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Examiners' Report

Principal Examiner Feedback

January 2018

Pearson Edexcel International A Level

In Business Studies (WBS03)

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Introduction

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 candidates in preparation for future papers.

This report should be read together with the examination paper and the Mark Scheme (MS) 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 fourth WBS03 paper for a January series, and it was unclear how long candidates had been studying for this assessment; some may have completed the full, two-year course of study, starting in September 2016, others will have started their work on this unit in September 2017, some may have been resits and others may have even taken the paper as practice, after just a couple of months study.

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 in which many candidates structured their answers to mirror the format used in the Mark Schemes for this paper. Some candidates appeared to have been 'drilled' by teachers to follow a particular format for their answers, 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 candidates to:

- investigate different types of businesses that develop and sell products and/or services in a local, national or international marketplace. At A2 level, candidates 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 2018 paper was based on Levi Strauss & Co, an organisation known internationally for its leisure clothing.

Although focussed on one particular business, evidence was provided to candidates which outlined its operation, background, history and more recent developments which affected how it was run; as such, this case study does not appear to have caused any problems for candidates. Conversely, some candidates could have been influenced by their familiarity with the Levi's brand; again, this does not seem to have been the case and no candidates appeared to be influenced in this respect, although familiarity with a product and a brand may help some candidates feel more confident, as they take the examination.

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 asked, 'What is meant by the term brand?', it is good to report that, judging by answers received, the definition of a brand seems to be well known, many answers being similar to the definition expected in the MS. This shows that full marks can be scored by a good knowledge of basic business terms.

Question 1 (b)

Many of the answers displayed a general usage, rather than a precise business definition, for the term 'investments'. Many candidates were able to gain full marks, though some responses offered a definition of investment from the shareholders perspective rather than investment by the business. Within the vague definitions, some candidates just stated that 'investment means investing'. Candidates should be advised that simplistic 'mirror' definitions, such as this, will not earn any marks at this level.

Examiner tip(s):

Encourage candidates, when asked for a definition, to give precise, knowledge-based answers rather than vague generalisations.

Question 2

This question referred candidates to Evidence C and asked them to explain two positive effects of growth for a business such as Levi Strauss & Co.

Despite advice in previous reports, many answers to this question started by giving a definition - candidates should be made aware that there are no marks for a definition in this question. The knowledge marks are given for knowledge/understanding of advantages to Levi's for company growth. At the other extreme, some answers went beyond what was asked, and included a conclusion/evaluation - again, candidates should be advised that there are no marks for this level of development in this question. Also, some responses were based on rewriting evidence rather than actually answering question; again, no marks can be awarded for this approach.

Despite these observations, there were some good answers to this question where it was clear candidates had read the question and focused in on stating two positive effects in context and analysed. However, there were also many candidates who had not read the question as clearly or could not produce answers that were as focused. Many tended to produce answers that noted knowledge of types of growth, i.e. organic/inorganic and repeated elements of the evidence without applying to their answers.

Examiner tip(s):

Make candidates aware of the limited range of responses required for Question 2, so that they can focus on an appropriate answer rather than overwriting and going beyond the requirements of the question.

Question 3

Candidates were asked to use Evidence B to analyse what has happened to the profitability of Levi Strauss & Co. between 2012 and 2015.

It was apparent that many candidates did not have a clear understanding of 'profitability' as a precisely defined business term, many using it interchangeably with 'profit' or in a very general sense such as 'a company's profitability is its ability to make a profit'.

Answers were polarised between candidates who knew what profitability is, and those who did not know. The question and evidence was structured so that candidates could not comment on profitability without selecting the appropriate numbers, entering them in the right formula, doing the calculation and arriving at the correct figures, none of which could be done unless they knew what profitability is. Weaker candidates, who based their answer on profit per se, scored no marks; equally, answers which simply commented and did not include calculations, found it difficult to score any marks.

Examiner tip(s):

'Profitability' appears in two sections of the Specification: Unit 1 and Unit 3. In order to teach 'profitability' in these two units, especially as for Unit 3 it implies the candidates need to know how to calculate 'profitability'. To achieve this, candidates would need to be introduced to the formula and be familiar with how the formula is applied to real figures.

