

Week 27

IGCSE Business Studies

Homework bundle for this week

本周作业合集

exercises.lol

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1. During a recession, most businesses experience:
 - ☐ falling demand and lower sales
 - ☐ rising demand
 - ☐ higher profits
 - ☐ labour shortages
2. Pollution from a factory that harms the local community is an example of:
 - ☐ an external cost
 - ☐ a fixed cost
 - ☐ an internal benefit
 - ☐ value added
3. Globalisation refers to:
 - ☐ the growing connection of the world's economies
 - ☐ a single country's economy
 - ☐ a fall in world trade
 - ☐ a type of tax
4. Inflation is most likely to:
 - ☐ raise a firm's costs and reduce customers' spending power
 - ☐ lower a firm's costs
 - ☐ raise real incomes
 - ☐ have no effect
5. Sustainable business activity means meeting today's needs:
 - ☐ without harming future generations
 - ☐ at the lowest possible price
 - ☐ by ignoring the environment
 - ☐ only through exports
6. Which are examples of ethical business behaviour? (Select all that apply.)
 - ☐ paying workers fairly
 - ☐ avoiding child labour

- ☐ sourcing responsibly
- ☐ dumping waste illegally

Tick every correct option.

7. Higher interest rates tend to reduce consumer spending and borrowing.
- ☐ True ☐ False
8. Pressure groups can influence businesses through campaigns and bad publicity.
- ☐ True ☐ False
9. Free trade tends to lower prices and increase choice for consumers.
- ☐ True ☐ False
10. The phase of the business cycle with falling output and rising unemployment is a _____.
- _____

IGCSE Business Studies

1. **falling demand and lower sales**

A recession cuts demand and sales.

2. **an external cost**

External costs fall on society, not just the business.

3. **the growing connection of the world's economies**

Globalisation links economies through trade, investment and technology.

4. **raise a firm's costs and reduce customers' spending power**

Inflation pushes up costs and erodes spending power.

5. **without harming future generations**

Sustainability protects the ability of the future to meet its needs.

6. **paying workers fairly; avoiding child labour; sourcing responsibly**

Dumping waste illegally is unethical (and illegal).

7. **True**

Dearer borrowing cuts spending and demand.

8. **True**

Negative publicity can hit sales and force change.

9. **True**

Removing barriers widens choice and lowers prices.

10. **recession**

A recession is the downturn phase.

6.1 Economic issues

Name: _____ Class: _____ Date: _____

Total: 20 marks

KEY WORDS recession 衰退 • business cycle 经济周期 • inflation 通货膨胀 • boom 繁荣 • growth 增长

Objective

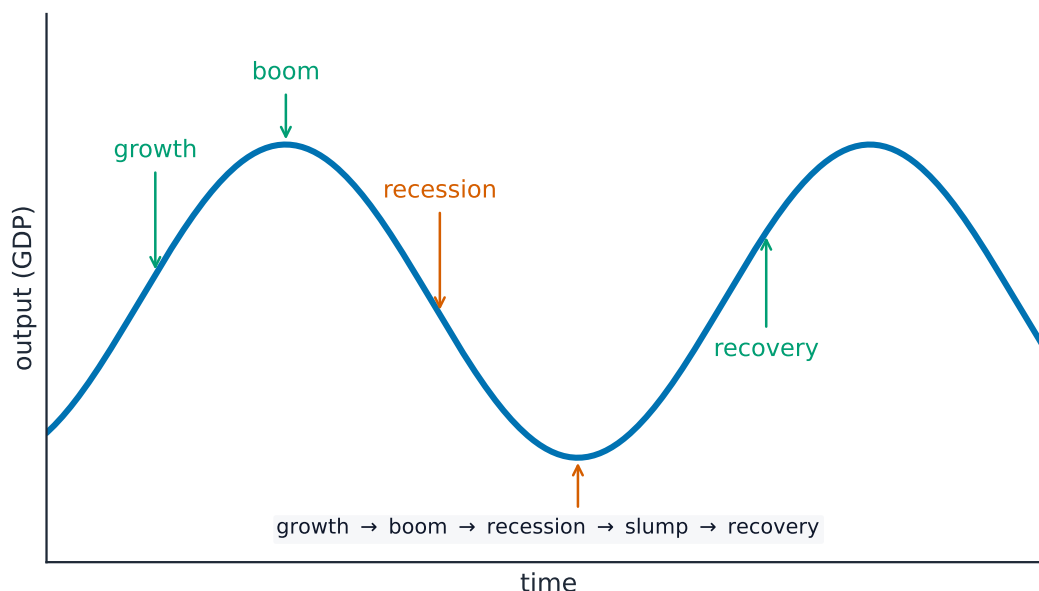
Build the skills to answer exam questions on **economic issues** 经济问题 — the **business cycle** 经济周期, and how **taxation**, **interest rates**, **inflation**, **unemployment** and **exchange rates** 税收、利率、通货膨胀、失业、汇率 affect business.

