Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2025**

1 hour 30 minutes

7781886725

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 Crafty Toys (CT)

CT is a co-operative that produces and sells a range of wooden toys, such as puzzles, cars and dolls. The co-operative was formed in 2020 by a group of 12 people who share a passion for making toys. They wanted to work together to create quality products that would appeal to children and parents. No one person takes on the role of manager; instead, they share the traditional manager functions between them.

CT operates from a large workshop in a rural area of country Z, making toys using labour-intensive techniques. CT uses locally sourced wood that is certified as eco-friendly. CT also uses natural paints and finishes that are safe and non-toxic for children. Table 1.1 shows CT's output in 2024.

Table 1.1 Output data for CT in 2024

Number of people	Average hours worked per person per year	Output
12	1800	54 000 units

CT sells its products online through its own website and social media platforms, as well as through some independent retailers who specialise in ethical products. The co-operative also attends various trade fairs and exhibitions to showcase its products and network with potential customers and suppliers. CT has never researched customer wants.

CT faces some challenges in its current operations. These challenges include:
- high costs of production
- a long lead time
- a requirement for skilled workers.

CT is considering changing to flow production to overcome these challenges.

(a) (i) Identify **one** feature of a co-operative. [1]

(ii) Explain the term *traditional manager functions*. [3]

(b) (i) Refer to Table 1.1. Calculate the labour productivity for CT in 2024. [3]

(ii) Explain **one** advantage to CT of labour-intensive operations. [3]

(c) Analyse **two** methods of primary market research that CT could use to identify customer wants. [8]

(d) Evaluate whether CT should change to flow production. [12]

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2 Fresh Farm (FF)

FF is a partnership in country Q that grows a range of fruits and vegetables, such as apples, carrots and potatoes. FF also provides an advisory service to other farmers. The partnership was established in 2018 by three friends, Amrit, Harry and Sally, who provided the working capital. Their aim was to produce healthy and tasty food for themselves and others.

FF grows crops using natural methods and practices. The produce is free from chemicals and pesticides. It only uses renewable energy sources, such as solar panels and wind turbines. It harvests the crops by hand or using simple machines that minimise damage or waste, but this is labour intensive.

FF sells its products directly to consumers through its own farm shop and online delivery service. It also sells to local restaurants. Table 2.1 shows information on FF's revenue and costs in 2024.

Table 2.1 Extract from FF's financial data for 2024

	$000
Revenue	120
Direct costs	50
Indirect costs	30

FF has gained a loyal customer base who appreciate the quality, flavour and nutrition of its products. However, FF also faces some challenges and risks in the competitive and uncertain food market. FF has limited capacity in producing crops. Weather conditions affect its yield and quality. It also must deal with pests, diseases and natural disasters that could damage or destroy its crops.

Another challenge that FF faces is the high level of demand for its products in the market. The partnership must meet the expectations and requirements of its customers who want fresh, varied and consistent products throughout the year.

(a) (i) Identify **one** feature of a partnership. [1]

(ii) Explain the term *working capital*. [3]

(b) (i) Refer to Table 2.1. Calculate FF's profit in 2024. [3]

(ii) Explain **one** factor influencing the supply of FF's products. [3]

(c) Analyse **two** benefits to FF of product differentiation. [8]

(d) Evaluate whether business growth is a suitable objective for FF. [12]

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