



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

BUSINESS STUDIES

EXEMPLAR 2014

MEMORANDUM

MARKS: 300

This memorandum consists of 40 pages.

NOTES TO MARKERS

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

Marker:	Red
Senior Marker:	Green
Deputy Chief and Chief Marker:	Black/Brown/Pink
Internal Moderator:	Orange

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

3. A comprehensive memorandum 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 memorandum
- Comes from another source
- Is correct and original

NOTE: There are no alternative answers for 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 calculations.

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

8. **Incorrect numbering of questions or sub-questions will be penalised. This is applicable to all the sections of the paper.**

9. **SECTION B**

- 9.1 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 only applies to questions where the number of facts is specified.

- 9.2 If two facts are written in one sentence, award the candidate FULL credit. Point 7 above still applies.

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

9.4 USE OF THE COGNITIVE VERB AND ALLOCATION OF MARKS

9.4.1 All questions that require candidates to 'explain/discuss/describe' will be marked as follows:

- Heading 2 marks
 - Explanation 1 mark or as indicated in the memorandum.
- The 'heading' and 'explanation' are given separately to facilitate mark allocation.

9.4.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated.

9.5 **ONE mark will be awarded for answers that are easy to recall, requires one-word answers or is quoted directly from scenario/case study. This applies to SECTIONS B and C in particular.**

10. SECTION C

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

10.2 Insight consists of the following components:

Layout/Structure: (Is there an introduction, body, proper paragraphs and a conclusion?)	2
Analysis and interpretation: (Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.)	2
Synthesis: (What parts of the question would you have included in the answer? Are there decisions made from a combination of relevant points) Marks to be allocated using this guide: Mostly irrelevant facts: 0; Some irrelevant facts: 1; No irrelevant facts: 2	2
Originality: (Examples, recency of information, current trends and developments.)	2
TOTAL FOR INSIGHT:	8
TOTAL MARKS FOR FACTS:	32
TOTAL MARKS FOR ESSAY (8 + 32)	40

- 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 allocated for layout, if the headings 'Introduction, Conclusion,' etc. in 'Insight' is not supported by an explanation.**

10.3 Indicate insight in the left-hand margin with a symbol e.g. ('L, A, S and/or O')

- 10.4 The components of insight are indicated at the end of the suggested answer for each question.
- 10.5 Mark all relevant facts until the MAXIMUM mark in a subsection has been attained. Write MAX after maximum marks have been obtained.
- 10.6 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	32 (max.)
L	2
A	2
S	2
O	2
TOTAL	40

NOTE: The mark allocation for insight may vary for each essay.

- 10.7 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.)
- 10.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for insight.
- 10.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the memorandum.
11. Take particular note of the repetition of facts. Indicate with a R.
12. 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 memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
13. Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
14. Note that with effect from 2012 (final examination) no marks will be awarded for indicating YES (✓✓) or NO (✓✓) in evaluation type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C.)

SECTION A**QUESTION 1**

- 1.1 1.1.1 A✓✓
 1.1.2 A✓✓
 1.1.3 B✓✓
 1.1.4 B✓✓
 1.1.5 D✓✓
 1.1.6 B✓✓
 1.1.7 D✓✓
 1.1.8 B✓✓
 1.1.9 D✓✓
 1.10. C✓✓ (10 x 2) (20)
- 1.2 1.2.1 training and development programmes✓✓
 1.2.2 annual leave✓✓
 1.2.3 Resignation✓✓
 1.2.4 choose and practise a religion✓✓
 1.2.5 Leadership✓✓ (5 x 2) (10)
- 1.3 1.3.1 C✓✓
 1.3.2 E✓✓
 1.3.3 D✓✓
 1.3.4 F✓✓
 1.3.5 A✓✓ (5 x 2) (10)

TOTAL SECTION A: 40**BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	20
1.2	10
1.3	10
TOTAL	40

SECTION B

Mark the FIRST THREE answers.

QUESTION 2: BUSINESS ENVIRONMENT**2.1 Legislation****2.1.1 Name and explain the Act:**

- The Compensation for Occupational Injuries and Diseases Act (COIDA), 1997 (Act 61 of 1997). ✓✓
- The purpose of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases and to provide for matters connected therewith. ✓✓
- Any other relevant answer related to the definition of COIDA.

Any (2 x 2) (4)

2.1.2 Demand justified?

- YES:
- The COIDA supports Sam's claim for compensation since he was injured while on duty. ✓✓
- COIDA prevents the employee/Sam from suing his employer/Nathaniel's Brick and Tiles for damages as the employee/Sam can claim from the Compensation Fund. ✓✓
- Sam has fulfilled the health and safety requirements and will get compensation from the Compensation Fund. ✓✓

NOTE: Do not allocate marks for yes or no

Max (4)

2.1.3. Procedure for compensation

- The employee/Sam must report an accident resulting in an injury before the completion of the shift either verbally or in writing. ✓✓
- The employer/Nathaniel's Bricks and Tiles must send the employee/Sam to a medical practitioner or hospital as a doctor's report is submitted with the formal claim form. ✓✓
- The employer/Nathaniel's Brick and Tiles should collect as much information about the accident and submit it together with an official claim form, within 7 days to the Compensation Commissioner. ✓✓
- The Commissioner will acknowledge that a claim was lodged and that all paperwork around the claim is in order, by issuing a claim number to the employer/Nathaniel's Brick and Tiles. ✓✓
- The Commissioner will only accept liability for the claim after all documentation and medical reports has been submitted and he is convinced that the worker/Sam was not involved in any misconduct. ✓✓
- The employee/Sam must notify the employer/Nathaniel's Bricks and Tiles within twelve months of the occurrence of the accident that he wants to lodge a claim, otherwise the claim will expire and the employee/Sam will not be able to make any claims after that. All claims go through the employer. ✓✓
- The amount of compensation is dependent on the seriousness of the injury or disease and how responsible the employee was for the injury or disease. ✓✓
- Any other relevant answer related to the procedure for claiming from the Compensation Fund.

Max (6)

2.1.4 Penalties for non-compliance

- Nathaniel's Bricks and Tiles can be fined for refusing to lodge the claim/ not taking Sam to a hospital/contravening the Act.✓✓
- Nathaniel's Bricks and Tiles can be forced to make large payments if the business did not take the necessary precautions according to the Act.✓✓
- Nathaniel's Bricks and Tiles can be forced to pay any recovery costs required by the Compensation Fund.✓✓
- Sam may take Nathaniel's Bricks and Tiles to court if the Compensation Fund does not pay out. ✓✓
- If Nathaniel's Bricks and Tiles is found guilty of any misconduct, they will have to pay large penalties or face imprisonment.✓✓
- Any other relevant answer related to penalties for non-compliance.

Max (6)

2.1.5 Advantages of COIDA for businesses

- Health and safety issues are constantly considered in the workplace.✓✓
- The Act promotes health and safety in the workplace.✓✓
- Employers are forced to take responsibility for injuries sustained at work.✓✓
- All employees are protected by this Act on condition they comply with the necessary requirements of the Act.✓✓
- It sets and promotes a framework of acceptable employment practices and safety regulations.✓✓
- Any other relevant answer related to the advantages of COIDA.

Max (6)

2.2 Measures to protect human health

- Safe and healthy working environments for employees and customers must be provided.✓✓
- Products must contain information about the ingredients used in the manufacturing of the product and warning messages where necessary.✓✓
- Workplace should have adequate lighting and ventilation.✓✓
- Hazardous materials should be stored in a safe manner/place.✓✓
- Factories/Mines should have precautionary measures in place to ensure that no contamination of streams or ground water take place.✓✓
- Educate communities on taking care of the environment and their health e.g. HIV/Aids, litter, waste etc.✓✓
- Needles, medicines and poisonous/harmful materials should be disposed of carefully/correctly.✓✓
- Any other relevant answer related health promotion in the workplace.

