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Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2012

**BUSINESS STUDIES
MEMORANDUM**

MARKS: 300

This memorandum consists of 27 pages.

SECTION A: COMPULSORY**QUESTION 1**

- | | | | |
|-----|--------|-------------------------------|-----|
| 1.1 | 1.1.1 | B ✓✓ | (2) |
| | 1.1.2 | C ✓✓ | (2) |
| | 1.1.3 | B ✓✓ | (2) |
| | 1.1.4 | D ✓✓ | (2) |
| | 1.1.5 | C ✓✓ | (2) |
| | 1.1.6 | A ✓✓ | (2) |
| | 1.1.7 | D ✓✓ | (2) |
| | 1.1.8 | D ✓✓ | (2) |
| | 1.1.9 | B ✓✓ | (2) |
| | 1.1.10 | C ✓✓ | (2) |
| 1.2 | 1.2.1 | Job specification ✓✓ | (2) |
| | 1.2.2 | Rehabilitation ✓✓ | (2) |
| | 1.2.3 | Grievance ✓✓ | (2) |
| | 1.2.4 | Signs the contract ✓✓ | (2) |
| | 1.2.5 | Retrenchment ✓✓ | (2) |
| 1.3 | 1.3.1 | D (Indemnity) ✓✓ | (2) |
| | 1.3.2 | E (Commission) ✓✓ | (2) |
| | 1.3.3 | B (Creative thinking) ✓✓ | (2) |
| | 1.3.4 | A (Lockout) ✓✓ | (2) |
| | 1.3.5 | C (Lower level management) ✓✓ | (2) |

TOTAL SECTION A: 40

SECTION B: COMPULSORY**QUESTION 2**2.1
LO1
AS2

PESTLE FACTOR	Challenges from the external environment related to the strike 4	Appropriate strategy to overcome the challenge 4	Motivation for the choice of strategy 4
Political	Strike causes a lack of confidence in South Africa. √√ International investors and local investors could develop a 'bear market' mood. √√	SUPERSPAR needs to ensure investors that internal operations were not affected by strike. √√ They need to rectify any aspects for concern by for example organising transport. √√	SUPERSPAR will stabilise investor confidence and therefore share prices will also be stabilised. √√
Economic	Many labourers make use of taxis as method of transport. √√ If they stay away from work, SPAR cannot operate and will therefore lose out. √√ A country wide strike causes many losses in a day. √√	SUPERSPAR can try to organize temporary labourers/transport as they knew of the strike well ahead of time. √√ The distribution centres could make sure that all orders are attended to before the time. √√ Lost time can be made up by working overtime. √√	If SUPERSPAR has temporary staff/transport, they will not have to close for the day. √√ Losses will therefore be reduced. √√ In this way distribution centres will not lose out even though they had to close due to the strike. √√

Accept any other relevant answer (12)

2.2
LO1
AS2

Element form Porter's FIVE model:	Challenges in the market environment 4	Strategy to deal with the challenges 4
The level of rivalry in the Market	There are other retail outlets available such as CHECKERS, SHOPRITE, OK, PICK 'N PAY, WOOLWORTHS. √√ Build-It has several other hardware stores as competitors such as CashBuild, Builders Warehouse, Mica. √√ Tops have local bottle stores as competitors, Rebel, as well as alcohol products available in chain stores such as Checkers and Pick 'n Pay. √√	SUPERSPAR must create better value of their products to consumers than those of competitors by having competitive pricing or a more creative approach than competitors. √√
The power of buyers	Consumers do not have sufficient finance to spend and therefore cuts on luxuries. √√ SPAR distribution centres will not be used if their prices are too expensive as every SPAR has the right to choose their own suppliers. √√ Build-It will not attract customers if economy is in recession. √√	Decrease orders of luxury items and drop prices of necessities in order to attract consumers. √√ SPAR distribution centres need to make sure that SPAR outlets will benefit when buying through them, creating value in the distribution channel. √√ Build-It needs to make sure that they offer customers more value for money (such as cutting wood size) than competitors so that they will be chosen above competitors. √√

Accept any other relevant answer (8)

2.3 2.3.1 **THE EMPLOYMENT EQUITY ACT (ACT 55 OF 1998) (LO1AS4)**

- Eliminate unfair discrimination and promote equal opportunity and fair treatment. ✓✓
- Promote efficiency in the workforce to promote economic development. ✓✓
- To attain a diverse workforce, broadly representative of the people of South Africa. ✓✓
- Give effect to the obligations of the country as a member of the International Labour Organisation. ✓✓

Any other relevant function relating to Employment Equity Act.

