



# **basic education**

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**BUSINESS STUDIES P1**

**MAY/JUNE 2024**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 9 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

1. This question paper consists of **THREE** sections and covers **TWO** main topics.

**SECTION A: COMPULSORY**

**SECTION B:** Consists of **THREE** questions.

Answer any **TWO** of the three questions in this section.

**SECTION C:** Consists of **TWO** questions.

Answer any **ONE** of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.

Note that **ONLY** the answers to the first **TWO** questions selected in **SECTION B** and the answers to the **FIRST** question selected in **SECTION C** will be marked.

3. Number the answers correctly according to the numbering system used in this question paper. **NO** marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
<b>A: Objective-type questions COMPULSORY</b>	<b>1</b>	<b>30</b>	<b>20</b>
<b>B: THREE direct/indirect-type questions CHOICE: Answer any TWO.</b>	<b>2</b>	<b>40</b>	<b>70</b>
	<b>3</b>	<b>40</b>	
	<b>4</b>	<b>40</b>	
<b>C: TWO essay-type questions CHOICE: Answer any ONE.</b>	<b>5</b>	<b>40</b>	<b>30</b>
	<b>6</b>	<b>40</b>	
<b>TOTAL</b>		<b>150</b>	<b>120</b>

7. Begin the answer to **EACH** question on a **NEW** page, e.g. **QUESTION 1** – new page, **QUESTION 2** – new page.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

**SECTION A (COMPULSORY)****QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 This Act requires businesses to report all employee accidents and illnesses that occur during working hours:

- A Skills Development Act (SDA), 1998 (Act 97 of 1998)
- B Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- C Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003)
- D Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)

1.1.2 The National Credit Act (NCA), 2005 (Act 34 of 2005) enforces customers' right to ... when they can no longer afford to repay their loans.

- A disclosure and information
- B fair and honest dealings
- C apply for debt counselling
- D reasonable terms and conditions

1.1.3 Carpet Manufacturers sell their existing products in new markets. This type of intensive strategy is known as ...

- A product development.
- B market development.
- C market penetration.
- D product penetration.

1.1.4 The role of the interviewer is to ... during an interview.

- A book and prepare the venue
- B develop a core set of questions
- C allocate the same amount of time to each candidate
- D assist candidates in responding to questions

1.1.5 Adequate financing and capacity as a total quality management (TQM) element enables Mvandaba Ltd to ...

- A have sufficient funds to test everything before implementing.
- B collect large amounts of outstanding debt.
- C obtain large profits due to good financial planning.
- D change parts of the business that are inefficient.

(5 x 2) (10)

- 1.2 Complete the following statements by using the word(s) provided in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.

placement; quality management systems; macro; strength; EEA; opportunity; market; BCEA; quality; induction
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- 1.2.1 The ... stipulates the minimum requirements for employment contracts and prevents labour exploitation.
- 1.2.2 Lizwe Agency increased their profitability because they hired skilled employees. This is known as a(n) ... of the SWOT analysis.
- 1.2.3 Businesses have limited control over challenges posed by the ... environment.
- 1.2.4 Kaashief Retailers implemented the ... procedure by matching employees' qualifications and skills with the requirements of the job.
- 1.2.5 The framework that businesses use to implement key processes to ensure that correct standards are met, is known as ... (5 x 2) (10) ...

- 1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g. 1.3.6 K.

COLUMN A		COLUMN B	
1.3.1	Black Economic Empowerment	A	can be used for accountability within each business function
1.3.2	Conglomerate diversification	B	establish relationships with suppliers so that they understand the business' vision
1.3.3	Quality management	C	adding new products related to existing products, which may appeal to new customers
1.3.4	Job description	D	benefited all previously disadvantaged people in the economy
1.3.5	Purchasing function	E	describes the minimum qualifications required for a particular job
		F	adding new products unrelated to existing products, which may appeal to new customers
		G	establish relationships with customers to increase the sales volume
		H	benefited only a few previously disadvantaged people in the economy
		I	can be measured through physical inspection of products
		J	describes the responsibilities of a particular job

(5 x 2)

(10)

**TOTAL SECTION A:****30**

**SECTION B**

Answer ANY TWO questions in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

**QUESTION 2: BUSINESS ENVIRONMENTS**

- 2.1 Name any FOUR types of leave as stipulated in the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997). (4)
- 2.2 Outline the *strategic management process*. (6)
- 2.3 Read the scenario below and answer the question that follows.

**GREENWOOD BUILDERS (GB)**

Greenwood Builders specialise in building properties and buy their raw material from Donga Hardware. They pay high prices as Donga Hardware is the only provider of high quality cement. GB also experiences a decline in income as some of their customers prefer to build their own properties.

Identify TWO forces of Porter's Five Forces model that are applicable to GB. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.3.

PORTER'S FIVE FORCES MODEL	MOTIVATIONS
1.	
2.	

- 2.4 Explain the implication of enterprise and supplier development (ESD) as a pillar of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003) for businesses. (6)
- 2.5 Discuss any TWO types of integration strategies. (6)
- 2.6 Read the scenario below and answer the questions that follow.

**TASTY PIZZAS (TP)**

Tasty Pizzas ensure that all racial groups are equally represented at every level of employment. They apply correct procedures to prevent employees from exceeding their maximum working hours. TP defined the appointment process so that all parties are well informed.

