



# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

**BUSINESS STUDIES**

**FEBRUARY/MARCH 2015**

**MEMORANDUM**

**MARKS: 300**

**This memorandum consists of 48 pages.**

**NOTES TO MARKERS**

1. For marking and moderation purposes, the following colours are recommended:

Marker:	Red
Senior Marker:	Green
Deputy Chief and Chief Marker:	Black/Brown/Pink
Internal Moderator:	Orange

2. Candidates' responses for SECTIONS B and C must be in full sentences; however this would depend on the nature of the question.
3. A comprehensive memorandum has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
- Uses a different expression from that which appears in the memorandum
  - Comes from another source
  - Original
  - A different approach is used

**NOTE: SECTION A:**

- There are no alternative answers.
- Each question has only one correct answer.

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
5. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.
6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts.
7. In an indirect question, the theory as well as the response must be relevant and related to the question.
8. Incorrect numbering of answers will be penalised. This is applicable to all sections of the paper with effect from November 2015. For this paper it applies to SECTIONS A and B only.
9. No additional credit must be given for repetition of facts. Indicate with an R.
10. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
11. Note that with effect from 2012 (final examination) no marks will be awarded for indicating Yes ( $\checkmark$ )/No ( $\checkmark$ ) in evaluation-type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C.)

12. The difference between 'evaluate' and 'critically evaluate' can be explained as follows:
- (a) When 'evaluate' is used candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. Positive: *'COIDA eliminates time and costs spent on lengthy civil court proceedings.'*
- (b) When 'critically evaluate' is used candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. *'COIDA eliminates time and costs spent on lengthy civil court proceedings, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'*

**NOTE:** 1. Mark allocation should also be considered.  
2. The above could apply to 'analyse' as well.

13. **SECTION B**

- 13.1 If, for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

**NOTE:** This only applies to questions where the number of facts is specified.

- 13.2 If two facts are written in one sentence, award the candidate FULL credit. Point 13.1 above still applies.
- 13.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

13.4 **USE OF THE COGNITIVE VERB AND ALLOCATION OF MARKS**

- 13.4.1 Where the number of facts are specified questions that require candidates to 'explain/discuss/describe' will be marked as follows:
- Heading/Fact 2 marks
  - Explanation 1 mark (or as indicated in the memorandum).
- The 'heading' and 'explanation' are given separately to facilitate mark allocation.
- 13.4.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated.
- 13.5 **ONE mark will be awarded for answers that are easy to recall, requires one-word answers or is quoted directly from scenario/case study. This applies to SECTIONS B and C in particular.**

14. **SECTION C**

14.1 The breakdown of the mark allocation for the essays is as follows:

Introduction	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

14.2 Insight consists of the following components:

Layout/Structure:	(Is there an introduction, body, proper paragraphs and a conclusion?)	<b>2</b>
Analysis and interpretation:	(Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.)	<b>2</b>
Synthesis:	(What parts of the question would you have included in the answer? Are there decisions made from a combination of relevant points) Marks to be allocated using this guide: Mostly irrelevant facts/No relevant facts: 0 Some irrelevant facts/Some relevant facts: 1 No irrelevant facts/Only relevant facts: 2	<b>2</b>
Originality:	(Examples, recency of information, current trends and developments.)	<b>2</b>
	<b>TOTAL FOR INSIGHT:</b>	<b>8</b>
	<b>TOTAL MARKS FOR FACTS:</b>	<b>32</b>
	<b>TOTAL MARKS FOR ESSAY (8 + 32)</b>	<b>40</b>

- NOTE:**
- 1. No marks will be awarded for contents repeated from the introduction and conclusion.**
  - 2. The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
  - 3. No marks will be allocated for layout, if the headings 'Introduction, Conclusion,' etc. in 'Insight' is not supported by an explanation.**

14.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, S and/or O')

14.4 The components of insight are indicated at the end of the suggested answer for each question.

14.5 Mark all relevant facts until the MAXIMUM mark in a subsection has been attained. Write MAX after maximum marks have been obtained.

- 14.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

<b>CONTENT</b>	<b>MARKS</b>
Facts	<b>32 (max.)</b>
L	<b>2</b>
A	<b>2</b>
S	<b>2</b>
O	<b>2</b>
<b>TOTAL</b>	<b>40</b>

- 14.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARKS BREAKDOWN at the end of each question.)
- 14.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 14.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the memorandum.
- 14.10 (a) Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- (b) With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy, ✓ where businesses aim to introduce new products into existing markets.' ✓

**SECTION A****QUESTION 1**

1.1	1.1.1	C√√		
	1.1.2	A√√		
	1.1.3	C√√		
	1.1.4	B√√		
	1.1.5	D√√		
	1.1.6	B√√		
	1.1.7	C√√		
	1.1.8	D√√		
	1.1.9	B√√		
	1.1.10	A√√	(10 x 2)	(20)
1.2	1.2.1	ten√√		
	1.2.2	Net√√		
	1.2.3	National Skills Development Strategy√√		
	1.2.4	Debenture√√		
	1.2.5	Jungian√√	(5 x 2)	(10)
1.3	1.3.1	D√√		
	1.3.2	C√√		
	1.3.3	H√√		
	1.3.4	A√√		
	1.3.5	G√√	(5 x 2)	(10)

**TOTAL SECTION A: 40****BREAKDOWN OF MARKS**

<b>QUESTION 1</b>	<b>MARKS</b>
<b>1.1</b>	<b>20</b>
<b>1.2</b>	<b>10</b>
<b>1.3</b>	<b>10</b>
<b>TOTAL</b>	<b>40</b>

**SECTION B****QUESTION 2: BUSINESS ENVIRONMENT****2.1 PESTLE elements**

- 2.1.1 Economic.√√
- 2.1.2 Political/Legislation.√√
- 2.1.3 Environment(al)/Political.√√
- 2.1.4 Technological/Technology/Environmental.√√
- 2.1.5 Legislation.√√ (5 x 2) (10)

**2.2 Economic Sectors**

- 2.2.1 Primary.√ (1)
- 2.2.2 Mondi/Sappi.√√  
(Any other **relevant** example/name of a **forestry** business) (2)
- 2.2.3 Conversion of raw materials√ into finished products.√ (2)
- 2.2.4 Manufacturing/Production.√ (1)
- 2.2.5 Tertiary.√ (1)
- 2.2.6 Holiday Inn Hotel/Sunrise Guest house or B&B/Spur Restaurant.√√  
(Any other **relevant** example/name of a **hospitality** industry business) **Max** (2)  
**(9)**

**2.3 Strategies****2.3.1 Vertical Integration**

- BB Potato Farm can take over/buy majority shares√ from Zimba Ltd, who manufactures and supplies crisp chips nationwide.√
- BB Potato Farm can take over√ the local vegetable shops/retail shops selling potatoes.√ (Any 1 x 2) (2)
- Forward integration.√√ **Max** (2)  
**(4)**

**2.3.2 Vertical Integration**

- Zimba Ltd can take over√ BB Potato Farm/their supplier of potatoes.√ (2)
- Backward integration.√√ **Max** (2)  
**(4)**

2.3.3 **Horizontal Integration vs. Horizontal Diversification**

<b>Horizontal Integration</b>	<b>Horizontal Diversification</b>
- A business takes control of√/ incorporates other businesses in the same industry/which produce/sell the same goods/services.√	- A business includes new products/services√, which may appeal to existing customers.√
- To reduce the threat of competition√/acquire complementary/substitute products/services.√	- To expand their product range for their current market√/supply a wider variety of goods in order to retain existing customers.√
- Example: a potato farm takes over other potato farms.√	- Example: a potato farm also producing peanuts.√
- Any other relevant answer, with an explanatory example, related to horizontal integration.	- Any other relevant answer, with an explanatory example, related to horizontal diversification.
Explanation (2) Example (1) Sub max (3)	Explanation (2) Example (1) Sub max (3)

**Max (6)**

2.4 **Basic Conditions of Employment Act, 1997 (Act 75 of 1997) (BCEA)**

2.4.1 **Leave**

- Annual leave√√
  - Workers are entitled to:  
21 consecutive days' annual leave per year/One day for every 17 days worked/One hour for every 17 hours worked.√

Type (2)  
Explanation (1)  
Sub max (3)

- Sick leave√√
  - Workers are entitled to:  
Six weeks' paid sick leave in period of 36 months/1 day's paid sick leave for every 26 days worked during the first six months of employment.√
  - A medical certificate may be required before paying an employee who is absent for more than two consecutive days or who is frequently absent.√

Type (2)  
Explanation (1)  
Sub max (3)



- Maternity leave√√
  - A pregnant employee is entitled to four consecutive months' leave.√
  - A pregnant employee may not be allowed to perform work that is hazardous to her or her child.√

**NOTE: Adoption leave may also be accepted**

Type (2)  
Explanation (1)  
Sub max (3)

