Pearson Edexcel

Examiners' Report

Principal Examiner Feedback

January 2019

Pearson Edexcel International IAL in Business Studies (WBS03)

Unit 3 Strategic Business Decisions

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Principal examiner's report – WBS03 January 2019

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 students 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.

This was the second WBS03 paper for an October series.

For support, candidates could have used sample assessment material, plus the past papers, mark schemes, and reports from previous series. This was clearly evident by the way that many candidates structured their answers to match the format used in the Mark Schemes for this paper. Some candidates have become so familiar with the structure of the answers as they are written in the Mark Scheme that they too follow this structure to the point of inserting key words at what they consider to be appropriate points in their answer.

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, students 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 January 2019 paper was based on the business of *Love Productions Ltd* a UK-based company that makes programmes for television, perhaps best known for its 'Great British Bake Off' franchise, media business *Sky* (formerly *British Sky Broadcasting/BskyB*).

Although focussed on these particular businesses, evidence was provided to candidates which outlined their operation, background, history and more recent developments which affected how they are run; as such, this case study does not appear to have caused any problems for candidates. It is also good to note that candidates' familiarity with television did not adversely affect the business-like approach to their answers.

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

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.

Question 1 (a)

1a) asked What is meant by the term private limited company?

A basic business concept but not always defined clearly, or with any precision - lots of vague generalisations, many random definitions which suggests that there is no common definition used in text books or teaching. Like any term or concept in this specification, a clear understanding will help students very much. Precise answers are expected at this level.

1b) asked What is meant by the term risk?

As with Q1a, there was a lack of clear knowledge or understanding for such a basic term. A high proportion of candidates answered this in terms of general usage in day to day activities, rather than in a business context. Also, many candidates referred to physical risks from 'external influences' (a different part of the Specification) rather than the requirement in Unit 3 in the Specification: 'Students will assess the causes and effects of change on businesses and examine how companies can manage risk and grow effectively', or even in the context of 'risk-taking' in terms of entrepreneurship (Unit 1).

Examiner Comments:

It is worth remembering that although the terms chosen for questions 1a and 1b are in common usage, it is not sufficient to rely on candidates' general knowledge to answer these questions. Like any other part of the specification, students will need to have the concept(s) explained, defined and illustrated in practical examples to help them understand the topic and be better prepared to answer these questions. Encourage candidates, when asked for a definition, to give precise, knowledge-based answers rather than vague generalisations - this will help to ensure that full marks can be given.

Question 2

Candidates were directed to Evidence A, and asked to explain how the diversification shown in the evidence can affect company growth.

There are no 'knowledge' marks in this question for a generic definition. As the question asks - the 'knowledge' marks are given for knowledge/understanding of how the diversification shown in Evidence A can affect company growth.

This issue has been highlighted in all previous examiners' reports. However, as we have seen in past papers, most answers to Q2 continue to start with a generic definition - this may help some candidates to start their question, to get their thinking organised, but they should not be surprised to receive no marks for this. The danger is that some candidates take up too much space with their definition, which means that there is limited space for them to develop their answer. Marks can be improved if the candidate focuses their answer on how the topic of the question, in this instance, *'... how diversification can lead to company growth'* rather than simply defining, describing or writing about 'diversification' and/or 'company growth' as individual topics. Application and analysis make up 4 out of the 6 marks possible for this question, so should not be ignored.

Question 3

Evidence E provided candidates with figures for the current assets and current liabilities of Love Productions Ltd, in the years to 30 June 2015 and 30 June 2016. The question then asked for an analysis of the liquidity of *Love Productions Ltd*, using this data.

As with Q2, most answers to Q3 started with a generic definition - again, there are no marks for a basic definition of any of the terms used in this question.

However, during marking, we saw good knowledge and understanding being displayed by candidates. Most clearly know the formula for liquidity and can select the correct figures from given evidence to produce the correct figures. Analysis was generally good at a basic level; better candidates go on to score higher marks for their more developed analysis. Some answers strayed into evaluation – but there are no marks for evaluation on this question, no matter how good it may be.

Examiner comments:

For questions 2 and 3, candidates need to focus their answers on what is actually being asked in the question, how the business is affected, rather than write descriptions of the various terms, topics or theories which may be used in the question.

Question 4

This was the first question on this paper to be marked on levels.

Candidates were asked to assess the profitability of Love Productions, by comparing the 12016 figures with its 2015 figures, Evidence D.

Another question that required a correct calculation, this time based on selecting the correct figures from the given statement of comprehensive income. However, markers noted that calculations being done were not as not as confident as for Q3 - incorrect calculations were being done, using the wrong figures and consequently drawing the wrong conclusions. The main problem with answers at this level was that a lot of candidates were not using the term 'profitability' correctly – not doing any calculation and basing their answer on the way that the raw figures for gross profit or profit for year had changed year on year.

