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4330/2H

Edexcel IGCSE

Business Studies

Unit 2H

Higher Tier

Friday 11 May 2007 - Morning

Time: 1 hour 30 minutes

Materials required for examination	Items included with question papers
Nil	Nil

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initials and signature. Check that you have the correct question paper.

Answer ALL the questions. Write your answers in the spaces provided in this question paper. Do not use pencil. Use blue or black ink.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 3 questions in this question paper. The total mark for this paper is 60. There are 12 pages in this question paper. Any blank pages are indicated.

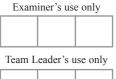
Advice to Candidates

You will be assessed on your ability to organise and present information, ideas, descriptions and arguments clearly and logically, including your use of grammar, punctuation and spelling.

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Question Number	Leave Blank
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Read this page, then answer the questions which follow.

Context

Comet Cars plc (CC plc) is a manufacturer of cars. The Head Office and one of its factories are located in the city of Bristol (UK). There are two other UK factories in Coventry and Wolverhampton.

There are many car manufacturers in Europe and the rest of the world. This means that *CC plc* has to survive and operate in a very competitive market. As a result, the directors of *CC plc* realise that the company must produce a quality range of cars in order to stay competitive with other manufacturers.

The directors realise how important it is to keep making and selling new cars that appeal to customers.



Answer ALL questions.

1.	CC	plc	is in the secondary sector of the UK economy.
	(a)	Wh	at is meant by secondary sector?
			(2)
	(b)	(i)	Which two types of business in the tertiary sector could <i>CC plc</i> trade with?
			(2)
		(ii)	For each type of business named in (i), give one example of how <i>CC plc</i> will trade with it.
			(2)



3

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ne direct	ors of <i>CC plc</i> have set objectives for the company.	
	tate why it is important for a business such as CC plc t bjectives.	to set business
		(2)
	rom the list below, select the two objectives that <i>CC plc</i> is mos	t likely to set.
	ick two boxes.	
•	To cut the costs of making each car.	
•		
•	To cut the costs of making each car.	
•	To cut the costs of making each car. To sell cars at a financial loss.	
•	To cut the costs of making each car. To sell cars at a financial loss. To make cars with fewer safety features.	
•	To cut the costs of making each car. To sell cars at a financial loss. To make cars with fewer safety features. To pay higher rates of interest on money borrowed.	

	(1)
(ii)	Consider how this Act of Parliament or other law will affect the work of <i>CC plc</i> .
	(5)
(iii)	Analyse one way, other than through Acts of Parliament, that the UK Government affects the work of <i>CC plc</i> .
	(4)



Turn over

5

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2. *CC plc*'s Personnel (Human Resources) Department is based at its Bristol Head Office. Employees of the Personnel Department need to communicate with other employees in *CC plc* factories in the UK. Two situations are as follows.

Situation A

Jas works in the Personnel Department. She wants to know the overtime hours for 30 employees at the Wolverhampton factory, which is 150 kilometres away. Jas needs this information the same day so she can calculate their wages without delay.

Situation B

Efrem works in the Personnel Department. He must contact Gill who works in the Coventry factory, which is 120 kilometres away. Efrem needs to explain an error he has found in Gill's contract of employment.

(a)	(i)	Why would email be a suitable method of communication for Situation A ?
		(2)
	(ii)	Why would the telephone be a suitable method of communication for Situation B ?
		(2)



	Analyse whether Abraham Maslow's theory of motivation supports the directors' belief that high rates of pay will fully motivate all employees.						
•••		•••••					
		•••••					
•••		•••••					
		(6)					
	rectors of <i>CC plc</i> have recently bought some new machines for the factories. These machines will increase productivity at <i>CC plc</i>	(6) They					
oe tł	rectors of <i>CC plc</i> have recently bought some new machines for the factories. These machines will increase productivity at <i>CC plc</i> . Analyse how using the new machines is likely to increase productivity at <i>CC</i>	hey					
pe th	nese machines will increase productivity at CC plc.	hey					
oe tł	nese machines will increase productivity at CC plc.	hey					
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pe th	nese machines will increase productivity at CC plc.	hey					
(i)	Analyse how using the new machines is likely to increase productivity at CC	plc.					
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e th	Analyse how using the new machines is likely to increase productivity at CC	plc					



Turn over

<i>plc</i> uses a quality control system. One director believes that the quality control system rantees that all cars made by <i>CC plc</i> will be of good quality.
Assess whether the director is right to believe that the quality control system guarantees that all cars made by <i>CC plc</i> will be of good quality.
(5)
(Total 20 marks)
(Total 20 marks)

3.	the	e directors of <i>CC plc</i> want to introduce a new range of cars. These cars will be at luxury end of the market, and will be competing with expensive and popular cars nufactured by other companies.						
	suit	ployees in <i>CC plc</i> 's Marketing Department at Head Office will need to decide on a able pricing strategy for the new luxury car range. They can select from the following tegies.						
	•	Cost plus Penetration						
	(a)	Analyse which of these pricing strategies CC plc should use for the new luxury car range.						
		(5)						



9

One director wants to promote the new luxury range using persuasive advertising methods. Another director would prefer to use informative advertising to promote the new range.

(b)	Discuss how persuasive and informative advertising can both be suitable methods to use in this situation.
	(5)

Leave

	A new share issue, to be made through the	ne London Stock Exchange.	
Justify why you have selected this source of finance and rejected the other.	A new bank loan, repayable over 10 year	S.	
	elect one of these sources of finance for modernising the Bristol factory.		
	Justify why you have selected this source	e of finance and rejected the other.	
(10)		(10)	
(Total 20 marks)			



