NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2015

BUSINESS STUDIES: PAPER II

MARKING GUIDELINES

Time: 2 hours 100 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

- The following aspects may be considered when marks are allocated in this paper:
- Format:
  - The **CORRECT** format for each question must be used, ie, Business report.
  - Where applicable, include an introduction and conclusion.
  - Use headings and sub-headings where appropriate.
- Terminology: Correct Business terminology should be used.
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.

QUESTION 1

Factual marks are allocated as per rubric for: Naming, explaining and examples

Environments **(max 35 marks)**

The Macro Environment
Both the macro and market environments form part of the external environment. The business has **limited control** over events taking place in the external environment, but it needs to consider these events and must design strategies (plans of action) **to adapt** to situations in the external environment.

Nevertheless, it is also important to keep in mind that the events occurring within the business (internal environment/micro environment) may in turn impact on events in the macro environment, as illustrated by the following examples:

- In the event of a strike, an individual business or group of businesses (industry) may have an effect on the economy.
- A business employing or retrenching workers contributes to the employment/unemployment rate of the country.
- The way the business operates may directly influence the physical environment in which it operates, etc.

Various tools may be used to analyse the events in the macro environment in order to:

- determine how the business should react to **eliminate any threats**
- **capitalise on opportunities** to achieve a competitive advantage

Some of the tools that may be used to analyse the macro environment include:

- an environmental scan
- a SWOT-analysis, and
- a PESTLE analysis or more accurately, a PE²STLE analysis.

An Environmental Scan
It is important to do an environmental scan to identify factors that may impact on the business and then adjust existing plans or develop new plans to deal with these factors/events.

An environmental scan is not limited only to the macro environment, but can be used as a tool when looking at the market environment and the micro environment as well. However, when an environmental scan is used in the macro environment, the following process is applied:

- The business will scan (look at) the macro environments in order to identify issues which need to be addressed.
- Although a SWOT analysis may be used to evaluate factors in both the external and internal environments, in the **macro environment**, only **OPPORTUNITIES and THREATS** are considered.
- **PE²STLE** is a useful tool to identify specific opportunities and threats in the **macro environment**.

A SWOT-analysis (Only O and T)
The O (opportunities) and T (threats) refer to issues in the macro and/or market environments. In the macro environment the exchange rate may deteriorate and if raw materials are imported, it may threaten the profitability of the business.

A PE²STLE-analysis:
Each of the letters in PE²STLE represents a factor in the macro environment that could potentially **threaten** the business or that the business may use as an **opportunity** to create or strengthen the competitive advantage. Note to which **word** each letter of the PE²STLE refers, but be mindful of how the terms are connected and inter-related:

Political factors
- The likelihood of government interference in the economic functioning of the country (and therefore, the running of businesses), as with a free market vs. socialism vs. communism.
- The degree of political stability in the country and its impact on business confidence.
- Political ties with other countries as this may, for instance, influence trade agreements.
- Degree of media freedom/freedom of speech which may be used to criticise the political parties in the country when government officials make themselves guilty of corruption.
- The attitude of different political parties in the country where business is conducted is important. Even though the ruling party does not support this view, it is good to consider the points of view of opposing political parties as this may (or may not) shape the future political orientation of the country.
- The process followed when government tenders are allocated (if the business is interested in tendering for government contracts).

Economic factors
- Economic growth and development rates in the country, ie the improvement (or deterioration) of the standard of living of the people of the country.
- Inflation rates: Inflation is the continuous and significant increase in the general price level of goods and services. The higher the inflation rate, the lower the purchasing power of the monetary unit will be.
- Interest rates: the rate at which people or businesses borrow money from the bank or the percentage return on investment when saving money in the bank. High interest rates make it difficult for businesses to borrow money to expand.
- Exchange rates, ie the strength of the local currency vs. the currencies of other countries.
- High unemployment rates mean people do not have money and as a result businesses suffer lower profits.
- Taxes such as income tax, VAT (Value Added Tax), import duties, etc.

Ethical factors
- Fair Trade refers to respect and transparency in business dealings, acknowledging that one party will not attempt to exploit the other.
- Corporate Social Responsibility: It is the responsibility towards the shareholders to make a profit vs. the responsibility towards giving back to the community.
- An employee's privacy regarding the use of the internet vs. the rights of the business to expect responsible behaviour from employees. Employers must be able to access computers to ensure employees are not contravening the company's regulations.

Social/Socio-Economic factors
- The average age of the population, the life expectancy and people becoming more health conscious.
- The number of single parents providing for a family.
- HIV/Aids infection and diseases such as TB and malaria.
- Levels of literacy/education.
- Unemployment rates.
- Personal safety and crime.
- Awareness of the issue of pollution and recycling.
- Distribution of wealth/poverty.
- The changing role of women in society in certain cultures.

Technological factors
- We have already referred to the rapid development of issues surrounding social media.
- Automation of different processes, requiring less use of lower-skilled and cheaper manual labour.
- Advances in online money transfers (internet banking, electronic fund transfers).
- Online shopping.
- Quicker sales transactions through EPOSSE (Electronic Point of Sales Scanning Equipment as opposed to manual pricing) at pay points.
- Product innovation through Research and Development (R & D).

Legal environment
- Labour legislation such as the *Labour Relations Act, the Basic Conditions of Employment Act, Broad Based Black Economic Empowerment,* skills development and the *Occupational Health and Safety Act.*
- Legislation introduced to protect the consumer and consider the Consumer Protection Act.
- Scrutinise information displayed on labels designed to inform and protect consumers.
- Laws that protect the environment against exploitation and pollution.
- Criminal justice that protects the business against piracy and rip-offs.
- Laws relating to paying tax, registering the business, health and safety and specifications for dealing with food (to name but a few).

Physical environment and other environmental factors
- Environmental factors are important if one thinks of the growing awareness to protect the environment and to prevent negative consequences such as global warming and changes in weather patterns.
- Think about the general move towards more environmentally-friendly products, the emphasis placed on recycling, hybrid cars, higher taxes on air travel and efforts to reduce the carbon footprint.

The market environment
The Market (environment) is any place (physical or electronic) where goods and services are bought and sold. A variety of tools can be used to investigate forces in the market environment, which may include:
- An environmental scan.
- A SWOT-analysis (O and T only).
- The use of the five forces as identified by Porter.

Porter's Five Forces Model
Michael Porter's model is a popular and an easy to understand tool often used to analyse the **market environment**. Porter's Five Forces model investigates the following in the Market environment:
- Competitors: which businesses sell the **same** product.
- Competitors: which businesses sell a **similar** product.
- Competitors: which businesses may try to enter the market in the **future**.
- Suppliers of the products.
- Buyers that must be convinced to spend their limited money to buy the product or service.

Level of rivalry (current competitors)
It is important for any business to know what competitors are doing. If one can find a sector where a competitor is not performing well, it may present an **opportunity** for the business to make more profit. By identifying the areas where competitors are achieving success, it may be an indicator of a **threat** to the business, requiring the implementation of a tactic to avoid losses. For example, if a competitor has a superior marketing strategy; it poses a threat to one's business because customers may be lost to the competitor, the impact of Spur's marketing on Steers and Wimpy.

