

**EXAMINATIONS COUNCIL OF ESWATINI**

# **EPCSE**

**EXAMINATION REPORT**

**FOR**

**ENTREPRENEURSHIP (5923)**

**YEAR**

**2022**

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### General comments

The general performance of the candidates was poor in all centres, the majority of candidates scored below 50%. Some candidates did not attempt some of the questions resulting in them scoring low marks. The majority of the candidates were able to recall and reproduce **(AO1)** and struggled to reach the skills and concepts level **(AO2)** and the strategic thinking **(AO3)** hence they performed poorly in both sections A and B.

### Comments on Specific Questions

#### Section A

This section has **two** (2) short structured questions each question subdivided into a, b, c and d. Candidates were expected to answer all the questions.

#### Question 1

- (a)** Candidates were expected to define a cooperative society. A majority of the candidates were defining partnership instead of cooperative society. The expected answer was; it is a form of an enterprise whereby members with a common interest voluntary joins and contribute resources to serve their economic needs.
- (b)** Candidates were required to explain two reasons why verbal communication was a suitable method for Carpet Masters to use when forming the cooperative society. The majority of the candidates were able to identify the reasons **(AO1)** and a few were able to explain why it is the suitable method **(AO3)**.

#### Expected response:

- Immediate feedback.
- Able to address many people at the same time.
- Offers opportunity to clarify misunderstanding.
- Parties can use gestures to emphasize their points.

- (c) Candidates were expected to analyse two drawbacks which Carpet Master might have experienced when negotiating the price of the assets. The majority of the candidates performed poorly in this question, they were not able to identify drawbacks of negotiation.

The expected drawbacks were as follows:

- It takes time to reach conclusion
- Lack of legal protection
- Imbalance of power between the parties may make one party to lose out.
- The other party may not negotiate in good faith.

- (d) Candidates were required to analyse two challenges in managing Carpet Master Functions. The majority of candidates were able to analyse the challenges. The challenges were as follows:

- Lack of unity or silo thinking
- Competition for resources
- Group think
- Finding qualified employees

## **Question 2**

This question proved to be the most difficult question as the majority of the candidates failed to get correct answers hence they scored low marks in the question.

- (a) Candidates were required to state two types of business documents that can be used by Carpet Masters when trading. Most candidates did not get this question correct, some were stating patent and copyright, which are protection rights. The business documents included: invoice, order, receipts, debit note, credit note
- (b) The candidates were required to explain two reasons why Carpet Master needs to calculate net profit margin. The majority of the candidates did not perform well in this question; they were confusing net profit with net profit margin.

### **Expected responses were:**

- To help members see if they are generating enough profit from sales
- To see whether operating costs and overheads are being contained.
- It is an important indicator of enterprise success
- To measure the profitability of the business after expenses has been deducted from revenues

- (c) Candidates were expected to analyse two benefits to Carpet Masters of calculating the break-even point. The majority of the candidates did well in this question as they were able to analyse the benefits of calculating the break-even point to Carpet Masters. The benefits included:
- It gives an idea to the owners of what their sales need to be in order to start being profitable.
  - It establishes the baseline of sales revenue/or volume that has to be generated to cover costs.
  - It gives an insight into how the business is doing
  - analysing business costs including total fixed costs.
- (d) This was the easiest question to the candidates as most of them were able to justify two reasons why Carpet Masters would need finance. The reasons were as follows:  
Start-up capital, Finance for expansion, Working capital

## **Section B**

### **Question 3**

This question proved to be the easiest question as the majority of the candidates were able to analyse the benefits of entering into a joint venture and apply knowledge and understanding of branded goods.

- (a) Candidates were able to analyse two benefits to Carpet Masters of entering into a joint venture without a struggle.

The benefits included:

- Sharing risks and costs
- Access to greater resources
- Access to new knowledge and expertise
- Increased capacity
- Access to new markets and distribution networks

- (b) Candidates were required to justify whether Carpet Masters should sell branded goods. The majority of the candidates performed well in this question as they were able to offer an explanation of the advantages and disadvantages of selling branded goods plus justification for or against them. What was most interesting was the quality debate from the candidates and they were able to reach the highest level (AO3), which is the strategic thinking.

