KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

BUSINESS STUDIES P1

PREPARATORY EXAMINATION

MARKING GUIDELINES

2025

MARKS: 150

This marking guideline consist of 25 pages.

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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 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:

Educator:	Red
Departmental Head:	Green
Cluster Co-ordinator:	Brown
District:	Orange
Province:	Pink
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.

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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 subquestions 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 Advise, name, state, identify, quote, 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.

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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 the marking centre to finalise alternative answers.

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, 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? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis S	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-questions) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum 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/ four sub-questions 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 marks (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
Originality	Is there evidence of examples based on recent information, current trends and developments?	**2**
	TTAL 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 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, 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.

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SECTION A

QUESTION 1

1.1
1.1.1 C✓✓
1.1.2 D✓✓
1.1.3 A✓✓
1.1.4 C✓✓
1.1.5 D✓✓

(5 x 2) **(10)**

1.2
1.2.1 four ✓✓
1.2.2 Consumer Protection Act✓✓
1.2.3 provident fund✓✓
1.2.4 quality control✓✓
1.2.5 human resources✓✓

(5 x 2) **(10)**

1.3
1.3.1 C✓✓
1.3.2 G✓✓
1.3.3 QUESTION REMOVED
1.3.4 A✓✓
1.3.5 I✓✓

(4 x 2) **(8)**

TOTAL SECTION A: 28

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	8
TOTAL	28

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SECTION B

Mark the FIRST TWO QUESTIONS only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 BBBEE Pillars

- Management control✓
- Ownership✓
- Skills development✓
- Enterprise and supplier development/ESD✓
- Socio-economic development/Social responsibility✓

NOTE: Mark the first FOUR (4) only. (4x 1) (4)

2.2 Ways in which businesses can comply with Skills Development Act

- Businesses/Employers who collect PAYE should register with SETAs. ✓✓
- One per cent (1%) of an employer's payroll must be paid over to the SETA. ✓✓
- Businesses should register with SARS in the area in which their business is classified (in terms of the SETA). ✓✓
- Employers should submit a workplace skills plan and provide evidence that it was implemented. ✓✓
- Businesses with more than 50 employees must appoint a skills development facilitator. ✓✓
- Assess the skills of employees to determine areas in which skills development are needed. ✓✓
- Encourage employees to participate in learnerships and other training programmes. ✓✓
- Provide all employees with the opportunity to improve their skills. ✓✓
- Display a summary of the SDA in the business where it is visible to all employees. ✓✓
- Any other relevant answer related to ways in which businesses can comply with SDA

Max (4)

2.3.1 Quotation of ways to comply with LRA

- QE ensures that employees are not unfairly dismissed. ✓
- QE supports establishment of workplace forum. ✓

NOTE: 1. Mark the first TWO (2)only
2. Award marks for compliance with LRA from the scenario only.

(2x1) (2)

2.3.2 Impact of LRA on businesses

Positives/Advantages

- Promotes a healthy relationship✓ between the employer and employees. ✓
- Protects the rights of businesses✓ in labour related issues. ✓
- Labour disputes are settled quicker✓ and are less expensive. ✓
- Workplace forums can add value✓ to businesses if it functions properly. ✓
- Protect employers who embark on lawful lockouts✓ when negotiations between parties fail. ✓
- LRA provides for the principles of collective bargaining✓ and puts structures in place with which disputes in the workplace can be settled. ✓
- Provides sound dispute resolution processes through consensus✓ between organised labour, businesses and the state. ✓

- Provides specific guidelines for employers✓on correct and fair disciplinary procedures. ✓
- Employers and employees have guidelines✓ regarding correct and fair dismissal procedures. ✓
- Provides mechanism/framework✓ such as statutory councils/collective bargaining/ CCMA. ✓
- Employers are entitled to compensation from the Labour Court✓ if they suffered damages as a result of unprotected strikes. ✓
- Any other relevant answer related to the positive impact of LRA

