



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

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**BUSINESS STUDIES**

**9707/01**

Paper 1 Short Answer and Essay

**May/June 2009**

**1 hour 15 minutes**

Additional Materials: Answer Booklet/Paper

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**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, index 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.

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



**Section A (Short Answer)**

Answer **all** questions.

- 1 (a) State the main difference between a skimming pricing strategy and a penetration pricing strategy. [2]
- (b) Briefly explain why a business might choose to use a skimming pricing strategy. [3]
- 2 (a) Define 'capital expenditure'. [2]
- (b) Describe **two external** sources of finance that might be used to fund the capital expenditure of a business. [3]
- 3 Explain **one** advantage and **one** disadvantage a multi-national company might bring to a developing country. [5]
- 4 (a) Define the term 'corporate culture'. [2]
- (b) Briefly explain **one** factor that determines the culture of a business. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Explain why effective stock control is important for a large retail business. [8]
- (b) Discuss the advantages and disadvantages of using a JIT (just-in-time) approach to stock control for a large retail business. [12]
- 6 Discuss the usefulness to managers of any **two** motivation theories when trying to improve worker motivation. [20]
- 7 (a) Discuss the problems a new business might experience in its first year of trading. [8]
- (b) Explain how market research might be used to reduce some of the problems faced by a new start-up business. [12]

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