



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 2019**

**1 hour 45 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 blue 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.

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	
5	
<b>Total</b>	

This document consists of **16** printed pages.

1 Musa is a sole trader who operates two restaurants in Ezulwini and Malkerns. The chain of command in each restaurant flows from the owner, branch managers, supervisors and workers.

(a) Explain what is meant by 'chain of command'?

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

(b) Describe any **two** features of the restaurant's organisational structure.

Feature 1 .....  
.....  
Feature 2 .....  
..... [2]

Musa is planning to decentralise decision making to the branch managers because he believes in democratic leadership.

(c) Identify and explain any **two** forms of decentralisation that Musa could use.

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

Musa wants to motivate his workers through job satisfaction.

(d) Identify and explain any **three** ways that Musa could use to increase job satisfaction in his restaurants.

Way 1 .....

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Explanation .....

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Way 2 .....

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Explanation .....

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Way 3 .....

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Explanation .....

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[6]

Musa recently made security guards redundant because he believes that technology such as alarms and cameras, could do a better job in maintaining security in the business.

(e) Do you agree with Musa's opinion that technology is better than workers? Justify your answer.

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2 Cela has just fulfilled her dream of starting her own business. She runs Buve Holdings as a hardware franchise.

(a) What is meant by 'franchise'?

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

(b) Identify any **two** examples of franchise businesses in Eswatini.

Example 1 .....  
.....  
Example 2 .....  
..... [2]

Workers at Buve Holdings are frequently trained so as to improve customer satisfaction.

(c) Identify and explain any **two** training methods that Buve Holdings could use.

Method 1 .....  
.....  
Explanation .....  
.....  
.....  
Method 2 .....  
.....  
Explanation .....  
.....  
..... [4]

Before being granted the franchise, Cela was required to identify a suitable location for the hardware shop.

(d) Identify and explain **three** factors that could influence the location of the hardware shop.

Factor 1 .....

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Explanation .....

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Factor 2 .....

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Explanation .....

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Factor 3 .....

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Explanation .....

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[6]

Cela's friends are not sure whether or not he made the right decision by investing in the franchise.

- (e) Do you think that investing in a franchise would be advantageous to Cela? Support your answer.

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3 Sive Blocks Ltd produces and sells building blocks and ready-mixed concrete in Sidvokodvo. The business is currently experiencing a cash flow problem which is affecting its performance.

(a) What is meant by 'cash flow problem'?

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

(b) Identify any **two** examples of cash inflows at Sive Blocks.

Example 1 .....  
 .....  
 Example 2 .....  
 ..... [2]

The following information was taken from Sive Blocks published accounts.

**Table 1**

Items	Amounts in (E)
Sales	80 000
Cost of sales	35 000
Current assets	1100
Current liabilities	1 000

(c) Calculate the company's gross profit and current ratio, using the information in table 1 above.

Gross profit .....  
 .....  
 .....  
 Current ratio .....  
 .....  
 ..... [4]



In a recent meeting shareholders have instructed management to deal with the cash flow problem that Sive Blocks is currently experiencing.

(d) Identify and explain **three** ways that the business can use to solve its cash flow problem.

Way 1 .....

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Explanation .....

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Way 2 .....

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Explanation .....

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Way 3 .....

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Explanation .....

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..... [6]

The workers at Sive Blocks are not happy about the working conditions in the business and they have decided on a ‘work-to rule’ so as to put pressure on the company to improve the situation.

- (e) Do you think that a ‘work-to-rule’ strike is the right form of industrial action that the workers could use against the employer? Justify your answer.

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4 Thanda is an entrepreneur from Siteki who owns TeeZee transport. He started his business through the Regional Development Fund (RDF). The business regularly conducts market research in order to identify strategies for improving market share.

(a) Explain what is meant by 'market share'.

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

(b) Identify **two** characteristics of a successful entrepreneur.

Characteristic 1 .....  
.....  
Characteristic 2 .....  
..... [2]

Thanda is a sole trader who performs his managerial tasks effectively.

(c) Identify and explain any **two** managerial tasks that Thanda performs in his business

Task 1 .....  
.....  
Explanation .....  
.....  
.....  
Task 2 .....  
.....  
Explanation .....  
.....  
..... [4]

Thanda is now recognised as a businessman who has contributed to the development of the country's economy.

(d) Identify and explain any **three** contributions of entrepreneurs to the economy.

Contribution 1 .....

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Explanation .....

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Contribution 2 .....

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Explanation .....

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Contribution 3 .....

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Explanation .....

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[6]

Thanda strongly believes that using the market oriented approaches gives his business competitive advantage over businesses that use product oriented approaches.

**(e)** Would you advise Thanda to use the market oriented approach in his transport business. Support your answer.

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[6]

5 Easycharge (Pty) Ltd imports portable cell phone chargers from the European Union (EU) market. Importers to the EU market are constantly affected by fluctuating exchange rates. As a result, some local businesses are calling for an improved trade agreement with the EU.

(a) What is meant by 'exchange rate'?

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

(b) State any **two** reasons why countries make trade agreements.

Reason 1 .....  
.....  
Reason 2 .....  
..... [2]

Swaziland is experiencing a rise in inflation. This situation is threatening the performance of Easycharge (Pty) Ltd.

(c) Identify and explain any **two** problems that could be caused by high inflation to businesses such as Easy charge.

Problem 1 .....  
.....  
Explanation .....  
.....  
.....  
Problem 2 .....  
.....  
.....  
Explanation .....  
.....  
..... [4]

Recent economic data indicate that Eswatini is going through a trade cycle

(d) Identify and explain **three** stages of a trade cycle.

Stage 1 .....

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Explanation .....

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Stage 2 .....

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Explanation .....

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Stage 3 .....

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Explanation .....

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..... [6]

Easycharge wants to choose the most effective market promotion method for the cell phone chargers. The CEO prefers to use television while the lower level managers think that radio would be more suitable.

(e) Do you think that promoting the cell phone chargers through radio could be more effective than television. Support your answer.

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