Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2023**

1 hour 30 minutes

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. Any blank pages are indicated.

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1 Fruit Farm (FF)

FF is a private limited company that provides packaged fruit to the industrial market (B2B). The farm grows a variety of different fruits including apples, bananas, and strawberries. The production process is labour intensive. FF employs 80 fruit pickers and uses piece rates as the method of payment (see Table 1.1).

Table 1.1 Data about FF's fruit pickers' payment

	Payment ($)
Apples (per box)	2.00
Bananas (per box)	1.50
Strawberries (per tray)	3.00

Motivation among the fruit pickers is poor. The fruit pickers' main concerns are:

- poor induction for new employees
- no encouragement of multi-skilling
- an autocratic management style.

The employees would like to introduce time-based payment at a rate of $4.50 per hour, to replace the piece rate payment.

The food industry has recently been criticised for a lack of sustainability. In response, FF's directors plan to move from single-use plastic packaging to using recycled materials. This would require the purchase of new machinery to package the fruit. The machinery would make the packaging production more capital intensive. FF's directors are also considering growing fruits that require fewer chemicals and less water. However, this will require changes to FF's supply chain management.

(a) (i) Identify **one** content theory of motivation. [1]

(ii) Explain the term *supply chain management*. [3]

(b) (i) An employee works for 8 hours and picks 5 boxes of apples, 2 boxes of bananas and 4 trays of strawberries.

Refer to Table 1.1 and other information. Calculate the difference between the employee's pay using piece rates and time-based payment. [3]

(ii) Explain **one** advantage to FF of introducing time-based payment. [3]

(c) Analyse **two** non-financial motivators that FF could use to motivate its fruit pickers. [8]

(d) Evaluate the likely impact on FF's stakeholders of improving the sustainability of operations. [12]

2 Wedding Gifts (WG)

WG is owned by Tomas who is a sole trader. He used to own part of a large wedding business which failed and went into administration.

Tomas started up WG two years ago using all his savings. WG is profitable but there are no retained profits. It has a positive cash flow and no debts.

Tomas manufactures personalised gifts using the factors of production. WG's target market is people who are getting married. Each gift can be personalised with the names of the married couple and their wedding date. These gifts (favours) are given to wedding guests by the married couple.

The gifts are made to each customer's specifications using a 3D printer owned by Tomas. Table 2.1 shows the data for a recent order enquiry from Jo who is getting married soon.

Table 2.1 Jo's order details

Design	Small star with personalisation
Quantity	250
Variable costs (per star)	$1.20
Allocated fixed costs	$150

Tomas prepared a quote to send to Jo. He used cost-based pricing to add a 50% mark-up to the cost of the order and sent the quote to Jo.

Tomas received an email reply from Jo (see Fig. 2.1).

Hey Tomas
Thanks for the quote. I am a social media influencer, and my wedding will be streamed on the internet for lots of people to see. I have 0.2m followers on social media and I know that they will love your products.
I think you should give me the order for free!
Thanks, Jo

Fig. 2.1 Email from Jo

The demand for Tomas' products is high, especially during the peak (busiest) wedding season. He would like to purchase an additional 3D printing machine so that he can meet demand throughout the year. He has found the ideal machine which will cost $60 000. Tomas knows that there are many factors which will influence his choice of sources of finance for the new machine.

(a) (i) Identify **one** factor of production. [1]

(ii) Explain the term *sole trader*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the total price of Jo's order. [3]

(ii) Explain **one** advantage for Tomas of using cost-based pricing. [3]

(c) Analyse **one** advantage and **one** disadvantage for Tomas of giving Jo the order for free. [8]

(d) Evaluate the most important factor which may influence Tomas' choice of sources of finance for the new 3D printing machine. [12]

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