GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PREPARATORY EXAMINATION

2021

MARKING GUIDELINES

BUSINESS STUDIES (10721)

PAPER 1

27 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) To facilitate the moderation of candidates' scripts at the different levels
(c) To streamline the marking process considering the broad spectrum of markers across the province
(d) To 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, 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, 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 only one answer.

14. **SECTION B**

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

NOTE: This applies only to questions where the number of facts are 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: Option **Only relevant facts**: **2 marks (No '-S')** Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis Option **Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option **Some relevant facts: 1 mark (One '-S')** Where a candidate writes FOUR sub-questions, but one sub-question of the question with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option **No relevant facts: 0 marks (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis	**2**
Originality	Is there evidence of 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 sub-section 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/sub-headings 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 D√√

1.1.4 A√√

1.1.5 C√√

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

1.2 1.2.1 social√√

1.2.2 Compensation for Occupational Injuries and Diseases Act√√

1.2.3 compulsory√√

1.2.4 marketing√√

1.2.5 time-related√√

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

1.3 1.3.1 D√√

1.3.2 G√√

1.3.3 E√√

1.3.4 J√√

1.3.5 A√√

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

TOTAL SECTION A: 30

SECTION B

Mark ONLY the FIRST TWO answers.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Provisions of the Basic Conditions of Employment Act (BCEA)**

- Overtime√
- Working hours√
- Meal breaks and rest periods√
- Leave√
- Public holidays√
- Termination of employment√
- Remuneration√
- Child and forced labour√

Any other relevant answer related to the provisions of the BCEA

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

2.2 **Consumer rights from given statements**

2.2.1 Right to fair and honest dealings√√ **(2)**

2.2.2 Right to choose√√ **(2)**

2.2.3 Right to accountability from suppliers√√ **(2)**

2.3 **Meaning of learnerships**

- Theoretical/Practical training opportunities√ that can lead to a recognised occupational qualification√
- Structured learning programme completed during work hours√ for a specified period of time√
- Agreement between a learner/trainee/employer√ and a training provider√
- May include employment for a specified period√ after learnership is completed√
- Includes a training course with learning material√ as well as practical work experience√

Any other relevant answer related to the meaning of learnerships **Max (4)**

2.4 **Classification of challenges and the extent of control**

CHALLENGES (2.4.1)	BUSINESS ENVIRONMENTS (2.4.2)	EXTENT OF CONTROL (2.4.3)
1. VDF buys their equipment from Gerald Suppliers who have increased their prices by more than 20%.√	Market√	Partial/Some/Limited/Less control/ can influence the environment√
2. Jane, the supervisor does not have a good working relationship with her employees.√	Micro√	Full control√
3. VDF can no longer export their products due to an increase in the exchange rate.√	Macro√	No control√
Max (3)	**Max (3)**	**Max (3)**

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

2.5 **The rights of employees according to the Labour Relations Act**

- Employees may join a trade union√ of their choice.√
- Embark on legal strikes√ as a remedy for grievances√
- Refer unresolved workplace disputes√ to the CCMA√
- Refer unresolved CCMA disputes√ to the Labour Court on appeal√
- Request trade union representatives to assist/represent employees√ in the grievance/disciplinary hearing√
- Trade union representatives may take reasonable time off work with pay,√ to attend to trade union duties.√

Any other relevant answer related to the rights of employees according to the Labour Relations Act **Max (6)**

2.6 **Types of defensive strategies**

2.6.1 **Divestiture/Divestment**√√
- Disposing/Selling some assets/divisions√ that are no longer profitable/ productive√
- Selling off divisions/product lines√ with slow growth potential√
- Decreasing the number of shareholders√ by selling ownership√
- Paying off debts√ by selling unproductive assets√
- Withdrawing their investment share√ in another business (divesting)√

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

Strategy (2)
Explanation (1)
Sub max (3)

2.6.2 **Retrenchment**√√
- Terminating the employment contracts of employees√ for operational reasons√
- Decreasing the number of product lines/Closing certain departments√ may result in some workers becoming redundant√

Any other relevant answer related to retrenchment as a defensive strategy

Strategy (2)
Explanation (1)
Sub max (3)

