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Examiners' Report  
Principal Examiner Feedback  
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Pearson Edexcel International Advanced  
Subsidiary in Business (WB12)

Unit 2: Managing business activities

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## **Introduction**

This was the first October sitting of the paper and the second sitting overall. As with the previous series, the paper was split into 3 sections: Sections A and B each had five questions, ranging from 2 to 10 marks and Section C had one 20 mark question.

In general, candidates appeared to be well prepared for the topic areas covered by the paper, although there were some areas where that was not the case. The ability of the most able candidates was shown through relating their knowledge and understanding to the evidence presented, whereas those struggling with such concepts typically answered questions with a more generic approach. The levels of response questions required understanding to be developed and applied to the relevant evidence. Although this approach was adopted by some, there were instances where a more basic understanding was demonstrated, thus limiting the attainment of higher levels. There did not appear to be many issues with the length of time students needed to complete all questions set.

## **Section A**

### **1a)**

There were 2 parts to the question of define taxation and examiners were looking for references to 'how governments raise money' and 'to finance its expenditure'. This could be where the money was from and what it was used for. Candidates had to provide both parts to gain 2 marks. Examples were occasionally used by candidates but, as in the previous series, no marks are available for these. Partial explanations were awarded 1 mark.

Tip: There are no marks available for using an example so do not rely on one to lift an imprecise definition.

### **1b)**

Candidates were required to provide a valid reason, 2 separate points of application and some development in order to attain all 4 marks. A knowledge mark could be awarded for stating the price of goods had increased. Application largely came from reference to the introduction of the GST which led to the higher price and also to competition from Vietnam and Bangladesh. Examiners awarded an analysis mark if a consequence of the reason was stated, such as consumers preferred to buy lower priced products, therefore reducing demand from India's labour-intensive industries.

Tip: Explain questions from this unit will always have 1 knowledge, 2 application and 1 analysis mark. It is therefore important to only state one developed reason/advantage/way etc. but to give two separate points of context.

**1c)**

Good responses were able to analyse two ways a small business could compete in a competitive export market. They also offered applied understanding of these ways. This was often through reference to uniquely designed jewellery or a mass market in India. Ways could include differentiation, flexibility, a personal service, lower costs (wages) better communication or innovation.

Tip: There are 2 knowledge marks, 2 application marks and 2 analysis marks for analyse questions. Although the knowledge marks can be given for an appropriate definition instead of stating q ways/advantages/reasons etc., it is not possible to apply or analyse this and so marks would be limited with this approach.

**1d)**

This was marked using the levels-based marking grid. For an 8 mark 'discuss' question there are three levels. Examiners read the whole response and decide which level is the best match. If a response is lacking certain characteristics, examiners move towards the bottom of the level. If it is a strong match they will move towards the top and this approach is used for all levels of response questions on the paper. There were some good discussions regarding use of labour-intensive production methods but some failed to give a counter argument or failed to use the extract so presented a generic response.

Tip: The command word 'discuss' requires a two-sided argument. If a candidate doesn't provide a two-sided argument or presents a generic answer, they would restrict their marks. A conclusion is not required for an 8 mark discuss question.

**1e)**

This was a levels-based question with 4 levels. Many candidates were able to assess the finance manager's concern over liquidity, using calculations of the acid test ratio and/or the current ratio. To achieve a level 4 response, examiners were looking for developed arguments stating both why there should be concern, using evidence from calculating the ratios but also why the finance manager may not have needed to worry, again using evidence. If the question states to use data in an extract, it is necessary to do so in order to achieve high level marks. In this case, as the question asked about liquidity, liquidity ratio calculations were an important part of providing applied analysis and/or evaluation.

Tip: The command word 'assess' will always require a more in-depth development and some evaluation of the arguments compared to the command word 'discuss'. Candidates are encouraged to use a range of relevant evidence throughout their response to highlight their chains of reasoning.

