UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

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| CANDIDATE NAME | | | | | | | | | |
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*9579108436*

**BUSINESS STUDIES** **0450/21**

Paper 2 **October/November 2011**

**1 hour 45 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

| For Examiner's Use | |
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| 1 | |
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This document consists of **11** printed pages, **1** blank page and **1** Insert.


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**1** **(a)** Simon wants to motivate his production workers to work harder. Identify **two** methods he could use to motivate production workers at Everyday Suits. Explain why these methods would be effective.

*For Examiner's Use*

Method 1: .....

Explanation: .....

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Method 2: .....

Explanation: .....

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**(b)** Appendix 2 shows the proposed new organisation chart for Everyday Suits. Simon will not be able to do all the work himself if the business grows bigger.

*For Examiner's Use*

Choose **four** departments that Simon could create and justify why each department could be important to the success of the business.

Department 1: .....

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Department 2: .....

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Department 3: .....

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Department 4: .....

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**2** **(a)** Refer to Appendix 3. Identify and explain **two** ways Simon could **increase** the added value of his current business.

*For Examiner's Use*

First way: .....

Explanation: .....

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Second way: .....

Explanation: .....

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**(b)** To expand the business Simon may need new machinery. To finance this, he is considering using an overdraft or leasing the equipment or selling more shares. Consider these **three** options for raising finance and recommend which one he should choose. Justify your choice.

*For Examiner's Use*

Using an overdraft: .....

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Leasing equipment: .....

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Selling more shares: .....

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Recommendation: .....

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**3** **(a)** As Everyday Suits expands it will need to employ new managers. Identify and explain **four** parts of an induction training programme for new managers.

*For Examiner's Use*

1. .....

Explanation: .....

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2. .....

Explanation: .....

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3. .....

Explanation: .....

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4. .....

Explanation: .....

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**(b)** Simon thinks that Option 1 would require a different marketing mix to Option 2. In what ways do you think each of the elements of the marketing mix will be different for Option 1 and Option 2? Justify your answer.

*For Examiner's Use*

Product: .....

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Price: .....

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Promotion: .....

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Place: .....

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**4** **(a)** As Everyday Suits expands it could gain from economies of scale. Identify and explain **two** examples of economies of scale the business might benefit from as it expands.

*For Examiner's Use*

Example 1: .....

Explanation: .....

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Example 2: .....

Explanation: .....

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**(b)** Using the information in Appendix 1, do you think Simon should be satisfied with the financial position of the business? Justify your answer using appropriate ratios.

*For Examiner's Use*

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**5** **(a)** Everyday Suits currently uses batch production. However, if Simon chooses Option 1 job production will be used or if he follows Option 2 flow production will be used. Explain the main features of job production for Option 1 and the main features of flow production for Option 2.

*For Examiner's Use*

Job production: .....

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Flow production: .....

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**(b)** Simon will need to use new machinery in the production of suits if he chooses Option 2. Do you think that the production workers at Everyday Suits would think the use of new machinery was a good idea or not? Justify your answer.

*For Examiner's Use*

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