

EXAMINATIONS COUNCIL OF ESWATINI

EGCSE

EXAMINATION REPORT

FOR

BUSINESS STUDIES (6897)

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EGCSE BUSINESS STUDIES**Paper 6897/01****General Comments:**

The year 2022 saw a considerable decrease of candidature in this component. While specific reasons are not yet known, it is apparent that the country is still grappling with the effects of the recent Covid 19 pandemic. Seemingly the pandemic has caused massive disruption in the school system in terms of the learning process, retention and normal progression of candidates.

Candidates struggled to score high marks in **1 (a), 1(b),1(d),2(a),2 (c),3(b),2(c)3 (e),4(c) and 4(d)**. Misconceptions were abounding.

A considerable number of candidates inaccurately thought that 'stakeholder's interest' meant income received by all stakeholders of a particular business. Many also misconstrued the term creditors thus they gave examples of debtors instead of creditors in question 1 (b). Many candidates wrongly stated in 2 (a) that 'external costs' are costs that an international business might incur abroad yet in 2 (c) forms of decentralisation were not correctly analysed. In question 3 (b) learners struggled to analyse advantages of the laissez faire leadership style, showing that they think that the laissez faire leadership has no merits yet it does have merits in particular contexts. Many candidates had difficulty explaining features of market segments for a fertiliser producing company in 3 (c). In question 4(d) a substantial number of candidates could not explain why a business may want to make high profits, in most cases, mistakenly treating 'profit' to be exactly similar to 'cash'.

candidates are yet again reminded that in part (d) of each question **three** marks are available for demonstrating knowledge, application, and analysis for each of the two points required to answer the question. Many candidates struggled to score high marks in part (d).

A significant number of candidates continued to write good essays in part (e) but did not get full marks because they failed to take a justified stand as required.

We once again recommend that candidates should be encouraged to:

- Learn precise definitions and appropriate analysis
- Use a different piece of application for each new point identified.
- In part (e), candidates should be reminded of the importance of making reasoned judgments.

Comments on Specific Questions

Question 1

Case 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 deferring 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'.

Command word explanation: 'define'- give a precise meaning of a word or concept.

Concluding comment: Some candidates were able to give clear and precise definitions of this term. However, a substantial number narrowed down the meaning of 'stakeholder's interest' to just expected monetary income instead of alluding to main objectives or expected benefits of relevant parties.

Example of good response/ content

- An advantage or benefit **(k)** sought by a person or group in a business **(k)**. **OR**
- Value to be gained or lost **(k)** by a person or group that is directly or indirectly involved with the school **(k)**

Example of weak response/content

- What an individual expects to gain from a business (k)

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

Command word explanation: 'identify'- give, name, select, recognise or state relevant fact (s) or point.

Concluding comment: Many candidates gained full marks on this question. Fewer candidates misapprehended the term 'creditor' and assumed it meant a 'debtor', thus they gave wrong examples.

Example of good response/ content

A maximum of **two** knowledge points [**2k**] including:

- bookstores
- suppliers of water
- suppliers of electricity
- telephone service providers
- banks
- examination council or board
- security companies

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

Command word explanation: - 'explain' – give reasons why something is as it is like or how it works. Give reasons like '**because**' or '**so that**' to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: A substantial number of candidates got full marks on this question. However, a limited number of candidates misunderstood the question and wrote about 'the benefits of business start-ups' instead of 'benefits of business start-ups to the economy'. This showed failure by some candidates to read questions correctly.

Example of good response/ content

A **maximum of 2 marks** are awarded for discussing **each point** showing **knowledge** and **application** accompanied by **analysis**:

- More business start-ups and their workers would contribute more tax revenue to government **(k)** thus increasing ability of Government to fund development programmes **(an)**

Example of weak response/content

A **maximum of 1 mark** is given in each point for **knowledge** because of failure to demonstrate analysis.

