GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2019

MARKING GUIDELINES

BUSINESS STUDIES (10720)

51 pages

GAUTENG DEPARTMENT OF EDUCATION

PREPARATORY EXAMINATION

BUSINESS STUDIES

MARKING GUIDELINES

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

2. 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 source
   - Is original
   - Uses a different approach

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

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

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

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

6. Sub-totals to questions must be written in the right-hand margin. Circle the sub-totals 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 INSIDE the left-hand margin next to the appropriate question number.

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

8. Incorrect numbering of answers to questions or sub-questions in Sections A and B will be severely penalised. Therefore, correct numbering is strongly recommended in all sections.

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

10. Note that no marks will be awarded for indicating Yes / No in evaluation type questions requiring substantiation or motivation. (Applicable to Sections B and C.)

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 led by the nature of the question, cognitive verb used, mark allocation in the marking guidelines and the context of each question.

    Cognitive verbs, such as:

    12.1 Advise, name, state, mention, 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 Describe, explain, discuss, elaborate, compare, distinguish, differentiate, justify, devise, 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. Only mark the FIRST answer where candidates offer more than one answer for SECTIONS 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 or use the word 'Cancel'.

NOTE: This applies only to questions where the number of facts is specified.

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

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

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

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 marks allocated in the marking guidelines.

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 essay type questions is as follows:

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

15.2 Insight consists of the following components:

Layout / Structure	Is there an introduction, a body and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into headings / sub-headings / interpret it correctly to show understanding of what is being asked?	**2**
Synthesis	Are there relevant decisions / facts / responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (No '-S') Option 1: Where a candidate answers 50% or more 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: Where a candidate answers less than 50% 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: Where a candidate answers less than 50% of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	**2**
Originality	Is there evidence of examples, recent information, current trends and developments?	**2**
	TOTAL FOR INSIGHT:	**8**
	TOTAL MARKS FOR FACTS:	**32**
	TOTAL MARKS FOR ESSAY (8 + 32):	**40**

NOTE:
1. No marks will be awarded for content repeated from the introduction and conclusion.
2. The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.
3. No marks will be allocated for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.
4. With effect from November 2017, a candidate is now awarded a maximum of ONE (1) mark for headings / sub-headings and ONE (1) mark for interpretation (16 or more out of 32 marks). This applies specifically to the analysis and interpretation part of insight.

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 SUB MAX / MAX mark in a subsection has been attained. Write SUB MAX / MAX after maximum marks have been obtained.

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

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

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

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

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation / subheadings as indicated in the marking 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 no longer 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, no longer necessarily applies to each question. This would depend on the nature of the question.

SECTION A
QUESTION 1

1.1
1.1.1 C√√
1.1.2 C√√
1.1.3 A√√
1.1.4 B√√
1.1.5 D√√
1.1.6 B√√
1.1.7 A√√
1.1.8 B√√
1.1.9 D√√
1.1.10 C√√ (10 x 2) **(20)**

1.2
1.2.1 Micro √√
1.2.2 Employment √√
1.2.3 Insurance √√
1.2.4 Verbal √√
1.2.5 Profit√√ (5 x2) **(10)**

1.3
1.3.1 E√√
1.3.2 D√√
1.3.3 A√√
1.3.4 G√√
1.3.5 F√√

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

TOTAL SECTION A: 40

Breakdown of marks

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

SECTION B

Mark ONLY the FIRST THREE answers.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Components of PESTLE analysis**

- Political√
- Economical√
- Social√
- Technological√
- Legal√
- Environmental√

NOTE: Mark only the first FIVE (5). **(5 x 1) (5)**

2.2 **Role of SETAs**

To:

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

Any other relevant answer related to the role of SETAs in supporting the implementation of the Skills Development Act **Max (8)**

2.3 **Consumer rights**

2.3.1 Right to return goods / have goods replaced / claim a refund / fair value / good quality and safe products√√

2.3.2 Right to privacy / confidentiality√√

2.3.3 Right to fair / honest dealings / responsible marketing / promotion√√

2.3.4 Right to accountability from suppliers√√ **(8)**

2.4 **Ways businesses can comply with BBBEE pillars**

2.4.1 **Ownership**

- Business should include black people√ in shareholding / partnerships / franchises. √
- Exempted Micro Enterprises (EMEs) with an ownership of 50% or more of black people√ are promoted to level 3 of the BEE scorecard. √
- More opportunities are created for black people√ to become owners / entrepreneurs. √
- Encourage small black investors√ to invest in big companies and share ownership. √
- Large businesses should form joint ventures with small black-owned businesses√ and share business risks. √
- Businesses sometimes find it difficult to locate suitable√ black business partners / shareholders. √
- Many black people cannot afford shares√ in companies / contributions to partnerships. √

Any other relevant answer related to ways businesses can comply with ownership as a BBBEE pillar **Max (4)**

2.4.2 **Management**

- Business must ensure that transformation√ is implemented at all levels. √
- Appoint black people√ in senior executive positions / to management. √
- Involve black people√ in the decision-making processes. √
- Ensure that black females√ are represented in management. √
- Businesses score points in both management and ownership when selling more than 25% of their shares to black investors so that some of them can become directors.
- Due to a shortage of skilled black managers / directors, √ some businesses find it difficult to make appointments. √
- Businesses are directly penalised√ for not implementing this pillar.√

Any other relevant answer related to ways businesses can comply with management as a BBBEE pillar **Max (4)**

2.4.3 **Enterprise and Supplier Development (ESD)**

- Business must create jobs√ as ESD promotes local manufacturing. √
- Businesses are encouraged to invest / support√ black owned SMMEs. √
- Contribution can be monetary√, e.g. loans / investments / donations. √
- Contribution can be non-monetary√, e.g. consulting services / advice / entrepreneurial programmes√, etc.
- SMMEs will be encouraged to use their own business initiatives√ to make them sustainable √
- Businesses should invest in / support√ black owned SMMEs. √
- Outsource services√ to suppliers that are BBBEE compliant. √
- Identify black owned suppliers√ that are able to supply goods and services. √
- Develop the business skills of small / black owned suppliers√, e.g. sales techniques, legal advice√, etc.
- Support the cash flow of small suppliers√ by offering them preferential terms of payment. √
- Develop and implement√ a supplier development plan / supply chain. √
- Small / Large businesses may not be able√ to afford enterprise development investment / support. √

Any other relevant answer related to ways businesses can comply with Enterprise and Supplier development as a BBBEE pillar

Max (4)

2.5 **Legislation**

2.5.1 Employment Equity Act / EEA√√ (2)

Motivation
The management of TTS ensured that all employees are treated equally regardless of gender and race. √ (1)

NOTE: Do not allocate marks for the motivation if the Act was incorrectly identified.

