GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2026

MARKING GUIDELINES

BUSINESS STUDIES

(PAPER 1)

29 pages

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 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
DH:	Green
District Moderator:	Orange
Provincial 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. Comprehensive marking guidelines have 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 guidelines
   - 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 a measure of 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 at the end of each question. 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 subquestions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

10. No additional credit must be given for the 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 in depth information, 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 proven 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, the cognitive verb used, the mark allocation in the marking guidelines 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 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: 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 at the MSM to finalise possible alternative answers.

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

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

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

The 'fact' and 'explanation' are given separately in the marking guidelines 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(s) allocated in the marking guidelines.

14.5 **ONE mark may be awarded for answers that are easy to recall, require one-word answers or is quoted directly from a scenario/case study. This applies specifically to SECTIONS B and C (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 and interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (ONE 'A') Interpretation (16 to 32 marks): 1 (ONE 'A')	**2**
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: Option 1: **Only relevant facts: 2 marks (No '-S')** Where a candidate answers 50% or more (two to four 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 one 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 subquestions, but one/two/three subquestion/s with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: **No relevant facts: 0 marks (Two '-S')** Where a candidate answers less than 50% (only one subquestion) of the questions with no relevant facts; two '-S' appears in the left margin. Award a ZERO mark for synthesis.	
Originality	Is there evidence of one example in any TWO (2) of the four subquestions, not older than TWO (2) years which are based on recent information, current trends and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	TOTAL MARKS FOR ESSAY (8 + 32)	**40**

NOTE:
1. The candidate must respond to at least any TWO of the four subquestions in the INTRODUCTION and at lerast ONE of the four subquestions in the CONCLUSION. Verbatim quoting of definitions/facts from credible sources is strongly discouraged.
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.
4. No marks will be awarded for content repeated from the introduction and conclusion.

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 guidelines to each question.

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

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

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

15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARKS 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 guidelines.

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 D ✓✓

1.1.3 A ✓✓

1.1.4 B ✓✓

1.1.5 D ✓✓

(5 x 2) (10)

1.2 1.2.1 Employment Equity ✓✓

1.2.2 liquidation ✓✓

1.2.3 specification ✓✓

1.2.4 management ✓✓

1.2.5 placement ✓✓

(5 x 2) (10)

1.3 1.3.1 D ✓✓

1.3.2 H ✓✓

1.3.3 I ✓✓

1.3.4 C ✓✓

1.3.5 F ✓✓

(5 x 2) (10)

TOTAL SECTION A: 30

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

SECTION B

Mark the answers to the FIRST TWO question only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Consumer rights as stipulated in the Consumer Protection Act (CPA)**

Consumers have the right to:

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

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

2.2 **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 role of SETAs in supporting the SDA. **Max.** (6)

2.3 **Provisions of the Basic Conditions of Employment Act/BCEA from statements**

2.3.1 Regulation of working time/ordinary hours of work/overtime/meal intervals and rest periods/Sunday work/Public holidays. ✓✓ (2)

2.3.2 Termination of employment ✓✓ (2)

2.3.3 Prohibition of employment of children and forced labour/Child and forced labour ✓✓ (2)

2.4 **Purpose of the Labour Relations Act (LRA)**

- Promotes/Facilitates collective bargaining ✓ at the workplace/sectoral level.✓
- Promotes fair labour practices ✓ between employers and employees. ✓
- Promotes workplace forums ✓ to accommodate employees in decision-making. ✓
- Provides for the right to lock-out by the employer ✓ as a reaction to lengthy strikes. ✓
- Promotes simple procedures for the registration of trade unions ✓ and employer organisations. ✓
- Establishes the Commission for Conciliation, Mediation and Arbitration/ (CCMA) ✓ for dispute resolutions. ✓
- Establishes Labour Courts ✓ and Labour Appeal Courts ✓
- Provides a framework/structure for labour relations between employers ✓ and employees, trade unions and employer organisations. ✓
- Clarifies the transfer of employment contracts ✓ between the existing and new employers. ✓
- Advances social justice/economic development/labour peace ✓ which ensures that the workplace maintains the basic rights of employees. ✓

Any other relevant answer related to the purpose of the Labour Relations Act.

