2020

BUSINESS STUDIES

GRADE: 12

PAPER: 1

LEARNER EXAM- KIT

TOPICS:

BUSINESS ENVIRONMENTS

AND

BUSINESS OPERATIONS

# © COPYRIGHT

*This work is protected by the Copyright Act 98 of 1978. No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without permission in writing from Matthew Goniwe School of Leadership and Governance.*

*Whilst every effort has been made to ensure that the information published in this work is accurate, Matthew Goniwe School of Leadership and Governance takes no responsibility for any loss or damage suffered by any person as a result of the reliance upon the information contained therein.*

**TABLE OF CONTENTS**

|  |  |
| --- | --- |
|  | **Page** |
| **1** |  | Foreword | 4 |
| **2** |  | Guidelines for answering the business studies question paper 1 & 2  | 5-6 |
| **3** |  | Classification of subtopics according to paper 1 main topics | 7 |
| **4** |  | The structure of paper 1 of the end of the year examination | 7 |
| **5** |  | Action verbs commonly used in business studies examination paper  | 8-9 |
| **6** |  | Section A questions Compulsory  | 10-12 |
| **7** |  | Business Environment: Impact of recent legislation on businesses  | 13-27 |
| **6** |  | Business Environment: Business strategies  | 27-40 |
| **7** |  | Business Operations: Human Resources Function  | 41-55 |
| **8** |  | Business Operations: Quality of performance  | 56-67 |

**FOREWORD**

Business Studies is a dynamic subject that requires teachers to go beyond the textbook so that they can keep abreast with the latest developments. We therefore, must live by example and keep abreast with the latest developments so that teaching and learning become relevant.

The COVID-19 pandemic poses many challenges to teachers and learners as teachers are required to research and interpret the learning material to accommodate all types of learners. This participant guide serves a guideline on how teachers can prepare learners well for the 2020 NSC examination.

We request that you use this exam booklet in conjunction with the 2014-2019 NSC national diagnostic reports on learner performance. Learners must be made aware of the misconceptions and errors that are highlighted in these reports to avoid the repetition of errors. Teachers are also advised to take note of the recommendations that are highlighted in these reports. We further request that learners must be given quality assessment tasks that are in line with the 2020 exam guidelines. The marking of these activities must be done in accordance with the national marking principles.

You are also requested to use past NSC 2014-2019 papers discreetly as some of the questions that were asked in these papers are no longer relevant and not in line with the 2020 Examination Guidelines (EG). You are welcome to discuss any challenges that you may encounter regarding this guide with your subject advisors and facilitators.

**GUIDELINES FOR ANSWERING THE BUSINESS STUDIES PAPERS 1 & 2**

Planning and organisation is extremely important. A well-planned work schedule/study timetable will ensure the completion of the curriculum which will adequately prepare you for the end-of- the-year examination.

**Guidelines on how to quality responses**

* Remember that each TOPIC can be tested with objective, short, paragraph or essay type questions.
* An essay question may include a combination of topics and subtopics.
* Take particular note of how the ACTION WORDS/VERBS listed below, could be used in phrasing various/different types of questions, e.g.:
* The mark allocation will determine the length and time to be spent on the question.
* Number the answers correctly according to the numbering system used in the question paper

Learners must keep abreast of current developments in the subject and the industry to be able to provide recent examples in order to obtain marks for originality in essay questions. Originality should not be seen as a separate section in an essay type question, but rather as an example that will either strengthen a point made, or enhance the discussion of the topic of the essay.

**TYPES OF QUESTIONS**

**SECTION A**
Multiple-choice, matching, choosing the correct concept/terminology, etc. (short and objective questions):

* These types of questions require learners to have a thorough knowledge of the subject and they have to exercise logic and good insight.
* The recommended approach to multiple-choice questions is to read and analyse the statement carefully. Thereafter, study the alternatives carefully and eliminate the incorrect options. Review the remaining possible answers and choose the correct one.

**SECTION B**

Paragraph style, case studies and source-based questions – shorter type questions

* Read and understand the information presented.
* Questions can be direct or indirect. These include source-based questions and case studies.
* Learners will be required to provide their opinion, solve problems and make recommendations related to the question.
* Questions range from easy to difficult in terms of cognitive levels and levels/degrees of difficulty. (TAKE NOTE of the revised Bloom's taxonomy.)

**SECTION C
Longer/Essay type of questions**

* You must be able to organise information on a topic systematically and logically to be able to evaluate/analyse/motivate/suggest/recommend and elaborate on topics extracted from given case studies, scenarios etc. Learners must enhance or support their answers/viewpoints with recent examples to obtain marks for originality.
* Please be familiar with words, such as 'challenges' and 'areas of concern', so that they are able to identify challenges in the case studies and to make recommendations. It is imperative that learners do not associate the word 'challenges' only with business environments or 'areas' only with geographical regions.

**BREAKDOWN OF MARKS IN ESSAY-TYPE QUESTIONS**

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

Core Content – Body (headings, subheadings, paragraphs). FULL SENTENCES must be used, but they may be bulleted, where applicable.

**Conclusion**

Learners give their opinion in response to the question/statement **(1 x 2) (2)**

The mark allocation for an essay-type of question is generally as follows:

|  |  |  |
| --- | --- | --- |
| CONTENT |  | MARKS |
| Facts | Core content equivalent to 50 marks, including introduction and conclusion, but marked to a maximum of 32 marks. | **32** |
| Layout | Introduction, body and a conclusion | **2** |
| Analysis | All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A') | **2** |
| Synthesis(marks to be allocated based on the guide shown here) | Factual marks | Synthesis marks | **2** |
| No | 0 |
| Some | 1 |
| Only relevant facts were given in the essay | 2 |  |
| Originality | Evidence of examples based on recent information, current trends and developments | **2** |
| **Total Mark** | **40** |

**CLASSIFICATION OF SUBTOPICS ACCORDING TO PAPER 1 MAIN TOPICS**

|  |  |
| --- | --- |
| **BUSINESS ENVIRONMENTS** | **BUSINESS OPERATIONS** |
| Impact of recent legislation on business | Human resources function |
| Business strategies | Quality of Performance |
| Business sectors and their environments |  |

**THE STRUCTURE OF PAPER 1 OF THE END OF THE YEAR EXAMINATION**

**GRADE 12:**

**BUSINESS STUDIES PAPER 1**

**DURATION: 2 HOURS
TOTAL MARKS: 150**

|  |  |  |  |
| --- | --- | --- | --- |
| **SECTION**  | **PAPER 1** | **MARKS**  | **TIME PER PAPER**  |
| **A** | **MPULSORY SHORT QUESTIONS 30 MARKS**Business Environments:(15 marks) Business Operations :(15 marks) MULTIPLE CHOICE CHOOSE THE CORRECT WORD MATCHING ITEM  | **30** | **20 MINUTES**  |
| **B** | **CHOOSE ANY TWO QUESTIONS (40 X 2)** **QUESTION 2:**Business Environments : (40 marks) **QUESTION 3:** Business Operations :(40 marks)**QUESTION 4:** Miscellaneous : (Total of 40 marks) consisting of: Business Environments : (20 marks) Business Operations : (20 marks)  | **80** | **70 MINUTES**  |
| **C** | **SECTION C:** **ESSAY TYPE QUESTIONS** **Choose ONE question (40 x 1)** **QUESTION 5:** Business Environment :(40 marks)**QUESTION 6:**Business Operations :(40 marks)  | **40** | **30MINUTES**  |
| **TOTAL**  |  | **150** | **120** |

