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MARKING GUIDELINES

EXAMINATION	NATIONAL SENIOR CERTIFICATE
GRADE	12
DATE	NOVEMBER 2024
SUBJECT	BUSINESS STUDIES
PAPER	1
MARK TOTAL	150
DURATION (HOURS)	2
NUMBER OF PAGES	29

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SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE

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NOTES TO MARKERS

PREAMBLE

The notes to markers are provided for quality assurance purposes to ensure the following:

a) Fairness, consistency, and reliability in the standard of marking.
b) The facilitation of the moderation of candidates' scripts at the different levels.
c) Streamlining of the marking process considering the broad spectrum of markers.
d) Implementation of appropriate measures in the teaching, learning, and assessment of the subject at schools / institutions of learning.

1. For marking and moderation purposes, the SACAI procedures are being followed. ***(Please refer to the SACAI Policy Document, [Annexure PM 2.10.5])***

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

3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
   - uses a different expression from that which appears in the marking guideline
   - comes from another source
   - original
   - a different approach is used

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

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)

5. The words "Sub max" are used to facilitate the allocation of marks within a question or sub-question.

6. The purpose of circling marks (guided by "max" in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation/moderation purposes.

7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks at the end of each question. This must be guided by "max" in memo / breakdown of marks. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

8. In an indirect question, the theory as well as the response must be relevant and related to the question.

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9. Incorrect numbering of answers to questions or sub questions in SECTIONS A and B will be severely penalised. Therefore, correct numbering is strongly recommended in all sections.

10. No additional credit must be given for repetition of facts. Indicate with an "R".

11. Note that no marks will be awarded for indicating Yes/No in evaluation type questions requiring substantiation or motivation. (Applicable for SECTIONS B and C)

12. The differentiation between "evaluate" and "critically evaluate" can be explained as follows:

    12.1 When "evaluate" is used, candidates are expected to respond in either a positive/negative manner or to take a neutral (positive and negative) stance, e.g. **Positive**: *"COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings."* ✓

    12.2 When "critically evaluate" is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. *"COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings ✓, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent."* ✓

    NOTE: The above could apply to "analyse" as well.

13. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

    Cognitive verbs, such as:

    13.1 Advise, name, state, mention, outline, motivate, recommend, suggest, *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

    13.2 Describe, explain, discuss, elaborate, compare, distinguish, differentiate, justify, devise, analyse, evaluate, critically evaluate *(list not exhaustive)* require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessment is conducted according to established norms so that uniformity, consistency, and fairness are achieved.

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14. **SECTION B**

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

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

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

14.4 Use of the cognitive verbs and allocation of marks:

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

- Fact 2 marks (or as indicated in the marking guideline)
- Explanation 1 mark

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

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

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

15. **SECTION C**

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

Introduction	**Maximum: 36**
Content	
Conclusion	
Insight	**4**
TOTAL	**40**

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15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into the headings/sub-headings and interpret it correctly to show understanding of what is being asked? • All headings/sub-headings are correctly used: Award 1 mark for Analysis. • 18 to 36 marks for Facts: Award 2nd mark for Analysis.	**2**
	TOTAL FOR INSIGHT: **TOTAL FOR FACTS:** **TOTAL MARKS FOR ESSAY:**	**4** **36** **40**

NOTE:

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

15.3 Indicate insight in the left-hand margin with a symbol e.g. ("L, A").

15.4 The breakdown of marks is indicated at the end of the suggested answer / marking guidelines to each question.

15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write "SUB MAX"/"MAX" after maximum marks have been obtained.

15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis) as in the table below.

CONTENT	**MARKS**
F (Facts)	**36 (Max)**
L (Layout)	**2**
A (Analysis)	**2**
TOTAL	**40**

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15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring / logical flow / sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation / subheadings as indicated in the marking guideline.

15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences, and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. "Product development is a growth strategy where businesses aim to introduce new products ✓ into existing markets." ✓
This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the memo, will not necessarily apply to each question. This would also depend on the nature of the question.

