



GCE A level

324/01

**BUSINESS STUDIES
BS4**

A.M. WEDNESDAY, 11 June 2008

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.

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

SECTION 1

Objectives and the Business Environment

1. (a) Explain the main features of monopolistic competition. [8]
 (b) “The existence of monopolistic competition is of greater benefit to businesses than to consumers.” Analyse and evaluate this statement. [12]
2. (a) Explain how PEST external factors can impact on the activities of businesses. [8]
 (b) Consider the view that the opportunities that external factors present to businesses are often of far greater significance than the threats. [12]

SECTION 2

Marketing

3. (a) Explain the ways in which a business can promote its products to other businesses. [8]
 (b) To what extent does the marketing mix used when selling to other businesses vary from that used when selling to consumers? [12]
4. (a) Briefly explain the type of market research that a company intending to produce a new chocolate bar is likely to undertake. [8]
 (b) Discuss the view that market research will always guarantee that a new product is successful. [12]

SECTION 3

Accounting and Finance

5. (a) Explain the difference between the profitability and the liquidity of a business. [8]
 (b) Evaluate the view that the advantages of ratio analysis outweigh the disadvantages. [12]
6. (a) Explain the meaning of *low gearing* and *high gearing* in businesses. [8]
 (b) “If a business’s main objective is growth, it makes sense for it to be as highly geared as possible.” Discuss. [12]

SECTION 4People in Organisations

7. (a) Explain, with the aid of a diagram, the effect of the *minimum wage* on the labour market. [8]
(b) “The minimum wage has had little impact on improving the living standards of low paid workers.” Discuss. [12]
8. (a) Explain Mayo’s theory of motivation. [8]
(b) “Whilst Mayo’s theory is of interest, in reality, employees are only motivated by financial incentives.” Discuss. [12]

SECTION 5Operations Management

9. (a) Explain, with the aid of a diagram, how a business might use *decision tree analysis*. [8]
(b) Evaluate the usefulness of *decision tree analysis* to UK businesses. [12]
10. (a) Explain the technique of *just-in-time* (JIT) **and** the reasons for using it. [8]
(b) “There are many other factors which are more important than JIT when a **manufacturing** business is seeking to improve its operational efficiency.” Discuss. [12]