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GRADE 11 EXEMPLAR 2019

BUSINESS STUDIES
MARKING GUIDELINES

Time: 2 hours

300 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

SECTION A**QUESTION 1****Multiple Choice**

1.1	B ✓✓
1.2	B ✓✓
1.3	C ✓✓
1.4	C ✓✓
1.5	B ✓✓
1.6	A ✓✓
1.7	B ✓✓
1.8	C ✓✓
1.9	C ✓✓
1.10	D ✓✓
1.11	D ✓✓
1.12	C ✓✓

1.13	D ✓✓
1.14	A ✓✓
1.15	D ✓✓
1.16	C ✓✓
1.17	D ✓✓
1.18	C ✓✓
1.19	D ✓✓
1.20	B ✓✓✓
1.21	D ✓✓✓
1.22	B ✓✓✓
1.23	C ✓✓✓

[50]**QUESTION 2****Match the columns**

2.1	N ✓✓
2.2	F ✓✓
2.3	E ✓✓
2.4	C ✓✓
2.5	Q ✓✓
2.6	D ✓✓
2.7	M ✓✓

2.8	B ✓✓
2.9	J ✓✓
2.10	H ✓✓
2.11	K ✓✓
2.12	L ✓✓
2.13	A ✓✓

[26]**QUESTION 3****Choosing the correct word in brackets**

3.1	Sole Trader ✓✓
3.2	limited ✓✓
3.3	Sole Trader ✓✓
3.4	one ✓✓
3.5	buy ✓✓
3.6	solvency and liquidity ✓✓

3.7	autocratic ✓✓
3.8	all levels ✓✓
3.9	Viability ✓✓
3.10	business plan ✓✓
3.11	intrapreneur ✓✓
3.12	all the risk ✓✓

[24]**100 marks**

SECTION B**QUESTION 4****4.1 4.1.1 Explain what is meant by the concept of CSR.**

CSR is about the relationship ✓ between the business (corporate) and society (social) ✓ and the degree to which the business impacts on society. ✓ The idea is that the business should not just focus on its own profits, ✓ but that it has a responsibility ✓ towards the people ✓ and the environment as well. ✓

(Consider any other relevant fact on the meaning of the concept of CSR)
(Any 2 facts × 1 mark each = 2 marks)

4.1.2 Engen has both Primary and Secondary responsibilities. Make use of relevant examples to explain the Primary and Secondary responsibilities Engen has towards its community.

- The **Primary responsibility** is the business's obligation to look after the interest of stakeholders which are directly ✓ affected by the success of the business. This will include employees and shareholders. ✓
 - **Possible examples:**
 - Ensure employees are remunerated fairly ✓
 - Safe working conditions ✓
 - Running a HIV/Aids Work Programme ✓
 - Shareholders receive good investments from ethical business dealings. ✓
- The **Secondary or Broader responsibility** is towards stakeholders who are indirectly ✓ affected by the business's activities, e.g. the community, ✓ environment.
 - Possible examples:
 - Sponsorship of a community park. ✓
 - Running a HIV/AIDS programme in the community. ✓
 - Recycling programme. ✓

(Consider any other relevant facts to explain the Primary and Secondary responsibilities Engen has towards its community)

Mark allocation:

**(3 facts × 1 mark each for primary responsibility +
 3 facts × 1 mark each for secondary responsibility) OR
 (4 facts × 1 mark each for primary responsibility +
 2 facts × 1 mark each for secondary responsibility) OR
 (2 facts × 1 mark each for primary responsibility + 4 facts ×
 1 mark each for secondary responsibility)**

Total: 6 marks

4.1.3 Stakeholders demand responsible behaviour from businesses.

- (a) Discuss the Economic, Social and Environmental demands that a community could place on a fuel supplier such as Engen.
- (b) Also suggest possible strategies that Engen could use to meet each of these demands.