Max (3)

2.5.2 **Positive impact of EEA on businesses**

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

Any other relevant answer related to the positive imapct of EEA on businesses

Max (8)

2.6 **Impact of the Skills Development Act / SDA on businesses**

Positives / Advantages

- Trains employees to improve productivity√ in the workplace √
- Promotes self-employment√ and black entrepreneurship√
- Increases the return on investment in education and training √ in the labour market √
- Business could become globally √more competitive. √
- Increases the number of skilled employees in areas√ where these skills are scarce √
- Encourages on-going skills development and learning√ to sustain the improvement of skills development √
- Improves employment opportunities and labour movement √ of workers from previously disadvantaged groups √
- Workplace discrimination can be addressed√ through training. √
- Workplace is used as an active learning environment√ where employees can gain practical job experience√
- BBBEE compliant businesses can improve their products / service delivery √as they employ more skilled workers. √

Any other relevant answer related to the positive impact of SDA on businesses

AND / OR

Negatives / Disadvantages

- Increases cost √as the process requires a large amount of paper work √
- Implementation of the SDA can be difficult√ to monitor and control. √
- Skills programmes may not always address training√ needs of employees. √
- Skills Development Levy could be an extra burden√ to financially struggling businesses. √
- It may be monitored and controlled by government departments √that do not have education and training as their key priorities. √
- The SETAs may not be well organised √and many courses offered by companies may not have unit standards that relate to the course content. √
- Many service providers offer training services √ that are not SAQA accredited. √
- Many businesses may not support √this government initiative. √
- Employees are expected to attend learnerships during work hours which√ could affect the production process / productivity. √
- Costly for businesses to employ a person to implement, √manage and control learnerships. √
- The time and money spent on improving employee skills is wasted√ if they leave the business. √

Any other relevant answer related to the negative impact of SDA on businesses

Max (8)

2.7 **Ways in which businesses can comply with the National Credit Act / NCA**

- Businesses should register with the National Credit Regulator. √√
- Submit an annual compliance report to the National Credit Regulator. √√
- Obtain credit records / checks of clients before granting loans. √√
- Conduct credit affordability assessments to ensure that clients are able to meet their obligations on time. √√
- Offer applicants pre-agreement statements. √√
- Disclose all costs of a loan / No hidden costs should be charged / added. √√

Any other relevant answer related to ways in which businesses can comply with NCA **Max (8)**

BREAKDOWN OF MARKS

QUESTION	MARKS
2.1	**5**
2.2	**8**
2.3	**8**
2.4.1	**4**
2.4.2	**4**
2.4.3	**4**
2.5.1	**3**
2.5.2	**8**
2.6.	**8**
2.7	**8**
TOTAL	**60**

[60]

QUESTION 3: BUSINESS VENTURES

3.1 Examples of non-verbal presentations

- Written reports√
- Graphs (line, pie, bar)√
- Pictures / Photographs / Scenarios / Illustrations√
- Tables√
- Diagrams√
- Flip charts / whiteboard√
- Handouts√
- Slide shows√
- Posters / signs / banners / flags√

Any other relevant example of non-verbal presentation
NOTE: Mark only the first SIX (6). **(6 x 1) (6)**

3.2 Factors to consider during the presentation

- Make eye contact with the audience and look in all directions.√√
- Be audible to the audience.√√
- Adjust your voice level and tone to avoid monotony.√√
- Add some appropriate humour in the presentation.√√
- Use visual aids effectively to enhance the presentation.√√
- Keep to the prescribed time limit.√√
- Put the most important information first to capture the audience attention.√√
- Summarise the presentation in the conclusion.√√

Any other relevant answer related to factors that must be considerd during the presentation **Max (8)**

3.3 Form of ownership

3.3.1 Personal liability company√√ (2)

Motivation

"Benjamin has established a company that enables shareholders to have limited liablity even though he is personally liable for the debts of the business." √ (1)

NOTE: Do not award marks for the motivation, if the form of ownership was incorrectly identified. **Max (3)**

3.3.2 **Differences between the Personal Liability Company and public company**

Personal Liability Company	Public company
• The name ends in INC.√	• The name ends in Ltd. √
• Public cannot buy√ shares in company.√	• Public can buy shares √in the company.√
• Raises capital√ by issuing shares to its shareholders.√	• Raises capital √ by issuing shares to the public and borrowing capital by issuing a debenture.√
• Financial statements must be independently reviewed√ but not necessarily audited.√	• Annual financial statements√ need to be audited.√
• Does not need to publish a prospectus√ as it cannot trade its shares publicly√	• Have to register and publish√ a prospectus with CIPRO√
• The company is not required to raise√ the minimum subscription / issue minimum shares.√	• Must raise a minimum subscription prior√ to the commencement of the company√
Any other relevant answer related to the personal liability company	Any other relevant answer related to the public company
Sub max (4)	Sub max (4)

Note: 1. The difference must be clear but does not have to link.
2. Allocate a maximum of FOUR marks if the differences are not clear. Mark either personal liability company or public company.
3. Answer does not have to be in tabular form. Maks (8)

3.4 **Rights of preference share holders**

- Receive dividends√ regardless of how much profits are made√
- Receive a fixed rate√ of return / dividend√
- They are paid first√ and they enjoy preferential rights to dividends.√
- They have a preferred claim on company assets√ in the event of bankruptcy / liquidation of the company√
- Receive interim and annual√ reports√
- They only have voting rights at the AGM√ under particular circumstances / for certain resolutions.√
- Cumulative shareholders must receive outstanding / accrued dividends√ from previous years.√
- Participating preference shareholders have the right to share√ in surplus profits.√

Any other relevant answer related to the rights of preference shareholders

Max (8)

3.5 **Success and / or failure factors of a partnership**

	SUCCESS		AND / OR	FAILURE
3.5.1 **Manage-ment**	-	Partners are actively involved in management√ and may use the ideas of other partners.√	-	Decision making can be time consuming√ as all partners have to be in agreement.√
	-	Partners have access to expertise of other partners√ when difficult decisions have to be made.√	-	Some management tasks may be neglected√, as one partner may leave it to others to complete.√
	-	Not all partners need to be actively involved in manage-ment√ and would rather appoint competent managers.√	-	Partners may disagree on how to run the business√, which may lead to tension between them.√
			-	Partners are agents of the partnership√ and bad management decisions may be forced onto other partners.√
			-	Different personalities / opinions√ could lead to conflict / disagreements.√
		Any other relevant answer related to the contribution of management to the success of a partnership		Any other relevant answer related to the contribution of management to the failure of a partnership
				Max (4)
3.5.2 **Taxation**	-	Partnerships only pay VAT on relevant products sold / services rendered√ which reduces tax administration.√	-	High earning partners pay more tax√, which may discourage other partners from joining the partnership.√
	-	The partnership does not pay income tax√, only the partners in their personal capacities.√	-	Partners may withdraw more cash to reduce their tax burden√ which may cause cash flow problems for the partnership.√
		Any other relevant answer related to the contribution of taxation to the success of a partnership		Any other relevant answer related to the contribution of taxation to the failure of a partnership
				Max (4)

