

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education  
Advanced Level

**BUSINESS STUDIES**

**9707/04**

Paper 4 Essays

May/June 2004

Additional Materials: Answer Booklet/Paper

**1 hour 30 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.

Answer **two** questions.

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.



- 1 (a) Explain how the management of the liquidity of a business might be made more effective with the use of appropriate accounting ratios. [8]
- (b) Evaluate the methods a business might use to improve its liquidity. [12]
- 2 A manufacturer of chocolate bars is considering changing the price of its products in order to increase its market share.
- (a) Analyse the usefulness of price elasticity of demand to managers of the business. [8]
- (b) Evaluate changes to the marketing strategy, other than price, that would be needed to increase the business' market share. [12]
- 3 With reference to the theories of Taylor and Herzberg, discuss the importance of financial incentives as a way of improving the productivity of workers. [20]
- 4 (a) To what extent should ethical issues influence business objectives? [10]
- (b) Apart from ethical issues, evaluate the impact of **one** other external influence on businesses in your country. [10]
- 5 (a) Examine the factors that a business might consider when deciding whether to decentralise. [10]
- (b) Evaluate the methods management might consider to ensure effective communication within a decentralised organisation. [10]
- 6 Two medium-sized shoe retailers are proposing to merge.
- (a) Examine the possible reasons for this merger. [8]
- (b) Critically discuss how the stakeholders of these retailers might react to the proposed merger. [12]