



eduresourceza.com



NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION MARCH 2016

BUSINESS STUDIES: PAPER II

MARKING GUIDELINES

Time: 2 hours

100 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.

The following aspects may be considered when marks are allocated in this paper:

- Format:
 - The **CORRECT** format for each question must be used, i.e. Business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context/theme.
- Creative problem-solving rather than just giving theoretical facts.
- Synthesis and sequencing.

QUESTION 1*Factual marks are allocated as per rubric for: naming, explaining and examples.***Quality Performance****(max 70 marks)**

In order to solve problems in a business context, sometimes one needs to be creative and not only 'think out of the box', but 'think as if there is no box'! In other words, to solve **new problems**, it is not good enough to bring old solutions to the table.

Creative thinking in this context can be defined as 'identifying a problem the consumer is not even aware of yet and finding a way to solve that problem'.

The aim of finding creative solutions to business-related problems is to create and maintain a **competitive advantage** for the business. However, in today's fast changing world, product life cycles are often becoming shorter and therefore the business must constantly adapt to ensure customer needs are satisfied.

Different creative thinking and problem-solving techniques that can be used to develop strategies for improving the performance of the business:

Pros and Cons Chart

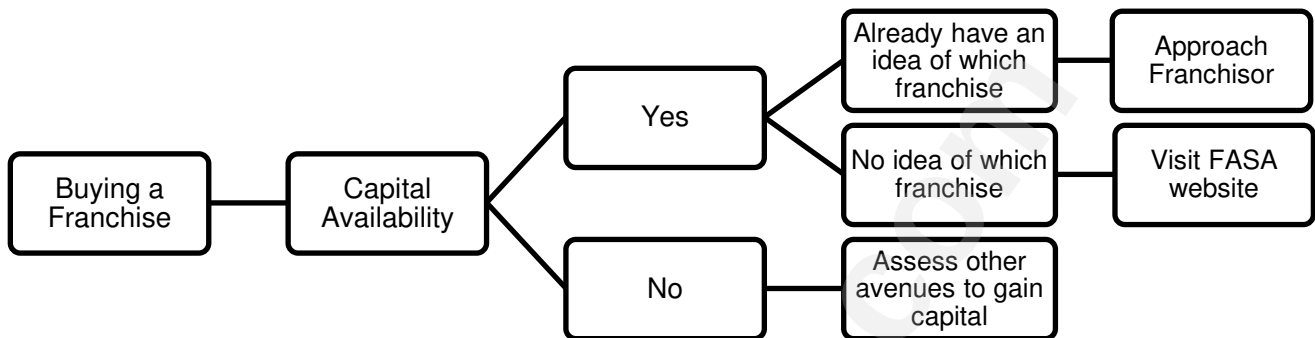
This technique helps the manager to make a decision based on the advantages and disadvantages of a specific option, for example:

Wimpy	
Pros	Cons
• Wide choice/range of product offerings. • May attract more customers.	• Skilled staff difficult to obtain. Could be very costly. • More space required in store.

When the advantages and disadvantages are carefully considered or weighed up a decision can be made, based on what is best for the business at that stage. The decision made may change, if circumstances at a later stage change.

Decision Tree

A decision tree is a visual representation (almost like a flow chart) of different outcomes to a single event. It helps the decision maker to look at different options and the consequences of each.

**Value Chain Analysis**

In a business environment, the concept of adding value for the customer should be the aim, because a business needs satisfied customers to be successful.

In a manufacturing environment it is easy to see how and when value is added. Just follow the process of raw material (input) being transformed into a valuable product (output). In other instances, however, it may be more difficult to 'see' the value added when a service is rendered, i.e. people's use time, knowledge and systems (input) to create services (intangible output) for the customer.

If one keeps in mind that there are internal customers (co-workers or the boss) and external customers, it is important to look at the entire business process to decide where value is added in a cost-effective manner to enhance the quality of the product or service rendered.

It has been recognised that if a business is involved in something that is not its core-business strength, that particular activity will probably not add value to the business process. In a case like this, it may be better to outsource the service.

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

A SWOT-analysis is a useful tool to look at the internal AND external environments.

The S (strengths) and W (weaknesses) refer to INTERNAL issues, i.e. the eight business functions and the efficiency/strength of coordination between them to make the business successful.

The O (opportunities) and T (threats) refer to issues in the macro and/or market environments. For example, if a competitor (market environment) has a superior marketing strategy, it will threaten the business, as customers may be lost to the competition. Alternatively, if the exchange rate (macro environment) deteriorates, imported raw materials may become more expensive and as such it is a threat to the profitability of the business.

The Delphi Technique

This technique is used as a method to obtain the opinions of experts on a particular topic, without necessarily engaging with them face to face. Not considering the option of consulting experts is often incorrectly regarded to be a cost-saving measure.

The real reason why experts are consulted in a situation where they interact, **but remain anonymous**, is to prevent a situation where subjectivity and personal opinions prevent members of the group from expressing their opinions/recommendations critically.

Consider for example that Famous Brands would like to get the opinions of several housewives about a new fast food option. In the first round information will be collected from a panel (comprising the housewives) about their **expectations** of the fast food outlet. This information is analysed and relayed to the panel for a second round of discussions. The panel then gets an opportunity to revise its conclusions based on the feedback given by all the panel members except that, each panellist's contribution remains strictly anonymous. This helps to prevent a situation where the panellists are influenced by the presence or input of each other, or where they simply agree (with the rest of the panel) to avoid the appearance of being 'stupid' (group think).

