

External Influences Past Exam Questions

- 1) Samsung produce many different products, from computers to mobile phones, netbooks, tablets, televisions, fridges, microwaves, printers and memory cards.

Explain why businesses, such as Samsung, diversify into a variety of different goods and services.

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6. Businesses can be affected by factors over which they have no control.

Explain how **each** of the following might affect businesses in the United Kingdom (UK):

(a) an increase in income tax; [2]

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(b) a very heavy fall of snow across all of the UK; [2]

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(c) a fall in the value of the pound against the euro. [2]

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- (b) Suggest and explain **one** way in which a fall in interest rates might have led this business to recruit extra production workers. [2]

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Greggs plc has adopted a number of environmental and ethical policies. These include donating unsold food to charities for low income families, selling fair trade products, reducing packaging for products, cutting food waste and reducing the amount of energy used in production.

- (e) Discuss the advantages **and** disadvantages to businesses, such as Greggs plc, of adopting environmental and ethical policies. [8]

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7. Explain what effect **each** of the following might have on the sales of products by businesses:

(i) an increase in income tax paid by customers;

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(ii) a fall in the value of the pound against other currencies.

[2]

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8. Ryan Davies has been a keen reader since childhood. After being made redundant from a travel agent business, where he had worked for a number of years, he decided to set up a shop selling new and second hand books.

After a while, Ryan found that his sales revenue was not as great as he expected. He is considering whether or not to diversify by selling tea, coffee and cakes to customers in one part of his shop.

(e) Advise Ryan as to whether or not he should serve refreshments in part of the shop. [8]

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The Virgin Group is generally regarded as a business with strong ethical policies meaning that it treats its stakeholders such as suppliers, workers and customers with honesty and fairness.

(e) Evaluate whether or not it is good for the business to have such ethical policies. [8]

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5. Burger Plus has received bad publicity about its environmental standards. Litter is a major problem outside many of its fast food takeaway restaurants.

Suggest and explain **two** actions the business can take to improve its environmental and ethical reputation. [4]

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External factors will have an impact on businesses such as Great Gates and Co Ltd.

(c) Suggest and explain **one** effect **each** of the following might have on Great Gates and Co Ltd: [4]

(i) a cut in the rate of income tax paid by the customers of Great Gates and Co Ltd;

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(ii) a cut in the rate of interest paid by Great Gates and Co Ltd on money it has borrowed.

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