Max. (6)

2.5 **PESTLE factors**

PESTLE factors from the scenario

PESTLE FACTORS	MOTIVATIONS
1. Social ✓✓	NTD lost sales as customers prefer to spend their money on medical expenses. ✓
2. Economical/Economic ✓✓	Imports are restricted because of the fluctuations in foreign currency. ✓
Submax (4)	Submax (2)

NOTE:
1. **Mark the first TWO (2) only.**
2. **Award marks for PESTLE factors even if the quote(s) are incomplete.**
3. **Do not award marks for motivations if the PESTLE factors were incorrectly identified.**

Max. (6)

2.6 **Advantages of the intensive strategies**

- Increase in sales/income/profitability ✓ due to a variety of advertising campaigns. ✓
- Increase the control over the prices charged ✓ for products/services. ✓
- Regular sales ✓ to existing customers may increase. ✓
- Gain customer loyalty ✓ through effective promotion campaigns. ✓
- Improved service delivery ✓ may positively impact/increase sales. ✓
- Eliminate 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/improves the focus on markets/well researched quality products ✓ that satisfy the needs of consumers. ✓
- Increased/enhanced/improved market share reduces the business's vulnerability ✓ to the actions of competitors. ✓

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

Max. (6)

2.7 **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 that will result in the achievement of business goals envisaged when strategies were implemented. ✓✓
- Consider the impact of the strategic implementation in the internal/external environments of the business. ✓✓

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

NOTE: The steps may be in any order. **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	6
2.5	6
2.6	6
2.7	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS

3.1 **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/responsibilities 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. ✓
- 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 the employer and employee. ✓
- List of documents that form part of the contract such as appointment letter/code of conduct/ethics. ✓
- Disciplinary policy such as rules/disciplinary procedure for unacceptable behaviour. ✓

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

3.2 **Recruitment procedure as a human resources activity**

- The human resource manager should evaluate the job/prepare a job analysis, that includes the job specification/job description in order to identify recruitment needs. ✓✓
- The human resource manager (HRM) should prepare the job description in order to determine the responsibility/key performance areas related to the nature of the job. ✓✓
- The human resource 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. ✓✓
- If external recruitment is chosen/done, the relevant recruitment sources should be considered, e.g. recruitment agencies/tertiary institutions/ newspapers, etc. ✓✓
- Vacancies can be internally advertised via internal email/word of mouth/ posters/staff notice boards. ✓✓
- If internal recruitment is unsuccessful, external recruitment should be considered. ✓✓
- Place the advertisement in the appropriate media that will ensure that the best candidates apply. ✓✓
- An advertisement should be prepared with the relevant information, such as the name of the company, contact details, contact person. ✓✓

Any other relevant answer related to the recruitment procedure as a human resources activity.

NOTE: The procedure can be in any order. **Max.** (6)

3.3 3.3.1 **Advantages of fringe benefits from the scenario**

- They offer attractive fringe benefit packages in order to reduce employee turnover. ✓
- SC saves money as benefits are tax deductible. ✓

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

3.3.2 **Other advantages of fringe benefits for businesses**

- Improves productivity ✓ resulting in higher profitability. ✓
- Attracts qualified/skilled/experienced employees ✓ who may positively contribute towards the business goals/objectives. ✓
- It increases employee satisfaction/loyalty/morale ✓ as they may be willing to go the extra mile. ✓
- Fringe benefits can be used as leverage ✓ for salary negotiations. ✓

Any other relevant answer related to other advantages of fringe benefits for businesses.

