KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA




# NATIONAL SENIOR CERTIFICATE

## GRADE 12

## BUSINESS STUDIES
## COMMON TEST
## JUNE 2021

**MARKS: 100**

**TIME: 1½ hours**

**This question paper consists of 8 pages.**

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## INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections.

   SECTION A: COMPULSORY

   SECTION B: Consists of THREE questions
   Answer any TWO of the three questions in this section.

   SECTION C: Consists of TWO questions
   Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take particular note of what is required.
   Note that ONLY the first TWO questions answered in SECTION B and the first question answered in SECTION C will be marked.

3. Number the answers correctly according to the numbering system used in this question paper. NO marks will be awarded for answers that are numbered incorrectly.

4. Except where other instructions are given, answers must be in full sentences.

5. Use the mark allocation and nature of each question to determine the length and depth of an answer.

6. Use the table below as a guide for mark and time allocation when answering each question.

| SECTION | QUESTION | MARKS | TIME (minutes) |
|---|---|---|---|
| **A: Objective-type questions COMPULSORY** | **1** | **20** | **20** |
| | | | |
| **B: THREE direct/indirect-type questions** | **2** | **20** | **20** |
| | **3** | **20** | **20** |
| **CHOICE: Answer ANY TWO** | **4** | **20** | **20** |
| | | | |
| **C: TWO essay-type questions** | **5** | **40** | **30** |
| **CHOICE: Answer ANY ONE** | **6** | **40** | **30** |
| **TOTAL** | | **100** | **90** |

7. Begin the answer to EACH question on a NEW page, e.g. QUESTION1 –new page, QUESTION 2 – new page.

8. You may use a non-programmable calculator.

9. Write neatly and legibly.




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## SECTION A (COMPULSORY)

## QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers 1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D

1.1.1 The process whereby a business stops operating and sells all assets to pay off debts:

A. Retrenchment
B. Liquidation
C. Divestiture
D. Market development

1.1.2 Quality … relates to the inspection of the final product to ensure that it meets the required standards.

A. assurance
B. management
C. performance
D. control

1.1.3 This is a principle of insurance.

A. Non-insurable interest
B. Non-disclosure of all information
C. Uncertainty
D. Indemnification

1.1.4 Rajesh Kumar applied the … leadership theory when he inspired and motivated his team to change their perceptions of their work.

A. leaders and followers
B. transactional
C. situational
D. transformational

1.1.5 Phil enterprises invested R5 000 for three years at 12% simple interest per year. They will receive an amount of … as interest at the end of the investment period.

A. R6 800
B. R2 024
C. R1 800
D. R1 200




(5X2) (10)

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1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.

| average clause; SWOT; debenture holders; market contraction; PDCA; shareholders; market penetration; backward; reinstatement; forward |
|---|

1.2.1 An example of an intensive strategy.

1.2.2 Investors who lend money to a company are called …

1.2.3 Businesses apply the … cycle to continuously improve on their processes and systems.

1.2.4 Applicable to goods that are underinsured.

1.2.5 Mojo Cheese Ltd chose the … vertical integration when they took over Charles Dairy farm.

(5X2) (10)

**TOTAL SECTION A: 20**

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## SECTION B

Answer ANY TWO questions in this section.

**NOTE**: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

## QUESTION 2: BUSINESS ENVIRONMENTS

2.1 List any TWO elements of PESTLE (2)

2.2 Explain the steps when evaluating a strategy. (6)

2.3 Read the scenario below and answer the questions that follow.

**PAM UNIQUE CAKES (PUC)**

Pam Unique Cakes specialises in designing wedding cakes. Pam scanned the environment as part of the strategic management process. She only needed a small amount of capital to start her business. Sanele Wholesalers is the only supplier in the area from whom she buys her baking ingredients

Identify TWO forces of Porter's Five Forces model that are applicable to Pam Unique Cakes. Motivate your answer by quoting from the scenario above. Use the table below as a GUIDE to answer QUESTION 2.3.

| PORTER'S FIVE FORCES | MOTIVATION |
|---|---|
| 1. | |
| 2. | |

(6)

2.4 Advise businesses on any TWO types of diversification strategies. (6)
**[20]**

## QUESTION 3: BUSINESS VENTURES

3.1 List any TWO theories of management and leadership. (2)

3.2 Read the scenario below and answer the questions that follow.

**JASMINE DESIGNS (JD)**

Jasmine Designs are well-known for their fashionable ladies' designs. Jasmine allows her team to work independently as long as they comply with her business policy.

