



# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**BUSINESS STUDIES**

**NOVEMBER 2018**

**MARKING GUIDELINES**

**MARKS: 300**

**These marking guidelines consist of 48 pages.**

**NOTES TO MARKERS****PREAMBLE**

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

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

1. For marking and moderation purposes, the following colours are recommended:

Marker	Red
Senior Marker:	Green
Deputy Chief Marker:	Brown/Black/Blue
Chief Marker:	Pink
Internal Moderator:	Orange
DBE Moderator:	Turquoise

2. Comprehensive marking guidelines have been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:

- Uses a different expression from that which appears in the marking guidelines
- Comes from another source
- Original
- A different approach is used

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

3. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
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. Incorrect numbering of answers to questions or sub questions in SECTIONS A and B will be severely penalised. Therefore, correct numbering is strongly recommended in all sections.
10. No additional credit must be given for repetition of facts. Indicate with an 'R'.
11. Note that no marks will be awarded for indicating Yes/No in evaluation type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C)
12. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:
- 12.1 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.√'*
- 12.2 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.
13. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guidelines and the context of each question.

Cognitive verbs, such as:

- 13.1 Advise, name, state, mention, outline, motivate, recommend, suggest, (*list not exhaustive*) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 13.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, justify, devise, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.

14. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

15. **SECTION B**

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

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

15.2 If two facts are written in one sentence, award the candidate FULL credit. Point 15.1 above still applies.

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

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

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

- Fact                      2 marks (or as indicated in the marking guidelines)
- Explanation          1 mark

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

15.4.2 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 guidelines.

15.5 **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).**

16. **SECTION C**

16.1 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>

16.2 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: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (No '-S') Option 1: Where a candidate answers 50% or more of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis Option 2: Where a candidate answers less than 50% of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: Where a candidate answers less than 50% of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	<b>2</b>
Originality	Is there evidence of examples, 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:**
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.

16.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A,-S and/or O')

16.4 The breakdown of marks is indicated at the end of the suggested answer/ marking guidelines to each question.

- 16.5 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.
- 16.6 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>

- 16.7 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).
- 16.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 16.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guidelines.
- 16.10 16.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 16.10.2 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.
- 16.11 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	D√√		
	1.1.3	B√√		
	1.1.4	A√√		
	1.1.5	A√√		
	1.1.6	A√√		
	1.1.7	B√√		
	1.1.8	D√√		
	1.1.9	A√√		
	1.1.10	D√√	(10 x 2)	<b>(20)</b>
1.2	1.2.1	strategy√√		
	1.2.2	retirement annuities√√		
	1.2.3	language√√		
	1.2.4	fringe√√		
	1.2.5	dismissed√√	(5 x 2)	<b>(10)</b>
1.3	1.3.1	F√√		
	1.3.2	G√√		
	1.3.3	I√√		
	1.3.4	H√√		
	1.3.5	A√√	(5 x 2)	<b>(10)</b>

**TOTAL SECTION A: 40****BREAKDOWN OF MARKS**

<b>QUESTION 1</b>	<b>MARKS</b>
<b>1.1</b>	<b>20</b>
<b>1.2</b>	<b>10</b>
<b>1.3</b>	<b>10</b>
<b>TOTAL</b>	<b>40</b>

**SECTION B****Mark the FIRST THREE answers only.****QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Pillars of BBBEE****Option 1**

- Ownership✓
- Management✓
- Employment Equity✓
- Skills development✓
- Enterprise development ✓
- Supplier development/Preferential procurement✓
- Socio economic development/Corporate social investment✓

**OR****Option 2**

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

**NOTE: Mark the first FOUR (4) only.****(4 x 1) (4)****2.2 Role of SETAs**

- 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.✓✓
- Promote learnerships and learning programmes by identifying suitable workplaces for practical work experience.✓✓
- Collect levies and pay out grants as required.✓✓
- Report to the Director General.✓✓
- Any other relevant answer related to the role of SETAs in supporting the SDA.

**Max (8)**

**2.3 Business sectors/Business environments**

2.3.1 Primary sector√√ (2)

**Motivation**

Duka Mines specialise in the extraction of platinum.√ (1)

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

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

<b>CHALLENGES (2.3.2)</b>	<b>BUSINESS ENVIRONMENTS (2.3.3)</b>	<b>EXTENT OF CONTROL (2.3.4)</b>
1. Their suppliers of mining equipment have increased their prices by more than 20%.√	- Market environment√	- Partial/Limited/Little control/No control, but can influence√
2. The supervisor does not have a good working relationship with his employees.√	- Micro environment√	- Full control√
3. DM can no longer export their products due to an increase in the exchange rate.√	- Macro environment√	- No control√
<b>Max (3)</b>	<b>Max (3)</b>	<b>Max (3)</b>

**NOTE: .1.Do not award marks for challenges that are not fully quoted from the scenario.**

**2. Do not award marks for business environments if it is not linked to the challenges.**

**3. Award marks for the business environments even if the quote is incomplete.**

**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. The order may be different.**

**Max (9)**

**2.4 Types of diversification strategies**

- Concentric diversification√√

- The business adds a new product or service that is related to existing products and which will appeal to new customers.√
- Occurs when a business wants to increase its product range and markets.√
- Any other relevant answer related to concentric diversification as a diversification strategy.

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

- Horizontal diversification√√
  - o The business adds new products or services that are unrelated to existing products, but which may appeal to existing customers.√
  - o Occurs when a business acquires or merges with a business that is at the same production stage, but it may offer a different product.√
  - o Any other relevant answer related to horizontal diversification as a diversification strategy.

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

- Conglomerate diversification√√
  - o The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers.√
  - o Conglomerate diversification means that a business grows into new products, services and markets.√
  - o Any other relevant answer related to conglomerate diversification as a diversification strategy.

Strategy (2)  
Description (1)  
Sub max (3)  
**Max (9)**

**NOTE: Mark the first THREE only**

## 2.5 Purpose of BCEA

- Enforces/Establishes basic conditions of employment√ for employers and employees.√
- Set minimum requirements/standards√ for the employment contract.√
- Regulates the right to fair labour practices√ as set out in the Constitution.√
- Adheres to the rules and regulations√ set out by the International Labour Organisation.√
- Regulates the variations√ of basic conditions of employment.√
- Advances economic development√ and social justice.√
- Any other relevant answer related to the purpose of the BCEA.

**Max (6)**

## 2.6 Legislation

2.6.1 Employment Equity Act, 1998 (Act 55 of 1998)/Employment Equity Act/EEA.√√

(2)

### Motivation

People with disabilities are encouraged to apply for this vacant position.√ (1)

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

**Max (3)**

## 2.6.2 Impact of EEA on businesses

### Positives

- Promotes equal opportunities✓ and fair treatment in employment.✓
- Encourages consultation✓ between employer and employees.✓
- Motivates employees✓ because the workforce is more diverse/representative/inclusive.✓
- Appointment process is clearly defined✓, so all parties are well informed.✓
- Prevents unfair discrimination✓ as it ensures that the workforce represents the demographics of the country/promotes diversity in the workplace.✓
- Creates a framework✓ of acceptable employment practices/affirmative action measures.✓
- Promotes the implementation of affirmative action✓ to address the imbalances of the past.✓
- Diversity/Inclusivity in the workplace✓ can be achieved.✓
- Businesses are in a better position to negotiate contracts✓ with the government✓/Impact positively✓ on BEE ratings of businesses.✓
- Certified psychometric tests may be used✓ to assess applicants/employees to ensure that suitable candidates are appointed.✓
- Any other relevant answer related to the positive impact of EEA on businesses.

