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BUSINESS STUDIES

BUSINESS OPERATIONS

GRADE 12

basic education
Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

Read to Lead
A Reading Nation is a Leading Nation

2030 NDP

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Foreword

In order to improve learning outcomes the Department of Basic Education conducted research to determine the specific areas that learners struggle with in Grade 12 examinations. The research included a trend analysis by subject experts of learner performance over a period of five years as well as learner examination scripts in order to diagnose deficiencies or misconceptions in particular content areas. In addition, expert teachers were interviewed to determine the best practicesto ensure mastery of thetopic by learners and improve outcomes in terms of quality and quantity.

The results of the research formed the foundation and guiding principles for the development of the booklets. In each identified subject, key content areas were identified for the development of material that will significantly improve learner's conceptual understanding whilst leading to improved performance in the subject.

The booklets are developed as part of a series of booklets, with each bookletfocussing onlyon one specific challenging topic. The selected content is explained in detail and include relevant concepts from Grades 10 - 12 to ensure conceptual understanding.

The main purpose of these booklets is to assist learners to master the content starting from a basic conceptual level of understanding to the more advanced level. The content in each booklets is presented in an easy to understand manner including the use of mind maps, summaries and exercises to support understanding and conceptual progression. These booklets should ideally be used as part of a focussed revision or enrichment program by learners after the topics have been taught in class. The booklets encourage learners to take ownership of their own learning and focus on developing and mastery critical content and skills such as reading and higher order thinking skills.

Teachers are also encouraged to infuse the content into existing lesson preparation to ensure in-depth curriculum coverage of a particular topic. Due to the nature of the booklets covering only one topic, teachers are encouraged to ensure learners access to the booklets in either print or digital form if a particular topic is taught.

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1. How to use this Booklet

Purpose of the study guide

- This study guide is developed to assist you to respond to different kind of questions on the topics included in this booklet
- It will assist you to understand relevant concepts. For this purpose, a glossary of related terminology is included.
- Pay special attention to hints and tips in preparing you on how to respond to different kinds of questions
- After every content topic there will be an activity , check your answers in Section 6 of the booklet
- The activities are based on exam- type questions
- If you get any incorrect answers, make sure you understand where you went wrong before you continue to the next section.

Look out for the following icons used in the booklet:

Content	**Activities**	**Hints**
Check your answers	**Key Concepts**	**Study and Exam Tips**

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2. Study and Examination Tips

2.1 Structure of the question paper

SECTION A	**Answer all questions:** Different types of short and objective questions are set using various assessment styles and covering the entire content for the year, e.g. multiple-choice, match columns, choose the correct word in brackets, etc. (20 short questions x 2) 10 marks per broad topic	40 marks 30 min
SECTION B	**Five questions are set and learners answer three questions:** These questions are set on all the content covered during the year. Answers should be in paragraph style. Applicable verbs, e.g. discuss, motivate, compare, differentiate, explain, etc. Case studies (scenarios) or source-based questions will be included. Focus areas: Question 2- Business Environment Question 3- Business Ventures Question 4- Business Roles Question 5- Business Operations Question 6 - Miscellaneous	3 x 60 = 180 marks 3 x 30 min = 90 min
SECTION C	**FOUR questions are set covering the entire content for the year (use scenarios):** Choose any T**WO of the FOUR** questions. (Two questions of 40 marks each) These are higher cognitive questions which assess insight and interpretation of theoretical knowledge. (E.g. design, plan, appraise, evaluate, etc.). Answers should be in paragraph style. Focus areas: Question 7- Business Environment Question 8 - Business Ventures Question 9 - Business Roles Question 10 - Business Operations	80 marks 2 x 30 min = 60 min
	Total	**300 Marks** **3 hours**

Take special note of the following:

- Learners are advised to refer to page 6 of the 2017 examination guidelines. This page outlines FOUR main topics and sub-topics of each main topic.
- Take note of main topics that are easy to understand.
- Make a checklist of topics that are well understood as they may assist in the selection of choice questions during the final exam.
- You need to know all sub-topics that are covered in each main topic.
- Take note of the structure of the question paper , mark- and time allocation

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2.2 Tips on how to answer different types of questions in Business Studies

SECTION A:

How to answer multiple choice questions

- Try to work out the answer without looking at the possibilities.
- Read through the statement and all the options.
- Underline the key words in the statement.
- Cross out the options that are definitely wrong.
- Read through the statement again and select the most appropriate option from the options remaining.
- Write down your answer and move to the next question
- Don't guess your answers, go back to the questions you were not sure of at the end of the paper if there is time left.

Example:

The business enterprise has <u>full control</u> over the...

A market environment
B macro business environment
C micro business environment √
D marketing function x

How to answer matching the columns questions

- Read through the entire list of statements in Column A and all the descriptions in Column B.
- Read through each statement in Column A and find the best match in Column B.
- Tick off the answers in Column B in pencil so that you know that one has already been chosen
- Cross out the options that are definitely wrong.
- First do the ones you are sure of then go back to the ones that you are not sure of and choose an answer from the remaining options
- Don't guess your answers, go back to the questions you were not sure of at the end of the paper if there is time left.

Column A	Column B
1. The management level that is responsible for operational decisions. B/F	A Green peace x
2. Deals with employee/ employer grievances. E	B Lower level ∞√
3. Investments that allows a large group of people to pool their capital for investment. D	C Shares ∞
4. Ideas that are original and used to solve challenges. G	D Unit Trusts ∞√
	E CCMA √
	F Middle level ∞
	G Creative thinking √

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SECTION B
How to answer case studies/ scenarios or data response questions.

- Look at the heading and the pictures to get an idea of what the case study is about.
- Read through the case study carefully and slowly with understanding.
- Read each question and underline the keyword/ verb.
- Read the case study again and underline each of the keywords in the case study.
- Now answer the questions, pay special attention to action verbs.
- Look at the mark allocation as a guide of how many facts should be included in your answer.

SECTION C
- The essay consists of three parts: Introduction, body and conclusion.

Introduction
- Start with the word "Introduction" as a heading.
- Write an opening statement that links to the instructions of the essay question.
- Give at least two meaningful facts to obtain maximum 2 marks [2 x 1 = 2]
- **Do not repeat or use the words that are in the question paper either in the introduction or conclusion.**

Body
- Break up the information into logical parts, making use of heading and sub headings.
- The maximum marks obtained for the body = 32 marks.
- Don't repeat facts, get to the point.
- Responses must be bulleted and in full sentences.
- Put your statements in context.

Conclusion
- Start with the word "conclusion" as a heading.
- Briefly summarise the main point and focus of the essay.
- End your essay with a meaningful fact – not repeating what was said in the introduction or body.
- Give at least one meaningful closing statement [1 x 2 = 2].

Insight/ LASO
- Write the words Introduction and Conclusion to obtain full marks for layout.
- Write sub-headings that appear in the question paper to obtain ONE mark for analysis.
- Ensure that you write as many correct facts as you can that amount to at least 16 marks or more in the body to obtain another ONE mark for analysis.
- Write only responses relevant to the questions asked to obtain two marks for synthesis.
- Use at least TWO current examples to elaborate on facts to obtain two marks for originality.