3.2.1 Identify Jasmine leadership style. (2)

3.2.2 Evaluate the impact of the leadership style identified in QUESTION 3.2.1 on businesses. (6)

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3.3 Read the scenario below and answer the questions that follow.

| **TRAVIS MOTOR INSIRANCE (TMI)** |
|---|
| Travis Motor Insurance (TMI) has property that has been insured for R500 000 but the market value for the property is R300 000. |

3.3.1 Identify the insurance concept that is applicable in the above (2)

3.3.2 Elaborate on the meaning of concept mentioned in QUESTION 3.3.1. (4)

3.4 Advise on the advantages or importance of insurance for businesses (4)
**[20]**

## QUESTION 4: MISCELLANEOUS TOPICS

### BUSINESS ENVIRONMENTS

4.1 Name any ONE business sector. (1)

4.2 Read the scenario below and answer the questions that follow.

| **BELVEDERE DISTRIBUTORS (BD)** |
|---|
| Belvedere Distributors (BD) were unable to repay their loan during the Covid-19 pandemic. Green Medical Products (GMP), a local supplier was unable to deliver protective clothing on time.<br><br>All employees were requested to work from home and adhere to social distancing. |

Use the table below as a guide to answer QUESTIONS 4.2.1 to 4.2.3

| CHALLENGES (4.2.1) | BUSINESS ENVIRONMENTS (4.2.2) | EXTENT OF CONTROL (4.2.3) |
|---|---|---|
| | | |
| | | |
| | | |

4.2.1 Quote THREE challenges for BD from the scenario above. (3)

4.2.2 Classify BD's challenges according to the THREE business environments. (3)

4.2.3 State the extent of control that BD has over EACH business environment mentioned QUESTION 4.2.2 (3)

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## BUSINESS OPERATIONS

4.3 Discuss the benefits of good management system (6)

4.4 Recommend to the management the quality indicators of the production function. (4)

**[20]**

**TOTAL SECTION B: 40**

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## SECTION C

Answer ANY **ONE** question from this section.

**NOTE**: Clearly indicate the QUESTION NUMBER of the chosen question and start your answer on a new page.

### QUESTION 5 BUSINESS VENTURES: (INVESTMENT SECURITIES)

The Covid-19 pandemic has impacted on the lives and livelihood of many South Africans. This meant that current and potential shareholders had to review their forms of investment. Various factors need to be considered when making an investment decision.

Write an essay on Investment securities in which you include the following aspects.

- Outline the rights of ordinary and preference shareholders
- Elaborate on return on investment and liquidity as factors to be considered when making an investment decision.
- Evaluate the following forms of investments
  - Government / RSA retail savings bonds
  - Fixed deposit
- Advise potential shareholders on the benefits of unit trusts as a good investment

**[40]**

### QUESTION 6: BUSINESS OPERATIONS: (QUALITY OF PERFORMANCE)

Businesses can ensure sustainability and profitability if they produce high quality products. This will result in total client/ customer satisfaction which can be achieved through adequate financing and capacity and the formation of quality circles in the workplace. Profitability would improve by reducing the cost of quality.

Write an essay on Quality of performance in which you include the following aspects.

- Outline the differences between *quality control* and *quality assurance.*
- Elaborate on the roles of quality circles in the workplace
- Evaluate the impact of the following Total Quality Management (TQM) elements on large businesses.
  - Total client / customer satisfaction
  - Adequate financing and capacity
- Recommend ways in which TQM can reduce the cost of quality

**[40]**

**TOTAL SECTION C: 40**
**GRAND TOTAL: 100**

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# NATIONAL SENIOR CERTIFICATE

## GRADE 12

## BUSINESS STUDIES

## COMMON TEST

## JUNE 2021

## MARKING GUIDELINE

**MARKS: 100**

**TIME: 1½ hours**

**This marking guideline consists of 21 pages.**

## PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

(a) Fairness, consistency and reliability in the standard of marking
(b) Facilitate the moderation of candidates' scripts at the different levels
(c) Streamline the marking process considering the broad spectrum of markers across the country
(d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

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

| | |
|---|---|
| Marker: | Red |
| Senior Marker: | Green |
| Deputy Chief Marker: | Brown |
| Chief Marker: | Pink |
| Internal Moderator: | Orange |
| DBE Moderator: | Turquoise |

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.

3. A comprehensive marking guideline 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 marking guideline
   - Comes from another credible source
   - Original
   - A different approach is used

   **NOTE: There is only ONE correct answer in SECTION A.**

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 as well as for calculation and moderation purposes.

