GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2017

MARKING GUIDELINES

BUSINESS STUDIES (10720)

42 pages

GAUTENG DEPARTMENT OF EDUCATION

PREPARATORY EXAMINATION

BUSINESS STUDIES

MEMORANDUM

NOTES TO MARKERS

1. Candidates' responses must be in full sentences for SECTIONS B and C.

2. A comprehensive memorandum has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but

   - uses a different expression from that which appears in the memorandum.
   - comes from another source.
   - is original.
   - uses a different approach.

   NOTE: There is only one correct answer to questions in SECTION A.

3. 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.)

4. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.

5. 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 purposes.

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

7. Incorrect numbering of answers to questions or sub-questions must be severely penalised in SECTIONS A and B.

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

9. Note that no marks will be awarded for indicating 'Yes' or 'No' in evaluation-type questions requiring substantiation. This is applicable to SECTIONS B and C.

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

(a) When 'evaluate' is used, candidates are expected to respond in either a positive / negative manner or take a neutral (positive and negative) stance, e.g. Positive 'COIDA *eliminates time and costs spent* √ *on lengthy civil court proceedings"*√

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

NOTE:
- The above could also apply to describe, discuss, explain, distinguish, differentiate, compare, analyse, etc.
- This will depend on the nature, content and context of the question.

11. **SECTION B**

11.1 If for example, FIVE facts are required, mark the candidates' FIRST FIVE 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.

11.2 If two facts are written in one sentence, award the candidate FULL credit. Point 11.1 still applies.

11.3 If candidates are required to provide their own examples / views, think about the answer and consider the correctness of each answer carefully.

11.4 Use of the cognitive verbs and allocation of marks:

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

- Fact 2 marks (or as indicated in the memorandum)
- Explanation 1 mark

The 'fact' and 'explanation' are given separately to facilitate mark allocation.

11.4.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum mark allocated.

11.5 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.

12. **SECTION C**

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

Introduction	2	
Content		max 32
Conclusion	2	
Insight	8	
TOTAL	**40**	

12.2 Insight consists of the following components:

Layout / Structure	Is there an introduction, body, proper paragraphs and a conclusion?	**2**
Analysis and interpret ation	Candidates' ability to break down a question / interpret it correctly to show understanding of what is being asked**.**	**2**
Synthesis	What parts of the question would you have included in the answer? Are there decisions made from a combination of relevant points? This part of the question will be marked in a negative way. If there are irrelevant parts, indicate it with –S in the margin. Marks to be allocated using this guide: Many irrelevant facts: 0 (-S x 2) Some irrelevant facts: 1 (-S x 1) Only relevant facts: 2	**2**
Originality	Examples, recency of information, current trends and developments	**2**
	Total for insight: **Total marks for facts:** **Total marks for essay (8 + 32)**	**8** **32** **40**

NOTE:
1. **No marks will be awarded for content repeated from the introduction and conclusion.**
2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
3. **No marks will be allocated for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

12.3 Indicate insight in the left-hand margin with a symbol (L, A, S and / or O)

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

12.5 Mark all relevant facts until the MAXIMUM mark in a sub-section has been attained. Write MAX after maximum marks have been obtained.

12.6 At the end of the essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout; A – Analysis; S – Synthesis; O – Originality)

CONTENT	**MARKS**
Facts	**32 (max)**
L	2
A	2
S	2
O	2
TOTAL	**40**

12.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same sub-headings. Remember, headings and sub-headings are encouraged and contribute to insight (structuring / logical flow / sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

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

12.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation / sub-headings as indicated in the memorandum.

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

SECTION A

QUESTION 1

1.1 1.1.1 D√√

1.1.2 B√√

1.1.3 A√√

1.1.4 B√√

1.1.5 C√√

1.1.6 B√√

1.1.7 A√√

1.1.8 B√√

1.1.9 D√√

1.1.10 C√√ **(10x2) (20)**

1.2 1.2.1 indemnification √√

1.2.2 economic right √√

1.2.3 UIF √√

1.2.4 ethics√√

1.2.5 quality control √√ **(5x2) (10)**

1.3 1.3.1 D√√

1.3.2 J√√

1.3.3 G√√

1.3.4 B√√

1.3.5 I√√

(5x2) (10)

BREAKDOWN OF MARKS:

QUESTION 1	**MARKS**
1.1	20
1.2	10
1.3	10
TOTAL	**40**

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Defensive strategies**

Retrenchment√
Divestiture√
Liquidation√ **(3x1) (3)**

2.2 **Steps in evaluating strategies**

- Examine the underlying basis√ of a business strategy.√
- Formulate strategies√ to meet objectives favourably.√
- Implement strategies√ using action plans,√ etc.
- Look forward and backwards√ into the implementation process.√
- Compare the expected performance√ with the actual performance.√
- Measure business performance√ in order to determine the reasons for deviations / 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√ to determine the effectiveness of the strategy. √
- Consider the impact of the strategic implementation√ on the internal and external environments of the business.√
- Any other relevant answer related to the steps in strategy evaluation
  NOTE: Steps can be in any order

Max (10)

2.3.1 Compensation for Injuries and Diseases Act (COIDA).√√ Sub max (2)
Motivation
John got injuired at work. √ Sub max (1)
Max (3)

2.3.2 **Discriminatory actions / non-compliant with the Act.**

- MT bribed John with R750.√
- Advised him not to report the injury.√
- MT did not register with the Compensation Fund√.
- MT did not contribute to the Fund.√
- Not reporting accidents to the Compensation Commissioner **Any (4x1) (4)**

NOTE: Mark only discriminatory actions / non-compliance from the scenario.

2.3.3 **The impact of COIDA on employees**
Positives / Advantages

- Promotes safety√ in the workplace√
- Creates a framework√ for acceptable employment practices / safety regulations√
- Supply administrative guidelines / mechanisms√ for dealing with / processing claims√
- Eliminates time and costs spent√ on lengthy civil court proceedings√
- Covers all employees at the workplace√ if both parties meet all the necessary safety provisions in the Act√
- Employees are compensated financially for any injury / disability√ resulting from performing their duties at their workplace.√
- In the event of the death of an employee as a result of a work-related accident / disease√, his / her dependant(s) will receive financial support.√
- Employers are protected from financial burden should an accident occur in the workplace√ provided that the employer was not negligent.√
- Employees do not have to contribute√ towards this fund.√
- Employees receive medical assistance√ provided there is no other party involved.√
- Any compensation to an employee / the family√ is exempt from income tax.√
- The processes√ are relatively simple.√
- Makes businesses more socially responsible√ as they cannot just employ workers at random in dangerous working conditions.√
- Workers are treated with dignity / respect√ as businesses view them as valuable assets and not just as workers.√
- Any other relevant answer related to the advantages / positives of COIDA

AND / OR

Negatives / Disadvantages

- Workers who are temporarily / permanently employed in foreign countries√ are not covered.√
- Domestic / Military workers√ are not covered.√
- Workers who act negligently √ are not covered.√
- Any other relevant answer related to the disadvantages / negatives of COIDA **Max (8)**

2.4 **Provisions of BCEA**

- Overtime√
- Working hours√
- Meal Breaks and rest periods√
- Leave conditions.√
- Working on public holiday √
- Legal requirements of the employment contract √
- Termination conditions of the employment contract
- Remuneration√
- Provisions for compliance√
- Any other relevant answer related to the provisions of the BCEA.

