



# basic education

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

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

**BUSINESS STUDIES**

**NOVEMBER 2014**

**MEMORANDUM**

**MARKS: 300**

**This memorandum consists of 52 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; however, 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
- Original
- A different approach is used

**NOTE: SECTION A:**

- There are no alternative answers.
- Each question has only one correct answer.

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.

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

8. Incorrect numbering of answers will be penalised. This is only applicable to Section A and Section B.

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

10. 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.

11. Note that with effect from 2012 (final examination) no marks will be awarded for indicating Yes (✓✓)/No (✓✓) in evaluation-type questions requiring substantiation or motivation. (Applicable to SECTIONS B and C.)

12. The difference between 'evaluate' and 'critically evaluate' can be explained as follows:
- (a) 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.'*
- (b) 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. Mark allocation should also be considered.  
2. The above could apply to 'analyse' as well.

13. **SECTION B**

- 13.1 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.

- 13.2 If two facts are written in one sentence, award the candidate FULL credit. Point 13.1 above still applies.

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

13.4 **USE OF THE COGNITIVE VERB AND ALLOCATION OF MARKS**

- 13.4.1 Where the number of facts are specified questions that require candidates to 'explain/discuss/describe' will be marked as follows:

- Heading/Fact 2 marks
- Explanation 1 mark (or as indicated in the memorandum).

The 'heading' and 'explanation' are given separately to facilitate mark allocation.

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

- 13.5 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.

14. **SECTION C**

14.1 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>

14.2 Insight consists of the following components:

Layout/Structure:	(Is there an introduction, body, proper paragraphs and a conclusion?)	<b>2</b>
Analysis and interpretation:	(Learners' ability to break down the question/interpret it correctly to show understanding of what is being asked.)	<b>2</b>
Synthesis:	(What relevant 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/No relevant facts: 0 Some irrelevant facts/Some relevant facts: 1 No irrelevant facts/Only relevant facts: 2	<b>2</b>
Originality:	(Examples, recency of 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 allocated for layout, if the headings 'Introduction, Conclusion,' etc. in 'Insight' is not supported by an explanation.**

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

14.4 The components of insight are indicated at the end of the suggested answer for each question.

14.5 Mark all relevant facts until the MAXIMUM mark in a subsection has been attained. Write MAX after maximum marks have been obtained.

- 14.6 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>

- 14.7 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.)
- 14.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 14.9 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.
- 14.10 (a) Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- (b) 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.' ✓

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

- 1.1      1.1.1   A√√  
             1.1.2   C√√  
             1.1.3   D√√  
             1.1.4   B√√  
             1.1.5   B√√  
             1.1.6   C√√  
             1.1.7   D√√  
             1.1.8   B√√  
             1.1.9   C√√  
             1.1.10   D√√
- (10 x 2)      (20)
- 1.2      1.2.1   Road Accident Fund Act (RAF)√√  
             1.2.2   Piecemeal√√  
             1.2.3   Market√√  
             1.2.4   National Qualifications Framework (NQF)√√  
             1.2.5   Memorandum of Incorporation (MOI)√√
- (5 x 2)      (10)
- 1.3      1.3.1   C√√  
             1.3.2   E√√  
             1.3.3   B√√  
             1.3.4   H√√  
             1.3.5   A√√
- (5 x 2)      (10)

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

<b>QUESTION 1</b>	<b>MARKS</b>
<b>1.1</b>	<b>20</b>
<b>1.2</b>	<b>10</b>
<b>1.3</b>	<b>10</b>
<b>TOTAL</b>	<b>40</b>

**SECTION B****QUESTION 2: BUSINESS ENVIRONMENT****2.1 National Credit Act**

2.1.1 National Credit Regulator.✓ (1)

2.1.2 National Credit Act, 2005 (Act 34 of 2005).✓ (1)  
**NOTE: Accept National Credit Act/NCA**

**2.1.3 Advantages of NCA to credit providers/businesses**

- More prudent loan granting by Tex Bank✓ may result in less bad debts.✓/Cash flow improves✓, as there are fewer bad debts.✓
- Tex Bank's credit granting process is more transparent,✓ as it is clearly outlined in the Act./It regulates✓ the national standards for credit granting.✓
- Protects Tex Bank✓ against non-paying clients/consumers.✓
- Tex Bank gains goodwill and loyalty✓ of clients/consumers.✓
- Tex Bank has the right to assess the creditworthiness✓ of clients/consumers.✓
- Any other relevant answer related to the advantages of NCA to Tex Bank as a credit provider.

Max (4)

**2.1.4 Reckless granting of loans**

- Tex Bank fails to assess clients/consumers✓ as required by the NCA, but grants loans.✓
- Tex Bank conducts assessments, but may still grant credit without explaining all the risks✓ and obligations of the loan/new credit to the clients/consumers.✓
- Uninformed/Misinformed Tex Bank clients/consumers✓ become over-indebted.✓
- Tex Bank fails to provide proper pre-agreement documentation✓ before a loan is granted.✓
- Tex Bank grants credit,✓ to clients/consumers who are not really credit-worthy.✓
- Any other relevant answer related to the understanding of reckless granting of loans by Tex Bank.

Max (4)

**2.1.5 Consequences for reckless granting of loans/credit**

- The court may declare the granting of the loan/credit by Tex Bank reckless✓ and may order clients/consumers not to repay the loan/or part thereof to Tex Bank.✓
- Tex Bank may not demand payment,✓ sue or attach the clients/customers salary/assets.✓
- Tex Bank may not charge any fee/interest/other charges✓ under that specific credit agreement.✓
- The National Credit Regulator may impose a fine/penalty (R30 million)✓ on Tex Bank.✓
- May be deregistered✓ as an accredited✓ service provider.

- Tex Bank will bear all costs of removing the negative information of clients/consumers who were blacklisted✓ as a result of reckless lending.✓
- Any other relevant answer related to the consequences of reckless granting of loans/credit.

Max (4)

**2.2.1 Strategic management process****OPTION 1**

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

Max (10)

**OR****OPTION 2**

- Review✓ vision statement.✓
- Analyse/Re-examine✓ mission statement.✓
- Conduct an analysis✓ using models such as PESTLE/PORTERS.✓
- Formulate strategy✓, referring to strategies such as defensive/retrenchment.✓
- Implement strategy✓, using templates such as action plans.✓
- Control of strategy✓ to identify gaps in planning.✓
- Evaluate strategy✓ to identify deviations in implementation.✓
- Take corrective action✓ to ensure goals/✓objectives are met.✓
- Any other relevant answer related to how the strategic management process can be applied.

Max (10)

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

**2.2.2 Implementing defensive strategies**

- Retrenchment:√
  - Business is restructured,√ therefore staff numbers are reduced.√
  - Decreasing the number of product lines, may lead to the closing of a department .√
- Divestiture/Divestment:√
  - Unprofitable divisions√ of the business are sold/outsourced to improve operational efficiency.√
  - Unproductive assets are sold,√ to improve cash flow.√√
- Liquidation:√
  - Sells all assets/stops operating√ to pay off debts.√
  - Forced liquidation√ may be used as an option by creditors.√
- Any other relevant answer related to the implementation of defensive strategies.

Defensive strategy (1)  
Explanation (2)  
Sub max (3)  
**Max (3 x 3) (9)**

**2.3 Labour Relations Act (LRA)****2.3.1 Non-compliance actions**

- Unfair/Illegal dismissal√ of employees.√
- Cancellation of employees' contracts by a new owner/employer√ when a business is sold/transferred.√
- Refusing the formation/recognition√ of workplace forums.√
- Refusing to give workplace forum members time off√ with pay for attending meetings during working hours.√
- Forcing employees√ to give up trade union membership.√
- Preventing employees√ from joining trade unions.√
- Refusing leave to trade union representatives√ to attend trade union activities.√
- Breaching of collective agreements/resolution mechanisms√ by either employer/employee.√
- Not allowing employees√ to take part in legal strikes.√/Not adhering to the right√ of employees to strike when legalised.√
- Any other relevant answer related to actions that are non-compliant to the LRA.

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

(Any 4 x 2) (8)

**2.3.2 Impact on employers/businesses****Positives**

- Protects the rights/interests of businesses√ in labour related issues.√
- Protects employers who embark on lawful lock-outs√ when negotiations between parties fail.√
- Ensures participation of all parties in collective bargaining/decision making√ which leads to reducing conflict in the workplace.√
- Labour disputes are settled quicker√ and are less expensive.√
- Workplace forums can be tasked to resolve workplace issues√ as they take part in decision making.√
- Provides for dispute resolution through consensus√ between organised labour, the business and the state.√
- Provides mechanisms,√ e.g. statutory councils, collective bargaining and CCMA to settle labour disputes.√
- Prevents unfair discrimination in the work place,√ as all employees should be given the same opportunities.√
- The Act gives the employers the right to dismiss employees√ who engage in unprotected strikes.√
- Employers may claim compensation√ via the Labour Court for losses suffered as a result of unprotected strikes.√
- Any other relevant answer related to a positive impact of the LRA on businesses/employers.

