

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education  
Advanced Subsidiary Level and Advanced Level

**BUSINESS STUDIES**

**9707/01**

Paper 1 Short Answer and Essay

May/June 2006

**1 hour 15 minutes**

Additional Materials: Answer Booklet/Paper

**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.

**Section A (Short Answer)**

Answer **all** questions.

- 1 (a) Outline **one** difference between the public sector and private sector of an economy. [1]  
(b) Explain **one** difference between private and public limited companies. [3]
- 2 (a) Define the term 'redundancy'. [2]  
(b) Briefly explain the role of human resource management. [3]
- 3 Explain the importance of profit maximisation for a public limited company. [5]
- 4 (a) Briefly distinguish between primary and secondary market research. [2]  
(b) Explain why a business might use quota sampling in market research. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Examine the different sources of finance which a car manufacturer might use in order to fund investment in new technology. [8]  
(b) Discuss the problems which the car manufacturer might experience in introducing new technology into one of its factories. [12]
- 6 Discuss the importance of good leadership for a successful business. [20]
- 7 (a) Analyse the benefits to your country's economy from a multinational manufacturer of computers locating a new factory there. [8]  
(b) Discuss how a computer manufacturer might choose between different channels of distribution in a new export market. [12]