



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

BUSINESS STUDIES

9707/11

Paper 1 Short Answer and Essay

October/November 2009

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 'chain of command'. [2]
(b) Briefly explain the main advantages of a matrix organisational structure. [3]
- 2 (a) Define 'price elasticity of demand'. [2]
(b) Suppose a product has relatively price inelastic demand. Explain the effect on sales and revenue of an increase in the price of this product. [3]
- 3 Briefly explain the possible causes of diseconomies of scale in a manufacturing company. [5]
- 4 (a) Distinguish between the Median and the Mode. [2]
(b) Briefly explain how the Mode might be more useful to a shoe manufacturer than the Median. [3]

Section B (Essay)

Answer **one** question only.

- 5 (a) Explain the purposes of a company's Balance Sheet and Profit & Loss Account. [8]
(b) Discuss the usefulness of these accounts for managers and shareholders. [12]
- 6 Discuss the importance of good management for a successful business. [20]
- 7 (a) Discuss the importance of the 'marketing mix' in achieving the objectives of a business. [12]
(b) Explain the factors that might influence the promotion decisions of a car manufacturer as it launches a new model. [8]

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