question.

A few candidates thought that overdraft was the best option as they could get the money from the bank.

Understanding of 'trade credit' was frequently unclear. Most were aware this was something available for between 30 – 90 days but did not develop further in the context of buying a machine.

The distractor debenture was less frequently selected but it was usually outlined in unsatisfactory terms indicating candidates did not fully understand their purpose as a finance source.

Cash flow was rarely mentioned in terms of the use of an overdraft suggesting a lack of understanding of cash flow as a benefit of overdraft.

Question 2

The majority of candidates identified price skimming as the correct answer. However, a significant number did not go on to describe that price skimming was about initially high prices, followed by lower pricing levels over time. This omission meant that some candidates were defining premium pricing and could not access the knowledge mark for the definition.

Many candidates identified that Sony could price highly because of the latest technology and therefore obtain high profits.

Many candidates demonstrated good understanding in respect of potential demand for this next generation product. They correctly identified how high prices could be effectively charged to allow game players the chance to own the latest technology as soon as it was available.

Candidates that selected distractor A usually just dismissed it as 'illegal' without any development, or that Sony did not have to do this as they were market leaders, which did not answer the question.

The majority of those who did not get 2(a) correct chose distractor C 'cost plus pricing'. Most only defined it, with very few gaining this mark by referencing it being inappropriate for new technologies or next generation PlayStation.

Distractor D was rarely selected with very few mentioning or satisfyingly explaining the term 'competitive substitute'.

Question 3

Definitions varied across the cohort with many choosing to define product differentiation rather than competitive advantage.

Some candidates defined differentiation as doing something different with their product and failed to mention the competition. As this could equally apply to 'product development' they did not clearly define the term.

A significant number of candidates selected to appeal to a mass market and discussed how shampoo had a large audience, so they wanted to be different to other products, therefore people bought them. Ultimately discussing competitive advantage but not selecting it as the correct answer to part (a).

Question 4

This question was generally well answered by the significant majority of candidates. They were confident about complementary and substitute goods and discussed these well in relation to the question.

As often happens when ruling out distractors, many candidates did not access the marks because they failed to explain 'why' they were incorrect, often just explaining what the distractor is.

Distractor A was the most popular, usually correctly answered and developed. However, only a few candidates developed the fact that ice cream and popcorn were substitute goods and some incorrectly mentioned there was no relationship between demand of either in relation to cinema sales.

Question 5

Many candidates got part (a) of this Consumer Protection Legislation question correct but then failed to satisfactorily explain *why* it was correct. A number of candidates just reworded 'fit for purpose'. Some candidates incorrectly wrote from the aspect of the obligations to business rather than the benefits to consumers.

A small number of candidates were unable to distinguish between consumer protection legislation, fair trade agreements and taxation. Many failed to realise that products would wear out and become obsolete and so did not successfully dismiss this distractor if they selected it.

Question 6

Those who understood SPICED got part (a) right and attempted to explain why exports would become cheaper. A number of candidates showed very clear understanding of demand which was encouraging to note. Some candidates included diagrams and used them to support their commentary (as opposed to just drawing a diagram without explanation).

Candidates divided equally between either having a very strong understanding of Exchange Rates or not. Some had a basic understanding, but wrote in generic terms, rather than making use of context of the UK sterling versus US & Europe currencies.

SECTION B

The case study was accessible to candidates and acted as a very good platform from which candidates could apply relevant business theories.

As has been said previously, candidates still need to be aware that it is not enough to just mention the name of the business, or quote from the question stem when applying their answer to the person, business, concept or issue in the question. Candidates must do something with the information to ensure it is fully applied in some way.

A well analysed or evaluated response will be limited to the previous level if there is no application. In reality, this means a well analysed response that is not applied to the context in the stem or question will only be able to be rewarded with a maximum of 4 marks.

A low number of candidates attempted to give context to both sides (analysis and evaluation) which meant fewer high scoring responses in this series.

Question 7

Many candidates demonstrated good knowledge and understanding of entrepreneurial characteristics and some were able to use the relevant information from the evidence to apply this to these characteristics.

On the whole, candidates understood entrepreneurial characteristics and were able to apply well to Srikanth. Analysis was lacking in many responses with candidates neglecting to consider the result or consequence. Those that did mainly focusing on Srikanth getting into MIT.