When the business is compared with one's competitors, the following factors require reviewing:
- Size and financial resources of the business.
- Market share.
- The quality of products/service.
- Consumer brand loyalty.
- Pricing of products or service.
- Convenience of location and distribution channels.
- Trading hours.

Threat of new entrants
Not only do current competitors 'steal' customers, there may be a challenge from a new business that sees an opportunity to make money by entering the market.

An existing business will see any potential new business as a threat to its market share and profits. The business therefore, tries to build 'barriers' (strategies) to prevent new businesses from entering the market successfully.

Examples of barriers to keep new entrants out of the market:
- The bigger retailers in shopping malls will, for example, negotiate with centre management to prevent too many competitors from acquiring space in the same centre.
- A business may also register a patent to deter a potential new business from selling a similar product.
- Large sums of money may be spent on advertising and having promotions where products or services are sold at a lower price, making it difficult for a new business to enter the market.
- Consider that even the government puts legislation in place to make it difficult for new businesses to supply electricity to consumers.
- A tax on imported goods is a deterrent the government imposes on certain industries to protect the local market from cheap, mass-produced goods from overseas.

Availability of substitute products
A substitute product does **NOT** refer to a different brand. This issue of different brands has been discussed under the heading of Rivalry/Competitors in the market.

To illustrate different brands:
- Giramundo vs. Nandos
- Debonairs vs. Pizza Hut

The power of suppliers
Any business that does not have a reliable supplier is certain to encounter problems more often than not.

In order to be successful, the business depends on the supplier to provide a good **quality** product when needed (**timing**) and to deliver the correct **quantity** to the **place** needed at a reasonable **price**.

The power of buyers
The buyer may be a wholesaler ordering from a manufacturer, or a retailer buying the products for his shop or even the consumer who has to spend his or her hard earned money at your business. If the buyers are not respected, and offered good value for money, they may decide to support a different business.

The Micro Environment: business operations (functions within the business)
When the micro environment is analysed, the focus is on the internal business functions. In order to perform the internal analysis, different tools may be used:

- An environmental scan: → look at the internal departments/functions in the business
- A SWOT-analysis (S and W only): → review the internal departments/functions in the business
- A resource-based analysis: → consider both tangible and intangible resources and how these are utilised in the organisation.
- A value-chain analysis: → examine the value created (or not) in a chain of activities performed within the business.

Resource-based Analysis:
The resource-based analysis is used to identify resources, both tangible and intangible, that the business owns. It is important to identify the value that each of the resources creates. One needs to assess the value of each resource and identify how (a strategy) that resource would be used to create value in the business in a sustainable manner.

A business resource is valuable and has the potential to create a sustainable competitive advantage if:

- It is durable, ie it does not lose value (depreciate) or become obsolete too quickly.
- It is difficult for competitors to copy the resource or even get hold of something similar. The more difficult it is to imitate the resource, the stronger the competitive advantage of the business will be.

Value Chain Analysis:

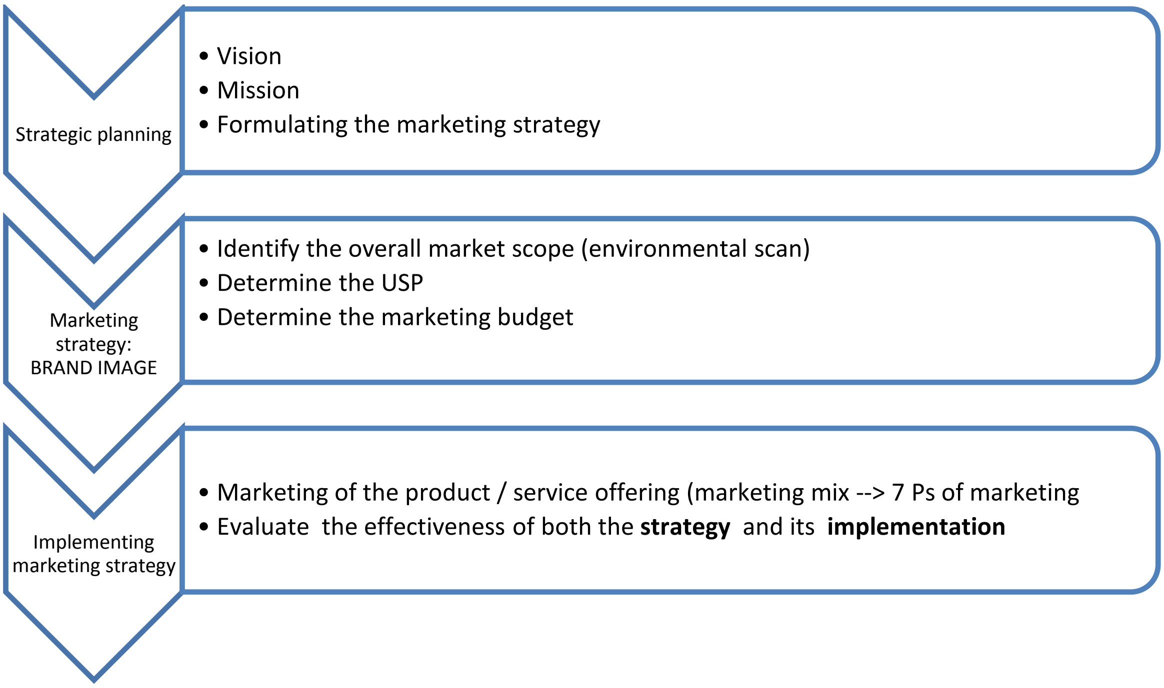
- The value chain analysis involves the process of thinking about the different ways in which the business creates value – internally and for the customers. It must be remembered that the more value a business offers the customer, the more the customer will be willing to pay for the product/service.
- In order to do this, all elements or activities in the business have to be reviewed to determine if there are any factors that are not adding value to the business.
- In a manufacturing business it is easy to determine how much value is created by taking 'inputs in the form of raw materials' and converting them (adding value) in the manufacturing process into something the consumer needs or wants or is willing to pay for the product.
- However, in a service-orientated business it is more difficult to determine how much value is added when people use inputs like time, knowledge, experience, and equipment, to create a service that the customer values.

Marketing **(max 35 marks)**
Definition:
Marketing can be defined as the ongoing activities of the business to reach the target market (LSM) and the methods the business utilises to connect and engage with its target market. The purpose of this engagement (with the target market) is to convince the market of the value of the products and/or services (of the business), with the aim of selling these products or services and making a profit.

Role of marketing as part of the overall business strategy:
Strategic role of marketing

- Before we can understand the **strategic** role of marketing, it is important to recognise that **strategic planning** drives the overall performance of the business. Strategic planning involves:
  - Formulating a vision for the business.
  - Translating this vision (expectations of what the business may become) into a mission statement to describe what needs to be done TODAY, to achieve the vision for the FUTURE. The setting of objectives, strategies and their implementation are set out below:

- This strategic role of marketing can be summarised as follows: **creating and supporting a strong and positive brand identity in the market through a well-planned and well-implemented marketing strategy**.



