Week 33

A-Level Business

Homework bundle for this week

本周作业合集

exercises.lol

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A-Level Business — Name: ____________ Score: ______

1. During a recession, most businesses experience:
   - ☐ falling demand and lower sales
   - ☐ rising demand
   - ☐ higher profits
   - ☐ labour shortages
2. A rise in the tax on company profits is likely to:
   - ☐ reduce the profit a firm keeps
   - ☐ increase the profit a firm keeps
   - ☐ raise consumer spending
   - ☐ lower the firm's costs
3. In a SWOT analysis, opportunities and threats are:
   - ☐ external factors
   - ☐ internal factors
   - ☐ always financial
   - ☐ the same as strengths
4. A rise in interest rates is likely to:
   - ☐ reduce consumer spending and borrowing
   - ☐ increase borrowing
   - ☐ raise demand
   - ☐ lower the firm's costs
5. Which letters of PESTLE are correctly matched? (Select all that apply.)
   - ☐ P = Political
   - ☐ E = Economic
   - ☐ L = Legal
   - ☐ T = Taxation

   Tick every correct option.
6. Which are INTERNAL factors in SWOT? (Select all that apply.)
   - ☐ strengths

- ☐ weaknesses
- ☐ opportunities
- ☐ threats

Tick every correct option.

7. A stronger domestic currency makes a firm's exports:
   - ☐ more expensive abroad
   - ☐ cheaper abroad
   - ☐ unchanged in price
   - ☐ tax-free
8. Inflation tends to raise a firm's costs and reduce customers' real spending power.

   ☐ True ☐ False
9. PESTLE factors are part of the external environment that a firm cannot directly control.

   ☐ True ☐ False
10. A SWOT analysis is only useful if the business acts on its findings.

   ☐ True ☐ False

A-Level Business

1. **falling demand and lower sales**

   A recession cuts demand and sales for most firms.
2. **reduce the profit a firm keeps**

   Higher profit tax leaves the firm with less.
3. **external factors**

   Opportunities and threats are external; strengths and weaknesses are internal.
4. **reduce consumer spending and borrowing**

   Dearer borrowing cuts spending and demand.
5. **P = Political; E = Economic; L = Legal**

   T stands for Technological, not Taxation.
6. **strengths; weaknesses**

   Strengths and weaknesses are internal; opportunities and threats are external.
7. **more expensive abroad**

   A strong currency raises the foreign price of exports.
8. **True**

   Both effects squeeze the business.
9. **True**

   Firms can anticipate and adapt, but not control them.
10. **True**

   Analysis without action changes nothing.

A-LEVEL BUSINESS • EXERCISE SHEET

6.1 External influences on business activity

Name: ____________ Class: ________ Date: _________ **Total: 29 marks**

KEY WORDS social 社会 • environmental 环境 • business cycle 经济周期 • interest rate 利率 • exchange rate 汇率

Objective

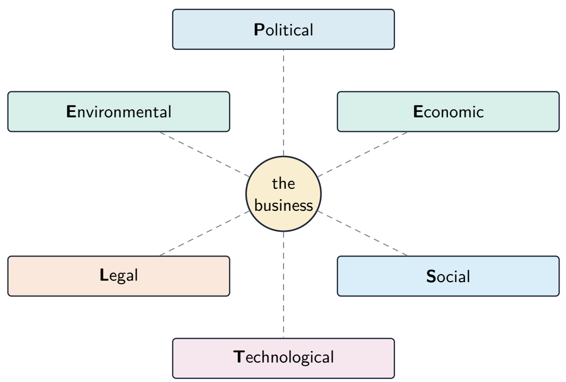
Build the skills to answer exam questions on **external influences** 外部影响 — the **business cycle** 经济周期, **interest rates** 利率, **exchange rates** 汇率, **inflation** 通货膨胀, taxation, and the wider **PESTLE** 宏观环境 forces.

You must be able to:

- describe the stages of the business cycle and the effect of interest rates
- explain how a change in the exchange rate affects exporters and importers
- analyse and evaluate how a business should respond to external change

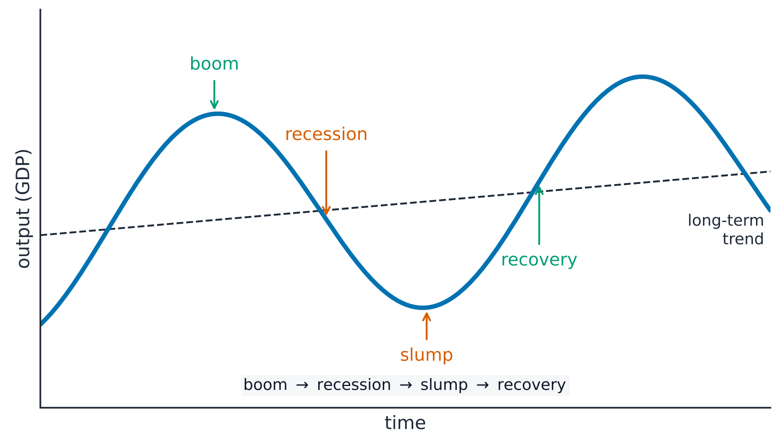
1 Worked examples

■ **The economic environment**



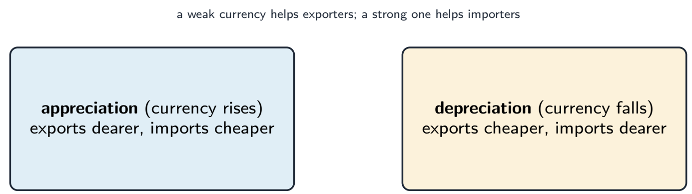
PESTLE: Political, Economic, Social, Technological, Legal, Environmental

- **Business cycle:** boom → recession → slump → recovery.



The business cycle: boom → recession → slump → recovery

- **Interest rate up:** borrowing costs more → customers spend less, firms invest less.
- **Exchange rate:** *appreciation* (currency rises) → exports dearer, imports cheaper; *depreciation* → exports cheaper (good for an **exporter**), imports dearer.



How a rise or fall in the exchange rate changes exports and imports

Answer shapes: AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *inflation*. [2]

2.2 State the four stages of the business cycle. [2]

2.3 State one effect on a business of a rise in interest rates. [2]

3 Exam-style questions

3.1 Explain one effect on a business of a **recession**. [3]

3.2 A firm exports most of its goods. Analyse the impact on it of a **fall** (depreciation) in the local currency. [8]

3.3 Interest rates have risen sharply. Evaluate how a business with large loans should respond. [12]

Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 a general rise in the level of prices over time (2 for a clear definition; 1 for a partial idea).

2.2 boom, recession, slump, recovery (2 for all four; 1 for a partial list).

2.3 any one of: loans cost more, lowering profit; customers spend less, lowering demand; less new investment (2 for a developed point; 1 for a basic one).

3.1 *[3]* **AO1** 1 — state an effect (falling demand; lower sales; cost-cutting; risk of closure). **AO2** up to 2 — develop it, e.g. in a recession customers have less income → sales fall → the firm may cut costs or staff to survive (2 developed / 1 limited).

3.2 *[8]* **AO1** + **AO2** + **AO3** up to a developed chain on **two** effects. Example chains — *exports cheaper abroad*: the local currency falls → the firm's prices abroad fall → it sells more → higher revenue. *Imported inputs dearer*: any imported materials cost more → variable costs rise → some of the export gain is offset. Maximum 8; reward a two-sided analysis.

3.3 *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. Options: **repay debt** to cut interest (but uses cash), **raise prices** (but may lose sales), **cut costs** (but may harm quality), **delay investment** (but may fall behind rivals). Judgement: the best response depends on how large the loans are, how price-sensitive demand is, and whether the rate rise is temporary — a firm with heavy debt may prioritise repaying or refinancing, while a strong firm may simply absorb the higher cost.

1 Clever Bean (CB)

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains.

The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options.

CB's customers are mainly young professionals, students and tourists. Customers enjoy CB's inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

Table 1.1 CB's costs and revenue for 2023 and 2024

	2024 ($m)	2023 ($m)
Revenue	50	44
Direct costs	10	6
Indirect costs	20	16

Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful.

(a) **(i)** Identify **one** feature of a public limited company. [1]

(ii) Explain the term *dynamic business environment*. [3]

(b) **(i)** Refer to Table 1.1. Calculate the change in profit from 2023 to 2024. [3]

(ii) Explain **one** use to CB of cost information. [3]

(c) Analyse **two** benefits to CB of training its employees. [8]

(d) Evaluate whether CB should make greater use of market segmentation to be more successful. [12]

1 The Research Agency (TRA)

TRA is a quaternary sector business. It is the market leader in providing social media data to food manufacturers in country F. TRA's market has grown by 40% over the last year.

DF is a multinational business that specialises in non-alcoholic drinks. DF has asked TRA for data about a new bottle of water with pod attachments. The pods give a fruity flavour which is combined with sparkling water. TRA has sampled 8000 potential consumers on social media to identify their favourite fruity flavour (see Fig. 1.1).

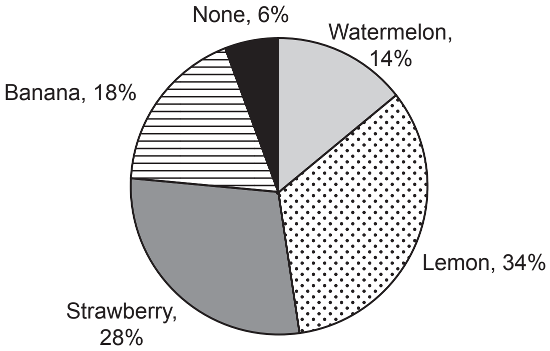


Fig. 1.1 Data about consumer flavour preferences for DF

TRA employs 65 researchers. Since 2020, all of these employees work from home. They are provided with all the necessary IT equipment and a high-speed internet connection. However, motivation is poor, and this has led to high labour turnover. The Human Resource Director has received some feedback from employees. Fig. 1.2 shows some of this feedback.