NOTE: 1. Mark the first FIVE (5) only.
2. Allocate a maximum of ONE (1) mark for an example of a specific provisions. (5x1) (5)

2.5 **Roles / Functions of SETAs**

- Manage the learnership and training√ in each SETA / sector.√
- Ensure that the skill requirements of different sectors are identified√ to establish training needs.√
- Ensure that training is of appropriate quality√ to improve employability.√
- Responsible for skills programmes to improve skills of current workers to increase productivity√
- Assist unemployed people to enter the job market√ by providing skills programmes.√
- Provide accreditation to facilitators and service providers√ who meet the training requirements.√
- Collect funds from various sectors √ for implementing skills development programmes.√
- Distribute funds to various SETAs√ for the successful implementation of the Skills Development Act.√
- Implement learnerships and skills programmes / replaces the tradition of apprenticeships√ to gain practical experience.√
- Develop a sector skills plan√ to determine the training needs of each sector
- Report to the Director General√ on all matters concerning the administration and progress of learnerships.√
- Support the development of training material√ that is relevant to the needs of different sectors√
- Register learnership agreements√ so that workers may receive a qualification that is recognised by the industry.√
- Any other relevant answer related to the roles / functions of SETAs **Max (10)**

2.6.1 Tertiary sector √√ Sub max (2)

Motivation

MID specialises in home designing. √ Sub max (1)

Max (3)

2.6.2 **Business sectors**

- Secondary sector√
- Primary sector√ **(2x1) (2)**

NOTE: Do not mark tertiary sector

2.6.3 **Analysis of market environment by MID using Porter's Five Forces model.**

Power of buyers√

- Marlene needs to consider how√ her buyers / customers can influence prices.√
- If Marlene's customers have a wider choice of services√, they have more power to influence prices and terms of sale.√
- Despite Marlene's high prices, she has many customers√ because of her unique designs and stylish decor.√
- Any other relevant answer related to the power of buyers

Sub max (3)

Threats of new entrants to the market / Barriers to entry√

- The power that Marlene's business has in the market will depend on how easy it is√ for new competitors to enter the market.√
- It was easy for Marlene to start her business√ because there were no legal requirements. Only a small amount of capital / and a trading licence was required.√
- Marlene's market can attract potential competitors√, because of low barriers to entry.√
- It may be difficult for small businesses to enter the market√ as Marlene has a large market share / many customers.√
- Any other relevant answer related to the threats of new entrants / barriers to entry

Sub max (3)

Competitive rivalry√

- Businesses rendering the same / similar services√ may have an impact on Marlene's market.√
- Marlene may be stronger than Mpho's Home Decor √, as she renders excellent services.√
- Despite Marlene's high prices√ she has more customers than her competitors.√
- It is easy for Marlene to withstand competitive rivalry√ as there is only one competitor.√
- Any other relevant answer related to competitive rivalry

Sub max (3)

Power of suppliers√

- Marlene must assess the power of the suppliers√ in influencing the market.√
- Grace Textiles has more power over Marlene's events√, since Grace Textiles is the only supplier in the market√
- Marlene will have to accept Grace's terms and conditions√, e.g. Grace Textiles can determine the quantities and the prices of the inputs supplied.√
- Grace Textiles can easily increase√ the prices of her services.√
- Any other relevant answer related to the power of suppliers

Sub max (3)

Threat of substitutes / Alternatives√

- Substitute services are different services that at least partly satisfy the same needs of the customers√ and can be used to replace one another.√
- Combined service packages / deals on various functions√ may be available at more affordable prices.√
- Some customers may prefer to design their homes on their own√, which may not require the services of Marlene's Interior Design.√
- Any other relevant answer related to threat of substitute

Sub max (3)

Mark allocation
Forces (1)
Application (2)
Max (12)
[60]

BREAKDOWN OF MARKS

QUESTION	MARKS
2.1	3
2.2	10
2.3.1	3
2.3.2	4
2.3.3	8
2.4	5
2.5	10
2.6.1	3
2.6.2	2
2.6.3	12
TOTAL	**60**

QUESTION 3: BUSINESS VENTURES

3.1 **Non-compulsory risks**

- Car insurance√
- Fire√
- Natural elements such as hail, wind, etc.√
- Theft√
- Money in transit√
- Burglary√√
- House / factory insurance
- Any other relevant non-compulsory risk **(3x1) (3)**

3.2 **Retirement annuity**

It is non-compulsory insurance√ to help the worker financially after retirement.√
The worker pays fixed monthly premiums√ over a long period.√ At a chosen age the insurance will pay out a lump sum√ and pay monthly contributions to the retired persons or his / her next of kin.√
Any other relevant definition related to retirement annuity **Max (2)**

3.3 **Roles of health and safety representatives in the workplace**

- They must check the effectiveness√ of health and safety measures.√
- They must identify√ potential dangers in the workplace.√
- With the employer they must investigate √ any accidents or complaints from the workers.√
- Initiate, promote, maintain and review √ measures ensuring the health and safety of the workers. √
- Ensure that workers' health and safety is not affected√ by hazards resulting from production, processing, storage and transportation material and equipment. √
- Provide and maintain all the equipment√ that is necessary to perform the work√.
- Reduce dangers to workers√ by providing protective clothing. √
- Ensure that dangerous equipment√ is used under the supervision of trained workers. √
- Promote safety education√ to limit potential dangers to employees.√

Any relevant answer related to the roles of healthy and safety representatives
NOTE: Mark the first FOUR (4) roles only **Max (8)**

3.4 **The need for good faith in an insurance contract**

The insured must be honest√ and tell the insurer everything that may affect the extent of the risk√, so that the insurer can correctly determine the value of the policy√ and the premium.√
Any other relevant answer related to good faith **Max (4)**

3.5 **Differentiate between the styles**
Autocratic

With this style all the decision-making powers√ rest with the leader.√
The leader does not consult√ with the followers.√
It is a top√ to bottom style.√
Any other relevant description of the autocratic leadership style Sub max (4)

Transactional

In this leadership style the employees are rewarded√ when they are successful√ and punished√ when they fail.√
The leader uses disciplinary acts√ to motivate the employees.√
Any other relevant description of the transactional leadership style Sub max (4)

NOTE: The answer does not have to be in a tabular format but distinction must be clear. **Max (8)**

3.6 **Applying the Democratic style**

- It can be used when management needs workers to participate in decisions.√√
- It can be used when management needs creative input from workers.√√
- It can be used when there is enough time to involve employees.√√
- Any other relevant fact on the applying of the Democratic style
  NOTE: Mark the first TWO (2) only. **(2x2) 4)**

