Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Department van Onderwys
Porafensie Ya Kapa Botjahabela: Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2026

BUSINESS STUDIES P1
MARKING GUIDELINE

MARKS: 150

This marking guideline consists of 27 pages.

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NOTES TO MARKERS

1. **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

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

3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:

   - Uses a different expression from that which appears in the marking guideline
   - Comes from another credible source
   - Original
   - A different approach is used

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

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)

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

6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.

7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

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

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

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

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

    11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive**: *'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, 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, 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.

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

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

14.3 If candidates are required to provide their own examples/views, brainstorm this to finalise alternative answers.

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 guideline)
- 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**

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15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: Option 1: **Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with only/some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: **Some relevant facts: 1 mark (One '-S')** Where a candidate writes FOUR questions, but one/two/three sub-question of the question 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.	**2**
Originality	Is there evidence of one or two examples, not older than two (2) years that are based on recent information, current trends and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	TOTAL MARKS FOR ESSAY (8 + 32):	**40**

NOTE:

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

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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	D √√		
	1.1.2	C √√		
	1.1.3	C √√		
	1.1.4	A √√		
	1.1.5	B √√	(5 x 2)	(10)
1.2	1.2.1	National Credit Regulator √√		
	1.2.2	environmental √√		
	1.2.3	market √√		
	1.2.4	during √√		
	1.2.5	assurance √√	(5 x 2)	(10)
1.3	1.3.1	D √√		
	1.3.2	J √√		
	1.3.3	H √√		
	1.3.4	F √√		
	1.3.5	G √√	(5 x 2)	(10)

TOTAL SECTION A: 30

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

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SECTION B

Mark the FIRST TWO answers only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **FOUR consumers' rights according to the Consumer Protection Act.**

- Right to choose √
- Right to privacy √
- Right to fair and honest dealings √
- Right to disclosure and information √
- Right to fair and responsible marketing √
- Right to fair value, good quality and safety √
- Right to accountability by suppliers √
- Right to fair / just and reasonable terms and conditions √
- Right to equality in the consumer market √

Any other relevant answer related to the consumer rights according to the CPA.

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

2.2 **Rights of employers in terms of the Labour Relations Act (LRA), 1995 (Act 66 of 1995).**

- Form employer organisations to represent them in labour related matters. √√
- Form a bargaining council for collective bargaining purposes. √√
- Lockout employees who engage in labour action/an unprotected/illegal strike. √√
- Dismiss employees who engage in an unprotected/illegal strike/misconduct such as intimidation/violence during a strike action. √√
- Right not to pay employees who have participated in a protected strike for services/work they did not do during the strike. √√

Any other relevant answer related to the rights of employers in terms of the LRA.

Max. (4)

2.3 **TWO forces of Porter's Five Forces**

PORTER'S FIVE FORCES MODEL	MOTIVATION
1. Bargaining power of buyers/Power of buyers √√	ZH has assessed how clients who make bulk bookings can negotiate for lower prices. √
2. Threat of/Barriers to new entrants to the market √√	They also want to determine how easy it is for new hotels to enter the market. √
Submax (4)	Submax (2)

NOTE: 1. Do not award marks for motivation if the force was incorrectly identified.
2. Only award marks for the first TWO (2) forces.

Max. (6)

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2.4 Types of integration strategies

Horizontal integration √√

- A business takes control of/incorporates other businesses in the same industry/which produce/sell the same goods/services. √
- The aim is to reduce the threat of competition /substitute products/services.√
- Increases the market share/sales and profits. √
- Suitable for businesses that operates in multiple geographical areas through joint ventures/licencing/franchising. √

Any other relevant answer related to horizontal integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

Backward vertical Integration √√

- A business combines with or takes over its distributors. √
- Involves expansion of business activities to gain control over the direct distribution of the products. √
- Increases profitability as the distributor/intermediary/middleman is excluded. √
- Any other relevant answer related to forward integration/forward vertical integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

Forward vertical Integration √√

- A business combines with or takes over its 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 integration/backward vertical integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

NOTE: Mark the first TWO (2) only.

