

Examiners' Report/  
Principal Examiner Feedback

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Pearson Edexcel International  
Advanced Level in Business Studies  
(WBS01) Paper 01 Business  
Enterprise

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# **International Advanced Level Business Studies (WBS01) January 2014**

## **General comments**

As often happens in a first sitting of a new award and especially the January paper, some students have not developed skills beyond those required for success at GCSE.

In the Supported Multi Choice section (Questions 1-6), students may be able to identify the correct answer, and to then state the definition of the key word/phrase. However, some were then unable to gain further marks for fully explaining their choice of answer, many simply repeating the words from the question stem in their answers. Most marks for these questions were awarded for explaining why other distracters were wrong.

In the Data Response questions, there was evidence of many students having been well taught regarding how to access the 3+3 mark scheme for Q7.

The vast majority of students attempted the standard data response questions 7; 8a and 8b with a small number of blank scripts.

A majority of students attempted questions 9a; 9b; 10. However, Q11 was not attempted by a significant number of students but it is not clear whether this was due to a difficulty in responding or if it was due to time restraints before the final question.

## **Specific comments**

### **Question 1**

Q1 (a) Most students identified that the correct answer was B (commercial bank loan).

Q1 (b) Many students were able to state that an external source of finance was from outside the business. However not so many managed to explain fully what a bank loan was with respect to a medium term source, with interest. There was generally some confusion about the key differences between a short term, medium term and long term loans and needs to be clarified. In terms of the distracters the most common answers were that retained profits are an internal source, and that shares could not be issued by a sole trader, and even students that got part (a) wrong were able to pick up one or two marks here.

## Question 2

Many students were well drilled on answers from previous AS Business 1 papers of the accepted definition of an entrepreneur. Some students simply rephrased the stem – for example: “an entrepreneur needs to self-confident, a risk-taker and resilient, so it cannot be these” which shows no development towards an A’ Level response.

Q2 (a) The majority of students identified that the correct answer was D (Indecisive).

Q2 (b) The explanations for this question were on the whole not so well done. In many cases students did define an entrepreneur but very few were able to develop the idea that decisions might need to be made quickly and the consequences that could follow if this did not happen. In terms of the distracters the most common correct explanation was that entrepreneurs do take risks balanced against rewards. Weak students did simply state that the distracters were characteristics of entrepreneurs and offered no reasoned explanation at all, thus not obtaining any marks.

## Question 3

Generally this question was well explained, again probably due to this area having been tested in previous series, although some students simply repeated the stem of “likely levels of demand” in their answers, rather than apply theory to the scenario. However, explaining the distracters proved more difficult, and students need to be reminded to use connectives in their answers, such as, “because”.

Q3 (a) The vast majority of students identified that the correct answer was C (assess the likely levels of demand).

Q3 (b) Many students were able to offer a good definition of product trials, picking up on limited scale and gauging reactions. The better answers also explained the use of the feedback to make improvements. Not so many took it as far as suggesting that this might increase sales when the product was launched nationally. With respect to the distracters some strong students gave good explanations of why sales would not be guaranteed clearly understanding that other factors would be involved. Weak students simply stated that the margin of safety had nothing to do with product trials and thus did not gain a mark for this. Many stated that product trials were primary research but did not explain why they were stating this.

#### **Question 4**

On the whole this question was well answered. Students need to be reminded that any statements they make about marketing should link to effect on company's sales/profitability.

Q4 (a) The vast majority of students identified that the correct answer was A (more effectively target its market).

Q4 (b) Most students offered good definitions of market segmentation fully understanding that the market could be divided into sub groups of customers with different characteristics. Many were able to explain that customers could buy products that matched their needs, but failed to develop the idea of increasing Nikes sales and profitability. In terms of the distracters many students explained that Nike would still need to advertise, and also that market research would still need to be carried out. Weaker students did not fully develop their reasoning.

#### **Question 5**

This question caused some confusion regarding how a company obtains a patent, the role of government, and what protection a patent offers. There were a lot of general statements made with no link to the scenario set out in the question.

Q5 (a) Most students identified that the correct answer was A (Patents protect Apple from other businesses).

Q5 (b) This question was not generally well answered with respect to the reasoned explanation. Only a minority of students were able to correctly define what a patent was, and very few linked it into the concept of protecting technology from the likes of Samsung. There was poor reasoning in relation to the distracters with many students not able to explain fully why they were incorrect. Better students did suggest that sales could not be guaranteed by a patent and that other factors like demand and price also played a part.

