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Practice exam questions

MrBeast

Mark Hage

Check your answer to the question on pp. 29–31 of the magazine. This question relates to the Edexcel specification.

Sample answer

Charles Rolls has just made £500 million, so may want to avoid starting up a new business as he could lose a large amount of money from the risks associated with this approach. Many new businesses fail within the first 3–5 years of starting up, which is why survival is often their primary objective. There is also little evidence that Rolls or any other entrepreneurs have a lower risk of failure when starting a second business. Rolls only started Fever Tree in 2005 so it is unlikely that he has achieved all the objectives he may have wanted to. With Unilever he can still take more risks, such as further launches on YouTube, but this time he does not have to bear all the costs of failure. Rolls can learn from his mistakes while Unilever covers the costs.

However, Rolls may value entrepreneurial characteristics, such as being independent. With the £500 million he now has, he may want to use his creativity to start another business. Rolls can afford to risk a large amount of his £500 million through starting up a new business or starting up a number of different ventures. For example, he may wish to invest in social issues like Mark Zuckerberg spending \$1 billion to ‘end all disease’ as he may find this approach to be more meaningful than just trying to maximise profits or increase market share. Unilever is also likely to put pressure on Rolls to make as much profit as possible. However, as Chief Executive of Fever Tree he is likely to have a lot of the benefits associated with being an entrepreneur while Unilever will cover most of the risks.

In conclusion, Rolls would be better to continue as Chief Executive in order to increase revenues and achieve objectives that will still allow him the ability to start up new projects that may meet his other personal goals, such as to try to make a social enterprise that contributes to making a better society. As long as Unilever allows him to satisfy his entrepreneurial motives, he is likely to be able to gain significant self-actualisation from his Chief Executive role while having very limited financial risks.

Sample examiner comment

Mark: 12/12 (level 4 – an excellent response, fully focused on the question)

A thorough knowledge and understanding are shown of entrepreneurship.

Application is shown through the use of appropriate context applied to the question.

Coherent and logical analysis are linked together, giving cause and effect of the positive and negative effects on entrepreneurship of each of the two options open to Rolls, using context-based quantitative and qualitative data for competing arguments.

An evaluation of competing arguments with context is gained from the balanced arguments and counter arguments regarding entrepreneurship and its links to risk and entrepreneurial characteristics.

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