2.6.3 **Liquidation**√√
- All assets are sold to pay creditors √ due to a lack of capital/cash flow. √
- Selling the entire business√ in order to pay all liabilities/close down the business. √
- Companies in financial difficulty may apply √ for business rescue to avoid liquidation. √
- Creditors may apply for forced liquidation√ in order to have their claims settled√

Any other relevant answer related to liquidation as a defensive strategy

Strategy (2)
Explanation (1)
Sub max (3)

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

2.7 **Advantages of diversification strategies**

- Increases sales and business growth√√
- Improves the business brand and image√√
- Reduces the risk of relying only on one product√√
- More products can be sold to existing customers and additional new markets can be established.√√
- Businesses gain more technological capabilities through product modification.√√
- Diversification into a number of industries or product line can help create a balance during economic fluctuations.√√
- Businesses produce more output using less inputs as one factory may be used to manufacture more products.√√

Any other relevant answer related to the advantages of diversification in addressing with business challenges **Max (6)**

[40]

QUESTION 3: BUSINESS OPERATIONS

3.1 **Sources of external recruitment**

- Recruitment agencies√
- Bill boards√
- Printed media, e.g. newspapers/flyers/magazines/posters√
- Electronic media, e.g. radio/TV√
- Social media/Social networks/Internet/Business websites√
- Recruitment agencies√
- Walk-ins√
- Head hunting√
- Professional associations√
- Networking√
- Educational/Training institutions√
- Word-of-mouth√

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

3.2 **Job description and job specification from the scenario**

EXAMPLES OF JOB DESCRIPTION	EXAMPLES OF JOB SPECIFICATION
1. Recording documents√	1. Excellent communication skills√
2. Filing legal documents√	2. Minimum of 2 years' relevant experience√
Submax (2)	Submax (2)

NOTE:
1. **The examples must be clearly linked to job description and job specification.**
2. **The examples can be in any order as long as they are linked to the correct concept.**
3. **Only award marks for responses that are quoted from the scenario.** **Max (4)**

3.3 **Impact of internal recruitment on businesses**

Positives/Advantages

- Cheaper/Quicker to fill√ the post√
- Provides opportunities for career paths√ within the business√
- Reduces the chances of losing employees√, as future career prospects are available√
- Placement is easy√, as management knows the employees' skills/personality/experiences/strengths.√
- The employee already has an understanding√ of how the business operates.√/Induction/Training is not √ always necessary.√
- Detailed/Reliable information can be obtained√ from the supervisor's/employee records.√

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

AND/OR

Negatives/Disadvantages

- It may close the door√ to new ideas from outsiders.√
- Employees who are not promoted√ may feel demotivated.√
- The promotion of an employee could cause resentment√ among other employees.√
- The number of applicants from which to choose is limited√ to existing staff only.√
- It is possible to promote certain employees who do not really have the required skills√ for the new job.√
- The business has to spend more money on training/developing existing employees√ for the new position.√

Any other relevant answer related to the negative impact/disadvantages of internal recruitment on businesses **Max (8)**

3.4 **Advantages of fringe benefits on businesses**

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

Any other relevant answer related to the advantages of fringe benefits on businesses **Max (6)**

3.5 **TQM elements from the scenario**

3.5.1

TQM ELEMENTS	MOTIVATIONS
1. Monitoring and evaluation of quality processes√√	VM conducts quality control checks and procedures at key points.√
2. Total client/customer satisfaction√√	They also conduct market research to analyse shoppers' needs.√
Submax (4)	Submax (2)

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

Max (6)

3.5.2 **Advantages of monitoring and evaluation of quality processes and total client satisfaction on large businesses**

Advantages of monitoring and evaluation of quality processes

- Prevents product defects√ and minimises wastage/customer complaints√
- Good quality checks/procedures√ minimises the replacement/breakdown of equipment/machinery on a regular basis.√
- May be equipped to get things done right√ the first time√
- Improves performance√ and maintain high quality standards√
- Improves current and future management√ of quality outputs/outcomes/impact√
- Provides a clear indication about quality aspects√ that are contributing to the achievement of goals/targets√
- Modifies interventions√ that may improve the efficient use of resources√
- Supports management to acquire information√ needed to make informed decisions about processes√
- Cost of production is reduced√ as deviations from set standards can be corrected.√
- Strategies are revised√ in order to improve the quality of the product and services/business image.√