Marketing is of strategic importance as a function of business.

- Marketing enables the business to build a brand in the minds of the consumer and then uses this brand continuously to remind the consumers about the business.
- Marketing will help to remind consumers about the business' products/services so that when they need to buy that particular product or service, it **jumps** to mind. In short: marketing is used to gain and retain customers.
- One of the most powerful tools of marketing communication is to create a 'marketing buzz' around the product/service. This means the business wants consumers to talk about its product/service. The stronger the awareness of the product/service in the mind of the consumer, the more likely it is that the brand name will be used for future reference and hopefully this will translate into more sales.
- Engaging with customers via marketing gives the business the opportunity to listen to the customer's feedback (both good and bad) and helps the business to build a stronger brand (product/service).

Formulating the Marketing strategy:

- When planning the marketing strategy, three basic, but different approaches emerge:
  - Some businesses focus all their energy on **marketing the overall brand of the business**, while spending little time and effort on marketing individual products/services. For example; when Famous Brands markets the company as a complete entity, and not the separate brands it holds.
  - Other businesses may choose to focus their marketing efforts on **marketing the product/service offering**, while not spending too much time on the overall brand of the business. Famous Brands is a franchiser selling different brands such as Wimpy, Debonairs, Steers and Tashas, to name but a few. How many people are really aware of ***Famous Brands*** as a BRAND?
  - A third approach may entail an emphasis on **both the business and individual product/service offerings**. For example; each brand is marketed separately; however, reference is made to Famous Brands.

- In order to formulate a Marketing Strategy, a **five-step process** has to be followed:
  - Perform an environmental scan.
  - Define the target market and Unique Selling Proposition (USP).
  - Determine the marketing budget.
  - Implement the marketing mix to achieve the aims of the marketing strategy.
  - Evaluate the effectiveness of the process and take corrective measures where necessary.

Step 1: The overall market scope is investigated by performing an environmental scan: The environmental scan involves looking at both the external and internal environments:

The External analysis focuses on the relevant external elements that may affect the overall performance of the business/brand.
- It is important that the business identifies possible opportunities and threats as part of the strategic marketing plan in order to assess the possible impact (positive and negative) that these elements may have on the business.

Industry analysis
This is the assessment or scanning of the sector that the business operates in. The purpose is to identify opportunities and threats by using the PESTLE-elements.

Competitor analysis:
- The competitor analysis gives the business an overall picture of all the competitors in the market.
- It is critical that the business evaluates the competitors' strengths and weaknesses in order to determine the effect these could have on the performance of the business and then adapt the marketing efforts accordingly.
- If we consider Porter's Five Forces Model, competitors may include:
  - Level of rivalry in the market.
  - Threat of new entrants in the market.
  - Substitute products in the market (indirect competition).

Customer analysis:
- A business needs to keep in mind the power that the buyer has (remember the discussion of the Porter elements?)
- It is important that the business looks at both current and potential customers to see where their needs are not satisfied.
- Analysing the customer base, will help the business to identify the potential market segmentations (LSM-groupings).

The internal analysis
The internal analysis applies to those elements which are internal to the business. The business is able to control these factors, which comprise the eight business functions.
- The following tools could be used to help the business understand the internal marketing environment:
  - SWOT analysis.
  - Value chain.
  - Resource-based analysis.

Step 2
- Once the business has analysed both the external and internal environments in order to identify those factors which may influence the marketing strategy, it is important to consider WHAT the target market (customers) need, and WHY they would buy OUR product/service instead of supporting the competitors.

- The factor(s) that will differentiate the business' product/service is known as the Unique Selling Proposition (USP) and may be based on factors such as:
  - Costs.
  - Brand identity.
  - Utilisation/incorporation of technology in the use of the product/service.
  - Quality.

Step 3
- Determine the marketing budget. Too often businesses think of marketing as an expense that should be minimised. The business should rather think of money spent on marketing as an investment in the business that will reap long-term benefits.
- The amount of money spent on marketing will be determined by the methods of marketing communication used. Advertising on TV is far more expensive than internet marketing. An electronic billboard is more expensive than direct mail. It is, however, not only the costs that should be considered, but also the effectiveness of relaying the message to the target market.

Step 4
The **aim of all marketing** activities is to ensure that the 7 Ps of marketing are directed at the consumer. This means that the **marketing strategy is fully implemented**.

Traditionally marketing was seen as four Ps, namely a **PRODUCT** that is sold at a specific **PRICE** and P**LACE**. And in order to do so the business has to **PROMOTE** the product to the target market. The diagram illustrates this as follows:

As the world economy moved away from a largely 'product driven' focus, it became clear to marketers that the marketing of products alone proved inadequate; equally important is to consider how **services** should be marketed.

For this reason an additional three Ps were added to the traditional four Ps. The three Ps that are associated with Service marketing are:
- People (rendering the service).
- Physical evidence (associated with the service).
- Processes (used while the service is rendered and/or consumed).

A service is any action offered by one party to another and although it is essentially intangible, it may be linked to a physical product. Where the service and a physical product are combined, it is known as a hybrid-service offering. For example: Debonairs sells pizza and offers a delivery service to customers.

What **type** of product (or service) is being sold? This may range from:
- **Convenience goods** where customers are usually not very brand-loyal and they want to make the purchase as speedily and easily as possible, for example obtaining bread and milk. When the business sells these products, it will implement different marketing strategies to those of a business selling select or speciality goods, because different factors will influence the consumer's decision to buy. **Fast Food is mainly seen as convenience goods.**
- **Select goods** are usually only purchased after the consumer has considered the price, quality and brand name vs. those of a competitor's products. Examples of select goods may include clothing, shoes and some jewellery items.
- Customers wanting to buy **speciality goods** such as cars, household appliances and other expensive technical products will spend a lot of time before a decision to purchase is made. The consumer wants to be certain the item is precisely what he/she wants before this 'once-in-a-lifetime' purchase is made. Consumers tend to be more conscious of a specific brand when it comes to speciality products, an important factor for the business to keep in mind in the building of its brand and marketing campaigns.

- **Services** are intangible. When a service is marketed, it could be an individual service that is being sold (eg. hairdresser, garden service or a doctor) or the service could form part of the overall product on offer (eg. Debonairs pizza offering a delivery service to support the sale of pizzas).
- The **life cycle** of the product will have an impact on how the product is marketed by the business.

The **Packaging** of the product:
- It helps to protect the product and may make it easier to stack the items on the shelves. Think about the shape of Coke cans and how they fit on top of each other or why beautifully shaped perfume bottles are packed in boxes. It is important that Famous Brands looks at how they pack the boxes for storage purposes, but also how this packaging will appeal to customers.
- It helps to identify the manufacturer by displaying the name and trade mark and brand.
- It gives the consumer valuable information on the ingredients used in the manufacturing of the product.
- It helps to target different segments of the target market. Think how packaging of different sizes is used by Debonairs.