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

3.4 **The role of the interviewee during the interview**

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

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

3.5 **Steps of the PDCA model from statements**

3.5.1 Do ✓✓ (2)

3.5.2 Check/Analyse ✓✓ (2)

3.6 **Contribution of the administration function to the success of a business**

- 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. ✓
- Financial documents are kept up to date ✓ and recorded accurately. ✓
- All systems and processes ✓ are documented. ✓

Any other relevant answer related to how the quality of performance of the administration function can contribute to the success of a business. **Max.** (6)

3.7 **Impact of total client satisfaction as a TQM element on large businesses**
Positive/Advantages

- Large businesses use market research/customer surveys ✓ to measure/monitor customer satisfaction/reaction time to changing consumer demand/analyse customers' needs. ✓
- Continuously promote ✓ a positive business image. ✓
- May achieve a state of total client/customer satisfaction, ✓ if businesses follow sound business practices that incorporate all stakeholders. ✓
- Strive to understand/fulfil customer expectations ✓ by aligning cross-functional teams across critical processes. ✓
- Ensures that cross-functional teams understand their core competencies ✓ and develop/strengthen them. ✓
- May lead to higher customer retention/loyalty ✓ and businesses may be able to charge higher prices. ✓
- Large businesses may be able to gain access ✓ to the global market. ✓
- May lead to increased ✓ competitiveness/profitability. ✓

Any other relevant answer related to the positive impact/advantages of total client satisfaction as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Large businesses that become complacent with the existing customer satisfaction/target market ✓ may experience limited long term growth potential. ✓
- Employees who seldom come into contact with customers ✓ often do not have a clear idea of what will satisfy their needs. ✓
- Monopolistic businesses have an increased bargaining power ✓ so they do not necessarily have to please customers. ✓
- Not all employees may be involved/committed ✓ to total client/customer satisfaction. ✓

Any other relevant answer related to the negative impact/disadvantages of total client-satisfaction as a TQM element on large businesses. **Max.** (6)

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

- Effective customer services are rendered, resulting in increased customer satisfaction. ✓✓
- Time and resources are used efficiently. ✓✓
- Productivity increases through proper time management/using high quality resources. ✓✓
- Products/Services are constantly improved resulting in increased levels of customer satisfaction. ✓✓
- Vision/Mission/Business goals may be achieved. ✓✓
- A business has a competitive advantage over its competitors. ✓✓
- Regular training will continuously improve the quality of employees' skills/ knowledge. ✓✓
- Employers and employees will have a healthy working relationship resulting in happy/productive workers. ✓✓
- Increased market share/financial sustainability as more customers improve profitability. ✓✓
- Improves business image as there are less defects/returns. ✓✓

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

[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	2
3.2	6
3.3.1	2
3.3.2	4
3.4	6
3.5.1	2
3.5.2	2
3.6	6
3.7	6
3.8	4
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Porter's Five Forces model**

- Power of suppliers/Bargaining power of suppliers. ✓
- Power of buyers/Bargaining power of buyers. ✓
- Power of competitors/Competitive rivalry. ✓
- The threat of substitution/Substitutes. ✓
- Threat/Barriers of new entrants to the market. ✓

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

4.2 **Challenges in the business environment and extent of control**

CHALLENGES 4.2.1	BUSINESS ENVIRONMENT 4.2.2	EXTENT OF CONTROL 4.2.3
1. They buy their raw materials from Prime Hide Suppliers, who sometimes supply inferior materials. ✓	Market environment ✓	Partial/Some/Limited/ Less control ✓
2. The local government instructed SLE to register their products with the South African Bureau of Standards. ✓	Macro environment ✓	No control ✓
Submax (2)	Submax (2)	Submax (2)

NOTE:
1. **Mark the first TWO (2) challenges only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Award marks for the business environments even if the extent of control is not indicated/incorrect.**
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. (6)

4.3 **Diversification strategies**

Concentric diversification ✓✓

- The business adds a new product or service that is related to existing products, and which will appeal to new customers. ✓
- Occurs when a business wants to increase/expand its product range and markets. ✓
- The business creates a new product that is technologically similar to existing/current products that are aimed at new customers/consumers/ markets. ✓
- Occurs when a business uses existing infrastructure/organisational resources/expertise to create products with some degree of similarity but with clear differentiation from existing/current products. ✓

Any other relevant answer related to concentric diversification.