### AND/OR

### Negatives

- Increased administration burden✓, as businesses must compile/submit employment equity reports every two years.✓
- Expensive to train/employ someone✓ who knows little about the Act.✓
- Other groups may not respect the knowledge/skills/experience of an EE appointment✓ and may lead to conflict.✓
- Fines/Penalties for non-compliant businesses✓ may be expensive for the business.✓
- Employers have to appoint one or more senior managers to ensure the implementation of the plan✓, which increases salary expenditure.✓
- Businesses must submit a compliance certificate✓ before they can conduct business with state businesses.✓
- Businesses are sometimes pressurised to appoint an unsuitable EE person✓ to meet EE requirements.✓
- Often positions go unfilled✓ because there are no suitable EE candidates.✓
- Any other relevant answer related to the negative impact of the EEA on businesses.

**NOTE: Accept relevant facts if the Act/EEA was incorrectly identified as an answer in QUESTION 2.6.1.**

**Max (8)**

**2.7 Steps in evaluating a strategy**

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

**NOTE: Accept steps in any order.****Max (10)****BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	4
2.2	8
2.3.1	3
2.3.2	3
2.3.3	3
2.3.4	3
2.4	9
2.5	6
2.6.1	3
2.6.2	8
2.7	10
<b>TOTAL</b>	<b>60</b>

**QUESTION 3: BUSINESS VENTURES****3.1 Examples of insurable risks**

- Theft√
- Fidelity insurance√
- Burglary√
- Money in transit√
- Fire√
- Natural disaster/Storms/Wind/Rain/Hail√
- Damage to/Loss of assets/vehicles/ equipment/buildings/premises√
- Injuries on premises√
- Any other relevant example related to insurable risks.

**NOTE: Mark the first THREE (3) only.****(3x1) (3)**

**3.2 Rights of ordinary shareholders**

- Shareholders have a right to:
  - o vote at the Annual General Meeting.√√
  - o attend the Annual General Meeting to learn about the company's performance.√√
  - o receive interim and annual reports.√√
  - o claim on company assets in the event of bankruptcy after all other creditors and preferential shareholders have been paid.√√
- Any other relevant answer related to the rights of ordinary shareholders.

**NOTE: Mark the first TWO (2) only. (2x2) (4)**

**3.3 Leadership theories**

3.3.1 Situational leadership theory√√ (2)

**3.3.2 Situational leadership theory**

- Different leadership characteristics√ are needed for different situations.√
- The task/situation dictates the leadership style that should be applied√, so leaders are adaptable/flexible/self-assured.√
- Effective application of this theory may enable leaders√ to accomplish their goals.√
- Relationships between leaders and employees√ are based on mutual trust/respect/loyalty/integrity/honesty.√
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions√ to complete tasks successfully.√
- Leaders analyse group members/objectives/time constraints√, to adopt a suitable/relevant leadership style.√
- May lead to conflict√ when leaders use different leadership styles/when managing employees in different situations.√
- The success of this theory depends on the kind of relationship that exists√ between the leader and followers/subordinates/employees.√
- Any other relevant answer related to the situational leadership theory.

**NOTE: Accept relevant facts if the situational leadership theory was incorrectly identified in QUESTION 3.3.1. Max (8)**

**3.4 Distinction between a private company and public company**

<b>PRIVATE COMPANY</b>	<b>PUBLIC COMPANY</b>
- May not offer shares√ to the general public.√	- Trades its shares publicly√ on the Johannesburg Securities Exchange.√
- Shares are not√ freely transferable√	- Shares are freely√ transferable.√
- Minimum of one director.√	- Minimum of three directors.√
- Name must end√ with Proprietary Limited/(Pty) Ltd.√	- Name must end√ with Limited/Ltd.√
- Annual financial statements need not be audited√ and published.√	- Annual financial statements need to be audited√ and published.√
- Does not need to publish a prospectus√ as it cannot trade its shares publicly.√	- Have to register and publish√ a prospectus with the Companies and Intellectual Property Commission/CIPC.√
- The company is not required to raise√ the minimum subscription/issue minimum shares.√	- Must raise a minimum subscription prior√ to commencement of the company.√
- Any other relevant answer related to a private company.	- Any other relevant answer related to a public company.
Sub max (4)	Sub max (4)

- NOTE:**
- 1. The answer does not have to be in tabular format.**
  - 2. The distinction does not have to link but must be clear.**
  - 3. Award a maximum of FOUR (4) marks if the distinction is not clear/Mark either a private company or public company.**

**Max (8)**

**3.5 Investments**

**3.5.1 Simple interest**

**FORMULA:** Interest =  $P \times R \times T$  √

$$R30\ 000 \times 12\% \times 2\ \text{years} = R7200$$

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

**Max (3)**

**3.5.2 Compound interest****Option 1**

$$\text{Year 1: } R30\,000 \sqrt{\times 12\%} = R3600 \sqrt{\quad}$$

$$\text{Year 2: } R33\,600 \sqrt{\times 12\%} = R4032 \sqrt{\quad}$$

$$\text{Total interest} = R7632 \sqrt{\quad}$$

**OR****Option 2**

$$\text{FORMULA: } P \times (1 + r)^n \sqrt{\quad}$$

$$R30\,000 \sqrt{\times (1 + 12/100)^2} \sqrt{\quad}$$

$$R30\,000 \times (1.12)^2 = R37\,632 \sqrt{\quad}$$

$$\text{Total interest} = R37\,632 - R30\,000$$

$$= R7632 \sqrt{\quad}$$

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

**Max (4)****3.5.3 Best investment option**Compound interest  $\sqrt{\quad}$ **(2)****Motivation**

Compound interest yields a higher interest of R7 632 than the simple interest/

Ronnete earns interest on interest accrued.  $\sqrt{\quad}$ **(1)**

**NOTE: Do not award marks for the motivation if the best investment option was not identified.**

**Max (3)****3.6 Principles of Insurance****Indemnification/Indemnity**  $\sqrt{\quad}$ 

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

Principle (2)

Discussion (1)

Sub max (3)

**Security/Certainty**√√

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

Principle (2)

Discussion (1)

Sub max (3)

**Utmost good faith**√√

- Insured has to be honest in supplying details when entering in an insurance contract.√
- Both parties/insurer and insured must disclose all relevant facts.√
- Insured must disclose everything that may affect the extent of the risk.√
- Details/Information supplied when claiming should be accurate/true.√
- Any other relevant answer related to utmost good faith as a principle of insurance.

Principle (2)

Discussion (1)

Sub max (3)

**Insurable interest**√√

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

Principle (2)

Discussion (1)

Sub max (3)

**NOTE: Mark the first TWO (2) only.****Max (6)****3.7 Type of visual aid**

3.7.1 Hand-outs/flyers/brochures √√

(2)

**Motivation**

Hard copies of his plans were distributed for future reference.√

(1)

**NOTE: Do not award marks for motivation if the visual aid was incorrectly identified.****Max (3)**

### 3.7.2 Impact of hand-outs/flyers/brochures

#### Positives

- Meaningful hand-outs may be handed out at the start of the presentation✓ to attract attention/encourage participation.✓
- Notes/Hard copies of the slide presentation can be distributed at the end of the presentation✓ as a reminder of the key facts of the presentation.✓
- Extra information, e.g. contact details/price lists may be handed out✓ to promote the services of the business.✓
- Useful information for improving the next presentation may be obtained✓, when the audience completes feedback questionnaires after the presentation.✓
- It is easy to update handouts✓ with recent information or developments.✓
- Notes may be compared with electronic slides✓ to validate the accuracy.✓
- Any other relevant answer related to the positive impact of handouts/flyers/ brochures as a visual aid.

