GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2023

MARKING GUIDELINES

BUSINESS STUDIES (PAPER 1) (10721)

30 pages

NOTES TO MARKERS

PREAMBLE

The notes to markers are provided for quality assurance purposes to:

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

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

Marker:	Red
H.O.D:	Black
District Moderator:	Green

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
   - Is original
   - A different approach is used

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

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

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

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

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

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

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

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

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

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

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

    NOTE: 1. The above could apply to 'analyse' as well.
    2. Note the placing of the tick (✓) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

    Cognitive verbs, such as:

    12.1 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.

14. **SECTION B**

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

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

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

14.3 If candidates are required to provide their own examples/views, brainstorm this to finalise alternative answers and consult with the Internal Moderator.

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

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

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

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

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

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

15. **SECTION C**

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

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

15.2 Insight consists of the following components:

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

NOTE:

1. **No marks will be awarded for contents repeated from the introduction and conclusion.**

2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**

3. **No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

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

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

15.5 Mark all relevant facts until the 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
Feite	**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.

15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g.

'Product development is a growth strategy ✓, where businesses aim to introduce new products into existing markets.' ✓

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

SECTION A (COMPULSORY)

QUESTION 1

1.1 1.1.1 C ✓✓

1.1.2 A ✓✓

1.1.3 C ✓✓

1.1.4 B ✓✓

1.1.5 D ✓✓

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

1.2 1.2.1 Consumer Protection Act ✓✓

1.2.2 learnership ✓✓

1.2.3 internal ✓✓

1.2.4 purchasing ✓✓

1.2.5 induction ✓✓

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

1.3 1.3.1 D ✓✓

1.3.2 J ✓✓

1.3.3 H ✓✓

1.3.4 B ✓✓

1.3.5 I ✓✓

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

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

TOTAL SECTION A: 30

SECTION B

Mark the answers to the FIRST TWO questions only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Types of integration strategies**

- Forward vertical integration ✓
- Backward vertical integration ✓
- Horizontal integration ✓

NOTE: Mark the first THREE (3) only. (3 x 1) (3)

2.2 **Consumer rights as stipulated in the National Credit Act**

Consumers have a right to:

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

Any other relevant answer related to the consumer rights as stipulated in the NCA.

NOTE: Mark the first TWO (2) only (2 x 2) (4)

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

CHALLENGES 2.3.1	BUSINESS ENVIRONMENTS 2.3.2	EXTENT OF CONTROL 2.3.3
1. Mags Computers buys components from IMM International, which has a slow delivery schedule. ✓	Market ✓	Partial/Some/Limited/ Less/Little control ✓
2. The employees of MC lack relevant skills necessary to manufacture quality computers. ✓	Micro ✓	Full control ✓
3. MC had to borrow money from Smart Bank at a high-interest rate to improve their products. ✓	Macro ✓	No control ✓
Max. (3)	**Max. (3)**	**Max. (3)**

NOTE:
1. **Mark the first challenge for each environment only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Award full marks for the business environment even if the challenge is not quoted in full.**
4. **The extent of control must be linked to the business environment.**
5. **Do not award marks for the extent of control if the business environment is not mentioned.**
6. **Accept responses in any order.** **Max.** (9)

2.4 **Types of defensive strategies**

Divestiture✓✓
- Disposing/Selling some assets/divisions that are no longer profitable/productive/functional/relevant.✓
- Selling off divisions/product lines with slow growth potential. ✓
- Decreasing the number of shareholders by selling ownership. ✓
- Paying off debts by selling unproductive assets. ✓
- Withdrawing/Divesting their investment share in another business. ✓

Any other relevant answer related to divestiture/divestment as a defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

Retrenchment ✓✓

- Terminating the employment contracts of employees for operational /structural/restructuring reasons. ✓
- Decreasing the number of product lines/closing certain departments may result in some workers becoming redundant. ✓

Any other relevant answer related to retrenchment as a defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

Liquidation ✓✓

- Selling all assets to pay creditors due to a lack of capital/Inability to repay creditors/bankruptcy. ✓
- Selling the entire business in order to pay shareholders a fair price for their shares. ✓
- Allowing creditors to apply for forced liquidation in order to have their claims settled. ✓

Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)
Explanation (1)
Submax (3)