(Any 3x2) (6)

2.3.2 **OUTLINE THREE POSITIVE OUTCOMES FROM THE IMPLEMENTATION OF THE BEE ACT**

- Act as mechanism to transform all business in SA - to distribute wealth amongst all South Africans by encouraging businesses to employ black South Africans. ✓✓
- Promoting access to finance for black economic empowerment. ✓✓
- Achieving substantial change in the racial composition of ownership. ✓✓
- Management structures in the skilled occupations of existing and new enterprises. ✓✓
- Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills. ✓✓
- Increasing the extent to which black women own/manage and have access to business. ✓✓

Any other relevant answer

(Any 3x2) (6)

2.4 **LIST THREE BENEFITS THAT SPAR WILL DERIVE FROM BEING INVOLVED IN A DYNAMIC CORPORATE SOCIAL RESPONSIBILITY PROGRAMME. (LO1AS3)**

BENEFITS FOR THE BUSINESS

- Improved health for its workers. ✓✓
- Sustained Conservation of the environment may lead to reduction in costs which could be channelled elsewhere. ✓✓
- May attract experienced employees which could benefit the enterprise in terms of increased productivity. ✓✓
- The community supports the business by purchasing its products and thereby contributing to the business profitability. ✓✓
- The business enjoys goodwill. ✓✓
- Improves the image of the company. ✓✓

Any other relevant benefits for the business.

(Any 2x2) (4)

2.5 **THE NATIONAL CREDIT ACT, 2005 (ACT 34 OF 2005) PROTECTS THE CREDIT PROVIDER. DO YOU AGREE WITH THE STATEMENT? MOTIVATE YOUR ANSWER. (LO1AS4)**

Yes. ✓ (1)

Motivation: Credit provider

- Protects the credit provider against bad debts. ✓✓
- Allowed to charge interest and other fees for the provision of credit. ✓✓
- Credit providers will be controlled by a regulatory body. ✓✓
- The credit agreement must be in writing. ✓✓

Any other relevant answer to benefit of the NCA to credit providers.

(Any 1x2) (2)

OR

No. ✓ (1)

Motivation: Credit provider

- Loss of business. ✓✓
- Must be NCA compliant. ✓✓
- Proper credit vetting (approval procedures) must be in place. ✓✓
- Retrenchment of workers. ✓✓
- In the event of non-payment by the consumer the credit provider could also bear the loss. ✓✓
- Must provide the credit agreement in the preferred language of the client. ✓✓

Any other relevant answer related to disadvantages of NCA to the credit provider.

(Any 1x2) (2)

2.6 2.6.1 **IDENTIFY THE TYPE OF GRAPH DEPICTED ABOVE. (LO2AS5)**

Bar Graph ✓✓ (2)

- 2.6.2
- There is a decrease and increase in sales. ✓✓
 - Consumers spend more in November and December as this is the festive season, some buying them as gifts. ✓✓
 - There is also an increase in sales in June and July as it is winter. ✓✓
- (3x2) (6)

2.7 2.7.1 **ANALYSE ANY THREE QUALITIES OF THANDI AS A SUCCESSFUL ENTREPRENEUR. (LO2AS3)**

- Positive approach, committed, self-confidence, determination and dedication. ✓✓
Example: Have passion, even if you do not have money. ✓
- Have high level of energy. ✓✓
Example: You can work long hours without it feeling like an effort, enthusiasm and energy. ✓
- Have high degree of commitment. ✓✓
Example: You need to have passion and dedication in order to achieve what you want. ✓

Accept any other relevant qualities of an entrepreneur (9)

2.7.2 **BRIEFLY EXPLAIN PROFITABILITY AND CUSTOMER BASE AS KEY SUCCESS FACTORS IN A BUSINESS. (LO2AS7)**

(a) Profitability

- Money is managed in such a way that a sound return on investment can be guaranteed to investors. ✓✓
- This attracts even more investors which enables the business to expand its activities and to become even more profitable. ✓✓

Accept any other relevant explanation on profitability.

(b) Customer base

- Successful businesses are sustainable. ✓✓
- This means that the business can continue to exist despite of all the challenges and threats that it is confronted with. ✓✓

Accept any other relevant explanation on customer base.