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3.3 Action verbs commonly used in the Business Studies NSC examination

Action verbs	Meaning
Identify	Identify the name of the Act from given scenarios/ statements.
Motivate/ Support your answer by quoting from the scenario	Quote as is from the scenario otherwise you will not be awarded marks for answers that are not quoted directly from the scenario.
Justify the effectiveness	Explain the advantages and/or disadvantages, this will thus depend on the nature of the question.
Explain/ discuss/ describe THREE/ FOUR factors/ Criteria/ Stages/ Business Strategies/ Human rights, etc.	State the heading (2 marks) and write an explanation (1 mark). This usually takes place when number of facts have been specified in the question and verbs such as "explain' discuss and describe have been used".
Outline/ Mention	This usually takes place when number of facts have been specified in the question and verbs such as "explain' discuss and describe have been used".
Outline/ Mention	Briefly explain in full sentences.
Give/ State	Supply a one or two-word answer.
Discuss/ Explain/ Describe/ Evaluate/ Analyse the negative impact	Supply negative responses only. This means only give disadvantages.
Suggest/ Recommend/ Advise	Provide your own opinion with a valid argument.
Elaborate	Explain further.
Distinguish/ Differentiate	Explain the differences between concepts. The difference/ distinction does not have to link but the differences must be clear.
Tabulate/ Compare the differences between two concepts	Explain the differences between two concepts and they must link.

Take note of the following:

- Refer to the glossary for specific important definitions of terminology
- To obtain full marks per fact you are required to write a fact and a supporting statement e.g.Workers may not work more than 45 hours√ in a week √
- This is applicable to Sections B and C
- Use the table below as a guide to respond to questions with the following verbs :

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Part marking √.....√	Two marks at end of statement√√	One mark at end of phrase√
Describe	Classify	Give
Explain	Name	Identify
Distinguish (May use a table.)	Suggest	List
Discuss	Advise	Mention
Analyse	Propose	Name
Elaborate	Define	State
Showing impact	Motivate/ support	
Apply a technique	Outline	
Evaluate	Recommend	
Differentiate	State	
Compare		
Tabulate		
Justify		

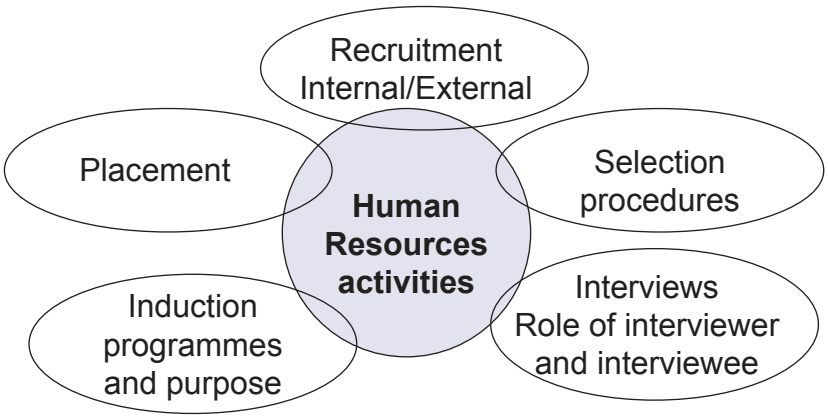
3.4 Study Tips

- Prepare a study time table – allow yourself enough time study and focus on at least 3 - 4 topics per week.
- Get yourself a study buddy- you will be able to assist one another on difficult concepts/ skills.
- Make use of most recent question papers preferably from 2015 to date while you study a topic and test yourself.
- This will enable you to know how the topic can be asked differently in Section B and C questions.

Take note of the following aspects when using past question papers:

- The phrasing of questions is not always the same even though answers can be the same.
- Different action verbs have been used to assess the same topic. Please take note of how these verbs are used.
- Each question consists of at least two or three scenarios. Practice how to quote directly from the scenario without including your own words or providing incomplete quotes.
- Learn to respond to follow up questions that are part of scenarios but assess your subject knowledge. These questions must be answered independently of the scenario.
- Practise questions that are more likely to require you to "suggest, advise, recommend, evaluate, analyse, justify, discuss/ explain the impact".
- Practice to answer those questions in detail to obtain good marks.

3. BUSINESS OPERATIONS



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3.1 HUMAN RESOURCES

3.1.1 Overview of the topic

The human resources function plays a critical role in every organisation. The human resource function deals with all aspects within the organisation that relates to employees. It is important that the human resources function ensures that the right employees are appointed in all positions4

The business must also ensure that the employees' conditions of service and labour rights are adhered to when appointment s are made.

Key concepts:

These definitions will help you understand the meaning of key concepts relevant to Human Resources

Terminology	Definition
Job analysis	The term "job analysis" refers to the components of job description and job specification as it relates to employees within an organisation.
Interview	Refers to a conversation between a job applicant and a representative of an employer which is conducted to assess whether the applicant should be hired for a vacancy.
Interviewer	Refers to the representative of an employer conducting the interview
Interviewee	Refers to the job applicant who made himself available for the interview after being shortlisted.
Induction	Refers to the process of introducing new employees to the business and its related aspects.
Placement	Process whereby a new employee is placed in a vacant position.
Fringe Benefits	Compensation beyond a regular wage or salary an employee, which are exempt from taxation as long as certain conditions are met.
BCEA	This Act regulates labour practices and sets out the rights and duties of employees and employer.
EEA	Requires employers to engage in proactive employment practices to increase the representation of designated groups in the workplace.

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3.1.2 Job analysis

Job analysis includes job description and job specification that relates to the employees within an organisation.

You must be able to distinguish between a job description and a job specification.

Job analysis	Explanation	Examples
Job specification	• Identifies the skills, knowledge and experiences a person must have to perform the tasked described in the job description. • This is a written description of the characteristics and qualifications of the person who will be appointed to the job.	• Bookkeeper • Developing standards • Analyzing information • Data entry skills • Accounting • Attention to detail, • Qualifications required • Training required • Expertise and skills required.
Job description	• This describes the duties and responsibilities that an employee must perform. • It is a description of the job and its requirements	• Bookkeeper • Maintains records of financial transactions by establishing accounts and posting transactions. • It includes details such as: ► Main purpose of the job. ► Department in which job is performed. ► Required performance standards.

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ACTIVITY 1
Read the job advertisement below and answer the questions that follow

VACANCY: FINANCIAL MANAGEMENT	
Job title:	Municipal Financial Manager
Qualifications:	B.Com degree
Experience:	At least six years' financial management experience at middle management level.
Key performance areas:	Prepare budgets and manage income and expenditure.
Total package:	R353 920 per annum
Other:	Pension fund, medical aid fund and housing subsidy

1.1. Identify TWO examples of job a description and TWO examples of a job specification in the advertisement above. (4)

Use the following table as a guide to your answer:

Job Description	1. 2.
Job Specification	1. 2.

Note that the HR activities should be studied in the order that they are presented below.

3.1.3 Human Resource activities

Recruitment

Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for the vacancy. It aims at finding candidates who have the necessary knowledge/ experience/ qualifications to fill the vacancy.