3.6 **Differences between leadership and management**

	LEADERSHIP		MANAGEMENT
-	Influences√ human behaviour√	-	Guides√ human behaviour√
-	Communicates√ by means of inter-action / behaviour / vision / values / charisma√	-	Communicates through management functions√, e.g. line function√
-	Encourages new ideas√ to increase productivity√	-	Administers plans / programs / tasks√ to reach targets√
-	Inspires staff to trust√ and support each other√	-	Controls systems and procedures√ to get the job done√
-	Focuses on what√ and why√	-	Focuses on how√ and when√
-	Does the right things√	-	Does things right√
-	Focuses on the horizon√ to take long term decisions√	-	Focuses on the bottom line√ to take short / medium / long term decisions√
-	Leaders are born√ with natural / instinctive leadership skills√	-	A person becomes a manager√ because he / she is appointed in the position√
-	Guides / Leads people√ to become active participants√	-	Manages the process of getting things done√ by exercising authority√
-	Has power / influence√ because of his / her knowledge / intelligence / skills√	-	Has power / authority√ because of the position into which they are appointed.√
-	Always trying to find more efficient ways√ of completing tasks√	-	Enforce rules on subordinates√ to ensure that tasks are completed√
-	Motivational / Inspirational√ in their approach√	-	Instructional√ in their approach√
-	People orientated√	-	Task orientated√
-	Lead by example / trust / respect√	-	Manage by planning / organising / leading / control√
	Any other relevant answer related to leadership		Any other relevant answer related to management
	Sub max (4)		Sub max (4)

NOTE:
1. **The difference must be clear.**
2. **The differences must link.**
3. **If the differences do not link, award only FOUR (4) marks. Mark either leadership or management.**

Max (8)

3.7 **Leadership styles**

3.7.1 Transactional √√ (2)

Motivation
"The project manager at Lucy Electronics motivates workers by giving them incentives for meeting deadlines."√ (1)

NOTE: Do not allocate marks for motivation if the leadership style was incorrectly identified. **Max (3)**

3.7.2 **Impact / Effectiveness of the transactional leadership style on businesses**

Positives / Advantages

- Encourages employees to work hard√ because they will receive rewards. √
- Improves employees' productivity√ and morale. √
- Business goals and objectives can be achieved√ as employees are motivated. √
- Employees know what√ is expected of them. √
- Disciplinary action procedures√ are well communicated. √

Any other relevant answers related to the positives impact of the transactional leadership style

AND / OR

Negatives / Disadvantages

- Employees may become bored / lose creativity√ as they have to follow rules / procedures. √
- A transactional leader will have to monitor the work performance of employees√ to ensure that expectations are met. √
- Managing / controlling employees√ may be time-consuming. √
- Some employees may be demoralised / unmotivated√ if they fail to reach / meet targets despite having worked very hard. √
- Usually not suitable for team work√ as all team members can be punished for poor performance caused by one team member. √

Any other relevant answers related to the negative impact of transactional leadership style **Max (6)**

3.7.3 **Application of transactional leadership style**

The transaction leadership style can be appled when:

- Business wants to maximise employee performance. √√
- Deadlines have to be met on short notice / under pressure. √√
- Workers have low morale. √√
- The strategies / business structures do not have to change.√√

Any other relevant answer related to a situation in which the transactional leadership style can be applied **Max (2)**

BREAKDOWN OF MARKS

QUESTION	MARKS
3.1	**6**
3.2	**8**
3.3.1	**3**
3.3.2	**8**
3.4	**8**
3.5.1	**4**
3.5.2	**4**
3.6	**8**
3.7.1	**3**
3.7.2	**6**
3.7.3	**2**
TOTAL	**60**

QUESTION 4: BUSINESS ROLES

4.1 Types of unethical business practices from statements

4.1.1 Sexual harassment √√
4.1.2 Abuse of work time √√
4.1.3 Unauthorised use of workplace funds and resources√√ **(6)**

4.2 Difference between problem-solving and decision-making

Problem-solving	Decision-making
Problems can be solved by a group / team √ or an individual team member. √	Decision-making is often done by member of management – √ becomes authoritarian. √
Alternative solutions are generated, √ identified and critically evaluated. √	Various alternatives are considered √ before deciding on the best one.√
Process of analysing a situation√ to identify strategies to bring about change √	It is part of the problem-solving cycle as decisions need to be taken at each step. √
Any other relevant answer related to problem-solving	Any other relevant answer related to decision-making
Sub max (2)	Sub max (2)

Note: 1. The answer does not have be in tabular format.
2. The difference must be clear but does not have to link.
3. Award a maximum of TWO marks if the difference is not clear. Mark either problem-solving or decision-making.

Max (4)

4.3 Application of transparency as a King Code principle in the workplace

- Decisions / Actions must be clear √ to all stakeholders. √
- Staffing and other processes should be open √ and transparent. √
- Employees / Shareholders / Directors should be aware√ of the employment policies of the business. √
- Auditing and other reports must be accurate / available√ to shareholders / employees. √
- Regular audits should be done√ to determine the effectiveness of the business. √
- Business deals should be conducted openly√ so that there is no hint / sign of dishonesty / corruption. √
- Businesses should give details of shareholders' voting rights to them√ before / at the Annual General Meeting (AGM). √
- The board of directors must report on both the negative and positive impact√ of the business on the community / environment. √
- The board should ensure that the company's ethics √ are effectively implemented. √

Any other relevant answer related to the application of transparency as a King Code principle **Max (4)**

4.4 **Problem-solving techniques**

4.4.1 Force-field analysis √√ (2)

Motivation:
"The management of CDL has identified the pros and cons of their decision." √ (1)

NOTE: Do not allocate marks for motivation if the problem-solving technique was incorrectly identified. **Max (3)**

4.4.2 **Impact of the Force-Field Analysis**

Positives / Advantages

- It provides a visual summary of all the various factors supporting √and opposing a particular idea.√
- Employees feel included √ in the decision making process. √
- Employees develop √and grow with the business. √
- Informed decisions can be made as forces for √and against are critically evaluated. √
- Enables businesses to strengthen the driving forces√ and weaken the restraining forces. √
- Businesses are able to have an idea of the timeline required√ and the requirements of additional resources. √

Any other relevant answer related the positive impact of the force-field analysis

AND / OR

Negatives / Disadvantages

- It is time consuming √since the business must stabilise before more changes can be made. √
- Requires the participation√ of all business units√
- The analysis developed is entirely dependent upon the skill level √ and knowledge of the group working on the analysis.√

Any other relevant answer related the negatives impact of the force-field analysis **Max (8)**

4.4.3 **Ways to create an environment that promotes creative thinking**

- Emphasise the importance of creative thinking to ensure that all staff know that management wants to hear their ideas. √√
- Encourage staff to come up with new ideas / opinions / solutions. √√
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops / generate more ideas / build on one another's ideas. √√
- Place suggestion boxes around the workplace and keep communication channels open for new ideas. √√
- Train staff in innovative techniques / creative problem-solving skills / mind-mapping / lateral thinking. √√
- Encourage job swops within the organisation / studying how other businesses are doing things. √√
- Encourage alternative ways of working / doing things. √√
- Respond enthusiastically to all ideas and never let anyone feel less important. √√

Any other relevant answer related to the ways in which business can promote creative thinking **Max (8)**

