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Examiners' Report
Principal Examiner Feedback

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

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Introduction

Overall, performance on this paper showed a good grasp of business concepts. Answers suggested that candidates had been well prepared. There appeared to be good use of business terminology throughout all sections of the paper. The better candidates demonstrated excellent application of their knowledge to the questions set, compared to those who attempted questions from a 'common sense' approach rather than demonstrating any business concepts. 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 within the allocated time.

Report on individual questions

Question 1a: Calculation of the gearing ratio

A significant number of candidates were able to answer this question correctly. The majority were able to access at least one mark for the correct formula, even when they went on to make an incorrect calculation. A significant number were able to access a further two Application marks for correct figure placement of the numerator and denominator. A few candidates lost marks for not calculating to two decimal places as instructed in the question. However, a significant number of candidates did not know the gearing ratio formula at all. It is always advisable to show all workings, including the correct formula.

Question 1b: Calculation of income elasticity of demand

This question appeared to be the most problematic for candidates. A significant number did not attempt this question. A significant number did not calculate the correct answer. This question was synoptic and it was clear that for some candidates there were large gaps in knowledge and understanding for this part of the specification. Many candidates simply did not know the formula for YED or gave the formula for PED. Some candidates were able to correctly calculate the percentage change in quantity demanded and the percentage change in income but reversed the YED formula so could only achieve 2 marks for Application. Again, some candidates did not give their final answer to two decimal places as instructed in the question so could not be awarded the Analysis mark.

Marking Levels – a holistic approach

The IAL specification continues to use marking descriptors for all levels-based questions. It is essential that centres look at these and understand how these are used to mark responses. The levels-based mark schemes are applied in a holistic way rather than 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 achieve lower levels.

Question 1c: Usefulness of quantitative sales forecasting

This was the first levels-based question on the paper and marks were awarded for the discussions of the possible usefulness to Spotify of quantitative sales forecasting. This was answered quite well with lots of references to Spotify being able to spot trends in the data and being able to plan strategies for the future. Often the counter balance focused on how data can be inaccurate due to external factors, qualitative data could be more useful, it takes time and resources to produce the data and the usefulness depended on the skills of the person doing the forecasts. A significant number of candidates did attempt to give a contextualised answer but it was often one-sided. A few candidates were able to access the higher levels for a well evaluated, contextualised response specifically applied to Spotify. A conclusion is not required for 8-mark questions.

Question 1d: Competitive environment

This is the first 12 mark 'Assess' question on the examination paper and was marked with 4 levels. A wide range of responses were seen for this question with some very good answers with very good use of the extract. Examiners looked for chains of reasoning which used the context provided to support whether Spotify could compete against Amazon's Audible. There were some well-developed responses on barriers to entry, Amazon's ability to sustain a price war and its two-thirds market share and the \$1bn lost by Spotify during its introduction to Podcasting. A significant number of candidates were optimistic about Spotify's chances of success and developed their response around the forecast size of the growing market for audiobooks. A few of the stronger candidates commented on (lack of) market saturation to support their argument and brought own knowledge of Spotify/YouTube (cheaper) into the development. A few candidates used Ansoff's Matrix to analyse Spotify's attempt to enter the audiobook market in terms of product development or diversification. This sometimes steered their response to the question in the wrong direction by making it about the Ansoff Matrix rather than about Spotify's intentions. A simple descriptive response was more likely to achieve level 1 or level 2 at best. The counter argument often lacked context in comparison to the main argument. A conclusion/judgement is required for 12 mark questions but was not often seen.

Question 1e: Impact on external stakeholders

On the whole, the majority of candidates could give examples of external stakeholders. This tended to be less well-developed than some of the other levels questions in terms of breadth and depth of responses. However, the majority of candidates were able to discuss the effect of an increase in subscription prices from Spotify. A significant number of candidates assessments tended to favour the impact on customer and shareholders in depth. A few decided to give shorter assessments of impacts several different external stakeholders. Candidates could access the higher levels by evaluating just one external groups and examiners were not counting the number of external stakeholders that were considered. The main issue that prevented students from getting into level 3 or level 4 was their inability to be able to develop a chain of reasoning. Lots of candidates make points by using the extract but then fail to develop an argument about what the cause or consequences will be as a result. Candidates are very quick to move on to the next point without fully completing the argument on the previous point. Again, a conclusion was required for this question but was this often missing or was a summary of points already made.

Question 2: PESTLE and the importance of legal factors

A significant number of candidates answered this question quite well. It was apparent they were very familiar and confident with PESTLE analysis. Some candidates evaluated legal factors by looking at the costs and benefits of legal action without reference to any of the other factors from PESTLE. Some candidates discussed the importance of legal factors as the main argument and then for the counter argument looked at a different factor(s) from PESTLE and why this/these might be more important. All approaches were rewarded. An interesting phenomenon of this question was how a significant number of candidates decided to take sides in the legal argument between Dyson and Shark Ninja. Some favouring Dyson and their protection of its patents. Others arguing for Shark Ninja as the 'little guy' being bullied by the market leader. This did not happen in the Spotify/Amazon Audible question. A few candidates answered the question to a high level with well-developed arguments. However, a significant number merely commented on each section of the PESTLE with very little development. As with previous papers, largely descriptive responses are unlikely to access the higher levels. To access the higher levels, examiners rewarded developed chains of reasoning and the use of business theory/concepts rather than a 'common sense' evaluation. A conclusion was required but often was a repeat of earlier points.

Question 3: Financial rewards and employee retention

The concept of John Lewis Partnership (JLP) employee-owned company was misunderstood by a minority of candidates, and this impacted the quality of their responses. However, a significant number were able to give a well-developed two-sided response. Stronger responses tended to focus on the lack of bonuses paid for three years and F Taylors research on financial rewards meant staff would leave. Counter arguments often considered the other non-financial and financial rewards which led to some lively discussions, especially about competitive pay being enough. Stronger candidates were able to link this to being employee-owners being more interested in the long-term success of the business. There were a significant number of blank responses where questions were not attempted. It is not possible to know if this was due to lack of time at the end of the exam, or candidates deliberately opted out of answering.

Candidates should be encouraged to develop chains of reasoning for evidence that they use, using several strands of argument rather than superficial statements. A conclusion or judgement was required as to whether they thought JLP would be affected by the changes to the bonuses.

Paper 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).
- If there is an 'Explain' question it will always have two Application marks so ensure that there is enough context in the response to gain both marks.
- Do not define the key term in the 'Explain' questions. The Knowledge mark is for the way, the reason, the benefit, the impact or the aim.
- 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/judgement.