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SECTION A (COMPULSORY)

QUESTION 1

1.1

1.1.1 C ✓✓
1.1.2 A ✓✓
1.1.3 B ✓✓
1.1.4 D ✓✓
1.1.5 A ✓✓
1.1.6 D ✓✓
1.1.7 B ✓✓
1.1.8 C ✓✓
1.1.9 A ✓✓
1.1.10 B ✓✓ (10x2) (20)

1.2

1.2.1 EEA ✓
1.2.2 Sector and Education Training Authorities ✓
1.2.3 quality management ✓
1.2.4 retirement ✓
1.2.5 administration ✓ (5x1) (5)

1.3

1.3.1 I ✓
1.3.2 F ✓
1.3.3 E ✓
1.3.4 H ✓
1.3.5 A ✓ (5x1) (5)

TOTAL SECTION A: [30]

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SECTION B

Mark **ONLY** the **FIRST TWO** questions.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Types of defensive strategies

- Liquidation ✓
- Divestiture/Divestment ✓
- Retrenchment ✓

NOTE: Mark the first THREE (3) only. (3x1) (3)

2.2 Rights of employers in terms of the Labour Relations Act/LRA

Employers have the right to:

- lock employees out who are engaged in unprotected / illegal / wildcat strikes / labour action. ✓✓
- form employer organisations. ✓✓
- dismiss employees who engage in unprotected strikes / misconduct such as violence or intimidation during strike action. ✓✓
- form bargaining councils for the purpose of collective bargaining. ✓✓
- not remunerate employees who participate in protected strikes and for work that was not completed during protected strikes. ✓✓
- Any other relevant answer related to the rights of employers in terms of the LRA. (Max 6)

2.3 Challenges of the business environments and the extent of control

CHALLENGES 2.3.1	BUSINESS ENVIRONMENTS 2.3.2	EXTENT OF CONTROL 2.3.3
1. They buy their components from CHIP International, which has a slow delivery schedule. ✓	Market ✓	Some/Limited/Less/Partial control ✓
2. The employees of SIS lack the relevant skills necessary to design new software technology. ✓	Micro ✓	Full control ✓
3. SIS had to borrow money from Smart Bank at a high interest rate to expand their product range. ✓	Macro ✓	No control ✓
Sub max (3)	Sub max (3)	Sub max (3)

NOTE:

1. **The answer does not have to be in tabular format.**

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2. Do not award marks for the environment/control if the challenge was incorrectly identified. Max (9)

2.4 Purpose of the National Credit Act/NCA

- Promotes the social and financial interests of South African consumers, ✓ and by extension the South African economy. ✓
- Ensures that consumers of credit are well informed ✓ about the details included in their credit contracts. ✓
- Promotes the responsible granting of credit by credit providers✓ to protect consumers against over-indebtedness. ✓
- Ensures that credit is equally available ✓ to all qualifying consumers. ✓
- Protects both lenders and borrowers from negligent lending practices ✓ that may result in over-indebtedness for consumers. ✓
- Ensures that the credit bureau / credit providers / debt counsellors are registered ✓ to avoid consumer exploitation. ✓
- Any other relevant answer related to the purpose of the NCA. (Max 6)

2.5 Broad-Based Black Economic Empowerment Act / BBBEE pillars

2.5.1 Socio-economic development / Social responsibility ✓✓ (2)

2.5.2 Ownership ✓✓ (2)

2.6

2.6.1 Compliance with Skills Development Act / SDA

- They encouraged their junior designer to participate in learnership programmes. ✓
- SHA also provided all employees with opportunities to improve their computer skills and expertise. ✓ (Max 2)

2.6.2 Negative impact of the Skills Development Act / SDA on businesses

- The implementation of the SDA is time-consuming ✓, expensive, prescriptive, and administratively burdensome. ✓
- The Skills Development Levy (SDL) places an additional burden ✓ on businesses struggling financially. ✓
- The SDA initiative of the government ✓ may not always be supported by all businesses. ✓
- Businesses find it difficult to monitor and control ✓ the implementation of this law. ✓
- Productivity in the workplace may decline ✓, as employees have to attend learnerships during work hours. ✓
- Only businesses with a staff payroll over R500 000 per annum ✓ can claim the SDL. ✓
- Any other relevant answer related to the negative impact of the SDA (Max 4)

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2.7 Steps on strategy evaluation

- Examine the underlying basis of a business strategy. ✓✓
- Look forward and backwards into the implementation process. ✓✓
- Compare the expected results to determine the reasons for deviations and analyse these reasons. ✓✓
- Measure the business performance to determine the reasons for deviations and analyse these reasons. ✓✓
- Take corrective action so that deviations may be corrected. ✓✓
- Set specific dates for control and follow up. ✓✓
- Draw up a table of the advantages and disadvantages of a strategy. ✓✓
- Decide on the desired outcome. ✓✓
- Consider the impact of the strategic implementation in the internal and external environments of the business. ✓✓
- Any other relevant answer related to the steps on strategy evaluation.

NOTE: Accept the steps in any order. (Max 6)

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QUESTION 3: BUSINESS OPERATIONS

3.1 Examples of fringe benefits

- Medical Aid Fund / Health Insurance Fund ✓
- Pension Fund ✓
- Provident Fund ✓
- Funeral benefits ✓
- Car/Travel/Housing / Cell phone / Clothing allowance ✓
- Performance based incentives ✓
- Issuing of bonus shares ✓
- Staff discount / Free or low-cost meal / Canteen facilities ✓
- Any other relevant answer related to examples of fringe benefits.

