

324/01

BUSINESS STUDIES

BS4

A.M. THURSDAY, 14 June 2007

(1¼ hours)

ADDITIONAL MATERIALS

In addition to this examination paper, you will need a 12 page answer book.

INSTRUCTIONS TO CANDIDATES

Answer **two** questions only.

You must **not** answer two questions from the same section.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Answer **two** questions only. You must **not** answer two questions from the same section.

SECTION 1

Objectives and the Business Environment

1. (a) Explain, with examples, the difference between the public and private sectors of the economy. [8]
- (b) Evaluate the view that the provision of goods and services should always be left to the private sector. [12]
2. (a) Explain the factors that are likely to determine the demand for petrol. [8]
- (b) “Oligopolies, such as oil companies, always operate against the interests of consumers.” Discuss. [12]

SECTION 2

Marketing

3. (a) Explain how a large chain store, such as Marks and Spencer, might use the *Ansoff Matrix*. [8]
- (b) Evaluate the view that marketing tools, such as the Ansoff Matrix, are of limited use in practice. [12]
4. (a) Explain, with appropriate examples, the pricing strategies that can be used by a business when launching a **new** product. [8]
- (b) “Price is the **least** important element of the marketing mix.” Discuss. [12]

SECTION 3

Accounting and Finance

5. (a) Outline the concept of contribution and explain how it might help a clothing manufacturer to decide whether or not to accept an order. [8]
- (b) Discuss the view that for most practical purposes break-even analysis is of little use to decision-makers in business. [12]
6. (a) Outline the *payback* method of investment appraisal **and** explain its advantages and disadvantages. [8]
- (b) Evaluate the view that qualitative factors are more important than quantitative factors when carrying out investment appraisal. [12]

SECTION 4People in Organisations

7. (a) Explain, with examples, McGregor's theory of management and motivation. [8]
(b) "In reality, managers do not conform to McGregor's stereotypes: different approaches are appropriate for different situations." Discuss. [12]
8. (a) Explain the benefits to an IT company of recruiting externally, rather than internally, when appointing a new marketing manager. [8]
(b) "People are a business's most important resource but not all leadership styles practised by UK managers reflect this." Discuss. [12]

SECTION 5Operations Management

9. (a) Explain, with the aid of a diagram, the technique of *critical path analysis*. [8]
(b) "In practice, *critical path analysis* is of limited use to decision-makers." Discuss. [12]
10. (a) Explain, with examples, how new technology is used in **tertiary** industries. [8]
(b) "For many businesses, introducing new technology creates as many problems as it solves." Discuss. [12]