



EXAMINATIONS COUNCIL OF SWAZILAND
Swaziland General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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NUMBER

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BUSINESS STUDIES

6897/01

Paper 1

October/November 2018

1 hour 45 minutes

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 blue pen.

Do **not** use staples, paper clips, highlighters, 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	
Total	

This document consists of **11** printed pages and **1** blank page.

1 Nosipho has opened a medium scale bakery business in Mbabane. She has decided to merge the business with a reputable flour milling company because she believes that this strategy will help in controlling the costs of raw materials. She also hopes to consider other types of merger in future.

(a) Explain what is meant by 'merger'?

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..... [2]

(b) Identify any **two** forms of merger other than the one described in the case.

Form of merger 1
Form of merger 2 [2]

Nosipho further wishes to open several branches in the different regions of the country.

(c) Identify and explain any **two** communication barriers that could be associated with such expansion.

Barrier 1
Explanation
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Barrier 2
Explanation
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..... [4]

Nosipho has employed a general manager to oversee operations of the bakeries. The new general manager believes that the business would perform better if she is allowed to delegate authority to the branch managers.

(d) Explain any **three** benefits to the branch manager of delegated authority.

Benefit 1

Explanation

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Benefit 2

Explanation

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Benefit 3

Explanation

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..... [6]

Nosipho thinks that the average costs of running the business would decrease if she opens more branches.

(e) Do you think that the average costs of production would decrease if the bakery business continued to expand? Justify your answer.

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2 Caterpillar (Pty) Ltd assembles and sells tractors to the public. The business mainly uses public relations to promote its products and has a well-motivated work force.

(a) Explain what is meant by 'public relations'.

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..... [2]

(b) Identify two characteristics of a well-motivated workforce.

Characteristic 1
Characteristic 2 [2]

Caterpillar uses quality control to ensure that the tractors meet the expectations of the customers.

(c) Identify and explain two phases of quality control.

Phase 1
Explanation
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Phase 2
Explanation
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..... [4]

The Managing Director is concerned about the company's low market share and wants to attract more customers by sponsoring popular football clubs as a promotion method.

(d) Identify and explain **three** other promotion methods that the business could use.

Method 1

Explanation

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Method 2

Explanation

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Method 3

Explanation

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..... [6]

The executive directors of Caterpillar (Pty) Ltd have agreed to spend more money on training the company's workforce rather than increasing salaries.

(e) Do you think that training workers would be more beneficial to the business than raising employees' salaries? Justify your answer.

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3 Siviwe is a small scale farmer supplying vegetables to local hotels and supermarkets. He wants to increase his scale of production and so he has approached a development bank for a loan to buy a larger farm. If the loan application fails, Siviwe will consider other sources of finance.

(a) Give **two** examples of sources of finance that Siviwe could consider for the required funding other than banks.

Example 1

Example 2 [2]

Siviwe uses labour intensive methods to produce the vegetables.

(b) Explain what is meant by '**labour intensive**'.

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..... [2]

Siviwe has decided to use agents to distribute the vegetables to distant towns.

(c) Identify and explain **two** reasons why Siviwe selected agents to supply the vegetables to final consumers.

Reason 1

Explanation

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Reason 2

Explanation

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..... [4]

Siviwe is considering using retailers to distribute his produce in future.

(d) Identify and explain **three** functions of retailers in the distribution of Siviwe's products.

Function 1

Explanation

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Function 2

Explanation

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Function 3

Explanation

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..... [6]

Siviwe uses the market oriented approach to decide on the kinds of vegetables he should grow. However, his opinion is that the product oriented approach would not work for him.

(e) Do you think Siviwe's opinion is correct? Justify your answer.

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- 4 Futhi runs a small textile firm producing t-shirts. Table 1 below shows some financial information about Futhi's business.

Table 1

Financial information about Futhi's textile business	
Item	Amount (E)
Total Fixed Costs per year	10 000
Variable costs per unit	60
Selling price per t-shirt	100

- (a) Define the term 'variable costs'.

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- (b) Identify **two** examples of variable costs in Futhi's business.

Variable Cost 1

Variable Cost 2 [2]

- (c) Using information shown in table 1, calculate the break-even point for Futhi's business.

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Futhi is planning to form a human resources department in the business.

(d) Identify and explain **three** functions of a human resources department.

Function 1

Explanation

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Function 2

Explanation

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Function 3

Explanation

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..... [6]

Futhi has been advised by a marketing expert to brand the t-shirts to attract more customers.

(e) Would you advise Futhi to brand the t-shirts? Support your answer.

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5 The government of Swaziland has introduced Free Primary Education (FPE) in all public schools. As a result, she has decided to change the country's fiscal policy by increasing taxes.

(a) Explain what is meant by 'fiscal policy'?

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..... [2]

(b) Identify **two** elements of a country's fiscal policy.

Element 1

Element 2 [2]

(c) Explain **two** negative effects of a tax increase on businesses.

Effect 1

Explanation

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Effect 2

Explanation

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..... [4]

Businesses have taken advantage of opportunities offered by globalisation to help the country develop.

(d) Identify and explain **three** positive impacts of globalisation on the economy.

Impact 1

Explanation

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Impact 2

Explanation

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Impact 3

Explanation

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Some businesses may produce products that are harmful to society.

(e) Do you think that government should control what businesses can produce? Support your answer.

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