



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 2008**

**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.

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.



This document consists of **2** printed pages.



**Section A (Short Answer)**

Answer **all** questions.

- 1 (a) Define the term 'hierarchy' as used in formal organisational structures. [2]  
 (b) Briefly explain **two** advantages of hierarchical organisations. [3]
- 2 (a) Define the term 'retained profits'. [2]  
 (b) Briefly explain the purpose of a Balance Sheet for a business. [3]
- 3 Explain the strengths and weaknesses of the 'payback' method of investment appraisal. [5]
- 4 (a) State **two** ways of measuring the size of a business. [2]  
 (b) Briefly explain why growth may not be the most important objective for a business. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Management has been described as getting things done through people. Given this description, explain the importance of management for a large business organisation. [8]  
 (b) Discuss the view that a manager will be more effective by adopting a democratic rather than an autocratic leadership style. [12]
- 6 Discuss how, and to what extent, break-even analysis might be used as an aid to decision making in a large manufacturing business. [20]
- 7 (a) Information is collected by the Human Resources Department (Personnel). Explain how a business might use this information. [8]  
 (b) Discuss the limitations of using purely numerical data when making business decisions. [12]