4.5 **Negative / disadvantages of CSI on business**

- Business may not be supported√ / Customers may not buy their products / services resulting in a decrease in sales.√
- Small and medium enterprises find it difficult√ to implement CSI programmes. √
- Detailed reports must be drawn up, √ which can be time consuming. √
- Social spending reduces business / economic efficiency√ which makes it less competitive. √
- Social involvement is funded from business profits√ which could have been used to the benefit of customers / reduce prices. √
- CSI activities distract business focus√ from its core business functions. √
- Businesses find it difficult to adhere to legislation√ governing CSI. √
- It can increase financial risk, as programmes cost money and may impact negatively on profits. √
- It is difficult to accurately measure the effectiveness√ of social investment. √
- It is not easy to determine the exact needs of the communities√, which may result in fruitless expenditure on CSI. √
- Most managers are not trained / lack experience√ to handle social programmes. √
- Employees may spend more time working on CSI projects√ instead of focusing on their core duties. √
- Providing goods / services that meet the needs of consumers is, √ according to some stakeholders, already socially responsible. √
- Shareholders may receive lower dividends, √ as some profits are spent on CSI. √
- Some shareholders / stakeholders might withdraw their support from the business√ as they feel that social issues should be the government's responsibility. √

Any other relevant answer related to the negative impact of CSI on the business

Max (8)

4.6 **Conflict**

4.6.1 **Possible causes of conflict from the scenario**

- Unfair workload√
- Poor administrative skills√
- Not treated with respect√

NOTE: 1. Mark only the first THREE (3).
2. Do not allocate marks for responses that are not quoted from the scenario. **(3 x 1) (3)**

4.6.2 **Application of conflict resolution steps / techniques**

- Acknowledge that there is conflict√ in the workplace.√
- Identify the cause of the conflict√ / Evaluate the situation objectively.√
- Make intentions for intervention clear, √ so that parties involved may feel at ease.√
- Arrange a meeting between the conflicting parties and management.√√
- Blame-shifting should be avoided√ and joint team solutions must be found.√
- Devise / Suggest strategies√ to solve the conflict.√
- Parties must agree √ on the best solution.√
- Direct conflicting parties √ towards finding / focusing on solutions.√
- Select the appropriate solution√ and implement it.√
- Expertise on handling conflict√ may be sourced from outside the business.√

Any other relevant steps related to the application of conflict resolutions steps / techniques

NOTE: Steps may be in any order. **Max (8)**

4.7 Ways in which businesses can promote cultural rights in the workplace

- Provide the environment in which employees are free to use their own language when interacting with others during their free time.√√
- Encourage employees to participate in cultural activities.√√
- Allow employees to provide solutions to challenges from their own cultural perspectives.√√
- Regular cultural information sessions will help employees to respect each other's culture in the workplace.√√
- Make provision for different cultures, such as food served in the canteen / entertainment at staff functions.√√
- Employ people from various cultural backgrounds.√√
- Employees should be trained on cultural tolerance.√√

Any other relevant answer related to ways in which businesses can promote cultural rights in the workplace **Max (8)**

[60]

BREAKDOWN OF MARKS

QUESTION	MARKS
4.1	**6**
4.2	**4**
4.3	**4**
4.4.1	**3**
4.4.2	**8**
4.4.3	**8**
4.5	**8**
4.6.1	**3**
4.6.2	**8**
4.7	**8**
TOTAL	**60**

QUESTION 5: BUSINESS OPERATIONS

5.1 **Aspects that must be included in the employment contract**

- Personal details of the employee √
- Details of the business / employer, e.g. name / address√, etc.
- Job title / Position √
- Job description √
- Job specification √
- Date of employment / commencement of employment √
- Place where employee will spend most of his / her working time √
- Hours of work, e.g. normal time / overtime √
- Remuneration, e.g. weekly or monthly pay √
- Benefits / Fringe benefits / Perks / Allowances √
- Leave, e.g. sick / maternity / annual / adoption leave √
- Employee deductions (compulsory / non-compulsory) √
- Period of contract / Details of termination √
- Probation period √
- Signatures of both the employer and employee √
- List of documents that form part of the contract, e.g. appointment letter / code of conduct / ethics √
- Disciplinary policy, e.g. rules and disciplinary procedure for unacceptable behaviour √

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

NOTE: Mark only the first SIX (6). **(6 x 1) (6)**

5.2 **Selection procedure**

OPTION 1

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

Any other relevant answer related to the selection procedure / steps as an activity of the human resources function

OR

OPTION 2

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

Any other relevant answer related to the selection procedure / steps as an activity of the human resources function

NOTE: Accept the procedure / steps in any order. **Max (8)**

5.3 **Salary determination methods**

5.3.1 Time-related √√ **(2)**
5.3.2 Piece-meal√√ **(2)**

5.4 **Components of job analysis**
Job description √√

- Written description of the job√ and its requirements √
- Describes duties / responsibilities√ of a specific job√ / Summary√ of the nature / type of job √
- Describes key performance areas / tasks for a specific job√, e.g. job title / duties / working conditions / location of the place of work / relationship of the job with other jobs in the business√, etc.

Any other relevant answer related to job description Sub max (3)

Job specification √√

- Written description of specific qualifications / skills / experience / characteristics√ required to do the job √
- Describes key requirements of the person who will fill the position√, e.g. formal qualifications / willingness to travel / work unusual hours√, etc.
- Describes the minimum acceptable personal qualities / skills / qualifications√ needed for the job √

Any other relevant answer related to job specification Sub max (3)
Max (6)

5.5 **Effectiveness 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√
- It increases employee satisfaction / loyalty√ as they may be willing to go the extra mile. √
- Improves productivity√ resulting in higher profitability√
- 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 effectiveness / advantages of fringe benefits on businesses **Max (6)**

5.6 **Definition of TQM**

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

Any other relevant answer related to the meaning of TQM **(5)**

5.7 Quality concept

5.7.1 Identification of quality concept

STATEMENT FROM THE SCENARIO	QUALITY CONCEPT
"Mary ensures that checks are carried out during and after the production process."√	Quality assurance√√
"She also sets targets and measures performance." √	Quality control√√
"Mary ensures that all business functions use the necessary tools to improve the quality of the product." √	Quality management√√
Sub max (3)	Sub max (6)

Max (9)

5.7.2 Benefits of a good quality management system

- Effective customer services are rendered, √ resulting in increased customer satisfaction. √
- Time and resources √ are used efficiently. √
- Productivity increases √ through proper time management / using high quality resources. √
- Products / Services are constantly improved √ resulting in increased levels of customer satisfaction. √
- Vision / Mission / Business goals √ may be achieved. √
- 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 √ and profitability. √

Any other relevant answer related to the benefits of a good quality management system **Max (8)**

5.8 **Ways in which businesses could improve the quality of performance within the purchasing function**

- Buy raw materials in bulk at lower prices. √√
- Select reliable suppliers that render the best quality raw materials / capital goods at reasonable prices. √√
- Place orders timeously / Do regular follow-ups to ensure that goods are delivered on time. √√
- Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process. √√
- Required quantities are delivered at the right time / place. √√
- Implement / Maintain stock control systems to ensure the security of stock. √√
- Maintain optimum stock levels to avoid overstocking / reduce out-dated stock / no break in production. √√
- Monitor and report on minimum stock levels to avoid stock-outs. √√
- Effective use of storage space / Maintain product quality while in storage. √√
- Involve suppliers in strategic planning / product design / material selection / quality control process. √√
- Establish relationships with suppliers√ so that they are in alignment with the business's vision / mission / values. √√
- Have a thorough understanding of supply chain management. √√

Any other relevant answer related to quality indicators of the purchasing function **Max (8)**

[60]

BREAKDOWN OF MARKS

QUESTION	MARKS
5.1	6
5.2	8
5.3.1	2
5.3.2	2
5.4	6
5.5	6
5.6	5
5.7.1	9
5.7.2	8
5.8	8
TOTAL	60

QUESTION 6: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

Business Sectors

6.1 **Business environments from the scenario**

BUSINESS ENVIRONMENT	EXTENT OF CONTROL
6.1.1 Micro √	Full control√
6.1.2 Market √	Little control / No control, but can influence / Partial √
6.1.3 Macro√	No control √
Sub max 3	Sub max 3

NOTE:
1. **The answer does not have to be in tabular format.**
2. **The extent of control must be linked to the business environment.**
3. **Do not award marks for the extent of control only.** **Max (6)**

6.2 **Provisions of the BCEA**

6.2.1 **Meal-breaks / Rest periods**

- Workers must have a meal break of 60 minutes√ after five continuous hours of work. √
- This can be reduced to 30 minutes by written agreement√, when working less than 6 hours per day. √
- A worker must have a daily rest period√ of 12 continuous hours√ / a weekly rest period of 36 continuous hours√ which must include Sundays. √

Any other relevant answer related to meal-breaks / rest periods as a provision of the BCEA Sub max (2)

6.2.2 **Annual leave**

- Workers are entitled to 21 consecutive days√ annual leave per year√ / One day√ for every 17 days worked√ / One hour√ for every 17 hours worked. √
- An employer can only pay a worker in lieu of leave√ if that worker leaves the job. √

Any other relevant answer related to annual leave as a provision of the BCEA Sub max (2)

6.2.3 **Family responsibility leave**

- Three to five (3 to 5) days paid leave per year on request√ in the event of the death of the employee's spouse / life partner / parent / adoptive parent / grandparent / child / adoptive child / grandchild / sibling. √
- An employer may require reasonable proof√, before granting this leave. √
- Male employees are entitled to a maximum of three / five day's paternity leave√ when his child is born. √

Any other relevant answer related to family responsibility leave as a provision of the BCEA Sub max (2)

Max (6)

BUSINESS VENTURES

6.3 **Forms of ownership**
Advantages of state-owned companies

- Profits may be used√ to finance other state departments / reduce taxes.√
- Generates income√ to finance social programmes√
- Jobs are created√ for all skills levels.√
- Offer essential services√ which may not be offered by the private sector√
- Prices are kept reasonable√ / create sound competition with the private sector to make services affordable to more citizens.√
- Wasteful duplication of services√ is eliminated.√
- Planning can be coordinated√ through central control.√

Any other relevant answer related to the advantages of state-owned companies / SOC. **Max (6)**

6.4 **Explanation of liquidity**

- An amount of capital could be invested in a type of investment√ that can easily be converted to cash.√
- The term liquidity is used to describe the ease and speed√ with which investors can convert an investment into cash.√
- Example: An investment in a savings account√ will be easier to convert into cash√ than an investment in a fixed deposit√ which is usually deposited for a fixed period of time.√

Any other relevant answer related to the liquidity as a factor to consider when making investement decision **Max (4)**

6.5 **Calculation of interest**

6.5.1 **OPTION 1**

Year 1:	R50 000 x 8%	=	R 4 000 √
Year 2:	R54 000 x 8%	=	R 4 320√
Year 3:	R58 320 x 8%	=	R 4 665,60√
Total interest		=	R 13 000√

OR

OPTION 2

$P(1+i)^N - P$√
50 000√$(1+0,08)^3$√ OR 50 000√$(1,08)^3$√ OR 50 000√(1,26)√ - 50 000
= R 13 000√

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

6.5.2 **Simple interest** √

- Interest is earned on the original amount and not on the interest accrued.√
- Calculated on the original / principal amount invested
- The principal amount remains the same over the entire period of investment.√
- Accumulated interest from prior periods is not used in calculations for the following period. √

Any other relelvant answer related to the explanation of simple interest

Max (4)

BUSINESS ROLES

6.6 **Diversity issues**

6.6.1 Gender √√
6.6.2 Age √√
6.6.3 Disability√√ **(6)**

6.7 **Ways in which businesses can protect the environment and promote human health**

- Adhere to laws / regulations√ so that profits are not generated at the expense of the environment.√
- Consider pollution / other environmental issues in all business activities,√ e.g. safe disposal of waste / dumping of toxic waste, etc.√
- Become involved √ in environmental awareness programs.√
- Protect the environment √ by altering production techniques in favour of cleaner and greener technologies. √
- Water for human consumption is tested√ before it is used.√
- Promote nature conservation √ by looking after natural resources. √
- Minimize pollution, √ by re-using / reducing / recycling.√
- Reduce consumption of goods / services√ which are environmentally unfriendly.√
- Register / Engage with recognized institutions / bodies √ that promote Greenpeace.√
- Ensure that physical working conditions are worker-friendly / safe / adequate / functional / promoting√ occupational health.√
- Maintain / Service machines√ regularly.√
- Educate people√ about hygiene / health issues.√
- Encourage employees√ to do regular health checks.√

Any other relevant answer related to ways in which business can protect the environment and human health

Max (8)

BUSINESS OPERATIONS

6.8 **Elements of TQM**

6.8.1 Continuous improvement to processes and systems √√
6.8.2 Continuous Skills Development √√
6.8.3 Total Customer / Client satisfaction √√
6.8.4 Adequate finance and capacity √√ **(8)**

6.9 **Reasons for terminating an employment contract**

- The employer may dismiss an employee for valid reason(s) , e.g. unsatisfactory job performance, misconduct, etc. √√
- The 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 and resign voluntarily. √√
- An employee may have reached the pre-determined age for retirement.√√

Any other relevant answer related to the reasons for terminating an employment contract

Max (8)
[60]

BREAKDOWN OF MARKS

QUESTION	MARKS
6.1	6
6.2	6
6.3	6
6.4	4
6.5.1	4
6.5.2	4
6.6	6
6.7	8
6.8	8
6.9	8
TOTAL	60

SECTION C

Mark only the first TWO (2) questions.

QUESTION 7: BUSINESS ENVIRONMENT (BUSINESS STRATEGIES)

7.1 **INTRODUCTION**

- Porter's Five Forces model helps the business to understand both the strength of its current competitive position and the advantages of expanding. √
- Porter's Five Forces model is based on five important forces that will determine competitive power in the market environment of a business. √
- Businesses need to identify / develop and implement business strategies to improve performance / respond to challenges presented by business environments. √
- Intensive and defensive strategies enable business to solve the challenges that are posed by the market and macro environment. √
- The aim of strategy evaluation is to determine whether the chosen strategy will resolve the identified challenges. √

Any other relevant introduction related to the Porter's Five Forces model / implementing defensive and intensive strategies / evaluation of strategies **Max (2)**

7.2 **Porter's Five Forces**

7.2.1 **Power of suppliers** √√

- A business must assess the power of the suppliers√ to influence prices. √
- The more powerful the suppliers√, the less control the business has over them. √
- The smaller the number of suppliers, the more powerful they may be√ as the choice of suppliers may be limited. √
- The business should identify the kind of power its suppliers have√ in terms of the quality of products / services / reliability / ability to make prompt deliveries, √etc.