Community Needs:	Demand placed on Engen:	Strategy to meet the demand:
Economic	Pressure could be placed on the Supply Chain of the Business. ✓ Looking at the ethical business practice throughout the chain. ✓ (Consider any other relevant economic demand placed on Engen) (Any 2 facts × 1 mark each = 2 marks)	To ensure that business operations do not have negative consequences for the environment and society, it is important that the business monitors ✓ the supply chain / value chain. The business has to put pressure on suppliers to ensure that their business activities are sustainable; ✓ otherwise the business should seek alternative suppliers. ✓ A business that is taking all the necessary precautions ✓ to ensure sustainable business practice cannot be seen to be dealing with unethical suppliers ✓ who do not care about the consequences of their actions. ✓ (Consider any other relevant strategy to meet the demand) (Any 2 facts × 1 mark each = 2 marks)
Social	Pressure to invest in local community projects. ✓ Support local entrepreneurship ✓ (Consider any other relevant social demand placed on Engen) (Any 2 facts × 1 mark each = 2 marks)	It is important for the business to focus on the impact that its activities may have on the community, because businesses function better in a strong, happy and stable community. ✓ The business should develop capacity by addressing social issues in the community through programmes aimed at quality education and health care. ✓ (Consider any other relevant strategy to meet the demand) (Any 2 facts × 1 mark each = 2 marks)
Environmental	CO₂ taxes have placed pressure on a Business to monitor emissions, ✓ Demands placed on Business to monitor recycling. ✓ (Consider any other relevant environmental demand placed on Engen) (Any 2 facts × 1 mark each = 2 marks)	Businesses are not only looking at ways to cut back on wastage, ✓ but also looking at ways to ensure that non-renewable resources are treated with respect. ✓ One such example is the drive to find and utilise alternative energy sources. ✓ Businesses are being held accountable for their environmental practices. ✓ Think about the introduction of CO₂ tax to force businesses to act responsibly ✓. The business also needs to look at issues such as the use of harmful materials vs. recycled materials for packaging. ✓ (Consider any other relevant strategy to meet the demand) (Any 2 facts × 1 mark each = 2 marks)

(12 marks)

4.1.4 Discuss any three principles, Engen should take into account when designing their CSR programmes.

- Management must communicate ✓ the need for CSR across the business (all levels). ✓
- Management should create a CSR policy ✓ for the business, that is monitored and measured according to the CSR action plan. ✓
- Management needs to communicate the CSR policy throughout the businesses and ensure buy-in takes place at all levels, ✓ it is important that the workers see management involved in CSR, ✓ so that CSR is not just a Greenwashed effect.
- An inventory of skills and resources needed to implement the programme is drawn up.
- Employees throughout the business should brainstorm to come up with initiatives for CSR.
- Management should link CSR to business success factors (make it part of performance appraisals).
- The business must understand its position within the community and its responsibilities towards the different stakeholders.
- It is important to understand how CSR forms part of the core values of the businesses. In order to do this, the business must define what the purpose of the CSR initiative is going to be, i.e. what is it that the business aims to achieve.
- Top management must ensure that their vision of the business as a corporate citizen becomes part of "everyday life in the business". CSR initiatives could be either offensive or defensive or a combination of the two:
 - Offensive CSR will proactively tackle social and environmental issues.
 - Defensive CSR is about looking after the reputation (brand) of the business ensuring all activities fall within the law.
- Management must ensure all resources are aligned with the ultimate CSR goals of the business. This means all CSR activities must be planned, organised, driven and controlled to ensure CSR goals are met.
- The business must maintain sound relationships with both internal and external stakeholders. This is done by ensuring communication channels are open so that the correct information will reach the correct stakeholders on time.
- All relevant information about the CSR initiatives must be communicated to stakeholders – even if it is negative. The challenge for the business then is to have contingency plans in place to overcome these negative events or failures. The business must disclose information regarding its performance.

(Consider any other relevant principle Engen should take into account when designing their CSR programmes)

(Any three principles × 2 marks each = 6 marks)

(Mark the first three principles only)

4.2 Why would Sasol SA prefer a "company" as a form of ownership to a partnership?

- A public company is a legal entity ✓ that can enter into contracts ✓ and sue ✓ in its private capacity, ✓ unlike a partnership that has no legal persona. ✓
- A public company has continuity of existence, ✓ independent of its owners, ✓ unlike a partnership that has no continuity of existence ✓.
- The shareholders ✓ of a public company have limited liability ✓ which means that their private possessions ✓ will not be used to settle ✓ company debts. ✓ Partners ✓ in a partnership have unlimited liability ✓ – they are jointly and severally liable ✓ for the debts of the partnership.
- A public company has a platform (the JSE) ✓ whereby it can attract investors, ✓ thus increasing its ability to gain capital ✓ for expansion ✓.
- The Companies Act ✓ protects the interests of shareholders ✓ through the requirements that companies must follow. This gives investors confidence and added security. ✓ In a partnership you only have the requirements of common law.