**ACTION VERBS COMMONLY USED IN BUSINESS STUDIES EXAMINATION PAPER**

|  |  |
| --- | --- |
| **ACTION VERB** | **MEANING** |
| Name | to state something - give, identify or mention |
| Outline | give a summary, using main points and leaving out minor |
| Give | details |
| Define | to state facts without discussions |
| Identify | write an itemised series of concise statements / words |
| State  | give a summary, using main points and leaving out minor |
| Quote | Take the answer verbatim from the scenario case study/ extract. |
| Discuss/Explain/the positive impact  | Supply positive responses only |
| Discuss/Explain/Describe the negative impact | Supply negative responses only.This means only give disadvantages |
| Discuss the impact | Supply positives and/or negatives |
| Distinguish/Differentiate | Explain the differences between conceptsThe difference/distinction does not have to link but the differences must be clear |
| Calculate | find an answer using mathematical methods |
| Classify | to divide into groups or types so that things with similar characteristics are in the same group - to arrange according to type or sort |
| Elaborate | Explain a little bit further |
| Analyse the positive impact | This means only give advantages |
| Evaluate the negative impact | This means only give disadvantages |
| Suggest/Recommend/Advise  | Provide your own opinion with a valid argument |
| Motivate  | support your argument, normally taking a positive or negative stance |
| Tabulate/Compare the differences between two concepts | Explain the differences between two concepts and they must link |

**BUSINESS ENVIRONMENTS: PAPER 1**

**Sub-topics that are covered under Business Environments:**

* Impact of recent legislation on businesses
* Business strategies
* Business sectors

**UNIT: ONE**

**BUSINESS ENVIRONMENTS & BUSINESS OPERATIONS**

**SECTION A**

**COMPULSORY**

**QUESTION 1**

**MULTIPLE CHOICE QUESTIONS ON BUSINESS ENVIRONMENTS & BUSINESS OPERATIONS**

* 1. Various options are provided as possible answers to the following questions. Write down the question number (1.1.1–1.1.29), choose the answer and make a cross (X) over the letter (A–D) of your choice in the ANSWER BOOK.
		1. This Act protects employers from a financial burden should employees be involved in

an accident at the workplace:

A Consumer Protection Act, 2008 (Act 68 of 2008)

B Skills Development Act (SDA), 1998 (Act 97 of 1998)

C Compensation for Occupational Injuries and Diseases Act

(COIDA), 1997 (Act 61 of 1997)

D Labour Relations Act (LRA), 1995 (Act 66 of 1995)

1.1.2 The process whereby a business stops operating and sells all assets to pay off debts:

A Retrenchment

B Market development

C Divestiture

D Liquidation

1.1.3 Comfort Furniture specialises in the distribution of office furniture. It operates in the

... sector.

A primary

B secondary

C tertiary

D public

1.1.4 The process of matching a new employee's skills and abilities with the requirements of a job:

A Selection

B Job analysis

C Placement

D Recruitment

1.1.5 Inspection of the final product to ensure that it complies with the required standard:

A Quality gap

B Quality management

C Quality assurance

D Quality control (5X2) (10)

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

|  |
| --- |
| management by facts;…. business plan; ….recruitment ;…administration;….. divestiture;…. marketing;…. strategy;….. liquidation;….. selection;….. continuous improvement to processes and systems  |

1.2.1 Denise Enterprises used ... as part of a defensive strategy when they stopped operating and sold all their assets to pay off debts.

1.2.2 The plan of action used by businesses to deal with their long- term challenges is known as a ...

1.2.3 A job advertisement is placed in the appropriate media during the ... process.

1.2.4 The ... function is responsible for making reliable information available to management on time.

1.2.5 The TQM element of ... includes the application of the PDCA model.

(5 x2) (10)

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

1.3.6 K.

|  |  |
| --- | --- |
| **COLUMN A** | **COLUMN B** |
| 1.3.1 learnerships 1.3.2 Public relations functions1.3.3 National Skills Development Strategy 1.3.4 Total quality management 1.3.5 Strategy evaluation  | A process of monitoring business activities and measuring performanceB measures the quality of the final product C provides training material for facilitatorsD conduct research about employees' needsE lead to a formal qualification linked to a specific trade F improves access to training programmes G process of developing and implementing the strategy H requires learners to have a matric certificate as a minimum requirement for entry I aims at ensuring that customers' needs are satisfied beyond their expectationsJ releases regular, positive press statements about the business  |

(5x2) (10)

**TOTAL SECTION A: 30**

|  |
| --- |
| **TIPS*** Section A is compulsory, and it will include the following questions:
* Multiple-choice questions
* Complete sentences
* Matching type questions
* All sub-topics in business ventures and roles will be equally assessed.
* Candidates must be well conversant with all the sub-topics to answer all the questions in this section.
* Some questions will be indirect as learners may be required to apply knowledge.
* This section will consist of 30 marks**.**
* Only one answer in section A will be marked in each sub-question
* Learners are advised to spend at least 30 minutes when answering this section
 |

**SECTION B: CONTEXTUAL QUESTIONS**

**QUESTION 2: BUSINESS ENVIRONMENTS: LEGISLATION**

**QUESTIONS ON THE SKILLS DEVELOPMENT ACT**

2.1 Outline the role of SETAs in supporting the Skills Development Act, 1998 (Act 97 of 1998). (8)

|  |
| --- |
| **TIPS**The action verb “Outline” requires candidates to write complete sentences to get full marks **TWO** ticks will be allocated at the end of the sentence refer to notes to markers note 12.1 **NOTE:** Learners must be advised that SETAs are the implementors of the Skills Development Act. This should not be confused with the purpose of SDA.  |

**REQUIRED RESPONSES**

2.1  **Role of SETAs**

* Develop sector skills plans in line with the National Skills Development Strategy.√√
* Draw up skills development plans for their specific economic sectors.√√
* Approve workplace skills plans and annual training reports.√√
* Allocate grants to employers, education and training providers.√√
* Pay out grants to companies that are complying with the requirements of the Skills Development Act. √√

**Max (8)**

2.2 Evaluate the impact of the Skills Development Act (SDA), 1998 (Act 97 of 1998) on businesses. (8)

|  |
| --- |
| **TIPS*** The action verb “Evaluate” requires positive/advantages and/or negative/disadvantages.