- Family responsibility leave√√
  - Three to five (3 to 5) days paid leave per year on request, when:
    - the employee's child is born/sick.√
    - in the event of the death of the employee's spouse/life partner/parent/adoptive parent/grandparent/child/adoptive child/grandchild/sibling.√
  - An employer may require reasonable proof, before granting this leave.√
  - Male employees are entitled to up to three/five day's paternity leave when the child is born.√

Type (2)  
Explanation (1)  
Sub max (3)

**NOTE: Mark the first THREE only.**

(Any 3 x 3) (9)  
**Max (9)**

#### 2.4.2 Disadvantages of BCEA

- Developing/Drafting√ a formal/legal employment contract√ may be time-consuming/costly.√
- Businesses may regard employment contracts as restrictive/negative√ and may refrain from implementing it,√ which result in non-compliance/penalties.√
- No employer may force an employee√ to work more than 45 hours in a week/nine hours in a five-day (or less) work week/eight hours in a six-day work week.√ This may result in low productivity.√
- Hiring cheap labour√ is no longer possible,√ so businesses cannot exploit workers.√
- BCEA forces businesses to comply with many legal√ requirements,√ which may increase labour costs.√
- Businesses not complying to the Act√, may be charged with high penalties,√ which may affect their cash flow negatively.√

- Businesses may consider the provisions of the BCEA as unimportant<sup>√</sup> and an unnecessary administrative burden<sup>√</sup> that increase operating costs.<sup>√</sup>
- Any other relevant answer related to the disadvantages of the BCEA to businesses.

**NOTE: Mark the first TWO only.**

Fact (2)  
Discussion (1)  
(Any 2 x 3) (6)  
**Max (6)**

**2.5 Impact of the Compensation for Occupational Injuries and Diseases Act), 1997 (Act 61 of 1997) (COIDA)**

**Positive impact on businesses**

- Promotes safety<sup>√</sup> in the workplace.<sup>√</sup>
- Creates a framework for acceptable employment practices<sup>√</sup> and safety regulations.<sup>√</sup>
- Supply administrative guidelines/mechanisms<sup>√</sup> for dealing with/processing claims.<sup>√</sup>
- Eliminates time and costs spent<sup>√</sup> on lengthy civil court proceedings.<sup>√</sup>
- Any other relevant answer related to the positive impact of COIDA on businesses.

**Negative impact on businesses**

- Claiming processes/procedures<sup>√</sup> can be time consuming.<sup>√</sup>
- Processes/Procedures required by this Act may be costly<sup>√</sup> as paperwork places an extra administrative burden on businesses.<sup>√</sup>
- Implementation processes/procedures required by the Act<sup>√</sup> may be expensive.<sup>√</sup>
- Employers have to register all their workers and make annual contributions to COIDA,<sup>√</sup> which may result in cash flow problems.<sup>√</sup>
- Employers may be forced to pay heavy penalties<sup>√</sup> if they are found guilty of negligence/not enforcing safety measures.<sup>√</sup>
- Any other relevant answer related to the negative impact of COIDA on businesses.

Sub max (8)

**Positive impact on employees**

- Covers all employees at the workplace<sup>√</sup> if both parties meet all the necessary safety provisions in the Act.<sup>√</sup>
- Employees are compensated financially for any injury/disability<sup>√</sup> resulting from performing their duties at their workplace.<sup>√</sup>
- In the event of the death of an employee as a result of a work-related accident/disease,<sup>√</sup> his/her dependant(s) will receive financial support.<sup>√</sup>
- Any other relevant answer related to the positive impact of COIDA on employees.

**Negative impact on employees**

- Workers who are temporarily/permanently employed in foreign countries√ are not covered.√
- Domestic/Military workers√ are not covered.√
- Any other relevant answer related to the negative impact of COIDA on employees.

Sub-max (8)

**Max****(12)**  
**[60]****BREAKDOWN OF MARKS**

<b>QUESTION 2</b>	<b>MARKS</b>
<b>2.1</b>	<b>10</b>
<b>2.2.1</b>	<b>1</b>
<b>2.2.2</b>	<b>2</b>
<b>2.2.3</b>	<b>2</b>
<b>2.2.4</b>	<b>1</b>
<b>2.2.5</b>	<b>1</b>
<b>2.2.6</b>	<b>2</b>
<b>2.3.1</b>	<b>4</b>
<b>2.3.2</b>	<b>4</b>
<b>2.3.3</b>	<b>6</b>
<b>2.4.1</b>	<b>9</b>
<b>2.4.2</b>	<b>6</b>
<b>2.5</b>	<b>12</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 3: BUSINESS VENTURE****3.1 Leadership****3.1.1 Qualities of a successful leader**

- Have high standards of leadership.√
- Have a clear direction.√
- Not afraid of criticism.√
- Upfront.√
- Precise on what they want to achieve.√
- Everyone must contribute ideas.√

**NOTE: Mark the first THREE only.**

(Any 3 x 1) (3)

**3.1.2 Democratic leader (quoted from the case study)**

- Every month he meets with his team, with the aim of getting feedback and inputs.√
- I ask two things of everyone ...√
- Everyone must contribute ideas.√
- Viable ideas are then implemented.√

**NOTE: Mark the first THREE only.**

(Any 3 x 1) (3)

**3.1.3 Democratic leadership style****Positives**

- Creates a positive work environment√ for both employers and employees.√
- Employees contribute toward the decision making process,√ which minimises conflict.√
- Encourages creative thinking amongst employees√ as they contribute towards decision making.√
- Productivity increases,√ as happy workers have better work ethics.√
- Staff turnover is reduced√ because job satisfaction is high amongst workers.√
- Any other relevant answer related to a positive evaluation of a democratic leadership style.

**Negatives**

- Consulting all stakeholders/participants for decision making is time consuming√ as everyone is expected to agree.√
- Can only be effective in situations where employees are skilled and eager to share ideas√ in order to make informed decisions.√
- Profitable opportunities may be missed√ due to slow decision making.√
- Poor leadership skills may result in not achieving business objectives√ and this may lead to conflict.√
- Contributions by participants may not be considered by the leader in his/her final decision√ as he/she has the final responsibility for making decisions.√
- Leader may make poor decisions√ based on misleading contributions by participants.√
- Any other relevant answer related to a negative evaluation of democratic leadership style.

Max (8)

**3.2 Co-operatives****3.2.1 Types of Co-operatives**

- Housing.√
- Worker.√
- Agricultural.√
- Co-operative burial society.√
- Financial services.√
- Consumer.√
- Transport.√
- Primary.√
- Secondary.√
- Tertiary.√
- Any other relevant answer related to the types of co-operatives

(Any 4 x 1)

(4)

**3.2.2 Advantages**

- Formed by persons√ having a common interest√ to allow more members to work as a team.√
- Members may cast their votes to elect committee representatives√ that will deal with day-to-day administration√ and can elect the most trustworthy members.√
- Liability√ to members is limited√ to an amount equal to the nominal value of the share for which the member has not paid and what he/she holds in the co-operative.√
- Personal properties of members√ are free from risk√ because of limited liability.√
- There is no middleman√ between the co-operative and its suppliers/customers/clients√ which may lead to profit maximisation.√
- Easy and less complicated√ to form this business√ as there is very little/simple legal requirements.√
- Registered co-operatives formed by previously disadvantaged people√ may obtain support from the government√ in the form of government tenders.√
- It is a legal person√ apart from its members√ and can enter into contracts in its own name.√
- Auditing financial statements√ is legally required√, so trustworthy reports are prepared in accordance with co-operative principles.√
- Any other relevant answer related to the advantages of co-operatives.

**NOTE: Mark the first THREE advantages only.**

Fact (2)  
Explanation (1)  
(Any 3 x 3) (9)

**3.3 Simple interest**

- Calculated on the original/principal amount√ invested.√
- Accumulated interest from prior periods√ is not used in calculations for the following period.√
- Money charged by the lender√ on the fixed amount for a certain period of time.√
- Interest charged remain fixed√ for the full period of investment.√
- Any other relevant answer related to the definition of simple interest.

Sub max (2)

**Compound interest**

- Calculated each period on the original/principal amount√ including all interest accumulated during past periods.√
- Based on the concept of adding accumulated interest to the original/principal amount√ and interest is earned on interest.√
- Any other relevant answer related to the definition of compound interest.

Sub max (2)

**NOTE: The answer must show the difference.**

**Max (4)**

3.4      3.4.1       $R11\ 800 - R10\ 000 = R1\ 800\checkmark$   
 $R1\ 800/R10\ 000 \times 100 = 18\%\checkmark$   
 $18\% / 3\checkmark = 6\%\checkmark\checkmark$  (5)

- NOTE:**
1. Award full marks (5) if the answer is correct and no workings are shown.
  2. If calculations were shown correctly, but the final answer is wrong, award the maximum of THREE (3) marks.
  3. If the answer is incorrect, allocate a maximum of TWO (2) marks for the correct understanding of the concept and method.
  4. If there are no workings shown and the answer is incorrect, award a ZERO mark.