(4)
[60]

QUESTION 3**3.1 Impact of taxation and management issues on the success/failure of the partnership. (LO2AS8)****3.1.1 Taxation**

SUCCESS	Partnership	Companies
	Partners pay tax in their capacity on the profits earned from the partnership. ✓✓	Companies have more opportunities to pay less tax. This is achieved through allowances, etc. ✓✓
FAILURE	High tax rates may lead to financial hardships. ✓✓	Companies are subject to double taxation. ✓✓

3.1.2 Management

SUCCESS	Partnership	Companies
	Partnership is usually managed by partners who are the owners of the business and they ensure the business is well managed because they have personal interest in it. ✓✓	Companies appoint directors who are specialists in managing business and can lead the company to a success. ✓✓
FAILURE	Partners are not specialists and therefore this could lead to the underperformance of the business ✓✓	Directors do not have personal interest in the company and this could lead to the failure of the business. ✓✓

Any other relevant answer (16)

3.2 DIFFERENTIATE BETWEEN MANAGEMENT AND LEADERSHIP (LO3AS5)

MANAGEMENT	LEADERSHIP
Exercise control over personnel. ✓✓	Influence and motivate personnel. ✓✓
Instructional in their approach. ✓✓	Seek to empower people. ✓✓
Follows the vision of the enterprise. ✓✓	Provide a vision for the enterprise. ✓✓
Minimise and control risks. ✓✓	Always on the lookout for business opportunities. ✓✓
Ensure adherence to rules and regulations. ✓✓	Change rules to improve efficiency. ✓✓
Ensure that tasks are completed. ✓✓	Provide better ways to do tasks. ✓✓
Ensure that profit targets are met. ✓✓	Strategies to increase profitability. ✓✓

Accept any other relevant answer differentiating between Management and Leadership. (Management 2x2) (4)
(Leadership 2x2) (4)

Note: Does not have to be in a table form

3.3 DIFFERENTIATE BETWEEN AUTOCRATIC AND DEMOCRATIC LEADERSHIP STYLE.

Autocratic style

- The leader gives directives and instructions as a way of communicating with subordinates. ✓✓
- He makes all decisions alone with little or no consideration of the needs of subordinates. ✓✓
- Subordinates are told what to do and how to do it without being given the opportunity to give inputs or make suggestions. ✓✓

Accept any other relevant answer regarding autocratic style. (2x2) (4)

Democratic style

- The leader involves subordinates in the decision-making, formulation of policies and problem solving. ✓✓
- The leader seeks the opinion and ideas of the subordinates; however the leader remains accountable and has the authority to make the final decision. ✓✓
- This leadership style improves employees' motivation and helps the leader to win the support of the subordinates who are made to feel part of the team. ✓✓ (2x2) (4)

3.4 3.4.1 **Do you agree with this statement? Motivate your answer. (LO2AS5)**

Agree ✓

Motivation:

- Dissatisfaction can lead to low morale. ✓✓

Any other relevant answer on disadvantage of discrimination in the workplace.

OR

Disagree ✓

Motivation:

- Workers may prefer security and high remuneration in comparison to satisfaction/morale. ✓✓

Consider any relevant answer relating to dissatisfaction.

Mark allocation:

Agree/Disagree (1)

Reason (2)

NOTE: If only Agree/Disagree is given without any explanation – No marks.

3.4.2 **What the business can do to avoid discrimination in the workplace. (LO2AS9)**

- Prepare a code of ethics for the company. ✓✓
- Recognition of the collective agreement between the management and labour. ✓✓
- Provide for the training, role play and simulation of various acts of discrimination so that stakeholders are aware of the basic human rights of workers. ✓✓
- Reference must also be made to the Equity Act. ✓✓

Any other relevant answer for resolution. (Any 2x2) (4)

3.5 **Function of workplace forum (LO5AS6)**

- Promoting the interests of all workers (not only trade union members). ✓✓
- Enhancing workplace efficiency. ✓✓
- Consulting with employees. ✓✓
- Taking part in decision-making. ✓✓
- Encouraging worker participation in decision-making. ✓✓

Accept any other relevant answer regarding the function of workplace forum. (Any 3x2) (6)

3.6 DISCUSS ANY THREE WAYS THAT A MANAGER CAN IMPLEMENT TO IMPROVE THE WELL-BEING OF EMPLOYEES IN THE WORKPLACE. (LO3AS10)

- Pay a fair wage/salary ✓✓ e.g. above industrial average. ✓
- Provide fringe benefits ✓✓ e.g. car allowance. ✓
- Provide healthy and safe working environment ✓✓ e.g. air conditioners ✓
- Provide support programmes to employee's ✓✓ e.g. counselling, HIV/Aids education. ✓

Any other acceptable answer on the well-being of employees. (3x3) (9)

3.7 CHARACTERISTICS OF SUCCESSFUL TEAMS:

- Show mutual respect and trust ✓✓
- Support one another ✓✓
- Has a clear task and deadlines ✓✓
- Has the necessary skills ✓✓
- Has a common desire to accomplish its goal ✓✓
- Has the correct team composition ✓✓
- Has clearly defined realistic goals and objects ✓✓
- Respect one another's skills ✓✓

Accept any other relevant answer. (Any 3x2) (6)
[60]

