



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2020**

**BUSINESS STUDIES P1  
MARKING GUIDELINE**

**MARKS: 150**

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This marking guideline consists of 24 pages.

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

1. 

<p>The notes to markers are provided for quality assurance purposes to ensure the following:</p> <ol style="list-style-type: none"><li>(a) Fairness, consistency and reliability in the standard of marking</li><li>(b) Facilitate the moderation of candidates' scripts at the different levels</li><li>(c) Streamline the marking process considering the broad spectrum of markers across the country</li><li>(d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning</li></ol>
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  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 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 word 'Sub-max.' 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 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.
- 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, 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 assessing 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 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 are 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, a body, 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: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (No '-S')  Option 1: Where a candidate answers 50% or more 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: Where a candidate answers less than 50% of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.  Option 3: Where a candidate answers less than 50% of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	<b>2</b>
Originality	Is there evidence of examples 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 SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/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.

<b>CONTENT</b>	<b>MARKS</b>
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    B √√  
        1.1.3    B √√  
        1.1.4    A √√  
        1.1.5    C √√  
(5 x 2)    (10)
- 1.2    1.2.1    tertiary √√  
        1.2.2    Compensation for Occupational Injuries and Diseases √√  
        1.2.3    management control √√  
        1.2.4    job analysis √√  
        1.2.5    quality assurance √√  
(5 x 2)    (10)
- 1.3    1.3.1    F √√  
        1.3.2    E √√  
        1.3.3    J √√  
        1.3.4    A √√  
        1.3.5    I √√  
(5 x 2)    (10)

**TOTAL SECTION A:    30****BREAKDOWN OF MARKS**

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

**SECTION B**

Mark the **FIRST TWO** answers only.

**QUESTION 2: BUSINESS ENVIRONMENTS****2.1 Types of defensive strategies**

- Retrenchment ✓
- Divestiture/Divestment ✓
- Liquidation ✓

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

(2 x 1) (2)

**2.2 Role of SETAs**

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

**Max. (8)**

**2.3 Developing a strategy**

<b>STEPS IN DEVELOPING A STRATEGY</b>	<b>MOTIVATION</b>
1. Formulate strategies ✓✓	The management of SSM devised a strategy that will assist them to respond to this challenge. ✓
2. Implementing strategies ✓✓	Thereafter they put the strategy into action by using action plans. ✓
Sub-max. (4)	Sub-max. (2)

**NOTE: 1. Award marks for the steps in developing a strategy even if the quote is incomplete.**

**2. Do not award marks for the motivation, if the steps in developing a strategy was incorrectly identified.**

**Max. (6)**



## 2.4 Positive impact of BBEE on businesses

- Businesses that comply with BBEE regarding the pillars ✓ will be rated high on the BEE scorecard/may get government tenders/may attract other BBEE business partners/-suppliers. ✓
- Encourages businesses to address the demands ✓ for redress/ equity directly. ✓
- Provides a variety of business codes ✓ to improve employment equity. ✓
- Provides for human resources development ✓ through training and development. ✓
- Promotes enterprise development, ✓ by developing entrepreneurial skills of previously disadvantaged/designated people to start their own businesses. ✓
- Businesses will have a good overview on how it is performing ✓ in comparison to other businesses in the rest of the country. ✓
- A good BBEE rating ✓ will improve the image of the business. ✓
- By focusing on BBEE, the business will show commitment ✓ towards the social/education/economic developments in the community/ country. ✓
- Once rated, the business will understand how to develop BBEE strategies ✓ that will increase its BBEE ratings on an annual basis. ✓
- Fronting is discouraged, ✓ as it may lead to the disqualification of a business's entire scorecard/BBEE status. ✓
- Share prices of BBEE compliant businesses are likely to increase ✓ as they attract more business. ✓
- Businesses that support Small, Micro, Medium Enterprises (SMMEs), ✓ may increase their own BBEE ratings. ✓
- Complying with BBEE requirements gives businesses experience/exposure ✓ to be able to provide better employment opportunities/staff development. ✓
- Any other relevant answer related to the positive impact of BBEE on businesses.

