



## **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



		<p>to the business example.</p> <p>Arguments and chains of reasoning are presented, but connections between causes and/or consequences are incomplete. Attempts to address the question.</p> <p>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.</p>
3	9–14	<p>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</p> <p>Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question.</p> <p>Arguments are well developed.</p> <p>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.</p>
4	15–20	<p>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</p> <p>Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s).</p> <p>Arguments are fully developed.</p> <p>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.</p>

## 18: Global markets and business expansion

- 1 Arguments in favour: (20)
- Differentiation reduces price elasticity, which means that any cost increases caused by exchange rate movements can be passed on to customers through price rises without significant falls in demand.
  - Maintaining the lowest costs within a market relies on finding ways to minimise every cost involved in running the business; an increase in just one of them caused by an



exchange rate change may have a radical impact.

Possible counter-balance:

- A company operating on a global scale may be more able to adjust the sources of supplies or markets sold to, in order to benefit from exchange rates, creating opportunities rather than vulnerability.
- Evaluation may centre on the word ALWAYS, hinting that exchange rate movements will not always bring negative consequences.

2

Arguments for levels and growth of disposable income

(20)

- Although seen in the developed world as a necessity, in developing countries mobiles may still be something of a luxury.
- Building new overseas markets suggests an expectation of growth rather than simply a high level of income as being important.

Arguments for ease of doing business

- Building a mobile phone network is a complex business, involving the need to work with an incredibly wide range of suppliers and contractors; each of these relationships will need to go well to ensure a smooth market entry.

Arguments for quality of infrastructure

- Reliability of power supply will be critical for a mobile phone network.
- Transport links will also be important in the construction phase of a network, with the need to construct masts that provide a wide coverage.

Arguments for political stability

- Most countries will expect mobile phone network providers to purchase a licence in order to provide their services from the government. In the event that governments or policies change regularly, the licence may be revoked or new governments may seek to renegotiate the terms of the licence; not a recipe for being able to plan market entry which would be a long-term commitment.

Arguments for exchange rates

- Supplies may need to be imported: if the cost of doing this is likely to be volatile, initial investment appraisals may prove inaccurate, creating the uncertainty which businesses hate.