This means that learners’ responses can either be positive OR negative OR both* This action verb also requires candidates to write complete sentences to get full marks.
* Learners are encouraged to write full sentences as ticks will be separated

**NOTE:** Learners must be advised that SETAs are the implementors of the Skills Development Act. This should not be confused with the purpose of SDA.  |

**REQUIRED RESPONSES**

**2.1 Impact of the Skills Development Act (SDA) on businesses**

**Positives/Advantages**

* Increases the number of skilled employees√ in areas where these skills are scarce.√
* Improves productivity√ in the workplace.√
* Business could become globally√ more competitive.√
* Increases investment in education and training√ in the labour market.√
* Higher investment in education and training in the labour market√ increases profits/return on investment.√

**AND/OR**

**Negatives/Disadvantages**

* The SDA process is prescriptive and requires a large amount of paperwork and administration√ which can cost time and money.√
* Skills Development Levy could be an extra burden√ to financially struggling businesses.√
* It may be monitored and controlled by government departments√ that do not have education and training as their key priorities.√
* The SETAs may not be well organised√ and many courses offered by companies may not have unit standards that relate to the course content.√
* Many service providers that offer training services√ are not SAQA accredited. √ **Max (10)**

2.3 Recommend ways in which businesses could comply with the Skills Development Act (SDA), 1998 (Act 97 of1998)

|  |
| --- |
| **TIPS*** Learners responses should focus on “how” businesses should comply with this Act.
* Teachers should ensure that learners first understand the purpose and impact of SDA on businesses so that they are able to understand ways in which they can comply with the SDA.
 |

**REQUIRED RESPONSES**

**Ways in which businesses could comply with the Skills Development Act (SDA)**

* Employers who collect PAYE should register with SETAs. √√
* One per cent of an employer's payroll has to be paid over to the SETA. √√
* Businesses should register with SARS in the area in which their business is classified (in terms of the SETA). √√
* Employers should submit a workplace skills plan and provide evidence that it was implemented. √√
* Businesses with more than 50 employees must appoint a skills development facilitator. √

**Max (6)**

**QUESTIONS ON THE LABOUR RELATIONS ACT**

2.4 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **JOKO TRENDY BAGS (JTB)**Joko Trendy Bags design and manufacture fashionable handbags. They employ 50 workers, who are allowed to join a trade union of their choice. The management of JTB resolves work-related disputes through statutory conciliation, mediation and arbitration.  |

2.4.1 Identify the Act that applies to JTB. Motivates your answer by quoting from the scenario above. (3)

2.4.2 Discuss the negative impact of the Act identified in QUESTION 2.4.1 on JTB as a business. (6)

|  |
| --- |
| **PPILLLLLLRE****TIPS*** Read the above scenario carefully before answering questions.
* Learners must be able to identify key statements/words that would help the candidates to answer the question.
* Always try to predict the question that will be asked from scenario, using the 2020

examination guidelines.* The action verb “Identify” requires candidates to apply his/her mind to identify a concept in the scenario.
* “Motivate the answer by quoting from the scenario” means that learners responses must

be quoted verbatim from the scenario. Otherwise they will not be awarded marks for incomplete quotes or rephrasing of words from the scenario.* Discuss the “negative impact” requires candidates to give **ONLY** the disadvantages.
* Marks will be allocated objectively e.g. split ticks as per notes to markers 12.2.

disadvantages  |

**REQUIRED RESPONSES**

2.4.1 Labour Relations Act, 1995 (Act 66 of 1995)/Labour Relations Act/LRA√√ …..(2)

**Motivation**

* Workers are allowed to join a trade union of their choice/The management of JTB resolves work related disputes through statutory conciliation, mediation and arbitration. (1)

**NOTE: Learners will not be awarded for the motivation if the Act was incorrectly identified.**

**Max (3)**

**2.4.2 Negative impact of LRA on businesses**

* Employers/JTB may have to disclose information about workplace issues to union

representatives√ that could be the core of their competitive advantage.√

* Employers may not dismiss employees at will√, as procedures have to be followed.√
* Some businesses/JTB may feel that the LRA gives employees too much power√

as it creates lengthy procedures, e.g. consulting with workplace forums.√

* Employers may not get a court interdict√ to stop a strike.√
* Strike action always result in loss of production√ for which employers may not claim.√

**Max (8)**

**QUESTIONS ON THE BASIC CONDITIONS OF EMPLOYMENT ACT (BCEA)**

2.5 Explain the purpose of the Basic Conditions of Employment Act (BCEA),1997 (Act 75 of 1997). (8)

2.6 Identify the provisions of the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997) that Kajav Supermarket complied with in EACH statement below:

2.6.1 Employees are required to give due notice before they can end their employment contracts.

2.6.2 Kajav Supermarket does not force its employees to work more than three hours extra per day.

2.6.3 Employees are advised to produce a medical certificate if they are absent from work for more than two consecutive days.

2.6.4 Kajav Supermarket does not allow employees who are younger than 18 to perform dangerous duties. (8)

2.7 Explain the following provisions of the Basic Conditions of Employment Act:

2.7.1 Overtime (4)

2.7.2 Maternity leave (4)

2.7.3 Annual leave (4)

2.8 Analyse the impact of the BCEA on businesses (8)

2.9 Advise businesses on penalties they may face for non-compliance with the BCEA . (8)

|  |
| --- |
| **TIPS*** The purpose of the LRA must be well understood and assessed as learners may be able to understand other aspects of the LRA.
* The LRA must be able to link the employment contract so that learners can understand that this Act deals with the relationship between the employer and employees in terms of far labour practice.
* Learners must first understand the meaning of each BCEA provision so that they can gain insight of this topic. They will then be able to respond to both direct and indirect questions on this topic.
* They must be able to provide a detailed explanation of each provision of the BCEA instead of providing one-word answers.
* The action verb” analyse the impact” is the same as “Evaluate the impact” as learners will be required to provide positive and/or negative responses or both.
* Learners must be advised to refrain from confusing the advantages of the BCEA with the role of trade unions as stated in the 2015-2018 national diagnostic report on learner performance.
* Learners must be able to justify each fact in terms of “why is it an advantage OR disadvantage rather than writing silent facts.
* **NOTE** that learners will only be able to recommend ways in which businesses can comply with any Act if they understand the purpose and impact of each Act on businesses.
 |

**REQUIED RESPONSES**

* 1. **Purpose of the BCEA**
* Enforces/Establishes basic conditions of employment√ for employers and employees.√
* Set minimum requirements/standards√ for the employment contract.√
* Regulates the right to fair labour practices√ as set out in the Constitution.√
* Adheres to the rules and regulations√ set out by the International Labour organisation.√

**Max** **(8)**

**2.6 BCEA provisions from the statements**

2.6.1 Termination of employment√√

2.6.2 Overtime√√

2.6.3 Public holidays√√

2.6.4 Prohibition of Child-and Forced labour√√  **(8)**

**2.7 Provisions of the BCEA**

**2.7.1** **Overtime**

* Workers must agree√ to work overtime.√
* Workers cannot work more than√ three hours overtime per day/10 hours per

week. √ **Max (4)**

**2.7.2 Maternity leave**

* A pregnant employee√ is entitled to four consecutive months' leave.√
* A pregnant employee may not be allowed to perform work√ that is hazardous

to her unborn child. √ **Max (4)**

**2.7.3 Annual leave**

* Workers are entitled to:
* 21 consecutive days√ annual leave per year√/One day√ for every 17 days worked√/One hour√ for every 17 hours worked.√
* An employer can only pay a worker in lieu of leave√ if that worker leaves the job. √