Max (8)

2.3 Inclusivity in the workplace

- Inclusivity means giving everyone an equal opportunity. ✓✓
- No discrimination against anyone on the basis of race, gender, sexual orientation, disabilities and HIV/Aids should be allowed. ✓✓
- A diverse workforce should represent the demographics of the country and should work together harmoniously to the benefit of the business and society. ✓✓
- No one should be excluded because of the language they speak or because they are disabled. ✓✓
- No one should be excluded from the economic mainstream because of their race or status. ✓✓
- All employees should have access to company resources and skills development programmes. ✓✓
- Any other relevant answer related to inclusivity in the workplace.

Max (6)

2.4. Reasons for the introduction of Broad-Based Black Economic Empowerment (BBBEE).

- The purpose of BBBEE is to enable wealth to be spread more broadly. ✓✓
- Through BBBEE the government strives to involve all businesses (profit and non-profit organisations). ✓✓
- BBBEE Act includes a wider group of previously disadvantaged people, such as black women, people with disabilities, youth and people living in rural areas through social-economic strategies such as management, ownership, employment equity, social responsibility, preferential procurement and enterprise development. ✓✓
- BBBEE Broad-based Black Economic Empowerment is a growth strategy that targets inequality within the South African economy by encouraging more black management, promoting employment equality, encouraging skills training in businesses, nurturing black entrepreneurship and building black SMMEs by means of affirmative action. ✓✓
- Any other relevant answer related to the introduction of Broad-Based Black Economic Empowerment (BBBEE).

Any (2 x 2) (4)

2.5 Differences between the trade union and employer organisation

- **Trade union:** an organisation formed by workers to protect their interest such as better working conditions and remuneration through collective bargaining. ✓✓
- **Employer organisation:** an organisation that protects the rights of the employers and makes it possible for employers in the same industry to work together and negotiate with trade unions. ✓✓
- Any other relevant explanation of the trade unions and employer organisations.

(2 x 2) (4)

2.6 Impact of Consumer Protection Act on businesses

Positive impact

- There is now only one law for protecting consumers and this makes it easier to enforce and apply the law.✓✓
- Protects the consumers from unfair, exploitative and aggressive business and marketing activities.✓✓
- Promotes consumer rights and ensures that businesses do not violate these rights.✓✓
- Allows all consumers fair access to goods and services.✓✓
- Educates consumers about how to participate in the goods and services market responsibly.✓✓
- Enables consumers and businesses to resolve disputes fairly and in a way that respects the rights of both parties. Disputes may also be addressed by the National Consumer Commission.✓✓
- Ensures that consumers do not buy goods of poor quality which do not meet quality standards.✓✓
- Forces businesses to promote and provide consumer education.✓✓
- Consumers are forced to make responsible and informed decisions.✓✓
- Any other relevant answer related to the advantages of CPA.

Negative impact

- Businesses must disclose more information about their products and processes.✓✓
- The Act encourages consumers to complain.✓✓
- Consumers can take advantage of businesses.✓✓
- The processes and procedures required of the businesses by the Act can be expensive and time consuming.✓✓
- Some businesses feel they are unnecessarily burdened by the processes required by the CPA.✓✓
- Non-compliance may result in heavy penalties.✓✓
- Staff need to be trained and legal experts need to be consulted, which can be expensive for smaller businesses.✓✓
- Many business documents need to be redone/translated in order to comply with the requirement that consumers have a right to receive contracts in simple and understandable language.✓✓
- The provisions in the Act increase the risks for insurance companies in protecting businesses against unforeseen claims and lawsuits.✓✓
- Supply chain management for stock levels will have to be managed differently as defective goods have to be replaced within six months at the request of the customer.✓✓
- Legal contracts must be worded in plain language and pitched at the level of the consumer who is being targeted.✓✓
- Information technology systems need to be improved as the retailer must keep more detailed records of interactions with consumers and be able to report to the National Consumer Commission.✓✓
- Any other relevant answer related to the impact of CPA on businesses.

Max (12)

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1.1	4
2.1.2	4
2.1.3	6
2.1.4	6
2.1.5	6
2.2	8
2.3	6
2.4	4
2.5	4
2.6	12
TOTAL	60

QUESTION 3: BUSINESS VENTURES**3.1 Presentations**

- 3.1.1 Verbal/Hand-outs/Notes✓✓
- 3.1.2 Non-verbal/Graphs✓✓
- 3.1.3 Verbal/Audio-visual✓✓
- 3.1.4 Non-verbal/Illustrations✓✓
- 3.1.5 Non-verbal/Diagrams/Charts✓✓

(5 x 2) (10)

3.2 Differences between limited and unlimited liability

- **Limited liability** means shareholders'/owners' possessions/ assets are protected in the event that the business becomes insolvent or is liquidated.✓✓
- Shareholders cannot lose more than what they have invested in a business.✓✓
- **Unlimited liability** means that the owner's assets are attached to the business.✓✓
- The owner or partners can lose everything and even more than what they have invested in a business.✓✓
- Any other relevant answer related to the differences between limited and unlimited liability.

Any (2 x 2) (4)

3.3 Forms of ownership

Criteria	Partnership	Personal-liability Company (PLC)
Capacity	<p>Success factors</p> <ul style="list-style-type: none"> - Easy and inexpensive to start. ✓✓ - Shows potential for growth because partners contribute skills. ✓✓ - Expansion is possible because more partners can join partnership. ✓✓ - Could have a financial capacity to benefit from good discounts for bulk purchases. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - In large partnership, the partners may struggle to agree on business issues. ✓✓ - The more partners in the partnership, the more difficult it is to control expenses and partners' drawings. ✓✓ - Any other relevant answer on capacity. <p style="text-align: right;">Max (2)</p>	<p>Success factors</p> <ul style="list-style-type: none"> - PLC can attract more shareholders because ownership is controlled by the new Companies Act. ✓✓ - As the PLC becomes more successful, the value of shares will increase and the PLC may approach more investors. ✓✓ - Directors are geared to improve business prospects in the market place. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - It does not have a capacity to draw on large financing sources therefore cannot grow into financially strong companies. ✓✓ - It is expensive to run the company and profits may not be sustainable resulting in liquidation. ✓✓ - Any other relevant answer on capacity. <p style="text-align: right;">Max (2)</p>
Legislation	<p>Success factors</p> <ul style="list-style-type: none"> - Easy and expensive to establish/partners must draw up partnership agreement. ✓✓ - Partnerships may apply for local tenders. ✓✓ - Partners are more motivated to make a success because their personal possessions are at risk. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - Unlimited liability/partners are jointly and severally liable for the debts of the business. ✓✓ - If one partner dies or retires, the remaining partners need to draw up a new agreement. ✓✓ - Any other relevant answer on legislation. <p style="text-align: right;">Max (2)</p>	<p>Success factors</p> <ul style="list-style-type: none"> - The rights and duties of shareholders are stipulated in the Companies Act, therefore minimising unethical and corrupt behaviour. ✓✓ - May obtain government tenders, as PLC is properly registered according to Companies Act. ✓✓ - Shareholders have limited liability. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - Expensive and complicated to register the business. ✓✓ - PLC and its directors, past and present, are jointly liable for any debts and liabilities incurred. ✓✓ - An audit is required only if PLC meets the requirements test as stipulated in the Act. ✓✓ - Any other relevant answer on legislation. <p style="text-align: right;">Max (2)</p>

Management	<p>Success factors</p> <ul style="list-style-type: none"> - Partners can use each other's expertise and make collective decisions. ✓✓ - All partners are actively involved in the management of the business. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - Quick decisions cannot be made as all partners should be informed. ✓✓ - If too many partners are involved in the day to day running of the business it may hamper the success of the business. ✓✓ - Some partners may not work as hard as others. ✓✓ - Any other relevant answer on management. <p style="text-align: right;">Max (2)</p>	<p>Success factors</p> <ul style="list-style-type: none"> - PLC is managed by a competent board of directors who may be experts in their fields. ✓✓ - Quick decisions can be made even if there is only one director. ✓✓ <p>Failure factors</p> <ul style="list-style-type: none"> - The board of directors may not have a personal interest in the PLC. ✓✓ - Directors may not be motivated to work very hard because shareholders have powers to decide on the directors' remuneration. ✓✓ - Any other relevant answer on management. <p style="text-align: right;">Max (2)</p>
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Take note of sub-maximums.