7. 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 the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

8. In an indirect question, the theory as well as the response must be relevant and related to the question.

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9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

10. No additional credit must be given for repetition of facts. Indicate with an 'R'.

11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

11.1 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:** *'CO/DA eliminates time and costs spent on lengthy civil court proceedings.* '

11.2 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. The above could apply to 'analyse' as well.
2. Note the placing of the tick (✓) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

Cognitive verbs, such as:

12.1 Advise, name, state, mention, outline, motivate, recommend, suggest, *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, analyse, evaluate, critically evaluate *(list not exhaustive)* require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.

13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

14. **SECTION B**

14.1 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 applies only to questions where the number of facts is specified.

14.2 If two facts are written in one sentence, award the candidate FULL credit point. 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at memo discussion.

14.4 **Use of the cognitive verbs and allocation of marks:**

14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact — 2 marks (or as indicated in the marking guidelines)
- Explanation — 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

14.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.

14.5 **ONE mark may be awarded for answers that are easy to recall, require one word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

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15. **SECTION C**

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

| | |
|---|---|
| Introduction | **Maximum: 32** |
| Content | |
| Conclusion | |
| Insight | **8** |
| **TOTAL** | **40** |

15.2 Insight consists of the following components:

| | | |
|---|---|---|
| Layout/Structure | Is there an introduction, a body, and a conclusion? | **2** |
| Analysis and interpretation | Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked?<br>Marks to be allocated using this guide:<br>All headings addressed: 1 (One 'A')<br>Interpretation (16 to 32 marks): 1 (One 'A') | **2** |
| Synthesis | Are there relevant decisions/facts/responses made based on the questions?<br>Marks to be allocated using this guide:<br>No relevant facts: 0 (Two '-S')<br>Some relevant facts: 1 (One '-S')<br>Only relevant facts: 2 (No '-S')<br>Option 1: Where a candidate answers 50% or more of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis.<br>Option 2: Where a candidate answers less than 50% of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.<br>Option 3: Where a candidate answers less than 50% of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis. | **2** |
| Originality | Is there evidence of examples based on recent information, current trends and developments? | **2** |
| | | **TOTAL FOR INSIGHT: 8**<br>**TOTAL MARKS FOR FACTS: 32**<br>**TOTAL MARKS FOR ESSAY 8 + 32 : 40** |

**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 awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

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

15.4 The breakdown of marks is indicated at the end of the suggested answer/ marking guideline to each question.

15.5 Mark all relevant facts until the **SUB MAX/MAX** mark in a subsection has been attained. Write **SUB MAX/MAX** after maximum marks have been obtained, but continue reading for originality "O".

15.6 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, 0 - Originality) as in the table below.

| CONTENT | MARKS |
|---|---|
| Facts | **32 (max.)** |
| L | **2** |
| A | **2** |
| s | **2** |
| 0 | **2** |
| **TOTAL** | **40** |

15.7 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 MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.

15.10

15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 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.'

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

## SECTION A (COMPULSORY)

### QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D

1.1.1 B √√

1.1.2 D √√

1.1.3 D √√

1.1.4 D √√

1.1.5 C √√

**Max (5X2) (10)**

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.

1.2.1 market penetration √√

1.2.2 debenture holders √√

1.2.3 PDCA. √√

1.2.4 average clause √√

1.2.5 backward. √√

**(5X2) (10)**

**TOTAL SECTION A: 20**

**BREAKDOWN OF MARKS**

| QUESTION 1 | MARKS |
|---|---|
| 1.1 | 10 |
| 1.2 | 10 |
| TOTAL | 20 |

## SECTION B

Answer ANY TWO questions in this section.

**NOTE**: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

## QUESTION 2: BUSINESS ENVIRONMENTS

### 2.1 TWO elements of PESTLE

- Political environment √
- Economical environment √
- Social environment √
- Technological environment √
- Legal environment √
- Environmental issues. √

**NOTE: 1. Mark the first TWO (2) elements only.** **Max (2)**

### 2.2 Steps in evaluating a strategy

- Examine the underlying basis √of a business strategy. √
- Look forward and backwards√ into the implementation process. √
- Compare the expected results√ in order to determine the reasons for deviations and analyse these reasons. √
- Take corrective action√ so that deviations may be corrected. √
- Set specific dates√ for control and follow up. √
- Draw up a table√ of the advantages and disadvantages of a strategy. √
- Decide√ on the desired outcome. √
- Consider the impact of the strategic implementation√ in the internal and external environments of the business. √

**NOTE: The steps can be in any order** **Max (6)**

**2.3 The scenario**

| PORTER'S FIVE FORCES | MOTIVATION |
|---|---|
| 1. Threat/Barriers of new entrants to the market √√ | She only needed a small amount of capital to start her business. √ |
| 2. Power of suppliers √√<br><br>Sub-max (4) | Sanele Wholesalers is the only supplier in the area from whom she buys her baking ingredients. √<br>Sub-max (2) |