**Max (4)**

**2.8 Impact of BCEA on business**

**Positives/Advantages**

* Encourages consultation√ between employers and employees. √
* Outlines minimum requirements√ that forms the basis of employment contracts.√
* Work hours are specified so that the employer√ cannot exploit employees.√
* Employees are permitted to consult labour unions√ in cases where the BCEA
* conditions are violated.√
* Employees may submit complaints√ to labour inspectors who can address it.√

**AND/OR**

**Negative/Disadvantages**

* Developing/Drafting a formal/legal employment contract √ may be time-consuming/costly. √
* Businesses may regard employment contracts negative√ and may not implement it, which result in non-compliance/penalties. √
* No employer may force an employee to work more than 45 hours in a week√ resulting to lower productivity. √
* Hiring cheap labour is no longer possible√, so businesses cannot exploit workers. √
* BCEA forces businesses to comply with many legal requirements√, which may increase labour costs. √
* Businesses not complying to the Act may be charged with high penalties√, which may affect their cash flow negatively. √  **Max (8)**

**2.9 Penalties businesses may face for not complying with the BCEA**

* Labour inspectors may serve a compliance order by writing to the Department of
* Labour√√
* The Director General may agree/change/cancel the compliance order.√√
* Labour inspectors may investigate/inspect/ask questions about complaints and remove records as evidence.√√
* Businesses may be taken to the labour court for a ruling.√√
* Businesses that are found guilty of non-compliance may face heavy fines/

penalties.√√ **Max (6)**

**QUESTIONS ON THE EMPLOYMENT EQUITY ACT (EEA)**

2.10 identify the pillar of the broad-based black economic empowerment act (BBBEE), 2003 (act 53 of 2003) that Mpho auditors has complied with in each statement below:

2.10.1 Mpho Auditors uses Themba Shuttle services to transport their employees.

2.10.2 They have donated laptops to schools in rural areas.

2.10.3 A learnership programme has been offered to all their employees.

2.10.4 Mpho Auditors has promoted two black females as heads of various departments.

2.10.5 They have invited the Bakwena community to buy shares in their company. (10)

2.11 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **MEAT MARKET LTD**Meat Market Ltd specialises in supplying fresh meat to customers. The company gave some of its shares to their previously disadvantaged employees. They were also offered learnership programmes as another pillar of the Act. |

2.11.1 Name the Act that Meat Market Ltd is complying with in the scenario above. (2)

2.11.2 Identify TWO pillars of the Act identified in QUESTION 2.11.1 that Meat Market Ltd implemented. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.11.2.

|  |  |
| --- | --- |
| **PILLARS** | **MOTIVATIONS** |
| **1.** |  |
| **2.** |  |

(6)

2.12 Recommend ways in which businesses could apply the following pillars of BBBEE in the workplace

(a) Ownership (4)

(b) Management control (4)

(c) Enterprise and supplier development (4)

2.13. Analyse the effectiveness of BBBEE on businesses (8)

|  |
| --- |
| **TIPS*** Teachers explain how businesses should apply EACH BBBEE pillar using practical examples so that they learners are able to identify EACH pillar from given statements and scenario above.
* Learners should refrain from writing a definition of each pillar as this is not required and it is not stated in the 2020 examination guidelines. The focus is on the implication of the BBBEE pillars on businesses.
* They must be able to write the full name of the pillar to avoid losing marks.
* They will not be awarded marks for the following responses
* “Employment Equity Act” instead of “Employment Equity”
* Skills Development Act instead of “Skills Development
* Teachers are advised to only focus on the FIVE revised BBBEE pillars as per the 2020 examination guidelines.
* **NOTE:** The action verb “analyse the effectiveness” is the same as “evaluate the impact” as learners’ responses can either be positive and/or negative OR both.
* Teachers are also advised that learners must be well conversant with the implications of the BBBEE pillars on businesses as this forms part of the advantages and disadvantages of BBBEE pillars.
* Learners must be aware that they will not be awarded marks for the motivations if the BBBEE pillars were not correctly identified in the scenario above.
 |

**REQUIRED RESPONSES**

**2.10 BBEEE PILLARS from given statements**

2.10.1 Enterprise and Supplier development/ESD√√

2.10.2 Social responsibility/Socio economic development√√

2.10.3 Skills development√√

2.10.4 Management control√√

2.10.5 Ownership√√ **(10)**

**2.11 Legislation from the scenario**

2.11.1 Broad-Based Black Economic Empowerment/BBBEE√√ **(2)**

2.11.2 BBBEE pillars from the scenario

|  |  |
| --- | --- |
| **PILLARS** | **MOTIVATION** |
| Ownership √√  | The company gave some of its shares to their previously disadvantaged employees.√  |
| Skills development √√  | They were also offered learnership programmes as another pillar of the Act.√  |
| Sub max (4)  | Sub max (2)  |

**NOTE: Learners will not be awarded marks for the motivation if the BBBEE pillars were incorrectly identified**. **Max (6)**

**2.12.1 Ways in which businesses could apply ownership in the workplace**

* Business should include black people in shareholding/partnerships/franchises. √√
* Encourage small black investors to invest in big companies and share ownership. √√
* More opportunities are created for black people to become owners/ entrepreneurs. √√
* Large businesses should form joint ventures with small black owned businesses and share business risks√√ **Max (4)**

**2.12.2 Ways in which businesses could apply management control in the workplace**

* Business must ensure that transformation is implemented at all levels. √√
* Appoint black people in senior executive positions/to management. √√
* Ensure that black females are represented in management. √√
* Involve black people in the decision-making processes. √√
* Businesses score points in both management and ownership when selling more than 25 % of their shares to black investors so that some of them can become directors. √√ **Max (4)**

**2.12.3 Ways in which businesses could apply ESD in the workplace**

* Business must create jobs as ESD promotes local manufacturing. √√
* Identify black owned suppliers that are able to supply goods and services. √√
* Outsource services to suppliers that are BBBEE compliant. √√
* Businesses are encouraged to invest/support black owned SMMEs.
* Develop the business skills of small/black owned suppliers, e.g. sales techniques, legal advice, etc. √√
* Support the cash flow of small suppliers by offering them preferential terms of payment. √√

**Max (4)**

**2.13 The effectiveness of BBEEE on business**

**Positive/Negatives**

* Encourages businesses to address the demands√ for redress/equity directly. √
* Provides a variety of business codes√ to improve employment equity. √
* Provides for human resources development√ through training and development√
* A good BEE rating improves√ the image of the business. √
* Fronting is discouraged√, as it may lead to the disqualification of a business's entire scorecard/BBBEE status. √
* Promotes enterprise development by developing entrepreneurial skills√ of designated people to start their own businesses √

**AND/OR**

**Negative/Disadvantages**

* Businesses that want to do business with the government√ must have their BEE status assessed annually. √
* Processes may lead to corruption √ if not monitored properly. √
* Investment/Ownership issues can cause unhappiness√ amongst existing shareholders/owners. √
* Investment/Ownershipissues can cause unhappiness√ between existing shareholders. √
* Provides for preferential procurement√, so certain businesses may be excluded from supplying goods/services. √
* Many businesses have been disadvantaged due to BBBEE ratings √ as they may not be able to meet all the scoring. √
* Businesses could experience large financial implications/penalties√ if they do not comply with BBBEE. √
* Businesses will have to spend money in areas covered by the seven/five BBBEE pillars to obtain a good BBBEE rating.

