GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2025

MARKING GUIDELINES

BUSINESS STUDIES (PAPER 1) (10721)

30 pages

NOTES TO MARKERS

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 province
(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
Departmental Head:	Green
District Moderator:	Orange
Provincial Moderator	Pink
Chief Provincial Moderator	Lime

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 'Submax' 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.

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: *'COIDA 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 Name, state, give, outline, motivate, quote, identify, recommend, suggest, advise,(*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, 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.

NOTE: 1. This applies only to questions where the number of facts is specified.
2. The above also applies to responses in SECTION C (where applicable).

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 to finalise alternative answers and consult with the Internal Moderator.

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, requires one-word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).

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, paragraphs 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? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Option 1: **Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-question) 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. Option 3: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers FOUR sub-questions, but one/two/three sub-question(s) with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: **No relevant facts: 0 mark (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the questions with no relevant facts; two '-S' appears in the left margin. Award a ZERO mark for synthesis.	**2**
Originality	Is there evidence of one example, in any TWO of the four sub-questions, not older than two (2) years, which are based on recent information, current trends, and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	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/responses until the SUBMAX/MAX mark in EACH of the four subsections has been attained. Write SUBMAX/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, O – Originality) as in the table below.

CONTENT	MARKS
Facts	**32 (max.)**
L	**2**
A	**2**
S	**2**
O	**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 1.1.1 C ✓✓

1.1.2 A ✓✓

1.1.3 D ✓✓

1.1.4 B ✓✓

1.1.5 A ✓✓

(5 x 2) (10)

1.2 1.2.1 retrenchment ✓✓

1.2.2 Basic Conditions of Employment Act (BCEA) ✓✓

1.2.3 recruitment ✓✓

1.2.4 legal requirements ✓✓

1.2.5 public relations ✓✓

(5 x 2) (10)

1.3 1.3.1 F ✓✓

1.3.2 J ✓✓

1.3.3 H ✓✓

1.3.4 G ✓✓

1.3.5 A ✓✓

(5 x 2) (10)

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

TOTAL SECTION A: 30

SECTION B

Mark the answers to the FIRST TWO questions only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **PESTLE analysis factors**

- Political ✓
- Economic ✓
- Social ✓
- Technological ✓
- Legal ✓
- Environmental ✓

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

2.2 **Advantages of intensive strategies**

- Increase in sales/income/profitability due to a variety of advertising campaigns. ✓✓
- Regular sales to existing customers may increase. ✓✓
- Gain customer loyalty through effective promotion campaigns. ✓✓
- Improved service delivery may positively impact/increase sales. ✓✓
- Eliminate competitors and dominate market prices. ✓✓
- Decrease in price could influence customers to buy more products/services. ✓✓
- Businesses can have more control over the prices of products/services. ✓✓
- Enables the business/improves the focus on markets/well researched quality products that satisfy the needs of consumers. ✓✓
- Increased market share reduces the business's vulnerability to the actions of competitors. ✓✓

Any other relevant answer related to the advantages of intensive strategies.

Max (6)

2.3 **Challenges of business environments and the extent of control**

CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)	EXTENT OF CONTROL (2.3.3)
1. GC is currently experiencing a shortage of electrical components from its supplier. ✓	Market ✓	Partial/Some/ Limited/ Less/Little control ✓
2. They borrowed money from Fine Bank at a high interest rate due to an unstable economy. ✓	Macro ✓	No control ✓
Max (2)	**Max (2)**	**Max (2)**

NOTE:
1. **Mark the first TWO (2) challenges only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Award marks for the business environments even if the extent of control is not indicated/incorrect**
4. **The extent of control must be linked to the business environment.**
5. **Do not award marks for the extent of control if the business environment is not mentioned.**
6. **Accept responses in any order.**

2.4 **Funding of Sector Education and Training Authorities/SETAs**

- Skills Development levies are paid by employers ✓ to SARS as a collecting agency for the government. ✓
- Employers who have a salary bill that exceeds R500 000 per annum ✓, should pay one percent (1%) of their annual salaries as a levy. ✓
- The different SETAs receive eighty percent (80%) of the levy for organisational expenses ✓ and the remaining twenty percent (20%) is paid to the National Skills Fund. ✓
- Donations/Grants received ✓ from the public/businesses/CSI programmes. ✓
- Surplus funds received ✓ from government institutions. ✓
- Funds received ✓ from rendering their services. ✓

Any other relevant answer related to how SETAs are funded.

