



BOTSWANA
EXAMINATIONS
COUNCIL

**Botswana General Certificate of Secondary Education
October/November 20XX**

Specimen Markscheme

0615/01 BUSINESS STUDIES

Maximum Mark: 100

- 1 Kwena Consultants run is training programmes for private and public sector organisations in Botswana. They recently trained senior government officers on economic problems and leadership. The company uses a competitive pricing strategy for its services.

- (a) **Explain two ways that the Government of Botswana may influence the business activities of Kwena Consultants.**

[4]

Subsidies
 Grants
 Loans
 Location decisions
 Taxation
 Interest rates
 Government expenditure
 Training / advice
 Environment control

Level 2 **3 – 4 marks** **2 points explained, applied**
Level 1 **1 -2 marks** **2 points explained not applied**
 or 1 point explained and applied
 or 1 point explained not applied
 or points listed

- (b) **Discuss the use of competitive pricing strategy by Kwena Consultants?**

Advantages	Disadvantages
<ul style="list-style-type: none"> - Sales are likely to be high as price is at a realistic level. - Product is not under or over priced so no doubt about quality of the goods / business can still make profit 	<ul style="list-style-type: none"> - Research cost - No guaranteed market as prices are at the same level

Level 4 **7-8 marks** **Both sides discussed, applied**
Level 3 **5 - 6 marks** **Both sides discussed and applied**
Level 2 **3 - 4 marks** **Both sides discussed not applied**
 or one side discussed and applied
Level 1 **1 - 2 marks** **one side discussed or listing of points**

NB: Candidates should thorough discuss the positives and negatives of competitive pricing strategy with application

(c) Is the off-the job training offered by Kwena Consultants beneficial to Senior Government Officers ?Justify your answer.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Learn more new skills/ variety of skills • Trainers are usually experienced enough to train • It is systematically organized • Efficiently created programs may add lot of value 	<ul style="list-style-type: none"> • Loss of output whilst training • It is not directly in the context of job • It is often formal • It may not be based on experience. It is expensive. • Trainees may not be much motivated It is artificial in nature.

Level 4	7-8 marks	Both sides explained, applied and justified
Level 3	5 - 6 marks	both side explained and applied
Level 2	3 - 4 marks	both side explained not applied or one side explained and applied
Level 1	1 - 2 marks	one side explained or listing of points

NB: Candidates recommendations may be either for or against off the job training being beneficial to Senior Government Officers.

Application

Equipment: Smart board, flip charts, computers, pamphlets

Products: Training programmes, expert advice

Personnel: Consultant

- 2 Sun Break owns a chain of lodges in South Africa. It recently took over a lodge in Kasane, Botswana. The executive management team based in RSA encourages two-way communication between the lodge managers and itself but prefers to take major decisions centrally.

(a) **The lodge intends to recruit a cleaner. Draw up a job description for the cleaner.**

[4]

Job title: cleaner (1)
 Department: Admin department (1)
 Responsible to: Administration officer (1)
 Duties: Cleaning offices, toilet, making tea (1)

(b) **Assess the effects to Sun Break of making major decisions centrally**

(8)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Unbiased allocation of work • Standardised work • No duplication of effort • Expert decisions are made 	<ul style="list-style-type: none"> • Lack of professional growth/ limit professional growth for employees • Biasness of assistance to branches • Wrong decisions made but binding to everyone • Information takes long to reach the branches • Can slow down the process of decision making

Level 4	7-8 marks	Both sides assessed and applied
Level 3	5 - 6 marks	both sides assessed and applied
Level 2	3 - 4 marks	both sides assessed not applied or one side assessed and applied
Level 1	1 - 2 marks	one side explained or listing of points

Candidates should assess both positive and negative effects of centralisation to the business with application.