- 2.6.1 Quote TWO ways in which TP complies with the Employment Equity Act (EEA), 1998 (Act 55 of 1998) from the scenario above. (2)
- 2.6.2 Describe other ways in which businesses can comply with the EEA. (4)

- 2.7 Recommend ways in which businesses can deal with the challenges posed by technological factors of the PESTLE analysis.

(6)  
[40]

### QUESTION 3: BUSINESS OPERATIONS

- 3.1 Give any FOUR examples of fringe benefits. (4)
- 3.2 Outline the *selection procedure* as a human resource activity. (6)
- 3.3 Read the scenario below and answer the question that follows.

#### KARABO TRANSPORT (KT)

Karabo Transport is known for providing prompt deliveries to various clients. Lesego, the receptionist, is paid for the number of hours spent at work. Mike, the driver, receives his salary based on the number of deliveries he makes.

Identify TWO salary determination methods used by KT. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.3.

SALARY DETERMINATION METHODS	MOTIVATIONS
1.	
2.	

(6)

- 3.4 Discuss the legal requirements of an employment contract. (4)
- 3.5 Identify the steps of the PDCA model applied by Rajesh Manufacturing (RM) in EACH statement below:
- 3.5.1 RM initially implemented the change on a small scale to improve their processes and systems. (2)
- 3.5.2 RM used data to evaluate the results of the change. (2)
- 3.6 Outline the difference between *quality control* and *quality assurance*. (4)
- 3.7 Explain how the quality of performance of the production function can contribute to the success of a business. (6)
- 3.8 Advise businesses on the role of quality circles as part of continuous improvement to processes and systems. (6)

(6)  
[40]

**QUESTION 4: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENTS**

- 4.1 Name any TWO types of business sectors. (2)
- 4.2 Outline the purpose of the Consumer Protection Act (CPA), 2008 (Act 68 of 2008). (6)
- 4.3 Read the scenario below and answer the questions that follow.

**BOTHA ENGINEERING (BE)**

The management of Botha Engineering encourages their employees to establish a workplace forum so that they can participate in decision-making. The owners are also aware of their rights as employers.

- 4.3.1 Identify the Act that is applicable to the scenario above. (2)
- 4.3.2 Explain the rights of employers in terms of the Act identified in QUESTION 4.3.1. (6)
- 4.4 Advise businesses on the role of SETAs in supporting the Skills Development Act (SDA), 1998 (Act 97 of 1998). (4)

**BUSINESS OPERATIONS**

- 4.5 State any FOUR aspects that should be included in an induction programme. (4)
- 4.6 Read the scenario below and answer the questions that follow.

**NOKAMA COMMUNICATIONS (NC)**

Nokama Communications has a vacant position in marketing. NC uses the intranet, recruitment agencies and social media as sources of recruitment.

- 4.6.1 Name TWO sources of external recruitment in the scenario above. (2)
- 4.6.2 Explain the advantages of external recruitment. (4)
- 4.7 Discuss the impact of total client/customer satisfaction as a total quality management (TQM) element on large businesses. (6)
- 4.8 Advise businesses on the impact of total quality management (TQM) if poorly implemented. (4)
- [40]**

**TOTAL SECTION B: 80**



**SECTION C**

Answer ANY ONE question in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of the chosen question. The answer to the question must start on a NEW page, e.g. QUESTION 5 on a NEW page OR QUESTION 6 on a NEW page.

**QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)**

Businesses operate in dynamic environments that require diversification and defensive strategies to remain operational in the market. Some businesses apply the PESTLE analysis to identify challenges posed by social and environmental factors. Businesses should be able to evaluate the effectiveness of the chosen strategy.

Write an essay on business strategies in which you include the following aspects:

- Outline the advantages of diversification strategies.
- Discuss THREE types of defensive strategies.
- Explain how the following PESTLE factors pose challenges to businesses:
  - Social
  - Environmental
- Advise businesses on the steps in strategy evaluation.

**[40]****QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)**

The financial function plays an important role in the smooth operation of business activities. The correct implementation of quality processes enables businesses to enjoy the benefits of a good quality management system. Large businesses know the importance of implementing the total quality management (TQM) elements in order to reduce the cost of quality.

Write an essay on quality of performance in which you include the following aspects:

- Outline the quality indicators of the financial function.
- Explain the benefits of a good quality management system.
- Discuss the impact of the following TQM elements on large businesses:
  - Continuous skills development/Education and training
  - Monitoring and evaluation of quality processes
- Suggest ways in which total quality management (TQM) can reduce the cost of quality.

**[40]**

<b>TOTAL SECTION C:</b>	<b>40</b>
<b>GRAND TOTAL:</b>	<b>150</b>



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## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**BUSINESS STUDIES P1**

**MAY/JUNE 2024**

**MARKING GUIDELINES**

**MARKS: 150**

**These marking guidelines consist of 26 pages.**

**NOTES TO MARKERS****PREAMBLE**

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

- (a) Fairness, consistency and reliability in the standard of marking
- (b) Facilitate the moderation of candidates' scripts at the different levels
- (c) Streamline the marking process considering the broad spectrum of markers across the country
- (d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

1. For marking and moderation purposes, the following colours are recommended:

Marker:	Red
Senior Marker:	Green
Deputy Chief Marker:	Orange
Chief Marker:	Pink
Internal Moderator:	Black/Blue
DBE Moderator:	Turquoise

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
- Uses a different expression from that which appears in the marking guideline
  - Comes from another credible source
  - Original
  - A different approach is used

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

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

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

Cognitive verbs, such as:

  - 12.1 Give, name, state, outline, quote, motivate, recommend, suggest, advise (*list not exhaustive*) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
  - 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, 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.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

**14. SECTION B**

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

**NOTE:** 1. This applies only to questions where the number of facts is specified.  
2. The above also applies to responses in SECTION C (where applicable).