**NOTE: 1. Mark the first TWO (2) PORTER'S FIVE FORCES.**
**2. Quotation must be from the scenario**
**3. Do not award marks for motivation if the forces were incorrectly identified** **Max (6)**

**2.4 Discussion of types of diversification strategies.**

**Concentric diversification** √√
- The business adds a new product or service that is related to existing products and which will appeal to new customers. √
- Occurs when a business wants to increase its product range and markets. √

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

**Horizontal diversification** √√
- The business adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers. √
- Occurs when a business acquires or merges with a business that is at the same production stage, but it may offer a different product √

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

**Conglomerate diversification** √√
- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers. √
- Occurs when a business wants to increase its product range and markets. √
- Conglomerate diversification means that a business grows into new products, services and markets. √

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

**NOTE: 1. Mark the first TWO (2) types only.** **Max (6)**

**[20]**

**BREAKDOWN OF MARKS**

| QUESTION 2 | MARKS |
|---|---|
| 2.1 | 2 |
| 2.2 | 6 |
| 2.3 | 6 |
| 2.4 | 6 |
| TOTAL | 20 |

## QUESTION 3: BUSINESS VENTURES

**3.1 TWO theories of management and leadership**.

- Leaders and followers √
- Situational leadership √
- Transformational leadership/ Transitional leadership √

**Max (2)**

**NOTE: mark the first TWO (2) theories only**

**3.2.1 Identification of Jasmine leadership style.**

- Liassez Fair/ Free Reign √√ (2)

**3.2.2 Evaluation of the impact of Laissez Faire/ Free Reign leadership on businesses.**

**Positives/ Advantages**

- Workers/Followers are allowed to make decisions √ on their own work/ methods. √
- Subordinates have maximum freedom √ and can work independently. √
- Leader motivates workers by trusting them √ to do things themselves/on their own. √
- Authority is delegated, which can be motivating/empowering√ to competent workers/ increase productivity. √
- Subordinates are experts √ and know what they want/can take responsibility for their actions. √
- Suitable for coaching/mentoring to motivate employees √ to achieve more/better things. √
- It can be empowering for competent followers√ as they are completely trusted to do their job. √
- Individual team members may improve√/develop leadership skills. √

Any other advantages of Laissez Faire/ Free Reign leadership style.

**AND/OR**

**Negatives/ Disadvantages**

- Lack of clear direction/leadership may be demotivating to employees. √
- Employees can be held responsible for their own work which may lead to underperformance. √
- Could lead to conflict√ when some team members act as leaders and dictate to other team members. √
- Workers are expected√ to solve their own conflict situations. √
- Productivity may be compromised√ with a lack of tight control over workers not meeting deadlines. √
- Productivity might be low, √ if employees lack the necessary knowledge or skills. √

Any other disadvantages of Laissez Faire/ Free Reign leadership style.

**Max (6)**

3.3 Read the scenario below and answer the questions that follow.

**TRAVIS MOTOR INSIRANCE (TMI)**

Travis Motor Insurance (TMI) has property that has been insured for R500 000 but the market value for the property is R300 000.

**3.3.1** Over insurance. √√ **Max (2)**

**3.3.2** The meaning of concept mentioned in QUESTION 3.3.1
- Over insurance is when the item is insured for more than √ the actual market value. √
- Businesses will not receive a pay-out larger than √ the value of the loss at market value. √
- This means that the extra money paid for the premiums will not be paid out √ to the insurer if there is a claim for a loss. √ **Max (4)**

**3.4 The advantages or importance of insurance for businesses**
- Transfers the risk from the business/insured to an insurance company/insurer. √√
- Transfer of risk is subject to the terms and conditions of the insurance contract. √√
- Protects businesses against dishonest employees. √√
- Protects businesses against losses due to death of a debtor. √√
- Protects the business against theft/loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc. √√
- Protects businesses from claims made by members of the public for damages that the business is responsible for. √√
- Businesses will be compensated for insurable losses, e.g. destruction of property through fire. √√
- Businesses assets, e.g. vehicles/equipment/buildings need to be insured against damage and/or theft. √√
- Businesses are protected against the loss of earnings, e.g. strikes by employees which result in losses worth millions. √√
- Life insurance can be taken on the life of partners in a partnership to prevent unexpected loss of capital. √√
- Should the services of key personnel be lost due to accidents/death, the proceeds of an insurance policy can be paid out to the business/beneficiaries. √√
- Replacement costs for damaged machinery/equipment are very high, therefore insurance can reduce/cover such costs. √√ **Max (4)**