NOTE: Mark the first TWO (2) only. (2x1) (2)

3.2 Quality indicators of the marketing function

- Acquire a greater market share through good/effective/efficient customer service. ✓✓
- Gain customers' loyalty by satisfying/meeting/exceeding their needs/wants / building positive relationships. ✓✓
- Adhere to ethical advertising practices when promoting products/ services. ✓✓
- Identify competitive edge/gaps in the market and conduct regular market research. ✓✓
- Differentiate products from competitors to increase the target market/ profitability. ✓✓
- Use different pricing techniques such as promotional/penetration pricing, and so on, to ensure a competitive advantage. ✓✓
- Use aggressive advertising campaigns to sustain the market share. ✓✓
- Any other relevant answer related to the quality indicators of the marketing function. (Max 4)

3.3 Advantages of induction

- Increases the quality of performance ✓ and productivity. ✓
- Allows new employees to settle in quickly ✓and work effectively. ✓
- Ensures that new employees understand ✓ rules and restrictions in the business. ✓
- New employees may establish relationships with fellow employees ✓ at different levels. ✓
- Employees will be familiar with organisational structures ✓ e.g., who are their supervisors/low level manager. ✓
- Make new employees feel at ease in the workplace ✓, which reduces anxiety/ insecurity/fear. ✓

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- New employees will understand their role/responsibilities ✓ concerning safety regulations and rules. ✓
- Minimises/Decreases the need for on-going training ✓ and development. ✓
- The results obtained during the induction process ✓ provide a base for focussed training. ✓
- Opportunities are created for new employees ✓ to experience/explore different departments. ✓
- New employees will know the layout of the building/factory/where everything is ✓, which saves production time. ✓
- Learn more about the business so that new employees understand their roles/responsibilities ✓ to be more efficient. ✓
- Company policies are communicated ✓, regarding conduct and procedures/safety and security / employment contract / conditions of employment / working hours / leave. ✓
- Realistic expectations for new employees ✓ as well as the business are created. ✓
- New employees may feel part of the team ✓ resulting in positive morale and motivation. ✓
- Employees may have a better understanding of business policies ✓ regarding ethical/professional conduct/procedures/CSR. ✓
- Any other relevant answer related to the advantages of induction for businesses. (Max 4)

3.4 Selection procedure as a human resource activity

Option 1

- Determine fair assessment criteria ✓ on which selection will be based. ✓
- Use the assessment criteria to assess all CVs / application forms ✓ received during recruitment. ✓
- Check that applicants are not submitting false documents ✓ such as forged certificates/degrees/achievements. ✓
- Make a preliminary list of all applicants ✓ who qualify for the post. ✓
- Screen and check references ✓, for example, check applicants' criminal records / credit history / social media, etc. ✓
- Conduct preliminary interviews ✓ to identify suitable applicants. ✓
- Inform all applicants ✓ about the outcome of the application. ✓
- Compile a shortlist ✓ of approximately five candidates. ✓
- Invite the shortlisted applicants/candidates ✓ for an interview. ✓
- Shortlisted candidates may be subjected to various types of selection tests ✓, for example, skills tests. ✓
- Once candidates have been selected ✓, a written offer is made to them. ✓

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- Any other relevant answer related to the selection procedure as a human resource activity.

OR

Option 2

- Receive documentation, for example, application forms ✓ and sort it according to the criteria of the job. ✓
- Evaluate CVs ✓ and create a shortlist / screen the applicants. ✓
- Check information in the CVs ✓ and contact references. ✓
- Conduct preliminary interviews ✓ to identify applicants who are not suitable for the job, even though they meet the requirements. ✓
- Assess/test candidates who have applied for senior positions ✓ to ensure that the best candidate is chosen. ✓
- Conduct interviews ✓ with shortlisted candidates. ✓
- A written employment offer is made ✓ to the selected candidate(s). ✓
- Any other relevant answer related to the selection procedure as a human resource activity. (Max 6)

3.5 Difference between piecemeal and time-related salary determination methods

PIECEMEAL	TIME-RELATED
• Workers are paid according to the number of items/units ✓ produced / actions performed. ✓	• Workers are paid for the amount time ✓ they spend at work / on a task. ✓
• Workers are not remunerated for the number of hours worked, ✓ regardless of how long it takes them to make the items. ✓	• Workers with the same experience/qualifications are paid on the same salary scales ✓ regardless of the amount of work done. ✓
• Mostly used in factories ✓ – particularly in the textile/technology industries. ✓	• Many private and public sector businesses ✓ use this method. ✓
• Any other relevant answer related to the piecemeal salary determination method	• Any other relevant answer related to the time-related salary determination method
Sub max (2)	**Sub max (2)**

NOTE: 1) The answer does not have to be in table format.