- 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 and refer to the DBE internal moderator to finalise the alternative answers in consultation with the UMALUSI external moderators.

**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 guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

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

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

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

**15. SECTION C**

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

Introduction	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

## 15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs and a conclusion?	<b>2</b>
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked?  Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	<b>2</b>
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: Option 1: <b>Only relevant facts: 2 marks (No '-S')</b> Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis.  Option 2: <b>Some relevant facts: 1 mark (One '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the question with only/some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.  Option 3: <b>Some relevant facts: 1 mark (One '-S')</b> Where a candidate answers FOUR sub-questions, but one/two/three sub-question with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.  Option 4: <b>No relevant facts: 0 marks (Two '-S')</b> Where a candidate answers less than 50% (only one sub-question) of the question with irrelevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	<b>2</b>
Originality	Is there evidence of one or two examples, not older than two (2) years, that are based on recent information, current trends and developments?	<b>2</b>
<b>TOTAL FOR INSIGHT:</b>		<b>8</b>
<b>TOTAL MARKS FOR FACTS:</b>		<b>32</b>
<b>TOTAL MARKS FOR ESSAY (8 + 32):</b>		<b>40</b>

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

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

CONTENT	MARKS
Facts	<b>32 (max.)</b>
L	<b>2</b>
A	<b>2</b>
S	<b>2</b>
O	<b>2</b>
<b>TOTAL</b>	<b>40</b>

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

**SECTION A****QUESTION 1**

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

(5 x 2)      **(10)**

- 1.2      1.2.1 BCEA ✓✓  
           1.2.2 strength ✓✓  
           1.2.3 market ✓✓  
           1.2.4 placement ✓✓  
           1.2.5 quality management systems ✓✓

(5 x 2)      **(10)**

- 1.3      1.3.1 H ✓✓  
           1.3.2 F ✓✓  
           1.3.3 A ✓✓  
           1.3.4 J ✓✓  
           1.3.5 B ✓✓

(5 x 2)      **(10)****TOTAL SECTION A:      30****BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
<b>TOTAL</b>	<b>30</b>



**SECTION B**

**Mark the FIRST TWO questions only.**

**QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Types of leave as stipulated in the Basic Conditions of Employment Act/BCEA**

- Annual ✓
- Sick ✓
- Maternity ✓
- Parental/Adoption/Commissioning parental ✓
- Family responsibility/Paternity ✓

**NOTE: Mark the first FOUR (4) only.**

**(4 x 1) (4)**

**2.2 Strategic management process****OPTION 1**

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

**OR**

**OPTION 2**

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

**Max (6)**

**2.3 Porter's Five Forces model from the scenario**

PORTER'S FIVE FORCES MODEL	MOTIVATIONS
1. Power of suppliers ✓✓	They pay high prices as Donga Hardware is the only provider of high quality cement. ✓
2. Threat of substitution/substitutes ✓✓	GB also experiences a decline in income as some of their customers prefer to build their own properties. ✓
Submax (4)	Submax (2)

- NOTE:**
1. Mark the first TWO (2) only.
  2. Award marks for the forces of Porter's Five Forces model even if the quotes are incomplete.
  3. Do not award marks for motivations if the forces of Porter's Five Forces model were incorrectly identified.

**Max (6)****2.4 Implication of enterprise and supplier development/ESD**

- Businesses must create jobs ✓ as ESD promotes local manufacturing. ✓
- Identify black owned suppliers ✓ that are able to supply goods and services. ✓
- Outsource services to suppliers ✓ that are BBBEE compliant. ✓
- Invest in/Support black owned SMMEs ✓ by contributing loans/donations/consulting services/advice/entrepreneurial programmes. ✓
- Develop the business skills of small/black owned suppliers, ✓ such as sales techniques, legal advice. ✓
- Support the cash flow of small suppliers ✓ by offering them preferential terms of payment. ✓
- Businesses should invest in/support black owned SMMEs ✓ to make them more sustainable. ✓
- SMMEs will be encouraged to use their own business initiatives ✓ to make them sustainable. ✓
- Develop and implement ✓ a supplier development plan/supply chain. ✓
- Small/Large businesses may not be able to afford ✓ enterprise development investment/support. ✓
- Black owned SMMEs may become too reliant on support ✓ from other businesses/unable to take their own initiatives. ✓
- BBBEE suppliers ✓ may be without good workmanship. ✓
- Smaller businesses that are not BBBEE compliant ✓ lose business. ✓
- Businesses are forced to choose ✓ from a smaller pool of suppliers. ✓
- Any other relevant answer related to the implication of enterprise and supplier development/ESD as a pillar of BBBEE for businesses.

**Max (6)****2.5 Types of integration strategies****Forward vertical integration ✓✓**

- A business combines with or takes over its distributors down the supply chain/production chain. ✓/ The business merges with businesses that were once their customers, while still maintaining control of the initial/primary business activity. ✓
- Involves expansion of business activities to gain control over the direct distribution of the products/services/sells products/services directly to consumers/customers. ✓

- Increases profitability as the intermediary/distributor/middleman is excluded. ✓
- Any other relevant answer related to forward vertical integration as a type of integration strategy.