(c) **Would you recommend the use of email to communicate between the head office and the lodge managers? Justify your recommendation**

[8]

Advantages	Disadvantages
<ul style="list-style-type: none"> • Easy to reference and use • Fast and effective. • Global • Can copy others correspondence • Can send attachments. • 	<ul style="list-style-type: none"> • Lack of personal touch. • Can be attacked by viruses. • No confidentiality at times

Level 4	7-8 marks	Both sides explained, applied and justified
Level 3	5 - 6 marks	both side explained and applied
Level 2	3 - 4 marks	both side explained not applied or one side explained and applied
Level 1	1 - 2 marks	one side explained or listing of points

Candidates recommendation may be for or against the use of e-mail to communicate.

- 3 Moses and Godfrey own separate carpentry businesses, which produce wooden furniture using modern technology. Moses and Godfrey decided to form a joint venture to supply furniture to a new hotel

(a) **Explain two benefits of automation in the production of furniture.** [4]

- Opportunity for longer working hours
- Enables specialisation / division of labour
- Less waste of materials
- Improves productivity and chances of economies of scale
- Orders can be done quietly at last minutes
- Opportunities for batch or live production

Level 2 **3 – 4 marks 2 points explained, applied**

Level 1 **1 -2 marks 2 points explained not applied
or 1 point explained and applied
or 1 point explained not applied
or points listed**

(b) **Discuss whether the joint venture will be beneficial to Moses and Godfrey**

[8]

Advantages	Disadvantages
<ul style="list-style-type: none"> - risks are shared - Good knowledge of market and customer needs - Costs and responsibilities are shared - Contribute capital together - Sharing of ideas 	<ul style="list-style-type: none"> - Sharing of profits - Disagreement on important decisions might occur - Joint venture can limit choice for the consumers - Loss of independence by individual business

Level 4 **7-8 marks Both sides explained, applied and justified**

Level 3 **5 - 6 marks both side explained and applied**

Level 2 **3 - 4 marks both side explained not applied
or one side explained and applied**

Level 1 **1 - 2 marks one side explained or listing of points**

(c) **Will the use of total quality management in meet the needs and requirements of the hotel management? [8]**

Positive	Negative
<ul style="list-style-type: none"> - Every worker takes responsibility of quality - Reduced waste / lower costs - Encourages team work - Increases customer satisfaction - Workers are involved in decision making / motivation 	<ul style="list-style-type: none"> - Training cost - Time consuming - Can demotivate some workers who are not able to contribute - Can lead to false hope to high flyers - May not be liked by all leaders

Level 4	7-8 marks	Both sides explained, applied and justified
Level 3	5 - 6 marks	both side explained and applied
Level 2	3 - 4 marks	both side explained not applied or one side explained and applied
Level 1	1 - 2 marks	one side explained or listing of points

Candidates justification may be on whether or not total quality management will meet the needs of hotel management.

Application

Product: furniture, chairs, beds, stands, coffee tables

Equipment: drilling machine nails / screws, bench clamps

Materials: glue, vanish / point, hummer, chisel, sand paper, wood / timber etc

Personnel: carpenter, painter, designer, wood cutter

4 Dilori (Pty) Ltd manufactures and distributes cars through personal selling. The company is well established in its market segment. The marketing Manager plans to conduct a market research and has to decide whether to use an interview or questionnaire.

(a) **Explain two factors Dilori (Pty) Ltd might have used to segment the market. [4]**

- Age
- Region
- Gender
- Use of the product , Life style , Income

Level 2 3 - 4 marks 2 factors explained and applied

Level 1 1 - 2 marks 2 factors explained not applied or 1 factor explained and applied or 2 factors listed – 1 mark

(b) Discuss the use of personal selling by Dilori (Pty) Ltd to increase sales. [8]

Advantage	Disadvantages
<ul style="list-style-type: none"> - Customers are able to discuss their specific requirements. - Price can vary due to the different requirement from customers. - Customers can be reassured that they are making the right decisions. - Capture audience. - Direct control. 	<ul style="list-style-type: none"> - Time consuming - Some customers are reluctant to listing to sales personnel - Effectiveness is very dependent on the skills of the sales people - Cost of hiring sales personnel

Level 4	7-8 marks	Both sides discussed and applied
Level 3	5 - 6 marks	Both sides discussed and applied
Level 2	3 - 4 marks	Both sides discussed not applied or one side discussed and applied
Level 1	1 - 2 marks	one side discussed or listing of points