**Max.** (6)

## 2.5 Provisions of BCEA

### 2.5.1 Hours of work/Working hours

- Workers may not work for more than 45 hours ✓ in any week. ✓
- Workers may work nine hours a day ✓ if they work five days or less per week ✓/eight hours a day ✓ if they work more than five days a week. ✓
- Night work performed after 18:00 and before 6:00 the next day by agreement, ✓ must be compensated by allowance/reduction of work hours. ✓
- Ordinary work hours may be extended by agreement ✓ by a maximum of 15 minutes per day ✓/maximum of sixty minutes per week ✓ to complete duties when serving the public. ✓
- Ordinary work hours may be reduced ✓ to a maximum of 40 hours per week/8 hours per day. ✓
- Any other relevant answer related to hours of work as a provision of the BCEA.

**Max.** (4)

### 2.5.2 Overtime

- Workers must agree ✓ to work overtime. ✓
- Workers cannot work more than three hours overtime ✓ per day ✓/10 hours ✓ per week. ✓
- Overtime must be compensated as follows:
  - o One and half times the normal rate of pay ✓ for overtime worked on weekdays and Saturdays. ✓
  - o Double the normal rate of pay ✓ for overtime worked on Sundays and public holidays. ✓
- Overtime must be paid either at the specified rate for overtime ✓ or an employee may agree to receive paid time off. ✓
- Minister of Labour may prescribe the maximum permitted ✓ working hours, including overtime, for health and safety reasons for a certain category of work. ✓
- Any other relevant answer related to overtime as a provision of the BCEA.

**Max.** (4)

### 2.6 Employment Equity Act

#### 2.6.1 Ways of non-compliance with the EEA

- The management of Blue Berry Farm does not employ young women to work on the farm. ✓
- They also do not appoint people with disabilities. ✓

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

(2 x 1) (2)

#### 2.6.2 Ways in which businesses can comply with the EEA

- BBF/A business should guard against discriminatory appointments. ✓✓
- Assess the racial composition of all employees, including senior management. ✓✓
- Ensure that there is equal representation of all racial groups in every level of employment. ✓✓
- Promote equal opportunities and fair treatment. ✓✓
- Clearly define the appointment process, so that all parties are well informed. ✓✓
- Use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed. ✓✓
- Ensure that diversity/inclusivity in the workplace is achieved. ✓✓
- Implement affirmative action measures to redress disadvantages experienced by designated groups. ✓✓
- Prepare an employment equity plan in consultation with employees. ✓✓
- Implement an employment equity plan. ✓✓
- 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. ✓✓
- BBF/A business should accommodate people from different designated groups. ✓✓
- Retain/Develop/Train designated groups, including skills development. ✓✓

- Regularly report to the Department of Labour on progress in implementing the plan. ✓✓
- Any other relevant answer related to ways in which businesses may comply with the EEA.

Max. (8)  
[40]

**BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	2
2.2	8
2.3	6
2.4	6
2.5	8
2.6.1	2
2.6.2	8
<b>TOTAL</b>	<b>40</b>

**QUESTION 3: BUSINESS OPERATIONS**

**3.1 Examples of employee benefits**

- Medical Aid Fund/Health Insurance Fund ✓
- Pension Fund ✓
- Provident Fund ✓
- Funeral benefits ✓
- Car/Travel/Housing/Cellphone/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 employee benefits.

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

(4 x 1) (4)

**3.2 Types of salary determination methods**

EMPLOYEE	TYPE OF SALARY DETERMINATION METHOD	MOTIVATION
1. Mandisa	Piece meal ✓✓	Mandisa gets paid R600 for each door she completes. ✓
2. Suki	Time-related ✓✓	Suki, the cleaner, gets paid R40/hour for performing her duties. ✓
	Sub-max. (4)	Sub-max. (2)

- NOTE:**
- Award marks for the type of salary determination method even if the quote is incomplete.**
  - Do not award marks for the motivation, if the type of salary determination method was incorrectly identified.**

Max. (6)

### 3.3 Link between salary determination and the BCEA

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

**Max.** (4)

### 3.4 Advantages of external recruitment as a method of recruitment

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

**Max.** (4)

### 3.5 TQM elements

3.5.1 Continuous skills development/Education and training ✓✓ (2)

3.5.2 Total client/customer satisfaction ✓✓ (2)

### 3.6 Meaning of total quality management

- TQM is an integrated system/methodology applied throughout the organisation, ✓ which helps to design/produce/provide quality products/services to customers. ✓
- It is a thought revolution in management, ✓ where the entire business is operated with customer orientation in all business activities. ✓
- TQM enables businesses to continuously improve on the delivery of products/ services ✓ in order to satisfy the needs of customers. ✓
- Management ensures that each employee is responsible ✓ for the quality of his/her work/actions. ✓
- Any other relevant answer related to the meaning of total quality management.