RIMS (Rational Interaction for Moral Sensitivity) Strategy

Although this section is aimed at finding creative solutions to problems in the business world, one must not lose sight of the importance to find ethical solutions to problems. The RIMS strategy argues that the solution should be beneficial to society, instead of the focus primarily being on 'how do I benefit from this solution?'

In order to achieve this, it is suggested that all participants discussing the problem should be seen as equals, thus affording each person fair opportunities to state his/her case. Only facts may be stated; personal opinions, emotions and positions held in the organisation do not form part of the discussion.

It is debatable whether this is a realistic and practical approach in a business situation. It is understandable that if the manager is to be held accountable for the outcome of the situation, it is unlikely that he/she will allow others to make the final decision. It may, however, be productive to afford each person an opportunity to voice an opinion (on an equal footing) to enable the manager to consider the input given to resolve the problem at hand.

Resource-Based Approach

The Resource-Based Approach to problem-solving states that the business should find out which resources are of strategic importance to the business. These are the resources that can assist the business to create a competitive advantage in the market place.

When a business is faced with a problem, it has to determine which resources are needed to solve the problem such as the availability and costs of obtaining the resources. If a scarce resource is needed and the business has this resource available, it may give the business a competitive advantage. For example: Two entrepreneurs aim to establish a chicken fast-food business in a particular area. The one owns a Nando's franchise while the other does not. This scarce resource (knowledge, expertise, and support from the franchisor, established brand) will give the Nando's franchisee the competitive edge.

Resources may include tangible and intangible elements. Tangible resources could include scarce raw materials, financial resources, land and buildings (good location), equipment, etc., while intangible assets may be patents, an established brand, skills and a workforce with a good morale, and a reputation of superior customer service, etc.

Depending on available resources and/or the cost to obtain them, different approaches to solving the problem may be considered.

Balanced Score Card

The traditional BSC approach was developed by Kaplan and Norton. The reason for developing the Balanced Score Card is to describe the key outcomes that the business would like to 'measure' (evaluate) in order to improve these outcomes.

The BSC forces management to focus on issues that are important because they create value in and for the business. Plans and strategies may then be developed to create/maintain/improve the competitive advantage of the business.

The elements of the (traditional) BSC that are used are finance, customer, internal business perspective, and a learning and growth standpoint. Attempts are made to identify and describe how each of these plays a critical role in the business.

- The **financial perspective** focuses on maximum utilisation of assets and minimizing costs in order to create shareholder value.
- The **customer perspective** focuses on how customers see the business and what their expectations might be.
- The **internal business perspective** is focused on innovative products and services, the management of operations and social investments to improve the business.
- The **learning and growth perspective** looks at how employees in the business can continue to improve and create value. This is done through intangible assets of the business such as information capital (intellectual property), which is developed by the human capital (employees). Leadership, accountability, culture and teamwork are important components when developing a culture of lifelong learning and development.

Strategies/plans of action on how a business can respond to challenges (trends and crises) in the internal and external business environments in order to create or defend the business' competitive advantage

In order to formulate a strategy to respond to changes in the business environment, it is important that management keeps a close eye on events in both the internal and external business environment. Remember:

- Internal environment: Eight Business functions/departments are evaluated by means of (inter alia) SWOT (Strengths, Weaknesses), the Resource-Based Approach, the Value Chain Analysis and Balanced Scorecard (BSC).
- External environment: Market environment (Porter's five forces) and macro environment (elements of PE²STLE), as well as O & T in both the market and macro environments.

Strategic management can be defined as:

- Top management analyses events that take place in the business environment. Some of the events may be something that develops over time (a trend), while other events may come as a surprise (crisis) to the business.
- The decisions and actions that are taken in response to the analysis. These decisions and actions then form the strategies of the business.

In order to formulate and implement a successful strategic plan of action, management will ask the question: 'How can we create a competitive advantage in the market?' In order to answer this question, the first step is to have a clear understanding of:

- What is the **vision and mission** of the business? The vision is a statement about **what** your organisation **wants** to become, while your mission statement is a description of what an organisation **does** or the **purpose** of the business to accomplish the vision.
- Once the vision and mission are formulated, the business will outline the **long-term and short-term objectives**. When formulating the objectives, the future is the starting point. The business cannot afford to react to future events only once they take place, but should 'force the future/create its own future'. This is done by aligning the present situation with what is **desired** in the future. This may mean this business has to change immediately to 'meet the future before it happens' by changing things proactively. This pre-emptive approach means the business does not wait for the change to happen, but initiates the change when it is seen as an opportunity for growth and development. Strategic management enables the manager to make things happen, rather than to watch things happen or to realise the bigger picture has been missed.
- Once the objectives have been formulated, strategies are designed and implemented to achieve the objectives. Although there are a variety of 'formal strategies' (as discussed in the section that follows), a strategy can be defined as *any plan of action to achieve the desired outcome*.

Generic strategies:

Low-cost strategy

The competitive advantage created by a *low-cost strategy* is based on having the lowest cost in the industry. In order to achieve this, the workforce has to be committed to saving costs. This can be achieved if:

- The business has access to cheap raw materials (i.e. low input costs).
- Costs can be reduced through efficiency, using mass production, technology, and re-engineering activities (i.e. low cost manufacturing).

