

Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- the amount of output produced from a given amount of input (output per unit of input) (2 for a clear definition; 1 for a partial idea)

2.2

- $\frac{200}{5} = 40$ units per worker (2; award 1 for a correct method with the wrong figure)

2.3

- job production makes one unique item at a time; flow production makes identical items non-stop on a line (2 for a clear difference; 1 for a partial idea)

3.1

- [3] **AO1** 1 — name a benefit (lower cost per unit; more output; can compete on price). **AO2** up to 2 — develop it, e.g. higher productivity spreads fixed costs over more units
- lower unit cost
- the firm can cut price or raise its margin (2 developed / 1 limited)

3.2

- [8] For **each** of two benefits: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *low unit cost*: machines run non-stop
- many identical units
- economies of scale
- low cost per unit. *Consistent quality*: a standard line
- every unit is the same
- fewer defects and complaints. Maximum 4 per benefit, 8 total

3.3

- [12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Job**: unique, high-quality, custom furniture
- higher price, but slow and costly per unit. **Batch**: groups of the same design
- lower unit cost and some variety, but switching causes downtime and stock. Judgment: a maker of custom pieces should use job production; one selling several standard ranges should use batch — it depends on how varied the products are and the level of demand