**[20]**




**BREAKDOWN OF MARKS**

| QUESTION 3 | MARKS |
|---|---|
| 3.1 | 2 |
| 3.2.1 | 2 |
| 3.2.2 | 6 |
| 3.3.1 | 2 |
| 3.3.2 | 4 |
| 3.4 | 4 |
| TOTAL | 20 |

## QUESTION 4: MISCELLANEOUS TOPICS

## BUSINESS ENVIRONMENTS

4.1 **Business sector**

- Primary sector √
- Secondary sector √
- Tertiary sector √




**NOTE: 1. Mark the first ONE (1) only**. **Max (1)**

4.2 Read the scenario below and answer the questions that follow.

| CHALLENGES (4.2.1) | BUSINESS ENVIRONMENTS (4.2.2) | EXTENT OF CONTROL (4.2.3) |
|---|---|---|
| Belvedere Distributors (BD) were unable to repay their loan during the Covid-19 pandemic. √ | Macro environment √ | No control √ |
| Green Medical Products (GMP), a local supplier was unable to deliver protective clothing on time. √ | Market environment √ | Partial/ Semi control √ |
| All employees were requested to work from home and adhere to social distancing. √<br>Sub-max (3) | Micro environment √<br>Sub-max (3) | Full control √<br>Sub-max (3) |

**Max (9)**

**NOTE: 1. Mark the first THREE (3) challenges only.**
**2. Only award marks for challenges that are quoted from the scenario.**
**3. Challenges can be in any order.**
**4. The business environment must be linked to the challenges.**
**5. The extent of control must be linked to the business environment.**

## BUSINESS OPERATIONS

**4.3 Benefits of good quality management system**

- Effective customer services are rendered, √ resulting in increased customer satisfaction. √
- Time and resources√ are used efficiently. √
- Productivity increases√ through proper time management/using high quality resources. √
- Products/Services are constantly improved√ resulting in increased levels of customer satisfaction. √
- Vision/Mission/Business goals√ may be achieved. √
- Business has a competitive advantage√ over its competitors. √
- Regular training will continuously improve the quality√ of employees' skills/ knowledge. √
- Employers and employees will have a healthy working relationship√ resulting in happy/productive workers. √
- Increased market share√/more customers improve profitability. √
- Improves business image√ as there are less defects/returns. √
- Any other relevant answer pertaining to benefits of good management system

**Max (6)**

## 4.4 Recommendations of quality indicators of the production function

- Provide high quality services/products according to specifications. √√
- The production/operating processes of a business should be done correctly through proper production planning and control. √√
- Products and services should be produced at the lowest possible cost to allow for profit maximisation. √√
- Businesses should clearly communicate the roles and responsibilities to the production workforce. √√
- Products must meet customers' requirements by being safe, reliable and durable. √√
- Businesses should have good after-sales services and warrantees. √√
- Empower workers so that they can take pride in their workmanship. √√
- Get accreditation from the SABS/ISO 9001 to ensure that quality products are being produced. √√
- Specify the product or service standards and take note of the factors that consumers use to judge quality. √√
- Monitor processes and find the root causes of production problems. √√
- Implement quality control systems to ensure that quality building products are consistently being produced. √√
- Utilise machines and equipment optimally. √√
- Accurately calculate the production costs. √√
- Select the appropriate production system e.g. mass/batch/jobbing. √√
- Any other relevant answer in line with quality indicators on production function

**Max (4)**
**[20]**

**TOTAL SECTION B: 40**

**BREAKDOWN OF MARKS**

| QUESTION 4 | MARKS |
|---|---|
| 4.1 | 1 |
| 4.2.1 | 3 |
| 4.2.2 | 3 |
| 4.2.3 | 3 |
| 4.3 | 6 |
| 4.4 | 4 |
| TOTAL | 20 |

## SECTION C

Answer ANY **ONE** question from this section.
**NOTE**: Clearly indicate the QUESTION NUMBER of the chosen question and start your answer on a new page.

## QUESTION 5 BUSINESS VENTURES: (INVESTMENT- SECURITIES)

### 5.1 Introduction

- Current and potential shareholders are given opportunities to obtain a part ownership of a company through acquired which can be ordinary or preference shares. √
- The investor cannot invest haphazardly; but several factors need to be considered when making an investment decision. √
- Government/ RSA retail savings bonds are low risk investment is made in the government who cannot disappear/go bankrupt√
- Fixed deposit is a very conservative method of investment at a fixed rate for a fixed period/at a financial institution/bank. √
- Unit trusts are a collection of investment options/methods made up of shares in different companies. √
- Any other relevant introduction related to the rights of ordinary and preference shareholders/ factors to be considered when making an investment decision/ Government/ RSA retail savings bonds/ Fixed deposit/ benefits of unit trusts as a good investment.

