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Examiners' Report
Principal Examiner Feedback

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Pearson Edexcel GCSE

Business (1BS0)

Paper 1 Investigating small business

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Introduction:

This report provides feedback on 1BS01 'Investigating small business'. This is now the third sitting of the 'new' Edexcel qualification in GCSE Business. This report should be used by centres to provide teachers and candidates with guidance as to how to approach the various question types going forward. It could be used to fine-tune the approach candidates use to answer the questions in future examination series.

This year, the cohort was a small fraction of the normal entry. Therefore, it is likely that very limited conclusions can be drawn from the performance of candidates in this examination series. This needs to be taken into consideration when acting on the following comments and recommendations.

Question 1(c):

Candidates continue to struggle with what cash is used for in a business. Cash is used to pay running costs and expenses. It is not used to fund investment or expansion. Drawbacks linked to lack of investment or inability to expand failed to score any marks.

Question 1(d):

This proved to be a more accessible question for candidates with many identifying a suitable way to reduce the risk of failure. This question asked for the explanation of how the risk would be reduced, not the advantage of reducing risk. Some candidates explained the benefits of reducing risk and therefore did not gain any development marks, despite identifying a suitable way.

Question 2(c):

A sizable proportion of candidates did not understand how a cash-flow forecast was constructed and therefore could not calculate the missing figures. Thus, these were easy marks lost. 10% of the available marks are awarded for quantitative skills, so there will always be 9 marks of questions that test quantitative understanding through 'Calculate...' or 'Identify...' questions.

Question 2(d):

A significant number of candidates gave answers that did not answer the question. The question asked for a reason why an existing product may be adapted to come up with a new business idea, yet many candidates gave answers linked to the importance of coming up with brand new ideas. Although obvious, it is important to clearly read the question before answering.

Question 2(e):

Many candidates gave generic answers on the disadvantages of market research without specifically linking their answers to 'focus groups'. This still allowed some marks to be awarded via valid development points, but most candidates who did this struggled to score full marks. Examiners were looking for something within a response that demonstrated an understanding of a disadvantage of using 'focus groups' rather than market research in general.

Question 3(b):

Questions that ask candidates to calculate percentage change are common-place and require very little business specific knowledge. However, many candidates fail to grasp the basic mathematic technique to do this and throw away two easy marks. The most common mistake is to base the percentage change on the new figure (in this case, March) rather than the original (January).

Question 3(c):

Some candidates struggled with this question and whilst they understood what 'interest rates' are, they did not know what happened when interest rates changed. Those that did regularly scored three marks either by focusing on the effect on consumer disposable income or the cost of borrowing increasing for small businesses.

Question 3(d):

This was a much more open question and there were some good answers focused on the disadvantage of producing high quality products. The main problem with responses to this question, tended to be repetition with candidates indicating that 'business costs could increase' and then developing this by saying 'this would make things more expensive'. This is the same thing written in a slightly different way.

Question 3(e):

This question was reasonably well answered. Most candidates had a sound understanding of 'employment laws'. There was no requirement for an in-depth knowledge of employment law and candidates could gain full marks with limited understanding that employment law can affect working conditions and employee pay. The question asked candidates to discuss the impact of new employment laws which gave candidates to discuss both negative and positive impacts. Some candidates failed to understand the question and discussed the impact on not following the laws, giving answers such as 'get fined' or 'taken to court'. When examiners are unsure as to whether a candidate fully understands a concept, the question is rooted in, the result will be a lower-level judgement for 'AO1b' or 'Understanding'.

Question 4(a):

For a 2 mark 'Outline...' question the candidate give an impact/drawback/advantage etc, a strand of development and evidence of 'Application' or 'AO2' somewhere within the response. Many candidates fail to do all three things which restricts their mark to one. The most common issue is not using any context in an answer and therefore failing to gain the 'AO2' mark.

Question 4(b):

There were some very poor answers to this question and candidates appeared to find it difficult. The main problem was linking the impact of the internet on where a business decides to locate. This is a specific area within the specification and therefore should be covered in centres as a discrete topic. Many candidates discussed generic location factors or discussed the benefits of e-commerce, without making the link of how one affects the other. Lack of 'Application' or 'AO2' was again an issue. In 'Analyse...' questions this will result in a Level 0 for 'AO2' which limits a candidate's response to 3/6. Centres should highlight to candidates the importance of using the extracts to ensure that their answers are contextualised.

Question 5(c):

The majority of candidates understood the concept of 'market mapping'. Most answers tended to focus on being able to 'spot a gap in the market' and how this could help target customers. Again, lack of 'AO2' or 'Application' tended to spoil many decent answers, since without evidence of this skill, candidates are limiting themselves to a maximum of 3 marks on this style of question.

