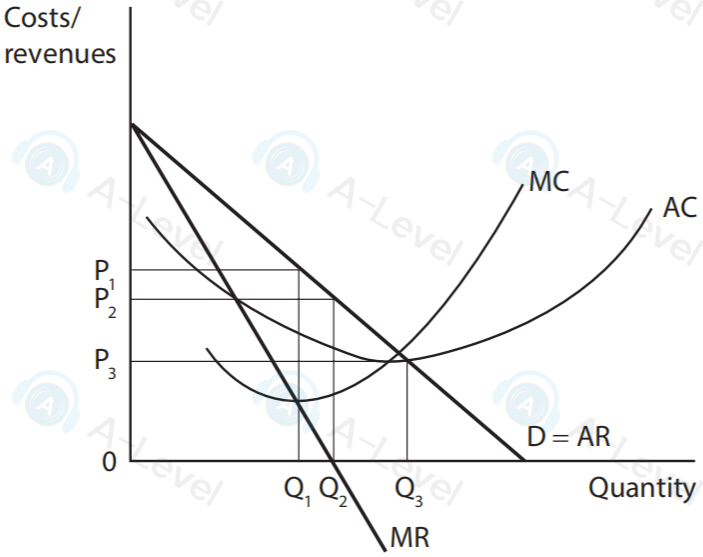
6 A monopolist decides to set its price at P_3, as shown in the diagram.



Which **one** of the following business objectives is shown by this pricing decision?

- ☒ **A** Revenue maximisation
- ☒ **B** Sales volume maximisation
- ☒ **C** Profit maximisation
- ☒ **D** Satisficing

(Total for Question 6 = 1 mark)

8 The Government of Norway fully subsidises university education. Universities in Norway have social objectives rather than a profit maximising objective. By contrast, in the USA, students pay fees to study at profit maximising universities.

Evaluate the view that the objectives of state-owned enterprises and private sector organisations always differ.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

10 JBS is the largest meat processing firm in the world, as measured by value of sales. Its revenue was $814.5 million in 2020. After a significant increase in sales to China in quarter 4 2020, its total revenue from sales to China rose by 60%.

Evaluate the view that revenue maximisation is always the main objective of a firm.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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2 The shareholders of a car manufacturer, who own the company, are separate from its management team, that makes the operational decisions. Assume that this manufacturer has a satisficing objective.

Which **one** of the following best describes this objective?

A Maximising profits and reducing costs

B Achieving an acceptable level of profit and sales

C Minimising dividends to shareholders

D Maximising total revenue and total costs

(Total for Question 2 = 1 mark)

4 In 2022 Google's global market share of the internet search engine market was 84%.

Which **one** of the following is the most likely outcome of Google operating at its profit maximising output?

☒ **A** Average revenue is equal to marginal cost

☒ **B** Marginal revenue is greater than average revenue

☒ **C** Marginal revenue is equal to total cost

☒ **D** Average revenue is greater than average cost

(Total for Question 4 = 1 mark)

1 Luxottica is a French–Italian company based in Italy. It sells sunglasses in an imperfectly competitive market. In 2022, its net profit was €2.28 billion.

Which **one** of the following conditions is necessary for Luxottica to maximise its profits?

☒ **A** Marginal revenue is equal to marginal cost

☒ **B** Average cost is equal to marginal cost

☒ **C** Marginal cost is equal to zero

☒ **D** Marginal revenue is equal to zero

(Total for Question 1 = 1 mark)

5 A monopoly is operating at its revenue maximising output.

Which **one** of the following is true?

☒ **A** Marginal revenue is equal to marginal cost

☒ **B** Average revenue is equal to average cost

☒ **C** Average fixed costs are rising

☒ **D** Marginal revenue is zero

(Total for Question 5 = 1 mark)

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10 Jeff Bezos owns 12.7% of Amazon shares and works as the Executive Chair of the board of directors. By contrast, Daniel Kretinsky owns 22% of the shares in the UK's Royal Mail Service but he does not work for the company.

Evaluate the likely impact of the divorce of ownership from control on business objectives.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

5 A German electricity company aims to maximise its total revenue.

At which **one** of the following would total revenue be maximised?

- ☒ **A** The level of output at which marginal cost is equal to marginal revenue
- ☒ **B** The level of output at which average variable cost is equal to marginal cost
- ☒ **C** The level of output at which average revenue is equal to zero
- ☒ **D** The level of output at which marginal revenue is equal to zero

(Total for Question 5 = 1 mark)

10 According to a 2021 World Bank report, small and medium-sized enterprises accounted for 98.5% of the businesses in Malaysia. The report stated that these businesses were reluctant to invest in the technology that would enable them to expand because many of them wanted to remain small.

Evaluate why the objectives of small and medium-sized enterprises may differ from those of large enterprises.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

1 Mara Phone is a new smartphone developed by the African conglomerate, Mara Group. The business is aiming to grow its market share by maximising its sales.

Which **one** of the following conditions is necessary for Mara Group to maximise sales volume of this new phone without making a loss?

- ☒ **A** Marginal revenue equals marginal cost
- ☒ **B** Average revenue equals average cost
- ☒ **C** Marginal revenue equals zero
- ☒ **D** Average revenue equals marginal revenue

(Total for Question 1 = 1 mark)

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2 A monopoly sets its price at the output where average revenue is equal to average cost.

Which **one** of the following best describes this firm's objective?

- ☒ **A** Revenue maximisation
- ☒ **B** Profit maximisation
- ☒ **C** Sales maximisation
- ☒ **D** Profit satisficing

(Total for Question 2 = 1 mark)

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8 Visinema, an Indonesian company that produces TV shows and feature films, is expanding into neighbouring countries. The company is also planning to acquire several Indonesian animation studios.

For an industry of your choice, evaluate why many businesses have growth as their main objective.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

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10 Garuda Indonesia is the country's national airline. In November 2017 the company's Vice-President stated that the airline's main objective was to maximise revenue.

Evaluate the extent to which different business objectives may affect a firm's profits.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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5 A profit maximising firm decides to change its objective to revenue maximisation.

Which **one** of the following combinations is the most likely impact of this decision?

	Supernormal profit	Price
☒ **A**	No change	No change
☒ **B**	Increase	Increase
☒ **C**	Decrease	Decrease
☒ **D**	Increase	No change

(Total for Question 5 = 1 mark)