PRICE is the second of the seven Ps:
- Price can be described as the monetary value (rand value in South Africa or a different currency for another country) of a product or service that the consumer is prepared to pay (opportunity cost). The retailer has to set the price at a certain level to remain competitive in the market.
- When the business decides on the price, the following should be considered:
  - Will the consumer be prepared to pay the price charged? Although we usually assume the consumer wants to pay as little as possible, a 'snob-attitude' may influence the consumer to reconsider the product if he/she thinks the price is too low thus the quality cannot be good.
  - How does the price charged compare with prices of similar products offered by competitors?
  - How sensitive are consumers to a change in price? The demand for necessities such as basic food will probably not decrease too much if there is a price increase, because consumers have to keep buying these products regardless of the price. On the other hand, a small price increase in luxury products/services (eg Tashas) will probably see a relatively big decrease in the demand.
  - The availability, quality and price of substitute goods (a different product satisfying the same need, NOT a different BRAND), may also affect the price of the product. If there is no substitute product available, it makes it easier for the business to increase prices. Examples of substitute products are burgers vs pizza.
  - The business may consider a variety of pricing strategies as part of the overall marketing strategy.
    - **Market penetration pricing** refers to a situation where the business will be prepared to sell the product at a low price in order to attract new customers to try the product. The business may initially not even make a profit (or very little profit). The price will be increased as soon as the consumer is familiar with or loyal to the new product.
    - **Leader pricing** refers to a situation where the business reduces the price of some products to get customers to come to the shop. For example, Debonairs may decrease the pizza price hoping to convince customers to buy cool drinks and other items for lunch or dinner as well.
    - **Promotional pricing** refers to discounts offered for a special event, such as a special on pizza, at the release of a new children movie, show your movie ticket and get discount on the pizza.
    - **Bulk discount** is offered to a consumer that buys large quantities of a certain product (lower cost per unit). Like Romans Pizza.

PLACE or distribution brings us to the third of the seven Ps:

- There are a number of options for the manufacturer to get the product to the consumer:
- The manufacturer can sell the product directly to the consumer.
- The manufacturer can sell to the retailer which in turn sells it to the consumer.
- The manufacturer can sell to the wholesaler which sells to the retailer to **break the bulk**, and finally sell the product to the consumer.
- It is also possible to use intermediaries or agents in the process, but these options will not be discussed.
- To ensure the consumer buys the product, it has to be distributed to a venue (outlet/shop) that is conveniently situated. At a Debonairs franchise, special attention should also be paid to aspects such as the availability of parking (or public transport), the location of the store in the shopping mall and displays in windows to attract customers' attention.
- Franchising is also a form of distribution; Famous Brands produces a larger amount of their own products and distributes these through there different branded franchises.

The next P to consider is **PROMOTION** (also known as Marketing Communication):
Principles to be kept in mind when developing and evaluating a marketing communicating strategy:

- Only products and services that meet set standards of quality may be advertised (promoted) as 'good quality'. If the business tries to mislead customers, it may backfire, with some customers being reluctant to trust the business in future.
- An in-depth knowledge of the product's features is required before promotional promises are made to consumers in the marketing campaign. Incorrect information must be avoided.
- A unique and memorable design must be central to the marketing campaign to help customers to remember the product and business. This can be achieved by using special advertising themes, slogans and even catchy phrases/jingles.
- The correct advertising medium is very important. The medium is determined by the target market.
- It is illegal in South Africa to criticise or even mention competitors - also refer to the section on ASA below.
- Expenses must be kept within the budget. Money must be spent effectively, thus rather than viewing the promotion of the product or service as an **expense**, it should be seen as an **investment** in the future of the business.
- Famous Brands needs to look at its brands very carefully to decide the ideal target market, and then to target those customers through the relevant marketing communication.

Four elements to the marketing communication mix that are used to reach the consumer:

Advertising:

- Advertising is an impersonal message aimed at a mass audience. There is NOT a reason why the audience has to respond to the message. If the person feels it is a product/service he/she does not want to buy immediately, the message is often ignored.
- The business has to pay to advertise products/services in different media and therefore the business has full control over all elements of the advert, such as the message, the colour, sound and print.
- The message has to be repeated many times before the consumer really pays attention. We live in a world of advert-overload. Consider how many times while reading or talking to friends you may hear an advertisement on the radio, but you are not really aware of or 'tuned into' what is being advertised, because it is 'background noise'.
- While many advertisements win graphic/design awards, it is possible that they fail to deliver on the simple and fundamental principles used to evaluate sound marketing communication. An advertising concept should be evaluated by reviewing the following:
  - It is **Engaging**? Does the advert have the potential to 'stop the customer from doing what he/she is busy with and pay attention to the advert's content? When an advertisement is engaging, the customer's interest may be stirred to respond to what is on offer.

- Is the advertisement **credible**? Are the claims in the advert true, and can the 'facts' be proven?
- Does the advert create a lasting **impression**? Does the advert have the potential to be remembered? What is the possibility of the advert being remembered in a future survey?
- Does the advert prompt the consumer to take **action**?
- Does the advert promote all the features and benefits of the product or service that is important to the customer? Is there a possibility of making the message more **relevant** to the customer?
- Is the advert part of a series of advertisements that comprises an advertising campaign? Is there **integration** with other promotional messages which add value to the brand of the business?
- **Branding:** how well does the advert promote the key brand attributes?

Personal selling:
- There is interaction between the buyer and the sales person. The buyer often feels compelled to listen and respond when the sales person shows a personal interest in the buyer. For example a person selling pizza at Debonairs, explaining a special like double cheese.

Sales promotion:
- Sampling of products, discount coupons, buy-one-get-one-free offers are examples of sales promotions. The instant appeal often persuades the consumer to make an impulsive (unnecessary?) purchase.
- If the business offers too many sales promotions, the consumer may perceive this as desperation by the business to make a sale, which may cause the consumer to question the quality of the product/service.

Publicity:
- People tend to trust publicity more than advertising (it is believed to have a higher degree of credibility), because the business does not pay for the publicity message. Because the message is not seen by the consumer as 'sales talk', consumers seem more willing to listen to this message. Having said this, it is important to bear in mind that the business does not have control over publicity and consequently the message may be positive or negative – the results may not be what the business desired.
- The impression created by the appearance of the buildings, how and where products are displayed and the presence of the staff and the manner in which they talk to customers create a certain image of the business. This is known as *internal publicity*. It does not make sense for the business to spend vast sums on advertising, while internal publicity is neglected.

PEOPLE – is the fifth of the seven Ps:
- Whether the business renders a specific service or a hybrid service (service combined with a physical product), it is probable that people will always be part of the selling equation. The exception would be a vending machine or similar concept, however we must note that there are already vending machines for pizza in Europe.
- The attitude, behaviour, skill, morale and motivation levels of the employees are just some of the variables that may have a noticeable effect on the service experienced.
- The customer's perception of the quality of service may directly influence the degree of his/her satisfaction and future purchase intentions.
- Because the employee is the face of the business, the business must make certain that there are sufficient control mechanisms (positive rewards or negative punishment) in place, to ensure contact employees will protect and promote the brand and the reputation of the business.
- The quality of the after-sales service is vital to secure customer loyalty to the store/product.

