EXAMINATIONS COUNCIL OF ESWATINI

JC

EXAMINATION REPORT

FOR

BUSINESS STUDIES

YEAR

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JC Business Studies

Paper 521/01

General Comments

This was a 1 hour 45 minutes comprising of four (4) questions drawn from the syllabus. A majority of candidates performed very poorly as compared to previous years. In most cases candidates failed to attempt all questions. There were only a few centres that seemed to have mastered the content. It is worth noting that candidates were ill-prepared for the examination.

Markers noted that several candidates seemed to have a challenge with question 2(e). This question dealt with close corporation. Most candidates lacked understanding of what a close corporation is. As a result, examiners saw a need that teachers should deal with business organisations in detail. Also, there is a need to equip learners with appropriate approaches to application words based on the stem of the question.

Comments by question

Question 1

(a) The question required candidates to identify four reasons for horizontal integration. Most candidates were confusing benefits with reasons for horizontal integration while they were expected to write answers like;

- To achieve economies of scale
- To cut costs
- To reduce competition
- To increase specialisation
- To increase market share
- To increase profits

(b) Candidates were asked to explain the sector of the economy that Pick-a-Toy (PaT) operates in. Most candidates were confusing private sector with market economy and defining a sole trader instead of explaining a private sector. The sector of the economy was private sector because in this sector the businesses are owned by individuals or firms, PaT is engaged in the sale of the toys for profit.

(c) Generally, a well answered question where candidates were to explain two fundamental questions that could be addressed by Pick-a-Toy in the market economy. Candidates were able to state the fundamental questions and explaining with application proved to be difficult.

Expected answer was;

Question 1 What to produce?

Explanation – What dolls are demanded by the consumers?

Question 2 For whom to produce

Explanation - the ages of the target market should be identified.

Question 3   How to produce

Explanation – Choosing cheapest methods to produce more toy trucks [1app] to

make more profit

Application Words: dolls, toy, trucks, teddy bear, motor bike, toy guns

(d) This question required candidates to explain two features of the market economy Pick-a-Toy operates in.

Candidates knew the features but had difficulty in explaining them and they could not come up with application words.

Expected answer

- Price mechanism-the owner should consider market forces of demand and supply before prizing motor bikes.
- Profit motive-As this is the main objective of running the toy business to get more profit.

(e) Do you think Musa should continue operating Pick-a-Toy as a sole trader? Justify your answer.

Most candidates were able to attempt the question; however, only a few candidates were able to score full marks. Most candidates did not apply candidates compared the sole trader with a partnership.

Expected Answer [1k], 1app, 4an, [2ev]

All profits belong to Musa since he is only one who owns the toy shop [1app] [2n]. On the other hand, less capital is raised [1k] as there is only one owner who might not be able to raise enough funds for Pick – a- Toy [2an].

I think Musa should continue operating as a sole trader as fast decisions can be made since there is no one to disagree with him [2an].

Recommendation for evaluation questions

- Candidate should not start with definitions
- Evaluate with a new point
- Candidates have to consider the stem of the question – if with one variable no contrasting was necessary but if it has two variables the candidates can contrast
- Application mark is on the body of the essay not evaluation
- To qualify for evaluation, candidates should get a maximum of marks analysis

Question 2

(a) Candidates were to identify four examples of public sector businesses in Eswatini.

Candidates were not writing the names of public sector businesses in full which made them lose marks e.g. they would write Swaziland Water Services omitting the corporation at the end some were abbreviating.

(b) Candidates were asked to explain one aim of SENCO as a public sector business [3k]

Most candidates lost marks because they were writing aims of private sector businesses e.g. making profit.

Expected answer

To provide essential service [1k] – at affordable [1k] price so to satisfy their basic needs [1k]

(c) Candidates were required to explain two reasons why government own businesses such as SENCO [2k, 2pp]

This was poorly answered by most candidates, they were able to give reasons why government owns businesses but failed to give application.

Expected answer

Fair distribution [1k] – government owns the dairy

Business [1app] to make sure that wealth is not concentrated on certain individuals.

Increased government revenue [1k] – as the income it obtains from the milk business [1app] boosts her coffers.

(d) Candidates were to explain two ways in which the size of Senga Corporation could be measured [2k, 2app, 2an]

A poorly answered question as some candidates thought of mathematical measurements such as litres, grams, kg's etc.