You must be able to:

- describe the stages of the business cycle
- explain how each economic factor affects a business
- analyse how a business should respond to economic change

1 Worked examples

■ The business cycle and economic factors



External influences are outside the business's control

- **Cycle:** growth 增长 → boom 繁荣 → recession 衰退 → slump 萧条 → recovery 复苏.

- **Higher taxes** → less spending, lower profit. **Higher interest rates** → dearer loans, less investment and spending.
- **Inflation** 通货膨胀 → higher costs. **High unemployment** → lower sales but easier hiring.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 State the five stages of the business cycle. [2]

2.2 State one effect on a business of a rise in interest rates. [2]

2.3 Define the term *inflation*. [2]

3 Exam-style questions

3.1 Identify two ways a business might respond to a recession. [2]

3.2 Explain two effects on a business of a rise in interest rates. [6]

3.3 Do you think a recession is always bad for every business? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 growth, boom, recession, slump, recovery (2 for all five; 1 for a partial list).

2.2 any one developed effect: loans become dearer so firms invest less; customers borrow and spend less, so sales fall (2 for a developed effect; 1 for a basic one).

2.3 a general, sustained rise in prices (2 for a clear definition; 1 for a partial idea).

3.1 any two of: cut costs; lower prices; sell cheaper products; reduce staff (1 + 1).

3.2 [6] For **each** of two effects: K 1 + An up to 2 — e.g. *dearer borrowing*: a firm with loans pays more interest → lower profit, and it may delay buying new machines. *Lower customer spending*: customers' loans cost more → they spend less → the firm's sales fall. Maximum 3 each.

3.3 [6] Both sides + judgement. **Bad for most**: lower spending means falling sales and profit, and some firms close. **Not always**: sellers of cheap, essential goods (e.g. budget supermarkets) may gain as customers switch to them. **Judgement (Ev)**: a recession harms most businesses, but those selling cheap necessities can do well — so it depends on what the business sells.

3 STB is a public limited company. It uses job production to build houses. In 2024 the business built 13 500 houses. STB has many stakeholder groups including its 5000 employees. The Managing Director knows business activity can affect the environment and that there are many reasons why a business should respond to environmental pressures. She also wants to know how economic growth might affect STB.

(a) Identify **two** ways business activity can affect the environment.

Way 1:

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Way 2:

..... [2]

(b) Identify **two** reasons why a business should respond to environmental pressures.

Reason 1:

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Reason 2:

..... [2]

(c) Outline **two** ways economic growth might affect STB.

Way 1:

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Way 2:

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..... [4]

(d) Explain **two** benefits to STB of using job production.

Benefit 1:

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Explanation:

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Benefit 2:

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Explanation:

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..... [6]

(e) Do you think employees are the most important stakeholder group for a manufacturing business?
Justify your answer.

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2 NSL is a business based in country X. It manufactures food products including bread and breakfast cereals. NSL uses lean production in its factory. Maintaining quality is important. NSL imports 15% of its raw materials. Changes in country X's exchange rate can affect businesses which import raw materials. NSL's Marketing Manager knows the business should respond to changes in consumer spending patterns. She is aware that market research can be used to help make business decisions.

(a) Identify **one** way each of the following changes in country X's exchange rate might affect businesses which import raw materials.

Depreciation:
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Appreciation:
..... [2]

(b) Identify **two** reasons why consumer spending patterns might change.

Reason 1:
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Reason 2:
..... [2]

(c) Outline **two** reasons why maintaining quality is important for NSL.

Reason 1:
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Reason 2:
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..... [4]

(d) Explain **two** benefits to NSL of using lean production.

