



# Examiners' Report Principal Examiner Feedback

January 2024

Pearson Edexcel International Advanced Level In  
Economics (WEC13/01)

Unit 3: Business behaviour

## **Edexcel and BTEC Qualifications**

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk). Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

## **Pearson: helping people progress, everywhere**

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your Candidates at: [www.pearson.com/uk](http://www.pearson.com/uk)

January 2024

Publications Code WEC13\_01\_2401\_ER

All the material in this publication is copyright

© Pearson Education Ltd 2024

## **Introduction**

Many candidates provided impressive responses across all parts of the paper, excelling particularly in the essay section, where they demonstrated thorough preparation on the topics and took heed of feedback from previous examiners to enhance the application in their answers.

In Section A, candidates showed better performance in the multiple-choice section compared to Section B, the data response section focused on the textile industry in Bangladesh. Most candidates found the case study understandable and effectively utilized the information provided in their responses. Answers were less generic than in previous exam series.

Question 7a was well-answered by the majority of students, although some made errors in calculating percentages.

For part 7b, students were required to present two applications from different sources along with a clear understanding of monopolistic competition. Many students lost marks for only referencing Extract A and missing a data reference to Figure 1.

Question 7c required candidates to explore factors contributing to the escalating costs in the Bangladesh textile sector. Candidates effectively utilized the case study to apply their responses to the increase in variable costs. Failure to incorporate a precise diagram led to candidates falling short of achieving the four marks available for demonstrating knowledge and analysis. It is essential for centres to ensure that candidates comprehensively address all aspects of the question's requirements.

Question 7d required an analysis of two likely effects on the labour market for garment workers of the possible increase in the national minimum wage. Though not required, many candidates included an accurate diagram to explore the impacts on employment and unemployment. Candidates should be careful on such questions to explore a rise in the national minimum wage, not an introduction.

Question 7e required candidates to discuss the likely benefits of Government policies on the productive efficiency of SMEs. Strong responses were those that integrated knowledge beyond the case study, providing well-supported arguments and countering them with case study evidence. Responses not achieving the higher levels were often generic or included limited chains of reasoning, a high number of these listed benefits with limited development. Evaluation on this question was also limited and often generic. Strong candidates were able to counter their arguments using the case study evidence.

In Section C, candidates were presented with a selection of three questions to choose from. This section was notably more challenging, as evident from the average scores across all questions. While candidates generally excelled in responding to Question 9 regarding Oligopoly, they encountered more

difficulty with questions 9 and 10 concerning shut-down decisions and the separation of ownership and control. Overall, candidates demonstrated a sound grasp of economic theory in their answers, although many struggled to provide the necessary depth for higher-level achievement. A common issue noted was the failure to fully expand on their arguments, often resorting to brief and generalized points. Moreover, the evaluation lacked the application and elaboration required for advanced levels. Stronger candidates incorporated diagrams in their responses, effectively integrating them into their written analyses.

The majority of candidates managed to finish the exam within the allocated time. Nonetheless, a significant portion of candidates produced notably shorter second essays, indicating potential timing challenges.

### **Question Level Feedback**

The feedback on each question shows how they were well answered and also how to improve further.

#### **Section A**

##### **Question 1:**

The question asked for the correct identification of the type of acquisition in the stem. Most candidates were able to correctly identify this as horizontal integration.

##### **Question 4:**

Candidates tended to perform poorly on this question, making it the least accessible in Section A. It required a calculation of the marginal revenue as prices changed. It was evident that candidates were not secure in their knowledge on this question and would benefit from further practice.

##### **Question 3:**

Candidates needed to interpret a cost and revenue diagram under the conditions of perfect competition in the long run. Not all students were able to identify that firms were making supernormal profits, signalling to other firms to enter the market, thus increasing output and lowering profits in the long run.

##### **Question 4:**

For this question, candidates needed to understand the profit maximization position. Most candidates were confident in answering this, demonstrating good knowledge of this topic.

##### **Question 5:**

Candidates were confident in their understanding of the demand for labour and correctly identified that labour could not easily be replaced by capital, and that an increase in benefits would decrease the supply of labour.

##### **Question 6:**

This question addressed pricing strategies, and many candidates confused predatory pricing with limit pricing. These strategies are often

misunderstood by candidates, and it is recommended that centres thoroughly revise the differences.

## Section B

### Q7a

For this question, students needed to use the data in Figure 1 to calculate the number of workers employed in SMEs in Bangladesh. Many students miscalculated this and were able to achieve one mark for the percentage but didn't calculate the correct labor force.

### Q7b

Most students could provide a definition of monopolistic competition; however, some confused this with a monopoly. Candidates needed to identify two characteristics of the market structure for two knowledge marks. Most included more than two. In these 4-mark questions, there are 2 marks for application, and some students did not make sufficient use of Figure 1 to secure both marks. A large number of students only used extract A when the question clearly stated reference to both extract A and Figure 1.

### Q7c

This question required students to examine the likely impact on the profits of garment manufacturers in Bangladesh. Students need to include an appropriate diagram. Those candidates that correctly included a cost and revenue diagram with the initial profit maximization equilibrium achieved the first knowledge mark. The second mark was awarded for a shift in average costs and marginal costs. The analysis marks were achieved from showing the original supernormal profit then a fall in profits. A total of four marks were allocated for the correct diagram regardless of the write-up.

Most candidates were able to include application to the case study and had picked up on the government offering subsidies. Only a few candidates identified energy as a variable cost. There are two marks available for application on an eight-mark question, and candidates should include two separate references to achieve these.

Evaluation was strong on this question, and many candidates were able to use the case study to suggest that subsidies may offset the cost rise.