#### AND/OR

#### Negatives

- Hand-outs cannot be combined with audio material✓, so it only focuses on the visual aspects of support material.✓
- Handing out material at the start of the presentation✓ may distract/lose audience attention.✓
- As it only summarises key information✓, some details might be lost/omitted.✓
- Printed material is expensive✓ and it is easy to lose hard copies.✓
- Increases the risk of unauthorised duplication/use✓ of confidential information.✓
- Any other relevant answer related to the negative impact of handouts/flyers/ brochures as a visual aid.

**NOTE: Accept relevant facts if the visual aid was incorrectly identified as an answer in QUESTION 3.7.1**

**Max (8)**

**3.7.3 Responding to questions in a professional manner**

- Siphso should stand throughout the feedback session.√√
- Be polite/confident/courteous when responding to questions.√√
- Ensure that each question/comment is clearly understood before responding/rephrase questions if uncertain.√√
- He should first listen and then respond.√√
- Provide feedback as soon as possible after the question was asked or after the session.√√
- Be direct/honest/sincere when responding to questions.√√
- Use simple language to support the examples used in the presentation.√√
- Keep answers short and to the point.√√
- Apologise/acknowledge his errors/mistakes if pointed out by the audience.√√
- Encourage questions from the audience/investors.√√
- Always address the questions and not the person.√√
- Acknowledge good questions to motivate audience to ask more questions.√√
- Siphso should not involve himself in a debate when responding to questions.√√
- He should not avoid the questions if he does not know the answer, but rather promise feedback on it.√√
- Address the full audience/investors and not only the person who posed the question.√√
- Any other relevant answer related to factors to be considered when responding to questions in a professional manner.

**Max (8)****[60]****BREAKDOWN OF MARKS**

<b>QUESTION 3</b>	<b>MARKS</b>
<b>3.1</b>	<b>3</b>
<b>3.2</b>	<b>4</b>
<b>3.3.1</b>	<b>2</b>
<b>3.3.2</b>	<b>8</b>
<b>3.4</b>	<b>8</b>
<b>3.5.1</b>	<b>3</b>
<b>3.5.2</b>	<b>4</b>
<b>3.5.3</b>	<b>3</b>
<b>3.6</b>	<b>6</b>
<b>3.7.1</b>	<b>3</b>
<b>3.7.2</b>	<b>8</b>
<b>3.7.3</b>	<b>8</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 4: BUSINESS ROLES****4.1 Causes of conflict in the workplace**

- Differences in backgrounds/cultures/values/beliefs/language✓
- Limited business resources✓
- Different goals/objectives for group/individuals✓
- Personality differences between group/individuals✓
- Different opinions✓
- Unfair workload✓
- Ill-managed stress✓
- Unrealistic expectations✓
- Poor organisation/leadership/administrative procedures and systems✓
- Confusion about scheduling/deadlines✓
- Ignoring rules/procedures✓
- Misconduct/Unacceptable behaviour✓
- High/Intense competition/Competitiveness✓
- Poor communication✓
- Unclear responsibilities✓
- Distracted by personal objectives✓
- Constant changes in the workplace✓
- Unfair treatment of workers/Favouritism by management/Discrimination✓
- Lack of trust amongst workers✓
- Any other relevant answer related to causes of conflict in the workplace.

**NOTE: 1: Mark the first FIVE (5) only.****2: Accept examples****(5x1) (5)****4.2 Benefits of diversity in the workplace**

- Workforce diversity improves the ability of a business to solve problems/innovate/cultivate diverse markets.✓✓
- Employees value each other's diversity and learn to connect/communicate across lines of difference.✓✓
- Diversity in the workforce improves morale/motivation.✓✓
- Employees demonstrate greater loyalty to the business because they feel respected/accepted/understood.✓✓
- Diversified workforce can give businesses a competitive advantage, as they can render better services.✓✓
- Being respectful of differences/demonstrating diversity makes good business sense/improves profitability.✓✓
- Diverse businesses ensure that its policies/practices empower every employee to perform at his/her full potential.✓✓
- Stakeholders increasingly evaluate businesses on how they manage diversity in the workplace.✓✓
- Employees from different backgrounds can bring different perspectives to the business.✓✓
- A diversified workforce stimulates debate on new/improved ways of getting things done.✓✓
- Employees represent various groups and are therefore better able to recognise customer needs and satisfy consumers.✓✓
- Businesses with a diverse workforce are more likely to have a good public image and attract more customers.✓✓
- Any other relevant answer related to the benefits of diversity in the workplace.

**Max (8)**

4.3.1 Stages of team development from the scenario

STAGES OF TEAM DEVELOPMENT	MOTIVATION
1 Storming√√	Josiah always questioned the other member's ideas and opinions as he wanted to be the team leader.√
2 Norming/ Settling/ reconciliation√√	The team members eventually reached an agreement and consensus on the way forward.√
Sub max (4)	Sub max (2)

**NOTE:1. Do not award marks for motivation if the stages of team development were incorrectly identified.**

**2. Award marks for the stages of team development even if the quote is incomplete.**

**Max (6)**

4.3.2 Other stages of team development

**Forming stage√√**

- Individuals gather information and impressions about each other and the scope of the task and how to approach it.√
- This is a comfortable stage to be in.√
- People focus on being busy with routines, such as team organisation e.g. who does what, when to meet each other√, etc.
- Any other relevant answer related to the forming stage of team development.

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

**Performing stage/Working as a team towards a goal√√**

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

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

**Adjourning/Mourning stage√√**

- The focus is on the completion of the task/ending the project.√
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again.√
- All tasks need to be completed before the team finally dissolves.√
- Any other relevant answer related to the adjourning/mourning stage of team development

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

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

**2. Do not allocate marks for Storming/ Norming as identified in  
Question 4.3.1**

**Max (9)**

**4.4 Advantages of creative thinking in the workplace**

- Better/Unique/Unconventional ideas/solutions✓ are generated.✓
- May give the business a competitive advantage✓ if unusual/unique solutions/ ideas/strategies are implemented.✓
- Complex business problems✓ may be solved.✓
- Productivity increases✓ as management/employees may quickly generate multiple ideas which utilises time and money more effectively.✓
- Managers/Employees have more confidence✓ as they can live up to their full potential.✓
- Managers will be better leaders✓ as they will be able to handle/manage change(s) positively and creatively.✓
- Managers/Employees can develop a completely new outlook✓, which may be applied to any task(s) they may do.✓
- Leads to more positive attitudes✓ as managers/employees feel that they have contributed towards problem solving.✓
- Improves motivation✓ amongst staff members.✓
- Managers/Employees have a feeling of great accomplishment✓ and they will not resist/obstruct the process once they solved a problem/contributed towards the success of the business.✓
- Management/employees may keep up✓ with fast changing technology.✓
- Stimulates initiative from employees/managers✓, as they are continuously pushed out of their comfort zone.✓
- Creativity may lead to new inventions✓ which improves the general standard of living.✓
- Any other relevant answer related to the advantages of creative thinking in the workplace.

**Max (8)**

**4.5 Application of the force-field analysis technique**

- Describe the current situation/problem✓ and the desired situation.✓
- List all driving/pros and restraining/cons forces✓ that will support and resist change.✓
- Allocate a score to each force✓ using a numerical scale, where 1 is weak and 5 is strong.✓
- Weigh up the positives and negatives✓ then decide if the project is viable.✓
- Choose the force✓ with the highest score as the solution.✓
- If the project is viable✓, find ways to increase the forces for change.✓
- Identify priorities✓ and develop an action plan.✓
- Any other relevant answer related to the application of the force field analysis technique when solving complex business problems.