Strategy (2)  
Discussion (1)  
Submax (3)

### **Backward vertical integration** ✓✓

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

Strategy (2)  
Discussion (1)  
Submax (3)

### **Horizontal integration** ✓✓

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

Strategy (2)  
Discussion (1)  
Submax (3)

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

**Max (6)**

## **2.6 Ways in which businesses can comply with Employment Equity Act/EEA**

### **2.6.1 Ways in which businesses can comply with the EEA from the scenario**

- Tasty Pizzas ensures that all racial groups are equally represented at every level of employment. ✓
- TP defined the appointment process so that all parties are well informed. ✓

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

**(2 x 1) (2)**

### **2.6.2 Other ways in which businesses can comply with the Employment Equity Act/EEA**

- Businesses should guard ✓ against discriminatory appointments. ✓
- Assess the racial composition of all employees, ✓ including senior management. ✓
- Ensure that diversity/inclusivity in the workplace ✓ is achieved. ✓
- Ensure that affirmative action measures ✓ promote diversity in the workplace. ✓
- Prepare an employment equity plan ✓ in consultation with employees. ✓
- Compile employment equity plans ✓ that indicate how they will implement affirmative action. ✓

- Implement the employment equity plan ✓ as required by the Act. ✓
- Implement affirmative action measures ✓ to redress disadvantages experienced by designated groups ✓/Accommodate people from different ✓ designated groups. ✓
- Submit the employment equity plan ✓ to the Department of Labour. ✓
- Assign one or more senior managers ✓ to ensure implementation and monitoring of the employment equity plan. ✓
- Eliminate barriers ✓ that have an adverse impact on designated groups. ✓
- Regularly report to the Department of Labour ✓ on progress in implementing the plan. ✓
- Display a summary of the Act ✓ where employees can clearly see/have access to the document. ✓
- Conduct medical/psychological tests fairly ✓ on employees/when deemed necessary ✓/Use certified psychometric tests to assess applicants/employees ✓ to ensure that suitable candidates are appointed. ✓
- Ensure that the workplace represents the demographics of the country ✓ at all levels. ✓
- Restructure/Analyse current employment policies/practices/procedures ✓ to accommodate designated groups. ✓
- Retrain/Develop/Train designated groups ✓ through skills development programmes. ✓
- Employees must be paid equal ✓ for work of equal value. ✓
- Any other relevant answer related to other ways in which businesses can comply with the EEA.

**NOTE: Do not award marks for responses that are quoted from the scenario in QUESTION 2.6.1.**

**Max (4)**

**2.7 Ways in which businesses can deal with challenges posed by the technological factors**

- Conduct continuous research on the latest available technology/equipment in the market. ✓✓
- Train existing/appoint new employees to maintain/use new equipment. ✓✓/Provide employees with necessary knowledge and skills needed to provide services. ✓✓
- Compare prices/Select suitable suppliers for new equipment at reasonable prices. ✓✓
- Businesses must be geared for online trading/e-commerce. ✓✓
- Any other relevant answer related to ways in which businesses can deal with challenges posed by technological factors of the PESTLE analysis.

**Max (6)**

**BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	4
2.2	6
2.3	6
2.4	6
2.5	6
2.6.1	2
2.6.2	4
2.7	6
<b>TOTAL</b>	<b>40</b>

**QUESTION 3: BUSINESS OPERATIONS****3.1 Examples of fringe benefits**

- Pension fund ✓
- Medical aid fund/Health Insurance fund ✓
- Funeral benefit ✓
- Provident fund ✓
- Allowances/Car/Travel/Housing/Cell phone/Clothing ✓
- 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 FOUR (4) only.**

**(4 x 1) (4)**

**3.2 Selection procedure****OPTION 1**

- Determine fair assessment criteria on which selection will be based. ✓✓
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications. ✓✓
- Sort the received documents/CVs according to the assessment/selection criteria. ✓✓
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest. ✓✓
- Preliminary interviews are conducted if many suitable applications were received/to identify suitable applicants. ✓✓
- Reference checks/Vetting process should be made to verify the content of CVs/regarding work experience/criminal records/qualifications. ✓✓
- Compile a shortlist of potential candidate's identified. ✓✓
- Shortlisted candidates may be subjected to various types of selection tests such as skills tests. ✓✓
- Invite shortlisted candidates for an interview. ✓✓
- A written offer is made to the selected candidate. ✓✓
- Inform unsuccessful applicants about the outcome of their application. ✓✓/Some adverts indicate the deadline for informing only successful candidates. ✓✓
- Any other relevant answer related to the selection procedure as a human resource activity.

**OR**

**OPTION 2**

- Receive documentation, such as 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 sifting interviews to identify applicants who are not suitable for the job, although they meet all requirements. ✓✓
- Assess/Test candidates who have applied for senior positions/to ensure the best candidate is chosen. ✓✓
- Conduct interviews with shortlisted candidates. ✓✓
- Offer employment in writing to the selected candidate(s). ✓✓
- Any other relevant answer related to the selection procedure as a human resource activity.

**NOTE: The procedure may be in any order.**

**Max (6)**

3.3 **Salary determination methods from the scenario**

SALARY DETERMINATION METHODS	MOTIVATIONS
1. Time-related ✓✓	Lesego, the receptionist, is paid for the number of hours spent at work. ✓
2. Piecemeal ✓✓	Mike, the driver, receives his salary based on the number of deliveries he makes. ✓
Submax (4)	Submax (2)

- NOTE:**
1. Mark the first TWO (2) only.
  2. Award marks for the salary determination methods even if the quotes are incomplete.
  3. Do not award marks for motivations if the salary determination methods were incorrectly identified.