Expected answer

Market share [1k] – if Senga has a large number of customers who buy cheese [1app] the business is more likely to be classified as a larger business [1an]

Profits[1k] – the higher the profit on the milk [1app] so the more likely Senga's business is large[1an].

(e) Do you think close corporations by the farmers that supply milk is a good form of business organisation? Justify your answer [1k, 1app, 4an, 2ev]

Expected answer

There are fewer legal formalities [1k] to establish the milk business [1app] since only a founding statement has to be prepared [2an]. However, there is limited growth in the diary business as the shareholders do not exceed ten [2an]

I think operating a close corporation is good as there is privacy of the affairs of the company since the shareholders are not required to public the accounts [2ev]

Question 3

(a) Candidates were to identify four examples of non-monetary rewards [4k]

The majority of candidates were able to answer this part, however, some were responding with half answers e.g. car, instead of company car, food instead of food rations.

(b) Candidates were to explain the stage of production that Khutsala Ltd is in [3k]

Most candidates responded fairly well in this question. They were able to identify the correct stage of production which is secondary stage.

(c) This question required candidates to explain two differences between job rotation and job enrichment [2k, 2app]

It was poorly done as candidates could not explain job enrichment but then in some centres candidates were able to explain job rotation.

Expected answer

Job rotation – the swapping round [1k] of knitting tasks[1app] between women knitting changing to preparing materials.

Job enrichment -the adding of more work that will require the application of more skills [1k] to the women like making one of the women to a supervisor of
the crocheting department [1app].

(d) Candidates were expected to explain two qualities of a good manager that Sipho should possess [2k, 2app, 2an]

Most candidates were giving characteristics of entrepreneur instead of qualities of a good manager with no application.

Expected answer

Interpersonal skills[1k] – able to communicate well with the knitter[1app] so that duties may not be duplicated [1an]

Self-confidence [1k] – believe in themselves and have ability to influence packers [1app]

(e) Some workers suspect that Sipho prefers an autocratic leadership style.

Do you think the autocratic leadership style is the best leadership style? Justify your answer [1k, 1app, 4an, 2ev]

Candidates were comparing the autocratic leadership style with the democratic style instead of writing about the advantages and disadvantages of the autocratic style. Some were describing the features of the autocratic style. There was no application.

Expected answer

Using the autocratic leadership style will ensure that knitting [1app] is done on time since only Sipho makes the decisions [2an]. On the other hand, the continuity of the company is threatened [1k] once the manager leaves as he is the only who knows how to operate the company. [2an]

I think using autocratic leadership style is good for routine jobs as everything that has to be done may not change often. [2Ev]

Question 4

(a) Candidates were asked to identify four causes of a shift of a demand curve. [4k]

This was poorly done as candidates mixed causes of a shift in demand with causes of shift in supply. Some did not have a clue at all.

Expected answer

Prices of other related goods

Changes in income

Advertising

(b) Candidates were to explain one type of demand [3k]

Generally, well answered but some were losing marks in the explanation

Expected answer

Derived demand [1k] when a product is demanded for the production of other products [1k] like when a product is a raw material for another product[1k]

(c) This question required candidates to draw a demand and supply curve.

Fairly done by most candidates even though some candidates were drawing bar charts instead of a demand curve and supply curve. Some candidates were labelling their supply curve as demand curve and their demand curve as supply curve. [4app]

(d) As Meat King's Butchery expands more finance will be required.

In these questions candidates were asked to explain two reasons why Meat Kings Butchery would require more finance for the expansion (2k, 2app, 2an)

Candidates were giving reasons for growth instead of 6 reasons why businesses need finance as they expand.

Expected Answer

To purchase additional stock (1k) – Meat King's Butchery may need to buy more cows (1app) in order to meet the customer demand (1an)

(e) Do you think the sale of old unused assets would be a suitable source of finance for meat King's Butchery? Justify your answer (1k, 1app, 4an, 2ev)

Poorly answered question, candidates thought the unused assets are new ones. Some candidates were answering as if the business will be selling some old unused assets to their customers. And some did not understand the term asset. It was like something that is expired like 'rotten meat'. Leaners lack application and analyses this losing marks.