**Max (6)**

4.6 **Difficult personalities**

4.6.1 **Types of personalities from the scenario**

EMPLOYEES	TYPE OF DIFFICULT PERSONALITY	MOTIVATION
Albert	Expert √√	A well-experienced employee in the transport industry, refuses to take instructions from management.√
Njabulo	Aggressive√√	The supervisor at LSS is always arguing and fighting with clients.√
	Sub max (4)	Sub max (2)

**NOTE: Do not award marks for the motivation if the type of difficult personality was incorrectly identified. Max (6)**

4.6.2 **Dealing with difficult personalities identified from the scenario**

Type of difficult personality	Strategy to deal with a difficult personality
- Expert	- Be firm and assertive.√√ - Do not accuse them of being incorrect and do not get caught in their game.√√ - Know your facts.√√ - Any other relevant strategy related to dealing with an expert. Sub max (2)
- Aggressive	- Allow them time to speak and blow off steam.√√ - Be firm, but do not attack them.√√ - Do not allow them to be hostile towards others.√√ - Any other relevant strategy related to dealing with an aggressive person. Sub max (2)

**NOTE: 1. Mark ONLY the FIRST strategy for each type of difficult personality.  
2. Strategies must be linked to the correct identified type of personality in QUESTION 4.6.1.  
3. Award marks for strategies that are based on the motivation from the scenario.  
4. The type of personality may be in any order. Max (4)**

4.7 **Ways to promote social rights in the workplace**

- Businesses should ensure that employees have access to clean water/social security.√√
- Encourage employees/Provide opportunities for skills training/basic education.√√
- Register workers with UIF to provide adequate protection in the event of unemployment/illness.√√
- Encourage employees to participate in special events, e.g. World Aids day.√√
- Provide health care services by establishing site clinics to give employees access to basic medical examinations.√√
- Any other relevant suggestion related to ways businesses could promote social rights in the workplace.

**NOTE: Do not accept ways that promote human and/or economic rights. Max (8) [60]**

**BREAKDOWN OF MARKS**

QUESTION 4	MARKS
4.1	5
4.2	8
4.3.1	6
4.3.2	9
4.4	8
4.5	6
4.6.1	6
4.6.2	4
4.7	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 5: BUSINESS OPERATIONS****5.1 Sources of internal recruitment**

- Internal e-mails/Intranet/web sites to staff√
- Word of mouth√
- Business newsletter/circulars√
- Internal/management referrals√
- Notice board of the business√
- Internal bulletins√
- Recommendation of current employees√
- Head hunting within the business/organisational database.√
- Any other relevant answer related to sources of internal recruitment.

**NOTE: Mark the first FOUR (4) only.****(4x1) (4)****5.2 Purpose of induction**

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

**Max (8)**

**5.3 Interview**

**5.3.1 Role of the interviewer and interviewee/applicant from the scenario**

<b>ROLE</b>	<b>QUOTES</b>
Interviewer/ Elzette	1. Candidates were allocated the same amount of time.√ 2. Their responses were recorded.√
Interviewee/ Candidates	1. All candidates showed confidence.√ 2. Asked clarity-seeking questions.√

**NOTE: Do not award marks for responses that are not quoted from the scenario.**

**Max (4)**

**5.3.2 Role of the interviewer/Elzette when preparing for an interview**

- The interviewer/Elzette should develop a core set of questions√ based on the skills/knowledge/ ability required.√
- She should 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/Elzette when preparing for an interview.

**Max (8)**

**5.4 Differences between job description and job specification**

<b>Job description</b>	<b>Job specification</b>
- Describes duties/responsibilities/ of a specific job/ Summary √of the nature/type of the job.√	- Describes the minimum acceptable personal qualities/skills/qualifications√ needed for the job.√
- Written description of the job√ and its requirements.√	- Written description of specific qualifications/skills/experience√ needed for the job.√
- Describes key performance areas tasks for a specific job√ e.g. job title/ duties/ working conditions/ locations of the place of work/ relationship of the job with other jobs in the business√, etc.	- Describes key requirements for the person who will fill the position√, e.g. formal qualifications/willingness to travel/work unusual hours√, etc.
- Any other relevant answer related to job description	- Any other relevant answer related to job specification
Sub max (4)	Sub max (4)

**NOTE: 1. The answer does not have to be in tabular format.**

**2. The differences must be clear but not linked.**

**3. Award a maximum of FOUR (4) marks if the differences are not clear/Mark either job description or job specification.**

**4. Award ONE mark for EACH example of job description and job specification.**

**Max (8)**

**5.5 Total Quality Management**

**5.5.1 TQM elements**

<b>TQM ELEMENTS</b>	<b>MOTIVATION</b>
1. Continuous improvement to processes and systems.√√	-They often upgrade their production process to stay ahead of their competitors.√
2. Total client/customer satisfaction.√√	-Customers are always requested to provide feedback about their products.√
Sub max (4)	Sub max (2)

**NOTE: Do not award marks for the motivation if the TQM element was incorrectly identified.**

**Max (6)**

**5.5.2 Impact of continuous improvement to processes and systems on large businesses**

**Positives**

- SLL have more resources√ to check on quality performance in each unit.√
- Enough capital resources are available√ for new equipment required for processes and systems.√
- SLL have a person dedicated√ to the improvement of processes and systems.√
- Willing to take risk on/try new processes and systems√ because they are able to absorb the impact of losing money.√
- They can afford to use the services of the quality circles√ to stay ahead of their competitors.√
- Any other relevant answer related to the positive impact of continuous improvement to processes and systems on large businesses/SLL.

**AND/OR**

**Negatives**

- Large scale manufacturing√ can complicate quality control.√
- Systems and processes take time and effort to implement in SLL√ as communication/buy-in may delay the process.√
- Risk of changing parts of the business√ that are actually working well.√
- Not all negative feedback from employees and customers is going to be accurate√, which may result in incorrect/unnecessary changes to systems and processes.√
- Any other relevant answer related to the negative impact of continuous improvement to processes and systems on large businesses/SLL.

**OR**

**Impact of total client/customer satisfaction on large businesses**

**Positives**

- SLL 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.√

- SLL may be able to gain access√ to the global market.√
- May lead to increased√ competitiveness/profitability.√
- Any other relevant answer related to the positives impact of total client/customer satisfaction on large businesses/SLL.

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

- SLL 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 of total client/customer satisfaction on large businesses/SLL.

**NOTE:1. Mark the FIRST TQM element.****2. Award marks for similar responses if the TQM element was incorrectly identified in Question 5.5.1****Max (8)****5.6 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 necessary changes of products/services√ to satisfy the needs of customers.√
- Business reputation/image may suffer√ because of poor quality/defective goods.√
- Customers will have many alternatives to choose from√ and the impact could be devastating to businesses.√
- Investors might withdraw investment√, if there is a decline in profits.√
- Decline in sales√ as more goods are returned by unhappy customers.√
- High staff turnover√, because of poor skills development.√
- Undocumented/Uncontrolled quality control systems/processes√ could result in errors/ deviations from pre-set quality standards.√
- Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

**Max (6)****5.7 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 answer related to benefits of a good quality management system.