PHYSICAL EVIDENCE associated with the service as the sixth of the seven Ps:
- The physical evidence associated purely with service includes factors such as the store's presentation, and the appearance of the staff members. Also included are other tangible elements such as business cards, brochures, letterheads, signage used on the premises and even the website on the internet.
- The way in which the above mentioned is used to market the business, by relaying a message to the consumer, will depend on the type of business. Consider, for example, how the uniforms and signage used on the premises of a formal restaurant in a five star hotel and a family steakhouse are vastly different.

PROCESS is the last of the seven Ps:
- When defining the **process** as an element of service delivery, it refers to the operating systems and procedures that must be designed and managed to make the service experience as pleasant as possible for the customer.
- **The process** means that part of the service-offering which the customer experiences. This may include how quickly the customer is greeted, time spent in queues, helpfulness of staff members when the customer has a query, how many times an employee 'passes the buck' before the customer is assisted and whether the business follows up to evaluate customer satisfaction.
- In summary, this element of the marketing process means that every employee should know what to do, when to do it and how to do it. If employees have a clear understanding of the service delivery process, it will prevent confusion and help the customer to experience reliable service.

Step 5
- Once the marketing strategy has been implemented, it is important to **evaluate** and review the process in order to identify performance gaps (ie where the marketing aims were not achieved).
- The evaluation and review process will also assist the business to achieve operational targets and if not, that procedures such as TQM are implemented to ensure the business satisfies the needs/wants of consumers.
- In short, it can be said that the marketing activities are geared towards improving the overall business performance and this step is implemented to achieve improved performance.

Interdependence of Marketing with key business functions
- To improve the chances of the business succeeding, the different business functions must operate efficiently and as interdependent contributors to the same goal and not as independent components.
- Recognising the interdependency, means the different business functions cooperate and collaborate to create synergy in the business.
- Financial function makes funds available to employ staff, buy inventory and to run the marketing campaign.
- Production function manufactures products that will be advertised by the marketing function. This will generate profit that can be used to pay salaries and run the business.
- Marketing function promotes the products/services.
- Human capital function employs and trains staff to ensure the correct skills in the business to perform all tasks and pays them fair salaries.
- Purchasing department buys inventory, ensures the availability of the correct quality and quantity at the time that the production department needs material and the marketing campaign is committed to deliver.

Factors influencing the buying decision: The stimulus-response model of buyer behaviour.
Philip Kotler, one of the gurus of marketing, has proposed that the business looks at what he calls 'The stimulus-response model of buyer behaviour' when it wants to understand buyer behaviour.

Kotler's original model has been adapted and changed over the years, and the following version will be used to explain the stimulus-response model of buyer-behaviour:

Step1: The buyer receives a stimulus or is influenced by external factors when making the buying decision.
These external stimuli may be coming from the business in the form of marketing messages (Seven P's of marketing as discussed above). Other influences may be added ie stimuli such as economic conditions (an increase or decrease in disposable income), political developments (new legislation) or technological advancements (consumers becoming aware of new products) that were unavailable before.

Step 2: The buyer processes these stimuli by going through different phases:
- Problem recognition – ie. the buyer becomes aware that he/she has an unfulfilled need or that the product/service that currently meets the need, may soon have to be replenished. The task of the marketing function is to increase consumer awareness of **desired needs** or **needs as yet unknown**.
- Search for information – During this phase the consumer may consult with friends, family, acquaintances, sales people, advertisements via mass media, consumer forums or even own knowledge based on previous experiences, to gather information.
- Evaluate different alternatives – When different alternatives are considered, the consumer may consciously or sub-consciously use different criteria such as the features of the product, the benefits of the product or even emotional considerations such as 'how green is the product' or the status associated with the product.
- The consumer then makes a purchasing decision regarding what to buy: the product choice, brand choice, retailer choice, when to buy the product and how much he/she will spend.

Step 3: Post-purchase behaviour will be based on the consumer's experience when the product is used. If the consumer's expectations are not satisfied, it may lead to a negative experience and dissatisfaction, and possibly contribute to alternatives being considered instead. If the consumer's expectations are met or exceeded, it may result in future purchases.

Branding:
The concept of 'what is a brand' is often difficult to understand. Is a brand the name of the product, the trademark or the image of the business? What exactly is ***THE BRAND***?

- The brand is all of the above and so much more. The brand is also the impression employees make when interacting with customers and the reputation of the business. The brand tells people what is special about a particular business and what sets it apart from competitors.
- A brand is often said to be the values and beliefs of the business.
- If a business is perceived as a person, the brand will be the appearance as well as the personality of the person. Similarly, just as people work at looking their best and develop positive traits, so a brand should be developed to convey a strong, positive message about the business. Customers need constant reminding of the **essence** of that message. Many businesses have brand managers that ensure that the overall business function is in line with what the brand represents.

Developing a strong brand is part of strategic management and should be driven by top management. When a business decides what it is, where it wants to go and how it wants to get there (vision and mission), it also has to formulate a value statement. The value statement describes what the business represents and its core beliefs or philosophy. Employees who 'live' or embody the value statement as part of the organisational culture will project a definite message about the business. If this message is aligned with the brand (what the business claims it is about) and consumers hear the same message, they would regard the business as credible.

Before reviewing the concept of branding in more detail, it is important to understand the relationship between the name of the business or product and the trade mark. In short it can be said that the BRAND is the combination of the name and trade mark.

The brand name is the name of the business (or product), while the trade mark may be the name of business, as well as the logo (special mark or picture) that differentiates products.

Branding
When people hear a particular brand name, they associate it with certain impressions. These impressions have been formed in the minds of consumers and can be described as follows: *impressions of the name, logo, image and marketing message of the business*.

Every time a consumer hears the name of the business being discussed by someone, or when he/she walks into a branch of the business, or visits the website or meets an employee of the business; the person's perception of the brand is re-enforced or altered. In order to build a strong brand, all these 'interactions with the brand' have to convey the same positive message.

- **Clear identity:** The brand represents something unique (what does the brand stand for?) to the customer. Which, for example, is more important – quality or value for money? Does the brand represent the right message to the correct LSM?
- **Trust:** The customer trusts what the business is saying based on past experience. The brand must deliver what it represents.
- **Consistency:** The customer experience with the brand should remain consistent over a long time, whether this occurs face-to-face, in stores, through advertisements or through interaction with employees. The brand projects and reminds consumers what the business represents at every possible opportunity.
- **Distinctive voice:** The brand has strong values – it has a strong opinion, attitude, and persona. It is important to remember that it is not only the external message that informs consumers what the brand stands for, but that the internal marketing message also projects the same brand image. For this to happen, it is important that employees believe in the brand and LIVE the brand.
- **Intimacy with customers:** The customer feels that there is a strong relationship between him/ her and the brand.