Recruitment procedure:

- The human resource manager (HRM) should prepare the job description, in order to identify the recruitment needs.
- HRM should indicate the job specification/ description/ key performance areas, in order to attract suitable candidates.
- Prepare a job analysis that includes job specification/ job description.
- A decision on whether or not to recruit internally should be made to identify suitable candidates from within the business.
- If internal recruitment is unsuccessful, external recruitment should be considered.
- If external recruitment is done, the relevant recruitment source should be selected, e.g. recruitment agency, tertiary institutions, newspapers.
- The advertisement should be prepared with the relevant information, e.g. name of company, contact details, contact person, etc.
- Place the advertisement in the media that has been selected to ensure that the best candidates apply.

You should be able to distinguish between internal and external recruitment.

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Types of Recruitment

Internal Recruitment	**External Recruitment**
This is when existing employees are recruited to fill a vacancy in the organisation/ inside the business. It is done using email, posters or an internal memorandum. **Methods:** • Promotion: promoting an employee to a higher position. • Transfer: moving an employee from one position to another at a similar level of responsibility. • Internal referral: a recommendation from another employee, often a supervisor • Internal advertisement: job postings on bulletin boards or through emails.	When job applicants are recruited from outside the organisation to fill a vacancy in the organisation/ outside the business/ advertisement or internet. **Methods:** • Job advertisements in newspapers and on websites. • Recruitment agencies. • Campus recruitment being done at tertiary institutions. • External referral: a recommendation from an employee regarding someone from outside the organisation. • CV pool of past applicants.
Advantages: • It's faster if the candidates are known. • No extra cost involved in advertising. • Motivates employees with opportunities of promotion. • Good way of retaining talented and hardworking employees. • Easy to judge the ability of an employee in the organisation	**Advantages:** • Less chance of being biased owing to existing relationships. • New employees can bring fresh ideas into the organisation. • The larger number of workers to choose from helps in finding the best talent with the right skills. • Possibility of increasing racial diversity within the organisation. • Minimises conflict amongst current employees who applied for the same position.
Disadvantages: • Existing relationships could make it difficult to judge the employee objectively. • Could cause resentment among employees who are not promoted. • No fresh ideas introduced to the business. • Creates a new vacancy to be filled.	**Disadvantages:** • Takes longer to fill the vacancy. • Extra costs are involved, e.g. advertising cost/ outsourcing. • Could decrease morale of current employees. • It may take time for the new employee to adjust to the new environment.

3.1.4 Selection

Selection is done to choose an applicant who is most likely to succeed in the advertised position.

Selection procedure:

- Determine fair assessment criteria on which selection will be based.
- Applicants must submit an application form/ curriculum vitae and certified copies of personal documents/ ID/ proof of qualifications.
- Sort the applications received according to the assessment/ selection criteria.
- Determine which applications meet the minimum job requirements and separate these from the rest.
- Preliminary interviews are conducted if many suitable applications are received.

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- Reference checks should be made to verify the content of CVs, e.g. contact previous employers to check work experience.
- Compile a shortlist of potential candidates.
- Shortlisted candidates may be subjected to various types of selection tests, e.g. skills test.
- Invite shortlisted candidates to an interview.
- A written offer is made to the selected candidate.
- Inform unsuccessful applicants about the outcome of their application.

3.1.5 Interview

This is a conversation between a job applicant and a representative and an employer, which is conducted to assess whether the applicant should be hired for a vacancy.

Purpose of the interview:

- To determine a candidate's suitability for the job.
- Match the information given by the applicant to the requirements of the job.
- To obtain more information from the applicant, e.g. strengths and weaknesses
- Evaluate the skills/ personal characteristics of the applicant.
- Provides the applicant with the opportunity to find out more about the job (salary, working conditions) and the business.

Role of the interviewer before the interview

- The interviewer should develop a core set of questions based on the skills, knowledge and ability required.
- The interviewer should check the application and 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.
- Notify all panel members conducting the interview about the date and place of the interview.

Note: Don't confuse the role of the interviewer with the role of the interviewee. Refer to the key concepts.

During the interview	
Role of the interviewer	**Role of the interviewee**
• Allocate the same amount of time to each candidate. • Introduce members of the interviewing panel to each candidate. • Make the interviewee feel at ease. • Do not mislead the interviewee. • Provide an opportunity for the interviewee to ask questions. • Close the interview by thanking the interviewee for attending the interview. • Record the responses of the interviewee for future reference.	• Greet the interviewer by name with a solid handshake and a friendly smile. • Listen carefully to questions posed before responding to them. • Make eye contact and have good posture and body language. • Show confidence and have a positive attitude. • Ask clarity-seeking questions and be assertive. • Know your strengths and weaknesses and be prepared to discuss them. • Be inquisitive and show interest in the business.

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3.1.6 Contract

A contract is a legally binding written agreement between employer and employee.

Aspects to be included in the employment contract:

- Name/ address/ contact details of employer.
- Personal details/ address of employee.
- Job title.
- Job description.
- Job specification.
- Working hours, e.g. normal time, overtime.
- Salary package.
- Termination of the contract.
- Leave conditions.
- Signature of both employer and employee.

Legalities of the employment contract:

- An employment contract is an agreement between the employer and the employee and it is legally binding.
- The employer and employee must agree to any changes to the contract.
- Both parties must have the contractual capacity to enter into a contract.
- Aspects of the employment contract can be re-negotiated during the course of the employment period.
- Both parties must agree to any changes to aspects of the contract.
- The employment contract should include a code of conduct and a code of ethics.
- It may not contain any requirements that are in conflict with the BCEA.
- The remuneration package must be clearly indicated, including all benefits.
- The employer must allow the employee to read the contract thoroughly before it is signed.

Reasons for termination of an employment contract

Resignation	This occurs when an employee chooses to leave the organisation voluntary. **Example:** An employee obtains employment with another employer.
Dismissal	This occurs when the employee is asked to leave the organisation due to bad conduct, breach of contract or illegal behaviour. **Examples:** Dishonesty, absence without leave.
Retirement	This occurs when an employee reaches a certain age and does not have to work any longer. **Example:** An employee who reaches the age of 60/65 and does not want to work any longer.
Retrenchment	This occurs when an organisation is forced to reduce the number of employees for operational reasons. **Examples:** Declining profitability, worsening economic conditions, etc.
Redundancy	This occurs when an employer no longer has work for employees and cannot fulfil the contract. **Example:** When a sub-contract is not renewed and workers are no longer required.

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ACTIVITY 2

2.1 Identify the reasons for termination of the employment contract from the given scenarios:

2.1.1 XYZ Traders make use of the latest technology available and the result is that some of its workers lose their jobs.

2.1.2 Mr Smith terminated his contract to accept a better job at another company

2.1.3 Jane is always reporting late for work and therefore her temporary contract was not renewed.

(3)

3.1.7 Induction

Induction refers to a process of introducing new employees to their jobs and the working environment.

Purpose of induction

- Introduce new employees to management and colleagues to establish relationships with colleagues at different levels.
- Create opportunities for new employees to explore different departments.
- Explain safety regulations and rules, so that new employees will understand their role and responsibilities in this regard.
- Communicate information about the products/services of the organisation.
- Allow new employees the opportunity to ask questions that will reduce insecurity /anxiety/ fear.
- Make new employees feel welcome by introducing them to their physical work space.

Aspects that should be included in an induction programme

- Safety regulations and rules.
- Overview of the business.
- Information about the business' products/services.
- Meeting senior management, who will explain the company's vision and values and the job description and daily tasks.
- Tour of the premises.
- Introduction to key people and close colleagues.
- Discussion on employee benefits.
- Assign a senior colleague to act as a mentor.

