Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

6464232789

BUSINESS STUDIES **7115/11**

Paper 1 Short Answer and Data Response **October/November 2022**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 SSG manufactures mobile (cell) phones using batch production. Quality control is important. SSG has 130 employees who all receive on-the-job training. The Marketing Manager is analysing cost and output data for product X. An extract is shown in Table 1.1. As product X is in the maturity stage of the product life cycle SSG is considering possible extension strategies.

Table 1.1

Extract from SSG's cost and output data for product X	
Rent and other expenses per month	$300 000
Variable cost per unit	$80
Output per month	12 000

(a) Define 'on-the-job training'.

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(b) Calculate total variable cost per month. Show your working.

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(c) Identify **four** factors a business should consider when deciding which method of production to use.

Factor 1: .....

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Factor 2: .....

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Factor 3: .....

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Factor 4: .....

..... [4]

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(d) Explain **one** advantage and **one** disadvantage to SSG of using quality control.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Do you think adding new features to a product is the best extension strategy for a manufacturing business to use? Justify your answer.

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2 DNG provides electricity to 16 million customers. It is a limited company which means DNG's shareholders benefit from limited liability. DNG is planning to stop using coal to produce its electricity. Pressure groups had an influence on this decision. The Managing Director knows there will be an opportunity cost to making this change. She is considering the best way to communicate this important information to DNG's 6500 employees.

(a) Define 'opportunity cost'.

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..... [2]

(b) Identify **two** limitations of using the number of employees to measure the size of a business.

Limitation 1: .....

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Limitation 2: .....

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(c) Outline how having limited liability might benefit DNG's shareholders.

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(d) Explain **two** ways a pressure group might influence DNG's decisions.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) Explain **two** methods of internal communication a large business could use to share important information with its employees. Justify which method should be used.

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3 CPK operates 5 sports clubs. Each club offers a range of activities including gym and yoga classes. CPK uses job enrichment to keep its 60 employees well-motivated. Having the right marketing mix is important to CPK's success. The Finance Director is analysing CPK's financial statements. An extract is shown in Table 3.1. He wants to know how an increase in taxation might affect CPK's business.

Table 3.1

Extract from CPK's financial statements		
	2020	**2021**
Current ratio	1.6	1.3
Profit margin	12%	10%
Non-current assets	$2m	$2m

(a) Define 'non-current assets'.

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..... [2]

(b) State **two** elements of the marketing mix.

Element 1: .....

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Element 2: .....

..... [2]

(c) Outline **two** ways CPK might be affected by an increase in taxation.

Way 1: .....

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Way 2: .....

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(d) Explain **one** possible effect on CPK of the change in each of the following ratios as shown in Table 3.1:

Change in current ratio: .....

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Explanation of effect on CPK: .....

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Change in profit margin: .....

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Explanation of effect on CPK: .....

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(e) Do you think job enrichment is a better way for a business to motivate its employees than profit sharing? Justify your answer.

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4 Following the end of a recession in country X, Beena wants to start up a hairdressing business. One option is to purchase a franchise from an established hairdressing business. Beena has $800 in savings and knows having enough working capital will be important for her business. She plans to use market research to help her decision-making. Beena knows there are many ways to segment a market.

(a) Define 'recession'.

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..... [2]

(b) Identify **two** ways of segmenting a market.

Way 1: .....

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Way 2: .....

..... [2]

(c) Outline **two** reasons why having enough working capital might be important for Beena's business.

Reason 1: .....

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Reason 2: .....

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(d) Explain **two** possible advantages to Beena of buying a franchise.

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(e) Do you think it is always better for a start-up business to use primary market research, rather than secondary market research, when making decisions? Justify your answer.

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