

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

**BUSINESS STUDIES**

**9707/01**

**Paper 1 Short Answer and Essay**

**Specimen Paper for 2005 Examination**

**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.  
You may use a soft pencil for any diagrams, graphs or rough working.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

Section A  
Answer **all** questions.  
Section B  
Answer **one** question.

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**

Answer **all** questions.

- 1 (a) What is meant by the phrase 'Public Sector of the Economy'? [2]  
(b) State, with reasons, whether you consider the Public Sector to be an important part of the economy of your country. [3]
- 2 Discuss the contribution informal groups might make towards the overall performance of a business. [5]
- 3 (a) Explain the term 'Price Elasticity of Demand'. [2]  
(b) Why might a Marketing Manager try to influence the price elasticity of demand for products? [3]
- 4 (a) Draw and label a typical 'Product Life Cycle'. [2]  
(b) Explain how knowledge of a product's life cycle could aid management when making pricing decisions. [3]

**Section B**

Answer **one** question only.

- 5 (a) Should businesses have a separate Human Resource Department? [10]  
(b) How could the effectiveness of a Human Resource Department be assessed? [10]
- 6 Discuss the factors a firm should take into account when selecting the most appropriate distribution channel for a new product. [20]
- 7 (a) Why is it important for businesses to aim for the efficient management of stocks? [8]  
(b) Outline and discuss any **two** techniques a business might use to manage stocks. [12]