education

Department of
Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

BUSINESS STUDIES P1

SEPTEMBER 2025

MARKS: 150

MARKING GUIDELINES

These marking guidelines consist of 28 pages.

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NOTES TO MARKERS

PREAMBLE

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

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

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

Marker:	Red
Senior Marker:	Green
Deputy Chief Marker:	Orange
Chief Marker:	Pink
Internal Moderator:	Black/Blue
DBE Moderator:	Turquoise

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

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

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

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

4. Take note of other responses provided by candidates that are relevant within the context of a particular question and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part marks should be awarded, for example, one mark instead of the maximum of two marks.)

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

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

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

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

9. Correct numbering of answers to questions or 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, identify, quote, outline, motivate, recommend, suggest, *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

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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 assessment is conducted according to established norms so that uniformity, consistency and fairness are achieved.

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

14. **SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion.

NOTE: This applies only to questions where the number of facts is specified.
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 at the marking centre to finalise alternative answers and consult with the Internal Moderator at DBE for approval.

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

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

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

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

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

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

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15. SECTION C

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

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

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show an understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Option 1: **Only relevant fact: 2marks (No "-S")** Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts, no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: **Some relevant facts: 1 mark (One "-S")** Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts, one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: **Some relevant facts: 1 mark (One "-S")** Where a candidate answers FOUR sub-questions, but one/two/three sub-questions with no relevant facts, one "-S" appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: **No relevant facts: 0 mark (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 examples 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**

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

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

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

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

15.6 At the end of each essay, indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

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

15.7 When awarding marks for facts, take note of the submaxima 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.

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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 B √√
1.1.2 D √√
1.1.3 C √√
1.1.4 D √√
1.1.5 A √√

(5 x 2) (10)

1.2

1.2.1 management √√
1.2.2 opportunity √√
1.2.3 management control √√
1.2.4 marketing √√
1.2.5 intranet √√

(5 x 2) (10)

1.3

1.3.1 D √√
1.3.2 A √√
1.3.3 J √√
1.3.4 F √√
1.3.5 H √√

(5 x 2) (10)

TOTAL SECTION A: 30

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

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SECTION B

Mark the FIRST TWO questions only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Provisions of BCEA**

- Regulation of working time/Ordinary work hours/Overtime/Meal intervals and rest periods/Sunday work/public holidays √
- Leave/annual/sick/family responsibility/maternity/ paternity/ parental √
- Particulars of employment and remuneration √
- Termination of employment √
- Prohibition of employment of children and forced labour √
- Any other relevant answer related to the provisions of the BCEA.

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

2.2 **Advantages of intensive strategies**

- Increased market share reduces the business's vulnerability to the actions of competitors. √√
- Increase in sales/income and profitability. √√
- Improved service delivery may improve business image. √√
- Businesses may have more control over the prices of products/ services. √√
- Gain loyal customers through effective promotion campaigns. √√
- Decreased prices may influence customers to buy more/ products. √√
- Regular sales to existing customers may increase. √√
- Eliminate competitors and dominate market prices. √√
- Enables the business to focus on markets/well-researched quality products that satisfy the needs of customers. √√
- Any other relevant answer related to the advantages of intensive strategies. **Max (6)**

2.3 **PESTLE elements from the statements**

2.3.1 Technological element √√
2.3.2 Environmental element √√
2.3.3 Economic element √√

(6)

2.4 **Consumer rights from the scenario:**

2.4.1
- KB allows clients to obtain reasons for credit being refused. √
- KB ensures their clients receive information in their understandable language. √ **(2)**

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

2.4.2 **The impact of the National Credit Act (NCA):**

Positives/Advantages

- The whole credit process is transparent √ as both businesses and customers know their responsibilities. √
- Lower bad debts, √ resulting in better cash flow. √
- Protect 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 customer as proof that they can afford repayment. √
- Leads to more customers through credit sales √ as they are now protected from abuse. √
- Prevents reckless lending √ and protects businesses against bankruptcy. √
- Credit Bureau information is made available to businesses √ to check the creditworthiness 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, and it leads to loss of sales √ 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. √
- 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 backlisting the customer. √
- Credit providers cannot collect from consumers √ who are under credit review. √

