Cambridge International AS & A Level

BUSINESS

Paper 1 Short Answer and Essay

May/June 2021

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

● Section A: answer all questions.
● Section B: answer one question.
● Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

● The total mark for this paper is 40.
● The number of marks for each question or part question is shown in brackets [ ].
Section A (Short Answer)

Answer all questions.

You are advised to spend no more than 35 minutes on Section A.

1. (a) Define the term ‘stakeholders’. [2]
   (b) Explain two responsibilities of a stakeholder group. [3]

2. (a) Define the term ‘economies of scale’. [2]
   (b) Explain two possible causes of diseconomies of scale. [3]

3. Explain why cost-based pricing might be an effective pricing strategy for a small business. [5]

4. (a) Define the term ‘labour turnover’. [2]
   (b) Explain two ways in which the recruitment and selection process of a business could help to improve labour turnover. [3]

Section B (Essay)

Answer one question only.

5. (a) Analyse the possible disadvantages to a business of changing from batch production to flow production. [8]
   (b) Discuss the benefits to a clothing business of holding buffer inventory rather than using a Just in Time (JIT) inventory system. [12]

6. Discuss the view that product differentiation is the only way for a business to ensure success in a highly competitive technology industry. [20]

7. (a) Analyse the benefits to an entrepreneur of using micro-finance as a source of start-up capital. [8]
   (b) Discuss the usefulness of accounting ratios to a business considering entry into new markets. [12]