

Introduction to objective test questions

Objective test questions feature in **Section A**. Each paper will usually have four such questions.

Objective test questions will be multiple choice. For each question you are given four possible answers. One of these is correct. Beware though. The wrong options – the **distracters** – have been chosen to appear as though they could be correct. Even if you think you know the right answer, read the other options as well.

A student who wishes to achieve a good grade should aim to correctly answer **all four** objective test questions.

A typical question

Business finance can come from either internal or external sources.

Which of the following is an internal source of finance? (1 mark)

Select **one** answer.

- A A loan from a bank.
- B An overdraft.
- C Selling assets.
- D Selling shares.

Strategies for getting the right answer

The following process can be used to improve your chances of getting the right answer.

- **Highlight** the key terms in the question. The question above refers to **internal** sources of finance. This can be easily confused with **external** sources.
- **Read** all the options carefully.
- **Rule out** those you know are wrong. For example, you may know that Option A – a loan from a bank – is wrong as this is an **external** source of finance. You might also know that Option B – an overdraft – is similar to a loan and is therefore also an external source of finance. By ruling out these two options, you have improved your chance of selecting the right answer.
- **Select** what you think is the right answer. As a business owns assets, selling them will raise finance. This finance comes from within the business and therefore C is the correct answer.
- **Check** D as well to ensure you are right. Selling shares is an external source of finance, so C is the correct answer.

Remember

Don't dive in! Think about each option before you make your decision.

Hint

Objective test questions generally test your knowledge of key terms. Make sure you actively learn your key terms as you are going through the course.

Activity 1: Understanding the exam question

Objective test questions are not necessarily easy. They are usually designed to test knowledge and understanding. One important strategy you can use is to make sure you can spot **distracters**.

In this activity you need to identify with a tick which of the options are 'good' distracters – those which sound as though they might be accurate but are not – and those which are 'bad' distracters – those which are obviously wrong.

One of the options listed below is the correct answer. When you have found it, place a tick next to it in the answer column.

Hint

Distracters are those options which are incorrect. They are phrased in such a way to make you **think** rather than being very obviously wrong.

Branding is important to a business' success because it... (1 mark)

Options	Good	Bad	Answer
...will increase the business' costs.			
...involves having a logo and a slogan.			
...is the main reason why a business' profits will go up.			
...leads to more repeat purchases.			
...will reduce the business' cash outflows.			
...leads to less staff leaving.			

Activity 2: Build an answer

For the question below, write a correct answer plus three credible distracters. Highlight which one is the correct answer by placing a tick next to it in the answer column.

Which of the following best describes the term 'salary'? (1 mark)

Distracter/Correct answer	Answer
A	
B	
C	
D	

Activity 1: Understanding the exam question

Objective test questions are not necessarily easy. They are usually designed to test knowledge and understanding. One important strategy you can use is to make sure you can spot **distracters**.

In this activity you need to identify with a tick which of the options are 'good' distracters – those which sound as though they might be accurate but are not – and those which are 'bad' distracters – those which are obviously wrong.

One of the options listed below is the correct answer. When you have found it, place a tick next to it in the answer column.

International trade is where countries import and export products.

Which of the following best describes an 'export'?

(1 mark)

Option	Good	Bad	Answer
A cost that a business needs to pay each month.			
A product made in another country.			
A tax imposed on products bought from foreign countries.			
An organisation which aims to influence business decisions.			
A product made in the UK and bought by a consumer in another country.			
Products only available in the UK.			

Hint

Distracters are those options which are incorrect. These are phrased in such a way to make you **think**, rather than being very obviously wrong.

Activity 2: Build an answer

For the question below, write a correct answer plus three credible distracters. Highlight which one is the correct answer by placing a tick next to it in the answer column.

Which of the following best describes 'economies of scale'?

(1 mark)

Distracter/Correct answer	Answer
A	
B	
C	
D	

Introduction to 'Give', 'State' and 'Identify' questions

Questions that start with the words 'give', 'state' and 'identify' will usually be found in **Section A** of the exam paper. Some will also appear in Sections B and C.

To answer this kind of question you need to write a simple list of points. Don't use more than a few words. Each different point you make is worth one mark.

A student who wishes to achieve a good grade should aim to correctly answer **all** 'Give', 'State' and 'Identify' questions.

Hint

Make sure you write a list of different points. If the points you make are too similar, you will not get all of the marks.

How will I be marked?

You will gain 1 mark for each different point that you make.

A typical question

*Identify **two** methods Amazon might use to differentiate its service from its rivals. (2 marks)*

A 2-mark answer

Larger range of products.
Fast delivery.

Why does this answer gain 2 marks?

Two points are made and both points are different.

Hint

In questions like this, make sure that your two points are different enough. If you wrote:

1. New products.
2. Bigger range of products.

You might only get 1 mark, because the two points you have made are too similar.

Activity 1: Using the mark scheme

Look at the question below:

Identify **two** methods of 'product trial' that Subway could use. (2 marks)

Now look at the mark scheme for this question:

Award 1 mark for each appropriate response.

Do not award a mark for very similar answers, e.g. advertising on ITV and advertising on Sky.

1. Use the mark scheme to mark Student A's answer below. Place your mark in the box below the answer.

Student A:

1. Subway could do lots of advertising, this will encourage lots of people to try their sandwiches for the first time and come to its shops.
2. Subway could offer money-off vouchers. This will make its sandwiches better value for money, meaning that more people will try them compared to other sandwich shops like Pret A Manger.

Mark awarded = /2

2. In the table below, place a tick(s) next to the potential problem(s) with Student A's answer:

Problem	Tick
Needs more points	
Too long	
Not clear enough	
Answer not applied to Subway	

3. Now use the mark scheme to mark Student B's answer. Place your mark in the box below:

Student B:

1. Offer free samples.
2. Low trial prices.

Mark awarded = /2

It is easy to get 2 marks in this kind of question. All you have to do is write a few words that answer the question and thus meet the command word 'identify'. Make sure you write two ideas that are different.

Activity 1: Using the mark scheme

Look at the question below:

Identify **two** reasons why a business might want to grow. (2 marks)

Now look at the mark scheme for this question:

Award 1 mark for each relevant reason:

- To increase profits.
- To increase market share.
- To take advantage of economies of scale.
- To gain more market power.

Do not award a mark for very similar answers, e.g. 'higher profit' and 'to make more money'.

1. Use the mark scheme to mark Student A's answer below. Place your score in the box below the answer.

Student A:

1. Businesses grow for many reasons. One important reason is that it might involve the business making more money (profit).
2. Another reason why a business may want to grow is to increase market share. This will mean that the business is able to charge higher prices as it has more market power over its competitors.

Mark awarded = /2

2. Use a highlighter pen to highlight exactly which parts of the answer scored the marks. Try and highlight as few words as possible that will still allow this answer to score full marks.

3. Now use the mark scheme to mark Student B's answer. Place your score in the box below the answer.

Student B:

1. Economies of scale.
2. Increased revenue.

Mark awarded = /2

Students that are aiming for a good grade often feel that they have to write lots for these questions. This is not the case. You can score full marks by only writing a few words. This will give you more time for the longer questions to come.