Max. (6)

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2.5 **Purpose of the COIDA**

- Provides a comprehensive protection to employees who injured √ during the course of performing their duties. √
- COIDA applies to all casual and full-time workers √ who become ill/injured/ disabled/killed due to a workplace accident/disease. √
- It excludes workers who are guilty √ of wilful misconduct/workers working outside South Africa for at least twelve months/members of the SA Defence Force/Police services. √
- It provides for the establishment of a Compensation Board √ whose function is to advise the Minister of Labour on the application/provisions of COIDA. √

Any other relevant answer related to the purpose of COIDA.

Max. (4)

2.6 Strategic Management process

2.6.1

- NT conducted an environmental analysis using a SWOT analysis. √
- NT formulated alternatives strategies in response to their business challenges. √

NOTE: Only mark the first TWO quotes. **(2)**

2.6.2 OPTION 1

- Have a clear vision/mission statement/measurable/realistic objective √ in place. √
- Identify opportunities/weaknesses/strengths/threats √ by conducting environmental scanning/situational analysis. √
- Develop (an) action plan(s), √ including the tasks to be done/deadlines to be met/ resources to be procured. √
- Implement selected strategies √ by communicating it to all stakeholders/ organising business resources/motivating staff. √
- Continuously evaluate/monitor/measure strategies √ in order to take corrective action. √

Any other relevant answer related to the strategic management process.

OR

OPTION 2

- Review/Analyse/Re-examine √ their vision/mission statement. √
- 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 the strategic management process.

Max. (4)

NOTE: Do not accept answers quoted in QUESTION 2.6.1

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2.7 Impact of the National Credit Act/NCA on businesses

Positives/Advantages

- The whole credit process is transparent √ as both businesses and customers know their responsibilities. √
- Lower bad debts √ resulting in better cash flow. √
- Protects businesses √ against non-paying consumers. √
- Authorised credit providers√ may attract more customers. √
- Increases cash sales √ because businesses only grant credit to qualifying customers/more customers are buying in cash. √
- Businesses do thorough credit checks √ and receive up-to-date documentation from the consumer as proof that they can afford the repayment. √
- Leads to more customers through credit sales √ as they are now protected from abuse. √
- Prevents reckless lending √ and businesses from bankruptcy. √
- Credit bureau information is made available to businesses √ to check the credit worthiness of consumers before granting credit. √

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

AND/OR

Negatives/Disadvantages

- Businesses can no longer carry out √ credit marketing. √
- Businesses struggle to get credit √ such as bank loans/overdrafts. √
- Businesses that do not comply with the NCA √ may face legal action. √
- Debt collection procedures are more complex √ and expensive. √
- Fewer customers buy on credit √ as it is more difficult to obtain credit. √
- Increases the administration burden/paperwork √ which is costly/time consuming. √
- Businesses need to appoint additional staff √ to deal with the extra administration. √
- Leads to loss of sales √ as many consumers may no longer qualify to buy on credit. √
- Should the credit agreement be declared reckless √ businesses can forfeit the outstanding debt and the goods. √
- Businesses that are official credit providers, √ must submit a compliance report every year. √
- Businesses must make sure that all attempts have been made to recover the debt √ before blacklisting the customer. √
- Credit providers cannot collect debt from consumers √ who are under debt review. √
- More working capital is needed as businesses cannot sell many goods on credit √ due to stringent credit application processes. √

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

Max. (4)

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2.8 Ways in which businesses can deal with the challenges posed by the economic factor

- Consider decreasing profit margins rather than increasing product prices. √√
- Borrow money from financial institutions when interest rates are favourable. √√
- Consider exchange rates when trading with other countries. √√
- Negotiate favourable interest rates with creditors. √√
- Negotiate payment terms with suppliers. √√
- Sell shares at lower prices to attract more direct foreign investments. √√

Any other relevant answer related to how business can deal with challenges posed by the economic factor.

