Pearson Edexcel

Examiners' Report

Principal Examiner Feedback

January 2019

Pearson Edexcel International IAS in Business Studies (WBS01)
Unit 1 Business Enterprise

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Section A

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

As in previous series, the majority of students 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.

In SMCQs two marks can be gained for explaining why other distracters are wrong. This was the choice most students took in this series to gain marks for section (b). Meaning they were able to gain 0-2 marks, but not the third which may have a significant impact on their final grade.

Question 1

(a) Correct answer D. (can raise funds through the stock exchange).

In the definition of a plc, candidates needed to reference the buying/selling of shares. No marks were rewarded 'to raise funds' – this is the answer given on the exam paper.

When dismissing Distractor A, 'publishing full accounts' often needed development in terms of consequences. Some examples include 'competitors can use to develop other strategies, pricing strategies. The majority defined it by stating, 'meaning anyone can see them' but it needs more development than this. Why is this not a benefit/advantage?

For Distractor B marks would be given when the student can reference to the fact 'the public/general public/anyone can buy shares'. That is where the company lose control of who buys their shares which differs from a private limited company

Distractor C often stated the opposite of the option on the question paper 'shareholders have limited liability' is not enough. Students needed to develop 'limits any losses to amount invested' or similar correct development.

Question 2

(a) Correct answer B. (overdraft)

This was generally not as well answered as expected. Often students made an assertion but did not develop why their answer was correct or not.
Overall, a number of students did reference short, medium or long-term financing but this is not enough on its own. The need to develop in context of question or distractors.

Broadly speaking, overdraft is identified as a short-term solution to an urgent cash flow problem. For example, 'short-term' on its own is not enough for a mark. Needs to be developed in context.

Distractors are medium or long-term options and again, these statements needed to be developed in context of the response

Responses to Distractor A should clarify why leasing is not the correct answer

A few good answers to dismiss Distractor C, recognised it's a long-term loan that is not available to private limited companies. Very acceptable.

Distractor D (bank loan) A significant number of students referenced £4,300 being too small an amount for a bank loan. This is not necessarily true and is only valid for a mark if they linked it to 'because there would be too much interest'.

Question 3
(a) Correct answer B. (gain a competitive advantage)

This was generally well answered with the majority of students giving confident and correct answers. Marks tended to be lost where large sections of the stem and/or question were repeated in the response.

A significant number of students gave a definition of pricing strategies. These were not rewarded with a mark as this does not answer the question of why part (a) is correct.

Most were able to include key terms in defining competitive advantage, such as, **unique aspect/feature** that **competitors cannot copy/imitate**.

A small number of students were able to use the information from the stem to develop a correct response. Identifying Aldi are differentiating themselves from the competition and lower prices are likely to **attract more customers/increase sales or revenues**. The marks are given for a reason and a consequence.

When dismissing the distractors, a significant number of students just repeated the statement on the question paper. To be rewarded with marks, some synthesis of thought and development is needed in the answer.

Question 4
(a) Correct answer D. skills gaps cannot be filled

Definitions of either migration or skills gap were acceptable. However, a significant number of students did not demonstrate understanding of the difference between migration, immigration.

References to migration often included vague statements such as 'moving/relocating from one area to another'. This was accepted even if they didn't state moving to another country provided the explanation was developed in the context of leaving a skills gap.

A common error by a significant number of students was the confusion between skills gaps and unemployment. The issue is in the question is not unemployment through lack of jobs. It is about job vacancies not being filled because there are not enough skilled people to fill them.

Question 5
(a) Correct answer A. make a contribution to society

This was generally well answered with most students able to access some marks on this question.

However, definitions of personal motivation or leadership were not rewarded. This question is about social enterprise, which does allow profit making/profit satisficing rather than profit maximisation.

A significant number of students identifeid planting trees, vaccinating children or contributing to society as a reason (a) is correct is a lift from stem/question and on their own, not enough for context. To access this mark, students need to develop their response to say how/why the business may be involved in these causes. For example, helping the environment, improving health.

Question 6
(a) Correct answer D. (levels of technology)

A significant number of students struggled with this question although many did get part 9a) correct.

Definition of supply was accepted if the student referenced 'they are **able** to produce/provide' even if 'willing' is missing. If both willing and able are missing, the definition was not accepted and not rewarded. They also needed to include both given price and time for this definition mark.

All of the distractors needed to be dismissed in the context of supply factors. A significant number of students made such as;
A is incorrect because it is a demand factor
B is incorrect because it is a demand factor
C is incorrect because it is a demand factor

There is no context to these statements as they appear here. They are not enough to be rewarded with any marks. If these statements were developed in context, 'because it is demand factor' is only acceptable for one response and not all three. Development in context needs to identify how/why it is a demand and not a supply factor?

Section B
On the whole, this section was not as well answered as in previous series. A significant number of students did not develop their answers to demonstrate knowledge, application, analysis and where required, evaluations

As has been said previously, students 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. Students 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.

