Cambridge O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	

CENTRE NUMBER		CANDIDATE NUMBER	

8323995866

BUSINESS STUDIES **7115/21**

Paper 2 **May/June 2017**

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The business described in this question paper is entirely fictitious.

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.
The total number of marks for this paper is 80.

This document consists of **9** printed pages, **3** blank pages and **1** Insert.

DC (SC) 143059

CAMBRIDGE International Examinations

1 (a) Identify and explain **two** ways in which TT might achieve quality production.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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....[8]

(b) Consider the advantages and the disadvantages of the **two** options for expansion. Recommend the best option to choose. Justify your answer.

Option A: ....

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Option B: ....

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Recommendation: ....

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2 (a) Identify **two** motivational theories and explain how TT could use these theories to help increase worker motivation.

Theory 1: ....

Explanation of how TT can use this theory: ....

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Theory 2: ....

Explanation of how TT can use this theory: ....

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(b) TT should consider the following **three** changes before making a final decision about whether to start exporting its products. Which change will be the most important for the decision? Justify your answer.

Appreciation in the exchange rate of country P's currency: ....

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Increased economic growth in many developed economies: ....

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Increase in the import tariffs in many developed economies: ....

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Conclusion: ....

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3 **(a)** Identify **two** communication barriers which might occur within TT and explain how each barrier might be reduced.

Communication barrier 1: ....

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How barrier might be reduced: ....

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Communication barrier 2: ....

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How barrier might be reduced: ....

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.... [8]

(b) Consider the following **three** channels of distribution TT could use for its products in country P. Recommend the best channel to gain the highest sales. Justify your answer.

Sell to a wholesaler: ....

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Sell directly to large retailers: ....

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Open its own shops in shopping malls: ....

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Recommendation: ....

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....[12]

4 (a) Identify and explain **one** reason why TT will need short-term finance and **one** reason why TT will need long-term finance.

Short-term finance reason: ....

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Long-term finance reason: ....

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(b) Refer to Appendix 3 and other information in the case study. Consider the financial performance of TT. Do you think the directors should be pleased with the company's performance? Justify your answer using appropriate ratios.

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