# Examiners' Report
# Principal Examiner Feedback

# October 2022

Pearson Edexcel International Advanced Level
In Business (WBS13) Paper 01
Unit 3: Business decisions and strategy

**Introduction**

Overall, candidates' performance showed a good grasp of business concepts. Answers suggested that candidates had been well prepared for this paper. 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 precise question set, compared to candidates 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 in the allocated time.

**Report on individual questions**

**Question 1a: Gearing ratio**

This question was poorly attempted by many candidates. It was very clear that there were large gaps in knowledge and understanding for this part of the specification. As in previous series, some candidates did not include the percentage sign therefore could only be awarded a maximum of 3 marks. It is always advisable to show all workings including the correct formula. It is essential that the formula includes x100 and often this is omitted. Marks can still be awarded even with an incorrect answer.

**Question 1b: 3 year moving average**

Many candidates were able to correctly calculate 3 year moving average of 47%. Again, some candidates did not include the correct units (%) so could only be awarded 3 marks. It is advisable to show all working including a suitable formula. Always check the correct units are present.

**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 different to the legacy specification. 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 (as would be the case for the legacy specification) 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 an attempt at limited evaluation; this will only achieve lower levels.

**Question 1c: Limitations of quantitative sales forecasting**
This was the first levels-based question on the paper and marks were awarded for the discussions of the possible limitations of Pets at Home using quantitative sales forecasting techniques. Many candidates were able to talk in detail about the impact of possible external shocks and why it is difficult to predict from past data and trends. As part of the limitations, some candidates were able to make references to the fact quantitative techniques ignore qualitative information. For the counter argument, marks were awarded for some understanding on how these limitations might be reduced and how trends can be extrapolated from the data. 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: Portfolio analysis**
This is the first 12 mark Assess question on the examination paper and was marked with 4 levels. Marks were awarded for an assessment of how Pets at home could use portfolio analysis when deciding what products and services to sell. Extract A and B had plenty of data which could be used to show which pet products are growing and the market share figures for Pets at Home. Some candidates referred to the Boston Matrix and its components, but it was not necessary to this to access the higher levels. Examiners rewarded responses that demonstrated an understanding of how Pets at Home could use portfolio analysis to see which of its products were growing and which products were in decline. Some responses gave detailed descriptions of cash cows, stars, question marks and dogs and there needed to be some development as to how this business tool could be used in terms of divesting or investing in certain areas to access the higher levels; a simple descriptive response was more likely to achieve level 1 or level 2 at best. Candidates did not have to say which pet products to focus on and higher levels were awarded for candidates who were able to show how portfolio analysis could help in decision making in terms of what products and services to offer. The counter argument tended to focus on the difficulties of carrying out portfolio analysis and how it does not always consider external factors which may affect growth and sales of a particular pet product. The counter argument often lacked context in comparison to the usefulness of product portfolio analysis. A conclusion/judgement is required for 12 mark questions but was not often seen.

**Question 1e: Succession planning**
The second 12-mark Assess question was focused on the importance of succession planning for Pets at Home. This question was not as well answered as Question 1d. Marks were awarded for some understanding about the importance in terms of maintaining the culture of at Pets at Home and the speed of replacing senior personnel at the company to keep the business on track. The counter argument could be focused on the costs of doing succession planning – training, finding a suitable person and whether the person chosen will want to take up the position when required. Some candidates identified that new ideas might not come from within Pets at Home and this

could still leave vacancies if internal recruitment takes place. Some candidates discussed what other things might be more important for Pets at Home rather than succession planning for it maintain its market position such as strategic decision making and identified that Pets at Home's financials were improving from 2020. Unfortunately, the counter argument was often lacking or non-existent with many candidates copying out large chunks of the extracts rather than demonstrating a solid understanding of succession planning. Again, a conclusion was required for this question but was often missing.

**Question 2: Task culture**
This question was not as well attempted as Question 3 with many candidates just paraphrasing the extracts and describing the organisation at Zappos.com. It was clear that many candidates did not fully understand what was meant by Task culture. Task culture is not just about organising work into tasks. It is about taking personnel from different departments to work on a specific or one-off project and then returning to each department or section after the project has been completed. Teamworking is common with teams made up of the experts needed to get the job done. Therefore, employees need to be adaptable and there needs to be dynamic processes for this type of culture. Many candidates focused on the benefits of the Holacracy system and teamwork approach used at Zappos.com and made references to motivation, innovation, labour turnover and productivity. Any valid benefits were accepted. For the counter argument, many candidates identified the problem of a lack of control by management, the lack of skills needed by employees to successfully operate in a Holacracy system and the problems of having too much fun at work! Better responses referred to the problems of the short-term nature of the team, the difficulties in managing people from many different roles and departments and the need for certain skills and expertise to enable the team to complete the project. Simplistic evaluation only achieved the lower levels, and the more developed chains of reasoning and evaluation were able to access level 3 and above. A conclusion/judgement was required but often this was just a repetition of earlier points made rather than making a definitive judgement. Some candidates suggested a combination of cultures such as power or person might be necessary for Zappos.com to be successful rather than using just one type of culture. Overall, the performance and the quality of evaluation was significantly weaker compared to Question 3.

**Question 3: Benefits of being ethical**
This was a very popular question and one worked extremely well for all levels of ability. Marks were awarded for some understanding of the benefits of being ethical and candidates could use Volvo or any business as their context. Many candidates were able to use the information in the extracts to support their arguments and it was very pleasing to see use of the data from the ethical spending table being used to show the increase in ethical spending on a range of product and services. Candidates did not have to use the information in the table and could just focus on Volvo and its cobalt operations

in the DRC. The table was there to help candidates with alternative products and services if they want to bring in a wider range of examples and contexts. Many candidates could show how being ethical could result in higher sales, could help a business gain a competitive advantage over rival businesses, the ability to charge premium prices and more consumers do want to purchase ethical products with an increasing concern about the environment. Any potential benefits were accepted with some candidates linking to employee recruitment and retention. For the counter argument, marks were awarded for the potential trade-off with profits and how businesses such as Volvo may have to spend more money on tracing cobalt to ensure its systems are ethical which could result in higher prices for consumers. Some candidates pointed out that many consumers want cheaper prices and are not concerned with ethical products which is also a very valid point. Again, some candidates copied out large chunks of the extracts. 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. This question was well received by candidates and questions on ethics are very popular with the candidates. 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.


**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 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.

- 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 – so use them however 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.
- Use business concepts 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.