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- 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 (6)

2.5 **Penalties for non-compliance with the COIDA**

- Businesses can be fined√ for refusing to lodge the claim/ contravening the Act. √
- Businesses can be forced to make large payments√ if they did not take the necessary precautions according to the Act. √
- They may be forced to pay any recovery costs√ required by the Compensation Fund. √
- Employees may take businesses to court for not registering them√ with the commissioner of the Compensation Fund. √
- If businesses are found guilty of any misconduct, √ they will have to pay large penalties/face imprisonment. √
- Any other relevant answer related to penalties for non-compliance with COIDA.

Max (4)

2.6 **Funding of SETAs**

- Skills development levies are paid by employers to SARS √ as a collecting agency for the government. √
- Employers who have a salary bill that exceeds R500 000 per annum √ should pay 1% of their annual salaries as a levy. √
- The different SETAs receive 80% of the levy for organisational expenses √ and the remaining 20% is paid to the National Skills Fund. √
- Donations/Grants received from the public √/businesses/CSI programmes √
- Surplus funds received √ from government institutions. √
- Funds received √ from rendering their services. √
- Any other relevant answer related to how SETAs are funded.

Max (6)

2.7 **Ways to comply with the Employment Equity Act/EEA**

- Businesses must guard against discriminatory appointments. √√
- Compile employment equity plans that indicate how they will implement affirmative action. √√
- Submit the employment equity plan to the Department of Labour. √√
- Assess the racial composition of all employees, including senior management. √√
- Clearly define the appointment process so that all parties are well informed. √√

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- Use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed. √√
- Implement affirmative action measures to redress disadvantages experienced by designated groups. √√
- Prepare an employment equity plan in consultation with employees. √√
- Implement an employment equity plan. √√
- Assign one or more senior managers to ensure implementation and monitoring of the employment equity plan. √√
- Regularly report to the Department of Labour on progress in implementing the plan. √√
- Conduct medical/psychological tests fairly for employees/when deemed necessary. √√
- Display a summary of the Act where employees can clearly see/have access to the document. √√
- Any other relevant answer related to how the business can comply with the Employment Equity Act (EEA).

Max (6)
[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2	6
2.3.1	2
2.3.2	2
2.3.3	2
2.4.1	2
2.4.2	6
2.5	4
2.6	6
2.7	6
TOTAL	40

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QUESTION 3: BUSINESS OPERATIONS

3.1 **Aspects included in an employment contract**

- Personal details of the employee √
- Details of the employer/business, such as the name and the address √
- Job title/Position √
- Job description, such as duties/responsibilities and working conditions √
- Job specifications, such as formal qualifications/willingness to travel √
- Date of employment/Commencement of employment √
- Place where the employee will spend most of his/her working time √
- Hours of work, such as normal time and overtime √
- Remuneration such as weekly or monthly pay √
- Benefits/Fringe benefits/Perks/Allowances √
- Leave such as sick/maternity/annual/adoption leave √
- Employee deductions such as compulsory/non-compulsory √
- Duration/period of employment contract/Details of termination/ Expiry date of employment contract √
- Probation period √
- Signatures of both employer and employee √
- Disciplinary policy such as rules/disciplinary procedure for unacceptable behaviour √
- Any other relevant answer related to aspects that should be included in an employment contract

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

3.2 **Placement procedure**

- Businesses should outline the specific responsibilities of the new position, including the expectations/skills required for this position. √√
- Determine the successful candidate's strengths/weaknesses/ interests/skills by subjecting him/her to a range of psychometric tests. √√
- Determine the relationship between the position and the competencies of the new candidate. √√
- Any other relevant answer related to the placement procedure as a human resource activity.

Max **(4)**

3.3

JOB DESCRIPTION	JOB SPECIFICATION
1. Responsible for internal auditing √	1. Bachelor's Degree in Commerce √
2. Compiling monthly budgets and financial reports √	2. Four years experience in financial management √
Submax (2)	**Submax (2)**

NOTE: 1. The answer does not have to be in a tabular form.
2. Accept only quotes taken from the scenario, NOT the description of job description and job specification.