Max. (6)

[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2	4
2.3	6
2.4	6
2.5	4
2.6.1	2
2.6.2	4
2.7	4
2.8	6
TOTAL	40

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QUESTION 3: BUSINESS OPERATIONS

3.1 **Sources of internal recruitment**

- Internal e-mails/Intranet/web sites to staff √
- Word of mouth/Staff meetings √
- Business newsletter/Circulars to staff √
- Internal/management referrals √
- Notice board of the business √
- Internal bulletins √
- Recommendation of current employees √
- Head hunting within the business/organisational database. √

Any other relevant answer related to the sources of internal recruitment. (4 x 1) **(4)**

NOTE: Mark the first FOUR (4) only.

3.2 **Role of interviewee during the interview**

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

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

Max. (4)

3.3 **Termination of employment contract**

3.3.1 - Retirement √√ (2)

3.3.2 **Other reasons for the termination of 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/is 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. √
- 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 the reasons for the termination of an employment contract.

NOTE: Only mark the first THREE (3) reasons.

Max. (6)

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3.4 **Implication of Employment Equity Act on human resources function**

- Compile employment equity plans that indicate how they will implement affirmative action. √√
- Ensure that affirmative action promotes diversity in the workplace. √√
- Assign a manager to ensure that the employment equity plan will be implemented. √√
- Report to the Department of Labour on the progress in the implementation of the equity plan. √√
- Ensure that the workplace represents the demographics of the country at all levels. √√
- Define the appointment process clearly to ensure all parties are well informed. √√
- The HR manager must treat employees fairly and provide equal opportunities in the workplace. √√
- Offer equal pay for work of equal value. √√
- Display a summary of the Act where employees can clearly see it. √√
- Conduct medical tests fairly to employees. √√

Any other relevant answer related to the implications of EEA for Human Resources.

Max. (4)

3.5 **Difference between quality management and quality performance**

QUALITY MANAGEMENT	QUALITY PERFORMANCE
- Techniques/tools used to design/ improve the quality of a product. √√	- Total performance of each department measured against the specified standards. √√
- Can be used for accountability within each of the business functions. √√	- Can be obtained if all departments work together towards the same quality standards. √√
- Aims to ensure that the quality of goods focuses on the means to achieve consistency. √√	- Quality is measured through physical product. √√
- Any other relevant answer related to quality management.	- Any other relevant answer related to quality performance.
Submax (2)	Submax (2)

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

Max. (4)

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3.6 **How the quality of performance of the purchasing function can contribute to the success of the business**

- Businesses should buy raw materials/products 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/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 shortages. √
- 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 the quality indicators for the purchasing function.

Max. (4)

3.7 **TQM elements**

3.7.1
- Adequate financing and capacity √√
- Monitoring and evaluating quality processes √√

NOTE: Mark the first TWO (2) only. **(4)**

3.7.2 **Impact of TQM if it is poorly implemented by SM**

- Setting unrealistic deadlines √ that may not be achieved. √
- Employees may not be adequately trained √ resulting in poor quality products. √
- Decline in productivity because of interruptions √
- Businesses may not be able to make necessary changes of products/services √ to satisfy the needs of customers. √
- Businesses' reputation/image may suffer √ because of poor quality/defective goods. √
- Customers will have many alternatives to choose from √ and the impact could be devastating to businesses. √
- Investors can withdraw their investments if there is a decrease in profits √
- Decline in sales √ as more goods are returned by unhappy customers. √
- High staff turnover, √ because of poor skills development.

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- Undocumented/Uncontrolled quality control processes/systems could result in errors/deviations √ from pre-set quality standards. √
  Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

Max. (4)

3.8 **Role of quality circles**

- Solve problems related to quality and implement improvements. √√
- Investigate problems and suggest solutions to management. √√
- Ensure that there is no duplication of activities/tasks in the workplace. √√
- Make suggestions for improving processes and systems in the workplace. √√
- Improve the quality of products/services/productivity through regular reviews of quality processes. √√
- Monitor/Reinforce strategies to improve the smooth running of business operations. √√
- Increase employees' morale and motivation to boost their spirit in achieving organisational goals. √√
- Contribute towards the improvement and development of the organisation. √√
- Reduce costs of redundancy and wasteful efforts in the long-run. √√
- Increase the demand for products/services of the business. √√
- Create harmony and high performance in the workplace. √√
- Build a healthy workplace relationship between the employer and employee. √√
- Improve employees' loyalty and commitment to the organisational goals. √√
- Improve employees' communication at all levels of the business. √√
- Develop a positive attitude/sense of involvement in decision-making processes of the services offered. √√
  Any other relevant answer related to the role of quality circles as part of continuous improvement to processes and systems.