Max (6)

2.5 **Consumer Protection Act/CPA**

2.5.1 **Actions regarded as non-compliance with the Consumer Protection Act from the scenario**

- It was discovered that CB varies the quality of goods when selling in different areas. ✓
- CB denied customers proper information about their services. ✓

NOTE:
1. **Mark the first TWO (2) only.**
2. **Only award marks for responses that are quoted from the scenario.**

(2 x 1) (2)

2.5.2 **Penalties for non-compliance with the Consumer Protection Act/CPA**

- Businesses that do not comply may receive a compliance order ✓ that forces the business to comply with the CPA. ✓
- Businesses that neglect to comply with the CPA may receive large fines may be given a jail sentence/imprisonment ✓, which will be dependent on the severity of the non-compliance. ✓
- Licences of businesses may be revoked ✓ for unfair consumer practices. ✓
- A contract may be rendered void ✓ and a fine term of direct imprisonment may be imposed. ✓
- Businesses may face fines/imprisonment for a period not exceeding 10 years ✓ which will be dependent on the severity of the non-compliance. ✓
- Government agencies may conduct audits and enact fines ✓or dissolve your business entirely. ✓
- Businesses will be forced to compensate consumers in line with the extent ✓ to which their rights have been violated. ✓
- A business may be requested by the National Consumer Commission\NCC ✓ to suspend activities indefinitely. ✓
- Businesses may be compelled to pay interest/damages ✓ that are due to the consumer. ✓

Any other relevant answer related to penalties businesses may face for non-compliance with the CPA.

Max (4)

2.6 **Purpose of the Employment Equity Act/EEA**

- The EEA allows employees who do the same work ✓ to be paid equally. ✓
- Eliminates/Prevents discrimination ✓ on grounds of gender/race/disability in the workplace. ✓
- Promotes equal opportunity ✓ and fair treatment in the workplace. ✓
- Promotes diversity in the workplace ✓ by ensuring that people of diverse backgrounds are appointed. ✓
- Protects employees from victimisation ✓ if they exercise the rights given to them by the EEA. ✓
- Ensures equal representation in the workplace ✓ through the implementation of affirmative action. ✓

Any other relevant answer related to the purpose of the EEA.

Max (6)

2.7 **Steps in strategy evaluation**

- 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 that will result in the achievement of business goals envisaged when strategies are implemented. ✓✓
- Consider the impact of the strategic implementation in the internal/external environments of the business. ✓✓

Any other relevant answer related to the steps in strategy evaluation.
NOTE: The steps may be in any order.

Max (6)

BREAKDOWN OF MARKS

QUESTION	MARKS
2.1	4
2.2	6
2.3.1	2
2.3.2	2
2.3.3	2
2.4	6
2.5.1	2
2.5.2	4
2.6	6
2.7	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS

3.1 **Examples of fringe benefits**

- Medical Aid Fund/Health Insurance Fund. ✓
- Pension Fund. ✓
- Provident Fund. ✓
- Funeral benefit. ✓
- Allowances/Car/Travel/Housing/Cell phone/Clothing. ✓
- Performance-based incentives. ✓
- Issuing of bonus shares. ✓
- Staff discount/Free or low-cost meal/Canteen facilities. ✓

Any other relevant answer related to examples of fringe benefits
NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

3.2 **Role of the interviewee during the interview**

- Greet the interviewer by name with a solid handshake and a friendly smile. ✓✓
- Listen carefully to the questions before responding. ✓✓
- Make eye contact and have good posture/body language. ✓✓
- Show confidence and have a positive attitude/be assertive. ✓✓
- Be inquisitive and show interest in the business. ✓✓
- Show respect and treat the interview with its due importance. ✓✓
- Be honest about mistakes and explain how you dealt with them. ✓✓
- Know your strengths and weaknesses and be prepared to explain them. ✓✓
- Ask clarity seeking questions, about the job/position offered. ✓✓
- Thank the interviewer for the opportunity given to be part of the interview. ✓✓

Any other relevant answer related to the role of the interviewee during the interview.

Max (6)

3.3 **Recruitment methods**

3.3.1 **Method of recruitment from the scenario**
Internal recruitment. ✓✓ **(2)**

3.3.2 **Advantages of internal recruitment**
- The recruitment process is faster/less expensive ✓ if the candidates are known to the business. ✓/Cheaper/Quicker to fill ✓ the post. ✓
- The business recruits existing employees ✓ through promotions/transfers from inside the business. ✓
- Opportunities for promotion reward good work ✓ and motivate current employees. ✓
- Provides opportunities for career paths ✓ within the business. ✓
- Reliable/key staff members are retained ✓ if they are promoted/transferred within the business. ✓
- Staff morale and productivity increase ✓ if suitable staff members are promoted regularly. ✓
- Reduces the chances of losing employees, ✓ as future career prospects are available. ✓
- Placement is easy, ✓ as management knows the employees' skills/personality/ experience/strengths. ✓
- The employee already understands the operations/functions ✓ of the business. ✓
- The business knows the personality, strengths, and weaknesses ✓ of the candidates. ✓
- Detailed/reliable information can be obtained ✓ from the supervisors/employee records. ✓

Any other relevant answer related to the advantages of internal recruitment.