Max (12)

3.4 Insurance

3.4.1 An insurance assessor ✓✓

Max (2)

3.4.2 $\frac{\text{Insured amount}}{\text{Market value}} \times \text{Loss/Damage}$ ✓✓ (for 'formula')

$$= \frac{500\,000}{750\,000} \times R120\,000 \text{ OR } [\frac{2}{3} \times R120\,000] \text{ OR } [120\,000 \times 2 \div 3]$$

$$= R80\,000 \text{ ✓✓}$$

Max (6)

- NOTE:**
1. **Allocate full marks (6) if the answer is correct and no workings are shown.**
 2. **If the answer is incorrect, award a maximum of TWO marks for the understanding of concept and method.**
 3. **If there are no workings shown and the answer is incorrect, allocate a ZERO mark.**

3.4.3 Average clause ✓✓ applies when the goods/property are/is under insured. Then the insurance company will not pay out the full amount of loss. ✓✓

Max (4)

3.5 Role of insurance company

- The building is over insured, the insurance company has the option of reinstatement. ✓✓
- The insurance company will rather replace the damaged building than pay cash. ✓✓
- The insurance company will therefore spend R200 000 to rebuild the building and therefore nobody makes a profit out of insurance. ✓✓
- Any other relevant answer related to reinstatement. Max (6)

3.6 Leadership styles

3.6.1 Transactional leadership style ✓✓ (2)

3.6.2 The impact of a transactional leadership style**Positives**

- Encourages employees to work hard because they will receive rewards. ✓✓
- Improves employees' productivity and morale. ✓✓
- The goals and objectives of the business can be achieved. ✓✓
- Employees know what is expected of them. ✓✓
- Disciplinary action procedures are well communicated. ✓✓
- Any other relevant answer related to the advantages/positive impact of a transactional leadership style.

Negatives

- Employees can become bored because they have to follow rules and procedures therefore there is no creativity in the workplace. ✓✓
- A transactional leader will have to monitor the work performance of the employees to ensure that expectations are met and this can be time-consuming. ✓✓
- Some employees may be demoralised or unmotivated if they fail to reach/meet targets despite having worked very hard. ✓✓
- This style is not suitable for team work because all team members can be punished for poor performance caused by a member of a team. ✓✓
- Any other relevant answer related to the disadvantages/negative impact of a transactional leadership style.

Max (8)

3.7 Types of preference shares

- Cumulative preference shares:✓✓
Unpaid dividends in one year will accumulate/carried forward to the next year when dividends are paid out.✓
- Non-cumulative preference shares:✓✓
The claim on unpaid dividends are not transferred/carried forward/ accumulated to the next financial year.✓
- Participating preference shares✓✓
The shareholders will share in a second dividend in a year when significant/ surplus profits are realised.✓
- Non-participating preference shares✓✓
Shareholders only receive a fixed dividend.✓
- Redeemable preference shares✓✓
The company will buy back these shares after a specified period.✓
- Non-redeemable preference shares✓✓
These shares are only bought back when the company closes down for reasons other than bankruptcy.✓
- Convertible preference shares✓✓
Shares may be converted to ordinary shares after a fixed period.✓
- Non-convertible preference shares✓✓
Shares may not be converted into ordinary shares.✓
- Any other relevant answer related to the types of preference shares
NOTE: Mark first TWO (2) types only.

Max (6)

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1.	10
3.2	4
3.3.1	4
3.3.2	4
3.3.3	4
3.4.1	2
3.4.2	6
3.4.3	4
3.5	6
3.6.1	2
3.6.2	8
3.7	6
TOTAL	60

QUESTION 4: BUSINESS ROLES**4.1 Problem-solving techniques**

4.1.1 Empty-chair technique ✓✓

4.1.2 Delphi technique ✓✓

4.1.3 Nominal group technique ✓✓

(6)

4.2 Effectiveness of brainstorming to solve business problems**Positives**

- Non-critical discussion takes place, where all ideas are considered. ✓✓
- Team members can build on each other's ideas. ✓✓
- Stimulates creative thinking. ✓✓
- Allows team members to look at the problem in a different perspective. ✓✓
- Any other relevant, positive answer related to the effectiveness of brainstorming in solving business problems.

Negatives

- Discussions can be dominated by one strong team member. ✓✓
- Shy people may not give their inputs. ✓✓
- The team may lose out on brilliant ideas from shy people. ✓✓
- Team members may criticize one another's ideas and this may create conflict. ✓✓
- Any other relevant, negative answer related to the effectiveness of brainstorming in solving business problems.

Max (8)

4.3.1 Employees' well-being

- A business enterprise must ensure fair wages/salaries for the workers based on the nature of work involved and the prevailing economic conditions in the market. ✓✓
- Working conditions must not only consider safety, medical and canteen facilities, but also benefits like housing, leave, retirement, etc. ✓✓
- Fair bonuses, based on business earnings, should be paid as acknowledgement for hard work and commitment. ✓✓
- There should be provision for employees' participation in decision making that affects them. ✓✓
- Recreational facilities for employees should be provided. ✓✓
- Physical, medical assessments should be offered annually to workers. ✓✓
- Trauma debriefing/Counselling or assistance to any employee who requires these services should be readily available. ✓✓
- Financial assistance may be offered in the case of any hardship caused by unexpected medical costs. ✓✓
- Flexible working hours may be allowed to enhance productivity. ✓✓
- Support programmes for employees infected and affected by HIV/Aids may be offered. ✓✓
- Childcare facilities should be available on the premises for working mothers in the business. ✓✓
- Any relevant answer related to the wellbeing of employees. Any(5 x 2)(10)

4.3.2 Corporate social investment initiatives

- Businesses can donate computers to underprivileged schools. ✓✓
- Teaching entrepreneurship skills and offering support to individuals starting new ventures. ✓✓
- Providing adult basic education and training in local communities. ✓✓
- Sponsoring art and cultural programmes. ✓✓
- Establishing programmes to promote early childhood development. ✓✓
- Conduct job creation programmes. ✓✓
- Support sport development programmes/sport bursaries/-sponsorships. ✓✓
- Any relevant answer related to corporate social Investment initiatives.

Any (3 x 2) (6)

4.3.3 Differences between CSI and CSR**Corporate social investment**

- Refer to any project undertaken by an organisation which is over and above normal business activities of the company and not directly aimed at increasing profitability. ✓✓
- Programmes that will benefit the community and/or the environment, into which time, skills, expertise and money are invested. ✓✓
- Any other relevant answer related to corporate social investment.

Any (1 x 2) (2)

Corporate social responsibility

- Refers to any strategy used by a business to take responsibility for their impact on society and the environment. ✓✓
- It is not a single action but rather an approach to doing business that guides all decision making in the firm. ✓✓
- It is the way in which companies manage their business operations so that it does not negatively affect all stakeholders. ✓✓
- Any other relevant answer related to corporate social responsibility.

Any (1 x 2)(2)

Max (4)

4.4 Grievance:

- It is a formal complaint laid by an employee when he/she feels that he/she has been ill-treated by the employer. ✓✓

Dispute:

- Takes place when the employee disagrees with the resolution taken on the grievance, then he/she can lodge a dispute. ✓✓
- Any other relevant differences between a grievance and dispute.

(2x 2) (4)

4.5 Dealing with difficult employees

- Be calm and in control of the situation to get the person to collaborate.✓✓
- Understand the person's intentions and why they react in a certain way.✓✓
- Get perspective from others who have experienced the same kind of situation.✓✓
- Let the person know what your intentions and the reasons for your actions are, this will make them at ease.✓✓
- Build rapport by re-establishing personal connection with colleagues' instead of relying on e-mails, messaging and computers.✓✓
- Treat people with respect, not as if he/she is stupid/incapable/incompetent.✓✓
- Ask someone in authority for their input into the situation.✓✓
- If you have already tried everything above and the person is still not responding, ignore them.✓✓
- Any relevant answer related to ways of dealing with a difficult employee.

NOTE: Mark first FIVE (5) only.

Any (5 x 2) (10)

4.6 How SA businesses should address environmental issues

- Comply with laws and regulations put in place by SA government such as National Environmental Management Act, Environment Conservation Act and other strategies.✓✓
- Promote environmental sustainability through minimising pollution.✓✓
- Use alternative sources of energy with minimum impact on the environment.✓✓
- Take an active role in environmental sustainability initiatives organised by government or communities, e.g. by funding those initiatives.✓✓
- Any relevant answer related to how South African businesses should address environmental issues.

Submax (8)

Benefits for business

- A higher rating/scores in terms BBBEE compliance may be obtained.✓✓
- By complying with the Johannesburg Security Index (JSI), they will be allowed to be listed on the JSE, which can attract possible investors.✓✓
- Market share and profitability may increase because customers associate themselves with businesses that protect the environment.✓✓
- Any relevant answer related to benefits of addressing environmental issues for businesses.

Submax (4)

Max (12)

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	6
4.2	8
4.3.1	10
4.3.2	6
4.3.3	4
4.4	4
4.5	10
4.6	12
TOTAL	60

QUESTION 5: BUSINESS OPERATIONS

5.1.1 External recruitment ✓✓ because the vacancies were advertised in the newspapers and on the Internet/advertising took place outside the business. ✓✓

Max (4)

5.1.2 Advantages of external recruitment

- New candidates bring new talents, ideas, insight and experience into the business. ✓✓
- It supports the implementation of affirmative action and BEE plans. ✓✓
- There are more candidates to choose from. ✓✓
- Chances are better of finding suitable candidates with the right skills, qualifications and competencies. ✓✓
- Prevents unhappiness between existing employees who have applied for the post. ✓✓
- Recruitment agencies can find candidates and this saves the business time. ✓✓
- Any other relevant answer related to the advantages of external recruitment.

NOTE: Mark first FOUR (4) only.

Any (4 x 2) (8)

5.2 Benefits of the induction programme

- New employees are introduced to the company's policies and procedures. ✓✓
- New employees learn more about the business. ✓✓
- Increased productivity and quality of service/performance. ✓✓
- Minimises the need for on-going training and development. ✓✓
- New employees will know where everything is and who the supervisors/low-level managers are. ✓✓
- New employees will have basic knowledge of what is expected in the job. ✓✓
- New employees may feel part of the team resulting in positive morale and motivation. ✓✓
- Better/More focussed training may be provided based on the results obtained from the induction process. ✓✓
- Any other relevant answer related to the benefits of an induction programme.

Max (10)

5.3 The impact of TQM on small and large businesses with reference to continuous skills development.

Small businesses	Large businesses
<p>Positives</p> <ul style="list-style-type: none"> - There may be a more holistic approach to training due to a limited number of employees.✓✓ - Promotes individual and personal development resulting in improved productivity.✓✓ 	<p>Positives</p> <ul style="list-style-type: none"> - The human resources department is dedicated to skills training and development.✓✓ - Human resources experts ensure that training programmes are relevant to ensure increased customer satisfaction.✓✓
<p>Negatives</p> <ul style="list-style-type: none"> - It is difficult to train employees because they are often not permanently in the business.✓✓ - It is not possible for employees to specialise since they are involved in various business activities.✓✓ - It is expensive to use training consultants.✓✓ - Any other relevant responses related to the impact of continuous skills development on small businesses. <p style="text-align: right;">Submax (6)</p>	<p>Negatives</p> <ul style="list-style-type: none"> - Poor communication system may prevent effective training from taking place.✓✓ - Trained employees may leave for better jobs after they gained more skills.✓✓ - Demotivate employees, if they do not receive recognition for training.✓✓ - Any other relevant responses related to the impact of continuous skills development on large businesses. <p style="text-align: right;">Submax (6)</p>

Max (12)

5.4.1 Continuous improvement cycle

- Plan:✓ Easy Dairy Farm should identify the problem and develop a plan for improvement/answer questions such as what to do and how to do it.✓
- Do✓: Easy Dairy Farm should do as planned/implement the plan on a test basis or small scale.✓
- Check/Analyse:✓ Easy Dairy Farm should assess plan and establish if it is working and if things are going according to plan.✓
- Act as needed:✓ Easy Dairy Farm should institutionalise the improvement and devise strategies on how to continually improve.✓

Max (8)

5.4.2 Total client satisfaction

- Quality products and services meet customers' needs, expectations and requirements, which result in happy/satisfied customers.✓✓
- A business needs to be involved in and committed to its total quality management systems.✓✓
- Conduct effective market research to determine customers' needs and develop products and services that will meet and exceed these needs.✓✓
- Implement efficient, friendly customer services and customer care systems.✓✓
- Any other relevant answer related to total client satisfaction.

Submax (4)

Continuous improvement of systems and processes

- Processes and systems are the flow of activities implemented to create or deliver products/services to customers.✓✓
- Businesses that have quality processes and systems in place will produce good quality products and can provide excellent customer services.✓✓
- Processes should be easy to understand so that customers do not waste their time with long and/or complicated procedures.✓✓
- Employees need to understand the operating and services delivery systems in order to render effective services to customers.✓✓

OR

- Identify the problem areas in the business.✓✓
- Introduce the idea of a corporate culture change.✓✓
- Give details and specific instructions.✓✓
- Encourage team work and delegate responsibilities.✓✓
- Any other relevant answer related to continuous improvement to systems and processes.

Submax (4)

Max (8)

5.4.3 Benefits of a good quality control system

- Effective customer services will be rendered, resulting in an increased customer satisfaction.✓✓
- Time and resources are used efficiently.✓✓
- Productivity increase through proper time management and using high quality resources.✓✓
- Products and services are constantly improved.✓✓
- Vision and mission may be achieved.✓✓
- The business may achieve a competitive advantage over its competitors.✓✓
- Continuous training will continuously improve the quality of employees' skills and knowledge.✓✓
- Employers and employees will have a healthy working relationship which results in happy workers.✓✓
- Increased market share and profitability.✓✓
- Any other relevant answer related to the benefits of a good quality control system

Max (10)

BREAKDOWN OF MARKS

QUESTION 5	MARKS
5.1.1	4
5.1.2	8
5.2	10
5.3	12
5.4.1	8
5.4.2	8
5.4.3	10
TOTAL	60

QUESTION 6: MISCELLANEOUS TOPICS**6.1 Criteria for team performance**

Interpersonal attitudes and behaviour✓✓

- Has a positive attitude of support and motivation towards co-team members.✓
- Has a positive attitude and passion to achieve team objectives.✓
- There must be clear objectives and agreed goal.✓
- Team members must be committed to achieve the team objectives.✓

Shared values✓✓

- Shows loyalty and respect towards team members despite differences.✓
- Perform team tasks with integrity, responsibility and meeting team deadlines with the necessary commitment to team goals.✓

Communication✓✓

- Speaks clearly and listens attentively.✓
- Communicates with team members and allows for feedback.✓
- Encourage discussions about problems so that solutions can be found.✓

Co-operation✓✓

- Willing to co-operate in the team to achieve team objectives.✓
- Willingness to co-operate with management to achieve team and business objectives.✓
- Any other relevant answer related to criteria that individuals can use to assess themselves against team performance.