- Key performance indicators are carefully selected√ to monitor and evaluate the outcome.√
- Benchmarking is used to find best practices√ in order to determine the competitive position of the business.√
- Quality circles meet on a regular basis√ to evaluate the progress in terms of quality.√
- Continuous research is conducted on latest developments√ to ensure that TQM planning is up to date.√

Any other relevant answer related to the advantages of monitoring and evaluation of quality processes on large businesses

OR

Advantages of total client/customer satisfaction on large businesses

- Continuously promote√ a positive company image√
- May achieve a state of total customer satisfaction, if businesses follow sound business practices√ that incorporate all stakeholders√
- Strives to understand and fulfil customer expectations√ by aligning cross-functional teams across critical processes√
- Ensures that cross-functional teams understand its core competencies√ and develop/strengthen it√
- 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 advantages of total client/customer satisfaction on large businesses

NOTE:
1. **Mark the advantages of the FIRST TQM element.**
2. **Award marks for correct responses even if the TQM element was incorrectly identified as an answer in QUESTION 3.5.1.**
3. **Do not award marks for responses that were quoted in QUESTION 3.5.1.**

Max (4)

3.6 **Quality indicators of the production function**

- Provide high quality services/products√ according to specifications√
- The production/operating processes of a business should be done correctly√ through proper production planning and control.√
- Products and services should be produced at the lowest possible cost √to allow for profit maximisation.√
- Businesses should clearly communicate the roles and responsibilities√ to the production workforce.√
- Products must meet customers' requirements√ by being safe, reliable and durable.√
- Businesses should have good after-sales services√ and warranties.√
- Empower workers√ so that they can take pride in their workmanship√
- Get accreditation from the SABS/ISO 9001√ to ensure that quality products are being produced√
- Specify the product or service standards√ and take note of the factors that consumers use to judge quality√
- Monitor processes√ and find the root causes of production problems√

- Implement quality control systems√ to ensure that quality building products are consistently being produced√
- Utilise machines√ and equipment optimally√
- Accurately calculate√ the production costs√
- Select the appropriate production system√ e.g. mass/batch/jobbing√

Any other relevant answer related to the quality indicators of the production function

Max (4)

3.7 **The benefits of a good quality management system**

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

Any other relevant answer related to the benefits of a good quality management system **Max (6)**

[40]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Pillars of the Broad-Based Black Economic Empowerment Act/BBBEE**

- Ownership√
- Management control√
- Skills development√
- Enterprise and supplier development√
- Socio economic development√

NOTE: 1. Mark the first FOUR (4) only.
2. Do not award marks for old BBBEE pillars which are not in line with the revised version. (4 x 1) (4)

4.2 **Ways in which SETAs are funded**

- Donations and grants from the public√√
- Surplus funds from government institutions√√
- Funds received from rendering their services√√
- Skills Development levies paid by employers e.g. 80% is distributed to the different SETAs and 20% is paid into the National Skills Fund.√√

Any other relevant answer related to ways in which SETAs are funded

NOTE: Mark the first THREE (3) only. (3 x 2) (6)

4.3 **PESTLE analysis**

4.3.1 **PESTLE factors from the scenario**

PESTLE FACTORS	MOTIVATIONS
1. Economic√√	MNB profitability has decreased due to a high inflation rate.√
2. Technological √√	Some of MNB employees do not have the skills to operate the new nail equipment.√
Submax (4)	Submax (2)

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

Max (6)

4.3.2 **Ways to deal with the economic and technological factors**

Ways to deal with the economic factors
- MNB/Businesses should consider decreasing profit margins rather than increasing product prices.√√
- Borrow money from financial institutions when interest rates are favourable.√√
- Consider exchange rates when trading with other countries.√√

Any other relevant answer related to ways in which MNB/businesses can deal with economic factors as a PESTLE factor

OR

Ways to deal with technological factors
- Continuous research on the latest available technology/equipment in the market.√√
- MNB/Businesses should train existing/appoint new employees to maintain/use new equipment.√√
- Compare prices/Select suitable suppliers for new equipment at reasonable prices.√√
- Businesses must be geared for online trading/e-commerce.√√