**SECTION C:**

**ESSAY QUESTIONS ON LEGISLATION**

**QUESTION 3**

|  |
| --- |
| The Consumer Protection Act (CPA), 2008 (Act 68 of 2008) promotes consumer rights. The National Credit Act (NCA), 2005 (Act 34 of 2005) was introduced to ensure that businesses address the needs of the consumer credit market. These Acts are beneficial to both businesses and consumers.  |

Write an essay on the following aspects:

* Discuss FOUR consumer rights according to the Consumer Protection Act (CPA).
* Explain the purpose of the National Credit Act (NCA).
* Evaluate the impact of the NCA on businesses.
* Recommend ways in which businesses can comply with the NCA. **[40]**

|  |
| --- |
| **TIPS*** Learners must be advised to use words that are in the scenario either in the introduction or conclusion.
* They must be advised to give **TWO** facts for the introduction and **ONE** fact for the conclusion.
* They facts may either be based only on one or two of the four sub-question of the paper.
* The words” Introduction and conclusion” must be written with responses underneath to avoid losing marks for the layout.
* The NCA must not be confused with the CPA as this has always been challenge to many candidates.
* Learners must be aware that when the number of facts is specified in the question, they will only be marked the first FOUR responses of consumer rights.
* Learners must be advised to write all four headings according to the essay question.
* Advise them to attempt answering essay questions as they will be awarded marks for INSIGHT.
* The conclusion must be relevant to the essay question and responses must not be the same as the body or introduction.
 |

**REQUIRED RESPONSES**

**QUESTION 3**

* 1. **Introduction**
* The Consumer Protection Act (CPA) was introduced to redress the economic inequalities of the past.√
* CPA promotes and advances the social and economic welfare of consumers in

South Africa. √

* The reason for the establishment of the NCA was to curb the high levels of

consumer debt. √ **Any (2X1) (2)**

**3.2 Consumer rights according to the CPA**

**Right to choose√√**

* Consumers have the right to:
o choose suppliers√ and goods. √
o shop around√ for the best prices. √ Submax (4)

**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. √ Submax (4)

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

* Suppliers may not use physical force/harass customers√ to buy products.√
* Suppliers may not give misleading/false √ information. √ Submax (4)

**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.√

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

* Contracts/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.√

Submax (4)

**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.√ Submax (4)

**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/ a written warranty.√ Submax (4)

**Right to accountability from suppliers**√√

* Consumers have the right to be protected in lay-bye agreements.√
* Businesses should honour credit vouchers and prepaid services.√
* Any other relevant answer related to the consumers' right to accountability from suppliers according to the CPA. Submax (4)

**Right to fair/just/reasonable terms and conditions**√√

* Businesses should provide consumers with written notices of clauses that may limit consumer rights.√
* Businesses may not market/sell goods at unfair prices.√ Submax (4)

**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. √ Submax (4)

**NOTE: Only the first FOUR (4) responses will be marked. Max (16)**

**3.3 Impact of the NCA on businesses**

**Positives/Advantages**

* Lower bad debts√ resulting in better cash flow.√
* Protects businesses√ against non-paying customers.√
* Increases cash sales√ because businesses only grant credit to qualifying customers/more customers are buying in cash.√
* Stamps out reckless lending√ and prevents businesses from bankruptcy.√

**AND/OR**

* A business must make sure that all attempts have been made to recover the debt√ before blacklisting the customer.√
* Debt collection procedures√ are more complex and expensive.√
* Credit providers cannot collect from consumers√ who are under debt reviews.√
* Credit which has been granted recklessly√ cannot be recovered.√
* Increases the administration burden√ on credit providers.√  **Max (10)**

**3.4 Compliance to NCA**

* Credit providers must be registered with the National Credit Regulator.√√
* Businesses must submit an annual compliance report to the National Credit Regulator.√√
* Conduct affordability assessment to ensure the consumer has the ability to meet his/her obligation.√√
* Conduct a credit check with a registered credit bureau and could also consult the National Credit Register.√√
* Verify the identity of clients, train staff on their obligations in terms of FICA. √√ **Max (8)**

**3.5 Conclusion**

* The National Credit Act and Consumer Protection Act enable businesses and consumers to be well conversant with the terms and conditions of sales.√√
* The Acts create awareness and protection of consumer rights. √√ **(Any 1x2) (2)**

**QUESTION 4**

**ESSAY ON THE LABOUR RELATIONS ACT**

|  |
| --- |
| The relationship between employers and employees is guided by the Labour Relations Act (LRA), 1995 (Act 66 of 1995). Businesses who do not comply with this Act may face penalties.  |

As a labour relations expert, provide a detailed report on the following aspects of the Labour Relations Act:

* Outline the rights of employers and employees according to the LRA.
* Discuss the purpose of the Labour Relations Act.
* Evaluate the impact of this Act on businesses.
* Recommend ways in which businesses can comply with the LRA. **[40]**

|  |
| --- |
| **TIPS*** Learners must not confuse the rights of employees according to the LRA with the economic rights of employees that are covered under Business Roles paper in 2.
* The purpose of the LRA should not be confused with the purpose of the Employment Equity Act as stated in the national diagnostic report on learner performance.
* Learners must be advised to at least provide THREE facts for each sub-question so that they can obtain a minimum of 16 marks and above. This will enable them to obtain one mark for another analysis.
* The purpose and impact of LRA should not be confused with the role of trade unions that was covered in grade 11.
 |

**REQUIRED RESPONSES**

**4.1 Introduction**

* The Act promotes employment equity and democracy in the workplace through prevention of unfair labour practices.√
* LRA deals with hiring/disciplining/firing employees/trade union negotiation/ strikes.√
* Labour relations usually involves three parties namely the employer, the employee and the government.√ **Any (2X1) (2)**

**4.2 The rights of employees and employers**

**4.2.1 Rights of employers**

* Employers have the right to lockout employees who engage in unprotected/illegal strike/labour action.√
* Form employer organisations.√√
* Form a bargaining council for collective bargaining purposes.√√
* Dismiss employees who are engaged in an unprotected strike/misconduct such as intimidation/violence during a strike action.√√ Submax (6)