Max (4)

3.4 **Outline the 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 standard. √√
- Aims to ensure that the quality of goods/services is consistent /focuses on the means to achieve consistency √√	- Quality is measured through the physical product/statistical output of processes/surveys of the users and/or buyers of goods/services. √√
- Any other relevant answer related to quality management.	- Any other relevant answer related to quality of performance.
Submax (2)	**Submax (2)**

NOTE: 1. The answer does not have to be in a 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)

3.5 **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. √
- Business has a competitive advantage √ over its competitors. √
- Regular training will continuously improve √ the quality of employees' skills/knowledge. √
- Employers and employees will have a healthy working relationship √ resulting in happy/productive workers. √
- Increased market share/more customers √ improve profitability. √
- Improves business image √ as there are fewer defects/returns √
- Any other relevant answer related to the advantages of a good quality management system.

Max (6)

3.6

TQM ELEMENTS	MOTIVATIONS
1. Continuous improvement of processes and systems √√	Management ensures that they stay abreast of the latest technology to stay ahead of their competitors. √
2. Total client/customer satisfaction √√	They also regularly conduct market surveys to provide customers with information on the quality of their products. √
Submax (4)	**Submax (2)**

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

Max (6)

3.7 **Quality of performance of the administration function**

- Ensure fast and reliable data capturing √ and processing systems. √
- Make reliable information available √ 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/Control/Evaluation√ is recorded accurately. √
- All documentation is kept neatly and orderly√ in a safe place. √

- Easy to recall/find √ information/documentation. √
- All systems and processes √ are documented. √
- Any other relevant answer related to the Quality of performance of the administration function.

Max (6)

3.8 **The 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. √√
- Quality circles discuss ways of improving the quality of work/ workmanship. √√
- 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 the decision-making processes of the services offered. √√
- Any other relevant answer related to the importance of quality circles as part of continuous improvement of processes and systems.

Max (6)

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	4
3.3	4
3.4	4
3.5	6
3.6	6
3.7	6
3.8	6
TOTAL	40

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QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENT

4.1

BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
Micro environment √	Full control √
Market environment √	Partial control/limited/some √
Macro environment √	No control √
Submax (2)	**Submax (2)**

NOTE:
1. **Mark the first TWO (2) only**
2. **The answer does not have to be in a tabular format.**
3. **Award marks for the business environments even if the extent of control is not indicated/correct.**
4. **The extent of control must be linked to the business environments.**
5. **Accept responses in any order.**

Max (4)

4.2 **Rights of employees in terms of Labour Relations Act**

- Employees may join a trade union of their choice. √√
- Embark on a legal strike as a remedy for grievances. √√
- Refer unresolved workplace disputes to the CCMA. √√
- Refer unresolved CCMA disputes to the Labour Court on appeal. √√
- Request trade union representatives to assist/represent employees in the grievance/disciplinary hearings. √√
- Trade union representatives may take reasonable time off with pay to attend to trade union duties. √√
- Any other relevant answer related to the rights of employees in terms of Labour Relations Act.

Max (6)

4.3 **Distinguish between BEE and BBBEE**

BEE	BBBEE
- Government policy √ but not legally enforceable. √	- Is a government Act and legally enforceable √ and businesses must meet the requirements. √
- Did not benefit all previously disadvantaged persons √ but benefited a few people in the economy. √	- The aim is to benefit previously disadvantaged persons √ through economic progress. √
- Based on seven pillars √ that do not include all previously disadvantaged people. √	- Based on five pillars √ that include all sectors of the world √
- Any other relevant answer related to BEE.	- Any other relevant answer related to BBBEE.
Submax (2)	**Submax (2)**

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NOTE: 1. The answers do not have to be in a 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 BEE or BBBEE only.

