

Question 7

State **four** factors that a firm intending to enter the manufacturing industry should consider when choosing the production technique to use. (4 marks)

This question required the candidates to state the factors that a firm should consider in choosing production technique.

Weaknesses

The question was **not** well done because many candidates gave irrelevant answers apparently arising out of misunderstanding the question. The question was simple though and straightforward. More tuition is required in this area covering demand for factors of production.

Expected Responses

- a) Initial capital requirement.
- b) Factor efficiency and substitution.
- c) Government policy.
- d) Technology available.
- e) Infrastructure.
- f) Availability of factors of production.
- g) Political will.
- h) Objectives of the firm.

31.3 PAPER 2 (563/2)

Question 2(b)

Explain **five** reasons why a government may find it necessary to control the rate of inflation in a country. (10 marks)

Here the candidates were required to provide reasons that may cause government to want to control inflation in a country.

Weaknesses

The question was poorly performed because many candidates discussed the problems of inflation rather than reasons why inflation should be controlled. Reason for this misunderstanding was poor mastery of the content and cramming. The question caught many candidates off guard and so they wrote what they knew rather than what was asked for. The topic on inflation needs to be taught thoroughly.

Expected Responses

- a) To stabilize the value of money.
- b) To protect vulnerable groups such as the poor/pensioners/consumers.
- c) To protect creditors who suffer in times of inflation.