NOTE: Accept relevant facts if the method of recruitment was incorrectly identified as an answer in QUESTION 3.3.1.

Max (4)

3.4 **Purpose of induction**
- Introduce new employees to management/colleagues to establish relationships ✓ with fellow colleagues at different levels. ✓
- Give new employees a tour/information ✓ about the layout of the building/office. ✓
- Make new employees feel welcome ✓ by introducing them to their physical workspace. ✓
- Improve skills through ✓ in-service training. ✓
- Familiarise new employees ✓ with the organisational structure/their supervisors. ✓
- Allow new employees the opportunity to ask questions ✓ that will put them at ease/ reduce insecurity/anxiety/fear. ✓
- Create opportunities for new employees ✓ to experience/explore different departments. ✓
- Explain safety regulations and rules✓, so that new employees will understand their roles/responsibilities in this regard.✓
- Ensure that employees understand their roles/responsibilities ✓ so that they will be more efficient/productive. ✓
- Communicate information about the products/services✓ offered by the business. ✓
- Communicate business policies✓regarding ethical/professional conduct/ procedures/employment contract/conditions of employment. ✓

Any other relevant answer related to the purpose of induction.

Max (4)

3.5 **Meaning of quality control**

- System that ensures the desired quality is met ✓ by inspecting the final product. ✓
- Ensure that finished products ✓ meet the required standards. ✓
- Process of ensuring that products are consistently manufactured ✓ to high standards. ✓
- Checking raw materials/employees/machinery/workmanship/products ✓ to ensure that high standards are maintained. ✓
- Includes setting targets/measuring performance✓and taking corrective measures. ✓

Any other relevant answer related to the meaning of quality control.

Max (4)

3.6 **Contribution of the production function to the success of a business**

- 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 their 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 warranties. ✓
- Empower workers ✓ to 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 ✓ such as mass/batch/jobbing. ✓

Any other relevant answer related to how the quality of performance of the production function can contribute to the success of a business.

Max (4)

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

3.7.1 **Ways in which TQM can reduce the cost of quality from the scenario**

- Employees are trained at all levels so that everyone understands their roles in quality management. ✓
- HM implements proactive maintenance programmes for equipment to reduce interruptions in production. ✓

NOTE:
1. **Mark the first TWO (2) only.**
2. **Only award marks for responses that are quoted from the scenario.**

(2 x 1) (2)

3.7.2 **Other 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. ✓
- 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 the quality challenges/deviations, ✓ so that everyone can learn from experience. ✓
- Reduce investment on expensive, but ineffective inspection procedures ✓ in the production process. ✓

Any other relevant answer related to other ways in which TQM can reduce the cost of quality.

NOTE: Do not award marks for responses that were quoted in QUESTION 3.7.1

Max (4)

3.8 **The impact of poorly implemented TQM**

- Setting unrealistic deadlines that may not be achieved. ✓✓
- Employees may not be adequately trained resulting in poor quality products. ✓✓
- Decline in productivity, because of stoppages. ✓✓
- Businesses may not be able to make necessary changes to products/services to satisfy the needs of customers. ✓✓
- Businesses' reputation/image may suffer because of poor quality/defective goods. ✓✓
- Customers will have many alternatives to choose from and the impact could be devastating to businesses. ✓✓
- Investors might withdraw investment if there is a decline in profits. ✓✓
- Decline in sales as more goods are returned by unhappy customers. ✓✓
- High staff turnover, because of poor skills development. ✓✓
- Undocumented/Uncontrolled quality control processes/systems could result in errors/deviations from pre-set quality standards. ✓✓

Any other relevant answer related to the impact of poorly implemented TQM.