Question 6(a):

This question was a 'State...' question. Thus, it tests 'Application' or 'AO2'. To score a mark, candidates had to come up with an applied fixed cost of *Sports Tours Ltd*. Thus, 'salaries' was given zero marks, whereas 'salaries of tour operators' was awarded 1 mark. 'Insurance' was awarded zero marks, whereas 'insurance to cover cancellation of tours' was awarded 1 mark. Centres need to focus on the fact that any question that includes the italicised name of the business, in this case *Sports Tours Ltd*, from the extract requires an applied or contextualised response.

Question 6(c):

This question was the harder of the two 'Justify...' questions since it tested understanding of 'added value'. Most candidates struggled to go past Level 1 or 2. This was due to lack of 'Application' or 'AO2' and/or lack of 'Evaluation' or 'AO3b'. Producing a one-sided or generic response limits a candidate's ability to score marks. Centres are reminded that candidates who consider the benefits of one option and then the drawbacks of the other, discarded, option are not demonstrating any 'Evaluation' or 'AO3b'. The drawbacks of the discarded option simply provide further support for the chosen option.

Equally, the drawbacks of one option and the drawbacks of the other, discarded, option are also deemed to only generate a one-sided response and will score Level 0 for 'Evaluation' or 'AO3b'. This is unless the candidate starts to make some form of comparison as to the relative significance or magnitude of the two drawbacks. This is tricky for most candidates to do at GCSE level. There are much easier approaches to generate 'Evaluation' or 'AO3b' in answering this style of question. For instance, candidates could choose one option and then develop the benefits and drawbacks to this chosen option before coming to an

overall conclusion. To reach Level 3 for 'AO3b' or 'Evaluation', the conclusion should endeavour to bring new evaluative content to the answer through e.g., the consideration of how the impacts may differ between time-periods or through the use of the '...it depends rule'.

Question 7(c):

This was an 'Outline...' question and was not answered as well as Question 4(a). Many candidates based their answer on the benefit to the business, rather than the employees. Lack of 'Application' or 'AO2' was again, on on-going problem, since without it, candidates limited themselves to only scoring one mark out of the two available. A simple mention of the word 'haircut' would have turned so many 1-mark answers into 2-mark responses.

Question 7(d):

This question required candidates to make a judgement on which option would be the best choice to increase 'brand awareness'. Many candidates failed to focus their answer on brand awareness and based their answers on the best way to increase 'profit'. Again, there appeared to be some approaches to this question which resulted in a lack of 'AO3b' or 'Evaluation'. Candidates considered the benefits of one option and then the benefits of the other, discarded, option. This will not generate any 'AO3b' or 'Evaluation' marks unless the candidate starts to consider the relative importance of the two benefits. Again, for a candidate of moderate ability, this is quite hard to do at GCSE level and there are far more straightforward ways of being able to demonstrate the skill of 'Evaluation' or 'AO3b'.

Question 7(e):

This is the only question on the exam paper that tests all four assessment objectives. Examiners are asked to decide on a level for each of the assessment objectives and then take a line of best fit. The question proved to be accessible to most candidates, although evaluation tended to be limited to Level 2. In most cases, where a conclusion was present, the conclusion tended to be just a summary of what the candidate had developed elsewhere within their response. The best candidates brought new evaluation into their conclusion and made use of the '...it depends rule'. A significant minority of candidates did not know fully understand the difference between 'non-financial objectives' and 'financial objectives'.

Paper Summary:

Based on the exemplars that have been seen by the Principal Examiner, centres and candidates are offered the following advice:

- Learn the formula in Appendix 3 on page 32 of the specification. 'Calculate...' and 'Identify...' questions account for 10% of the available marks on this paper
- Use 'linking words' when answering 'Explain...' questions. This allows the examiner to see where the statement of the reason/advantage/way/impact ends and where analysis starts. It also allows the examiner to easily count how many strands of development there are in an answer. Good examples of linking words/phrases include 'because', 'thus', 'therefore' and 'as a result'
- 'State...' questions test 'Application' or 'AO2'. Therefore, a generic response will always score 0 marks
- In 'Justify...' questions, there is no need to consider both options. The drawbacks of the discarded option just provide further support for the chosen option. Therefore, candidates should consider this when writing their response. Equally, considering the drawbacks of both options or the benefits of both options does not automatically generate 'AO3b' or 'Evaluation'. These two approaches only generate evaluation when the magnitude or significance of the two drawbacks or benefits are considered
- Questions in Sections B and C test 'Application' or 'AO2', therefore candidates limit their scoring potential by writing a generic response that make no use of the case study provided at the start of the section. To highlight the need for 'Application' or 'AO2' the name of the business in the case study is italicised within each of the questions.