- A variety of goods and services could be made available in the country **(k)**

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

Command word explanation: - 'explain' – give reasons why something is as it is like or how it works. Give reasons like '**because**' or '**so that**' to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: Some candidates lost marks because they failed to demonstrate the three skills required to answer the question fully. In each point candidates were expected to show knowledge, application and analysis. Fewer candidates treated 'organisational structure' as synonymous with the 'physical infrastructure' of the school about which the case was written.

Example of good response/ content

A **maximum of 3 marks** are awarded for discussing **each point** showing knowledge, application, and analysis:

- The organisational structure would show clear levels of authority **(k)** thus tutors and learners **(app)** would know who their supervisors are **(an)**.

Example of weak response/content

A **maximum of 1 mark** is given for knowledge in each point. **No marks** are given for **application** and **analysis** since the answer does not fully respond to the question set and the explanation ignores the scenario given in the case:

- There would be a clear chain of command in the school **(k)**

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

Command word explanation: 'Justify'- make a balanced argument about something by taking into account all sides of the argument and then offer a well-supported judgment, opinion, or recommendation. Or make clear the arguments that support a course of action.

Simple procedure:

- Give a positive view and then support it with relevant explanation (knowledge/application + analysis)
- Give a negative view and then support it with a relevant explanation (knowledge/application + analysis)
- State your decision and support it with a relevant explanation (evaluation)

Concluding comment: Many candidates found it difficult to write anything positive about the laissez faire leadership style. It seemed they had been made to believe that the laissez leadership style represents management failure all the time. This misbelief hindered their ability to present a balanced essay, thus losing marks.

Example of balanced essay:

Top Grades Ltd largely employs professional teachers that cherish freedom to plan their own work **(k)** thus they would be motivated by the limited supervision applied by Eric in the company **(an)**. However, when problems arise the tutors **(app)** would not get help from the principal immediately **(k)** thus feeling isolated in the college **(an)**. I agree that the laissez faire leadership style would motivate the teachers at the company school as the limited control would make them feel trusted by their principal **(2ev)**.

Question 2**Case 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. The 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'

Command word explanation: 'define'- give a precise meaning of a word or concept.

Concluding comment: Many candidates were able to give clear and precise definitions of this term. A common error was to think that external costs are costs that are incurred by an international business.

Example of good response/ content

- Negative effects to society and the environment **(k)** which are not borne by the business that creates them **(k)** **OR**
- Costs not included in the market price of products **(k)** produced by a particular business **(k)**

Example of weak response/content

- Costs not shown in the books of a particular business **[k]**

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

Command word explanation: ‘state’- give, name, select, recognise or identity relevant fact (s) or point.

Concluding comment: A large number of candidates were able to gain full marks on this question. A common error was to repeat the same point using different statements analogous to the same meaning. For example, some candidates would correctly state that one economic objective of government is ‘to create more job opportunities’ but then again state the second point as ‘to reduce the rate of unemployment’. This was deemed repetitious.

Example of good response/ content

A maximum of **two** knowledge points [**2k**] including:

- to create more jobs since the country experiences unemployment
- to redistribute wealth and uplift the living standards of the poor
- to achieve a favourable balance of payment by reducing imports
- to keep inflation low.
- to encourage economic growth
- to reduce external costs or impact of economic development on the environment

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

Command word explanation: - ‘explain’ – give reasons why something is as it is like or how it works. Give reasons like ‘*because*’ or ‘*so that*’ to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: This question caused some misunderstanding. Some candidates confused the concept of ‘**decentralisation**’ with ‘**delegation**’. Decentralisation often refers to a process of making lower-level units or departments semi-autonomous while delegation refers to a process of handing over authority by a superior to subordinate. Decentralisation partially includes delegation of authority and responsibility. Thus the forms of decentralisation denote the extent to which lower level units/departments of one organisation depend on the prescriptions or control of headquarters in terms of decision-making powers.