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

- Productivity/Profitability may decrease,√ if employees are allowed to participate in the activities of trade unions during work time.√
- Quick decision making may be affected√ as workplace forum representatives may put the interest of employees above that of the business.√
- Dispute resolution through consensus√ may be time-consuming.√
- When a business is transferred/sold to new owners, the new employer has to take-over/continue with existing employees' contracts.√ Incompetent employees may be inherited.√
- Information about work place issues may be disclosed to trade union representatives,√ which may be leaked to competitors.√
- Cost of labour increase,√ because of legal strikes.√
- Labour consultants may be employed to deal with labour related issues,√ which may be costly.√
- Reduced global competitiveness√ due to lower productivity.√
- Any other relevant answer related to the negative impact of the LRA on businesses/employers.

Max (10)

## 2.4 Basic human rights linked to BBEE

### 2.4.1 Basic human rights

- Equality/Treated equally and fairly.√
- Respect and dignity/Treated in a dignified manner/Non-discrimination.√
- Education.√
- Economic.√
- Social.√

(Any 3 x 1) (3)

### 2.4.2 Link to BBEE

- Equality:
  - Previously disadvantaged persons are given equal opportunities√ for promotion/management/ownership in the workplace.√
  - Preferential procurement processes should be fairly implemented√ to the benefit of previously disadvantaged persons.√
  - BBEE Act should be implemented fairly at all levels√ to ensure equality before the law.√
  - Any other relevant answer related to the link between equality, as a human right, and the BBEE Act.
- Respect and dignity:
  - Previously disadvantaged persons are empowered by skills development√ to improve their chances of better employment/wages.√
  - Black people are economically more active through preferential procurement/entrepreneurial development√ and are able to live with dignity and respect.√
  - Black people, who have been promoted to managerial positions,√ have the right to be treated with respect and dignity.√
  - Any other relevant answer related to the link between respect and dignity, as a human right, and the BBEE Act.
- Education:
  - Skills development programmes√ promote the right to education.√
  - Skills development programmes/Learnership programmes√ improve businesses' BBEE scoring.√
  - Any other relevant answer related to the link between education, as a human right, and the BBEE Act.
- Economic:
  - BBEE ensures√ that economic transformation takes place. √
  - Previously disadvantaged people√ are given a chance to manage, own and control the economy.√
  - Promote enterprise development√ through investment programmes and incentive schemes that lead to broad based participation in the economy.√
  - Any other relevant answer related to the link between economic (human right) and the BBEE Act.

- Social:
  - Socio-economic development programmes√ should include provision of houses/access to healthcare to previously disadvantaged workers.√
  - Any other relevant answer related to the link between social (human right) and the BBBEE Act.

(Any 3 x 2) (6)

**NOTE: No credit will be awarded for the identification of basic human rights.**

**[60]**

**BREAKDOWN OF MARKS**

<b>QUESTION 2</b>	<b>MARKS</b>
<b>2.1.1</b>	<b>1</b>
<b>2.1.2</b>	<b>1</b>
<b>2.1.3</b>	<b>4</b>
<b>2.1.4</b>	<b>4</b>
<b>2.1.5</b>	<b>4</b>
<b>2.2.1</b>	<b>10</b>
<b>2.2.2</b>	<b>9</b>
<b>2.3.1</b>	<b>8</b>
<b>2.3.2</b>	<b>10</b>
<b>2.4.1</b>	<b>3</b>
<b>2.4.2</b>	<b>6</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 3: BUSINESS VENTURES**

**3.1 Requirements for a logical and effective presentation**

- Know your audience.√√
- Presentation should include an introduction, body and conclusion.√√
- State the aims of the presentation in your introduction.√√
- Outline the most important information first.√√
- Use visual aids/tables/graphs/charts/diagrams/pictures effectively.√√
- Use suitable section titles/headings, sub-headings and bullets.√√
- Summarise key findings/Conclude by indicating how goals were met.√√
- Consider external factors, e.g. noisy surroundings, which may influence the presentation.√√
- Keep to the time limit to prevent boredom.√√
- Be well prepared/Research the topic in depth.√√
- Allow time for feedback/questions.√√
- Speak clearly and audibly.√√
- Keep eye-contact with the audience.√√
- Any other relevant answer related to the requirements for a logical/effective presentation.

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

(Any 4 x 2) (8)

**3.2 Situational leadership vs. Transformational leadership**

<b>Situational Leadership</b>	<b>Transformational Leadership</b>
<p><b>Leaders:</b></p> <ul style="list-style-type: none"> <li>- Adapt their leadership style to suit the situation they are faced with.√√</li> <li>- Show various skills and characters.√√</li> <li>- Assume a facilitators' role, if employees/followers are skilled/motivated.√√</li> <li>- Leadership is task related.√√</li> </ul>	<p><b>Leaders:</b></p> <ul style="list-style-type: none"> <li>- Inspire followers with a shared vision/passion/enthusiasm and empowerment/Lead by example.√√</li> <li>- Challenge existing structures/processes in the business.√√</li> <li>- Explore new ways of doing things.√√</li> <li>- Keep communication lines open.√√</li> <li>- Leadership is people-orientated.√√</li> </ul>
<p><b>Followers:</b></p> <ul style="list-style-type: none"> <li>- Should have high levels of maturity.√√</li> <li>- May be willing to do tasks, but may not have the necessary skills.√√</li> <li>- Highly skilled followers are able to work on their own.√√</li> </ul>	<p><b>Followers:</b></p> <ul style="list-style-type: none"> <li>- May achieve objectives through higher ideals/moral values.√√</li> <li>- Are motivated/encouraged to put group interest first.√√</li> <li>- Need constant mentoring and support.√√</li> </ul>

Application: - Suitable to manage changes caused by internal and external factors of the three business environments.√√	Application: - Suitable for implementing changes in the business.√√
- Any other relevant answer related to situational leadership.	- Any other relevant answer related to transformational leadership.
Sub max (6)	Sub max (6)

**Max (12)**

**NOTE:** 1. The comparison must be clear.  
2. Mark situational leadership or transformational leadership only, when the comparison does not correspond.

**3.3 Benefits of UIF to employees**

- Unemployment benefits√√
  - Employees, who become unemployed/retrenched due to restructuring/an expired contract, may claim within six months after becoming unemployed.√
  - Unemployed employees may only claim, if they contributed to UIF.√
  - Unemployed employees enjoy these benefits until the allocated funds are exhausted.√
  - If a worker voluntarily terminates his/her contract, he/she may not claim.√
  - No tax is payable on unemployment benefits.√
  - Any other relevant answer related to unemployment benefits.

Benefit (2)  
Explanation (1)  
Sub max (3)
  
- Illness benefits√√
  - Employees may receive these benefits if they are unable to work for more than 14 days without receiving a salary/part of the salary.√
  - Employees may not claim these benefits if they refuse medical treatment.√
  - Any other relevant answer related to illness benefits.

Benefit (2)  
Explanation (1)  
Sub max (3)
  
- Maternity benefits√√
  - Pregnant employees receive these benefits for up to 17 weeks/4 months/121 days.√
  - If a person had a miscarriage, she can claim for up to six weeks/42 days.√
  - Any other relevant answer related to maternity benefits.

Benefit (2)  
Explanation (1)  
Sub max (3)

- Adoption benefits√√
  - Employees may receive these benefits if they adopt a child younger than two (2) years.√
  - Employees who take unpaid leave/may receive part of their salary while caring for the child at home.√
  - Only one parent/partner may claim.√
  - Any other relevant answer related to adoption benefits.

Benefit (2)  
Explanation (1)  
Sub max (3)

- Dependants' benefits√√
  - Dependants may apply for these benefits if the breadwinner, who has contributed to UIF, dies.√
  - The spouse of the deceased may claim, whether he/she is employed or not.√
  - Any other relevant answer related to dependant benefits.

Benefit (2)  
Explanation (1)  
Sub max (3)

**NOTE: 1. Mark the first FOUR (4) only.  
2. The benefit could be integrated in the explanation.**

**(Any 4 x 3) (12)**

3.4

<b>Insurance</b>	<b>Assurance</b>
- Based on the principle of indemnity.√√	- Based on the principle of security/certainty.√√
- Is a form of risk management in which the insured transfers the cost of potential loss to another entity for monetary compensation known as a premium.√√	- It is a contract where the insurer undertakes to pay an agreed sum of money after a certain period has expired/on the death of the person, whichever occurs first.√√
- It covers a specified event that may occur.√√	- Specified event is certain, although the time of event is uncertain.√√
- Applicable to short term insurance.√√	- Usually applicable to long term insurance.√√
- Any other relevant answer related to the definition/distinction of insurance.	- Any other relevant answer related to the definition/distinction of assurance.
Sub max (2)	Sub max (2)

- Example: property insurance/ money in transit/theft/burglary/fire.√	- Example: life insurance/ endowment policies/retirement annuities.√
- Any other relevant example of insurance.  Sub max (1)	- Any other relevant example of assurance.  Sub max (1)

Distinction (4)  
Example (2)  
**Max (6)**

**NOTE:** 1. The comparison must be clear.  
2. Mark Insurance or Assurance only, when the comparison does not correspond.