Max (6)

BREAKDOWN OF MARKS

QUESTION	MARKS
3.1	4
3.2	6
3.3.1	2
3.3.2	4
3.4	4
3.5	4
3.6.	4
3.7.1	2
3.7.2	4
3.8	6
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Porter's five forces model**

- Power of suppliers ✓
- Power of buyers ✓
- Power of competitors/Competitive rivalry ✓
- Threat of substitution/substitutes ✓
- Threat/Barriers to new entrants to the market ✓

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

4.2 **Business strategies**

4.2.1 **Diversification strategy from the scenario**

Concentric diversification ✓✓ (2)

Motivation

FT decided to add new music toys for teenagers, which will appeal to new customers. ✓ (1)

NOTE: Do not award marks for the motivation if the diversification strategy was incorrectly identified.

Max (3)

4.2.2 **Other type of diversification strategy**

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 may offer a different product. ✓
- The business extends the production of products/services above/beyond the market/industry in which it currently operates. ✓
- Occurs when the business increases its development potential/extends its brand and significantly reduces risk as the new products are aimed at existing customers/consumers. ✓

Any other relevant answer related to horizontal diversification strategy.

Max (3)

OR

Conglomerate diversification ✓✓

- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers. ✓
- Conglomerate diversification means that a business grows into new products/services and markets. ✓
- Occurs when the business operates multiple product lines/business entities for entirely different industries/consumers/customers. ✓
- Occurs when the business can increase overall product/service flexibility/ proficiency by extending activities to unexplored/untapped/unfamiliar markets. ✓

Any other relevant answer related to conglomerate diversification strategy.

NOTE: Mark the first ONE (1) only. **Max (3)**

4.3 **The rights of consumers in terms of the National Credit Credit/NCA**

Consumers have a right to:

- Apply for credit ✓and to be free from discrimination. ✓
- Obtain reasons ✓for credit being refused. ✓
- Receive protection ✓of their personal information. ✓
- Receive pre-agreement documentation/credit quote✓ that is valid for 7 years before concluding any credit transaction. ✓
- Receive Information ✓in plain and understandable language. ✓
- Receive documents/statements ✓as required by the Act. ✓
- Fair and responsible marketing ✓by the credit provider. ✓
- Access and challenge credit records ✓and information. ✓
- Surrender/Return goods✓ to the credit provider in order to settle the outstanding amount/debt. ✓
- Apply for debt review/counselling ✓ if the consumers cannot afford to repay their debts. ✓
- Receive protection from being held accountable✓ for the use of their credit facility ✓ after they reported the loss/theft. ✓
- Refuse a credit limit ✓ increase. ✓

Any other relevant answer related to the rights of consumers in terms of the NCA.

Max (6)

4.4 **Ways in which businesses can comply with the Compensation for Occupational Injuries and Diseases Act/COIDA**

- Display a summary of COIDA in the workplace where it is visible to all employees. ✓✓
- Organise training on COIDA with all relevant stakeholders so that employees, know their rights in the context of COIDA, but also to protect and promote health and safety in the workplace. ✓✓
- Provide/Enhance the capacity to promote health and a safe working environment. ✓✓
- Report all accidents, injuries, illnesses, and fatalities to the Compensation Commissioner as they occur. ✓✓
- Ensure that the premises/equipment/machinery is in good working condition. ✓✓
- Register with the Compensation Commissioner and provide the particulars of the business. ✓✓
- Report all incidents causing death/injury/illness of employees. ✓✓
- Levies must be paid to the Compensation Fund. ✓✓
- Keep records of employees' income and details of work for four years. ✓✓
- Submit returns of earnings by no later than 1 March annually. ✓✓
- Allow regular assessment of the workplace by inspectors in order to determine the level of risk their employees are exposed to. ✓✓
- Employers may not make deductions for COIDA from employees' remuneration packages. ✓✓
- Businesses must ensure that claims are lodged within twelve months of the date of the accident. ✓✓

Any other relevant answer related to ways in which businesses can comply with the COIDA

Max (4)

BUSINESS OPERATIONS

4.5 **Aspects that should be included in an employment contract**

- Personal details of the employee. ✓
- Details of the business/employer such as the name and address. ✓
- Job title/Position. ✓
- Job description such as duties/responsibilities and working conditions. ✓
- Job specification such as formal qualifications and willingness to travel. ✓
- Date of employment/Commencement of employment. ✓
- Place where employee will spend most of his/her working time. ✓
- Hours of work such as normal time and overtime. ✓
- Remuneration such as weekly or monthly pay. ✓
- Benefits/Fringe benefits/Perks/Allowances. ✓
- Leave such as sick/maternity/annual/adoption leave. ✓
- Employee deductions such as compulsory/non-compulsory. ✓
- Duration/Period of employment contract/Details of termination/Expiry date of employment contract. ✓
- Probation period. ✓
- Signatures of both the employer and employee. ✓
- List of documents that form part of the contract such as appointment letter/code of conduct/ethics. ✓
- Disciplinary policy such as rules/disciplinary procedure for unacceptable behaviour. ✓