**4.2.2 Rights of employees**

* Employees may join a trade union of their choice.√√
* Request trade union representatives to assist/represent employees in the grievance/disciplinary hearing.√
* Trade union representatives may take reasonable time off work with pay, to attend to trade union duties.√√
* Embark on legal strikes as a remedy for grievances. √√ Submax (6)

**4.3 Purpose of LRA**

* Provides a framework/structure for labour relations√ between employers/ employees/trade unions/employer organisations.√
* Promotes/Facilitates collective bargaining√ at the workplace/at sectorial level.√
* Promotes workplace forums√ to accommodate employees in decision making.√ Provides for the right to lock-out by the employer√ as a reaction to lengthy strikes.√

Submax (8)

**4.4 Impact of LRA on businesses**

**Positives/Advantages**

* Protects the rights of businesses√ in labour related issues.√
* Protect employers who embark on lawful lockouts√ when negotiations between parties fail.√
* Ensures participation of all parties in collective bargaining/decision making√ which reduces conflict in the workplace.√
* Labour disputes√ are settled quicker√ are less expensive.√
Workplace forums can also be tasked to resolve workplace issues√ as they take part in decision making.√

**AND/OR**

**Negatives/Disadvantages**

* Productivity may decrease√ if employees are allowed to participate in the activities of trade unions during work time.√
* Profitability may decrease√ due to a decline in sales/production.√
* Quick decision making may be negatively affected√ as some workplace forum representatives may only focus on the interest of employees and neglect that of the business. √
* Dispute resolution through consensus√ may be time consuming.√

**Max (8)**

**4.5 Conclusion**

* LRA provides for conflict resolution mechanisms in the workplace.√√
* Fair labour practices in the workplace may result in efficient business operations with minimal disruptions.√√
* The Act requires agreement through sound labour relations between trade unions and employer organisations.√√
* Businesses need to comply with the Act to promote a healthy working/workplace relationship.√√ **Any (1x2) (2)**

**UNIT: TWO**

**BUSINESS STRATEGIES**

**Examination guidelines for business strategies**

**LEARNERS SHOULD BE ABLE TO:**

* Outline/Explain/Discuss steps in developing a strategy.
* Outline/Describe/Explain/Discuss the strategic management process.
* Apply the strategic management process to solve business-related problems.

**Industrial analysis tools**

* Compile a SWOT analysis of a particular business from a given scenario.
* Name and identify Porter's Five forces model from given statements/scenarios.
* Explain/Advise businesses on how they could apply Porter's Five Forces model to analyse their position in the market.
* Name and apply PESTLE analysis factors from given scenarios/statements.
* Explain how PESTLE factors pose challenges to businesses.
* Recommend ways in which businesses can deal with the challenges that are posed by PESTLE factors.
* Describe/explain/discuss the different types of business strategies.
* Recommend/Suggest business strategies to deal with challenges identified from given case studies/scenarios.
* Discuss/Elaborate on the effectiveness (positives/advantages) of EACH type of business strategy).
* Outline/Explain/Recommend/Advise businesses on the steps in strategy evaluation

**BUSINESS STRATEGIES**

**QUESTION 1**

1.1 Explain steps in developing a strategy (6)

1.2 Distinguish between product development and market development (8)

1.3 Describe THREE types of diversification strategies. (9)

1.4 Explain the advantages of intensive strategies. (6)

|  |
| --- |
| **TIPS*** Learners should not confuse the steps in developing a strategy with either the steps in strategy evaluation or problem-solving steps. This challenge is always reported in the national diagnostic reports on learner performance, but it still remains a challenge.
* **Note** that the steps in developing a strategy also forms part of the strategic management process.
* The action verb “distinguish” means that the differences must be clear, but they do not have to link.
* Learners must know that “product development focuses on developing a brand-new product while market development focuses on developing a new market using an existing product.
* Teachers must ensure that learners do not confuse the meaning of concentric with

Conglomerate diversification strategies, the focus should be on “related or unrelated to existing products and new group of customers. Refer to chapter 5 notes for further clarity in this regard.* Advise learners on how Q1.3 will be marked if it is assessed in Section B e.g. 2 marks for heading and 1 mark for explanation. Section C will be 2 marks for heading and 2 marks for an explanation with ticks separated as per notes 12.2 of the 2019 NSC BSTD marking guideline.
* **Note** that some advantages of intensive strategies are embedded in the types of intensive strategies. This will make it easy for learners to understand this content if they are well conversant with the types of integration strategies.
 |

**REQUIRED RESPONSES REQUIRED**

* 1. **Step in developing a strategy**
* Application of SWOT analysis/PESTLE/Porter's Five Forces/environmental scanning of the business environments. √√
* Implement strategies using action plans√√, etc.
* Evaluation of strategies/Compare the expected performance with the actual performance/ Measure business performance in order to determine the reasons for deviations and analyse these reasons√√, etc. **Max (6)**

**1.2 Differences between market development and product development**

|  |  |
| --- | --- |
| **MARKET DEVELOPMENT** | **PRODUCT DEVELOPMENT** |
| It is a growth strategy where businesses aim to sell its existing products√ in new markets.√  | It is a growth strategy where businesses aim to introduce new products√ into existing markets.√  |
| Finds new ways√ of distributing products/services.√  | Conduct test marketing/market research√ to establish whether new products will be accepted by existing customers.√  |
| Restructure pricing policies√ to cater for customers of all income levels.√  | Ensure that new products of a higher quality are more reasonably priced√ than those of competitors.√  |
| Sub max (4)  | Sub max (4)  |

* 1. **The answer does not have to be in tabular format, but the differences must be clear.**
	2. **Learners will be awarded a maximum of FOUR (4) marks if the differences are not clear /only market development OR product development will be marked Max (8)**

**1.3 Types of diversification strategies**

**1.3.1 Concentric diversification**√√

* The business adds a new product or service that is related to existing products and which will appeal to new customers.√
* Occurs when a business wants to increase its product range and markets.√

Submax (3)

**1.3.2 Horizontal diversification**√√

* The business adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers. √
* Occurs when a business acquires or merges with a business that is at the same production stage, but it may offer a different product√

Submax (3)

**1.3.3 Conglomerate diversification**√√

* The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers. √
* Occurs when a business wants to increase its product range and markets. √
* Conglomerate diversification means that a business grows into new products, services and markets. √ Submax (3)

**NOTE: Learners will only be marked the first THREE (3) responses. Max (9)**

**1.4 Advantages of intensive strategies**

* Increase in sales/income√ and profitability. √
* Regular sales to existing customers√ may increase. √
* Gain customer loyalty through effective promotion campaigns.
* Improved service delivery √ may positively impact/increase sales. √
* Eliminate competitors√ and dominate market prices. √
* Decrease in price could influence customers√ to buy more products. √
* Businesses can have more control √ over the prices of products/services. √

**Max (6)**

1.5 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **GLEN SHUTTLE SERVICE (GSS)**Glen Shuttle Service transports clients to and from the airport. Some clients have requested GSS to sell soft drinks while travelling. GSS has decided to merge with Clear Beverages to be able to satisfy the needs of their clients.  |

