Examiners' Report
Principal Examiner Feedback

October 2023

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

Introduction

Overall, 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: ROCE ratio
There was a mixed response to this question. It was clear that for some candidates 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 with a correct formula and demonstrating the correc placement of figures into the ratio.

Question 1b: Net present value
This has been poorly done with many incorrect responses seen. This was the first time this question has been asked and it was very clear that many candidates did not understand this concept. It is essential that all areas of the specification are covered as this paper not only draws from Unit 3 but the earlier units as well.

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: Impact on human resources

This was the first levels-based question on the paper and marks were awarded for the discussions of the possible impact on human resources from the unique way Five Guys cooked its food. Many candidates were able to talk in detail about the impact in terms of the levels of motivation, the skills required, training, pay, boredom and monotony of working in a fast food restaurant. For the counter argument, marks were awarded for some understanding of how this way of cooking could benefit Five Guys in terms of the potential increase in sales, revenue and profits due to the food being better cooked, how this could give the business a USP and how a more motivated workforce could result in lower labour turnover and absenteeism. 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: Financial rewards

This is the first 12 mark Assess question on the examination paper and was marked with 4 levels. A wide range of responses were seen for this question with some very good answers which were able to link financial rewards to labour turnover to those that focused on mainly productivity or motivation rather than labour turnover. To access the higher levels, the focus had to be on labour turnover and the connection between financial rewards and retention of employees. Examiners looked for chains of reasoning which considered the benefits in terms of the money from the mystery shopper visits encouraging employees to stay at Five Guys and how employees may feel motivated to give good customer service in order to regularly receive this, so this could reduce absenteeism and encourage employees to stay at the business. Some candidates referenced various motivational theories such as Taylor, Herzberg and Maslow but candidates do not need to include these to access the higher levels. For the counter argument, examiners were looking for the cost implications of these bonuses and how some employees are only motivated to remain at a business because of non-financial rewards such as empowerment and enrichment. A simple descriptive response was more likely to achieve level 1 or level 2 at best. The counter argument often lacked context in comparison to the advantages of using financial rewards. A conclusion/judgement is required for 12 mark questions but was not often seen.

Question 1e: Ansoff's matrix

The responses seen for this question were not as detailed at the previous question with many candidates only giving one-sided answers or responses had very limited understanding of Ansoff's matrix. Some candidates provided a diagram of Ansoff's matrix which is not needed to access the higher levels. Some simply gave a description of the business tool. Some candidates could apply the information in the extracts and again some copied out large chunks of the extract which does not gain any marks. Better responses considered how the new clothing line might help Five Guys to spread risk and that product development is not as risky as diversification. Some considered the impact on sales, revenue and profits from launching the new clothing range. For the counter

argument, better responses discussed the lack of knowledge of the clothing industry, the cost of developing the new clothing range, the dynamic nature of clothing and that the risk of this course of action could be greater than following a market penetration strategy. Again, a conclusion was required for this question but was often missing.

Question 2: Advantages of mergers
This question was very popular and examiners did see some very detailed evaluations of the merger between Air India and Vistara. At the opposite end of the scale, some candidates simply copied out or paraphrased large parts of the extracts without adding any business concepts or theories to this. Examiners were looking for any potential advantages and many candidates were able to consider the impact on market share, power, the elimination of competition and economies of scale. For the counter argument examiners were looking for the disadvantages and these focused on diseconomies of scale, culture clashes, the cost of the merger, government regulation and the fact the combined market share would still be significantly lower than IndiGo. As with previous series, largely descriptive responses are unlikely to access the higher levels. To access the higher levels, examiners rewarded developed chains of reasoning and the use of business theory/concepts rather than a 'common sense' evaluation. A conclusion was required as to whether they thought the merger will be successful or not.

Question 3: Resistance to change
This question was not very well attempted as Question 2 with many candidates just paraphrasing the extracts and describing the events and organisational structure at Disney. It was clear that many candidates did not fully understand what was meant by resistance to change. Examiners rewarded understanding that a new CEO might cause issues at Disney and some responses really used the extracts to contextualise the potential issues whereas others just copied out the extract and described events in the extracts. Some candidates started their responses with reasons why there could be resistance to change and then gave reasons why this might not occur as the counter argument. It did not matter which way around candidates tackled this question so long as there was some evaluation of resistance to change and what affects this. For the higher levels, examiners looked for more developed chains of reasoning and a developed evaluation with use of business theory/concepts. Examiners saw some very good responses that brought in culture, norms, the speed of change, the size of the organisation and the skills of the leader. Overall, the performance and the quality of evaluation was significantly weaker compared to Question 2. A conclusion was required as to whether they thought there would be resistance to change with the new CEO.

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.