



**EXAMINATIONS COUNCIL OF ESWATINI**

**CONFIDENTIAL  
SPECIMEN PAPER 2021**

**JUNIOR CERTIFICATE EXAMINATION**

**BUSINESS STUDIES PAPER 2**

**MARKING SCHEME**

**MAXIMUM MARK 100**

**QUESTION 1**

The twins found the partnership business to be the most suitable for them.

**(a)** State **three** contents of a partnership deed.

- Amount of capital contributed by each partner
- Profit and loss sharing ratio
- Interest to be charged on drawings
- Rights of each partner
- Interest on capital
- Salary or bonus to be paid to partners

**3 points X 1 mark (3 knowledge)**

**[3]**

**(b)** Explain **two** advantages of a partnership business to the twins.

- **Share of responsibilities:** [1 k] Phetsa and Phetsi will not have to be jack of all trades as each will do a certain task. [1 app]
- **More capital:** [1 K] the dressmaking business will be able to raise more finance as each partner will contribute. [1 app]
- **Share of ideas**
- **Ability to go on holiday or take time off**
- **Easier to start up**
- **Sound decision making**

**2 points explained for 2 marks per point.**

**[4]**

**1 application, 1 knowledge per point**

**(c)** Analyse the **two** documents that Phetsa and Phetsi would have drafted and submitted if they formed a private limited company.

- **Articles of association:** [1 k] this document contains the internal rules and regulations that would have governed the twins company [1 app] within its internal management structure. [1 an] The document contains the rights and duties of the partners, criteria for selecting directors, rights of each shareholder, procedure for calling AGM, the procedure to be followed for issuing, transferring and forfeiture of shares and how profits and losses are to be shared. [1 ev]
- **Memorandum of association:** [1 k] it contains the rules and regulations that would have governed the dressmaking firm [1 app] within its external management structure or world. [1 an] It should contain the following; name of the company with the word limited at the end, objectives of the company, authorised share capital, location of registered office, number of shares that can be bought by each director. [1 ev]

**1 k, 1 App, 1 an, 1 ev per point**

**[8]**

(Only one or 2 contents must be mentioned)

- (d) Do you think Phetsa and Phetsi made a good decision by not forming a private limited company? Justify your answer.

**Advantages of a private ltd company**

- **Limited liability:** if the company fails to settle its debts, the twins can lose only the capital invested and not their private property.
- **More capital:** the dressmaking enterprise could raise more finance as there can be up to 50 shareholders contributing capital as compared to the maximum of 20 in a partnership.
- **Continuity**
- **Founders retain control**
- **Separate legal entity**

**Disadvantages of a private ltd company**

- **Many legal formalities:** this makes it difficult and expensive to form the fabric's private limited company.
- **Shares sold privately:** the fact that shares are not sold on the stock exchange can limit the growth of the sewing firm, as potential investors might need to be approached individually.
- **Shares not freely transferable**
- **Increased operational costs**
- **Takes time to diversify**

**2 advantages, 1 explained and 1 stated = 3 marks**

**2 disadvantages, 1 explained and 1 stated = 3 marks**

**3 application (should be in 3 different points) = 3 marks**

**2 evaluation, for taking a stand and supporting with a fresh point explained. 1 mark if point is not explained = 2**

**4 An, 3 App, 1 k, 2 ev**

**[10]**

**QUESTION 2**

Phetsa and Phetsi found it important to conduct a market research before they start operating.

(a) Name **three** factors that should be considered when segmenting the market.

- **Demographic**
- **Geographical**
- **Psychographic**
- **Behavioural**

**3 k**

**[3]**

(b) Explain **two** objectives of marketing to the partnership business.

- **Increase sales revenue and profitability:** [1 k] to ensure that more dresses are bought as customers become aware [1 app]
- **Attract and persuade consumers to buy the products:** [1 k] they use marketing tools that will make consumers buy the products. [1 an]
- **Increase or maintain market share:** [1 k] it aims to find new customers in other areas who will buy the products. [1 an]
- **Improve the image of the product**
- **Target a new market or segment**
- **Maintain good relationships with customers**
- **Determine the price**
- **Determine the best distribution channel**

**(1 k, 1 Ap) X 2 =**

**[4]**

(c) Explain the **two** approaches to marketing and their importance to a business such as PnP Dressmakers Enterprise.

- **Product oriented:** [1 k] a business develops and produce a product without conducting a market research. More dresses [1 app] could be produced and money for conducting a research is saved. [1 an] It can lead to failure though as consumers preferences are not known. [1 ev]
- **Market oriented:** [1 k] a business conducts a market research first before developing a product. This helps the partners [1 app] to gather the exact preferences of the consumers and satisfy them profitably. [1 an] Chances of failure are minimised. However, it is expensive to conduct a research. [1 ev]

**2k, 2 App, 2 An, 2 Ev**

**[8]**

**An advantage and disadvantage of each should be explained.**

(d) Analyse two advantages and two disadvantages of specialisation. Would you advise the partnership business to continue using specialisation? Justify your

answer.

### **Advantages of specialisation**

- **Teamwork saves time:** when workers do the task together it becomes fast and the sewing business saves a lot of time.
- **Efficiency:** the dressmakers become good at what they sew as they keep on doing it everyday.
- **Faster production:** the workers sewing speed and accuracy is increased due to repetition.
- **Uses workers natural skills**
- **Uses machinery that is fast**
- **Saves on tooling cost**
- **Shortens length of training**

### **Disadvantages of specialisation**

- **Stoppage of work:** absence of one dressmaker can halt the whole production process.
- **Monotonous:** doing one and the same thing can be very boring to the dress producers thus demotivate them leading to lower output.
- **Workers easily replaced by machines**
- **Loss of worker identity with finished product**
- **Limited training can lead to workers being unable to change jobs.**

**2 advantages, 1 explained and 1 stated = 3 marks**

**2 disadvantages, 1 explained and 1 stated = 3 marks**

**3 application (should be in 3 different points) = 3 marks**

**2 evaluation, for taking a stand and supporting with a fresh point explained. 1 mark if point is not explained = Max 2 marks**

**[10]**

**QUESTION 3**

The partners have decided to employ a manager who will be responsible for the operations of the business.