## **Section B**

### **2a)**

Again, there were 2 parts to the question of define productivity and examiners were looking for an accurate business definition: 'a measure of output per factor of input' and 'over time'. Specific input factors such as labour or capital were equally acceptable for that part of the response but reference to time was essential to gain both marks. Examples were occasionally used by candidates, but no marks are available for these. Partial explanations were awarded 1 mark.

Tip: This question will always have 2 marks available for a definition so ensure that your response is fully developed and is not a vague attempt at explaining the term.

### **2b)**

Many candidates were able to calculate the correct answer of \$423 500 and so were awarded 4 marks. Marks could be awarded for showing workings, but these were not necessary if the correct answer was shown. Examiners awarded a maximum of 3 marks if the dollar sign was missing. Some candidates were able to show knowledge of the formula and/or apply it with correct figures, but then failed to arrive at the correct answer.

Tip: Although full marks can be achieved by just stating a correct answer, it is strongly advised to show full workings. It may be possible to pick up marks if an incorrect final answer is given. In many cases the answer requires units, in this case a '\$', meaning that full marks can only be achieved by using the units.

### **2c)**

A very good understanding of sales forecasts was shown by candidates, with excellent use of context from the extract. Sometimes candidates confused market research for sales forecasting, but a high number of candidates were able to score high marks on this question.

Tip: There are always 2 marks for analysis on the 'analyse' questions so make sure you provide the examiner with a developed reason/benefit/problem/way etc. to achieve these marks.

### **2d)**

Like 1d, this was marked using the levels-based marking grid and consisted of 3 levels. Candidates were generally able to provide a response which focused on increasing sales volume, but some were generic in nature instead of using the evidence to put their response in the context. Some responses failed to take into account that the mobile phones had already been produced and so adding new features was not relevant to answering the question. Instead focus of features should have been in regards to advertising these in order to reach a higher level.

Tip: The command word 'discuss' requires both sides of an argument. In this question, the ways to increase the volume of sales versus the limits of the how this was possible, based on the evidence in the extract. Some candidates only

looked at one side, thus restricting their marks due to not providing a balanced awareness of competing arguments.

### **2e)**

As with 1e, this was a levels-based question with 4 levels. Candidates were able to provide a range of arguments to assess whether the use of Kaizen would increase Zamtel's success. However, chains of reasoning and developed arguments were sometimes lacking, or generic.

Tip: As with 1e, the command word 'assess' will always require more depth and development of the concept and chains of reasoning compared to the command word 'discuss'. Candidates are encouraged to use a range of evidence throughout their response and to develop their chains of reasoning. Generic answers are not going to score high marks!

## **Section C**

### **3)**

This is the highest mark question on the paper, worth 20 marks and with 4 levels. However, the understanding demonstrated by candidates was sometimes lacking, with confusion in particular over the meaning of leasing. Some candidates struggled to apply the extract appropriately or provide competing arguments.

Tip: This is an 'evaluate' question meaning that ideas needed to be developed and presented with understanding of the significance of competing arguments rather than simply stated as separate points and a generic list of the advantages and disadvantages of loans and leasing.

## **Summary**

Based on their performance on this paper, candidates are offered the following advice:

- Questions 1a and 2a are worth two marks each and so will need two parts in the definition of the term to attain both marks. Examples are not rewarded.
- Be careful to read the whole of the question. Certain requirements are given which were not acted upon by some candidates in this series, e.g. only providing **one reason** in 'explain' questions.
- Candidates need to understand the requirements of the command words in the questions. This will allow them to access marks requiring each of the four assessment objectives.
- Quantitative Skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or using the data in the Extracts to provide the application in the questions.
- Application marks will not be awarded for simply repeating evidence in the extracts. The evidence needs to be used in the response.

- The command word 'Discuss' requires a two-sided argument in order to achieve full marks.
- There may be more answer space provided than you need to write your responses. This is also indicated on the front cover of the question paper.
- The use of relevant evidence is required throughout, and this can be from the Extracts provided or, often, from candidates' own knowledge. The Extracts are there for a reason – so please use them!

