

**WJEC CPD 2011**  
**A2 Business Studies**

**BS4** *Essay*

**Candidate: Alan**

Question number	Mark	Chief Examiner mark
5	<i>9</i>	

$$\frac{9}{20} = 45\% = \text{Grade E}$$

~~if national minimum wage didn't exist.~~

~~On the other hand, a disadvantage is for employees is that it could be difficult to gain bonuses because employers may have high labour costs and so, would be ~~reluctant~~ reluctant in giving bonuses.~~

5 It can be argued that without spending ~~generously~~ generously on research and development, a business may be ~~is~~ less likely to be successful, to some extent this is true.

If a business idea is poor and ~~is~~ sufficient research is not carried out, to see if there is a demand for the product, it is likely to fail because the business is likely to overestimate the demand for their product, which could lead to surplus stock and high wastage of resources. If this occurs several times or the cost of wastage is significantly high, it could mean that the survival of the business is going to be difficult because profit will be negatively affected, thus in this context research is vital.

Another reason why it is important to spend a lot on research and development is to be able to forecast sales, which would be difficult for new firms ~~and~~ as they have little ~~data~~ historical data and therefore it'll be hard to estimate how much to produce and this could mean a shortage of production, which will mean poor customer satisfaction because demand will not be met, so the businesses reputation could be badly affected.

Without substantial expenditure on research and development, goods ~~which a~~ products seen as 'dogs' cannot successfully be changed to create 'rising stars'. For instance if a chocolate bar is ~~seen as a~~ has low market share and growth, and changed, eg given new packaging, but no research ~~was~~ was done ~~before hand~~ before hand, this ~~is~~ change may not appeal to the target market and could even lose the customer base the product used to have, thus leaving the product in a worse state.

On Without spending a large amount of capital on research and development, a business may not approach a new market correctly, so primary or secondary research will be needed to be done, to understand the market, ~~an exp~~ failure to do this will mean the business will lose its investment and fail, an example of this is when tesco opened a branch in America, it can be argued that Tesco failed because they didn't carry out sufficient research on their customers.

Research and development helps to understand the consumer and so, gain their loyalty as well as assess the competition in the market, therefore it is very important to spend a substantial amount of capital on research and development, for instance if Cadbury decided to launch a range of baked beans, it shows that they may have not spent enough on research and development because Heinz has ~~incredia~~ incredible loyalty from customers. However if Cadbury conducted sufficient research and spent enough on development, they may be able to take on fierce competitors and gain more market share than Heinz in the long term, as long as ~~the~~ business decisions are well researched.

However, it can be argued that it is not true that spending ~~a~~ a substantial amount of capital on research and development will mean only a few businesses will fail because the more a business spends, the higher the risk it takes and if a substantial expenditure is made on research and development, businesses will need high profits to cover these costs and will be ~~unsuccessful~~ if this doesn't occur.

Also, research and development may not always take exogenous shocks into account, which could ~~endanger~~ endanger the success of a business.

It can be argued that substantial expenditure on other aspects such as marketing is what makes a business successful because successful marketing means customer awareness and brand awareness.

which means revenue will rise, thus businesses will benefit from higher profits.

On the other hand, it can be argued that for a business to be successful, capital must be spent on labour, as the workforce produce the goods and services and thus to some extent a motivated workforce will help production rise and sales ~~fevet~~ revenue increase.

Others may argue that without spending a large amount of capital on communication, it means effective communication won't occur, this may lead to costly mistakes and if the communication between customers and ~~businesses~~ the business is poor, it ~~mean~~ could mean that customers may go to competitors and therefore as the customer base declines, custom is lost, so revenue decreases and ~~business~~ the business will be unsuccessful.

In conclusion, it can be said that without substantial expenditure on research and development, few businesses will be successful, but other factors must be taken into account and as each department ~~for~~ contributes to a businesses success, each one is important in it's own way. What should be spent on most depends on which sector the business is in and it's weak areas that are stopping it from reaching it's objective.

A state strategy, to spend on only research and development is narrow.