



Confidential

MARK SCHEME

{6897/01}

MARKS: 80

<p>Q1. Themba owns a large bakery. He wants to achieve several business aims and help Eswatini to develop. Themba views business activity as a way of meeting human needs and wants. Themba is concerned that the country's three sectors of the economy are not contributing equally to economic growth. He thinks that the country could stimulate economic growth by allowing for more privatisation of public corporations. Themba also thinks that his workers would be more productive if they were not members of a trade union.</p>			
Question	Answer	Marks	Guidance
1 (a)	<p>Define the term 'business aims'?</p> <p>Application [2x1]: award 1 mark per feature of the definition of business aims</p> <p>Valid point could include:</p> <ul style="list-style-type: none"> business aims are basic purposes (1k) that the business seeks to achieve within a particular period(1k) targets (1k)to which an organisation may work towards in a given period (1k) 	2	<ul style="list-style-type: none"> Award 1 mark for a partially correct answer Accept a reference to objectives or reasons for doing business
1 (b)	<p>Identify the difference between human 'needs and wants'.</p> <p>Knowledge [2x1]: award 1 mark per difference between 'needs' and 'wants'.</p> <p>Response could include:</p> <ul style="list-style-type: none"> Needs are all the goods and services that one requires for survival (1k) while wants are the goods and services one desires to have but may live without (1k) 	2	<ul style="list-style-type: none"> Award 1 mark for a partially correct answer
1 (c)	<p>Explain two recent changes in the contributions made by the three sectors of the Economy in Eswatini.</p> <p>Knowledge [2x1]- award 1 mark for each point</p> <p>Application [2x1]- award 1 mark for each relevant explanation</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> Level of output in the primary sector is declining (1k) because some mines have closed down and agricultural output has declined due to climate change (app) Manufacturing sector is declining (k) as major factories e.g. pulp, paper mill, textiles had to close down following loss of access to the USA market or AGOA (app) Tertiary sector is expanding (k) due to increase in tourism, retail industry, banking, educational institutions and health services (app) 	4	<ul style="list-style-type: none"> Award 1 application mark for analysis referenced to Eswatini Points should refer to increased or decreased contribution of each sector to Eswatini economic growth or GDP

Question	Answer	Marks	Guidance
1 (d)	<p>Explain two reasons why the Government might not want to privatise public corporations.</p> <p>Knowledge [2x1] - award 1 mark for each advantage identified</p> <p>Application [2x1] –award 1 mark for each relevant reference made to Themba’s business</p> <p>Analysis [2x1] – award 1 mark for each relevant explanation</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • Some essential services might close down (1k) as private companies who take over are interested in profits (app) thus standard of living of the people would be compromised (an) • To prevent job losses (1k) as public corporations employ many workers (app) that could become redundant in a profit-making business (an) • Privatisation benefits fewer people (k) as the public corporations could be acquired by foreign business (app) who might repatriate the profits (an) 	6	<ul style="list-style-type: none"> • Answers should refer to disadvantages of privatisation • For each well explained point look for knowledge, application and analysis • Award 1 mark for each skill or AO demonstrated
1 (e)	<p>Do you think that joining a trade union would benefit Themba’s workers? Justify your answer.</p> <p>Knowledge [1] – award 1 mark for identification of relevant point [max 1]</p> <p>Application [1] – award 1 mark if relevant reference made to the business</p> <p>Analysis [2] – award up to 2 marks for relevant development of point(s)</p> <p>Evaluation [2] – justified decision as whether or not a trade union could benefit Themba’s workers</p> <p>Valid positive points:</p> <ul style="list-style-type: none"> • Improved working conditions for the workers (app) as Unions would bargain for workers’ interests with Themba (an) • Protected jobs (k) as the unions guard against unfair dismissal or retrenchment of workers by Themba (an) <p>Valid negative points:</p> <ul style="list-style-type: none"> • Loss of wages (app) as Themba could effect no-work-no-pay rule on workers during strikes (an) • Loss of jobs as Themba could decide to close down business rather than accede to workers’ demands <p>Judgment: I think the union could improve workers’ skills as unions do assist in the training of workers (2ev). However, if labour costs increase to beyond sustainable levels, Themba could save the business by retrenching the workers (2ev).</p>	6	<ul style="list-style-type: none"> • Answers should refer to advantages and disadvantages to workers of joining a trade union and then taking a well-supported position.

