

- 1 (a) RRM is a small business. Identify and explain two reasons why RRM might remain small.

Reason 1: Lack of demand / market size

Explanation: As the motorbikes may not have a large number of potential customers in the local area. Without a large demand there is no point in trying to expand to sell large number of motorbikes and so the business will remain small.

Reason 2: Lack of capital for investment.

Explanation: As Rafael is considering to open another showroom in Main city, he may ~~not~~ have difficulty to raise capital and thus may not achieve his objective. Being a sole trader, he may depend mainly on the profit made or saving as a source of finance. [8]

- 2 (a) Rafael's son wants to know more about motivating employees. Identify and explain four levels of Maslow's hierarchy of needs as they might apply to Rafael's employees. (K-H, APP-H)

Level: Physiological Needs

Explanation: As Rafael's workers are paid well, they can easily satisfy their basic needs such as food.

Level: Safety/Security needs

Explanation: The workers receive health and safety training, thus they are safe at work. RRM and they have been working for many years.

Level: Social needs/love and belongings

Explanation: Rafael, being a democratic leader, can develop team-working with the 10 employees.

Level: Esteem needs

Explanation: It is about giving recognition for the job well done. Here Rafael seeks workers views and they are paid high wages. [8]

Level: Self-actualisation.

This is where workers realise their full potential. Workers feel valued and appreciated as shown by Rafael's concern to maintain motivation.