3.7.1 Private Company√ **(1)**

3.7.2 **Impact of factors on private company's success / failure**

(a) Capacity

Success	• Private companies have a greater capacity√ to raise capital than sole traders or close corporations.√ • There are no longer limitations on the number of shareholders, √ therefore it can be increased to raise more capital to expand.√ • The company has good long-term opportunities√ for growth.√ • The continuity of private companies are unlimited√ and it will be favourable for the growth of a company.√ • Any other relevant fact
Failure	• Small private companies with a few shareholders have a limited capacity√ to raise capital and to produce on a large scale√ • The capacity of private companies is more limited√ than big public companies. √ • Any other relevant fact Sub max (4)

(b) Management

Success	• They can employ or elect√ their own management or directors.√ • There is more creativity√ because there are more people involved.√ • They can make better decisions√ because there are more people involved.√ • Any other relevant fact
Failure	• Directors do not always have the required√ management skills.√ • Directors do not always have personal interest√ in the company.√ • Any other relevant fact Sub max (4)

(c) Legal requirements

Success	• The founding procedure is simpler√ according to the new Act No. 71 of 2008√ • Because the responsibility is reduced, √ it will allow more growth opportunities.√ • Auditing of financial statements (when necessary) √ will add to the financial credibility of the company.√ • If the company adheres to all the requirements of the government√ it can benefit from government tenders.√ • The directors or shareholders are not liable√ for the losses of the company.√ • Any other relevant fact
Failure	• The founding procedure is still expensive and time consuming√ because there is a lot of paperwork to be done.√ • More capital is required√ for expenses to start the company.√ • Auditing (when required) √ is an expensive procedure.√ • If a company does not adhere to the legal requirement√ CIPC can cancel their licence.√ • Any other relevant fact Sub max (4)

Max (12)

3.8 **Use of graphs when making a presentation**

- Graphs will present the numbers of the statement visually√ and make it more meaningful and memorable.√
- It is a way of presenting information to the directors √who learn best through visuals.√
- There are different types of graphs that can be used√: e.g. bar graphs, line graphs, etc.√
- It is easy to make comparisons√ between different years, departments, etc.√
- It is easier to see trends,√ progress or movement with graphs.√
- Any other answer related to the advantage of the use of graphs

Max (6)

3.9 3.9.1 **The problem with John's insurance**

Average clause√√ **(2)**

3.9.2 **Meaning of average clause**:

The property in this business is **under insured**. √√
The insurer will use the average clause to calculate the **pro rata amount** that will be paid out / only a part of the claim will be paid out.√√ **Max (4)**

3.9.3 **Calculation of John's insurance**

Amount that will be paid by the insurer:

$$\frac{\text{Insured amount}}{\text{Real value}} \checkmark \times \frac{\text{amount of damage}}{1} \checkmark$$

$$= \frac{800\,000}{1\,000\,000} \times \frac{50\,000}{1} \checkmark$$

$$= \text{R } 40\,000 \checkmark$$ **(6)**

The insurer will only pay R 40 000 of the damage of the property. √√

NOTE:
1. **Allocate full marks (6) if the answer is correct and no workings are shown.**
2. **If workings are shown correctly, but the final answer is wrong, award a maximum of TWO marks.**
3. **If the answer is incorrect award a maximum of ONE mark for understanding of concept and method.**
4. **If there are no workings shown and the answer is incorrect, allocatea ZERO mark.**

[60]

BREAKDOWN OF MARKS:

QUESTION	MARKS
3.1	3
3.2	2
3.3	8
3.4	4
3.5	8
3.6	4
3.7.1	1
3.7.2	12
3.8	6
3.9.1	2
3.9.2	4
3.9.3	6
TOTAL	**60**

QUESTION 4: BUSINESS ROLES

4.1 **Identify the problem solving technique:**

4.1.1 Brainstorming√√
4.1.2 Delphi technique √√
4.1.3 Empty chair technique √√
4.1.4 Forced-field analysis√√
4.1.5 Forced combinations √√ **(5x2) (10)**

4.2 **Characteristics of a successful team:**

- Successful teams have clear objectives√ which will make the business more productive.√
- Successful teams have agreed goals√ which will improve their commitment.√
- Successful teams have an openness√ which will resolve conflict quicker.√
- Successful teams have mutual respect√ which will reduce conflict in the team.√
- Successful teams support and trust each other√ so they will be loyal and reliable.√
- Successful teams have good interpersonal relationships, √ which will lead to job satisfaction.√
- Successful teams review team's progress√ and rectify their mistakes and align themselves to the goals.√
- Any other relevant answer related to the charactaristics of a successful team

Max (8)

4.3 **Practical ways to handle diversity in the workplace**

4.3.1 **Poverty**

- They can implement a work uniform to save money on clothing.√√
- They can provide affordable meals at the cafeteria. √√
- They can provide transport to the workplace.√√
- They can give bursaries to the children of the employees.√√
- They can subsidize housing for their workers.√√
- Any other relevant example concerning poverty Sub max (4)

4.3.2 **Language**

- They must implement an official language in the workplace and expect the employees to communicate in that language.√√
- Sometimes they must hire an interpreter to allow everybody to understand what is expected from them.√√
- The contracts of the business must be understandable or there must be someone who can interpret it for all the parties.√√
- Any other relevant example concerning language Sub max (4)

4.3.3 **Age**

- Promotions must not be linked to age, but to the skills of the person. √√
- The age of the workers must vary between 18 to 65 years. √√
- A business can employ a worker older than retirement age if he is the most skilful person. √√
- Older employees must be encouraged to mentor younger employees.√ √
- Younger employees must be encouraged to respect older employees. √√
- The business must be sensitive when handling the wide spectrum of ages in the workplace. √√
- Any other relevant example concerning age Sub max (4)

Max (12)

4.4 **Benefits / advantages of diversity in the workplace**

- There is more creativity√ because diverse teams have more ideas.√
- Productivity increases√ more diverse skills are available in diverse teams.√
- Teams are more tolerant √ because they learn to accept different people and ideas.√
- Diverse teams are able to learn new skills√ and handle more challenges.√
- Employees have a feeling of security√ and experience more fulfilment.√
- The business adheres to the different acts concerning diversity.√ This will bring monetary benefits like government tenders.√
- Any other relevant benefit from correct implementation of diversity **Max (8)**

4.5 **Complete the table**

4.5.1 Unethical practice	**4.5.2 Strategies**
Ralph appointed his niece.√	Adhere to the Employment Equity Act.√√ There must be policy on appointments√√ S
Factory dumpted waste into the Apies river.√	Adhere to the conservation acts.√√ The business must educate employees on conservation.√√ Sub max (2)
Peter does not always return to the factory after making deliveries.√	Disciplinary actions on the misuse of time√√ A book to sign in and out√√ Sub max (2)
Peter uses the truck for private trips.√	The business can install a tracking devise in the truck√√ The business can record the kilometres of the truck in a log book.√√ Sub max (2)
The company does not declare all its income to SARS.√	There must be internal audits as well as external audits for the company.√√ The business must set a culture of corporate integrity.√√ Sub max (2)
	Any other relevant strategy related to the unethical business practices
(4x1) (4)	**Max (8)**

(12)

NOTE: 1. Mark first FOUR (4) unethical practices only.
2. The unethical practice must be quoted from the scenario.
3. Mark only strategy for correct unethical practice.