The levels were as follows:

Level	Descriptors
3	Candidates were expected to offer an explanation of the advantages and disadvantages of selling branded goods plus justification for or against branded goods.
2	Candidate were expected to apply knowledge and understanding of branded goods
1	Candidates were expected to demonstrate some knowledge and understanding of the advantages or disadvantages of selling branded goods but there is no application.
0	No credible response. Candidates were unable to demonstrate any knowledge or understanding of advantages and disadvantages of selling branded.

**Expected response may include:**

**Advantages**

- Competitive edge in the market
- Easy introduction of new products
- Customer loyalty and shared values
- Enhanced credibility and ease of purchase

**Disadvantages**

- Huge development costs
- Limited quality flexibility
- There is increased competition

**Question 4**

**(a)** Candidates were expected to explain two reasons why managing inventory was important to Carpet Masters. Most candidates were able to answer this question correctly, though some struggled to reach the strategic thinking level (AO3).

**Expected response** may include:

- Availability of stock
- It saves money
- It increases efficiency
- It organises the warehouse

- (b) Candidates were required to evaluate whether laissez faire leadership would improve the productivity of workers in this business. Most candidates were able to answer this correctly; they were able to offer an explanation of the advantages and disadvantages of the laissez style of leadership plus a justification for or against using this leadership style.

The levels were as follows:

Level	Descriptors
3	Candidates were expected to offer an explanation of the advantages and disadvantages of laissez faire plus justification for or against them.
2	Candidate were expected to apply knowledge and understanding of advantages and disadvantages of laissez faire
1	Candidates were expected to demonstrate some knowledge and understanding of the advantages or disadvantages of laissez faire but there is no application.
0	No credible response. Candidates were unable to demonstrate any knowledge or understanding of advantages and disadvantages of laissez faire

**Expected response:**

Advantages of laissez faire

- Promotes trust of subordinates
- It encourages personal growth
- It encourages innovation
- It allows for faster decision making

Disadvantages of Laissez faire

- It can lead to isolation
- It can lead to confusion
- It affects team building opportunities
- Low accountability

**Question 5**

- (a) Candidates were expected to explain two reasons why Carpet Master interviewed candidates for vacant jobs. The majority of the candidates were able to identify the reasons (AO1) but could not explain why they are interviewed (AO1) showing the strategic thinking (AO3).

**Expected response may include:**

- Examines candidates' knowledge, skills, abilities and attitudes
- Crucial in ensuring a two-way process
- Examines candidates' way of conduct
- Can help clarify the positions responsibility

- (b) Candidates were expected to evaluate the advantages and disadvantages of Carpet Master using a government grant as a source of finance.

Candidates performed fairly in this question. Most of them were able to offer an explanation of the advantages of receiving a grant from Government plus a justification but they were having difficulty in identifying the disadvantages.

The levels were as follows:

Level	Descriptors
3	Candidates were expected to offer an explanation of the advantages and disadvantages of receiving a grant from Government plus a justification for or against its use.
2	Candidate were expected to apply knowledge and understanding of advantages and disadvantages of receiving a grant from Government.
1	Candidates were expected to demonstrate some knowledge and understanding of the advantages or disadvantages of receiving a grant from Government but there is no application
0	No credible response. Candidates were unable to demonstrate any knowledge or understanding of advantages and disadvantages of receiving a grant from Government

**Expected response:**

Advantages of Carpet Master using a government grant as a source of finance

- You do not have to pay anything back
- No interest paid.



- Pressure is taken off to focus on other business aspects.
- Government agencies are always willing to take the risk on start-ups and small business that banks are not.

Disadvantages of Carpet Master using a government grant as a source of finance

- They are unsuitable as they are merely a short-term option
- Reporting requirements for public funds can be time-consuming
- Proposals for public funding are often challenging to write and are tedious

**EPCSE Entrepreneurship  
5923/03 - Practical**

**General Comments**

Overall performance in this paper was not satisfactory, the majority of candidates scored below 50%. Centres are encouraged to improve in their competencies for the Entrepreneurship project. Some candidates seemed to have challenges in planning for their negotiation process in their enterprises as well as demonstrating consistency, creativity, reasoning and critical thinking skills as they developed their Business plan. Candidates also seemed to have challenges in displaying their mathematical competences especially when presenting their Financial Plan of their enterprises. Very few candidates display the level of critical thinking skills when discussing any component of the Negotiation Plan and the Business Plan.

