



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini 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

6897/01

Paper 1

October/November 2022

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

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

Write in dark blue or black 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	
Total	

This document consists of **9** printed pages and **3** blank pages.

1 Top Grades Ltd. operates a new upgrading centre for school leavers. The business is working on gaining the trust of its creditors. Top Grades Ltd. also wants to find a better way of managing the differing interests among its internal stakeholders. Some internal stakeholders think that Top Grades Ltd. should charge high fees because it is still at start-up stage while another group wants the fees to be lowered. The business has an organisational chart showing its formal structure and has employed Eric as principal. Eric uses a laissez-faire leadership style to manage the 15 workers in the organisation.

(a) Define 'stakeholder interest'.

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.....
..... [2]

(b) Identify **two** examples of Top Grades Ltd.'s creditors.

Creditor 1:
.....
Creditor 2:
..... [2]

(c) Explain **two** benefits to the economy of Eswatini of having business start-ups such as Top Grades Ltd.

Benefit 1:
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Explanation:
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.....
Benefit 2:
.....
Explanation:
.....
..... [4]

(d) Explain **two** advantages to Top Grades Ltd. of having a formal organisational structure.

Advantage 1:

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Explanation:

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Advantage 2:

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Explanation:

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..... [6]

(e) Do you think that the laissez-faire leadership style used by Eric could benefit Top Grades Ltd.? Justify your answer.

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..... [6]

2 The government of Eswatini is concerned about the external costs of business activity in the country. National leaders fear that if the external costs are not reduced, the country will not meet its economic objectives. Government has instructed its departments to decentralise services. It has passed a law preventing businesses from using misleading information on packaging of food products. However, some entrepreneurs think that these new controls on business activity will discourage investment by multinational corporations (MNCs) in the country.

(a) Define 'external costs'.

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..... [2]

(b) State **two** examples of economic objectives that the government of Eswatini could have.

Objective 1:
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Objective 2:
..... [2]

(c) Explain **two** forms of decentralisation that the government of Eswatini could use.

Form 1:
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Explanation:
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Form 2:
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Explanation:
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..... [4]

(d) Explain **two** characteristics of food packaging, **except giving of information**.

Characteristic 1:

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Explanation:

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Characteristic 2:

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Explanation:

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..... [6]

(e) Do you think that multinational corporations (MNCs) benefit the economy of Eswatini?

Justify your answer

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3 Greenfield Plc is a producer of different brands of fertilisers and is in the process of developing new brand of fertiliser. The company wants to recruit a Chief Executive Officer (CEO) thus the Board of Directors (BOD) is drafting a job description for the position. Greenfield Plc promises to obey the country’s consumer protection laws. The BOD also wants the company to do market research in order to identify market segments for the fertilisers. A local trade union has praised the company for identifying an efficient location for the business. The trade union also wants Greenfield Plc to pay its factory workers the legal minimum wage. The CEO disagrees with the trade union’s demand.

(a) Define ‘job description’.

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..... [2]

(b) State **two** ways Greenfield Plc could show that it obeys the country’s consumer protection laws.

Way 1:
.....
Way 2:
..... [2]

(c) Explain **two** possible features of the market segments that Greenfield could sell to.

Feature 1:
Explanation:
.....
.....
Feature 2:
Explanation:
.....
..... [4]

(d) Explain **two** factors that Greenfield Plc may have considered when choosing an efficient location for the production of fertilisers.

Factor 1:

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Explanation:

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Factor 2:

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Explanation:

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(e) Do you think that paying the workers the legal minimum wage could benefit Greenfield Plc? Justify your answer.

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4 Multicash is a business providing cash loans to customers. The business is owned by Siphon who employs 5 workers. Siphon pays the workers based on their productivity. The clients are charged 10% monthly interest on any amount borrowed. Joel has borrowed E10 000 from Multicash, payable in 30 days. Siphon thinks that his business would perform well if it had enough cash and made high profits. The workers are concerned that the business is now 6 years old yet it remains smaller than its competitors. However, Siphon sees nothing wrong with his business remaining small.

(a) Define 'productivity'.

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..... [2]

(b) Calculate how much, in total, Joe will have to pay back to Multicash in one month.

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..... [2]

(c) Explain **two** ways that Siphon could use cash in the business.

Way 1:
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Explanation:
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Way 2:
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Explanation:
..... [4]

(d) Explain **two** reasons why Sipho may want Multicash to make high profits.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [6]

(e) Do you think that Multicash benefits from remaining a small business?

Justify your answer.

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