



Examiners' Report Principal Examiner Feedback

October 2022

Pearson Edexcel International Advanced Level
In Business (WBS12) Paper 01
Unit 2: Managing business activities

Introduction

The consistent structure of the paper meant the questions in this series were split into 3 sections as in all previous series for this qualification. Sections A and B each had five questions, ranging from 2 to 10 marks and Section C had one 20-mark question. It was evident many candidates had used papers from previous series to practise their responses and especially pleasing to see, note had been taken of many of the points in previous examiner reports.

In general, candidates appeared to be well prepared for most of the topic areas on this paper. However, there were some topics where that did not appear to be 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 and/or inaccuracies. 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.

Report on individual questions

Section A

Question 1a

There were 2 parts to the question to define the term 'inventory' and examiners were looking for references to 'raw materials/work-in-progress' and 'held by a business' or equivalent. Candidates had to provide both parts to gain 2 marks. Examples were occasionally used by candidates but, as in always the case with 'define' questions, no marks are available for these. Partial explanations were awarded 1 mark. Although many candidates provided an accurate definition, some were too vague, meaning the required knowledge was either only partially, or not demonstrated at all.

Tip: Unlike with higher mark tariff questions, reference to information in the extract(s) is **not** required for 'define' questions.

Question 1b

Many candidates were able to calculate the correct estimated percentage change in demand of -4.56% 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 % 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: It is recommended that candidates practise calculations required by the quantitative skills shown in the specification (appendix 7), as well as the ratios shown in appendix 9 of the specification. By doing so, they will be better prepared to tackle 'calculate' questions.

Question 1c

Good responses were able to analyse two possible disadvantages to ASV of using job production. The disadvantages could take the form of being time-consuming, expensive, requiring a wide range of tools, employees needing to be specialised or any other suitable response.

Being expensive and time-consuming were the most commonly stated disadvantages but they were not necessarily applied and/or analysed appropriately. Stating a part of the extract in isolation is NOT application. It must be applied to the disadvantage, for example, 'As a result of job production being time-consuming, Mark has to work seven days a week in order to meet the demand.' To analyse this point, a cause or consequence is needed. Advantages were not rewarded as 'analyse' questions do not have any AO4 (evaluation) marks.

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 2 ways/disadvantages/reasons etc., it is not possible to apply or analyse the definition and so marks are likely to be limited with this approach and students should focus on stating, then applying and analysing the two ways/disadvantages etc.

Question 1d

This question 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 was a varied range of discussion regarding the extent to which supply problems may affect ASV. Stronger responses presented chains of reasoning based on the evidence in the extracts such as having a low inventory level and evaluated by applying the high level of existing demand, lack of competitors and the PED of -0.38. Some students failed to achieve a higher level because the response was limited to just a reference to the need to change suppliers and a higher price, without presenting a chain of reasoning showing why this may or may not be a problem for ASV.

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 be unlikely to reach the higher levels. A conclusion is not required for an 8 mark discuss question.

Question 1e

This was a levels-based question with 4 levels. Although many candidates showed a good understanding of private limited companies, they were not always able to apply this to ASV. Not all of the advantages of becoming a private limited company are applicable to ASV and some presented were more of an advantage to public limited companies. Therefore, stating such did not achieve progression through the levels. For example, although Mark may indeed have been able to purchase more equipment due to the sale of shares to family and friends, it is unlikely he would have grown to become a leading business internationally.

Similarly, attainment of higher levels requires developed chains of reasoning, in context, in order to assess the points made. Without this, the higher-level descriptors are not matched, meaning only a low-level mark will be achieved. For applied responses, examiners were looking for evidence from the extract to be used and not simply be stated without being relevant to the point(s) being made.

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 the response to highlight their points and NOT to simply list (generic) factors without developing chains of reasoning or providing an assessment.

Section B

Question 2a

There were 2 parts to the question to define the term 'supply' and examiners were looking for references to 'producers being willing/able to produce' and 'at a given price/time' or equivalent. 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: 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.

Question 2b

Many candidates were able to calculate the correct total variable costs per month for Dapaah Chocolates as £918.40 and so were awarded 4 marks. Marks could be awarded for showing workings but these were not necessary if the correct answer was shown. Some candidates were able to show knowledge of the formula and/or apply the correct

figures meaning some marks could be awarded for accurate knowledge and/or application.