Activities that do not offer cost benefits must be discontinued or outsourced to save costs. This strategy works best if there is a big market share which results in high turnover volumes and therefore high revenue.

Focus (niche market)

Using a focus strategy to develop a competitive advantage means all efforts are aimed at a specific market segment based on geography, culture, age, hobbies or any other criteria that created a unique group of customers in the market. This unique group will have different needs than the rest of the target market. Customers must have distinct preferences that are catered for. This niche market becomes the focus and presents opportunities for the business; because it is often overlooked by competitors or viewed as not being 'worthwhile'. The niche must be big enough or have growth potential to make it valuable.

To achieve the successful implementation of a focus strategy, the business must have expert knowledge of the niche market and the ability to develop the products for this market segment.

Differentiation

All efforts are aimed at providing a unique product/service which will ensure customer loyalty, as this may give the business the opportunity to charge a premium price. The uniqueness may be based on factors such as:

- quality (real or perceived per brand name, fashion, image)
- after-sales
- product features
- distribution or marketing efforts

In order to base the business' competitive advantage on a differentiation strategy, it must be difficult for competitors to copy. The key to a successful differentiation strategy is the continuous redevelopment of products and/or services to stay abreast of changes in the environment.

Corporate strategies:**Corporate Combination**

There are different options when a corporate combination strategy is implemented:

- A **joint venture** takes place where two or more businesses enter into an agreement to combine resources in order to improve the functioning of both businesses. For example, Engen garages enter into an agreement with Wimpy to allow Wimpy space in the Engen shop to sell Woolworths' products. This way when people fill up with petrol and want to buy lunch, they may decide to stop at Engen, because it affords them a choice to do both activities simultaneously, in ONE place. With Engen and Wimpy sharing the premises, both businesses benefit from sharing resources (premises).
- When two or more businesses **merge** or when a **takeover** occurs, the individual businesses no longer exist separately; the different businesses combine to form one new business. The Competition Board has to approve a merger/takeover in order to ensure fair competition continues in the industry after the merger/takeover.

Decline/Defensive Strategies

When a business decides to scale down or reduce its operations or some of the products, it follows a defensive or decline strategy.

- If a business decides to follow a **Retrenchment** strategy, it reduces the size of the business or reduces the diversity of products/service sold. This is done in order to reduce expenses and thereby improve the financial position of the business. **Divestiture** is part of a retrenchment strategy and involves the business selling off some of its operations because assets used in these operations are under-utilised and it hampers the financial performance of the business. If Nestlé decided to sell all their chocolate brands to Famous Brands, it would be an example of divestiture (please note this is NOT happening, but just an example!).
- If a business is bankrupt, it results in **Liquidation**. This means all assets are sold to pay for the debt of the business and the business ceases to exist. For example, Famous Brands could sell its trucks to pay for the debts of the business.

Growth

When a growth strategy is implemented, the aim is to grow the business's turnover and sales volume.

MARKET	<i>Existing</i>	Market penetration: The existing market and existing products are used to expand. A business may use different tactics to achieve this. Offering lower pricing or more intensive distribution may convince existing consumers of an existing product to switch business. If Taste Holdings wants to 'steal' some of Famous Brands clients, they have to convince potential customers with offers of better prices or better quality for the same price.	Product development: This involves taking a new product and offering it to an existing market . This is, for example, when Wakaberry started, there was already a market for frozen yoghurt. But offering the product with all the complimentary add-ons is seen as product development.
	<i>New</i>	Market development: When Famous Brands decided to expand to other countries in Africa where the concept of fast food was not yet established, an existing product (fast food outlets) was taken into a new market .	Diversification: The business enters a new market with a new product . It does not mean the market or product does not exist at all, merely that this business has never sold this product to this market before, and is doing this now to grow the business, and by doing so they have grown the business.
		<i>Existing</i>	<i>New</i>
		PRODUCT	

There are numerous options for a business when it comes to growing the business, but the four most common options as discussed above are known as Intensive strategies or Ansoff's growth matrix.

Other possible strategies to improve the overall performance of the business:**Revise business mission and/or revise objectives**

Already stated is the mission statement: It is a description of what the business does or the purpose the business serves. If the business produces/supplies merchandise which consumers no longer want, it is time to revise the business mission. A business planning to revise its mission after consumer demand has already changed, has waited too long.

In the fast-changing world that we live in, no business can afford to 'wait and see' what the future will bring. Management should be proactive in the approach to possible changes in the market place and then align the mission and objectives of the business with what is **desired** in the future. The business will need to revise the mission and objectives **immediately**, to 'meet the future before it happens'.

Allocate resources differently

Resources in the business refer to employees, money, machines, time, raw materials and even skills. Resources should be allocated where they are most productive, in other words where they create the biggest competitive advantage and generate the most profits.

If the business has decided to revise the mission and objectives, it will have to reconsider how resources are allocated in the business. And, if resources are allocated to a task that does not add value, that task has either to be outsourced or to be terminated, so the resources can be re-allocated to a more productive part of the business's operations.

Total Quality Management (TQM) and Total Customer Satisfaction

No business will survive if it does not keep customers satisfied. TQM is a process where everybody in the business is committed to thinking about how all actions impact on the quality of all tasks and overall customer satisfaction.