**Max.** (4)

3.7 Advantages 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 advantages of a good quality management system.

Max. (6)

3.8 Ways in which 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/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. (8)  
[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	6
3.3	4
3.4	4
3.5	4
3.6	4
3.7	6
3.8	8
<b>TOTAL</b>	<b>40</b>

**QUESTION 4: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENTS****4.1 Business environments and extent of control**

<b>BUSINESS ENVIRONMENTS</b>	<b>EXTENT OF CONTROL</b>
1. Micro environment ✓	Full control ✓
2. Market environment ✓	Partial/Some/Limited/Less/Little control ✓
3. Macro environment ✓	No control ✓
Sub-max. (3)	Sub-max. (3)

- NOTE:**
1. Mark the first THREE (3) only.
  2. The answer does not have to be in tabular format.
  3. Award marks for the business environment even if the extent of control is not indicated/incorrect.
  4. The extent of control must be linked to the business environment.

**Max. (6)****4.2 Rights of employees according to the LRA**

- Employees may join a trade union of their choice. ✓✓
- Request trade union representatives to assist/represent employees in grievance/disciplinary hearings. ✓✓
- Trade union representatives may take reasonable time off work with pay, to attend to trade union duties. ✓✓
- Embark on legal strikes as a remedy for grievances. ✓✓
- Refer unresolved workplace disputes to the CCMA. ✓✓
- Refer unresolved CCMA disputes to the Labour Court on appeal. ✓✓
- Any other relevant answer related to rights of employees according to the LRA.

**Max. (6)****4.3 Porter's Five Forces model****4.3.1 Bargaining power of suppliers/Power of suppliers**

- Suppliers that deliver high quality product ✓ may have power over the business. ✓
- Assess the power of the suppliers ✓ in influencing prices. ✓
- The more powerful the suppliers, ✓ the less control the business has over them. ✓
- The smaller the number of suppliers, ✓ the more powerful they may be as the choice of suppliers may be limited. ✓
- Identify the kind of power suppliers' have ✓ in terms of the quality of products/services/reliability/ability to make prompt deliveries. ✓
- Any other relevant answer related to how businesses could apply the bargaining power of suppliers/power of suppliers to analyse the market environment.

**Max. (4)**

#### 4.3.2 Power of competitors/Competitive rivalry

- Competitors selling the same/similar products/services ✓ may have a greater impact on the market of the business. ✓
- If competitors have a unique product/service, ✓ then they will have greater power. ✓
- A business with many competitors in the same market ✓ has very little power in their market. ✓
- Businesses should draw up a competitor's profile of all competitors ✓ so that they can determine their own strengths as well as those of competitors. ✓
- Some businesses have necessary resources to start price wars ✓ and continue selling at a loss until some/all competitors leave the market. ✓
- Any other relevant answer related to how businesses could apply the power of competitors/competitive rivalry to analyse the market environment.

**Max.** (4)

### BUSINESS OPERATIONS

#### 4.4 Sources of internal recruitment

- Internal e-mails/Intranet/web sites to staff ✓
- Word of mouth ✓
- Business newsletter/circulars ✓
- Internal/management referrals ✓
- Notice board of the business ✓
- Internal bulletins ✓
- Recommendation of current employees ✓
- Head hunting within the business/organisational database ✓
- Any other relevant answer related to the sources of internal recruitment.

**NOTE: Mark the first FOUR (4) only.** (4 x 1) (4)

#### 4.5 Reasons for the termination of an employment contract

- The employer may dismiss an employee for valid reasons, ✓ e.g. unsatisfactory job performance, misconduct, etc. ✓
- Employer may no longer have work for redundant employees ✓/cannot fulfil the contract/is restructuring. ✓
- The employer may retrench ✓ some employees due to insolvency/may not be able to pay the employees. ✓
- Employees decided to leave ✓ and resign voluntarily. ✓
- An employee may have reached the pre-determined age ✓ of retirement. ✓
- Any other relevant answer related to the reasons for the termination of an employment contract.