(a) Identify **three** qualities the manager should have.

- **Communication and people skills**
- **Intelligence**
- **Initiative**
- **Self confidence**
- **Assertiveness**
- **Consistency**
- **Determination**
- **Energy and enthusiasm**
- **Social responsibility**

3k

[3]

(b) Explain **two** functions of management to PnP Dressmaking.

- **Planning:** [1 k] this is setting goals and objectives for the business to work towards. [1 app]
- **Coordinating:** [1 k] bringing together all the factors of production for production to take place effectively. [1 app]
- **Organising:** [1 k] bringing together the different departments and making sure they work well together to achieve their different tasks. [1 app]
- **Commanding**
- **Controlling**

(1k, 1 App) X 2

[4]

(c) The partners are considering to review the system of paying the workers. Analyse the two methods of paying wages and how they motivate workers.

- **Piece rate:** [1 k] this is when workers are paid for the number of garments [1 app] they have made. The more you produce the more you get paid. [1 an] However it tends to lead to poor quality garments as workers rush through their jobs. [1 ev]
- **Time rate:** [1 k] when the sewing workers [1 app] are paid for the time they have spent at work. The workers get to work a certain number of hours and are paid for that and not the output made. [1 an] However, workers can be at work but not produce much as they know they will be paid. [1 ev]

(1k, 1 App, 1 An, 1 ev) X 2

[8]

After studying the research information, the partners think that the democratic leadership style is more effective than the autocratic leadership style.

- (d) Analyse advantages and disadvantages of the democratic leadership style. Would you recommend this style to the partners? Justify your answer.

#### **Advantages of democratic leadership**

- **Creates higher levels of job satisfaction:** when the views and opinions of the dressmakers are sought they will feel a sense of belonging and be motivated to work hard.
- **Develops the employees:** workers skills are enhanced as they take part in decision making.
- **Builds strong productive teams**
- **Leads to commitment**
- **Encourages innovation and creativity**

#### **Disadvantages of democratic leadership**

- **Difficult to reach final decision:** this is due to the fact that a lot of views are brought forward making it hard for the leadership to choose for the best.
- **Time consuming:** a lot of time is wasted discussing everyone's point of view.
- **Lack of confidentiality**
- **Does not guarantee the best solution**
- **opens room for uncertainties**

**2 advantages, 1 explained and 1 stated = 3 marks**

**2 disadvantages, 1 explained and 1 stated = 3 marks**

**3 application (should be in 3 different points) = 3 marks**

**2 evaluation, for taking a stand and supporting with a fresh point explained. 1 mark if point is not explained = Max 2 marks**

**[10]**

**QUESTION 4**

The dressmaking enterprise experienced a rise in the demand for the products which also necessitated a need for finance.

(a) State **three** types of demand.

- **Composite**
- **Complimentary**
- **Competitive (substitute)**
- **Derived demand**

3k

[3]

(b) Explain **two** factors that may have led to the rise in the demand for the dressmaking products.

- **Changes in disposable income:** [1 k] a rise in consumers' disposable income will make them afford more dresses. [1 app]
- **Changes in population:** [1 k] a rise in the number of people in the community can lead to a high demand for the partnership business products and fall in the number of people will lead to a fall in demand. [1 app]
- **Advertising**
- **Changes in prices of related products**
- **Changes in taste and fashion**
- **Expectations**

(1 k, 1 App) X 2

[4]

(c) Explain the **two** sources of finance the partners should consider, give an example of each.

- **Internal sources:** [1 k] those that can be raised within the business without going out of the business to raise it from external sources. This type of finance does not have to be paid back and bears no interest. [1 an] However there might not be enough money raised from this source. [1 ev] For example; selling old sewing machines, [1 app] unused materials, owners' savings and retained profits.
- **External sources:** [1 k] those raised from sources outside the business for example financial institutions. [1 an] On the contrary, this finance should be paid back and it bears interest. [1 ev] For example; short term loans (overdraft for buying materials and cotton) [1 app], medium term loans and long term loans.

(1 k, 1 App, 1 An, 1 ev) X 2

[8]

The workers have decided to join the trade union.



- (d) Evaluate **two** advantages and **two** disadvantages to the partners of the workers joining the trade union. Do you think this act will benefit the business? Justify your answer.

**Advantages of joining a trade union to the employer**

- **Improvement in industrial relations:** fewer disruption of work as disputes are resolved faster. Members also get to understand business operations better.
- **Work time is saved:** a lot of time is saved negotiating with union officials than negotiating with individual employees.
- **Security of a competent workforce**
- **Proper procedures followed**
- **Feedback to management**

**Disadvantages of joining a trade union to the employer**

- **Time consuming:** union activities can cause delays in certain areas of management decision-making. A lot of production time can be wasted.
- **Inter-union disputes:** where more than one union is involved, inter-union disputes can be disruptive and can hurt the interests of the business.
- **Unreasonable or irresponsible demands**
- **Bullying by powerful unions**

**2 advantages, 1 explained and 1 stated = 3 marks**

**2 disadvantages, 1 explained and 1 stated = 3 marks**

**3 application (should be in 3 different points) = 3 marks**

**2 evaluation, for taking a stand and supporting with a fresh point explained. 1 mark if point is not explained = Max 2 marks**

**[10]**