Expected answer

The Butchery will enjoy a cheap source of finance [1k] since it does not attract interest charges [2an]. On the other hand, the old refrigerator [1app] may take too long to sell thus delaying the implementation of the expansion plans [2an]

I think Meat king Butchery should not use the sale of unused assets as a source of finance because the funds that may be received from the sale of the assets may not be enough to cover the needs of the business expansion. [2ev]

Paper 521/02

General Comments

Paper 2 is a case study-based paper. Candidates are expected to read and understand the case study before attempting questions. The case study has questions that are derived from those themes or topics. Candidates who read and understand the case study are able to answer all the questions with ease. In the 2021 paper, four assessment objectives were examined in a well-balanced manner. These assessment objectives are knowledge and understanding, application, analysis and evaluation. Candidates are expected to demonstrate an understanding of all four objectives and be able to answer questions addressing each one of them.

The general performance in this paper was poor as compared to the previous two years. Generally, a majority of centres showed a decline in performance. Centres and educators must come up with strategies to improve the performance in the paper as poor performance affects the overall performance in the subject. This is because this paper carries a 50% weight of the candidate's final mark.

The following questions proved to be quite challenging for the candidates as they scored very low marks: **Question 4 a** [types of trade unions], **b** [benefit of having workers who members of a trade union] **c** [types of industrial action that workers may engage in], and **Question 3 d** [advantages and disadvantages of Money Gram and online banking]. However, **Question 1 (a & c)** and **Question 2** proved to be quite easy and accessible for most candidates who managed to scoop good marks in these questions.

It is worth noting that some candidates demonstrated a poor understanding of the command words which led to loss of marks, for instance, **part c of the questions**, where most candidates were just stating the factor/reason/function/type without the explanations or application. The candidates who could not understand the command words were unable to answer most of the questions correctly.

Centres must ensure that candidates are taught on the meaning and requirements of each command word so that candidates do not lose marks unnecessarily.

Some candidates demonstrated a strong understanding of the evaluation questions and were able to score good marks. Centres are encouraged to give candidates enough practice on all command words, to improve the performance of candidates. Candidates continually fail to demonstrate the application skill when answering questions. This leads to candidates losing marks as application makes up 30% of the total marks. Most candidates lost a lot of marks through-out the paper due to failure to apply when answering questions. Candidates are encouraged to apply in all the questions to ensure that application marks are not lost. One other disheartening observation was the rise in the number of candidates leaving blank spaces. In the past year a fall in the number of candidates leaving blank spaces was noted.

Comments on Specific Questions

Question 1

The question was assumed to be quite easy but candidates did not perform as well as it was expected of them. A majority of the candidates performed poorly in this question. The question was based on a number of related topics/themes which are business activity, production and public limited company. Most candidates were able to get full marks in part (a & b) of the question. Candidates had a challenge meeting the requirements of the command words for part (c & d).

(a) Candidates were asked to identify **three** forms of external growth that Real Insurers Plc could have used. The question was well attempted. Some candidates would write the horizontal and vertical without the integration word. Some candidates just gave forward and backwards integration, without the word vertical. Such errors must be corrected.

(b) In this question candidates were expected to explain **one** advantage of using indirect production to Real Insurers Plc. The question was well answered but candidates failed to apply thus lost the application mark.

An **expected answer** would be; 'earn a profit **[1k]**, as surplus policies **[1pp]** are sold to clients **[1k]**'.

(c) The question required the candidates to explain **three** reasons why Real Insurers Plc may have decided to grow. This question was fairly attempted as most candidates were able to earn the knowledge mark and some even earned the analysis mark. A few candidates earned the application mark. However, some candidates gave the benefits of growth and aims of a business instead of the reasons for growth and thus lost marks. Some candidates would give "profit" as a reason instead of "more profit". Candidates need to understand that a business grows because it is already making a profit and wants to make more profits or maximise the profit due to the growth. Therefore, writing just profit is wrong.

An **expected answer** would be; 'to meet demand **[1k]** as the firm will be able to produce different policies **[1app]** that are desired by the clients such as life and car insurance **[1an]**'.

(d) This is an evaluation question. Candidates were expected to analyse advantages and disadvantages of trading as a public limited company to Real Insurers Plc. Candidates were also expected to take a well-reasoned stand. In this question, candidates were expected to write in a continuous form (essay format). The candidates were expected to identify a point, explain it (how or why) and apply to the case. Some candidates confused the public limited company with a public corporation, by explaining the business as one owned by the government. The candidates would go on and on giving advantages of government owned businesses. This should be corrected and emphasis be given on the differences between the two businesses. Candidates lose valuable marks that they should not lose, due to this confusion.