AND/OR

- Reduced global competitiveness✓ due to lower productivity. ✓
- Productivity may decrease✓ if employees are allowed to participate in the activities of trade unions during work time.
- Costs of labour increases✓ because of legal strikes. ✓
- Employers may not get a court interdict✓ to stop a strike. ✓
- Employers may have to disclose information about workplace issues to union representatives✓ that could be the core of their competitive advantage. ✓
- Employers may not dismiss employees at will, ✓ as procedures have to be followed. ✓
- Many employees take advantage of the right to strike✓ without acknowledging their responsibilities. ✓
- Many employees and employers do not understand/respect✓ the Labour Relations Act. ✓
- Strike actions always result in loss of production✓ for which employers may not claim. ✓
- Some trade unions may not promote the mandate of their members but embark on industrial action, ✓ which is harmful to labour relations between employers and employees. ✓
- Some businesses may feel that the LRA gives employees too much power ✓as it creates lengthy procedures such as consulting with workplace forums. ✓
- Labour disputes and bargaining council processes become disruptive/ time consuming✓ and can lead to a decrease in productivity/profitability in businesses. ✓
- Any other relevant answer related to the negative impact of LRA

Max (4)

2.4 Funding of 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 80% of the levy for organisational expenses✓ and the remaining 20% is paid to the National Skills Fund. ✓
- Donations/Grants received ✓ from the public/businesses/CSI programmes. ✓
- Surplus funds✓ from government institutions. ✓
- Funds received✓ from rendering their services. ✓
- Any other relevant answer related to funding of SETAs

Max (4)

2.5 Business sectors

2.5.1 Secondary sector. ✓✓

(1x2) (2)

2.5.2 Challenges, business environments and their extent of control

CHALLENGES 2.5.2	BUSINESS ENVIRONMENTS 2.5.3	EXTENT OF CONTROL 2.5.4
1. AC buys building material from Ngunezi Suppliers which is sometimes out of stock. ✓	market✓	Limited/partial/some/little control✓
2. AC is struggling to take loan due to increase in repo rate by Reserve Bank. ✓	macro✓	No control✓
3. The newly employed site manager lacks basic managerial skills. ✓	micro✓	Full control✓
Sub max 2	Sub max 2	Sub max 2

Max (6)

NOTE:
1. **Mark the first TWO responses only**
2. **The answer does not have to be in tabular format**
3. **Award marks for challenges even if the business environment is incorrect.**
4. **The business environment must be linked to the challenge/**
5. **The extent of control must be linked to the business environment**
6. **Accept responses in any order**

2.6 Intensive strategies

Market penetration✓✓

- New products penetrate the existing market at a low price, ✓ until it is well known to the customers and then price increases. ✓
- Businesses use market research on existing clients✓ to decide how to improve their marketing mix. ✓
- Embark on an intensive marketing campaign to increase awareness✓ and customer loyalty. ✓
- Employ more sales staff✓ to improve sales /services. ✓
- Any other relevant answer related to market penetration as a type of intensive strategy.

Strategy (2)

Explanation (1)

Sub max (3)

Market Development✓✓

- It is a growth strategy where businesses aim to sell its existing products✓ in new markets. ✓
- This strategy involves finding new markets✓ and new ways to distribute product. ✓
- Any other relevant answer related to market development.

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

Product Development✓✓

- It is a growth strategy where businesses aim to introduce new products✓ into existing markets/modifies an existing product. ✓
- Businesses generate new ideas✓ and develop new products/services. ✓
- Businesses conduct test marketing/ market research✓ to establish whether new products will be accepted by existing customers'✓
- New products may be different of a higher quality than those of competitors.
- Any other relevant answer related to product development.
  NOTE: Mark the first TWO only.

Strategy (2)
Explanation (1)
Sub max (3)
Max (6)

2.7 Application of Porters Five Forces

2.7.1 Power of buyers

- Assess how easy it is for buyers/customers to drive prices down. ✓✓
- Determine the number of buyers/the importance of each buyer to the business and the cost of switching to other products. ✓✓
- A few powerful buyers are often able to dictate their terms to the business.
- Buyers buying in bulk can bargain for prices in their favour. ✓✓
- If buyers can do without the business's products, then they have more power to determine the prices and terms of sale. ✓✓
- Conduct market research to gather more information about buyers. ✓✓
- Any other relevant answer related to application of power of buyers as a force of Porters Five Forces

Sub max (4)

2.7.2 Power of competitors/competitive rivalry

- If competitors have a unique product/service, then they will have greater power. ✓✓
- A business with many competitors in the same market has very little power in their market. ✓✓
- Draw up a competitor's profile so that they can determine their own strength as well as that of competitors. ✓✓
- Some businesses have necessary resources to start price wars and continue selling at a loss until some/all competitors leave the market.✓✓
- Any other relevant answer related to application of power of competitors/ competitive rivalry as a force of Porters Five Forces.