Any (4 x 3) (12)

6.2 Advantages of insurance for businesses and individuals**Yes/Positive support for statement**

- Insurance protects businesses against any insurable losses they may suffer.✓✓
- Certain types of insurance can be used as security for loans.✓✓
- Ensures that all employees are guaranteed of pension support after retirement.✓✓
- Replaces broken or stolen items.✓✓
- Protects a business from claims made by a member of the public for damages that the business is responsible for.✓✓
- Ensures businesses of compensation if employees are injured or die while at work.✓✓
- Any other relevant answer related to the advantages/positive aspects of insurance.

No/Negative support for statement

- It is money wasted because if businesses and individuals do not claim, they lose money. ✓✓
- Insurance companies will always find a reason for refusing to pay claims. ✓✓
- Hidden clauses in insurance contracts are complicated and confuse clients hence they may not be paid when claims are made. ✓✓
- It is better for people to save their money at a higher return on investment than to invest in insurance. ✓✓
- Insurance premiums are very expensive and sometimes do not cover the real value of assets/goods. ✓✓
- Any other relevant answer related to disadvantages/negative aspects of insurance. ✓✓

Max (10)

6.3.1 JSE

No.

- Shawn has to use a share broker. ✓✓
- Share brokers specialise/are trained to buy and sell shares and are strictly selected by the JSE, to ensure that share trading is executed orderly and honestly. ✓✓
- Shawn can instruct his broker to buy any company's shares that are listed or noted on the JSE. ✓✓

Max (4)

6.3.2 Functions of JSE

- Serves as a link between investors and companies. ✓✓
- Monitors changes in listed companies. ✓✓
- Keeps investors informed by publishing share prices in newspapers and other media daily. ✓✓
- Serves as a barometer of economic conditions. ✓✓
- Monitors the activities of the stockbrokers. ✓✓
- Allows small investors to buy shares in large companies. ✓✓
- Enables financial institutions to invest their surplus cash/funds in shares. ✓✓
- Uses STRATE to facilitate electronic share transactions. ✓✓
- Promotes the services/image of the JSE by educating and informing the general public about it. ✓✓
- Enables companies to offer share option incentives, which increases their ability to attract and retain high quality investment talent. ✓✓
- Forces listed companies to improve their reporting, and provide better information for investment decision-making by investors. ✓✓
- Creates a safe environment for exchanging securities. ✓✓
- Sets strict listing requirements which increase the liquidity of listed companies. ✓✓
- Allows shareholders to realise the value of their investments through a public trading platform. ✓✓
- Any relevant answer related to the functions of the JSE.

NOTE: Mark first FOUR (4) only.

(4 x 2) (8)

6.4 Impact of BCEA on business operations

Positives

- Promotes equal opportunity and fair treatment in employment.✓✓
- Promotes fair treatment of employees in business.✓✓
- Prevents unfair discrimination, directly or indirectly against an employee in any employment policy.✓✓
- Creates a framework of acceptable employment.✓✓
- Encourages consultation between the employer and employees.✓✓
- Outlines minimum requirements and forms the basis of employment contract.✓✓

Negatives

- The process of ensuring that all employees have contracts can be time-consuming.✓✓
- Some employers and employees may view contracts as a negative restriction.✓✓
- Employees are legally restricted to maximum working hours and therefore cannot work longer, even if they chose to.✓✓
- Processes and procedures of the Act can be very costly to business.✓✓
- Businesses face penalty fees if they do not comply.✓✓
- Businesses cannot offer cheap labour.✓✓
- The development of contracts is time-consuming.✓✓
- Some businesses regard the BCEA as unimportant and unnecessarily burdensome.✓✓
- Businesses must appoint a specialist who is familiar with the legislation and this can be costly.✓✓
- The fines for non-compliance can be severe depending on the type of infringement.✓✓
- The minimum wages for the different sectors have cost implications for businesses.✓✓
- If a business does not comply with the BCEA, it could be held liable by the CCMA and/or Labour Court.✓✓
- Any other relevant answer related to the impact of BCEA on businesses.

Max (8)

6.5.1 Defensive strategies:

- Are strategies which are implemented by businesses when they want to restructure/rationalise the business due to economic reasons, ✓✓
- Examples: retrenchment/divestiture/liquidation.✓✓

Max (4)

6.5.2 Forward vertical integration:

- Refers to a takeover/or merging with a seller or retailer that will assure an outlet/ consumption of products/services,✓✓
- Example: A car manufacturer takes over a car-retailing business.✓✓

Max (4)

6.6.1 Secondary Sector✓✓ (2)

6.6.2 Micro-environment✓✓ (2)

6.6.3 High levels of absenteeism amongst workers✓
Cash flow problems✓ (2)

6.6.4 High levels of absenteeism

- Put strict control measures on leave.✓✓
- Implement 'no work no pay' policy for unreported absenteeism/absenteeism without valid reasons.✓✓
- Involvement of other stakeholders/trade unions/workplace forums to assist in controlling the situation.✓✓
- Find out from the employee the reasons for absenteeism.✓✓
- Refer the employee to wellness programme advisors or counselling if the absenteeism is due to personal problems.✓✓
- Any other relevant answer related to dealing with absenteeism in the workplace
Submax (2)

Cash flow problems

- Conduct regular internal and external financial audits.✓✓
- Provide/Organise continuous training to financial management and their staff.✓✓
- Ensure that accounting recording procedures are in place and followed accurately.✓✓
- Prepare and stick to accurate budgets.✓✓
- Any other relevant answer related to dealing with cash flow problems.
Submax (2)
Max (4)

BREAKDOWN OF MARKS

QUESTION 6	MARKS
6.1	12
6.2	10
6.3.1	4
6.3.2	8
6.4	8
6.5.1	4
6.5.2	4
6.6.1	2
6.6.2	2
6.6.3	2
6.6.4	4
TOTAL	60

SECTION C

Mark only first TWO (2) questions.

QUESTION 7: BUSINESS ENVIRONMENTS (PORTER'S FIVE FORCES MODEL)**7.1 Introduction**

- Businesses should conduct a strategic management process in order to devise effective strategies that are relevant to identified challenges.✓
- A strategy is a plan of action to address an opportunity or to solve a problem.✓
- Porter's Five Forces model helps the business to understand/analyse/consider both the strength of its current competitive position and the advantages of a position it is considering moving into in its market.✓
- Porter's Five Forces model assumes that there are five important forces that determine competitive power in its market environment of a business.✓
- Any other relevant introduction related the importance of devising a strategy and/or the importance of Porter's Five Forces model.

Any (2 x 1) (2)

7.2 Suggested strategies that Vusi can use to overcome the business challenges

- Vusi can launch an intensive advertising campaign (intensive strategies).✓✓
- Improve the quality of his products.✓✓
- Sell his products at lower the prices. ✓✓
- Take over/Merge with similar business enterprises.✓✓
- Diversify - Vusi can develop new products and sell them in new markets.✓✓
- Any other relevant strategies that will lead to increased sales en attracting customers.

Any (2 x 2) (4)

7.3 Porter's Five Forces**7.3.1 POWER OF SUPPLIERS✓✓**

- Suppliers refer to all Vusi's suppliers of, e.g. raw materials/equipment/transport services/support services such as financial services/municipal services, etc.✓✓
- Vusi must assess the power of the suppliers to drive up the prices.✓✓
- Suppliers that manufacture products may decide to sell directly to consumers and thus may have power over Vusi's business.✓✓
- The fewer suppliers Vusi can choose from, the more he will need suppliers' help/support and the more powerful the suppliers are.✓✓
- Vusi must identify the kind of power his suppliers have in terms of the uniqueness of their products or services, their reliability and their ability to make prompt deliveries.✓✓
- Any other relevant answer related to the power of suppliers.