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

Horizontal diversification ✓✓

- The business adds new products or services that are unrelated/different to existing products, but which may appeal to existing/current customers. ✓
- Occurs when a business acquires or merges with a business that is at the same production stage but may offer a different product. ✓
- The business extends the production of products/services above/beyond the market/industry in which it currently operates. ✓
- Occurs when the business increases its development potential/extends its brand and significantly reduces risk as the new products are aimed at existing customers/consumers. ✓

Any other relevant answer related to horizontal diversification.

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

Conglomerate diversification ✓✓

- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers. ✓
- Conglomerate diversification means that a business grows into new products/services and markets. ✓
- Occurs when the business operates multiple product lines/business entities for entirely different industries/consumers/customers. ✓
- Occurs when the business can increase overall product/service flexibility/ proficiency by extending activities to unexplored/untapped/unfamiliar markets. ✓

Any other relevant answer related to conglomerate diversification.

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

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

4.4 **Ways in which businesses can comply with BBBEE**

- Businesses need to find all means to achieve the requirements of the five BBBEE pillars, such as promoting affirmative action when making appointments. ✓✓
- Conduct business activities with BBBEE compliant vendors/suppliers/ participate in preferential procurement. ✓✓
- Conduct regular skills development training with black employees. ✓✓
- Sell shares to more black individuals within and outside the organisation. ✓✓
- Appoint and promote more black employees into managerial positions. ✓✓
- Implement sound Corporate Social Investment (CSI) policies to improve and develop society at large. ✓✓
- Businesses must appoint black people in managerial positions. ✓✓
- Outsource their services to BEE compliant suppliers. ✓✓
- Implement affirmative action when making appointments/Businesses need to find all means to achieve the requirements of the five BBBEE pillars, such as promoting affirmative action when making appointments. ✓✓
- Develop small business /SMME's through ESD. ✓✓
- Conduct business activities with BBBEE compliant vendors/suppliers/ participate in preferential procurement. ✓✓
- Improve the standard of living of the communities in which they operate. ✓✓

Any other relevant answer related to ways in which businesses can comply with BBBEE. **Max.** (4)

BUSINESS OPERATIONS

4.5 **Reasons for the termination of an employment contract**

- The employer may dismiss an employee for a valid reason(s), e.g. unsatisfactory job performance, misconduct, etc. ✓✓
- Employer may no longer have work for redundant employees/cannot fulfil the contract/is restructuring. ✓✓
- The employer may retrench some employees due to insolvency/may not be able to pay the employees. ✓✓
- Employees decided to leave/resign voluntarily for better job opportunities. ✓✓
- An employee may have reached the pre-determined 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 the reasons for the termination of an employment contract. **Max.** (4)

4.6 **Implications of the Employment Equity Act (EEA) (Act 55 of 1998) on the human resources function**

4.6.1 **Implications of the Employment Equity Act from the scenario to the human resources function**

- She is expected to promote equal opportunities in the workplace. ✓
- She must also ensure that the workplace represents the demographics of the country at all levels. ✓

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

4.6.2 **Other implications of the Employment Equity Act (EEA) (Act 55 of 1998) on the human resources function**

- Equal pay ✓ for work of equal value. ✓
- Compile employment equity plans ✓ that indicate how they will implement affirmative action. ✓
- Ensures that affirmative action promotes diversity ✓ in the workplace. ✓
- Retrain/Develop/Train designated groups ✓ through skills development programmes. ✓
- Define the appointment process clearly ✓ to ensure all parties are well informed. ✓
- Display a summary of the Act ✓ where employees can clearly see it/have access to it. ✓
- Assign a manager to ensure that the employment equity plan ✓ will be implemented/regularly monitored. ✓
- 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. ✓
- Restructure/Analyse current employment policies/practices/ procedures ✓ to accommodate designated groups. ✓
- Any other relevant answer related to other implications of the Employment Equity Act (EEA)on the human resources function.