### Q7d

This six-mark question required candidates to identify two impacts of an increase in the national minimum wage for garment workers. These style of questions need two references to the extracts for application marks. Most candidates were able to provide these; however, many were not able to fully develop their identification point to provide analysis. Though not required, many strong candidates included a diagram in their answer. To be awarded, this needed to focus on a rise in the national minimum wage and not an introduction. Candidates often discussed the increase in living standards for some workers and job losses for others. Evaluation was not needed for this question, though a number of candidates included it.

#### Q7e

This question required candidates to discuss the likely effects of government policies on the productive efficiency of SMEs. A large number of students correctly explained productive efficiency as a movement towards the MES and often included a diagram. For these candidates, application was also often strong as they were confident in using the examples provided. Not all students moved into level three as their answers lacked the developed chains of reasoning required. A number of students did not link the intervention with dynamic efficiency; these responses were unable to move beyond a level 1 for knowledge, application, and analysis.

Evaluation focused on the effectiveness of the policies. The most commonly used evaluation was time-lags; if fully developed, this could reach a level three; however, this was often presented with only a two-stage chain of reasoning. There were some excellent examples of candidates discussing the quality of the labour force and the likelihood that the policies would improve efficiency. Contextual evaluation will achieve a level two/three.

Many candidates provided generic and vague responses lacking depth, frequently presenting statements without analysis. This unfocused method restricts the response to a level 1. Candidates are encouraged to concentrate on elaborating on fewer points to attain higher levels of knowledge, application, and analysis.

#### Section C

#### Q8

This question asked students to evaluate the view that a business will always shut down if it is not able to make a normal profit and was the second most popular of the three essays available. To achieve a level 3 for knowledge application and analysis, students needed to include an appropriate diagram; many included a shut-down in a perfectly competitive market diagram including variable costs. Correct diagrams with some development pushed students' responses into high level 2 low level three. Only a few candidates were able to offer application and used the stem to give evidence for short-run shut-down points; often, when they did, it was just a name drop rather than fully explain the reasons behind the firms' decisions. Level four responses required strong application throughout their answers and developed chains of reasoning to explain the theory linked to the candidates diagrams.

For evaluation, students were able to consider reasons why a firm may stay open, citing start-up companies and state-owned enterprises as examples. However, often points only achieved a level one as they were statements rather than developed points with logical chains of reasoning. Only a few candidates were able to offer critical evaluation which led to an informed judgment.

#### Q9

This question asked candidates to evaluate the likely disadvantages for a business operating in an oligopolistic market structure using an industry of their choosing. Candidates were able to reach Level 4 without the inclusion of a diagram. The question focused on the firms in the industry; therefore, the inclusion of firms finding it difficult to enter the market was not relevant. To reach Level 4, candidates needed to provide examples to support their knowledge. The stem was well understood by candidates, and many included the tire industry as an example in their answers. Many candidates did include accurate diagrams to support their argument for the lack of price control in an oligopolistic market. There were some strong responses, including collusion and limit pricing as part of their analysis. However, the analysis for a number of candidates was superficial and not well-developed. In weaker responses, candidates just provided pre-learned knowledge of oligopolistic markets that did not answer the question.

The best evaluation provided context for the industry by exploring how competitive the oligopoly was. The most commonly used points included the formation of cartels to overcome the interdependence in the market. For many candidates, evaluation was often generic, lacking examples, and only supported by partially developed chains of reasoning. This could achieve a Level 2. To reach Level 3, candidates should include industry examples in the evaluation.

## Q10

This was the least answered essay, and it required candidates to evaluate the likely impact of the divorce of ownership from control on business objectives. While candidates could discuss the different objectives between managers and shareholders, their responses could not reach level 3 for knowledge, application, and analysis without providing clear reasons why the objectives differ. Those who could, supported with a diagram, often achieved high marks. The best candidates supported their answers with the study material to provide context to move to a level four. Correctly drawn diagrams of sales maximization and profit maximization with some link to shareholders and managers achieved a level two plus. Most candidates were able to explain what the divorce between ownership and control was; however, too many answers provided pre-learned material and didn't fully address the question.

The context was often used for evaluation, and when well-developed, could reach a level 3. The Amazon context shows that managers could also be shareholders, thus having the same objective. As with the other essays, however, much evaluation was not in context, and the points were not well developed.

A significant number did not put an x next to the question they had selected. It is helpful if students remember to put an x in the box of the question they select. It is also helpful if they change their mind to change the selected question by putting a line through the incorrect question

number and replacing the question attempted. Candidates must also ensure they do not answer two essays on the same page.



## **Paper Summary**

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

Section A: Ensure that they have studied all parts of the specification. Performance on two of the multiple-choice questions suggested that students were less secure in their understanding of issues relating to marginal revenue and perfect competition.

Section B: These questions have their basis in the data so use of the context is important. In the points-based questions 2, 4, 6, and 8 mark questions, there are 2 marks for application. In the 14-mark question (which used level-based marking), application is captured in the 8 marks available for KAA.

Section B continued: Evaluation is only required for the 8 mark and 14 mark questions.

Section B continued: Students should be confident in providing dynamic diagrams (shifts) when asked for a costs and revenue diagram in a 8 mark question.

Section C: For essays, it is important for students to develop chains of reasoning by analysing two or three relevant points in depth and to provide some context for their answers (either that provided in the question or using their own examples).

Section C continued: Students must be aware of the need of application in their essays. Students must prepare for an industry of their choice to be included in their answers.

Section C continued: When appropriate, diagrams should be included and integrated into candidates' answers.

Section C continued: All essays need to include evaluation, for which up to 8 marks may be awarded. To achieve Level 3 for evaluation in Section C, it is necessary to support points with a logical chain of reasoning, to make reference to the context, and to include an informed judgment.

Pearson Education Limited. Registered company number 872828  
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom