



Pearson
Edexcel

GCSE (9-1) Business

‘Discuss’

Exemplars from the 2019 exam series

Marked student responses with examiner commentary



Discuss – Paper 1 - Exemplar 1 (1BS01) Question 3(e)

(e) Discuss the importance of cash to the survival of a small business.

166 Q03e

Cash is important because it is the amount that a small business can actually spend. ^{Pt} as it thus it allows the business to purchase raw materials ¹ because they can use it to pay suppliers. ² therefore production continues at the normal rate, thus the business has products to sell, therefore allowing it to generate revenue and profits, thus it can reinvest, therefore ~~as~~ allowing it to survive. ³

Cash is also important because it allows a small business to repay bank loans ^{Pt} ^{more quickly}, thus the business does not go into insolvency, therefore the business can survive. ⁴ generate lots of interest on bank loan ⁴ over time, thus their total fixed costs decrease. ⁵

Slightly drifting from the question

Repeat of the question

Commentary:

The candidate has identified a valid reason why cash is important to a business - 'to purchase raw materials'. They then provide three linked strands from this point, making use of connectives 'because' and 'therefore'. The first paragraph provides a logical series of strands of development.

The candidate then offers a second reason through 'repay bank loans more quickly'. This is linked, using the connective 'thus', to the point that this will lead to lower interest rates and therefore to lower fixed costs.

Thus, the candidate has generated 5 logical linked strands spread out over two reasons why cash is important to a small business. As a result, they secure Level 3 for A03a or 'Analysis'. The red boxes in the annotation illustrate the use of accurate terminology. The candidate also scores Level 3 for AO1b of 'Understanding'.

With two Level 3s, the candidate is awarded **Level 3 overall and 6 marks.**

Discuss – Paper 1 - Exemplar 2 (1BS01) Question 3(e)

(e) Discuss the importance of cash to the survival of a small business.

(6) Q03e

Repeat of previous point

cash is needed to pay suppliers, Pt
~~workers and banks etc.~~, so the business needs cash to pay these 1
~~ongoing~~ ~~overhead~~ costs. Therefore, the business can continue to buy raw materials from suppliers etc., as a result the business can maintain a 2
high productivity and efficiency, to maintain high volumes of sales and survive. 3

Pt

cash is needed to pay Pt
~~workers~~ ~~so the business~~ ~~workers~~ are needed. Therefore, ~~the~~ as the workers are paid on ^{time} and happy, 4
the business can continue to have a high level of motivation in the workforce. Therefore, productivity 5
increases. As a result, as more products are made, sales increase, so revenue increases. Therefore, the business can survive as profits rise.
(Total for Question 3 = 15 mark)

Drifting from the question - losing focus on survival

Commentary:

The candidate has identified a valid reason why cash is important to a business - 'to pay suppliers'. They then provide a linked strand from this point, that cash can be spent on raw materials. The candidate makes use of connectives. The first paragraph provides a logical series of strands of development.

The candidate then offers a second reason through 'to pay workers'. This is linked to motivation and productivity.

Thus, the candidate has generated 5 logical linked strands spread out over two impacts. As a result, they secure Level 3 for A03a or 'Analysis'. The red boxes in the annotation illustrate the use of accurate terminology and understanding of the importance of cash. Thus, the candidate also scores Level 3 for AO1b of 'Understanding'. With two Level 3s this means the **final mark is Level 3 - 6 marks.**

Discuss – Paper 1 - Exemplar 3 (1BS01) Question 3(e)

(e) Discuss the importance of cash to the survival of a small business.

(6) Q03e

One reason that cash is important is because it allows the business to pay off the fixed cost burden. Without cash, no business has no way to pay off fixed costs, such as rents or a bank loan. Therefore the assets of the business could be ~~not~~ ^{seized} ~~lost~~ in order to compensate or the business could go into insolvency. Thus it would have failed due to a lack of cash.

Repeat of previous point

Drifting from the question losing focus on survival

Another reason why cash is important to the survival of a small business is because without it a business would not be able to grow and expand. Thus the business would be inferior to any competitors, therefore it would make less sales compared to larger competitors therefore it would generate a smaller revenue and thus generate less profit.

Commentary:

The candidate has identified a valid reason why cash is important to a business - 'to pay fixed costs'. They then provide three linked strands from this point, using connectives and showing some good use of appropriate terminology. The first paragraph provides a logical series of strands of development.

The candidate structures their response well by providing a second point in a different paragraph. This is good practice. However, the point they make is not valid, despite appearing credible. The question specifically refers to how cash can affect the survival of a small business, but this point considers the impact on expansion and therefore misses the point and does not attract further marks.

Thus, the candidate scores Level 2 for AO1b of 'Understanding' as they show fair understanding of the importance of cash. For Analysis they have 3 strands of development, which is Level 2 (remember - 5 linked strands are required to reach Level 3). With two Level 2s this means the **final mark is Level 2 - 4 marks.**

Discuss – Paper 2 - Exemplar 4 (1BS02) Question 3(e)

(e) Discuss the impact on a business of giving employees permanent contracts.

166 Q03e

One benefit of permanent contracts is that there is less turnover of staff, as they stay at the job for longer, therefore the business avoids the costs of employing new staff such as retraining. Therefore total costs remain low and the break even point decreases.

One disadvantage is that the business has to incur the costs of giving employees legal employment law, therefore increasing the costs of the business, therefore decreasing the margin of safety of the business.

Some repetition here.

Impacts can be 'positive' or 'negative'.

Clear understanding of 'permanent contracts'.

Commentary:

The candidate has stated an impact through 'less turnover of staff'. This is developed in the first linked strand through 'they stay at the job for longer'. The second linked strand is articulated through 'the business avoids the costs of employing new staff such as retraining'. There is then some repetition in the response through 'total costs remain low' before a third logical, linked strand is developed which through 'the break-even point decreases'.

The candidate then offers a second impact through 'the business has to accrue the costs of giving legal employment law such as sick pay'. This is linked to 'increasing the costs of the business' which is then linked to 'decreasing the margin of safety'.

Thus, the candidate has generated 5 logical linked strands spread out over two impacts (one of which happens to be positive and the other negative). As a result, they secure Level 3 for 'AO3a' or 'Analysis'. The red boxes in the annotation illustrate the use of accurate terminology, and the candidate makes a direct link to 'permanent contracts' when they mention 'sick pay'. Thus, the candidate also scores Level 3 for 'AO1b' or 'Understanding'.

With two Level 3s, the candidate is awarded **Level 3 overall and 6 marks**. Note, how the candidate uses connective words such as 'therefore' to build linked strands. Using connective words helps an examiner see where one linked strand ends and another starts.

Discuss – Paper 2 - Exemplar (1BS02) Question 3(e)

(e) Discuss the impact on a business of giving employees permanent contracts.

166 Q03e

Candidate generates 5 linked strands of 'analysis' in the first paragraph.

Some understanding of 'permanent contracts'.

Impacts can be 'positive' or 'negative'.

Clear understanding of 'permanent contracts'.

Permanent contracts involve long-term contracts, ^{pt} therefore this increases the fixed costs of the business ¹ in the form of salaries (as ^{employees} they get paid a certain amount no matter what). Therefore more contribution is needed to break-even ² therefore the break-even level of output will increase, ³ therefore the margin of safety will fall. Thus, the profits falls. ⁵

However, permanent contracts offer employees a secure, long-term job and source of income, ^{pt} therefore employee motivation may increase as they feel safe in their job with no pre-determined end date, therefore productivity increases as they are more motivated to work harder, thus sales increase as more products are made. ¹⁴

(Total for Question 3 = 15 marks)

Commentary:

The candidate has stated an impact through 'involves long-term contracts'. This is developed in the first linked strand through 'increases the fixed costs of the business'. The second linked strands is then developed through 'more contribution is needed to break-even'. The third linked strand is then articulated through 'the break-even level of output increases' which is then further developed through 'margin of safety rises'. The fifth, and final, linked strand comes from 'profit falls'.

Thus, the candidate has essentially developed 5 linked strands around a single impact allowing them to achieve Level 3 for 'Analysis' or 'AO3a'. In terms of understanding, the candidate uses a lot of terminology accurately (as shown by the annotation using red boxes) and there is some understanding of what a permanent contract may mean in paragraph 1 and then further, clearer understanding in paragraph 2. The candidate was adjudged to reach Level 3 for 'Understanding' or 'AO1b'.

As a result, with two Level 3s, the candidate was awarded **Level 3 overall and 6 marks.**

This answer was longer than it needed to be to score all of the 6 marks. Extra linked strands of analysis were provided in the second paragraph emanating from a separate point which were valid, but the candidate had already reached Level 3 for 'AO3a' or 'Analysis' with the work done they had done in the first paragraph.

Discuss – Paper 2 - Exemplar 6 (1BS02) Question 3(e)

(e) Discuss the impact on a business of giving employees permanent contracts.

(6) Q03e

Candidate generates 3 linked strands of 'analysis' in the first paragraph.

~~Giving~~ It would give employees increased job security ^{pt} therefore increasing their level of motivation ¹ thus increasing their level of productivity ² and therefore effectively spreading the fixed costs of the employees salaries ³

There are a further 3 linked strands following a second impact in the second paragraph.

However it would mean the business ^{has} to follow stricter employment regulation ^{pt} which would increase their fixed costs ⁴ and as a result increase their break even point ⁵ and lower the margin of safety.

Commentary:

This is a shorter exemplar than the other two from Paper 2. The candidate has stated an impact through 'It would give employees increased security'. This is developed in the first linked strand through 'increasing their level of motivation'. The second linked strand is then developed through 'increasing their level of productivity'. The third linked strand is then articulated through 'effectively spreading the fixed costs of the employees' salaries'. The candidate then gives a second impact 'it would mean that the business has to follow stricter employment regulation' which is developed through 'increase their fixed costs' which is then further developed through 'increase their break-even point'. The candidate has provided 5 linked strands spread across 2 possible impacts which allows them to reach Level 3 for 'AO3a' or 'Analysis'.

With regards 'Understanding' or 'AO1b', the candidate has made accurate use of terminology throughout, but there is not much in the response that is focused around 'permanent contracts' at all. This is a shame. The candidate did not develop the point regarding 'stricter employment regulation.' Thus, the candidate was awarded Level 2 for this assessment objective.

As a result, the candidate was awarded a Level 3 for 'Analysis' and a Level 2 for 'Understanding'. Using a line of best fit, this response was placed on the Level 2/3 border. Due to a lack of clear understanding regarding 'permanent contracts', this response was awarded **Level 2 overall and 4 marks.**