Model answer

Real Insurers Plc is able to raise more capital **[k]** as there could be seven to no maximum number of shareholders. This would allow the insurance company **[1app]** to raise as much capital as it needs **[2an]**. Secondly, shares are easily transferable **[k]** as they are easily sold to anyone through the stock exchange **[1app]** thus not limiting their market **[1an/1k]**. On the contrary, there is no secrecy in this business **[k]**, as it is expected by law to publish its accounts, detailing its performance for its shareholders **[1app]** and the general public's scrutiny. This could lead to its competitors knowing their short coming **[2an]**.

In conclusion, I think Real Insurers Plc should continue trading as a public limited company because the business has separate legal entity. This means that the affairs of the business are separate from those of the shareholders thus the business and shareholders are protected **[2ev]**.

Question 2

This question was quite accessible for most candidates as they were able to score good marks. The candidates were able to come up with correct responses though some had challenges with application and analysis. The questions were from business communication and information and communication technology in business topics.

(a) In this question, candidates were expected to identify **three** useful pieces of information that could be found in Real Insurers Plc's website. Most candidates were able to correctly give a list of some possible information, though some candidates just listed some of the 4 Ps.
Possible answers; policy prices, contact details, information about products offered, address.

(b) This question required candidates to explain **one** need for effective communication at Real Insurers Plc. The candidates were able to correctly give a definition of effective communication but applying was a challenge. Some candidates explained methods of communication but generally the question was well attempted.
Expected answer; it reduces conflict **[1k]** as it encourages insurance agents **[1app]** to be in contact with each other **[1an]**.

(c) The question required candidates to analyse **three** Information and communication Technology (ICT) tools that Real Insurers Plc could use to communicate with the stakeholders. Most candidates were able to correctly identify the ICT tools but were not able to analyse some of them or even apply to the case. Some candidates did not give the ICT tools but examples of electronic communication for example video-conferencing, e-mails. There were candidates who gave features of ICT tools.
Expected answers; the telephone **[1k]** will be used by the insurance company **[1app]** to call clients about their policies and even claims **[1an]** using the landline or fixed phone.

(d) This question was on oral communication. Most candidates were able to earn good marks. The candidates were able to analyse the advantages and disadvantages of oral communication. The question was accessible to most candidates who were able to earn at least 4 marks. There were some candidates who could not get a mark in the question though generally it seemed to be an easy question. Some candidates concentrated on the phone instead of looking at oral communication holistically.

Model answer

Oral communication allows Real Insurers Plc to get immediate feedback **[k]**. this helps the insurance firm **[1app]** to understand the needs and wants of the clients and be in a better position to satisfy them **[2an]**. Moreover, the consultants **[1app]** would able to observe body language during the conversation with the client, which could assist in making the message clearer, as one gets to read the body movements of the other **[1an]**. However, this method is not suitable for communicating lengthy messages **[k]**. This is because the policy holders **[1app]** can end up losing concentration and not understanding the message well thus it is best to use it along with others **[2an]**.

In conclusion, I think oral communication is suitable for the insurance firm as it is a direct communication method thus chances of message being misunderstood are minimised **[2ev]**.

Question 3

The performance of candidates varied greatly in this question, with some candidates performing very well whilst others performed poorly. Part (d) of the question proved to be challenging for most candidates. This part of the question was on contemporary banking methods and candidates had to make a connection with Appendix A. Year after year, candidates perform poorly on the contemporary banking methods questions. This question was on Barter Trade and Money and Banking and Means of payment.

(a) This question required candidates to identify **three** characteristics of money. Most candidates were able to correctly identify the characteristics of money, although a few still gave functions of Money.

(b) Candidates were expected to explain **one** advantage of barter trade to Real Insurers Plc.
In this question, the performance of the candidates was varied too. Some candidates answered the question very well while others could not even get 1 mark. Some candidates decided to define barter trade instead of explaining an advantage of barter trade.
An **example answer**; it is a flexible method **[1k]** as the insurer **[1app]** and the bank are able to share clients **[1k]**.

(c) The question required candidates to analyse **three** other functions of VMB Bank to Real Insurers Plc, other than the provision of a payment service. Most candidates were able to correctly identify the function but few could analyse and apply. Some candidates were giving functions of a central bank or money. Most candidates were unable to score marks for application even though banking terminology was also accepted as application.

An example of an **expected answer**; it provides loans and overdraft **[1k]** to the insurer **[1app]**, when the business does not have enough money to finance certain financial emergencies such as some claims **[1an]**.