NOTE: Mark the first TWO (2) strategies only. **Max.** (6)

2.5 **Advantages of diversification strategies**

- Increase sales ✓ and business growth. ✓
- Improve the business brand ✓ and image. ✓
- Reduces the risk of relying only on one product ✓for sales/revenue/income. ✓
- More products can be sold to existing customers ✓ and additional new markets can be established. ✓
- Businesses gain more technological capabilities ✓ through product modification. ✓
- Diversification into a number of industries/product lines✓can help create a balance during economic fluctuations. ✓
- 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. ✓
- Allows businesses to remain relevant/functional/operational ✓in a dynamic business environment. ✓

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

Max. (6)

2.6 **Pillars of BBBEE from the scenario**

BBBEEE PILLARS	MOTIVATIONS
1. Ownership ✓✓	The management of Zanado Wholesalers sold some of their shares to their black employees. ✓
2. Enterprise and Supplier Development (ESD) ✓✓	ZW outsources its services to suppliers that are BBBEE compliant. ✓
Submax (4)	Submax (2)

NOTE:
1. **Mark the first TWO only.**
2. **Award marks for the BBBEE pillars even if the quotes are incomplete.**
3. **Do not award marks for the motivations if the BBBEE pillars were incorrectly identified.**
4. **Accept responses in any order.** **Max.** (6)

2.7 **The role of SETAs in supporting the Skills Development Act/SDA**

- Report to the Director General. ✓✓
- Promote and establish learnerships. ✓✓
- Collect levies and pay out grants as required. ✓✓
- Provide accreditation for skills development facilitators. ✓✓
- Register learnership agreements/learning programmes. ✓✓
- Approve workplace skills plans and annual training reports.✓✓
- Monitor/Evaluate the actual training by service providers. ✓✓
- Allocate grants to employers/education/training providers. ✓✓
- Oversee training in different sectors of the South African economy. ✓✓
- Develop sector skills plans in line with the National Skills Development
- Strategy. ✓✓
- Draw up skills development plans for their specific economic sectors. ✓✓
- Provide training material/programmes for skills development facilitators. ✓✓
- Pay out grants to businesses that are complying with the requirements of the Skills Development Act. ✓✓
- Identify suitable workplaces for practical work experience.✓✓

Any other relevant answer related to the roles of SETAs in supporting the Skills Development Act (SDA). **Max.** (6)

BREAKDOWN OF MARKS

QUESTION	MARKS
2.1	3
2.2	4
2.3.1	3
2.3.2	3
2.3.3	3
2.4	6
2.5	6
2.6	6
2.7	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS

3.1 **Sources of external recruitment**

- Recruitment agencies ✓
- Billboards ✓
- Printed media, such as newspapers/flyers/pamphlets/magazines/ posters/ government gazette ✓
- Electronic media such as radio/internet/TV ✓
- Social media/Social networks/Internet/Business websites✓
- Walk-ins ✓
- Head hunting ✓
- Professional associations ✓
- Networking ✓
- Educational/Training institutions ✓
- Word of mouth ✓

Any other relevant answer related to the sources of external recruitment.
NOTE: Mark the first TWO only. (2 x 1) (2)

3.2 **Benefits of induction**

- Allows new employees to settle in quickly and work effectively. ✓✓
- Ensures that new employees understand rules/restrictions in the business. ✓✓
- New employees may establish relationships with fellow employees resulting in good teamwork. ✓✓
- New employees may feel at ease/welcome in the workplace, which reduces anxiety/ insecurity/fear. ✓✓
- The results obtained during the induction process provide a base for focused training. ✓✓
- Increases quality of performance/productivity which promotes the effective use of working methods/resources. ✓✓
- Minimises/Decreases the need for on-going training and development. ✓✓
- Employees will be familiar with the organisational structure; the various departments with their supervisors and low-level managers. ✓✓
- Opportunities are created for new employees so that they experience/explore different departments. ✓✓
- New employees will understand their role/responsibilities concerning safety regulations and rules. ✓✓
- New employees will know the layout of the building/factory/offices/where everything is, which saves production time. ✓✓
- Learn more about the business so that new employees understand their roles/ responsibilities in order to be more efficient. ✓✓
- Company policies are communicated, regarding conduct/procedures/safety and security/employment contract/conditions of employment/working hours/leave. ✓✓
- Employees may have a better understanding of ethical/professional conduct/procedures/CSR. ✓✓
- 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 the staff turnover as new employees have been inducted properly. ✓✓