Max (4)

4.4

BUSINESS STRATEGY	MOTIVATION
1. Retrenchment √√	The business has decided to terminate the employees' employment contracts for operational reasons √
2. Liquidation √√	ZS's financial difficulties encouraged them to sell the entire business to pay the liabilities √
Submax (4)	**Submax (2)**

NOTE: 1. Mark the first TWO (2) only.
2. The answers do not have to be in a tabular format.
3. Award marks for the business strategy even if the quotes were incomplete.
4. Do not award marks for the motivations if the business strategies were incorrectly identified.

Max (6)

BUSINESS OPERATIONS

4.5 **Recruitment procedure**

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

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- Place the advertisement in the appropriate media that will ensure that the best candidates apply. √√
- Any other relevant answer related to the recruitment procedure

Max (4)

4.6

SALARY DETERMINATION METHOD	MOTIVATIONS
1. Piecemeal √√	Themba is remunerated for the tasks he has completed √
2. Time-related √√	Sam is paid according to the time he spends at work √
Submax (4)	**Submax (2)**

NOTE: 1. Mark the first TWO (2) only.
2. The answers do not have to be in a tabular format.
3. Award marks for the salary determination method even if the quotes were incomplete.
4. Do not award marks for the motivations if the salary determination methods were incorrectly identified.

Max (6)

4.7 **Impact of TQM if is 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 products/services √ to satisfy the needs of customers. √
- Business reputation/image may suffer √ because of poor quality/defective goods. √
- Customers will have many alternatives to choose from √ and the impact could be devastating to businesses. √
- Investors might withdraw investment √ if there is a decline in profits. √
- Decline in sales √ as more goods are returned by unhappy customers. √
- High staff turnover √ because of poor skills development. √
- Undocumented/Uncontrolled quality control systems/ processes. √ could result in errors/deviations from pre-set quality standards. √
- Any other relevant answer related to the impact of TQM if poorly implemented.

Max (4)

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

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

Max (6)
[40]

BREAKDOWN OF MARKS

QUESTION	MARKS
4.1	4
4.2	6
4.3	4
4.4	6
4.5	4
4.6	6
4.7	4
4.8	6
TOTAL	40

TOTAL SECTION B: 80

SECTION C

Mark the answers to the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 **Introduction**

- Strategic management process allows businesses to develop turnaround strategies to enhance/improve their operations √
- A critical analysis of Porter's Five Forces model requires businesses to conduct continuous research on the latest developments in the market √
- The effective implementation of diversification strategies enables businesses to gain a competitive advantage in the market √
- Strategy evaluation is the process of monitoring business activities and performance results √
- Any other relevant introduction related to the strategic management process/Porter's Five Forces/diversification strategies/steps in strategy evaluation.

(2 x 1) (2)

5.2 **Strategic management process**

Option 1

- Have a clear vision/mission statement/measurable/realistic objective in place. √√
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situation analysis. √√
- Tools available for environmental scanning may include a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial tools. √√
- Formulate alternative strategies to respond to challenges √√
- Develop (an) action plan(s) including the tasks to be done/deadlines to be met/resources to be procured √√
- Implement selected strategies by communicating them 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. √√
- Conduct an environmental analysis using models such as PESTLE/Porter's Five Forces model/SWOT. √√
- Formulate a strategy such as a defensive/retrenchment strategy. √√

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- 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.

NOTE: The steps may be in any order. **Max (12)**

5.3 **THREE types of diversification strategies**

Concentric diversification √√
- The business adds a new product or service that is related to existing products √ and which will appeal to the new customers. √
- Occurs when a business wants to increase its product range √ and markets. √
- Any other relevant answer related to concentric diversification as a diversification strategy.

Strategy (2)
Discussion (2)
Submax (4)

Horizontal diversification √√
- The business adds new products or services that are unrelated to existing products, √ which may appeal to existing customers. √
- Occurs when a business acquires or merges with a business √ that is at the same production stage but may offer a different product. √
- Any other relevant answer related to the horizontal diversification.

Strategy (2)
Discussion (2)
Submax (4)

Conglomerate diversification √√
- The business adds new products or services that are unrelated to existing products √ which may appeal to new groups of customers. √
- It means that a business grows √ into new products/services and markets. √
- Any other relevant answer related to the concentric diversification.