Example of good response/content

A **maximum of 2 marks** are awarded for discussing **each point** thus showing **knowledge** and **analysis**:

- deconcentrating **(k)** improving efficiency by setting up service centres in different areas away from headquarters in order to increase community access to services **(an)**
- delegation **(k)** assigning top level responsibilities to departments or workers at lower levels so as to improve efficiency in service delivery **(an)**
- devolution **(k)** giving some of the top level decision making powers to departments or officers at lower levels so as to facilitate quick decision making in the organisation **(an)**

Example of weak response/content

A **maximum of 1 mark** is given in each point for **knowledge**. No marks are given for **analysis** since the answer does not fully respond to the question set and the explanation ignores the case:

- Headquarters of government ministry allows regional departments limited decision making powers **[k]**

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

Command word explanation: - ‘**explain**’ – give reasons why something is as it is like or how it works. Give reasons like ‘**because**’ or ‘**so that**’ to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: A substantial number of candidates struggled on this question. A greater number ignored the condition that they were supposed to exclude any characteristic of packaging which relates to ‘giving of information to customers’. Examples of points candidates were expected to omit included mentioning of expiry dates, quantity or size of the products, ingredients, place and date of manufacture, method of manufacture and identity and reputation of the producing company and product endorsements. Candidates who mentioned these points lost marks.

Example of good response/ content

A **maximum of 3 marks** are awarded for discussing **each point** showing knowledge, application, and analysis:

- **physical protection (k)** to prevent contamination of food items **(app)** to prolong the quality of the products **(an)**.
- **containment (k)** to hold small products together such as grains **(app)** for portability **(an)**.
- **security features (k)** to prevent pilferage of fruits while being transported or stored to prevent losses **(an)**.
- **convenience (app)** to break the bulk of products to enable customers to purchase desired quantities of food items **(an)**.

Example of weak response/content

A **maximum of 1 mark** is given for knowledge in each point. **No marks** are given for **application** and **analysis** since the answer does not fully respond to the question set and the explanation ignores the scenario given in the case:

- the packaging makes the product portable **[k]**

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

Command word explanation: 'Justify'- make a balanced argument about something by considering all sides of the argument and then offer a well-supported judgment, opinion, or recommendation. Or make clear the arguments that support a course of action.

Simple procedure:

- Give a positive view and then support it with relevant explanation (knowledge/application + analysis)
- Give a negative view and then support it with a relevant explanation (knowledge/application + analysis)
- State your decision and support it with a relevant explanation (evaluation)

Concluding comment: A majority of candidates obtained full marks in this question. However, some candidates tended to repeat the same point using different wording. For example, certain candidates wrote 'more jobs will be created', 'increased job opportunities and reduction of unemployment' as distinct points thus losing marks.

Example of a good essay:

When multinational corporation invests in the country more employment opportunities will be created **(k)** thus the living standards of the local people will be uplifted **(an)**. However, multinational corporations tend to repatriate their profits **(app)** hence reducing investment and leaving the local economy less developed **(an)**. I agree that multinational corporations benefit the economy of the country because they pay taxes thus contributing to increased national revenue **(2ev)**.

Question 3

Case 3

Greenfield Plc is a producer of different brands of fertilisers and is in the process of developing a 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'.

Command word explanation: 'define'- give a precise meaning of a word or concept.

Concluding comment: A number of candidates were able to get full marks in this item. However, a common error among candidates was to confuse a 'job description' and a 'job specification'. The difference between the two is that a job description focuses on outlining the characteristics of the work to be done in terms of title, location, job summary, working environment and exact duties to be performed. In contrast, a job specification describes the characteristics of the person expected to perform the job in terms of his/her qualifications, experience, skills, emotional attributes and mental capabilities of an individual expected to perform the job.

Example of good response/ content

- A written statement or document **(k)** that outlines the characteristics of the work to be done by a suitable employee **(k)**

Example of weak response/content

- All what is expected of the employee to do **(k)**

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

Command word explanation: 'state'- give, name, select, recognise or identify relevant fact (s) or point.

Concluding comment: A large number of candidates committed an error of interpretation in this questions. Many candidates wrongly assumed that 'consumer protection laws' were synonymous with 'worker protection laws' thus they gave irrelevant answers.

