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**GRADE 12**

**JUNE 2023**

**BUSINESS STUDIES P1  
MARKING GUIDELINE**

**MARKS: 150**

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This marking guideline consists of 29 pages.

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**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 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	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body and a conclusion?	<b>2</b>
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked?  Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	<b>2</b>
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide:  Option 1: <b>Only relevant facts: 2 marks (No '-S')</b> 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 2: <b>Some relevant facts: 1 mark (One '-S')</b> 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 3: <b>Some relevant facts: 1 mark (One '-S')</b> Where a candidate writes FOUR 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 4: <b>No relevant facts: 0 marks (Two '-S')</b> 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.	<b>2</b>
Originality	Is there evidence of one or two examples, not older than two (2) years that are based on recent information, current trends and developments?	<b>2</b>
<b>TOTAL FOR INSIGHT:</b>		<b>8</b>
<b>TOTAL MARKS FOR FACTS:</b>		<b>32</b>
<b>TOTAL MARKS FOR ESSAY (8 + 32):</b>		<b>40</b>

- NOTE:**
- No marks will be awarded for contents repeated from the introduction and conclusion.
  - The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.
  - 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.

<b>CONTENT</b>	<b>MARKS</b>
Facts	<b>32 (max.)</b>
L	<b>2</b>
A	<b>2</b>
S	<b>2</b>
O	<b>2</b>
<b>TOTAL</b>	<b>40</b>

- 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****QUESTION 1**

- 1.1 1.1.1 C ✓✓  
 1.1.2 A ✓✓  
 1.1.3 B ✓✓  
 1.1.4 D ✓✓  
 1.1.5 A ✓✓
- (5 x 2) (10)

- 1.2 1.2.1 three ✓✓  
 1.2.2 no ✓✓  
 1.2.3 SWOT ✓✓  
 1.2.4 dismissal ✓✓  
 1.2.5 total quality management ✓✓
- (5 x 2) (10)

- 1.3 1.3.1 F ✓✓  
 1.3.2 D ✓✓  
 1.3.3 H ✓✓  
 1.3.4 G ✓✓  
 1.3.5 J ✓✓
- (5 x 2) (10)

**TOTAL SECTION A: 30**

**BREAKDOWN OF MARKS**

<b>QUESTION 1</b>	<b>MARKS</b>
<b>1.1</b>	<b>10</b>
<b>1.2</b>	<b>10</b>
<b>1.3</b>	<b>10</b>
<b>TOTAL</b>	<b>30</b>

**SECTION B**

Mark the answers to the **FIRST TWO** questions only.

**QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Pillars of the Broad-Based Black Economic Empowerment Act/BBBEE**

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

**NOTE: Mark the first FOUR (4) only.**

**(4 x 1) (4)**

**2.2 Rights of consumers in terms of the National Credit Act/NCA**

Consumers have a right to:

- Apply for credit and to be free from discrimination. ✓✓
- Obtain reasons for credit being refused. ✓✓
- Receive pre-agreement documentation/credit quote that is valid for 7 days before concluding any credit transaction. ✓✓
- Fair and responsible marketing. ✓✓
- Surrender/Return goods to the credit provider in order to settle the outstanding amount/debt. ✓✓
- Apply for debt review/counselling if the consumers cannot afford to repay their debts. ✓✓
- Receive information in plain and understandable language. ✓✓
- Receive documents/statements as required by the Act. ✓✓
- Access and challenge credit records and information. ✓✓
- Receive protection of their personal information. ✓✓
- Receive protection from being held accountable for the use of their credit facility after they reported the loss/theft. ✓✓
- Refuse a credit limit increase. ✓✓
- Any other relevant answer related to the rights of consumers in terms of the NCA.

**Max. (6)**

### 2.3 Challenges and business environments from the scenario

CHALLENGES (2.3.1)	BUSINESS ENVIRONMENTS (2.3.2)
1. Large scale flooding in the area had damaged their storeroom. ✓	Macro ✓
2. The employees of FV requested huge salary increases. ✓	Micro ✓
3. Monster Fruits also opened a new branch across the street from Fresh Veggies. ✓	Market ✓
Max. (3)	Max. (3)

- NOTE:**
1. Mark the first THREE (3) challenges only.
  2. If the business environment is not linked to the challenge, mark the challenge only.
  3. Award marks for the business environments even if the quoted challenges were incomplete.
  4. Accept responses in any order.

