



BOTSWANA
EXAMINATIONS
COUNCIL

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

Specimen Mark Scheme

0615/02 BUSINESS STUDIES

Maximum Marks: 100

1 (a) Explain two benefits to Zigma (Pty) Ltd of listing at the stock exchange. [4]

- Sell shares on the stock exchange
- Can raise more capital in so doing
- Can acquire advanced technology
- easy to advertise shares.

Level 2 3 - 4 marks: 2 points explained and applied

**Level 1 1 - 2 marks: 2 points explained not
1 point explained and applied (2)
2 points listed (2)**

(b) Would you advise Zigma (Pty) Ltd to enter into productivity agreement with employees. Justify your answer. [8]

Advantages	Disadvantages
improved efficiency increases output creates accountability customer satisfaction - less chances of strikes greater motivation to meet targets	may increase costs as rewards are paid out e.g. labour costs takes time to reach agreement may be difficult to measure improvement difficult to measure customer satisfaction

Level 4 7-8 marks Both sides developed applied and justified
Level 3 5-6 marks Both sides developed and applied not justified
**Level 2 3-4 marks Both sides developed and not applied (4)
OR one side developed and applied (3)**
**Level 1 1-2 marks One side developed, not applied OR
listing of points both sides (2)
listing of points on one side (1)**

(c) Examine how an increase in interest rates might affect the activities of Zigma (Pty) Ltd. Justify your answer [8]

Positive of increase in interest rate	Negative of increase in interest rate
Expansion as more interest is earned on savings The business can afford to buy more components/raw materials from other countries	Limited expansion as borrowing becomes expensive Reduce sales due to decrease in demand as people are reluctant to buy on credit

Level 4 7-8 marks Both sides developed applied and justified
Level 3 5-6 marks Both sides developed and applied not justified
**Level 2 3-4 marks Both sides developed and not applied (4)
OR one side developed and applied (3)**
**Level 1 1-2 marks One side developed, not applied OR
listing of points both sides (2)
listing of points on one side (1)**

2 (a) Explain two reasons why Zigma (Pty) Ltd hold an Annual General Meeting? [4]

- voting for directors/election of directors
- decision making/on mergers/take overs/expansion/disposal of assets
- Approval of audited accounts
- receiving of director's reports
- legal requirements
- declaration of dividends

Level 2 3 - 4 marks: 2 points explained and applied

Level 1 1 - 2 marks: 2 points explained not
1 point explained and applied (2)
2 points listed (2)

(b) Recommend whether Zigma (Pty) Ltd should use retained profits or sell existing assets in order to raise finance to acquire more advance technology. Justify your answer. [8]

SALE OF EXISTING ASSETS

Advantages	Disadvantages
<ul style="list-style-type: none"> - Makes better use of the capital tied up in the business - No need to make repayments - No interest is paid - Retention of control 	<ul style="list-style-type: none"> - It may take some time to sell the assets - The money from the sale may not be enough.

RETAINED PROFITS

Advantages	Disadvantages
<ul style="list-style-type: none"> - No interest is paid - Does not have to be repaid - Retention of control 	<ul style="list-style-type: none"> - Reduces dividends of shareholders - open the company to external risks/may not be able to overcome future risks - Company may not have enough profits

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)

**(c) Would you advise Zigma (Pty) Ltd to convert into a public limited company?
Justify your answer.**

[8]

Private Limited Company

Advantages	Disadvantages
A bit of secrecy because they do not publish accounts in newspapers Opportunity to raise large amounts of capital No possibility of take-overs Original owners can retain control	Membership limit of 50 limits capital Shares not freely transferable as other share holders have to be consulted Cannot sell shares to the general public

Public Limited Company

Advantages	Disadvantages
Sell shares to the general public Opportunity to raise large amounts of capital Shares transferred freely	No secrecy Expensive to raise capital May be too difficult to control and manage Unwanted take overs are possible

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)

3 (a) Explain two benefits of being a shareholder at Zigma (Pty) Ltd.