Example of good response/ content

A maximum of **two** knowledge points **[2k]** including:

- by avoiding the production and selling of fertilisers that are harmful to users
- by packaging the correct weights and measures of fertiliser in the bags
- by cautioning farmers about the hazards of contaminating food with fertilisers

- by avoiding false advertisements about the fertilisers
- by teaching customers on the correct use of the fertilisers

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

Command word explanation: - 'explain' – give reasons why something is as it is like or how it works. Give reasons like '*because*' or '*so that*' to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: This question caused some misunderstanding. Some candidates seemed to have been confused by the term 'features of market segments'. Markers felt that the term 'characteristics of market segments' should have been used. However, stronger candidates noticed that 'features' and 'characteristics' are synonymous terms thus they produced relevant responses.

Example of good response/ content

A **maximum of 2 marks** are awarded for discussing **each point** showing **knowledge** and **application** accompanied by **analysis**:

- demographic factors (**app**) so that the business could know about the social status of farmers as customers (**an**)
- geographic factors (**app**) so that the business could sell suitable varieties to farmers in the different regions of the country (**an**)
- behavioural factors (**app**) so that the business could set up incentives for farmers and individuals that show loyalty to the business (**an**)
- socio-economic factors (**app**) so that the business could differentiate prices or discounts based on quantity bought and farm size (**an**)

Example of weak response/content

A **maximum of 1 mark** is given in each point for **knowledge**. No marks are given for **analysis** since the answer does not fully respond to the question set and the explanation ignores the case:

- The business must know about the purchasing power of the farmers. [**k**]

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

Command word explanation: - ‘**explain**’ – give reasons why something is as it is like or how it works. Give reasons like ‘**because**’ or ‘**so that**’ to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: A substantial number of candidates got this item correct. However, candidates who did not know that ‘efficient location’ meant placement of the business where there could be ‘reduced costs’ for both the business and the customer, produced weaker responses.

Example of good response/ content

A **maximum of 3 marks** are awarded for discussing **each point** showing knowledge, application, and analysis:

- accessible area **(k)** so that it could be easy for many farmers **(app)** to get to the business to buy the fertilisers **(an)**
- resource availability**(k)** so that it could be cheaper for the business to get the required farm inputs **(app + an)**
- concentration/positioning of similar businesses **(k)** so as to draw the attention of agro business customers **(app)** of nearby businesses **(an)**
- spacious premises **(k)** so that other businesses could deliver supplies conveniently **(app + an)**
- distance from residences **(k)** as the production of fertilisers may produce fumes and chemical **(app)** that could be harmful to local residents if factory is located in close proximity **(an)**

Example of weak response/content

A **maximum of 1 mark** is given for knowledge in each point. **No marks** are given for **application** and **analysis** since the answer does not fully respond to the question set and the explanation ignores the scenario given in the case:

- The factory could locate where there is plenty of space for parking. **(k)**

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

Command word explanation: 'Justify'- make a balanced argument about something by considering all sides of the argument and then offer a well-supported judgment, opinion, or recommendation. Or make clear the arguments that support a course of action.

Simple procedure:

- Give a positive view and then support it with relevant explanation (knowledge/application + analysis)
- Give a negative view and then support it with a relevant explanation (knowledge/application + analysis)
- State your decision and support it with a relevant explanation (evaluation)

Concluding comment: A substantial number of candidates produced good responses for this question while other candidates seemed to have not read the question to the end. The candidates who failed to read the question correctly wrote about the benefits of a legal minimum wage to workers instead of the business consequently producing wrong answers.

Example of a good response:

By paying workers according to the legal minimum wage, Greenfield Plc could reduce the occurrence of industrial action in the company **(k)** as the workers would consider their employer to be fair **(an)**. However, if the government sets legal minimum wage too high **(app)**, Greenfield Plc will struggle to make profit and thus be forced to close down operations **(an)**. My judgement is that if the workers are satisfied with level of the legal minimum wage, they would be highly motivated thus helping Greenfield Plc's to be efficient and make higher profits than before its compliance with the policy **(2ev)**

Question 4**Case 4:**

Multicash is a business providing cash loans to customers. The business is owned by Sipho who employs 5 workers. Sipho pays the workers based on their productivity. The clients are charged 10% monthly interest on any amount borrowed. Joel has borrowed E 10 000 from Multicash, payable in 30 days. Sipho 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, Sipho sees nothing wrong with his business remaining small.

