

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

**BUSINESS STUDIES**

**9707/01**

Paper 1 Short Answer and Essay

May/June 2005

**1 hour 15 minutes**

Additional Materials: Answer Booklet/Paper

**READ THESE INSTRUCTIONS FIRST**

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.  
Write your Centre number, candidate number and name on all the work you hand in.  
Write in dark blue or black pen on both sides of the paper.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

**Section A**

Answer **all** questions.

**Section B**

Answer **one** question.

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

At the end of the examination, fasten all your work securely together.

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

**Section A (Short Answers)**

Answer **all** questions.

- 1 (a) Define span of control. [1]  
(b) Briefly explain why some people might prefer to work for a business with wide spans of control. [3]
- 2 (a) Explain liquidity. [2]  
(b) Explain **one** way in which a business might improve its liquidity. [3]
- 3 Outline the benefits of lean production for a manufacturer of electronic goods. [5]
- 4 (a) With an appropriate example, explain what is meant by variable costs. [2]  
(b) Explain why it is sometimes difficult to separate costs into variable costs and fixed costs. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Explain how the objectives of a business may change as it grows. [8]  
(b) Discuss the importance to a growing business of human resource planning. [12]
- 6 Discuss how businesses in your country might be influenced by government intervention. [20]
- 7 (a) Analyse how a soft drinks manufacturer might segment the market for its products. [8]  
(b) Discuss the most suitable methods of market research for a new product being developed by a soft drinks manufacturer. [12]