Benefits of induction

- New employees who are familiar with business procedures adapt more easily to their new work environment.
- New employees learn more about the business and understand their role in the business and what is expected in the job.
- Increased productivity and quality of service.
- Minimises the need for on-going training and development.
- Better focused training may be provided, based on the results obtained from the induction process.

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ACTIVITY 3

3.1 Read the following statement and answer the questions that follow:

Maduna Furniture Factory (MFF)
The Human Resource Manager of Maduna Furniture Factory will have to introduce the newly appointed employees to the enterprise.

3.1.1 Identify the process referred to in the above scenario. (2)

3.1.2. Outline any FOUR items that should be included in this process. (8)

3.1.8 Placement

This refers to a process of matching the skills and abilities of an applicant to the requirements of a vacancy.

Placement procedure

- Outline specific responsibilities of the position.
- Determine the employee's strengths, weaknesses, skills and interests by subjecting the applicant to various psychometric tests.
- Determine the match between the expectations of the position and the competencies of the new employee.

The importance of skills development in HRM

- An employee who receives the necessary training is more able to perform in their job.
- The investment in training that a company makes shows employees that they are valued.
- A training program allows employees to strengthen the skills that the employee needs to improve.
- Employees who feel appreciated and challenged through training opportunities may feel more satisfaction regarding their jobs.
- Productivity usually increases when a company implements training courses.
- Ongoing training and up-skilling of the workforce can encourage creativity.
- A strong and successful training strategy helps to develop the employer's brand.

You should be able to distinguish between piecemeal and time-related remuneration.

3.1.9 Salary determination

Differences between piece meal and time-related remuneration

Piecemeal remuneration	**Time-related remuneration**
Workers are paid according to the number of items produced/action performed.	Workers are paid for the amount of time they spend at work/on a task
Workers are not remunerated for the number of hours worked, regardless of how long it took to complete the items.	Workers with the same experience or qualifications are paid according to a salary scale, regardless of the amount of work done.
It is mostly used in factories, particularly in the textile and technology industries.	Many private and public-sector businesses use this method.

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The link between salary determination and the Basic Conditions of Employment Act

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

3.1.10 Fringe Benefits

Examples of fringe benefits

- Medical aid (insurance paid for employees to cover medical expenses). The money is placed in a fund every month and deducted from employees' salaries).
- Pension/ provident fund for permanent employees. Money is placed in a fund every month as an investment for when the employee retires.
- Travel allowance, car allowance or company car.
- Cell phone, housing allowance, uniform allowance.
- Cafeteria that provides free meals.
- Performance based incentives, e.g. performance bonus.
- Unemployment Insurance.

When you are asked about impact in a question, you are required to indicate the advantages and disadvantages.

Impact of fringe benefits on businesses

Advantages

- An attractive fringe benefit package may result in higher employee retention/ it reduces employee turnover.
- It increases employee satisfaction/ loyalty, as employees may be willing to go the extra mile. It improves productivity resulting in higher profitability.
- Businesses save money, as benefits are tax deductible.
- Fringe benefits can be used as leverage in salary negotiations.

Disadvantages

- Fringe benefits are an additional cost that may result in cash flow problems.
- Administrative costs increase as benefits need to be recorded correctly for tax purposes.
- Benefits decrease profit, as incentive/ package/ remuneration costs are higher.
- It can create conflict or lead to corruption if allocated unfairly.
- Businesses that cannot offer fringe benefits fail to attract skilled workers.
- Errors in benefit plans may lead to costly lawsuits or regulatory fines.

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ACTIVITY 4

4.1 Read the scenario below and answer the questions that follow.

EZWENI FURNISHERS (EF)
Ezweni Furnishers have appointed Themba and Thoko as sales managers. Themba is paid according to the number of units sold and Thoko is paid according to the time spent at work. They also enjoy fringe benefits offered by EF.

4.1.1 Identify the method used by EF to determine Themba and Thoko's salaries. Motivate your answer by quoting from the scenario above. (6)

4.1.2 Evaluate the impact of fringe benefits on businesses. (8)

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ACTIVITY 5 ESSAY QUESTION

Human resources managers invest a lot of time, effort and funds to recruit and select the best employees. They realise that the company's objectives can only be achieved by employing skilled and qualified employees. They are also mindful of the fact that the company's recruitment policies need to comply with the Employment Equity Act (EEA), 1998 (Act 55 of 1998).

Answer the questions on the following human resources matters:

- Explain the meaning of recruitment.
- Analyse the impact of external recruitment on businesses.
- Discuss the role of the interviewer and the interviewee during the interview.
- Suggest ways in which the human resources function could comply with the EEA.

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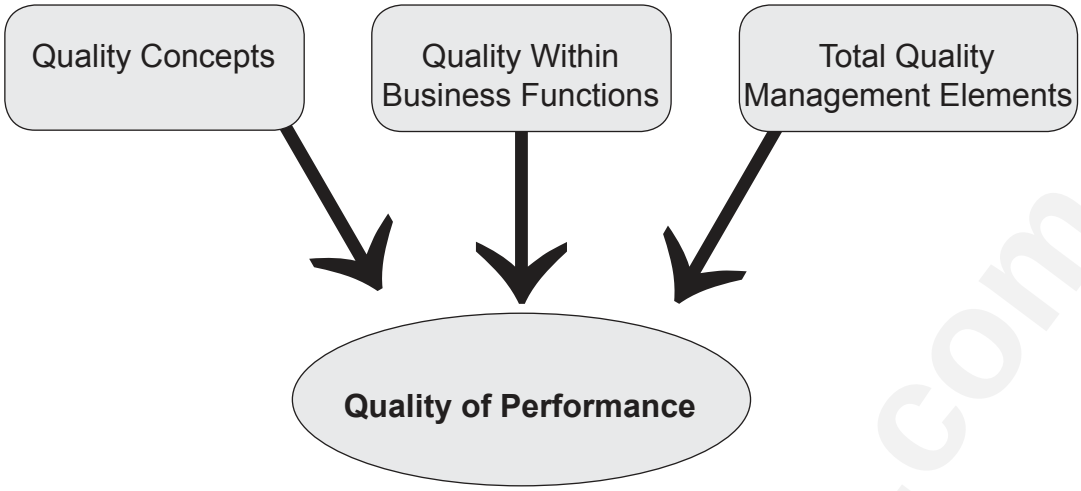
3.2 Quality Of Performance



3.2.1 Overview of the topic

Businesses realise the importance of quality management in maintaining customer satisfaction and reducing the cost of replacing faulty or inferior products. Businesses that do not improve the quality of their products and services run the risk of losing customers to competitors and of receiving bad publicity. It is important that management should ensure that all eight business functions work together effectively and that all employees participate in improving processes, systems, products and services.

Key concepts

These definitions will help you understand the meaning of key concepts relevant to the term Quality:

Terminology	Definition
Quality	The product or service that meets the needs and expectations of customers.
Standards	The specifics of what is acceptable in terms of technical requirements.
Total Quality Management	Quality involves all business functions and is the responsibility of all employees - and not only managers.
Business functions	The various aspects of the business that perform different roles.
SABS	The South African Bureau of Standards is a body that sets quality standards and evaluates the quality of the final product.
ISO9001	Set of internationally set for different industries.
Brand awareness	A marketing concept that improves a person's knowledge of a type of product or brand.
SABS	South African Bureau of standards, body that sets quality standards and evaluates quality of final product.
PDCA	Plan, Do, Check, Act.
Quality management systems	All policies, processes, strategies and resources needed to apply quality management.