**Any (2x1) (2)**

### 5.2 The rights of ordinary and preference shareholders

### 5.2.1 Rights of ordinary shareholders:

- vote at the Annual General Meeting. √√
- attend the Annual General Meeting to learn about the company's performance √√
- receive interim and annual reports. √√
- claim on company assets in the event of bankruptcy after all other creditors and preferential shareholders have been paid√√
- Any other relevant answer related to the rights of ordinary shareholders

**Sub-max (6)**

### 5.2.2 Rights of preference shareholders:

- Receive dividends regardless of how much profits are made. √√
- Receive a fixed rate of return/dividend. √√
- They are paid first/enjoy preferential rights to dividends. √√
- They have a preferred claim on company assets in the event of bankruptcy/ liquidation of the company. √√
- Receive interim and annual reports. √√
- They only have voting rights at the AGM under particular circumstances/for certain resolutions. √√
- Cumulative shareholders must receive outstanding/accrued dividends from previous years. √√
- Participating preference shareholders have the right to share in surplus profits made √√
- Any other relevant answer related to the rights of preference shareholders

**Sub-max (6)**
**Max (12)**

**5.3 Return on investment and liquidity as factors to be considered when making an investment decision**

**5.3.1 Return on investment**

- Refers to income from the investment, √ namely interest/dividends/increased capital growth on the original amount invested. √
- High risk investments yield√ higher returns. √
- Generally, there will be a direct link √ between risk and return. √
- The return should be expressed as net after-tax gains√ on the investment. √
- Returns can be in the form of capital gains√ where the asset appreciates in value over time. √
- Any other relevant answer related to the elaboration of return on investment as a factor to be considered when making an investment decision.

Sub-max (8)

**5.3.2 Liquidity**

- An amount could be invested in a type of investment √ that can easily be converted to cash. √
- It is used to describe the ease and speed√ with which investors can convert an investment into cash. √
- Example: an investment in a savings account/unit trust will be easier to convert into cash√ than an investment in a fixed deposit which is usually deposited for a fixed period of time. √
- Any other relevant answer related to the elaboration on liquidity as a factor to be considered when making an investment decision.

Sub-max (6)

**Max (14)**




**5.4 Evaluation of the following forms of investments**

**5.4.1 Government / RSA retail savings bonds**

**Advantages of Government / RSA retail savings bonds**

- Guaranteed returns, √ as interest rate is fixed for the whole investment period. √
- Interest rates are market related√ and attract more investors. √
- Interest can be received twice√ a year. √
- Interest is usually higher √ than on fixed deposits. √
- Retail bonds are listed√ on the capital bond markets/on the JSE. √
- Low risk/Safe investment, √ as it is invested with the South African government which cannot be liquidated√
- No charges/costs/commissions payable√ on this type of investment. √
- Investment may be easily accessible, √ as cash may be withdrawn after the first twelve months. √
- It is an affordable type of investment√ for all levels of income earners including pensioners. √
- Retail bonds are easily/conveniently obtained electronically/√from any Post Office/directly from National Treasury. √
- Investors younger than 18 years/Minors may invest with the help of a legal guardian, √ which encourages saving from a young age. √

  Any other relevant answer related to the advantages of Government / RSA retail saving bond.

**AND/OR**

**Negatives/ Disadvantages**

- Retail bonds cannot be ceded to banks√ as security for obtaining 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. √
- Investors need to have valid SA identification/should be older than 18 years√ which may discourage foreigners/young people to invest. √
- Penalties are charged for early withdrawals√, if the savings is less than 12 months old. √
- Any other relevant answer related to disadvantages of Government / RSA retail saving bonds.

Sub-max (6)

**5.4.2 Fixed deposit**

**Positives/ Advantages of Fixed deposit:**

- Interest is earned at a fixed rate√ regardless of changes in the economic climate. √
- The period of investment √ can be over a short/medium/long term. √
- Investors can choose the investment period√ that suits them. √
- Principal amount plus interest earned√ is paid out on the maturity date. √
- Ensures financial discipline √ as investors cannot withdraw their funds before the maturity date. √
- Investors earn a better return on investment√ than on an ordinary savings account. √
- The higher the principal amount/the longer the investment period, √ the higher the interest rate offered by a financial institution. √
- Any other relevant answer related to the advantages of fixed deposit.

**AND/OR**

**Negatives/ Disadvantages of Fixed deposit:**

- The investor cannot withdraw their funds√ before the maturity date. √
- Low returns√ compared to other investments. √
- May not outperform√ the effect of inflation over long term. √

Any other relevant answer related to the disadvantages of fixed deposit.