[6]

- Became a part owner
- The power to influence decisions by voting
- Shares the profit in the form of dividends
- Can sell the shares at a higher price
- It's an investment

Level 2 3 - 4 marks: 2 points explained and applied

Level 1 1 - 2 marks: 2 points explained not
1 point explained and applied (2)
2 points listed (2)

(b) Discuss the effects of technology on skills at Zigma (Pty) Ltd and recommend whether the business should continue using advanced technology [8]

Positives	Negatives
<ul style="list-style-type: none"> - Increase productivity - Improved communication and research - Makes jobs faster - improves skills - Makes jobs easier - It creates jobs - Increase output - Improve quality 	<ul style="list-style-type: none"> - Cost of training and retraining - Loss of jobs/retrenchment - Resistance to change - Takes time to adapt - Loss of individual craftsmanship

Level 4	7-8 marks	Both sides developed applied and justified
Level 3	5-6 marks	Both sides developed and applied not justified
Level 2	3-4 marks	Both sides developed and not applied (4) OR one side developed and applied (3)
Level 1	1-2 marks	One side developed, not applied OR listing of points both sides (2) listing of points on one side (1)

(c) Management decide to motivate employees using either job rotation or job enrichment. Which method would you recommend to management to use? Justify your answer.

	Job rotation	Job enrichment
Advantages	<ul style="list-style-type: none"> • Increases variety of work • More skills are acquired • Workers may learn other jobs fast • Workers may easily be replaced 	<ul style="list-style-type: none"> • Job is made more interesting • Make workers more committed • Raise productivity
Disadvantages	<ul style="list-style-type: none"> • Employees may not like other tasks • Wastage of time as there will be need for induction • Does not make tasks interesting 	<ul style="list-style-type: none"> • Need for retraining • Needs more skills.

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

4 (a) Describe two functions that might be performed by the Marketing Manager at Zigma (Pty) Ltd. [4]

- Keeping records of sales
- Selecting channels of distribution
- Supervision of employees in marketing department
- Identifying market opportunities (potential markets)
- Choosing method of sale to use
- Conducting market research
- Advertising products
- Branding products
- Deciding on the marketing mix (price, promotion)
- Decide on the pricing strategy

Level 2 3 - 4 marks: 2 points explained and applied

**Level 1 1 - 2 marks: 2 points explained not
1 point explained and applied (2)
2 points listed (2)**

(b) Would you recommend to Zigma (Pty) Ltd that they should change the designs of the phones or sell into foreign markets in order to extend the life cycle of the cellphones? Justify your answer.

ENTERING FOREIGN MARKETS

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> - Wider market/new customers - Currency differentials may be favourable - Spreading risks - May take advantage of high 	<ul style="list-style-type: none"> - Higher costs of entering new market - Currency differentials may be unfavourable - Trade barriers - Cultural/language differentials - Political factors (legislation) - Increased competition - Legislations differentials

CHANGING PRODUCT DESIGN

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> - New design may be attractive - Improved quality/durability - Enhances status/image - More features/functions - stay ahead to competitors/market leader - Trend setting/keeping abreast with the market 	<ul style="list-style-type: none"> - Costly – Marketing, research - May not change perception of the market - Product may be expensive to the customers

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)

(c) Should Zigma (Pty) Ltd use radio or magazine to advertise their products?
Justify your answer.

[8]

	Advantages	Disadvantages
Radio	reaches large audience at a ago - use memorable tunes - adverts can be repeated - adverts slots can be booked for specific times	There is no visual impact - No written record (customers have to remember) - Adverts usually ignored - Limited range of stations to choose from - Listeners may switch stations when adverts come on - Prime time slots (peak hours) can be expensive
Magazines	longer lasting impact colour (more attractive pictures) Adverts can be displayed in different types of fonts and styles Adverts can be controlled to reach intended customers	Adverts often overlooked/ignored by readers Adverts often come less frequent Inflexibility when there is need to change the advert - Best pages in magazines are very expensive

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

5(a) Explain two factors that might affect the demand for cellphones.

- Price of other phones / other brands
- Quality of components used
- Change in income
- Change in fashion and taste
- Change in advertising

Level 2 3 - 4 marks: 2 points explained and applied

Level 1 1 - 2 marks: 2 points explained not
1 point explained and applied (2)
2 points listed (2)

(b) **Should Zigma (Pty) Ltd continue using mass production? Justify your answer.**

MASS PRODUCTION

ADVANTAGES

- High output
- lower labour costs
- Fast production
- Bulk buying/economies of scale
- reduces waste
- improves quality

- Level 4 7-8 marks Both sides developed applied and justified**
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listing of points on one side (1)

(c) **Should Zigma (Pty) Ltd recruit the Public Relations Officer internally? Justify your answer.**

Advantages	Disadvantages
<ul style="list-style-type: none"> • Saves time • person already known to the business • Motivates other workers • Person familiar with business • cheaper to advertise internally 	<ul style="list-style-type: none"> • right candidate may not be recruited • jealousy among workers • no new ideas or experience

- Level 4 7-8 marks Both sides developed applied and justified**
Level 3 5-6 marks Both sides developed and applied not justified
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