QUESTION 4

4.1 4.1.1 EXPLAIN THE ADVANTAGE OF THE SALARY STRUCTURE "COST TO COMPANY" FOR THE SUCCESSFUL APPLICANT. (LO4AS2)

- The salary amount is earned even if the benefit is not taken. ✓✓
- The employee may use this amount as he/she feels fit provided the legal requirement are adhered to e.g. It comes in handy especially in cases where one partner (husband or wife) has medical aid that covers the entire family. ✓✓

(Any 1x2) (2)

4.1.2 **SUGGEST THREE BENEFITS THAT COULD HAVE BEEN INCLUDED IF A “BASIC PLUS BENEFITS” SALARY STRUCTURE WAS OFFERED.**

(LO4AS2)

- Housing allowance ✓✓
- Company car or transport allowance ✓✓
- Education or study allowance ✓✓
- Meals ✓✓
- Discounts on goods purchased ✓✓
- Loans at reduced interest rates ✓✓
- Clothing or uniform allowance ✓✓
- 13th or bonus cheques ✓✓
- Entertainment allowances or travel allowances ✓✓

Accept any other relevant answer

(Any 3x2) (6)

4.1.3 **MICHAEL FREY’S FRESH MEAT CAN MAKE USE OF INTERNAL OR EXTERNAL RECRUITING WHEN FILLING THE VACANCY. (LO4AS2)**

- Internal recruiting means that Michael Frey’s can notify all employees of a vacancy, they can search all employees files or have recommendations of outsiders by present employees. ✓✓
- External recruiting means that Michael Frey’s can use sources such as this newspaper article, schools, universities, radio, and window display or internet recruitment to find an employee who can fill the vacancy. ✓✓

(4)

4.1.4 **LIST TWO DISADVANTAGES OF INTERNAL RECRUITMENT. (LO4AS2)**

- The business tends to stagnate because staff members often think like their predecessors. There are therefore no new ideas. ✓✓
- Staffs appointed at lower levels do not necessarily have the potential to fill senior management posts. If people with high potential are appointed at the lowest levels, they might not be prepared to wait long for promotion opportunities. ✓✓
- There can be a lot of personal competition among colleagues, to the detriment of cooperation among them. ✓✓

(Any 2x2) (4)

4.2 FUNCTIONS/SERVICES OF JSE (LO2AS6)

- Serves as a link between investors and entrepreneurs √√
- Serves as a barometer of economic conditions. √√
- Encourages small investors to obtain a share in the commerce of a country by buying shares. √√
- Enables financial institutions to invest their surplus funds in shares. √√
- Shares of companies are valued and assessed by experts. √√
- Share prices are published daily – this keeps investors informed about tendencies in the market. √√ (Any 4x2) (8)

4.3 4.3.1 (a)**Conciliation**

- Parties to a dispute bring their dispute to a neutral third party who acts (only) as a go between. √√
- Process aims to bring peace. √√
- Conciliation works where the parties have a fairly good relationship, where neither is extremely defensive nor aggressive, and where conflict has not yet reached a very high level. √√ (Any 2x2) (4)

(b)**Mediation**

- In labour disputes, mediation takes place when an impartial third party is apparent to encourage agreement between a labour union and management by counselling each side and facilitating negotiations. √√
- A mediator can only make recommendation, unlike an arbitrator. √√
- Mediation is effective where both parties are serious about finding a mutually acceptable solution, where a positive settlement range exists, where conflict has escalated because one or both of the parties are inexperienced and have overcommitted themselves, but where the conflict is not yet extreme. √√
- Both parties should also have faith in mediator. √√
- Mediation does not work well where there is a very high level of conflict and where matters of principle are at stake. √√ (Any 2x2) (4)

(c)

Arbitration

- Arbitration involves the appointment of a third party, the arbitrator, who will adjudicate in a dispute between the other parties. The arbitrator will take the role of a decision maker. ✓✓
- The arbitrator listens to and investigates the demands of the employee and employer before making a final settlement. Whatever settlement the arbitrator imposes is binding by both parties. ✓✓

(4)

4.4 EXPLAIN THE STEPS THAT MUST BE FOLLOWED WHEN DEALING WITH GRIEVANCE PROCEDURE. (LO3AS6)

- The aggrieved employee must first bring his/her problem to the attention of his/her supervisor who must try to resolve the issue. ✓✓
- Should the employee not be satisfied with the resolution then he/she may address the problem with the next level of management in consultation with his/her Trade Union. ✓✓
- The employee must complete a Formal Grievance Form for submission to management and the Trade Union. ✓✓
- The management must arrange a meeting with the employee, the trade union and itself to resolve the grievance. ✓✓
- This meeting must be attended by the employee, his/her supervisor, the trade union representative and management. ✓✓
- Minutes of the meeting must be recorded and any resolutions passed must be recorded on the formal grievance form. ✓✓
- Should the employee not be satisfied then he/she should refer the matter to the highest level of management. ✓✓
- Top management meeting arranged with all parties concerned. ✓✓
- Minutes of the meeting must be filed and decisions recorded on the formal Grievance Form. ✓✓
- Should the employee be not satisfied, he/she may refer the matter to the CCMA who will make a final decision on the matter. ✓✓

Accept any other relevant grievance procedure.