3.4.2       $R3\ 600/R10\ 000\checkmark \times 100 = 36\%\checkmark$   
 $36\% / 3\checkmark = 12\%\checkmark\checkmark$  (5)

- NOTE:**
1. Award full marks (5) if the answer is correct and no workings are shown.
  2. If calculations were shown correctly, but the final answer is wrong, award the maximum of THREE (3) marks.
  3. If the answer is incorrect, allocate a maximum of TWO (2) marks for the correct understanding of the concept and method.
  4. If there are no workings shown and the answer is incorrect, award a ZERO mark.

- 3.4.3      **Option 1:**  
 Re-investing the fixed deposit. $\checkmark$
- Risk $\checkmark$  is low. $\checkmark$
  - Earn passive $\checkmark$  income $\checkmark$ /income $\checkmark$  without effort. $\checkmark$
  - Interest rates may increase $\checkmark$  which will benefit Annette. $\checkmark$
  - Any other relevant answer related to the reasons for re-investing.

Investment option (1)  
 Reasons (4)  
**Max (5)**

**OR**

- Option 2:**  
 Expanding the business. $\checkmark$
- Rate of return is higher $\checkmark$  in comparison to the fixed deposit $\checkmark$ /  
 6% from the investment in the bank is lower $\checkmark$  than 12% from  
 the business. $\checkmark$
  - Possibilities of growth/expansion $\checkmark$  may increase profitability. $\checkmark$

- Annette has full control over her business✓ and she can minimise risk.✓
- Any other relevant answer related to the reason for expanding the business.

Investment option (1)

Reasons (4)

**Max (5)**

### 3.5 Forms of Investment

#### 3.5.1 Preference shares

##### Positives

- Shareholders obtain proportional ownership✓ in a company.✓
- Investment in preference shares has a lower risk than ordinary shares✓ as preference shareholders have preferential claims on the assets of a company at liquidation.✓
- Dividends are paid out✓ before any other shareholders receive theirs.✓
- Preference shareholders receive a fixed dividend amount/percentage✓ per year.✓
- Accumulated preference shareholders may be compensated for past dividends✓ not paid out in previous years.✓
- Shareholders may also share in surplus profits✓ that remain after all other shareholders have received their dividends.✓
- Shareholders have limited liability to the debt of the company,✓ therefore they stand to lose what they have invested.✓
- Shareholders will receive their claim on company assets after creditors have been paid,✓ but before ordinary shareholders receive their claims when the company is liquidated.✓
- Any other relevant answer related to a positive analysis of preference shares.

##### Negatives

- Shareholders have no voting rights✓ at the Annual General Meeting (AGM).✓
- Shareholders may receive less dividends✓ when company profits are high as their dividends are fixed.✓
- Convertible preference shares may be converted into ordinary shares,✓ in which case preferential rights on dividends/assets are lost.✓
- Non-cumulative preference shareholders have no cumulative rights✓ on past dividends not paid out.✓
- Risk may be high,✓ as investment may be lost when companies are liquidated.✓
- Any other relevant answer related to a negative analysis of preference shares.

Max (8)

**3.5.2 RSA Retail Savings Bonds****Positives**

- Guaranteed returns as interest rate is fixed√ for the whole investment period.√
- Interest rates√ are market related.√
- Investment may be easily accessible,√ as cash may be withdrawn after the first twelve months, subject to penalties.√
- Low risk/Safe investment,√ is made with the South African Government which cannot be liquidated.√
- Retail bonds are easily/conveniently obtained√ electronically/from any Post Office/any Pick 'n Pay shop/directly from National Treasury.√
- No charges/costs/commissions payable√ on this type of investment.√
- Interest is usually higher√ than on fixed deposits.√
- Retail bonds are listed√ on the capital bond markets/on the JSE.√
- Any other relevant answer related to a positive analysis of RSA retail savings bonds.

**Negatives**

- Retail bonds cannot be ceded to banks√ as security on loans.√
- A minimum of R1 000 must be invested,√ which may be difficult for some small investors to accumulate.√
- Retail bonds are not freely transferable√ amongst investors.√
- Any other relevant answer related to a negative analysis of RSA retail savings bonds.

Max (6)

**[60]****BREAKDOWN OF MARKS**

<b>QUESTION 3</b>	<b>MARKS</b>
<b>3.1.1</b>	<b>3</b>
<b>3.1.2</b>	<b>3</b>
<b>3.1.3</b>	<b>8</b>
<b>3.2.1</b>	<b>4</b>
<b>3.2.2</b>	<b>9</b>
<b>3.3</b>	<b>4</b>
<b>3.4.1</b>	<b>5</b>
<b>3.4.2</b>	<b>5</b>
<b>3.4.3</b>	<b>5</b>
<b>3.5.1</b>	<b>8</b>
<b>3.5.2</b>	<b>6</b>
<b>TOTAL</b>	<b>60</b>



**QUESTION 4: BUSINESS ROLE****4.1 Creative thinking****4.1.1 Strategies (quoted from the case study)**

- All the floor tiles in their offices were replaced with artificial grass.√
- Staff may work barefoot while working.√
- Staff may choose their own flexible office hours√/Staff may choose their own working hours as long as they meet their deadlines. √

(Any 1 x 1) (1)

**4.1.2 Barriers to creative thinking**

- Lack of creativity.√√
- Financial barriers.√√
- Poor working conditions.√√
- Lack of resources/infrastructure.√√
- Social barriers.√√
- Lack of motivation/low morale.√√
- Lack of skilled employees/managers.√√
- Not easy to supervise staff working flexible hours.√√
- Flexible working hours can cause delays in meeting deadlines.√√
- Any other relevant answer related to barriers of creative thinking for CC Creative Design/Sam Mamabulo.

(Any 4 x 2) (8)

**4.2 Professional business behaviour**

- 4.2.1
- Block social websites on business computers/networks.√√
  - Take disciplinary action against managers who are found guilty.√√
  - Train managers to understand the impact of their actions on the business.√√
  - Create a culture of professionalism.√√
  - Any other relevant answer related to methods of addressing unprofessional behaviour.

Any (1 x 2) (2)

- 4.2.2
- Train him/her in good telephone practice.√√
  - Suggest how he/she can improve his/her behaviour.√√
  - Discuss the importance of good public relations with all stakeholders.√√
  - Any other relevant answer related to methods of addressing unprofessional behaviour.

Any (1 x 2) (2)

- 4.2.3
- Introduce board meeting policies that clearly lay out procedures to follow when any board member is late for meetings.√√
  - CEO should let someone know that he/she will be late, giving an acceptable reason, so that the meeting may continue. Less urgent matters may then be discussed in his/her absence.√√
  - Any other relevant answer related to methods of addressing unprofessional behaviour.

Any (1 x 2) (2)

**Max****(6)**

4.3 **Ethical behaviour**

- Includes the acceptable/moral principles√ of right and wrong.√
- It determines√ human behaviour.√
- It has a positive influence√ on businesses and communities.√
- It defines√ right/fair/good/honest actions.√
- Any other relevant answer related to the description of ethical behaviour.

Max (4)

4.4 **Unique South African workplace diversity issues**

- **Poverty**√√
  - Supply free uniforms/working clothes.√
  - Provide low priced meals at canteens.√
  - Offer training to improve skills for better positions in the business.√
  - Any other relevant answer related to addressing poverty in the work place.
- **Inequality**√√
  - Implement equal opportunity policies when appointing new staff.√
  - Equal opportunities should be considered when promoting staff.√
  - Implement an Employment Equity Plan for the business.√
  - Any other relevant answer related to addressing inequality in the work place.

Issue (2)

Strategy (1)

Sub max (3)

Issue (2)

Strategy (1)

Sub max (3)

- **Race**√√
  - Implement affirmative action policies as required by law.√
  - No discrimination should be made based on skin colour.√
  - Any other relevant answer related to addressing race in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)
  
- **Gender**√√
  - Male and female workers should be paid the same salary/wage for equal work performed.√
  - All posts should be accessible to male and female workers.√
  - Targets may be set for gender employment.√
  - Any other relevant answer related to addressing gender in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)
  
- **Language**√√
  - Workplace policies should be prepared in more than one language so that it can be understood by all workers.√
  - No worker should feel excluded in meetings conducted in one language only.√
  - Any other relevant answer related to addressing language in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)
  
- **Age**√√
  - The ages of permanent workers should vary from 18 to 65 to include all age groups.√
  - Promotions should not be linked to a certain age group.√
  - Any other relevant answer related to addressing age in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)
  
- **Disability**√√
  - Provide easy access to the building/offices for workers in wheelchairs.√
  - Ensure that workers with special needs are not marginalised/feel excluded from workplace activities.√
  - Any other relevant answer related to addressing disability in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)

- **Culture**√√
  - Be sensitive to special requirement for different cultural groups, e.g. allow day(s) off for cultural holiday/festivals.√
  - Cater for special food/preparation methods in the workers' canteen.√
  - Any other relevant answer related to addressing culture in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)

**NOTE: Mark the first FOUR only.**

(Any 4 x 3) (12)  
**Max (12)**

#### 4.5 Steps/ Procedures in handling grievances

- Verbal complaint√ - the employee states his problem to his supervisor.√
- Investigation√ - the supervisor listens, investigates the problem and suggests solutions.√
- Formal written complaint√ - if the employee is not satisfied with the suggested solution(s), he/she can make a formal written complaint to the next level of management.√
- Further investigation by next management level√ - this level investigates the problem again, suggests a solution and makes a recommendation.√
- Resolution of problem/grievance√ - grievance is solved and the employee is happy.√
- If employee is not satisfied, he/she declares a dispute√ - the matter is referred for mediation and arbitration/CCMA/Labour court.√
- Any other relevant answer related to steps/actions in grievance procedures.