Benefit 1:

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Explanation:

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Benefit 2:

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Explanation:

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..... [6]

(e) Explain **two** methods of market research a business could use to help make business decisions.
Which is likely to be the best method for a manufacturing business to use? Justify your answer.

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4 (a) Explain **one** effect on PF of the increase in each of the **two** taxes outlined in Appendix 2.

Tax on people’s income:

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Explanation:

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Tax on profit made by businesses:

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Explanation:

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[8]

(b) Using Appendix 3 and other information, consider PF’s financial position in 2025 and forecast financial position in 2026. Do you think Philip’s sister should invest in PF? Justify your answer using suitable calculations.

2025:

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2026 (forecast):

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Recommendation:

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4 (a) Explain **two** possible effects on TSE of the business cycle in country P moving into the recession stage.

Effect 1:
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Explanation:
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Effect 2:
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Explanation:
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[8]

(b) Using Appendix 3 and other information, consider the extracts from the income statements for the **two** companies in country P. Which company should TSE take over? Justify your answer using suitable calculations.

Company A:

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Company B:

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Recommendation:

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4 (a) Explain **two** ways the information in the government report outlined in Appendix 3 might affect Jemi’s restaurant.

Way 1:
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Explanation:
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Way 2:
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Explanation:
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[8]

(b) Consider the following **two** methods of motivation that Jemi could use. Which method should Jemi choose to use? Justify your answer.

- Job enrichment
- Discount on meals in Jemi's restaurant

Job enrichment:

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Discount on meals in Jemi's restaurant:

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Recommendation:

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6.2 Environmental and ethical issues

Name: _____ Class: _____ Date: _____

Total: 20 marks

KEY WORDS sustainable development 可持续发展 • external costs 外部成本 • pressure group 压力团体
• external benefits 外部收益 • pollution 污染

Objective

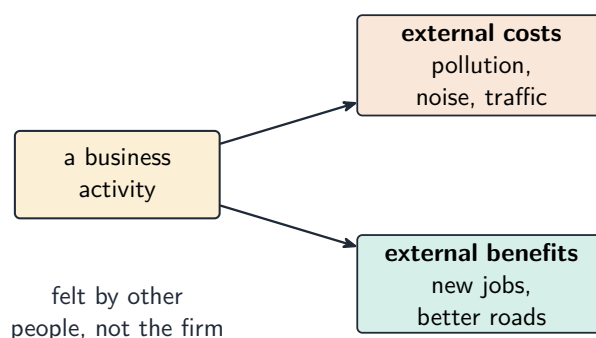
Build the skills to answer exam questions on **environmental and ethical issues** 环境与道德问题 — **external costs and benefits** 外部成本与外部收益, **sustainable development** 可持续发展, **pressure groups** 压力团体, and **ethics versus profit** 道德与利润.

You must be able to:

- distinguish external costs from external benefits
- explain sustainable development and the role of pressure groups
- analyse the conflict between ethical behaviour and profit

1 Worked examples

■ External costs and benefits



Some effects of business fall on people who are not part of the deal

- **External costs** 外部成本: paid by others/society — **pollution** 污染, noise, traffic.
- **External benefits** 外部收益: gains for others — new jobs, better roads.
- **Sustainable development** 可持续发展: meeting today's needs without harming the future.
- **Pressure groups** 压力团体: try to influence firms (media, boycotts). **Ethics**

can cost more now but win loyalty later.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 Define the term *external cost*. [2]

2.2 Identify two external costs of a business building a new factory. [2]

2.3 Define the term *sustainable development*. [2]

3 Exam-style questions

3.1 Identify two ways a business could reduce its harm to the environment. [2]

3.2 Explain two ways a pressure group could influence a business. [6]

3.3 Do you think a business should behave ethically even if it reduces its profit? Justify

your answer.

[6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 a cost of a business's activity that is paid by other people or by society, not by the business (e.g. pollution) (2 for a clear definition; 1 for a partial idea).

2.2 any two of: pollution; noise; heavy traffic; loss of green space (1 + 1).

2.3 meeting today's needs without harming the ability of future people to meet their own needs (2 for a clear definition; 1 for a partial idea).

3.1 any two of: recycle; use clean energy; use less packaging; cut waste (1 + 1).