- I hate being so isolated – I never get to speak to any other employees.
- I have to use my own electricity, and the cost has doubled in the last two years.
- I know some employees are not working very hard, but they get paid the same as me. It's not fair!

Fig. 1.2 summary of feedback from employees at TRA

(a) **(i)** Identify **one** stage of the transformational process. [1]

(ii) Explain the term *multinational business*. [3]

(b) **(i)** Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water. [3]

(ii) Explain **one** reason why TRA uses sampling. [3]

(c) Refer to Fig 1.1 and other information. Analyse **two** reasons why the data collected for DF may not be reliable. [8]

(d) Evaluate the most effective way for TRA to improve the motivation of the home working employees. [12]

6 **(a)** Analyse **two** ways international markets may present different challenges to a business than national markets. [8]

(b) Evaluate whether customer relationship marketing (CRM) is suitable for all small businesses. [12]

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6 **(a)** Analyse **two** advantages to a business of making ethical decisions. [8]

(b) 'Employees are the most important stakeholder group in a primary sector oil and gas business.'

Evaluate this view. [12]

A-Level Business: **Specimen 1**

2 **(a)** Define the term 'sustainability'. [2]

(b) Explain **one** reason why a manufacturing business might take measures to improve the sustainability of its operations. [3]

4 Analyse **one** way in which ethics may influence the activities of a business. [5]

Section B

Answer **one** question only.

EITHER

A-LEVEL BUSINESS • EXERCISE SHEET

6.2 Business strategy

Name: ____________ Class: ________ Date: __________ **Total: 29 marks**

KEY WORDS strategy 战略 • swot analysis SWOT 分析 • business strategy 企业战略 • strategic management 战略管理 • competitive advantage 竞争优势

Objective

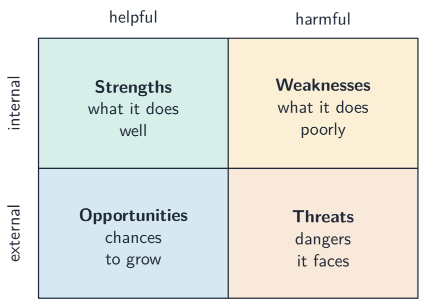
Build the skills to answer exam questions on **business strategy 企业战略** — what strategy and **strategic management 战略管理** mean, **competitive advantage 竞争优势**, and the planning tool **SWOT analysis** SWOT 分析.

You must be able to:

- explain what a strategy is and how it builds competitive advantage
- carry out and read a **SWOT analysis**
- analyse and evaluate the usefulness of strategic planning tools

1 Worked examples

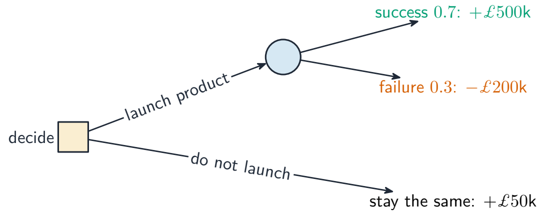
Strategy and SWOT



Use strengths to take opportunities; fix weaknesses and guard against threats

- **Strategy:** a long-term plan to reach the firm's main objectives.
- **Competitive advantage:** a reason customers choose you over rivals — lower cost or a better product.
- **SWOT:** **S**trengths and **W**eaknesses (internal) + **O**pportunities and **T**hreats (external).

- Other planning tools weigh choices by their likely outcomes — e.g. a **decision tree**.



A decision tree: another planning tool that values each option by its expected outcome

Answer shapes: AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *strategy*. [2]

2.2 State what the letters of **SWOT** stand for. [2]

2.3 State the difference between a *strength* and an *opportunity* in a SWOT analysis. [2]

3 Exam-style questions

3.1 Explain one benefit to a business of carrying out a SWOT analysis. [3]

3.2 Analyse two ways a business could build a **competitive advantage** over its rivals.[8]

3.3 Evaluate the usefulness of SWOT analysis to a business planning its future strategy. [12]

Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 a long-term plan of action designed to reach the firm's main objectives (2 for a clear definition; 1 for a partial idea).

2.2 Strengths, Weaknesses, Opportunities, Threats (2 for all four; 1 for a partial list).

2.3 a strength is an **internal** factor the firm does well; an opportunity is an **external** chance to grow (2 for a clear difference; 1 for a partial idea).

3.1 *[3]* **AO1** 1 — name a benefit (shows the firm's position; guides strategy; spots threats early). **AO2** up to 2 — develop it, e.g. SWOT highlights a strength the firm can use to take a market opportunity → a clearer, better-targeted strategy (2 developed / 1 limited).

3.2 *[8]* For **each** of two ways: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *lower cost*: invest in efficient machinery → lower cost per unit → can undercut rivals' prices and win share. *Differentiation*: a better-quality or unique product → customers prefer it → loyalty and a higher price. Maximum 4 per way, 8 total.

3.3 *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Useful:** simple, gives a clear overview of internal and external position, supports strategy and spots threats. **Limited:** it is only a snapshot, can be subjective, lists factors without ranking them, and does not make decisions. Judgement: SWOT is a helpful starting tool but must be combined with deeper analysis and good judgement — its value depends on the quality and honesty of the information used.