



EXAMINATIONS COUNCIL OF SWAZILAND
Swaziland General Certificate of Secondary Education

BUSINESS STUDIES

6897/02

Paper 2

October/November 2018

Confidential

MARK SCHEME

{6897/02}

MARKS: 100

This document consists of 16 printed pages

GUIDANCE TO LEVELS-BASED MARKING TABLES

1. Column 1 describes levels based on the quality of responses produced by candidates
 - A level 1 response is where the candidate has only listed relevant points without providing the required analysis or explanation. A good level 1 response yields a maximum of 2 marks
 - A level 2 response is where a candidate has identified relevant point (s) and went on to provide the required analysis or explanation. A good level 2 response yields a maximum of 6 marks
 - A level 3 response is where a candidate has identified relevant points, analysed them and went on to evaluate them as per the requirements of the question. A perfect level 3 response can yields 12 marks

2. Column 2 provides guidance to markers on how application marks should be awarded. For example, a level 1 candidate can only get a maximum of 1 mark for application while level 2 and level 3 candidates can possibly get a maximum of two marks for application. No candidate should be awarded more than 2 marks for application in a given essay.

3. Column 3 provides guidance to markers on how marks should be awarded on knowledge, analysis and application skills.
 - A level 1 response can only attain a maximum of 2 knowledge marks for two (2) stated points. No marks should be awarded for analysis and evaluation to a level 1 response. If required application has been demonstrated in the response, a candidate can attain 1 mark for application. Therefore a level 1 response is limited to a maximum of 2 marks.
 - A level 2 response can only attain a maximum of 4 marks for two (2) analysed points. No marks for knowledge and evaluation should be awarded to a level 2 response. If required application has been demonstrated in the response, a candidate can attain an additional 2 marks for application. Therefore a level 2 response is limited to a maximum of 6 marks.
 - A level 3 response can only attain a maximum of 6 marks for two (2) well analysed points plus 4 marks for evaluation. If required application has been demonstrated in the response, a candidate can attain 2 additional marks for application. Therefore, a level 3 response is limited to a maximum of 12 marks.

4. Awarding total marks in levels-based marking:

Levels	Application	Knowledge/analysis/evaluation	Totals
3	2 marks maximum for reference to case	7-10 marks for demonstrated analysis and evaluation	12 marks (max.)
2	2 marks maximum for reference to case	3-6 marks for demonstrated analysis	6 marks (max.)
1	1 mark for limited reference to case	1-2 marks for stating 2 relevant points	3 marks (max.)

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Question	Answer	Marks	Guidance
1. (a)	<p>One of the market segments supplied by Electrotech Ltd is public sector organisations engaged in infrastructure development.</p> <p>Identify and explain two aims of public sector organisations that Electrotech Ltd is dealing with.</p> <p>Possible answers might include:</p> <ul style="list-style-type: none"> • To provide essential services • To decentralise services in every region of the country • To increase efficiency of operations • To sell products at affordable prices • To provide employment <p>Example: To provide employment (1K) so as to reduce the level of unemployment in the country (1K). In that way the dependency ratio will be low as the electricians (1AP) will be able to cater for their needs with salaries earned (1AN)</p> <p style="text-align: right;">[4k, 2app, 2an]</p>	8	

Possible Application words

Electrical appliances, street lights, globes, plugs, public sector organisations, 20-250 employees, theories of motivation, time-rate pay, piece-rate pay, labour intensive, trade unions, Technicians.

