

324/01

BUSINESS STUDIES

BS4

A.M. THURSDAY, 15 June 2006

(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 the reasons why a group of countries might decide to adopt a single currency. [8]
 (b) “For most businesses, the advantages of a single currency are likely to outweigh the disadvantages.” Discuss. [12]
2. (a) Explain the PEST factors that a toy manufacturer would be likely to take into account before investing in a new factory. [8]
 (b) “The ability to adapt to change in the external environment is the key to business success.” Discuss. [12]

SECTION 2

Marketing

3. (a) Explain the marketing strategies that a business operating in a **saturated** market might implement. [8]
 (b) “For most businesses, the risks involved in diversification are likely to outweigh the benefits.” Discuss. [12]
4. (a) Explain the relationship between the marketing department and the other functional departments in a large business. [8]
 (b) “Marketing is the most important function of any business.” Discuss. [12]

SECTION 3

Accounting and Finance

5. (a) Explain the difference between full costing and marginal costing in a manufacturing business. [8]
 (b) “The key to profitability is the close control of costs.” Discuss. [12]
6. (a) Explain the meaning and significance of RONA. [8]
 (b) Evaluate the usefulness of ratios in predicting a business’s long-term success. [12]

SECTION 4People in Organisations

7. (a) Explain, with the use of examples, why some organisations are more likely to control their employees whilst others empower them. [8]
- (b) Assess the view that organisations which empower their employees are more likely to be successful than those which seek to control them. [12]
8. (a) Explain what is meant by *flexible working practices*. [8]
- (b) “Employers and employees benefit equally from flexible working practices.” Discuss. [12]

SECTION 5Operations Management

9. (a) Explain the meaning of JIT manufacturing and how it can benefit those businesses which adopt 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]
10. (a) Explain the factors that a firm, which manufactures chemicals on a large scale, might take into account when deciding where to locate a new plant. [8]
- (b) “Location is no longer an important factor in business success.” Discuss. [12]