Any other relevant answer related to aspects that should be included in an employment contract.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

4.6 **Components of job analysis from the scenario**

COMPONENTS OF A JOB ANALYSIS	MOTIVATIONS
1 Job specification ✓✓	LC indicated that applicants must have a degree in business management. ✓
2 Job description ✓✓	The successful candidate will have to make presentations on the sales and profits of the business. ✓
Submax (4)	Submax (2)

NOTE: 1. Mark the first TWO (2) only.
2. Award marks for components of job analysis even if the motivations were incomplete
3. Do not award marks for motivations if the components of job analysis were incorrectly identified
4. Accept responses in any order.

Max (6)

4.7 **Application of PDCA model/steps**

Plan ✓✓
- The business should identify the problem and develop a plan for improvement to processes and systems. ✓
- Answer questions such as 'what to do' and 'how to do it'. ✓
- Plan the new method and approach to improve the quality of their products. ✓
- The plan must be logical/sequential for implementers to understand it. ✓

Step (2)
Explanation (1)
Submax (3)

Do ✓✓
- Businesses should implement the change on a small scale. ✓
- Implement the processes and systems as planned. ✓
- During this step, the implementers aim to effectively/accurately execute the change based on the plan/method. ✓
- This step is essential in determining whether the change has viability/potential. ✓

Step (2)
Explanation (1)
Submax (3)

Check/Analyse ✓✓
- Use data to analyse the results of change. ✓
- Determine whether it made a difference and what needs to be improved. ✓
- Check whether the processes are working effectively. ✓
- Businesses should assess, plan and establish if it is working/if things are going according to plan. ✓

Step (2)
Explanation (1)
Submax (3)

Act/Act as needed ✓✓
- Institutionalise the improvement to meet the needs of the business. ✓
- Devise strategies on how to continually improve. ✓
- If the change was successful, implement it on a wider scale. ✓
- The business should continuously revise the process until they get it right. ✓

Step (2)
Explanation (1)
Submax (3)

Any other relevant answer related to how businesses can apply the PDCA model/ steps to improve the quality of their products.
NOTE: Mark the first TWO (2) only

(3 x 2) (6)

4.8 **Advantages of adequate financing and capacity as Total Quality Management/ TQM element**

- 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 about products/customers.✓✓/Large businesses can fund programmes aimed at improving quality processes. ✓✓
- Large businesses can afford to purchase quality raw materials and equipment. ✓✓

Any other relevant answer related to the advantages of adequate financing and capacity as a Total Quality Management/TQM element on large businesses.

Max (4)

BREAKDOWN OF MARKS

QUESTION	MARKS
4.1	4
4.2.1	3
4.2.2	3
4.3	6
4.4	4
4.5	4
4.6	6
4.7	6
4.8	4
TOTAL	40

TOTAL FOR SECTION B: 80

SECTION C
Mark the answers to the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (LEGISLATION)

5.1 **Introduction**

- The main aim of BBBEE is to improve the economic participation of black people in the South African economy. ✓
- BBBEE was introduced to address inequality and bring the majority of South Africans into the mainstream of the economy. ✓
- BBBEE increased the number of black people that manage/own/control the economy. ✓
- The BBBEE pillars focuses on all sectors of the society, especially the previously disadvantaged people and communities. ✓
- BBBEE enables large businesses to empower black owned businesses and improve socio-economic development. ✓

Any other relevant introduction related to the purpose of BBBEE/impact of BBBEE/ implications of management control/ownership and socio-economic development on businesses/penalties for non-compliance with the BBBEE Act.

Any (2 x 1) (2)

5.2 **Purpose of the Broad-Based Black Economic Empowerment Act/BBBEE**

- BBBEE Act enables wealth to be spread more broadly across all population groups. ✓✓
- Outlines areas that would give the government a platform for bringing equitable spread of wealth. ✓✓
- Allows for the development of Codes of Good Practice. ✓✓
- Empowers the Minister to issue Codes of Good Practice and publish transformation charters. ✓✓
- Establishes the Black Economic Empowerment Advisory Council, which addresses matters related to black empowerment. ✓✓
- Creates capacity within the broader economic landscape at all levels through the implementation of the BBBEE pillars. ✓✓
- BBBEE Act aims at targeting inequality in the South African economy. ✓✓
- Increases the number of black people that manage/control South African businesses. ✓✓

Any other relevant answer related to the purpose of the BBBEE Act.