(a) Define 'productivity'.

Command word explanation: 'define'- give a precise meaning of a word or concept.

Concluding comment: Many candidates lost marks in this question because they forgot to relate output in relation to inputs or resources in their definition of 'productivity'. Strong candidates expressed that 'productivity' is a measure of how much output can be produced with a given set of inputs and then applied this basic knowledge to the given case to show understanding.

Example of good response/ content

- a measure of the amount of output per worker **(k)** in a given time **(k)**
- ratio between the amount of goods and services produced **(k)** with the number of inputs used to produce those goods and services **(k)**

Example of weak response/content

- goods and services produced by a worker (k)

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

Command word explanation: ‘calculate’- determine the amount, number or value of something mathematically or work out an answer to a problem using a set of given data.

Concluding comment: A large number of candidates were able to gain full marks on this question. A common error among candidates was a failure to use the correct formula to calculate the loan repayment amount.

Worked out answer (2k):

Loan repayment amount = principal + interest

Therefore: = [E10 000 + (E10 000 x 0.10)] **(app)**

= E11 000 **(app)**

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

Command word explanation: - ‘explain’ – give reasons why something is as it is like or how it works. Give reasons like ‘*because*’ or ‘*so that*’ to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: This question caused some misunderstanding as many candidates confused cash with profit. For example, candidates wrote that cash indicates overall business success, yet it only represents the extent to which money is available to operate the business well on daily basis. Thus, no marks were awarded where a candidate confused cash with profit.

Example of good response/ content

A **maximum of 2 marks** are awarded for discussing **each point** showing **knowledge** and **application** accompanied by **analysis**:

- The business could use cash as payment for operational expenses or bills **(app)** thus protecting the business’s reputation **(an)**
- The business could use cash available to lend more cash to customers so as to generate more interest revenue **(app + an)**
- To finance expansion internally without using costly external sources of funds **(app)** thus preventing the business from incurring debts **(an)**

- To cater for unplanned financial requirements (**app**) thus solving business disturbances immediately such as crashing of computers or occurrence of rare accidents (**an**).
- The business could reinvest or save in interest-bearing accounts elsewhere so as to create more wealth.

Example of weak response/content

A **maximum of 1 mark** is given in each point for **knowledge**. No marks are given for **application** since the answer does not fully respond to the question set and the explanation ignores the case:

- Cash would enable Multicash to spend and make savings (**k**)

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

Command word explanation: - 'explain' – give reasons why something is as it is like or how it works. Give reasons like '**because**' or '**so that**' to clarify your focus on explaining why or making the relationships between things evident.

Concluding comment: Several candidates ignored the fact that technically profit is not synonymous with cash. Only the strongest answers made a clear distinction between profit and cash. Weak answers mentioned that Siphon wanted Multicash to make high profits to convince potential investors that there is a lot of money flowing in and out of the business. That was wrong because only cash flow does that. It is possible for a highly profitable business to be cash poor, particularly if its money is tied up in cash receivables or debtors.

Example of good response/ content

A **maximum of 3 marks** are awarded for discussing **each point** showing knowledge, application, and analysis:

- profit informs potential investors (**app**) that the business is viable (**k**) so it could improve Multicash's ability to borrow funds (**an**)
- profit measures business performance (**k**) thus Multicash could use profit ratios (**app**) to determine its success (**an**)

- profit is a measure of efficiency **(k)** thus it could inform Multicash that it is managing business costs well or below revenue **(app + an)**
- profit acts as an incentive for taking business risk **(k)** so it could motivate owners **(app)** of Multicash to continue trading **(an)**

Example of weak response/content

A maximum of 1 mark is given for knowledge in each point. No marks are given for application and analysis since the answer does not fully respond to the question set and the explanation ignores the scenario given in the case:

- High profits could give Multicash high reputation **(k)**

(e) Do you think that Multicash benefits from remaining small? Justify your answer.

