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 12 marks which contain the command word 'analyse' or 'explain why' 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 10 or more marks expecting a judgement (e.g. command words will include evaluate, to what extent, discuss, or may simply ask you to recommend a course of action) 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 10–14 marks, develop two arguments fully before making a judgement.
- For questions worth more than 14 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.

Mark scheme for 20 mark questions

Level	Mark	Descriptor
	0	A completely inaccurate response.
1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
2	5–8	Elements of knowledge and understanding, which are applied

		to the business example. Arguments and chains of reasoning are presented, but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

15: Assessing competitiveness

1   Arguments in favour of investing: (20)
- Productivity is well below the industry average, suggesting that new machinery should boost that figure and enhance the firm's competitiveness.
- A lack of commitment from the staff shown by high labour turnover and absenteeism figures suggests that machinery may dampen the negative impact of these HR problems.
- Gross margin is down from 37.5% to 28% over the last year, suggesting something needs to be done to boost profitability.

Potential counterbalance:
- Gearing is high at 64%, suggesting the company may struggle to afford the extra finance needed to fund any investment.
- Though the current ratio of 1.75:1 looks satisfactory, there is only £20m of cash and receivables; spending a chunk of this could leave the firm with cash difficulties.
- Staff performance seems to be an issue; perhaps this could be tackled in another way: instead of investing in new machinery, an alternative approach to human resource management may work.

2   Other issues should be considered because: (20)
- Competitiveness is a firm's ability to compete with its rivals in the market, therefore marketing measures should play a key role in assessing competitiveness.
- A company's financial performance features many aspects: using only basic data may fail to show a full picture of competitiveness, perhaps being skewed positively by a one-off profit on disposal of a non-current asset.
- Basic HR data also only shows limited picture; drilling down into more complex data may show a clearer picture of competitiveness.
- Considering the interests of a range of stakeholders can help to show why other measures of performance matter.

Possible counterbalance:
- Financial measures are the most important, since profit is the over-riding objective for most businesses.
- HR measures matter because people are a key determinant of business performance.