(Consider any other relevant advantage of the public company over a partnership as a form of ownership)
(Any 12 facts × 1 mark each = 12 marks)

4.3 Describe why functional conflict in a business could lead to a positive outcome. Use examples to illustrate your answer.

- The development of new ideas ✓ and improved creativity ✓ may result in people arguing over the current status quo ✓ and how things are done. ✓ This may result in positive change. ✓
- If conflict is resolved in a constructive way ✓ that gets people talking to one another, ✓ even between people who believe they have little in common, ✓ an improved ✓ and positive understanding may develop ✓ – leading to a healthier organisation. ✓
- When reasons for the conflict are investigated, ✓ it may help identify problems. ✓
- Conflict may lead to improved communication ✓ and a better understanding of both sides. ✓
- Conflict between two groups may assist in identifying ✓ a group identity. ✓ Members in the group may become more loyal to one another ✓ – thus improving group performance. ✓

(Consider any other valid points on why at certain times functional conflict in a business can lead to a positive outcome)
(Any 6 facts × 1 mark each = 6 marks)
(PLUS at least one mark for the example)

4.4 Suggest how management at a Sasol garage could deal with the following conflict situations. You have to provide a different strategy for each situation.

4.4.1 Petrol attendants feel that management is too autocratic when it comes to employee concerns about wage increases.

- Use an appropriate forum ✓ (e.g. workplace forum ✓ or a weekly meeting ✓ or a performance appraisal ✓) to bring the dissatisfaction to the attention of management. ✓
- Management could have training sessions / workshops ✓ on how ✓ and when ✓ to use different leadership styles ✓ to minimise the conflict and still reach their goals. ✓
- Employees can ask a trade union representative, ✓ who has better negotiation skills, ✓ to represent them and in so doing counteract the autocratic nature of management. ✓

(Consider any other relevant suggestion on how management at a Sasol garage could deal with the conflicting situation)

(Any 3 points for ONE suggestion × 1 mark each = 3 marks)

4.4.2 Customers complain about poor service delivery.

- Management could use a variety of methods to deal with the potentially conflicting situation
 - (e.g. negotiation ✓ – management and the customer try to sort out the problem ✓ in a calm and collected fashion, ✓
 - smoothing ✓ – differences ✓ between the conflicting parties are ignored ✓ and the focus is on what they have in common, ✓
 - conciliation ✓ – a third party gets involved in the conflict, ✓ but only to facilitate the discussion, ✓
 - arbitration ✓ – the final decision as to the outcome of the complaint is taken out of the hands of the original parties ✓ and a third person makes a judgement call ✓)
- Management could complete a value chain analysis ✓ of the process followed when complaints are received and eliminate stages in the process ✓ that are not adding value (i.e. they add to the conflict). ✓
- Train your employees ✓ with the correct people skills ✓ to handle complaints in a non-aggressive, ✓ but constructive manner. ✓

(Consider any other relevant suggestion on how management at a Sasol garage could deal with the conflicting situation)

(Any 3 points for ONE suggestion × 1 mark each = 3 marks)

[50]

QUESTION 5

5.1 **As Engen works to foster entrepreneurs through their Pitch & Polish programme, they have come across a number of different types of entrepreneurs. Assist Engen to understand the differences between the following types of entrepreneurs:**

5.1.1 **Sociopreneur**

- This is a person that uses innovative business ideas to solve social (community) problems. ✓
- This is a person who is willing to take business risk, to create a positive change and communicates through their business initiatives. ✓
- The aim of these entrepreneurs is not to create a profit for themselves, but rather to use profits to achieve widespread social improvements.

5.1.2 **Ecopreneur**

- This person creates an entrepreneurial business by looking at ways to solve environmental problems. ✓
- These entrepreneurs use innovation to create environmental products/services and processes that assist in solving environmental problems. ✓

5.1.3 **Tenderpreneur**

- This person will develop an entrepreneurial business based around a tender he/she would like to apply. ✓
- In some cases, the business already exists, but the business operations are adapted to meet the requirements of the tender. ✓

5.1.4 **Technopreneur**

- A techno entrepreneur is a person, who using technology advancements/developments creates a business venture. ✓
- There are two types of techno entrepreneurs: **Technology Developers** and **Technology Users**. ✓
- A Technology Developer is a person who develops a new unique technology concept that can drive a business.
- A Technology User is a person who can identify a new technology development and understands how the concept can best be applied to meet customers' needs/wants (market needs).

(Consider any other relevant fact when explaining the type of entrepreneur)
(Any 2 facts × 1 mark each for each type of entrepreneur)
(4 × 2 = 8 marks)

5.2 **Suggest entrepreneurial characteristics that you believe Engen should be developing through its Pitch & Polish programme. Explain the importance of each characteristic suggested.**

1. **Creative** ✓

- Entrepreneurship starts with an idea. ✓ To be successful, you need to always be thinking of new ideas and better ways of doing things.
- Entrepreneurs are not satisfied with the status quo. They think outside the box and look for opportunities to come up with new solutions.

2. **Passionate ✓**
 - Perhaps the most important characteristic for entrepreneurs, passion is essential to any business owner or working professional's success. ✓ Without passion, there is no reason for your work and no drive to do it.
 - Entrepreneurs love what they do and are extremely dedicated to the businesses they create. To be successful, you must be confident in yourself and your business, and you must be proactive with what you do and how you do it.
3. **Motivated ✓**
 - Because of their passion for their ideas, entrepreneurs are willing to put in the long hours and hard work ✓ required to launch and run a successful new business.
 - Entrepreneurs are their own boss, which means there's no one telling them to do things. You must oversee your own time and how you spend it.
4. **Optimistic ✓**
 - Entrepreneurs always look on the bright side and are constant dreamers. ✓ They look at how they can do things better and make the world a better place. They never dwell on the past or the negative. Instead, they focus on moving forward and moving up.
 - When they're confronted with challenges, entrepreneurs don't see them as problems; they see them as opportunities. Challenges fuel entrepreneurs and make them reach higher and do more.
5. **Future-oriented ✓**
 - Because entrepreneurs are focused on moving forward, they are always looking toward the future. ✓ Entrepreneurs are very goal-oriented and know exactly what they want. They set their goals and everything they do is aimed at achieving those goals.
 - Having a strong vision helps propel you toward accomplishment. Consider setting a goal for yourself – a north star that can guide you on your path to success.
6. **Persuasive ✓**
 - To be successful in business, you must know business. ✓ If you're a people person and know how to get people to listen to you, you could be a successful entrepreneur.
 - Especially when first starting out, entrepreneurs need to gain buy-in from those around them on their big idea. If it's an out-of-the-box idea, which it usually is, many people will be sceptical before giving their support or investing any money. That's why entrepreneurs need to use their persuasiveness to sell themselves and their ideas.
7. **Flexible ✓**
 - Entrepreneurs know how to adapt to unfamiliar situations. ✓ If their business requires that they learn how to build a website or send an invoice, they'll do it. Whatever it takes, entrepreneurs are ready and willing. They always approach things with an open mind and are willing to change course if they need to.

8. Resourceful ✓
 - In business, problems aren't a matter of if, but when. ✓ Entrepreneurs do not shy away from challenges or conflicts. Instead, they face them head on and come up with a solution. They know how to solve problems effectively.
 - Entrepreneurs also know how to make the most of what they have. Time, money and effort are never used haphazardly. Everything has a plan and a purpose.
9. Adventurous ✓
 - Entrepreneurs know that to be successful, they must be willing to take risks. ✓ While they don't mind walking on the wild side, they don't take risks lightly. They know how to plan for the unknown and make a calculated decision that is best for them and their business.
10. Decisive ✓
 - There is no room for procrastination in business. ✓ Entrepreneurs know what needs to be done and don't hesitate to make the decisions that will lead them to success. They don't let opportunities pass them by; instead, they seize the day and get the job done.

(Consider any other relevant entrepreneurial characteristics that you believe Engen should be developing through its Pitch & Polish programme)

(1 mark allocated for mentioning the entrepreneurial characteristic)

(Maximum of 4 marks for explaining the importance of each entrepreneurial characteristic)

Total: 10 marks

5.3 If you were the person in charge of the Engen Pitch & Polish programme, how would you measure the success of your programme?

Candidate needs to demonstrate that they understand how something could be measured.

They could talk about control, ✓ having set criteria, ✓ a measuring scale, ✓ through a customer survey, ✓ etc.

(Consider any 4 relevant ways in which the person in charge of the Engen Pitch & Polish programme, would measure the success of the programme)

(4 facts × 1 mark each = 4 marks)

5.4 5.4.1 Describe the purpose of an Engen franchisor drawing up this graph.

- The graph is used to calculate the break-even point. ✓
- The break-even point is the point where the income generated from sales ✓ is exactly equal ✓ to the total costs. ✓
- The point where neither a profit ✓ nor a loss is made. ✓
- This means that as soon as the business exceeds this point in sales, ✓ a profit will be generated. ✓

(Any 4 facts × 1 mark each = 4 marks)

5.4.2 Identify each of the labels on the graph:

- A** = Total sales ✓
B = Total costs or Fixed costs (FC) + Variable costs (VC) ✓
C = Variable costs ✓
D = Fixed costs ✓

(4 points × 1 mark each = 4 marks)**5.4.3 Describe how the "safety margin" fits into the analysis of the graph.**

The safety margin refers to

- how far above the break-even point the business must perform ✓
- in order to ensure that the business can safely continue to exist. ✓

(2 points × 1 mark each = 2 marks)**5.5 5.5.1 Discuss some of the challenges that garage owners encounter as a result of the bargaining power of buyers.**

- The buyer has the power to demand a lower price, ✓ a higher level of quality, ✓ longer trading hours, ✓ physical delivery of goods in the fuel forecourt, ✓ a wider variety of goods and services, ✓ etc.
- These demands will force the business to decide ✓ if it is worthwhile to meet these demands. ✓
- Satisfying more consumer demands ✓ would mean lower profits for the business. ✓
- Not meeting the demands ✓ may however mean no profits ✓ if consumers shift to the competition. ✓
- There are various instances when buyers have a strong bargaining power ✓ (which in turn increases ✓ the challenge faced by the garage owner) e.g.
 - The buyer is buying in bulk; ✓
 - There are many suppliers selling the same or similar products / services; ✓
 - It is easy ✓ and not expensive ✓ for the buyer to switch to another supplier. ✓

(Consider any other relevant the challenges that garage owners encounter as a result of the bargaining power of buyers)

(Any 6 points × 1 mark each = 6 marks)**5.5.2 List FOUR possible barriers that could make it difficult for business to enter the fuel-forecourt business.**

- The capital required to enter the market is high i.e. expensive research and development or pricey equipment etc.; ✓
- Existing businesses have strong trademarks or patents protecting their products or services; ✓
- The strict government legislation that makes it difficult to enter the market; ✓
- Customer-switching costs to change to a new type of product are high; ✓
- The high level of customer loyalty; ✓
- Economies of scale are not easily achievable. ✓

(Consider any other possible barriers that could make it difficult for business to enter the fuel-forecourt business)

(Any 4 barriers × 1 mark each = 4 marks)

5.5.3 Describe the technological challenges that garage owners may encounter in the daily management of the business.

- Developments in the manufacturing of fuel products that result in the production of new products; ✓
- Consumers using the internet to purchase products sold at the fuel forecourts i.e. online shopping; ✓
- Customers using self-service devices when putting in petrol or other services offered on site e.g. using a self-service carwash; ✓
- The introduction of electric cars and garages having to adapt to the additional customers needs that this would create; ✓
- The use of solar panels to provide alternative form of energy to the day to day running of the garage; ✓
- Load shedding / interruption in electricity supply; ✓
- Safe electronic payment of services by customers and when management of the garage pays its suppliers; ✓
- Keeping administration records up to date using off site storage devices or cloud storage, etc. ✓

(Consider any other technological challenges that garage owners can encounter when trying to achieve their mission and vision)
(Any 4 facts × 1 mark each = 4 marks)

5.5.4 Use an example to explain how a challenge that originates in the macro environment could have an impact on the micro environment of a petrol station.

- The Black Economic Empowerment (BEE) Act ✓ states that businesses have a responsibility to employ previously disadvantaged individuals ✓ as a means of redressing inequalities of the past. ✓
- This is a challenge for the business from the macro (external) environment. ✓
- The Human Resources department (micro environment) of the garage ✓ now has the challenge that when they are recruiting and selecting new workers, they will have to bear in mind the requirements of the BEE Act. ✓

(Consider any other relevant example that shows how a challenge that originates in the macro environment can come to have a significant impact on the micro environment of a garage business)
(Any 4 points × 1 mark each = 4 marks)

[50]

QUESTION 6

- 6.1 6.1.1 **Study the graph above and identify the top two reasons for business failure? In addition, also suggest what an entrepreneur could do to avoid these two top business failures?**

No Market Need ✓

Ran out of Cash ✓

(Consider any other relevant suggestion on what an entrepreneur could do, to avoid these two top business failures)

(1 mark for 1 identification of reason + 2 marks for discussion)

(2 reasons × 3 marks each = 6 marks)

- 6.1.2 **Discuss activities that an Engen garage should perform as part of its operations to deliver a good quality product and/or service to customers.**

- Generating viable and feasible business ideas ✓ is probably one of the most difficult activities. It is not easy otherwise everyone would be an entrepreneur. ✓
- The entrepreneur will need to conduct the necessary market research ✓ to determine the success of the idea by assessing the potential market, ✓ demand ✓ and competition. ✓
- All the business activities to implement the idea will be dependent on the availability of funds. ✓ The entrepreneur will need to evaluate the different avenues to obtain funds ✓ (own ✓ and borrowed capital ✓)
- Recruiting the right workforce to assist with the implementation of the idea is crucial ✓ and the employees should have the necessary skills, ✓ knowledge ✓ and experience ✓ needed to change the idea into a reality. ✓
- Procurement of other factors of production ✓ (raw materials, machines, equipment, inventory, etc.) must be done while keeping costs ✓ and quality in mind. ✓
- The entrepreneur will need to develop the necessary action plans ✓ for the implementation of the idea. ✓ In addition to planning ✓ and organising resources, ✓ the entrepreneur will also need to lead ✓ and motivate staff members ✓ and control ✓ the various elements of implementing the idea. ✓

(Consider any other relevant activities that an Engen garage should perform as part of its operations to deliver a good quality product and/or service to customers.)

(Any 8 facts × 1 mark each = 8 marks)

- 6.2 Describe a challenge that the public relations officer of Engen could encounter and suggest how he /she could overcome the challenge.

Challenge	Suggestion to overcome the challenge
Inappropriate communication ✓ about the business has gone out on social media affecting the public image of the business. ✓	Organise a press release as soon as the communication is detected on social media ✓ and clarify the businesses' position. ✓
Internal marketing ✓ is not reaching its target audience. ✓	Research the reasons why the internal marketing is not reaching its target audience ✓ and propose changes to its delivery. ✓
There is a lack of integration (alignment) ✓ between the objectives of the marketing department and the PR department. ✓	Have weekly meetings between the two departments ✓ and set targets to measure that the two departments are in alignment. ✓

(Consider any other relevant challenge that the public relations officer of Engen could encounter and suggestion how he could overcome the challenge)

(Challenge: Any 2 points × 1 mark each = 2 marks)

(Suggestion to overcome challenge: Any 2 points × 1 mark each = 2 marks)

Note: The suggestion must link to the given challenge

Total: 4 marks

- 6.3 Engen has three different management levels. Complete the table below where you:

- Name each of the three management levels;
- Explain the type of decisions managers make at each level;
- Provide a relevant example to illustrate the type of decisions made at each level.

Top Management ✓ (1 mark) • is responsible for the strategic decision ✓ of the business, i.e. planning for the future of the business to ensure the business has a sustainable future. ✓ • looks at integrating demands of the different interest groups, ✓ while taking responsibility for the overall business results ✓ and performance within the market place. ✓ (Any 3 facts × 1 mark each = 3 marks) An example would be creating a suitable Vision and Mission ✓ (1 mark)
Middle Management ✓ (1 mark) • is responsible for tactical decisions ✓ in the business, i.e. medium-term decisions. ✓ • interprets top management's decisions ✓ in terms of the demands ✓ and impact ✓ on each business function/department. ✓ • The overall business plan is then implemented by each department, ✓ while ensuring there is synergy ✓ between the different functional areas in the business. ✓ (Any 3 facts × 1 mark each = 3 marks) An example would be creating a communications plan to ensure effective marketing is taking place. ✓ (1 mark)

Lower Management ✓ (1 mark)

- is responsible for the day to day ✓ decisions in the business, i.e. they are managing the operations of the business ✓ on a daily basis within the parameters ✓ described by the policies ✓ and
- procedures of the different business functions. ✓

(Any 3 facts × 1 mark each = 3 marks)An example could be the printing of the marketing materials. ✓ **(1 mark)****(Consider any other relevant facts in your discussion)
(15 marks)****6.4 Describe the different types of products and services that could be on offer at an Engen garage. Use examples to illustrate your answer.**

- Consumer goods ✓ – goods bought by consumers ✓ e.g. bottled water; beverages, sweets, magazines, etc. ✓
- Consumer services ✓ – purchased by the consumer for personal use ✓ such as a car washing service or engine tune up service ✓.
- Producer goods ✓ – sold to other businesses to use in the day-to-day running of the business or for further manufacturing ✓ e.g. oil or gas. ✓
- Producer services ✓ – assist the business with its daily operations ✓ e.g. delivery vehicle car wash. ✓

(Consider any other relevant examples when describing the different types of products and services that could be on offer at an Engen garage)**(3 facts per category × 1 mark each = 3 marks)****(One example must be given per category of possible service/product offered at an Engen garage)****Total: 4 categories × 3 marks each = 12 marks****6.5 Comment on the validity of the statement and suggest how petrol garages should manage this risk.**

The statement is valid.

- Consumers are earning and spending their salaries in an economy that has high inflation. ✓
- The low economic growth ✓ and the low level of productivity ✓ are the primary reasons for the constant increases in the prices of essentials (i.e. petrol and electricity).
- There is a lack of investor confidence in our economy, ✓ because of a lack of confidence in the government ✓ (seen to be corrupt ✓ and incapable of dealing with pressing economic issues). ✓
- Our exchange rate fares poorly ✓ in comparison to other international currencies making the purchase of petrol even more expensive. ✓

(Consider any other relevant reason for the validity of the statement)**(Any 2 facts × 1 mark each = 2 marks)**

Possible strategies that garage owners could implement to deal with the risk.

- As the petrol price is fixed, garage owners would need to have specials/ promotions ✓ on their items in the convenience stores in order to attract customers. ✓
- Garage owners would need to be innovative in finding ways to be cost conscious ✓ in running their garages i.e. telephone, overhead expenses, ✓ etc.
- Consider strategic alliances with partners ✓ that are facing the same risk and together tackle the issue. ✓

(Consider any other relevant strategies that garage owners could implement to deal with the risk.)

(Any 3 facts × 1 mark each = 3 marks)

Total: 5 marks

[50]

150 marks

SECTION C**QUESTION 7**

Fact marks are allocated as per the rubric for:

- ***Naming***
- ***Explaining / justifying / Motivating***
- ***Examples***

A professional person will act in an ethical manner but will also do much more. A professional person will:

- ensure his/her knowledge and skills relating to the job at hand are current and that he/she is committed to lifelong learning in the field to make sure a superior outcome is achieved
- be prepared to share his/her knowledge to develop other employees
- exercise good judgement when doing the job (related to ethics)
- be reliable by honouring commitments to clients, but also to other stakeholders and where possible, exceed expectations
- accept accountability if a mistake was made and not to lie or try to shift the blame onto someone else
- ensure that his/her appearance matches the above-mentioned high standards
- be punctual, because being late is a sign of disrespect towards the person/people with whom you are meeting
- use appropriate language and not swear – it is often expressed and perceived that swearing indicates a lack of vocabulary
- avoid falling into the trap of gossiping about colleagues: Remember, if someone is prepared to say horrible things about a colleague to you, what does that person say behind your back about you?
- avoid spending company time telling everybody about personal matters. Not only does this waste time and reduce productivity; it may also negatively affect general employee morale by being exposed to constant complaints and negativity. Personal issues are best left at home.

– **A Code of ethics and A Code of conduct**

- A Code of ethics is often defined as a set of rules that helps people when they must make decisions, while a Code of conduct will guide people's actions (conduct). But, is there really a difference?
- A Code of Ethics will describe the principles that the business considers as important when decisions are made. Some examples of these principles may include honesty, respect for others, obeying the law, avoiding harm to others, respecting nature and accountability.
- A Code of Conduct will prevent negative behaviour such as sexual harassment, abuse of company property for personal gain, distributing inappropriate emails or being racist.
- The importance of these two documents (many business combine them into one document) lies in the fact that in a group of employees there will be many individuals who have different values, but with the help of these documents everybody in the team/business will use the same set of rules to judge or evaluate what is acceptable behaviour in the business and what is not.

