

324/01

BUSINESS STUDIES

BS4

P.M. MONDAY, 22 January 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 the purpose of **both** fiscal and monetary policy in the United Kingdom economy. [8]
 (b) Examine the view that a rise in interest rates is disadvantageous to all types of business. [12]
2. (a) “All shareholders are stakeholders but not all stakeholders are shareholders.” Explain this statement with reference to a public limited company in the oil business, such as British Petroleum (BP). [8]
 (b) “Since the concern of most shareholders is purely for short-run returns, other stakeholders’ interests must invariably suffer.” Discuss. [12]

SECTION 2

Marketing

3. (a) Explain the ethical issues that surround the marketing of products such as alcohol and cigarettes. [8]
 (b) “The Government should ban all advertising of alcohol and cigarettes.” Discuss. [12]
4. (a) Explain how a car manufacturer might analyse its product portfolio using the *Boston matrix*. [8]
 (b) “It is not enough to rely on one successful product; businesses need to have the right *portfolio* of products.” Discuss. [12]

SECTION 3

Accounting and Finance

5. (a) Distinguish between profitability and liquidity. [8]
 (b) “The benefits of ratio analysis outweigh the limitations.” Discuss. [12]
6. (a) Briefly explain the main sources of finance that are available to a private limited company. [8]
 (b) “External sources of finance are always preferable to internal sources.” Discuss. [12]

SECTION 4People in Organisations

7. (a) Explain the difference between *motivators* and *hygiene factors*. [8]
(b) To what extent are motivation theories useful in the real business world? [12]
8. (a) Explain, using a diagram, why the salary levels of IT specialists are continuing to rise. [8]
(b) Discuss the view that, when remuneration levels are set by the operation of market forces, they will always be fair to employees. [12]

SECTION 5Operations Management

9. (a) Explain, with reference to various products and/or services, the meaning of the term *quality*. [8]
(b) Discuss the view that having a quality product is not always a guarantee of success. [12]
10. (a) Explain how a furniture manufacturer might improve its operational efficiency. [8]
(b) “Without continual improvements in operational efficiency, no UK manufacturing business can survive.” Discuss. [12]