Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **October/November 2024**

1 hour 30 minutes

L2998255567

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 Farm Equipment (FE)

FE is a public limited company based in country Z, where the primary sector accounts for 40% of all employees. Farm produce from country Z is sold to many other countries.

FE manufactures a range of farm equipment such as tractors and machinery. It sells its products to large farms. Farmers have remained loyal despite the availability of lower-cost farm equipment. FE's current market share in country Z is 8%. However, the market for farm equipment in country Z is growing and FE forecasts an increase in its market share, as shown in Table 1.1.

Table 1.1 The market for farm equipment in country Z

Year	2023 ($m)	2024 (forecast) ($m)
Market size	285	310
FE's revenue	22.8	29.45

Chuzi, FE's Managing Director, would like to develop new types of farm equipment. Chuzi recently appointed Lin, an intrapreneur tasked with developing new products.

FE's employees would like to join a trade union as they have low morale. They believe that management do not consider the welfare of the workforce. The employees feel that they have a poor work-life balance. FE does not offer any training and development opportunities. The management style is autocratic.

BL, a multinational farm equipment manufacturer, has recently located a factory close to FE. The management at FE is concerned about the impact of this on its human resource management (HRM).

(a) (i) Identify **one** feature of the primary sector. [1]

(ii) Explain the term *intrapreneur*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate the forecast change in FE's market share between 2023 and 2024. [3]

(ii) Explain **one** benefit to FE of product development. [3]

(c) Analyse **two** roles that FE has in the development of country Z. [8]

(d) Evaluate the likely impact on FE's HRM of the new BL factory. [12]

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2 Coffee Company Local (CCL)

CCL is a family business in country Y. It manufactures and sells coffee powder, which is used to make coffee drinks.

To make coffee powder CCL transforms coffee beans purchased from primary sector businesses into a fine powder. To make the powder, CCL roasts the beans, then grinds them into large pieces. Hot water is added to these large pieces, which transforms them into a liquid. When this liquid is cool, it is frozen and broken into tiny pieces that form the coffee powder. The coffee powder is then put in jars.

CCL uses product differentiation when selling the jars of coffee, as shown in Table 2.1.

Table 2.1 CCL's coffee products

Product	Description	Boston matrix analysis	Forecast proportion of total revenue (2024)
A	CCL's own brand	Cash cow	29%
B	A national supermarket's own label product	Question mark	30%
C	Quality product sold in a niche market	Question mark	15%
D	Non-branded product sold to wholesalers	Cash cow	26%

In 2023 CCL's total revenue was $10 million. Total revenue is forecast to increase by 10% in 2024.

The owners are concerned about CCL's long-term future, given the position of each product within the Boston Matrix.

The market for coffee products in country Y is forecast to grow by 25% over the next five years. CCL would like to increase the added value of its coffee products to benefit from the forecast market growth.

(a) (i) Identify **one** strength of a family business. [1]

(ii) Explain the term *niche market*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the forecast total revenue of product C in 2024. [3]

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

(c) Analyse **one** advantage and **one** disadvantage to CCL of using Boston Matrix analysis. [8]

(d) Evaluate the importance of operations to CCL's added value. [12]

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