Max. (4)
[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	4
3.3.1	2
3.3.2	6
3.4	4
3.5	4
3.6	4
3.7.1	4
3.7.2	4
3.8	4
TOTAL	40

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QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **TWO defensive strategies**

- Liquidation √
- Divestiture √
- Retrenchment √

NOTE: Mark the first TWO (2) only.

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

4.2 **Advantages of diversification strategies**

- Increase sales and business growth. √√
- Improves the business brand and image of the business. √√
- Reduces the risk of relying only on one product for sales/income. √√
- Sustained profitability from different product lines during times of fluctuating economic activity. √√
- Businesses gain more technological capabilities through product modification. √√
- Businesses produce more output using less inputs as one factory may be used to manufacture more products. √√
- Enables businesses to retain their competitive advantage by meeting the needs of current/new customers. √√
- Allow businesses to remain relevant/operational in a dynamic business environment. √√
- Enables businesses to establish additional markets in unrelated markets. √√

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

Max. (6)

4.3 **Provisions of BCEA**

4.3.1

NAME	LEAVE PROVISIONS
Sarah	- Maternity leave √√
Lerato	- Family responsibility leave√√

Max. (4)

4.3.2 **Penalties for non-compliance with the BCEA**

- Labour inspectors may investigate/inspect/ask questions about complaints √ and remove records as evidence. √
- Labour inspectors may serve a compliance order √ by writing to the Department of Labour. √
- Businesses may be taken to the Labour Court √ for a ruling. √
- Businesses that are found guilty of non-compliance √ may face heavy fines/ penalties. √
- They can be ordered to pay compensation √ and damages to the employee. √

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- The Director General may agree/change/cancel √ the compliance order. √

Any other relevant answer related to the penalties for non-compliance with the BCEA

Max. (4)

4.4 **Strategy evaluation**

- Examine the underlying basis of a business strategy. √√
- Look forward and backwards into the implementation process. √√
- Compare expected performance with actual performance. √√
- Determine the reasons for deviations and analyse these reasons. √√
- Take corrective action so that deviations may be corrected. √√
- Set specific dates for control and follow up. √√
- Draw up a table of the advantages and disadvantages of a strategy. √√
- Decide on the desired outcome as envisaged when strategies were implemented. √√
- Consider the impact of strategic implementation in the internal and external environments of the business. √√

Any other relevant answer related to the steps in strategy evaluation.

Max. (4)

BUSINESS OPERATIONS

4.5 **Aspects of induction program**

- Safety regulations and rules. √
- Overview of the business. √
- Information about the business products and services. √
- Tour of the premises. √
- Introduction to key people and immediate colleagues. √
- Discussion of the employment contract and conditions of services. √
- Discussion on personnel policies, e.g. making private phone calls. √
- Discussion on employee benefits. √
- Corporate social responsibility programmes. √
- Meeting with senior management who will explain the company's vision/job description. √
- Administration details on systems. √

Any other relevant answer related to the aspects of the induction program.

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

(4 x 1) **(4)**

4.6.1 **Salary determination methods**

Piecemeal √√ **(2)**

4.6.2 **Link between salary determination and BCEA**

- The BCEA sets out conditions that ensure fair labour and human resources practices. √√
- According to the BCEA businesses may use different remuneration methods to pay their employees. √√
- Payment of salaries should be based on whether the employee is permanent or employed on a fixed contract. √√

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- Businesses are supposed to deduct income tax (PAYE) from the employees' taxable salaries. √√
- BCEA outlines legalities such as the employment contract which may affect salary determination. √√
  Any other relevant answer related to the link between salary determination and BCEA.

