Cambridge International AS & A Level

**Cambridge International Examinations**
Cambridge International Advanced Subsidiary and Advanced Level

**BUSINESS** **9609/12**

Paper 1 Short Answer and Essay **May/June 2018**

**1 hour 15 minutes**

No Additional Materials are required.

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**READ THESE INSTRUCTIONS FIRST**

An answer booklet is provided inside this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper ask the invigilator for a continuation booklet.

**Section A**
Answer **all** questions.
**Section B**
Answer **one** question.
You are advised to spend no more than 35 minutes on Section A.

The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **2** printed pages, **2** blank pages and **1** insert.


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## Section A (Short Answer)

Answer **all** questions.

**1** **(a)** Define the term 'inventory management'. [2]

**(b)** Briefly explain **two** reasons why a business might decide to hold a high level of inventory. [3]

**2** **(a)** Define the term 'below-the-line promotion'. [2]

**(b)** Briefly describe **two** methods of '**above-the-line** promotion'. [3]

**3** Explain the possible long-term consequences for a business of low levels of employee motivation. [5]

**4** **(a)** Define the term 'capital expenditure'. [2]

**(b)** Briefly explain **two** reasons why a bank might refuse to lend money to an entrepreneur. [3]

## Section B (Essay)

Answer **one** question only.

**5** **(a)** Analyse why a train company might use a strategy of price discrimination. [8]

**(b)** Discuss whether having a large product portfolio is an advantage for a car manufacturer. [12]

**6** In recent years a significant number of businesses have been accused of being unethical. Discuss whether senior managers should consider ethics when making business decisions. [20]

**7** **(a)** Analyse why many human resource departments have developed policies for diversity and equality. [8]

**(b)** 'A significant investment in training and development is the best way to improve employee effectiveness in a retail business.'

Discuss this view. [12]

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