**Max. (6)**

### 2.4 Right to disclosure and information as one of the consumer rights in terms of the CPA

- Contracts and agreements should be in plain language, ✓ and easy to understand. ✓
- Businesses should display prices ✓ which are fully inclusive, disclosing all costs. ✓
- Businesses should label products ✓ and trade descriptions correctly. ✓
- Consumers may request the unit ✓ and bulk price of the same product. ✓
- If two prices for the same product are displayed, ✓ consumers should pay the lower price. ✓
- All information related to the country of origin, ✓ expiry dates/ingredients of the products should be disclosed. ✓
- Any other relevant answer related to the right to disclosure and information as stipulated in the CPA.

**Max. (6)**

### 2.5 Legislation

2.5.1 Compensation for Occupational Injuries and Diseases Amendment Act/COIDA ✓✓

**(2)**

#### 2.5.2 Penalties for non-compliance to 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 they 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 that businesses may face for non-compliance with COIDA.

**Max. (6)**

**2.6 Application of the threat of substitution as part of Porter's Five Forces model**

- Establish whether the sellers of substitute products ✓ have improved their product/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. ✓
- Assess if customers are using substitute products/services ✓ and determine reasons for using substitutes. ✓
- Any other relevant answer related to how businesses could apply the threat of substitution to analyse their position in the market environment.

**Max. (4)**

**2.7 Impact of the Basic Conditions of Employment/BCEA on businesses  
Positives/Advantages**

- Creates a framework of acceptable employment practices ✓ such as work hours, leave. ✓
- Promotes fair treatment ✓ of employees in business. ✓
- Encourages consultation ✓ between employers and employees. ✓
- Outlines minimum requirements ✓ that form the basis of employment contracts. ✓
- Work hours are specified ✓ so that the employer cannot exploit employees. ✓
- The rules and regulations are very specific, ✓ which clearly guides the employer on how to deal with employment issues. ✓
- Employees are permitted to consult labour unions, ✓ in cases where the BCEA conditions are violated. ✓
- Employees may submit complaints ✓ to labour inspectors who can address it. ✓
- Any other relevant answer related to the positive impact/advantages of the BCEA on businesses.

**AND/OR**

**Negatives/Disadvantages**

- Developing/Drafting a formal/legal employment contract ✓ may be time-consuming/costly. ✓
- Businesses may regard employment contracts negative ✓ and may not implement it, which result in non-compliance/penalties. ✓
- No employer may force an employee to work more than 45 hours in a week, ✓ which may result in reduced productivity. ✓
- Hiring cheap labour is no longer possible, ✓ so businesses cannot exploit workers. ✓
- BCEA forces businesses to comply with many legal requirements, ✓ which may increase labour costs. ✓
- Businesses not complying with the Act, ✓ may be charged with high penalties, which may affect their cash flow negatively. ✓
- Businesses may consider the provisions of the BCEA as unimportant, ✓ and an unnecessary administrative burden that increase operating costs. ✓

- Any other relevant answer related to the negative impact/disadvantages of the BCEA on businesses.

Max. (6)  
[40]

**BREAKDOWN OF MARKS**

<b>QUESTION 2</b>	<b>MARKS</b>
2.1	4
2.2	6
2.3.1	3
2.3.2	3
2.4	6
2.5.1	2
2.5.2	6
2.6	4
2.7	6
<b>TOTAL</b>	<b>40</b>

**QUESTION 3: BUSINESS OPERATIONS****3.1 Sources of external recruitment**

- Recruitment agencies ✓
- Billboards ✓
- Printed media such as newspapers/flyers/magazines/posters/government gazette ✓
- Electronic media such as radio/TV ✓
- Social media/social networks/internet/business websites ✓
- Walk-ins ✓
- Head-hunting ✓
- Professional associations ✓
- Networking ✓
- Educational/Training institutions ✓
- Word-of-mouth ✓
- Any other relevant answer related to sources of external recruitment.