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Question	Answer	Marks	Guidance												
1. (b)	<p>The management of Electrotech Ltd intends replacing some workers with more efficient machine technology.</p> <p>Do you think that technological change could help the company improve its performance? Justify your answer.</p> <p>Possible answers could include:</p> <table border="1"> <thead> <tr> <th>Advantages of machine technology</th> <th>Disadvantages of machine technology</th> </tr> </thead> <tbody> <tr> <td>Production of better quality products</td> <td>Increases cost of investment</td> </tr> <tr> <td>Mass production is possible</td> <td>Production halts during breakdowns</td> </tr> <tr> <td>Improves customer service</td> <td>Maintenance cost high</td> </tr> <tr> <td>Ability to standardize products</td> <td>May become obsolete</td> </tr> <tr> <td>Possibility to sustain high productivity</td> <td>Depreciation</td> </tr> </tbody> </table> <p>NB: Points should be related to the performance of the business.</p> <p>Example:</p> <p>Technology will help Electrotech to produce high quality (L1) electrical appliances (AP) as machinery could be programmed to produce high quality products (L2) unlike human beings who may have varying skills to produce good appliances and may sometimes be influenced by different circumstances hence compromise quality (L2). I therefore think that machine technology will improve business performance since more appliances could be produced which might increase sales volume for the business in a short time (2L3). This would otherwise not be possible with labour intensive productions hence delayed expansion (2L3).</p>	Advantages of machine technology	Disadvantages of machine technology	Production of better quality products	Increases cost of investment	Mass production is possible	Production halts during breakdowns	Improves customer service	Maintenance cost high	Ability to standardize products	May become obsolete	Possibility to sustain high productivity	Depreciation	12	
Advantages of machine technology	Disadvantages of machine technology														
Production of better quality products	Increases cost of investment														
Mass production is possible	Production halts during breakdowns														
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Ability to standardize products	May become obsolete														
Possibility to sustain high productivity	Depreciation														

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Level 3	2 Marks: Any 2 points well applied to the case	7 – 10 Marks: Level 2 + Good judgement/ Recommendation on whether machine technology will improve the business performance or not.
Level 2	2 Marks: Any 2 points well applied to the case	3-6 Marks: Analysed advantages and disadvantage of using machine technology.
Level 1	1 Mark: Limited application	1 – 2 Marks: List of advantages and /or disadvantages of using machine technology.

Question	Answer	Marks	Guidance
2. (a)	<p>Electrotech Ltd has been growing rapidly over the past 7 years.</p> <p>Explain any two ways that the business could use to measure its size.</p> <p>Knowledge [2x2] - award 1 mark for each relevant point Application [2x1] - award 1 mark for each relevant applied explanation Analysis [2x1] – award 1 mark for each relevant explained point.</p> <p>Possible answers might include:</p> <ul style="list-style-type: none"> • Number of employees • Capital employed • Quantity produced • Number of branches • Market share • Business profits <p>Example: The size of the business could be measured by the number of employees (1K). The business has increased its employees from 20 to 250 (1AP) in 2017 which shows that the business has grown since 2010 (1K). Large businesses tend to employ more workers than small businesses (1AN)</p> <p style="text-align: right;">[4k, 2app, 2an]</p>	8	.

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Question	Answer	Marks	Guidance												
2. (b)	<p>The Board of Directors of Electrotech Ltd has interviewed two applicants for the post of senior manager. One of the managers believes in using Mc Gregor's Theory X while the other prefers McGregor's Theory Y.</p> <p>On the basis of Theory X and Theory Y, advice the Board of Directors on what you think is the best theory of motivation between the two. Justify your answer.</p> <p>Possible answers might include:</p> <table border="1"> <thead> <tr> <th>Theory X</th> <th>Theory Y</th> </tr> </thead> <tbody> <tr> <td>Increased output or productivity in a short-term</td> <td>Increased output in the long-term</td> </tr> <tr> <td>Leads to fear and low moral</td> <td>Job satisfaction</td> </tr> <tr> <td>Frequent labour disputes</td> <td>Less labour disputes</td> </tr> <tr> <td>Hard to delegate worker</td> <td>Easy to decentralise</td> </tr> <tr> <td>Poor communication</td> <td>Allows two-way communication</td> </tr> </tbody> </table> <p>NB: Points should show how each theory could affect business (positively/negatively)</p> <p>Example: The board of directors should use Theory Y approach as there could be increased job satisfaction (L1). If workers are given a chance to take responsibility of producing electric geysers (1AP) they could be motivated and be more innovative (L2). However allowing workers to take decisions on their own could lead to slow production of the electrical products as some workers could be lax and fail to meet deadlines leading to low profits (L2). I would therefore advise the board of directors to use Theory X to increase productivity in a short time which would help the business make more sales and profit (2L3). Using this approach could lead to low worker moral causing high labour turnover (2L3).</p>	Theory X	Theory Y	Increased output or productivity in a short-term	Increased output in the long-term	Leads to fear and low moral	Job satisfaction	Frequent labour disputes	Less labour disputes	Hard to delegate worker	Easy to decentralise	Poor communication	Allows two-way communication	12	
Theory X	Theory Y														
Increased output or productivity in a short-term	Increased output in the long-term														
Leads to fear and low moral	Job satisfaction														
Frequent labour disputes	Less labour disputes														
Hard to delegate worker	Easy to decentralise														
Poor communication	Allows two-way communication														