Name: (2)

Discussion: (6)

Max (8)

7.3.2 POWER OF BUYERS (INCLUDING INTERMEDIARIES)✓✓

- Vusi must assess how easy it is for his buyers to drive prices down.✓✓
- Buyer power will depend on the number of buyers, the importance of each buyer for Vusi's business and the cost of switching to other products/services.✓✓
- If Vusi's business is dealing with a few powerful buyers, then they are often able to dictate terms to the business.✓✓
- If Vusi's customers can easily go without his products/services, then they have more power over Vusi to determine prices and terms of sales.✓✓
- Vusi must conduct market research so that he can really know his buyers.✓✓
- Any other relevant answer related to the power of buyers.

Name: (2)
Discussion: (6)
Max (8)

7.3.3 POWER OF COMPETITORS✓✓

- Competitors refer to businesses selling/rendering the same/similar products or services than Vusi.✓✓
- Vusi must find out how many competitors there are in the market and how strong they are.✓✓
- If Vusi's competitors have unique products/services, then they have great power over Vusi's business or in the market.✓✓
- Some competitors have the necessary resources to start and survive price wars and will continue selling at a loss until other competitors leave the market.✓✓
- If Vusi has many competitors, then his business has very little power over the situation.✓✓
- Vusi must draw up a competitor's profile of each rival so that he knows exactly who he is up against.✓✓
- Any other relevant answer related to the power of competitors.

Name: (2)
Discussion: (6)
Max (8)

7.3.4 THREAT OF SUBSTITUTION✓✓

- Substitute products/-services are other products/services that can completely or partly satisfy the same needs of consumers and can be used to replace Vusi's products/services.✓✓
- If Vusi's product can easily be substituted, this weakens the power of his business in the market.✓✓
- Substitute products can cause Vusi's business to reduce/lose its market share completely.✓✓
- If Vusi's products are unique then he will not be threatened by substitute products.✓✓
- If Vusi's business operates in the industry where the buyers tend to switch regularly between different products without much effort or costs, the threat of substitution is high.✓✓
- Vusi must do market research to assess if customers are using substitute products/services and why are they choosing these alternatives.✓✓
- It is important that Vusi changes or improves his existing product/services to remain competitive.✓✓
- Any other relevant answer related to the threat of substitution.

Name: (2)
Discussion: (6)
Max (8)

7.3.5 THREAT OF NEW ENTRANTS TO THE MARKET ✓✓

- The power Vusi's business has in the market will depend on how easy it is for new competitors to enter the market. ✓✓
- If Vusi's business is highly profitable it may attract more investors, which will put him in a more competitive position. ✓✓
- If the barriers to enter Vusi's market are low, then it will be easy for other businesses to enter the market. ✓✓
- New competitors can quickly/easily enter the market if it takes little time or money to do so. ✓✓
- If there are only a few traders but many buyers in the market, it will also be easy to enter the market. ✓✓
- Any other relevant answer related to the threat of new entrants.

Name: (2)

Discussion: (6)

Max (8)7.4 **Conclusion**

- If Vusi clearly understands where his power is, his business can reap the benefits of the aspects where he is strong, and improve on the aspects where he has weaknesses. ✓✓
- With a clear understanding of where his power lies, the business can avoid taking any wrong steps in future. ✓✓
- Porter's Five Forces model is useful for analysing and determining the competitive position of the business in its market. ✓✓
- This model makes it possible for businesses to monitor the movement of power in the market and to adapt in time to the advantage of businesses and the economy in general. ✓✓
- Any other relevant conclusion with regard to strategies and analysing the market environment.

Any (1 x 2) (2)

[40]**QUESTION 7: BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	Max 32
Strategies	4	
Power of Suppliers	8	
Power of Buyers	8	
Power of Competitors	8	
Threat of Substitution	8	
Threat of new Entrants	8	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, Interpretation		2
Synthesis		2
Originality, Examples		2
TOTAL MARKS		40

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

QUESTION 8: BUSINESS VENTURES (INVESTMENTS)**8.1 Introduction**

- The customer/investor must seek advice on various investment options in order to make informed investment decisions.✓
- An investor should consider the advantages and disadvantages of each form of investment and should therefore understand the characteristics of each form of investment.✓
- The financial advisor should consider the risk involved in different forms of investment as high-risk investments earn higher income.✓
- Low-risk investments are safer, but provide lower return on investment.✓
- Any other relevant introduction related to the importance of assessing investments.

Any (2 x 1) (2)

8.2 Investment options/opportunities**8.2.1 Fixed Deposits:**

- Money is deposited in a bank account for a pre-determined period✓at a fixed interest rate.✓
- Fixed deposits may not out-perform the effect of inflation over a long period.✓
- Any other relevant answers related to a description of fixed deposits.

Submax (2)

RISK:

- The risk is very low✓ as the investor will receive his/her investment when the fixed deposit matures/the term expires.✓

Submax (2)

RETURN ON INVESTMENT (ROI)

- Is not very high compared to other types of investments. ✓
- Interest may be calculated at single✓ or compound ✓(interest may be paid out annually or capitalised/re-invested).

Submax (2)

CALCULATION of ROI:

$$5\ 000\ 000✓ \times 8,5/100 \text{ OR } 8,5\% \checkmark \times 3 \text{ years}\checkmark$$

$$= R1\ 275\ 000 \text{ after } 3 \text{ years}\checkmark$$

Submax (4)

Max (10)**8.2.2 Shares:**

- When you buy shares in a company, you become a proportional owner/shareholder of that company.✓✓
- A shareholder can receive a proportional share✓in the profits of the company, called dividends.✓
- Shareholders may vote at a shareholders' meeting.✓✓
- Shares can be bought through a registered stock broker or using an online share account on a broker's electronic/internet platform.✓✓
- A broker' commission is paid every time shares are bought or sold. ✓✓
- Any other relevant answers related to shares.

Submax (4)

RISK:

- The risk of losing your initial investment (or part of it) can be high over the short term if share prices fluctuate/change a lot.✓✓

Submax (2)

ROI:

- The ROI depends on the decision of directors to declare dividends or not.✓✓
- Dividends are paid in cash or in the form of additional shares.✓✓
- Investors pay tax on dividends earned.✓✓

Submax (2)

CALCULATION of ROI:

R5 000 000 = 1 000 000 shares

R5 p. share

= 1 000 000 shares ✓ x R0,95 p.s. ✓ x 3 years ✓

= R2 850 000 after 3 years ✓

Submax (4)

Max (12)**8.2.3 Government Retail Bonds:**

- The investor lends money to government for a number of years (pre-determined or at a fixed term).✓✓
- Government promises to pay back the money at a certain interest rate on a specific date.✓✓
- There are two-, three- or five year bonds available.✓✓
- Retail bonds are easy to buy or sell at many supermarket chains, post offices, JSE and online.✓✓
- There are no administration fees or commissions payable on transactions.✓✓
- The government encourage citizens to save and at the same time has capital available for rendering services and improve infrastructure.✓✓
- A minimum of R1 000 and a max of R1 million may be invested.✓✓
- Any other relevant answers related of government retail bonds.

Submax (4)

RISK:

- No risk is involved in investing in government retail bonds as the investor will receive his investment back at maturity.✓✓
- Capital and interest will be paid electronically into the investor's bank account when the period expires.✓✓
- Investor can only lose his/her investment in times of war.✓✓

Submax (2)

ROI:

- A market-related interest rate will be determined and this rate is fixed for the investment period.✓✓
- Interest is earned half annually on 31 March and 30 September.✓✓
- Interest may be capitalised on request (is then compounded).✓✓

Submax (2)

CALCULATION of ROI:

R5 000 000 ✓ x (1,08)³ ✓

= R6 298 560 ✓ value after 3 years

Interest: R6 298 560 – R5 000 000

= R1 298 560 ✓ (earned over 3 years)

Submax (4)

Max (12)

8.2.4 Business investment in the shopping complex:

- A capital investment is made when capital goods are bought like land and buildings, in this case the shopping mall. ✓✓
- Property is bought to rent out or to be sold at a profit in future. ✓✓
- The location of the shopping mall should be considered as surrounding property values will influence the value of the shopping mall/property. ✓✓
- This type of investment may not quickly/easily be converted into cash, as it may take time to sell it again. ✓✓
- High registration fees when purchased and annual property taxes/rates are payable. ✓✓
- If the shopping mall appreciates in value, capital gains tax will be paid when the property is sold. ✓✓
- Any other relevant answers related to business investment.