Q2. Joe owns a chain of restaurants which are located in densely populated areas of towns around the country. The restaurants are currently not profitable. Joe has called his managers to a meeting. The Human Resources Manager reports that workers lack motivation hence they must be offered non-financial rewards. The Accountant thinks that the business's profits are affected by high operational expenses. Joe is considering raising food items in the restaurants. The Marketing Manager has suggested that the restaurants should be relocated to areas that are less polluted.

Question	Answer	Marks	Guidance
2 (a)	<p>Define 'motivation'</p> <p>Knowledge [2x1]: award 1 mark per feature of the definition of motivation</p> <p>Valid points include:</p> <ul style="list-style-type: none"> Process of stimulating people to persistently work hard towards (1k) accomplishing the goals of the organisation (1k) 	2	<ul style="list-style-type: none"> Award 1 mark for a partially correct answer Award marks for reference to either intrinsic or extrinsic motivation
2 (b)	<p>Identify two non-financial rewards that Joe could offer the employees.</p> <p>Application [2x1] - award one mark per example of a financial incentive</p> <p>Valid points include:</p> <ul style="list-style-type: none"> team working in the restaurant, job enrichment for waiters, job security, opportunity for promotion, status of recognition. 	2	<ul style="list-style-type: none"> Do not award marks for stating "financial benefits" Answers must refer to Joe's restaurant
2 (c)	<p>Explain two factors of production that are likely to affect the profit of Joe's restaurants.</p> <p>Knowledge [2x1]- award 1 mark for each point</p> <p>Application [2x1]- award 1 mark for each relevant explanation</p> <p>Valid points:</p> <ul style="list-style-type: none"> Land (app) as Joe's restaurant spends more money on rent (k) for operating at town centre Capital (app) as Joes restaurant spends highly on loan repayments (k) Labour (app) as less motivated workers at Joe's restaurant fail to keep customers happy (k) 	4	Answers must be inferred from the opinions made to Joe by the managers in the case study

Question	Answer	Marks	Guidance
2 (d)	<p>Explain two ways that Joe’s restaurants could use to reduce pollution in their operations.</p> <p>Knowledge [2x1] - award 1 mark for each advantage identified</p> <p>Application [2x1] –award 1 mark for each relevant reference made to Moya Industries</p> <p>Analysis [2x1] – award 1 mark for each relevant explanation</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • The restaurant could package the food items (app) on biodegradable or reusable material (k) so as to reduce physical or visual pollution (an) • The business could recycle waste material (k) and use it as raw material (app) so that solid waste is not dispelled to the environment (an) • The restaurant could recycle grey water (k) from the kitchen (app) so that the business could reduce water usage (an) 	6	<ul style="list-style-type: none"> • Answers should refer to ways of reducing pollution in a business • For each well explained point look for knowledge, application and analysis • Award 1 mark for each skill or AO demonstrated
2 (e)	<p>Do you agree that if Joe increased the price of food items, the restaurant could become more profitable? Justify your answer.</p> <p>Knowledge [1] – award 1 mark for identification of relevant point [max 1]</p> <p>Application [1] – award 1 mark if relevant reference made to the business</p> <p>Analysis [2] – award up to 2 marks for relevant development of point(s)</p> <p>Evaluation [2] – justified decision as to whether an increase in price of food items could make Joe’s restaurant become more profitable</p> <p>Valid points for price increase:</p> <ul style="list-style-type: none"> • Increased contribution margin (app) as the higher price of meals (app) could enable the business to recover expenses within a short period of time (an) • Retention of loyal customers (k) as the higher prices of food items could give customers (app) the impression that the restaurant offers better quality meals compared to its competitors (app), (an) <p>Valid points against price increase</p> <ul style="list-style-type: none"> • Decreased demand (k) as most customers wouldn’t afford the meals and then opt for cheaper restaurants (an, app) • Loss of revenue (app) as competitors may bring out lower priced products thus taking away the market from Themba’s restaurants (app, an) <p>Judgment: Themba’s business could lose reputation as potential customers are put off by high prices (2ev). However, the high prices can give the restaurants high profits (app) thus helping Themba to access more loans from banks (2ev).</p>	6	<p>Answers should refer to advantages and disadvantages of raising prices in marketing and its effect on the elasticity of demand and the psychology or perceptions of customers.</p> <p>-Accept advantages and disadvantages of skimming prices</p>