Sub max (6)

**Max (12)**

**5.5 Benefits of unit trusts as a good investment**

- Managed by a fund manager who buys shares on the stock exchange/JSE.
- Easy to cash in when an investor needs money. √√
- A small amount can be invested per month. √√
- Generally, beats inflation on the medium/long term. √√
- Safe investments, as it is managed according to rules and regulations. √√
- The investor has a variety to choose from/a wider range of shares from lower to higher degrees of risk. √√
- Easy to invest in, as investors simply complete a few relevant forms or invest online. √√
- Fluctuations in unit trust rates of return are often not so severe because of diversity of the investment fund. √√
- Offer competitive returns in the form of capital growth and dividend distribution. √√
- Fund managers are knowledgeable/experts/reliable/trustworthy as they are required to be accredited to sell unit trusts. √√
- Any other relevant answer related to the benefits of Unit Trust as a good investment.

**Max (8)**

**5.6 Conclusion**

- Ordinary and preference shareholders must know the rights they have in these two types of shares since they are highly different. √√
- Investors need to analyse the return on investment and liquidity as some of the factors to be considered when making an investment decision. √√
- Evaluation of government / RSA retail savings bonds and fixed deposit may require the assistance of specialists who could guide the investor to make an informed decision. √√
- a fund manager mostly comes in handy to unit trust holders when in investing in blue chip companies. √√
- Any other relevant conclusion related to the rights of ordinary and preference shareholders/ factors to be considered when making an investment decision/ Government/ RSA retail savings bonds/ Fixed deposit/ benefits of unit trusts as a good investment

**Any (1 x 2) (2)**

**QUESTION 5: BREAKDOWN OF MARK ALLOCATION**

| DETAILS | MAXIMUM | TOTAL |
|---|---|---|
| Introduction | **2** | **Max 32** |
| The rights of ordinary and preference shareholders | **12** | |
| Return on investment and liquidity as factors to be considered when making an investment decision | **14** | |
| Evaluation of the following forms of investments<br>• Government / RSA retail savings bonds<br>• Fixed deposit | **12** | |
| Benefits/ Positives/ Advantages of unit trusts as a good investment | **8** | |
| Conclusion | **2** | |
| **INSIGHT** | | **8** |
| Layout | **2** | |
| Analysis/Interpretation | **2** | |
| Synthesis | **2** | |
| Originality/Examples | **2** | |
| **TOTAL MARKS** | | **40** |




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

**[40]**

## QUESTION 6: BUSINESS OPERATIONS: (QUALITY OF PERFORMANCE)

### 6.1 Introduction

- Businesses need to take care of the tolerance limit by using either quality control or quality assurance or even both so that quality of products or services remain the same year after year. √
- Quality circles are group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems as per schedule they follow, like once a month or quarterly. √
- Total Quality Management (TQM) is a management approach/system that focuses on continuous quality improvement throughout the business through usage of its elements that have both the positives and negatives. √
- Any other relevant introduction related to Total Quality Management (TQM)/ quality control and quality assurance/ quality circles as part of continuous improvement to processes and systems/ elements of TQM on large businesses / ways in which TQM can reduce the cost of quality.

**Any (2x1) (2)**

### 6.2 Differences between quality control and quality assurance

| QUALITY CONTROL | QUALITY ASSURANCE |
|---|---|
| - Inspection of the final product√ to ensure that it meets the required standards. √ | - Carried out during and after the production process√ to ensure that required standards have been met at every stage of the process. √ |
| - Includes setting targets/measuring performance √ and taking corrective measures. √ | - Ensures that every process is aimed at getting the product right the first time√ and prevents mistakes from happening again. √ |
| - Checking raw materials/employees/ Machinery/ workmanship/products√ to ensure that high standards are maintained. √<br>Sub max 6 | - The 'building in' of quality√ as opposed to 'checking for' quality √<br>Sub max 6 |

**Max (12)**

### 6.3 Roles of quality circles in the workplace

- Solve problems related to quality√ and implement improvements. √
- Investigate problems√ and suggest solutions to management. √
- Ensure that there is no duplication√ of activities/tasks in the workplace. √
- Make suggestions for improving systems√ and processes in the workplace. √
- Improve the quality of products/services/productivity√ through regular reviews of quality processes. √
- Monitor/Reinforce strategies√ to improve the smooth running of business operations. √

- Reduce costs of redundancy√ in the long run. √
- Increase√ employees' morale/motivation. √
- Quality circles discuss√ ways of improving the quality of work/workmanship. √
- Contribute towards the improvement√ and development of the organisation. √
- Reduce costs/wasteful efforts√ in the long run. √
- Increase the demand for products/services√ of the business. √
- Create harmony and high performance√ in the workplace. √
- Build a healthy workplace relationship√ between the employer and employee.
- Improve employees' loyalty√ and commitment to the organisation and its goals. √
- Improve employees' communication√ at all levels of the business. √
- Develop a positive attitude/sense of involvement√ in decision making processes of the services offered. √
- Any other relevant answer related to the roles of quality circles.