4.6 **Principles of ethical business conduct**

4.6.1 **Transparency**

- Decisions / Actions must be clear √ to all stakeholders. √
- Business should give details of shareholders' voting rights to them √ before / at the Annual General Meeting (AGM). √
- Business dealings / transactions √ must be open / honest. √
- Business policies and process √ must be clear and understood by all stakeholders. √
- The board of directors must report on both the negative and positive impact √ of the business on the community / environment. √
- Any other relevant answer related to transparency as a principle of ethical business conduct Sub max (2)

4.6.2 **Accountability**

- Business should be accountable / responsible √ for their decisions / actions. √
- Business should present accurate annual reports to shareholders √ at the Annual General Meeting (AGM). √
- Top management should ensure that other levels of management are clear about their roles and responsibilities √ to improve accountability. √
- Any other relevant answer related to accountability as a principle of ethical business conduct Sub max (2)

Max (4)

4.7 **Ways to promote social rights**

- The business must make sure that the workers have the right to health care.√√
- The business must register its worker with the UIF.√√
- The business must encourage its workers to participate in social events like World Aids Day.√√
- The business can bring clinics to the business once a week.√√
- Encourage employees / Provide opportunities for skills training / basic education.√√
- Any other relevant fact how to promote social rights. **(3x2) (6)**

[60]

BREAKDOWN OF MARK ALLOCATION:

QUESTION	MARKS
4.1	10
4.2	8
4.3	12
4.4	8
4.5.1	4
4.5.2	8
4.6	4
4.7	6
Total	**60**

QUESTION 5: BUSINESS OPERATIONS

5.1 **Examples of fringe benefits**

- Pension√
- Medical aid√
- Provident fund√
- Housing / Car / Travelling / Clothing allowances / Allowances√
- Unemployment Insurance Fund / UIF√
- Leave / √
- Employee share option schemes√
- Performance based incentives√
- Issuing of bonus shares√
- Access to discount products / service / company facilities√
- A cafeteria that provides subsidised / free meals√
- Any other relevant examples of fringe benefits.

NOTE: Mark the first FOUR (4). **(4x1) (4)**

5.2 **Distinction between piece-meal and time-related salary determination methods**

Piece-meal	Time related
- Workers are paid according to the number√ of items / units produced / actions performed.√	- Workers are paid for the amount of time√ they spend at work / on a task.√
- Workers are not remunerated for the number of hours worked√, regardless of how long it takes to make the items.√	- Workers with the same experience / qualifications are paid on salary scales√ regardless of the amount of work done.√
- Mostly used in factories√ particularly in the textile / technology industries.√	- Most private and public sector businesses√ use this method.√
- Any other relevant answer related to a piece-meal salary determination method	- Any other relevant answer related to a time related salary determination method
Sub max (2)	Sub max (2)

NOTE: 1. The answer does not have to be in tabular format, but the distinction must be clear.
2. Award a maximum of TWO (2) marks, if the distinction is not clear.
Max (4)

5.3.1 Thabo was not performing his duties effectively √ **(1)**

5.3.2 **Reasons for terminating an employment contract**
Retirement√√
An employee reaches a pre-determined aged. √
Resignation√√
Employees may decided to leave employment voluntarily. √
Retrenchment√√
The business may experience financial problems and may not be able to pay the employees√.
Restructuring√√
The employer may no longer have work for the redundant employees. √√
NOTE: Mark the first THREE (3) only. **(3x3) (9)**

5.4 **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 inquisitive and show interest√ in the business.√
- Ask clarity-seeking questions,√ be assertive. √
- Show respect√ and treat the interview with its due importance.√
- Be honest about mistakes√ and explain how you dealt with it.√
- Know your strengths and weaknesses and be prepared to discuss it. √

Max (8)

5.5 5.5.1 Administration function √√ **(2)**
5.5.2 Public relations function √√ **(2)**

5.6 **Quality indicators for the marketing function**

- Acquire a greater market share√ through good customer service. √
- Win customers' loyalty√ by satisfying their needs / wants and build positive relationships. √
- Adhere to ethical advertising practices√ when promoting products / services. √
- Identify competitive edge√ by conducting regular market research. √
- Differentiate products√ to increase the target market and profitability√.
- Constant review √ of value issues√.
- Communicate effectively with customers √ to get feedback about their experiences of the products and services sold.√
- Co-ordinate distribution√ with the production / advertising strategies.√
- Use pricing techniques √ to ensure a competitive advantage. √
- Measure the gaps between customer expectations√ and their actual experiences so that problems regarding quality of products / services can be diagnosed and addressed. √
- Make adjustments and changes to products / services√ based on feedback received from customers. √
- Use aggressive advertising campaigns√ to sustain the market share. √
- Any other relevant answer related to the quality indicator of the marketing function

Max (6)

5.7.1 **Continuous improvement to processes and systems cycle**

Plan√
- Wilbur should identify the problem.√
- Develop a plan for improvement to processes and systems.√
- Answer questions such as *'what to do?'* and *'how to do it?'*.√
- Plan the method and approach.√ Sub max (2)

Do√
- Wilbur should implement the change on a small scale.√
- Implement the processes and systems.√ Sub max (2)

Check / Analyse√
- Use data to analyse the results of change.√
- Determine whether it made a difference.√
- Check whether the processes are working effectively.√
- Assess, plan and establish if it is working / if things are going according to plan.√ Sub max (2)

Act as needed√
- Institutionalise the improvement.√
- Devise strategies on how to continually improve.√
- If the change was successful, implement it on a wider scale.√
- Continuously revise the process.√ Sub max (2)

Any other relevant answer related to how Wilbur can use PDCA model / cycle to continuously improve their processes and systems cycle improve the quality of products. **Max (8)**

5.7.2 **Benefits / Advantages 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 and services are constantly improved√ resulting in increased levels of customer satisfaction.√
- Vision / Mission / Business goals√ may be achieved. √
- Business has a competitive√ advantage over its competitors. √
- Regular training will continuously improve the quality of employees' skills√ and knowledge. √
- Employers and employees will have a healthy working relationship√ resulting in happy / productive workers. √
- Increased market share√ and profitability√.
- Any other relevant answer related to the benefits of a good quality management system **Max (8)**

5.8 **Impact of Continuous Skills Development on large businesses**

Positives / Advantages

- Large businesses have human resources departments√ dedicated to skills training and development.√
- Human resources experts√ ensure that training programmes are relevant to increased customer satisfaction.√
- Ability to afford√ specialised / skilled employees√
- May be able to conduct skills audits√ to establish the competency / education levels of staff performing work which could affect the quality of products / processes√
- May be able to hire qualified trainers√ to train employees on a regular basis√
- Any other relevant answer related to the positives / advantages of continuous skills development