It is important to note that customer satisfaction refers to internal customers as well, as the following example illustrates: The training division's customers are all the employees who are trained in the business (i.e. an internal customer). If the training department does not follow the philosophy of TQM, employees will lack the correct knowledge to do their jobs and morale may be low because employees do not feel empowered to do their jobs. This in turn will impact on production, marketing and all other departments of the business where these employees work.

In order to determine the quality of a product or service, **inspections** can be conducted. Inspections refer to the process of measuring, examining or testing the product or service or one or more components thereof. The results are compared to predetermined specifications in order to assess if the quality is acceptable or not. Inspections can either be carried out by looking at every product/service produced.

Sampling is a statistical method of quality control where a certain number of items are tested from the entire production batch. If the tested samples are of a certain quality (acceptable or not), it is assumed that all items will be of the same quality.

Remember the business can only improve quality if there is awareness that something is not right. Thus, it is in the interest of the business to ask customers for feedback and to respond to the feedback to improve the quality of the product and/or the service.

Benchmarking

Benchmarking is when the business looks at what is 'best practice' in the industry. This involves measuring the business's current performance with the standard it should be achieving (best practice). If the business is underperforming, steps are implemented to narrow or eliminate this underperformance gap (between how it is being done and how it should be done).

Performance Appraisals (360°) and self-evaluation

A performance appraisal is a tool used to plan, evaluate and improve the performance of employees.

- It is a planning tool because during the performance appraisal the employee and his/her manager discuss and agree on performance targets.
- It is an evaluation tool because at the next appraisal the employee evaluates his/her performance (self-evaluation), while the manager also evaluates the employee's performance. Input may even be requested from other relevant parties that the employee interacts with while performing the job. This may include customers, suppliers, peers and subordinates. This is called a 360° performance appraisal.
- It is a feedback tool because the achievement (or not) of targets is discussed and action plans are developed to solve problems. If applicable, promotion opportunities and career paths are also discussed.

Continuous Skills Development

We are living in an era where knowledge is the most important asset for any business to have. The business should strive to create a culture where employees are constantly growing and learning, because this will lead to continuous improvement in the functioning of the business. Without ongoing development of employees' skills, the business will be in serious trouble. Just think how fast things are changing around us. New technology, changes in legislation, new products from competitors or changes in customer demand, all necessitate the staff acquiring new skills.

The business has to provide learning opportunities, but the employee also has to take responsibility for his/her self-development to enable him/her to achieve personal goals.

Teamwork

There are a number of reasons why teamwork is important to the success of the business:

- Teamwork generates new ideas to improve the business.
- Team members may mentor one another or simply provide a soundboard for bouncing off ideas.
- The collective team effort is what may make or break a business. Imagine how upset a customer will be if he/she is told the only person available to assist him/her is on leave ...
- In a team there are many different types of intelligence and two heads have always been better than one. One person's strength may compensate for another's weakness.
- Teamwork may allow for division of labour, where each person gets to focus on what he/she is good at.

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)						Question 1	Question 2
CRITERIA		2	1	0			
Format		Correct format	Partially correct format	Not meeting the correct standard			
	3	2	1	0			
Terminology	Outstanding use of business terminology	Good use of business terminology	Isolated/limited use of business terminology	No 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 = maximum 4 marks (8 facts)						
Subtotal: (30 marks)							

BUSINESS STUDIES PAPER II – 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			4	3	2	1	0
Substantiation (justification for statements made)			The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.	The majority of the statements are substantiated.	Less than half of the statements are substantiated.	Very limited substantiation.	No attempt at substantiation.
Application to context			Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs are fully integrated into the response.	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.	Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer.	Continuous reference is made to the case study/context given with some applicable examples given.	Superficial reference based on the case study/context given. (Just keeps mentioning the name of the business repeatedly without relevant examples.)
	6	5	4	3	2	1	0
Creative problem-solving	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.	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 majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Identification of the problem with breadth but no depth (superficial).	Identification of the problem and an incorrect/poor solution suggested.	No understanding of the problem and no solution given.
Synthesis	All six of the criteria are fulfilled.	Any five of the criteria fulfilled.	Any four of the criteria fulfilled.	Any three of the criteria fulfilled.	Any two of the criteria fulfilled.	At least one of the criteria fulfilled.	None of the criteria as listed below are met.
1 Introduction – did not just rewrite 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							
SUBTOTAL: (20 marks)							

QUESTION 2

Factual marks are allocated as per rubric for: Naming, explaining and examples.

The Human Resource/Human Capital Function**(max 35 marks)**

In recent years there has been a shift in the focus of managing employees in the business. Employees are no longer regarded merely as a resource and only useful as a means to boost the performance of the business. The status of employees has changed and they are regarded as an **asset** with certain skills, knowledge, experience, characteristics and attitudes. The business has to determine the current and future value of the employees and reward them in a fair manner, while acknowledging that the future value of the employees should be enhanced through investment in training and development. This is the reason for the change in name from Human Resources to **Human Capital Function**.

Manpower planning as a prerequisite for recruitment and selection

Manpower planning is a top-down process. This means that the strategic plan of the business will determine which skills are needed to achieve the goals of the business. The required skills will be acquired via manpower planning and training.

In short it can be said that manpower planning refers to the process of:

- Estimating the number of employees.
- Assessing the range of skills required for the business to operate.
- Calculating the time frame of the employment needs of the business.