**Max (8)****[60]****BREAKDOWN OF MARKS**

QUESTION 5	MARKS
5.1	4
5.2	8
5.3.1	4
5.3.2	8
5.4	8
5.5.1	6
5.5.2	8
5.6	6
5.7	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 6: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENT****6.1 PESTLE elements**

- 6.1.1 Social√√ (2)
- 6.1.2 Environmental√√ (2)
- 6.1.3 Technological√√ (2)
- 6.1.4 Economical√√ (2)

**6.2 Advantages of intensive strategies for businesses**

- Increased market share√ reduces the business's vulnerability to actions of competitors.√
- Increase in sales/income/profitability√ due to variety of advertising campaigns.√
- Improved service delivery√ may improve business image.√
- Businesses may have more control√ over the prices of products/services.√
- Gain customer loyalty√ through effective promotion campaigns.√
- Decrease in prices√ may influence customers to buy more products.√
- Regular sales to existing customers√ may increase.√
- Eliminate competitors√ and dominate market prices.√
- Enables the business to focus on markets/well researched quality products√ that satisfy the needs of customers.√
- Any other relevant answer related to the advantages of intensive strategies for businesses.

**Max (6)**

**BUSINESS VENTURES****6.3 Importance of state owned companies/SOC**

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

**Max (6)****6.4 Insurance****6.4.1 Average clause√√****Max (2)****6.4.2 Meaning of average clause**

- A stipulation set by the insurer which is applicable when property/goods√ is under insured/insured for less than its market value.√
- The insurer will pay for insured loss/damages√ in proportion to the insured value.√
- This means that the insured is responsible for√ a part of the risk that is not insured.√
- Any other relevant answer related to the meaning of the average clause.

**Max (4)****6.4.3 Advantages of insurance for businesses**

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

**NOTE: Mark the first TWO (2) only.****(2 x 2) (4)**

**BUSINESS ROLES****6.5 Examples of unfair advertising**

- Giving goods deceptive names/False labelling.√
- Selling second hand goods as new goods.√
- Exaggerating the merits of the product.√
- Using fine print to conceal important information. √
- Criticising competitor's goods.√
- Exploitations of children's lack of understanding.√
- Misuse of people with disabilities in advertisements.√
- Advertising that encourages violence.√
- Advertising goods at a very low price to attract customers but when the customer reaches the store the item is no longer there/Bait and switch.√
- Advertising a product showing additional items, but do not clearly state that these items are excluded.√
- Any other relevant examples of unfair advertising.

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

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

**6.6 Problem-solving techniques**

6.6.1 Empty chair√√

6.6.2 Nominal group√√

6.6.3 Delphi√√

**Max (6)**

**6.7 Strategies to deal with pricing of goods in rural areas**

- A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area.√√
- Charge fair/market related prices for goods and services.√√
- Avoid unethical business practices to attract customer loyalty.√√
- Investigate cost-effective ways of transporting products/Hire a large truck to combine deliveries to shop-owners in the same area.√√
- Work together with suppliers to share delivery costs to remote rural areas.√√
- Any other relevant strategy related to dealing with pricing of goods in rural areas.

**Max (6)**

**BUSINESS OPERATIONS****6.8 Meaning of placement**

- Selected candidates are placed where they will function optimally√ and add value to the business. √
- A specific job is assigned√ to the selected candidate.√
- The qualifications/skills/personality of the selected candidate is matched√ with the requirements of the job.√
- Any other relevant answer related to placement as a human resources activity.

**NOTE: Do not allocate marks for a placement procedure. Max (2)**

**6.9 Salary determination methods****Piecemeal√√**

- Workers are paid according to the number of items/units produced/action performed.√
- Workers are not remunerated for the number of hours worked, regardless of how long it takes them to make the items.√
- Mostly used in factories particularly in the textile/technology industries.√
- Any other relevant answer related to piecemeal as a salary determination method.

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

**Time-related√√**

- Workers are paid for the amount of time 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)  
Sub max (3)  
**Max (6)**

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

**6.10 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 behaviour.√√
- Any other relevant answer related to aspects that should be included in an employment contract.

**Max (6)**  
**[60]**

**BREAKDOWN OF MARKS**

QUESTION 6	MARKS
6.1	8
6.2	6
6.3	6
6.4.1	2
6.4.2	4
6.4.3	4
6.5	4
6.6	6
6.7	6
6.8	2
6.9	6
6.10	6
<b>TOTAL</b>	<b>60</b>

**TOTAL SECTION B: 180**

**SECTION C****Mark the first TWO (2) questions only.****QUESTION 7: BUSINESS ENVIRONMENTS (LEGISLATION)****7.1 Introduction**

- The CPA was introduced to redress the economic inequalities of the past.√
- CPA promotes/advances the social and economic welfare of consumers in South Africa.√
- The CPA applies to the promotion/sales of all goods and services.√
- The National Credit Act deals mainly with regulating consumer credit.√
- The reason for the establishment of the NCA was to curb the high levels of consumer debts.√
- The NCA allows consumers to make informed decisions before buying on credit.√
- Any relevant introduction related to the CPA and NCA. **(Any 2 x 1) (2)**

**7.2 Purpose of the Consumer Protection Act**

- Promotes fair/accessible and sustainable places for people to sell their products.√√
- Establishes national standards to protect consumers.√√
- Provides guidelines for better consumer information and to prohibit unfair business practices.√√
- Promotes responsible consumer behaviour.√√
- Promotes consistent laws relating to consumer transaction and agreement.√√
- Establishes a National Consumer Commission (NCC).√√
- Ensures that consumers have access to information they need to make informed choices.√√
- Promotes the rights and full participation of historically disadvantaged individuals as consumers.√√
- Ensures that consumers are not misled/deceived by suppliers of goods/ services.√√
- Promotes consumer safety by protecting them from hazardous products/ services.√√
- Strengthens a culture of consumer rights and responsibilities.√√
- Empowers consumers to take legal action if their rights are not upheld.√√
- Protects consumers against contracts that include unfair terms which limit the liability of suppliers.√√
- Protects consumers against unscrupulous businesses such as fly-by-night franchisors.√√
- Allows for consumers and businesses to resolve disputes fairly/effectively.√√
- Any other relevant answer related to the purpose of the Consumer Protection Act. **Max (10)**

### 7.3 Impact of CPA on businesses

#### 7.3.1 Positives

- Enables businesses to resolve disputes fairly√ through the National Consumer Commission/Consumer Court/Industrial ombudsmen.√
- Businesses may build a good image√ when they ensure that consumer rights are not violated.√
- May gain consumer loyalty√, if they comply with CPA.√
- Businesses are less likely to have court cases against them√ for consumer rights violations.√
- Businesses may be protected√ if they are regarded as consumers.√
- They may be safeguarded√ from dishonest competitors.√
- Prevents larger businesses√ from undermining smaller ones.√
- Any other relevant answer related to the positive impact of CPA on businesses.

#### AND/OR

#### Negatives

- Businesses have to replace/repair faulty items/refund money√ if the fault occurs within six months after purchase.√
- Confidential business information√ may become available to competitors.√
- Consumers can take advantage of businesses√ and return goods when it is not necessary to do so.√
- Processes and procedures required by CPA√ can be expensive and time consuming.√
- Businesses may feel unnecessarily burdened√ by legal processes.√
- Penalties for non-compliance√ may be very high.√
- Staff need to be trained/Legal experts need to be consulted√, which can increase costs.√
- Many business documents need to be simplified/revamped at extra cost√, as consumers have a right to receive contracts in simple/understandable language.√
- Administration costs increase√, as legal contracts need to be worded in plain language/pitched at the level of the consumer.√
- Businesses may need insurance√ against claims from consumers√/Provisions in the Act increase the risks√ for unforeseen claims and law suits.√
- Supply chain management in stock levels will have to change√, as defective goods have to be replaced within six months at the request of the customer.√
- Information technology systems need to be improved√ as the retailer must keep more detailed records of interactions with consumers/be able to report to the National Consumer Commission.√
- Any other relevant answer related to the negative impact of CPA on businesses.