Command word explanation: 'Justify'- make a balanced argument about something by considering all sides of the argument and then offer a well-supported judgment, opinion, or recommendation. Or make clear the arguments that support a course of action.

Simple procedure:

- Give a positive view and then support it with relevant explanation (knowledge/application + analysis)
- Give a negative view and then support it with a relevant explanation (knowledge/application + analysis)
- State your decision and support it with a relevant explanation (evaluation)

Concluding comment: A considerable number of candidates got good marks in this question. Weaker responses failed to produce a balanced essay as required. They rarely produced contrasting view nor took a clear justified stand.

Example of a good essay:

If Multicash remains small, it could maintain quality control over services offered to its clients **(k)** thus attracting new customers and retaining the loyal borrowers **(an)**. However, Multicash would not enjoy financial economies of scale when borrowing cash from banks **(app)** as it could be charged high interest on loans due to its small size **(an)**. My judgment is that by allowing the business to remain small, Siphon would be involved in all aspects of the business thus gaining skills in managing the various functions of the business. **(2ev)**

EGCSE BUSINESS STUDIES**Paper 6897/02****General Comments:**

In the 2022 examinations, candidates' performance was fairly good considering that the academic year started a bit late and learning time was shortened. Quite a number of learners scored higher marks than in the previous year and candidates have mastered skills of presenting their answers in line with the assessment skills required in the syllabus. The paper had 4 questions with a total mark of 80.

Candidates did questions 1 and 2 much better than questions 3 and 4. Some candidates still had challenges with attempting the calculation question and presenting their answers as expected and this led to a loss of marks. Emphasis should be made on an appropriate use of business terms and phrases. A lot of candidates gave incomplete answers and wrong spelling. For instance, in the question on types of industrial action, a candidate would write **all out** instead of **all out strike** or **selective** instead of **selective strike**. Some candidates were mixing up the types like writing **go-slow strike** instead of **go slow**.

In part (a) the marks are awarded in this manner [**Knowledge [2x2], Analysis [2x1], Application [2x1] = 8 marks**].

This translates to:

One knowledge mark is awarded for stating each **correct relevant point**. Another **one knowledge mark** is awarded for **describing** the identified point. **Two application marks** are awarded for **applying to the case or business context**. **Two analysis marks** are awarded for **explaining how or why** the business will be affected.

Weak responses in this part of the question would be ones that leave out the description of the identified point or analysis and without application. The answer would score lower marks since it would not meet the assessment requirements.

In part (b), candidates gave one sided answer instead of a balanced argumentative essay, yet one can only evaluate when both sides are given and explained. This is how this part the question should be answered.

The essay requires 4 points in total.

- **A Level 1 [L1] candidate** is one who will list points without any analysis (explanation) and will only **get 2 marks** for knowledge and a maximum of **1 mark** for limited application if and when it is shown. [**L1 candidates get a maximum of 3 marks (2L1 marks + 1 App mark)**].

- **A Level 2 [L2] candidate** is one who will **state and explain two points** showing an **advantage** and **disadvantage**. This candidate will get a maximum of **6 marks** and **2 marks** for application if and when shown. [**L2 candidates get a maximum of 8 marks (2L1 marks + 4L2 marks+ 2 App marks)**].
- **A Level 3 [L3] candidate** is one who will **state and explain two points (adv. & dis.)**, apply to the case or context **two** or more times and further evaluate or take a stand showing both the pros and cons of the decision taken, which amounts to **4 marks (for the evaluation)/L3**. The evaluation also has **2 points** (the pros and cons). This candidate will get a maximum of **12 marks**. [**L3 candidates get a maximum of 12 marks (2L1 marks + 4L2 marks + 4L3 marks + 2 App marks)**]

A weak response in this part of the question is one that lists advantages/disadvantages without any explanation, one-side (that only gives advantages/ disadvantages) and evaluation that is also stated or that is not evaluated (evaluation that only shows one side).