Any other relevant answer related to the benefits of induction for businesses. **Max.** (6)

3.3 **Reasons for the termination an employment contract from the scenario**

3.3.1 **Reasons for the termination an employment contract**

- The management of Bright Publishers terminated the employment contracts of certain workers due to restructuring. ✓
- John, the supervisor, decided to resign voluntarily for better job opportunities. ✓

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

3.3.2 **Other reasons for the termination an employment contract**

- The employer may dismiss an employee for valid reason(s), ✓ such as unsatisfactory job performance/ misconduct ✓
- The employer may retrench some employees✓ due to insolvency / may not be able to pay the employees. ✓
- Employer may no longer have work✓ for redundant employees/cannot fulfil the contract.✓
- An employee may have reached the predetermined age ✓ for retirement. ✓
- Incapacity to work ✓ due to illness/injuries. ✓
- By mutual agreement ✓ between the employer and employee. ✓
- The duration of the employment contract ✓ expires/comes to an end. ✓

Any other relevant answer related to other reasons for the termination of an employment contract.

NOTE: Do not award marks for responses that were quoted in QUESTION 3.3.1 **Max.** (4)

3.4 **Salary determination methods**

Piecemeal ✓✓

- Workers are paid according to the number of items/units produced/action performed. ✓
- Workers are not remunerated for the number of hours worked, regardless of how long it took to complete the items. ✓
- Mostly used in factories particularly in the textile/technology industries. ✓

Any other relevant answer related to piecemeal as a salary determination method.

Method (2)
Explanation (1)
Submax (3)

Time-related ✓✓

- Workers are paid for the amount of time they spend at work/on a task. ✓
- Workers with the same experience/qualifications are paid on salary scales regardless of the amount of work done. ✓
- Many private and public sector businesses use this method. ✓

Any other relevant answer related to time related as a salary determination method.

Method (2)
Explanation (1)
Submax (3)

NOTE: Mark the first TWO (2) only. **Max.** (6)

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. ✓✓
- Improves the financial sustainability of the business as customers are retained. ✓✓

Any other relevant answer related to the benefits of a good quality management system. **Max.** (4)

3.6 **Quality concepts from the scenario**

QUALITY CONCEPTS	MOTIVATIONS
1. Quality assurance ✓✓	Solarwise Manufacturers check the quality of their solar panels to meet the required standard during and after the production process.✓
2. Quality management ✓✓	The Chief Executive Officer (CEO) of SM uses techniques and tools to improve the quality of their products. ✓
Submax (4)	Submax (2)

NOTE:
1. **The answer does not have to be in tabular format.**
2. **Award marks for the quality concepts even if the quotes were incomplete.**
3. **Do not award marks for the motivations if the quality concepts were incorrectly identified.**
4. **Mark the first TWO (2) only**
5. **Accept responses in any order** **Max.** (6)

3.7 **Impact of TQM if poorly implemented by businesses**

- Setting unrealistic deadlines ✓ that may not be achieved. ✓
- Employees may not be adequately trained ✓ resulting in poor quality products. ✓
- Decline in productivity✓ because of stoppages. ✓
- Businesses may not be able to make necessary changes of products/ services ✓ to satisfy the needs of 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 preset quality standards. ✓

Any other relevant answer related to the impact of TQM if poorly implemented by businesses. **Max.** (4)

3.8 **Quality indicators of the financial function**

- Obtain capital from the most suitable/available/reliable sources. ✓✓
- Negotiate better interest rates in order to keep financial cost down. ✓✓
- Draw up budgets to ensure sufficient application of monetary resources. ✓✓
- Keep financial records up to date to ensure timely/accurate tax payments. ✓✓
- Analyse strategies to increase profitability. ✓✓
- Invest surplus funds to create sources of passive income. ✓✓
- Implement financial control measures/systems to prevent fraud. ✓✓
- Implement credit granting/debt collecting policies to monitor cash flow. ✓✓
- Draw up accurate financial statements timeously/regularly. ✓✓
- Accurately analyse and interpret financial information. ✓✓
- Invest in strategies that will assist the business to remain profitable. ✓✓
- Avoid over/under-capitalisation so that financial resources will be utilised effectively. ✓✓

