Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2024**

1 hour 30 minutes

0324925110

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 Recruitment Process (RP)

RP is a private limited company based in country Z. RP is an employment agency that operates in a dynamic business environment. To survive in the market RP must be efficient and maintain a good reputation. RP uses social media to attract customers and relies on word-of-mouth recommendations. RP has recently won an award for its diversity and equality practices.

RP's customers provide details of the roles and number of employees required. RP quotes a price to its customer and then agrees a contract to provide its services at the price quoted.

Ray, Managing Director, has asked Adjil, Finance Director, to provide a budget breakdown of a recent customer contract. RP's staff are specialist recruiters who find the appropriate employees for each job role.

Table 1.1 RP's budget for a recent customer contract, March 2024

Job role	Number of employees required	Specialist recruiters required	Cost per specialist recruiter ($000)	Total cost ($000)
Warehouse	70	1	100	100
Sales	225	3	120	360
Technology	145	3	140	420
Management	10	2	190	380
Total	**450**			**1260**

Adjil noted that the actual cost per employee recruited showed an adverse variance of $500.

Ray is concerned that the budget does not accurately show the costs to RP. Ray thinks this is because of inefficient practices in the recruitment process.

(a) (i) Identify **one** element of a dynamic business environment. [1]

(ii) Explain the term *employment agency*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate RP's actual cost per hire for the customer contract in March 2024. [3]

(ii) Explain **one** benefit to RP of using a budget. [3]

(c) Analyse **two** methods RP could use to select sales employees. [8]

(d) Evaluate the impact on RP of diversity and equality in the workplace. [12]

2 Festival Wear (FW)

FW is a partnership started by two friends, Maz and Jane. FW manufactures and sells high quality T-shirts at $40 each. The business can manufacture 35 000 T-shirts per month using mass customisation. The T-shirts are only sold at music festivals and concerts and are customised to each event. FW has never advertised the T-shirts, relying on a sales team to attend a festival or concert and personally sell the T-shirts. *5*

Current costs:

- variable: $10 per T-shirt
- fixed: $200 000 per month.

Sales average 27 000 T-shirts per month. Currently the sales team is paid a monthly salary, but Maz is proposing a new payment method in order to increase sales volume. This will *10* mean a lower monthly salary but a commission of $2 per T-shirt will be paid. Maz estimates that sales volume would increase to 30 000 per month.

Costs if the new payment method is introduced:

- variable: $12 per T-shirt
- fixed: $182 000 per month. *15*

This proposal has been discussed with the sales team. Some members of the team are enthusiastic about the proposal, but others are not happy with what they see as a reduction in their pay.

The business is expanding and considering moving to a bigger factory. This would require a $4 million investment in new machinery and staff training. *20*

Jane would also like to consider methods to increase sales volume. She has suggested that FW should expand its product portfolio to manufacture other items such as baseball caps.

(a) (i) Identify **one** fixed cost. [1]

(ii) Explain the term *mass customisation*. [3]

(b) (i) Calculate FW's break-even output per month if the new payment method is introduced. [3]

(ii) Explain **one** advantage to FW's employees of the new payment method. [3]

(c) Analyse **two** external sources of finance that FW could use to invest in new machinery. [8]

(d) Evaluate whether FW should expand its product portfolio to increase its sales volume. [12]

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