3.2 [6] For **each** of two ways: K 1 + An up to 2 — e.g. *bad publicity*: a group uses the media to expose pollution → customers may boycott the firm → the firm changes to protect its image. *Protests/boycotts*: a boycott cuts sales → the firm acts to win customers back. Maximum 3 each.

3.3 [6] Both sides + judgement. **For ethical behaviour**: fair pay and safe products win loyal customers and a good name, raising long-term profit, and avoid fines and bad publicity. **Against**: ethical actions (better pay, cleaner methods) cost more in the short term, lowering profit. **Judgement (Ev)**: acting ethically can reduce short-term profit but usually pays off long-term through reputation and loyalty — whether it is worth it depends on the cost and how much customers value ethics.

4 MTL is a large business which sells children’s toys. MTL wants to act ethically with all of its stakeholder groups including its 430 employees. The market MTL operates in has become more competitive. The business uses a range of methods to promote its products. Having a good brand image is important. MTL’s directors are considering entering a new market in another country. They are aware there may be problems if they choose to do this.

(a) Define ‘brand image’.

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..... [2]

(b) Identify **two** reasons why some markets have become more competitive.

Reason 1:

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Reason 2:

..... [2]

(c) Outline **one** way MTL could act ethically with each of the following stakeholder groups:

Employees:

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Customers:

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..... [4]

(d) Explain **two** problems MTL might have when entering a new market in another country.

Problem 1:

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Explanation:

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Problem 2:

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Explanation:

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..... [6]

(e) Explain **two** methods of promotion a business might use for its products. Which method is likely to be the best for a large business to use? Justify your answer.

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..... [6]

4 PKN manufactures glass. Contributing to sustainable development is important to the business. PKN has factories in 30 countries. It has 27 000 employees. The Managing Director knows PKN has benefited from globalisation. She plans to expand the business using external growth. Retained profit is one source of finance a business could use to fund expansion. Some of PKN’s directors are concerned about possible diseconomies of scale as the business grows.

(a) Identify **two** methods of external growth a business might use.

Method 1:

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Method 2:

..... [2]

(b) Identify **two** reasons for globalisation.

Reason 1:

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Reason 2:

..... [2]

(c) Outline **two** ways PKN could contribute to sustainable development.

Way 1:

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Way 2:

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..... [4]

(d) Explain **two** diseconomies of scale which might affect PKN as it grows.

Diseconomy 1:

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Explanation:

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Diseconomy 2:

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Explanation:

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..... [6]

(e) Do you think the advantages of using retained profits to fund business expansion are greater than the disadvantages? Justify your answer.

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..... [6]

4 MHL manufactures tyres for large vehicles. It has factories in 6 countries. The business creates external costs when producing its products. Good communication with MHL’s suppliers is important. The Managing Director knows globalisation provides many opportunities for MHL. She is reviewing data for one of MHL’s factories as she wants to reduce the average cost of the tyres. An extract from this data is shown in Table 4.1.

Table 4.1

Data for one of MHL’s factories	
Output per month (units)	200 000
Fixed costs per month	\$500 000
Variable cost per unit	\$25

(a) Define ‘average cost’.

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..... [2]

(b) Calculate total variable cost per month. Show your working.

Working:

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Final answer: [2]

(c) Outline **two** external costs MHL might create when producing its products.

External cost 1:

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External cost 2:

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..... [4]

(d) Explain **two** opportunities of globalisation for MHL.

Opportunity 1:

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Explanation:

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Opportunity 2:

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Explanation:

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..... [6]

(e) Explain **two** methods of communication a business could use to communicate with its suppliers.
Which is likely to be the best method to use? Justify your answer.

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..... [6]

2 SNT is an ethical business. It manufactures a range of soft drinks using batch production. In 2023 SNT produced 300 000 bottles of soft drinks each week. There are many factors which affect how much inventory the business should hold. SNT’s directors are planning to expand the business into new markets in other countries by forming a joint venture. They are considering licensing as another way to help overcome the potential problems of entering these new markets.

(a) Define ‘licensing’.

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[2]

(b) Identify **two** factors which might affect how much inventory a business should hold.

Factor 1:

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Factor 2:

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[2]

(c) Outline **two** benefits to SNT of using batch production.

Benefit 1:

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Benefit 2:

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[4]

- (d)** Explain **one** advantage and **one** disadvantage to SNT of forming a joint venture when entering new markets in other countries.