3.5.1 Underinsurance.√√ (2)

**3.5.2 Reasons for insurance**

- Peter wants to protect his property against storm damage, fire, burglary/  
any unforeseen insurable circumstances/risks.√√
- He wants to keep high re-instatement costs under control.√√
- He can have peace of mind as the risk of loss is shifted to the insurer.√√
- It may be a requirement for a bond.√√
- Any other relevant answer related to the reasons for insurance.

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

(Any 2 x 2) (4)

3.5.3  $\frac{\text{Amount insured}}{\text{Market value}} \times \text{damages}$ √ (formula)

$$\left. \begin{array}{l} 400\,000 \\ 500\,000 \end{array} \right\} \sqrt \quad \times \quad 300\,000 \sqrt$$

= R240 000 √√

Max (4)

**NOTE:** 1. Award full marks (4) if the answer is correct and no workings are shown.  
2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of TWO (2) marks.  
3. If there are no workings shown and the answer is incorrect, award a ZERO mark.

3.5.4  $A = P(1+r)^n$  OR  $A = P(1+i)^n$  (Accept 't' for 'n')  
 $= 20\,000(1+18/100)^3$  OR  $20\,000(1.18)^3$  OR  $20\,000(1.64)^{\sqrt{\sqrt{\sqrt{\quad}}}}$   
 $= \mathbf{R32\,860,64}$  (OR  $\mathbf{R32\,861}$ )

**ALTERNATIVE CALCULATION**

Year 1:  $R20\,000 + R3\,600 (R20\,000 \times 18\%) = R23\,600$   
 Year 2:  $R23\,600 + R4\,248 (R23\,600 \times 18\%) = R27\,848$   
 Year 3:  $R27\,848 + R5\,012.64 (R27\,848 \times 18\%) = \mathbf{R32\,860,64}$  (OR  $\mathbf{R32\,861}$ )

(6)

- NOTE:**
1. Award full marks (6) if the answer is correct and no workings are shown.
  2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of **THREE (3)** marks.
  3. If there are no workings shown and the answer is incorrect, award a **ZERO** mark.

3.5.5  $I = \frac{P \times r \times t}{100}$  OR  $(I = P \times r/100 \times t)$  OR  $(A = P(1+in))$  (Accept 'n' for 't')  
 $I = 20\,000 \times 18/100 \times 3$   
 Interest =  $10\,800$   
 $I = 10\,800 + 20\,000$   
 $I = \mathbf{R30\,800}$

Max (6)

- NOTE:**
1. Award full marks (6) if the answer is correct.
  2. If workings (process/procedure) demonstrate understanding of the concept, but the final answer is wrong, award a maximum of **THREE (3)** marks.
  3. If there are no workings shown and the answer is incorrect, award a **ZERO** mark.

[60]

**BREAKDOWN OF MARKS**

QUESTION 3	MARKS
3.1	8
3.2	12
3.3	12
3.4	6
3.5.1	2
3.5.2	4
3.5.3	4
3.5.4	6
3.5.5	6
<b>TOTAL</b>	<b>60</b>

**QUESTION 4: BUSINESS ROLES**

## 4.1.1 Tax evasion√√

Possible strategy:

- Policy regarding payment to service providers must be followed.√√
- Every transaction should be properly documented/recorded.√√
- Ensure that all financial records are checked/audited.√√
- Any other relevant answer related to addressing tax evasion.

Identification (2)

Strategy (2)

Sub max (4)

## 4.1.2 Sexual harassment√√

Possible strategy:

- A code of conduct/ethics should be in place, containing a framework of corrective action and procedures.√√
- Formulate a clear policy on sexual harassment.√√
- Educate employees to use/understand the policy/procedure contained in the code of conduct/ethics.√√
- Encourage employees to report cases of sexual harassment.√√
- Address complaints.√√
- Conduct disciplinary procedures.√√
- Ensure that all complaints are dealt with in a sensitive/serious way.√√
- Take action against those found guilty.√√
- Any other relevant answer related to addressing sexual harassment.

Identification (2)

Strategy (2)

Sub max (4)

## 4.1.3 Abusing work time/resources√√

Possible strategy:

- The code of conduct/ethics should contain clear rules about abusing work time.√√
- Policy should be signed by all employees so that they are aware of it's content.√√
- Implement policies for employees to have restricted access to business assets.√√
- Employees should be monitored and work towards realistic goals to get work done.√√
- Structure working hours in such a way that employees have free/flexible time for personal matters.√√
- Create a culture of responsibility towards the business/Strengthen team spirit so that all employees feel responsible for what has to be achieved.√√
- Any other relevant answer related to addressing abuse of work time.

Identification (2)

Strategy (2)

Sub max (4)

**Max (12)**

**4.2 Problem solving:**

- Process of analysing a situation√ to identify strategies to bring about change.√
- It is a process√ that requires creative/critical thinking.√
- Alternative solutions are generated/identified√ and critically evaluated.√
- Effective problem solving√ results in good decision making.√
- Problems can be solved by a group/team√ or an individual.√
- Various techniques may be used√, e.g. brainstorming, etc.√
- Any other relevant answer related to the meaning of problem solving.

Max (6)

**4.3. Grievance vs. Conflict**

<b>Grievance</b>	<b>Conflict</b>
- When an employee is unhappy/ has a problem/complaint in the workplace.√√	- Clash of opinions/ideas/view points in the workplace.√√
- It is when an individual/group has a work related issue. √√	- Disagreement between two or more parties in the workplace. √√
- Examples that can cause a grievance: Discrimination, unfair treatment, poor working conditions. √√	- Examples that can cause conflict:  A lack of trust/miscommunication/ personality clashes/different values.√√
- Any other relevant answer related to the meaning of a grievance.	- Any other relevant answer related to the meaning of conflict.
Sub max (2)	Sub max (2)

Max (4)

- NOTE:**
1. Both concepts must be clearly distinguished.
  2. Mark Grievance or Conflict only, when the distinction is not clear.

**4.4 Diversity in the workplace.**

- Refers to the variety of people employed√ based on age/race/gender/  
ethnic groups/people with disabilities/material wealth/personalities/how  
employees see themselves and others.√
- All employees should be empowered/developed to improve personal  
performance√ which ultimately will improve the performance of the whole  
business.√
- Leads to creative ideas/different viewpoints,√ which support problem  
solving.√
- Leads to conflict situations√, if not properly managed.√
- Any other relevant answer related to diversity in the work place.

Max (6)

**4.5 Advantages of creative thinking in the work place**

- Starts/Ignites the process of problem solving,√ as there are usually more problems and not enough solutions.√
- Better/Unique/Unconventional ideas/solutions√ are generated.√
- May give businesses a competitive advantage√ if unusual/unique solutions/ideas/strategies are implemented.√
- Complex business problems√ may be solved.√
- Productivity increases√ as management/employees may quickly generate multiple ideas that save time and money/Time is utilised more effectively.√
- Managers/employees have more confidence√ as they can live up to their full potential.√
- Managers will be better leaders√ as they will be able to handle/manage change(s) positively and creatively.√
- Managers/Employees can develop a completely new outlook,√ which may be applied to any task(s) they may do.√
- Leads to more positive attitudes√ as managers/employees feel that they have contributed towards problem solving/Improves motivation amongst staff members.√
- Managers/Employees have a feeling of great accomplishment√ and they will not resist/obstruct once they solved a problem/contributed towards the success of the business.√
- Management/Employees can keep up√ with fast changing technology.√
- Stimulates brain function of employees/managers, as they are continuously pushed out of their comfort zone√/improving the total well-being of employees.√
- Creativity may lead to new inventions√ which improves the general standard of living.√
- Any other relevant answer related to the benefits of creative thinking.

Max (8)

**4.6.1 Application of Nominal Group Technique (NGT)**

- Directors/management team can apply it to identify problems/generate solutions/make decisions.√√
- Team is divided into smaller groups/teams seated around a table.√√
- Problem(s) should be clearly defined/explained to the groups.√√
- Each team member/individual will silently brainstorm as many ideas as possible and writes it down.√√
- Each group/team member gives one of their solutions/ideas with a short explanation.√√
- Someone writes down these ideas on a big sheet of paper.√√
- No-one is allowed to criticise, but participants may ask questions to understand the suggested solution more clearly.√√
- Duplicated ideas are then eliminated.√√
- Individuals anonymously rank/rate suggestions from 1 upwards.√√
- Ratings are captured and points are totalled.√√
- Solutions may also be chosen by voting to determine the best idea(s).√√
- Each group presents the solution with the highest score/votes in their particular group.√√
- Any other relevant answer related to the application of the NGT.

Max (6)

**4.6.2 Nominal Group Technique (NGT)****Advantages**

- Each team member/director√ has a chance to participate√ without interference from other team members.√
- Voting on the ideas√ is anonymous√ and may be more reliable/honest.√
- Any other relevant advantage of the NGT.

Advantage (2)  
Explanation (1)  
Sub max (3)

**Disadvantages**

- Ideas/Inputs made by members√ may not converge√ and cannot lead to the same solution(s).√
- Suggestions√ may not be as creative√ as when a group throws ideas around.√
- It is time consuming,√ as each member√ must make a presentation.√
- Any relevant disadvantage of the NGT.