Max (14)

**6.4 Evaluation of the impact of the following Total Quality Management (TQM) elements on large businesses**.

- **Total client / customer satisfaction**

**Positives/Advantages**

- Large businesses use market research/customer surveys√ to measure/ monitor customer satisfaction/analyse customers' needs. √
- Continuously promote√ a positive company image. √
- May achieve a state of total customer satisfaction, √ if businesses follow sound business practices that incorporate all stakeholders. √
- Strive to understand and fulfil customer expectations√ by aligning cross-functional teams across critical processes. √
- Ensures that cross-functional teams understand its core competencies√ and develop/strengthen it. √
- May lead to higher customer retention/loyalty√ and businesses may be able to charge higher prices. √
- Large businesses may be able to gain access√ to the global market. √
- May lead to increased√ competitiveness/profitability. √

Any other relevant answer related to the advantages of total client /customer satisfaction on large businesses.

**AND/OR**

**Negatives/ Disadvantages**

- Employees who seldom come into contact with customers √ often do not have a clear idea of what will satisfy their needs. √
- Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers. √
- Not all employees may be involved/ committed√ to total client satisfaction. √
- Any other relevant answer related to the disadvantages of total client customer/ satisfaction on large businesses.

Sub max (6)




- **Adequate financing and capacity**

**Positives/ Advantages**

- Large businesses have sufficient financing√ to test everything before implementing. √
- They can afford to have systems in place√ to prevent errors in processes/defects in raw materials/products. √
- Able to afford product research/market researchers√ to gather information. √
- Can afford to purchase√ quality raw materials and equipment. √
- Any other relevant answer related to the advantages of adequate financing and capacity on large businesses.

**AND/OR**

**Negatives/ Disadvantages**

- If the demand for company's product increases, √ orders begin coming in faster than expected, and the company lacks the capital required to fund the production of the stock to fill the orders. √
- These rapidly growing companies can consume large amounts of capital√ as they try to balance normal operations and expansion. √
- Any other relevant answer related to the disadvantages of adequate financing and capacity on large businesses.

Sub max (6)
Max (12)

**6.5 Ways in which TQM can reduce the cost of quality**

- Introduce quality circles to discuss ways of improving the quality of work/ workmanship. √√
- Schedule activities to eliminate duplication of tasks. √√
- Share responsibility for quality output amongst management and workers. √√
- Train employees at all levels, so that everyone understands their role in quality management. √√
- Develop work systems that empower employees to find new ways of improving quality. √√
- Work closely with suppliers to improve the quality of raw materials/inputs. √√
- Improve communication about quality challenges/deviations, so that everyone can learn from experience. √√
- Reduce investment on expensive, but ineffective inspection procedures in the production process. √√
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. √√
- Any other relevant answer related to ways in which TQM can reduce the cost of quality.

**6.6 Conclusion**

- It is advisable for the business to decide whether it does quality control or quality assurance, because financial implication can be huge if it wants to do both. √√
- Total quality management is made up of elements which can be wise to analyse all of them to determine advantages and disadvantages. √√

- Good business recommended to have quality circles as part of continuous improvement to processes and systems in order to improve business operations because competitors keep on strategizing for survival √√
- Any other relevant conclusion related to quality control and quality assurance /roles of quality circles in the work place / total client /customer satisfaction / adequate financing and capacity / ways in which TQM can reduce the cost of quality.

**Any (1x2) (2)**

## QUESTION 6: BREAKDOWN OF MARK ALLOCATION

| DETAILS | MAXIMUM | TOTAL |
|---|---|---|
| Introduction | **2** | **Max 32** |
| Differences between quality control and quality assurance | **12** | |
| Roles of quality circles in the work place | **14** | |
| Impact of the following Total Quality Management (TQM) elements on large businesses.<br>• Total client / customer satisfaction<br>• Adequate financing and capacity | **12** | |
| Ways to reduce the cost quality | **8** | |
| Conclusion | **2** | |
| **INSIGHT** | | **8** |
| Layout | **2** | |
| Analysis/Interpretation | **2** | |
| Synthesis | **2** | |
| Originality/Examples | **2** | |
| **TOTAL MARKS** | | **40** |

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

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**

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