Strategy (2)
Discussion (2)
Submax (4)
Max (12)

NOTE: Mark the first THREE (3) only.

5.4 **Application of Porter's Five Forces**

5.4.1 **Power of suppliers**

- Assess the power of the suppliers √ in influencing prices √
- Suppliers that deliver high-quality products √ may have power over businesses √
- The smaller the number of suppliers, the more powerful they may be √ as the choice of suppliers may be limited √
- Identify the kind of power suppliers have in terms of the quality of products/services/reliability/ability √ to make prompt deliveries √
- Any other relevant answer related to how businesses could apply the power of suppliers to analyse their position in the market environment.

Submax (6)

5.4.2 **Threats of substitution/substitutes**

- Business products that can be easily substituted √ weaken the power of the business in the market. √
- Establish whether the sellers of substitute products have improved their product √ /sell lower quality goods at lower prices. √
- Businesses selling unique products will not be threatened √ by substitute products. √
- Assess if customers are using substitute products/services √ and determine reasons for using substitutes. √
- Any other relevant answer related to the business could apply the threat of substitution/substitution to analyse their position in the market environment.

Submax (6)
Max (12)

5.5 **Steps in strategy evaluation**

- Examine the underlying basis of a business strategy. √√
- Look forward and backward into the implementation process. √√
- Compare the expected performance with the actual performance. √√
- Take corrective action so that deviations may be corrected. √√
- Set specific dates for control and follow-up. √√
- Decide on the desired outcome. √√
- Consider the impact of the strategic implementation in the internal and external environments of the business. √√
- Any other relevant answer related to the steps in strategy evaluation.

NOTE: Accept steps in any order. **Max (10)**

5.6 **Conclusion**

- Businesses should always assess their strategic management process to be able to respond effectively to new trends in the market. √√
- The financial sustainability of businesses is significantly improved through the correct application of diversification strategies. √√
- The effective implementation of diversification strategies may result in financial stability and future business prospects. √√
- The correct application of Porter's Five Forces model allows businesses to develop relevant business strategies that may yield fruitful results. √√
- Strategy evaluation enables businesses to deal with challenges in implementing new strategies. √√
- Any other relevant answer related to the strategic management process, types of diversification strategies application of Porter's Five Forces model and the steps in strategy evaluation.

(2 x 1) (2)

[40]

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Strategic management process	12	
The types of diversification strategies	12	
Application of Porter's Five Forces	12	
The steps in the strategy evaluation	10	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

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

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QUESTION 6: BUSINESS OPERATIONS (HUMAM RESOURCES FUNCTION)

6.1 **Introduction**

- Selection refers to choosing the best candidate with the necessary skills and abilities to execute given tasks successfully. √
- Interview needs to be planned as it is an arranged meeting with a job applicant to evaluate their suitability for the job. √
- Induction is an orientation process for new employees in the workplace. √
- A proper induction process enables new employees to have a better understanding of businesses' standard operating procedures. √
- Any other relevant introduction related to the selection procedure/impact of the fringe benefits on businesses/the purpose of the interview/benefits of induction.

Any (2 x 1) (2)

6.2 **Selection procedure**

Option 1

- Determine fair assessment criteria on which selection will be based. √√
- Applicants must submit the application forms/Curriculum Vitae and certified copies of personal documents/IDs/proof of qualifications, etc. √√
- Sort the received documents/CVs according to the assessment/selection criteria. √√
- Screen/Determine which applications meet the minimum job requirements√ and separate these from the rest. √√
- Preliminary interviews are conducted if many suitable applications are received. √√
- Reference checks should be made to verify the content of CVs, e.g. contact previous employers to check work experience. √√
- Compile a shortlist of potential candidates identified. √√
- Test candidates who have applied for senior positions. √√
- Invite shortlisted candidates for an interview. √√
- A written offer is made to the selected candidate √√
- Inform unsuccessful applicants√ about the outcome of their √application/Some adverts indicate the deadline for informing only successful candidates. √√
- Any other relevant answer related to the steps that should be followed in the selection procedure.

