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GRADE 12

**BUSINESS STUDIES P1
PREPARATORY EXAM
MARKING GUIDELINE
2022**

MARKS: 150

This marking guideline consists of 26 pages.

NOTES TO MARKERS

1. PREAMBLE

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

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

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
 - Uses a different expression from that which appears in the marking guideline
 - Comes from another credible source
 - Original
 - A different approach is used

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

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
5. The word 'Sub-max' is used to facilitate the allocation of marks within a question or sub-question.
6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.
7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
8. In an indirect question, the theory as well as the response must be relevant and related to the question.

9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.
10. No additional credit must be given for repetition of facts. Indicate with an 'R'.
11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:
- 11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive:** *'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings.'* ✓
- 11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. *'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings, ✓ because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.'* ✓
- NOTE:**
1. The above could apply to 'analyse' as well.
 2. Note the placing of the tick (✓) in the allocation of marks.
12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

Cognitive verbs, such as:

- 12.1 Advise, name, state, outline, motivate, recommend, suggest, (*list not exhaustive*) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

14. SECTION B

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

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

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

14.3 If candidates are required to provide their own examples/views, brainstorm this 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 (two marks will be allocated in SECTION C)

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

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

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

15. SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs and a conclusion?	2
Analysis and interpretation	<p>Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked?</p> <p>Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')</p>	2
Synthesis	<p>Are there relevant decisions/facts/responses made based on the questions?</p> <p>Marks to be allocated using this guide:</p> <p>Option 1: 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.</p> <p>Option 2: Some relevant facts: 1 mark (One '-S') Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.</p> <p>Option 3: Some relevant facts: 1 mark (One '-S') Where a candidate writes FOUR questions, but one/two/three 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.</p> <p>Option 4: 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.</p>	2
Originality	Is there evidence of examples based on recent information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32):		40

- NOTE:**
- 1. No marks will be awarded for contents repeated from the introduction and conclusion.**
 - 2. The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
 - 3. No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**

- 15.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, -S and/or O').
- 15.4 The breakdown of marks is indicated at the end of the suggested answer/ marking guideline to each question.
- 15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained but continue reading for originality "O".
- 15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

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

- 15.7 When awarding marks for facts, take note of the 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 guideline.
- 15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (√) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy, √ where businesses aim to introduce new products into existing markets.' √
- This will be informed by the nature and context of the question, as well as the cognitive verb used.
- 15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

SECTION A (COMPULSORY)**QUESTION 1**

1.1

1.1.1 B ✓✓

1.1.2 D ✓✓

1.1.3 A ✓✓

1.1.4 C ✓✓

1.1.5 B ✓✓

5 x 2 (10)

1.2

1.2.1 Human resource ✓✓

1.2.2 secondary ✓✓

1.2.3 SWOT ✓✓

1.2.4 time-related ✓✓

1.2.5 adequate financing and capacity ✓✓

5 x 2 (10)

1.3

1.3.1 F ✓✓

1.3.2 J ✓✓

1.3.3 I ✓✓

1.3.4 H ✓✓

1.3.5 B ✓✓

5 x 2 (10)

TOTAL SECTION A: 30**BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

SECTION B**Mark ONLY the FIRST TWO questions.****QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Provisions of the Basic Conditions of Employment Act/BCEA**

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

NOTE: Mark the first THREE (3) only.**(3 x 1) (3)****2.2 Role of SETAs**

- 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. ✓✓
- Collect levies as required by the Skills Development Act. ✓✓
- 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. ✓✓
- Provide accreditation for skills development facilitators. ✓✓
- 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. ✓✓
- Identify suitable workplaces for practical work experience. ✓✓
- Report to the Director General. ✓✓
- Any other relevant answer related to the role of SETAs in supporting the Skills Development Act.