Quite a number of candidates scored above 40/80 and there were equally quite a number of very low marks. Raw scores ranged between 80/80 and 0/80, which showed a slight increase on the highest mark compared to the previous year.

Specific comments on individual questions

Question 1

Nadia maintains a good relationship with the union to avoid industrial action.

(a) Explain two types of industrial action that the workers could take against Nadia Cakes.

A model response:

Picketing **(1k)**, the bakers **(1app)** could chant and demonstrate outside their workplace during their rest breaks **(1k)**. This would show their dissatisfaction and attract media attention to the business which would put pressure on the business to address their grievances **(1an)**.

Other possible answers include:

Types of industrial action:

- All out strike
- Wild cat strike
- Token strike
- Selective strike
- Picketing
- Overtime ban
- Work to rule

- Go-slow

Comment: a majority of candidates were able to answer the question and get most mark. Only a few failed to answer the question correctly.

Nadia Cakes has eight employees who specialise in doing different tasks.

(b) Do you think the use of specialisation benefits Nadia Cakes? Justify your answer.

A model response:

Specialisation increases bakers' **(1app)** skills and efficiency **(L1)** as they do one and the same thing repeatedly. This leads to improved quality of cakes and less time spent on a single task hence increased productivity **(L2)**. However, the bakers' tasks become monotonous **(L1)** which leads to boredom and decrease in the number of muffins **(1app)** produced **(L2)**. I therefore think the business should not use specialisation as the absence of a mixer would delay or halt the production of the cakes and fail to meet customers' orders **(L3)** However specialisation leads to shorter training periods which help saves costs and time **(L3)**.

Other possible answers might include:

Advantages of specialisation

- Saves cost of tools
- Teamwork saves time.
- Workers do not get into each other's way.
- Leads to shorter training periods

Disadvantages specialisation

- Limits workers creativity
- Leads to worker immobility
- There is no pride in the quality of finished products
- May lead to boredom

Comment: this question was done well. A lot of candidates scored high marks on this part question.

Question 2

Nadia Cakes maintains a high degree of health and safety in the workplace.

(a) Explain two ways that Nadia Cakes could use to maintain health and safety in the workplace.

A model response:

Provision of protective clothing **(1k)**. The business could provide the bakers with oven gloves and aprons **(1 app) (1k)**. That would protect the workers from getting burnt and dirty while baking the cakes. Workers will feel cared for and be motivated **(1an)**.

Other possible answers might include:

Provision of:

- Rest rooms
- Rest breaks
- Wellness centres
- Warning signs
- First aid kits
- Training on correct use of machinery
- User manuals for materials

Comment: most candidates correctly answered this question.

Nadia Cakes created a website in order to conduct business through e-commerce.

(b) Do you think using the business website to conduct e-commerce would be the best way for Nadia Cakes to market the business products? Justify your answer.

A model response:

Using e-commerce will allow the business to sell cakes **(1app)** at any time of the day **(L1)** since on-line shops operate 24\7 and sales would be increased **(L2)**. However, during network outages the business will be unable to market the cakes **(1app)** or make sales **(L1)**. This will reduce sales of the business. I therefore think that using e-commerce will market the business products well as the cakes and muffins will be seen by a large number of people on the business website **(L3)**. However, not everyone will have access to the business website which might reduce the number of people who will buy the cakes as they may not have access to the internet **(L3)**.

Other possible answers might include:

Advantages of e-commerce

- Reaches a wider market
- Products are displayed attractively
- Cheaper to advertise

- Delivery costs incurred by customers
- Allows for interaction with customers

Disadvantages of e-commerce

- Expensive to set up
- High risk of cyber crime
- Information could be stolen by competitors
- Some people still prefer physical shops
- Negative feedback may be posted

Comment: this question was done well by most candidates. They showed understanding of the concept and applied contextually.