AND / OR

Negatives / Disadvantages

- Poor communication system√ may prevent effective training from taking place.√
- Trained employees may leave for better jobs√ after they have gained more skills.√
- Demotivates employees√, if they do not receive recognition for training.√
- Employees who specialise 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 negatives / disadvantages of continuous skills development **Max (8)**

BREAKDOWN OF MARKS

QUESTION	MARKS
5.1	4
5.2	4
5.3.1	1
5.3.2	9
5.4	8
5.5.1	2
5.5.2	2
5.6	6
5.7.1	8
5.7.2	8
5.8	8
TOTAL	**60**

QUESTION 6: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENT

6.1 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 / PESTLE / Porter's Five Forces model (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.√
- Any other relevant answer related to a description of the strategic management process

OR

OPTION 2

- Review√ vision statement.√
- Analyse / Re-examine√ mission statement.√
- Conduct an 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 a description of the strategic management process

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

6.2 **Effectiveness of the Employment Equity Act (EEA) on businesses**

- Promotes equal opportunity√ and fair treatment in the workplace√
- Ensures the implementation of affirmative action measures√ to redress the imbalances in employment√
- Encourages diversity in business √ by employing people from various racial / cultural / religious backgrounds.√
- Provides all employees with an equal opportunity√ to be selected / appointed / promoted in a position√
- Prevents unfair discrimination against employees√ in any employment policy / practice on one / more grounds, including race / gender / disability / language√, etc.
- Creates a framework of acceptable employment practices√ and affirmative action measures√
- Provides employees with legal recourse√ if they believe they have been unfairly discriminated against√
- Encourages consultation√ between employer and employees√
- Compels businesses to develop / implement√ an employment equity plan√
- Any other relevant answer related to the effectiveness of EEA on businesses

Max (9)

BUSINESS VENTURES

6.3 **Benefits of the UIF**

- People who are temporarily unemployed or retrenched can claim from the fund.√
- Women on unpaid maternity leave or unpaid adoption leave can claim from the fund.√
- People on unpaid sick leave due to illness or hospitalisation can claim from the fund.√
- Families after the breadwinner died can claim from the fund.√
- When the contract of a contributor is terminated he / she can claim from the fund.√
- Any other relevant benefit from participating in the UIF
- **NOTE: Mark first FOUR (4) only.** **Any (4x1) (4)**

6.4 **Provisions from the RAF**

- The purpose of the fund is to compensate√ injured road accident victims.√
- Drivers, passengers and pedestrians are covered√ against financial losses due to injuries.√
- The fund will pay for hospital and medical√ financial losses due to injuries.√
- The fund will pay for loss of income√ due to the accident.√
- A driver of a car is covered when a third party is hurt or killed in an accident√ as a result of negligence.√
- The RAF does not cover damage to property√ or death of a member's family.√
- Any other relevant answer related to provisions of the RAF. **Max (4)**

6.5 **Role of personal attitude in successful leadership**

- Positive attitude releases√ leadership potential.√
- A leader's good / bad attitude√ can influence the success / failure of the business.√
- Leaders must know their strengths and weaknesses√ to apply their leadership styles effectively.√
- Great leaders understand that the right attitude√ will set the right atmosphere.√
- Leaders' attitudes may influence√ employees' / teams' thoughts / behaviour.√
- Leaders should model the behaviour√ that they want to see in team members.√
- Successful leaders consider the abilities / skills of team members√ to allocate tasks / roles effectively.√
- Enthusiasm√ produces confidence in a leader.√
- A positive attitude is critical for good leadership√ because good leaders will stay with the task regardless of difficulties / challenges.√
- Successful employees and leaders have a constant desire to work√ and achieve personal / professional success.√
- Leaders with a positive attitude know√ that there is always more to learn / space to grow.√
- Any other relevant answer related to the role of personal attitude in successful leadership **Max (8)**

BUSINESS ROLES

6.6 **Causes for conflict in the team**

- Shortage of resources√
- Unfair workload √
- Poor management decisions√
- Stress levels are high√
- Personal differences √ **(3x1) (3)**

NOTE: Do not mark any cause of conflict that is not quoted from the scenario.

6.7 **The stages of team development**

- Forming√ √
  In this stage, team members get to know each other and accept their roles in the team. √
- Storming√√
  At this stage, there is conflict because they confront each other with their ideas.√
- Norming√√
  Team members accept each other and set common goals and values for the team.√
- Performing√√
  In this stage, the teams are achieving their goals.√
- Mourning√√
  In this stage, team members have to leave a team and prepare themselves for the next team.√
- Any other relevant description concerning stages of team development

Mark allocation: **Stages (8)**
Explanation (4)
(4x3) (12)

NOTE: Mark the first FOUR (4) stages only.

BUSINESS OPERATIONS

6.8 **Implications of the Skills Development Act on the Human Resources function**

- The human resources function should interpret the aims and requirements of the SDA√ and adapt workplace skills training programmes accordingly.√
- Identify the training needs of the employees√ and provide them with training opportunities so that they will perform their tasks efficiently.√
- Use the National Qualification Framework / NQF√ to assess the skills levels of employees.√
- Interpret / Implement the aims / requirements of the framework√ for the National Skills Development Strategy.√
- Assist managers in identifying skills / training needs√ to help them to introduce learnerships.√
- They should contribute 1% of their salary bill√ to the Skills Development Levy / SDL.√
- Ensure that training in the workplace√ is formalised / structured.√
- Appoint a full / part-time consultant√ as a Skills Development Facilitator.√
- Any other relevant answer related to the implications of the Skills Development Act on the Human Resources function **Max (8)**

6.9 **Impact of TQM if poorly implemented**

- 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 satisfy the needs of customers.√
- The reputation of the business√ may suffer because of faulty 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.√
- Bad publicity√ due to poor quality products supplied√
- Decline in sales√, as returns from unhappy customers increase√
- High staff turnover√, because of poor skills development√
- Undocumented quality control systems / processes√ could result in errors or deviations from pre-set quality standards.√
- Any other relevant answer related to the negative impact resulting from poor TQM **Max (6)**

BREAKDOWN OF MARK ALLOCATION: **[60]**

QUESTION	MARKS
6.1	6
6.2	9
6.3	4
6.4	4
6.5	8
6.6	3
6.7	12
6.8	8
6.9	6
TOTAL	**60**

TOTAL SECTION B: 180

QUESTION 7: BUSINESS ENVIRONMENT (LEGISLATION)

7.1 Introduction

- The CPA was promulgated / introduced to redress economic inequalities of the past.√
- It applies to consumers / buyers in South Africa.√
- It promotes the social / economic welfare of consumers in South Africa.√
- The Act impacts on almost every business sector in South Africa.√
- Consumers are regarded as recipients of goods and services.√
- Any other relevant introduction related to the Consumer Protection Act **(2x1) (2)**

7.2 Purpose of the Consumer Protection Act (CPA)

- Promotes fair / accessible and sustainable places for people to sell their products√√
- Establishes national standards to protect consumers√√
- Provides guidelines for better consumer information and to prohibit unfair business practices√√
- Promotes responsible consumer behaviour√√
- Promotes consistent laws relating to consumer transactions and agreements√√
- Establishes a National Consumer Commission (NCC)√√
- Ensures that consumers have access to information they need to make informed choices√√
- Promotes the rights and full participation of historically disadvantaged individuals as consumers√√
- Ensures that consumers are not misled / deceived by suppliers of goods / services√√
- Promotes consumer safety by protecting them from hazardous products / services√√
- Strengthens a culture of consumer rights and responsibilities√√
- Empowers consumers to take legal action if their rights are not upheld√√
- Protects consumers against contracts which include unfair terms that limit the liability of suppliers√√
- Protects consumers against unscrupulous businesses such as fly-by-night franchisors√√
- Allows consumers and businesses to resolve disputes fairly√√
- Any other relevant answer related to the purpose of the Consumer Protection Act

Max (10)

7.3 Consumer rights

Right to choose√√
Consumers have the right to ...

