

Examiners' Report/  
Principal Examiner Feedback

June 2015

Pearson Edexcel  
International Advanced Level (IAL) in  
Economics (WEC03) Unit 3 Business  
Behaviour

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## **General Comments**

This was the fourth opportunity for students to be entered for the IAL Unit 3 Business Behaviour examination paper and the second summer series examination.

A total of 966 students sat the examination. Questions were drawn from all sections of the specification and provided much scope for students to display a range of knowledge and skills.

Mean marks for the four essay questions in Section A showed some variation in standard with 7.3 for Question 1, 9.85 for Question 2, 8.33 for Question 3 and 10.05 for Question 4.

In Section B the combined mean mark for the 12 mark b – d sections was 5.75 for Question 5 and 6.65 for Question 6. However, Question 5a had a higher average score of 2.94 as compared with 2.14 for Question 6a.

The A grade was set at 55 marks and the E grade at 33 marks.

## **Section A**

### **Question 1**

This question was attempted by 41.2% of students. There was a low proportion of very good answers and a relatively high proportion of low quality responses. The vast majority of students were able to identify and describe the most obvious differences in objectives between public and private sectors but a disappointingly small number were able to develop answers which considered various objectives for both – including revenue maximisation, sales maximisation and social responsibilities. A very small number of responses considered that there might be a similarity between both sectors especially where not for profit organisations, co-operatives and mutuals are concerned. Centres need to ensure that the full range of objectives are taught in accordance with the specification. 10.4% achieved a mark of 14 or more.

### **Question 2**

This was the most popular question in this section (attempted by 83.3% of students) and it differentiated well with scores distributed right across the mark range. Good answers were able to analyse and evaluate the benefits of organic growth as compared with the potential benefits of external growth with 21.8% achieving a mark of 14 or more. Weaker responses tended to assume that organic growth applies to smaller businesses and merger or takeover to larger businesses or monopolies. Weaker answers often failed to distinguish between the benefits which were likely to apply depending on the chosen growth path.

### **Question 3**

This was the least popular question in Section A, attempted by just 3.5% of students. Marks were distributed across the range with 20.8% of responses being awarded a mark of 14 or more. Good answers were able to make the connection between diminishing marginal productivity and the behaviour of the firm's costs with effective analysis using diagrams. However, in several cases accuracy of diagrams was often sorely lacking. Weaker candidates displayed a basic or scant understanding of the key concepts covered by this question. Those answers tended to drift off into considerations of different forms of market structure.

### **Question 4**

This was the second most popular question on the paper chosen by 69.3% of the total entry. Generally the question was well answered, with 21.9% of responses gaining 14 marks or more. Good answers clearly identified, analysed and evaluated benefits of price discrimination to both a business and its consumers. It was encouraging to see effective use of diagrams in the stronger responses clearly showing the separation of markets giving rise to a greater supernormal profit. Weak responses failed to understand that price discrimination must apply to the same good or service and not to those of different quality, size etc.

## **Section B**

44.8% opted to answer Question 5 as compared with 55.2% choosing Question 6.

The quality of answers continues to improve with students recognising that they need to apply the relevant contexts, concepts and theories to their answers. However, it is still the case that weaker responses tend to copy out parts of the extracts instead of applying the context to each question.

### **Question 5**

5a

The vast majority of students were able to identify that the market was an oligopoly and could apply relevant data to back up their assertion. The mean mark was 2.94.

5b

This question discriminated well. Good responses identified relevant forms of competitive strategies for large banks with effective use of context. Lower quality answers tended to list a series of points with little or no contextual analysis nor evaluation. The mean mark was 5.66 with 28.4% achieving a mark of 8 or more.

5c

This was a well answered question by many students with 34.5% achieving a mark of 8 or more. Many students displayed a good understanding of contestable markets and answers were often well applied to the context, making effective use of the extracts. Weaker answers confused contestable markets with perfectly competitive markets. The mean mark was 6.00 with a relatively high mode of 8 marks.

5d

Scores were spread across the mark range with 26% gaining a mark of 8 or more with a mean of 5.58. Good responses were able to discuss efficiency concepts in context with an accurate diagram, often using an LRAC curve. A degree of balance was in evidence in stronger answers. Weaker responses tended to describe types of economies of scale without any contextual reference and little or no consideration of the potential efficiency of smaller banks.

## **Question 6**

6a

There were fewer top answers to this question than the equivalent 5a. However, on other parts of the question students outperformed those who attempted question 5. The strongest answers occurred where students showed a clear understanding of why the index of export prices may have risen and showed good manipulation of the data. The mean mark was 2.76.

6b

This question had the highest proportion of very good responses in Section B with 52.5% achieving a mark of 8 or more. The mode was a relatively high mark of 8 with a mean of 7.40 marks. Many students were able to make effective use of relevant data from the extracts pinpointing how various factors related to the international competitiveness of the Kenyan economy. Weaker answers consisted of copied out sections of the data with minimal additional relevant input.

6c

There were some high quality answers to this question clearly linking government measures to their potential impact on the international competitiveness of Kenya. Top responses were able to evaluate the likely success of these measures. 8 or more marks were gained by 50.4% of students. The mean score was 7.24 with a mode of 6 marks.

6d

The quality of answers was slightly less impressive on this question although a minority of students were able to effectively discuss what actions the Kenyan Government could take and consider possible effects and potential repercussions. A few students confused 'controlling the operation of TNCs', with public ownership. 26% of students scored 8 marks or more. The mean mark was 5.31 – the lowest of all the Section B 12 mark questions.

## **Grade Boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>