Any other relevant answer related to the power of suppliers

Force (2)
Explanation (2)
Sub max (4)

7.2.2 **Power of buyers** √√

- Buyers who buy in bulk√ can bargain for prices in their favour. √
- The business must assess how easy it is for buyers / customers√ to drive prices down. √
- This will depend on the number of buyers / the importance of each buyer to the business√ and the cost of switching to other products. √
- If a business deals with a few powerful buyers√, they are often able to dictate their terms to the business.√
- If buyers can do without the business's products√ then they have more power to determine the prices and terms of sale.√
- Businesses must conduct market research√ so that they can get more information about their buyers.√

Any other relevant answer related to the power of buyers

Force (2)
Explanation (2)
Sub max (4)

7.2.3 **Power of competitors / Competitive rivalry** √√

- Competitors selling the same / similar products / services√ may have a greater impact on the market of the business. √
- If competitors have a unique product / service√, then they will have greater power. √
- A business with many competitors in the same market√ has very little power in their market. √
- Businesses must draw up a competitor's profile√ so that they can determine their own strength as well as that of competitors. √
- Some competitors have the necessary resources to start price wars√ and continue selling at a loss until other competitors leave the market. √

Any other relevant answer related to the power of competitors / competitive rivalry

Force (2)
Explanation (2)
Sub max (4)

7.2.4 **Threat of substitution / substitutes** √√

- Businesses should determine whether the sellers of substitute products have improved their products√ or sell lower quality goods at lower prices. √
- If the business's product can be easily substituted√, it weakens the power of the business in the market. √
- Substitute products may cause the business√ to completely lose its market share. √
- Unique products√ will not be threatened by substitute products. √
- Businesses should do market research√ to assess whether customers using substitute products / services have reasons for using these alternatives. √
- It is important that businesses change√ or improve their products to remain competitive. √

Any other relevant answer related to the threat of substitution / substitutes / alternatives

Force (2)
Explanation (2)
Sub max (4)

7.2.5 **Threat / Barriers of new entrants to the market** √√

- The power will depend on how easy it is√ for new businesses to enter the market. √
- If the business is highly profitable√, it will attract potential competitors that want to benefit from high profits. √
- If the barriers to enter the market are low√, then it is easy for new businesses to enter the market / industry. √
- New competitors can quickly / easily enter the market√, if it takes little time / money to enter the market. √
- If there are a few suppliers of a product / service but many buyers√, it may be easy to enter the market. √

Any other relevant answer related to the threats / barriers of new entrants

Force (2)
Explanation (2)
Sub max (4)

NOTE: The "force" must be stated in full to get the maximum of TWO (2) marks. **Max (20)**

7.3 **Types of diversification strategies**

7.3.1 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 its product range and markets√√

Any other relevant answer related to concentric diversification as a diversification strategy

Strategy (2)
Description (2)
Sub max (4)

7.3.2 Horizontal diversification√√

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

Any other relevant answer related to horizontal diversification as a diversification strategy.

Strategy (2)
Description (2)
Sub max (4)

7.3.3 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. √√

Any other relevant answer related to conglomerate diversification as a diversification strategy

Strategy (2)
Description (2)
Sub max (4)

Max (12)

Note: Mark only the first THREE (3). **(3 x 4) (12)**

7.4 **Effectiveness / Advantages of intensive strategies**

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

Any other relevant answer related to the effectiveness / advantages of intensive strategies **Max (6)**

7.5 **Steps in evaluating a strategy**

- Examine the underlying basis of a business strategy. √√
- Formulate strategies to meet objectives favourably. √√
- Compare the expected performance with the actual performance. √√
- Measure business performance in order to 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. √√
- 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 evaluating a strategy

NOTE: Accept steps in any order.

Max (8)

7.6 Conclusion

- Porter's Five Forces is useful for analysing the power of the business in order to effectively manage market environmental challenges. √√
- This model makes it possible for businesses to determine how to shift the power of the forces in their favour. √√
- Although implementing intensive strategies may be costly, it usually results in growth and continuous improvement. √√
- Businesses must continuously evaluate strategies in order to change / adapt them according to current demands of their markets. √√

Any other relevant conclusion related to intensive strategies / Porters Five Forces / evaluating strategies **Max (2)**

[40]

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Porter's Five Model	**20**	
Types of diversification strategies	**12**	
Effectiveness of intensive strategy	**6**	
Steps in evaluating	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality / Examples	**2**	
TOTAL MARKS		**40**

QUESTION 8: BUSINESS VENTURES (INSURANCE)

8.1 Introduction

- Insurance indemnifies businesses against certain types of risks.√
- Business owners have a clear understanding of the financial impact of accidents / disasters on the business, so they have to make provision for that in advance.√
- Insurance plays a vital role in ensuring that businesses are sustainable.√
- Insurance is a contract between the insured and the insurer to indemnify the insured in the event of a specified loss in exchange for a premium.√
- Business assets must always be re-evaluated to avoid under or over-insurance.

Any other relevant introduction related to insurance **Max (2)**

8.2 Distinction between compulsory and non-compulsory insurance

COMPULSORY INSURANCE	**NON-COMPULSORY INSURANCE**
• It is required by law / there are legal obligations for it to be taken out√ and paid for.√	• It is voluntary√ and the insured has a choice to enter or not, into an insurance contract.√
• It is regulated by Government√ and does not necessarily require insurance contracts / brokers.√	• The insured will enter into a legal insurance contract with the insurer√, who may be represented by an insurance broker.√
• Payment is in the form of a levy / contribution paid into a common fund√ from which benefits may be claimed under certain conditions.√	• Monthly / Annual payments / premiums must be paid√ in order to enjoy cover for a nominated risk / insured event.√
• Examples: UIF, RAF, COIDA√	• Examples: Short-term insurance / Multi-peril insurance (theft, fire, etc.) / Long-term insurance / Life insurance√
Any other relevant answer related to compulsory insurance	Any other relevant answer related to compulsory insurance
Sub max (4)	Sub max (4)

NOTE:
1. **The answer does not have to be in tabular format, but the distinction must be clear.**
2. **Award a maximum of SIX marks if the distinction is not clear / Mark either compulsory or non-compulsory insurance.**

Max (8)

8.3 **Importance of insurance**

- Transfers the risk from the business / insured√ to an insurance company / insurer.√
- Transfer of risk is subject to the terms and conditions√ of the insurance contract.√
- Protects the business against theft / loss of stock and / or damages√ caused by natural disasters such as floods, storm damage√, etc.
- Business will be compensated for insurable losses√, e.g. destruction of property through fire.√
- Business assets, e.g. vehicles / equipment / buildings need to be insured√ against damage and / or theft.√
- Business is protected against the loss of earnings√, e.g. strikes by employees which result in losses worth millions.√
- Protects business√ against dishonest employees√
- Life insurance can be taken on the life of partners in a partnership√ to prevent unexpected loss of capital.√
- Should the services of key personnel be lost due to accidents / death√, the proceeds of an insurance policy can be paid out to the business / beneficiaries.√
- Replacement costs for damaged machinery / equipment are very high√, therefore insurance can reduce / cover such costs.√
- Protects businesses from claims made by members of the public√ for damages for which the business is responsible√
- Protects businesses against losses√ due to death of a debtor√