- **Types of unethical behaviour that will be addressed in the Code of Ethics / Code of Conduct:**
 - Bribery, corruption and fraud
 - Confidentiality of Company records
 - How to handle conflict of interest
 - Insider trading
 - Receiving gifts or offers of entertainment: value and how to declare
 - Respect for the business' intellectual property
 - Use of company resources and the issue of privacy
 - Are employees allowed to have another job / run a business in their own time?
 - How to report problems (whistle blowing)
- **How to ensure staff members use the Code of Ethics / Code of Conduct as part of everyday business:**
 - Obtain staff input. Prepare a draft document and allow employees to give feedback. This will ensure buy-in from staff members.
 - Managers need to lead by example. There should not be two sets of rules: One for what managers can do and one that prescribes the expectations from staff members.
 - Ensure the guidelines are written in easy to understand language. It serves no purpose to have a Code of Ethics or Conduct, written in legal terms, which the employees do not understand.
 - Conduct regular training sessions to help employees to understand the guidelines. Provide examples of what is acceptable vs. unacceptable behaviour.
 - As with any document that is presented to someone else, ensure it is proofread and that the necessary language editing has been done. Employees will look at this Code specifying what is expected and if the employer does not respect himself enough to be proud of what he/she is presenting to staff, how can staff members be expected to act in a professional manner?
 - Ensure employees are aware of the consequences if they do not abide by the guidelines and enforce the guidelines by acting in a fair and consistent manner against those employees who fail to act in accordance with expectations.
- **The implications of Unethical Business Practices**
 - Unethical behaviour leads to an atmosphere of mistrust in the workplace. Employees look at managers and/or colleagues acting in a certain manner and getting away with it and may be tempted to do the same. In the long run this type of behaviour has negative consequences for morale and productivity.
 - If the unethical behaviour is discovered, it may lead to some embarrassment for the individual and the business. But worse than the embarrassment, it may mean a criminal record and even jail time if it is serious. Consider the impact of this on the person's family.
 - It is not only the individual who may end up in a court case; customers too are increasingly more informed about their rights. The business may end up with a class action suit with all consumers who feel they were treated in an unacceptable manner taking the company to court.
 - If customers become aware of unethical behaviour, the business's reputation may suffer and customers could decide to boycott the business, possibly resulting in a negative impact on profits.
 - Unethical behaviour may even mean large fines for the business. This will have a further negative impact on the profitability of the business. Think of the fines imposed for something like price fixing.

- Lower profits may lead to investors losing confidence in the business and a drop in the share price on the JSE.
- Unethical behaviour by top management may lead to more regulations being introduced to try to govern behaviour. This will place a bigger demand on all companies in terms of red tape and paper work to be submitted.

– **The importance of Corporate Governance**

- Businesses should be good citizens of the country in which they operate, because it is the right thing to do.



- For a business, there are many advantages to be a good corporate citizen: Some of the benefits of implementing a sound Corporate Citizenship programme, include:
 - a good image and therefore a much easier task for the Public Relations team
 - improved relations with stakeholders such as:
 - a healthier workforce with easier recruiting, because people want to work at a place regarded as responsible towards all stakeholders
 - investor confidence makes it easier to raise capital
 - an increased market share because of a higher satisfaction levels amongst customers because the business contributed to a better environment by helping others

50 marks

Total: 300 marks

BUSINESS STUDIES: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)

CRITERIA	0		1		2		Mark
Format	Not meeting the correct standard		Partially correct format		Correct format		
	0	1	2	3			
Terminology	No use of business terminology	Isolated / limited use of business terminology	Good use of business terminology		Outstanding use of business terminology		
Content (number of relevant facts)	Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)						
Sub-Total: (30 marks)							

BUSINESS STUDIES – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

If all SECTIONS have not been completed, the judgment is based on the amount of expected information.
E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a "majority of statements" mark.

CRITERIA	0		1	2	3	4	Mark
Substantiation (justification for statements made)	No attempt at substantiation.		Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.	
	0	1	2	3	4		
Application to context / industry	Superficial reference based on the case study / context given (Just keep mentioning the name of the business repeatedly without relevant examples).		Continuous reference is made to the case study / context given with some applicable examples given.	Continuous reference is made to the case study / context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study / context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study / context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response.	
	0	1	2	3	4	5	6
Creative Problem Solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.
	0	1	2	3	4	5	6
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.
1 Introduction – don't just re-write question, but shows an understanding of the "link" between the topics							
2 Conclusion – this should be a logical affirmation of the points raised							
3 Flow of thought, i.e. paragraphs leading into one another							
4 Integration of topics given in the question							
5 Integration of question with other business related topics to enhance the quality of the answer							
6 Arguments are developed							
Sub-Total: (20 marks)							
						TOTAL	