**NOTE: Mark the first ADVANTAGE and DISADVANTAGE only.**

Disadvantage (2)  
Explanation (1)  
Sub max (3)  
**Max (6)**

**4.7 Unethical advertising and practical examples****4.7.1 False promises**

- To lure customers with promising guarantees or explanations that sound promising√, but is too good to be really true.√
- Example: high return on investments√ in times of unfavourable economic conditions.√
- Any other relevant discussion and example on false promises.

Discussion (2)  
Example (2)  
Sub max (4)

**4.7.2 Misleading packaging**

- Oversized packaging is used√ to make the product look bigger/better.√
- Example: A well-known chips manufacturer did not change the size of their packaging√, but reduced the contents from 30 g to 25 g.√
- Information on labels/package√ is not always correct/accurate.√
- Example: Benefits√ not scientifically proven√/States that it leads to weight loss√, when it is not proven. √
- Any other relevant discussion and example on misleading packaging.

Discussion (2)  
Example (2)  
Sub max (4)

## 4.7.3 Bait and switch

- Business attracts consumers by means of low-priced items√, then uses high-pressure sales tactics on site to get them to switch to a higher priced item.√
- Example: A supermarket may offer cooking oil below cost price√ but stock is sold out within the first hour.√
- Any other relevant discussion and example on bait and switch.

Discussion (2)

Example (2)

Sub max (4)

**Max (12)****[60]****BREAKDOWN OF MARKS**

<b>QUESTION 4</b>	<b>MARKS</b>
<b>4.1.1</b>	<b>4</b>
<b>4.1.2</b>	<b>4</b>
<b>4.1.3</b>	<b>4</b>
<b>4.2</b>	<b>6</b>
<b>4.3</b>	<b>4</b>
<b>4.4</b>	<b>6</b>
<b>4.5</b>	<b>8</b>
<b>4.6.1</b>	<b>6</b>
<b>4.6.2</b>	<b>6</b>
<b>4.7.1</b>	<b>4</b>
<b>4.7.2</b>	<b>4</b>
<b>4.7.3</b>	<b>4</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 5: BUSINESS OPERATIONS****5.1 Advantage of providing fringe benefits to businesses:**

- Attractive fringe benefit packages√ may result in higher employee retention/reduces employee turnover.√
- It increases√ employee satisfaction/loyalty.√
- Leads to higher productivity√ as employees receive recognition for their efforts.√
- Any other relevant answer related to the advantages of fringe benefits to businesses.

**NOTE: Mark the first advantage only.**

(Any 1 x 2) (2)

**Examples of fringe benefits**

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

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

(Any 2 x 1) (2)

Advantage (2)

Examples (2)

**Max (4)****5.2.1 Quality indicators for Public Relations function**

- Management deals quickly with negative publicity.√√
- Less/Little/No incidents of negative publicity.√√
- Regular positive press releases.√√
- Implement sustainable Corporate Social Investment (CSI) programmes.√√
- Good results of public surveys on business image.√√
- High standard of internal publicity/Appearance of building(s)/Professional way of answering telephones/Appearance of correspondence.√√
- Deliver quality goods/services that promote the brand/image with key stakeholders, e.g. customers/suppliers/government/service providers.√√
- Compliance with recent legislation, e.g. BEE compliant.√√
- Any other relevant answer related to quality indicators for the Public Relations function.

Max (8)

**5.2.2 Quality indicators for Administration function**

- Fast and reliable data capturing and processing systems.√√
- Supply reliable information to management on time.√√
- Make relevant information available for quick decision-making.√√
- Handle complaints quickly and effectively.√√
- Use modern technology efficiently.√√
- Implement effective risk management policies to minimise business losses.√√
- Quality assurance and control evaluations are recorded accurately.√√
- Any other relevant answer related to quality indicators for the Administration function.

Max (8)

**5.3.1 Induction**

- Process of introducing new employees to their job and working environment.√√
- Any other relevant definition of induction.

Max (2)

**5.3.2 Justification for induction**

- Introduce new employees√ to management and colleagues/to establish relationships with fellow employees at different levels.√
- Familiarise new employees with organisational structure,√ e.g. who are their supervisors/low level managers.√
- New employees will know where everything is√ and saves production time.√
- Learn more about the business√ so that new employees understand their roles/responsibilities in order to be more efficient.√
- Familiarise new employees with DM Motor Manufacturing's product range√ with regard to which products they manufacture and/or services they provide.√
- Make new employees feel at ease in the workplace√ to reduce anxiety/insecurity/fear.√
- Communicate company policies,√ regarding conduct and procedures/safety and security/employment contract/conditions of employment/working hours/leave.√
- Give new employees a tour/information√ about the layout of the building/factory and offices.√
- Create realistic expectations for new employees√ as well as the business.√
- New employees may feel part of the team√ resulting in positive morale and motivation.√
- Proper training can be provided√ based on the results obtained during the induction process.√
- Any other relevant answer related to the reasons/purposes for induction.

Max (10)

**5.3.3 Placement procedure**

- DM Motor Manufacturers (DMMM) must outline the specific responsibilities of Danny's new position, including the expectations and skills required for this position.√√
- DMMM should determine Danny's strengths, weaknesses, interest, and skills by subjecting Danny to a range of psychometric tests.√√
- DMMM must determine the relationship between the position and the competencies of Danny.√√
- Any other relevant answer related to the placement procedure.

Max (6)

**5.3.4 Employment Contracts****(a) Legal requirements**

- The employment contract is the written agreement between DM Motor Manufacturers (DMMM) and Danny√ and it is legally binding.√
- Employment contract may not contain any requirements√ that are in conflict with the BCEA.√
- Parties involved√ must have contractual capacity.√
- Aspects of the employment contract can be re-negotiated√ during the course of the employment relationship.√
- DMMM and Danny must be satisfied√ with the conditions in the employment contract.√
- Neither Danny nor DMMM may unilaterally change aspects√ of the employment contract.√
- The employment contract should include a code of conduct and/or a code of ethics√ for Danny.√
- Specific details of the job and remuneration package√ should be clearly explained/stipulated to Danny.√
- The human resources manager must explain the terms and conditions√ of the employment contract to Danny if deemed necessary.√
- The employment contract should set out clearly√ the conditions of employment, duties and responsibilities of Danny.√
- Employment contract must stipulate what Danny would receive√ in terms of benefits and in terms of labour legislation.√
- All company policies, procedures and disciplinary codes√ should form part of the employment contract.√
- DMMM must allow Danny to read through the conditions of services and code of conduct√ before they sign the contract.√
- Danny may also consult legal experts√ to help him understand the terms and conditions of the contract.√
- Any other relevant answer related to the legalities of the employment contract.

Max (10)

**(b) Contents of the employment contract**

- Details of DM Motor Manufacturers (DMMM)√
  - Stipulate the address and contact numbers of DMMM.√
- Personal details of Danny√
  - Stipulate the physical address, contact details as well as other details of Danny, e.g. ID number, age, full name(s).√

- Job title✓
  - The position Danny is going to hold.✓
- Job description✓
  - Clearly outline the duties and responsibilities of Danny.✓
- Working hours✓
  - Hours of work stated should be in line with the requirements of the Basic Conditions of Employment Act.✓
- Overtime✓
  - Include the number of hours that Danny can work overtime per day and the maximum number for a week.✓
- Salary package✓
  - Stipulate the amount payable to Danny for the specified job/tasks to be executed by him.✓
  - 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 agreement regarding remuneration.✓
- Leave✓
  - Stipulate the different types of leave and the number of days allowed for each type of leave to Danny.✓
- Normal place of work✓
  - Indicate where Danny will spend all/most of his/her working hours.✓
- Date of commencement/Starting date✓
  - Indicate the first day and date that the contract commences and when Danny should report for duty.✓
- Probation period✓
  - Stipulate the period that Danny should work before he/she will be permanently employed.✓
- Code of conduct and/or Code of ethics✓
  - Policies regarding specific business conduct/behaviour in the position/ workplace and generally acceptable/ethical conduct should be given/ explained to Danny.✓
- 
- Termination of the contract✓
  - Give clear guidelines regarding the procedures involved in terminating Danny's contract.✓
- Disciplinary policy✓
  - Rules and disciplinary procedures that will apply for unacceptable behaviour should be included in Danny's employment contract.✓

- Nature of employment√
  - Indicate whether it is temporary or permanent/full time employment.√
- Term of contract√
  - Stipulate the duration of employment, e.g. 6 months, etc.√
- Any other relevant answer related to the contents of the employment contract.

