**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: ..........................................................................................................................

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

Reason 1: ..........................................................................................................................

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Reason 2: ..........................................................................................................................

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

Way 1: ..........................................................................................................................

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Way 2: ..........................................................................................................................

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**(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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**(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: ..............................................................................................................

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

Reason 1: ..............................................................................................................

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Reason 2: ..............................................................................................................

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

Reason 1: ..............................................................................................................

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Reason 2: ..............................................................................................................

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**(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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**(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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[12]

**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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[12]

**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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[12]