**Max (6)**3.4 **Legal requirements of an employment contract**

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

**Max (4)**

**3.5 Steps of the PDCA model from statements**

3.5.1 Do ✓✓

3.5.2 Check/Analyse ✓✓

**(4)****3.6 Difference between quality control and quality assurance**

<b>QUALITY CONTROL</b>	<b>QUALITY ASSURANCE</b>
- System that ensures the desired quality is met by inspecting the final product. ✓✓	- Checks carried out during and after the production process. ✓✓
- Ensure that finished products meet the required standards. ✓✓	- Ensure that required standards have been met at every stage of the process. ✓✓
- Process of ensuring that products are consistently manufactured to high standards. ✓✓	- Processes put in place to ensure that the quality of products/services/systems adhere to pre-set standards with minimal defects/delays/short-comings. ✓✓
- 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.
Submax (2)	Submax (2)

- NOTE:**
- 1. The answer does not have to be in tabular 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 quality control or quality assurance only.**

**Max (4)****3.7 Contribution of the production function to the success of a business**

- Provide high quality services/products ✓ according to specifications. ✓
- The production/operating processes of a business ✓ should be done correctly through proper production planning and control. ✓
- Products and services should be produced at the lowest possible cost ✓ to allow for profit maximisation. ✓
- Businesses should clearly communicate ✓ the roles and responsibilities to the production workforce. ✓
- Products must meet customers' requirements ✓ by being safe, reliable and durable. ✓
- Businesses should have good after-sales services ✓ and warranties. ✓
- Empower workers ✓ so that they can take pride in their workmanship. ✓
- Get accreditation from the SABS/ISO 9001 ✓ to ensure that quality products are being produced. ✓

- Specify the product or service standards ✓ and take note of the factors that consumers use to judge quality. ✓
- Monitor processes ✓ and find the root causes of production problems. ✓
- Implement quality control systems ✓ to ensure that quality products are consistently being produced. ✓
- Utilise machines ✓ and equipment optimally. ✓
- Accurately calculate ✓ the production costs. ✓
- Select the appropriate production system ✓ such as mass/batch/jobbing. ✓
- Any other relevant answer related to how the quality of performance of the production function can contribute to the success of a business.

**Max (6)**

### 3.8 Role of quality circles as part of continuous improvement to processes and systems

- Solve problems related to quality and implement improvements. ✓✓
- Investigate problems and suggest solutions to management. ✓✓
- Ensure that there is no duplication of activities/tasks in the workplace. ✓✓
- Make 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 to boost their spirit in achieving organisational goals. ✓✓
- 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 workplace 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 (6)**

#### BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	6
3.3	6
3.4	4
3.5.1	2
3.5.2	2
3.6	4
3.7	6
3.8	6
<b>TOTAL</b>	<b>40</b>



**QUESTION 4: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENTS****4.1 Types of business sectors**

- Primary ✓
- Secondary ✓
- Tertiary ✓

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

**(2 x 1) (2)**

**4.2 Purpose of the Consumer Protection Act/CPA**

- Promotes fair/accessible and sustainable places for people to sell their products. ✓✓
- Establishes national standards to protect consumers regardless of economic status. ✓✓
- Provides guidelines for better consumer information and to prohibit unfair business practices. ✓✓
- Promotes responsible consumer behaviour. ✓✓
- Promotes consistent laws relating to consumer transaction and agreement. ✓✓
- Establishes a National Consumer Commission (NCC). ✓✓
- Ensures that consumers have access to information they need to make informed choices. ✓✓
- Promotes the rights and full participation of historically disadvantaged individuals as consumers. ✓✓
- Ensures that consumers are not misled/deceived by suppliers of goods/services. ✓✓
- Promotes consumer safety by protecting them from hazardous products/services. ✓✓
- Strengthens a culture of consumer rights and responsibilities. ✓✓
- Empowers consumers to take legal action if their rights are not upheld. ✓✓
- Protects consumers against contracts that include unfair terms which limit the liability of suppliers. ✓✓
- Protects consumers against unscrupulous businesses such as fly-by-night franchisors. ✓✓
- Allows for consumers and businesses to resolve disputes fairly/effectively. ✓✓
- Any other relevant answer related to the purpose of the CPA.

**Max (6)**

**4.3 Legislation****4.3.1 Labour Relations Act/LRA ✓✓**

**(2)**

**4.3.2 Rights of employers in terms of the Labour Relations Act/LRA**

Employers have the right to:

- form employer organisations ✓ to represent them in labour related matters. ✓
- form bargaining councils ✓ for collective bargaining purposes. ✓
- lockout employees ✓ who engage in unprotected/illegal strike/labour action. ✓
- dismiss employees ✓ who engage in an unprotected strike/misconduct such as intimidation/violence during a strike action. ✓
- not pay/remunerate employees who have participated in a protected strike ✓ for services/work they did not do during the strike. ✓
- Any other relevant answer related to the rights of employers in terms of the LRA.

