

Examiners' Report/
Principal Examiner Feedback

January 2014

Pearson Edexcel International
Advanced Level in Business Studies
(6BSA4) Paper 01 Making Business
Decisions

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International Advanced Level Business Studies (6BSA4)

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General comments

This was the first question paper based on the Greggs pre-release. It covered a range of specification areas, with a particular focus on the idea of business growth and the associated opportunities and threats that this growth presents. Greggs is a widely known and accessible business for most UK-based students, but it may be less so for those based overseas and this was reflected in a less confident grasp of the pre-release material from many students.

Specific comments

Question 1

Where this was answered well, students made a clear link to business behaviour. They mentioned the role of stakeholders and how ethical behaviour involved exceeding the legal minimum required. In some cases students referred to the issue of Greggs potentially acting in an unethical way towards smaller bakeries, such as Cassidy's introduced to students in the additional evidence of this paper.

Question 2

There is still confusion amongst a number of students, between corporate 'objectives' and 'strategy'. The best answers were where students made it clear that strategies were means of achieving strategies and that they were usually long-term in nature.

Question 3

Most students had a clear grasp of what is meant by 'contingency planning', however, there was a less confident understanding of how a small bakery such as Cassidy's might utilise it. Better student responses explained the importance of customer service and making it clear what sets local businesses from big businesses. The reactions would stem from what made Cassidy's different and how this could be emphasised prior to the opening of Greggs in the area.

Question 4

Unfortunately, a large number of students were not able to 'use Ansoff's generic strategies', preferring to explain Greggs' decision to expand in more general terms. The best answers from students made it clear which one of Ansoff's generic strategies were being followed. There was no one correct answer here – marks were awarded for the interpretation of Greggs' plans (new stores in new locations), via the use of Ansoff. For example, better students suggested it was an example of Market Development because the coffee shops ('Moments') were effectively selling new products to existing customers.

Question 5

This question was not answered well and it seemed from many students' responses that they did not understand Critical Path Analysis and how to work out its various features. Better answers came from the students who were able to deduce the correct figures from the network, based on the remaining figures. A key feature of the pre-release material was the information required to complete a network diagram, so it is crucial that students use the material carefully to prepare.

Question 6

This question was answered well because students seemed to be comfortable with calculating and interpreting the liquidity ratios, based on the selection of accounts in the pre-release material. Better students were then able to interpret these ratio calculations and make judgements about the liquidity position of Greggs based on both Current and Acid Test ratios. The best answers explained what liquidity is and how the change in Greggs figures might be interpreted as a weakening position. Some students also made judgements about the fact that the ratios for similar businesses, nor those of other years were not available and thus a meaningful overall judgement was not possible.

Question 7 (a)

This question was not answered well in general. This is because many students did not seem to interpret the question and therefore the specification area accurately. This unit is about making business decisions, therefore the calculations and quantitative assessments that are required need to be interpreted and their usefulness for businesses judged. The best students explained that the labour turnover figures were a useful starting point for Greggs managers as the figures gave information about the number of staff leaving and joining the business. However, they are limited because they don't consider the reasons for staff leaving the business.

Students who did not score well in this question attempted a question that related to the advantages and disadvantages of labour turnover itself for the business. Unfortunately, where this happened students could not gain credit for some of their responses as the question had not been answered effectively.

Question 7 (b)

The open-ended nature of this question allowed a large number of students to access it, and make relevant points about Greggs' business decision to expand. The best students compare organic and inorganic growth and correctly identified Greggs' plans as organic in nature.

Strong student responses addressed the internal (issues such a profit motive) reasons and the external reasons (taking advantage of vacant premises on high streets), in equal measure.

The key feature of good answers was the ability of students to see that growth has its potential drawbacks. Application to Greggs and the pre-release was also a key feature of the better students' responses. These made use of information such as Greggs published growth plans and the fact that they were doing this by opening stores in locations not already covered.

The best answers made use of the 'MOPS' (Market, Objectives, Product, Situation) approach by drawing a clear and articulate conclusion. For students to be rewarded at the highest band of Level 4, they need to draw a conclusion that brings other factors to help determine the overall judgement.

Summary

To succeed students need to:

- Carefully familiarise themselves with all aspects of the pre-release material and apply the whole unit specification to this in revision.
- Read questions carefully so that answers refer to those posed and not other ones that perhaps they had prepared for.
- Refer to data/calculations that they have made in order to add quantitative information to more qualitative discussions. For example, with question 6, refer to the ratio calculations when interpreting and explaining the business'.

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