'Profitability' is a distinct point in the Specification for this unit (section 3.3.3 Assessing competitiveness, and featuring in Unit 1, section 1.3.5 Measuring business performance), as opposed to the various general measures of 'profit' that appear elsewhere in the Specification. As such, it is expected that candidates would know this difference and be able to separate them. Candidates who did recognise the difference would invariably be able to select the right numbers and perform the calculations to arrive at figures for profitability, getting them well into Level 2, but having done the calculation, weaker candidates did not analyse what the figures meant, which limited their marks to, maybe, just into Level 3, around 5-6 marks. There was very little evaluation at this level.

To achieve marks I the higher levels, in addition to the correct understanding of 'profitability' and the correct calculations, candidates should be making valid analysis of what the figures mean and some evaluation of their usefulness for the business. Do this, and they will start to score marks at the top of Level 3 and into Level 4, 7-10 marks.

It is worth noting that lots of candidates attempt to suggest ways that the business could improve/increase its profitability - but this was not asked for in the question, so no matter how good - no marks – an illustration of the importance of reading the question, and actually answering what is asked.

Question 5

Question marked on levels.

The stem of this question noted that *Love Productions* has the option of selling the existing UK programmes to other countries or developing new versions that meet the individual needs of each country.

Candidates were then asked to assess the value to *Love Productions* of using Ansoff's matrix when making this decision.

As noted for Q4, there was not much evaluation being done; instead, answers tended to feature lots of copying words/sentences/statements from stem of question and/or evidence.

Most candidates knew what Ansoff's matrix is, and can describe it in great detail, but found it difficult to relate the theory to the real-life business in the given evidence. Answers based on the merits, or not, of diversification rather than about the usefulness of Ansoff's matrix

Consequently, there were a lot of answers that tended to be based on the merits, or not, of diversification rather than about the usefulness of Ansoff's matrix in this situation. This meant that for a lot of candidates they struggled to achieve marks beyond the lower end of the Level 3 range, 5-7 marks. If answers went beyond a description, L1 and L2, and actually answered the question, assessing the value of using Ansoff's matrix, positive and negative, marks were quickly moved through Level 3 and into Level 4, scoring much higher marks.

Examiner comments:

As we have seen in previous papers, applying basic knowledge of a term or topic to the business as described in the paper, proves to be quite challenging for many candidates. The advice to candidates remains - that to improve marks, any analysis and evaluation should be in context and applied to the business concerned, rather than a generic statement which could apply to any business.

Question 6

This is an essay length question, marked on levels; candidates having been provided with a new set of evidence, Section B on the question paper.

Evidence E reported how the media business, BskyB, confirmed that it had bought a 70% stake in Love Productions.

Candidates were asked to assess *BskyB*'s strategic decision to buy such a large share of a relatively small production company like *Love Productions*.

Pleased to report that, for many candidates, this question worked well and that candidates produced some good answers. Weaker candidates still tended to write answers which were very descriptive, often copying text direct from the evidence to fill the space. To score well on this question candidates would have needed to use their descriptive text and produce some valid analysis of the situation, and a final evaluation, which would move their marks through Level 3, 12 marks, and into Level 4, 13+ marks.

Examiner comments:

Students, candidates, need to be clear that any direct copying of given evidence is unlike to produce any marks unless it is actually used for application, analysis and evaluation. Markers are very familiar with the paper and the evidence provided and will identify any direct copying very easily.

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 any positive analysis within their answer. Answers which do not apply the answer to the evidence related to the business itself, will only produce low level marks. Candidates are advised to base their answer on what they know, rather than relying on a pre-learned format for the answer.

Question 7

Essay length question, marked on levels.

Evidence G moved the story of *BskyB* along, explaining how it rebranded itself as *Sky*.

The question asked candidates to evaluate the extent to which this will improve *Sky*'s competitive advantage.

As we saw in Q6, examination tactics tried to boost a lot of answers to the lower end of Level 4, when, in reality, the quality of the answer only resulted in a much lower mark.

These answers tended to be very descriptive, particularly about 'competitive advantage' which weaker candidates picked out of the question. As ever, candidates found it easy to write pages and pages about a topic, but found it really difficult to apply it to the real business. Consequently, there was very little real evaluation done by weaker candidates, marks being in the 12-13 range.

A good, high marking answer, needed to show a good understanding of how rebranding may or may not improve the competitive advantage of a business, and moved the mark well into Level 4, 13+ marks.

Paper Summary

Based on the work seen from candidates in January 2019 the main issues are summarised as follows:

• 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, plus 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, trained, drilled almost, 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 clearing 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 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 weaker 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.

Markers read every word to see if there are points worthy of credit within the text, but this can be difficult if they are hidden within long general descriptions.

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.

• Which brings me to my final point – handwriting.

If a marker cannot read what has been written it is impossible to see if a candidate has answered the question or shown knowledge, application, analysis or evaluation – consequently, marks can be affected negatively, which can lead to lower grades being achieved.

All of the marking team are experienced in reading a wide range of handwriting and styles, and will spend time attempting to read answer, to be as fair as possible to candidates - but sometime we are defeated. This situation is increasing and

It is worth remembering that the Specification for this unit notes: *'…The quality of written communication will be assessed in the context of this unit…'*. This is not just an academic requirement, for once students move into the workplace they will need to communicate with other employees and if they cannot read the handwriting employment may become very difficult to maintain.