

CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

9707/1

OCTOBER/NOVEMBER SESSION 2002

BUSINESS STUDIES

PAPER 1 Short Answer and Essay

1 hour 15 minutes

Additional materials:
Answer paper

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided on the answer paper/ answer booklet.

Section A

Answer **all** questions.

Section B

Answer **one** question.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

You are advised to spend no more than 35 minutes on Section A.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

You are reminded of the need for good English and clear presentation in your answers.

Section A (Short Answer)

Answer **all** questions.

- 1 (a) State **two** different methods of measuring the size of a business. [2]
(b) Briefly explain why it might be difficult to compare the size of different businesses. [3]
- 2 (a) Explain why successful businesses are usually market-orientated. [2]
(b) Why is it important for a marketing manager to understand the concept of the product life cycle? [3]
- 3 Outline how, in your country, legal constraints might limit business activity. [5]
- 4 (a) Why do businesses depreciate fixed assets? [2]
(b) Explain why the payback period might be an important factor in deciding whether to invest in new fixed assets. [3]

Section B (Essay)

Answer **one** question only.

- 5 (a) Analyse the advantages and disadvantages for a private limited company of converting to a public limited company (plc). [10]
(b) Discuss why public limited companies find it difficult to satisfy the interests of both shareholders and other stakeholders in the business. [10]
- 6 With reference to theorists on motivation, discuss to what extent people at work are motivated by financial reward. [20]
- 7 (a) Examine factors which a multi-national car manufacturer might consider when deciding where to locate a new overseas factory. [10]
(b) This business has decided to sell a new small car in your country. Discuss an appropriate marketing mix for this product. [10]