It is important that you understand the meaning of all concepts related to quality, so that you are able explain the benefits of a good quality management system.

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3.2.2 Definition of quality concepts

Quality

- Quality refers to goods/ services being able to satisfy a specific need.
- The efficiency of services and the ability to provide an effective outcome without too many delays.
- It is measured against specific criteria, such as physical appearance/ reliability/ durability/ sustainability/ after-sales service.

Quality control

- A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards.
- Checking raw materials/ employees/ machinery/ workmanship/ production, so as to ensure that high quality standards are maintained.
- Includes setting targets/ measuring performance and taking corrective measures.

Quality assurance

- Checks carried out during and after the production process to ensure that the required standards have been met at every stage of the process.
- Ensuring that every process is aimed at getting the products 'right first time' and preventing mistakes from happening. This is known as the 'zero defect' approach.

Quality management

- The process of managing all activities needed to ensure that a business produces goods and services of a consistently high standard.
- It is techniques/ tools used to design/ improve the quality of a product.
- It can be used for purposes of accountability within each of the business functions.
- It aims to ensure that the quality of goods/ services is consistent./ It focuses on the means to achieve consistency.

Quality performance

- The total performance of each department is measured against the specified standards.
- The assessment and analysis of processes, goods and services in order to measure the performance of a business.
- The total performance of each department is measured against the specified standards.
- It can be achieved if all departments work together towards the same quality standards.

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ACTIVITY 1

1.1 Differentiate between quality control and quality assurance.

(8)

3.2.3 Benefits of good quality management systems

- Effective customer services will be rendered, resulting in increased customer satisfaction.
- Time and resources are used efficiently.
- Productivity increases through proper time management and using high quality resources.
- Products and services are constantly improved.
- Vision and mission may be achieved.
- The business may achieve a competitive advantage over its competitors.
- Continuous training will continuously improve the quality of employees' skills and knowledge.
- Employers and employees will have a healthy working relationship, which results in happy workers.
- Increased market share and profitability.

The success factors of each business function are the same as the quality indicators. Recap GR 10 content.

3.2.4 Quality indicators for each business function

Business Function	Quality indicators
Purchasing function	• Buy raw materials in bulk at lower prices. • Select reliable suppliers that render the best quality raw materials/ capital goods at reasonable prices. Place orders timeously./ Do regular follow-ups to ensure that goods are delivered on time. • Required quantities are delivered at the right time and place. • Implement and maintain stock control systems to ensure the security of stock.
Marketing function	• Increase market share. • Win customers by satisfying their needs/ wants./ Build positive relationships. • Differentiate products in order to attract more customers. • Constantly review value issues. • Communicate effectively with customers to get feedback about their experience of products sold/ services rendered. • Use pricing techniques to ensure a competitive advantage.
Production function	• Products and services should be produced at the lowest possible cost, to allow for profit maximisation. • Clearly communicate roles and responsibilities to the production workforce. • Empower workers so that they can take pride in their workmanship. • Obtain accreditation from the SABS/ISO 9001 to ensure that quality products are being produced. • Implement quality control systems to ensure that quality products are consistently being produced. • Accurately calculate production costs.

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Public Relations function	• Deal quickly with negative publicity./ Ensure less/ little/ no incidents of negative publicity. • Release positive press releases regularly. • Implement sustainable corporate social investment (CSI) programmes. • Good results/ positive feedback from public surveys on business image. • High standard of internal publicity, appearance of buildings, professional telephone etiquette, etc.
Administration function	• Fast and reliable data capturing and processing systems. • Make reliable information available to management on time. • Make relevant information available for quick decision-making. • Handle complaints quickly and effectively. • Use modern technology efficiently. • All systems and processes are documented.
Financial function	• Obtain capital from the most suitable/ available/ reliable sources. • Negotiate a better interest rate in order to keep financial cost down. • Draw up budgets to ensure efficient application of monetary resources. • Keep financial records up to date to ensure timely/accurate tax payments. • Draw up accurate financial statements timeously/ regularly.
Human resource function	• A good recruitment policy that attracts the best candidates. • A fair and equitable selection process. • Fair remuneration packages that are aligned to the industry. • Offer performance incentives for staff, in order to enhance productivity. • Good relationships with employees. • Low staff turnover rate.
General management function	• Develop/ implement/ monitor effective strategic plans/ goals. • Understand changes in the business environment on an on-going basis. • Set the direction and establish the priorities for the business. • Communicate the vision, mission and values effectively. • Set the example for expected behaviour in terms of ethics as well as productivity. • Ensure that employees have the necessary resources to do their work./ Allocate resources effectively.

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ACTIVITY 2

2.1 Read the scenario below and answer the questions that follow:

JASMINE ENTERPRISE
Jenifer was appointed by Jasmine Enterprise to hire and arrange training for new employees. Jenifer requested that Tom provide her with the budget for the current year. Zodwa must place orders timeously to ensure that goods are delivered on time. Gail must promote the business products using different advertising methods. Themba is responsible for providing management with the latest information regarding the industry.

2.1.1 Identify FIVE business functions that are applicable to the scenario above. Support your answer by quoting from the scenario

Use the table below to present your answer.

Business function	**Quote from the scenario**
a.	
b.	
c	
d	
e.	

(15)

3.2.5 TOTAL QUALITY MANAGEMENT (TQM)

- Total Quality Management refers to all aspects of quality within the business.

It is the responsibility of everyone in the organisation - from top management to the general workers.

- Businesses strive to get things right the first time by implementing the TQM process.
- The focus is on improving the quality of products and services, in order to satisfy the needs of customers.

Do not consider continuous skills development as a TQM element with the skills development required by the Skills Development Act. The impact on businesses is not the same.

Elements of TQM

Continuous skills development/ education and training

- A skills audit should be conducted to determine the qualifications and competence of staff who can influence the quality of products/ processes.
- Employees who lack skills should be trained to meet the requirements of their job descriptions.
- Regularly evaluate the effectiveness of training provided.
- Induction programmes that promote quality should be implemented.
- Quality guidelines for managers should be used to monitor continuous skills development.

Team work

- TQM requires everyone to work effectively as an individual and as a team member within a department or across departments in a business.
- An initiative that works well to improve quality is the use of quality circles.
- A quality circle is a group of employees with a variety of skills and experience who come together to solve problems related to quality and to implement improvements.

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• They suggest solutions to top management.

Total client satisfaction
• The business should understand current and future customer needs.
• Quality products and services satisfy customers' needs and expectations.
• Customers will be satisfied if products and services meet their needs, requirements and expectations.
• Businesses need to conduct effective market research to determine customers' needs and to develop products and services that will meet or exceed those needs.
• Businesses need to implement efficient, friendly customer service and customer care systems.