**NOTE: 1. Accept steps in any order.  
2. Mark the first FOUR only.**

(Any 4 x 2) (8)  
**Max (8)**

#### 4.6 Principles of professionalism

- Respect yourself and the dignity and rights of others√√ e.g. respecting other languages/cultures.√
- Respect the image of the business/your profession√√ e.g. adhere to the dress code of the business/profession.√
- Act with integrity/honesty/reliability√√ e.g. keep to working hours even if no other workers are around/do not use the business resources for personal gain.√
- Be committed to quality√√ apply your skills and knowledge to the benefit of the business/society at large.√
- Adhere to confidentiality measures√√ by not disclosing sensitive information about customers/business.√
- Remain objective, act fairly and justly to all√√ without being bias or showing favouritism.√

- Continually improve/develop your skills and knowledge√√ e.g. attending refresher courses and seminars.√
- Share your knowledge by investing your time and expertise in junior staff members√√ e.g. uplifting/empowering others.√
- Any other relevant answer related to the principles of professionalism.

Principle (2)

Discussion (1)

**NOTE: Mark the first THREE only.**

(Any 3 x 3) (9)

**Max (9)****4.7 Benefits of CSI projects**

- Job opportunities√ - provide jobs for unemployed members√ of the communities.√
- Educational bursaries√ - employee's family and/or community members√ receive bursaries to further their studies.√
- Welfare of workers/society√ - provide rehabilitation centres√ to employees/community members who have addiction problems.√
- Medical facilities√ - improve the health of workers/communities by providing medical infrastructure,√ e.g. building of clinics.√
- Upliftment of the standard of living,√ e.g. skills should be developed√ that will lead to the empowerment of previously disadvantaged communities.√
- Any other relevant answer related to the benefit of CSI projects for the community.

**NOTE: Mark the first FOUR only.**

(Any 4 x 3) (12)

**Max (12)****[60]****BREAKDOWN OF MARKS**

<b>QUESTION 4</b>	<b>MARKS</b>
<b>4.1.1</b>	<b>1</b>
<b>4.1.2</b>	<b>8</b>
<b>4.2.1</b>	<b>2</b>
<b>4.2.2</b>	<b>2</b>
<b>4.2.3</b>	<b>2</b>
<b>4.3</b>	<b>4</b>
<b>4.4</b>	<b>12</b>
<b>4.5</b>	<b>8</b>
<b>4.6</b>	<b>9</b>
<b>4.7</b>	<b>12</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 5: BUSINESS OPERATION****5.1 Human Resources activities****5.1.1 Job specification**

- Qualifications required for the post/job.√
- Expertise and skills required.√
- Personal characteristics needed for the post/job.√
- Physical requirements.√
- Training required.√
- Minimum experience required.√
- Any other relevant answer related to the contents of a job specification for a workshop manager.

(Any 3 x 1) (3)

**5.1.2 Name/Address/Contact details of Employer.√**

- Personal details/Address of Employee.√
- Job title.√
- Job description.√
- Working hours.√
- Overtime.√
- Salary/Remuneration package.√
- Normal place of work.√
- Leave.√
- Date of commencement of employment/Starting date.√
- Probation period.√
- Code of conduct and/or Code of ethics.√
- Termination of the contract.√
- Disciplinary policy.√
- Any other relevant answer related to the contents of the employment contract.

(Any 3 x 1) (3)

**5.1.3 Procedure of Selection**

- Determine fair assessment criteria√ on which selection will be based.√
- Use the assessment criteria to assess all CV's/application forms√ received during recruitment.√
- Screening:√determine which applications meet the minimum job requirements and separate these from the rest.√
- Compile a shortlist√ of potential candidate's identified.√
- Inform unsuccessful applicants√ about the outcome of their application.√
- Reference checks should be made to verify the contents of CV's,√ e.g. contact previous employers to check work experience.√
- Invite shortlisted candidates√ for an interview.√
- Shortlisted candidates may be subjected to various types of selection tests√ e.g. skills tests.√
- Any other relevant answer related to the procedure of selection.

Max (6)

5.2 **Remuneration**

<b>Piecemeal/Piece-rate/Piecework</b>	<b>Time-related</b>
- Remunerated for a specific piece of work,√ regardless of hours worked/ time taken to produce items.√	- Remunerated for the time/ period worked√, usually monthly or weekly.√
- Calculation based on√ the piece of work/number of items produced.√	- Calculation based on√ an agreed hourly rate.√
- Any other relevant answer related to piecemeal/piece rate/piece work remuneration. <p style="text-align: right;">Sub max (2)</p>	- Any other relevant answer related to time related remuneration. <p style="text-align: right;">Sub max (2)</p>

**NOTE: The distinction must be clear.**

**Max (4)**

5.3 **Conditions for termination of Employment contract**

- Dismissal√√ - contract terminated for valid reason(s), e.g. unsatisfactory job performance.√
- Redundancy/Restructuring√√ - employer no longer has work for employees and cannot fulfil the contract.√
- Retrenchment√√ - job stated in the contract is no longer necessary, as the employer has become insolvent and may not be able to pay the employees.√
- Resignation√√ - employees decided to leave and resign voluntarily.√
- Any other relevant answer related to the conditions for termination of an employment contract.

**NOTE: Mark first TWO only.**

Reason (2)  
Explanation (1)  
(Any 2 x 3) (6)  
**Max (6)**

5.4 **Elements of TQM**

5.4.1 **Continuous skills development/Education and training**

- A skills audit should be conducted√ to determine the qualifications and competence of staff that can influence the quality of products/processes.√
- Workers who lack skills√ should be trained in line with their job descriptions.√
- Regular evaluation of training material√ improves the effectiveness of the training.√
- Suitable induction programmes√ promoting quality should be implemented.√
- Quality guidelines for managers√ should be used to monitor continuous skills development.√
- Any other relevant answer related to continuous skills development/education and training.

**Max (6)**

**5.4.2 Total client/customer satisfaction**

- The business should understand√ current and future customer needs.√
- Provide quality products and services√ to satisfy customer's needs and expectations.√
- Customers will be satisfied√ if products and services meet their needs, requirements and expectations.√
- Businesses need to conduct effective market research√ to determine customer's needs or to develop products and services that will meet or exceed those needs.√
- Businesses need to implement√ efficient, friendly customer services and customer care systems.√
- Any other relevant answer related to total client satisfaction.

Max (6)

**5.4.3 Continuous improvement to systems and processes**

- Processes and systems are the flow of activities implemented√ to create or deliver products and services to customers.√
- Businesses that have quality processes and systems in place√ will produce good quality products and can provide excellent customer services.√
- It should be easy for customers to understand processes√ so that they do not waste their time with long and complicated procedures.√
- Employees need to understand√ the operating system and the service delivery system.√
- Identify problem areas of the business√ to be able to devise relevant solutions thereof.√
- Encourage team work√ by introducing the idea of corporate culture change.√
- Give detailed and specific instructions√ on improvement strategies.√
- Encourage team work√ and delegate responsibilities.√
- Any other relevant answer related to continuous improvement to systems and processes.

Max (6)

**5.5 Quality of performance****5.5.1 Marketing**

- Increasing√ their market share.√
- Winning customers by satisfying their needs/wants√ and building positive relationships.√
- Adhering to ethical advertising practices√ when promoting products/services.√
- Identifying a competitive advantage√ to focus/improve on marketing strengths.√
- Differentiating products√ in order to attract more customers.√√



- Constantly reviewing value issues.
- Communicating effectively with customers to get feedback about their experiences of products/services sold.
- Co-ordinating distribution with production and advertising strategies.
- Using pricing techniques to ensure a competitive advantage.
- Measuring gaps between customer expectations and actual experiences, so that problems/unhappiness may be diagnosed and addressed.
- Making adjustments and changes to products/services based on feedback from customers/results of market research.
- Using aggressive advertising campaigns to sustain/increase the market share.
- Any other relevant answer related to the quality of performance within the marketing function.

