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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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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(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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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: ....

.... [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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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]

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(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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