**NOTE: Allocate marks for positives and/or negatives.**

**Max (12)**

**7.4 Consumer rights****7.4.1 Right to privacy and confidentiality**

- Businesses should allow consumers to exercise the right to:
  - o stop/restrict unwanted direct marketing.√√
  - o object to unwanted promotional e-mails/telesales.√√
  - o lodge complaints about the sharing of their personal details.√√
- Any other relevant answer related to the consumer's right to privacy and confidentiality. Sub max (6)

**7.4.2 Right to information about products and agreements**

- Business should ensure that:
  - o contracts and agreements are in plain language and easy to understand.√√
  - o display prices which are fully inclusive disclosing all costs.√√
  - o consumers are allowed to request the unit and bulk price of the same product.√√
  - o consumers pay the lower price, if two prices for the same product are displayed.√√
  - o the labelling of products and trade descriptions/relevant information is correct.√√
- Any other relevant answer related to the consumer's right to information about product and agreements. Sub max (6)

**7.4.3 Right to fair value/good quality and safety**

- Business should allow consumers a right to:
    - o demand quality service or goods.√√
    - o return faulty items if the fault occurs within six months after purchasing the item.√√
    - o receive an implied warranty or a written warranty.√√
    - o reject goods that are not the same as the sample marketed.√√
    - o cancel/renew fixed-term agreements.√√
    - o to be informed about hazardous/dangerous products.√√
  - Any other relevant answer related to the consumer's right to fair value/good quality and safety. Sub max (6)
- Max (18)**

**7.5 Penalties/consequences for non-compliance with the NCA**

- The court may declare the granting of credit by the business reckless and may order consumers not to repay the credit/or part thereof to the business.√√
- The business may not demand payment, sue or attach the clients/consumers salaries/assets.√√
- The business may not charge any fee/interest/other charges under that specific credit agreement.√√
- The National Credit Regulator may impose a fine/penalty on the business for non-compliance.√√
- The business will bear all costs of removing the negative information of clients/consumers who were blacklisted as a result of reckless lending.√√
- Any other relevant answer related to the penalties/consequences or non-compliance with the NCA. Max (6)

**7.6 Conclusion**

- The CPA forces both businesses and consumers to act responsibly when doing business.√√
- The CPA applies to every transaction involving buying and selling of goods and services.√√
- The NCA promotes/allows responsible lending by businesses and eliminates reckless borrowing by consumers.√√
- Businesses who grant credit recklessly may be deregistered as an accredited service provider.√√
- Any other relevant conclusion related to CPA and NCA.

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

**QUESTION 7: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	<b>2</b>	<b>Max 32</b>
Purpose of CPA	<b>10</b>	
Impact of CPA on businesses	<b>12</b>	
Rights of consumers	<b>18</b>	
Penalties/consequences for non-compliance with the NCA	<b>6</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		<b>8</b>
Layout	<b>2</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 some requirements are met.

Allocate 0 marks where requirements are not met at all.

**QUESTION 8: BUSINESS VENTURES (INVESTMENTS & FORMS OF OWNERSHIP)****8.1 Introduction**

- The JSE is a formal market comprising of all the public companies that have been listed.√
- Various services are offered to listed companies by the JSE.√
- Preference shares can be considered as a viable investment option as investors have various options to choose from.√
- The National Treasury of South Africa issues RSA Retail Savings Bonds/ Government Retail Bonds to the general public.√
- A partnership is formed by a minimum of two partners and the maximum number is unlimited.√
- Any other relevant introduction related to the JSE/RSA Retail Savings Bonds/Government Retail Bonds/preference shares/partnership. **(2x1) (2)**

**8.2 Functions of the JSE**

- Gives opportunities to financial institutions such as insurance companies to invest their funds in shares.√√
- Serves as a barometer/indicator of economic conditions in South Africa.√√
- Keeps investors informed on share prices by publishing the share prices daily.√√
- Acts as a link between investors and public companies.√√
- Shares are valued and assessed by experts.√√
- Small investors are invited to take part in the economy of the country through the buying/selling of shares.√√
- Venture capital market is made available on the open market.√√
- Orderly market for securities serves as a disciplined market for securities.√√
- Encourages new investments.√√
- Mobilises the funds of insurance companies and other institutions.√√
- Raises primary capital.√√
- Regulates the market for dealing with shares.√√
- Plans, researches and advises on investment possibilities.√√
- Ensures that the market operates in a transparent manner.√√
- Provides protection for investors.√√
- Encourages short-term investment.√√
- Facilitates electronic trading of shares/STRATE.√√
- Any other relevant answer related to the functions of the Johannesburg Securities Exchange (JSE). **Max (10)**

**8.3 Types of preference****Participating preference shares**√√

Shareholders:

- are guaranteed minimum√ fixed dividends.√
- are entitled to share in any√ surplus company profits.√
- receive higher dividends√ when the company performs well.√
- have preferential rights over ordinary shares√ on repayment when the company closes down.√
- Any other relevant answer related to participating preference shares.

Identification (2)

Description (2)

Sub max (4)

**Non-participating preference shares**

Shareholders:

- receive an amount equal to the initial investment√ plus accrued and unpaid dividends upon liquidation.√
- do not have right to participate in profits√ after equity shareholders have been paid a dividend.√
- will not get extra dividend√ in case of surplus profits.√
- entitled to receive only a fixed rate of dividend√ every year.√
- Any other relevant answer related to non-participating preference shares.

Identification (2)

Description (2)

Sub max (4)

**Cumulative preference shares√√**

- Shareholders are compensated for past dividends that were not paid out√ when profits were too low to declare dividends√/Receive dividends not√ previously paid out.√
- Any other relevant answer related to cumulative preference shares.

Identification (2)

Description (2)

Sub max (4)

**Non-cumulative preference shares√√**

- Shareholders are not compensated for past dividends√ that were not paid out when profits were low.√
- Any other relevant answer related to non-cumulative preference shares.

Identification (2)

Description (2)

Sub max (4)

**Redeemable preference shares√√**

- Shares can be redeemed/bought back at the option of the issuing company√, either at a fixed price on a specified date/over a certain period of time.√
- Any other relevant answer related to redeemable preference shares.

Identification (2)

Description (2)

Sub max (4)

**Non-redeemable preference shares√√**

- Shares are only bought back when the company closes down√ for reasons other than bankruptcy.√
- Any other relevant answer related to non-redeemable preference shares.

Identification (2)

Description (2)

Sub max (4)

**Convertible preference shares**√√

- Shares can be converted into a predetermined number of ordinary shares√ on the date specified when the preference shares were issued.√
- Any other relevant answer related to convertible preference shares.

Identification (2)

Description (2)

Sub max (4)

**Non-convertible preference shares**√√

- Shares cannot be converted√ into ordinary shares.√
- Any other relevant answer related to non-convertible preference shares.