(c) Which method of market research will you recommend the Marketing Manager to use? Justify your answer

	Interview	Questionnaire
Advantages	<ul style="list-style-type: none"> • In-depth information can be collected. • Can ensure questions are fully understood 	<ul style="list-style-type: none"> • Large amounts of information can be collected. • Question responses can be structured • Respondents have time to consider questions.
Disadvantages	<ul style="list-style-type: none"> • Difficult to obtain reliable information • Time consuming • Sample size too small therefore information collected may be a small representation of population 	<ul style="list-style-type: none"> • Low response rate • Questions cannot be explained to respondents. • A lot of bias.

Level 4 7-8 marks Positive of one, negative of another, developed, applied with justification

VICE-VERSA

Level 3 5-6 marks Positive of one, negative of another developed, applied not justified **OR** positive of one, negative of another development, justified not applied **OR** positive and negative of one applied and justified.

Level 2 3-4 marks Positive of one, negative of another developed not applied and not justified **OR** positive and negative of one developed, applied not justified or positive and negative of one developed, not applied not justified.

Level 1 1-2 marks Listing of points on both sides (2 marks)
Listing of points on one side (1 mark)

Application

Product: Car

Equipment and components: Steel, spray paint, engine, wheels tyres, wheel spanner,
gear box, conveyor belt etc

Personnel: Engine fitter, mechanical engineers, quality control, sales man

Candidates justification should be on the best method of research to use with explanation

5. Mpho, a successful entrepreneur prepared a break even analysis for her business. . Below are some of the costs she will incur in the production of beds.

Variable cost per unit P3500

Fixed costs P40 000

The beds are sell for P6000 each.

A cashflow forecast revealed that the business will experience a negative cashflow and Mpho plans to get a loan to improve the position.

(a) (i) Calculate the contribution per bed.

[2]

$$\begin{aligned} \text{Contribution} &= \text{Selling price} - \text{variable cost} \\ & \text{P } 6000 - \text{P}3500 \quad (1) \\ & \text{P } 2500 \quad (1) \end{aligned}$$

(ii) Calculate the average cost of each bed assuming 20 are produced.

[2]

$$\begin{aligned} \text{Average cost} &= \text{total cost} = \frac{\text{fixed costs} + \text{variable costs}}{\text{quantity produced}} \\ &= \frac{40\,000 + 70\,000}{20} \quad (1) \\ &= \text{P}5\,500 \quad (1) \end{aligned}$$

(b) **Examine the use of breakeven analysis to Mpho's business** [8]

Advantages	Disadvantages
<ul style="list-style-type: none"> - Indicate the profit at which profit will be made. - To see the effects of changes to selling price on revenue and profit. - To calculate the margin of safety at different levels of output. - To test whether the business will be viable /worth establishing / helps in decision making. - Managers are able to read from the graph the expected profit and loss at any level of output. 	<ul style="list-style-type: none"> - Charts assume all goods produced are sold. - Assumes that fixed costs remains constant which is not always the case. - Only concentrate on the breakeven level of production, does not cover other aspects of the business. - Assume that costs and revenue can be drawn with a straight line.

Level 4	7-8 marks	Both sides explained, applied and justified
Level 3	5 - 6 marks	both side explained and applied
Level 2	3 - 4 marks	both side explained not applied or one side explained and applied
Level 1	1 - 2 marks	one side explained or listing of points

(c) **Assess the use of a bank loan to improve the cash flow position of Mpho's business. Justify your answer.** (8)

Advantages	Disadvantages
<ul style="list-style-type: none"> • May negotiate repayment period • May be able to make a budget since installments are fixed. • Large sums can be obtained. 	<ul style="list-style-type: none"> • Most loans have strict terms and conditions. • Need for security

Level 4	7-8 marks	Both sides explained, applied and justified
Level 3	5 - 6 marks	both side explained and applied
Level 2	3 - 4 marks	both side explained not applied or one side explained and applied
Level 1	1 - 2 marks	one side explained or listing of points

Candidates justification may be on whether the bank loan will help to improve the cash flow position of the business or not.