In order to do accurate manpower planning, each position (job) in the business must be analysed, described and a job specification drafted.

- A **job analysis** is performed to determine all the tasks and responsibilities associated with each job in the organisation.
- As a result of the job analysis, a **job description** is done to specify the job title, a summary of the job, duties and working conditions associated with the job and the degree of supervision required to perform the job.
- The **job specification** 'interprets' the job description into qualifications, skills and experience necessary for the employee to do the job. The job specification is used as a guide during the recruitment and selection process.

Once categories and specific skills have been identified, the Human Capital Function has to ascertain if a skills gap is evident. This is the difference between **skills available** in the business and the **skills needed**. The recruitment and selection process (and later the training process) will aim to eliminate the skills gap.

The process of procuring the finest talent for the business:**Recruitment**

The main focus of the recruitment process is to attract the most competent talent. There are a number of internal and external options available when recruiting potential candidates for the job. The task of the recruitment agent is to determine the most effective communication channels to be used for the recruitment message.

The business should, among others, consider the following internal and external options, then select the most appropriate option for the type of employee desired:

Internal recruitment is done by transferring an existing employee to a new position or by promoting an existing employee.

- The business may invite existing employees, who may be suitable candidates for the vacancy, to apply for the job. This is done by searching employee files to identify potential candidates based on skills, qualifications and experience. Word of mouth may work if a manager recommends an employee for the position.
- An alternative, to sourcing internal staff files, is to post the position on an intranet or notice board within the business and to invite interested staff to apply.
- Current employees may also be asked to recommend someone outside of the business for the position. This is a combination (hybrid) of internal and external recruitment.

The advantages of using internal recruitment are:

- The employee morale is improved if they know there are opportunities for promotion.
- It is more cost effective.
- The employee's past performance and attitude towards the business is known.

If it is not possible (or desirable) to recruit employees from within the company, the business has to recruit **externally**. This can be done by using one or a combination of the following techniques:

- The position is advertised via an employment agency. Some agencies operate exclusively on the internet, while others may use the internet as well as traditional advertising media.
- The business may decide to advertise the position in newspapers, trade journals or at trade shows.
- Depending on the qualifications needed for the position, the business may approach schools, colleges, universities and other educational institutions to seek suitable candidates.
- Although it does not happen very often with more senior positions, suitable employees may be sourced by looking at CVs of casual applicants or 'walk-ins'.
- Employees may also be 'headhunted'. This means a suitable employee who works for a competitor is identified and asked to apply for the vacant position.

The advantages of recruiting externally are:

- New ideas and skills are brought into the business.
- It may give the business an opportunity to employ more Affirmative Action candidates to meet Employment Equity targets.
- When an employee is headhunted, he/she may provide insight into the operations of competitors.
- No infighting occurs among employees for the position.

Selection

Once the recruitment process is complete, the selection process begins by identifying the most suitable candidates to interview for the position. Selection consists of a number of steps and ends with the employee signing the employment contract and filling the vacant position.

- A In response to the position advertised, the business will receive application forms, CVs and other relevant information. This is checked to ensure all pertinent information has been received from the candidates applying for the vacancy.
- B The next step is to evaluate all the application forms and CVs to see which candidates meet the prescribed criteria. Those candidates not meeting the criteria are informed that their applications were unsuccessful. The business often stipulates in the advert: 'If you have not been contacted by ... (date), your application was not successful.'
- C The next procedure is to compile a shortlist of candidates for the first round of screening. This is done by comparing each application to a predetermined list of criteria required for the position. This procedure ensures the process is objective.
- D A background and reference check is done. A pre-defined list of questions verifies the applicant's references and ensures fairness. If the nature of the position requires it, credit checks and checking for a criminal record occurs.
- E Interviews are conducted, following the selection of the most suitable candidates. It is preferable that the interviews are conducted by a panel using a predetermined interview guide (set of questions). This helps to ensure complete impartiality. If needed, a final interview may be conducted with people selected after the first round of interviews. The purpose of interviews is to obtain additional information from the applicants and to assess the qualities of these people and their suitability for the position and the business. The interview also allows the candidate/interviewee to ask questions about the position and organisation.
- F Candidates may be required to undergo certain tests to evaluate their suitability for the position:
- Work sample tests measure the candidate's ability and their actual performance. For example: a trainer may be required to do a presentation to assess his/her competence in communicating information. Psychometric tests: The word *psychometric* comes from the Greek concept meaning *mental measurement* and may be used to check if the candidate's mental ability and personality are well-matched for the position.
 - A medical examination may only be conducted if a certain health aspect is an inherent requirement of the job. It may, for example, not be a stipulation to send a candidate applying for a position as a financial manager for a medical examination.
- G. In order of preference, candidates are ranked and the highest-rated candidate who meets all or most of the requirements is offered the position. If the person does not accept the offer, an offer may be extended to the next suitable candidate.

- H. Once the employment offer is accepted, a contract is signed by both parties: the employer and the employee. Details specified in the **employment contract** may include:
- Full details of the employer.
 - Full details of the employee (full names, ID number, address, contact details, tax number, etc.).
 - Details regarding the position (date of appointment, job title, duties, responsibilities, probation period, working hours, leave, remuneration, notice period to terminate the contract, retirement age, etc.).

