Cambridge International Examinations
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS STUDIES **9707/11**

Paper 1 Short Answer and Essay **October/November 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 'contract of employment'. [2]

(b) Briefly explain **two** advantages to employees of having a contract of employment. [3]

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

(b) Briefly explain **two** reasons why inventories of finished goods need to be carefully managed. [3]

3 Explain why many tertiary sector businesses differentiate their services. [5]

4 **(a)** Define the term 'retained profit'. [2]

(b) Briefly explain **two external** sources of finance that could be used to fund the capital expenditure of a partnership. [3]

Section B (Essay)

Answer **one** question only.

5 **(a)** Explain the importance of primary market research to a new business. [8]

(b) Discuss how a business could make sure that its market research expenditure is cost effective. [12]

6 Discuss the view that employee participation is not always desirable in the management of a profit maximising business. [20]

7 **(a)** Explain why a business might not behave ethically. [8]

(b) Discuss, with examples, how unethical business behaviour could damage the reputation of a company. [12]

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