An extremely low number of students attempted to give context to both sides (analysis and evaluation) which meant fewer high scoring papers in this series

Question 7
This question asked for **ONE** benefit of a business plan

On the whole, this was rather disappointingly answered. Many students appeared to struggle with knowing what a business plan.

Knowledge marks were available for **defining** a business plan and/or **identifying ONE benefit fully developed.**

When defining a business plan 'predicting what will happen' or 'predicting the future' is not an acceptable definition. A business plan does not predict the future. However, 'showing 'how the business plans on running long term' was given by a small number of students and is acceptable.

A number of students gave a definition of an entrepreneur which is not answering the question and not rewarded.

A small number of students were able to access marks for application. This was rewarded for any elements found in a business plan, for example financial forecasts, projected sales/revenues and/or reference to the business needs finance.

A very small number of students accessed the analysis marks. References to the business needing finance will only move into analysis if it discusses 'investors using it to make a decision whether to offer financial support/invest/lend/'.

Question 8a
This question asks for **ONE advantage** and **ONE disadvantage** of cash flow forecasting

A significant number of students were able to access the knowledge marks for this question but struggled with the analysis in context.

The definition of a cash flow forecast must refer to **cash in/cash out/over a period of time** for students to achieve both knowledge marks.

Knowledge marks were also available for identifying one advantage (1) and one disadvantage (1). However, there are only two knowledge marks in total for this question.

This is a generic question as there is no reference to cash flow forecasting in the evidence sections. Therefore, application marks are accessed when students identified context of the advantage and disadvantage of a cash flow forecast, for example:

Identifies the need for additional finance (1)
Identifies a net cash flow (1)
Identifies a negative cash flow (1)

A large number of students were able to access these marks.

A significant number of students referenced cash flow as 'profit'. This demonstrates clear lack of understanding of the differences between profit and cash.

Question 8b
Requires TWO non-price factors of demand.

A significant number of students understood the effect of non-price factors on demand. On the whole, this question was well answered.

A significant number of students were able to give a definition of non-price factors of demand. Marks for partial definition were given for 'bought/able to buy if 'willing' is missing but also needs at given price and time' for two full marks.

In this context, changes in technology and natural disasters were given as demand factors by a small number of students. This was accepted, only when they were linked to the context of impact on demand and not on supply.

Question 9a
A well answered question by most students.

Candidates were given 4 full marks for 56% to identify it as a margin and not a whole number.

A small number of responses identified the correctly calculated number of 56 which was rewarded with 3 marks, regardless of whether it has a currency symbol, incorrect formula, or other written error.

A common error was to have the sales and gross profit figures in the incorrect place.

On the whole, a significant majority of students know how to calculate the correct formula.

Question 9b
This question asks whether a competitive pricing strategy is the most appropriate for careercake.com. There were a few very good responses but on the whole the majority of students only just reached Level 3.

Definitions of competitive pricing were often weak but the ones who identified prices as around the same as competitors developed stronger answers.

A significant number of students referenced competitive pricing as being much lower than the competition. This could also be describing predatory/penetration pricing. Attempts at analysis often referred to 'to try and get rid of competitors' or 'get competitors out of the market'. This clearly demonstrates lack of understanding of competitive pricing strategies.

A small number of students were able to develop stronger responses that included examples such as '…and have USP they compete on' or '…compete on something else other than price'.

In attempting evaluation, a few students were able to discuss the options of other pricing strategies. Very good answers identified the expertise in *careercake.com* and awards won by Aimee's as a justification for premium pricing.

A few students did not reference competitive pricing at all and only discussed a range of alternative pricing strategies. This does not answer the question.

Question 10
There were a significant number of blank papers s students opted not to answer this question.

In this question candidates are asked to assess how economic influences may affect *careercake.com*

A significant number of students appeared confused by the question. There were discussions about government and social factors. Some identified the digital economy, social media trends, the internet and even electricity. None of which answer the question and were not rewarded.

A small number of students presented sensible evaluations of impact of government factors on the economy, e.g. rise in taxes, but didn't then put them in context of economic impacts on *careercake.com*

A significant number of students offered simple mirror arguments, for example, when inflation is low, people have higher disposable incomes and buy more but if inflation is high, disposable income is worth less, so people spend less. On its own, these statements are not enough to be rewarded with evaluation marks. However, a number of students did attempt to apply them to careercake by discussing the impact on people looking for jobs or career changes.

Question 11
The question asks candidates to assess how useful ICT may be as a market research tool for *careercake.com*

A significant number of students did not answer this question, but it cannot be ascertained whether this was by choice or if they ran out of time.

A common error made by a significant number of students was analysing the usefulness of ICT as a whole, rather than its use for market research. There was a lot of reference to marketing activities rather than market research.

A significant majority of those who did response were able to access level 2 application in context by referring to types of ICT based market research such as online questionnaires, surveys, emails, plus references to using physical post/mail, not bricks and mortar, shops, stores. These are acceptable as context but can also be presented as analysis when developed properly in the frame of the question.