Identification (2)

Description (2)

Sub max (4)

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

Types (8)

Description (8)

**Max (16)****8.4 Impact of RSA Retail Savings Bonds/Government Retail Bonds on investors Positives**

- Guaranteed returns√, as interest rate is fixed for the whole investment period.√
- Interest rates are market related √ and attract more investors.√
- Interest can be received√ twice a year.√
- Investment may be easily accessible√, as cash may be withdrawn after the first twelve months.√
- Low risk/Safe investment√, as it is invested with the South African Government which cannot be liquidated.√
- It is an affordable type of investment√ for all levels of income earners including pensioners.√
- Retail bonds are easily/conveniently obtained√ electronically/from any Post Office/directly from National Treasury.√
- No charges/costs/commissions payable√ on this type of investment.√
- Interest is usually higher√ than on fixed deposits.√
- Retail bonds are listed√ on the capital bond markets/on the JSE.√
- Investors younger than 18 years/Minors may invest with the help of a legal guardian√, which encourages saving from a young age.√
- Any other relevant answer related to the positive impact of RSA Retail Savings Bonds/Government Retail Bonds on investors.

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

- Retail bonds cannot be ceded to banks√ as security for obtaining loans.√
- A minimum of R1 000 must be invested√, which may be difficult for some small investors to accumulate.√
- Retail bonds are not freely transferable√ amongst investors.√
- Investors need to have valid SA identification/should be older than 18 years√ which may discourage foreigners/young people to invest.√
- Penalties are charged for early withdrawals√, if the savings is less than 12 months old.√
- Any other relevant answer related to the negative impact of RSA Retail Savings Bonds/Government Retail Bonds on investors.

**Max (12)**

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

	<b>SUCCESS</b>	<b>AND/OR</b>	<b>FAILURE</b>
<b>8.5.1 Management</b>	- Peter and Teko should be actively involved in management and may use the ideas of other partners.√√		- Decision making can be time consuming as Peter and Teko have to be in agreement.√√
	- They should have access to each other's expertise when difficult decisions have to be made.√√		- Some management tasks may be neglected, as one partner may leave it to others to complete.√√
	- Peter and Teko should decide who will be actively involved in management or rather appoint competent manager.√√		- Peter and Teko may disagree on how to run the business, which may lead to tension between them.√√
			- They are agents of the partnership and a bad management decision of a partner may be forced onto others.√√
			- Different personalities/opinions could lead to conflict/ disagreements.√√
	- Any other relevant answer related to the contribution of management to the success of a partnership.		- Any other relevant answer related to the contribution of management to the failure of a partnership.
Sub max (4)			
	<b>SUCCESS</b>	<b>AND/OR</b>	<b>FAILURE</b>
<b>8.5.2 Legislation</b>	- Easy and cheap to establish, as partners must draw up partnership agreement.√√		- Peter and Teko have unlimited liability as they are jointly and severally liable for the debts of the business.√√
	- Peter and Teko should be motivated to make a success because their personal possessions are at risk.√√		- If one partner dies or retires, the remaining partner needs to draw up a new agreement.√√
	- No regulatory requirements regarding the name of the business.√√		- Oral agreements between Peter and Teko can cause conflict between partners.√√
	- Only subjected to the provisions of the Income Tax Act as compared to companies.√√		- A partnership is not a legal entity and cannot sue or be sued.√√
	- Any other relevant answer related to the contribution of legislation to the success of a partnership.		- Any other relevant answer related to the contribution of legislation to the failure of a partnership.
Sub max (4)			

**NOTE: 1. The answers do not have to be in tabular format.**

**2. The success and/or failure factors must relate to the partnership.**

**Max (8)**

**8.6 Conclusion**

- Listed companies on the JSE will get more exposure to possible investors.√√
- Businesses should invest extra cash to generate more income rather than leaving it in the businesses' current account.√√
- Dividends paid out on preference shares will attract more people to invest in a company.√√
- Anyone can invest in RSA Retail Savings Bonds as it only requires a minimum amount of one thousand rand.√√
- Various factors must be considered before choosing a form of ownership.√√
- Any other relevant conclusion related to the JSE/RSA Retail Savings Bonds/Government Retail Bonds/preference shares/partnership.

**(1x2) (2)  
[40]**

**QUESTION 8: BREAKDOWN OF MARK ALLOCATION**

<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	<b>2</b>	<b>Max 32</b>
Functions of the JSE.	<b>10</b>	
Types of preference shares.	<b>16</b>	
Impact of RSA Retail Savings Bonds/Government Retail Bonds.	<b>12</b>	
Contribution of a success and/or failure factors to a partnership.	<b>8</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		<b>8</b>
Layout	<b>2</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 9: BUSINESS ROLES (SOCIAL RESPONSIBILITY, CSR & CSI)**

**9.1 Introduction**

- Businesses are corporate citizens and therefore have a responsibility towards society.√
- Corporate Social Responsibility/CSR is the way a business conducts its operations ethically and morally, regarding the use of human, physical and financial resources.√
- CSR programmes and CSI projects should be relevant to the needs of communities.√
- They should address socio-economic issues that affect business operations.√
- Businesses should not only focus on profits but also on the wellbeing of the community in which they operate.√
- Any other relevant introduction related to CSR/CSI/Socio-economic issues/Contribution of time and efforts in improving the wellbeing of the community.

**(2x1)(2)**

**9.2 Differences between Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI)**

<b>CSR</b>	<b>CSI</b>
- The intention is to change√ business practices.√	- Actively committing money and resources√ to uplift the community.√
- Focus is on increasing image√ and profits.√	- Focus is on the upliftment of community√ without return on investment.√
- Ensure that all internal CSI policies/practices√ include stakeholders' interests/environmental issues.√	- Ensure that CSI projects are relevant√ to the needs of communities.√
- Often intended as a marketing√ initiative.√	- Intended to benefit and uplift communities√ through social development.√
- Projects are usually linked to the business√, e.g. a manufacturing business offering to train the unemployed.√	- Projects are external to the business√ and have a strong developmental approach.√
- Any other relevant answer related to Corporate Social Responsibility.	- Any other relevant answer related to Corporate Social Investment.
Sub max (6)	Sub max (6)

- NOTE:**
1. The answer does not have to be in tabular format.
  2. The distinction must be clear but does not have to be linked.
  3. Award a maximum of SIX (6) marks if the differences are not clear/  
Mark either CSR or CSI only. **Max (12)**

### 9.3 Impact of CSR on communities

#### Positives

- Socio-economic issues are attended to√ which will improve the welfare of the community.√
- Training opportunities in the community increase the possibility√ of appointments of members of the community.√
- Implementing developmental programmes in the community√ improves entrepreneurial skills of communities.√
- Provision of bursaries√ encourages communities to improve their skills.√
- The standard of living of the community √ is uplifted√/quality of life of communities√ is improved.√
- Better educational facilities are established√ in poor communities.√
- Improve the health of communities√ by providing medical infrastructure.√
- Provide rehabilitation centres to community members√ who have addiction problems.√
- Any other relevant answer related to the positive impact of CSR on communities.

#### AND/OR

#### Negatives

- Businesses are not always equipped√ to address social problems.√
- Communities tend to be dependent on CSR programmes√ and struggle to take their own initiatives.√
- Distribution of scarce resources to selected beneficiaries in the community √ may cause problems such as discrimination.√
- Some businesses only participate in CSR initiatives to raise profit√ and do not really care for the community in which they operate.√
- Businesses cannot meet √ the longer term needs of the society√/Business cannot deliver√ sustainable CSR programmes.√
- The benefits of the programmes may not filter √ to the intended persons within the community.√
- Spending money on CSR programmes means the business has to recover expenses√ through higher prices which have a negative impact on the economy.√
- Businesses tend to focus on CSR programmes that does not √ directly benefit the community.√
- Less money is available for community projects √ during unfavourable economic conditions.√
- Consumers are not easily convinced√ that a business is acting in the best interest of the community and the environment.√
- A business often appears to benefit more from the CSR expenditure√ than the perceived benefits to the communities.√
- Any other relevant answer related to the negative impact of CSR on communities.

