

Examiners' Report

June 2022

IAL Business WBS11 01

Introduction

There was a significant increase in the number of candidates sitting the exam this series following the disruptions caused by the global pandemic. The level of responses indicated that many candidates were prepared for the exam and showed a good awareness of the topics. Other candidates are still failing to contextualise their responses and provide a balanced assessment for the levels-based questions.

A wide mix of topics was provided to the candidates and the questions allowed for differentiation with a wide variety of responses provided.

Question 1 (a)

This definition question was very accessible with most candidates scoring at least 1 mark.

1 (a) Define the term 'consumer income'. (Extract A, line 3)

(2)

In the text consumer income refers to the amount of income ~~there~~ that their consumers are getting paid.



ResultsPlus
Examiner Comments

The definition should not simply repeat the words used in the question.

In this response, the candidate repeatedly refers to 'income' rather than referring to money or wages or salary.

This response showed some understanding and gained 1 mark.

Question 1 (b)

This was a calculation question which required multiplication. This question was poorly answered by many candidates.

Vietjet Air has 80 planes. Each plane:

- has 240 seats
- flies 3 flights a day
- is 88% full.

(b) Using this data, calculate the total demand for *Vietjet Air* seats each day. You are advised to show your working.

(4)

Demand is what consumers are willing to pay at a certain price and time.

$$TD = 80 \times 240 \times 0.88 = 16,896 \times 3 = \boxed{50,688}$$



ResultsPlus
Examiner Comments

This response was awarded 3 out of 4 marks.

The answer is correct, but the answer does not show the units which in this case is the number of seats or passengers.



ResultsPlus
Examiner Tip

Candidates should be encouraged to show all workings. Workings can be awarded marks even if the final answer is incorrect.

This question was poorly answered and centres should prepare candidates to apply numerical skills in a range of business contexts.

Question 1 (c)

There were some well-answered responses for this question. However, some candidates confused entrepreneurial motives with characteristics and failed to score any marks.

(c) Analyse **two** entrepreneurial motives Nguyen Thi Phuong Thao may have had when starting Vietjet Air.

(6)

Entrepreneurial motives are the reasons why individuals start a business such as increasing their income.

~~The owner of Vietjet Air~~ One of the entrepreneurial motives could be a desire to increase income. This is evident by Nguyen Thi Phuong Thao becoming the first self-made female billionaire. Increased income would allow entrepreneurs to increase their quality of life, motivating them to work harder in order to achieve this; this could also be why the owner of the airline is known as a 'workaholic'.

Another entrepreneurial motive that could have led to the creation of the Vietnamese airline is the need for a challenge or a purpose. Operating in a fast-growing market such as the airline market in Vietnam is extremely challenging due to dynamic consumer tastes, competition and shortages of pilots and engineers. The owner of Vietjet Air may have wanted to prove herself by 'making history' as she is the only woman to have formed a major airline business.



This response scored full marks.

Unlike many candidates who wrote about entrepreneurial characteristics, this candidate gave two clear motives which were financial incentives and a personal motive of needing a challenge.

Both reasons are contextualised using the evidence from the extract and show cause or consequence to gain the analysis marks.



Candidates should read the questions carefully to identify the topic. Ensure you can distinguish between entrepreneurial motives and characteristics.

Question 1 (d)

This was an accessible question with most candidates providing a Level 2 response by explaining the impact of competition on passengers.

Some did not read the question carefully and wrote about the impact of competition on the business. Some failed to provide balance to the answer.

Vietjet Air faces increased competition from new airline businesses in Vietnam.

(d) Discuss how increased competition may affect airline passengers in Vietnam.

(8)

Increased competition in the market is when a lot of companies, strong businesses are trying very hard to outdo the other and tries to take other businesses consumers for themselves. Something that can happen when it comes to increased competition is competitive pricing. Competitive pricing is when several business lower their prices depending on how far other business lower their prices so as to try and sway consumer to pick their product or service. However this can also turn into predatory pricing. Predatory pricing is when two or several large and strong business make an agreement on lowering their prices by an amount that their smaller competitors can not manage to match and thereby pushing them out of the market. Competitive salaries are when a business offers a employee more than their rival, the rival will raise their salaries and then the business will raise theirs higher, it is a very good way of keeping good employees, because being paid well will mean that they feel valued, and valued employees will treat other people in their work place and work area what a good company vietjet air is to its employees which will make it attractive to future employees and may help vietjet steal employees from other airlines who do not feel valued. It could also help solve their problem of lack of engineers and pilots.



This response was awarded Level 1 – 2 marks.

The candidate shows some knowledge of the topic – competition.