**NOTE: Accept relevant facts if the Labour Relations Act was incorrectly identified as an answer in QUESTION 4.3.1.**

**Max (6)**

**4.4 Role of SETAs in supporting the Skills Development Act/SDA**

- Report to the Director General. ✓✓
- Promote and establish learnerships. ✓✓
- Collect levies and pay out grants as required. ✓✓
- Provide accreditation for skills development facilitators. ✓✓
- Register learnership agreements/learning programmes. ✓✓
- Approve workplace skills plans and annual training reports. ✓✓
- Monitor/Evaluate the actual training by service providers. ✓✓
- Allocate grants to employers, education and training providers. ✓✓
- Oversee training in different sectors of the South African economy. ✓✓
- Develop sector skills plans in line with the National Skills Development Strategy. ✓✓
- Draw up skills development plans for their specific economic sectors. ✓✓
- Provide training material/programmes for skills development facilitators. ✓✓
- Pay out grants to companies that are complying with the requirements of the Skills Development Act. ✓✓
- Identify suitable workplaces for practical work experience. ✓✓
- Any other relevant answer related to the role of SETAs in supporting the SDA.

**Max (4)****BUSINESS OPERATIONS****4.5 Aspects that should be included in an induction programme**

- Safety regulations and rules. ✓
- Overview of the business. ✓
- Information about the business products/services. ✓
- Meeting with senior management who will explain the company's vision/values/ job descriptions/daily tasks. ✓
- Tour of the premises. ✓
- Introduction to key people and close colleagues. ✓
- Conditions of employment such as working hours/leave application process/ disciplinary procedures. ✓
- Administration details on systems/processes/logistics. ✓
- Discussion of the employment contract and conditions of service. ✓
- Discussion on personnel policies such as making private phone calls/using the internet. ✓
- Discussion on employee benefits. ✓
- Corporate social responsibility programmes. ✓
- Any other relevant answer related to aspects that should be included in an induction programme.

**NOTE: Mark the first FOUR (4) only.****(4 x 1) (4)****4.6 External recruitment****4.6.1 Sources of external recruitment in the scenario**

- Recruitment agencies ✓
- Social media ✓

**NOTE: 1. Mark the first TWO (2) only.****2. Only award marks for responses that are named in the scenario.****(2 x 1) (2)**

**4.6.2 Advantages of external recruitment**

- New candidates bring new talents/ideas/experiences/skills ✓ into the business. ✓/Overall efficiency/Increase in productivity may occur ✓ as the new worker actively adds value to the business. ✓
- There is a larger pool of candidates ✓ from which to choose. ✓
- It may help the business to meet affirmative action ✓ and BBBEE targets. ✓
- Minimises unhappiness/conflict amongst current employees ✓ who may have applied for the post. ✓
- There is a better chance of getting a suitable candidate with the required skills/qualifications/competencies ✓ who does not need much training/development which reduce costs. ✓
- Any other relevant answer related to the advantages of external recruitment.

**Max (4)****4.7 Impact of total client/customer satisfaction on large businesses****Positives/Advantages**

- Large businesses use market research/customer surveys ✓ to measure/monitor customer satisfaction/analyse customers' needs. ✓
- Continuously promote ✓ a positive company image. ✓
- May achieve a state of total client/customer satisfaction, ✓ if businesses follow sound business practices that incorporate all stakeholders. ✓
- Strive to understand and fulfil customer expectations ✓ by aligning cross-functional teams across critical processes. ✓
- Ensures that cross-functional teams understand their core competencies ✓ and develop/strengthen it. ✓
- 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. ✓
- May lead to increased ✓ competitiveness/profitability. ✓
- 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. ✓
- Monopolistic companies have an increased bargaining power ✓ so they do not necessarily have to please customers. ✓
- Not all employees may be involved /committed ✓ to total client/customer satisfaction. ✓
- Any other relevant answer related to the negative impact/disadvantages of total client/customer satisfaction as a TQM element on large businesses.

**Max (6)****4.8 Impact of total quality management/TQM if poorly implemented**

- Setting unrealistic deadlines that may not be achieved. ✓✓
- Employees may not be adequately trained resulting in poor quality products. ✓✓
- Decline in productivity, because of stoppages. ✓✓
- Businesses may not be able to make necessary changes of products/services to satisfy the needs of customers. ✓✓
- Businesses' reputation/image may suffer because of poor quality/defective goods. ✓✓

- Customers will have many alternatives to choose from and the impact could be devastating to businesses. ✓✓
- Investors might withdraw investment, if there is a decline in profits. ✓✓
- Decline in sales as more goods are returned by unhappy customers. ✓✓
- High staff turnover, because of poor skills development. ✓✓
- Undocumented/Uncontrolled quality control processes/systems could result in errors/deviations from pre-set quality standards. ✓✓
- Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

**Max (4)****BREAKDOWN OF MARKS**

QUESTION 4	MARKS
4.1	2
4.2	6
4.3.1	2
4.3.2	6
4.4	4
4.5	4
4.6.1	2
4.6.2	4
4.7	6
4.8	4
<b>TOTAL</b>	<b>40</b>

**TOTAL SECTION B: 80****SECTION C****Mark the FIRST question only.****QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)****5.1 Introduction**

- Diversification strategies enable businesses to introduce a wide range of marketable product lines to accommodate the needs of various customers. ✓
- Defensive strategies allow businesses to reduce unnecessary expenses while planning turn-around strategies. ✓
- The correct identification of the challenges posed by social and environmental factors will enable businesses to plan ahead and deal with these PESTLE factors. ✓
- Strategy evaluation enable businesses to identify gaps in the chosen strategy with the aim of developing new/additional strategies. ✓
- Any other relevant introduction related to the advantages of diversification strategies/types of defensive strategies/challenges posed by social/environmental PESTLE factors/steps in strategy evaluation.