It is often said that the recruitment activity is positive, but the selection process is negative. This implies that when the business recruits, all possible candidates are invited to submit their CVs, but the selection process favours the most desirable applicants. Only the selected few progress to the next step of the process. Unsuitable applicants are disregarded.

Placement

The employee is usually placed in the position for which he/she applied. It may emerge that the employee has a special skill, making him/her more suited to a different position in the business. The business may re-negotiate remuneration and other benefits with the employee before engaging him/her in this position. Correct placement ensures the employee is optimally utilised in the best interests of both the individual and the business.

Induction

Induction is not the same as training for a specific job. Induction is training (orientation) given to all new employees to help them to become productive role players in the business as soon as possible.

There is no 'one-fits-all-recipe' for a good induction program. There is, however, standard information that should be included in an effective induction program. This may include:

- A written copy (hardcopy or electronic) of the business's policies and procedures.
- Some form of organogram/organisational chart to identify the various role players in the organisation.
- A face-to-face introduction to the manager and other staff members in the department.
- A tour of the facilities to show the new employee where the bathrooms, meeting rooms, canteen and Human Capital offices are in case he/she has any questions.
- Precise instructions outlining how the new staff member should perform certain tasks must be issued. Any unique/unusual requirements/tasks should also be clarified.
- Allocating the new employee a 'buddy or mentor', in case questions arise or there is uncertainty about job-related issues, allows the new recruit to settle in more quickly.

The advantages of a well-structured and well-implemented induction program may include the following:

- It helps to reduce stress and anxiety experienced by the new employee, as it creates a positive impression of the business and assists him/her to become part of the team more easily.
- It ensures the new employee starts off with the correct information to do the job.
- It prevents wasting the business's time and money because the employee learns the correct procedures immediately.
- New employees quickly become mindful of the business culture and readily adapt to the business's processes.
- Retention of staff is higher if a well-designed induction program is implemented.

Employee Evaluation

The basic task of any manager is to plan, organise, lead and control. This is no different in respect of Human Capital. The productivity and efficiency of each employee must regularly be rated against performance targets (plans) to determine the degree to which performance targets are met (or not) or even exceeded. This is done by means of a Performance Appraisal.

The Performance Appraisal is:

- A planning tool: During the performance appraisal, performance targets are contracted (agreed upon) between the employee and his/her manager.
- An evaluation tool: At the next appraisal the performance is jointly evaluated by the employee and his/her manager. Discrepancies, between the self-evaluation and that of the manager, are then discussed.
- A feedback tool: If targets were not met, reasons must be discussed. This gives both the employee and manager an opportunity to raise concerns in a formal meeting, after which action plans are formulated to solve existing problems or anticipate future ones. Personal Improvement Plans (PIPs) are outlined and this may require the employee to get more training or his/her performance may need to improve markedly. If applicable, promotion opportunities and career paths are also discussed.

Retention

Staff retention is important in any business. There comes a time, however, when employees may feel it would be better for them to find a position in another business. Some of the reasons for employees leaving a business include:

- An opportunity to get a better salary and/or benefits.
- The employee is unhappy with the way management treats employees.
- The employee does not get along with colleagues.
The employee feels there is no job satisfaction.
- A lack of opportunities to grow and develop (not enough training or a lack of promotion opportunities exist).
- The employee is not happy with the working conditions.
- Travelling time to work is unacceptable for whatever reason.
- Health reasons or people retiring.
- A spouse is transferred to another town.
- The employee feels there is a lack of balance between work and personal life.

If employee turnover is too high, it may be an indication of problems in the business. Consequences of a high employee turnover may include:

- Reduced productivity levels.
- An additional work burden on employees who need to work harder while the new staff member settles in.
- Low morale when employees become aware of too many vacancies.
- A negative public perception of the business.
- More money and time are needed to invest in the retraining of new staff members.

Is it possible to improve staff retention? Indeed, since it is important that when a staff member leaves, an exit interview is conducted with the employee. People who leave are usually prepared to reveal what has been bothering them, by providing reasons for leaving. An existing employee may fear negative consequences from his/her manager if he/she discusses issues bothering him/her before leaving the employment. The Human Capital manager has to take note of the reasons employees choose to leave and needs to address these issues where possible.

Legislation impacting on Human Capital

There are a large number of Acts or laws that may have an impact on the business and how the business is managed. Legislation differs from country to country. The content discussed in this section may not be applicable to labour-related situations in other countries.

Ethics**(max 35 marks)****Professional Codes**

Professional codes aim to regulate the behaviour of people practising a particular profession. A profession is an occupation/job, requiring specialised tertiary education that qualifies someone to practise as a professional in a particular field. Not all tertiary qualifications will enable the graduate to register with a professional body, but if someone is registered with a professional body, that person has to abide by the professional code of the organisation. If the code is contravened, the person may be fined, suspended or even disbarred from ever practising in that professional field.

