



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

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**BUSINESS STUDIES**

**7115/21**

Paper 2

**October/November 2011**

**1 hour 45 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

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.

**DO NOT WRITE IN ANY BARCODES.**

Answer **all** questions.

The Insert contains the case study.

The businesses described in this question paper are entirely fictitious.

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.

For Examiner's Use	
1	
2	
3	
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5	
<b>Total</b>	

This document consists of **11** printed pages, **1** blank page and **1** Insert.



- 1 (a) Simon wants to motivate his production workers to work harder. Identify **two** methods he could use to motivate production workers at Everyday Suits. Explain why these methods would be effective.

Method 1: .....

Explanation: .....

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Method 2: .....

Explanation: .....

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..... [8]

(b) Appendix 2 shows the proposed new organisation chart for Everyday Suits. Simon will not be able to do all the work himself if the business grows bigger.

For  
Examiner's  
Use

Choose **four** departments that Simon could create and justify why each department could be important to the success of the business.

Department 1: .....  
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Department 2: .....  
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Department 3: .....  
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Department 4: .....  
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..... [12]

- 2 (a) Refer to Appendix 3. Identify and explain **two** ways Simon could **increase** the added value of his current business.

First way: .....

Explanation: .....

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Second way: .....

Explanation: .....

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[8]

(b) To expand the business Simon may need new machinery. To finance this, he is considering using an overdraft or leasing the equipment or selling more shares. Consider these **three** options for raising finance and recommend which one he should choose. Justify your choice.

For  
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Using an overdraft: .....

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Leasing equipment: .....

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Selling more shares: .....

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Recommendation: .....

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[12]

3 (a) As Everyday Suits expands it will need to employ new managers. Identify and explain **four** parts of an induction training programme for new managers.

1. ....

Explanation: .....

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2. ....

Explanation: .....

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3. ....

Explanation: .....

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4. ....

Explanation: .....

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..... [8]



- 4 (a) As Everyday Suits expands it could gain from economies of scale. Identify and explain **two** examples of economies of scale the business might benefit from as it expands.

Example 1: .....

Explanation: .....

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Example 2: .....

Explanation: .....

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[8]





- 5 (a) Everyday Suits currently uses batch production. However, if Simon chooses Option 1 job production will be used or if he follows Option 2 flow production will be used. Explain the main features of job production for Option 1 and the main features of flow production for Option 2.

Job production: .....

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Flow production: .....

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