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Level 3	2 Marks: Any 2 points well applied to the case	7 – 10 Marks: Level 2 + Good judgement/ Recommendation on whether Theory X or Theory Y is the best approach for the business.
Level 2	2 Marks: Any 2 points well applied to the case	3-6 Marks: Analysed advantages and/ disadvantages of adopting Theory X and/ Theory Y.
Level 1	1 Mark: Limited application	1 – 2 Marks: List of advantages and/ disadvantages of theory X and/ Theory Y

Possible Application words

Electrical appliances, street lights, globes, plugs, public sector organisations, 20-250 employees, theories of motivation, time-rate pay, piece-rate pay, labour intensive, trade unions, technicians.

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Question	Answer	Marks	Guidance								
3. (a)	<p>Workers at Electrotech Ltd are generally paid on a piece-rate basis. Some workers are unhappy about the piece-rate system and think that the time rate system is better.</p> <p>Explain one advantage and one disadvantage to Electrotech Ltd workers of being paid using the piece-rate system</p> <p>Knowledge [2x2] - award 1 mark for each relevant point Application [2x1] - award 1 mark for each relevant applied explanation Analysis [2x1] – award marks1 for each relevant explained point. Possible answers may include:</p> <table border="1"> <thead> <tr> <th>Advantages of the piece-rate system</th> <th>Disadvantages of the piece-rate system</th> </tr> </thead> <tbody> <tr> <td>Workers are certain of remuneration</td> <td>May demotivate slow hard working employees</td> </tr> <tr> <td>Workers are motivated to work hard</td> <td>Workers may not take enough rest breaks – health hazardous</td> </tr> <tr> <td>Leads to high job satisfaction</td> <td>Require continuous supervision (promotes autocratic leadership)</td> </tr> </tbody> </table> <p>NB: points should be related to workers Example: Advantage Peace-rate pay can motivate employees to work hard (1K) since they know that the more light bulbs (1AP) they produce the more income they will earn (1K). This could enable workers to plan ahead for their work target over a given time period (1AN). Disadvantage Slow employees could be demotivated (1K) since they may produce less electric stoves (1AP) and receive less pay (1K). This is because they may not be able to match their fast colleagues who earn more than them (1AN).</p> <p style="text-align: center;">[4k, 2app, 2an]</p>	Advantages of the piece-rate system	Disadvantages of the piece-rate system	Workers are certain of remuneration	May demotivate slow hard working employees	Workers are motivated to work hard	Workers may not take enough rest breaks – health hazardous	Leads to high job satisfaction	Require continuous supervision (promotes autocratic leadership)	8	
Advantages of the piece-rate system	Disadvantages of the piece-rate system										
Workers are certain of remuneration	May demotivate slow hard working employees										
Workers are motivated to work hard	Workers may not take enough rest breaks – health hazardous										
Leads to high job satisfaction	Require continuous supervision (promotes autocratic leadership)										