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

Max. (6)

BREAKDOWN OF MARKS

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

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Rights of employees in terms of the Labour Relations Act/LRA**

- Employees may join a trade union of their choice. ✓✓
- May embark on legal strikes 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 hearing. ✓✓
- Trade union representatives may take reasonable time off work with pay to attend to trade union duties. ✓✓
- Establish a workplace forum, where a business has 100 or more employees, to resolve work-related issues. ✓✓

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

Max. (6)

4.2 **Legislation**

4.2.1 Compensation for Occupational Injuries and Diseases Act/COIDA ✓✓ (2)

4.2.2 **Advantages of the Compensation for Occupational Injuries and Diseases Act/ COIDA**

- Promotes safety ✓ in the workplace. ✓
- Employees do not contribute ✓ towards this fund. ✓
- Claiming processes ✓ are relatively simple. ✓
- Eliminates time/costs spent ✓ on lengthy civil court proceedings. ✓
- Any compensation to an employee/the family ✓ is exempt from income tax. ✓
- Makes businesses more socially responsible as they cannot just employ workers at random ✓ to work in dangerous working conditions. ✓
- Workers are treated with dignity/respect ✓ as businesses view them as valuable assets and not just as workers. ✓
- Covers all employees at the workplace ✓ if both parties meet all the necessary safety provisions in the Act. ✓
- Creates a framework for acceptable employment practices ✓ and safety regulations. ✓
- Supply administrative guidelines/mechanisms ✓ for dealing with/processing claims. ✓
- Employees are compensated financially for any injury/disability ✓ resulting from performing their duties at their workplace. ✓
- In the event of the death of an employee as a result of a work-related accident/ disease✓ his/her dependent(s) will receive financial support. ✓

- Employees receive medical assistance ✓ provided there is no other medical assistance option. ✓/Cannot claim medical assistance from the fund ✓ and medical aid. ✓
- Medical expenses/Other types of compensation are paid to employees and/or their families ✓ depending on the type/severity of the injuries. ✓
- Employers must pay a monthly amount to the Compensation Fund ✓ depending on the number of employees/the level of risk they are exposed to. ✓
- COIDA provide compensation for domestict workers✓ should they become ill/disabled/killed as a result of a workplace accident/disease.✓

Any other relevant answer related to the advantages of COIDA.**.**
NOTE: Accept relevant facts if the Act was incorrectly identified as an answer in QUESTION 4.4.1 **Max** (4)

4.3 **Application of Porter's Five Forces model**

4.3.1 **Power of competitors /Competitive rivarly**

- Competitors selling the same/similar products ✓ may have a greater impact on the market of the business. ✓
- If competitors have a unique/scarce product/service ✓ then they will have greater power. ✓
- A business with many competitors in the same market ✓ has very little power in its market/industry. ✓
- Some businesses have the necessary resources/capital/to start a price war ✓ and to continue selling at a loss until some/all competitors leave the market. ✓
- Competitors using various pricing and marketing strategies, ✓ are likely to have power over the business. ✓
- Some businesses have necessary resources to start price wars✓ and continue selling at a loss until some/all competitors leave the market✓

Any other relevant answer related to how businesses could apply power of competitors/competitive rivalry as a force of Porter's Five Forces model to analyse their position in the market environment. **Max.** (4)

4.3.2 **Threat of substitution/substitutes**

- Business products that can be easily substituted✓ weakens 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 how businesses could apply the threat of substitution/substitutes as a force of Porter's Five Forces model to analyse their position in the market environment. **Max.** (4)

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

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

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

NOTE: Mark the first TWO (2) only. (2 x 1) (2)

4.5 **Selection procedure from the scenario**

4.5.1 **Selection procedure**

- The HR manager sorted the application documents according to the selection criteria. ✓
- The manager invited the shortlisted candidates to attend the interview. ✓