**Max (12)**

## 9.4 Strategies to deal with HIV/Aids & unemployment

### 9.4.1 Strategies to deal with HIV/Aids

- Counselling programmes/train counsellors to provide infected and affected persons/employees.√√
- Develop counselling programmes for infected/affected persons/employees.√√
- Conduct workshops on HIV/Aids programmes/campaigns.√√
- Roll out anti-retroviral (ARV) treatment programmes (ART) for the infected employees.√√
- Encourage employees to join HIV/Aids support groups.√√
- Develop strategies to deal with stigma and discrimination.√√
- Participate in the HIV/Aids prevention programmes implemented in the community.√√
- Support non-governmental organisational/community based organisation/NPC HIV/Aids initiatives.√√
- Any other relevant strategies on how businesses could deal with HIV/Aids as a socio-economic issue. Sub Max (6)

### 9.4.2 Strategies to deal with unemployment

- Provide skills development programmes through learnerships.√√
- Offer bursaries to the community to improve the level of education.√√
- Create jobs for members of the community.√√
- Provide entrepreneurial programmes that can promote self-employment.√√
- Support existing small businesses to create more employment opportunities.√√
- Any other relevant strategies on how businesses could deal with unemployment as a socio-economic issue. Sub max (6)

**Max (12)**

## 9.5 Contribution of time and effort in improving the wellbeing of the community

- Business should improve the general quality of life of their community, e.g. invest in education√√, etc.
- Ensure that the product they supply do not harm consumers/the environment.√√
- Refrain from engaging in illegal/harmful practices such as employing children under the legal age/selling illegal substances√√, etc.
- Make ethically correct business decisions, e.g. not engage in unfair/misleading advertising√√, etc.
- Donate money to a community project/run a project to uplift the community.√√
- Provide recreational/sport facilities to promote social cohesion/healthy activities.√√
- Any other relevant answer related to ways in which businesses could contribute time and effort to improve the wellbeing of the community.

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

**2. Do NOT allocate marks for HIV/Aids and unemployment strategies.**

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

### 9.6 Conclusion

- Corporate Social Responsibility is an obligation required by law and benefits both business and society.√√
- CSI projects allow businesses to influence people's lives in many ways.√√
- Businesses use CSI programmes to comply with laws and ethical business practices.√√
- Businesses have the responsibility to deal with socio-economic issues that can affect profitability and growth.√√
- CSI projects must be aimed at increasing the wellbeing of communities.√√
- Any other relevant conclusion related to CSR/CSI/Socio-economic issues/Contribution of time and efforts in improving the wellbeing of the community.

**(1x2) (2)**  
**[40]**

#### QUESTION 9: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Differences between CSR & CSI	12	
Impact of CSR on communities	12	
Strategies to manage HIV/Aids & unemployment	12	
Time and effort to improve the wellbeing of community	10	
Conclusion	2	
<b>INSIGHT</b>		<b>8</b>
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<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 10: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE))**

**10.1 Introduction**

- Quality is the ability of a product/service to satisfy specific needs of consumers.√
- Manufactured goods must be quality assured throughout the production cycle.√
- Total quality relates to products that totally satisfy consumers' needs and expectations in every respect on a continuous basis.√
- Quality management should not just be an inspection process, but become part of the culture of the business.√
- The activities of all business functions must be properly managed to ensure that all departments adhere to the same quality standards.√
- TQM helps to design, produce /provide quality products at a lower cost.√
- Any other relevant introduction related to quality concepts/general management function/production function/impact of TQM on the reduction of the cost of quality.

**(2x1) (2)**

**10.2 Meaning of quality assurance**

- Checks carried out during√ and after the production process.√
- Ensure that required standards√ have been met at every stage of the process.√
- Processes put in place to ensure that the quality of products/services/ systems adhere to pre-set standards√ with minimal defects/delays/short- comings.√
- Ensuring that every process is aimed to get the product 'right the first time'√ and prevent mistakes from happening.√
- Any other relevant answer related to the meaning of quality assurance.

**Max (6)**

**10.3 Distinction between quality management and quality performance**

QUALITY MANAGEMENT	QUALITY PERFORMANCE
- Techniques/tools√ used to design/ improve the quality of a product.√	- Total performance of each department measured√ against the specified standards.√
- Can be used for accountability√ within each of the business functions.√	- Can be obtained if all departments work together√ towards the same quality standards.√
- Aims to ensure that the quality of goods/services√ is consistent√/Focuses on the means√ to achieve consistency.√	- Quality is measured√ through physical product/statistical output of processes/surveys of the users and/or buyers of goods/services.√
- Any other relevant answer related to quality management.	- Any other relevant answer related to quality performance.
Sub max (4)	Sub max (4)

**NOTE:** 1. The answer does not have to be in tabular format,  
 2. The distinction must be clear but does not have to be linked.  
 3. Award a maximum of FOUR (4) marks if the distinction is not clear/ Mark either quality management or quality performance only.

**Max (8)**

## 10.4 Business functions

### 10.4.1 Quality indicators of the general management function

- Develop/Implement/Monitor effective strategic plans.√√
  - Efficient organisation/allocation of business resources to provide for the successful achievement of long-term and short-term plans.√√
  - Structured standards and norms should be in place so that control mechanisms can be implemented.√√
  - Learn about/understand changes in the business environment on an on-going basis.√√
  - Effectively communicate shared vision, mission and values.√√
  - Set direction and establish priorities for their business.√√
  - Be prepared to set an example of the behaviour that is expected from employees in terms of ethics as well as productivity.√√
  - Be proactive and always seeks to improve competitive advantage over competitors.√√
  - Ensure that all departments/the business meet their deadlines/targets.√√
  - Any other relevant answer related to the quality indicators of the general management function.
- Sub max (10)

### 10.4.2 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.
- Sub max (10)  
**Max (20)**

**10.5 Impact of TQM on the reduction of the cost of quality**

- Introduce quality circles to discuss ways of improving the quality of work/workmanship.√√
- Schedule activities to eliminate duplication of tasks.√√
- Share responsibility for quality output amongst management and workers.√√
- Train employees at all levels, so that everyone understands their role in quality management.√√
- Develop work systems that empower employees to find new ways of improving quality.√√
- Work closely with suppliers to improve the quality of raw materials/inputs.√√
- Improve communication about quality challenges/deviations, so that everyone can learn from experience.√√
- Reduce investment on expensive, but ineffective inspection procedures in the production process.√√
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns.√√
- Any other relevant answer related to the impact of TQM on the reduction of the cost of quality.

**Max (12)****10.6 Conclusion**

- Quality is important for a business to be sustainable.√√
- Every business should have a quality management system that ensures that all systems and processes are carried out correctly and safely.√√
- All the business functions contribute to the success or failure of a business and should therefore have quality controls.√√
- It is important that businesses have a proper system for managing quality, e.g. TQM which will reduce cost and increase profits.√√
- Any other relevant conclusion related to quality concepts/general management function/production function/impact of TQM on the reduction of the cost of quality.

**(1x2) (2)  
[40]**

**QUESTION 10: BREAKDOWN OF MARK ALLOCATION**

<b>DETAILS</b>	<b>MAXIMUM</b>	<b>TOTAL</b>
Introduction	<b>2</b>	<b>Max 32</b>
Meaning of quality assurance	<b>6</b>	
Distinction between quality management and quality performance.	<b>8</b>	
Quality indicators of the general management and production functions.	<b>20</b>	
How TQM can reduce cost of quality	<b>12</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		<b>8</b>
Layout	<b>2</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 some requirements are met.

Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 80**

**GRAND TOTAL: 300**