Candidates were expected to generate a viable business idea based on the product/service, which they developed in their area of specialisation (Agriculture, Consumer Science, and Business Accounting). Due to time-constraints, candidates were to present the school-based project in two stages instead of the three stages, which is stated in the syllabus. Candidates presented Stage1 (Negotiation Plan) and Stage 2 (Business Plan Development). Stage 3, which is an oral presentation, was also cancelled in this 2022 examination paper. This paper assessed the three (3) Assessment Objectives: AO2, AO3, and AO4. The duration of this school-based project is 26 hours.

The candidates' work consists of a portfolio of evidence covering the two (2) stages. This project paper contributes 40% towards the overall syllabus mark. The three Assessment Objectives were examined in a well-balanced manner.

These assessment objectives were:

**(AO2) - Skills and Concepts** - Candidates were required to make informed decisions in displaying data that is consistent in all the various sections of both the Negotiation Plan and the Business Plan. Candidates were also required to make observations and basic analysis of information in their context.

**(AO3) - Strategic Thinking** - Candidates were expected to explain their reasoning and showcasing abstract thinking skills as they plan using evidence and higher mental processing. Candidates were supposed to interpret and justify their thinking on their various enterprises.

**(AO4) - Extended Thinking** - Candidates were expected to display complex reasoning as they plan and develop their own Business plans. Their teachers supported them as they explore their critical thinking skills, creative skills, reflective skills and adjustments of plans over time for their various enterprises.

Candidates were expected to demonstrate competencies on all the assessment objectives to perform well in their Entrepreneurship project.

### **Comments for The Stages**

#### **STAGE 1: Negotiation Plan**

Candidates were expected to draw a plan on how they will apply negotiation skills for their goods or service they offer. This should include the following:

- (a) The situation/purpose of the negotiation process
- (b) The people to be involved in the negotiation process
- (c) The benefits of the negotiation process to the people involved
- (d) The drawbacks of the negotiation to the people involved
- (e) The anticipated outcomes of the negotiation process

Each candidate was expected to produce a negotiation plan of between 800-1000 words under the guidance of the supervisor. After the approval by the supervisor, candidates were to continue with the development of the Business plan.

Candidates should take note that a negotiation plan is not the same as the business plan or a research paper. Candidates were expected to answer the question appropriately. They were also expected to display that they critically thought and well-reasoned purpose, benefits, as well as drawbacks of the negotiation process.

Candidates were expected to evaluate the people involved during the negotiation process and the expected outcome of the negotiation process.

#### **Situation/Purpose of The Negotiation Process:**

Candidates were expected to evaluate the purpose of the negotiation plan – explaining why they want to negotiate in the first place. Most candidates were giving reasons why they had started their businesses instead of evaluating the purpose of their negotiation process in their context. For example, a candidate can negotiate with the supplier for a price reduction or better quality of the raw materials for their enterprises; candidates can also negotiate for the lease of a pop-corn machine; etc.

Candidates continued to evaluate the purpose of their enterprises in general even in this year's examination.

**An example of a wrong situation or purpose of the negotiation:** 'the purpose of my enterprise is to produce beetroot and sell it to the street vendors'.

**An example of a correct situation or purpose of the negotiation:**

1. 'the purpose of the negotiation is to request for the *reduction of a price* for my beetroots seedlings with the supplier which is Khuba Traders'.
2. 'the purpose of my negotiation is to make *agreements on the terms on the lease* of a sewing machine from Singer Traders'

**People Involved:**

Candidates were expected to write the name of their enterprise and the name of the owners for their enterprise. It is impressive to note that most candidates were able to write the names of their enterprises and their owners.

Candidates were also expected to write the enterprises name and the name of the person they were planning to negotiate with. Some candidates did not write the names of the people they will be negotiating with, as well as their enterprises names.

Candidates were expected to analyse a statement of people that will be involved in their negotiation process. However, most candidates gave a list of who will be involved in their enterprises rather than those whom they will be negotiating with for the different purposes.

Candidates were also expected to state whether the person to negotiate with will be a customer, a supplier, a landlord, etc. However, most candidates were unable to do that.