Max (4)**2.3 Consumer rights from given statements**

- 2.3.1 Right to fair and honest dealings ✓✓
- 2.3.2 Right to fair value/good quality/safety ✓✓
- 2.3.3 Right to accountability from suppliers ✓✓

(6)**2.4 Application of Porter's Five Forces model****2.4.1 Power of buyers**

- Buyers buying in bulk ✓ can bargain for prices in their favour. ✓
- If a business is dealing 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. ✓
- 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.✓
- Any other relevant answer related to how businesses could apply the power of buyers to analyse their position in the market environment.

Max (4)**2.4.2 Threats/Barriers of new entrance to the market**

- 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.✓
- 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.✓
- 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 environment.

Max (4)**2.5 Legislation****2.5.1 Employment Equity Act/EEA ✓✓****(2)****Motivation**

People with disabilities were encouraged to apply for the vacant position. ✓

(1)

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

Max (3)**2.5.2 Advantages of the Employment Equity Act/EEA**

- Encourage consultation✓ between employer and employees.✓
- Promotes equal opportunity ✓ and fair treatment in the workplace. ✓
- Impacts positively✓ on BEE ratings for businesses.✓
- Appointment process is clearly defined✓, so all parties are well informed.✓
- Motivates employees because the workforce✓ is more diverse/representative/ inclusive. ✓
- Motivates employees because everyone has ✓ the same employment opportunities.✓
- Promotes the implementation of affirmative action measures ✓ to redress the imbalances in employment. ✓
- Provides employees with legal recourse ✓ if they believe they have been unfairly discriminated against. ✓
- Provides all employees with an equal opportunity ✓ to be selected/appointed/ promoted in a position. ✓
- Prevents unfair discrimination ✓ as it ensures that the workforce represents the demographics of the country. ✓
- Creates a framework✓ of acceptable employment practices/affirmative action measures.✓
- Encourages diversity in business ✓ by employing people from various racial backgrounds. ✓
- Businesses are in a better position to negotiate contracts ✓ with the government.✓

- Certified psychometric tests may be used ✓ to assess applicants/employees to ensure that they are suitable for the vacancy. ✓
- Any other relevant answer related to the advantages of the Employment Equity Act/EEA for businesses.

NOTE: Accept relevant facts if the Act was incorrectly identified as an answer in QUESTION 2.5.1.

Max (4)

2.6 Types of defensive strategies

Divestiture/Divestment ✓✓

- Disposing/Selling some assets/divisions/departments 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)
Discussion (1)
Submax (3)

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)
Discussion (1)
Submax (3)

Liquidation ✓✓

- Selling all assets to pay creditors due to a lack of capital. ✓
- Selling the entire business in order to pay shareholders a fair price for their shares. ✓
- Allowing creditors to apply for forced liquidation in order to have their claims settled. ✓
- Businesses in financial difficulty may apply for business rescue to avoid liquidation. ✓
- Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)
Discussion (1)
Submax (3)

NOTE: Mark the first TWO (2) only.

Max (6)

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

- Offers applicants pre-agreement statements. ✓✓
- Disclose all costs of loan/No hidden costs should be charged/added. ✓✓
- Obtain credit records/checks before granting loans. ✓✓
- Businesses should be registered with the National Credit Regulator. ✓✓
- Submit an annual compliance report to the National Credit Regulator. ✓✓
- Conduct affordability assessment to ensure the consumer has the ability to meet their obligations. ✓✓

- Conduct credit checks with a registered credit bureau and consult the National Credit Register. ✓✓
- Businesses must have procedures in place to comply with the provision of the Financial Intelligence Centre Act (FICA). ✓✓
- Verify the identity of clients, report suspicious transactions/train staff on their obligations in terms of FICA. ✓✓
- Any other relevant answer related to ways in which businesses could comply with the National Credit Act/NCA.