Sub max (4)
Max (8)

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2	4
2.3.1	2
2.3.2	4
2.4	4
2.5.1	2
2.5.2	2
2.5.3	2
2.5.4	2
2.6	6
2.7	8
Total	40

QUESTION 3: BUSINESS OPERATIONS

3.1 Salary determination methods

- Piecemeal✓
- Time-related✓

NOTE: Mark first TWO (2) only

(2X1) (2)

3.2 Placement procedure

- Employer should outline specific responsibilities/expectations of the employee new position. ✓✓
- The employer should determine the relationship/similarities between the expectations of the position and the competencies of the employee. ✓✓
- Determine the employee's strengths/weaknesses/skills/ interests by subjecting him to various psychometric tests. ✓✓
- Any other relevant answer related to placement procedure as a human resource activity.

Max (4)

3.3 Selection process

3.3.1 Selection steps from the scenario

- SC received CVs, IDs and proof of qualifications from applicants. ✓
- Unsuccessful applicants were informed about the outcome of their application. ✓

NOTE: 1. Mark first TWO (2) only
2. Award selection steps from the scenario only.

(2X1) (2)

3.3.2 Other steps of selection procedure

Selection procedure
Option 1

- Determine fair assessment criteria✓ on which selection will be based. ✓
- Sort the received documents/CVs✓ according to the assessment/selection criteria. ✓
- Screen/Determine which applications meet the minimum job requirements✓ and separate these from the rest. ✓

- Preliminary interviews are conducted✓ if many suitable applications were received/to identify suitable applicants. ✓
- Reference checks/Vetting process✓ should be made/followed to verify work experience/criminal records/credit records/qualification on the CV. ✓
- Compile a shortlist ✓of potential candidates identified. ✓
- Shortlisted candidates may be subjected to various types of selection tests✓ such as skills tests. ✓
- Invite shortlisted candidates✓ for an interview. ✓
- A written offer✓ is made to the selected candidate. ✓
- Any other relevant answer related to selection procedure.
  NOTE: The procedure can be in any order

Option 2

- Evaluate CVs✓ and create a shortlist✓/Screen✓ the applicants. ✓
- Check information in the CVs✓ and contact references. ✓
- Conduct preliminary /sifting interviews✓ to identify applicants who are not suitable for the job, although they meet all requirements. ✓
- Assess/Test candidates who have applied for senior positions ✓to ensure the best candidate is chosen. ✓
- Conduct interviews✓ with shortlisted candidates. ✓
- Offer employment in writing✓ to the selected candidate(s). ✓
- Any other relevant answer related to selection procedure.
  NOTE: 1. The procedure can be in any order
  2. Do not mark steps repeated from scenario

Max (6)

3.4 Purpose of the interview

- To determine a candidate's suitability✓ for the job. ✓
- Obtains information✓ about the strengths and weaknesses of each candidate. ✓
- Evaluate the skills and personal characteristics✓ of the applicant. ✓
- Helps the employer in choosing/making an informed decision✓ about the most suitable candidate. ✓
- Matches information provided by the applicant✓ to the job requirements. ✓
- Creates an opportunity where information✓ about the business and applicant can be exchanged. ✓
- Any other relevant answer related to purpose of the interview.

Max (6)

3.5 Meaning of quality performance

- Total performance of each department measured✓ against the specified standards. ✓
- Can be obtained if all departments work together✓towards the same quality standards. ✓
- 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 meaning of quality performance

Max (4)

3.6. Total Quality Management(TQM) elements
Quotation of TQM elements from scenario and motivations

TQM ELEMENTS	MOTIVATIONS
1.Adequate financing and capacity✓✓	Promise Manufacturing can afford to purchase high quality raw material and equipment. ✓
2.Continuous skills development/ education and training✓✓	PM also ensure that employees attend workshops on regular basis. ✓
Sub max (4)	Sub max (2)

Max (6)

NOTE:
1. **Mark the first TWO (2) only**
2. **The answer does not have to be in a tabular format.**
3. **Award marks for TQM elements even if the quotes were incomplete.**
4. **Do not award marks for motivations if the TQM elements were incorrectly identified.**
5. **Accept responses in any order**

3.7 Impact of TQM if poorly implemented by businesses
- 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 of products/services✓ to satisfy the needs of custom
- Business 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 systems/processes✓ could result in errors/ deviations from present quality standards. ✓
- Any other relevant answer related to the impact of TQM if poorly implemented.

