



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

FINAL

**PROVINCIAL STANDARDISED
ASSESSMENT**

GRADE 12

**BUSINESS STUDIES P1
PREPARATORY EXAMINATION
MARKING GUIDELINES
SEPTEMBER 2026**

MARKS: 150

This marking guideline consist of 26 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:

Educator:	Red
Departmental Head:	Green
Cluster Co-ordinator:	Brown
District:	Orange
Province:	Pink
DBE Moderator:	Turquoise

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.

3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:

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

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

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

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

Cognitive verbs, such as:

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

14. SECTION B

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

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

- 14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.
- 14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

14.4 Use of the cognitive verbs and allocation of marks:

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

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

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

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

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

15. SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	2
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')	2
Synthesis S	Are there relevant decisions/facts/responses made based on the questions? Option 1 :Only relevant facts: 2 marks (No '-S') Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis Option 2 : Some relevant facts: 1 mark (One '-S') Where a candidate answers less than 50% (only one sub-questions) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum ONE(1) mark for synthesis. Option 3 : Some relevant facts: 1 mark (One '-S') Where a candidate answers FOUR sub-questions, but one/two/three subquestion with no relevant facts: one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4 :No relevant facts : 0 marks (Two '-S') Where a candidate answers less than 50% (only one sub-question) of the question with no Relevant facts; two '-S' appear in the left margin Award a ZERO mark for synthesis	
Originality	Is there evidence of examples based on recent information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32):		40

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

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

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

- 15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)
- 15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.
- 15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy ✓, where businesses aim to introduce new products into existing markets.'✓
- This will be informed by the nature and context of the question, as well as the cognitive verb used.
- 15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

SECTION A

QUESTION 1

- 1.1
 - 1.1.1 C✓✓
 - 1.1.2 B✓✓
 - 1.1.3 A✓✓
 - 1.1.4 D✓✓
 - 1.1.5 B✓✓

(5 x 2) (10)

- 1.2
 - 1.2.1 Employment Equity✓✓
 - 1.2.2 National Skills Development Strategy✓✓
 - 1.2.3 weakness✓✓
 - 1.2.4 job description✓✓
 - 1.2.5 public relations function✓✓

(5 x 2) (10)

- 1.3
 - 1.3.1 G✓✓
 - 1.3.2 D✓✓
 - 1.3.3 J✓✓
 - 1.3.4 B✓✓
 - 1.3.5 H✓✓

(5 x 2) (10)

TOTAL SECTION A: 30

BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

SECTION B**Mark the FIRST TWO QUESTIONS only.****QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Provisions for BCEA**

- Regulation of working time✓
- Leave ✓
- Particulars of employment and remuneration✓
- Termination of employment✓
- Prohibition of employment of children and forced labour✓

NOTE: Mark the first FOUR (4) only.**(4x1) (4)****2.2 Strategic management process****Option 1**

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

OR**Option 2**

- Review/Analyse/Re-examine✓ their vision/mission statement. ✓
- Conduct an environmental analysis✓ using models such as SWOT/PESTLE/Porters Five Forces. ✓
- Formulate a strategy✓ such as a defensive/retrenchment strategy. ✓
- Implement a strategy, ✓ using a template such as an action plan. ✓
- Control/Evaluate/Monitor the implemented strategy✓ to identify gaps/deviations in implementation. ✓
- Take corrective action✓ to ensure goals/objectives are met.✓
- Any other relevant answer related to strategic management process

NOTE: Accept steps in any order.**Max (6)****2.3 Types of defensive strategies**

- 2.3.1 Retrenchment✓✓ (2)
- 2.3.2 Liquidation✓✓ (2)
- 2.3.3 Divestiture✓✓ (2)
- 2.3.4

2.4 Funding of SETAs

- Donations/Grants✓ received from the public/businesses/CSI programmes. ✓
- Surplus funds✓ from government institutions. ✓
- Funds received ✓from rendering their services✓
- Skills Development levies are paid by employers to SARS✓ as a collecting agency for the government. ✓
- Employers who have a salary bill that exceeds R500 000 per annum, ✓ should pay one percent (1%) of their annual salaries as a levy. ✓
- The different SETAs receive 80% of the levy for organisational expenses✓ and the remaining 20% is paid to the National Skills Fund. ✓
- Any other relevant answer related to funding of SETAs