Good business practice

- The concept of good business practice refers to the standards of professionalism, accountability, ethics and effective business practice that should be conducted.
- Professional behaviour is guided and prescribed to by professional codes that stipulate that there are predetermined consequences for professionals that do not act in accordance with the specific professional code.
- If the employee does not belong to a professional organisation, it is sometimes not clear what is regarded as unethical behaviour, because ethical behaviour is also part of an individual's values and morals.
- To complicate matters even more:
 - Unethical actions are not necessarily illegal, e.g. it is not illegal to sell goods of a poor quality at a high price, because we live in a free market economy.
 - BUT all illegal acts will be seen as unethical, thus it will be illegal (and therefore unethical) to sell petrol below the price that government determines – even if selling it at a lower price may be to the advantage of consumers.
- Considering the different ethical theories may help to explain why people sometimes justify certain actions as ethical vs. unethical: There are many such theories; think about the following three:
 - The **Principle-Based Theory**: It states that the person's principles, values, morals or ingrained set of rules about what is right or wrong, will determine if the person sees the action as ethical or not, as the following examples show: If I have done something wrong, I should accept the consequences because it is wrong to lie, even if it means I can avoid punishment. If I have a deadline to meet, I cannot feign illness and 'phone in sick'. If it means the deal is not concluded, because I refuse to pay a bribe, then so be it ...
 - According to the **Consequence-Based Theory**, the outcome (consequence) of the action will determine if the action is ethical or not. For example: It is OK to lie to my boss/friend, if I know the truth will upset her.
 - If we look at the **Utilitarian Theory**, the decision of ethical or unethical action is based on what is best for the greatest number of people. For example: If I pay a bribe the business will get the deal and I will create jobs for a large number of people, so it is OK to pay the bribe.

Ethical behaviour in practice

Issues that may be seen as unethical, inter alia include:

Conflict of interest

- If the person awarding a tender knows the person who is submitting the tender, he/she should not make the final decision about who will get the tender but should disclose that it is a friend/family member submitting the tender and then withdraw from the tender allocation process.
- Another example may be if someone is part of the recruitment and selection panel and he/she fails to disclose that one of the applicants is a friend or family member.
- It will create a conflict of interest if a person that serves on the Board of Directors is approached by a supplier to be part of that Board of Directors. What is the ethical thing to do?

Bribes and corruption

- When someone is offered a reward to give a third party an unfair advantage to which he/she/the business is not entitled, it is a bribe. A bribe does not have to be in the form of money, but may be a gift, an offer of employment, a promotion or any other favour. If it is in the form of money, it is sometimes referred to as a *smoothing payment* or a *facilitation payment*.
- When someone in a position of power abuses this power for personal gain, it is corruption. This may include: receiving a bribe, giving a kickback (indirect bribe) to a supplier, misappropriating funds or abusing an official position for personal gain.

Unauthorised use of funds

Using business funds that are not authorised is the same as theft. People working in offices have more opportunities to get involved in this form of *white-collar crime* than the workers in the manufacturing department.

Even something that seems as innocent as a manager having an expense account, taking his wife for lunch and claiming it as a business expense, is guilty of unauthorised use of business funds. Someone, who has a petrol card to pay for business travel and then uses the card for private use, is spending money not authorised for that purpose.

Inappropriate gifts

Most businesses expect employees to declare all gifts that they have received. It may even stipulate that no employee may receive a gift greater in value than R... (a certain value). One possible reason is that it could be interpreted by others as being a form of bribery, even though it truly is a gift with no strings attached.

Sexual harassment

- Sexual harassment may include:
 - Unwelcome physical contact.
 - Verbal conduct such as sexual advances, sex-related jokes, unwelcome enquiries about a person's sex life and unwelcome whistling/body language directed at a person or group of persons.
 - Non-verbal conduct such as sexual gestures, indecent exposure or display of sexually explicit pictures and objects.
 - When a more senior employee promises a reward in exchange for sexual favours.
- Employees may also not engage in any of the above activities with customers, suppliers or any person who deals with the business.
- Every business should have a clearly defined policy on sexual harassment, including the procedure to follow should the employee feels he/she is the victim of sexual harassment and also the penalties for being found guilty of this offence.

Unfair advertising

The role played by the Advertising Standards Authority of South Africa (ASA), in ensuring businesses act in a legal and ethical manner when they advertise their products/services is reviewed. The Independent Broadcasting Authority Act (IBA) No 153 of 1993 gives the ASA legal recognition and therefore the right to develop and implement a Code of Advertising Practice with which all advertisers have to comply. This code ensures ethical advertising in South Africa.

The public expects the business to be ethical when advertising products/services. This means the business has to act in a manner that is generally accepted by society as being honest. Honesty generates trust and positive relationships with the public and is therefore a sensible approach to advertising. The following is considered to be unethical:

- Materialism, where false needs are created, such as business advertising liquor to rehabilitated alcoholics.
- Giving products deceptive names, e.g. calling a pizza a 'Slimming meal'.
- When the business tries to deceive the consumer by selling second-hand goods as new goods.
- Any competitive advertising is illegal (and therefore unethical) in South Africa.
- Using unacceptable language, discriminating against the disabled or being racist is unethical as it is seen as 'cultural pollution'. No form of discrimination is acceptable when advertising or promoting products/services.

Employment/labour issues

- There are a large number of issues that can be discussed under this heading, namely:
 - Employees abusing sick leave.
- The abuse of the internet or email may include:
 - Employees who visit porn sites.
 - Employees who make confidential information available to people who should not have access to the information.
 - Employees who spread rumours or other damaging information about the business or a fellow employee.
 - Employees who spend work time on Facebook or other social media sites.
 - Employees spending time on personal emails during work hours and employees who send emails, which could bring the business into disrepute, to other people.
- Taking business stationery home for private use.
- Verbal abuse of staff members by a manager and the verbal abuse of a colleague or manager by an employee are all unacceptable behaviour.