**For Example:** Zitha Tailors which is owned by Ms. Sakhile Nhleko is planning to negotiate for a lease agreement with Mr. Vusi Khumalo, a Manager from the Singer Sewing Machine Traders.

**Benefits:**

Candidates were expected to evaluate at least two benefits that the person they negotiate with will benefit. They were to evaluate reasons why the person should support the proposal presented to him/her. Instead, most candidates were writing the benefit that they will get if they were able to start their enterprises.

Candidates should explain the advantages or reasons why the other side should support their proposals.

**For Example:** ‘Once you offer the lease agreement to us as tailors, our output will increase, which may lead to additional requests for the sewing machine. It could also be possible that we end up buying more sewing machines from your company’

**Drawbacks:**

Candidates were expected to evaluate at least two drawbacks of the planned negotiation to be experienced from the person they negotiate with. They were expected to evaluate why the person may not support the proposal presented. However, most candidates explained drawbacks of their enterprises, not drawbacks to be experienced by the person that they were to negotiate with.

Candidates were expected to state how they will curb for the stated drawbacks.

**For Example:** ‘The leased sewing machine will lose its value while being used by us as tailors. However, we believe that you will charge us a fee for damages.’

**Expected Outcome of the Negotiation:**

Candidates were expected to evaluate the deal that might be agreed on because of the negotiation. Some candidates were able to write proper expected outcomes of the negotiations.

This section can only be completed after the negotiation has taken place. Make a record/evidence of the deal that was agreed on.

**For Example:** a documented evidence of the deal made or the agreement made should accompany the negotiation plan, which should be submitted to ECESWA.

**STAGE 2: Business Plan Development**

The question required the candidates to write a Business Plan using the components stated on the question paper, not using components of their own choice. The question states that candidates should develop a business plan with a cover page, table of contents and the following components:

1. Executive Summary
2. Enterprise Description
3. Marketing Plan
4. Production Plan/Operational Plan
5. Financial Plan
6. Management Plan

Candidates were expected to consolidate all the Business Plan components as per the dictates of the syllabus, in readiness for presentation to a potential investor. The information presented should be analysed consistently showing reasoning skills, critical thinking skills and creativity.

**Display Eye-Catching Preliminary Pages:**

Consistency and creativity is vital in the preparation of the preliminary pages:

Eye-catching preliminary pages means a visually pleasing and informative hard cover page with any five of the following details:

- Name of the business
- Name of the student
- Company logo
- Date of completing the business plan
- Residential address
- Phone number
- Email address
- Business slogan
- At the bottom of the cover page, write any confidentiality statement such as the one which says 'not to be reproduced without the consent of your company name'

**Mistakes on the preliminary pages were as follows:**

- Some candidates did not submit a hard cover page. Some displays of the cover page were not eye-catching, and some details were missing. However, few candidates presented eye-catching cover-pages with all the details.

**Table of content:**

Candidates were expected to present the table of content separately on a new page. The title 'Table of content' should be centred, and the page numbers should match those from the whole document. However, some candidates did not write the 'table of content section' at all, while some wrote it in the last page of the Business plan. Some candidates failed to match the page numbers on the table of content with those from the whole document. Some candidates were submitting wrong page numbers.

**References:**

Candidates were expected to write references using the APA style. However very few candidates presented references for their Business Plan project. Some candidates did not write references at all or rather did not use the APA style of referencing.

**Appendices:**

Candidates were expected to present either or market research instruments, pictures/photos for the project, charts or graphs, promoter's profile/ curriculum vitae, etc. However, very few candidates attached appendices for marking. Some candidates did not attach appendices in their Business Plans. Instead, they presented the financial plan sections (income statement, cash flow statement, and statement of financial position of the business) as their appendices.

**EXECUTIVE SUMMARY:**

- Candidates were expected to present a brief and exciting Executive Summary - giving an overview of the enterprise covering all the necessary information concerning the enterprise description, marketing strategies, production plans, management plan, and financial planning with clear capital requirements and sales forecasts. However, most candidates left out some important information when writing the executive summary.
- The executive summary should fit a page, not presented in very few lines, and not be presented in bullet form but should be written in a paragraph format.
- Information presented in the executive summary should be consistent with the information presented in the other sections of the Business Plan.