Max (6)
[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	3
2.2	4
2.3	6
2.4.1	4
2.4.2	4
2.5.1	3
2.5.2	4
2.6	6
2.7	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS

3.1 Aspects that should be included in an employment contract

- Personal details of the employee. ✓
- Details of the business/employer e.g. name/address, etc. ✓
- Job title/Position ✓
- Job description e.g. duties/ working conditions ✓
- Job specification e.g. formal qualifications/willingness to travel. ✓
- 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 behavior. ✓
- Any other relevant answer related to the aspects that should be included in an employment contract.

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

3.2 Role of the interviewer before an interview

- The interviewer should develop a core set of questions based on the skills/knowledge/ ability required. ✓✓
- Check/read 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. ✓✓
- Plan the programme for the interview and determine the time that should be allocated to each candidate. ✓✓
- Notify all panel members conducting the interview about the date and place of the interview. ✓✓
- Any other relevant answer related to the role of the interviewer before an interview.

Max (6)

3.3 Components of a job analysis from the scenario

COMPONENTS OF A JOB ANALYSIS	MOTIVATIONS
1. Job specification ✓✓	The prospective candidate should have a valid driver's license. ✓
2. Job description ✓✓	The successful candidate will be in charge of transporting clients from the airport to the final destination. ✓
Sub max (4)	Sub max (2)

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

2. Award marks for the components of a job analysis even if the quotes were incomplete.

3. Do not award marks for the motivations if the components of a job analysis were incorrectly identified.

4. Accept responses in any order.

Max (6)

3.4 Link between salary determination and the BCEA

- The BCEA sets out conditions ✓ that ensure fair labour and human resources practices. ✓
- According to the BCEA, businesses may use different remuneration methods ✓ to pay their employees. ✓
- Payment of salaries should be based ✓ on whether the employee is permanent or employed on a fixed contract. ✓
- Businesses are supposed to deduct income tax (PAYE) ✓ from the employees' taxable salaries. ✓
- BCEA outlines legalities, ✓ such as the employment contract, which may affect salary determination. ✓
- Any other relevant answer related to the link between salary determination and the BCEA.

Max (6)

3.5 Quality indicators in the marketing function

- Winning customers by satisfying their/wants and building positive relationships.√√
- Adhering to ethical advertising practices when promoting products/services.√√
- Identifying a competitive advantage to focus/improve on marketing strengths. √√
- Differentiating products in order to attract more customers. √√
- Constantly reviewing value issues. √√
- Communicating effectively with customers to get feedback about their experience of products sold/services rendered. √√
- Co-ordinating distribution with production and advertising strategies. √√
- Using pricing techniques to ensure a competitive advantage. √√
- Determine gaps between customer expectations and actual experiences, so that problems/unhappiness may be diagnosed and addressed. √√
- Making adjustments and changes to products/services based on feedback from customers/results of market research. √√
- Using aggressive advertising campaigns to sustain/increase the market share.√√
- Any other relevant answer related to the quality indicators of the marketing function.

Max (4)

3.6 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 less defects/returns. √
- Any other relevant answers related to the benefits of a good quality management system.

Max (4)

3.7 Role of quality circles

3.7.1 Role of quality circles from the scenario

- Quality circles investigate problems and suggest solutions to management. √
- Quality circles contribute towards the improvement and development of the organisation.√

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

2. Only award marks for responses that are quoted from the scenario.

(2 x 1) (2)

3.7.2 Other roles of quality circles as part of continuous improvement to processes and systems

- Solve problems related to quality✓ and implement improvements. ✓
- Ensure that there is 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. ✓
- Increase employees' morale✓ and motivation. ✓
- Quality circles discuss ways of improving✓ the quality of work/workmanship.✓
- Reduce costs of redundancy/ wasteful efforts ✓ in the long run. ✓
- 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 / commitment✓ to the organisation 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 other roles of quality circles as part of continuous improvement to processes and systems.

NOTE: Do not award marks for responses quoted in QUESTION 3.7.1.

Max (4)

3.8 Application of 'check' as part of the PDCA steps

- 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.✓✓
- Any other relevant answer related to how businesses could apply 'check' as part of the PDCA steps.