Max (10)

5.3 **Impact of the BBBEE on businesses**

Positives/Advantages

- Encourages businesses to address the demands for redress/equity ✓ directly in the workplace. ✓
- Businesses that are BBBEE-compliant ✓ will be rated high on the BBBEE scorecard/may get government tenders/may attract other BBBEE business partners/suppliers. ✓
- Provides a variety of business codes ✓ to improve employment equity. ✓
- Provides for enhanced human resources development ✓ through training and development. ✓
- Improves the image of the business ✓ because a good BBBEE rating attracts more investors to the business. ✓
- Fronting is discouraged ✓, as it may lead to the disqualification of a business's entire scorecard/BBBEE status. ✓
- Promotes enterprise development ✓, by developing entrepreneurial skills of designated people to start their own businesses. ✓
- Businesses will have a good overview of how it is performing ✓ in comparison to other businesses in the rest of the country. ✓
- By focusing on BBBEE, the business will show commitment ✓ towards the social/education/economic developments in the community/country. ✓
- Once rated, the business will understand how to develop BBBEE strategies ✓ that will increase its BBBEE ratings on an annual basis. ✓
- Share prices of BBBEE compliant businesses are likely to increase ✓ as they attract more business. ✓
- Businesses that support Small, Micro, and Medium Enterprises (SMMEs) ✓, may increase their own BBBEE ratings. ✓
- Complying with BBBEE requirements gives businesses experience/ exposure ✓ to be able to provide better employment opportunities/staff development. ✓

Any other relevant answer related to the positive impact/advantages of BBBEE on businesses.

AND/OR

Negative/Disadvantages

- The implementation of BBBEE is time-consuming/expensive/prescriptive and administratively burdensome ✓, especially attaining BBBEE Scorecard ratings and training of employees. ✓
- Costs increase as businesses have to spend money on the correct compliance with the five BBBEE pillars ✓ to obtain a good BBBEE rating. ✓
- Businesses have to endure rigid processes of having their BBBEE compliance measured/verified ✓ by an independent BBBEE verification agency. ✓
- Businesses could experience large financial implications/penalties ✓ if they do not comply with BBBEE. ✓
- Some processes associated with BBBEE, if not monitored properly ✓, may lead to corruption/nepotism/cronyism. ✓
- Processes and procedures may be costly for a business ✓ as there are many legal requirements for scoring enough points to be compliant. ✓
- BBBEE advocates Enterprise and Supplier Development (ESD), which means certain businesses that are not approved by BBBEE vendors ✓ may be excluded from supplying goods and services. ✓

- Investment/Ownership issues can cause unhappiness ✓ amongst existing shareholders/owners. ✓
- Provides for preferential procurement ✓, so certain businesses may be excluded from supplying goods/services. ✓
- Businesses that wish to acquire government tenders and conduct business with the state, must have their BBBEE status assessed annually ✓, this increases the administrative burden of businesses. ✓
- Many businesses have been disadvantaged due to BBBEE ratings ✓ as they may not be able to meet all the scores. ✓

Any other relevant answer related to the negative impact/disadvantages of BBBEE on businesses.

Max (12)

5.4 **Implications of BBBEE pillars on businesses**

5.4.1 **Management control**

- Businesses must ensure that transformation ✓ is implemented at all levels. ✓
- Appoint black people ✓ in senior executive positions/to management. ✓
- Involve black people in ✓ the strategic decision-making processes. ✓
- Ensure that black females ✓ are represented in management. ✓
- Business score points in management ✓ when selling more than 25 % of their shares to black investors so that some of them can become directors. ✓
- Due to a shortage of skilled black managers/director ✓, find some businesses it difficult to make appointments. ✓
- Businesses are directly fined ✓ for not implementing this pillar. ✓

Any other relevant answer related to the implication of management control as a BBBEE pillar on businesses.

Submax (4)

5.4.2 **Ownership**

- Businesses should include black people ✓ in shareholding/partnerships/ franchises. ✓
- Encourage small black investors ✓ to invest in big companies and share ownership. ✓
- Create more opportunities for black people ✓ to become owners and entrepreneurs. ✓
- Exempt Micro Enterprises (EMEs) with an ownership of 50% or more of black people ✓ are promoted to level 3 of the BBBEE scorecard. ✓
- Large businesses should form joint ventures with small black owned businesses ✓ and share business risks ✓.
- Businesses find it difficult ✓ to find suitable black business partners/ Shareholders. ✓
- Many black people cannot afford ✓ shares in companies/contributors to partnerships. ✓

Any other relevant answer related to the implication of ownership as a BBBEE pillar on businesses.