Q3. Grainex Ltd is an international maize milling company. It produces maize meal and flour for retail shops. The company has conducted market research. Findings show that the business could profitably invest in animal feed. Grainex Ltd uses large trucks to collect grain from distant farmers. The processing of the grain involves machinery and labour-intensive methods. The company has a reputation for respecting consumer rights. However, a shop steward has told workers that "Grainex Ltd is just another multinational company seeking to offer little benefits to the local economy".			
Question	Answer	Marks	Guidance
3 (a)	<p>Define 'market research'.</p> <p>Knowledge [2x1]: award 1 mark per feature of definition of market research</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • Process of gathering information (k) about what customers need and want (k) • Finding out about customer needs and wants (k) so as to enable a business to develop effective strategies (k) 	2	Award 1 mark for a partially correct answer
3 (b)	<p>Identify two likely customers for Grainex Ltd.</p> <p>Application [2x1] award one mark per correct example of Grainex Ltd.'s segments, other than retail shops</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • livestock farmers • bakeries • individuals • hotels and restaurants 	2	<ul style="list-style-type: none"> • Answers must relate to possible market segments for a producer of flour, maize meal and animal feed • No marks for mentioning retail shops as they are stated in the case
3 (c)	<p>Explain one external benefit and one external cost resulting from the operations of Grainex Ltd.</p> <p>Knowledge [2x1]- award 1 mark for each point Application [2x1]- award 1 mark for each relevant explanation</p> <p>Valid examples of external benefits:</p> <ul style="list-style-type: none"> • Grainex Ltd creates jobs for many workers (k) since it uses labour-intensive methods (an) • Grainex Ltd influences other businesses to survive (k) as it is both a supplier and consumer of raw materials to related businesses (an) <p>Valid examples of external costs</p> <ul style="list-style-type: none"> • Increased pollution (k) the business uses trucks to collect raw materials from farmers thus causing air pollution (an) • Grainex Ltd's factory might be causing noise pollution around its surrounding areas thus causing illness or deafness among workers (an) • Grainex might be buying grain at low cost (k) thus keeping farmers impoverished (an) 	4	<ul style="list-style-type: none"> • Answers must refer to the type of business that Grainex Ltd is doing • other applicable external costs could include road accidents, knocking down of wild life and other livestock along the road

Question	Answer	Marks	Guidance
3 (d)	<p>Explain two ways which could show that Grainex Ltd respects consumer rights.</p> <p>Knowledge [2x1] - award 1 mark for each point indicating respect for consumers' rights</p> <p>Application [2x1] –award 1 mark for each relevant reference made to Grainex Ltd</p> <p>Analysis [2x1] – award 1 mark for each relevant explanation</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • Grainex Ltd could avoid selling products (k) that are suitable for human and animal consumption (app) so as to show concern for social welfare (an) • Grainex Ltd could avoiding using misleading adverts on its finished products (app) so as to avoid taking advantage of ignorant consumers (an) • Grainex can avoid selling underweight products (k) thus protecting consumers from losing out in transactions (app) they make with the business (an) 	6	<p>Answers must refer to how Grainex Ltd treats her customers fairly.</p>
3 (e)	<p>Do you agree with the shop steward that multinational companies, such as Grainex Ltd, are of little benefit to the local economy? Justify your answer.</p> <p>Knowledge [1] – award 1 mark for identification of relevant point [max 1]</p> <p>Application [1] – award 1 mark if relevant reference made to the business</p> <p>Analysis [2] – award up to 2 marks for relevant development of point(s)</p> <p>Evaluation [2] – justified decision as whether or not multinational companies are of benefit to local economy</p> <p>Valid points for multinational companies could include:</p> <ul style="list-style-type: none"> • Increased job opportunities (k) for locals as multination corporation usually operate at large scale (an) • Increased country's GDP (app) as multinational corporations export a large volume of products (an) <p>Valid points against multinational companies could include:</p> <ul style="list-style-type: none"> • Loss of national income (k) as multinational repatriate profits (an) • Declined business opportunities (k) as multinational corporations may force local businesses out of competition (an) <p>Judgment: Multinational corporations provide an inflow of capital as they build factories and invest in domestic infrastructure such as schools and training centres thus improving the country standard of living (2ev). However, multinational corporations may also import skilled labour who don't spend their salaries in the local economy thus yielding less economic benefits for the country (2ev).</p>	6	<p>Answers must refer to the advantages and disadvantages of multinational companies</p>