1.5.1 Identify the type of integration strategy that GSS applied in the scenario above. Motivate your answer by quoting from the scenario (3)

1.5.2 Describe any other TWO types of integration strategies. (6)

|  |
| --- |
| **TIPS*** Learners must be advised to analyse the scenario before answering questions.
* They need to be well conversant with the different types of integration strategies so that they are able to identify these strategies from given scenarios/statements.
* Remind them that they will not be awarded marks for the motivation if the type of integration strategy was incorrectly identified.
* **NOTE:** Learners will not be awarded marks for the description of the type of strategy that was supposed to be identified in Q1.5.1.
* This means that Q1.5.2 must be regarded as a standalone question.
 |

**REQUIRED RESPONSES**

**1.5 Type of integration strategy from the scenario**

1.5.1 Backward integration/Backward√**√** (2)

**Motivation**GSS merged with Clear Beverages/a supplier of soft drink.**√** (1)

**NOTE: Learners will not be awarded marks for the motivation if the type of motivation was incorrectly identified. Max (3)**

**1.5.2 Other types of integration strategies**

**Forward integration**√**√**

* The business combines business with or take over its distributors. **√**
* Involves expansion of business activities to gain control over the direct distribution of the products. √  Heading (2)

Description (1)

Submax (3)

**Horizontal integration**√**√**

* A business takes control of/ incorporates other businesses in the same industry/which produce/sell the same goods/services. √
* The aim is to reduce the threat of competition /substitute products/services. √

 Heading (2)

Description (1)

Submax (3)

**NOTE: 1 Only the first TWO (2) responses will be marked**

**2 Backward integration will not be marked as it was assessed in Q1.5.1.**

**QUESTIONS ON PORTER’ S FIVE MODEL**

**QUESTION 2**

2.1 List any FOUR forces of Porter's Five Forces model. (4)

2.2 Identify the element of Porter's Five Forces model that applies to EACH of the following statements:

* + 1. Customers prefer fashionable sneakers to more expensive, formal shoes.
		2. Mpho's Stores has a few regular customers who always place large orders.
		3. Ayisha Ltd wants to start an exclusive fashion boutique that requires huge capital

investment to cover high establishment costs and expensive stock.

* + 1. Sam's Millers is the only place where bakeries can buy flour.
		2. Jack Hardware attracts more customers than Tim Hardware. (10)

2.3 Explain how businesses could apply the Porter’s Five Forces model to analyse their position in the market. (15)

|  |
| --- |
| **TIPS*** Learners must be able to write the full name of EACH force as they will not be awarded marks for incomplete responses such as “substitute, buyers, suppliers”.
* Learners will only be marked the first FOUR responses as the number of facts required is stated in the question.
* Teachers are advised to give practical examples of how business can apply EACH force so that learners are able to identify these forces from given statements/scenarios.
* They must be taught on how businesses can apply EACH force to analyse their position in the market environment.
* Question 2.3 requires learners to first name the force and explain “how” businesses should apply each force to analyse their position in the market.
* The focus should be on “what” gives a business power over other businesses.
* Learners should refrain from writing a definition of each force as this is not required by the question.
* Teachers are also advised to take note of how question 2.3 will be marked if it is assessed in section B or section C. Refer to the 2019 NCS marking guidelines question 7 and 2017 NSC Section B, question 2. .
 |

**REQUIRED RESPONSES**

**2.1 Forces of Porter's Five Forces model**

* Threat of substitution/Substitutes√
* Bargaining power of buyers√
* Threat/Barriers to new entry to the market√
* Power of competitors/Competitive rivalry√√
* Threat of substitution/substitutes √

**NOTE: Learners will only be marked the first FOUR (4) responses. (4x1) (4)**

* 1. **Porter’s Five Forces from given statements**
		1. Threat of substitution/substitutes √√
		2. Bargaining power of buyers√√
		3. Threat/Barriers of new entrants to the market√√
		4. Power of supplier

2.2.5 Power of competitors/Competitive rivalry√√ **(10)**

**2.3 Explanation of Forces of Porter's Five Forces model**

**2.3.1 Bargaining power of suppliers/Power of suppliers√√**

* Suppliers that deliver high quality product may have power over the business. √
* Assess the power of the suppliers in influencing prices. √
* The more powerful the suppliers, the less control the business has over them. √
* The smaller the number of suppliers√ the more powerful they may be as the choice of suppliers may be limited. √ Submax (3)

**2.3.2 Bargaining power of buyers/Power of buyers√√**

* Assess how easy it is for buyers/customers to drive prices down. √
* Determine the number of buyers/the importance of each buyer to the business and the cost of switching to other products. √
* A few powerful buyers are often able to dictate their terms to the business. √
* Buyers buying in bulk can bargain for prices in their favour√.
* If buyers can do without the business's products, then they have more power to determine the prices and terms of sale. √ Submax (3)

**2.3.3 Threat/Barriers of new entrants to the market**

* If the barriers to enter the market are low, then it is easy for new businesses to enter the market/industry. √
* If the business is highly profitable, it will attract potential competitors that want to benefit from high profits. √
* New competitors can quickly/easily enter the market, if it takes little time/ money to enter the market. √
* If there are a few suppliers of a product/service but many buyers, it may be easy to enter the market. √ Submax (3)

**2.3.4 Power of competitors/Competitive rivalry**√√

* Competitors selling the same/similar products/services may have a greater impact on the market of the business. √
* If competitors have a unique product/service, then they will have greater power. √
* A business with many competitors in the same market has very little power in their market. √
* Draw up a competitor's profile so that they can determine their own strength as well as that of competitors. √ `  Submax (3)

**2.3.5 Threat of substitution/substitutes**√√

* Establish whether the sellers of substitute products have improved their product/sell lower quality goods at lower prices. √
* If the business's product can be easily substituted, it weakens the power of the business in the market. √
* If the business sells unique products it will not be threatened by substitute products. √

 Submax (3)

**Max (15)**

**QUESTIONS ON PESTLE ANALYSIS**

2.4 Name any FIVE aspects of the PESTLE analysis model. (5)

2.5 Identify the PESTLE element that poses a challenge to Tsego Manufacturers in EACH statement below.

2.5.1 Customers cannot afford to buy Tsego Manufacturers' products due to low income levels. (2)

2.5.2 Tsego Manufacturers cannot afford to implement correct measures when disposing of waste material. (2)

2.5.3 Tsego Manufacturers have lost many customers due to a lack of on-line buying facilities. (2)

2.5.4 Tsego Manufacturers have increased their prices due to the high inflation rate. (2)

2.6 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **MARTHA & JANE FURNITURE (MJF)**Martha & Jane Furniture specialise in selling office furniture. The profitability of the business has decreased due to high inflation rates and low income levels of customers. MJF had to pay a heavy fine because they did not renew their trading licence in time.  |