Max (6)

### 5.5.2 Purchasing

- The purchasing and procurement department has the responsibility for obtaining goods/services that will support the business in meeting its performance goals.
- Ensuring that purchases are of the right quality/price/quantity and are available at the right time and place.
- Identifying suitable suppliers who will be able to source and deliver goods and services.
- Maintaining and implementing an effective stock control system.
- Ensuring that suppliers are paid on time.
- Involving suppliers in strategic planning/product design/material selection/quality control process.
- Ensuring that there is no break in production/shortages due to stock outs.
- Minimising cash flow problems due to overstocking.
- Building relationships with suppliers so that they are in alignment with the business's vision/mission/values.
- Having a thorough understanding of supply chain management.
- Any other relevant answer related to the quality of performance within the purchasing function.

Max (6)

## 5.6 Impact of Total Quality Management (TQM) on large businesses

### Positives

- More satisfied customers/Increased customer satisfaction.
- Resources and time are used efficiently.
- Costs are reduced as wastage is lower.

- Productivity increases√ through good time management and high quality resources.√
- Products and services are continuously√ improving.√
- Business vision/mission may be reached√ more successfully.√
- Increased competitiveness√ as high quality products/services are provided.√
- Employee skills and knowledge are improved√ by constant training.√
- Large multi-national companies may adopt systems√ which have been proven successful elsewhere in the world.√
- Any other relevant answer related to the positive impact of TQM on large businesses.

### Negatives

- Large quality management structures√ may become ineffective/difficult to control.√
- Mass production may complicate quality control√ as too many steps/processes need to be controlled.√
- Large TQM systems are costly√ and may require additional administrative duties/staff.√
- Lack of training/skills development√ may result in lower productivity.√
- Decline in productivity,√ because of stoppages.√
- Investors might withdraw investment,√ if there is a decline in profits.√
- Bad publicity√ due to poor quality products supplied.√
- Decline in sales,√ as returns from unhappy customer's increase.√
- High turnover of staff,√ because of poor skills development.√
- Undocumented quality control systems/processes could result in error or deviations√ from pre-set quality standards.√
- Any other relevant answer related to the negative impact of TQM on large businesses.

Max (8)  
[60]

### BREAKDOWN OF MARKS

QUESTION 5	MARKS
5.1.1	3
5.1.2	3
5.1.3	6
5.2	4
5.3	6
5.4.1	6
5.4.2	6
5.4.3	6
5.5.1	6
5.5.2	6
5.6	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 6: MISCELLANEOUS****6.1 Problem-solving****6.1.1 Challenges**

- Motorists refusing to pay.√
- Fake registration plates.√
- Problems in collecting outstanding e-toll-fees.√

Max (2)

**6.1.2 Problem solving steps**

- Identify the problem.√√
- Define the problem.√√
- Identify possible solutions to the problem.√√
- Facilitate the discussions amongst the persons involved with problem/evaluate each solution.√√
- Select the most appropriate alternative.√√
- Develop an action plan.√√
- Implement the suggested solution.√√
- Monitor the implementation of the action plan.√√
- Evaluate the chosen solution to the problem.√√

**NOTE:** 1. **Accept steps in any order.**  
2. **Use the above as marking guidelines if another approach is used.**

Max (10)

**6.2 Steps in strategy evaluation**

- Examine the underlying basis of a business strategy.√√
- Define parameters to be measured.√√
- Define target values for the parameters.√√
- Perform measurements.√√
- Compare expected performance with actual performance.√√
- Take corrective action where necessary.√√

**NOTE:** **Accept steps in any order.**

**OR**

- Examine the set objectives/targets that were set.√√
- Measure the business performance against the original objectives/targets.√√
- Compare expected performance with the actual performance.√√
- Take correction action where necessary.√√

**NOTE:** **Accept steps in any order.**

Max (8)

**6.3 Benefits of a quality control system**

- Effective customer services will be rendered, resulting in an increase in customer satisfaction.√√
- Time and resources are used efficiently.√√
- Productivity increases through proper time management and use of high quality resources.√√
- Products and services are constantly improved.√√
- Vision and mission may be achieved.√√
- The business may achieve competitive advantage over its competitors.√√
- Continuous training will improve employees' skills and knowledge.√√
- Increase in market share and profitability of the business.√√
- Any other relevant answer related to the benefits of a quality control system.

Max (10)

**6.4 Concept protected strike**

- An authorised/legal strike√ where all the necessary procedures required by the Labour Relations Act have been followed.√
- Employees cannot be dismissed√ for embarking on a strike/industrial action.√
- When a deadlock√ in a Bargaining Council/Collective Bargaining Chamber has been reached.√
- Any other relevant answer related to the concept of protected strike.

Max (6)

**6.5 Functions of JSE**

- Serves as a link√ between investors and entrepreneurs.√
- Keeps investors informed√ through newspapers and other media by publishing share prices daily.√
- Regulates market√ for dealing with shares.√
- Serves as a barometer/indicator√ of economic conditions.√
- Mobilises the funds√ of insurance companies and other institutions.√
- Raises√ primary capital.√
- Venture capital market√ is made possible.√
- Provides protection√ for investors.√
- Has strict listing requirements√ which increase liquidity for investors.√
- Creates a safe environment√ for exchanging securities.√
- Forces listed companies to improve their reporting,√ and provide better information for decision-making by investors.√
- Encourages√ short term investments.√
- Allows small investors to buy shares√ in large companies.√
- Enables financial institutions to invest√ their surplus funds in shares.√
- Enables companies to offer share option incentives,√ which increases their ability to attract and retain high-quality investment talent.√

- Monitors change√ in listed companies.√
- Monitors the activities√ of the stockbrokers.√
- Uses STRATE√ to facilitate share transactions.√
- Promotes the JSE to the general public√ and educates the public about the stock exchange.√
- Plans, researches and advises√ on investment possibilities.√
- Allows shareholders to realise the value of their investments√ through a public trading platform.√
- Any relevant answer related to the functions of the JSE.

Max (8)

### 6.6 Employees' well-being

- Pay fair wage/salary to the workers√ based on the nature of work involved and the prevailing economic conditions in the market.√
- The working conditions must not only consider safety, medical and canteen facilities√ but also benefits like housing, leave and retirement etc.√
- Give fair bonuses√ based on the business earnings.√
- Allows for employees' participation√ in decision making.√
- Provide recreational facilities√ for employees.√
- Offer their employees a physical assessment√ by a medical doctor/practitioner once a year.√
- Offer trauma debriefing/counselling or assistance√ to any employee who requires these services.√
- Give financial assistance in the case of any hardship√ caused by unexpected costs, e.g. unforeseen medical costs.√
- Offer flexible working hours√ to enhance productivity.√
- Organise support programmes for employees√ infected and affected by HIV/Aids.√
- Offer childcare facilities√ at its premises.√
- Any other relevant answer related to the well-being of employees.

(Any 4 x 2)

(8)

### 6.7 Evaluation of PowerPoint Positives/Advantages

- Has the capacity to convey ideas and support√ what the presenter says.√
- Video clips can provide variety√ and capture the attention of the audience.√
- It can also include sounds√ to capture the interest of the audience.√
- Most suitable for illustrations√ and demonstrations during presentations.√
- Variation of colour and background immediately capture the attention of the audience√ and retain their interest throughout the presentation.√
- Presentations can be e-mailed√ and stored on a computer.√
- Any other relevant answer related to positive impact/advantages of PowerPoint presentation.

**Negatives/Disadvantages**

- Unprofessional handling of PowerPoint presentation material√ may result in the audience losing interest.√
- Less effective to some people√ e.g. those with audio visual impairments.√
- Cannot be used√ when there is no power/electricity.√
- Presentation can be lost√ if the computer breaks down.√
- Any other relevant answer related to negative impact/disadvantages of PowerPoint presentation.