Max (6)

3.8 Quality indicators of purchasing
- Buy raw materials in bulk at lower prices. ✓✓
- Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices. ✓✓
- Place orders timeously and regular follow-ups to ensure that goods are delivered on time. ✓✓
- Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process. ✓✓
- Required quantities should be delivered at the right time and place. ✓✓
- Implement and maintain stock control systems to ensure the security of stock. ✓✓
- Maintain optimum stock levels to avoid overstocking/reduce out-dated stock. ✓✓
- Monitor and report on minimum stock levels to avoid stock-outs. ✓✓
- Effective use of storage space and maintain product quality while in storage. ✓✓

- Involve suppliers in strategic planning/product design/material selection/quality control process. ✓✓
- Ensure that there is no break in production due to stock shortages. ✓✓
- Establish relationships with suppliers so that they are in alignment with the business's vision/mission/values. ✓✓
- Have a thorough understanding of supply chain management. ✓✓
- Any other relevant answer related to quality indicators of purchasing function.

Max (4)

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	2
3.2	4
3.3.1	2
3.3.2	6
3.4	6
3.5.	4
3.6	6
3.7	4
3.8	6
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENT

4.1 Types of leave as a provision for BCEA

- Annual leave✓
- Maternity leave✓
- Sick leave✓
- Family responsible leave✓
- Parental leave/paternity leave✓

NOTE: Mark first FOUR (4) only

(4x1) (4)

4.2 Challenges posed by legal factors to businesses

- Certain Acts may have a direct impact on a business, e.g. the CPA/BCEA. ✓✓
- Legal requirements for operating certain types of businesses is time-consuming. ✓✓
- High legal costs involved in obtaining a licence/trademark/patent may prevent some establishments. ✓✓
- Legalities of business contracts may limit business operations. ✓✓
- Any other relevant answer related to challenges posed by legal factors to businesses

Max (6)

4.3 National Credit Act

4.3.1 Identification of NCA from the scenario

- National Credit Act / NCA ✓✓ **(1x2) (2)**

4.3.2 Penalties for non-compliance with NCA

- The business may not demand payment, ✓ sue or attach the clients/consumers salaries/assets. ✓
- The business may not charge any fee/interest/other charges ✓under that specific credit agreement. ✓
- The court may declare the granting of credit by the business reckless ✓and may order consumers not to repay the credit/or part thereof to the business. ✓
- The National Credit Regulator may impose a fine/penalty✓ on the business for non-compliance. ✓
- The business will bear all costs of removing the negative information of clients/ consumers✓ who were blacklisted as a result of reckless lending. ✓
- Any other relevant answer related to penalties for non-compliance with NCA

Max (6)

4.4 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. ✓✓
- Consider the impact of the strategic implementation in the internal and external environments of the business. ✓✓
- Decide on the desired outcome as envisaged when strategies were implemented. ✓✓
- Any other relevant answer related to steps in evaluating a strategy

NOTE: The steps can be in any order.

Max (4)

4.5 Aspects included in induction programme

- Introduction to key people and immediate colleagues. ✓
- Safety regulations and rules. ✓
- Overview of the business. ✓
- Tour of the premises. ✓
- Discussion of the employment contract and conditions of service. ✓
- Discussion of employee benefits. ✓
- Information about the business products/services. ✓
- Meeting with senior management who will explain the company's vision/value descriptions/daily tasks. ✓
- Conditions of employment, e.g. working hours/leave application process/disciplinary procedures, etc. ✓
- Administration details on systems/processes/logistics. ✓
- Discussion of personnel policies, e.g. making private phone calls/using the Internet, etc. ✓
- Corporate social responsibility programmes. ✓

(2x1) (2)

NOTE: Mark the first TWO (2) only

4.6.1 Sources of external recruitment quoted in the scenario

- newspaper✓
- internet✓

(2x1) (2)

NOTE : Mark first TWO (2) only.