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

4.5.2 **Role of the interviewer during the interview**

- Allocate the same amount of time ✓ to each candidate. ✓
- Introduce members of the interviewing panel ✓ to each candidate/interviewee. ✓
- Make the interviewee feel ✓ at ease. ✓
- Explain the purpose of the interview ✓ to the panel and the interviewee.✓
- Pose the same set of questions✓ to all candidates/interviewees✓
- Record interviewees' responses ✓ for future reference. ✓
- Do not misinform/mislead ✓ the interviewee. ✓
- Avoid discriminatory/controversial✓ types of questions. ✓
- Provide an opportunity for the interviewee ✓ to ask questions. ✓
- Close the interview by thanking the interviewee ✓ for attending the interview. ✓

Any other relevant answer related to the role of the interviewer during the interview **Max.** (6)

4.6 **Roles of quality circles as part of continuous improvement of processes and systems**

- Solve problems related to quality ✓ and implement improvements. ✓
- Investigate problems ✓ and suggest solutions to management. ✓
- Ensure that there are 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 ✓
- Contribute towards the improvement✓ and development of the organisation. ✓
- Reduce costs/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 organisation and its 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 roles of quality circles as part of continuous improvement of processes and systems **Max.** (4)

4.7 **Advantages of continuous skills development as a TQM element on large businesses**

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

Any other relevant answer related to the advantages of continuous skills development as a TQM element on large businesses **Max.** (6)

BREAKDOWN OF MARKS

QUESTION	MARKS
4.1	6
4.2.1	2
4.2.2	4
4.3.1	4
4.3.2	4
4.4	2
4.5.1	2
4.5.2	6
4.6	4
4.7	6
TOTAL	40

TOTAL FOR SECTION B: 80

SECTION C

Mark the answers to the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 **Introduction**

- The effectiveness of business strategies must be evaluated so that best strategies are used to overcome challenges. ✓
- Intensive strategies enable businesses to remain sustainable in the market environment. ✓
- The PESTLE analysis factors, such as the technological, economical and legal factors, enable businesses to understand how external factors affect their operations. ✓
- A PESTLE analysis allows a strategic and systematic evaluation of a business's prospects, risks and opportunities in a new environment. ✓

Any other relevant introduction related to the steps in strategy evaluation/ advantages of intensive strategies/challenges posed by technological/economical/ legal as PESTLE factors/ways in which businesses can deal with challenges posed by the PESTLE factors. **Any** (2 x 1) (2)

5.2 **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. ✓✓
- 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 the strategic implementation in the internal and external environments of the business. ✓✓

Any other relevant answer related to the steps in strategy evaluation. **Max.** (10)

5.3 **Advantages of intensive strategies**

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

Any other relevant answer related to the advantages of intensive strategies. **Max.** (12)

5.4 **Challenges posed by PESTLE factors**

5.4.1 **Technological**

- Businesses may not keep up with/be aware/stay abreast ✓ of the latest technology. ✓
- Employees may not be skilled to operate/maintain ✓ new technology/ equipment. ✓
- Businesses may not be able to afford ✓ new technology. ✓
- Businesses may not be able to cater for/afford/have access ✓ to online transactions/e-commerce. ✓

Any other answer related to how the technological factor as a PESTLE element pose challenges to businesses.

Submax (4)

5.4.2 **Economical**

- High inflation/interest rates may negatively impact business/decrease the market share of business ✓ as customers cannot afford high prices/increases in taxes reducing consumer spending. ✓
- Loans may be expensive ✓ because of high interest rates. ✓
- Fluctuations in foreign currency✓ may restrict imports. ✓
- Decreases in foreign direct investment ✓ by important foreign investors. ✓

Any other answer related to how the economical factor as a PESTLE element pose challenges to businesses.

Submax (4)

5.4.3 **Legal**

- Legal requirements for operating certain types of businesses ✓ are time-consuming. ✓
- High legal costs involved in obtaining a license/trademark/patent/ copyright ✓ may prevent the establishment of some businesses. ✓
- Certain acts may have a direct impact ✓on business operations such as EEA/BCEA✓
- Legalities of business contracts ✓ may limit business operations. ✓

Any other relevant answer related to how the legal factor as a PESTLE element pose challenges to businesses.

Submax (4)

Max. (12)

5.5 **Ways in which businesses can deal with the challenges posed by the PESTLE factors**

5.5.1 **Technological**

- Continuous research on the latest available technology/equipment in the market. ✓✓
- Businesses should train existing/appoint new employees to maintain/use new equipment. ✓✓
- Compare prices/Select suitable suppliers for new equipment at reasonable prices. ✓✓

- Businesses must be geared for online trading/e-commerce. ✓✓

Any other relevant answer related to the ways in which businesses could deal with challenges posed by technological factors as a PESTLE element.