Max (8)  
**[60]**

**BREAKDOWN OF MARKS**

<b>QUESTION 6</b>	<b>MARKS</b>
<b>6.1.1</b>	<b>2</b>
<b>6.1.2</b>	<b>10</b>
<b>6.2</b>	<b>8</b>
<b>6.3</b>	<b>10</b>
<b>6.4</b>	<b>6</b>
<b>6.5</b>	<b>8</b>
<b>6.6</b>	<b>8</b>
<b>6.7</b>	<b>8</b>
<b>TOTAL</b>	<b>60</b>

**TOTAL SECTION B: 180**

**SECTION C****QUESTION 7: BUSINESS ENVIRONMENT (Porter's Five Forces and Strategies)****7.1 Introduction**

- Porter's Five Forces model helps the business to understand both the strength of its current competitive position and the advantages of expanding.√
- Porter's Five Forces model is based on five important forces that determine competitive power in the market environment of a business.√
- Businesses need to conduct intensive strategic management in order to solve identified challenges.√
- A strategy is a plan of action to address an opportunity or to solve a problem.√
- Any other relevant introduction related to the Porter's Five Forces model and implementing intensive strategies. Max (2)

**7.2 Porter's Five Forces****7.2.1 Power of Suppliers**√√

- Suppliers of Susan's business include the suppliers of bread and ingredients.√√
- Susan must assess the power of the suppliers in influencing prices.√√
- The more powerful the suppliers are, the less control Susan has over them.√√
- Suppliers that deliver quality ingredients daily may decide to increase delivery cost and thus may have power over Susan's business.√√
- The fewer the choice of suppliers, the greater the need for Susan to seek help as they could become more powerful.√√
- Susan should identify the kind of power her suppliers have in terms of the quality of their products or services, reliability and their ability to make prompt deliveries.√√
- Any other relevant answer related to the power of suppliers.

Force: (2)

Discussion: (4)

**Max (6)****7.2.2 Power of Buyers (including Intermediaries)**√√

- Buyers are the final users of the product/services.√√
- Susan must assess how easy it is for her buyers/customers to drive prices down.√√
- This will depend on the number of buyers, the importance of each buyer to her business and the cost of switching to someone else's products.√√

- If Susan's business is dealing with a few powerful buyers, they are often able to dictate terms to the business.√√
- If Susan's customers can do without her products then they have more powers to determine the prices and terms of sales.√√
- Susan must conduct a market research so that she can get more information about her buyers.√√
- Any other relevant answer related to the power of buyers.

Force: (2)

Discussion: (4)

**Max (6)****7.2.3 Power of Competitors**√√

- Competitors are businesses selling the same/similar products or rendering the same/similar services.√√
- Susan must find out how many competitors are there and how influential they are.√√
- If Susan's competitors/other fast food restaurants have a unique product or services, then they have greater strengths.√√
- If Susan has many competitors with similar products then her business has very little power in the fast food market.√√
- Susan must draw up a competitor's profile of each fast food restaurant in the area so that she can determine their strength.√√
- Some competitors have the necessary resources to start price wars and continue selling at a loss until other competitors leave the market.√√
- Any other relevant answer related to the power of competitors.

Force: (2)

Discussion: (4)

**Max (6)****7.2.4 Threat of Substitution/Substitutes**√√

- Substitute products or services are different products/services that at least partly satisfy the same needs of the consumers and can be used to replace one another.√√
- Susan must check the sellers of substitute products who have improved their products or sell lower quality goods at lower prices.√√
- If Susan's sandwiches can easily be substituted, this weakens the power of her business in the market.√√
- Substitute products can cause Susan's business to lose its market share completely.√√
- If Susan's products are unique then she will not be threatened by substitute products.√√



- Susan's business operates in an industry where the buyers tend to switch regularly between different products, so the threat of substitution is high.√√
- Susan should do a market research to assess if customers are using substitute products/services and reasons for using these alternatives.√√
- It is important that Susan changes or improves her sandwiches to remain competitive.√√
- Any other relevant answer related to the threat of substitution.

Force: (2)

Discussion: (4)

**Max (6)****7.2.5 Threat/Barriers of New Entrants to the market√√**

- New entrants are other businesses that are selling the same/similar products in the existing market for the first time.√√
- The power Susan's business has in the market will depend on how easy it is for new competitors to enter the market.√√
- If Susan's business is highly profitable, it will attract potential competitors that want to benefit from high profits.√√
- If the barriers to enter Susan's market are low, then it is easy for new businesses to enter the market/industry.√√
- New competitors can quickly and easily enter the market, if it takes little time or money to enter the market.√√
- If there are few suppliers of the product/service but many buyers then it is easy to enter the market.√√
- Any other relevant answer related to the threats/barriers of new entrants.

Force: (2)

Discussion: (4)

**Max (6)****[30]****7.3 Intensive strategies****7.3.1 Market Penetration√√**

- New products enter/penetrate an existing market at a low price, until it is well known to the customers and then the prices increases.√√
- It is a growth strategy where businesses focus on selling existing products to existing markets.√√
- Susan should do market research on existing clients to decide how to improve her marketing mix.√√
- Reduce prices to increase sales.√√

- Embark on an intensive advertising campaign to increase awareness and customer loyalty.√√
- Employ more sales staff to improve sales services.√√
- Any other relevant answer related to market penetration.

Strategy: (2)

Discussion: (2)

Sub max (4)

**7.3.2 Market Development**√√

- It is a growth strategy where businesses aim to sell its existing products in new markets.√√
- Susan should implement her idea of expanding/selling to other office blocks in the area.√√
- Find new ways of distributing her sandwiches to other office blocks, e.g. setting up sandwich stalls outside the other office blocks.√√
- Restructure pricing policies to cater for customers of all income levels.√√
- Any other relevant answer related to market development.

Strategy: (2)

Discussion: (2)

Sub max (4)

**7.3.3 Product Development**√√

- It is a growth strategy where businesses aim to introduce new products into existing markets.√√
- Susan should improve her product line by adding different types of sandwiches or related products.√√
- Conduct test marketing/market research to establish whether new products will be accepted by existing customers.√√
- Ensure that new products are different/of a higher quality/ reasonably priced than those of competitors.√√
- Any other relevant answer related to product development.

Strategy: (2)

Discussion: (2)

Sub max (4)

**Max (12)**

**7.4 Conclusion**

- With a clear understanding of where power lies, the business can take advantage from a position of strength, improve a situation of weakness and avoid taking any wrong steps.√√
- Porter's Five Forces is useful for analysing the power of the business to yield a favourable return on investment.√√
- This model makes it possible for businesses to analyse how to shift the power of the forces in their favour.√√
- Although implementing intensive strategies may be costly, it usually results in growth and continuous improvement.√√
- Any other relevant conclusion related to Porter's Five Forces and intensive strategies.

(Any 1 x 2)

(2)  
**[40]**

**BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Porter's Five Forces	5 x 6 = 30	
Intensive strategies	12	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis/interpretation		2
Synthesis		2
Originality/Examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:  
 Allocate 2 marks if all requirements are met.  
 Allocate 1 mark if some requirements are met.  
 Allocate 0 marks where requirement are not met at all.

**QUESTION 8: BUSINESS VENTURE (Insurance)**

**8.1 Introduction**

- Insurance is extremely beneficial to businesses as it provides financial relief in times of unforeseen financial losses.√
- Business owners should have a clear understanding of the financial impact of accidents and disasters on their business operations, so that they can make provision for that in advance.√
- Business owners should be aware of the benefits of contributing towards compulsory insurance, e.g. UIF and RAF.
- It is important for business owners to understand the difference between insurable and non-insurable risks.√
- Any other relevant introduction related to insurance.

Max (2)

**8.2 Importance of insurance to businesses**

- Transfers the risk from the business/insured to an insurance company/insurer.√√
- The transfer of the risk is subject to the terms and conditions of the insurance contract.√√
- Protects the business against theft and loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc.√√
- The business will be compensated for insurable losses, e.g. destruction of property through fire.√√
- Business assets, e.g. vehicles/equipment/buildings need to be insured against damage and/or theft.√√
- Business is protected against the loss of earnings e.g. strikes by employees result in losses worth millions of rands.√√
- Protects the business against deeds of dishonesty by employees.√√
- Insurance can be taken against the life of partners in a partnership.√√
- Should the services of key personnel be lost due to accidents or death, the proceeds of an insurance policy can be paid out to the business/beneficiaries.√√
- Replacement costs for damaged machinery and equipment are very high, therefore, insurance can reduce/cover these costs.√√
- Any other relevant answer related to the importance of insurance to businesses.

Max (10)

**8.3 Differences between insurance and assurance**

<b>INSURANCE</b>	<b>ASSURANCE</b>
- Provides short term cover.√√	- Provides long term cover.√√
- Event may occur.√√	- Event will definitely occur.√√
- E.g. Insures a building against fire, storm damage etc.√√	- E.g. to provide for financial security after retirement or death, etc.√√
- Amount of compensation is determined by the extent of the damage and insured amount.√√	- Amount is pre-determined when agreement is drawn up.√√
- Compensation may/may not be paid out.√√	- Compensation will be paid out.√√
- Any other relevant answer related to insurance.	- Any other relevant answer related to assurance.
Sub max (4)	Sub max (4)

**Max (8)**

**8.4 Principles of Insurance****Indemnification/Indemnity**√√

- Applicable to short term insurance.√√
- Insured is restored to almost the same financial position as before the loss occurred.√√
- Neither the insurer nor the insured may profit from insurance.√√
- Principle of re-instatement may be applied if the item was over-insured.√√
- In the case of under-insurance only a portion of the loss will be refunded.√√
- Any other relevant answer related to the principle of indemnification/indemnity.