Max. (4)

4.7 **Meaning of TQM**

- TQM is an integrated system/methodology applied throughout the organisation, √ which helps to design/produce/provide quality products/services to customers. √
- It is a thought revolution in management, √ where the entire business is operated with customer orientation in all business activities. √
- TQM enables businesses to continuously improve on the delivery of products/ services √ in order to satisfy the needs of customers. √
- Management ensures that each employee is responsible √ for the quality of his/her work/actions. √
  Any other relevant answer related to the meaning of Total Quality Management System (TQM)

Max. (4)

4.8 **Positive impact of continuous skills development/education and training Positives/Advantages**

- Large businesses have a human resources department dedicated to skills training and development. √√
- Human resources experts ensure that training programmes are relevant to increased customer satisfaction. √√
- Ability to afford skilled employees. √√
- The business could conduct skills audits to establish the competency levels of staff performing work which could affect the quality of products positively. √√
- 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/education and training on large businesses.

Max. (6)
[40]

BREAKDOWN OF MARKS

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

TOTAL SECTION B: 80

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SECTION C

Mark the FIRST answer only.

QUESTION 5: BUSINESS ENVIRONMENTS (LEGISLATION)

5.1 **Introduction**

- The BBBEE Act was established to bring the majority of South Africans into the mainstream of the economy. √
- Provides opportunities for black people to explore various ways of generating wealth. √
- The correct application of ownership and social responsibility as pillars of BBBEE may result in sustainable business growth and development. √
- Business must comply with BBBEE to prevent paying large amounts of money for non-compliance. √

  Any other relevant introduction related to the difference between BBE and BBBEE/impact of BBBEE on businesses/implication of pillars on businesses/penalties for non-compliance.

(Any 2 x 1) (2)

5.2 **Differences between BBE and BBBEE**

BLACK ECONOMIC EMPOWERMENT (BEE)	BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)
- It is a government policy which may not be enforced. √√	- It is an Act that must be complied with by businesses. √√
- Benefits only a few previously disadvantaged people in the economy. √√	- Encourages a wider group of previously disadvantaged people (black women/people who are physically challenged/youth/people in rural areas) to participate in the economy. √√
- Few previously disadvantaged individuals share in the wealth of the economy. √√	- Aims at distributing the country's wealth across a broader spectrum of society. √√
- Focuses only on three pillars that did not include all previously disadvantaged people. √√ - Any other relevant answer related to the Black Economic Empowerment	- Focuses on five pillars which includes all sectors of the society, especially the previously disadvantaged. √√ - Any other relevant answer related to the Broad Based Black Economic Empowerment.
Submax (6)	Submax (6)

NOTE
1. **The answer does not have to be in tabular format.**
2. **The difference does not have to link but must be clear.**
3. **Award a maximum of SIX (6) marks if the difference is not clear/Mark either BEE or BBBEE only.**

Max. (12)

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5.3 **Impact of BBBEE on businesses**

Positives/Advantages for businesses

- Businesses that comply with BBBEE regarding the pillars √may get government tenders. √
- Encourages businesses to address the demands √ for equity directly. √
- Provides for human resources development through training √ and development. √
- Promotes enterprise development, by developing entrepreneurial skills √ of designated people to start their own businesses. √
- Businesses will have a good overview on how it is performing √ with regard to the national requirements of the country. √
- A good BBBEE rating will improve the image √ of the business. √
- By focusing on BBBEE the business will show commitment√ towards the social and economic development in the country. √
- Once rated, the business will understand how to develop BBBEE strategies√ that will increase its BBBEE ratings on an annual basis. √
- Fronting is discouraged, √ as it may lead to the disqualification of a business's BBBEE status. √
- Share prices of BBBEE compliant businesses are likely to increase √ as they attract more business. √
- Businesses that support Small, Micro, Medium Enterprises (SMMEs), may increase √ their own BBBEE ratings. √
- Complying with BBBEE requirements gives businesses experience√ to be able to provide better employment opportunities. √

