Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **May/June 2021**

1 hour 30 minutes

6629674249

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.

© UCLES 2021

1 Bilal's Homes (BH)

Bilal is a sole trader, who buys and sells apartments for a profit. Bilal left university two years ago and moved back to his parent's home in city W. He lacks social skills but he has always been good at self-management, so he wanted to start his own business.

Bilal bought his first apartment using money that he borrowed from his parents. He spent some time and money improving and upgrading the apartment and was able to sell it for a profit. Bilal paid his parents back and then had enough capital to purchase his second apartment. Since then, Bilal has bought three more apartments. Table 1.1 shows some financial details about the last three apartments that Bilal bought and sold.

Table 1.1: Financial details about the last three apartments that Bilal bought and sold

Apartment	Purchase price ($)	Cost of improvements and upgrades ($)	Selling price ($)
A	58 000	8 000	80 000
B	120 000	10 000	150 000
C	65 000	15 000	70 000

Bilal has done some market research and has found out that customer demand for buying apartments in city W is increasing. He knows that he needs to purchase as many apartments as he can before the prices increase. However, he is limited by the capital he has in the business.

Bilal has been approached by Sophie, another entrepreneur, who also buys and sells apartments. Sophie would like to enter into a business partnership with Bilal. She has provided Bilal with some details from the last year about her business. Bilal can use this data to help him decide if he would like to enter into the partnership (see Table 1.2).

Table 1.2: Details about Sophie and her business in 2020

Number of apartments bought and sold	6
Number of apartments that made a profit	4
Number of apartments that made a loss	2
Profit margin	11%
Capital available at end of year	$150 000
Sophie's main competencies	Social skills and social awareness

(a) (i) Define the term 'market research' (line 15). [2]

(ii) Explain the term 'social awareness' (line 29). [3]

(b) (i) Refer to Table 1.1. Calculate the profit margin Bilal made on the last three apartments that he bought and sold. [4]

(ii) Explain **one** way in which Bilal may add value to the apartments he buys. [2]

(c) Analyse **two** factors which could influence the demand for buying apartments in city W. [8]

(d) Recommend whether Bilal should enter into a business partnership with Sophie. Justify your recommendation. [11]

© UCLES 2021

2 Belted Up (BU)

Belted Up (BU) is a manufacturer of hand-made leather belts for clothing. The business makes a range of sizes and colours of belts using batch production. Table 2.1 shows some details of BU's best-selling belt, the Classic. The price of each Classic belt is $11.

Table 2.1: Details of BU's Classic belt

Size	Colour	Number of belts sold in 2020 (000)
Small	Brown	10
Medium	Brown	60
Large	Brown	40
Small	Black	15
Medium	Black	80
Large	Black	60

BU has an objective of internal growth. The directors of BU have decided to manufacture a new belt that can be reversed, so that it is black on one side and brown on the other. This could affect the amount of inventory held by BU and its liquidity. The directors have proposed process innovation so that the new belt can be produced by machine.

The factory manager has been promoted within the business and a new factory manager is needed. An extract from the job advertisement for this vacant position is in Fig. 2.1.

Job title: Factory manager

We are looking for a factory manager to drive the process innovation needed to develop the production of belts.

The factory manager will manage all of the 70 production workers and 8 supervisors in the factory. The manager will also meet regularly with the worker representatives.

The factory manager will also manage the inventory and be responsible for the warehouse operations.

Fig. 2.1: Extract from the job advertisement for the new factory manager

(a) (i) Define the term 'liquidity' (line 15). [2]

(ii) Explain the term 'internal growth' (line 13). [3]

(b) (i) Refer to Table 2.1 and any other relevant information. Calculate the total revenue from selling the Classic belt in 2020. [2]

(ii) Explain **one** advantage and **one** disadvantage to BU of selling a range of sizes and colours of the Classic belt. [4]

(c) Analyse **two** disadvantages to BU of the proposed process innovation. [8]

(d) Evaluate the usefulness of Mintzberg's roles of management for BU when recruiting a new factory manager. [11]

© UCLES 2021

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which itself is a department of the University of Cambridge.

© UCLES 2021