



**Cambridge International Examinations**  
Cambridge Ordinary Level

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**BUSINESS STUDIES**

**7115/21**

Paper 2

**October/November 2016**

**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.

- 1 (a) P & P needs to be efficient. Identify and explain **four** methods P & P could use to motivate production workers.

Method 1: .....

.....

Explanation: .....

.....

Method 2: .....

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Explanation: .....

.....

Method 3: .....

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Explanation: .....

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Method 4: .....

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Explanation: .....

..... [8]

- (b) P & P has developed a new type of paint. Consider the following **three** factors that will affect the channel of distribution the company will use. Which factor will be the most important when deciding the best channel of distribution? Justify your answer.

Where customers are located: .....

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How often the product is purchased: .....

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.....  
.....  
.....  
.....  
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Where competitors sell their products: .....

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.....  
.....  
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Conclusion: .....

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.....  
.....

[12]

- 2 (a) Identify and explain **two** reasons why P & P might respond to the pressure group and change what the company is doing.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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..... [8]

(b) P & P production results in external costs as outlined in Appendix 3. Consider the external costs and external benefits of the production of paint by P & P. Recommend whether the Government should take any action. Justify your answer.

External costs: .....

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External benefits: .....

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Recommendation: .....

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[12]

- 3 (a) P & P has decided to use batch production to produce the new paint. Identify and explain two factors which may have influenced this decision.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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..... [8]



4 (a) Identify and explain **two** reasons why added value is important to P & P.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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[8]









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