Max (6)

[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	2
3.2	6
3.3	6
3.4	6
3.5	4
3.6	4
3.7.1	2
3.7.2	4
3.8	6
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENTS****4.1 Pillars of the Broad-Based Black Economic Empowerment Act/BBBEE**

- Management control ✓
- Ownership ✓
- Enterprise and supplier development ✓
- Skills development ✓
- Socio-economic development/Social responsibility ✓

NOTE: Mark the first FOUR (4) only.**(4 x 1) (4)****4.2 Challenges of businesses environments and the extent of control**

CHALLENGES (4.2.1)	BUSINESS ENVIRONMENTS (4.2.2)	EXTENT OF CONTROL (4.2.3)
1. BF buys their equipment from Gerald Suppliers who have increased their prices by more than 15%. ✓	Market ✓	Partial/Some/Limited/Less/Little control ✓
2. Jane, the supervisor does not have a good working relationship with her employees. ✓	Micro ✓	Full control ✓
3. BF can no longer export their products due to an increase in the exchange rates. ✓	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.

4.3 Types of integration strategy

Forward integration/Forward vertical integration✓✓

- A business combines with or takes over its distributors.✓
- Involves expansion of business activities to gain control over the direct distribution of the products.✓
- Increases profitability as the distributor/intermediary/middleman is excluded.✓
- Any other relevant answer related to forward integration/forward vertical integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

Backward integration/Backward vertical integration✓✓

- A business combines with or takes over its suppliers.✓
- Aims at decreasing the business's dependency on the supplier.✓
- Enables businesses to cut costs and have influence over the prices/quality/quantity of raw materials.✓
- Any other relevant answer related to backward integration/backward vertical integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

Horizontal integration✓✓

- A business takes control of/incorporates other businesses in the same industry/which produce/sell the same goods/services.✓
- The aim is to reduce the threat of competition /substitute products/services.✓
- Increases the market share/sales and profits.✓
- Suitable for businesses that operates in multiple geographical areas through joint ventures/licencing/franchising.✓
- Any other relevant answer related to horizontal integration as an integration strategy.

Strategy (2)
Discussion (1)
Submax (3)

NOTE: Mark the FIRST answer only.

Max (3)

4.4 Penalties for non-compliance with the Compensation for Occupational Injuries and Diseases Amendment Act/COIDA

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

Max (4)

BUSINESS OPERATIONS**4.5 Examples of employee benefits**

- Pension Fund✓
- Medical aid/ Health Insurance Fund✓
- Funeral benefit✓
- Provident Fund✓
- Allowances (car/travel/ housing/cell phone/clothing) ✓
- Performance based bonus✓
- Issuing of bonus shares✓
- Staff discount/ free or low cost meal/canteen facilities ✓
- Any other relevant examples of fringe benefits.

NOTE: Mark the first TWO (2) only.**(2 x 1) (2)****4.6 Placement procedure as a human resource activity**

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

Max (4)**4.7 Advantages of internal recruitment for businesses**

- Cheaper/Quicker✓ to fill the post. ✓
- Placement is easy, ✓ as management knows the employees' skills/personality/ experience/strengths. ✓
- Provides opportunities for career paths✓ within the business. ✓
- The employee already has an understanding of how the business operates✓ / Induction/Training is not always necessary. ✓
- Reduces the chances of losing employees, ✓ as future career prospects are available. ✓
- Detailed, reliable information can be obtained✓ from the supervisors/ employees records. ✓
- Any other relevant answer related to the advantages of internal recruitment for businesses.