Sub max (4)

**Security**√√

- Applicable to long/short term insurance/life assurance.√√
- Insurer undertakes to pay out a pre-determined amount in the event of the death/reaching a certain age/personal injury of the insured.√√
- Aim is to provide financial security to the insured at retirement/the dependants of the deceased.√√
- Any other relevant answer related to the principle of security.

Sub max (4)

**Utmost good faith**√√

- Insured has to be honest in supplying details when entering into the insurance contract.√√
- Details/Information supplied when claiming should be accurate/true.√√
- Any other relevant answer related to the principle of utmost good faith.

Sub max (4)

**Insurable interest**√√

- Insured will suffer a financial loss/liability as a result of an insurable risk.√√
- Insured must have a legal relationship with the object insured in the contract, e.g. a man is legally married to his wife, he can insure her life.√√
- Any other relevant answer related to the principle of insurable interest.

**NOTE: Mark first TWO only.**Principle (2)  
Description (2)  
**Max (8)**

8.5 **Insurable risks vs. Non-Insurable risks**

<b>INSURABLE RISKS</b>	<b>NON-INSURABLE RISKS</b>
- Businesses are compensated for losses arising from specified risks.√√  (2)	- These risks are not insured by insurance companies/It remains the responsibility of the business.√√  (2)
<b>Any TWO examples:</b> - Fire.√ - Theft and burglary.√ - Storm/Damage during natural disasters.√ - Life insurance.√ - Vehicle insurance (includes theft, hi-jacking, accidents, etc.).√ - Public liability insurance.√ - Fidelity insurance.√ - Money-in-transit.√ - Unemployment insurance.√ - Any other relevant answer related to examples of insurable risks.  (2 x 1) (2) Sub max (4)	<b>Any TWO examples:</b> - Losses caused by war.√ - Most risks occurring in the period between placing orders and receiving goods.√ - Changes in fashion.√ - Shoplifting (recurrent expenditure/risk too high).√ - Losses caused by marketing malpractices on the part of the business.√ - Advancement in technology/new machinery invention.√ - Any other relevant answer related to examples of non-insurable risks.  (2 x 1) (2) Sub max (4)

**Max (8)**

- NOTE:**
1. Although bad debts are generally not insurable risks, they can be insured if certain conditions are met.
  2. Mark first TWO examples for each one.

8.6 **Benefits of UIF and RAF to business**

8.6.1 **Unemployment Insurance Fund (UIF)**

- The UIF provides benefits (such as unemployment, maternity, etc.) to workers who have been working and become unemployed for various reasons, so the business is not solely responsible to make provision in this regard.√√
- Businesses only contribute 1% (of a total of 2%) towards UIF, therefore reducing the expenses of providing UIF benefits themselves.√√
- Affordable contributions may make it possible for businesses to appoint substitute workers in some instances.√√
- As the UIF also pays out to dependants of deceased contributors, the business cannot be held responsible in this regard.√√

- Any other relevant answer related to the benefits to businesses of contributing to the UIF.

Sub max (6)

**8.6.2 Road Accident Fund (RAF)**

- The RAF provides compulsory cover for all road users in South Africa, which include South African businesses.√√
- As drivers of business vehicles are indemnified against claims by persons injured in vehicle accidents/claims of dependants of people killed in vehicle accidents, the responsibility for these claims may be reduced.√√
- The next of kin of workers who are injured or killed in road accidents, may claim directly from RAF, so businesses cannot be held totally responsible in this regard.√√
- Any other relevant answer related to the relevance to businesses of contributions to the RAF.

Sub max (6)

**Max (8)**

**8.7 Conclusion**

- Insurance plays an important role in securing the future of businesses as it provides a guarantee of compensation for specified loss, damage, illness or death.√√
- Taking out comprehensive insurance on assets and other specified losses is regarded as sound business practice.√√
- Any other relevant conclusion related to insurance.

(Any 1 x 2)

(2)  
**[40]**

**BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Importance	10	
Insurance vs. Assurance	8	
Principles	8	
Insurable vs. Non-insurable	8	
Benefits of UIF and RAF	8	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis/Interpretation		2
Synthesis		2
Originality/Examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

**QUESTION 9: BUSINESS ROLE (Team performance)****9.1 INTRODUCTION**

- Team work refers to a number of people collaborating/working together effectively in order to reach a common goal.√
- Each team member should contribute towards the success of the team.√
- Successful teams go through different stages of team development in order to become successful/effective.√
- The success of a business depends on the successful collaboration within a team to contribute to the objectives of the business.√
- Diversity in teams may lead to better ideas/solutions, but may also cause conflict.√
- Conflict is a result of differences in values and attitudes.√
- Effective conflict management may have a positive influence on team performance.√
- Poor conflict management may lead to team failure or the dissolution of a team.√
- Any other relevant introduction to team work and conflict bearing in mind Chicky Fried Chicken.

Max (2)

**9.2 Stages of team development**

- Forming√√
  - A team is formed consisting of different individuals, who will have to work together towards a common goal.√√
  - Team members volunteer to work together.√√
  - Formed to solve a problem/challenge.√√
  - Individuals are driven by the desire to be accepted by the other team members.√√
  - Team members gather information about each other/the objectives of the team.√√
  - This is a good opportunity to see how each member performs as an individual and how he/she responds to pressure.√√
  - Any other relevant answer related to the formation of a team.

Sub max (4)

- Storming√√
  - After the team has been formed, it goes through a period of uneasiness known as storming.√√
  - Different ideas are stormed for consideration.√√
  - Team members open up to each other and confront each other's ideas/perspectives.√√
  - This stage is necessary/important for the growth of the team.√√
  - Team members should be tolerant of/patient with each other to survive this stage.√√
  - Any other relevant answer related to the storming stage of a team.

Sub max (4)



- Norming√√  
Team members:
  - Agree on a mutual/common plan for the team.√√
  - Consider their own ideas, but agree with others to make the team perform well.√√
  - Take the responsibility/have the ambition to work towards the success of the team.√√
  - May focus too much on preventing conflict that they become reluctant to share controversial ideas.√√
  - Any other relevant answer related to the norming stage of a team.

Sub max (4)
- Performing√√  
Team members:
  - Know each other and can function as a unit.√√
  - Find ways to get the job done smoothly without conflict/external supervision.√√
  - Are motivated/knowledgeable/competent/able to handle the decision making process in the team.√√
  - Will make the most of necessary decisions to work towards a common goal.√√
  - Will go through all four stages many times as they encounter changing circumstances.√√
  - Any other relevant answer related to the performing stage of a team.

Sub max (4)
- Adjourning/Mourning√√
  - The focus is on the completion of the task/ending the project.√√
  - Breaking up the team may be traumatic as team members may find it difficult to perform as individuals.√√
  - Any other relevant answer related to the adjourning/mourning stage of a team.

Sub max (4)

**NOTE: Accept adjourning/mourning as one of the other team stages.**  
**Max (12)**

### 9.3 Possible causes of conflict within a team

- Lack of proper communication between leaders and members.√√
- Ignoring rules/procedures may result in disagreements and conflict.√√
- Leaders and/or members may have different personalities/backgrounds.√√
- Different values/levels of knowledge/skills/experience of team members.√√
- Little/no co-operation between internal and/or external parties/stakeholders.√√
- Lack of recognition for good work, e.g. a leader may not show appreciation for extra hours worked to meet deadlines.√√
- Lack of member development may increase frustration levels as members may repeat errors due to a lack of knowledge/skills.√√

- Unfair disciplinary procedures, e.g. favouritism.√√
- Little/no support from management with regard to supplying the necessary resources.√√
- Leadership styles used, e.g. autocratic leaders may not consider members' inputs.√√
- Unrealistic deadlines and heavy workloads lead to stress resulting in conflict.√√
- Lack of agreement on mutual matters, e.g. remuneration/working hours.√√
- Unhealthy competition/Inter-team rivalry may cause members to lose focus on team targets.√√
- Lack of commitment which may lead to an inability to meet pre-set targets.√√
- Any other relevant answer related to the possible causes of conflict.

Max (8)

#### 9.4 **Conflict resolution procedure/steps**

- Identify/Acknowledge that there is conflict.√√
- Analyse the cause(s) of conflict by breaking it down into different parts.√√
- Pre-negotiations may be arranged where members will be allowed to state their case/views separately.√√
- Arrange a meeting between conflicting team members.√√
- A time and place for discussion is arranged for negotiations where all members are present.√√
- Each member has the opportunity to express his/her own opinions/feelings/Conflicting members may recognise that their views are different.√√
- Devise/Brainstorm possible ways of resolving the conflict.√√
- Conflicting members agree on criteria to evaluate the alternatives.√√
- The best possible solution(s) is/are selected and implemented.√√
- Evaluate/Follow up on the implementation of the solution(s).√√
- Monitor progress to ensure that the conflict has been resolved.√√
- Any other relevant answer related to a positive analysis of conflict resolution techniques.