Some characteristics are easier to illustrate from case study evidence than others. Qualities such as 'hard-working', 'self-starter' and self-motivated' are not easy to find context that illustrates them, although they may be implicit from the fact that Srikanth has been successful. Candidates would benefit from reading the case study carefully to select the characteristics that are easier to discuss in their answers rather than just put down the first ones they think of. Careful reading of the case study should reveal which characteristics can best be supported with clear evidence.

A small number of candidates presented two characteristics that were too similar. For example, perseverance and determination, and could not access all available marks.

Question 8a

A significant number of candidates knew what a circular economy is and generally answered the question quite well. There was generally a good attempt at application and analysis. Many candidates were able to identify a variety of Bollant Industries activities, showing a fairly good grasp of the principles of a circular economy.

A significant number of candidates defined the circular economy as attempting to reduce waste and pollution which is not quite correct. This kind of statement may be acceptable as analysis of Bollant Industries activities. For the record, a circular economy aims to introduce NO waste and NO pollution by design or intent.

However, there were some misunderstandings about what a circular economy is, a number of candidates ended up discussing macro-economic issues such as employment or the circular flow of income. There were a significant number of blank pages in this question.

Question 8b

A significant number of candidates understood the effect of non-price factors on supply. Popular responses included technology, costs of production and weather/natural disasters, making good links to harvesting the Areca nut.

Most candidates attempted to provide contextual answers, but several had difficulty explaining how or why the supply to Bollant Industries would be affected, beyond saying it would be reduced.

Many candidates were able to provide an accurate definition of supply and accessed both knowledge marks available. A few candidates used supply diagrams effectively to illustrate which generally showed good understanding and analysis. The factor 'Technology' was often poorly applied, a number of candidates related it to Bollant rather than their suppliers which meant they lost development marks.

A number of candidates lost marks for confusing the definition of supply and demand such as using the word "sell" instead of supply, tastes and fashions (demand factors).

Question 9a

A well answered question by most candidates. A large number of candidates lost a mark for not being sufficiently precise with identification of breakeven output as units or Areca tableware.

Question 9b

A significant number of candidates were able to analyse the positive impacts of Srikanth using business angels for funding. Stronger respondents correctly used the evidence available in the case study to support their answer. The most successful responses provided a counter argument considering the negative effects in terms of loss of control and impact on the social objectives of Srikanth. Weaker responses struggled to access Level 3 as they did not explain why the business angels would be particularly beneficial to Srikanth.

A few candidates were confused about the exact nature of the relationship in terms of paying interest as opposed to a percentage of ownership. Some candidates wasted time discussing the merits of other forms of finance which

was not required by the question. A number of candidates confused business angels with shareholders.

A small number of candidates wrote generically throughout about various sources of finance, not securely identifying the specific advantages of a business angel, so were limited to Level 1.

Question 10

This was a very accessible question for the vast majority of candidates. Especially since it was obvious from the case study that this is an ethically focused business. This meant it was a straightforward argument against profit maximisation to get balance.

Candidates who did not manage to answer this well discussed profits generically rather than profit maximisation. Definitions of profit maximisation were not strong on the whole, often missing the key points such as it is achieved by increasing revenues or reducing costs.

Many candidates were able to use appropriate context to analyse the importance of profit maximisation. However, not all candidates then applied the context in their counter arguments so were only able to access the lower Level 4 marks because context was one sided.

Question 11

The majority of candidates did attempt to answer this question from the viewpoint of the impact of Bollant Industries on both stakeholders (employees and farmers). However, a significant number did not read the question correctly and answered from the viewpoint of the stakeholders' impact on Bollant Industries.

Many candidates were able to develop responses on positive impacts of Bollant Industries on the employees and Areca nut farmers; answers centred on the increase in income and improved lifestyle for the farmers and the employees, and the opportunities that the blind and disabled employees would otherwise not have experienced.

Typical errors include candidates ignoring the stakeholders asked for in the question, confused stakeholders with shareholders or only gave analytical responses which limited them to Level 3.

In addition, a large number of candidates only developed their answer around one stakeholder which limited the number of marks they could access.

Candidates had difficulty providing evaluative responses in context and so were limited to low level marks in Level 4. It is not clear if candidates forgot to 'assess', struggled to think of negative impacts or simply ran out of time.