4.6.2 Positive impact of fringe benefits on businesses

- Attractive fringe benefit packages may result✓ in higher employee retention/reduces employee turnover. ✓
- Attracts qualified/skilled/experienced employees✓ who may positively contribute towards the business goals/objectives. ✓
- Improves productivity✓resulting in higher profitability. ✓
- It increases employee satisfaction/loyalty✓ as they may be willing to go the extra mile. ✓
- Businesses save money✓ as benefits are tax deductible. ✓
- Fringe benefits can be used as leverage✓ for salary negotiations. ✓
- Any other relevant answer related to positive impact of fringe benefits

Max (6)

4.7 Benefits/Advantages of a good quality management system

- Vision/Mission/Business goals✓ may be achieved. ✓
- A business has a competitive advantage✓ over its competitors. ✓
- 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. ✓
- Regular training will continuously improve✓ the quality of employees' skills/ knowledge/competencies. ✓
- Employers and employees will have a healthy working relationship✓ resulting in happy/productive workers/improved employee morale/productivity. ✓
- Increased market share/More customers✓ improve profitability/financial sustainability. ✓
- Improves business image✓ as there are less defects/returns. ✓
- Any other relevant answer related to benefits/advantages of a good quality management system

Max (6)

4.8 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 responsibilities for quality output amongst management and workers. ✓✓
- Train employees at all levels, so that everyone understands their roles 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

Max (4)
(40)

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1.	4
4.2.	4
4.3.1	2
4.3.2	6
4.4	4
4.5	2
4.6.1	2
4.6.2	6
4.7.	6
4.8	4
TOTAL	40

TOTAL SECTION B: 80

SECTION C

Mark the FIRST question only.

QUESTION 5:

5.1 Introduction

- Businesses may find it easier to improve operations through application of strategic management process.✓
- Diversification strategies focus on ensuring that there is growth in the businesses. ✓
- Integration strategies enable businesses to be more efficient and effective.✓
- Businesses must find ways to address challenges emanating from technological and environmental PESTLE factors .✓
- Any other relevant introduction related to strategic management process/ advantages of diversification strategies/ types of integration strategies/ ways to deal with technological and environmental PESTLE factors.

(2 x 1) (2)

5.2 Strategic management process

Option 1

- Have a clear vision, a mission statement and measurable/realistic objectives in place. ✓✓
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situational analysis. ✓✓
- Tools available for environmental scanning may include a SWOT analysis/ Porter's Five Forces model/PESTLE analysis/industrial analysis tools. ✓✓
- Formulate alternative strategies to respond to the challenges. ✓✓
- Develop (an) action plan(s), including the tasks to be done/deadlines to be met/resources to be procured, etc. ✓✓
- Implement selected strategies by communicating it to all stakeholders/ organising the business's resources/motivating staff. ✓✓
- Continuously evaluate/monitor/measure strategies in order to take corrective action✓✓

OPTION 2

- Review/Analyse/Re-examine their vision/mission statement. ✓✓
- Conduct an environmental analysis using models such as PESTLE/ PORTER'S/SWOT. ✓✓
- Formulate a strategy such as a defensive/retrenchment strategy. ✓✓
- Implement a strategy, using a template such as an action plan. ✓✓
- Control/Evaluate/Monitor the implemented strategy to identify gaps/deviations in implementation. ✓✓
- Take corrective action to ensure goals/objectives are met. ✓✓
- Any other relevant answer related to strategic management process.

NOTE: The steps may be in any order.

Max (12)

5.3 Advantages of diversification strategies

- Increase sales ✓and business growth. ✓
- Improves the business brand ✓and image. ✓
- Reduces the risk of relying only on one product✓ for sales/revenue/income. ✓
- More products can be sold to existing customers✓ and additional more new markets can be established. ✓
- Businesses gain more technological capabilities✓ through product modification. ✓
- Diversification into a number of industries or product line can help✓ to create a balance during economic fluctuations. ✓
- Businesses produce more output using less inputs✓ as one factory may be used to manufacture more products. ✓
- Any other relevant answer related to advantages of diversification strategies.

Max (10)

5.4 Types of integration strategies

5.4.1 Forward vertical integration✓✓

- A business combines with or takes over its distributors✓ down the supply chain/production chain✓/The business merges with businesses that were once their customers, ✓while still maintaining control of the initial/primary business activity. ✓
- Involves expansion of business activities✓ to gain control over the direct distribution of the products/services. ✓
- The business takes over the distribution system ✓and sells products/services directly to consumers/customers. ✓
- Increases profitability ✓as the intermediary/distributor/middleman is excluded/ eliminated. ✓
- Any other relevant answer related to forward vertical integration strategy.

