

1 WMH is a business which operates in the secondary sector. It makes furniture including tables and chairs. WMH's employees are all members of a trade union. The Managing Director knows the business is likely to remain small. She is considering introducing new technology into WMH's factory. She also knows it is important for a manufacturing business to choose a suitable location for a factory.

(a) Define 'trade union'.

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[2]

(b) Define 'secondary sector'.

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(c) Identify **four** reasons why a business might remain small.

Reason 1:

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Reason 2:

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Reason 3:

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Reason 4:

..... [4]

[4]

(d) Explain **two** possible effects of WMH introducing new technology.

Effect 1:

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Explanation:

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Effect 2:

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Explanation:

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..... [b]

[6]

(e) Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.

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- 3 SBL is a fast food restaurant which sells 900 chicken burgers each week. It has 14 employees. The owner, Vicki, provides her employees with training but does not currently use delegation. She is preparing a break-even chart to help calculate SBL's margin of safety. A partially completed break-even chart is shown in Fig. 3.1. Vicki wants to know how an economic recession might affect her business.

Break-even chart for SBL

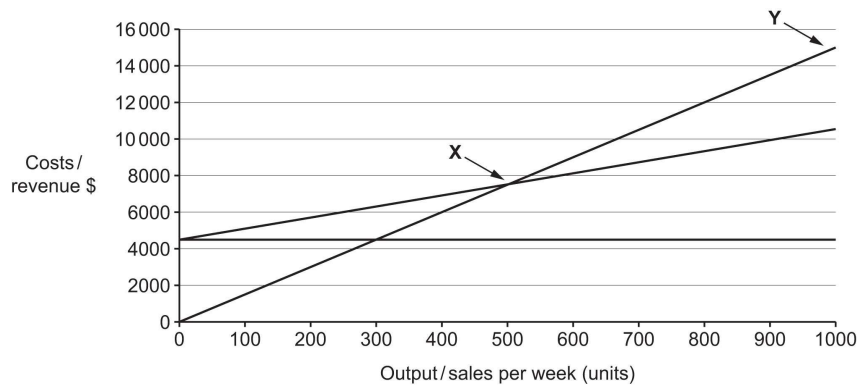


Fig. 3.1

- (a) Identify X and Y.

X:

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Y:

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- (b) Define 'margin of safety'.

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[2]

- (c) Outline **two** advantages of Vicki delegating tasks to her employees.

Advantage 1:

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Advantage 2:

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[4]

- (d) Explain **two** possible effects an economic recession might have on Vicki's business.

Effect 1:

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Explanation:

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Effect 2:

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Explanation:

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[6]

(e) Explain **two** methods of training a business might use. Which is likely to be the best method for a service business to use? Justify your answer.

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