OR

Option 2

- Receive documentation, e.g., application forms and sort it according to the criteria of the job. √√
- Evaluate CVs and create a shortlist/Screen of the applicants √√
- Check information in the CVs and contact references √√
- Conduct preliminary sifting interviews to identify applicants who are not suitable for the job, although they meet all requirements. √√
- Assess/Test candidates who have applied for senior positions/to ensure the best candidate is chosen. √√
- Conduct interviews with shortlisted candidates. √√
- Offer employment in writing to the selected candidates. √√
- Any other relevant answer related to the steps that should be followed in the selection procedure.

Max (12)

6.3 **The purpose of an interview**

- To determine a candidate's suitability √ for the job. √
- Obtains information about the strengths and weaknesses √ of each candidate. √
- Evaluate the skills and personal characteristics √ of the applicant. √
- Matches information provided by the applicant √ to the job requirements. √
- Creates an opportunity where information about the business √ and applicant can be exchanged. √
- Any other relevant answer related to the purpose of an interview.

Max (10)

6.4 **The impact of fringe benefits**

Positives/Advantages

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

AND/OR

Negatives/Disadvantages

- Businesses who cannot offer fringe benefits fail √ to attract skilled workers. √
- It can create conflict/lead to corruption √ if allocated unfairly. √
- Fringe benefits are additional costs √ that may result in cashflow problems. √
- Errors/Mistakes in benefit plans √ may lead to costly lawsuits/ regulatory fines √
- Decreases business profits √, as incentive/package/remuneration costs are higher. √
- Businesses who offer employees different benefit plans may create resentment √ to those who receive less benefit resulting in lower productivity. √
- Administrative costs increase √ as benefits need to be correctly recorded for tax purposes. √
- Workers only stay with the business for fringe benefits √ and may not be committed/loyal to the tasks/business. √
- Businesses must pay advisors/attorneys √ to help them create benefit plans that comply with the law. √
- Any other relevant answer related to the disadvantages of fringe benefits for the business.

Max (12)

6.5 **The benefits of induction**

- Allows new employees to settle in quickly and work effectively. √√
- Ensures that new employees understand the rules and restrictions of the business. √√
- New employees may establish relationships with fellow employees at different. √√
- Make new employees feel at ease in the workplace, which reduces anxiety/insecurity/fea.r √√
- The results obtained during the induction process provide a base for focused training. √√
- Increases quality of performance and productivity. √√
- Minimises the need for ongoing training and development. √√
- Employees will be familiar with organisational structures, e.g., who their supervisors/low-level managers are. √√
- Opportunities are created for new employees to experience/ explore different departments. √√
- New employees will understand their roles/responsibilities concerning safety regulations and rules. √√
- New employees will know the layout of the building/factory/ offices where everything is, which saves production time. √√
- Company policies are communicated regarding conduct and procedures/safety and security/employment contract/conditions of employment/working hours/leave. √√
- Realistic expectations for new employees as well as the business are created √√

- New employees may feel part of the team, resulting in positive morale and motivation. √√
- Reduces staff turnover as new employees have been inducted properly. √√
- Any other relevant answer related to the benefits of the induction for businesses.

Max (12)

6.6 **Conclusion**

- The selection procedure serves as a guideline on how to eliminate unsuitable candidates and appoint competent candidates for available posts. √√
- Fringe benefits enable businesses to maintain sustainability and enhance their reputations. √√
- The interview is designed to establish the attributes of the applicant that are relevant to the job. √√
- Businesses should be well conversant with the induction programme to ensure a purposeful/meaningful induction for new employees. √√
- Any other relevant conclusion related to the selection procedure/ impact of the fringe benefits on businesses/the purpose of the interview/benefits of induction.

Any (1 x 2) (2)

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Selection procedure	12	
The purpose of an interview	10	
Impact of fringe benefits	12	
The benefit of induction	12	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

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

TOTAL SECTION C: 40
GRAND TOTAL: 150

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