(Any 6x2) (12)

4.5 DISCUSS THE PURPOSE OF LABOUR RELATIONS ACT (LO4AS2)

- Make provision for collective bargaining✓✓
- Make provision for settling of labour dispute✓✓
- Make provision for trade unions and discussing the roles and rights of trade unions. ✓✓
- Regulate the right to strike and the recourse to lock-out✓✓
- Promote employee participation and decision making✓✓
- Provide simple procedures for the resolution of labour disputes through CCMA✓✓
- Provide a simplified procedure for the registration of trade unions. ✓✓
- Establish the labour court and labour appeal court as superior courts. ✓✓

Accept any other relevant answer.

(Any 6x2) (12)
[60]

TOTAL SECTION B: 180

SECTION C:**QUESTION 5 LO1AS4****5.1 Introduction**

- The Skills Development Act was especially promulgated to develop the skills of the South African labour force. ✓
- Previously disadvantaged people may find job opportunities easily through the skills development programme. ✓
- This Act contributes to the economic growth of South Africa. ✓

Any other relevant introduction related to the Skills Development Act.

(3x1) (3)

5.2 Purpose of the Act

- This Act develops the skills of the South African workforce. ✓✓
- To improve productivity in the work place. ✓✓
- To improve the quality of education and training in the workplace. ✓✓
- To help people who are unemployed to find a job. ✓✓
- To help workers to participate in learnerships. ✓✓
- To promote self-employment ✓✓

Accept any other relevant answer related to the purpose of the Act. (5x2) (10)

5.3 Funding of the Act

- Those employers, who qualify, must make regular payments to the fund. ✓✓
- Employers, who qualify, must pay a skills development levy of 1% of the employee's monthly remuneration. ✓✓
- The levies paid to SARS are placed in a special fund. ✓✓

Any other relevant answer to the funding of the Act. (3x2) (6)

5.4 Use of skills levy

- 80% of the levies paid by qualifying employers are distributed to the relevant SETAs. ✓✓
- 20% of the levies are paid into the National Skills Fund. ✓✓

Accept any other relevant answer related to the use of skills levy (2x2) (4)

5.5 Role of SETAs

- SETA's main role is the implementation of learnership programmes. ✓✓
- They are also responsible for the implementation of Skills Programmes. ✓✓
- They provide learnerships which include practical work experience. ✓✓
- They assist in the development of training material. ✓✓
- Communicating with the National Skills Authority. ✓✓

Accept any other relevant answer related to the role of SETAs (5x2) (10)

5.6 **Yes** ✓✓ (2)

Motivation/Success

- Many unskilled labourers are registered at institutions that provide learnerships/training for their particular skills. ✓✓
- Companies identify employees who need further skills training and send them to these institutions for further training. ✓✓

Accept any other relevant motivation. (Any 1x2) (2)

OR

No ✓✓ (2)

Motivation/Failure

- There are problems with the establishment of the relevant training centres at appropriate venues throughout the country. ✓✓
- Labourers cannot access the relevant SETAs very easily. ✓✓

Accept any other relevant motivation (4)

NOTE: Award zero marks for yes/no without explanation/motivation

5.7 **Conclusion**

- This Act plays an important role in redressing the imbalances of the past regarding the skills development of disadvantaged people. ✓✓
- This Act provides for skills development of unemployed and unskilled labour. ✓✓

Accept any other relevant conclusion related to skills development. (1x2) (2)

Breakdown of mark allocation

Breakdown of mark allocation				
DETAILS	Max	Reduced to	Subtotal	Total
Introduction			3	Max 32
Purpose of the Act	10	27		
Funding	06			
Use of skills levy	04			
Role of SETAS	10			
Motivation	04			
Conclusion			2	
INSIGHT				8
Layout			2	
Analysis, Interpretation			2	
Synthesis			2	
Originality, Examples			2	
TOTAL MARKS				40

- LASO-For each component
Allocate 2 marks if all requirements are met.
Allocate 1 mark if only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

QUESTION 6 LO2AS4**6.1 INTRODUCTION**

- Investors have a range of investment opportunities to choose from. ✓
- They measure these investment opportunities against criteria for good investment. ✓
- Investors set financial goals and consider different factors when making these decisions. ✓ (3x1) (3)

