



Cambridge International AS & A Level

BUSINESS

9609/23

Paper 2 Business Concepts 2

May/June 2024

1 hour 30 minutes



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.

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.

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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.

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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

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

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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.

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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 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.

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Costs if the new payment method is introduced:

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

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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.

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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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