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

(3 x 1) (3)

**3.2 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. ✓✓
- 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 content of CVs such as contacting previous employers to check on their work experience. ✓✓
- Compile a shortlist of potential candidates identified. ✓✓
- Shortlisted candidates may be subjected to various types of selection tests such as skills tests. ✓✓
- Invite shortlisted candidates for an interview. ✓✓
- A written offer is made to the selected candidate. ✓✓
- Inform unsuccessful applicants about the outcome of their application./Some adverts indicate the deadline for informing only successful candidates. ✓✓
- Any other relevant answer related to the selection procedure.

**OR**

**OPTION 2**

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

**Max. (6)**

**3.3 Salary determination methods**

**3.3.1 Salary determination method from the scenario**

Piecemeal ✓✓

**3.3.2 Other salary determination method**

**Time-related** ✓✓

- Workers are paid according to the amount of time/hours they spend at work/on a task. ✓
- Workers with the same experience/qualifications are paid on salary scales regardless of the amount of work done. ✓
- Many private and public sector businesses use this method. ✓
- Any other relevant answer related to time related as a salary determination method.

**Method (2)**  
**Explanation (1)**  
**Max. (3)**

- NOTE:**
1. Mark the **FIRST ONE** only.
  2. Do not award marks for piecemeal.

### 3.4 Benefits of induction for businesses

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

**Max. (6)**

### 3.5 Advantages of a good quality management system

- Effective customer services are rendered, resulting in increased customer satisfaction. ✓✓
- Time and resources are used efficiently. ✓✓
- Productivity increases through proper time management/using high quality resources. ✓✓
- Products/Services are constantly improved resulting in increased levels of customer satisfaction. ✓✓
- Vision/Mission/Business goals may be achieved. ✓✓
- A business has a competitive advantage over its competitors. ✓✓
- Regular training will continuously improve the quality of employees' skills/ knowledge. ✓✓

- Employers and employees will have a healthy working relationship resulting in happy/productive workers. ✓✓
- Increased market share/more customers improve profitability. ✓✓
- Improves business image as there are less defects/returns. ✓✓
- Any other relevant answer related to the benefits of a good quality management system.

**Max. (4)**

### 3.6 Quality indicators of the purchasing function

#### 3.6.1 Quality indicators of the purchasing function from the scenario

- CT places orders on time and follows up on a regular basis to ensure that their stock is delivered on time. ✓
- Management maintains stock control systems to ensure the security of stock. ✓

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

(2 x 1) **(2)**

#### 3.6.2 Other quality indicators of the purchasing function

- Businesses should buy raw materials/products in bulk ✓ at lower/ discounted prices ✓
- Select reliable suppliers ✓ that render the best quality raw materials/ capital goods at reasonable prices. ✓
- Effective co-ordination between the purchasing and production departments ✓ so that purchasing staff understand the production process/requirements. ✓
- Required quantities should be delivered ✓ at the right time and place. ✓
- Maintain optimum stock levels ✓ to avoid overstocking/reduce out-dated stock. ✓
- Monitor and report on minimum stock levels ✓ to avoid stock-outs. ✓
- Effective use of storage space ✓ and maintain product quality while in storage. ✓
- Involve suppliers ✓ in strategic planning/product design/ material selection/quality control processes. ✓
- Ensure that there is no break in production ✓ due to stock shortages. ✓
- Establish relationships with suppliers ✓ so that they are in alignment with the business's vision/mission/values. ✓
- Have a thorough understanding of supply chain management ✓ to apply the correct procurement procedures/processes. ✓
- Any other relevant answer related to the other quality indicators of the purchasing function.

**NOTE: Do not award marks for responses quoted in QUESTION 3.6.1.**

**Max. (4)**

### 3.7 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. ✓
- Ensure that finished products ✓ meet the required standards. ✓	- Ensure 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-set standards with minimal defects/delays/ shortcomings. ✓
- Checking raw materials/ employees/machinery/ workmanship/products ✓ to ensure that high standards are maintained. ✓	- Ensuring that every process is aimed to get the product 'right the first time' ✓ and prevent mistakes from happening. ✓
- 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. (2)	Sub-max. (2)

- 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 TWO (2) marks if the differences are not clear/Mark either quality control or quality assurance only.