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

AND/OR

Negatives/Disadvantages for businesses

- Businesses have to go through the process of having their BBBEE compliance verified √ by an independent BBBEE verification agency. √
- Businesses that wish to do business with the government, √ must have their BBBEE status assessed annually. √
- Provides for preferential procurement, √ so certain businesses may be excluded from supplying goods/services. √
- Processes may lead to corruption √ if not monitored properly. √
- Many businesses have been disadvantaged due to BBBEE ratings √ as they may not be able to meet all the criteria for scoring. √
- Processes and procedures may be costly for a business √ as there are many legal requirements for scoring enough points to be compliant. √
- Businesses could experience large penalties √ if they do not comply to the BBBEE. √
- Businesses will have to spend money in areas covered by the five pillars of BBBEE √ to obtain a good BBBEE rating. √
- Investment and ownership issues can cause unhappiness √ between existing shareholders. √

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

Max. (12)

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5.4 **Implication of the pillars on BBBEE**

Ownership

- Business should include black people √ in shareholding/partnerships/ franchises. √
- Create more opportunities for black people √ to become owners/entrepreneurs. √
- Encourage small black investors to invest in big companies √ and share ownership. √
- Large businesses should form joint ventures with small black owned businesses √ and share business risks. √
- Businesses sometimes find it difficult to locate suitable black business partners/shareholders √ who can afford shares. √
- Many black people cannot afford shares √ in companies/contributions to partnership. √

  Any other relevant answer related to ownership as a pillar of BBBEE.

Sub-max (6)

Socio-economic development/Social Responsibility

- Businesses should focus on critical areas √ which can affect growth and development in the country such as environmental awareness/education/ housing, poverty/unemployment etc. √
- They should distribute scarce CSI resources √ to selected beneficiaries in the community. √
- Contribute towards √ social investment projects. √
- Businesses may not be knowledgeable about social issues √ resulting in wasting financial resources on meaningless community projects. √

  Any other relevant answer related to Socio-economic development as a pillar of BBBEE

Sub-max (6)

Max. (12)

5.5 **Penalties for non-compliance**

- Businesses may face imprisonment for non-compliance and fronting practices. √√
- The penalty could be a fine of up to 10% of the company's annual turnover. √√
- Government will cancel any contract awarded that was based on false information regarding BBBEE status. √√
- A business can be banned from participating in government contracts for a period of 10 years. √√
- Business licenses may not be renewed, and authorisations may not be issued. √√
- Businesses that fail to achieve at least a minimum 40% of compliance with ownership, skills development and ESD will be automatically downgraded the by one level. √√
- Businesses may receive a compliance order from the Labour Court, which forces them to comply with BBBEE. √√
- Approved BBBEE compliant vendors will withdraw their contracts with non-compliant businesses. √√

  Any other relevant answer related to the penalties for non-compliance.

Max. (10)

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5.5 **Conclusion**

- The BBBEE Act promotes meaningful participation of a wider group of previously disadvantaged people to advance economic transformation. √√
- The effective implementation of the Act may attract local and foreign investments. √√
- It is a practical growth strategy that aims to stimulate economic growth. √√
- The BBBEE pillars such as ownership and social responsibility provide guidelines on how businesses should apply these pillars in the workplace. √√
- Business must comply with BBBEE to qualify for government tenders and prevent paying huge fines. √√
- Empowerment/impact of BBBEE on businesses/application of ownership and social responsibility as BBBEE pillars in the workplace./ penalties for non-compliance with the BBBEE.
  Any other relevant conclusion related to the difference between Black Economic Empowerment and Broad-Based Economic

(Any 1 x 2) **(2)**
[40]

QUESTION 5: BREAKDOWN OF MARKS

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Differences of BBE and BBBEE	**12**	
Impact of BBBEE on businesses	**12**	
Implication of: Ownership Socio-economic development	**12**	
Penalties for non-compliance	**10**	
Conclusion	**2**	
INSIGHT		
Layout	**2**	**8**
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

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QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

6.1 **Introduction**

- A good quality management system benefits the business and customers by managing key quality processes aimed at producing products of high-quality standard. √
- The marketing function plays an important role as transformative force necessary to develop suitable turn around strategies. √
- The administration function enables businesses to keep abreast with latest developments related to information management. √
- The PDCA model enables business to analyse each step of the model and eliminate duplication of activities. √
- TQM can reduce the cost of quality and prevent fruitless spending on ineffective processes. √

  Any other relevant introduction related to the benefits of a good quality management system/quality indicators of the marketing and administration functions/three steps in the PDCA-model/ways in which TQM can reduce the cost of quality.