**NOTE: Award a maximum of TWO (2) marks for each fact/content/detail in the employment contract.**

**Max (12)  
[60]**

<b>BREAKDOWN OF MARKS</b>	
<b>QUESTION 5</b>	<b>MARKS</b>
<b>5.1</b>	<b>4</b>
<b>5.2.1</b>	<b>8</b>
<b>5.2.2</b>	<b>8</b>
<b>5.3.1</b>	<b>2</b>
<b>5.3.2</b>	<b>10</b>
<b>5.3.3</b>	<b>6</b>
<b>5.3.4 (a)</b>	<b>10</b>
<b>5.3.4 (b)</b>	<b>12</b>
<b>TOTAL</b>	<b>60</b>

**QUESTION 6: MISCELLANEOUS TOPICS**

6.1.1 Tertiary sector.√

(1)

**6.1.2 Challenges and strategies**

<b>Challenges from the case study</b>	<b>Strategy</b>
- Decline in tourist bookings.√	- Offer special prices/discounts.√√ - Offer other services, e.g. host weddings/functions.√√ - Any other relevant strategy for the decrease in tourist bookings.
- Laying off some full time staff.√	- Deploy them to other sections/develop their skills.√√ - Any other relevant strategy for the lay-off of full time staff.
- Crime in the area is also increasing.√	- Hire a security company to patrol the area surrounding the hotel.√√ - Engage with forums, e.g. police/ community protection forums.√√ - Any other relevant strategy to address crime in the area.
- Some guests have been robbed in their hotel rooms.√	- Improve security measures within the premises of the hotel.√√ - Have visible security in all areas of the hotel.√√ - Install high-tech surveillance cameras.√√ Advise the guests to always lock their rooms.√√ - Any other relevant strategy to address crime within the premises of the hotel.
- Other hotels and guest houses in the area, who offer tighter security and other services like conference facilities.√	- Conduct market research/survey.√√ - Improve on service rendering.√√ - Any other relevant strategy to deal with competition in the area.
- Guests are now staying in other hotels and guest houses in the area.√	- Conduct aggressive marketing to attract more guests.√√ - Improve the variety of services rendered.√√ - Any other relevant strategy for the decline in number of guests.
Sub max (3)	Sub max (6)

Challenge (3 x 1) (3)

Strategy (3 x 2) (6)

**Max (9)**

**NOTE: 1. Mark the first THREE (3) challenges/strategies only.  
2. The challenge must be linked to the strategy.**

**6.2 Role of SETAs in skills development**

- Develop a skills plan√ for a specific sector within the framework of the National Skills Development Strategy.√
- Sector skills plans are implemented√ by approving workplace skills plans.√
- Grants are allocated√ in a prescribed manner to employers, education and training providers.√
- Monitor and evaluate the actual training√ by service providers.√
- Settle disputes√ between trainees and service providers/trainers.√
- Manage learnerships and training√ in each SETA/sector.√
- Promote learnerships√ by identifying workplaces for practical work experience.√
- Register√ learnerships agreements.√
- Provide support√ for the development of training material.√
- Responsible for skills programmes√ to improve skills of current employees.√
- Provide accreditation√ to facilitators and training providers.√
- Collect funds√ for various SETAs.√
- Distribute funds√ to various SETAs.√
- Support designated sectors identified by SETA√ by creating a separate fund for training.√
- Report to relevant stakeholders,√ e.g. Director General of Labour/Higher Education.√
- Communicate/Liaise√ with National Skills Authority.√
- Any other relevant answer related to the role of SETAs.

Max (10)

**6.3 Ways of dealing with difficult employees**

- Do not judge the employee,√ but try to understand him/her.√/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√, to be able to understand the difficult employee√.
- Act pro-actively if possible,√ as a staff/personnel problem is part of a manager's responsibilities.√
- Regular meetings with supervisors/departmental heads√ should help to identify difficult/problem behaviour.√/ Ask someone in authority√ for their input into the situation.√
- Identify the type of personality√ which is creating the problem.√
- Meet privately with difficult employees,√ so that there are no distractions from other employees/issues√.
- Make your intentions and reasons for your actions known √ so that they will feel at ease. √
- Employees should be told what specific behaviours are acceptable√ by giving details about what is wrong/unacceptable and also an opportunity to explain their behaviour.√
- A deadline should be set√ for improving bad/difficult behaviour. Guidelines for improvement should be given.√
- The deadline date should be discussed with the employee√ and his/her progress should be monitored/assessed prior to the deadline.√

- Keep communication channels open✓ and encourage employees to communicate their grievances to management.✓
- Build rapport by re-establishing personal connection with colleagues'✓ instead of relying on e-mails, messaging and computers.✓
- Help difficult employees to be realistic✓ about the task at hand.✓
- Remain calm and in control of the situation✓ to get the person/s to collaborate.✓
- Treat people with respect✓, irrespective of whether they are capable/competent or not.✓
- Sometimes it may be necessary to ignore✓ but monitor a difficult person.✓
- Identify and provide an appropriate support program✓ to address areas of weakness.✓
- Any other relevant answer related to managing difficult employees.

Max (10)

#### 6.4 **Criteria for high-performing teams**

- Interpersonal attitudes and behaviour✓
  - Have a positive attitude of support and motivation✓ towards co-team members.✓
  - Have a positive attitude and passion✓ to achieve team objectives.✓
  - There must be clear objectives✓ and agreed upon goals.✓
  - Team members must be committed✓ to achieve the team objectives.✓
  - Team leader should acknowledge/give credit to members✓ for positive contributions.✓
- Shared values/Mutual trust and support✓
  - Shows loyalty/respect towards team members✓ despite differences.✓
  - Shows respect✓ to the knowledge and skills of other members.✓
  - Perform team tasks with integrity, pursuing responsibility and meeting team deadlines✓ with necessary commitment to team goals.✓
  - Team members trust✓ one another.✓
- Communication✓
  - Speaks clearly✓ and listens attentively.✓
  - Communicates with team members✓ and allows for feedback.✓
  - Encourages discussion about the problem✓ so that solutions can be found.✓

- Co-operation/Collaboration✓
  - Willingness to co-operate in the team✓ to achieve team objectives.✓
  - Willingness to co-operate with management✓ to achieve team and business objectives.✓
  - Agree on methods/ways to get the job done effectively✓ without wasting time on conflict resolution.✓
  - All members✓ take part in decision making.✓
- Any other relevant answer related to criteria for high performing teams.

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

Criteria: 1  
Explanation: 2  
(Any 4 x 3)  
**Max (12)**

### 6.5 Ordinary shares as a form of investment

- Is a form of investment which gives the holder a proportional ownership in a company.✓✓
- Dividends are paid out according to number of ordinary shares owned in the business. ✓✓
- Dividends are paid out after the payment for earnings on preference shares.✓✓
- Any other relevant answer related to the definition of ordinary shares.

Sub max (2)

#### **Positives**

- Holding a higher number of shares✓ may result in higher proportional dividend pay-outs.✓
- Can be freely✓ transferred/traded on the JSE.✓
- Shareholders' liability to the debt of the company is limited✓ to what was invested✓/Shareholders have limited✓ liability for company debts.✓
- Holders have voting rights✓ at the annual general meeting (AGM).✓
- Rate of return depends✓ on the performance of the company.✓
- Any other relevant answer related to a positive evaluation of ordinary shares.

**AND/OR**

**Negatives**

- Holders may receive less dividends/no dividends✓ when company profits are low.✓
- Companies have no legal obligation✓ to pay dividends to shareholders.✓
- Risk may be high✓, as investment may be lost when companies are liquidated.✓
- Paid out last✓ if the company closes down.✓
- Dividends declared✓ may be determined by the management/directors of the company/business.✓
- Any other relevant answer related to a negative evaluation of ordinary shares.

Sub max (6)

**NOTE: 1. The definition/description of the shares may also be included in the positive/negative evaluation.**

**2. Take particular note of repetition, when awarding marks.**

Definition (2)

Evaluation (6)

**Max (8)****6.6 Evaluation of a Non-profit Company (NPC)****Positives**

- This type of company receives tax benefits✓ if it meets the requirements prescribed by SARS.✓
- Donors who make donations to non-profit companies also receive tax deductions✓ and this will encourage people to make donations to these companies.✓
- The organisation has continuity,✓ as it continues even if it's members retire.✓
- Profits are used solely/entirely✓ for the primary objective of the organisation. ✓
- They provide services to various communities,✓ such as providing fully trained guide dogs to blind people and disabled people, etc.✓
- Directors may be liable for any losses/costs/damages sustained by the NPC if they were acting in the name of the company✓ and this forces them to always act ethically and professionally.✓
- Legally required to appoint three directors✓, which may reduce the chance of mismanagement.✓
- Any other relevant answer related to the positives/advantages of a NPC.

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

- Rely on donations✓ as they are not always able to generate their own profit.✓
- Members/Donors may not receive any bonuses from the company✓ although they provide the organisation with capital/donations.✓
- It needs professional assistance to set the organisation up✓ and this can be costly.✓

- Non-registered NPC structures will struggle to raise money√ because donors will not always be willing to donate to such structures.√
- The liability of the members is limited√ therefore the organisation is responsible for the debts.√
- Compelled to prepare financial statements,√ and this can become a burden for them.√
- Any other relevant answer related to the negatives/disadvantages of a NPC.

Max (10)

**[60]****BREAKDOWN OF MARKS**

<b>QUESTION 6</b>	<b>MARKS</b>
<b>6.1.1</b>	<b>1</b>
<b>6.1.2</b>	<b>9</b>
<b>6.2</b>	<b>10</b>
<b>6.3</b>	<b>10</b>
<b>6.4</b>	<b>12</b>
<b>6.5</b>	<b>8</b>
<b>6.6</b>	<b>10</b>
<b>TOTAL</b>	<b>60</b>

**TOTAL SECTION B: 180**

**SECTION C****QUESTION 7: BUSINESS ENVIRONMENT (LEGISLATION)****7.1 Introduction**

- The CPA was passed to redress the economic inequalities of the past.√
- It applies to the supply of goods and services in South Africa.√
- It promotes and advances the social and economic welfare of consumers in South Africa.√
- Any other relevant introduction related to the Consumer Protection Act.