Pricing of goods

- Price-fixing occurs when competitors agree to charge the buyers a predetermined price. One of the principles of a free market economy is that competition keeps prices low and quality high. If businesses collude to fix the prices of products, it is unethical and illegal and the Competition Board may impose hefty fines. Directors may even be held liable for this in their personal capacity and face jail time.
- The Consumer Protection Act (CPA) makes it illegal to charge more for products in rural areas than in urban areas without good justification. For example, if a business charges a high price simply because there are no competitors to keep the prices low, it is seen as unethical.

'Insider trading'

This refers to a situation where someone trades shares on the JSE based on knowledge that is confidential, i.e. something only an insider (or his friends/family) in the business will know. This is a criminal offence.

Piracy

Piracy is the illegal use or reproduction of somebody's work if it is protected by a patent or copyright. Think of the number of times that music or movies are illegally downloaded from the internet ...

Counterfeiting/Bootlegging

- Counterfeiting can be described as someone fraudulently imitating another's work and pretending it is the original.
- Bootlegging is the illegal production and/or distribution of a product. A fast food outlet that does not have a liquor licence is guilty of bootlegging if it sells liquor. Another example is when someone sells cigarettes on the black market to avoid paying import duties or other taxes.

Taxation

We differentiate between tax avoidance and tax evasion.

- Tax avoidance is legal and ethical, because the business finds legal ways to reduce the tax burden, i.e. deducting legal expenses before the taxable income is calculated.
- Tax evasion on the other hand is illegal (and therefore unethical) because the business does not declare all its income and lies about expenses in order to pay less tax.

Whistle-blowing

A whistle-blower is someone who exposes unethical behaviour, fraud, health and safety violations or the violation of a law. Consider the possible impact on a business when an employee, who is aware that something unethical is happening, blows the whistle and in the process the business loses the deal or even faces a huge penalty. Who has acted unethically, the business or the employee for exposing the action? Whistle-blowers are protected by law because in South Africa it is illegal to fire an employee for whistle-blowing.

Evaluate ethical/unethical behaviour in different spheres of society:**Ethical behaviour in the world of Business and Finance**

Having looked at different examples of unethical behaviour in the business world in the previous section, it should be clear that every business needs a Code of Ethics. A Code of Ethics will be based on the business's core values and can be described as a set of guidelines and rules that will enhance (improve) business honesty and integrity.

Here are some reasons why a Code of Ethics is important:

- A Code of Ethics communicates the ethical vision of the business, but also covers specific issues that govern day to day behaviour.
- A Code of Ethics creates a common framework for all business decisions so that everybody understands what acceptable behaviour is (and what is not).
- The code sets out the correct and desired behaviour/procedure required for business and by employees in different situations.
- The code will spell out the consequences of unethical behaviour. This reinforces the concept of accountability in the business.
- It helps to protect a business if an employee breaches the code. For this reason it is important that everybody is informed and reminded often about the expectations stipulated in the code.
- The Code of Ethics will help new employees to understand what acceptable behaviour is and what will not be tolerated.
- When the business operates in the global arena (international trade and dealings), it helps management and employees to understand acceptable practice within the organisation, regardless of where in the world the business operates. This is important, because ethical standards and values may differ between countries (or even groups of people within a country) and by having a code of ethics it eliminates confusion.
- The code should stipulate what the acceptable behaviour is when conflict of interest arises in the work situation.
- A Code of Ethics gives the business the opportunity to create a positive image of the business with the public and in doing so, potentially giving the business a competitive advantage.
- The Code of Ethics may also be used to guide the business and employees regarding the importance of Corporate Social Responsibility (CSR).

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)						Question 1	Question 2
CRITERIA		2	1	0			
Format		Correct format	Partially correct format	Not meeting the correct standard			
	3	2	1	0			
Terminology	Outstanding use of business terminology	Good use of business terminology	Isolated/limited use of business terminology	No 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 = maximum 4 marks (8 facts)						
Subtotal: (30 marks)							

BUSINESS STUDIES PAPER II – 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			4	3	2	1	0
Substantiation (justification for statements made)			The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.	The majority of the statements are substantiated.	Less than half of the statements are substantiated.	Very limited substantiation.	No attempt at substantiation.
			4	3	2	1	0
Application to context			Examples are relevant to the case study/ context given and fully integrated into the response showing understanding of the issues at hand. Current affairs are fully integrated into the response.	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.	Continuous reference is made to the case study/ context given with several examples that are fully integrated into the answer.	Continuous reference is made to the case study/ context given with some applicable examples given.	Superficial reference based on the case study/context given. (Just keep mentioning the name of the business repeatedly without relevant examples).
	6	5	4	3	2	1	0
Creative problem-solving	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.	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 majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Identification of the problem with breadth but no depth (superficial).	Identification of the problem and an incorrect/poor solution suggested.	No understanding of the problem and no solution given.
Synthesis	All six of the criteria are fulfilled.	Any five of the criteria fulfilled.	Any four of the criteria fulfilled.	Any three of the criteria fulfilled.	Any two of the criteria fulfilled.	At least one of the criteria fulfilled.	None of the criteria as listed below are met.
1 Introduction – did not just rewrite 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							
SUBTOTAL: (20 marks)							

Downloaded from eduresourceza.com