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

6.2 **Benefits of a good quality management system**

- Effective customer services are rendered, resulting in increased customer satisfaction. √√
- Time and resources are used efficiently. √√
- Productivity increases through proper time management/using high quality resources. √√
- Products/Services are constantly improved resulting in increased levels of customer satisfaction. √√
- Vision/Mission/Business goals may be achieved. √√
- A business has a competitive advantage over its competitors. √√
- Regular training will continuously improve the quality of employees' skills/ knowledge/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 the benefits of a good quality management system.

Max. (10)

6.3 **Quality indicators**

6.3.1 **Marketing function**

- Using aggressive advertising campaigns √ to increase the market share. √
- Win customers by satisfying their needs/wants √ and building positive relationships. √
- Adhere to ethical advertising practices √ when promoting products/ services. √
- Identify competitive advantage √ to focus on marketing strengths. √
- Differentiate products √ to attract more customers. √

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- Communicate effectively with customers to get feedback √ about their experiences of the products and services sold. √
- Co-ordinate distribution with the production √ and advertising strategies. √
- Use pricing techniques √ to ensure a competitive advantage. √
- Constantly reviewing value issues to avoid negative publicity. √

Any other relevant answer related to quality indicators of the marketing function.

Sub-max. (6)

6.3.2 **Administration function**

- Fast and reliable data capturing √ and processing systems. √
- Supply reliable information to management √ on time. √
- Make relevant information available √ for quick decision-making. √
- Handle complaints quickly √ and effectively. √
- Use modern technology √ efficiently. √
- Implement effective risk management policies √ to minimise business losses. √
- Quality assurance and control evaluations are recorded √ accurately. √
- All documentation is kept neatly √ and orderly in a safe place. √

Any other relevant answer related to quality indicators of the administration function.

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

6.4 **PDCA model**

Plan √√

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

Any relevant answer related to Plan as a step in the PDCA model.

Step (2)
Explanation (2)
Sub-max (4)

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

Any relevant answer related to Do as a step in the PDCA model.

Step (2)
Explanation (2)
Sub-max (4)

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

Any relevant answer related to Check/Analyse as a step in the PDCA model.

Step (2)
Explanation (2)
Sub-max (4)

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

Any relevant answer related to Act as a step in the PDCA model.

Step (2)
Explanation (2)
Sub-max (4)

NOTE: Only award marks for the first THREE steps.

Max. (12)

6.5 **Ways in which TQM can reduce the cost of quality**
- Introduce quality circles, who meet regularly to discuss ways of improving the quality of their work. √√
- 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 role in quality management. √√
- Develop work systems that empower employees to find new ways of improving quality. √√
- Work closely with suppliers to improve the quality of raw materials/inputs. √√

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- Improve communication about quality challenges/deviations, so that everyone can learn from past experiences. √√
- Reduce investment on expensive, but ineffective inspection procedures in the production process. √√
- Implement pro-active maintenance programmes for equipment to reduce breakdowns. √√

  Any other relevant answer related to way TQM can reduce the cost of quality.

Max. (12)

6.6 **Conclusion**

- Businesses that continuously improve the quality of their products will enjoy the benefits of a good quality management system. √√
- A sound knowledge of the quality indicators in the marketing and administration functions play an important role in delivering quality performance in the business. √√
- The application of the PDCA model can help to improve processes and the quality of products to benefit the business. √√
- Businesses that can reduce the cost of quality will remain sustainable in a competitive market. √√

  Any other relevant introduction related to the benefits of a good quality management system/quality indicators of the marketing and administration functions/three steps in the PDCA-model/ways in which TQM can reduce the cost of quality.

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

[40]

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Meaning of TQM	**10**	
Quality indicators: Marketing Administration	**12**	
PDCA model	**12**	
Ways in which TQM can reduce the cost of quality	**12**	
Conclusion	**2**	
INSIGHT		
Layout	**2**	**8**
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

TOTAL SECTION C: 40
GRAND TOTAL: 150

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