<p>Q4. Profam is an organisational that trains farmers' associations in commercial agriculture. The farmers are trained on how to deal with the 'economic problem' in farming. The farmers also learn how to add value and use financial ratios to determine the financial position of a business. The last aspect of the course seeks to inform farmers on different methods that can be used to calculate pay for farm workers. Profam advises the farmers to form joint ventures with companies that own large scale plantations.</p>			
Question	Answer	Marks	Guidance
4 (a)	<p>Define 'economic problem'. Knowledge [2x1]: award 1 mark per feature of the definition of economic problem Valid points could include:</p> <ul style="list-style-type: none"> • The constant discrepancy (k) between unlimited needs and wants of the society and limited resources available to satisfy them (an) • A persistent economic situation (k) where human needs and wants exceed the capacity of available (k) resources to satisfy those needs and wants sufficiently • An economic concept (k) which states that there is often a lack of balance between human needs and wants and finite resources (an) 	2	Award 1 mark for a partially correct answer
4 (b)	<p>Identify two ways farmers could use to add value in their businesses. Application [2x1] award one mark per example related to Profam Valid points could include:</p> <ul style="list-style-type: none"> • Training farm workers on how to do their work better by reducing costs • Adding extra benefits to the original product such as adding raisins and baking powder to flour • Differentiating the mealie in terms of level of refinement • Developing portable packaging for the flour and maize meal • Providing transport for bulky purchases so as to bring convenience to retail customers. 	2	Answers must refer to the farming business ways of adding value in agricultural product and its marketing mix
4 (c)	<p>Explain two financial ratios that farmers can use to determine the financial position of their businesses. Knowledge [2x1]- award 1 mark for each point Application [2x1]- award 1 mark for each relevant explanation Points could include:</p> <ul style="list-style-type: none"> • The farmers could use return on capital employed (k) to compare the amount of profit to farming capital used (app) so as to measure the size of profit made (an) • Acid-test ratio (k) by comparing net current assets to current liabilities so as to determine farming business's ability to pay short term debts (an) 	4	<ul style="list-style-type: none"> • Answers should refer to a farming enterprise • Accept other examples of liquidity and profitability ratios which must be accompanied by explanations of why they are used

Question	Answer	Marks	Guidance
4 (d)	<p>Explain two different methods farmers can use to calculate a labourer's pay.</p> <p>Knowledge [2x1] - award 1 mark for each advantage identified</p> <p>Application [2x1] –award 1 mark for each relevant reference made to Grainex Ltd</p> <p>Analysis [2x1] – award 1 mark for each relevant explanation</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • Piece rate method (k) where the farmer calculates the farm worker's pay (app) based on the amount of work done (an) • Time rate method (k) where the farm worker's pay is calculated using the time the workers has spent doing the job for which he has been hired to do in the farm (app, an) 	6	Answers should refer to farm work.
4 (e)	<p>Do you think that forming joint ventures with large companies would benefit the local farmers' associations? Justify your answer.</p> <p>Knowledge [1] – award 1 mark for identification of relevant point [max 1]</p> <p>Application [1] – award 1 mark if relevant reference made to the business</p> <p>Analysis [2] – award up to 2 marks for relevant development of point(s)</p> <p>Evaluation [2] – justified decision as whether a joint venture can benefit local farmers' associations</p> <p>Points in favour of joint ventures could include:</p> <ul style="list-style-type: none"> • Farmers would find it easy to raise capital for big projects (k) thus getting opportunity to enjoy economies of scale (an) • Improved farming skills as local farmers get exposure by working with multi-national companies • Reduced risk of failure (app) as operating costs would be spread between local farmers and the multi-national companies compared to when working alone (an) <p>Points against joint ventures:</p> <ul style="list-style-type: none"> • Poor cooperation(k) as partners may experience a clash of cultures between local associations and the multi-nationals resulting in low performance • High temptation (app) to leave the joint venture as conflicts over share of profits might divide the parties (an) • Language barrier might hamper effective communication between the parties <p>Judgment: Joint venture might not last long as one of the partners may be unreliable and not devote maximum effort to the project (2ev). However, the joint venture can benefit the farmers as the partners may save money through sharing advertising and marketing costs (2ev).</p>	6	Answers should refer to advantages and disadvantages of joint venture enterprises