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 **May/June 2011**

1 hour 15 minutes

Additional Materials: Answer Booklet/Paper

6967415863

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.

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Section A (Short Answer)

Answer **all** questions.

1 **(a)** State **two** objectives of a private sector business. [2]

(b) Describe **two** methods for measuring the size of a business. [3]

2 **(a)** Define the term 'net profit margin'. [2]

(b) Explain briefly how profitability ratios could be used to measure the performance of a business. [3]

3 Explain why a mobile (cell) phone manufacturer might choose to use a penetration pricing strategy. [5]

4 **(a)** Define the term 'batch production'. [2]

(b) Outline **two** benefits to a business of using batch production. [3]

Section B (Essay)

Answer **one** question only.

5 **(a)** Explain how a business might segment its market. [8]

(b) Discuss the benefits to a business of segmenting its market. [12]

6 Discuss how cost information might be used to monitor and improve the business performance of a large food processing company. [20]

7 **(a)** Explain the importance of human resource management to a large business. [8]

(b) Discuss why the management of a hotel might decide to recruit a new head chef externally rather than internally. [12]

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