Advantage:

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Explanation:

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Disadvantage:

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Explanation:

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..... [6]

- (e)** Do you think the advantages to a business of being ethical are greater than the disadvantages? Justify your answer.

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..... [6]

4 CFG is a social enterprise. It buys cocoa beans from local farmers and then uses the beans to make chocolate. Being ethical is important to the business. CFG has developed a new chocolate bar. The Marketing Manager plans to use skimming as its pricing method, and retailers as its distribution channel for the new product. He knows there are many legal controls over marketing that might affect a business.

(a) Define ‘social enterprise’.

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..... [2]

(b) Identify **two** ways legal controls over marketing might affect a business.

Way 1:

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Way 2:

..... [2]

(c) Outline **one** advantage and **one** disadvantage to CFG of using skimming as its pricing method.

Advantage:

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Disadvantage:

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..... [4]

(d) Explain **one** advantage and **one** disadvantage to CFG of using retailers as its distribution channel for the new product.

Advantage:
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Explanation:
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Disadvantage:
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Explanation:
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[6]

(e) Do you think being ethical will always lead to lower profit for a business? Justify your answer.

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[6]

6.3 Business and the international economy

Name: _____ Class: _____ Date: _____

Total: 19 marks

KEY WORDS multinational 跨国公司 • tariffs 关税 • globalisation 全球化 • exchange rates 汇率 • import 进口

Objective

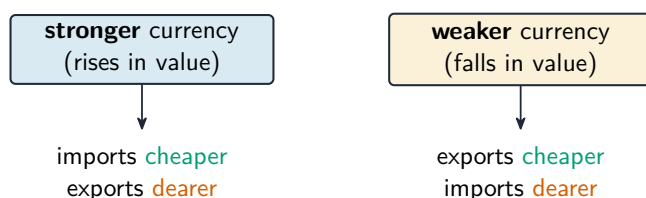
Build the skills to answer exam questions on **business and the international economy** 企业与国际经济 — **globalisation** 全球化, **multinational companies** 跨国公司, and how **exchange rates** 汇率 affect trade.

You must be able to:

- define globalisation and explain why it has grown
- describe the benefits and drawbacks of multinationals
- explain how a change in the exchange rate affects importers and exporters

1 Worked examples

■ Exchange rates and trade



SPICED: Strong Pound ⇒ Imports Cheaper, Exports Dearer

SPICED: Strong Pound → Imports Cheaper, Exports Dearer

- **Globalisation** 全球化: growing trade and movement of goods, money and people — grown from cheaper transport, the internet, fewer **tariffs** 关税.
- **Multinational** 跨国公司: makes/sells in more than one country — brings jobs and investment, but profits may leave and local firms may be forced out.
- **Stronger currency** → exports dearer, imports cheaper. **Weaker currency** → exports cheaper, imports dearer.

Answer shapes: K + App + An + Ev (a justified judgement, for “do you think” questions).

2 Practice

2.1 Define the term *globalisation*. [2]

2.2 Define the term *multinational company*. [2]

2.3 State the effect of a **weaker** currency on the price of exports. [1]

3 Exam-style questions

3.1 Identify two benefits to a country of a multinational company locating there. [2]

3.2 Explain two drawbacks to a country of a multinational company locating there. [6]

3.3 A country's currency has become stronger. Do you think this is good for a business that exports most of its goods? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 the growing trade and movement of goods, money and people between countries, so the world acts more like one market (2 for a clear definition; 1 for a partial idea).

2.2 a company that makes or sells its products in more than one country (2 for a clear definition; 1 for a partial idea).

2.3 exports become cheaper (to foreign buyers) (1).

3.1 any two of: new jobs and training; investment and technology; more choice and lower prices; more tax (1 + 1).

3.2 [6] For **each** of two drawbacks: K 1 + An up to 2 — e.g. *profits leave*: the multinational sends profits back to its home country → less money stays in the local economy. *Local firms forced out*: a large, cheap multinational → small local firms cannot compete and close. Maximum 3 each.

3.3 [6] Both sides + judgement. **Bad for an exporter**: a stronger currency makes its exports dearer for foreign buyers → they buy less → sales and profit fall. **Some good**: any imported materials become cheaper, lowering costs. **Judgement (Ev)**: a stronger currency is mostly bad for an exporter because its main sales abroad fall, though cheaper imported inputs help a little — so overall it depends on how much the firm relies on exports versus imported materials.