Max (4)**2.5 Consumer Protection Act****2.5.1 Identification of consumer rights as stipulated in the Consumer Protection Act from the scenario**

- Right to choose✓✓ **(2)**
- Right to equality in the consumer market place✓✓ **(2)**

2.5.2 Penalties for non-compliance with CPA

- A contract may be rendered void✓ or a fine/term of direct imprisonment may be imposed. ✓
- Businesses may face fines or imprisonment✓ for a period not exceeding 10 years. ✓
- Government agencies may conduct audits, enact fines✓ or even dissolve your business entirely. ✓
- Businesses will be forced to compensate consumers✓ in line with the extent to which their rights have been violated. ✓
- Any other relevant answer related to penalties for non-compliance with CPA.

Max (4)**2.6 Ways in which businesses can comply with COIDA**

- Report all incidents causing death/injury/illness✓ of employees. ✓
- Levies must be paid✓ to the Compensation Fund. ✓
- Businesses should provide a healthy/safe✓ working environment. ✓
- Keep records of employees' income✓ and details of work for four years. ✓
- Ensure that the premises/equipment/machinery✓ is in good working condition. ✓
- Register with the Compensation Commissioner✓ and provide the particulars of the business. ✓
- Submit returns of earnings✓ by no later than 1 March annually. ✓
- Allow regular assessment of the workplace by inspectors✓ in order to determine the level of risk their employees are exposed to. ✓
- Employers may not make deductions for COIDA✓ from employees' remuneration packages. ✓
- Businesses must ensure that claims are lodged✓ within twelve months of the date of the accident. ✓
- Any other relevant answer related to ways in which businesses can comply with COIDA

Max (4)

2.7 Application of Porters Five Forces

2.7.1 Competitive rivalry/Power of competitors

- If competitors have a unique product/service, then they will have greater power. ✓✓
- A business with many competitors in the same market has very little power in their market. ✓✓
- Draw up a competitor's profile so that they can determine their own strength as well as that of competitors. ✓✓
- Some businesses have necessary resources to start price wars and continue selling at a loss until some/all competitors leave the market. ✓✓
- Any other relevant answer related to competitive rivalry/Power of competitors as a force in Porters Five Forces

Sub max (4)

2.7.2 Threat of substitution/substitutes

- Business's product can be easily substituted, weakens the power of the business in the market. ✓✓
- Establish whether the sellers of substitute products have improved their product/sell lower quality goods at lower prices. ✓✓
- If the business sells unique products, it will not be threatened by substitute products. ✓✓
- Assess if customers are using substitute products/services and determine reasons for using substitutes. ✓✓
- Any other relevant answer related to threat of substitution as force in Porters Five Forces

Sub max (4)

Max (8)

[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2	6
2.3	6
2.4	4
2.5.1	4
2.5.2	4
2.6	4
2.7.1	4
2.7.2	4
Total	40

QUESTION 3: BUSINESS OPERATIONS**3.1 Aspects to be included in an induction programme**

- Tour of premises. ✓
- Overview of the business. ✓
- Introduction to key people and immediate colleagues. ✓
- Safety regulations and rules. ✓
- Discussion of employee benefits. ✓
- Discussion of employment contract and conditions of service. ✓
- Information about the business products/services. ✓
- Meeting with senior management who will explain the company's vision/value descriptions/daily tasks. ✓
- Conditions of employment, such as working hours/leave application process/disciplinary procedures. ✓
- Administration details on systems/processes/logistics. ✓
- Discussion of personnel policies, such as making private phone calls/using the internet. ✓
- Corporate social responsibility programmes. ✓

NOTE: Mark the first THREE (3) only

(3x1) (3)

3.2 Legal requirements of an employment contract

- The employer and employee must both sign the contract. ✓✓
- Employer and employee must agree to any changes to the contract. ✓✓
- No party may unilaterally change aspects of the employment contract. ✓✓
- The remuneration package/including benefits must be clearly indicated. ✓✓
- It may not contain any requirements that are in conflict with the BCEA. ✓✓
- The employment contract should include a code of conduct and code of ethics. ✓✓
- Aspects of the employment contract can be renegotiated during the course of employment. ✓✓
- The employer must explain the terms and conditions of the employment contract to the employee. ✓✓
- Conditions of employment/duties/responsibilities of the employees must be stipulated clearly. ✓✓
- All business policies, procedures and disciplinary codes/rules can form part of the employment contract. ✓✓
- The employer must allow the employee to thoroughly read through the contract before it is signed. ✓✓
- Any other relevant answer related to legal requirements of an employment contract.