Any other relevant answer related to ways in which MNB/businesses can deal with technological factors as a PESTLE factor

NOTE:
1. **Mark only the first PESTLE FACTOR.**
2. **Mark the first TWO (2) only.**

(2 x 2) (4)

BUSINESS OPERATIONS

4.4 **Roles of the interviewer when preparing for an interview**

4.4.1 **Role of the interviewer when preparing for an interview from the scenario**

- They requested Faith to book and prepare the venue for the interview.√
- She must also inform the interviewees about the date and place of the interview.√

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

(2 x 1) (2)

4.4.2 **The recruitment procedure**

- The human resource manager should evaluate the job/prepare a job analysis√, that includes the job specification/job description/in order to identify recruitment needs.√
- The human resource manager (HRM) should prepare the job description√ in order to identify recruitment needs.√
- HRM should indicate the job specification/description/key performance areas√ to attract suitable candidates.√
- Choose the method of recruitment,√ 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.√
- If internal recruitment is unsuccessful, external recruitment should be considered.√
- If the external recruitment is conducted, the relevant recruitment source 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 appropriate media√ that will ensure that the best candidates apply.√

Any other relevant answer related to the recruitment procedure

NOTE: Accept steps in any order. **Max (6)**

4.5 **Distinction between quality management and quality performance**

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

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

Max (4)

4.6 **Application of the PDCA model/steps**

Plan√
- The business should identify the problem.√
- Develop a plan for improvements to processes and systems.√
- Answer questions such as *'what to do'* and *'how to do it'*.√
- Plan the method and approach.√

Do√
- The business should implement the change on a small scale.√
- Implement the processes and systems.√

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

Act as needed√
- Institutionalise the improvement.√
- Devise strategies on how to continually improve.√
- If the change was successful, implement it on a wider scale.√
- Continuously revise the process.√

Any other relevant answer related to the PDCA model

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

[40]

TOTAL SECTION B: 80

SECTION C
Mark only the FIRST question

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 **Introduction**

- A strategy is a course of action that the business follows to achieve its purpose/objectives.√
- The strategic management process guides businesses on how they should select relevant strategies to deal with the challenges posed by the business environments.√
- Intensive strategies enable businesses to retain their market share and increase profitability.√
- Businesses use the findings obtained from applying Porter's Five Forces to develop turnaround strategies.√
- Porter's Five Forces is used to identify and evaluate the factors in the market environment that can influence the business.√
- A business strategy must be evaluated in each stage of operation to measure the extent to which it addresses business challenges.√

Any other relevant introduction related to the strategic management process/Application of Porter's Five Forces/intensive strategies/steps in evaluating strategies

Any (2 x 1) (2)

5.2 **The strategic management process**

Option 1

- Have a clear vision, a mission statement and measurable/realistic objectives in place.√√
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situational analysis.√√
- Tools available for environmental scanning may include a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial analysis tools.√√
- Formulate alternative strategies to respond to the challenges.√√
- Develop an action plan, including the tasks to be done/deadlines to be met/resources to be procured, etc.√√
- Implement selected strategies by communicating it to all stakeholders/ organising the business's resources/motivating staff.√√
- Continuously evaluate/monitor/measure strategies in order to take corrective action.√√

OR

Option 2

- Review the vision statement.√√
- Analyse/Re-examine the mission statement.√√
- Conduct an environmental analysis using models such as PESTLE/PORTER'S/SWOT.√√
- Formulate a strategy such as a defensive/retrenchment strategy.√√
- Implement a strategy, using a template such as an action plan.√√
- Control/Evaluate/Monitor the implemented strategy to identify gaps/deviations in implementation.√√
- Take corrective action to ensure goals/objectives are met.√√

Any other relevant answer related to the strategic management process

NOTE: The steps may be in any order. **Max (10)**

5.3 **Application of the Porter's Five Forces model**

5.3.1 **Bargaining power of suppliers/Power of suppliers**√√

- Suppliers that deliver high quality products may have power√ over the business.√
- Assess the power of the suppliers√ in influencing 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. √

Any other relevant answer related to how businesses could apply the bargaining power of suppliers/power of suppliers to analyse the market environment

Factor (2)
Explanation (2)
Sub max (4)