NOTE: Do not award marks for responses that were quoted in QUESTION 4.6.1. **Max.** (4)

4.7 **Roles of quality circles as part of the continuous improvement to processes and systems**

- 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/motivation ✓ to boost the team spirit in achieving organisational goals. ✓
- Contribute towards the improvement ✓ and development of the organisation. ✓
- Reduce costs of redundancy ✓ and wasteful efforts in the long term. ✓
- 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/commitment ✓ to the organisational goals. ✓
- Improve employees' communication ✓ at all levels of the business. ✓
- Develop a positive attitude/sense of involvement ✓ in decision-making processes of the services offered. ✓
- Quality circles discuss ways of improving ✓the quality of work/workmanship. ✓

Any other relevant answer related to the role of quality circles as part of continuous improvement to processes and systems. **Max.** (4)

4.8 **Ways in which total quality management (TQM) can reduce the cost of quality**

- Introduce quality circles to discuss ways of improving the quality of their work/workmanship. ✓✓
- Schedule activities to eliminate the duplication of tasks. ✓✓
- Share responsibilities for quality output amongst management and workers. ✓✓
- Train employees at all levels, so that everyone understands their roles in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials/inputs. ✓✓
- Improve communication about 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 pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. ✓✓

Any other relevant answer related to ways in which TQM can reduce the cost of quality. **Max.** (6)

[40]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	4
4.2.1	2
4.2.2	2
4.2.3	2
4.3	6
4.4	4
4.5	4
4.6.1	2
4.6.2	4
4.7	4
4.8	6
TOTAL	40

TOTAL SECTION B: 80

SECTION C

QUESTION 5: BUSINESS ENVIRONMENTS (LEGISLATION)

5.1 **Introduction**

- The National Credit Act (NCA) facilitates the rights of consumers and help prevent unfair credit practices. ✓
- This Act ensures that consumers can make informed financial decisions before buying on credit. ✓
- It promotes fairness, transparency, and responsible credit practices by balancing the interests of both consumers and businesses. ✓
- The NCA has a direct impact on the way companies grant credit, manage compliance, and maintain relationships with their customers. ✓
- To avoid penalties and build trust, businesses need to apply practical measures that ensure that they comply with the requirements of the Act. ✓

Any other relevant introduction related to the rights of consumers in terms of NCA/purpose of the NCA/impact of the NCA/ways to comply with the NCA**.**

Any (2 x 1) (2)

5.2 **Rights of consumers in terms of the NCA**

Consumers have a right to:

- Apply for credit and to be free from discrimination in any form. ✓✓
- Obtain reasons for credit being refused by credit providers. ✓✓
- Receive protection of their personal information. ✓✓
- Receive pre-agreement documentation/credit quote that is valid for 7 days before concluding any credit transaction. ✓✓
- Receive information in plain and understandable language. ✓✓
- Receive documents/statements as required by the Act. ✓✓
- Fair and responsible marketing by the credit provider. ✓✓
- Access and challenge credit records and information. ✓✓
- 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 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 rights of consumers in terms of the NCA.

Max. (10)

5.3 **Purpose of the NCA**

- Promotes the social and financial interests of South African consumers ✓ and by extension the South African economy. ✓
- Ensures that consumers of credit are well informed ✓ about the details included in their credit contracts. ✓
- Protects both lenders and borrowers from negligent lending practices ✓ that may result in over-indebtedness for consumers. ✓
- Ensures that the credit bureau/credit providers/debt counsellors are registered ✓ to avoid consumer exploitation. ✓
- Promotes the responsible granting of credit ✓ by credit providers. ✓
- Promotes a fair ✓ but competitive credit market. ✓
- Makes provision for the establishment ✓ of the National Credit Regulator/NCR. ✓
- Prevents discrimination ✓ and ensures credit is available to all consumers. ✓