Max (4)

3.3 Types of recruitment**3.3.1 Type of recruitment from the scenario.**

- External recruitment✓✓

(2)**Motivation**

- KD recruited suitable candidates from training institutions and recruitment agencies. ✓

(1)

- Note:1. Award marks for type of recruitment even if the quote is incomplete**
2. Do not award marks for motivation if the type of recruitment is incorrectly identified

Max (3)**3.3.2 Role of interviewer before the interview**

- Book and prepare the venue✓ for the interview. ✓
- Inform all shortlisted candidates✓ about the date and place of the interview. ✓
- Set the interview date ✓and ensure that all interviews take place on the same date, if possible. ✓
- Notify all panel members conducting the interview✓ about the date and place of the interview. ✓
- The interviewer should develop a core set of questions✓ based on the skills/knowledge/ ability required. ✓
- Check/read the application/verify the CV of every candidate✓ for anything that may need to be explained. ✓
- Plan the programme for the interview✓ and determine the time that should be allocated to each candidate. ✓
- Allocate the same amount of time to interview each candidate✓ on the programme. ✓
- Any other relevant answer related to role of interviewer before the interview.

Max (4)**3.4 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

Salary determination method: 2

Explanation: 1

Sub max: 3

Time-related✓✓

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

Salary determination method: 2

Explanation: 1

Sub max: 3

Max (6)

3.5 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.✓
- Investors might withdraw investment,✓ if there is a decline in profits.✓
- Decline in sales✓as more goods are returned by customers. ✓
- 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.✓
- High staff turnover, ✓ because of poor skills development.✓
- Undocumented/Uncontrolled quality control systems/processes could result in errors/deviations✓ from present quality standards.✓
- Any other relevant answer related to the other impact of TQM if poorly implemented.

Max (4)**3.6 Benefits/ Advantages of good quality management systems****3.6.1 Benefits/ Advantages of good quality management systems quoted from the scenario**

- MC rendered effective customer services which resulted in increased customer services. ✓
- Time and resources are used efficiently. ✓

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

(2x1) (2)**3.6.2 Other benefits of good quality management systems**

- Vision/Mission/Business goals may be achieved. ✓✓
- A business has a competitive advantage over its competitors. ✓✓
- Productivity increases through proper time management/using high quality resources✓✓
- Products/Services are constantly improved resulting in increased levels of customer satisfaction. ✓✓
- Regular training will continuously improve the quality of employees' skills/knowledge/competencies. ✓✓
- Employers and employees will have a healthy working relationship resulting in happy/productive workers/improved employee morale/productivity. ✓✓
- Increased market share/More customers improve profitability/financial sustainability. ✓✓
- Improves business image as there are less defects/returns. ✓✓
- Any other relevant answer related to benefits/advantages of a good quality management system

NOTE: Do not award marks for responses that are quoted from the scenario in QUESTION 3.6.1

Max (4)

3.7 Impact of adequate financing and capacity on large businesses**Positives/ Advantages**

- Large businesses have sufficient financing✓ to test everything before implementing. ✓
- They can afford to have systems in place✓ to prevent errors in processes/defects in raw materials/products. ✓
- Able to afford product research/market researchers✓ to gather information. ✓
- Can afford to purchase✓ quality raw materials and equipment. ✓
- Any other relevant answer related to positive impact of adequate financing and capacity on large businesses.

AND/OR**Negatives/ Disadvantages**

- If the demand for company's product increases, orders begin coming in faster than expected, ✓ and the company lacks the capital required to fund the production of the stock to fill the orders. ✓
- These rapidly growing companies can consume large amounts of capital ✓ as they try to balance normal operations and expansion. ✓
- Any other relevant answer related to negative impact of adequate financing and capacity on large businesses.

Max (6)**3.8 Contribution of general management function to business success**

- 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 contribution of general management function to business success.