Top management involvement/ commitment
• Management should have a clear vision and mission statement with regard to TQM.
• Management is responsible for providing strategic guidance with regard to quality management.
• Top management should support all TQM activities.
• Appoint managers/ supervisors to control and oversee all stages of TQM processes.
• Act on customer feedback and complaints.
• Ensure that quality reviews are conducted regularly.
• Ensure that shareholders are totally satisfied with the standards of quality.

Involvement of all employees/ people-based management
• Management should ensure that all employees are involved in quality management.
• Management should ensure that employees are totally satisfied with the quality.
• Effective meetings should be encouraged at all times.
• Effective communication tools will ensure high quality standards.
• Regular internal quality audits will help to maintain high quality standards.
• There should be regular reviews of non-conformity, in order to take remedial action.

Adequate financing and capacity
• There should be enough funds available for proper quality management processes, e.g. systems to prevent errors in the process/ detect defects in raw materials.
• Funds should be available for market and product research, in order to gather information on quality improvement.
• Suitable equipment should be available for testing and maintaining high quality standards.
• Funds should only be used to buy the best quality raw materials, so as to prevent faulty products being produced.
• Funds should be available for regular internal/ external testing of products and processes, in order to maintain high quality.

Continuous improvement of processes and systems (including application of the 'PDCA' model)
• Processes and systems are the flow of activities that are implemented to create or deliver products and services to customers.
• Businesses that have quality processes and systems in place will produce good quality products and can provide excellent customer service.
• It should be easy for customers to understand processes, so that they do not waste their time on long and complicated procedures.
• Employees need to understand the operating system and the service delivery system.
• Identify problem areas in the business.
• Give specific instructions on improving systems and processes.

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• Encourage team work and delegate responsibilities.

Application of the PDCA model

• Plan: Easy Dairy Farm should identify the problem and develop a plan for improvement / that will answer questions such as what to do and how to do it.
• Do: Easy Dairy Farm should implement the plan on a test basis.
• Check/ Analyse: Easy Dairy Farm should assess the plan and establish if it is working and if things are going according to plan.
• Act as needed: Easy Dairy Farm should institutionalise the improvements and devise strategies on how to improve continually.

Planning

• Proper planning for quality assurance of processes should be in place before production commences.
• Enough staff/ quality assurers should be available at key production points, so as to quality assure products and processes.

Monitoring and evaluation of quality processes

• Monitoring/ evaluation systems and quality assurance processes should be in place to prevent product defects and wastage.
• Allow for quality control checks and procedures at key production points.

Management by facts

• Management should be kept informed about all quality processes.
• Facts should be measurable/ based on observation and experiments.
• Analysis of data and information should be accurate.
• Accurate data and information would assist management to make informed decisions.
• Regular quality feedback meetings between management and employees should be held to discuss ways of improving quality.

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ACTIVITY 3

3.1 Explain how businesses should apply the PDCA model as part of continuous improvement to processes and systems. (8)

TQM elements impact differently on small businesses (e.g. a sole trader) and large businesses (e.g. a company).

3.2.6 Impact of TQM on small and large businesses

4.2.7 Quality circle

Continuous skills development/ education and training	
Small business	**Large business**
Advantages	
• There may be a more holistic approach to training due to the limited number of employees. • Promotes individual and personal development, resulting in improved productivity.	• The Human Resources Department is dedicated to skills training and development. • Human resources experts ensure that training programmes are relevant, in order to ensure increased customer satisfaction.
Disadvantages	
• It is difficult to train employees, because they are often not permanently employed. • It is not possible for employees to specialise, since they are involved in various business activities.	• Poor communication systems may prevent effective training from taking place. • Trained employees may leave for better jobs after they have gained additional skills.
Team Work	
Small business	**Large business**
Advantages	
• Teams are small and can function quickly with open communication channels. • Team members will be involved in more than one aspect of the business, thus making them well informed.	• Teams can focus on the task on hand, without interference. • Different teams can specialise in certain projects that would add value.
Disadvantages	
• Creativity in problem solving can be limited by inertia and group-think. • Team members can lack specialised skill.	• Conflict within teams can cripple the large system. • Teams can lose a lot of synergy because of a lack of communication.

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Total client satisfaction	
Small business	**Large business**
Advantages	
• They usually have a close relationship with their customers. • They have more contact with customers, and are better able to determine the level of satisfaction.	• The business uses market research to measure/ monitor customer satisfaction/ analyse customers' needs. • Continuous promotion of a positive business image.
Disadvantages	
• The business might not be able to provide specialised goods or services that the customer requires. • After-sales-service might be lacking, because the business might not have the capacity to provide this.	• Employees in large companies rarely come into contact with their customers and do not always have a clear idea of what will satisfy their needs. • For customer satisfaction, total involvement to the TQM system is required from all employees.
Adequate financing and capacity	
Small business	**Large business**
Advantages	
• All available finances will be spent wisely, with very little money wasted. • It is easy to exercise internal control over the little money available.	• They can afford to have systems in place to prevent errors in processes/ defects in raw materials/ products. • They are able to afford product research/ market researcher, in order to gather information.
Disadvantages	
• Finances are usually limited and therefore it is not always possible to test something before it is implemented. • Does not have sufficient capital to purchase correct equipment or best quality raw material	• Expansion on a large scale can cost more than the business is able to raise through issuing shares. • The risk is usually very high.
Continuous improvement of processes and systems	
Small business	**Large business**
Advantages	
• It is easier for employees in a small business to adapt to changes in systems and processes, because they are closely involved in all the business functions	• The business has the resources required to check on quality performance in each unit. • Enough capital is available for the new equipment required for systems and processes.
Disadvantages	
• The business has resources to check on quality performance in each unit. • Enough capital resources are available for new equipment required for systems and processes	• Implementation of new systems and processes can be time consuming because there are many employees to whom the system should be 'sold' and communicated.

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4.2.7 Quality circle

A group of workers who do the same or similar work, who meet regularly to identify, analyse and solve quality related problems.

Importance of quality circles

- Quality circles discuss ways of improving the quality of the work.
- They contribute to the improvement and development of the organisation.
- Reduce cost/ wasteful effort in the long run.
- Increase the demand for the products/ services of the business.
- Create harmony and high performance in the workplace.
- Helps build a healthy workplace relationship between employer and employee.
- They help improve employee loyalty and commitment to the organisation and its goals.
- Improve employee communication at all levels of the business.
- Develop a positive attitude/ sense of involvement in decision making processes of the services offered.

4.2.8 Impact of TQM if poorly implemented by businesses

- Setting unrealistic deadlines that may not be achievable.
- Employees may not be adequately trained, resulting in poor quality products.
- A decline in productivity, because of stoppages.
- Businesses may not be able to make the necessary changes to satisfy the needs of customers.
- The reputation of the business may suffer because of faulty goods.
- Customers will have many alternatives to choose from and the results could be devastating for a business.
- Investors might withdraw their investment, if there is a decline in profits.
- Bad publicity due to poor quality products supplied.
- A decline in sales, as returns from unhappy customers increase.
- High staff turnover, because of poor skills development.
- Undocumented quality control processes could result in error or deviations from pre-set quality standards.

3.2.9 How TQM can impact on the reduction of the cost of quality

- Introduce quality circles/ small teams of five to ten employees, who meet regularly to discuss ways of improving the quality of their work.
- Schedule activities to eliminate duplication of tasks/ activities.
- 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/ deviation, so that everyone can learn from experiences.
- Reduce investment in expensive, but ineffective inspection procedures included in the production process.
- Implement pro-active maintenance programmes for equipment/ machinery to reduce breakdowns.