Max (4)**4.8 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)**4.9 Quality concept from the scenario****4.9.1 Quality performance ✓✓****(2)****4.9.2 Impact of TQM if poorly implemented by businesses**

- Setting unrealistic deadlines that may not be achieved. ✓✓
- Employees may not be adequately trained resulting in poor quality products. ✓✓
- Decline in productivity, because of stoppages. ✓✓
- Businesses may not be able to make the necessary changes of products or services to satisfy customers' needs. ✓✓
- Businesses' reputation/image may suffer because of poor quality/defective goods.✓✓
- Customers will have many alternatives to choose from and the impact could be devastating. ✓✓
- Investors might withdraw investment, if there is a decline in profits. ✓✓
- Decline in sales, as more goods are returned as returns by unhappy customers.✓✓
- High staff turnover, because of poor skills development. ✓✓
- Undocumented quality control systems/processes could result in error/deviations from pre-set quality standards. ✓✓
- Any other relevant answer related to the negative impact of TQM if poorly implemented by businesses.

Max (4)**[40]****BREAKDOWN OF MARKS**

QUESTION 4	MARKS
4.1	4
4.2.1	3
4.2.2	3
4.2.3	3
4.3	3
4.4	4
4.5	2
4.6	4
4.7	4
4.8	4
4.9.1	2
4.9.2	4
TOTAL	40

SECTION C

Mark the **FIRST** answer **ONLY**.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 Introduction

- Businesses apply diversification strategies when adding new products that are related or unrelated to existing products.✓
- Intensive strategies enable businesses to retain their market share and increase profitability.✓
- PESTLE factors refer to elements in the macro environment that have an impact on business operations. ✓
- 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 advantages of diversification strategies/types of intensive strategies/challenges posed by PESTLE factors/steps when evaluating strategies.

Any (2 x 1) (2)

5.2 Advantages of diversification strategies

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

Max (10)

5.3 Types of intensive strategies

5.3.1 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)
Description (2)
Sub max (4)

5.3.2 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)
Description (2)
Sub max (4)

5.3.3 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)
Description (2)
Sub max (4)

NOTE: Mark the first THREE (3) only.

Max (12)

5.4 Challenges posed by the PESTLE factors**5.4.1 Political**✓

- Some government policies✓ may affect businesses.✓
- Consumer rights organisations may prevent businesses✓ from selling products if they do not meet certain requirements.✓
- Trade agreements may prevent businesses from importing✓ some products.✓
- Any other relevant answer related to how the political factor as a PESTLE element pose challenges to businesses.

Sub max (4)

5.4.2 Economic✓

- High Inflation/Interest rates may decrease the market share of the business✓ as customers cannot afford high prices. ✓/Increase in taxes will result ✓ in lower customer spending. ✓
- Loans may be expensive ✓ due to high interest rates. ✓
- Fluctuations in foreign currency ✓ may restrict import. ✓
- Any other relevant answer related to how the economic factor as a PESTLE element pose challenges to businesses.

Sub max (4)

5.4.3 Social✓

- Customers may not be able to afford products✓ due to low-income levels/high unemployment. ✓
- Businesses may not be conversant✓ with the language of their customers. ✓
- Some businesses may lose sales✓ as customers may prefer to spend their money on medical bills/expenses✓.
- High crime rate may affect the trading hours of businesses✓ resulting in decreased profit. ✓
- Any other relevant answer related to how the social factor as a PESTLE element pose challenges to businesses.

Sub max (4)

5.4.4 Technological✓

- Businesses may not keep up with/be aware ✓ of the latest technology. ✓
- Employees may not be skilled ✓ to operate/maintain new technology/equipment.✓
- Businesses may not be able to afford ✓ new technology. ✓
- May not be able to cater for/ afford ✓ online transactions/e-commerce. ✓
- Any other relevant answer on how the technological factor as a PESTLE element pose challenges to businesses.

Sub max (4)

5.4.5 Legal✓

- Consider certain Acts that may have a direct impact✓ on a business, e.g. the CPA/BCEA.✓
- Legal requirements for operating certain types of businesses✓ are time-consuming.✓
- High legal costs involved in obtaining a license/trade mark/patent✓ may prevent some establishments.✓
- Legalities of business contracts✓ may limit business operations.✓
- Any other relevant answer on how the legal factor as a PESTLE element pose challenges to businesses.