Max (2)

**7.2 Consumer rights****7.2.1 Right to choose**√√

Consumers have the right to:

- choose suppliers and goods.√√
- shop around for the best prices.√√
- return goods that are unsafe/defective for a full refund.√√
- reject goods that are not the same as the sample marketed.√√
- cancel/renew fixed term agreements.√√
- request written quotations and cost estimates.√√
- Any other relevant answer related to the consumers' right to choose.

Sub max (4)

**7.2.2 Right to privacy and confidentiality**√√

- Consumers have the right to stop/restrict unwanted direct marketing.√√
- They can object to unwanted promotional e-mails and telesales.√√
- They have the right to stop/lodge complaints about the sharing of their personal details.√√
- Any other relevant answer related to the consumers' right to privacy and confidentiality.

Sub max (4)

**7.2.3 Right to fair and honest dealings**√√

- Suppliers may not use physical force or harass customers.√√
- Suppliers may not give misleading or false information.√√
- Businesses may not promote pyramid schemes and chain-letter schemes.√√
- Businesses may not overbook/oversell goods/services and then not honour the agreement.√√
- Any other relevant answer related to the consumers' right to fair and honest dealings.

Sub max (4)

**7.2.4 Right to information about products and agreements/Right to disclosure and information**√√

- Contracts and agreements should be in plain language and easy to understand.√√
- Businesses should display prices which are fully inclusive disclosing all costs.√√
- Consumers may request the unit and bulk price of the same product.√√
- If two prices for the same product are displayed, consumers should pay the lower price.√√
- Businesses should label products and trade descriptions correctly.√√
- Any other relevant answer related to the consumers' right to information.

Sub max (4)

**7.2.5 Right to fair/responsible marketing/promotion** √√

- Businesses should not mislead consumers on pricing, benefits/uses of goods.√√
- Consumers may cancel purchases made through direct marketing within five working days/cooling off-period.√√
- All information related to the country of origin/expiry dates/ingredients of the products should be disclosed.√√
- Any other relevant answer related to the consumers' right to fair marketing/promotion.

Sub max (4)

**7.2.6 Right to fair value/good quality and safety**√√

- Consumers have the right to demand quality service or goods.√√
- They have the right to return faulty items if the fault occurs within six months after purchasing the item.√√
- Consumers may receive an implied warranty or a written warranty.√√
- Any other relevant answer related to the consumers' right to fair value, good quality and safety.

Sub max (4)

**7.2.7 Right to accountability from suppliers**√√

- Consumers have the right to be protected in lay-by agreements.√√
- Businesses should honour credit vouchers and prepaid services.√√
- Any other relevant answer related to the consumers' right to accountability from suppliers.

Sub max (4)

**7.2.8 Right to fair, just and reasonable terms and conditions**√√

- Businesses should provide consumers with written notices of clauses that may limit consumer rights.√√
- Businesses may not market or sell goods at unfair prices.√√
- Any other relevant answer related to the consumers' right to fair, just and reasonable terms and conditions.

Sub max (4)

**7.2.9 Right to equality in the consumer market place**√√

- Businesses should not limit access to goods and services.√√
- Businesses may not vary the quality of their goods to different consumers.√√
- Businesses may not charge different prices for the same goods/services.√√
- Businesses should not discriminate when marketing their products and services in different areas/places.√√
- Any other relevant answer related to the consumers' right to equality in the consumer market place.

Sub max (4)

**NOTE: Mark the first FOUR (4) only.****Max (16)****7.3 Impact of Consumer Protection Act (CPA) on businesses****Positives**

- Enables businesses to resolve disputes fairly through the National Consumer Commission/Consumer Court/Industrial ombudsmen.√√
- Any other relevant answer related to the positives of the CPA for businesses.

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

- Faulty items may be replaced/repaired/money refunded if the fault occurs within six months after purchase.√√
- Businesses must disclose more information about their products and processes/services.√√
- Consumers can take advantage of businesses and return goods when it is not necessary to do so.√√
- Processes and procedures required of businesses can be expensive and time consuming.√√
- Some businesses feel unnecessarily burdened by the required processes.√√
- Penalties for non-compliance may be very high.√√
- Businesses need to train staff and consult legal experts, which can be expensive for smaller businesses.√√
- Consumers have a right to receive contracts in simple and understandable language, therefore many business documents need to be simplified.√√
- Legal contracts must be worded in plain language and pitched at the level of the consumer who is being targeted.√√
- Prohibits discriminatory marketing and deals extensively with general marketing standards.√√
- Provisions in the Act increase the risks for insurance companies in protecting businesses against unforeseen claims and lawsuits.√√
- Supply chain management in stock levels will have to be managed differently as defective goods have to be replaced within six months at the request of the customer.√√
- 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 negatives of CPA for businesses.

**AND/OR****Impact of Consumer Protection Act (CPA) on consumers****Positives**

- 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 the market for goods and services.√√
- Educates consumers about how to participate responsibly in the goods and services market.√√
- Ensures that consumers do not buy goods of poor quality which do not meet quality standards.√√
- Provide consumers with information and thereby promote consumer education.√√
- Consumers are forced to make responsible and informed decisions.√√
- Consumers have a cooling-off period of five working days after purchasing a product.√√
- Protect consumers from hazardous products or poor workmanship in terms of service rendered.√√
- Encourages consumers to complain.√√
- Any other relevant answer related to the positives of the CPA for consumers.

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

- Consumers may not be aware of the CPA/their consumer rights.√√
- Consumers may be unaware of mechanisms in place to lodge disputes.√√
- Serious implementation problems with regard to handling consumer complaints.√√
- Any other relevant answer related to the negatives of the CPA for consumers.

Max (14)

**7.4 Practical ways to comply with the CPA**

- Disclose prices of all products on sale.√√
- Ensure that goods/services offered are standardised/of the same quality.√√
- Comply with the requirements regarding promotional competitions.√√
- Display the name of the business on all business documents, e.g. letterheads/invoices/contracts.√√
- All agreements must provide for a five-day cooling off period.√√
- Comply with requirements regarding the display of information on labels/ packaging, e.g. smoking is hazardous for pregnant woman.√√
- Bundling of goods/services should benefit consumers, e.g. offering a cell phone and a tablet at a special price.√√

- Provide adequate training to staff on the CPA.√√
- Implement measures that will facilitate complaints, e.g. suggestion boxes.√√
- Any other practical way that business should implement to comply with the CPA.

Max (10)

**7.5 Conclusion**

- The CPA forces both businesses and consumers to act responsibly when doing business.√√
- Non-compliance by businesses may result in penalties/legal action.√√
- Any other relevant conclusion related to the CPA.

(Any 1 x 2) (2)

**[40]**

**BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Consumer rights	(4 x 4)=16	
Impact of CPA	14	
Compliance by business	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

**NOTE: Take particular note of repetition and the context of the answer.**

**QUESTION 8: BUSINESS VENTURES (FORMS OF OWNERSHIP)****8.1 Introduction**

- It is important for prospective entrepreneurs to choose appropriate forms of ownership that will suit their needs.√
- Choosing a form of ownership depends on a number of factors such as capital/capacity/taxation/division of profits/management/legislation.√
- A Personal Liability Company is a voluntary association of 1 or more persons, governed by the Companies Act (Act 71 of 2008) and incorporated in terms of the Memorandum of Incorporation.√
- Any other relevant introduction related to the forms of ownership/Personal Liability Companies/Partnerships.

Max (2)

**8.2 Comparison between Partnership and Personal Liability Company (PLC)**

<b>Criteria</b>	<b>Partnership</b>	<b>Personal Liability Company</b>
<b>Name</b>	- No specific requirements.√√	- Ends with Inc.√√
<b>Minimum number of owners</b>	- At least two partners.√√	- At least one shareholder/promoter/founder.√√
<b>Maximum number of owners</b>	- Unlimited number of partners.√√	- No maximum of shareholders.√√
<b>Owners are known as</b>	- Partners.√√	- Shareholders.√√
<b>How capital can be raised</b>	- Partners can contribute skills/assets or capital.√√	- Shares issued to the founders/promoters.√√
<b>Profit/losses belong to</b>	- Partners.√√	- Shareholders.√√
<b>Profit sharing</b>	- Partners share profits according to the partnership agreement.√√	- Profits paid in dividends according to number of shares owned.√√
<b>Formation</b>	- Legal agreement between partners and usually a partnership agreement/partnership article is signed.√√	- File Memorandum of Incorporation (MOI) with the Companies and Intellectual Property Commission (CIPC).√√
<b>Managed by</b>	- Partners are usually involved in the management of the business.√√	- The business is managed by a Board of Directors who may be professionals in their fields.√√ - At least one director.√√
<b>Assets are owned by</b>	- Partners.√√	- The company.√√
<b>Legal person</b>	- Partnership does not have a separate legal personality.√√	- Company has a separate legal personality.√√

<b>Liability for debts</b>	- Partners have unlimited liability/Partners are jointly and severally liable for the debts of the business.√√	- Shareholders have a limited liability.√√ - The PLC and its directors, past and present, are jointly liable for any debts and liabilities incurred.√√
<b>Continuity</b>	- No continuity/If one partner dies or retires, the remaining partners need to draw up a new agreement.√√	- Continuity – if one shareholder dies/retires, the company will still continue to exist.√√
<b>Taxation</b>	- Partners pay tax in their personal capacity.√√	- Subjected to double taxation/Companies and shareholders are taxed separately.√√
	Sub max (8)	Sub max (8)

- NOTE:**
1. The comparison must be clear.
  2. Mark Partnership or Personal Liability Company only, when the comparison does not correspond.

