



## Worksheet 4: Explain in context

### Designer Clothing (DC)

DC is a medium sized private limited company. It has been trading for 10 years. DC makes luxury dresses for women using job production methods. DC has an excellent reputation for quality. A DC designer has a meeting with every customer to design a dress that satisfies the customer's individual needs, including choice of fabric and colour. Cost-based pricing is used with 50% added to the average cost of each dress.

DC's employees are highly skilled and paid hourly rates (a time based method). Ikram, one of the designers, has just had a meeting with a new customer, Lydia. Lydia wants Ikram to design and make a new dress for her. Ikram has worked out the production data shown in Table 2.1 for the dress.

(Extract from 9609 Business 2023 Specimen Paper 2, Question 2)

1

- (a) Based on the following question, identify the best answer. Tick the appropriate box below.

Explain **one** payment method, other than time-based, that DC could use to pay its employees.

[3]

<b>Answer A</b>	One payment method could be using piece-rates. Piece-rates means that the workers will get paid for each dress that they make. This is likely to motivate the workers to produce more and make the business more revenue.
<b>Answer B</b>	DC could pay the workers a salary. Since each dress is made to each customers' needs, a salary would mean that the highly skilled employees can concentrate on maintaining DC's reputation for quality by doing the best job possible, as opposed to making many dresses just to get paid more.
<b>Answer C</b>	If the employees were paid using profit sharing, then they would be motivated to produce high quality products so that DC makes more profit, and their pay would be higher.

A	B	C
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- (b) Write your own contextual answer.



2

- (a) Based on the following question, identify the best answer. Tick the appropriate box below.

Explain **one** advantage to DC of using job production.

[3]

<b>Answer A</b>	Job production is making one-off products that can be specific to each customer's needs This means that DC can charge a high price and make a high profit margin.
<b>Answer B</b>	Each dress can be unique which means that it can be sold for a high price and make DC more profit.
<b>Answer C</b>	Every dress will be made to the specifications gained when the designer meets the customer, meaning that customers will be more satisfied and pay a higher price to DC.

A	B	C

- (b) Write your own contextual answer.