Strategy:	2
Explanation:	2
Sub max:	4

5.4.2 Backward vertical integration✓✓

- The business combines with/merges/takes over✓ its suppliers up the supply chain/production chain✓/The business expands its role to fulfil activities/tasks✓ that were formerly/previously completed by suppliers. ✓
- Aims at decreasing the business's dependency✓ on the supplier. ✓
- Enables businesses to cut costs✓ and have influence over the prices/quality/ quantity of raw materials. ✓
- Any other relevant answer related to backward vertical integration strategy.

Strategy:	2
Explanation:	2
Sub max:	4

5.4.3 Horizontal integration✓✓

- A business takes control of/incorporates other businesses✓ in the same industry/which produce/sell the same/similar goods/services. ✓ /It is the acquisition /takeover of a related business✓ that operates at the same level of supply chain in the industry. ✓
- The aim is to reduce the threat✓ of competition/substitute products/services. ✓
- Increases the market share/sales/profits✓ and enhance production/distribution. ✓
- Suitable for businesses that operate in multiple geographical areas✓ through joint ventures/licencing/franchising. ✓
- Any other relevant answer related to horizontal integration strategy.
  NOTE: Mark the first THREE only.

Strategy (2)
Explanation (2)
Sub max (4)
Max (12)

5.5 Recommended strategies in dealing with challenges posed by the following factors of PESTLE analysis

5.5.1 Technological factors

- Continuous research on the latest available technology/equipment in the market. ✓✓
- Train existing/appoint new employees to maintain/use new equipment. ✓✓
- Compare prices/Select suitable suppliers for new equipment at reasonable prices. ✓✓
- Businesses must be geared for online trading/e-commerce. ✓✓
- Any other relevant answer related to strategies to deal with challenges posed by technological factors as part of PESTLE analysis.

Sub max (6)

5.5.2 Environmental factors

- Chemicals/Ingredients should be clearly indicated on labels/packaging to inform customers about possible side effects/correct use of products. ✓✓
- Implement cost effective measures to dispose of medical waste. ✓✓
- Implement recycling measures to prevent pollution of the environment/Use packaging that is re-usable/recyclable. ✓✓
- Any other relevant answer related to strategies to deal with challenges posed by technological factors as part of PESTLE analysis.

Sub max (6)
Max (12)

5.6 Conclusion

- Involvement of all levels of management in strategic management process ensures successful implementation. ✓✓
- Diversification strategies can bring about numerous benefits to businesses and investors including possible business expansion.✓✓
- Integration strategies can improve business operations and enhance growth. ✓✓
- Businesses must implement effective strategies to minimise challenges from PESTLE factors. ✓✓
- Any other relevant conclusion related to strategic management process/ advantages of diversification strategies/ types of integration strategies/ways to deal with economic and technological factors as PESTLE factors.

Any (1 x 2) (2)

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QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**32**
Strategic management process	**12**	
Advantages of diversification strategies	**10**	
Types of integration strategies	**12**	
Strategies to deal with o Technological factors o Environmental factors	**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 some requirements are met.
Allocate 0 marks where requirements are not met at all

QUESTION 6 BUSINESS OPERATION (HUMAN RESOURCES FUNCTION)

6.1 Introduction

- Recruitment procedure is a systematic process used by businesses to identify, attract and select suitable applicants to fill in vacancies. ✓
- Job analysis provides basis for recruiting and selecting the right candidates. ✓
- The legalities of employment contract compel businesses to comply with labour laws and regulations. ✓
- Employer and employees should have a clear understanding of the reasons for termination of employment contract. ✓
- Any other relevant introduction related to recruitment procedure/components of job analysis/legal requirements of employment contract/ reasons for termination of an employment contract.