Partnership sub max (8)  
PLC sub max (8)  
**Max (16)**

**8.3 Factors that may contribute to the success/failure of a PLC**

**8.3.1 Capital**

**Success factors**

- A large amount of capital can be raised since there is no limit on the number of shareholders.√√
- Large amount of capital enhances growth and advancement in technology for the PLC.√√
- The company can access long term capital and therefore has good long term growth opportunities.√√
- Any other relevant answer related to how capital can contribute to the success of a PLC.

**AND/OR**

**Failure factors**

- Shares are not freely transferable, so less capital can be raised/Prohibited by its Memorandum of Incorporation (MOI) from offering its shares to the public, which limits the amount of capital that can be raised for expansion.√√
- Restrictions on transferability of shares may discourage people from joining the company.√√
- If the company fails to attract financially strong shareholders, it may hamper its growth opportunities.√√
- Any other relevant answer related to how capital can contribute to the failure of a PLC.

Max (8)

**8.3.2 Management****Success factor**

- Management is in the capable hands of a board of directors who have skills, knowledge and abilities.√√
- Shareholders can vote for/appoint the most capable directors to manage their company.√√
- Directors are jointly and severally liable for all company's debts and liabilities incurred. This forces them to act responsibly and work harder towards the success of a company.√√
- One director may be able to make quick decisions.√√
- Any other relevant answer related to how management can contribute to the success of a PLC.

**AND/OR****Failure factors**

- Directors may not have a direct interest in the company, which can hamper growth and profit maximization.√√
- PLC and its shareholders are compelled to budget a larger amount for directors' remuneration to attract the best directors.√√
- Directors' fees increase the company's expenses which reduces net profit.√√
- Any other relevant answer related to how management can contribute to the failure of a personal liability company.

Max (8)

**8.3.3 Legislation****Success factors**

- The company and its owners (shareholders) are separate entities, which may encourage more people to join the company.√√
- Directors are forced (by the Act) to act responsibly and work harder towards the success of the company to protect their personal assets.√√
- Directors sign performance contracts which will motivate them to perform professionally and ethically.√√
- Rights and duties of shareholders are stipulated in the Companies Act, which minimises unethical and corrupt behaviour.√√
- May obtain government tenders as the PLC is properly registered in compliance with the Companies Act.√√
- Any other relevant answer related to how management can contribute to the success of a PLC.
- 

**AND/OR**

**Failure factors**

- Lengthy registration requirements may delay the actual operation of the business and shareholders can loose on profitable opportunities.√√
- It is expensive to register this form of ownership which increases business expenses hence reducing profit.√√
- The drafting of directors' performance contracts may be time consuming, expensive and increase costs.√√
- Auditing is required only if the PLC meets the requisite tests for solvency and liquidity, which leads to extra auditing costs.√√
- Any other relevant answer related to how legislation can contribute to the failure of a personal liability company.

Max (8)

**8.4 Conclusion**

- Operating as a PLC can be challenging because of legal requirements.√√
- This form of ownership is most suitable for professional people, e.g. lawyers, because of limited liabilities of the owners.√√
- Any other relevant conclusion related to the forms of ownership/Personal Liability Companies/Partnerships.

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

**BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Comparison	16	
Factors for Success/Failure:		
Capital	8	
Management	8	
Legislation	8	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

**QUESTION 9: BUSINESS ROLES (SOCIAL RESPONSIBILITY)****9.1 INTRODUCTION**

- Businesses and their communities are interdependent and the one cannot do without the other.√
- The interdependence can be improved if businesses and communities recognize their social responsibility.√
- A responsible business should contribute towards the upliftment of the community.√
- CSR is a business's obligation to protect/promote the welfare of all stakeholders, who have an interest in or that will be affected by a business.√
- Through their CSR programmes businesses can focus on the triple bottom line, which is making profits, uplifting/supporting the people and their communities, and caring for the environment/planet.√
- Any other relevant introduction related to CSR/CSI.

Max (2)

- NOTE: 1. The definition/description of CSR may also be included in the introduction.**
- 2. Take particular note of repetition.**
- 3. Allocate a maximum of 8 marks when the definition/description of CSR is discussed in both 9.1 and 9.2.**

**9.2 Description of CSR**

- An obligation by a business to pursue sound long term goals for society.√√
- Long term commitment by businesses to always act ethically/to contribute to economic development in order to improve the quality of life of their employees, their families, their local communities and society in general.√√
- The way companies manage their business resources/processes to impact positively on society.√√
- When a business is accountable to their employees/community/government for its actions/behaviour/methods of doing business.√√
- An ethical way of doing business in the interest of both the business and the wider community.√√
- A willingness to act in accordance with legislation that requires community upliftment/employee development.√√
- Businesses recognise the need to give back to society in a sustainable manner.√√
- Refers to strategies used by 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.√√
- Companies manage their business operations in such a way that it does not negatively affect stakeholders.√√
- CSR focuses on the idea that businesses can no longer act in isolation from the broader society.√√
- Any other relevant answer related to the description/definition of CSR.

Max (6)

**9.3 Critical assessment/evaluation of the role of CSR****Positives for the business**

- Can serve as a marketing strategy and promote the image of the business.√√
- A company may have a competitive advantage, as it leads to good publicity and an improved reputation.√√
- May attract experienced employees/increase the pool of skilled labour which could increase productivity.√√
- It helps to attract and retain staff/Lower staff turnover as employees' health and safety are considered/Improve the health of its employees.√√
- The business enjoys the goodwill and support of communities.√√
- CSR helps to attract investors.√√
- If CSR is aligned with company policies/vision/mission statement, it shows accountability towards all stakeholders.√√
- Businesses that support CSR through various programmes, encourages and rewards employees if they get involved in CSI programmes.√√
- CSI programmes have a better success rate if it is fully supported by top management.√√
- Sustained environmental conservation programmes may lead to reducing costs, which can make funds available for other business operations.√√
- If the corporate sector gets involved voluntarily in CSR, it is less likely that Government will enforce the issue through legislation.√√
- Businesses may enjoy tax rebates from SARS.√√
- Any other relevant answer related to a positive evaluation/assessment of the role of CSR in the business.

**AND/OR****Negatives for the business**

- The community may not support the enterprise, i.e. may not buy the products of the enterprise.√√
- Difficulty in adherence to legislation governing CSR.√√
- Small and medium enterprises find it difficult to implement CSI programmes.√√
- CSI activities can distract businesses from their core business functions.√√
- Social involvement is paid from a company's profit that could have been used to lower prices to the benefit of customers.√√
- Detailed reports must be drawn up, which can be time consuming.√√
- Social spending reduces a company's economic efficiency and makes it less competitive.√√
- It can increase financial risk, as programmes cost money and may impact negatively on profits.√√
- Company directors are accountable to shareholders, not to the communities.√√
- It is difficult to accurately measure the effectiveness of social investment.√√

- It is difficult to determine the exact needs of the communities.√√
- Most managers are not trained and lack experience to handle social programmes.√√
- Some shareholders/stakeholders might withdraw their support from the company as they feel that social issues should be the government's responsibility.√√
- Providing goods and services that meet the needs of consumers is, according to some stakeholders, already socially responsible.√√
- Some CSI programmes will be regarded as a public relations stunt, as these programmes improve the business's image without having a sustainable/long term effect.√√
- Shareholders, as the only real stakeholders, may suffer as their profits are spent on CSR.√√
- Employees may spend more time working on CSI programmes instead of focusing on their core duties.√√
- Any other relevant answer related to a negative evaluation/assessment of the role of CSR in the business.

Sub max (12)

**AND/OR****Positives for the community**

- Supports the business by purchasing its products and thereby contributing to business profitability.√√
- Provides labour, customers and are suppliers to the business.√√
- Provision of bursaries.√√
- Improves the welfare of society.√√
- The standard of living of the community is uplifted/quality of life of communities is improved.√√
- Involves employees in community projects.√√
- Better educational facilities are established in poor communities.√√
- Any other relevant answer related to a positive evaluation/assessment of the role of CSR in the community.

**AND/OR****Negatives for the community**

- Distribution of scarce CSR resources to selected beneficiaries in the community may cause problems such as discrimination.√√
- The benefits of the programmes may not filter to the intended persons within the community.√√
- Programmes that do not satisfy all the needs of the community may be rejected.√√
- Hand-out programmes discourage locals from taking their own initiative by making them dependent on social investment programmes.√√
- Sustaining projects after businesses withdraw their assistance are often difficult without the right expertise.√√

- Spending money on CSR means the business has to recover it somehow and this will lead to higher prices and inflation which has a negative impact on the economy.√√
- Any other relevant answer related to a negative evaluation/assessment of the role of CSR in the community.