5.3.2 **Bargaining power of buyers/Power of buyers**√√

- Assess how easy it is for buyers/customers to drive√ prices down.√
- Determine the number of buyers/the importance of each buyer√ to the business and the cost of switching to other products.√
- A few powerful buyers are often able to dictate their terms√ to the business.√
- Buyers buying in bulk can bargain for prices√ in their favour.√
- If buyers can do without the business's products√, then they have more power to determine the prices and terms of sale.√

Any other relevant answer related to how businesses could apply the power of buyers/bargaining power of buyers to analyse the market environment

Factor (2)
Explanation (2)
Sub max (4)

5.3.3 **Threat of substitution/substitutes**√√

- Establish whether the sellers of substitute products have improved√ their products/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. √
- If the business sells unique products it will not be threatened√ by substitute products.√

Any other relevant answer related to how businesses could apply the threat of substitution/substitutes to analyse their position in the market

Factor(2)
Explanation (2)
Sub max (4)

5.3.4 **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.√
- Draw up a competitor's profile √so that they can determine their own strength as well as that of competitors.√

Any other relevant answer related to how businesses could apply the power of competitors/competitive rivalry to analyse their position in the market

Factor (2)
Description (2)
Sub max (4)

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

- If the barriers to enter the market are low,√ then it is easy for new businesses to enter the market/industry.√
- If the business is highly profitable, it will attract potential competitors√ that want to benefit from high profits.√
- 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 how businesses could apply the threat/barriers of new entrants to the market to analyse their position in the market

Factor (2)
Description (2)
Sub max (4)
Max (16)

5.4 **Types of intensive strategies**

Market penetration√√
- New products penetrate an existing market at a low price,√ until it is well known to the customers and then the prices increase.√
- It is a growth strategy where businesses focus on selling existing products√ to existing markets.√
- Focuses on gaining a larger share of the market √ by reducing prices to increase sales/increasing advertising and promotion√

Any other relevant answer related to market penetration as a type of intensive strategy

Strategy (2)
Explanation (2)
Sub max (4)

Market Development√√
- It is a growth strategy where businesses aim to sell its existing products√ in new markets.√
- This strategy involves finding new markets√ and new ways to distribute products.√

Any other relevant answer related to market development as a type of intensive strategy

Strategy (2)
Explanation (2)
Sub max (4)

Product Development√√
- It is a growth strategy where businesses aim to introduce new products√ into existing markets/modifies an existing product.√
- Businesses generate new ideas√ and develop new products/services.√

Any other relevant answer related to product development as a type of intensive strategy

Strategy (2)
Explanation (2)
Sub max (4)

NOTE: Mark the first THREE (3) only. **Max (12)**

5.5 **Steps in strategy evaluation**
- Examine the underlying basis of a business strategy.√√
- Look forward and backwards into the implementation process.√√
- Compare the expected results 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 steps businesses should follow when evaluating strategies

NOTE: The steps can be in any order. **Max (8)**

5.6 **Conclusion**

- The strategic management process enables businesses to choose a set of strategies that will enable them to achieve better performance.√√
- Businesses apply Porter's Five Forces Model to have a better understanding of the challenges posed by the market environment.√√
- 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 control of the market and product growth.√√
- Businesses must continuously evaluate strategies in order to change/adapt them according to the current demands of their markets.√√

Any other relevant conclusion related to the strategic management process/Application of Porter's Five Forces Model/intensive strategies/steps in evaluating strategies

(1 x 2) (2)
[40]

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max. 32**
Strategic management process	**10**	
Application of Porter's Five Forces Model	**16**	
Types of intensive strategies	**12**	
Steps in evaluating strategies	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

QUESTION 6: BUSINESS OPERATIONS : (HUMAN RESOURCES FUNCTION & QUALITY OF PERFORMANCE)

6.1 Introduction

- Selection enables businesses to employ people whose skills and qualifications are in line with the requirements of the job.√
- The most suitable employees would be the ones with relevant competencies/abilities/experiences.√
- A good induction system will enable new employees to settle in quickly and work more effectively.√
- Quality circles is a group of specialists that provide expert knowledge on how businesses can develop strategies to remain sustainable in the market.√
- A team that oversees all aspects of quality in a business can ensure customer satisfaction.√
- Businesses must come up with measures to reduce the cost of quality of their products. √