Submax (4)

RISK:

- The property may lose value (depreciate) over time and will have to be sold at lower than the initial investment. ✓✓

Submax (2)

ROI:

- Tenants may not pay their rent regularly, so the owner may lose regular income. ✓✓

Submax (2)

CALCULATION of ROI:

$$10 \text{ units } \checkmark \times \text{ R}60\,000 \text{ p.a. } \checkmark \times 3 \text{ years } \checkmark \\ = \text{ R}1\,800\,000 \checkmark \checkmark \text{ (over 3 years)}$$

Submax (4)

Max (12)**8.3 Recommendation**

- Based on the lowest risk ✓✓, the government retail bonds are the best option to consider. ✓✓
- Shares ✓✓ rendered the highest return on investment over 3 years, but the risk of this form of investment is fairly high. ✓✓
- Any other relevant recommendation of an investment option listed in the question that is supported by die calculations in 8.2 above.

Max (4)

8.4 Conclusion

- When choosing the best investment option, all possible information about different options should be considered as large amounts are at stake and it will influence the future of the investor either positively or negatively. ✓✓
- An informed choice of investment is a wise choice that will only be to the benefit of the investor. ✓✓
- Any other relevant conclusion related to the above-mentioned forms of investments and risk assessments.

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

QUESTION 8: BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	2	Max 32
Fixed deposits	10	
Shares	12	
Government retail bonds	12	
Business investment	12	
Recommendation	4	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, Interpretation		2
Synthesis		2
Originality, Examples		2
TOTAL MARKS		40

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

<p>9.2.4 Confidentiality✓</p> <p>(1)</p>	<ul style="list-style-type: none"> - Keep clients' information private and confidential.✓✓ - Refrain from criticising clients in front of colleagues and vice versa.✓✓ - Not using clients' information to own advantage.✓✓ - Any other relevant example of confidentiality to show professionalism. <p>Max (2)</p>	<ul style="list-style-type: none"> - Gossip about clients.✓✓ - Discuss confidential client information with colleagues.✓✓ - Use client information for own advantage✓✓ - Any other relevant example of confidentiality to show unprofessionalism. <p>Max (2)</p>
<p>9.2.5 Objectivity✓</p> <p>(1)</p>	<ul style="list-style-type: none"> - Treat people equally.✓✓ - Apply laws/rules consistently and properly.✓✓ - Remain objective at all times.✓✓ - Any other relevant example of objectivity to show professionalism. <p>Max (2)</p>	<ul style="list-style-type: none"> - Have special preferences for own benefit.✓✓ - Have one-sided views.✓✓ - Support destructive ideas.✓✓ - Any other relevant example of objectivity to show unprofessionalism. <p>Max (2)</p>
<p>9.2.6 Development✓</p> <p>(1)</p>	<ul style="list-style-type: none"> - Attend skills development programmes✓✓ - Learn from senior/experienced colleagues✓✓ - Improve knowledge through reading and conducting research✓✓ - Any other relevant example of development to show professionalism. <p>Max (2)</p>	<ul style="list-style-type: none"> - Refuse to attend skills development programmes.✓✓ - Have a 'know it all' attitude.✓✓ - Refuse to work in teams.✓✓ - Disregard the experience of senior workers.✓✓ - Any other relevant example of development to show unprofessionalism. <p>Max (2)</p>

Name: (1)
 Example of professionalism: (2)
 Example of unprofessionalism: (2)
Max (15)

9.3.1 Pricing of goods in rural areas

- It is good business practice and professional to have the same price for goods in urban and rural areas.✓✓
- Big businesses are reluctant to open outlets in rural areas because of poor returns on their investment.✓✓
- It is common practice to pay higher prices for goods of inferior quality in rural areas.✓✓
- Prices of goods in these areas are generally based on the personal characteristics of the consumers.✓✓
- People in rural areas do not have the means to check and compare prices (via the Internet) and are often forced to buy from the one and only local stores.✓✓
- Some businesses exploit consumers by adding much more than necessary to their prices.✓✓
- Any other relevant answer related to pricing of goods in rural areas.

Max (6)

9.3.2 Unfair advertising

- The Advertising Standards Authority (ASA) regulates advertising and protects the interests of the public. ✓✓
- Businesses can make unwise advertising choices when they are under pressure. ✓✓
- Advertisements should be honest and not abuse consumers' trust or lack of knowledge. ✓✓
- Advertisements can contain discriminatory conditions that exclude some sections of the population, e.g. a job advertisement that says 'this job is not suitable for women'. ✓✓
- Misleading advertising is used to make consumers believe that they can get more value for money if they support certain products. ✓✓
- Consumers are encouraged to lodge written complaints to the ASA regarding unethical advertising practices. ✓✓
- Businesses that advertise an item at an extremely low price to attract consumers but when the customer reaches the store, the item is no longer available. ✓✓
- Advertisements that advertise 'free' products do not always reveal the hidden costs payable by the consumer. ✓✓
- Examples of unethical practice: advertise second-hand goods as new. ✓✓
- Any other relevant answer related to unfair advertising.

Max (6)

**9.4 Professional, responsible, ethical and effective business practice methods
Businesses should not be started at the expense of someone else ✓✓**

- The aim should never be profit at all cost, as it will always be to the disadvantage of others. ✓✓
- Businesses should not use other's ideas to enrich themselves. ✓✓
- Putting someone else out of business for own gain, is unethical and a poor moral choice. ✓✓
- Any other relevant answer related to starting business at the expense of someone else.

Submax (4)

Payment of fair wages/salaries ✓✓

- Workers must not be exploited with low salaries just because it is difficult to find a job. ✓✓
- Workers' rights and dignity should be respected. ✓✓
- Employees make a contribution to the success and profitability of the business, therefore they must be remunerated fairly. ✓✓
- Remunerate workers for working overtime and on public holidays. ✓✓
- Any other relevant answer related to payment of fair remuneration.

Submax (4)

Hiring honest and trustworthy accountant/financial officers with good reputations ✓✓

- Businesses should appoint accountants who are known for their ethical and professional reputation and who can prove it with documentation. ✓✓
- Any other relevant answer related to hiring honest accountants.

Submax (4)

Regular payment of taxes✓✓

- Businesses should complete tax returns in detail and on time.✓✓
- Businesses should not evade tax and honestly declare all income earned.✓✓
- Business should pay tax to avoid government penalties and fines.✓✓
- Any other relevant answer related to regular tax payments.

Submax (4)

Transparent processes and procedures✓✓

- Staffing and other processes should be open and transparent.✓✓
- Employees should be aware of the employment policy of the business.✓✓
- All laws that govern employment should be communicated to workers.✓✓
- Any other relevant answer related to transparent processes and procedures.

Submax (4)

Draw up a code of ethics✓✓

- Ethical codes of conduct should be communicated to workers, so that they know what is expected and what the company stands for.✓✓
- Employees should buy into the expectations for ethical norms/conduct as set out in company's code of ethics.✓✓
- Any other relevant answer related to drawing up a code of ethics.