However, they have clearly not read the question carefully. The question requires the candidate to discuss the impact of competition on passengers and not the impact on the business.



Candidates should be encouraged to re-read the question before writing their response to ensure they are addressing the question correctly.

Question 1 (e)

The majority of candidates understood the term 'performance-related pay' and reached a Level 2 mark. Again, some candidates did not provide a balanced argument.

(e) Assess the benefits to a business, such as Vietjet Air, of offering performance-related pay to its employees.

(10)

Employers: persons who work for the business.
Performance related pay is a way of making employees to ~~work~~ looking forward of working hard and more hours and in a better environment because they know they will have a better outcome for it.

- There are many benefits to a business as Vietjet Air of offering performance-related pay: by giving bonuses every six months, an extensive training, free flights and better salaries than other companies. ~~and~~

All this benefits that the company gives is for other employees from other airlines to make them move to Vietjet air so they have enough employees and pilots. All this benefits make the company look better than other ones because normally other companies don't give as much as Vietjet air. Benefits are: ~~more employees~~ you don't have to worry about not having enough workers, workers are working towards achieving bonuses, they are working in a good environment, they have better salaries than in other airlines companies so they don't have to worry about them leaving.

- In conclusion there's benefits to a business such as Vietjet Air of offering performance-related pay.



This answer was awarded 3 marks.

Specific knowledge of performance-related pay is not evident.

The chains of reasoning are not coherent, for example there are no clear links as to why the incentive will attract pilots or what are the consequences/benefits of retaining staff. The answer contains no counterbalance.



To improve on analysis of points, candidates should justify the reasons given and explain the consequence of the action/behaviour

Question 2 (a)

A very well-answered definition question.

2 (a) Define the term 'unique selling point' (USP). (Extract E, line 6)

(2)

Unique selling point is a way of making your product differentiate from those of your rivals.



ResultsPlus
Examiner Comments

This response gained the full 2 marks.

This question was well answered by most candidates.

The first mark is awarded for 'differentiate' and the second mark for indicating it was different from rivals/competition.



ResultsPlus
Examiner Tip

As with Q01(a), candidates should ensure they simply do not repeat the words from the question. For instance, stating 'something unique' will not gain any marks.

Question 2 (b)

This question differentiated candidates.

Although Income Elasticity of Demand has been examined previously, many candidates scored low marks on this question.

In a country where *GoPro* sells its products the income elasticity of demand for cameras is 0.6. Average incomes increased by 5%.

(b) Using this data, calculate the percentage change in sales of *GoPro* cameras.
You are advised to show your working.

(4)

$$0.6 \times 5 = 3$$



ResultsPlus
Examiner Comments

This response was awarded 3 out of 4 marks.

The final mark was not awarded as the candidate did not include the percentage sign.



ResultsPlus
Examiner Tip

Candidates should be reminded to always show units, currency or percentage sign, as appropriate. Otherwise, they will lose marks.

In a country where GoPro sells its products the income elasticity of demand for cameras is 0.6. Average incomes increased by 5%.

- (b) Using this data, calculate the percentage change in sales of GoPro cameras.
You are advised to show your working.

(4)

$$\begin{aligned} &\text{Income elasticity of demand (IED)} \\ &= \frac{\% \text{ change in demand}}{\% \text{ change in income}} \\ &0.6 = \frac{x\%}{5\%} \times 5 \quad x = 3 \end{aligned}$$

The percentage change in sale of GoPro cameras is 3%.



ResultsPlus
Examiner Comments

This was awarded full marks.

If the answer had been incorrect, the candidate could still get marks for showing a formula and correct workings.

Question 2 (c)

Social media is a topic which is well understood by most young people.

Most candidates scored at least 3 marks on this 6-mark question.

(c) Analyse **two** benefits that a business, such as GoPro, may gain from the use of social media.

(6)

Social media are the applications used nowadays for many reasons such as entertainment and advertising new products. GoPro can gain a lot of sales with the use of social media they won't spend a lot of money to advertise the product. The demand of GoPro would increase as they show their amazing features on social media sites like Instagram. As shown in the graph the people following GoPro on Instagram. The demand will increase leading to an increase in sales getting higher profit. GoPro has shown how it is used and it can be attached to helmets and sports equipment making customers like athletes to buy it. Social medias are also used as the source of advertisement.



This answer was awarded 3 marks as there is only one reason given which is advertising.

The knowledge mark is awarded for recognising social media is a means of advertising.

The application mark is awarded for linking to the use of Instagram by the business.

The analysis mark is awarded for recognising that by promoting the unique feature of the product on social media, this should create more demand/sales for the business.



Candidates should ensure they include two distinct reasons/methods for the 6-mark 'explain' questions.

