



EXAMINATIONS COUNCIL OF SWAZILAND

CONFIDENTIAL

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JUNIOR CERTIFICATE EXAMINATION

BUSINESS STUDIES PAPER 2

MARKING SCHEME

MAXIMUM MARK 100

QUESTION 1

(a)

(i) State three characteristics of an entrepreneur.

- Risk taker
- Forward planner
- Innovativeness
- Persistence
- Clear vision

Any three, for 3 marks

[2]

(ii) Explain the meaning of the term 'entrepreneur' - Someone who risks time, effort and money to start and operate a business.

[2]

(iii) Explain two different stakeholders interest in the Babili and his Partnership.

Workers – these are the people who work in the farm business. Their **interest** is earning high salaries/wages and getting bonuses.

Owner (Babili) – he is the one who started the business. He is **interested** in high profits made by the business.

Customers – Interested in buying high quality product at low prices.

Government – interested in collecting tax from the business

Managers

Trade Unions

Financial institutions

Competitors

Community

Any 2 explained: (1 for identifying, 1 interest) X 2

[4]

(b) The farm business operates in an economy that uses the market system.

(i) List three fundamental questions that must be addressed in a market economy.

What to produce? [1]

How to produce? [1]

For whom to produce? [1]

(ii) Explain what is meant by term opportunity cost.

It is the next best alternative foregone or given up or sacrificed. [2]

(iii) Explain three characteristics of a market economy.

- Free enterprise
- Profit motive
- Absence of government intervention
- Self interest
- Private ownership of productive resources
- Strong competition amongst businesses

(1 for identifying and 1 for explanation) X 3 [6]

[Total: 20 Marks]

QUESTION 2

Babili believes that a motivated workforce is productive.

(a) (i) Classify the following according to the two views of motivation.

Examples of motivation	View of motivation
Lwazi works hard because she loves her job	intrinsic
Tukelo is working hard to impress his parents so that they buy him a smart phone	Extrinsic
Dodo exercises everyday so that she losses 10kg of weight	Extrinsic
Gobie has started a savings club at work because she wants her friends to develop a culture of saving money.	Intrinsic

[4]

(ii) Explain to Babili the difference between monetary and non-monetary rewards. Give an example of each.

Monetary rewards are money related centives that a business offers to motivte workers **(1)** whereas **Non Monitory rewards** are incentives that are not monitory based given to workers to motivate them for example perks and fringe benefits **(1)**

Examples of Monitory: Salary, Bonus, Wages (1)

Examples of Non Monitory: Company car, free accommodation, paid time off, paid school fees. (1)

[4]

Babili employed a manager for his business.

(b) (i) Explain to Babili three functions of a manager.

Intelligence – he should be a quick thinker.

Determination – he should not give up

Assertiveness – he should believe in himself and the business.

Initiative

Consistency

Communication skills

Enthusiastic

(Any 3 explained) 3 X 2

[6]

(ii) Explain any three ways in which Babili's business can contribute to the economy.

Provision of careers and jobs – give unemployed people chances to work.

Stimulation of growth in the economy – can lead to more output and growth

Stimulates competition – leads to firms working hard to produce quality output

Encourages innovation and flexibility

Increases government revenue

Improves the standard of living

(Any 3 explained) 3 X 2

[6]

[Total: 20 Marks]

QUESTION 3

Babili's vision is to expand into overseas markets.

(a) (i) Identify two reasons other than for expansion, would Babili's business need finance.

- Cater for short term cash needs
- buy stock
- Buy assets
- Pay expenses e.g. rent
- Pay creditors

2 X 1

[2]

(ii) Explain what is meant by "internal finance".

This is finance that is raised from sources within the business.

[2]

(iii) Explain two sources of external finance that Babili can use to finance the expansion to overseas markets.

Medium term loans – Payable over a period of three to seven years.

Long term loans – Payable over a long period of time of up to twenty five years.

(2 X 2)

[4]

Babili's agri-business has a variety of electronic payment methods through the bank that are available.

(b) (i) Explain the following electronic method of paying through the bank that could be used by Babili's agri-business.