- choose suppliers√ and goods.√
- shop around√ for the best prices.√
- reject goods that are not the same√ as the marketed sample.√
- cancel / renew√ fixed-term agreements.√
- request written√ quotations / cost estimates.√
- Any other relevant answer related to the consumers' right to choose

Sub max (4)

Right to privacy and confidentiality√√
- Consumers have the right to stop / restrict√ unwanted direct marketing.√
- They can object√ to unwanted promotional e-mails / telesales.√
- They have the right to stop / lodge complaints√ about the sharing of their personal details.√
- Any other relevant answer related to the consumers' right to privacy and confidentiality Sub max (4)

Right to fair and honest dealings√√
- Suppliers may not use√ physical force or harass customers.√
- Suppliers may not give√ misleading / false information.√
- Businesses may not promote pyramid schemes√ and / or chain-letter schemes.√
- Businesses may not overbook / oversell goods / services√ and then not honour the agreement.√
- Any other relevant answer related to the consumers' right to fair and honest dealings Sub max (4)

Right to information about products and agreements / Right to disclosure and information√√
- Contracts and agreements√ should be in plain language and easy to understand.√
- Businesses should display prices√ which are fully inclusive, disclosing all costs.√
- Consumers may request the unit and bulk price√ of the same product.√
- If two prices for the same product are displayed√, consumers should pay the lower price.√
- Businesses should label products√ and trade descriptions correctly.√
- Any other relevant answer related to the consumers' right to information / disclosure Sub max (4)

Right to fair / responsible marketing / promotion√√
- Businesses should not mislead consumers√ on pricing, benefits / uses of goods.√
- Consumers may cancel purchases made through direct marketing√ within five working days / cooling off-period.√
- All information related to the country of origin / expiry dates / ingredients of the products√ should be disclosed / clearly labelled.√
- Any other relevant answer related to the consumers' right to fair marketing / promotion Sub max (4)

Right to fair value / good quality and safety√√
- Consumers have the right to demand√ quality service or goods.√
- They have the right to return faulty items√ if the fault occurs within six months after purchasing the item.√
- Consumers may receive an implied√ warranty or a written warranty.√
- Any other relevant answer related to the consumers' right to fair value, good quality and safety Sub max (4)

Right to accountability from suppliers√√
- Consumers have the right to be protected√ in lay-bye agreements.√
- Businesses should honour credit vouchers√ and prepaid services.√
- Any other relevant answer related to the consumers' right to accountability from suppliers Sub max (4)

Right to fair / just / reasonable terms and conditions√√
- Businesses should provide consumers with written notices of clauses √ that may limit consumer rights.√
- Businesses may not market / sell goods√ at unfair prices.√
- Any other relevant answer related to the consumers' right to fair / just / reasonable terms and conditions Sub max (4)

Right to equality in the consumer market place√√
- Businesses should not limit√ access to goods and services.√
- Quality of goods may not vary√ when supplied to different consumers.√
- Businesses may not charge different prices√ for the same goods / services.√
- No discrimination should occur√ when businesses market products and services in different areas / places.√
- Any other relevant answer related to the consumers' right to equality in the consumer market place Sub max (4)

Mark allocation of rights: **Right (2)**
Discussion (2)

NOTE: Mark the first FOUR (4) only. **Max (16)**

7.4 **Impact of CPA on businesses**
Positives / Advantages
- Enables businesses to resolve disputes fairly√ through the National Consumer Commission / Consumer Court / Industrial ombudsmen√
- Businesses may build a good image√ when they ensure that consumer rights are not violated.√
- May gain consumer loyalty√, if they comply with the CPA.√
- Businesses are less likely to have court cases against them√ for consumer rights violations.√
- Businesses may be protected√ if they are regarded as consumers.√
- They may be safeguarded√ from dishonest competitors.√
- Prevents larger businesses√ from undermining smaller ones√
- Any other relevant answer related to the positive impact / advantages of CPA on businesses

AND / OR

Negatives / Disadvantages

- Businesses have to replace / repair faulty items / refund money√ if the fault occurs within six months after purchase.√
- They must disclose more information√ about their products and processes / services.√
- Confidential business information√ may become available to competitors.√
- Consumers can take advantage of businesses√ and return goods when it is not necessary to do so.√
- Processes and procedures required by CPA√ can be expensive and time consuming.√
- Businesses may feel unnecessarily burdened√ by legal processes.√
- Penalties for non-compliance√ may be very high.√
- Staff need to be trained / Legal experts need to be consulted√, which can increase costs.√
- Many business documents need to be simplified / revamped at extra cost√, as consumers have a right to receive contracts in simple / understandable language.√
- Administration costs increase√, as legal contracts need to be worded in plain language / pitched at the level of the consumer.√
- Businesses may need insurance√ against claims from consumers√
- Supply chain management in stock levels will have to change√, as defective goods have to be replaced within six months at the request of the customer.√
- Information technology systems need to be improved√ as the retailer must keep more detailed records of interactions with consumers / be able to report to the National Consumer Commission.√
- Any other relevant answer related to the negative impact / disadvantages of the CPA on businesses **Max (12)**

7.5 **Practical ways to comply with the CPA**

- Disclose prices of all products on sale.√√
- Ensure that goods / services offered are standardised / of the same quality.√√
- Comply with the legal requirements of promotional competitions.√√
- Display the name of the business on all business documents, e.g. letterheads / invoices / contracts.√√
- All agreements must provide for a five-day cooling-off period.√√
- Comply with requirements regarding the display of information on labels / packaging, e.g. smoking is hazardous for pregnant woman.√√
- Bundling of goods / services should benefit consumers, e.g. offering a cell phone and a tablet at a special price.√√
- Provide adequate training to staff on the CPA.√√
- Implement measures that will facilitate complaints, e.g. suggestion boxes.√√
- Any other practical way that business should implement to comply with the CPA **Max (8)**

7.6 **Conclusion**

- The CPA forces both businesses and consumers to act responsibly when doing business.√√
- Non-compliance by businesses may result in penalties / legal action.√√
- Any other relevant conclusion related to the CPA **Max (2)**

[40]