**Any (2 x 1) (2)**

**5.2 Advantages of diversification strategies**

- Increases sales/revenue/income and business growth. ✓✓
- Improves the business brand/image/brand awareness of the business. ✓✓
- Reduces the risk of relying only on one product for sales/revenue/income. ✓✓
- Businesses gain more technological capabilities through product modification. ✓✓
- Sustained profitability from different product lines during times of fluctuating economic activity. ✓✓
- Businesses produce more output using less inputs as one factory may be used to manufacture more products. ✓✓
- Enables businesses to retain their competitive advantage by meeting the needs of current/new customers/expanding into new unexplored markets. ✓✓
- Allows businesses to remain relevant/functional/operational in a dynamic business environment. ✓✓
- Enables businesses to establish additional markets in unrelated markets/industries. ✓✓
- Any other relevant answer related to the advantages of diversification strategies.

**Max (10)****5.3 Types of defensive strategies****5.3.1 Divestiture** ✓✓

- Disposing/Selling some assets/divisions ✓ that are no longer profitable/productive. ✓
- Selling off divisions/product lines ✓ with slow growth potential. ✓
- Decreasing the number of shareholders ✓ by selling ownership. ✓
- Paying off debts ✓ by selling unproductive assets. ✓
- Withdrawing/Divesting their investment share ✓ in another business. ✓
- Any other relevant answer related to divestiture as a type of defensive strategy.

Strategy (2)

Discussion (2)

Submax (4)

**5.3.2 Retrenchment** ✓✓

- Terminating the employment contracts of employees ✓ for operational/structural/restructuring reasons/reduce costs. ✓
- Decreasing the number of product lines/Closing certain departments ✓ may result in some workers becoming redundant. ✓
- Businesses can reduce prices/offer discounts/incentives for customers/consumers ✓ to avoid closing down. ✓
- Any other relevant answer related to retrenchment as a type of defensive strategy.

Strategy (2)

Discussion (2)

Submax (4)

**5.3.3 Liquidation** ✓✓

- Selling all assets ✓ to pay creditors due to a lack of capital/inability to repay creditors/bankruptcy. ✓
- Selling the entire business ✓ in order to pay shareholders a fair price for their shares. ✓
- Allowing creditors to apply for forced liquidation ✓ in order to have their claims settled. ✓

- Companies in financial distress/difficulty√ may apply for business rescue to avoid liquidation.√
  - Any other relevant answer related to liquidation as a type of defensive strategy.
- Strategy (2)  
Discussion (2)  
Submax (4)

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

**Max (12)**

#### 5.4 PESTLE factors posing challenges to businesses

##### 5.4.1 Social

- Customers may not be able to afford products √ due to low income levels/high unemployment rate. √
- Businesses may not be conversant √ with the local language of their customers.√
- Some businesses may lose sales, as customers may prefer to spend their money on medical bills √ for the treatment of chronic illnesses. √
- High crime rate may affect the trading hours of businesses √ resulting in decreased profit. √
- Any other relevant answer related to how the social factor as a PESTLE element poses challenges to businesses.

Submax (6)

##### 5.4.2 Environmental

- Chemicals/Ingredients in business' products √ may be harmful to customers/result in bad publicity. √
- Measures to dispose of business waste √ may be expensive. √
- Packaging of some products √ may not be environmentally friendly/recyclable. √
- Businesses may not be aware that their current practises √ are environmentally unsustainable/contributes towards an environmental degradation. √
- Any other relevant answer related to how the environmental factor as a PESTLE element poses challenges to businesses.

Submax (6)

**Max (12)**

#### 5.5 Steps in strategy evaluation

- Examine the underlying basis of a business strategy. √√
- Look forward and backwards into the implementation process. √√
- Compare the expected performance with the actual performance. √√
- 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 that will result in the achievement of business goals/envisaged when strategies are implemented. √√
- Consider the impact of the strategic implementation in the internal/external environments of the business. √√
- Any other relevant answer related to the steps in strategy evaluation.

**NOTE: The steps may be in any order.**

**Max (12)**

**5.6 Conclusion**

- Diversification strategies helps businesses to gain a deeper understanding of the needs of their customers. ✓✓
- Defensive strategies enable businesses to continuously change their work methods aimed at maximising work performance. ✓✓
- Businesses should be able to deal with challenges posed by the social and environmental factors to avoid decline in sales/profitability. ✓✓
- Strategy evaluation allows businesses to improve on the quality of services offered to customers resulting in a larger market share. ✓✓
- Any other relevant conclusion related to the advantages of diversification strategies/types of defensive strategies/challenges posed by social/environmental PESTLE factors/steps in strategy evaluation.

**Any (1 x 2) (2)**  
**[40]**

**QUESTION 5: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Advantages of diversification strategies	10	
Types of defensive strategies	12	
PESTLE factors posing challenges to businesses: <ul style="list-style-type: none"> <li>o Social</li> <li>o Environmental</li> </ul>	12	
Steps in strategy evaluation	12	
Conclusion	2	
<b>INSIGHT</b>		<b>8</b>
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

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

- A sound knowledge of the quality indicators of the financial function may enable businesses to cut down on unnecessary cost. ✓
- A good quality management system could allow businesses to review their quality processes aimed at producing products of high quality standard. ✓
- The commitment of business to improve employees' skills may contribute to the manufacturing of quality products. ✓
- Monitoring and evaluation of quality processes assist businesses to identify gaps in their processes and systems to avoid project failure. ✓
- The effective implementation of TQM elements may give businesses a competitive advantage resulting in reduced cost of quality. ✓
- Any other relevant introduction related to the quality indicators of the financial function/benefits of a good quality management system/impact of continuous skills development/monitoring and evaluation of quality processes/ways in which (TQM) can reduce the cost of quality.