**Max. (4)**

### 3.8 Advantages of total client/customer satisfaction as a TQM element

- Large businesses use market research/customer surveys to measure/monitor customer satisfaction/analyse customers' needs. ✓✓
- Continuously promote a positive company image. ✓✓
- May achieve a state of total client/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 their 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 as a TQM element on large businesses.

**Max. (6)  
[40]**

**BREAKDOWN OF MARKS**

<b>QUESTION 3</b>	<b>MARKS</b>
3.1	3
3.2	6
3.3.1	2
3.3.2	3
3.4	6
3.5	4
3.6.1	2
3.6.2	4
3.7	4
3.8	6
<b>TOTAL</b>	<b>40</b>

**QUESTION 4: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENTS****4.1 Types of integration strategies**

- Forward vertical ✓
- Backward vertical ✓
- Horizontal ✓

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

(2 x 1) **(2)**

**4.2 Role of SETAs in supporting the Skills Development Act/SDA**

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

**Max. (4)**

**4.3 Intensive strategies****4.3.1 Type of intensive strategy from the scenario**

Market development ✓✓

**(2)**

**4.3.2 Advantages of intensive strategies**

- Increase in sales/income/profitability ✓ due to a variety of advertising campaigns. ✓
- Regular sales to existing customers ✓ may increase. ✓
- Gain customer loyalty ✓ through effective promotion campaigns. ✓
- Improved service delivery ✓ may positively impact/increase sales. ✓
- Eliminates competitors ✓ and dominates market prices. ✓
- Decrease in price could influence customers ✓ to buy more products. ✓
- Businesses can have more control ✓ over the price of products/service. ✓

- Enables the business to focus on markets/well researched quality products ✓ that satisfy the needs of consumers. ✓
- Increased market share reduces the business's vulnerability ✓ to actions of competitors. ✓
- Any other relevant answer related to the advantages of intensive strategies.

**Max. (6)****4.4 Ways in which businesses can comply with the Labour Relations Act/LRA**

- Employees should not be unfairly/illegally dismissed. ✓✓
- Support the establishment/formation of trade unions/workplace forums to enhance labour peace in the workplace. ✓✓
- Employers should not breach/ignore any collective agreement. ✓✓
- Businesses must allow employees to participate in union activities such as legal strikes/elections. ✓✓
- Disclose all relevant information required by trade union representatives to do their jobs effectively. ✓✓
- Any other relevant answer related to ways in which businesses can comply with the LRA.

**Max. (6)****BUSINESS OPERATIONS****4.5 Examples of fringe benefits**

- Medical Aid Fund/Health Insurance Fund ✓
- Pension Fund ✓
- Provident Fund ✓
- Funeral benefits ✓
- Allowances/Car/Travel/Housing/Cellphone/Clothing ✓
- Performance based incentives ✓
- Issuing of bonus shares ✓
- Staff discount/Free or low-cost meal/Canteen facilities ✓
- Any other relevant examples of fringe benefits.

**NOTE: Mark the first FOUR (4) only.****(4 x 1) (4)****4.6 Advantages of internal recruitment for businesses**

- Cheaper/Quicker to fill the post as this method focuses on promoting existing employees. ✓✓
- 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/ employee records. ✓✓
- Any other relevant answer related to the advantages of internal recruitment for businesses.

**Max. (6)**

## 4.7 Total quality management/TQM

### 4.7.1 TQM elements from the scenario

TQM ELEMENTS		MOTIVATIONS
1.	Monitoring and evaluation of quality processes ✓✓	TL conducts regular checks to avoid replacing machinery unnecessarily. ✓
2.	Adequate financing and capacity ✓✓	They can afford to have systems in place to prevent defects in their tiles. ✓
Sub-max. (4)		Sub-max. (2)

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

**Max. (6)**

### 4.8 Ways in which total quality management/TQM can reduce the cost of quality

- Introduce quality circles/small teams of five to ten employees, who meets regularly to discuss ways of improving the quality of their work. ✓✓
- Schedule activities to eliminate duplication of tasks/activities. ✓✓
- Share responsibility for quality output between management and workers. ✓✓
- Train employees at all levels, so that everyone understands their roles in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials/inputs. ✓✓
- Improve communication about the quality challenges/deviations, so that everyone can learn from past experiences. ✓✓
- Reduce investment 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 (4)  
[40]**

**BREAKDOWN OF MARKS**

<b>QUESTION 4</b>	<b>MARKS</b>
4.1	2
4.2	4
4.3.1	2
4.3.2	6
4.4	6
4.5	4
4.6	6
4.7.1	6
4.8	4
<b>TOTAL</b>	<b>40</b>

**TOTAL SECTION B: 80**

**SECTION C**

Mark the **FIRST** question only.

**QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)****5.1 Introduction**

- Businesses apply the strategic management process in response to changes in the business environment. ✓
- Defensive strategies enable businesses to overcome obstacles posed by the macro environment. ✓
- The PESTLE factors enable businesses to measure the negative impact of the external factors on their operations. ✓
- The effectiveness of business strategies must be assessed to use the best strategies are used to overcome challenges. ✓
- Any other relevant introduction related to the strategic management process/ types of defensive strategies/challenges posed by PESTLE factors/steps when evaluating strategies.

**(Any 2 x 1) (2)**

**5.2 Strategic management process****OPTION 1**

- Have a clear vision/mission statement/measurable/realistic objective 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(s), including the tasks to be done/deadlines to be met/resources to be procured. ✓✓
- Implement selected strategies by communicating it to all stakeholders/ organising business resources/motivating staff. ✓✓
- Continuously evaluate/monitor/measure strategies in order to take corrective action. ✓✓
- Any other relevant answer related to the strategic management process.

**OR**

**OPTION 2**

- Review/Analyse/Re-examine their vision/mission statement. ✓✓
- Conduct an environmental analysis using models such as SWOT/ PESTLE/Porter's Five Forces. ✓✓
- 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.

**Max. (12)**

### 5.3 Types of defensive strategies

#### 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 (2)  
Sub-max. (4)

#### Divestiture/Divestment ✓✓

- Disposing/Selling some assets/divisions ✓ that are no longer profitable/productive. ✓
- Selling off division/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 (2)  
Sub-max. (4)

#### 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 distress ✓ can apply for business rescue to avoid liquidation. ✓
- Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)  
Discussion (2)  
Sub-max. (4)

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

**Max. (12)**

### 5.4 Challenges posed by the PESTLE factors

#### 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 related to how the technological factor as a PESTLE element pose challenges to businesses.

Sub-max. (6)

**Legal**

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

Sub-max (6)

**Max.** (12)**5.5 Steps when 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.

**NOTE: Accept steps in any order.****Max.** (10)**5.6 Conclusion**

- All levels of management should be involved in the strategic management process to ensure the successful implementation of business strategies. ✓✓
- The defensive strategies may assist businesses to remain sustainable in the market environment. ✓✓
- An in-depth analysis of challenges posed by technological and legal factors may enable businesses to stay ahead of competitors. ✓✓
- Businesses can keep up with changes in their business environments by evaluating the success of their strategies. ✓✓
- Any other relevant conclusion related to the strategic management process/types of defensive strategies/challenges posed by PESTLE factors/steps when evaluating strategies.

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

**QUESTION 5: BREAKDOWN OF MARKS**

<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	<b>2</b>	<b>Max 32</b>
Strategic management process	<b>12</b>	
Types of defensive strategies	<b>12</b>	
Challenges posed by PESTLE factors: • Technological • Legal	<b>12</b>	
Steps when evaluating strategies	<b>10</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		
Layout	<b>2</b>	<b>8</b>
Analysis, interpretation	<b>2</b>	
Synthesis	<b>2</b>	
Originality/Examples	<b>2</b>	
<b>TOTAL MARKS</b>		<b>40</b>

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

**QUESTION 6: BUSINESS OPERATIONS (HUMAN RESOURCES FUNCTION)****6.1 Introduction**

- The correct recruitment procedure enables businesses to compile a proper job analysis that will be used to identify suitable candidates for the vacancy. ✓
- During the interview process the interviewer and interviewee exchanges information to/from each other. ✓
- Fringe benefits are offered to employees regardless of their regular wages/salaries. ✓
- The BCEA stipulates the special regulations that apply to the payment of remuneration, deductions and calculations of remuneration. ✓
- Any other relevant introduction related to the recruitment procedure/role of the interviewer during the interview/impact of fringe benefits on businesses/link between salary determination and the Basic Conditions of the Employment Act.