2) The difference does not have to link but must be clear.

3) Award a maximum of TWO (2) marks if the difference is not clear. Mark either piecemeal or time-related. (Max 4)

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3.6 Total quality management

3.6.1 Steps of the PDCA model

STEPS OF THE PDCA MODEL	MOTIVATIONS
1. Do ✓✓	They first implemented the change on a small scale to test the results. ✓
2. Appropriate Act ✓✓	Due to the positive outcomes they then decided to apply the change on a larger scale. ✓
Sub max (4)	**Sub max (2)**

NOTE:

- **The answers do not have to be in table format.**
- **Do not allocate a mark for the motivation if the step was not identified correctly.** (Max 6)

3.6.2 Impact of total client/customer satisfaction as a total quality management/TQM element on large businesses.

Positives/Advantages

- Large businesses use market research / customer surveys ✓ to measure/monitor customer satisfaction / analyse customers' needs. ✓
- Continuously promote/foster a positive business image✓ to build brand-loyalty. ✓
- Strive to understand and fulfil customer expectations ✓ by aligning cross-functional teams across critical processes. ✓
- May lead to higher customer retention/loyalty ✓ and businesses may be able to charge higher prices. ✓
- Large businesses may be able to gain access ✓ to the global market. ✓
- Any other relevant answer related to the positive impact/advantages of total client/customer satisfaction as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Employees who seldom come into contact with customers ✓ often do not have a clear idea of what will satisfy their needs. ✓
- A large business that is characterised as a monopoly has increased bargaining power ✓ and therefore does not pursue customer satisfaction. ✓

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- Not all employees may be committed✓to total client satisfaction.✓
- Reaction time to changing consumer demand ✓ may be influenced by a delay in market research/information. ✓
- Large businesses that become complacent with existing customer satisfaction / target market✓ may experience limited long-term growth potential. ✓
- Any other relevant answer related to the negative impact / disadvantages of total client/customer satisfaction as a TQM element on large businesses (Max 6)

3.7 Ways in which total quality management/TQM can reduce the cost of quality

- Introduce quality circles to discuss ways of improving the quality of work / workmanship. ✓✓
- Schedule activities to eliminate duplication of tasks. ✓✓
- Share responsibility for quality output amongst management and workers. ✓✓
- Train employees at all levels, so that everyone understands their role in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials or inputs. ✓✓
- Improve communication about quality challenges/deviations, so that everyone can learn from experience. ✓✓
- Reduce investment in expensive, but ineffective inspection procedures in the production process. ✓✓
- Implement proactive maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. ✓✓
- Any other relevant answer related to ways in which TQM can reduce the cost of quality for businesses (Max 6)

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QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Consumer rights in terms of the Consumer Protection Act/CPA

- Right to choose ✓
- Right to fair and honest dealings ✓
- Right to information about products and agreements / Right to disclosure and information ✓
- Right to fair/responsible marketing/promotion ✓
- Right to accountability from suppliers ✓
- Right to fair terms and conditions ✓
- Right to equality in the consumer marketplace ✓
- Right to return goods / claim a refund ✓
- Right to complain ✓
- Right to privacy/confidentiality ✓
- Right to fair value / good quality ✓

NOTE: Mark the first THREE (3) only. (3x1) (3)

4.2 Legislation

4.2.1 Act:

Basic Conditions of Employment Act (BCEA) ✓✓ (2)

Motivation:

His duties and responsibilities, as well as the leave conditions at LA, are clearly outlined in the job agreement that he signed. ✓ (1)

NOTE: Do not allocate a mark for the motivation if the Act was incorrectly identified. (Max 3)

4.2.2 Impact of the Basic Conditions of Employment Act/BCEA

Positive/Advantages

- Creates/establishes an enabling framework of acceptable employment practices, for example, work hours, leave, legalities of employment contracts. ✓✓
- Outlines the rules and regulations and provides clear and specific guidelines for employers to deal with employment issues. ✓✓
- Encourages consultation between employers and employees in the workplace. ✓✓
- Outlines the minimum/basic requirements for employment contracts. ✓✓
- Specifies work hours to prevent exploitation of employees. ✓✓
- Workers are permitted/allowed to consult labour unions / trade unions in cases where the BCEA conditions are violated. ✓✓
- Any other relevant answer related to the positive impact / advantages of the BCEA (Max 4)

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4.3 Advantages of intensive strategies

- Increased/enhanced/improved market share ✓ as intensive strategies reduce the business's vulnerability to the actions of competitors. ✓
- Increase in sales/revenue/income/profitability ✓ because of aggressive advertising campaigns / because more products/services are being sold. ✓
- Improve service delivery ✓ which may improve business image / brand / brand awareness. ✓
- Increase the control ✓ over the prices charged for products/services. ✓
- Increase customer loyalty ✓ through effective promotion campaigns. ✓
- Decrease prices that may influence customers/consumers ✓ to buy more products/services. ✓
- Increase in regular sales ✓ from existing customers/consumers. ✓
- Remove existing competitors ✓ and dominate market prices. ✓
- Improve the focus on markets / well-researched quality products ✓ that satisfy the needs of customers/consumers. ✓
- Any other relevant answer related to advantages of intensive strategies (Max 4)

4.4 Actions that can be regarded as non-compliant according to the Compensation of Occupational Injuries and Diseases Act/COIDA

- Bribing employees not to report the accident/injury based on the grounds of race/religion/culture/language/gender/sexual orientation ✓✓
- Falsifying information about previous, serious accidents / occupational diseases on the grounds of race / religion / culture / language / gender / sexual orientation ✓✓
- Failing to disclose all information to the Compensation Board when accidents or injuries occur for specific employees ✓✓
- Deliberately contributing the incorrect amounts to the Compensation Fund, which prevents employees from receiving compensation ✓✓
- Discriminating against injured employees when claims have to be submitted / employers who refuse to submit claims of injured employees to the Compensation Board ✓✓
- Refusing to lodge the claims of domestic workers ✓✓
- Any other relevant answer related to the actions that can be regarded as non-compliant according to COIDA (Max 6)

BUSINESS OPERATIONS

4.5 Aspects to be included in an employment contract

- Personal details of the employee ✓
- Details of the business/employer, for example, name/business address ✓
- Job title / position ✓
- Job description (duties/working conditions/responsibilities) ✓
- Job specification (formal qualifications / experience or willingness to

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travel) ✓
- Date of employment / commencement of employment ✓
- Place where the employee will spend most of his/her working time ✓
- Hours of work, for example, normal time / overtime. ✓
- Remuneration e.g. fortnightly, weekly, monthly payment ✓
- Benefits / fringe benefits / perks / allowances ✓
- Leave e.g. sick-, maternity, annual, family responsibility etc. ✓
- Employee deductions (compulsory/non-compulsory) ✓
- Period of contract / details of termination ✓
- Probation period ✓
- Signatures of both the employer and employee ✓
- List of documents that form part of the contract (appointment letter / code of conduct / ethics) ✓
- Disciplinary policy (rules and disciplinary procedure for unacceptable behaviour) ✓

NOTE: Mark the first THREE (3) only. (3x1) (3)

4.6 Human resource activity

4.6.1 HR activity:

Placement ✓✓ (2)

Motivation:

RR has appointed two new architects and has positioned them where they will function optimally in the business. ✓ (1)

NOTE: Do not allocate a mark for the motivation if the HR activity was incorrectly identified. (Max 3)

4.6.2 Procedure that should be followed when applying placement as a human resource activity

- RR/The business should outline specific responsibilities/ expectations or requirements ✓ of the new position. ✓
- Determine the successful candidate's strengths/ weaknesses/ skills/ interests or competencies ✓ by subjecting the candidate to various psychometric tests. ✓
- Determine the relationship between the position ✓ and the competencies of the new employee ✓
- Any other relevant answer related to the procedure that should be followed when applying placement as human resource activity. (Max 4)

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4.7 Contribution of the purchasing function to the success of the business

- Buying raw materials in bulk ✓ at lower prices ✓
- Ensures required quantities are delivered ✓ at the right time and place ✓
- Selecting reliable suppliers ✓ that render the best quality raw materials / capital goods at reasonable prices ✓
- Placing orders timeously ✓ and ensuring regular follow-ups so that goods are delivered on time ✓
- Effective coordination between purchasing and production departments ✓ so that purchasing staff understand the requirements of the production process. ✓
- Implementing and maintaining stock control systems ✓ to ensure the security of stock. ✓
- Establishing sound professional relationships with suppliers ✓, so that they are in alignment with the vision/mission/values of the business. ✓
- Any other relevant answer related to the contribution of the purchasing function to the success of the business. (Max 4)

4.8 Impact of total quality management/TQM if poorly implemented

- Setting unrealistic deadlines that may not be achieved ✓✓
- Employees may not be adequately/efficiently trained, resulting in poor quality products. ✓✓
- The decline in productivity, because of stoppages/delays. ✓✓
- Businesses may not be able to make necessary changes to satisfy the needs of customers. ✓✓
- The reputation of the business may suffer because of faulty products. ✓✓
- Customers will have many alternatives to choose from, and the impact could lead to losses for the businesses. ✓✓
- Investors might withdraw investment if there is a decline in profits. ✓✓
- Bad publicity due to poor quality products supplied ✓✓
- The decline in sales when unhappy customers increasingly return products ✓✓
- High staff turnover because of poor skills development / training. ✓✓
- Any other relevant answer related to the impact of TQM if poorly implemented by businesses. (Max 6)

[40]

TOTAL SECTION B: [80]

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SECTION C

Mark **ONLY** the **FIRST** answer.