Sub max (4)

5.4.6 Environmental✓

- Chemicals/Ingredients in business' products✓ may be harmful to customers.✓
- Measures to dispose of business waste✓ may be expensive.✓
- Packaging of some products✓ may not be environmentally friendly and may not be recyclable.✓
- Any other relevant answer on how the environmental factor as a PESTLE element pose challenges to businesses.

Sub max (4)

NOTE: Mark the first THREE (3) only.**Max (12)****5.5 Steps in evaluating strategies**

- Examine the underlying basis of a business strategy. ✓✓
- Look forward and backwards into the implementation process. ✓✓
- Compare the expected performance with the actual performance. ✓✓
- Determine the reasons for deviations and analyse these reasons. ✓✓
- Take corrective action so that deviations may be corrected. ✓✓
- Set specific dates for control and follow up. ✓✓
- Draw up a table of the advantages and disadvantages of a strategy. ✓✓
- Decide on the desired outcome as envisaged when strategies were implemented.✓✓
- Consider the impact of the strategic implementation in the internal and external environments of the business. ✓✓
- Any other relevant answer related to the steps businesses should consider when evaluating strategies.

Max (12)

5.6 Conclusion

- Businesses consider to diversify their products to remain sustainable in the market. ✓✓
- Although implementing intensive strategies may be costly, it usually results in control of the market and product growth. ✓✓
- Businesses that research the challenges posed by the PESTLE factors will respond to these challenges more effectively and remain profitable. ✓✓
- 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 advantages of diversification strategies/types of intensive strategies/challenges posed by PESTLE factors/steps when evaluating strategies.

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

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Advantages of diversification strategies	10	
Types of intensive strategies	12	
PESTLE factors	12	
Steps in evaluating strategies	12	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

6.1 Introduction

- Quality control seeks to ensure that product quality is maintained or improved. ✓
- Quality assurance establishes and maintains set requirements for developing or manufacturing reliable products. ✓
- The administration function assists other business functions with accurate recordkeeping for future use. ✓
- Total customer satisfaction ensures that the overall customer experience is good, in addition to providing a quality product or service. ✓
- The continuous skills development of employees requires the human resources department to be proactive in their approach to training. ✓
- The implementation of TQM help to decrease the cost of quality and enable businesses to have an advantages over competitors. ✓

- Any other relevant introduction related to quality control/quality assurance/contribution of the administration function/impact of total client/customer satisfaction and continuous skills development/ways in which TQM can reduce the cost of quality.

Any (2 x1) (2)

6.2 Differences between quality control and quality assurance

QUALITY CONTROL	QUALITY ASSURANCE
- System that ensures the desired quality is met by inspecting the final product. ✓✓	- Checks carried out during and after the production process. ✓✓
- Ensures that finished products meets the desired standards. ✓✓	- Ensures that required standards have been met at every stage of the process. ✓✓
- Process of ensuring that products are consistently manufactured to high standards. ✓✓	- Processes put in place to ensure that the quality of products/services/systems adhere to pre-test standards with minimal defects/delays/short-comings. ✓✓
- Checking raw materials/employees/machinery/workmanship/products to ensure that high standards are maintained. ✓✓	- Ensuring that every process is aimed at getting the product 'right the first time and prevents mistakes from happening again. ✓✓
- Includes setting targets/measuring performance and taking corrective measures. ✓✓	- The 'building in' of quality as opposed to 'checking of' quality. ✓✓
- Any other relevant answer related to quality control.	- Any other relevant answer related to quality assurance
Sub max (4)	Sub max (4)

- NOTE:**
1. The answer does not have to be in tabular format.
 2. The differences do not have to link, but must be clear.
 3. Award a maximum of FOUR (4) marks if the differences are not clear/mark either quality control or quality assurance only.