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)							
If all SECTIONS have not been completed, the judgment is based on the amount of expected information. Eg A candidate substantiating one section well, but not answering the other cannot qualify for a 'majority of statements' mark.							
CRITERIA	**0**	**1**	**2**	**3**	**4**		
Substantiation (justification for statements made)	No attempt at substantiation.	Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.		
	0	**1**	**2**	**3**	**4**		
Application to context	Superficial reference based on the case study/context given. (Just keep mentioning the name of the business repeatedly without relevant examples).	Continuous reference is made to the case study/ context given with some applicable examples given.	Continuous reference is made to the case study/ context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study/ context given and fully integrated into the response showing understanding of the issues at hand. Current affairs are fully integrated into the response.		
	0	**1**	**2**	**3**	**4**	**5**	**6**
Creative problem-solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.
1 Introduction – did not just re-write question, but shows an understanding of the 'link' between the topics							
2 Conclusion – this should be a logical affirmation of the points raised							
3 Flow of thought, ie, paragraphs leading into one another							
4 Integration of topics given in the question							
5 Integration of question with other Business related topics to enhance the quality of the answer							
6 Arguments are developed							
SUBTOTAL: (20 marks)							

QUESTION 2

Factual marks are allocated as per rubric for: Naming, explaining and examples

Management **(max 70 marks)**

The General Manager operates at TOP Management level, the Functional Managers (Admin manager, Purchasing manager, Production manager, Marketing manager, Human Capital manager etc.) are known as the MIDDLE Management, while supervisors operate at the LOWER level of management.

Leadership vs. management

Much has been written about the difference between a manager and a leader and whether it is even possible to differentiate between the two.

One of the most frequent definitions used to differentiate between the two is:

- A manager is appointed in a position of authority which enables him to insist on people doing as he/she instructs.
- A leader has the expertise to make people aware of the advantages of pursuing a certain course of action, thereby creating a desire in people to follow him/her to achieve a common goal.

In his book 'On Becoming a Leader,' Warren Bennis compiled a list of the differences between a Manager and a Leader. Some of these are:

Manager	Leader
The manager maintains systems	The leader develops new methods to do things
The manager focuses on systems and structure	The leader focuses on people
The manager relies on control	The leader inspires trust
The manager accepts the status quo	The leader challenges the status quo

Management styles

Democratic: A manager that follows a **democratic leadership style**, allows subordinates to provide input and participate in the decision-making process. It is, therefore, not surprising that the democratic leadership style is also sometimes referred to as the **participative leadership style**. The advantage of this style is that it usually ensures 'buy-in' and commitment from people involved in the process. However, a disadvantage could be that it may lead to slower decision making when the manager allows participation from all.

Autocratic: An autocratic leader seldom allows for input from subordinates and makes all decisions. In certain circumstances this may be the best approach; if, for example, there is a crisis and quick decision making is required to solve a problem or to implement a strategy that may not be popular with all staff members. The disadvantage of an autocratic style is that employees often have a low morale as they feel undervalued by the manager.

Laissez-faire: A manager that follows a laissez-faire management style **believes that he/she should not** interfere in the process of carrying out a task. This manager will tell employees, what he/she is expects from them, but will allow them to do the task without interference. This management style may yield excellent results, if there is a highly-skilled workforce, motivated to perform optimally.

Transactional: The transactional leadership style can be described as **an approach of 'give and take'**, with the manager motivating employees to perform their tasks in return for possible (salary/bonus/other benefits). The problem with this style is that as soon as employees regard the reward is insufficient, they become demotivated which often results in labour unrest. The previous factors, when combined with the following: a workforce of many low-skilled workers, the feasibility of always considering their input, the use of autocratic leadership; may help to explain why South Africa has acquired the undesirable reputation of a 'nation that loves to strike'.

Transformational: The transformational leader is **charismatic by nature**. He/she will motivate employees by helping them to understand the meaning of their work. This type of leader places the emphasis on teamwork; they will make time to explain to the group 'why they matter'. This builds confidence and trust between employees and management, consequently, the individual and group performance improves in terms of creativity, problem solving and productivity. People are often inspired and motivated to such a degree that they surpass their own expectations. This happens more often if the manager not only **leads** his team, but also **empowers** team members to achieve their full potential.

The situational leadership style is a **combination of all of the above leadership/managerial styles**. The manager will adapt the management style to whatever is required in the specific situation. If the situation requires disciplinary action to be taken, he/she will adopt an autocratic style. If the group of employees are artistic and do not respond well to too much structure, the manager may opt for a *laissez-faire* approach by simply advising what needs to be achieved. He thus avoids being too prescriptive about the method of achieving the goal. A democratic, transactional or transformational style will be implemented where it will yield the best results.

Motivational factors: Monetary vs. non-monetary factors
There is no question that it is important to have a motivated work force. Numerous books have been written about the advantages of motivated employees, the problems associated with low motivational levels and how to motivate employees.

Unfortunately there is no magical formula or solution when it comes to the complex principle of employee motivation. What may motivate one employee may not be important to another. To assess employee motivation, two broad categories of motivational factors, namely **monetary** and **non-monetary** factors will be considered. Before examining the two categories, consider the **advantages** of having a motivated work force, but also take into account the opposite in terms of **problems** associated with low levels of motivation.

Advantages of a motivated workforce:
- Motivated employees are more likely to provide good customer service, which will result in happy customers coming back to the business.
- Motivated employees are usually productive employees, which may lead to a lower cost per unit and, therefore, more opportunities for profit.
- Lower levels of absenteeism and/or lower staff turnover – think of the advantages of less training when staff retention is high.
- A motivated work force may be less likely to embark on industrial action.
- Happy workers will say positive things (good word of mouth) about the business and this may improve the image of the business. Think of: more sales, easier to recruit top quality workers and all the other benefits associated with a strong brand.
- Motivated workers may have a positive impact on other departments in terms of boosting their morale as well.

Monetary factors to motivate employees:
- A salary increase may temporarily raise the motivation levels of some of the workers, yet think how long it may take a worker to 'get used' to more money in his/her pocket. No sooner has the worker’s lifestyle improved; they may become demotivated if the prospect of a future increase

is slim. Keep in mind that since the 'cost-to-company' principle is the norm for most companies, pension and medical aid benefits are included as part of the salary package.
- Consider these factors as well: a performance bonus, profit sharing or payment on a commission basis. These options may work very well, as the employee knows if certain targets are met he/she will be rewarded. If, however, performance is inadequate, the additional monetary reward will be withheld.