Submax (4)

5.4.3 **Socio-Economic Development/Social responsibility**

- Businesses should contribute towards social investment projects ✓ and community development. ✓
- Businesses should focus on critical areas ✓ which can affect growth and development in the country such as environmental awareness/education/ housing/poverty/unemployment. ✓
- They should distribute scarce CSI resources ✓ to selected beneficiaries in the community. ✓
- Promote sustainable use of natural resources ✓ and support businesses that make use of sustainable production techniques and sustainable energy utilisation practices. ✓
- Contribute towards ✓ social investment/community projects ✓
- Businesses may not be knowledgeable about societal issues ✓ resulting in wasting financial resources on meaningless community projects. ✓

Any other relevant answer related to the implication of socio-economic development/social responsibility as a BBBEE pillar on businesses.

Submax (4)

Max (12)

5.5 **Penalties for non-compliance with the BBBEE Act**

- Businesses that do not comply with BBBEE may receive a compliance order from the Labour Court, which forces the business to comply with BBBEE. ✓✓
- Businesses that neglect to comply with BBBEE may receive large fines for fronting practices. ✓✓
- Businesses may be given a jail sentence/imprisonment, which will be dependent on the severity of the non-compliance. ✓✓
- The state may decide not to renew business licences/revoke the business licence/refuse to grant authorisations to conduct business activities. ✓✓
- The state may cancel any contract awarded to businesses that have acquired them based on false information regarding their BBBEE status. ✓✓
- Approved BBBEE compliant vendors will withdraw their contracts with non-compliant businesses. ✓✓
- Businesses may be fined a fine of up to 10% of the company's annual turnover. ✓✓
- The government will cancel any contract awarded that was based on false information regarding B-BBEE status. ✓✓
- A business can be banned from participating in government contracts for 10 years. ✓✓
- Business licenses may not be renewed, and authorisations may not be issued. ✓✓
- The state may decide not to renew business licences, revoke the business licence, or refuse to grant authorisations to conduct business activities. ✓✓
- Businesses that fail to achieve at least a minimum of 40% compliance with ownership, skills development and new enterprise and supplier development will be automatically downgraded by one level. ✓✓

Any other relevant answer related to penalties businesses could face for non-compliance with the BBBEE Act.

Max (12)

5.6 **Conclusion**

- The implementation of BBBEE has resulted in an increased number of black people that manage/own/control businesses in the South African economy. ✓✓
- BBBEE creates opportunities for entrepreneurship/employment/wealth while fostering greater economic transformation/inclusion. ✓✓
- By having ownership in key industries, black South Africans can gain greater influence/decision-making power/helping to shape the direction of industries. ✓✓
- Companies with good BBBEE compliance may gain a competitive edge over non-compliant businesses as many customers and suppliers prefer working with BBBEE-compliant firms. ✓✓
- Companies that align with BBBEE pillars contribute to socio-economic development, improving brand image and customer loyalty. ✓✓

Any other relevant conclusion related to the purpose of BBBEE/impact of BBBEE/ implications of BBBEE pillars on businesses/penalties for non-compliance with the BBBEE Act.

Any (1 x 2) (2)

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Purpose of BBBEE	**10**	
Impact of BBBEE on businesses	**12**	
Implications of the BBBEE pillars on businesses: o Management control o Ownership o Socio-Economic Development/Social responsibility	**12**	
Penalties for non-compliance with the BBBEE Act	**12**	
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.

QUESTION 6: BUSINESS OPERATIONS: (QUALITY OF PERFORMANCE)

6.1 **Introduction**

- Quality management is the act of overseeing all activities and tasks that must be accomplished to maintain the desired level of excellence. ✓
- Quality performance enables businesses to produce and offer services based on the set standards. ✓
- A good quality management system benefits businesses by ensuring that quality products are continuously produced. ✓
- Continuous skills development contributes to the production of sustainable products. ✓
- Businesses that continuously analyse customers' needs are able to identify gaps in customer satisfaction and develop strategies to satisfy their customers. ✓
- Quality circles make good recommendations to businesses as they include specialists from different departments. ✓

Any other relevant introduction related to the differences between quality management and quality performance/benefits of a good quality management system/impact of continuous skills development and total client/customer satisfaction/role of quality circles as part of continuous improvement to processes and system.