**Max.** (6)

#### 4.6.1 Roles of quality circles as part of continuous improvement of processes and systems

- The employees of Williams Motor Manufacturers meet regularly to investigate problems and suggest solutions to the management. ✓
- They also monitor strategies to improve the smooth running of business operations. ✓

**NOTE: Mark the first TWO (2) only.** (2 x 1) (2)

#### 4.6.2 Application of PDCA model/cycle in improving the quality of products

- Plan

- Williams Motor Manufacturers/WMM should identify the problem and develop a plan for improvement to processes and systems. √√
- Answer questions such as 'What to do'/ 'How to do it'. √√
- Plan the new method and approach in order to improve the quality of their products. √√

Sub-max. (2)

- Do

- WMM should implement the change on a small scale. √√
- Implement the processes and systems as planned. √√

Sub-max. (2)

- Check/Analyse

- Use data to analyse the results of change. √√
- Determine whether it made a difference and what needs to be improved. √√
- Check whether the processes are working effectively. √√
- WMM should assess/test and establish if it is working/if things are going according to plan. √√

Sub-max. (2)

- Act as needed

- Implement the improvement to meet the needs of the business. √√
- Devise strategies on how to continually improve. √√
- If the change was successful, implement it on a wider scale. √√
- WMM should continuously revise the process until they get it right the first time. √√

Sub-max. (2)

- Any other relevant answer related to how WMM can apply the PDCA model/cycle to improve the quality of their products.

- NOTE: 1. The steps could be integrated in the application.**  
**2. Award a maximum of FOUR (4) marks for only mentioning the steps of the PDCA model.**

**Max. (8)**  
**[40]**

#### BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	6
4.2	6
4.3	8
4.4	4
4.5	6
4.6.1	2
4.6.2	8
<b>TOTAL</b>	<b>40</b>

**TOTAL SECTION B: 80**



**SECTION C**

**Mark the FIRST question ONLY.**

**QUESTION 5: BUSINESS ENVIRONMENTS**

**5.1 Introduction**

- Businesses should always conduct the strategic management process as they operate in a dynamic environment that pose many challenges. ✓
- The implementation of business strategies enables businesses to respond to challenges presented by business environments. ✓
- Diversification and intensive strategies enable businesses to remain sustainable in the market environment. ✓
- PESTLE analysis is used to identify and evaluate the factors in the external environment that can influence the business. ✓
- PESTLE analysis enables-businesses to have a better understanding of the external environment and the industry in which it operates. ✓
- The effectiveness of business strategies must be evaluated so that best strategies are used to overcome challenges. ✓
- Any other relevant introduction related to intensive strategies/ diversification strategies/PESTLE/strategy evaluation.

Any (2 x 1) (2)

**5.2 Types of intensive strategies**

**Market penetration** ✓✓

- New products penetrate an existing market at a low price ✓, until it is well known to the customers and then the prices increase. ✓
- It is a growth strategy where businesses focus on selling existing products ✓ to existing markets. ✓
- Focuses on gaining a larger share of the market ✓ by reducing prices to increase sales/increasing advertising and promotion. ✓
- Any other relevant answer related to market penetration as a type of intensive strategy.

Type (2)  
 Description (2)  
 Sub-max. (4)

**Market development** ✓✓

- A process of exploring/finding/searching new markets ✓ for existing products. ✓
- Businesses sell their existing products ✓ to new markets ✓/Involves targeting consumers in a potential market ✓ that is outside its normal target market. ✓
- Business must research ✓ the market it wants to enter. ✓
- They change the way the products are distributed ✓ to reach a different market. ✓
- Any other relevant answer related to market development as a type of intensive strategy.

Type (2)  
 Description (2)  
 Sub-max. (4)

**Product development** ✓✓

- Businesses generate new ideas ✓ and develop a new product or service. ✓
- The introduction of a new product or service ✓ into existing markets. ✓
- A business may need to acquire new technology ✓ to develop new products. ✓
- They improve/change the packaging of current products ✓ so that they look and seem different and appeal to the market. ✓
- Any other relevant answer related to product development as a type of intensive strategy.