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

QUESTION 3	MARKS
3.1	3
3.2	4
3.3.1	3
3.3.2	4
3.4	6
3.5.	4
3.6.1	2
3.6.2	4
3.7	6
3.8	4
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENT****4.1 BBBEE Pillars**

- Management control✓
- Ownership✓
- Skills development
- Enterprise and Supplier Development/ESD✓
- Socio-economic development/social responsibility✓

NOTE: Mark the first FOUR only

(1x4) (4)

4.2 Types of integration strategies**Forward vertical integration✓✓**

- A business combines with or takes over its distributors down the supply chain/production chain✓/The business merges with businesses that were once their customers, while still maintaining control of the initial/primary business activity. ✓
- Involves expansion of business activities to gain control over the direct distribution of the products/services. ✓
- The business takes over the distribution system and sells products/services directly to consumers/customers. ✓
- Increases profitability as the intermediary/distributor/middleman is excluded/eliminated. ✓
- Any other relevant answer related to forward vertical integration strategy.

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

Backward vertical integration✓✓

- The business combines with/merges/takes over its suppliers up the supply chain/production chain✓/The business expands its role to fulfil activities/tasks✓ that were formerly/previously completed by suppliers. ✓
- Aims at decreasing the business's dependency on the supplier. ✓
- Enables businesses to cut costs and have influence over the prices/quality/ quantity of raw materials. ✓
- Any other relevant answer related to backward vertical integration strategy.

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

Horizontal integration✓✓

- A business takes control of/incorporates other businesses in the same industry/which produce/sell the same/similar goods/services. ✓ /It is the acquisition /takeover of a related business that operates at the same level of supply chain in the industry. ✓
- The aim is to reduce the threat of competition/substitute products/services. ✓
- Increases the market share/sales/profits and enhance production/distribution. ✓
- Suitable for businesses that operate in multiple geographical areas through joint ventures/licencing/franchising. ✓
- Any other relevant answer related to horizontal integration strategy.

Strategy: (2)
Explanation: (1)
Sub max: (3)
Max (6)

NOTE: Mark the first TWO (2) only

4.3 Challenges, business environments and their extent of control

CHALLENGES 4.3.1	BUSINESS ENVIRONMENTS 4.3.2	EXTENT OF CONTROL 4.3.3
TV employees embarked on a strike due to unsuccessful salary negotiations.✓	Micro environment✓	Full control✓
Recent flooding has caused extensive damage to crops at TV. ✓	Macro environment✓	No control✓
The business lost many customers to Gugu Fruit and Veg who offers similar products at lower prices. ✓	Market environment✓	Partial/ some/ limited/ less control✓
Sub max (2)	Sub max (2)	Sub max (2)

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

4.4 Ways in which businesses could apply Enterprise and Supplier Development in the workplace

- Business must create jobs as ESD promotes local manufacturing. ✓✓
- Identify black owned suppliers that are able to supply goods and services. ✓✓
- Outsource services to suppliers that are BBBEE compliant. ✓✓
- Businesses are encouraged to invest/support black owned SMMEs. ✓✓
- Develop the business skills of small/black owned suppliers, e.g. sales techniques, legal advice, etc. ✓✓
- Support the cash flow of small suppliers by offering them preferential terms of payment. ✓✓
- Businesses should invest in/support black owned SMMEs. ✓✓
- SMMEs will be encouraged to use their own business initiatives to make them sustainable. ✓✓
- Develop and implement a supplier development plan/supply chain. ✓✓
- Invest in/Support black owned SMMEs by contributing loans/donations/consulting services/advice/entrepreneurial programmes. ✓✓
- Any other relevant answer related to the ways in which businesses could apply Enterprise and Supplier Development/ESD in the workplace.