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ACTIVITY 4

4.1 Read the scenario below and answer the questions that follow:

PETUNIA NURSERIES LTD

Petunia Nurseries Ltd is a large business that not only specialises in selling indigenous plants, but also renders gardening services. The management and staff are all actively involved in ensuring that the best quality plants are sold and excellent gardening services are rendered. Petunia Nurseries has enough capital to buy the latest gardening equipment and conduct regular market research. They also have tight quality control measures in place, such as regular testing for plant diseases.

4.1.1 Quote FOUR statements from the scenario above and link each one to a specific element of Total Quality Management (TQM). (12)

4.1.2 Explain the advantages of each of the TQM elements referred to in QUESTION 4.1.1 for Petunia Nurseries Ltd, which is a large business. (8)

4.1.3 Analyse the negative impact on Petunia Nurseries Ltd if TQM is poorly implemented. (10)

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CHECK YOUR ANSWERS

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4.1 HUMAN RESOURCES

ACTIVITY 1

1.1 Job description and job specification

Job description	Prepare budgets√ Manage income and expenditure √ Sub max 2
Job specification	B.Com degree√ At least six years' financial management at middle level/ Experience√ Sub max 2

ACTIVITY 2

2.1 Termination of employment contract:

2.1.1 Redundancy√
2.1.2 Resignation√
2.1.3 Dismissal√ (3)

ACTIVITY 3

3.1.1 Induction√√ (2)

3.1.2 Aspects that should be included in the induction process:

- Safety regulations and rules.√√
- Overview of the business. √√
- Information about business products/ services. √√
- Meeting with senior management who will explain the company's √√vision/ values/ job descriptions/ daily tasks. √√
- Tour of the premises/ Introduction to key people and close colleagues.√√
- Discussion on employee benefits. √√
- Assign a senior colleague to act as a mentor √√

(8)

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ACTIVITY 4

4.1.1 Methods of remuneration

Method	Motivation
Piece-meal√√	Themba is paid according to the number of units sold√
Time related√√	Thoko is paid according to the time spent at work.√

4.1.2 Impact of fringe benefits on businesses

Positives

- Attractive fringe benefit packages√ may result in higher employee retention/ reduces employee turnover.√
- It increases employee satisfaction/ loyalty√, as staff may be willing to work under pressure/ improve personal performance.√
- Leads to higher productivity√, as workers work longer hours/more days.√
- Attracts good/ qualified employees√ who do not always need extra training.√
- Any other relevant answer related to the positive impact of fringe benefits on businesses.

AND/OR

Negatives

- Fringe benefits are an additional cost for businesses√, which may result in cash flow problems.√
- Administrative costs increase,√ as payments need to be correctly allocated and recorded for tax purposes.√
- Decrease in business profits√, as remuneration costs increase.√
- It may create conflict/ lead to corruption,√ if allocated unfairly.√
- Workers only stay with the business because of fringe benefits√, and may not be committed to their task/ loyal to the business.√
- Any other relevant answer related to the negative impact of fringe benefits on businesses.

(8)

ACTIVITY 5 - ESSAY QUESTION

Introduction

- Recruitment enables businesses to employ people whose skills and qualifications are in line with the requirements of the job.√
- The most suitable employees are those with the right qualifications/ skills/ abilities/ experience.√
- During interviews, the interviewer and interviewee may exchange more information.√
- The human resources function must ensure compliance with the EEA in the workplace.√
- Any other relevant introduction related to the human resources function.

(2 x 1) (2)

Meaning of recruitment

- Recruitment is the process used by business to identify vacancies in the business√ and to attract suitable candidates for it.√
- It aims at finding candidates√ who have the necessary knowledge/ experience/ qualifications to fill the vacancy.√
- Businesses may choose to use an internal or external method of recruitment,√ depending on the requirements of the job.√

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- It is an on-going process, as employees leave their jobs√ for other jobs/ get promoted/ retire/ as new technological skills are required.√
- Any other relevant answer related to the meaning of recruitment.

Max (4)

Impact of external recruitment on businesses

Positives

- New candidates bring√ new talents/ ideas/ experiences/ skills into the business.√
- It may help the business to meet affirmative action√ and BBBEE targets.√
- There is a larger pool of candidates√ to choose from.√
- There is a better chance of getting a suitable candidate with the required skills/ qualifications/ competencies,√ who do not need much training/ development, which reduces costs.√
- It minimises unhappiness/ conflict amongst current employees,√ who may have applied for the post.√
- Any other relevant answer related to positive impact of external recruitment.

AND/OR

Negatives

- External sources can be expensive√, e.g. recruitment agency fees/ advertisements in newspapers or magazines.√
- The selection process may not be effective√ and an incompetent candidate may be chosen.√
- Information on CVs/ from referees√ may not be reliable.√
- The recruitment process takes longer/ is more expensive,√ as background checks must be conducted.√
- New candidates generally take longer to adjust√ to a new work environment.√
- In-service training may be needed,√ which decreases productivity during training.√
- Many unsuitable applications√ can slow down the selection process.√
- Any other relevant answer related to the negative impact of external recruitment.

Max (12)

Role of the interviewer and interviewee during the interview

Role of the Interviewer

- Allocate the same amount of time√ to each candidate.√
- Introduce members of the interviewing panel√ to each interviewee.√
- Make the interviewee√ feel at ease.√
- Explain the purpose of the interview√ to the panel and the interviewee.√
- Record interviewee responses√ for future reference.√
- Do not misinform or mislead√ the interviewee.√
- Avoid discriminatory/ controversial questions√, e.g. asking a female candidate about having children.√
- Provide an opportunity for the interviewee√ to ask questions.√
- Close the interview by thanking the interviewee√ for attending the interview.√
- Any other relevant answer related to the role of the interviewer during the interview.

Sub max (10)

Role of the Interviewee

- Greet the interviewer by name√ with a solid handshake and a friendly smile.√
- Listen carefully to the questions√ before responding.√

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- Make eye contact√ and ensure good posture and body language.√
- Show confidence√ and have a positive attitude/ be assertive.√
- Be inquisitive√ and show interest in the business.√
- Ask clarity-seeking√ questions.√
- Show respect√ and treat the interview with due importance.√
- Be honest about mistakes√ and explain how you dealt with them.√
- Know your strengths and weaknesses√ and be prepared to discuss them.√
- Any other relevant answer related to the role of the interviewee during the interview.

Sub max (10)
Max (20)

Ways in which the HR function can comply with EEA

- Provide equal opportunities in the workplace.√√
- Compile employment equity plans that indicate how affirmative action will be implemented.√√
- Ensure that affirmative action promotes diversity in the workplace.√√
- Assign a manager to ensure that the employment equity plan will be implemented and monitored regularly.√√
- Display a summary of the Act where employees can see it.√√
- Report to the Department of Labour on progress made with implementation of the equity plan.√√
- Conduct medical/ psychological tests fairly with employees when deemed necessary.√√
- Equal pay for work of equal value.√√
- Ensure that the workplace represents the demographics of the country at all levels.√√
- Define the appointment process clearly to ensure that all parties are well informed.√√
- Restructure/ analyse current employment policies and procedures to accommodate designated groups.√√ Retrain/ develop/ train designated groups through skills development programmes.√√
- Any other relevant answer related to practical ways in which the HR function could comply with the EEA.