Max (10)

#### 9.5 **Criteria for team's success**

- Clearly defined and realistic goals are set, so that all the members know exactly what is to be accomplished.√√
- Commitment by members to the common goal.√√
- Agreement on methods/ways to get the job done effectively without wasting time on conflict resolution.√√
- A clear set of processes/procedures for team work, will ensure that every team member understands his/her role.√√
- The team to operate as a co-ordinated/organised unit.√√
- All members to take part in decision making.√√
- Ability to communicate well and make quick decisions.√√

- Team leader should acknowledge/give credit to members for positive contributions.√√
- Team members to respect and trust each other.√√
- Passionate/Committed/Focused members will ensure positive results despite problems/distractions.√√
- Good/Sound interpersonal relationships will ensure job satisfaction and increased productivity of the team.√√
- Respect the knowledge and skills of other members.√√
- New skills acquired by members may contribute to the success/effectiveness of the team.√√
- A balanced composition of skills, knowledge, experience and expertise will ensure that teams achieve their objectives.√√
- Continuous review of the team's progress will ensure that team members can rectify mistakes/act pro-actively to ensure that goals/targets are reached/met.√√
- Any other relevant answer related to the criteria for successful teams.

Max (10)

9.6 **Conclusion**

- Effective team work will contribute to achieving goals and improve productivity.√
- Continuous team assessment will ensure that teams remain focused on the tasks/targets.√
- Constructive/Positive conflict should be encouraged to promote creativity and effective problem solving.√
- Teams generally take longer to arrive at a decision.√
- The use of teams may have greater cost implications.√
- Any other relevant conclusion related to team performance and conflict management.

(Any 1 x 2)

(2)  
[40]

**BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAKSIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Stages of team development	12	
Causes of conflict	8	
Conflict resolution techniques	10	
Criteria for successful teams	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis/Interpretation		2
Synthesis		2
Originality/Examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

**QUESTION 10: BUSINESS OPERATION (Human Resources function)****10.1 Introduction**

- The objective of recruitment is to attract the best possible applicants with the required skills, qualifications and competency to fill vacancies in a business.√
- All recruitment procedures should be conducted within the framework of the Employment Equity Act (EEA) to ensure fairness.√
- Shortlisted applicants should be interviewed in order to evaluate their suitability for the job.√
- Any other relevant introduction related to recruitment, interviewing and the EEA.

Max (2)

**10.2 Types of recruitment****10.2.1 Internal Recruitment√√****Positives**

- The business recruits from existing employees through promotions/transfer from inside the business.√√
- Opportunities for promotion reward good work and motivate current employees.√√
- Staff morale and productivity increases if suitable staff members are promoted regularly.√√
- Current employees understand how the business operates.√√
- The business knows the candidate, his/her personality, strengths and weaknesses.√√
- Reliable/Key staff members are retained if they are promoted/transferred within the business.√√
- Detailed, reliable information on candidates can be obtained from super-visors/employee records.√√
- Recruitment process is faster and less expensive if the candidates are known.√√
- Any other relevant answer related to positive aspects of internal recruitment.

**Negatives**

- Current employees may not bring new ideas into the business.√√
- Promoting a current employee may cause resentment amongst other employees.√√
- The number of applicants is limited to current staff only.√√
- Employees who do not really have the required skills for the new job may be promoted.√√
- Current employees may need to be trained/developed before they can be promoted, which can be expensive.√√
- Staff that is not promoted may feel demotivated which may hamper productivity.√√
- Any other relevant answer related to negative aspects of internal recruitment.

Sub max (10)

10.2.2 **External Recruitment**√√**Positives**

- The business recruits from other businesses/educational institutions/advertisements in the media/recruitment agencies/headhunting, etc.√√
- New candidates bring new talents/ideas/experiences/skills into the business.√√
- It may help the business to meet affirmative action and BBBEE plans.√√
- There is a larger pool of candidates to choose from.√√
- There is a better chance of getting a suitable candidate with the required skills/qualifications/competencies who do not need much training/development which reduce costs.√√
- Minimises unhappiness/conflict amongst current employees who may have applied for the post.√√
- Any other relevant answer related to positive aspects of external recruitment.

**Negatives**

- External sources can be expensive, e.g. recruitment agencies' fees and advertisements in newspapers/magazines.√√
- The selection process may not be effective and an incompetent candidate may be chosen.√√
- Information on CV's or from references may not be reliable.√√
- Recruitment process takes longer/is more expensive as background checks must be conducted.√√
- New candidates generally take longer to adjust to a new work environment.√√
- In-service training may be needed which decreases productivity during the time of training.√√
- Many unsuitable applications can slow down the selection process.√√
- Any other relevant answer related to negative aspects of external recruitment.

Sub max (10)

**Max (16)**10.3 **Interviewing**10.3.1 **Purpose**

- Obtains information about the strengths and weaknesses of each candidate.√√
- Helps the employer in choosing/making an informed decision about the most suitable candidate.√√
- Matches information provided by the applicant to the job requirements.√√
- Creates an opportunity where information about the business and applicant can be exchanged.√√
- Any other relevant answer related to the purpose of an interview.

Max (4)

**10.3.2 Role of the Interviewer**

- Develop a core set of questions based on the required skills, knowledge and ability required.√√
- Check the application and verify the CV for anything that may need to be explained.√√
- Book and prepare the venue for the interview.√√
- Set the interview date and ensure that all interviews take place on the same date, if possible.√√
- Inform all shortlisted candidates about the date/place of the interview.√√
- Notify all panel members conducting the interview about the date/place of the interview.√√
- Allocate the same amount of time to each candidate.√√
- Introduce members of the interviewing panel to each candidate/interviewee.√√
- Make the interviewee feel at ease.√√
- Explain the purpose of the interview to the panel and the interviewee.√√
- Do not misinform/mislead the interviewee.√√
- Avoid discriminatory/controversial types of questions, e.g. asking a female candidate about family planning/having children.√√
- Provide an opportunity for the interviewee to ask questions.√√
- Close the interview by thanking the interviewee for attending the interview.√√
- Any other relevant answer related to the role of the interviewer.

Max (8)

**10.4 Impact of employment equity act (EEA) on businesses****Positives**

- Discriminatory appointments are discouraged.√√
- Equal opportunities and fair treatment are promoted.√√
- Appointment process is clearly defined, so all parties are well informed.√√
- Certified psychometric tests may be used to assess applicants/employees to ensure that suitable candidates are appointed.√√
- Outlines affirmative action measures to redress past injustices.√√
- Diversity/Inclusivity in the workplace can be achieved.√√
- Consultation between employer and employees are encouraged.√√
- Businesses are in a better position to negotiate contracts with the government.√√
- Impacts positively on BBBEE ratings for businesses.√√
- Any other relevant positive impact of EEA on making new appointments.

**Negatives**

- Applying the employment equity quota may not always allow employers to make the most suitable appointment.√√
- Productivity may decrease, as inexperienced employees may be appointed into positions where they may not be able to cope.√√
- Other groups may not respect the knowledge, skills and experiences of an EEA appointee. They think the position was awarded based on race and not on skills.√√
- Skilled people from designated groups are in strong demand and may demand higher salaries/do job hopping, which may result in high staff turnover.√√
- Additional and costly administrative duties are required for implementing/monitoring the Employment Equity Plan.√√
- The implementation of employment equity can be costly to businesses as it requires investment in training.√√
- Additional resources should be made available to execute the Employment Equity Plan, resulting in sufficient funds not being made available for profit opportunities.√√
- Diversity in the workplace may lead to conflict/unhappiness.√√
- Employers who want to apply for government tenders must apply for a compliance certificate with the Minister of Labour, resulting in increased expenses.√√
- Non-compliance with the administrative requirements of the EEA may result in the payment of heavy penalties.√√
- Position may remain unfilled, because there are no suitable EEA candidates.√√
- Any other relevant negative impact of EEA on making new appointments.

Max (12)

**10.5 Conclusion**

- Employees are the most important resource in any business and its success is strongly influenced by recruiting and appointing quality employees.√√
- A well prepared and organized interview process will result in identifying and appointing the most suitable and deserving candidate.√√
- The EEA not only promotes and regulates affirmative action, but also gives guidance in conducting a fair appointment process.√√
- Any other relevant conclusion related to recruitment, interviewing and EEA.

(Any 1 x 2)

(2)  
[40]

**BREAKDOWN OF MARK ALLOCATION**

<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	<b>2</b>	<b>Max 32</b>
Types of recruitment	<b>16</b>	
Purpose of interviews	<b>4</b>	
Role of: Interviewer	<b>8</b>	
Impact of EEA	<b>12</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		
Layout		<b>2</b>
Analysis/Interpretation		<b>2</b>
Synthesis		<b>2</b>
Originality/Examples		<b>2</b>
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 80**  
**GRAND TOTAL: 300**