QUESTION 5: BUSINESS ENVIRONMENTS (STRATEGIES)

5.1 Introduction

- Successful businesses conduct the strategic management process in order to identify suitable business strategies that will enable them to remain profitable and sustainable. ✓
- Diversification strategies are used by businesses to expand operations into markets/industries that it has not yet explored. ✓
- PESTLE analysis is an industrial analysis tool / environmental scanning technique that is used to identify and evaluate the factors that pose challenges in the macro environment. ✓
- External factors in the macro environment may impact on a business' performance and decision-making processes. ✓
- Any other relevant introduction related to the strategic management process / types of diversification strategies / how the PESTLE factors pose challenges for businesses / addressing challenges posed by the PESTLE factors. (2x1) (2)

5.2 Strategic management process:

Option 1:

- Have a clear vision, mission statement, and measurable/realistic/ achievable objectives in place. ✓✓
- Identify strengths/weaknesses/opportunities/threats by conducting environmental scanning / situational analysis. ✓✓
- Use available tools/methods for environmental scanning, which may include a SWOT Analysis / Porter's Five Forces Model / PESTLE Analysis / industrial analysis tools. ✓✓
- Formulate alternative strategies to respond to business challenges. ✓✓
- Develop/create (an) action plan(s), which includes the tasks to be completed / deadlines to be met / resources to be procured. ✓✓
- Organise the business resources and motivate staff.✓✓
- Implement selected strategies by communicating them effectively/ efficiently/correctly to all stakeholders. ✓✓
- Continuously evaluate/monitor/assess/measure strategies in order to take corrective action. ✓✓

AND/OR

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Option 2:

- Review/Analyse/Re-examine their vision/mission statement. ✓✓
- Conduct (an) environmental analysis / environmental scanning using models such as SWOT Analysis / Porter's Five Forces Model / PESTLE Analysis. ✓✓
- Formulate a strategy such as a(n) integration/intensive/diversification/ defensive strategy. ✓✓
- Implement a strategy, using a template such as an action plan. ✓✓
- Control/Evaluate/Monitor the implemented strategy to identify gaps/ deviations/differences in implementation. ✓✓
- Take corrective action to ensure goals/objectives/aims are met. ✓✓
- Any other relevant answer related to the process of strategic management (Max 8)

5.3 Types of diversification strategies

5.3.1 Concentric diversification ✓✓

- The business adds new products/services that are related to existing/current products/services ✓ but will appeal to new customers/consumers. ✓
- Occurs when a business wants to increase/expand/progress ✓ its product range and markets. ✓
- The business creates a new product that is technologically similar ✓ to existing/current products that are aimed at new customers/consumers/markets. ✓
- Occurs when a business uses existing infrastructure / organisational resources/expertise ✓ to create products with some degree of similarity but with clear differentiation from existing/current products. ✓
- Any other relevant answer related to concentric diversification

Strategy:	(2)
Explanation:	(4)
Sub max	(6)

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5.3.2 Horizontal diversification ✓✓

- The business adds new products/services that are unrelated to existing/current products ✓, but which may appeal to existing/current customers/consumers. ✓
- Occurs when a business acquires/merges with a business that is at the same production stage ✓, but it may offer a different product. ✓
- The business extends the production of products/ services ✓ above/beyond the market/industry in which it currently operates. ✓
- Occurs when the business increases its development potential/extends its brand ✓ and significantly reduces risk as the new products are aimed at existing customers/ consumers. ✓
- Any other relevant answer related to horizontal diversification. ✓

5.3.3 Conglomerate diversification ✓✓

- The business adds new products/services that are unrelated to existing products ✓ which may appeal to new groups of customers.✓
- Occurs when the business operates multiple product lines/ business entities ✓ for entirely different industries/consumers/ customers. ✓
- The business grows ✓ into new products/services and markets. ✓
- Occurs when the business can increase overall product/ service flexibility/proficiency ✓ by extending activities to unexplored/untapped/unfamiliar markets. ✓
- Any other relevant answer related to conglomerate diversification.

