

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

October/November 2004

**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 Answer)**

Answer **all** questions.

- 1 (a) Define the term 'free market economy'. [2]  
(b) State **three** legal controls which affect the way in which businesses operate. [3]
- 2 Briefly explain the importance for a manufacturer of managing working capital. [5]
- 3 (a) State **two** different ways in which the size of a business might be measured. [2]  
(b) Briefly distinguish between niche and mass marketing. [3]
- 4 (a) Define the term 'work study'. [2]  
(b) Explain **one** way of using the results of work study to improve productivity. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Discuss the importance for a business of effective communication. [12]  
(b) How might a business overcome barriers to effective communication? [8]
- 6 Discuss how technological change might affect businesses in your country. [20]
- 7 (a) Examine the factors which determine how businesses price their products. [8]  
(b) Discuss how other elements of the marketing mix might be affected by a business' pricing decisions. [12]