Submax (4)

5.5.2 **Economical**

- Borrow money from financial institutions when interest rates are favourable. ✓✓
- Businesses should consider decreasing their profit margin rather than increasing the price of their products. ✓✓
- Consider exchange rates when trading with other countries. ✓✓
- Negotiate favourable interest rates with creditors. ✓✓
- Negotiate payment terms with suppliers. ✓✓
- Sell/Dispose parts of assets that are no longer profitable. ✓✓
- Provide shares at competitive /lower prices to attract more foreign direct investment.✓✓

Any other relevant answer related to the ways in which businesses could deal with challenges posed by economic factors as a PESTLE element.

Submax (4)

5.5.3 **Legal**

- Comply with all relevant legislation that may impact businesses. ✓✓
- Comply with the legal requirements for operating businesses, for example, license/trademark registration/patents. ✓✓
- Budget for high legal establishment/start-up costs. ✓✓
- Businesses must know/understand the legalities of business contracts so that they comply with all the requirements. ✓✓

Any other relevant answer related to the ways in which businesses could deal with challenges posed by legal factors as a PESTLE element.

Submax (4)

NOTE:
1. **Award marks for recommendations that are linked to the challenges in QUESTION 5.4.**
2. **Award marks for RELEVANT recommendations that are not linked to challenges.**

Max (12)

5.6 **Conclusion**

- Strategy evaluation enables businesses to assess how well a chosen strategy has been implemented and measures the business performance. ✓✓
- Intensive strategies enable businesses to offer better products/services and dominate the market. ✓✓
- An in-depth analysis of the challenges posed by technological, economical and legal factors may enable businesses to stay ahead of their competitors. ✓✓
- The effective implementation of the PESTLE factors enable business to take advantage of the opportunities that they present. ✓✓

Any other relevant conclusion related to the steps in strategy evaluation/ advantages of intensive strategies/challenges posed by technological/economic/legal as PESTLE factors/ways in which businesses can deal with challenges posed by the PESTLE factors

Any (1 x 2) (2)

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Steps in evaluating strategy	**10**	
Advantages of intensive strategies	**12**	
Challenges posed by PESTLE factors: o Technological o Economic o Legal	**12**	
Ways businesses can deal with challenges posed by PESTLE factors	**12**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

QUESTION 6: BUSINESS OPERATIONS: (HUMAN RESOURCES FUNCTION)

6.1 **Introduction**

- Businesses follow the recruitment procedure to attract and find potential resources for filling up vacant positions in the business.✓
- Job analysis ennables the human resources manager to identify the content of a job in terms of the activitie involves in addition to the requirements necessary to perform those activities.✓
- Fringe benefits include various types of non-wage compensation provided to employees in addition to their normal wages or salaries.✓
- The human resources manager must be well conversant with the Employment Equity Act to ensure a fair selection process. ✓

Any other relevant introduction related to the recruitment procedure/components of a job analysis/impact of fringe benefits on businesses/implications of the EEA on the human resources function. **Any** (2 x 1) (2)

6.2 **Recruitment procedure**

- The human resources manager should evaluate the job/prepare a job analysis, that includes the job specification/job description/to identify recruitment needs. ✓✓
- The human resources manager (HRM) should prepare the job description to determine the responsibilities/key performance areas related to/the nature of the job. ✓✓
- The human resources manager should indicate the job specification/description/ key performance areas to attract suitable candidates. ✓✓
- Choose the method of recruitment such as internal/external, to reach/target the suitable applicants/candidates. ✓✓
- Vacancies can be internally advertised via internal email/word of mouth/staff notices. ✓✓
- If internal recruitment is unsuccessful, external recruitment should be considered. ✓✓
- If the external recruitment is chosen, relevant recruitment sources should be approached such as recruitment agencies/tertiary institutions/newspapers. ✓✓
- An advertisement should be prepared with relevant information such as the name of the company/contact details/contact person. ✓✓
- 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.** (10)

6.3 **Components of a job analysis**

Job description ✓✓

- Describes the duties/responsibilities ✓ of a specific job. ✓
- Written description of the job ✓ and its requirements/ summary of the nature/type the job. ✓
- Describes key performance areas/tasks for a specific job✓ such as job title/working conditions/relationship of the job with other jobs in the business. ✓

Any other relevant answer related to job description as a component of job analysis.