~~Cheaper~~
~~wide area~~
(c) Analyse **two** benefits that a business, such as GoPro, may gain from the use of social media.

(6)

Social media is ~~a~~ the use of applications and websites that is used to communicate and share information like Instagram and Facebook.

Go Pro will be able to access a wider population. The most viewed GoPro video of a bicycle backflip had over 134 million views. Many people around the world use social media. Therefore, it creates awareness around the world about GoPro as it has got 134 ^{million} views. People will want to try ~~go~~ GoPro resulting in increased sales and profits to GoPro.

Moreover, it'll be cheaper to use social media. There's no costs to ~~the business~~ GoPro in updating about ~~it~~ it in social media. From July 2020 to March 2021, the total number of people following GoPro on Instagram has increased from 172 000 000 to 178 000 000. Just by posting on Instagram, GoPro will be able to create awareness as it already has many followers. This ~~will~~ will ~~increase~~ make advertising costs to fall and increase profit margins for GoPro.



This response was awarded 6 marks.

The first point has been awarded 3 marks for knowledge, application and analysis. The candidate recognises that it can reach a wider audience and refers to the number of Instagram users to provide context.

The second point gains a knowledge mark (cheaper method of promotion) and an analysis mark (as costs reduce this leads to higher profitability).

Question 2 (d)

The topic of ethical sourcing has been covered in previous series but proved challenging for some candidates.

Many candidates simply copied the extracts and provided little analysis or counterbalance.

(d) Discuss the positive impact of ethical sourcing on a business such as GoPro.

(8)

Ethical sourcing is when a business is conscious of treating their employees well and not harming the environment.

Since GoPro is such a well known product, they need to make sure, they treat their workers well and use environmentally safe ~~products~~ materials while manufacturing ~~the~~ GoPros. This would positively impact a business like GoPro as it would show that the company takes good care of their employee by treating them with respect, ~~and~~ paying fair wage and providing good conditions to work in, while also using environmentally friendly ^{materials} ~~products~~ to manufacture the products. This would give GoPro a good image, unlike businesses like H&M which use ~~undere~~ ^{work} ~~undere~~ workers in horrible ^{work} conditions and have very less wages. Ethical sourcing will allow the customers to see that GoPro is a good company, which is conscious of the environment and their workers. It would help develop a brand name.

Another positive impact of ethical sourcing on a business such as CroPro is that it could help the product become sustainable. This attract more customers as nowadays, everyone wants to protect the environment and use products that do not harm the environment. With using materials that do not harm the environment CroPro could also help avoid global warming, even it would not make a huge difference.



This answer was awarded Level 2 – 4 marks.

This fits Level 2 descriptors.

There is evidence of accurate knowledge and understanding of ethical sourcing which is applied to the business and its context. Chains of reasoning are presented, but some of the chains are incomplete. For instance, the last sentence refers to avoiding global warming, but has not related this to the impact on the business.

There is no attempt at a counterbalance which, combined with the incomplete chains of reasoning, prevents this response from achieving Level 3 marks.



For 8-mark 'discuss' questions, candidates should always provide counterbalance / competing arguments.

Question 2 (e)

This topic differentiated candidates.

Some candidates showed an excellent understanding of Product Orientation whilst unfortunately some candidates did not attempt this question.

(e) Assess the benefits of using a product orientation approach for a business such as GoPro.

(10)

Product orientation approach is when the business only focuses on the product or the production process when deciding what to make next.

When GoPro started, it ~~is~~ used a product orientation approach. This ~~is~~ was suitable when ~~they~~ Nick first launched it because there was not much consumer knowledge. This allowed Nick to be innovative with his idea. For instance he was looking for a way to film himself and his friends when they were ~~surf~~ surfing. Soon, one thing led to another and they launched cameras attached to helmets and other sport equipments. Since GoPro was new to the market and they used product orientation, they were able to charge premium prices.

However, using this approach means that GoPro won't be able to meet ~~meet~~ customer needs as it is not led by the market. This may cause GoPro to be inflexible. This is one reason why they had falling sales. Moreover, after they launched rivals such as Sony and DJI started imitating so GoPro should've changed their approach to market orientation so that customer needs can be met. Moreover, using product orientation would require a heavy investment in promotion and research and development which would add up to their costs.

Overall, initially when launching, product orientation would be suitable but after rivals arrive in the market, it would be suggested if they change their approach. By doing so they can be more flexible and ~~the~~ meet consumer needs, which can increase their sales.



This response was awarded Level 4 marks.

There is evidence of accurate knowledge and understanding of Product Orientation, which is supported by relevant and effective use of business context.