6.2 INVESTMENT FACTORS TO BE CONSIDERED**Return on Investment (ROI) ✓✓**

- Generally there will be a direct link between risk and return. ✓✓
The higher the potential return, the higher the risk of a potential loss.
- The return should be expressed as net after-tax return. ✓✓
- The net after tax return should be higher than the inflation rate at the time. ✓✓

Accept any other relevant introduction (3)

Risk ✓✓

- A good investment will be at low risk. ✓✓
- An investment with a high rate of return will usually have a greater degree of risk. ✓✓ (4)

Liquidity ✓✓

- A certain amount of capital should be invested in a type of investment that can easily be converted to cash. ✓✓
- The term liquidity is used to describe the ease and speed with which you can convert an investment. ✓✓ (4)

Taxation ✓✓

- A good investment will yield good after-tax returns. ✓✓
- South Africa has a high interest rate. ✓✓
- Income tax implications must be considered in order to get to a net after-tax rate of return. (4)

Inflation rate ✓✓

- Inflation refers to a decrease in the value of money and rising prices. ✓✓
- People with a fixed income are highly affected by a high inflation rate because if prices increase they can buy less with their money. ✓✓
- Their buying power decreases. ✓✓
- Income from an investment should be higher than the inflation rate. ✓✓
- Inflation has a positive effect on some investments such as property and shares where the income will increase as the inflation increases. ✓✓ (4)

Term of investment ✓✓

- Investment can be for a short, medium or long term. ✓✓
- Other forms of investment e.g. shares, can be sold at any time. ✓✓

Accept any other relevant answer

(Max 16)

6.3 FORMS OF INVESTMENT

Unit trusts ✓✓

- It is package made up of shares in different companies and can be bought directly from the unit trust company. ✓✓
- **Risk factor**-a stock exchange crash will have a negative impact on the value of the units. ✓

Endowment policies ✓✓

- This is where companies invest investor's money in large projects such as buildings. ✓✓
- **Risk factor**-a forecast is made, which is not always accurate and high unrealistic expectations of the investors are created. On maturity date, the investor could receive less than the original capital. ✓

Fixed deposit ✓✓

- This is a very conservative method of investment-it is based on a fixed rate but is also more secure. ✓✓
- **Risk factor**-is low compared to what the investor was promised he will receive. ✓

32-day notice account ✓✓

- Your money is invested at a fixed rate, although you may withdraw it at any time provided you give bank 32 day notice. ✓✓
- **Risk factor**- low because interest rate or rate of return is low. ✓

Bonds ✓✓

- The investor's money is used to finance the purchasing of buildings and the rate of return is normally above average. ✓✓
- **Risk factor** - is low ✓
- Can be high as some buildings are overvalued and do not generate the required income when resold. ✓

Property investment ✓✓

- Property can keep up with inflation and can be a very effective way of gearing your investment. ✓✓
- By using external financing, investors can increase their return on investment. ✓✓
- Mortgage bond can help investors to acquire an asset which they would not otherwise be able to afford. ✓✓
- **Risk factor** - is low ✓
- Can be moderate to high as much depends on the location of the property and the political and economic environment. ✓

Retirement Annuities (RAs) √√

- Investment in which an individual pays a monthly premium over a long period of time before retirement. √√
- The money is invested on behalf of the individual. √√
- On retirement the money is paid out to the investor, to provide for his/her retirement. √√
- **Risk factor** low risk – funds are protected from creditors. √

Off Shore investments √√

- Offshore investment is the keeping of money in a jurisdiction other than one's country of residence. √√
- Offshore jurisdictions are commonly accepted solution to reducing tax. √√
- They also allow legitimate investors to take advantage of higher rates of return or lower rates of tax on that return. √√
- **Risk factor** is low, medium or high risk - influenced by the economic performance of the country that has been invested in. √

Accept any other relevant answer

(5x4) (20)

6.4 CONCLUSION

- Investment can be low, medium or high risk. √√
- Money can be invested on behalf of an individual by an asset management company. √√

Breakdown of mark allocation

DETAILS	Max	Reduced to	Subtotal	Total
Introduction			3	Max 32
Investment factors	16	27		
Forms of investment	20			
Conclusion			2	
INSIGHT				8
Layout			2	
Analysis, Interpretation			2	
Synthesis			2	
Originality, Examples			2	
TOTAL MARKS				40

- LASO-For each component
Allocate 2 marks if all requirements are met.
Allocate 1 mark if only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

QUESTION 7 LO3AS3**7.1 INTRODUCTION**

- Enterprises realise that they cannot exist in isolation, but interact with the various environments. ✓
- Many institutions in South Africa have their own code of conduct and a commitment to ethical and professional behaviour. ✓
- Codes of practice have been developed to ensure that these issues are being addressed. ✓ (3x1) (3)

7.2 Description of concepts:**7.2.1 Ethics**

- Ethics refers to a set of values that are morally acceptable in society which define right, good and fair actions. ✓✓
- Business ethics refers to rules and principles which influence the best business practice. ✓✓
- Businesses develop their own code of ethics for best practice. ✓✓

Accept any relevant description of the concept of ethics.