Strategy: (2)
Explanation: (4)
Sub max (6)

NOTE: Mark the first THREE only. (Max 18)

5.4 The PESTLE factors posing a challenge for businesses

5.4.1 Economic

- High inflation / interest rates may negatively impact business / decrease the market share of business ✓ as customers cannot afford high prices / increases in taxes lowers consumer spending. ✓
- Loans may be expensive ✓ because of high interest rates. ✓
- Fluctuations in foreign currency ✓ may restrict imports. ✓
- Decreases in foreign direct investment ✓ by important foreign investors ✓
- Any other relevant answer related to how the economic factor poses a challenge to businesses. (Sub max 6)

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5.4.2 Social

- Customers may not be able to afford products ✓ because of low-income levels / retrenchment / unemployment. ✓
- Businesses may not be conversant ✓ with the local/indigenous language of their customers. ✓
- High crime rates may affect the trading hours of businesses ✓ resulting in decreased profit. ✓
- Some businesses may lose sales ✓ as customers may prefer to spend their money on medical bills/expenses. ✓
- Any other relevant answer related to how the social factor poses a challenge to businesses. (Sub max 6)

(Max 12)

5.5 Ways in which businesses can address the challenges posed by the PESTLE factors above

5.5.1 Economic:

- Consider decreasing profit margins rather than increasing product prices. ✓✓
- Borrow money from financial institutions when interest rates are favourable. ✓✓
- Trade with countries with a favourable exchange rate. ✓✓
- Provide shares at competitive/lower prices to attract more foreign direct investment. ✓✓
- Any other relevant answer related to ways in which businesses can address the challenges posed by the economic PESTLE factor. (Sub max 4)

5.5.2 Social:

- Sell substitute products at lower prices due to low levels of income distribution. ✓✓
- Employ people from the local community. ✓✓
- Learn local/indigenous languages or hire employees who are conversant with the local/indigenous language of customers. ✓✓
- Work together with community police forums and improve security in the business. ✓✓
- Develop/produce/incorporate/innovate new products that aim to address the lifestyle attitudes/trends of customers. ✓✓
- Any other relevant answer related to ways in which businesses can address the challenges posed by the social PESTLE factor (Sub max 4)

(Max 8)

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5.6 Conclusion

- The main/core purpose of the strategic management process is that the business maintains a competitive advantage over competitors. ✓✓
- Diversification strategies enable the business to expand its market share / enter new markets to explore new sales avenues / achieve greater profitability. ✓✓
- The correct application of the PESTLE analysis factors ensures that the business remains competitive/sustainable/profitable in the market. ✓✓
- The correct application of any type of business strategy depends on the challenges that were identified during the strategic management process. ✓✓
- Any other relevant conclusion related to the strategic management process / types of diversification strategies / how the PESTLE factors pose challenges for businesses / addressing challenges posed by the PESTLE factors. (1x2) (2)

[40]

QUESTION 5: BREAKDOWN OF MARK ALLOCATION		
Details	**Maximum**	**Total**
Introduction	2	
Strategic management process	8	
Types of diversification strategies	18	
PESTLE factors that pose challenges for businesses: • Economic • Social		MAX 36
Ways in which businesses can address the challenges posed by these PESTLE factors.	12	
Conclusion	8	
	2	
INSIGHT		
Layout		2
Analysis		2
TOTAL MARKS		**40**

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QUESTION 6: BUSINESS OPERATIONS (TOTAL QUALITY MANAGEMENT)

6.1 Introduction

- The correct application of quality control and quality assurance enables businesses to maintain high manufacturing levels/standards. ✓
- A good quality management system aids the business in coordinating/ directing all activities to meet customer requirements on a continuous basis. ✓
- There is a direct correlation between the long-term success of the business and implementing/understanding how TQM elements such as continuous skills development / education and training / adequate financing and capacity have an impact on business operations. ✓
- Quality circles are an effective mechanism for improving overall productivity/workmanship in the business as quality-related problems are identified/addressed promptly/timeously. ✓
- Any other relevant introduction related to differences between quality control and quality assurance / benefits of a good quality management system / impact of continuous skills development / education and training / adequate financing and capacity/role of quality circles. (2x1) (2)

6.2 Difference between quality control and quality assurance

QUALITY CONTROL	QUALITY ASSURANCE
• Inspection of the final product to ensure that it meets the required standards ✓✓	• Checks carried out during and after the production process to ensure that required standards have been met at every stage of the process ✓✓
• Process of ensuring that products are consistently manufactured to high standards ✓✓	• Processes put in place to ensure that the quality of products/ services/systems adhere to pre-set standards with minimal defects /delays/shortcomings ✓✓
• Checking raw materials / employees / machinery / workmanship / products to ensure that high standards are maintained ✓✓	• Ensuring that every process is aimed to get the product "right the first time" and prevent mistakes from happening ✓✓
• Includes setting targets / measuring performance and taking corrective measures ✓✓	• The "building in" of quality as opposed to "checking of" quality. ✓✓
• Any other relevant answer related to quality control.	• Any other relevant answer related to quality assurance
Sub max (4)	Sub max (4)