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Question	Answer	Marks	Guidance										
3. (b)	<p>The CEO also motivates lower level managers by decentralising decision making.</p> <p>Do you think that the decentralisation of decision making by the CEO can motivate lower level managers? Justify your answer.</p> <p>Possible answers might include:</p> <table border="1"> <thead> <tr> <th>Advantages of decentralisation</th> <th>Disadvantages of decentralisation</th> </tr> </thead> <tbody> <tr> <td>Builds confidence among lower-level managers</td> <td>Conflicting decisions (between top and low level managers)</td> </tr> <tr> <td>Stimulates input from all managers</td> <td>Lower-level managers may not have adequate expertise</td> </tr> <tr> <td>Businesses react quick to environmental changes</td> <td>Top managers may lose control of the business</td> </tr> <tr> <td>Improves to job satisfaction and motivation</td> <td>Lower-level managers may abuse power</td> </tr> </tbody> </table> <p>Example:</p> <p>The lower level managers are the ones that have direct contact with the clients (L1) of the electrical appliances (1AP). So they can get first-hand information and make decisions on preferred electronics to meet their special needs (1L2). However, they might make wrong decisions when they do not have adequate expertise leading to a bad for the business (1L2). I think decentralising decision making to lower level managers could motivate low-level manager since they would feel trusted and increase productivity (2L3). Not delegating decision making power might lead to low moral for the manager (2L3).</p>	Advantages of decentralisation	Disadvantages of decentralisation	Builds confidence among lower-level managers	Conflicting decisions (between top and low level managers)	Stimulates input from all managers	Lower-level managers may not have adequate expertise	Businesses react quick to environmental changes	Top managers may lose control of the business	Improves to job satisfaction and motivation	Lower-level managers may abuse power	12	
Advantages of decentralisation	Disadvantages of decentralisation												
Builds confidence among lower-level managers	Conflicting decisions (between top and low level managers)												
Stimulates input from all managers	Lower-level managers may not have adequate expertise												
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Level 3	2 Marks: Any 2 points well applied to the case	7 – 10 Marks: Level 2 + Good judgement/ Recommendation on whether decentralising decision making powers will be good for the business.
Level 2	2 Marks: Any 2 points well applied to the case	3-6 Marks: Analysed advantages and/ disadvantages of adopting decentralisation.
Level 1	1 Mark: Limited application	1 – 2 Marks: List of advantages and/ disadvantages of decentralisation.

Possible Application words

Electrical appliances, street lights, globes, plugs, public sector organisations, 20-250 employees, theories of motivation, time-rate pay, piece-rate pay, labour intensive, trade unions, technicians.

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Question	Answer	Marks	Guidance
4 (a)	<p>The marketing department at Electrotech Ltd has identified product packaging as one method of improving customer satisfaction.</p> <p>Identify and explain any two reasons why Electrotech Ltd packages its products.</p> <p>Knowledge [2x2] - award 1 mark for each relevant point Application [2x1] - award 1 mark for each relevant applied explanation Analysis [2x1] – award marks1 for each relevant explained point.</p> <p>Possible answers might include:</p> <ul style="list-style-type: none"> • Physical protection – against damage • Portability • Containment • Information transmission • Promotion/ marketing • Brand image/create a good name for business. <p>Example:</p> <p>Packaging advertises the electrical goods (1K). If Electrotech Ltd packaged its electrical bulbs (1AP) in attractive boxes, customers could be persuaded to buy them (1K) to try them out hence increase business sales (1AN).</p> <p style="text-align: right;">[4k, 2app, 2an]</p>	8	

Possible Application words

Electrical appliances, street lights, globes, plugs, public sector organisations, 20-250 employees, theories of motivation, time-rate pay, piece-rate pay, labour intensive, trade unions, technicians.

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Question	Answer	Marks	Guidance
4. (b)	Evaluate the performance of Electrotech Ltd in 2017 on the basis of the information in appendix 1 and 2, using two relevant profitability and two relevant liquidity ratios.	12	

Ratios	Objectives at the beginning of 2017	Workings	Actual performance end of 2017
Profit Margin	12%	Profit /Sales Revenue x 100 0.5/1million x 100	5% (L2)
ROCE	8%	Profit /Capital Employed x 100 0.5/8million x 100	6.25% (L2)
Current Ratio	2:1	Current Assets/Current Liabilities 3million/2million	1:1.5 (L2)
Acid Test Ratio	1.5:1	Current Assets - Stock/Current Liabilities 2million/2million	1:1 (L2)

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Comment:

The business was unable to achieve its forecasted profitability and liquidity ratios. The company had an objective of achieving 12% and 8% profitability and Return on capital employed respectively but they could only achieve 5% and 6.5%. Same with the liquidity of the business, 2:1 and 1:1.5 were objected for the current and acid test ratios but only managed to get 1:1.5 and 1:1 respectively. **(2ev)**

Evaluation:

The business profitability was 7% less and the returns on capital employed were 1.75% less than the forecast at the beginning of the year. The liquidity was 0.5 less than forecasted ability to pay its current liabilities when they fall due. The company needs to take corrective action to improve its performance and liquidity. **(2ev)**

Level 3	2 Marks: Any 2 points well applied to the case	7 – 10 Marks: Level 2 + Good comment and judgment/ recommendation based on calculations.
Level 2	2 Marks: Any 2 points well applied to the case	3-6 Marks: calculations of ratios using information obtained from the appendices.
Level 1	1 Mark: Limited application	1–2 Marks: List of figures from the appendices.

