



Edexcel A-level Business exam practice answers

How your exams are marked

Questions worth 1 or 2 marks test your knowledge. Aspects of definitions will earn a mark each. These answers show these as a [1] for each aspect that would earn a mark.

Questions worth 3 to 7 marks will earn marks for each of three skills: knowledge, application of knowledge, and analysis of the question. These answers indicate how these skills can be shown for each question.

Questions worth 8 or more marks test four skills: knowledge, application, analysis and evaluation (your ability to make a supported judgement). These are marked using a levels of response grid – this asks the examiner to judge how well you have shown all four skills in your response. Top-level answers will:

- ‘show accurate and thorough understanding throughout, using the business context’
- ‘use well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s)’
- ‘use information well to support judgements, showing a full awareness of the validity and significance of competing arguments/factors’.

As a guide:

- for questions worth 8–10 marks, develop two arguments fully before making a judgement
- for questions worth more than 10 marks, develop three arguments before making a judgement.

These answers will indicate points on which valid arguments can be developed and suggest typical ways to demonstrate all relevant skills for the question asked.

10: External influences

- 1 Relevant points could include: [20]
- The external environment includes economic influences, legislation and the competitive environment.
 - The answer should include recognition of current external environmental issues (at the time of writing these include uncertainties caused by Brexit (both legislative and economic), and the economic fallout from the coronavirus pandemic.
 - Most arguments in favour will explain how external change can impact on business success, stressing the



unpredictability of many external changes.

- In addition, external changes, by definition, are issues over which a firm has no direct control.

Examples could include:

- If the UK government introduces less strict employee protection legislation replacing previous EU legislation, UK businesses may find it easier to compete with their EU-based rivals, through lower labour costs allowing prices to be cut. This factor is entirely beyond the control of business managers who are reliant instead on UK government decisions.
- At the time of writing, the pound has depreciated significantly against both the euro and the dollar. This will make it easier for UK firms to export as their products will seem more price competitive in both US and EU markets.

Potential counterbalance

- The key to dealing with external change is anticipation and planning.
- Well-run businesses will spend time planning for external change and have contingency plans in place to deal with possible changes.
- Once external change has happened, businesses need to choose the right strategy to benefit from positive changes or lessen the impact of negative changes. This really does show the importance of good decision-making.

Examples could include:

- Tesco were praised for the way they coped with the early stages of the pandemic, having prepared in advance for a scenario in which many staff may need to work remotely and supply chains are disrupted. This planning (called Project Domesday) helped them deal effectively with the pandemic lockdown and maintain a strong financial performance.

Overall, business success does rely on good decision-making. Well-run firms can try to predict and plan for external change, which suggests that good decision-making remains perhaps the key determinant of business success.