**Any (2 x 1) (2)****6.2 Quality indicators of the financial function**

- Obtain capital from the most suitable/available/reliable sources. ✓✓
- Negotiate better interest rates in order to keep financial cost down. ✓✓
- Draw up budgets to ensure sufficient application of monetary resources. ✓✓
- Keep financial records up to date to ensure timely/accurate tax payments. ✓✓
- Analyse strategies to increase profitability. ✓✓
- Invest surplus funds to create sources of passive income. ✓✓
- Implement financial control measures/systems to prevent fraud. ✓✓
- Implement credit granting/debt collecting policies to monitor cash flow. ✓✓
- Draw up accurate financial statements timeously/regularly. ✓✓
- Accurately analyse and interpret financial information. ✓✓
- Invest in strategies that will assist the business to remain profitable. ✓✓
- Avoid over/under-capitalisation so that financial resources will be utilised effectively. ✓✓
- Any other relevant answer related to the quality indicators of the financial function.

**Max (12)****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. ✓
- A business has a competitive advantage ✓ over its competitors. ✓
- Regular training will continuously improve ✓ the quality of employees' skills/ knowledge/competencies. ✓
- Employers and employees will have a healthy working relationship ✓ resulting in happy/productive workers/improved employee morale/productivity. ✓



- Increased market share/More customers ✓ improves profitability/financial sustainability. ✓
- 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 on large businesses****6.4.1 Continuous skills development/Education and training****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 increase customer satisfaction. ✓
- Ability to afford ✓ specialised/skilled employees. ✓
- Large businesses conduct skills audits to establish the competency/education levels of staff ✓ which may positively affect the quality of products. ✓
- 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 as a TQM element on large businesses.

**AND/OR****Negatives/Disadvantages**

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

**Submax (6)****6.4.2 Monitoring and evaluation of quality processes****Positives/Advantages**

- Prevents product defects ✓ and minimises wastage/customer complaints. ✓
- Good quality checks/procedures minimise ✓ the replacement/breakdown of equipment/machinery on a regular basis. ✓
- May be equipped to get things done right ✓ the first time. ✓
- Improve performance ✓ and maintain high quality standards. ✓
- Improve current and future management ✓ of quality outputs/outcomes/impact. ✓
- Provide clear indication about quality aspects ✓ that are contributing to the achievement of goals/targets. ✓
- Modify interventions that may improve ✓ the efficient use of resources. ✓

- Support management to acquire information needed ✓ to make informed decision about processes. ✓
- Cost of production is reduced ✓ as deviations from set standards can be corrected. ✓
- Strategies are revised ✓ in order to improve the quality of the products/services/business image. ✓
- Allows for quality control checks ✓ and procedures at key points. ✓
- Key performance indicators are carefully selected ✓ to monitor and evaluate the outcome. ✓
- Benchmarking is used to find best practices ✓ in order to determine the competitive position of the business. ✓
- Quality circles meet on a regular basis ✓ to evaluate the progress in terms of quality. ✓
- Continuous research is conducted on latest developments ✓ to ensure that TQM planning is up to date. ✓
- Any other relevant answer related to the positive impact/advantages of monitoring and evaluation of quality processes as a TQM element on large businesses.

#### **AND/OR**

#### **Negatives/Disadvantages**

- Large businesses are often divided ✓ and the departments work in silos. ✓
- It is difficult to get everyone to communicate effectively ✓ and often messages are not received correctly. ✓
- It often takes longer to detect problems ✓ or respond to weaknesses. ✓
- It is not viable/possible to check quality ✓ of all the products. ✓
- Limited active/accurate monitoring and evaluation of quality processes may occur ✓ as some managers may view/apply this TQM element as a mere routine/formality. ✓
- Any other relevant answer related to the negative impact/disadvantages of monitoring and evaluation of quality processes as a TQM element on large businesses.

Submax (6)

**Max (12)**

#### **6.5 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 roles in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials/inputs. ✓✓
- Improve communication about quality challenges/deviations, so that everyone can learn from experience. ✓✓
- Reduce investment on expensive, but ineffective inspection procedures in the production process. ✓✓
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. ✓✓
- Any other relevant answer related to ways in which TQM can reduce the cost of quality.

**Max (10)**

**6.6 Conclusion**

- The quality indicators of the financial function must be communicated to all internal stakeholders to enable them to use cost effective methods to produce quality products. ✓✓
- The implementation of a good quality management system requires businesses to conduct continuous research on new ways of improving quality. ✓✓
- The continuous skills development may enable employees to work effectively and meet business targets. ✓✓
- Businesses should set standards for their operations in order to continually monitor and evaluate their quality processes. ✓✓
- Businesses that always implement TQM elements are less likely to experience voluntary staff turnover and reduced complaints from customers. ✓✓
- Any other relevant conclusion related to the quality indicators of the financial function/benefits of a good quality management system/impact of continuous skills development/monitoring and evaluation of quality processes/ways in which TQM can reduce the cost of quality.

Any (1 x 2) (2)  
[40]

**QUESTION 6: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Quality indicators of the financial function	12	
Benefits of a good quality management system	12	
Impact of the following TQM elements: <ul style="list-style-type: none"> <li>○ Continuous skills development/Education and training</li> <li>○ Monitoring and evaluation of quality processes</li> </ul>	12	
Ways in which TQM can reduce the cost of quality	10	
Conclusion	2	
<b>INSIGHT</b>		<b>8</b>
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**