(Any 2x2) (4)

Professional behaviour

- This is a set of standards of expected practices e.g. treating people with respect. ✓✓
- Specific occupational practices have developed their own code of professionalism. ✓✓

Accept any relevant description of the concept of professional behaviour.

(2x2) (4)

7.3 Issues that pose challenges to the business environment:**7.3.1 Taxation ✓✓**

- The government needs revenue from taxation to provide essential services such as housing, education, infrastructure development and medical care. ✓✓
- Professional behaviour for businesses in this regard would be for businesses not to evade tax by falsifying financial records. ✓✓
- Company tax, VAT and personal income tax are some of the main sources of income for the government. ✓✓
- Tax evasion is illegal in South Africa and is regarded as a crime punishable with a fine or even a prison sentence. ✓✓
- The SARS oversees the collection of tax. ✓✓

Comment

- Recently tax collection in South Africa has exceeded budget expectations. ✓✓
- This has been streamlined with the introduction of the SAP system. ✓✓

Accept any other answer relating to the issue and its application.

Heading (2)

Facts 2x2 (4)

Comment 1x2 (2)

Max (8)

7.3.2 **Sexual harassment** ✓✓

- This is any sexual advance, gesture or remark that causes a person to feel intimidated and threatened. ✓✓
- Sexual harassment is prohibited by labour legislation and companies must educate their employees on this issue. ✓✓
- Sexual harassment is a basic violation of human rights which usually happens when someone has power over another person and abuses his/her position. ✓✓
- Sexual harassment occurs when a superior offers a promotion or a raise in salary in return for sexual favours from the subordinate. ✓✓
- The affected party is usually afraid to report it because of victimisation. ✓✓

Comment

- Increase in the number of sexual violations and the courts are addressing these issues. ✓✓

Accept any other answer relating to the issues and application.

Heading (2)

Facts 2x2 (4)

Comment 1x2 (2)

Max (8)

7.3.3 **Pricing of goods in rural areas** ✓✓

- It is good business and professional behaviour to have the same price for goods in urban and rural areas. ✓✓
- Big businesses are reluctant to open outlets in rural areas because of poor returns on their investment. ✓✓
- It is common practice for people in rural areas to pay higher prices for goods which in most cases are of inferior quality. ✓✓
- Prices of goods in these areas are generally based on the personal characteristics of the consumers. ✓✓

Comment

- Government is focusing on infrastructure development in rural areas. ✓✓
- This includes shopping centres. ✓✓

Accept any other answer relating to the issue and application.

Heading	(2)
Facts 2x2	(4)
Comment 1x2	(2)
Max	(8)

7.3.4 **Unfair advertising** ✓✓

- The advertising Standard Authority (ASA) regulates advertising and protects the interests of the public. ✓✓
- Advertisements should be honest and should not abuse consumer' trust or lack of knowledge. ✓✓
- Some businesses use misleading advertising to consumers so that they can get more value for their money by getting support for their products. ✓✓
- Consumers are encouraged to lodge written complaints to the ASA regarding unethical advertising practices. ✓✓
- Examples of unethical practice: advertising second-hand goods as new. ✓✓

Comment

- The ASA are the watchdog and several advertisements have been withdrawn. ✓✓

Accept any other answer relating to the issue and application.

Heading	(2)
Facts 2x2	(4)
Comment 1x2	(2)
Max	(8)

7.3.5 **Unauthorised use of funds** ✓✓

- Fraud is the theft or misuse of money that belongs to the employer. ✓✓
- Fraud increases the cost of doing business, affects competition and discourages investors by adjusting prices upwards to absorb the losses. ✓✓
- Business must conduct educational work amongst employees about the impact of fraud and understand that fraud prevention is a collective responsibility. ✓✓
- Systems must be in place to reduce fraud, for e.g. by internal audit and risk management. ✓✓
- People who are entrusted with the collection of large amounts of money have misappropriated money for personal gain. ✓✓

Comment:

- Fraud cases have been highlighted in the media. ✓✓
- Several cases have been heard in court regarding fraud. ✓✓

Accept any other answer relating to the issue and application.