BREAKDOWN FOR MARKS

DETAILS	MAXIMUM	TOTAL
7.1 Introduction	2	**Max 32**
7.2 Purpose of CPA	10	
7.3 Consumer rights	16	
7.4 Impact of CPA	12	
7.5 Compliance by business	8	
7.6 Conclusion	2	
INSIGHT		**8**
Layout	2	
Analysis	2	
Synthesis	2	
Originality	**2**	
TOTAL		**40**

QUESTION 8: BUSINESS VENTURES (INVESTMENTS)

8.1 Introduction

- Investment is using money or capital to buy financial products.√
- Businesses will invest their money to get returns like interest or dividends, etc.√
- Investment securities can be categorised as low risk, moderate risk or high risk.√
- The safer the risk, the smaller the return one gets.√
- Most cash investments can be easily withdrawn.√
- Any other relevant fact **(2x1) (2)**

8.2 Functions of the JSE

- Gives opportunities to financial institutions such as insurance companies√ to invest their funds in shares√
- Serves as a barometer / indicator√ of the economic condition in South Africa√
- Keeps investors informed on share prices√ by publishing share prices daily√
- Acts as a link√ between investors and public companies√
- Shares are valued√ and assessed by experts√
- Small investors√ are invited to take part in the economy through the buying and selling of shares√
- Ventures into capital markets√ are made possible√
- Orderly markets for securities√ serve as a disciplined market for securities√
- Encourages√ new investments√
- Mobilises the funds √ of insurance companies and other institutions√
- Raises√ primary capital√
- Regulates markets√ for dealing with shares√
- Plans, researches and advises√ on investment possibilities√
- Ensures that the market√ operates in a transparent manner√
- Provides protection√ for investors√
- Encourages short-term√ investments√
- Facilitates electronic trading√ of shares / STRATE√
- Any other relevant function of the JSE **Max (10)**

8.3 Distinguish between ordinary and preference shares

Ordinary shares	Preference shares
- Ordinary shares only receive dividends√ when profit is made.√	- Some of these types of shares receive dividends√ regardless of profit made.√
- Normally the higher the profit√, the higher the dividend.√	- A fixed rate of return is paid√ on this type of shares.√
- Shareholders are the last to be paid√, if the company is declared bankrupt / liquidated.√	- Shareholders have a preferred claim on company assets√ in the event of bankruptcy / liquidation.√
- Ordinary shares are standard shares√ with no special rights or restrictions.√	- These shares enjoy preferential rights√ to dividends / repayment over ordinary shares.√
- Dividends vary from year to year according to profits made√ as determined by the company.√	- Dividends are payable√ according to the type of preference share.√ Non-cumulative preference shareholders√ will not receive any outstanding dividends from previous years.√
- Shareholders have a right to vote√ at the Annual General Meeting.√	**OR**
- Any other relevant answer related to ordinary shares	Cumulative shareholders√ will receive outstanding dividends from previous years.√
	- Voting rights are restricted√ to parti-cular circumstances / resolutions.√
	- Any other relevant answer related to preference shares

Max (10)

8.4 Evaluate shares as an investment option

Return / reward

- The profit on shares is called dividends.√√
- Dividends are paid to shareholders according to an amount per share.√√
- Shares often offer higher returns than other investments.√√
- The return rate is calculated with the formula:

$$\frac{\text{Annual dividends / share}}{\text{Share price}} \times \frac{100\surd\surd}{1}$$

- Any other relevant fact regarding return on shares

Sub max (4)

Term of investment

- The term of investment is normally medium term or long term.√√
- A shareholder can sell his shares at any time.√√
- The price of the shares depends on how well the company is performing. Sometimes a shareholder has to wait before he can sell his shares.√√
- Any other relevant fact regarding term of investment Sub max (4)

Risk

- The liability of shareholders is limited.√√
- If a company goes bankrupt the shareholder can only lose the money he invested in the shares.√√
- Although the returns on shares are higher, the risk is also higher.√√
- Share prices fluctuate depending on demand and supply.√√
- Any other relevant fact regarding risk factor Sub max (4)

Max (12)

8.5 Justify investment in unit truts as an investment option

- Management:√√
  A professional person will look after the investment.√
- Diversification:√√
  Funds will be invested in different shares.√
- Cost effective:√√
  An investor can invest even small amounts in unit trusts.√
- Liquidity:√√
  It is easy to invest in unit truts and easy to withdraw money from the investment.√

Max (12)

8.6 **Conclusion**

- It is important for the company to know all the possible investment options and take into consideration all the factors that can influence an investment before choosing the best option.√√
- The JSE publishes enough information on the performance of companies for investors to use when they want to invest in companies.√√
- Any other relevant conclusion on investments **Max (2)**

[40]

BREAKDOWN FOR MARKS

DETAIL	MAXIMUM	TOTAL
8.1 Introduction	2	**Max 32**
8.2 Functions of the JSE	10	
8.3 Difference	10	
8.4 Evaluation of shares	12	
8.5 Justify unit trusts	12	
8.6 Conclusion	2	
INSIGHT		**8**
Layout	2	
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		**40**

QUESTION 9: BUSINESS ROLES (CORPORATE SOCIAL INVESTMENT)

9.1 **Introduction**

- Corporate social investment refers to the money, time, skills and expertise that are invested to help communities and the environment.√
- These investments can be made towards non-profit organisations or to the community.√
- The government expects companies to invest in their communities.√
- The impact of CSI on business can be positive because it improves the loyalty of the community as well as the employees.√
- Any other relevant fact concerning CSI **(2x1) (2)**

9.2 **Nature of Corporate Social Investment**

- The nature of CSI depends√ on the business entity.√
- Businesses link their CSI initiative with their business practices√ when they make their skills, expertise and equipment available for CSI.√
- Businesses can also make use of their money√ and time√ to carry out CSI.√
- It is important for the business to follow up on the progress√ of the project to ensure a long-term change in the community.√
- Businesses must make sure that the project they choose to invest in√ will solve a specific problem in the community.√
- The King Commission has contributed greatly√ to improve the CSR and CSI practices in South Africa.√
- Any other relevant fact concerning the nature of CSI Max **(10)**

9.3 **Relationship between triple bottom line and social responsibility**
Profit / Economic √√

- Triple bottom-line means that businesses should not only focus on profit√ and charge high prices, but should also invest in CSI projects.√ Many companies in the Free State contributed to the water projects in towns which suffer without water.√
- Businesses should not make a profit√ at the expense of its community.√ A factory with harmful toxic waste cannot open near a residential area.√
- Any other relevant link between profit and social responsibility Sub max (4)

People / Social √√

- Business operations should not have a negative impact and exploit people / employees / customers.√ Businesses must pay fair wages and demand fair hours from their employees.√
- Businesses should engage / invest in sustainable community programmes / projects√ that will uplift communities.√ If the business initiates a shuttle for their workers it must be a permanent arrangement.√
- Any other relevant answer related to link people and social responsibility Sub max (4)

Planet / Environment: √√

- Businesses should not exhaust resources / harm the environment√ for production purposes.√ Fishermen must keep to the quota, for example for Tuna, or else it will become an endangered species√
- Businesses must support √energy-efficient / eco-friendly programmes.√ The business can install systems which will use less electricity or switch off the lights automatically if there is no movement in the room.√
- Any other relevant answer related to the planet and social responsibility

