



Examiners' Report

Principal Examiner Feedback

October 2019

Pearson Edexcel International Advanced
Level in Business (WBS03)

Unit 3: Strategic business decisions

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October 2019

Publications Code WBS03_01_1910_ER

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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 third 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 October 2019 paper was based on the business of the Thomas Cook Group plc, which, when the paper was developed, was one of the world's leading leisure travel groups. However, between the time that this paper was produced and the time that it was set, the Thomas Cook Group collapsed amid high profile publicity. After consideration, we decided to go ahead with the paper with no changes, as all of the questions were drawn from evidence provided in the paper, rather than topical

news from the 'real world'. No questions required current knowledge of Thomas Cook. Based on responses I have seen, no candidates appear to have been troubled or disadvantaged by what has subsequently happened to the business that used to trade as Thomas Cook.

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

Question 1 (a)

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 1a) asked: what is meant by the term customers?

Whilst the majority of candidates gave a definition similar to that in the MS, some candidates scored zero marks as a result of lack of precision - defining a customer as the consumer, or as a stakeholder who merely showed an interest in a product - the answer needed to refer to the person or organisation that makes the purchase of product/service to get 2 marks. Answers based on a more economics-based knowledge e.g. defining customers as the stakeholders who create demand were credited with 1 mark.

For question 1b) candidates were asked 'What is meant by the term corporate strategy?'

As with Q1a, there was a lack of clear knowledge or understanding for such a basic term. Answers very general, lacking focus. Lots of 'mirror answers' i.e. corporate strategy means a strategy that is corporate. To gain full marks, it was expected that an answer must include a reference to the long-term aspect of a 'strategy'. If '...long-term...', was not seen, then only 1 mark was given – no matter how good the rest of the answer. This emphasises the point that for these 'definition' questions, we expect precision, in a business context, rather than a definition based on general or common usage.

Examiner Comments:

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

A stem to Question 2 noted that the corporate culture had been established at Thomas Cook for 175 years. Candidates were then asked to explain the difficulties that a business such as Thomas Cook would face if it wanted to change its established corporate culture.

As explained in previous PE reports, there are no marks in this question for any straight forward definition of terms. Despite this, most answers did, in fact, start with a definition. Many answers then went on to tend to expand on this definition, copying text from given evidence rather than used this evidence to support the answer. This is not that way gain marks for this question. Answers needs to show knowledge and understanding of the difficulties of changing an established corporate culture, not just 'corporate culture' per se. Marks could then be increased by placing the answer within the context of Thomas Cook, as drawn from given evidence, and developing reasons, causes, consequences or the cost of the difficulties in changing an established corporate culture.

A proportion of answers missed the point completely, describing 'corporate strategy' – these were given 0 marks – this question is all about 'corporate culture' which is a different part of the specification.

Question 3

This question asked candidates to analyse how the strategy outlined in Evidence B is likely to give Thomas Cook business a competitive advantage.

To answer this question correctly, candidates would have had to read Evidence B and then identify the particular strategy being employed.

As we saw in Question 2, most answers again adopted a 'definition' approach, which led some candidates to give an answer based on the word 'strategy' – rather than identifying the actual strategy described in Evidence B – this tended to limit marks. Markers saw a number of examples which did not answer the question, just a page of description of strategy in general.

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 directed to Evidence C, which reports on the gender pay gap at Thomas Cook Airlines. They were then asked to assess how the situation described could affect labour turnover in a business such as Thomas Cook.

Candidates needed to remember that the question is based solely on Evidence C, and how it could affect labour turnover. Many answers tended to be based on what Thomas Cook could do to reduce the gender pay gap, rather than the effect on labour turnover. This emphasises the need to read the question and evidence fully before starting to answer a question.

Some answers were based on the concept that high labour turnover would be good for the business as it will bring in new blood/new ideas – again, this is not what was asked.

To score well in this question, the answer should have been more than a generic description of either labour turnover or gender pay gap, and it should have started to consider how the situation described in Evidence C could affect labour turnover – or not – by way of evaluation.

Question 5

Question marked on levels.

Evidence D provided candidates with details of new holidays being introduced by Thomas Cook. They were then asked to assess the value to Thomas Cook of Ansoff's matrix, when making this business decision.

This question produced lots of generic answers, all about Ansoff's Matrix, but not applied to Thomas Cook or the evidence provided. Also, there was some confusion between Ansoff's matrix and the Boston Matrix.

As noted for Q4, there was not much evaluation; instead, answers tended to feature lots of copying words/sentences/statements from stem of question and/or evidence. Most candidates seemed to know 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 were inclined to be based on the merits, or not, of diversification or market penetration, rather than about the usefulness of Ansoff's matrix.

To score well on this question, answers should actually include some good assessment, and evaluation, going beyond a lot of descriptive writing about what the various segments of the matrix represent, beyond a pure description, L1 and L2, and actually answer the question, assessing the value of using Ansoff's matrix, positive and negative, moving marks through Level 3 and into Level 4.

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, which presented candidates with new evidence, starting with a report that the business was considering a major investment in some new aircraft.

Question asked candidates to evaluate the usefulness of investment appraisal techniques to Thomas Cook when making such high value purchases.

Answers which were generic, not referring to any technique in particular, just pages of description of investment opportunities, what it means, not how it is used, scored low marks. Generic, out of context answers would result in a lower mark. As we have seen, increasingly, in past series, many candidates use the trigger word 'however' in an attempt to move the mark into L4. This tactic would only work if our markers saw real evaluation, in the context of Thomas Cook and the evidence provided. Many candidates chose to write a paragraph about each of the three investment appraisal techniques listed in the Specification, namely: simple payback, average rate of return and discounted cash flow. Within each descriptive paragraph, some candidates included the advantages, disadvantages and downside of each technique – there is nothing wrong with this approach, if the answer is applied to the situation at Thomas Cook, as outlined in Evidence E.

The key to answering this question is to outline the usefulness, the pros and cons, of the different investment appraisal techniques as listed in the specification – and to apply these various techniques to the situation in Evidence E – the proposed purchase of high value items, aeroplanes.

To score well, and move the answer into higher levels, answers should cover all of the techniques, be well-argued and making good use of evidence, coming to a firm conclusion, that is in context, evaluating the usefulness of different investment appraisal techniques to Thomas Cook, and conversely, some of the drawbacks and alternative measures that could be used.

Candidates need to know that simply rewriting the evidence provided is not answering the question and that generic answers which just write about investment appraisal, but 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 F explained how Thomas Cook was planning to expand and open more hotels. Question then asked for an assessment of the benefits to Thomas Cook of the type of company growth described in Evidence F.

This question generated a lot of generic answers, candidates writing about the pros and cons of company growth per se, rather than identifying the type of growth being exhibited by Thomas Cook in Evidence F.

Many answers were very descriptive, candidates found it easy to write pages and pages about the topic, but found it really difficult to apply it to the real business.

High scoring answers should be realistic and in context, identifying 'organic growth' as the strategy described in evidence F, then applied to Thomas Cook, rather than just being a generic description of organic growth. Evaluation should be present to produce a Level 4 answer.

Paper Summary

Based on the work seen from candidates in October 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 clearly 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.