Question 3

Nadia Cakes invested in the latest baking equipment so as to improve quality and efficiency in the business.

(a) Explain two ways other than using new technology that Nadia Cakes could use to improve quality and efficiency in the business.

A model response:

Hire skilled bakers **(1k)** the business can employ bakers who are trained and have experience to bake the cakes **(1k)**. This would lead to quality cakes **(1app)** as mistakes would be minimised and less time would be spent on each task **(1an)**.

Other possible answers might include:

- Use of quality inputs
- Retraining works
- Use quality control
- TQM
- Quality assurance
- Quality circles

Comment: Candidates' performance on this question was not satisfactory. A majority did not get it correct.

Refer to appendix 3 that shows Nadia Cakes' financial information for the year ending 31 December 2023 and the projected financial information for the joint venture with GK Flowers for the year ending 31 December 2023.

(b) Calculate the net profit margin for the two businesses.

A model response:

Net profit margin for Nadia Cakes

Net Profit Margin = Net profit / Net turnover x100 **(L1)**

$$=25/120 \times 100$$

$$= 20.8\% \text{ or } 21\% \text{ **(L2)**}$$

Net profit margin for the Joint venture

Net Profit Margin = Net profit / Net turnover x100 **(L1)**

$$=18/350 \times 100$$

$$= 5.1\% \text{ or } 5\% \text{ (L2)}$$

Advice Nadia Cakes based on your calculations on whether the Joint venture with GK Flowers would or would not be a viable business decision.

The net profit margin for Nadia Cakes is 21% while for the Joint venture is 5%. This shows that Nadia Cakes is more profitable when operating alone. The joint venture on the other side has a low profit margin **(2L3)**.

As such I would not advise Nadia cakes to form a joint venture with GK Flowers as it would not be a viable business decision. The joint venture has low profitability and that may lead to a poor financial position **(2L3)**.

Comment: this question proved to be challenging to some candidates. They did not show all the necessary skills to get full marks or were unable to do the calculations. Common errors included:

- No formula
- Workings not shown on provided spaces only final answers shown
- Wrong answer presentation e.g. 20 or E20 instead of 20%
- Omission of the x100 on formula to show that answer will be in percentages

Question 4

Nadia is worried that investing in the proposed fresh flower joint venture with GK Flowers will negatively affect the working capital of the business.

(a) Explain two reasons why adequate working capital is important for Nadia's business.

A model response:

To buy stock **(1k)**. If there is adequate capital, the business will buy flour and other baking inputs **(1app)** in the business **(1k)**. This will enable the business to meet customer orders and improve customer satisfaction **(1an)**.

Other possible answers might include:

- Pay wages and salaries
- Pay for utilities (like electricity & water)
- Take advantage of cash discounts
- Prove its liquidity to financiers
- Maintain a clean credit record
- Pay current liabilities when they fall due

Comment: this question was not accessible for most candidates. However, some were able to attempt it successfully.

Nadia Cakes believes that the fresh flower joint venture with GK Flowers will benefit the business.

Do you think that forming a joint venture with another business is the best way to expand Nadia Cakes? Justify your answer.

A model response:

It would be easy for the joint venture to raise capital for their project **(L1)**. This is because both the fresh flower business and confectionary businesses **(1app)** will contribute money which will finance business needs **(L2)**. On the other hand, the two businesses may have different management styles **(L1)** which may cause conflict and delay in decision making **(L2)**.

I therefore think that investing in the joint venture will not benefit Nadia Cakes as profits will be shared which may result to each not getting much, more especially if the amount made is small **(2L3)**. This would not be the case if Nadia continued to be a sole trader but diversified her operations and offered the fresh flowers on her own **(2L3)**.

Other possible answers might include:

Advantages of joint ventures

- Shared risk
- Skills are shared
- Share responsibility of operating business

Disadvantages of joint ventures

- Diverse organisational culture
- Management styles
- Profits are shared

Comment: This question was not performed well by many candidates. They were not using advantages and disadvantages of joint ventures which are required to answer question successfully and therefore lost marks.