Cambridge International AS & A Level

Cambridge International Examinations
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS STUDIES **9707/12**

Paper 1 Short Answer and Essay **May/June 2015**

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 'social enterprise'. [2]

(b) Briefly explain **two** ways in which the objectives of a social enterprise might be similar to those of other types of business. [3]

2 **(a)** Define the term 'emotional intelligence'. [2]

(b) Briefly explain **two** of Goleman's emotional intelligence competencies. [3]

3 Explain how a business could improve its cash flow. [5]

4 **(a)** Define the term 'diseconomies of scale'. [2]

(b) Briefly explain **two** causes of managerial diseconomies of scale. [3]

Section B (Essay)

Answer **one** question only.

5 **(a)** Explain how information in the income statement of a public limited company is useful for potential investors. [8]

(b) Discuss the usefulness of accounting ratios for assessing business performance. [12]

6 Discuss the view that product differentiation is the most important activity of the marketing department of a motor car manufacturer. [20]

7 **(a)** Explain why it is important for a business to have an effective system of recruitment and selection. [8]

(b) Discuss why a school might decide to recruit a new head teacher externally, rather than by internal promotion. [12]

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