Type (2)  
Description (2)  
Sub-max. (4)

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

(3 x 4) (12)

**5.3 Advantages of diversification strategies**

- Increase sales ✓ and business growth. ✓
- Improves the business brand ✓ and image of the business. ✓
- Reduces the risk ✓ of relying only on one product. ✓
- More products can be sold to existing customers ✓ and additional more new markets can be established. ✓
- Businesses gain more technological capabilities ✓ through product modification. ✓
- Diversification into a number of industries or product line ✓ can help create a balance during economic fluctuations. ✓
- Business produces more output using less inputs ✓ as one factory may be used to manufacture more products. ✓
- Any other relevant answer related to the advantages of diversification strategies.

**Max.** (8)

**5.4 PESTLE elements/factors posing challenges to businesses****Social**

- Customers may not be able to afford products ✓ due to low income levels/ high unemployment. ✓
- Businesses may not be conversant ✓ with the language of their customers. ✓
- Some 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 may pose a challenge to businesses.

Sub-max. (6)

**Technological**

- Businesses may not keep up with/be aware ✓ of the latest technology. ✓
- Employees may not be skilled ✓ to operate/maintain new technology/equipment. ✓
- Businesses may not be able to afford ✓ new technology. ✓
- May not be able to cater for/afford ✓ online transactions/e-commerce. ✓
- Any other relevant answer related to how the technological factor as a PESTLE element may pose a challenge to businesses.

Sub-max. (6)

**Legal**

- Certain Acts may have a direct impact ✓ on a business, e.g. the CPA/BCEA. ✓
- Legal requirements for operating certain types of businesses ✓ are time-consuming. ✓
- High legal costs involved in obtaining a license/trade mark/patent ✓ may prevent some establishments. ✓
- Legalities of business contracts ✓ may limit business operations. ✓
- Any other relevant answer related to how the legal factor as a PESTLE element may pose a challenge to businesses.

Sub-max. (6)

**Max.** (16)**5.4 Steps in evaluating a strategy**

- Examine the underlying basis of a business strategy. ✓✓
- Look forward and backwards into the implementation process. ✓✓
- Compare the expected performance with the actual performance. ✓✓
- Measure the business performance in order 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 steps that businesses should consider when evaluating strategies.

**NOTE: Accept steps in any order.****Max.** (10)

### 5.6 Conclusion

- The strategic management process enables businesses to stay ahead of competitors and increase their market share. √√
- Businesses must develop/formulate or change their current strategies in order to remain competitive. √√
- Businesses that apply the PESTLE analysis are able to respond quickly to the external pressures and adapt to them. √√
- The implementation of diversification and intensive strategies may allow businesses to recover from unstable economic conditions. √√
- Strategy evaluation enable businesses to keep abreast with changes in the business environments. √√
- Any other relevant conclusion related to intensive strategies/diversification strategies/PESTLE/strategy evaluation.

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

### QUESTION 5: BREAKDOWN OF MARKS

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max. 32</b>
Types of intensive strategies	12	
Advantages of diversification strategies	8	
PESTLE elements/factors posing challenges to businesses: <ul style="list-style-type: none"> <li>○ Social</li> <li>○ Technological</li> <li>○ Legal</li> </ul>	16	
Steps in evaluating a strategy	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
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 only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

**QUESTION 6: BUSINESS OPERATIONS****6.1 Introduction**

- The human resources manager (HRM) is responsible for selecting and appointing competent and skilled employees. ✓
- The HRM can appoint the best candidate if the selection and interviewing procedures are properly applied. ✓
- The aim of induction is to introduce the new employee to the job/the new environment. ✓
- Some businesses offer fringe benefits in addition to the salaries to employees. ✓
- Any other relevant introduction related to selection procedure/roles of the interviewer when preparing for an interview/advantages of induction/impact of fringe benefits. (Any 2 x 1)

(2)

**6.2 Selection procedure****OPTION 1**

- Businesses should determine fair assessment criteria on which selection will be based. ✓✓
- Use the assessment criteria to assess all CVs/application forms received during recruitment/preliminary screening is done by sorting the applications received according to the criteria for the job. ✓✓
- Check that applicants have not submitted false documents such as forged certificates/degrees. ✓✓
- Make a preliminary list of all applicants who qualify for the post. ✓✓
- Screen and check references, e.g. 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 people. ✓✓
- Invite the shortlisted applicants/candidates for an interview. ✓✓
- Shortlisted candidates may be subjected to various types of selection tests, e.g. skills test. ✓✓
- A written offer is made to the chosen candidate. ✓✓
- Any other relevant answer related to the selection procedure/steps as an activity of the human resources function.