Any (2 x 1) (2)

6.2 Recruitment procedure

- The human resource manager should evaluate the job/prepare a job analysis, that includes the job specification/job description/in order to identify recruitment needs. ✓✓
- The human resource manager (HRM) should prepare the job description in order to identify recruitment needs. ✓✓
- HRM should indicate the job specification/description/key performance areas to attract suitable candidates. ✓✓
- Choose the method of recruitment, e.g. internal/external, to reach/target the suitable applicants/candidates. ✓✓
- Vacancies can be internally advertised via internal email/word of mouth/ posters/staff notices. ✓✓
- If the external recruitment is chosen, the relevant recruitment sources should be selected, e.g. recruitment agencies/tertiary institutions/ newspapers, etc✓✓
- If internal recruitment is unsuccessful, external recruitment should be considered. ✓✓

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- If the external recruitment is done, the relevant recruitment source should be selected, e.g. recruitment agencies, tertiary institutions, newspapers. ✓✓
- The advertisement should be prepared with the relevant information, e.g. the name of the company, contact details, contact person, etc. ✓✓
- Place the advertisement in the appropriate media that will ensure that the best candidates apply. ✓✓
- Any other relevant answer related to recruitment procedure.
  NOTE: The procedure can be in any order

Max (12)

6.3 Components of job analysis

JOB DESCRIPTION✓✓	JOB SPECIFICATION✓✓
- Describes duties/responsibilities✓ of a specific job. ✓	- Describes the minimum acceptable personal qualities/ skills/ qualifications✓ needed for the job. ✓
- Written description of the job and its requirements/summary✓ of the nature /type of the job. ✓	- Written description of specific qualifications/ skills/ experience ✓needed for the job. ✓
- Describes key performance areas/ tasks✓ for a specific job✓, e.g. job title/working conditions/relationship of the job with other jobs in the business, etc. ✓	- Describes key requirements✓ of the person who will fill the position✓, e.g. formal qualifications/willingness to travel/work unusual hours, etc. ✓
- Any other relevant answer related to job description.	- Any other relevant answer related to job specification.
Sub max 6	Sub max 6

Max (12)

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 SIX (6) marks if the differences are not clear/ Mark either job description/ job specification only.**

6.4 Legal requirements of the employment contract

- The employer and employee must both sign✓ the contract✓.
- Employer and employee must agree✓ to any changes to the contract. ✓
- No party may unilaterally change aspects✓ of the employment contract. ✓
- The remuneration package/including benefits✓ must be clearly indicated. ✓
- It may not contain any requirements✓ that are in conflict with the BCEA. ✓
- The employment contract should include a code of conduct✓ and code of ethics. ✓
- Aspects of the employment contract can be renegotiated✓ during the course of employment. ✓
- The employer must explain the terms and conditions of the employment contract ✓to the employee. ✓
- Conditions of employment/duties/responsibilities of the employees✓ must be stipulated clearly. ✓
- All business policies, procedures and disciplinary codes/rules✓ can form part of the employment contract. ✓

- The employer must allow the employee to thoroughly read through the contract✓ before it is signed. ✓
- Any other relevant answer related to legal requirements of an employment contract.

Max 12

6.5 Reasons for terminating an employment contract

- The employer may dismiss an employee for a valid reason(s) such as unsatisfactory job performance/misconduct. ✓✓
- Employer may no longer have work for redundant employees/cannot fulfil the contract restructuring. ✓✓
- The employer may retrench some employees due to insolvency/may not be able to pay the employees. ✓✓
- Employees may decide to leave/resign voluntarily for better job opportunities. ✓✓
- An employee may have reached the pre-determined age for retirement. ✓✓
- Incapacity of an employee to work due to illness/injuries. ✓✓
- By a mutual agreement between the employer and employee. ✓✓
- The duration of the employment contract expires/comes to an end. ✓✓
- Any other relevant answer related to reasons for terminating an employment contract

Max (10)

6.6 Conclusion

- A well-structured recruitment process may assist businesses to their recruitment goals achieve. ✓✓
- Job analysis provides a clear understanding of job expectations allowing more effective performance. ✓✓
- Businesses that comply with legalities of employment contract can reduce the risk of lawsuits and penalties. ✓✓
- Understanding the reasons for termination of employment contract can help employers to improve employee management and employees to identify areas of improvement. ✓✓
- Any other relevant conclusion related to recruitment procedure/components of job analysis/legal requirements of employment contract/ reasons for termination of an employment contract.

Any (1 x 2) (2)

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QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	32
Recruitment procedure	12	
Components of job analysis	12	
Legal requirements of employment contract	12	
Reasons for termination of an employment contract	10	
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 some requirements are met.
Allocate 0 marks where requirements are not met at all

TOTAL SECTION C: 40

GRAND TOTAL: 148

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