Any other relevant answer related to the purpose of the NCA. **Max.** (12)

5.4 **Impact of the NCA on businesses**

Positives/Advantages

- NCA protects businesses ✓ against non-paying consumers. ✓
- Businesses do thorough credit checks ✓ and receive up-to-date documentation from the consumer as proof that they can afford the repayment. ✓
- Leads to more customers through credit sales ✓ as they are now protected from abuse and exploitation. ✓
- Businesses that are authorised credit providers ✓ may attract more consumers. ✓
- The information held by the credit bureau is made available to businesses ✓ so that they verify the creditworthiness of consumers before granting credit. ✓
- Lowers bad debts ✓ resulting in better cash flow. ✓
- Authorised credit providers may attract ✓ more customers. ✓
- Prevents reckless lending ✓ and businesses from bankruptcy. ✓
- Increases cash sales ✓ because businesses only granted credit to qualifying customers/more customers are buying in cash. ✓
- The whole credit process is transparent ✓ as both businesses and customers know their responsibilities. ✓

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

AND/OR

Negative/Disadvantages

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

Any other relevant answer related to the negative impact/disadvantages of the NCA on businesses **Max.** (14)

5.5 **Ways in which businesses can comply with the NCA**

- Conduct a credit check with a registered credit bureau and/or consult the National Credit Register. ✓✓
- Register the business with the National Credit Regulator (NCR). ✓✓
- Submit an annual compliance report to the National Credit Regulator (NCR). ✓✓
- Conduct an affordability assessment to ensure the consumer can meet their obligation. ✓✓
- Comply with the necessary procedures regarding the provisions of the Financial Intelligence Centre Act. ✓✓
- Verify the identity of clients, report suspicious transactions/train staff on their obligations in terms of FICA. ✓✓
- Offer applicants pre-agreement statements. ✓✓
- Disclose all costs of the loan/No hidden costs should be charged/added. ✓✓
- Businesses must have procedures in place to comply with the provisions of the Financial Intelligence Centre Act (FICA). ✓✓
- Obtain credit records/checks of clients before granting loans. ✓✓

Any other relevant answer related to the ways in which businesses can comply with the NCA. **Max.** (10)

5.6 **Conclusion**

- The NCA is important for protecting consumers and guiding businesses in credit practices. ✓✓
- By enforcing these rights, the NCA gives consumers the confidence to use credit responsibly while holding credit providers accountable for fair treatment. ✓✓
- Both consumers and businesses benefit when the Act is followed. ✓✓
- The impact of the NCA on businesses is that they must operate within stricter rules, but by doing so they gain consumer trust, avoid legal penalties, and contribute to a fairer credit environment. ✓✓

Any other relevant conclusion related to the rights of consumers in terms of NCA/ purpose of the NCA/ impact of the NCA/ ways to comply with the NCA.

Any (1 x 2) (2)

[40]

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	Maximum	Total
INTRODUCTION	**2**	
Rights of consumers in terms of the NCA	**10**	**Max. 32**
Purpose of the NCA	**12**	
Impact of the NCA on businesses	**14**	
Ways in which businesses can comply with the NCA	**10**	
Conclusion	**2**	
INSIGHT		
Layout	**2**	**8**
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

QUESTION 6: BUSINESS OPERATIONS (HUMAN RESOURCES FUNCTION)

6.1 **Introduction**

- The human resources manager is responsible for selecting and appointing skilled and competent employees. ✓
- Different salary determination methods are applied to appropriately compensate employees according to the kind of work they perform. ✓
- The legal requirements of the employment contract provides guidelines on the contents that are included in the contract. ✓
- Induction is necessary for new employees so that they are familiar with the work environment/conditions. ✓

Any other relevant introduction related to the selection procedure/salary determination methods/legal requirements of an employment contract/purpose of induction for businesses. Any (2 x 1) (2)