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Question	Answer	Marks	Guidance
5. (a)	<p>The CEO of Electrotech Ltd has advised the HRM department to retrench some workers to give way for the introduction of machine technology.</p> <p>Identify and explain two disadvantages to the business of retrenching some of its workers.</p> <p>Knowledge [2x2] - award 1 mark for each relevant point Application [2x1] - award 1 mark for each relevant applied explanation Analysis [2x1] – award marks1 for each relevant explained point.</p> <p>Possible answers might include:</p> <ul style="list-style-type: none"> • High cost of retrenchment/redundancy packages • Loss of skilled labour • Loss of business secretes to competitors • Loss of business reputation • Perceived signs of business failure <p>Example: Retrenching workers is costly to the business (1K). Electrotech Ltd workers are members of a trade union (1AP) who are likely to force the business to pay workers required redundancy packages that could affect the business cash flow negatively(1K). This may lead to the business having to seek bank loans with have high interest rates which could increase gearing ratio of the business(1AN)</p> <p style="text-align: right;">[4k, 2app, 2an]</p>	8	.

Possible Application words

Electrical appliances, street lights, globes, plugs, public sector organisations, 20-250 employees, theories of motivation, time-rate pay, piece-rate pay, labour intensive, trade unions, technicians.

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Question	Answer	Marks	Guidance								
5. (b)	<p>The CEO believes that collective bargaining is good for the management of the business.</p> <p>Do you think that having workers who are members of a trade union is beneficial to employers such as Electrotech Ltd? Justify your answer.</p> <p>Possible answers might include:</p> <table border="1"> <thead> <tr> <th>Advantages of trade union to the employer</th> <th>Disadvantages of trade union to the employer</th> </tr> </thead> <tbody> <tr> <td>Production is not disturbed during negotiations</td> <td>Trade unions can make unfair demands</td> </tr> <tr> <td>Improved communication between managers and workers</td> <td>Inexperienced employers may be bullied by union officials</td> </tr> <tr> <td>Reduced cases of industrial action by employees/employer</td> <td>Trade unions can channel workers to unprotected strikes.</td> </tr> </tbody> </table> <p>Example:</p> <p>Collective bargaining benefits the employer since workers continue producing the electronic appliances (1AP) during negotiations (L1). The business deadlines and targets are not affected during this time (L2). However, trade union officials may bully inexperienced employers into agreeing to unfair demand during negotiations which may lead to losses or business closing down in the long run (1L2). I therefore do not think it is beneficial to have employees who are trade union members since trade union leader may channel workers to illegal strikes which may negatively affect the productivity of the company (2L3). Strikes further create a bad reputation for a business with prospective employees making it hard to attract competent workers in the future (2L3).</p>	Advantages of trade union to the employer	Disadvantages of trade union to the employer	Production is not disturbed during negotiations	Trade unions can make unfair demands	Improved communication between managers and workers	Inexperienced employers may be bullied by union officials	Reduced cases of industrial action by employees/employer	Trade unions can channel workers to unprotected strikes.	12	
Advantages of trade union to the employer	Disadvantages of trade union to the employer										
Production is not disturbed during negotiations	Trade unions can make unfair demands										
Improved communication between managers and workers	Inexperienced employers may be bullied by union officials										
Reduced cases of industrial action by employees/employer	Trade unions can channel workers to unprotected strikes.										

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Level 3	2 Marks: Any 2 points well applied to the case	7 – 10 Marks: Level 2 + Good judgment/ Recommendation of whether having workers who are members of a trade union would benefit the business or not.
Level 2	2 Marks: Any 2 points well applied to the case	3-6 Marks: Explained advantages and disadvantages having workers who are members of a trade union
Level 1	1 Mark: Limited application	1 – 2 Marks: List of advantages and /or disadvantages of having workers who are members of a trade union.