Max (4)

BUSINESS OPERATIONS

4.5 Examples of fringe benefits

- Medical Aid Fund/Health Insurance Fund✓
- Provident Fund✓
- Pension Fund✓
- Funeral benefits✓
- Car/travel/Housing/Cellphone/Clothing allowance✓
- Performance based incentives✓
- Issuing of bonus shares✓
- Staff discounts/free/low-cost meal/canteen facilities✓

NOTE: Mark the first FOUR only

(4x1) (4)

4.6 Reasons for termination of an employment contract

- The employer may dismiss an employee✓ for a valid reason(s) such as unsatisfactory job/performance/misconduct. ✓
- Employer may no longer have work✓ for redundant employee/ cannot fulfil the contract restructuring. ✓
- The employer may retrench some employees✓ due to insolvency/may not be able to pay the employee. ✓
- Employees may decide to leave/resign voluntarily✓ for better job opportunities. ✓
- An employee may have reached the pre-determined age✓ for retirement. ✓
- Incapacity of an employee to work✓ due to illness/injuries. ✓
- By mutual agreement ✓between employer and employee. ✓
- The duration of the employment contract✓ expires/come to an end. ✓
- Any other relevant answer related to the reasons for termination of an employment contract.

Max (6)

4.7 Business functions quoted from the scenario

BUSINESS FUNCTIONS	MOTIVATIONS
1. Financial function✓✓	ME is generating adequate returns for shareholders✓
2. Administration function✓✓	The business also keeps accurate records for quick decision making by management✓
Sub max 4	Sub max 2

- NOTE:**
1. **Mark the first TWO (2) only.**
 2. **Award marks for the business functions even if the motivations were incomplete.**
 3. **Do not award marks for motivations if the business functions were incorrectly identified.**
 4. **Accept response in any order.**

Max (6)**4.8 Application of *act* as a step of PDCA model in improving the quality of products**

- Institutionalise the improvement to meet the needs of the business. ✓✓
- Devise strategies on how to continually improve operational procedures. ✓✓
- If the change was successful, implement it on a wider scale. ✓✓
- The business should continuously revise the process to identify and improve on short comings/until they get it right. ✓✓
- Any other relevant answer related to application of *act* as a step of PDCA model in improving the quality of products

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

QUESTION 4	MARKS
4.1.	4
4.2.	6
4.3.1	2
4.3.2	2
4.3.3	2
4.4	4
4.5	4
4.6	6
4.7.	6
4.8	4
TOTAL	40

TOTAL SECTION B: 80

SECTION C**Mark the FIRST question only.****QUESTION 5****5.1 Introduction**

- Intensive strategies focus on ensuring that there is growth in the business sales. ✓
- Diversification strategies enable businesses to improve efficiency and effectiveness. ✓
- Strategy evaluation is the process of assessing whether the plan is achieving its intended goals. ✓
- Businesses must find ways to address challenges emanating from technological and legal pestle factors. ✓
- Any other relevant introduction related to the advantages of intensive strategies/ types of diversification strategies/steps in strategy evaluation/ways to deal with technological and legal factors as pestle factors.

(2 x 1) (2)**5.2 Advantages of intensive strategies**

- Increase in sales/income and profitability due to a variety of advertising campaigns. ✓✓
- Regular sales to existing customers may increase. ✓✓
- Gain customer loyalty through effective promotion campaigns. ✓✓
- Improved service delivery may positively impact/increase sales. ✓✓
- Eliminate competitors and dominate market prices. ✓✓
- Decrease in price could influence customers to buy more products. ✓✓
- Enables the business to focus on markets/well researched quality products that satisfy the needs of consumers. ✓✓
- Increased market share reduces the business's vulnerability to actions of competitors. ✓✓
- Any other relevant answer related to advantages of intensive strategies.

Max (12)**5.3 Diversification strategies****5.3.1 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 type of diversification strategy

Strategy: (2)

Explanation: (2)

Sub max: (4)

5.3.2 Horizontal diversification✓✓

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

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

5.3.3 Conglomerate diversification ✓✓

- The business adds new products or services that are unrelated to existing products✓ which may appeal to new groups of customers. ✓
- Conglomerate diversification means that a business grows✓ into new products, services and markets. ✓

Any other relevant answer related to conglomerate diversification as a type of diversification strategy

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

Max (12)

5.4 Steps in evaluating a strategy

- Examine the underlying basis✓ of a business strategy.✓
- Look forward and backwards✓ into the implementation process.✓
- Compare the expected results in order to determine the reasons✓ for deviations and analyse these reasons.✓
- Take corrective action✓so that deviations may be corrected.✓
- Set specific dates✓ for control and follow up.✓
- Draw up a table✓ of the advantages and disadvantages of a strategy.✓
- Consider the impact of the strategic implementation✓ in the internal and external environments of the business.✓
- Decide on the desired outcome as envisaged✓ when strategies were implemented.✓

Any other relevant answer related to steps in evaluating a strategy

NOTE: Accept steps in any order.