(d) In this question, candidates were asked to use information from Appendix A and any other relevant information to recommend the most suitable payment method for Real Insurers Plc. The candidates were expected to compare online banking with Money Gram by either analysing the advantages of online banking versus the disadvantages of Money Gram (or vice versa). The candidates were also allowed to analyse an advantage of online banking and a disadvantage compared with an advantage of Money Gram versus with a disadvantage of Money Gram. Calculations and figures from the appendix on a correct point counted as marks for application. A majority of the candidates did not go back to the appendix to get the application. Most candidates performed poorly in this question. Some opted to write about Mobile Money, e-wallet, cheque and even e-commerce, yet the question was very clear. There were few candidates who compared Money Gram and online banking, and as a result, valuable marks were lost.

Model answer

Online banking saves traveling time and costs **[k]** for the insurer **[1app]** as they do not need to travel to the bank to facilitate payment for the claims. Payments are made at the comfort of the office **[2an]**. However, using Money Gram is expensive **[k]** as the insurance firm will have to incur huge transactional costs. The business spends E30 000 to pay claims worth E1 000 000, yet it spends E2 000 to pay claims worth E500 000. This means that it E26 000 more to send E1 000 000 **[1app]** through Money Gram **[2an]**. Secondly, some frequent receivers of claims **[1app]** through Money Gram could be blocked temporarily **[k]** as the source of funds is verified. This could be frustrating to the recipient of the claim **[1an]**.

In conclusion, I would recommend Real Insurers Plc to continue using online banking as compared to Money Gram because it is available 24 hours a day thus claims can be paid to clients any time of the day **[2ev]**.

Questio 4

A majority of the candidates could not access this question. It was poorly performed by most candidates. The question was based on trade unions and motivation theories.

(a) The question required candidates to identify **three** types of trade unions in Eswatini. Most candidates gave examples of trade unions in Eswatini and some gave examples of cooperatives in Eswatini. This led to candidates scoring zero or one.

The **expected answers** Include; white collar, general, craft and industrial.

(b) In this question, candidates were asked to explain **one** benefit to Real Insurers Plc of having workers who are members of a trade union. This question proved to be challenging for a majority of the candidates. Most candidates were giving advantages of joining a trade union to the worker and thus lost marks. An **expected answer**; it improves industrial relations **[1k]** as both the employer and the consultants **[1app]** understand labour laws **[1k].**

(c) The question required candidates to analyse **three** types of industrial action that Eswatini Insurance Workers Union (EIWU) members may engage in. Most candidates performed poorly in the question. Most candidates decided to analyse the different types of strikes for example; token and all out strikes. Some candidates who correctly identified the types of industrial action could not analyse them thus earned the knowledge marks only. Other candidates who analysed the points correctly could not apply to the case.

An **example of a correct answer**; picketing **[1k]**, workers demonstrate during breaks to show their lack of job satisfaction to the insurer **[1app, 1an]**.

N.B. Lockout not applicable

(d) This question required the candidates to evaluate whether Real Insurers Plc managers should use McGregor's Theory Y instead of Theory X to motivate the workers. The question was accessible to the candidates. However, most candidates could not explain the points thus were only able to get the knowledge marks. Most candidates were just comparing the points as given in the text book, for example; they would write, 'theory X believes that workers are lazy **[1k]** whereas theory Y believes that workers are keen to work' **[1k]**. Most of the candidates were unable to develop the points and failed to apply. Some candidates failed to write in an essay format, they just listed the points and some even drew tables. This is wrong and candidates who present such work earn a zero.

Model answer

When using McGregor's theory Y, the managers tend to have a positive attitude **[1app]** towards the workers as they believe that they are keen **[k]** to do their work without being followed **[2an]**. Moreover, the managers believe that the insurance workers **[1app]** seek responsibility **[k]**, they do not wait for someone to tell them what to do **[1an]**. On the other hand, Theory X managers believe that the insurance agents **[1app]** are lazy **[k]**, they cannot do tasks and complete them within the expected time **[2an]**.

In conclusion, I think it is best for the managers to use Theory Y as the workers are motivated because the manager understands that they are able to work on their own thus sometimes allows them to make even decisions that affect their working life as they are responsible and capable to do such **[2ev]**.

Application Words Bank

insurance	agents	consultants
insurance workers	shareholders	shares
insurance company/firm	premiums	claim
policy	contract	life policy/accident cover

funeral cover   indemnity   insurance broker