Point of sale – customers are allowed to buy goods without paying cash, they only swipe their debit or credit cards at the counter in a speed point supplied by the bank. **[2]**

Bank draft – is a cheque drawn by the bank upon itself in order to provide a customer with means of payment that is more readily acceptable than your own cheque. **[2]**

Internet Banking is a method of banking where account holders access their accounts through the internet. Clients can make payments or check their account balances at the comfort of their home. The client is given an access number, bank code and personal identification number and the client has to follow instructions appearing on the screen/monitor. **[2]**

(i) Explain any three characteristics of money to Babili.

- Divisibility – can be divided into small units
- Portability – must be easy to carry it around
- Durability – should last for a long time without wearing out easily
- Scarcity – it should not be easy to access it
- Uniformity
- Acceptability

Any three points explained for 2 marks each **[6]**

[Total: 20 marks]

QUESTION 4

Babili was in partnership with two friends.

(a) (i) State any four contents of a partnership deed which Babili and friends might have included in their partnership deed.

- How much capital each partner has contributed
- Interest to be charged on drawings
- Interest on capital
- Salaries to be paid to partners
- Ratio for sharing profits and losses
- Name and addresses of partners

(any four) 4 X 1

[4]

(ii) Explain two disadvantages of a partnership that Babili might have experienced whilst in partnership with his friends.

- Unlimited liabilities – the owners are liable for all the debts of the business
- Disagreements may occur – sometimes owners may fail to reach an agreement on certain matters of the business
- No separate legal entity – the business and the owners are one unit
- No continuity
- Profits are shared

(Any two) 2 X 2

[4]

(b) Do you think Babili made a good decision by becoming a sole trader? Justify your answer.

Advantages of sole trader

- All profits belongs to the owner
- He is his own boss
- Decisions taken quickly
- May grant credit to consumers
- Situated near potential consumers
- Usually open early and close late
- Can offer personal service to consumers

Disadvantages of a sole trader

- Jack of all trade
- Limited capital
- Unlimited liability
- No continuity upon death of owner
- Difficult for owner to take holidays
- Poor decisions as there is no one to consult

1 advantage explained = 2 marks

1 advantage stated = 1 mark

1 disadvantage explained = 2 marks

1 disadvantage stated = 1 mark

1 application in one point = 2 marks

Conclusion = 2 marks

Thus, Advantages/Disadvantages will carry 3 marks even if all three are listed.

No mark for conclusion if all advantages/disadvantages are listed or not explained.

Allow disadvantages/advantages of a partnership compared to advantages/disadvantages of a sole trader. [10]

[Total: 20 Marks]

QUESTION 5

(a) Babili had taken time to get information on employer associations..

(i) Explain what is meant by 'employer associations'.

Communication technology that allows messages to be sent from one computer to another. **[2]**

(ii) List two benefits that Babili could enjoy by using e-commerce when it has expanded to overseas markets.

- Orders can be placed at any time as a 24 hour service is provided on the internet
- Purchases can be made in the comfort of your home
- It discourages impulse buying.

Any two listed for 2 marks [2]

(iii) Explain to Babili three advantages of joining an employers association.

- It is easier to raise awareness of members on effective measures of bargaining with trade unions
- Small scale business owners or new employers benefit from the experienced employers who have been in trade for long
- They help to decrease the ability of trade unions to intimidate (bully) inexperienced employers
- Members of the federation are given manuals describing how to deal with labour matters
- They represent their members when dealing with government proposals that may negatively affect the interests of business
- Workers stand a better chance of achieving their goals when they deal with an employer association rather than dealing with an individual employer.

Any three points explained for 2 marks each (2 x 3 [6]

Babili is considering to promote his products in order to increase his market share.

(b) Advise Babili on whether promoting his products in Town A would increase his market share or not. Support your answer.

Advantages of promotion

- Raises awareness of a product
- Increases market share
- Informs customers of the features of the product
- Can lead to higher sales

Disadvantages of promotion

- It is expensive
- Bad publicity can lead to low sales
- Some consumers associate promotion with high prices
- Can lead to high prices

1 advantage explained for 2 marks

1 advantage stated for 1 mark

1 disadvantage explained for 2 marks

1 disadvantage stated for 1 mark

1 application in one point for 2 marks

Conclusion by taking a stand 1 mark

Explaining the stand or point 1 marks

Thus, Advantages/Disadvantages will carry 3 marks. Allow all 3 marks if all three are listed.

No mark for conclusion if all advantages/disadvantages are listed or not explained.

[10]

[Total: 20 Marks]