



# Examiners' Report Principal Examiner Feedback

October 2018

Pearson Edexcel International A Level  
In Economics (WEC03)

Unit 3: Business Behaviour

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## Introduction

This was the second series for an October examination of WEC03 Business Behaviour.

The examination seeks to test the students' abilities to select and apply appropriate economic concepts, theories and techniques in a variety of contexts. As Unit 3 is a synoptic unit, the examination may draw on material from Units 1 and 2.

Students attempt two out of four essay titles in Section A. Each essay is marked out of a total of 20 marks using a 5 level of response performance criteria. Q2 was the most popular question (reasons why companies become TNCs).

Students also choose one out of two data response questions in Section B.

Q5 was the most popular. Each question has four parts to it.

Part a) is worth 4 marks and parts b) to d) are each worth 12 marks. For parts b) to d) it is vital that students make effective use of the information provided in order to access Levels 2 and 3 for knowledge, application and analysis marks. A further 4 marks are available for evaluation.

There was an improvement in the proportion of higher quality answers compared to last year's October examination series.

More successful students were able to:

- Clearly identify what they were being asked to do.  
For example:  
in Q2 focus on reasons for becoming a TNC, as opposed to why a firm decides to expand  
in Q4 focus on the impact of government measures to protect employees on the **business behaviour** of a firm and not simply on the types and effects of the policies
- Draw and label appropriate diagrams accurately  
For example, diagrams to illustrate price discrimination for Q3
- Select and apply appropriate information from the extracts to enhance their answers in Section B

Less successful students:

- Continue to copy out sections of the Extracts in Section B under the misapprehension that this will score application marks
- Largely ignore the information in the extracts and write generic answers

- Bullet point a large number of factors with little or no development.

## Section A

This was the first October series where an actual example of the relevant concept was provided at the beginning of the question. *The candidate **may** choose to use this example in the course of attempting the question but this is **not** a requirement.* The example is there primarily for illustrative purposes.

### Q1

Students who performed well showed a clear understanding of co-operatives and were able to compare and contrast business objectives with other types of private sector businesses. An answer which identified at least 3 logical objectives and effectively analysed why these may differ (possibly with the aid of diagrams) achieved Level 4 standard. With sound evaluation this would improve to high Level 4 or 5.

It is worth noting that several students mistakenly thought that co-operatives were in the public sector.

### Q2

Sound answers maintained a clear focus on the possible need for **international** expansion of a business as opposed to growth per se. Analysing pertinent points such as a saturated home market and an opportunity to benefit from lower-cost locations meant that, with effective evaluation, a student would attain a high Level 4 or Level 5 mark.

Those students who performed less well did not focus on TNCs and tended to write too much about economies of scale without linking it to international growth of the firm. Such responses tended to score Level 2 or, with some valid evaluation, low Level 3 marks at best.

### Q3

This question differentiated well between those students who had a very clear understanding of the concept of price discrimination and those who struggled with the concept. The application of price elasticity of demand was at the core of this question.

The production of accurate diagrams enabled the more successful students to provide a coherent analysis of possible benefits to producers and consumers. Sound evaluation which considered the possible drawbacks would mean that a high Level 4 or Level 5 mark was awarded.

Those students who performed less well struggled to explain the key economic concepts and did not make the essential links with price elasticity of demand.

Centres need to ensure that students know how to analyse price discriminate with the use of appropriate diagrams.

#### Q4

This style of question which requires students to assess impacts on business behaviour has been asked several times on previous series.

The more successful responses identified at least 3 appropriate government measures to protect employees, briefly considered possible effects and then proceeded to analyse how business behaviour might be altered as a consequence. This would constitute a top Level 3 or sound Level 4 mark even in the absence of evaluation.

A significant minority of students did not consider the *business behaviour* aspect of the question in their answers. Consequently, as long as relevant policies were identified and possible effects on businesses considered, a low Level 3 mark was attained at best. It is essential that students read the question extremely carefully and identify precisely what is being asked.

#### Section B

##### Q5(b)

Students who scored well on this question were able to identify at least 2 appropriate policies and explain how these may improve India's *international* competitiveness. Evaluation marks were obtained by commenting on why such measures may not be effective and not for identifying weaknesses in the Indian economy.

Less successful responses did not make a connection between the policy and why international competitiveness may improve.

##### Q(6b)

Students who performed well made effective use of the extracts and were able to contextualise their analysis. For example, recognising that a merger may be a defensive move on the part of shipping container companies, given the depressed state of the

industry. Evaluation marks were awarded for comments relating to why mergers may not be entirely successful.

#### Q6(c)

Sound responses showed a clear understanding of the implications of a higher concentration ratio, making effective use of the information provided in the analysis.

Less successful answers often showed a lack of understanding relating to concentration ratios. A worrying minority of students interpreted a higher ratio as one where more firms were entering the market.

The main implications for future teaching, learning and examination preparation are:

- To ensure that **all** parts of the specification are taught and internally assessed. For example, knowledge of price discrimination, co-operatives and concentration ratio was often weak.
- To ensure that students read the questions very carefully. Students should be discouraged from trying to reword a question to fit in with one which he or she may have previously revised.
- To encourage students to make full use of previous examination papers, mark schemes and principal examiner reports.

## **Grade Boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>