Any other relevant answer related to the positive impact of insurance on businesses

Max (14)

8.4 **Principles of insurance**

Indemnification / Indemnity√√

- Usually applies to short term insurance, as the insured is compensated for specified / proven harm / loss√
- Insurer agrees to compensate the insured for damages / losses specified in the insurance contract, in return for premiums paid by the insured to the insurer.√
- Protects the insured against specified events that may occur.√
- Pay-outs from insurance companies / insurer will only be made if there is proof that the specified event took place / if the insured can prove the amount of the loss / damage.√
- The amount of indemnification / compensation is limited to the amount of provable loss / damage, even if the amount in the policy / insurance contract is higher.√
- The insured must be placed in the same position as before the occurrence of the loss / damage / The insured may not profit from insurance.√

Any other relevant answer related to indemnification / indemnity as a principle of insurance

Principle (2)
Discussion (2)
Sub max (4)

Security / Certainty√√

- Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life√
- A predetermined amount will be paid out when the insured reaches a pre-determined age / or gets injured due to a pre-determined event.√
- Aims to provide financial security to the insured at retirement / the dependents of the deceased√

Any other relevant answer related to security / certainty as a principle of insurance

Principle (2)
Discussion (2)
Sub max (4)

Utmost good faith√√

- Insured has to be honest in supplying details when entering into an insurance contract.√
- Both parties must disclose all relevant facts.√
- Insured must disclose everything that may affect the extent of the risk.√
- Details / Information supplied when claiming should be accurate / true.√

Any other relevant answer related to utmost good faith as a principle of insurance.

Principle (2)
Discussion (2)
Sub max (4)

Insurable interest√√

- Insured must prove that he / she will suffer a financial loss if the insured object is damaged / lost / ceases to exist.√
- An insurable interest must be expressed in financial terms.√
- Insured must have a legal relationship with the insured object in the contract.√

Any other relevant answer related to insurable interest as a principle of insurance

Principle (2)
Discussion (2)
Sub max (4)
Max(16)

8.5 **Differences between over-insurance and under-insurance**

Over-insurance	Under-insurance
• Over-insurance is when the item is insured for more than the actual market value. √√ • Businesses / Individuals will not receive a pay-out larger than the value of the loss at market value. √√ • This means that the extra money paid for the premiums will not be paid out to the insurer√√ Any other relevant answer related to over-insurance	• Applicable when property / goods are insured for less than their market value √√ • The insurer will only pay the average between the actual value and the insured value.√√ • This means that the insured will have to carry a part of the risk that is not insured.√√ • The insurer will use the Avery Formula to calculate the amount that will be paid out for the claim. √√ Any other relelvant answer related to under-insurance
Sub max(4)	Sub max (4)

Max (8)

8.6 **Conclusion**

- The insurance agreement should take into consideration the risks applicable to each situation.
- Business property / assets must be insured for the correct / latest market value.
- Compulsory insurance reduces the financial risk of businesses.
- The value of insured goods / items must be adjusted to include appreciation and / or depreciation.

Any other relevant conclusion related to insurance **Max (2)**

[40]

BREAKDOWN FOR MARK ALLOCATION

DETAILS	**MAXIMUM**	**TOTAL**
Introduction	**2**	**Max 32**
Distinction between compulsory and non compulsory	**16**	
Importance of insurance	**14**	
Principles of insurance	**16**	
Differnces between over and under insurance	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis	**2**	
Synthesis	**2**	
Originality	**2**	
TOTAL		**40**

QUESTION 9: BUSINESS ROLES (TEAM PERFORMANCE AND CONFLICT MANAGEMENT)

9.1 **Introduction**

- A team is a group of persons working towards the same goal.√
- Team leaders must be well conversant with the stages of team development in order to provide proper guidance. √
- The criteria for successful team performance enable team members to assess their contribution in the project. √
- Businesses must be able to identify difficult personalities and develop strategies to deal with these personalilties. √

Any other relevant introduction for team performance

Max (2)

9.2 **Differences between grievance and conflict**

Grievance	Conflict
• When an employee is unhappy / has a problem / complaint√ in the workplace√	• Clash of opinions / ideas / view points√ in the workplace√
• It is when an individual / group √ has a work-related issue. √	• Disagreement between two or more parties√ in the workplace √
Any other relevant answer related to the meaning of grievance	Any other relevant answer related to the meaning of conflict
• Examples that can cause a grievance: Discrimination, unfair treatment, poor working conditions √ Sub max (5)	• Examples that can cause conflict: A lack of trust / mis-communication / personality clashes / different values√ Sub max (5)

Max (10)

9.3 **Stages of team development**

Forming stage√√
- Individuals gather information and impressions about each√ other and the scope of the task and how to approach it.√
- This is a comfortable stage to be in.√
- People focus on being busy with routines,√ such as team organisation.√

Any other relevant answer relating to the forming stage

Stage (2)
Discussion (2)
Sub max (4)

Storming√√
- Teams go through a period of unease / conflict √after formation. √
- Different ideas from team members will compete for consideration.
- Team members open up to each other√ and confront each other's ideas / perspectives. √
- Tension / struggle / arguments occur and upset the team members√ / there may be power struggles for the position of team leader. √
- In some instances storming can be resolved quickly; √in others, the team never leaves this stage. √
- Many teams fail during this stage √as they are not focused on their task. √
- This phase can become destructive for the team√ / will negatively impact on team performance, if allowed to get out of control. √
- This stage is necessary / important√ for the growth of the team. √
- Some team members tolerate each other√ to survive this stage. √

Any other relevant answer related to the storming stage

Stage (2)
Discussion (2)
Sub max (4)

Norming / Settling / Reconciliation√√
- Team members come to an agreement√ and reach consensus. √
- Roles and responsibilities are clear√ and accepted. √
- Processes / working style and respect develop√ amongst members. √
- Team members have the ambition to work√ for the success of the team. √
- Conflict may occur, √but commitment and unity are strong. √

Any other relevant answer related to the norming stage

Stage (2)
Discussion (2)
Sub max (4)

Performing stage / Working as a team towards a goal√√
- Team members are aware of strategies√ and aims of the team. √
- They have direction without interference√ from the leader. √
- Processes and structures √are set. √
- Leaders delegate and oversee the processes√ and procedures. √
- All members are now competent, autonomous√ and able to handle the decision-making process without supervision. √
- Differences among members are appreciated √and used to enhance the team's performance. √

Any other relevant answer related to the performing stage

Stage (2)
Discussion (2)
Sub max (4)

Adjourning / Mourning stage√√
- The focus is on the completion of the task / ending the project.√
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again.√
- All tasks need to be completed before the team finally dissolves.√

Any other relevant answer related to the adjourning / mourning stage

Stage (2)
Discussion (2)
Sub max (4)

NOTE: 1. Mark only the first FOUR stages of team forming.
2. Steps can be in any order. **Max (16)**

9.4 **Criteria to assess successful teams**

Interpersonal attitudes and behaviour√√
- Members have a positive attitude of support and motivation√ towards each other.√
- Good / Sound interpersonal relationships will ensure job satisfaction √ and increase productivity of the team.√
- Members are committed / passionate √ towards achieving a common goal / objectives.√
- Team leader acknowledges / gives credit √ to members for positive contributions.√

