Cambridge International AS & A Level

Cambridge International Examinations
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/21**

Paper 2 Data Response **October/November 2016**

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 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 **5** printed pages, **3** blank pages and **1** Insert.

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CAMBRIDGE International Examinations

1 Barbeque House (BH)

BH is a fast food restaurant and takeaway business which sells a range of burgers, kebabs, pizzas and side orders. BH also has a delivery service to the local area.

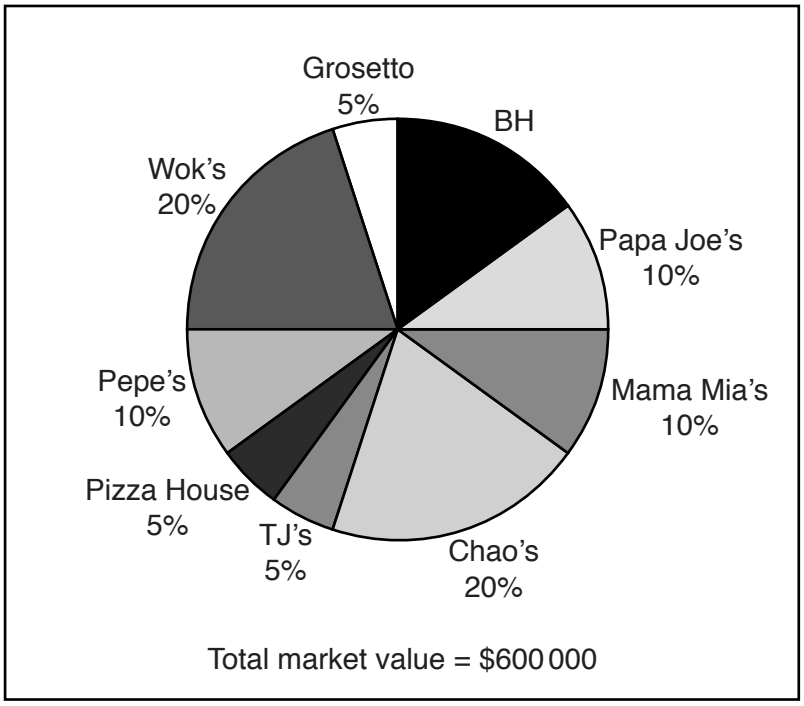
BH is owned by Amir who mortgaged his home to finance the start-up of the business. Amir operates BH as a sole trader. His son also works within the business as a chef. Amir has been advised to change the legal structure of BH and become a private limited company to protect the business and himself.

BH is located on a busy high street. There are a number of other similar businesses on the high street and in the surrounding area. Amir is aware that the continued success of the business requires him to differentiate BH from the competition and develop a Unique Selling Point (USP). Amir has carried out some market research.

Table 1:
Market research data about competitors within 2 kilometres of BH

Total number of competitors	8
Number of competitors who offer delivery services	4
Number of competitors who do not sell oriental food	6
Average price	$2

Fig. 1: Market share of BH and competitors within 2 kilometres of BH



The two market leaders are Wok's and Chao's. Both businesses specialise in oriental food but neither has a delivery service. Amir would like to increase BH's market share and he is considering starting to sell oriental food. None of his staff have any experience cooking or selling oriental food, but Amir believes that the possible increase in income would be worth any extra costs. *20*

(a) (i) Define the term 'Unique Selling Point' (lines 9–10). [2]

(ii) Briefly explain the term 'sole trader' (line 4). [3]

(b) (i) Refer to Fig. 1. Calculate the market value of BH's share of the market. [3]

(ii) Explain **one** benefit to Amir of carrying out market research. [3]

(c) Analyse the advantages and disadvantages to Amir of becoming a private limited company. [8]

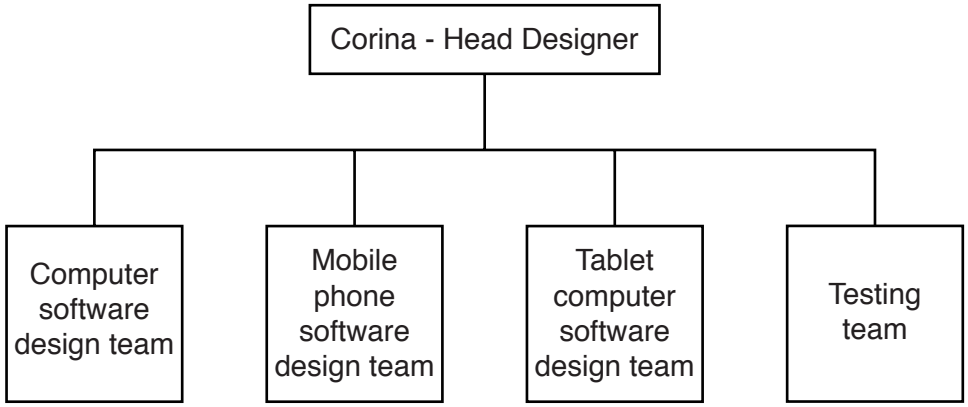
(d) Recommend whether BH should start to sell oriental food. Justify your answer. [11]

2 Software Creations (SC)

SC is a producer of specialised software for computers, mobile (cell) phones and tablet computers. SC targets the industrial market, selling mainly to small businesses which need a specific piece of software that is unique to that business.

SC employs a number of highly skilled workers who produce each piece of software. Most of the workers are under 30 years old and all have university degrees in computer related courses. All the workers are organised into teams. Corina is the Head Designer and she is in charge of all the teams. She mainly uses a laissez-faire style of leadership.

Fig. 2: Organisation chart of production teams



Targets are set for the teams. Each worker is paid by performance related pay based on how many of the targets the team meets.

Table 2: Production team data

Team	Number of workers in team	Number of workers from team who left SC in 2015	Average annual performance related pay of workers in team	% of targets met in 2015
Computer	5	0	$35 000	96%
Mobile phone	12	3	$32 000	87%
Tablet	10	2	$32 000	86%
Testing	8	4	$25 000	62%

The Testing team is responsible for making sure that the final product meets the needs of the customer. When a piece of software has been completed it is handed over to the Testing team who perform a series of tests on the software before it is released to the customer. The team has suffered from high labour turnover, which has led to a reduction in the number of targets being met.

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

(ii) Briefly explain the term 'laissez-faire style of leadership' (line 7). [3]

(b) (i) Refer to Table 2. Calculate the labour turnover rate for the Testing team in 2015. [2]

(ii) Analyse the disadvantages to SC of a high labour turnover rate in the Testing team. [8]

(c) Explain how the Testing team add value to the software created by SC. [4]

(d) Evaluate the motivation methods used at SC. [11]

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