

Centre Number	Candidate Number	Name
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CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

**BUSINESS STUDIES**

**0450/01**

Paper 1

May/June 2003

**1 hour 45 minutes**

Candidates answer on the Question Paper.  
No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.  
Write in dark blue or black pen in the spaces provided on the Question Paper.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** 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.

The businesses described in this question paper are entirely fictitious.

If you have been given a label, look at the details. If any details are incorrect or missing, please fill in your correct details in the space given at the top of this page.

Stick your personal label here, if provided.

For Examiner's Use	
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>TOTAL</b>	

This document consists of **13** printed pages and **3** blank pages.





(b) The management of a business might set growth as one of the objectives of the business. Explain why this objective might be set.

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(c) In some countries a number of state owned businesses have been sold to the private sector (privatisation). State and explain **two** possible disadvantages to consumers of this.

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(b) Company C is finding it difficult to recruit new employees. It pays higher wages than other companies in the area. Explain **two** possible reasons why it is finding recruitment difficult.

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(c) The management of company D believe that they should increase their spending on staff training.

(i) State and explain **two** different types of training that could be used by the company.

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4 (a) (i) Draw an organisational chart in the space below that might be appropriate for a large manufacturing business that operates and sells in many countries.

[4]

(ii) Use your chart to help explain:

(A) span of control

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.....[2]

(B) chain of command.

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.....[2]



5 (a) A fruit retailer buys his stock from a market wholesaler.

(i) State and explain **two** factors that the fruit retailer should consider before deciding the prices to charge his customers.

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(ii) Apart from advertising, suggest a promotion method that the fruit retailer could use to increase sales. Justify your answer.

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(b) The retailer knows that advertising should help to increase his sales.

(i) Explain why advertising can increase sales.

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