Sub max (4)

Allocation of marks:

Aspect: (2)
Explanation: (2)
Max (12)

9.4 **Impact of CSI on the community**

Positive

- It improves the standard of living√ of the community by attending to the problems.√
- The CSI projects can contribute√ to job creation in the community.√
- It helps to educate the community√ when contributing to skills development.√
- It contributes to making the community independent√ by involving them in the contribution to the long-term sustainability of projects.√
- CSI helps to preserve and uplift√ the environment through their projects.√
- It helps to contribute√ towards a better infrastructure in the community.√
- Any other relevant advantages of CSI Sub max (10)

AND / OR

Negative

- There is not always long-term advantages√ because businesses often do not help with the maintenance of the projects.√
- Businesses are not always skilful enough√ to help with the real needs of the community.√
- Sometimes communities wait for businesses√ to help them and do nothing on their own.√
- Sometimes businesses do not care about the community√ but only do it for own profit.√
- Often CSI projects are not sustainable√ in the long-term.√
- Any other relevant disadvantage of CSI Sub max (10)

Max (12)

9.5 **CSI initiatives to protect the environment**

- Promote nature conservation.√√
- Restore environmental damage.√√
- Donate money to find alternative energy√√
- Recycle waste projects.√√
- Change business operations to be more environmentally friendly.√√
- The business raises awareness programmes about protecting the environment.√√
- Change the business building to be 'green friendly'.√√
- Donate money to save endangered species. √√
- Any other answer related to CSI projects / businesses can focus on to protect the environment **Max (10)**

9.6 **Conclusion**

- CSR and CSI are responsibilities that are expected from all businesses.√√
  CSI will not only benefit society but the business as well.√√ **(2)**

[40]

BREAKDOWN FOR MARKS

	DETAILS	MAXIMUM	TOTAL
9.1	Introduction	2	**Max 32**
9.2	Nature	10	
9.3	Triple bottom-line	12	
9.4	Impact	12	
9.5	CSI projects	6	
9.6	Conclusion	2	
INSIGHT			**8**
Layout		2	
Analysis		2	
Synthesis		2	
Originality		2	
TOTAL			**40**

QUESTION 10: BUSINESS OPERATIONS (HUMAN RESOURCES)

10.1 Introduction

- The purpose of the selection process is to choose applicants who are most likely to succeed in the advertised post.√
- Businesses use various sources of recruitment in order to recruit the best candidates.√
- It is important that new employees are placed according to their strengths and capabilities.√
- New employees must be properly inducted so that they can perform their duties to the best of their abilities.√
- Any other relevant introduction related to selection, recruitment, placement and induction **(2x1) (2)**

10.2 Types of recruitment

Internal recruitment √√

Definition

- XPL can look for suitable candidates√ within the organisation. √

Sources

- Positions can be advertised via internal mail √or on notice boards for existing employees.√
- They can also consider referrals and recommendations √from current employees and managers. √
- Evaluate the profile of existing employees √with the aim of finding suitable candidates for the vacancy. √
- Any other relevant answer related to how businesses can use internal sources for recruitment

Allocation of marks:

Type: (2)
Definition: (2)
Examples: (2)
Sub max (6)

External recruitment √√
Definition
XPL can look for suitable candidates√ outside the organization.√ Submax (4)
Sources

- XPL can use the services of√ employment agencies that provide a service for both job seekers and businesses.√
- Consider people who apply√ directly at the business (walk-ins). √
- Advertise in newspapers, √ trade journals and business magazines.√
- The internet √has become an important source of recruitment. √
- Send out notifications √to registered members. √
- Use a computer database√ e.g. use the information of candidates who have previously applied for jobs at the company. √
- Any other relevant answer related to how businesses can use external sources for recruitment

Allocation of marks:

Type: (2)
Definition: (2)
Examples: (2)
Sub max (6)
Max (12)

10.3 **Selection procedure**

- Determine fair assessment criteria√ on which selection will be based.√
- Use the assessment criteria to assess all CVs / application forms√ received during recruitment.√ / Preliminary screening√ is done by sorting the applications received according to the criteria for the job.√
- Check that applicants are not submitting false documents√ such as forged certificates / degrees.√
- Make a list of all applicants√ who qualify for the post.√
- Screen and check references√, e.g. check applicants' criminal records / credit history / social media√, etc.
- Conduct preliminary interviews√ to sift out applicants who qualify for the job.√
- Inform all applicants√ about the outcome of the application.√
- Compile a shortlist√ of approximately five people.√
- Invite the shortlisted applicants / candidates√ for an interview.√
- Shortlisted candidates may be subjected to various types of selection tests√, e.g. skills test.√
- A written offer is made√ to the chosen candidate√.
- Any other relevant answer related to the selection procedure of the vacant positions

Max (12)

NOTE: Procedures can be in any order.

10.4 Purpose of induction

- Introduce new employees to management / colleagues√ to establish relationships with fellow colleagues at different levels.√
- 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.√
- Communicate information√ about the products / services of Xiao Projects.√
- Allow new employees the opportunity to ask questions√ that will put them at ease / reduce insecurity / anxiety / fear.√
- Make new employees feel welcome√ by introducing them to their physical work space.√
- Give new employees a tour / information√ about the layout of the building / office.√
- Improve skills√ through in-service training.√
- Familiarise new employees√ with the organisational structure / their supervisors.√
- Ensure that employees understand their roles / responsibilities√ so that they will be more efficient / productive.√
- Communicate business policies√ regarding ethical / professional conduct / procedures / employment contract / conditions of employment√, etc.
- Any other relevant answer related to the purpose of induction **Max (12)**

10.5 **Aspects that should be included in the induction programme**

- Safety regulations and rules√√
- Overview of the business√√
- Information about the business products / services√√
- Tour of the premises and introduction to key people and close colleagues√√
- Conditions of employment including working hours / leave application process / disciplinary procedures,√√ etc.
- Administration details including systems / processes / logistics√√
- Meeting with senior management who will explain the company's vision / values / and job description / daily tasks√√
- Discussion of the employment contract and conditions of service√√
- Discussion on personnel policies, e.g. private phone calls / Internet use,√√ etc.
- Discussion on employees' benefits√√
- Corporate social responsibility programmes√√
- Any other relevant answer related to aspects that should be included in the induction programme **Max (12)**

NOTE: Mark first FIVE (5) only

10.6 **Conclusion**

- Businesses should implement the selection and placement procedures so that the best candidates are recruited and retained. √√
- Any other relevant conclusion **(2)**

Breakdown for mark allocation

Details	Maximum	Total
10.1 Introduction	2	**Max 32**
10.2 Sources of recruitment	12	
10.3 Selection procedure	12	
10.4 Purpose of induction	12	
10.5 Aspects of induction	10	
10.6 Conclusion	2	
INSIGHT		**8**
Layout	2	
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		**40**

TOTAL SECTION C: 80
GRAND TOTAL: 300