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Examiners' Report  
Principal Examiner Feedback

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Pearson Edexcel International Advanced Subsidiary  
and International Advanced Level  
In Business (WBS13)  
Paper 01

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### **Introduction:**

Overall, candidates' performance showed a good grasp of business concepts. Answers suggested that candidates had been well prepared for this WBS13. There was good use of business terminology throughout all sections of the paper.

Once again, better candidates demonstrated excellent application of their knowledge to the precise question set, compared to candidates who attempted questions from a 'common sense' approach rather than demonstrating any business concepts or theories. This was particularly evident for the 20-mark questions.

The examination paper required candidates to apply their understanding; better candidates performed strongly, with clear development of points. Examination timing appeared to be very good with the majority of candidates completing the paper in the allocated time.

### **Question 1a: Supply and demand diagram**

This question was poorly attempted by many candidates. These diagrams are an essential part of the course and candidates are still incorrectly labelling the axes: only Price and Quantity (or P and Q) is accepted for the x axis and y axis. The equilibrium price and quantity must be clearly labelled on the x axis and y axis. The suggested diagram in the mark scheme should be used as an example of how marks are allocated for this type of question.

### **Question 1b: Current ratio**

Many candidates were able to correctly calculate the current ratio of 3.26. Again, some candidates included the incorrect units (%) or did not give their final answer to 2 decimal places so could only be awarded 3 marks. It is advisable to show all working including a suitable formula. Always check the correct units are being used.

### **Marking Levels – a holistic approach**

The IAL specification uses marking descriptors for all levels-based questions. It is essential that centres look at these and understand how these are applied. The levels-based mark schemes are applied in a *holistic* way instead of looking for individual Assessment Objectives. This means that a candidate who attempts evaluation with some context will not necessarily be placed in the top levels and may only achieve Level 2 if the evaluation is weak. Far too many candidates are still simply copying out large sections of the Extracts with a limited attempt at evaluation; this will only ever achieve lower levels.

### **Question 1c: Internal economies of scale**

Many candidates were able to explain in detail about whether the new factory would result in internal economies of scale such as purchasing and managerial economies of scale. Better candidates were able to explain why these might occur rather than stating or listing different types of internal economies of scale. For the counter argument, marks were awarded for some understanding on how the economies of scale might be limited or how the factory might experience diseconomies of scale as the size of the business grew. As in previous examination papers, many candidates ignored the command word 'Discuss' and only gave a one-sided response. A conclusion is not required for 8 mark questions.

### **Question 1d: Ansoff's matrix: market development**

Marks were awarded for an assessment of how the launch of the new bike hire might help to grow the business in terms of market development. Some candidates did not focus on the bike hire and instead assessed the impact of the new factory, the museum and the use of e-bikes which was not what the question asked. The focus had to be on the expansion into Brompton Bikes hiring out its folding bikes. The counter argument tended to focus on the difficulties of moving into a new market with the lack of experience of this market and whether this would indeed result in growth for Brompton Bikes. A conclusion/judgement is required for 12-mark questions but was not often seen.

### **Question 1e: Simple payback method**

The second 12-mark Assess question was about the use of the simple payback method of investment appraisal. This question was not as well answered as the previous question. Marks were awarded for some understanding about how simple the payback method is in terms of the simplicity and ease of use. Some candidates linked the nature of the business and how Brompton Bikes was in a very dynamic market with technology changing rapidly so therefore needed to use an investment appraisal method which focused on speed of return rather than profitability. The counter argument was often focused on the method being too simple and it ignored the time value of money or the overall profitability of the investment. Again, a conclusion was required for this question but was often missing.

### **Question 2: Shareholders v Stakeholders**

This question really did demonstrate the candidates who could use plenty of business theory to evaluate whether the board of directors should accept the shareholders' vote and those that paraphrased the information in the extracts. There was no 'correct' answer as to whether the CEO should get the pay rise or not; it was about the quality of arguments from the shareholders viewpoint (the owners) and other stakeholders (the CEO) and the conflicts that arise from this decision. Extract F gave candidates plenty of financial reasons for the pay rise – the increase in revenue, profit and shareholder returns and how the CEO should be fully rewarded for the improved performance of the business. Better candidates used this data to support their evaluation whereas many candidates gave very descriptive responses which lacked any business theory from the course. To access the higher levels, candidates had to have developed chains and use of business theory rather than a 'common sense' evaluation of whether they should or should not accept the vote.

### **Question 3: External economic influences**

This was poorly attempted in comparison to Question 2. It was very clear that many candidates did not understand what was meant by external economic influences and proceeded to work through the various components of PESTLE without any real business theories or concepts. Better candidates could link the impact of rising commodity prices and wage inflation to what might happen to demand for Dr Martens in the UK. The counter argument was focused on how the external economic influences and increases in prices might not impact that much on growth and sales in the UK. The impact of rising prices would very much depend on price elasticity of demand and how brand loyal customers are. Many candidates pointed out that Dr Martens is a very established brand and the price of its boots are already high to target higher income groups therefore it may not be negatively affected by rising inflation. Some candidates suggested there is a lack of substitutes and the social changes of women wearing boots might mitigate any decline due to the changing economic influences. As with Question 2, simple evaluation was likely to be placed into level 2 rather than level 3 and above. For level 3 and above, more developed chains of reasoning were required with some understanding of the benefits and costs of being ethical applied to some form of context. As with the other levels questions, examiners were looking at the overall quality of the response rather than counting the number of arguments. A conclusion was required and examiners were looking for candidates to make a judgement rather than just repeat previous points.

### **Summary**

There are several points which could raise performance in future sittings. Based on their performance on this paper candidates are offered the following advice:

- Read the questions carefully in terms of the command words. It was clear that some candidates were not aware of the demands of the question or how to structure their responses.

- Quantitative Skills will be tested throughout the paper and these may be in the form of calculations, diagrams or using the data from the Extracts.
- For calculation questions, it is essential that the answer has the correct units or is to two decimal places (if specified).
- Discuss – this question requires both sides of an argument and is **not** one-sided. A conclusion is not required.
- The command words 'Assess and 'Evaluate' are evaluative command words so candidates must provide both sides of a business argument in order to achieve full marks with a supported conclusion.
- Use of relevant context is required throughout and this can be from the Extracts provided or using examples provided by the candidate themselves.
- The Extracts are there for a reason but do not copy out large sections of the Extracts.
- For Application to be rewarded, it must be used and integrated into the response rather than separate to the response.
- Use business concepts and theories rather than generic 'common sense' answers.
- Examination timings – make sure there is enough time to answer the 20 mark questions in Section B and Section C.