Non-monetary factors to motivate employees:
The following factors are listed as non-monetary motivators, but it is important to keep in mind that not all will apply to every employee. Many aspects namely, employee personality, skills level and years of experience, may or may not apply to, or motivate an employee.
- **Job enlargement:** This refers to a situation where additional tasks are added to the original job. This may motivate the employee if he/she feels there is less repetition (the job is less monotonous). It is, however, important to make sure the employee does not become demotivated when he/she feels more work has to be done for the same salary.
- **Job enrichment:** The employee gets more responsibility and often more authority. The employee thus feels he/she is trustworthy, and on a personal level he/she may believe it is possible to achieve his/her full potential. At times it may be necessary to give the employee additional training to ensure skill levels match the requirements of the task.
- **Empowerment and advancement** of the employee: If employees are given opportunities to develop by learning new skills and gaining wider knowledge to be applied when they are offered new challenges and responsibilities, they will feel that it is a win-win situation as the business gains from their new competencies and they may have more to add to their CVs.
- **Flexible hours (if possible):** Life is fast and does not wait for anybody. People experience strain from demands on their time from family and friends, hobbies and a number of activities. By allowing the employee to decide which hours should be allocated for work and various activities; motivation levels in all probability will increase to get to the work done efficiently, speedily and to a high standard.
- Recognition of good work should preferably be done openly in front of office colleagues, while reprimanding an employee (also a form of motivation) should be done in a closed office in private. One form of recognition is the 'employee of the week/month' programs that some businesses utilise.
- Employees are more motivated when they feel appreciated. This can be achieved through recognition (as mentioned above), but also by allowing employees to be part of a successful team, including them in decision making (where appropriate) and by respecting their opinions.
- Some employees prefer precise instructions for tasks or work to be performed. This certainty often increases motivation levels and job performance. Other employees may prefer to work independently and not want constant supervision or questions about their performance.
- Wellness programs such as child care facilities, time off, assistance with household problems such as burst geysers, free parking or gym membership may also motivate some employees.

Management Tasks:
There are a variety of tasks a manager has to perform as part of his/her daily job. The aim of management is to ensure employees perform in an efficient and effective way to achieve the goals of the business.

Planning
- Every business needs to plan to ensure actions are geared towards the desired outcome. The plan should be drawn up with the aim of achieving the goals and objectives of the business, but the plan should be flexible and adaptable according to circumstances.
- The following are possible steps to be taken during the planning process: Understand and define the problem, get all the relevant information, analyse the information and consider all possible eventualities. Decide on a plan of action but consider alternative plans (contingency plans),

implement the plan carefully and follow up to ensure the plan is successful; if not, implement corrective action. Planning in the business takes place on different management levels:
- Top management is responsible for the overall, long-term strategic business plan, including the vision, mission, objectives and strategies for the overall business.
- Middle management formulates tactical plans, which involve the acquisition of resources needed by the departments that they control namely, the Financial department, Marketing department, Production department, Human Capital department, etc. Middle management is responsible for medium- term planning and has to ensure that lower levels of management are guided to align their daily planning with that of Middle management.
- Lower management is in charge of planning work schedules and programs on a daily basis.

Please note: also mentioned in the intro Do not allocate marks again.

Organisation

- When the manager organises, it means he/she arranges activities in such a way that all resources (factors of production) contribute towards a systematic and successful business.
  - These factors of production include the following: employees, working capital needed to run the business, any raw materials needed to produce the product, obtain the inventory to sell to consumers.
  - There are different managers in charge of each of the functions, but the General Manager/CEO (Chief Executive Officer) has to ensure all these managers realise that their tasks are inter-dependent and they must work together to achieve the overall goals of the business.
- Organisation also refers to reporting structures within the businesses. There is no single correct (or incorrect) organisational structure that fits all business. Regardless of the organisational structure chosen for the business, the important thing is that the reporting lines are clear in order to avoid confusion and blame-shifting.

Leading

- In order to implement plans and reach the desired outcome, the manager has to ensure guidance and support is given to employees, ie that they are guided to achieve the goals of the business, as well as their personal goals as employees.
- A good leader will strive to maintain a balance between being risk orientated (getting the job done) and people orientated (to focus on the needs of employees).
- Also refer to the section on different management or leadership styles, eg democratic, autocratic etc. to understand the different approaches a manager may follow in order to achieve the goals of the business in different circumstances.
- The following are some general rules for good leadership:
  - Workers should always be helped to understand what goals are to be achieved.
  - A good leader will allow (and also encourage) subordinates to provide input and voice opinions.
  - Employee morale improves if employees know that management respects them and will support them where possible.
  - Good work should always (or where possible) be recognised openly, while cautioning employees and/or addressing work-related problems which should be conducted in private. It is important that criticism should never be personal, but constructive to guide the employee to avoid repeating the mistake.
  - Explain to employees why there are changes or why certain procedures are to be followed, to ensure their acceptance and cooperation.

Control

- It is essential that management always uses control as the last step in any process. Control will provide the manager with feedback to determine how problems can be addressed in order to improve the performance of employees and the overall business.

Coordination
- Coordination ensures there is cooperation between different departments in the business and that everybody works towards a common goal.
- The key to coordination and cooperation is clear communication to ensure everybody understands the expectations required. Regular meetings will help to ensure this is achieved.
- The ultimate goal of coordination is to create synergy between individual efforts, teams and departments.

Communication
- Communication refers to the transfer and receiving of ideas and attitudes between management and workers, but also between the business and external groups such as the media, suppliers, customers and the government. Without good, clear communication, it is not possible to build relationships with these different stakeholders.
- Communication ensures coordination of activities within the business by letting workers know exactly what is expected from them.
- On the other hand, clear communication channels enable workers (or external stakeholders) to inform management about problems and ideas.
- Proper communication may help to improve the overall performance of the business, because the relevant people are informed about certain facts if and when (or before) they need the information.

Delegation
- Delegation is necessary in order to reduce the work load of senior employees and to achieve a more meaningful distribution of tasks and responsibilities.
- The manager will delegate duties, authority and responsibilities to subordinates.
- The person to whom the tasks were delegated must be able to perform the new tasks and may need additional training to empower him/her. It is also important to remember that when responsibility is delegated, the worker should also be authorised to handle situations that arise from the added responsibility.
- Both the employee and the manager who delegated the responsibility will be held accountable for the quality of the work done.

Decision making
- In order to make a responsible decision, all relevant facts must be considered.
- A choice is made between regarding what will be the best in a particular situation.
- Business decisions should be objective, with no personal prejudice influencing the decisions.
- It is important to assess the decision by considering its feasibility and viability.

Discipline
- The purpose of discipline is to improve future behaviour in the business. In order to achieve this, it is imperative that everybody knows what is regarded as misconduct, but also what the consequences will be if rules are broken or performance standards are not met.

Motivation
Refer to the section above on monetary and non-monetary motivators.

Management Competencies:
Global Awareness
- A global awareness is much more than merely trying to understand political, language or cultural differences between countries in order to avoid making general assumptions about other people. It is more than the fact that exchange rates appreciate or depreciate and that this may have an impact on the cost of the product. While these issues are important, it is vital to appreciate that global awareness encompasses much more.

- The manager must understand that even if the business does not trade (buy or sell) directly with other countries, he must know that the business world is interrelated and interconnected and that suppliers may originate from a range of countries. It is possible; therefore, that customs and values will differ between countries. An awareness of the entire supply chain is crucial. Consider the following: The Procurement manager within Famous Brands should be aware of health regulations in other countries and ensure that these regulations are in line with South African regulations before importing raw materials from these countries, such as meat and other farm produce.