Sub max (12)

**Max (20)****9.4 Possible CSI programmes**

- Build schools in communities.√√
- Offer bursaries to needy students.√√
- Protect the environment, e.g. use paper-based recyclable packaging/reduce water and electricity usage/recycling and waste recovery.√√
- Support youth programmes.√√
- Sponsor sporting activities and sport development programmes.√√
- Businesses can donate their old computers to under privileged schools.√√
- Teach entrepreneurial skills and offer support to individuals starting new ventures.√√
- Provide/Support adult education and training in local communities.√√
- Sponsor art and cultural programmes.√√
- Establish programmes to promote early childhood development.√√
- Conduct job creation programmes.√√
- Any other relevant answer related to examples of CSI programmes.

Max (10)

**9.5 Recommendation on how KFC's CSI programmes can satisfy stakeholders.**

- Consumers√
  - Ingredients and other information that might affect consumers' safety should be displayed on product labels when sponsoring feeding scheme programmes.√√
  - Product should be tested for safety and bare the SABS mark of approval where applicable.√√
  - Any other relevant answer related to ways in which KFC's CSI programmes can satisfy consumer needs.
- Employees√
  - Business should create equal opportunities and cater for diversity through CSI programmes.√√
  - Implement CSI programmes that address issues of sexual harassment/HIV/AIDS and/or TB.√√
  - Provide better education and training facilities in the business and the community.√√
  - Skills improvement programmes may reduce unemployment levels.√√
  - Any other relevant answer related to ways in which KFC's CSI programmes can satisfy employee needs.

- Government✓
  - Business should promote the implementation of legislation/government policies, e.g. skills development.✓✓
  - Business should support government initiatives, e.g. by co-operating with local government in supplying housing.✓✓
  - By creating job opportunities in communities, the pressure on government to address unemployment, is reduced.✓✓
  - Any other relevant answer related to ways in which KFC's CSI programmes can satisfy government needs.

**NOTE: Allocate a maximum of THREE (3) marks for identifying the stakeholders.**

Max (6)

### 9.6 Conclusion

- Despite challenges, most businesses do take their social responsibility very seriously and contribute positively to communities/society.✓✓
- Successful CSI programmes will improve the general standard of living.✓✓
- CSI programmes will contribute positively if they are strategically planned and not just be given hand-outs/contributions randomly.✓✓
- Any other relevant conclusion related to CSR/CSI.

(Any 1 x 2) (2)

**[40]**

#### BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Description	6	
Assessment and evaluation	20	
Possible CSI programmes	10	
Recommendations	6	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirement are not met at all.

**QUESTION 10: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)****10.1 Introduction**

- Total quality relates to products that totally satisfy customers' needs and expectations in every respect on a continuous basis.√
- Quality is to satisfy customers' needs.√
- Business functions and employees' activities must be properly managed to ensure quality goods and services.√
- Quality management should not just be an inspection process, but become part of the culture of the business.√
- TQM is an integrated system and methodology applied throughout the organisation which helps to design, produce and provide quality products and quality service to customers.√
- Any other relevant introduction related to total quality management. (TQM)

Max (2)

**10.2 Elements of the TQM****10.2.1 Top management involvement/Commitment of top management√√**

- Management should have a clear vision and mission statement with regards to TQM.√√
- Management is responsible for giving strategic guidance with regards to quality management.√√
- Top management should support all TQM activities.√√
- Appoint managers/supervisors to control and oversee all stages of TQM processes.√√
- Act on customer feedback and complaints.√√
- Ensure that quality reviews are regularly conducted.√√
- Ensure that shareholders are totally satisfied with the standards of quality.√√
- Any other relevant answer related to top management's involvement.

Sub max (6)

**10.2.2 Total client satisfaction/Total customer satisfaction√√**

- The business should understand current and future customer needs.√√
- Quality products and services satisfy customer's needs and expectations.√√
- Customers will be satisfied if products and services meet their needs, requirements and expectations.√√
- Businesses need to conduct effective market research to determine customer's needs and to develop products and services that will meet or exceed those needs.√√
- Businesses need to implement efficient, friendly customer services and customer care systems.√√
- Any other relevant answer related to total client satisfaction.

Sub max (6)

**10.2.3 Continuous improvement to systems and processes**√√

- Processes and systems are the flow of activities implemented to create or deliver products and services to customers.√√
- Businesses that have quality processes and systems in place will produce good quality products and can provide excellent customer services.√√
- It should be easy for customers to understand processes so that they do not waste their time with long and complicated procedures.√√
- Employees need to understand the operating system and the service delivery system.√√
- Identify the problem areas of the business.√√
- Give details and specific instructions on the improvement of systems and processes.√√
- Encourage team work and delegate responsibilities.√√
- Any other relevant answer related to continuous improvement to systems and processes.

Sub max (6)

**10.2.4 Involvement of all employees/People Based Management**√√

- Management should ensure that all employees are involved in quality management.√√
- Management should ensure that employees are totally satisfied with the standards of quality.√√
- Effective meetings should be encouraged at all times.√√
- Effective communication tools will ensure high quality standards.√√
- Regular internal quality audits may maintain high quality standards.√√
- There should be regular reviews of non-conformities in order to be pro-active/ to take remedial action.√√
- Any other relevant answer related to involvement of all employees/People Based Management.

Sub max (6)

**10.2.5 Continuous skills development/Education and training**√√

- A skills audit should be conducted to determine the qualifications and competence of staff that can influence the quality of products/processes.√√
- Employees who lack skills should be trained in line with their job descriptions.√√
- Regularly evaluate the effectiveness of the training.√√
- Suitable induction programmes that promote quality should be implemented.√√
- Quality guidelines for managers should be used to monitor continuous skills development.√√
- Any other relevant answer related to continuous skills development/ education and training.

Sub max (6)

**10.2.6 Adequate financing and capacity**√√

- There should be enough funds available for proper quality management processes, e.g. systems to prevent errors in the process/detect defects in raw materials.√√
- Funds should be available for market and product research to gather information on quality improvement.√√
- Suitable equipment should be available for testing and maintaining high quality standards.√√
- Funds should only be used to buy the best quality raw materials to avoid/prevent faulty products.√√
- Funds should be available for regular internal/external testing of products and processes to maintain high quality.√√
- Any other relevant answer related to adequate financing and capacity.

Sub max (6)

**10.2.7 Planning**√√

- Proper planning for quality assurance of processes should be in place before production commences.√√
- Enough staff/Quality assurers should be available at key production points to quality assure products and processes.√√
- Any other relevant answer related to adequate planning.

Sub max (6)

**10.2.8 Monitoring and Evaluation**√√

- Monitoring/Evaluation systems and quality assurance processes should be in place to prevent product defects and wastages.√√
- Allow for quality control checks and procedures at key production points.√√
- Any other relevant answer related to planning, monitoring and evaluation.

Sub max (6)

**10.2.9 Management by facts**√√

- Management should be kept informed about all quality processes.√√
- Facts should be measurable/based on observation and experiments.√√
- Analysis of data and information should be accurate.√√
- Accurate data and information would assist the management to make informed decisions.√√
- Regular quality feedback meetings between management and employees should be held to discuss ways of improving quality.√√
- Any other relevant answer related to management by facts.

Sub max (6)

**10.2.10 Teamwork**√√

- TQM requires everyone to work effectively as an individual and as a team member within a department of a business or across departments.√√
- An initiative that works well within teamwork to improve quality is the use of quality circles.√√
- A quality circle is a group of employees with a variety of skills and experience coming together to solve problems related to quality and to implement improvements.√√
- They give/suggest solutions to top management.√√
- Any other relevant answer related to teamwork.

Sub max (6)  
**Max (18)**

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

**10.3 Impact of poor TQM**

- Setting unrealistic deadlines.√√
- Lack of training and skills development may lead to poor quality products.√√
- Decline in productivity, because of stoppages.√√
- Investors might withdraw investment, if there is a decline in profits.√√
- Bad publicity due to poor quality products supplied.√√
- Decline in sales, as returns from unhappy customer's increase.√√
- High staff turnover, because of poor skills development.√√
- Undocumented quality control systems/processes could result in error or deviations from pre-set quality standards.√√
- Any other relevant answer related to the negative impact resulting from poor TQM.

Max (10)

**10.4 Recommendations for reducing the cost of quality**

- Introduce quality circles/small teams of five to ten employees, who meet regularly to discuss ways of improving the quality of their work.√√
- Schedule activities to eliminate duplication of tasks/activities.√√
- 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 experiences.√√
- 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 business can reduce the cost of quality.

Max (12)

**10.5 Conclusion**

- A quality management system is a belief:
  - in the employee's ability to solve problems.√√
  - that people doing the work are best able to improve on it.√√
  - that everyone is responsible for quality.√√
- TQM is a thought revolution in management, where the entire business is operated with customer orientation in all activities all the time by everyone in the organisation.√√
- Any other relevant conclusion related to TQM.

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

**BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Elements	<b>(3 x 6) 18</b>	
Impact	10	
Recommendations	12	
Conclusion	2	
<b>INSIGHT</b>		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

**TOTAL SECTION C: 80**  
**GRAND TOTAL: 300**