Any other relevant introduction related to the selection procedure/purpose of induction/role of quality circles/ways TQM can reduce the cost of quality

Any (2 x 1) (2)

6.2 Selection procedure

Option 1

- Determine fair assessment criteria on which selection will be based.√√
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications, etc.√√
- Sort the received documents/CVs according to the assessment/selection criteria.√√
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest.√√
- Preliminary interviews are conducted if many suitable applications were received.√√
- Reference checks should be made to verify the contents of CV's, e.g. contact previous employers to check work experience.√√
- Compile a shortlist of potential candidates identified.√√
- Shortlisted candidates may be subjected to various types of selection tests e.g. skills tests, etc.√√
- Invite shortlisted candidates for an interview.√√
- A written offer is made to the selected candidate.√√
- Inform unsuccessful applicants about the outcome of their application/ Some adverts indicate the deadline for informing only successful candidates.√√

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 process

NOTE: The procedure can be in any order. **Max (12)**

6.3 **Purpose of Induction**

- Introduce new employees to management/colleagues√ to establish relationships with fellow colleagues at different levels.√
- Give new employees a tour/information√ about the layout of the building/office.√
- Make new employees feel welcome√ by introducing them to their physical work space.√
- Improve skills√ through in-service training.√
- Familiarise new employees√ with the organisational structure/their supervisors.√
- Allow new employees the opportunity to ask questions√ that will put them at ease/reduce insecurity/anxiety/fear.√
- Create 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.√
- Ensure that employees understand their roles/responsibilities√ so that they will be more efficient/productive.√
- Communicate information about the products/services√ offered by the business.√
- Communicate business policies√ regarding ethical/professional conduct/ procedures/employment contract/conditions of employment, etc.√

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

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

- Solve problems related to quality√ and implement improvements.√
- Investigate problems√ and suggest solutions to management.√
- Ensure that there are no duplication of activities/tasks√ in the workplace.√
- Make suggestions for improving systems and processes√ 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.√
- Reduce costs of redundancy√ in the long run.√
- Increase employees' morale/motivation.√ as challenges/problems can be resolved.√
- Quality circles discuss ways of improving the quality√ of work/workmanship.√
- Contribute towards the improvement and development√ of the organisation.√
- Reduce costs/wasteful efforts√ in the long run.√
- Increase the demand for products/services√ of the business.√
- Create harmony and high performance√ in the workplace.√
- Build a healthy workplace relationship√ between the employer and employee.√
- Improve employees' loyalty and commitment√ to the organisation and its goals.√
- Improve employees' communication at all levels√ of the business.√
- Develop a positive attitude/sense of involvement in decision-making processes√ of the services offered.√

Any other relevant answer related to the roles of quality circles as part of the continuous improvement to processes and systems **Max (12)**

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

- Introduce quality circles to discuss ways of improving the quality of work/ workmanship.√√
- Schedule activities to eliminate duplication of tasks.√√
- Share responsibility for quality output amongst management and workers.√√
- Train employees at all levels, so that everyone understands their role in quality management.√√
- Develop work systems that empower employees to find new ways of improving quality.√√
- Work closely with suppliers to improve the quality of raw materials/inputs.√√
- Improve communication about quality challenges/deviations, so that everyone can learn from experience.√√
- Reduce investment on 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 the ways in which TQM can reduce the cost of quality **Max (10)**

6.6 **Conclusion**

- Employees are the most important resource in any business and its success is strongly influenced by a good recruitment process.√√
- Induction plays an important role in improving productivity and reducing staff turnover.√√
- Businesses must ensure that quality circles meet on a regular basis and provide quality feedback on how they can improve the quality of their products.√√
- The correct implementation of TQM elements will enable businesses to reduce the cost of quality.√√

Any other relevant conclusion related to the selection procedure/purpose of induction/roles of quality circles/ways TQM can reduce the cost of quality

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

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Selection procedure	**12**	
Purpose of induction	**12**	
Role of quality circles	**12**	
Ways in which TQM can reduce the cost of quality	**10**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis, interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

TOTAL SECTION C: 40

TOTAL: 150