

- d) To promote savings.
- e) To resolve balance of payments/promote exports.
- f) To promote investments.
- g) To maintain stable economic growth.

Question 3(b)

Discuss **five** basic economic questions a potential investor will have to address before engaging in an economic activity. (10 marks)

The candidates were required to discuss the basic economic questions an investor has to answer before investing.

Weaknesses

The question was poorly done because many candidates did not understand the basic economic questions. This area of the syllabus was poorly taught and hence the ignorance. This area of the syllabus should be thoroughly taught and distinction made between basic economic questions and general economic concerns.

Expected Responses

- a) **What to produce.** Investor will have to study the needs of the people, weigh them and decide what to produce in order to meet the need.
- b) **How much to produce.** Investor will have to decide on the quantities to produce which will be determined by size of market and capital among other factors.
- c) **Where to produce.** Investor will have to decide on the location of his business after taking into consideration factors like nearness to market or to raw materials etc.
- d) **For whom to produce.** Here the investor has to decide on market segment i.e. target a specific market.
- e) **How to produce.** Investor has to decide on issues of technology and labour also considering government policy, level of technology and costs.
- f) **How factors of production will be rewarded.** Though these factors have their market price, the way they are to be combined and the techniques to be adopted will bear on costs.

31.4 CONCLUSIONS AND ADVICE TO TEACHERS

Problems leading to poor performance in this year's papers are not unique. We observe the same problems year after year and we recommend that this time round, teachers and candidates go through past reports because they are very relevant. Generally candidates are poorly prepared, lacking mastery of content. Some topics are very casually taught if not altogether ignored. Candidates are still not taking time to read questions and understand them before attempting. We hope that as the curtain closes on this subject ushering in Business Studies, all parties concerned will work harder and register a performance which is all time high.