Question 4

Candidates were given a stem which highlighted differences between the market position of Levi's 501 jeans and its Denizen jeans. The question then asked candidates to assess the usefulness of the Boston Matrix to the management at Levi Strauss & Co. when deciding on strategies for the future of its products.

Most candidates seemed to know what the Boston Matrix is, if not always labelling it correctly. Weaker candidates tended to be restricted to this basic knowledge, without necessarily knowing how the Boston Matrix is used in practice. This resulted in lots of words just describing the Boston Matrix, or copying evidence which described each product. As a result, some well written answers were limited to lower level marks as the candidate misses the focus of the question. Evaluation particularly tended to be weak on the most part and though candidates seemed to know what a Boston matrix was they often did not focus their answer on the question – the usefulness of using the tool. There was also some confusion with Ansoff's matrix.

Examiner tip(s):

This question illustrated the need to not only know what the Boston Matrix is, but to know how it is used and applied in the context of a real business - practice over theory.

Question 5

Candidates were asked to assess the extent to which Levi Strauss & Co.'s strategy of improving its cost structure will help its competitiveness.

Do not be surprised to find some blank pages associated with this question, as this question is in the middle of the paper this suggests that this topic is not well known by some candidates, rather than just running out of time. Weaker answers will be based on lots of expanded definitions/description of 'cost structure' rather than answering the question.

Most were able to define competitiveness and were familiar with the concept, although this was not always the case with cost structure - few candidates seemed to really understand cost structure. Many found it difficult to analyse in context and tended to repeat the evidence and then make unconnected comments. Candidates who did attempt to analyse in context tended to refer to product development and sourcing, both of which were appropriate for this

question. Use of sourcing allowed them to gain more marks as they were able to more easily relate this to costs and competitiveness. Many struggled to gain evaluation marks or where they did evaluate it tended to be basic in nature.

Examiner tip(s):

Evaluation is a conclusion to an assessment, so it is worth reminding candidates that to complete their answer to any of the levels of response (LOR) marked questions, numbers 4 to 7, an evaluation is required to move their answer into the top level for higher marks - but to do this their evaluation needs to be in context, applied to the business and question asked.

Question 6

This is an essay length question, marked using a Levels of response (LOR) mark scheme. This is the first question in Section B having been provided with a new set of evidence.

Evidence E was a table showing the selling price and the variable costs in the production, and distribution of a pair of Asda jeans, at three main points in the supply chain. Candidates were asked to evaluate the implications of the contribution made at each stage of the supply chain for the owners of the Sepal Group, Li & Fung and Asda.

It should be noted that the question was not about the supply chain per se, nor required any knowledge of the supply chain for its answer.

What this question did highlight was a low level of understanding of the term 'contribution'. Most candidates that did not get the calculation right used an incorrect formula and selected the wrong figures, and therefore made the wrong comparisons. Many answers tried to deal with 'contribution' in terms of 'profit' - using the terms interchangeably; some candidates just did the calculation, but made no comment on the figures.

The confusion between contribution and profit resulted in answers which tended to be very general, rather than identifying the importance of the relationship between contribution and fixed costs to breakeven and profit. Many candidates struggled to evaluate or to comment on the implications of the contributions for each owner, often repeated the extract without applying which led them to miss out on marks.

Examiner tip(s):

As noted on other questions - it is important that candidates not only know and understand the technical terms used in business, but that they know the precise business usage rather than a general, conversational use, also, that they know how these terms are used and applied in real businesses, and not just the theory.

Question 7

Essay length question, marked using a Levels of response (LOR) mark scheme.

Given a page of evidence about the global market for jeans and the production of denim cloth, the question asked candidates to assess the importance of external factors on the corporate strategy of Bangladeshi businesses involved in the production of denim cloth and denim jeans.

Most candidates showed a good understanding of PESTEL factors, but some will get carried away with description of factors rather than applying them to the evidence or extracting examples of PESTEL from the evidence. At this level, answer need to go beyond a rewrite of the evidence or extended description of the PESTEL factors, and start to analyse how external factors could affect the corporate strategy of Bangladeshi businesses involved in the production of denim. Evaluation comes from identifying that, external factors aside, there may be other factors at play.

Paper Summary

Based on the work seen from candidates in January 2018 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, 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 the 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.