Max (14)

5.5 Ways businesses can deal with challenges posed by the pestle factors**5.5.1 Technological factors**

- Continuous research on the latest available technology/equipment in the market. ✓✓
 - Train existing/appoint new employees to maintain/use new equipment. ✓✓
 - Compare prices/Select suitable suppliers for new equipment at reasonable prices✓✓
 - Businesses must be geared for online trading/e-commerce✓✓
- Any other relevant answer related to technological factor as a pestle element.

Sub max (4)

5.5.2 Legal

- Comply with all relevant legislation that may impact on businesses. ✓✓
- Comply with the legal requirements for operating businesses such as licence/trade mark registration/patents. ✓✓
- Budget for high legal establishment costs. ✓✓
- Businesses must know the legalities of business contracts so that they comply with all the requirements. ✓✓

Any other relevant answer related to legal factor as a pestle element.

Sub max (4)

Max (8)

5.6 Conclusion

- Intensive strategies can improve business operations and increase customer base. ✓✓
- Diversification strategies can bring about numerous benefits to businesses and investors including possible business expansion. ✓✓
- Strategy evaluation provides feedback on the effectiveness of implemented strategies thus avoiding duplication of resources. ✓✓
- Businesses must implement effective strategies to mitigate challenges from pestle components. ✓✓

Any other relevant conclusion related to Advantages of intensive strategies/ Types of diversification strategies/Steps in evaluating a strategy Ways to deal with technological and legal factors as pestle factors.

Any (1 x 2) (2)

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	32
Advantages of intensive strategies	12	
Types of diversification strategies	12	
Steps in strategy evaluation	14	
Strategies to deal with ○ Technological factors ○ Legal factors	8	
Conclusion	2	
INSIGHT		8
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all

QUESTION 6 BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)**6.1 Introduction**

- A good quality management system may allow businesses to continuously review its quality process in order to produce quality product. ✓
- Businesses should develop various ways to keep quality costs as low as possible. ✓
- Large businesses should continuously analyse the impact of TQM elements on its operations. ✓
- Constructive feedback on quality improvement obtained and analysed during quality circles is crucial for the business. ✓

Any other relevant introduction related to the differences between quality control and quality assurance/ways in which TQM can reduce the cost of quality/ impact of TQM elements on large businesses/role/importance of quality circles as part of continuous improvement to processes and systems.

Any (2 x 1) (2)**6.2 Difference between quality control and quality assurance**

QUALITY CONTROL	QUALITY ASSURANCE
- System that ensures the desired quality is met by inspecting the final product. ✓✓	- Checks carried out during and after the production process. ✓✓
- Ensure that finished products meet the required standards. ✓✓	- Ensure that required standards have been met at every stage of the process. ✓✓
- Process of ensuring that products are consistently manufactured to high standards. ✓✓	- Processes put in place to ensure that the quality of products/ services /systems adhere to pre-set standards with minimal defects / delays/shortcomings. ✓✓
- Checking raw materials /employees /machinery/workmanship /products to ensure that high standards are maintained. ✓✓	- Ensuring that every process is aimed to get the product "right the first time" and prevent mistakes from happening ✓✓
- Includes setting targets/measuring performance and taking corrective measures. ✓✓	- The 'building in' of quality as opposed to 'checking for' quality. ✓✓
Any other relevant answer related to quality control	Any other relevant answer related to quality assurance.
Sub max (6)	Sub max (6)

NOTE

- 1. The answer does not have to be in tabular format.**
- 2. The differences do not have to link, but must be clear.**
- 3. Award a maximum of SIX (6) marks if the differences are not clear/ Mark either quality control/ quality assurance only.**

Max (12)

6.3 Ways in which TQM can reduce the cost of quality

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

Max (12)

6.4 Impact of TQM elements on large businesses

6.4.1 Impact of Continuous skills development/education and training on large businesses

Positives/Advantages

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

AND/OR

Negatives/Disadvantages

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

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

Sub max (6)