1 BEI is a multinational company. It manufactures aeroplanes. Quality assurance is important. BEI has 5000 employees. BEI’s directors have announced plans to reduce the size of its workforce (downsize). The Human Resources Director is considering which employees to make redundant. Information about employee A can be found in Table 1.1.

Table 1.1

Information about employee A
• Worked at BEI for 1 year • Worked at another manufacturing business for 12 years • Able to use most of the machines at BEI • Often late for work • Popular with other employees • Left school with 2 IGCSEs

(a) Define ‘quality assurance’.

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..... [2]

(b) Identify **two** reasons why a business might reduce the size of its workforce.

Reason 1:

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Reason 2:

..... [2]

(c) Outline, with reference to BEI, the difference between redundancy and dismissal.

[4]

(d) Explain **one** advantage and **one** disadvantage of BEI making employee A redundant.

Advantage:

Explanation:

Disadvantage:

Explanation:

[6]

(e) Explain **two** possible benefits to a country of a multinational company locating there. Which benefit is likely to be the most important? Justify your answer.

[illegible]

[6]

1 KPX manufactures computers. The business imports 60% of its raw materials. The Operations Director is considering ways to use lean production methods in KPX’s factory. The Finance Director is reviewing KPX’s financial data to calculate the value of its expenses. An extract is shown in Table 1.1.

Table 1.1

Extract from KPX’s financial data for 2024 (\$ million)	
Revenue	750
Cost of sales	360
Gross profit	390
Profit	90

- (a) Identify **two** reasons why a business might import raw materials.

Reason 1:

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Reason 2:

.....

[2]
- (b) Calculate KPX’s expenses in 2024. Show your working.

Working:

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Final answer:

[2]
- (c) Outline **two** ways KPX’s Finance Director could use the financial data in Table 1.1.

Way 1:

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Way 2:

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[4]

(d) Explain **two** methods of lean production KPX could use.

Method 1:

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Explanation:

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Method 2:

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Explanation:

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..... [6]

(e) Explain **two** reasons why profit is important for a business. Which reason is likely to be the most important? Justify your answer.

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1 (a) Explain **one** way each of the following problems might affect TSE when entering a new market in another country.

Cultural differences:
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Explanation:
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Lack of knowledge:
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Explanation:
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- (b) Consider the following **two** benefits for TSE of having a well-motivated workforce. Which benefit is likely to be the most important to TSE? Justify your answer.
- Reduced absenteeism
 - Lower labour turnover

Reduced absenteeism:

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Lower labour turnover:

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Conclusion:

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4 FSW is a multinational company with operations in 6 countries. It manufactures steel for use in the construction industry. Quality assurance is used to ensure quality production. FSW has many stakeholder groups who are interested in its activities. The Managing Director knows FSW’s business creates external costs. She is aware that pressure groups try to influence business decisions.

(a) Define ‘external costs’.

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[2]

(b) Identify **one** objective each of the following stakeholder groups might have:

Employees:

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Customers:

.....

[2]

(c) Identify **four** ways a pressure group might try to influence business decisions.

Way 1:

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Way 2:

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Way 3:

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Way 4:

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[4]

(d) Explain **one** possible benefit and **one** possible drawback to a country of having FSW (a multinational company) operating there.

Benefit:
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Explanation:
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Drawback:
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Explanation:
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[6]

(e) Do you think quality assurance is the best way for a business to achieve quality production? Justify your answer.

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[6]

3 (a) Explain **one** way each of the following stakeholder groups might be affected by a business becoming a multinational company.

Effect on shareholders:

.....

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Effect on employees:

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.....

.....

Effect on suppliers:

.....

.....

.....

Effect on the government:

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.....

[8]

(b) Using Appendix 2 and other information, consider the **two** countries BB could choose to locate its first new factory. Which country should BB choose? Justify your answer.

Country A:

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Country B:

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Recommendation:

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[12]

4 (a) Explain **two** reasons why BB might want to sell its products in new markets in other countries.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

- (b)** Using Appendix 3 and other information, consider BB's financial performance compared to its main competitor. Do you think BB's financial performance is better than its competitor? Justify your answer using appropriate calculations.

[illegible]

Conclusion:

[illegible]

[12]