Organisational awareness
- No organisation operates in a vacuum. Organisational awareness requires management to be aware of **internal, as well as external** factors that may have an impact on the success of the business.

INTERNAL:
- The manager should understand the capabilities (strengths) and constraints (weaknesses) of the business.
- In order for management (at all levels) to be successful, it is important for them to have an understanding of what happens in the entire business, because the actions of the different functions or departments in the business have an impact on each other (interdependent).
- The manager should also have empathy and consider the pressures that different departments experience, and should aim to accommodate people where possible in order to ensure the entire business (rather than just that one department) is successful.
- Management must also understand the organisational culture of the business. If there is something within the culture that is not desirable, a proactive plan has to be implemented to change the organisational culture to something that is in line with the vision and mission of the business. This is important in order to enhance the overall functioning of the business.

EXTERNAL:
- Management should demonstrate an understanding of the opportunities and/or threats that the business may face when viewed in the context of the external environment.
- When one thinks of the external environment, it should be borne in mind that aspects such as national and international trends may have an impact on the business, but that the business could also affect events in the external environment by taking a stand for or against something.

Analysis
- In order to develop both a global and organisational awareness, the manager should be able to identify important sources of information, gather the relevant information, interpret the influence that different events may have on one another and then compare alternative plans of action. This is the ability to analyse and draw conclusions.
- When information is analysed, potential problems should be identified and solutions pre-empted in order to make sure risks are managed.
- Management needs to understand that analysis is a difficult task and where possible, decisions should not be made impulsively, but only after consideration of all relevant facts.

Strategic thinking leading to strategic action
- Strategic thinking entails the manager's ability to look at the business' current position in relation to the rest of the market and to then decide where the business should be in a few months or years. This is called strategic planning and requires a vision, a mission, long-term and short-term objectives to be formulated and lastly, the development of a strategy to make these goals a reality.
- This can only be done if the manager understands that industry and market trends will affect the business' competitive position. Thus, it is important to look at strengths, weaknesses, opportunities and threats before strategies (plans of actions) are developed and implemented.

- Simply reviewing current trends is not good enough. The manager must be able to anticipate and forecast what will happen in the future and then be proactive when implementing plans to manage the situation.
- The outcomes of the situations should also be evaluated in order to implement corrective action if needed.

Teamwork
- A good manager will be aware of other people's feelings and fears and anticipate how these will affect team members. The manager should ensure that teams are designed so that members will complement each other's strengths and weaknesses.
- As the team leader, the manager has to ensure that members of the team (employees in the business) listen to each other, express disagreement in a constructive manner and then find a way to work cooperatively with one another.
- The manager will not only encourage all team members to work together, but will prudently intervene to resolve conflict.
- It is important that the team members have a clear understanding of the goals and that all team members are empowered with the necessary skills to achieve these goals. If the skills are lacking, team members must be trained and then be held accountable for their performance.

Empowerment & talent development
- The manager has to understand that empowerment and talent development is important, because it means the business is investing time and resources to assist with employees' development to achieve the goals and objectives of the business. When employees are empowered, and they have benefited from the development process, this is conducive to better morale and higher levels of motivation.

Initiative
- Showing initiative means the manager is not waiting for other people to think of new ways to improve his/her department or the overall business.
- By demonstrating initiative, the manager will question the conventional methodology, but also encourage subordinates to think of new ideas and innovations before the situation demands it.
- Initiative means being proactive and pre-empting issues before they arise in order to create a competitive advantage.

Judgement/decision making
- The manager continuously has to make judgement calls in different situations. This can only be done once all the relevant facts have been evaluated in an objective manner.
- Although the ideal would be for the manager to be able to evaluate his decisions clearly before taking action, in some instances it is not possible. Sometimes an immediate decision is required to capitalise on an opportunity; the manager cannot hesitate to make that crucial decision. One of the most important skills a manager can utilise in such a situation is to apply **logical reasoning**.
- It is important for the manager to employ integrity when making judgement calls/decisions. This demonstrates leadership and a willingness to acknowledge accountability for his/her decisions.

Negotiation
- A successful negotiator is able to convey his/her opinions in a clear and accurate manner to the audience (employees, trade unions, suppliers, etc.) and then to use these skills to persuade the audience to understand his/her points of view.
- It is important that people have an understanding of all the relevant opinions. A manager who is a skilled negotiator will try to facilitate a win-win situation, using compromise to resolve problems.

- It is important to obtain buy-in from the most influential role players – especially in sensitive or high pressure situations, because these informal leaders may influence others in the negotiation process.
- It is a myth to think people are born good negotiators. It is a skill most people can acquire. This expertise is especially relevant for managers at all levels to develop.

Customer service orientation

- In a successful business, customers and their needs are the primary focus areas and should be considered in all business decisions.
- It is crucial that the manager listens and responds to customer's questions, problems and feedback, as it is an important way for the business to give the customer what he/she expects and requires from the business.
- A productive customer relationship based on trust and credibility will ensure that existing customers keep coming back to buy from the business.

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)						**Question 1**	**Question 2**
CRITERIA	**0**	**1**	**2**				
Format	Not meeting the correct standard	Partially correct format	Correct format				
	0	**1**	**2**	**3**			
Terminology	No use of business terminology	Isolated/limited use of business terminology	Good use of business terminology	Outstanding use of business terminology			
Content (number of relevant facts)	Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)						
Subtotal: (30 marks)							

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)						**Question 1**	**Question 2**
CRITERIA	**0**	**1**	**2**				
Format	Not meeting the correct standard	Partially correct format	Correct format				
	0	**1**	**2**	**3**			
Terminology	No use of business terminology	Isolated/limited use of business terminology	Good use of business terminology	Outstanding use of business terminology			
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Subtotal: (30 marks)							

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)							
If all SECTIONS have not been completed, the judgment is based on the amount of expected information. Eg A candidate substantiating one section well, but not answering the other cannot qualify for a 'majority of statements' mark.							
CRITERIA	**0**	**1**	**2**	**3**	**4**		
Substantiation (justification for statements made)	No attempt at substantiation.	Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.		
	0	**1**	**2**	**3**	**4**		
Application to Context	Superficial reference based on the case study/context given. (Just keep mentioning the name of the business repeatedly without relevant examples).	Continuous reference is made to the case study/ context given with some applicable examples given.	Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study/ context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study/ context given and fully integrated into the response showing understanding of the issues at hand. Current affairs are fully integrated into the response.		
	0	**1**	**2**	**3**	**4**	**5**	**6**
Creative Problem Solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.
1 Introduction – did not just re-write question, but shows an understanding of the 'link' between the topics							
2 Conclusion – this should be a logical affirmation of the points raised							
3 Flow of thought, ie, paragraphs leading into one another							
4 Integration of topics given in the question							
5 Integration of question with other business related topics to enhance the quality of the answer							
6 Arguments are developed							
							SUBTOTAL: (20 marks)