#### **Question 6**

There were several well answered responses. However, some students only provided a supply graph, with little or no explanation that related to the scenario in the question.

Q6 (a) The majority of students identified that the correct answer was C (shift the supply curve of potatoes to the left).

Q6 (b) Explanations on the whole appeared to be weak. Many students made an attempt to define supply but often parts of the full definition were missing, such as not mentioning at a given price, or not mentioning able and willing. Very few students offered reasons as to why the curve would shift to left. Distracters were not very well explained either. Better students did manage to explain that a movement along the supply curve would be the result of a change in price rather than a non-price factor. Very weak students were unable to distinguish between Demand and Supply and were writing about shifts in the demand curve.

## Data Response Questions

### Question 7

There was evidence that many students have been well taught about the 3+3 mark structure as required on AS papers, and most did give 2 factors. Some students gave price factors as reasons, or did not answer the question set, offering vague answers with little relevance to the question.

The majority of students attempted to define demand, although in some cases the full definition was not given and a particular element was left out such as willing, or able or at a given price. The vast majority of students were able to name two non-price factors, with tastes and fashion, income, safety and advertising being the most popular. Only a few students wrote their answers in the proper context. Strong students were able to explain the change in demand that could occur following a change in a non-price factor, and thus received the analytical marks. Weak students did not explain the consequences in enough detail, for example they did not say whether or how demand would be affected ie whether it would go up or down.

### Question 8

When attempted this question was generally fairly well answered. Some students did better on one part of the question than the other. Where marks were lost, it was usually due to either poor application, for example, only making general statements about pricing or supply; or not developing their analysis through using connectives and consequences for Pyranha's profit or sales of using premium pricing strategy or maintaining close supplier relationships.

### Question 8a

Most students got marks for knowledge and understanding, some defined premium pricing, but many got the marks for giving reasons such as quality, branding and profit. Application was not evident in all answers but some students did latch onto the idea of high quality materials used to produce high quality kayaks for paddlers. Stronger students offered some analysis particularly the fact that premium pricing could help to cover the high costs involved. Very weak students did nothing more than repeat phrases from the case study.

#### Question 8b

Many students defined a supplier, a substantial number of students however defined the word supply. Good answers mentioned improved service, and trade credit. Most students had some application in terms of the high quality materials required. However, only a minority of students developed any real analysis in their answer, but the strong students did explain the consequence of a delay in materials, or how sub-standard materials could damage reputation and profits.

#### Question 9

##### Question 9 (a)

The majority of students have responded to this question extremely well, achieving full marks. The most common mistake was limited to offering the final 40 as £40 rather than 40 units or 40 kayaks or plain 40. This indicates a lack of understanding of break-even analysis and students need to be encouraged to consider how realistic their calculated response is in context; for example, how realistic is a £40 break-even point for a manufacturer of high quality kayaks?.

##### Question 9 (b)

Disappointingly a significant number of students failed to put this response into meaningful context or application. As a result they were limited to a maximum of 4 marks even though of these responses, many obviously were aware of the benefits of acting ethically but relied on either referring to kayaks or Graham in an attempt to gain application marks.

#### Question 10

Many students again missed the application marks and therefore the analysis was rightly limited to a maximum of 4 marks due to lack of context - equating to application marks only. Some responses were concentrated on the necessity and advantages of profit rather than profit maximisation or indeed sometimes were limited to suggesting methods by which Pyranha could achieve profit maximisation. Of those students who offered a response which did assess the importance of profit maximisation, there were too many who failed to achieve two sided context and so limited themselves to the lower level marks. The stronger students that achieved the mid to high evaluation marks offered a broad and in depth understanding of the possible importance of profit maximisation to Pyranha whilst demonstrating and developing their perception of reasons why it may not be the most important aim and objective of such an organisation.

## Question 11

The issues students often demonstrate of their difficulty responding to questions about exchange rates were evident again in the responses to this question. Some students offered a definition of exchange rates as the value of one currency expressed in terms of another. Only a minority offered well-structured and logical assessment of the effects of changing exchange rates on Pyranha. Stronger students included the impact on Pyranha of its importing and exporting operations in their contextualisation before going on to also recognise and develop their assessment of how other aims such as quality and the extent of the fluctuation might influence that importance. Students often gave one sided responses without recognising that there would be an effect on both importing and exporting issues and instead focussed their response on just one of these areas of operation. Likewise, a significant number of students seemed to interpret the evaluation as being the advantages and disadvantages of changing exchange rates rather than the extent of their impact.



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