Any (2 x 1) (2)

6.2 **Differences between quality management and quality performance**

QUALITY MANAGEMENT	**QUALITY PERFORMANCE**
- Techniques/tools used to design/ improve the quality of a product. ✓✓	- Total performance of each department measured against the specified standards. ✓✓
- Can be used for accountability within each of the business functions. ✓✓	- Can be obtained if all departments work together towards the same quality standards. ✓✓
- Aims to ensure that the quality of goods/services is consistent/ Focuses on the means to achieve consistency. ✓✓	- Quality is measured through physical product/statistical output of processes/surveys of the users and/or buyers of goods/services. ✓✓
Any other relevant answer related to quality management.	Any other relevant answer related to quality performance.
Submax (4)	Submax (4)

NOTE: 1. The answer does not have to be in tabular format.
2. The differences do not have to link but must be clear.
3. Award a maximum of FOUR (4) marks if the differences are not clear/Mark either quality management or quality performance only.

Max (8)

6.3 **Benefits of a 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. ✓
- A 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/Financial sustainability ✓ as more customers improves profitability. ✓
- Improves business image ✓ as there are less defects/returns. ✓

Any other relevant answer related to the benefits of a good quality management system.

Max (12)

6.4 **Impact of total quality management/TQM elements on large businesses**

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

Positives/Advantages

- Large businesses have a human resources department ✓ dedicated to skills training and development. ✓
- Human resources experts ensure that training programmes are relevant ✓ to increase customer satisfaction. ✓
- Ability to afford ✓specialised/skilled employees. ✓
- Large businesses conduct skills audits to establish the competency/education levels of staff ✓ which may positively affect the quality of products. ✓
- May be able to hire qualified trainers ✓ to train employees on a regular basis. ✓

Any other relevant answer related to the positive impact/advantages of continuous skills development/education and training as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Poor communication systems in large businesses ✓ may prevent effective training from taking place. ✓
- Trained employees may leave for better jobs ✓ after they gained more skills. ✓
- De-motivates employees ✓ if they do not receive recognition for training. ✓
- Employees who specialises in narrowly defined jobs ✓ may become frustrated/ demotivated. ✓
- Employees may not be aware of the level of competency ✓ they should meet in order to achieve their targets. ✓
- It may be difficult to monitor/evaluate ✓ the effectiveness of training. ✓

Any other relevant answer related to the negative impact/disadvantages of continuous skills development/education and training as a TQM element on large businesses.

Submax (8)
Max (14)

6.4.2 **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 client/customer satisfaction ✓, if businesses follow sound business practices that incorporate all stakeholders. ✓
- Strive to understand/fulfil customer expectations ✓ by aligning cross-functional teams across critical processes. ✓
- Ensures that cross-functional teams understand their 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 positive impact/advantages of total client/ customer satisfaction as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Employees who seldom meet 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/customer satisfaction. ✓

Any other relevant answer related to the negative impact/disadvantages of total client/customer satisfaction as a TQM element on large businesses.

Submax (8)
Max (14)

6.5 **Role of quality circles as part of continuous improvement to processes and systems**

- 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 processes and systems 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. ✓✓
- Increase employees' morale/motivation to boost the team spirit in achieving organisational goals. ✓✓
- Contribute towards the improvement and development of the organisation. ✓✓
- Reduce costs of redundancy and 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/commitment to the organisational 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 role of quality circles as part of continuous improvement to processes and systems.

Max (14)

6.6 **Conclusion**

- Quality management enables businesses to account for expenditure and provides framework for improving the quality of the product. ✓✓
- Businesses that implement quality of performance are likely to achieve common/ same standards in all business functions. ✓✓
- The effective implementation of continuous skills development reduces voluntary staff turnover related to personal/career development. ✓✓
- The implementation of a good quality management system requires businesses to conduct continuous research on new ways of improving quality. ✓✓
- Total client/customer satisfaction is at the core of any successful business strategy as they ensure that all aspects of their operations are aligned with customer needs and expectations. ✓✓
- Quality circles enable businesses to put operational systems and guidelines in place that are aimed at achieving their objectives. ✓✓

Any other relevant conclusion related to the differences between quality management and quality performance/benefits of a good quality management system/impact of continuous skills development and total client/customer satisfaction/role of quality circles as part of continuous improvement to processes and systems.

Any (1 x 2) (2)

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Differences between quality management and quality performance	**8**	
Benefits of a good quality management system	**12**	
Impact of TQM elements on large businesses: • Continuous skills development/Education and training • Total client/customer satisfaction	**14**	
Role of quality circles as part of continuous improvement to processes and systems	**12**	
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.

TOTAL SECTION C: 40

TOTAL: 150