6.4.2 Impact of monitoring and evaluating quality processes on large businesses**Positives/ Advantages**

- Prevents product defects ✓ and minimises wastage/customer complaints. ✓
 - Good quality checks/procedures minimise the replacement/breakdown ✓ of equipment/machinery on a regular basis. ✓
 - May be equipped ✓ to get things done right the first time. ✓
 - Improve performance ✓ and maintain high quality standards. ✓
 - Improve current and future management ✓ of quality outputs/outcomes/impact. ✓
 - Provide clear indication about quality aspects ✓ that are contributing to the achievement of goals/targets. ✓
 - Modify interventions ✓ that may improve the efficient use of resources. ✓
 - Support management to acquire information needed ✓ to make informed decision about processes. ✓
 - Cost of production is reduced as deviations ✓ from set standards can be corrected. ✓
 - Strategies are revised in order to improve the quality of the product ✓ and services/business image. ✓
 - Allows for quality control checks ✓ and procedures at key points. ✓
 - Key performance indicators are carefully selected ✓ to monitor and evaluate the outcome. ✓
 - Benchmarking is used to find best practices ✓ in order to determine the competitive position of the business. ✓
 - Quality circles meet on regular basis ✓ to evaluate the progress in terms of quality. ✓
 - Continuous research is conducted on latest developments ✓ to ensure that TQM planning is up to date. ✓
- Any other relevant answer related to positive impact of monitoring and evaluating quality processes on large businesses

AND/OR**Negatives/Disadvantages**

- Large businesses are often divided, ✓ and the departments work in silos. ✓
 - It is difficult to get everyone ✓ to communicate. ✓
 - It often takes longer to detect problems ✓ or respond to weaknesses. ✓
 - It is not viable ✓ to check quality of all the products. ✓
- Any other relevant answer related to negative impact of monitoring and evaluating quality processes on large businesses.

Sub max (6)

Max (12)

6.5 Role/importance of quality circle as part of continuous improvement to processes and systems

- Solve problems related to quality and implement improvements. ✓✓
- Investigate problems and suggest solutions to management. ✓✓
- Ensure that there is no duplication of activities/tasks in the workplace. ✓✓
- Make for improving processes and systems in the workplace. ✓✓
- Improve the quality of products/services/productivity through regular reviews of quality processes. ✓✓
- Monitor/Reinforce strategies to improve the smooth running of business operations. ✓✓
- Increase employees' morale/motivation to boost the team spirit in achieving organisational goals. ✓✓
- Contribute towards the improvement and development of the organisation. ✓✓
- Reduce costs of redundancy and wasteful efforts in the long run. ✓✓
- Increase the demand for products/services of the business. ✓✓
- Create harmony and high performance in the workplace. ✓✓
- Build a healthy workplace relationship between the employer and employee. ✓✓
- Improve employees' loyalty/commitment to the organisational goals. ✓✓
- Improve employees' communication at all levels of the business. ✓✓
- Develop a positive attitude/sense of involvement in decision making processes of the services offered. ✓✓

Any other relevant answer related to role/importance of quality circle as part of continuous improvement to processes and systems

Max (10)

6.6 Conclusion

- Good quality management system includes the process of ensuring effective quality control and quality assurance which can benefit the business. ✓✓
- Reducing cost of quality enables business to maintain high profit margin without increasing prices. ✓✓
- TQM elements if properly implemented and managed may lead to business success. ✓✓
- Quality circles enable businesses to put quality operational systems and guidelines in place in order to produce good quality goods/ render quality service. ✓✓

Any other relevant answer related to conclusion on Differences between quality control and quality assurance/Ways in which TQM can reduce the cost of quality/ Impact of TQM elements on large businesses/Role/Importance of quality circles as part of continuous improvement to processes and systems.

Any (1 x 2) (2)

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	32
Difference between quality control and quality assurance	12	
Ways in which TQM reduce cost of quality	12	
Impact of TQM elements on large businesses: ○ Continuous skills development/education and training ○ Monitoring and evaluating quality processes	12	
Role of quality circles as part of continuous improvement to processes and systems	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 some requirements are met.

Allocate 0 marks where requirements are not met at all

TOTAL SECTION C: 40

GRAND TOTAL: 150