Most candidates were not consistent with the information they presented in the executive summary and the other parts of the Business plan.

- Candidates were also expected to display some creativity skills, reasoning skills, and critical thinking skills as they discuss the contents of the executive summary. However, very few candidates displayed some reasoning skills and critical thinking skills. It is impressive to note that most candidates displayed some creativity when writing their executive summary section.
- Very few candidates presented their executive summary on the last page of the Business Plan while it is expected to be presented on the first page.
- Very few candidates did not present their executive summary at all.

**Enterprise Description:**

- Candidates were expected to present a description of the enterprise in their Business Plans - presenting the company name, owners of the company, types of business ownership with reasons, location of the company, mission statements, vision statement, objectives, what is the problem solved by the enterprise, what differentiates your product from the competitors, etc.
- Some candidates were presenting general mission statement and objectives, not being specific to their enterprise.
- Candidates were expected to display some critical thinking skills, creativity, consistency, and some reasoning skills as they analyse the contents of this section in the Business Plan.
- Most candidates were able to be consistent in their presentation, with some reasoning skills, however, very few candidates were critical in their discussions. Some were listing the items, as a result, they obtained very low marks than a candidate who was discussing issues with some reasoning and critical thinking.

**MARKETING PLAN:**

- Candidates were expected to present a convincing marketing plan displaying creativity, reasoning, and critical thinking skills when writing the S.W.O.T. analysis, market segmentation for their enterprises, market research, and the marketing mix (product, price, promotion, and place) in their context.
- Most candidates were able to analyse the S.W.O.T analysis, market segmentation, and marketing mix in point forms, without discussing the points to enable them to display consistency, reasoning skills and critical thinking skills. This made them to score very low marks. The distribution channel drawing is not a 'place' where you will be selling your product. However, candidates were expected to name the actual place/shop where they will be selling their products.
- Most candidates were not calculating the selling price per unit for their products under the 'price' section of the marketing mix. However, most candidates were stating the pricing strategy without reasons in most cases.
- 'Product' section should be analysing the size, colour, quality and quality produced. However, most candidates gave the product name only without reasoning and consistency.
- Most candidates were not showing the cost of the promotion (e.g. advertising costs)
- Candidates were expected to state the site of their enterprise and the reasons for them to be there. They were also expected to state the channel of distribution to be used (e.g. retailer, agent, wholesaler, etc.)



- Very few candidates were displaying some consistency, reasoning skills and critical thinking skills when preparing the marketing plan.
- Some candidates were analysing S.W.O.T. analysis which is general not displaying creativity for their enterprises, some could not differentiate threats, weaknesses, opportunity, and strengths.
- Most candidates did not calculate the price of their product.

**PRODUCTION PLAN:**

- Most candidates presented the production plan well. However, some were unable to show the cost of production/cost of providing the service; time spent in production/when offering the service; equipment used in the production process; cost per unit; and raw materials used.

**MANAGEMENT PLAN:**

- Some candidates were able to write employees with their job description. However, most candidates did not state the number of employees required in their enterprises before writing them on their organisational charts.
- Candidates were also expected to state the number of hours for employees at work, for how much per earnings – for them to get the wages and salaries figures.
- Some candidates presented the actual names of the employees without their position in the enterprise, e.g secretary or manager, etc.

**FINANCIAL PLAN:**

- A majority of candidates were unable to prepare financial plans for their enterprises. Most of the figures found in either in the cash flow statement, income statement, break-even analysis, profitability ratios, efficiency ratios and the statement of the financial position of the enterprises were unsubstantiated in any component of the Business Plan.
- Most candidates prepared a cash flow statement, income statement, and statement of financial position of the enterprise without showing the calculation of the figures. For example, they were expected to show variable costs calculations, fixed cost calculations, pre-operational costs calculations, and the start-up capital requirement calculation. As a result, no marks were awarded for the statements without calculations of the figures, which are consistent throughout the Business Plan.
- Candidates were expected to show calculations of the break-even analysis (either drawn/calculated). However, most candidates were not doing that.

- Candidates were also expected to analyse the profitability of the enterprise using the profitability ratios and efficiency ratios. However, most candidates were not calculating these ratios.
- The Financial Plan is the worst prepared component where candidates obtained very low marks.