Max (8)

6.3 Contribution of the administration function to the success of the business

- Fast and reliable data capturing✓ and processing systems. ✓
- Make reliable information available✓ to management on time. ✓
- Make relevant information available✓ for quick decision-making. ✓
- Handle complaints quickly✓ and effectively. ✓
- Use modern technology ✓ efficiently. ✓
- Implement effective risk management policies ✓ to minimise business losses. ✓
- Quality assurance/Control/Evaluation ✓ is recorded accurately. ✓
- All documentation is kept neatly✓ and orderly in a safe place. ✓
- Easy to recall✓ and find information/documentation. ✓
- Financial documents are kept up to date ✓ and recorded accurately. ✓
- All systems and processes ✓ are documented. ✓
- Any other relevant answer related to how quality of performance in the administrative function can contribute to the success of the business.

Max (12)

6.4 Impact of TQM elements on large businesses

6.4.1 Total client/customer satisfaction

Positives/Advantages

- Large businesses uses market research/customer surveys✓ to measure/ monitor customer satisfaction/analyse customers' needs.✓
- Continuously promote✓ a positive company image. ✓
- May achieve a state of total customer satisfaction, ✓ if businesses follow sound business practices that incorporate all stakeholders. ✓
- Strive 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 positive impact/advantages of total client/customer satisfaction as a TQM element on large businesses.

AND/OR

Negatives/ Disadvantages

- Employees who seldom come into contact with customers ✓ often do not have a clear idea of what will satisfy their needs.✓
- Monopolistic companies have an increased bargaining power ✓ so they do not necessarily have to please customers.✓
- Not all employees may be involved/committed ✓ to total client satisfaction.✓
- Any other relevant answer related to the negative impact/disadvantages of total client/customer satisfaction as a TQM element on large businesses.

Submax (8)

6.4.2 Continuous skills development/Education and training

Positives/Advantages

- Large businesses have a human resources department ✓ dedicated to skills training and development. ✓
- Human resources experts ensure that training programmes are relevant ✓ to increase customer satisfaction. ✓
- Ability to afford✓ specialised/skilled employees. ✓
- Large businesses conduct skills audits to establish the competency/ education levels of staff✓ which may positively affect the quality of products. ✓
- May be able to hire qualified trainers ✓ to train employees on a regular basis.✓
- Any other relevant answer related to the positive impact/advantages of continuous skills development/education and training as a TQM element on large business.

AND/OR

Negatives/Disadvantages

- Poor communication systems in large businesses ✓ may prevent effective training from taking place. ✓
- Trained employees may leave for better jobs ✓ after they gained more skills.✓
- De-motivates employees, ✓ if they do not receive recognition for training.✓
- Employees who specialise in narrowly defined jobs ✓ may become frustrated/demotivated. ✓
- Employees may not be aware of the level of competency they should meet ✓ in order to achieve their targets.✓

- It may be difficult to monitor/evaluate ✓ the effectiveness of training. ✓
- Any other relevant answer related to the negative impact/disadvantages of continuous skills development/education and training as a TQM element on large business.

Sub max (8)

Max (14)**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 ways in which TQM can reduce the cost of quality.

Max (12)**6.6 Conclusion**

- Management needs to ensure that quality control and quality assurance is implemented to achieve customer satisfaction. ✓✓
- Management relies on the administrative function to supply them with relevant and updated information in order to assist in effective decision-making. ✓✓
- Total client satisfaction and continuous skills development enable businesses to improve on providing quality products. ✓✓
- Businesses can achieve economies of scale by continuously implementing TQM elements. ✓✓
- Any other relevant conclusion related to quality control/quality assurance/contribution of the administration function/impact of total client/customer satisfaction and continuous skills development/ways in which TQM can reduce the cost of quality.

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

BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Differences between quality control and quality assurance	8	
Contribution of the administrative function to the success of the business	12	
Impact of TQM elements on large businesses: <ul style="list-style-type: none"> ○ Total client/customer satisfaction ○ Continuous skills development/Education and training 	14	
Ways TQM can reduce the cost of quality	12	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 40

GRAND TOTAL: 150