(Any 2 x 1) **(2)**

**6.2 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 determine the responsibilities/key performance areas related to/the nature of the job. ✓✓
- The human resource manager should indicate the job specification/description/key performance areas to attract suitable candidates. ✓✓
- Choose the method of recruitment such as internal/external, to reach/target the suitable applicants/candidates. ✓✓
- Vacancies can be internally advertised via internal email/word of mouth/staff notices. ✓✓
- If internal recruitment is unsuccessful, external recruitment should be considered. ✓✓
- If the external recruitment is chosen, relevant recruitment sources should be approached such as recruitment agencies/tertiary institutions/newspapers. ✓✓
- An advertisement should be prepared with relevant information such as the name of the company/contact details/contact person. ✓✓
- Place the advertisement in the appropriate media that will ensure that the best candidates apply. ✓✓
- Any other relevant answer related to the recruitment procedure.

**Max. (10)**

**6.3 Role of the interviewer during the interview**

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

**Max. (12)****6.4 Impact of fringe benefits on businesses****Positives/Advantages**

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

**AND/OR****Negatives/Disadvantages**

- Businesses which cannot offer fringe benefits ✓ fails to attract skilled workers. ✓
- Businesses which offer, employees different benefit plans ✓ may create resentment to those who receive less benefit resulting in lower productivity. ✓
- It can create conflict/lead to corruption ✓ if allocated unfairly. ✓
- Fringe benefits are additional costs ✓ that may result in cash flow problems. ✓
- Decreases business profits, ✓ as incentive/package/remuneration costs are higher. ✓
- Administrative costs increase ✓ as benefits need to be correctly recorded for tax purposes. ✓
- Workers only stay with the business for the fringe benefits ✓ and may not be committed/loyal to the tasks/business. ✓
- Businesses have to pay advisors/attorneys ✓ to help them create benefit plans that comply with legislation. ✓
- Errors in benefit plans ✓ may lead to costly lawsuits/regulatory fines. ✓
- Any other relevant answer related to the negative impact/disadvantages of fringe benefits on businesses.

**Max. (14)**

**6.5 Link between salary determination and the Basic Conditions of the Employment Act**

- BCEA outlines legalities, such as the employment contract, which may affect salary determination. ✓✓
- Payment of salaries should be based on whether the employee is permanent or employed on a fixed contract. ✓✓
- 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. ✓✓
- Businesses are supposed to deduct income tax (PAYE) from the employees' taxable salaries. ✓✓
- Any other relevant answer related to the link between salary determination and the Basic Conditions of the Employment Act.

**Max. (10)****6.6 Conclusion**

- Businesses should be well conversant with the recruitment procedure to minimise the expenses of utilising the services of recruitment agencies. ✓✓
- Employees are the most important resource in any business and its success is strongly influenced by a good interview process. ✓✓
- Offering fringe benefits is a great way to motivate employees to work hard towards achieving business goals. ✓✓
- The stipulations in the BCEA that applies to remuneration of employees need to be correctly applied by employers to avoid legal consequences. ✓✓
- Any other relevant conclusion related to the recruitment procedure/role of the interviewer during the interview/impact of fringe benefits on businesses/link between salary determination and the Basic Conditions of the Employment Act.

(Any 1 x 2)

**(2)  
[40]**

**QUESTION 6: BREAKDOWN OF MARK ALLOCATION**

<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	<b>2</b>	<b>Max. 32</b>
Recruitment procedure	<b>10</b>	
Role of the interviewer during the interview	<b>12</b>	
Impact of fringe benefits on businesses	<b>14</b>	
Link between salary determination and the Basic Conditions of the Employment Act	<b>10</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		
Layout	<b>2</b>	<b>8</b>
Analysis, interpretation	<b>2</b>	
Synthesis	<b>2</b>	
Originality/Examples	<b>2</b>	
<b>TOTAL MARKS</b>		<b>40</b>

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**