Submax (4)

On-going development and training for all employees✓✓

- Continuous and regular training is necessary to explain the importance of ethical and professional conduct.
- Employees should understand that certain conduct/actions have certain consequences.✓✓
- Employees should be encouraged to attend training courses and upgrade their skills.✓✓
- Employees promote their own career development and also contribute to an increase in productivity.✓✓
- Any other relevant answer related to on-going training and development.

Submax (4)

Performance management system should be in place✓✓

- Business should evaluate employees' performance against the job description.✓✓
- Employees should be acknowledged for good performance.✓✓
- Training needs can be based on the results obtained from conducting performance appraisals.✓✓
- Management systems should ensure that employees are treated equally to prevent conflict.✓✓
- Workers' rights should also be considered when management systems are introduced.✓✓
- Any other relevant answer related to performance management systems.

Submax (4)

Managers must set the tone and example✓✓

- Senior management members must act as role models by ensuring that their actions and decisions are in line with the code of ethics.✓✓
- Employees should have a desire to exhibit the behaviour of their managers.✓✓
- Any other relevant answer related to the example set by management.

Submax (4)

Adequate internal controls✓✓

- Effective monitoring systems should be in place to monitor usage of all resources.✓✓
- Regular meetings/discussions should identify and address potential problems, in order to be pro-active or re-active.✓✓
- Workers should understand the purpose and the processes of internal control.✓✓
- Any other relevant answer related to internal control measures.

Submax (4)

Honesty, accountability and transparency in relationships and transactions✓✓

- Transactions/Relationships with all stakeholders, e.g. suppliers, staff, etc. should always be honest and open.✓✓
- If transactions are properly documented, a paper trail is created that supports accountability.✓✓
- Systems should protect customers, suppliers and employees, especially when dealing with financial transactions.✓✓
- Information technology should never be used to manipulate the database or make transactions look so complicated that they are not properly inspected.✓✓
- Any other relevant answer related to honest, accountable and transparent transactions/relationships.

Submax (4)

Protection of the environment✓✓

- All laws and regulations applicable to environmental protection should be taken seriously.✓✓
- Laws and regulations should be adhered to so that profits are not generated at the expense of the environment.✓✓
- Pollution and other environmental issues should always be considered in all business activities, e.g. safe disposal of waste/ dumping of toxic waste, etc.
- Become involved in environmental awareness programs.✓✓
- Physical working conditions should always be worker friendly, safe and should promote occupational health.
- Physical working conditions, e.g. adequate lighting, ventilation should be taken care of.✓✓
- Any other relevant answer related to the protection of the environment.

Submax (4)

Any other relevant answers on ways in which professional, responsible, ethical and effective business practice should be conducted.

Max (16)

9.5 Conclusion

- Ethics and professionalism form an integral part of business operations and practices. ✓✓
- It is important that a business's dealings and behaviour are in line with its code of ethics and professionalism. ✓✓
- Businesses who behave professionally and ethically are usually sustainable and have a good public image. ✓✓
- Any other relevant conclusion related to business ethics and professionalism.

Any (1 x 2) (2)

[40]**QUESTION 9: BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	Max 32
Differences	15	
Pricing of goods	6	
Unfair advertising	6	
Ways	16	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

QUESTION 10: BUSINESS OPERATIONS (HUMAN RESOURCES FUNCTION)**10.1 Introduction**

- The human resources manager is responsible for recruiting and appointing competent and skilled employees.✓
- It is important that the human resources manager follows correct and fair procedures in selecting and interviewing.✓
- If selection and interviewing are properly done, the best candidate for the job will be appointed.✓
- Any other relevant introduction related to the human resources function

Any (2 x 1)(2)

10.2 Procedure for selecting and interviewing**10.2.1 Receive documentation✓✓**

- Applicants submit the application forms, curriculum vitae and certified copies of personal documents such as ID and proof of qualifications.✓

10.2.2 Screen applicants✓✓

- Candidates who obviously meet the requirements are separated from those who do not.✓

10.2.3 Evaluate CVs and create a shortlist✓✓

- Applicants are evaluated against pre-set requirements
- Applicants are ranked from most suitable to less suitable candidates.✓
- Candidates with the highest ranked order are placed on a shortlist.✓
- The shortlist should contain between 3 and 5 candidates.✓

10.2.4 Check information supplied in CVs✓✓

- The candidates' qualifications and their employment history are checked and confirmed.✓
- Referees are contacted to verify or testify to the person's character, abilities and skills.✓

10.2.5 Conduct interviews✓✓

- Candidates whose names appear on the short list, are invited to a personal interview, usually on the premises of the business. ✓
- Interview is a formal meeting between employer and candidate✓
- The meeting allows the employer to get information about the candidates and to evaluate the candidates further.✓
- Candidates also have a chance to assess their possible workplace and can get more information about the post and the business.✓
- This step in the process may involve more than one round of interviews.✓

10.2.6 Assess the candidates✓✓

- Various assessments may need to be completed before the best candidate is chosen.✓
- Personality-, interest and aptitude tests may be taken down.✓
- Shortlisted candidates may be required to take down medical and skills tests.✓

10.2.7 Offer employment ✓✓(Letter of appointment)

- A written offer is made to the selected candidate.✓
- Selected candidate must accept the offer in writing.
- An employment contract will be negotiated and signed by new employee and employer.✓
- Unsuccessful candidates may be informed, unless otherwise stated in the job advertisement.✓
- Any other relevant answer related to selecting and interviewing suitable candidates.

Max (16)

10.3 Legalities of the employment contract

- Employment contract is an agreement between the employer and the employee and is legally binding.✓✓
- It may not contain any requirements that are in conflict with the BCEA.✓✓
- Aspects of the employment contract can be re-negotiated during the course of employment.✓✓
- Employer and employee must agree to any changes to the contract.✓✓
- No party may unilaterally change aspects of the employment contract.✓✓
- The employment contract should include a code of conduct and code of ethics. ✓✓
- The HR manager must explain the terms and conditions of the employment contract to the employee.✓✓
- Conditions of employment, duties and responsibilities of the employees must be stipulated clearly.✓✓
- Benefits must be stipulated clearly.✓✓
- All company policies, procedures and disciplinary codes/rules can form part of the employment contract.✓✓
- Employers must allow the employees to thoroughly read through the contract before it is signed.✓✓
- Any other relevant answer related to the legalities of the employment contract.

Max (12)

10.4 Contents of the employment contract

Details of the employer✓

- The employment contract must contain the address and contact details of the business.✓

Personal details of the employee✓

- The contract must have the physical address, contact details as well as other details of the employee, e.g. ID number, age, full name(s)✓

Job title and job description✓

- The contract must clearly state the job title and outline the duties and responsibilities of the employee.✓

Working hours✓

- Hours of work, in line with the BCEA, must be clearly stated in the contract.✓

Overtime✓

- Overtime hours per day and per week must be clearly outlined in the contract.✓
- Work time that will be deemed as overtime should be explained in detail, e.g. Sundays and public holidays.✓

Remuneration package✓

- The contract must stipulate the amount payable to the employee.✓
- It should state whether it is a weekly wage or monthly salary, how the amount will be calculated, bonuses, fringe benefits (e.g. clothing allowance, car allowance, etc.) and any other agreements regarding remuneration.✓

Leave✓

- Employment contract must stipulate the different types of leave and the number of days allowed for each type of leave.✓
- It should also stipulate when leave is deemed as paid leave.✓

Termination of the contract✓

- Employment contract must give clear guidelines regarding the procedures involved in terminating the contract.✓
- Any other relevant answer related to the contents of the employment contract.

Max (10)

10.4 Conclusion

- The goals and objectives of businesses cannot be achieved without qualified and skilled employees.✓✓
- The human resources manager must ensure that employees are well motivated, trained and committed to perform their duties.✓✓
- Any other relevant conclusion related to the human resources management.

Any (1 x 2) (2)

[40]**QUESTION 10: BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	Max 32
Selection and Interviewing	16	
Legal requirements	12	
Contents of contract	10	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

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.