Any other relevant answer related to interpersonal attitude and behaviour

Sub max (4)

Shared values / Mutual trust and support√√
- Shows loyalty / respect / trust√ towards team members despite differences.√
- Shows respect √ for the knowledge / skills of other members.√
- Perform team tasks with integrity / pursuing responsibility / meeting team deadlines √ with necessary commitment to team goals.√

Any other relevant answer related to shared values Sub max (4)

Communication√√
- A clear set of processes / procedures for team work √ ensures that every team member understands his / her role.√
- Efficient / Good communication between team members √ may result in quick decisions.√
- Quality feedback √ improves the morale of the team.√
- Open / Honest discussions √ lead to effective solutions of problems.√
- Continuous review of team progress√ ensures that team members can rectify mistakes / act pro-actively to ensure that goals / targets are reached.√

Any other relevant answer related to communication Sub max (4)

Co-operation / Collaboration√√
- Clearly defined realistic goals are set,√ so that all members know exactly what is to be accomplished.√
- Willingness to co-operate as a unit √ to achieve team objectives.√
- Co-operate with management √ to achieve team / business objectives.√
- Agree on methods / ways to get the job done effectively √ without wasting time on conflict resolution.√
- All members take part √ in decision-making.√
- A balanced composition of skills / knowledge / experience / expertise √ ensures that teams achieve their objectives.√

Any other relevant answer related to co-operation Sub max (4)

Max (12)

NOTE: Mark any THREE criteria.

9.5 **Strategies to handle difficult personalities**

Indecisiveness	• Guide them through alternatives.√√ • Stay in control and emphasise the importance of making a decision.√√ • Help them make the decision or solve the problem.√√ Any other relevant answer related to an indecisive person Sub max (4)
Quiet	• Do not fill their silence with words.√√ • Wait for their responses.√√ • Prompt them through the process so that they can give input.√√ • Restrict the time of the discussion.√√ Any other relevant answer related to quiet people. Sub max (4)

Max (8)

9.6 **Conclusion**

- If management handles conflict and grievance in the correct way, teams will operate more effectively. √√
- Management must know how to handle difficult personalities to achieve the best results. √√

Any other relevant conclusion for the topic **Max (2)**

[40]

BREAKDOWN FOR MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Difference conflict and grievance	**10**	
Stages team forming	**16**	
Criteria assessing a successful team	**12**	
Strategies difficult personalities	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis	**2**	
Synthesis	**2**	
Originality	**2**	
TOTAL		**40**

QUESTION 10: BUSINESS OPERATIONS (HUMAN RESOURCES)

10.1 Introduction

- Recruitment enables businesses to employ people whose skills and qualifications are in line with the requirements of the job. √
- During the interview the interwer would be able to get candidates with the right qualifications / skills / abilities / experience. √
- A good induction programme will enable the new employee to settle in quickly. √
- Businesses should ensure that induction is done before the employee starts in his / her new position. √
- LRA deals with hiring / disciplining / firing employees / trade union negotiation / strikes.√

Any other relevant introduction related to the recruitment procedure / the role of the interviewer before and during the interview and implication of LRA on human resource function **Max (2)**

10.2 Recruitment procedure

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

Any other relevant answer related to recruitment procedures **Max (10)**

10.3 **Interviews**

10.3.1 **Role of the interviewer before the interview**

- The interviewer should develop a core set of questions√ based on the skills / knowledge / ability required. √
- The interviewer should check the application / verify the CV of every candidate√ for anything that may need to be explained. √
- Book and prepare the venue√ for the interview. √
- Set the interview date √ and ensure that all interviews take place on the same date, if possible. √
- Inform all shortlisted candidates√ about the date and place of the interview. √
- Notify all panel members conducting the interview√ about the date and place of the interview. √
- Allocate the same amount of time√ to interview each candidate on the program. √

Any other relevant answer related to the role of the interviewer when preparing / before for an interview Sub max (8)

10.3.2 **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. √
- Record interviewees' responses√ for future reference. √
- Do not misinform / mislead√ the interviewee. √
- Avoid discriminatory / controversial types of questions√, e.g. asking a female candidate about family planning / having children. √
- 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
Sub max (8)
Max (16)

10.4 **Benefits of induction**

- The results obtained during the induction process√ provide a base for focussed training. √
- Minimises the need for on-going training√ and development.√
- New employees may establish relationships √ with fellow employees at different levels. √
- Employees will be familiar with organisational structures, √ e.g. who are their supervisors / low level managers. √
- Increases quality√ of performance / productivity.√
- Opportunities are created for new employees to experience / explore√ different departments. √
- New employees will understand their roles / responsibilities√ concerning safety regulations and rules. √
- New employees will know the layout of the building / factory / offices / √where everything is, which saves production time. √
- Learn more about the business so that new employees understand their roles / responsibilities√ in order to be more efficient. √
- Make new employees feel at ease in the workplace √ which reduces anxiety / insecurity / fear. √
- Company policies are communicated √ regarding conduct and procedures / safety and security / employment contract / conditions of employment / working hours / leave. √
- Realistic expectations for new employees √ as well as the business are created. √
- New employees may feel part of the team √ resulting in positive morale and motivation. √
- Employees may have a better understanding of business policies√ regarding ethical / professional conduct / procedures / CSR, etc. √

Any other relevant answer related to the benefits of induction **Max (12)**

10.5 **Implications of the Labour Relations Act on the Human Resources Function**

- Workers cannot be easily dismissed as bargaining council / Commission for Conciliation, Mediation and Arbitration (CCMA) processes need to be followed.√√
- Provides a framework for bilateral meetings where employees, trade unions and employers discuss matters relating to employment √√
- The human resource manager should allow workers to form workplace forums / trade unions to promote the interests of all employees. √√
- Promotes orderly negotiations and employee participation in decision-making in the workplace√√
- Protects the rights of employees / employers as outlined in the Constitution
- Advances economic development / social justice / labour peace √√
- Promotes resolution of labour disputes √√
- Clarify the transfer of contracts of employment / if a business is transferred to another owner then the employee contracts are also transferred√√
- Provides for unresolved disputes to be referred to Labour Courts / Labour Appeal Courts√√

Any other relevant answer related to the implications of LRA **Max (8)**

10.6 **Conclusion**

- Employees are the most important resource in any business and its success is strongly influenced by a good recruitment process and interview. √√
- Effective induction procedures will ensure that newly appointed employees work according policies and procedures of the business. √√
- Fair labour practices in the workplace may result in efficient business operations with minimal disruptions.√√

Any other relevant conclusion related to induction / placement / implications of Labour Relations Act on Human resource manager / recruitment procedure

Max (2)
[40]

QUESTION 10: BREAKDOWN OF MARK ALLOCATION

DETAILS	**MAXIMUM**	**TOTAL**
Introduction	**2**	**Max 32**
Recruitment procedure	**10**	
Role of the interviewer before and during the interview	**16**	
Benefits of induction	**12**	
Implication of the LRA on the Human Resources Function	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality / Examples	**2**	
TOTAL MARKS		**40**