

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 2003

Additional Materials: Answer Booklet/Paper

**1 hour 15 minutes**

**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 on both sides of the paper.  
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.

This document consists of **2** printed pages.



**Section A (Short Answer)**

Answer **all** questions.

- 1 (a) Distinguish between secondary and tertiary levels of activity. [2]  
(b) Outline the benefits to a country of successful businesses. [3]
- 2 (a) Define the term 'added value'. [2]  
(b) Explain why it might be desirable for a firm to have high added-value products. [3]
- 3 Outline the functions of a trades union. [5]
- 4 (a) Distinguish between revenue expenditure and capital expenditure. [2]  
(b) Briefly explain why different sources of finance might be needed for revenue expenditure and capital expenditure. [3]

**Section B (Essay)**

Answer **one** question only.

- 5 (a) Outline the qualities of a good leader in a business context. [8]  
(b) Discuss the appropriateness of any **two** styles of leadership that managers might use. [12]
- 6 (a) Evaluate **two** different pricing strategies which a consumer goods manufacturer might adopt. [12]  
(b) How might pricing decisions be influenced by knowledge of the Product Life Cycle? [8]
- 7 Discuss the importance of effective stock management for a manufacturer. [20]