



EXAMINATIONS COUNCIL OF SWAZILAND  
Swaziland General Certificate of Secondary Education

CANDIDATE  
NAME

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CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**BUSINESS STUDIES**

**6897/02**

Paper 2

**October/November 2018**

**2 hours**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black ink to answer all questions.

Do **not** use staples, paper clips, high lighters, and glue or correction fluid.

Answer **all** questions.

You may use a calculator.

The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
3	
4	
5	
<b>Total</b>	

This document consists of 12 printed pages.

## Electrotech Ltd

Electrotech Ltd is a medium scale firm that manufactures electrical appliances. The main customers of the company are public corporations and private construction firms. Electrotech has been growing rapidly over the past seven years. The number of employees has increased from 20 in 2010 to 250 in 2017.

The Chief Executive Officer (CEO) of the company believes that management should be guided by well-known theories of motivation. He thinks that the business can be efficiently run if the theories of motivation are strictly followed. The CEO also motivates lower level managers by decentralising decision making roles.

All the workers in the firm are rewarded through a piece rate system. In protest, the administrative workers have engaged their trade union to negotiate for a time rate system. In addition, Electrotech pays a lot of attention to the packaging of its products. Every product package contains important information on how the product should be installed and used to ensure customer satisfaction.

For many years, the business has been using labour-intensive methods of production. These methods are now proving to be costly for the business to maintain profits. As a result, the CEO has advised the Human Resources Management Department (HRM) to retrench some of the workers. The plan is to replace redundant workers with new machine technology in order to improve efficiency.

Electrotech had set the following objectives for the year 2017.

### Appendix 1:

<b>PERFORMANCE OBJECTIVES AS AT 1ST JANUARY 2017</b>	
Profit Margin	12 %
Return on Capital Employed	8 %
Current Ratio	2:1
Acid Test Ratio	1.5 :1

Appendix 2 shows financial information about Electrotech Ltd for the year ended 31st December 2017.

### Appendix 2

<b>FINANCIAL INFORMATION AS AT 31ST DECEMBER 2017</b>	
	E(millions)
Sales Revenue	10
Profit	0.5
Inventory (Stock)	1
Current Assets (including stock)	3
Current Liabilities	2
Capital Employed	8

1. One of the market segments supplied by Electrotech Ltd is public sector organisations engaged in infrastructure development.

(a) Identify and explain any **two** aims of the public sector organisations that Electrotech Ltd is dealing with.

Aim 1 .....

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Explanation .....

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Aim 2 .....

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Explanation .....

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2. Electrotech Ltd has been growing rapidly over the past 7 years.

(a) Explain any **two** ways that the business could use to measure its size.

Way 1 .....

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Explanation .....

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Way 2 .....

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Explanation .....

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3. Workers at Electrotech Ltd are generally paid on a piece rate basis. Some workers are unhappy about the piece-rate system and think that the time rate system is better.

(a) Explain **one** advantage and **one** disadvantage to Electrotech Ltd workers of being paid using the piece rate system.

Advantage .....

Explanation .....

Disadvantage .....

Explanation .....

[8]





4. The marketing department at Electrotech Ltd has identified product packaging as one method of improving customer satisfaction.

(a) Identify and explain any **two** reasons why Electrotech Ltd packages its products.

Reason 1 .....

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Explanation .....

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Reason 2 .....

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Explanation .....

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(b) Evaluate the performance of Electrotech Ltd in 2017 on the basis of the information in appendix 1 and 2, using **two** relevant profitability and **two** liquidity ratios.

Profitability Ratios

Ratio 1 .....

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Ratio 2 .....

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..... [4]

Liquidity Ratios

Ratio 1 .....

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Ratio 2 .....

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..... [4]

Comment

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..... [2]

Evaluation

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5. The CEO of Electrotech Ltd has advised the HRM department to retrench some of the workers to give way for the introduction of machine technology.

(a) Identify and explain any **two** disadvantages to the business of retrenching some of its workers.

Disadvantage 1 .....

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Explanation .....

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Disadvantage 2 .....

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Explanation .....

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