6.2 **Selection procedure as a human resources activity**

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. ✓✓
- Sort the received documents/CVs according to the assessment/selection criteria. ✓✓
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest. ✓✓
- Preliminary interviews are conducted if many suitable applications were received to identify suitable applicants. ✓✓
- Reference checks/vetting process should be made to verify the content of CV regarding work experience/criminal records/qualifications. ✓✓
- Compile a shortlist of potential candidates identified. ✓✓
- Shortlisted candidates may be subjected to various types of selection tests such as skills tests. ✓✓
- Invite shortlisted candidates for an interview. ✓✓
- A written offer is made to the selected candidate. ✓✓
- Inform unsuccessful applicants about the outcome of their application. ✓✓ /Some advertisements indicate the deadline for informing only successful candidates. ✓✓

Any other relevant answer related to selection procedure as a human resources activity.

OR

OPTION 2

- Receive documentation, such as application forms and sort it according to the criteria of the job. ✓✓
- Evaluate CVs and create a shortlist/Screen the applicants. ✓✓
- Check information in the CVs and contact references. ✓✓
- Conduct preliminary sifting interviews to identify applicants who are not suitable for the job, although they meet all the requirements. ✓✓
- Assess/Test candidates who have applied for senior positions to ensure that the best candidate is chosen. ✓✓
- Conduct interviews with shortlisted candidates. ✓✓
- Offer employment in writing to the selected candidate(s). ✓✓

Any other relevant answer related to the selection procedure as a human resources activity.

NOTE: The procedure can be in any order. **Max.** (10)

6.3 **Salary determination methods**

6.3.1 **Piecemeal** ✓✓

- Workers are paid according to the number ✓ of items/units produced/actions performed. ✓
- Workers are not remunerated for the number of hours worked, ✓ regardless of how long it takes them to make 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 (4)
Sub max (6)

6.3.2 **Time-related** ✓✓

- Workers are paid according to the amount of time/hours ✓ 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 (4)
Sub max (6)

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

6.4 **Legal requirements of an employment contract**

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

Any other relevant answer related to the legal requirements of an employment contract. **Max.** (14)

6.5 **Purpose of induction for businesses**

- Introduces new employees to management/colleagues to establish relationships with fellow colleagues at different levels. ✓✓
- Make new employees feel welcome by introducing them to their physical workspace. ✓✓
- Creates opportunities for new employees to experience/explore different departments. ✓✓
- Explain safety regulations and rules, so that new employees will understand their role/responsibilities in this regard. ✓✓
- Communicate information about the products/services offered by the business. ✓✓
- Allow new employees the opportunity to ask questions that will put them at ease/reduce insecurity/anxiety/fear. ✓✓
- Give new employees a tour/information about the layout of the building/ office. ✓✓
- Improve skills through in-service training. ✓✓
- Familiarise new employees with the organisational structure/their supervisors. ✓✓
- Ensure that employees understand their roles/responsibilities so that they will be more efficient/productive. ✓✓
- Communicate business policies regarding ethical/professional conduct/procedures/employment contract/conditions of employment, etc. ✓✓

Any other relevant answer related to the purpose of induction as a human resources activity. **Max.** (10)

6.6 **Conclusion**

- Competent employees who have been selected with the use of prescribed requirements and criteria will add value to businesses. ✓✓
- Businesses can avoid unnecessary disputes by paying the employees according to the appropriate salary determination methods. ✓✓
- An employment contract should be aligned according to the requirements of the BCEA to avoid unnecessary legal action. ✓✓
- Businesses should have an effective induction programme in place so that new employees can gain a better understanding of the requirements of the job. ✓✓

Any other relevant conclusion related to the selection procedure/salary determination methods/legal requirements of an employment contract/purpose of induction for businesses. Any (1 x 2) (2)

[40]

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	**2**	**Max 32**
Selection procedure	**10**	
Salary determination methods	**12**	
Legalities of an employment contract	**14**	
Purpose of induction	**10**	
Conclusion	**2**	
INSIGHT		
Layout	**2**	**8**
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

[40]

TOTAL SECTION C: 40

TOTAL: 150