A small number of candidates calculated the variable cost per unit, which was not the question being asked. It was possible some marks could be gained from this if the correct application of figures was used, as it in part matched the requirement for the total variable costs per month. However, full marks could not be achieved because this type of response did not answer the question.

Tip: It is important to state the answer to two decimal places when required by the question, as well as to use the correct units. By doing this, full marks can be achieved.

Question 2c

More able candidates were able to analyse two sections that might be included in Dapaah Chocolates' business plan. A good use of application was seen in many responses but sometimes a part of the extract was simply stated separately, rather than used in the analysis. This does not allow access to the application marks. Some students did not achieve full marks because, instead of analysis, a description of what the section of the business plan is was presented. This did not answer the question, which was to 'analyse two sections'... not to describe them.

Tip: Make sure the extract is USED to apply the knowledge, not simply copied directly into a stand-alone sentence.

Question 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 discussed whether Dapaah Chocolates may find it difficult to forecast sales accurately, but some did not apply this appropriately or provide an assessment. Therefore, these responses did not match the descriptors of the higher levels.

Better answers were able to apply evidence from the extract to provide developed chains of reasoning, such as discussion about the economic variable of consumer trends being unpredictable in terms of demand for dairy-free chocolate and favouring ethically produced goods. Reference to Dapaah Chocolates not having historical data on which to base its forecasts was a good line of argument but needed 'balanced assessment' to reach the top level.

Tip: The command word 'discuss' requires both sides of an argument. Some candidates only look at one side, thus restricting their marks due to not providing an awareness of competing arguments.

Question 2e

As with 1e, this was a levels-based question with 4 levels. Candidates were able to provide a good understanding of profit and how it can be increased, generically. However, not all were able to provide a developed assessment regarding how Dapaah Chocolates could increase its profits.

Many stated to increase price, but some failed to assess how this may deter many and reduce demand, actually lowering profit (perhaps referring to PED). While others provided strong awareness, assessing how it may be less of a problem due to it being a luxury brand and perhaps offering a USP.

Reducing costs was another popular line of argument but suggestions to change suppliers went against the information in the extract, showing weak or no relevant application to the business example, unless this was used to assess the fact that the brand image depended upon its ethical, organic and sustainable products from Ghana. The latter providing accurate knowledge supported by relevant and effective business context and balanced assessment.

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'. Any area of the specification can be targeted by any of the questions on this paper. It is therefore important to give sufficient teaching and learning time to all topics on the specification.

Question 3

This is the highest mark question on the paper, worth 20 marks and with 4 levels. However, although the understanding demonstrated by candidates was often reasonable, some candidates struggled to apply the extracts appropriately or provide balanced arguments. Some candidates lacked understanding of economic influences. Rewriting the extracts to state the information provided to candidates in the first place, rather than answering the question, did not enable the candidate to progress through the levels.

As is shown by the indicative content in the mark scheme, there were a variety of points that could be developed in answer to the question of how economic influences in the Philippines may affect Gustavo's decision and merit was not restricted to these. However, examiners were looking for an awareness of changes in economic variables, not just the status at the latest point in the extracts, along with developed chains of reasoning as to the impact these (or other economic influences) may have on the decision.

Stating interest rates were low and inflation rising was popular in responses, but it was necessary to show understanding of the fluctuating nature of such variables, alongside

an analysis of the potential effect on either business option to progress through the levels. For example, Gustavo may find it cheaper to borrow enough to start the thrift shop but needs to be aware that interest rates may rise in the future to leave him with higher costs.

In addition, higher level attainment came from an awareness of competing arguments such as the thrift shop possibly being more popular during times of rising inflation due to its lower prices, and/or website designs perhaps attracting more customers at a time interest rates were low because more businesses may start up when the cost of borrowing is low.

Tip: This is an 'evaluate' question meaning that ideas needed to be developed and presented with understanding of the significance of competing arguments. To achieve the top level, amongst other things detailed in the mark scheme, an effective conclusion is sought.

Paper Summary

Candidates are offered the following advice and reminders:

- 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 are not always acted upon by some candidates, 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 specification for Unit 2 states that questions may require students to draw on their knowledge from Unit 1.
- 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!