NOTE:

1. **The answer does not have to be in table format.**
2. **The difference does not have to link but must be clear.**
3. **Award a maximum of FOUR (4) marks if the difference is not clear. / Mark either quality control or quality assurance only.** (Max 8)

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6.3 Benefits of a good quality management system

- Effective customer services are rendered ✓, resulting in increased customer satisfaction. ✓
- Time and resources ✓ are used efficiently. ✓
- Productivity increases through proper time management ✓/ using high quality resources. ✓
- Products/services are constantly improved ✓resulting in increased levels of customer satisfaction. ✓
- Vision / mission / business goals ✓ may be achieved. ✓
- Business has a competitive advantage ✓ over its competitors. ✓
- Regular training will continuously improve ✓ the quality of employees' skills/ knowledge. ✓
- Employers and employees will have a healthy working relationship ✓ resulting in happy/productive workers. ✓
- Increased market share ✓/ more customers improve profitability. ✓
- Improves business image ✓ as there are less defects/returns. ✓
- Any other relevant answer related to the benefits of a good quality management system (Max 12)

6.4 Impact of total quality management/TQM elements

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

Positives/Advantages

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

AND/OR

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Negatives/Disadvantages

- Poor communication systems in large businesses ✓may prevent effective training from taking place. ✓
- Trained employees may leave for better jobs✓ after they gained more skills. ✓
- De-motivates employees✓, if they do not receive recognition for training. ✓
- Employees who specialise in narrowly defined jobs✓ may become frustrated/demotivated. ✓
- Employees may not be aware of the level of competency they should meet✓ to achieve their targets. ✓
- It may be difficult to monitor/evaluate✓ the effectiveness of training.✓
- Any other relevant answer related to the negative impact / disadvantages of continuous skills development / education and training on large businesses

(Sub max 6)

6.4.2 Impact of adequate financing and capacity on large businesses

Positives/Advantages

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

AND/OR

Negatives/Disadvantages

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

(Sub max 6)

(Max 12)

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6.5 Role of quality circles as part of the continuous improvement of processes and systems

- Solve problems related to quality and implement improvements. ✓✓
- Investigate problems and suggest solutions to management. ✓✓
- Ensure that there is no duplication of activities/tasks in the workplace. ✓✓
- Make suggestions for improving processes and systems in the workplace. ✓✓
- Improve the quality of products/services/productivity through regular reviews of quality processes. ✓✓
- Monitor/reinforce strategies to improve the smooth running of business operations. ✓✓
- Increase employees' morale and motivation. ✓✓
- Quality Circles discuss ways of improving the quality of work / workmanship. ✓✓
- Contribute towards the improvement and development of the organisation. ✓✓
- Reduce costs of redundancy / wasteful efforts in the long run. ✓✓
- Increase the demand for products/services of the business. ✓✓
- Create harmony and high performance in the workplace. ✓✓
- Build a healthy working relationship between the employer and employee. ✓✓
- Improve employees' loyalty and commitment to the organisational goals. ✓✓
- Improve employees' communication at all levels of the business. ✓✓
- Develop a positive attitude / sense of involvement in decision-making processes of the services offered. ✓✓
- Any other relevant answer related to the role of quality circles as part of continuous improvement to processes and systems (Max 14)

6.6 Conclusion

- Quality control and quality assurance are critical in ensuring that the business meets customer expectations. ✓✓
- A good quality management system enables businesses to improve their performance and competitiveness in the long run. ✓✓
- Successful businesses continuously strive to gain the positive impact and reduce the negative impact of the TQM elements such as continuous skills development / education and training and adequate financing and capacity on their operations. ✓✓
- The success of quality circles is dependent on the continuous commitment of all relevant stakeholders in improving overall quality processes in the business. ✓✓
- Any other relevant conclusion related to the differences between quality control and quality assurance / benefits of a good quality management system / impact of continuous skills development / education and training / adequate financing and capacity/role of quality circles. (1x2)(2)

[40]

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QUESTION 6: BREAKDOWN OF MARK ALLOCATION		
Details	**Maximum**	**Total**
Introduction	2	
Differences between quality control and quality assurance	8	
Benefits of a good quality management system		
Impact of TQM elements: • Continuous skills development • Adequate financing and capacity	12	Max 36
Role of quality circles as part of continuous improvement of processes and systems	12	
Conclusion	14 2	
INSIGHT		
Layout		2
Analysis		2
TOTAL MARKS		**40**

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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