GradeMax

Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2024**

1 hour 30 minutes

1727567253

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- 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 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

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1 Zoe's Bags (ZB)

Zoe's Bags (ZB) is an online retailer that makes and sells a range of luxury hand-made bags. The business was set up three years ago as a partnership by Zoe and her brother Luis and has grown each year.

The bags are targeted at a niche market and made to customers' orders. The business works closely with its main supplier of raw materials. ZB operates a just in time (JIT) inventory management system. All bags have a lead time of five days from when the customer submits the order.

Following a magazine advertising promotion in January, orders grew by 50% in February to 1400 bags. Zoe and Luis found it difficult to organise the larger production team.

A break-even chart for February is shown in Fig. 1.1.

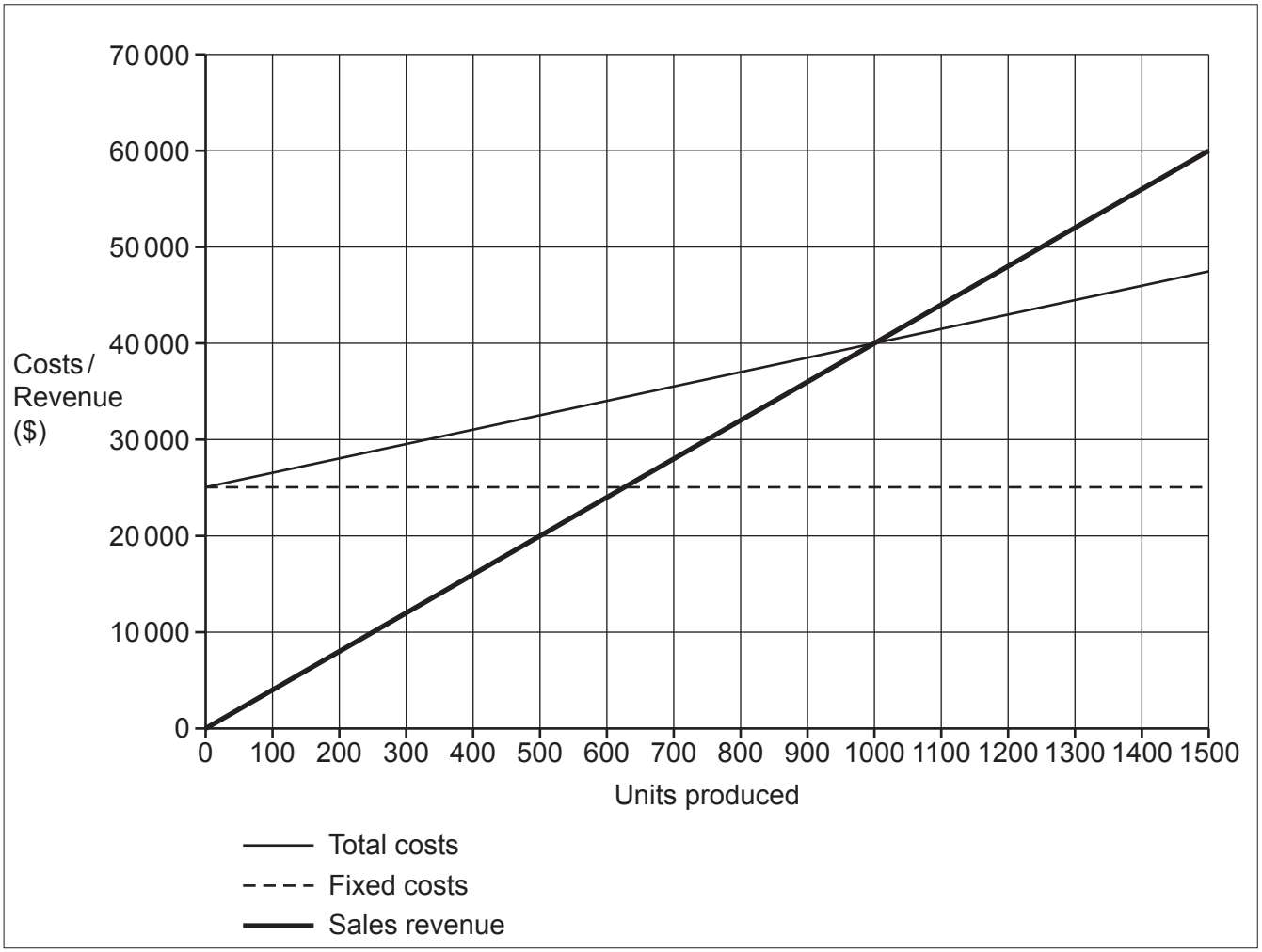


Fig. 1.1 ZB's break-even chart for February

Due to the increase in orders, Zoe and Luis want to focus on developing the business. They recruited 2 supervisors to manage the 15 production employees. To support the new supervisors, Luis organised some off-the-job training.

All production employees are currently paid a salary. However, ZB's labour turnover has increased recently. One of the new supervisors has recommended that ZB should introduce performance-related pay. Zoe and Luis are currently considering this recommendation.

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(a) (i) Identify **one** feature of JIT inventory management. [1]

(ii) Explain the term *niche market*. [3]

(b) (i) Refer to Fig. 1.1 and other information. Calculate the margin of safety in February. [3]

(ii) Explain **one** way that Zoe and Luis can use break-even analysis. [3]

(c) Analyse **two** benefits to ZB of providing off-the-job training to the new supervisors. [8]

(d) Evaluate whether ZB should introduce performance-related pay. [12]

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2 ML Computers (MLC)

MLC is a successful private limited company that has been trading for 20 years in country K. The company makes a range of laptop computers. It is the market leader in a highly competitive market.

MLC is developing a new touchscreen computer that will use the latest technology. Initially secondary market research was carried out, followed by primary market research. The market research data suggested a high potential demand for the new touchscreen computer.

The Marketing Manager is planning the launch of the new touchscreen computer using price skimming.

All computers are made in MLC's two factories in country K. Operations are capital intensive. New machinery is needed to manufacture the new touchscreen computer. Maria, the Managing Director, decided to use leasing for the new machinery.

MLC has 350 employees. One of its objectives is to reduce labour turnover to 8% by 2026.

Labour turnover rates currently vary across the two factories. The labour turnover for Factory A is currently 14%. Table 2.1 shows employee data for Factory B.

Table 2.1 Employee data for Factory B

Total number of employees	200
Employees who left during the year	25

Maria is the majority shareholder with 55% of shares. She is concerned about the future growth of the company. Over the next three years she plans to launch five new computers using the latest technology. At a recent board meeting Maria proposed that the company changes the ownership of the business to a public limited company.

(a) (i) Identify **one** secondary market research source. [1]

(ii) Explain the term *leasing*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the difference in labour turnover between factory A and factory B. [3]

(ii) Explain **one** advantage to MLC of low labour turnover. [3]

(c) Analyse **one** advantage and **one** disadvantage to MLC of using price skimming to launch the new touchscreen computer. [8]

(d) Evaluate whether MLC should change from a private limited company to a public limited company. [12]

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