**OR****OPTION 2**

- Receive documentation, e.g. 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/steps as an activity of the human resources function.

**NOTE: Accept the procedure/steps in any order.****Max. (10)**

**6.3 Roles of the interviewer when preparing for an interview**

- The interviewer should develop a core set of questions ✓ based on the skills/knowledge/ability required. ✓
- Check the application/verify the CV of every candidate ✓ for anything that may need to be explained. ✓
- Book and prepare the venue ✓ for the interview. ✓
- Set the interview date ✓/Ensure that all interviews take place on the same date, if possible. ✓
- Inform all shortlisted candidates about the date ✓ and place of the interview. ✓
- Notify all panel members conducting the interview about the date ✓ and place of the interview. ✓
- Allocate the same amount of time ✓ to interview each candidate on the program. ✓
- Any other relevant answer related to roles of the interviewer when preparing for an interview.

**Max. (12)****6.4 Advantages of an induction programme for businesses**

- Increases quality ✓ of performance/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. ✓
- 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/offices/ where everything is ✓, which saves production time. ✓
- Learn more about the business so that new employees understand their roles/responsibilities ✓ in order 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, etc. ✓
- Any other relevant answer related to the advantages of an induction programme for businesses.

**Max. (14)**

## 6.5 Impact of fringe benefits on businesses

### Positives/Advantages

- Attractive fringe benefit packages ✓ may result in higher employee retention/reduces employee turnover. ✓
- Attracts qualified/skilled/experienced employees ✓ who may positively contribute towards the business goals/objectives. ✓
- It increases employee satisfaction/loyalty ✓ as they may be willing to go the extra mile. ✓
- Improves productivity ✓ resulting in higher profitability. ✓
- Businesses save money ✓ as benefits are tax deductible. ✓
- Fringe benefits can be used as leverage ✓ for salary negotiations. ✓
- Any other relevant answer related to the positive impact/advantages of fringe benefits on businesses.

### AND/OR

### Negatives/Disadvantages

- Fringe benefits are additional costs ✓ that may result in cash flow problems. ✓
- Administrative costs increase ✓ as benefits need to be correctly recorded for tax purposes. ✓
- Decreases business profits, ✓ as incentive/package/remuneration costs are higher. ✓
- It can create conflict/lead to corruption ✓ if allocated unfairly. ✓
- Workers only stay with the business for fringe benefits, ✓ and may not be committed/loyal to the tasks/business. ✓
- Businesses who offer employees different benefit plans may create resentment ✓ among those who receive fewer benefits resulting in lower productivity. ✓
- Businesses who cannot offer fringe benefits ✓ fail to attract skilled workers. ✓
- Businesses have to pay advisors/attorneys ✓ to help them create benefit plans that comply with legislation. ✓
- Errors in benefit plans ✓ may lead to costly lawsuits/regulatory fines. ✓
- Any other relevant answer related to the negative impact/disadvantages of fringe benefits on businesses.

**Max. (10)**

### 6.6 Conclusion

- The goals and objectives of businesses cannot be achieved without qualified and skilled employees. √√
- Businesses should have suitable/effective selection procedure in place. √√
- Employees are the most important resource in any business and its success is strongly influenced by a good selection process which includes a fair and well-planned interview. √√
- A well prepared and organised interview process will result in identifying and appointing the most suitable and deserving candidate. √√
- A good induction programme enables new employees to have a basic understanding of what is expected in the new job/position. √√
- Businesses should plan carefully for fringe benefits so that potential candidates can consider the advantages and disadvantages of joining the business. √√
- Any other relevant conclusion related to selection procedure/roles of the interviewer when preparing for an interview/advantages of induction/impact of fringe benefits.

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

#### QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max. 32</b>
Selection procedure	10	
Roles of the interviewer when preparing for an interview	12	
Advantages of an induction programme for businesses	14	
Impact of fringe benefits on businesses	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
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 only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

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