Cambridge International AS & A Level

Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/22**

Paper 2 Data Response **May/June 2019**

1 hour 30 minutes

No Additional Materials are required.

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READ THESE INSTRUCTIONS FIRST

An answer booklet is provided inside this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper ask the invigilator for a continuation booklet.

Answer **all** questions.
The businesses described in this question paper are entirely fictitious.

The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **4** printed pages and **1** Insert.

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1 Job Shop (JS)

JS is a public sector organisation in country X. The mission statement of JS is in Fig. 1.1.

> To match up businesses that need workers with workers who need jobs

Fig. 1.1: JS mission statement

JS is one of the largest businesses in country X. It benefits from many economies of scale but also suffers from some diseconomies of scale. There is an outlet of JS in every main town and city in country X. Each outlet must cooperate with the others to provide the best service to those looking for new employment and businesses looking for new employees.

The employees of JS are all highly trained and skilled. They work in three different departments (see Table 1.1).

Table 1.1: Employee data for JS

Department	Main functions	Total number of employees	Number of employees who left in 2018
A	Dealing with people looking for jobs	25 000	6250
B	Dealing with businesses looking for workers	5 000	550
C	Paperwork and general administrative duties	10 000	600

The management team at JS are concerned about the poor motivation in Department A, which has led to high labour turnover. They interviewed those leaving Department A to ask for their reasons for leaving (an exit survey). The results are shown in Fig. 1.2.

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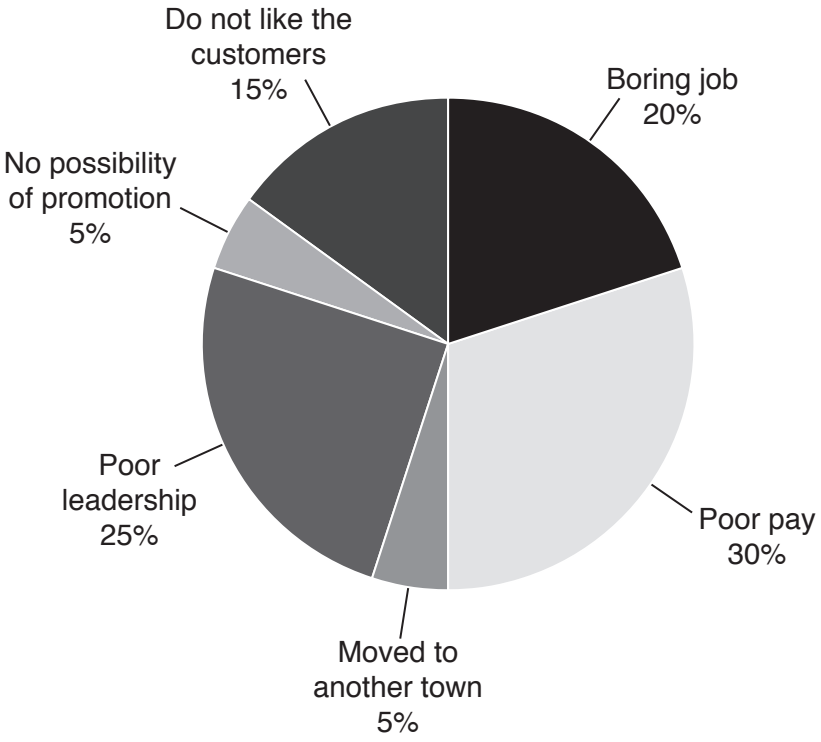


Fig. 1.2: Results of Department A employee exit survey

(a) (i) Define the term 'public sector' (line 1). [2]

(ii) Explain the relationship between a mission statement and a business objective. [3]

(b) (i) Refer to Table 1.1. Calculate the rate of labour turnover for the whole of JS in 2018. [3]

(ii) Explain **one** disadvantage for JS of having high labour turnover. [3]

(c) Analyse **one** economy of scale and **one** diseconomy of scale that may affect JS. [8]

(d) Recommend how JS could improve the motivation of its employees in Department A. Justify your recommendation. [11]

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2 Too Tasty (TT)

TT is a brand of vegetable chips (crisps) owned by a large public limited company. The vegetables are thinly sliced, cooked, flavoured and then packaged in the TT factory. The factory uses flow production with a different variety of vegetable chips made each day. The factory runs for 24 hours a day, 5 days a week. TT's varieties and some market data is shown in Table 2.1.

Table 2.1: Varieties and market data of TT's vegetable chips

Variety	Annual sales (million units)	Estimated price elasticity of demand
Beetroot	2	–0.9
Parsnip	3	–0.8
Potato	6	–1.1
Carrot	3	–1.5

All the varieties are sold at a price of $1 per unit. TT branded products have a high profit margin.

The owners of the TT brand would like to develop a new variety to expand the product portfolio. This new variety would be targeted at parents as a lunchtime snack for their children. The Marketing Director has been told to do some market research into potential new varieties of chips.

A large supermarket group would like to start a joint venture with TT. The supermarket wants to buy TT's vegetable chips, but branded with the supermarket packaging. If the directors of TT agree, this is expected to increase TT's annual sales by 25% and improve the cash flow of the business. However, the joint venture would mean TT's profit margin for supermarket branded chips would be lower than TT's branded chips. The manager at the factory where TT's vegetable chips are produced also has other concerns about the joint venture.

(a) (i) Define the term 'cash flow' (line 21). [2]

(ii) Explain the term 'brand' (line 1). [3]

(b) (i) Refer to Table 2.1. Calculate the effect of a price increase to $1.10 on the level of sales of the carrot variety of chips. [3]

(ii) Explain **one** way in which the price elasticity of demand figures may be useful to TT. [3]

(c) Analyse **one** method of primary market research and **one** source of secondary market research that the Marketing Director could use to help develop a new variety of vegetable chip. [8]

(d) Evaluate concerns that the factory manager might have about the joint venture between TT and the supermarket group. [11]

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