Heading	(2)
Facts 2x2	(4)
Comment 1x2	(2)
Max	(8)

7.3.6 **Abuse of working time** ✓✓

- Many businesses are faced with the dilemma where employees are using working time for their personal activities. ✓✓
- The business must have a policy in place for employees on the abuse of work time e.g. making personal calls, sending personal e-mails and browsing through websites, unrelated to their work duties during work time. ✓✓
- Businesses must implement time monitoring systems and time recording procedures. ✓✓
- There should be some flexibility when dealing with workers who are conscientious, work long hours, and miss official work breaks when there is urgent work to be done. ✓✓

Comments:

- Many of these issues have been addressed through grievance procedures. ✓✓

Accept any other relating to the issue and application.

Heading	(2)
Facts 2x2	(4)
Comment 1x2	(2)
Max	(8)

7.4 **Conclusion:**

- Policies and legislation which have been implemented must be continually monitored and improved to lead to a successful business. ✓✓
- Profitability is regularly affected by each of the above issues. ✓✓

Accept any appropriate conclusion

Breakdown of mark allocation

Breakdown of mark allocation			
DETAILS	Max	Subtotal	Total
Introduction		3	Max 32
Description of ethics	4	27	
Description of professional behaviour	4		
Issues that pose challenges to the business environment: Any 4 issues x 8	32		
Conclusion		2	
INSIGHT			8
Layout		2	
Analysis, Interpretation		2	
Synthesis		2	
Originality, Examples		2	
TOTAL MARKS			40

- LASO- For each component
Allocate 2 marks if all requirements are met.
Allocate 1 mark only if some of the requirements are met
Allocate 0 marks where requirements are not met at all.

QUESTION 8 LO4AS2**8.1 INTRODUCTION**

- Trade unions are established by employees with the aim of regulating conflict in the workplace. ✓
- Workers have more power when they stand together. ✓
- Workers use trade unions as a tool for collective bargaining and negotiating better working conditions. ✓
- Today most employees belong to trade unions. ✓

Accept any other relevant introduction.

(Any 3x1) (3)

8.2 ROLES OF TRADE UNIONS

- Monitor the fair treatment of workers at the workplace. ✓✓
- Improve social security of workers. ✓✓
- Resolve employee grievances and disputes. ✓✓
- Negotiate for better working conditions and terms of employment. ✓✓
- Exercise greater control over the management of working relationships. ✓✓
- Prevent the retrenchment of workers. ✓✓
- Take part in decision-making processes. ✓✓
- Ensure that workers share in the profits of the business in the form of salary increases and bonuses. ✓✓
- Strengthening union power by increasing membership. ✓✓

Accept any other relevant answer.

(Any 5x2) (10)

8.3 FUNCTIONS OF TRADE UNIONS

- Ensure that there is gender equity in the workforce. ✓✓
- Participate in collective bargaining. ✓✓
- To promote support and unite trade unions. ✓✓
- Instituting and improving pension schemes. ✓✓
- Ensure that racism and sexism is not practised in the workplace. ✓✓
- Ensure that democratic principles are applied in the workplace. ✓✓
- Maintenance and promotion of the interests of its members. ✓✓
- Improve the material benefits of members. ✓✓
- Negotiate with employers on behalf of its members. ✓✓
- Bargain for wage increases ✓✓

Accept any other relevant functions of trade unions.

(Any 5x2) (10)

NOTE: If roles and functions are discussed together mark to the maximum of 20 marks.

8.4 HOW TRADE UNIONS PROMOTE GOOD LABOUR PRACTICE

- Trade unions have strong influence on the government's economic and social policies. ✓✓
- They have a decisive influence on the political issues relating to the country. ✓✓
- They always bring key issues to the notice of the government such as poverty, HIV/Aids, unemployment. ✓✓
- Trade unions and government have also debated the issue of privatisation and trade barriers. ✓✓
- They operate within the framework of Labour Relations Act which prescribes procedures regarding their registration. ✓✓
- They lobby government on petrol and food prices. ✓✓

Accept any other relevant answer.

(Any 5x2) (10)

8.5 CONCLUSION

- Trade unions play an effective role in the well-being of employees. ✓✓
- Membership of a trade union is vital for all employees in order to be protected in terms of human rights, inclusivity and fair labour practice. ✓✓

Accept any other relevant conclusion.

(Any 1x2) (2)

Breakdown of mark allocation

Breakdown of mark allocation			
DETAILS	Max	Subtotal	Total
Introduction		3	Max 32
Roles of trade unions	10	27	
Functions of trade unions	10		
Trade unions promoting good labour practise	10		
Conclusion		2	
INSIGHT			8
Layout		2	
Analysis, Interpretation		2	
Synthesis		2	
Originality, Examples		2	
TOTAL MARKS			40

- LASO-For each component
Allocate 2 marks if all requirements are met.
Allocate 1 mark if only some of the requirements are met.
Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 80**GRAND TOTAL: 300**