Component (2)
Explanation (4)

Submax (6)

Job specification ✓✓
- Describes the minimum acceptable personal qualities/skills/qualifications ✓ needed for the job. ✓
- Written description of specific qualifications/skills/experience ✓ needed for the job. ✓
- Describes key requirements for the person who will fill the position ✓ such as formal qualifications/willingness to travel/work unusual hours.✓

Any other relevant answer related to job specification as a component of job analysis.

Component (2)
Explanation (4)
Submax (6)

NOTE: Mark the first TWO (2) only. **Max.** (12)

6.4 **Impact of fringe benefits on businesses**

Positives/Advantages
- Attractive fringe benefit packages ✓ may result in higher employee retention/reduces employee turnover. ✓
- Attracts qualified/skilled/experienced employees ✓ who may positively contribute towards the business goals/objectives. ✓
- Improves productivity ✓ resulting in higher profitability. ✓
- It increases employee satisfaction/loyalty/morale√ 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 positive impact/advantages of fringe benefits on businesses.

AND/OR

Negatives/Disadvantages

- Businesses which cannot offer fringe benefits ✓ fails to attract skilled workers. ✓
- Businesses which offer employees different benefit plans may create resentment ✓ to those who receive less benefit resulting in lower productivity. ✓
- It can create conflict/lead to corruption ✓ if allocated unfairly. ✓
- Fringe benefits are additional costs ✓ that may result in cash flow problems. ✓
- Decreases business profits, ✓ as incentive/package/remuneration costs are higher. ✓
- 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 have to pay advisors/attorneys ✓ to help them create benefit plans that comply with legislation. ✓
- Errors in benefit plans ✓ may lead to costly lawsuits/regulatory fines. ✓

Any other relevant answer related to the negative impact/disadvantages of fringe benefits on businesses. **Max.** (12)

6.5 **Implications of the Employment Equity Act on the human resources function**

- Ensure that employees are paid equally for work of equal value. ✓✓
- Ensure that affirmative action promotes diversity in the workplace. ✓✓
- The human resource manager must treat employees fairly and promote/provide equal opportunities in the workplace. ✓✓
- Retrain/Develop/Train designated groups through skills development programmes. ✓✓
- Define the appointment process clearly to ensure all parties are well informed. ✓✓
- Compile employment equity plans that indicate how they will implement affirmative action. ✓✓
- Assign a manager to ensure that the employment equity plan will be implemented/regularly monitored. ✓✓
- Display a summary of the Act where employees can clearly see it/have access to it. ✓✓
- Report to the Department of Labour on the progress in the implementation of the equity plan. ✓✓
- Conduct medical/psychological tests fairly to employees/when deemed necessary. ✓✓
- Ensure that the workplace represents the demographics of the country at all levels. ✓✓
- Restructure/Analyse current employment policies/practices/procedures to accommodate designated groups. ✓✓

Any other relevant answer related to the implications of the Employment Equity Act on the human resources function. **Max.** (12)

6.6 **Conclusion**

- Employees are the most important resource in any business and its success is strongly influenced by a good recruitment procedure. ✓✓
- The goal and objectives of businesses cannot be achieved without qualified and skilled employees. ✓✓
- A job analysis assists businesses in identifying the details of the vacancy and of the candidate. ✓✓
- Employees feel valued if they are provided excellent benefits packages and work hard towards achieving business goals. ✓✓
- The Employment Equity Act reduces business litigation by enabling the human resources function to adhere to proper labor practices. ✓✓

Any other relevant conclusion related to the recruitment procedure/components of job analysis/impact of fringe benefits on businesses/ımplications of the EEA on the human resource function **Any** (1 x 2) (2)

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Recruitment procedure	**10**	
Components of job analysis	**12**	
Impact of fringe benefits on businesses	**12**	
Implications of the Employment Equity Act on the Human Resources function	**12**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

TOTAL SECTION C: 40

TOTAL: 150