The assessment is balanced with wide-ranging counter arguments and leads to a supported judgement.



Candidates should ensure that 'assess' questions provide balance and awareness of competing arguments/factors.

Some questions encourage candidates to include examples of businesses studied in the classroom.

If questions state 'businesses such as', then you are able to refer to other businesses studied if you wish.

Question 3

This was accessible to all with most candidates achieving Level 2 marks as a minimum.

Richard Branson is well known for his democratic leadership style.

- 3 Evaluate the extent to which a democratic leadership style is the most appropriate for a business such as the *Virgin Group*.

(20)

Democratic leadership style is when a business consults the viewpoints of employees when considering a particular situation & coming to a final ~~answer~~ decision.

A democratic leadership style is encouraged because it is a modern form of leadership. If Virgin Group wants to be ^{connected} with the latest trends ~~in~~ in sectors like music, entertainment & and media, it is a good choice and people will encourage the fair & equal treatment of employees in the modern world today. However, a democratic style of leadership ~~along with a flat organisation structure~~ is ~~considered a bad~~ may be a bit disadvantageous because ~~a~~ senior managers & other executive ~~other~~ people lose control over the employees as they are given freedom to ~~interfer~~ interfere in the ~~a~~ important activities of the business. Richard Branson encourages his employees to ~~apply~~ apply their innovative ideas to the Virgin Group. But, if the employees lack ~~ertain~~ required knowledge or experience, the ideas may fail. Virgin Pulse & Virgin Digital were formed to compete with Apple's iPod & iTunes. They ~~must~~ have failed

because of the lack of planning by the lower levels, who are given more freedom.

~~Employees were~~ A democratic leadership style allows employees to feel valued and that their ideas and opinions are taken into account. As a result, employees are happy and more 'Independent' at their work place. This state of independence is accompanied by a flat organisational structures. Flat organisational structures have a lower chain of command & a wider of span of control. As a result, employees are not continuously under the watch of their respective managers & senior authorities and allows them to work independently & peacefully. But this sense of too much independancy may lead to productivity getting affected as the employees are not under constant watch in a flat organisational structure. Since Virgin group owns over 400 businesses, it should be careful that employees are not too relaxed, otherwise it will lead to serious problems for the Group. They cover various sectors ~~too~~ including travel, leisure, health, music, etc. So, ^{only} all their ideas taken into account & implementing them is a blunder. The management should have some control over the decision making process. ~~Other~~ Otherwise, products fail like the virgin cola, where it was ^{the} most highly publicised product to fail. The drink was unable to compete with other dominant soft drinks businesses

like Coca Cola or Pepsi.

Employees have a fun & friendly working environment. Branson also encourages employees to give feedback & suggestions & believes in delegation of authority & teamwork. All this encourages employee welfare. But taking into account only their views is a risky chance as products may fail.

In a nutshell, Democratic leadership style benefits the employees in a variety of ways but affects ~~business~~ Virgin Group in a no. of ways. So, a suggestion for the Virgin Group would be to try out other forms of leadership namely — ~~Dem~~ Autocratic, which is the following of orders by employees; Paternalistic, which is ~~the~~ similar to Autocratic but employees welfare is taken into account and the Laissez-Faire leadership. Also, other organisational structures like Tall or Matrix structures can be tried out to increase monitoring as the group covers many sectors including travel, leisure, health, music, entertainment, media, financial services & space travel.



This response was given high Level 3 marks.

Pages 1 and 2 show good understanding of democratic leadership and the points are well contextualised using the evidence about the *Virgin Group*.

Counterbalance is attempted on both pages though the points are a little repetitive and assertive in nature.

Whilst the candidate attempts a conclusion by suggesting other types of leadership styles, there is little justification for this recommendation.

The response fails to conclude if democratic leadership is the best style of leadership for the *Virgin Group*.



Candidates should practise writing a good conclusion which should weigh up the arguments presented and provide justification for their recommendations.

Paper Summary

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

- Candidates need to practise quantitative skills. Candidates should be prepared to apply numerical skills in a range of business contexts
- Some candidates continue to copy sections from the source booklet and insert them into their answers. Whilst it is important to use the evidence provided to contextualise your answers, you should only use relevant data to illustrate your answers which support your arguments. Stand-alone evidence will not be rewarded if it does not support the points being made.
- Candidates must remember to provide counterbalance for all 'discuss', 'assess' and 'evaluation' questions. Some candidates are still providing a one-sided response and failing to access higher levels of response marks
- It is important that candidates read the questions very carefully. Do not simply write everything you know about a topic. Read the question a couple of times, underline the salient points of the question and double check you have fully addressed all elements of the question.