Max (10)

Conclusion

- Employees are the most important resource in any business and the success of the business is strongly influenced by a good recruitment process and interview.√√
- External recruitment enables businesses to market themselves.√√
- The EEA not only promotes and regulates affirmative action, but also gives guidance in terms of conducting a fair appointment process.√√
- Any other relevant conclusion related to the human resources function.

Max (2)
[40]

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4.2 QUALITY OF PERFORMANCE

ACTIVITY 1

1.1 Difference between quality control and quality assurance

Quality control	Quality assurance
Inspection of the final product√ to ensure that it meets the required standards.√	Carried out during and after the production process,√ to ensure that the required standards have been met at every stage of the process.√
Includes setting targets/ measuring performance√ and taking corrective measures.√	Ensures that every process is aimed at getting the product right the first time√ and prevents mistakes from happening again.√
Checking raw materials/ employees/ machinery/ workmanship/ products,√ to ensure that high standards are maintained.√	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 (4)	Sub max (4)

ACTIVITY 2

2.1.1 Business functions

Business function	Quote from the scenario
a. Human resource function√√	Jenifer was appointed by Jasmine Enterprise to hire and arrange training for new employees.√
b. Financial function√√	Jenifer requested that Tom provide her with the budget for the current year.√
c. Purchasing function√√	Zodwa must place orders timeously to ensure that goods are delivered on time.√
d. Marketing function√√	Gail must promote the business products using different advertising methods.√
e. Administrative function√√	Themba will be responsible for providing management with the latest information regarding the industry.√

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ACTIVITY 3

3.1 Application of a PDCA model

Plan

- The business should identify the problem.√
- Develop a plan for improvement√ of processes and systems.√
- Answer questions such as 'what to do√' and 'how to do it'.√
- Plan the method and approach.√
- Establish procedures/ resources/ quality/ policy/ risk√ based thinking, so as to build on effective quality management system.√

Sub max (2)

Do

- Businesses should implement the change√ on a small scale.√
- Implement the processes and systems.√

Sub max (2)

Check

- Use data to analyse√ the results of change.√
- Determine whether√ the change made a difference.√
- Check whether the processes√ are working effectively.√
- The business should assess, plan and establish if things are going according to plan.√
- Perform an audit and analyse historical data√ to identify opportunities for improvement. √

Sub max (2)

Act

- Institutionalise√ the improvement.√
- Devise strategies√ on how to improve continually.√
- If the change was successful√, implement it on a wider scale.√
- Continuously√ revise the process.√
- Perform root cause analysis√ and take corrective action, in order to drive continuous improvement.√

Sub max (2)
Max (8)

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ACTIVITY 4

4.1.1. TQM elements

Statement from scenario	TQM element
The management and staff are all actively involved, which ensures that the best quality plants are sold and excellent gardening services are rendered. √	Involvement of all employees/ People-based management/ Teamwork. √√
Petunia Nurseries has enough capital to buy the latest gardening equipment.√	Adequate financing and capacity. √√ Continuous improvement to systems and processes. √√
... conduct regular market research.√	Total client satisfaction. √√
They also have tight quality control measures in place, such as regular testing for plant diseases.√	Monitoring and evaluation of quality processes. √√

4.1.2 Involvement of employees/ people-based management/ team work

- Petunia Nurseries has well-structured systems and processes in place √ that include everyone in the quality control and management process. √
- All employees are committed √ to creating high quality products and services. √
- Specific measures are in place √ that encourage everyone to be responsible for quality. √

Sub max (2)

Adequate financing and capacity

- Petunia Nurseries has sufficient financing √ to test everything before implementing. √
- Petunia Nurseries can afford to have systems in place √ to prevent errors in processes/ defects in raw materials or products. √
- It is able to afford product research/ market researcher √ to gather information. √
- It can afford to purchase √ quality raw materials and equipment. √

Sub max (2)

Continuous improvement to systems and processes

- Petunia Nurseries have the resources needed √ to check on quality performance in each unit. √
- Enough capital resources are available √ for new equipment required for systems and processes. √
- Petunia Nurseries may have a person dedicated √ to seeing to the improvement of systems and processes. √
- It may use quality circles √ to stay ahead of its competitors. √

Sub max (2)

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Total client/ customer satisfaction

- Petunia Nurseries uses market research √ to measure/ monitor customer satisfaction/ analyse customer needs. √
- Continuously promote √ a positive business image. √
- It may achieve a state of total customer satisfaction, if Petunia Nurseries follows sound business practices √ that incorporate all stakeholders.√
- It may lead to higher customer retention/ loyalty √ and Petunia Nurseries may be able to charge higher prices. √
- It may be able to gain access √ to the global market. √
- It may lead to increased √ competitiveness/ profitability. √

Sub max (2)

Monitoring and evaluation of quality processes

- Petunia Nurseries has monitoring and evaluation systems/ quality assurance processes in place √ to prevent product defects. √
- It has quality control checks and procedure in place √ to ensure that it does not regularly replace items and machinery. √
- It may be better equipped to get things right the first time √ with no defects. √

Sub max (2)
Max (6)

4.1.3 Negative impact of poorly implemented TQM

- Setting unrealistic deadlines √ that may not be achievable. √
- Employees may not be adequately trained, √ resulting in poor quality products. √
- A decline in productivity, √ because of stoppages. √
- Businesses may not be able to make the changes necessary √ to satisfy customer needs. √
- The reputation of the business √ may suffer because of faulty 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. √
- Bad publicity √ due to the poor quality of products supplied. √
- A decline in sales, √ as returns from unhappy customers increase. √
- High staff turnover, √ because of poor skills development.√
- Undocumented quality control systems/ processes √ could result in error or deviation from pre-set quality standards. √

(Max 10)

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5. Message to GR 12 learners

All learners are capable of performing at the highest level of their potential, if they are adequately prepared for the examination. The sub-topics that are covered in this booklet have been identified as being challenging in past examination papers; however, if you are conversant with the content, you will be able to obtain a quality pass. It is envisaged that this booklet will help you with skills on how to approach questions in the examination.

Succeeding in life is as simple as being a good student. All you have to do is pay attention, work hard and give it your best shot. Don't give up on your goals – they are achievable. In the words of Denzel Washington: "Never give up. Without commitment you will never start. More importantly, without consistency you will never finish. It is not easy, so keep working, keep striving and never give up."

Usain Bolt won 9 gold medals in the last 2 Olympics and he ran for less than 2 minutes on the track. That's economy of effort. He ran less than 115 secs in total and made $119 million dollars. That's more than $1 million for each second that he ran. But for those 2 minutes of glory, he trained more than 20 years. That's investment.

Think and plan for the long term. Patience and hard work pays.

6. Thank you

This Business Studies module on Business Operations was developed by Mr M van Rooi, Ms L Scheepers, Ms F Baloyi - Jele, Ms C Gordon, and Ms M Mokgoatlheng (Subject Specialists, PED)
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Look out for more modules that deal with other topics of the Grade 12 syllabus.

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BUSINESS STUDIES

BUSINESS OPERATIONS

GRADE 12

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