2.6.1 Quote THREE challenges for MJF from the scenario above. (3)

2.6.2 Identify the PESTLE element that links to EACH challenge, as quoted in

QUESTION 2.6.1. (6)

2.6.3 Recommend ONE way in which MJF can deal with EACH challenge, as identified in QUESTION 2.6.1. (6)

Use the table below as a GUIDE to answer QUESTION 2.6.1-2.6.3

|  |  |  |
| --- | --- | --- |
| **CHALLENGE****(2.6.1)** | **PESTLE ELEMENT****(2.6.2)** | **RECOMMENDATION****(2.6.3)** |
| **1.** |  |  |
| **2.** |  |  |
| **3.** |  |  |

|  |
| --- |
| **TIPS*** Learners must be able to name the correct PESTLE analysis factors without confusing these factors with the features of the macro environment.
* They must refrain from giving responses such as politics instead of political, “technology” instead of technological”.
* Teachers are advised to give practical examples of challenges that are posed by EACH PESTLE factor so that learners can identify these forces from given statements scenarios/statements.
* Learners may be asked a direct question on this topic where they are required to explain the challenges posed by PESTLE factors on businesses and recommend ways in which businesses could deal with EACH challenge.
* Learners must be advised to refrain from defining each PESTLE element as the focus is on how they pose a challenge to businesses.
* They must also refrain from giving the examples of each element unless the example is used to explain how it poses a challenge to business.
* They must be advised that EACH recommendation must be linked to the relevant challenge.
 |

**REQUIRED RESPONSES**

**2.4** **PESTLE analysis model**

* Political√
* Economical√
* Social√
* Technological √
* Legal√
* Environmental√

**NOTE: Learners will only be marked the first FIVE (5) responses (5 x 1) (5)**

**2.5 PESTLE elements from given statements**

2.5.1 Social√√

2.5.2Environmental√√

2.5.3 Technological√√

2.5.4 Economical√√ **(8)**

**2.6 PESTLE analysis from the scenario**

|  |  |  |
| --- | --- | --- |
| **CHALLENGES** **(2.6.1)** | **PESTLE ELEMENT** **(2.6.2)** | **RECOMMENDATIONS** **(2.6.3)** |
| The profitability of the business has decreased/ due to high inflation rates. √  | Economic√√  | -Reduce the profit margin. √√ -Cut down on unnecessary spending. √√  |
| Sub max (1) | Sub max (2) | Sub max (2) |
| Low income levels of customers. √ | Social√√  | -Offer learnerships/bursaries to members of the community.√√ -Offer skills development programmes. √√  |
| Sub max (1) | Sub max (2) | Sub max (2) |
| MJF had to pay a heavy fine because their trading license was not renewed on time. √  | Legal/ Legislation√√  | -Renew the trading licence on time.√√ -Review the administrative clerk's job description. √√-Diarise the renewal date and follow up with the administrative clerk. √√ |
| Sub max (1) | Sub max (2) | Sub max (2) |

**Max (15)**

**NOTE the following aspects on question 2.6**

* **Each challenge must be quoted “verbatim” from the scenario to avoid losing marks.**
* **The PESTLE element must be linked to the challenge**
* **Each recommendation must be linked to the challenge**

**SECTION C: ESSAY QUESTIONS ON BUSINESS STRATEGIES**

**QUESTION 3**

|  |
| --- |
| **ZYL MANUFACTURERS (ZM)**ZM specialise in the manufacturing of men's clothing. The business is struggling to pay its creditors due to the high inflation rate. ZM need to conduct the strategic management process in order to devise the best strategy that will assist them to overcome the challenges of the macro environment. |

Write an essay on the strategic management process. Include the following aspects in your response:

* Outline TWO aspects that should be considered during the initial stages of the strategic management process.
* Explain how ZM can apply the PESTLE model to deal with the challenges of the macro environment.
* Describe THREE types of defensive strategies that businesses may use to deal with challenges in the business environment.
* Advise ZM on the steps that they should consider when evaluating strategies. [40]

|  |
| --- |
| **TIPS*** It is important that learners understand the first part of the strategic process.
* They must know that businesses will not be able to develop suitable strategies without a clear mission and objectives as well the analysis the internal and external environment.
* **NOTE** that the reason why the above first question is separated from other steps of the strategic management process is that the other sub-questions are based on the industrial analysis tools and strategy evaluation.
* Learners will not be awarded marks for mentioning the industrial analysis tools in the first sub-question above.
* Steps in evaluating a strategy should not be confused with steps in developing a strategy and problem -solving steps.
 |

**REQUIRED RESPONSES**

**3.1 Introduction**

* A strategy is course of action that the business follows to achieve its purpose/ objectives. √
* The strategic management process is defined as the way an organisation defines its strategy. √
* The strategic management process enables managers to make choice of a set of strategies that will enable the business to achieve better performance. √ **(2X1) (2)**

**3.2 Initial stages of the 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 and Porter’s Five Forces model (industrial analysis tools). √√

**OR**

**OPTION 2**

* Review vision statement. √√
* Analyse/Re-examine mission statement. √√
* Conduct an analysis using models such as PORTER'S Five Forces model and SWOT. √√

**NOTE:..1 The initial process may be in any order.**

**2 Learners will only be marked the first TWO (2) responses. Max (4)**

**3.3 Application of PESTLE model to deal with the challenges in the macro environment**

|  |  |
| --- | --- |
| **FACTORS** | **APPLICATION** |
| Political√ | - | Network and lobby with the NGOs√ and all consumer rights organisations.√ |
| - | Trade only with countries that have favourable trade agreements√ with the government.√ |
| - | Review their cash budget √ to cater for changes in the inflation rate.√  |
|  | Sub max (4) |
| Economic√ | - | ZM should consider decreasing their profit margin√ rather than increasing the price of their products.√ |
| - | Negotiate favourable interest rates√ with creditors.√ |
| - | Negotiate payment terms√ with suppliers.√ |
| - | Sell/Dispose parts of assets√ that are no longer profitable.√ |
|  | Sub max (4) |
| Social√ | - | Sell substitute products√ at lower prices.√ |
| - | ZM must be well conversant√ with the demands/trends of their customers.√ |
|  | Sub max (4) |
| Technological√ |  |
| - | ZM must keep up with/be aware of√ the latest technology.√  |
| - | Train existing/appoint new employees√ to maintain/use new equipment.√ |
| - | ZM must budget√ to cater for new technology.√  |
| - | Continuously research√ on the latest available technology/equipment in the market.√ |
| - | Continuously improve√ their product designs.√  |
| - | ZM should ensure that their business is geared √ for online trading/e-commerce.√ |
| - | ZM should have access to new technologies√ that could redefine their products.√ |
| - | Compare prices/Select suitable suppliers√ for new equipment at reasonable prices.√ |
|  | Sub max (4) |

|  |  |  |
| --- | --- | --- |
| Legal√ | - | There are certain laws√ that affect the business environment in certain industries/market.√ |
| - | Comply with all relevant legislation √ that may impact on their business. √ |
| - | Comply with the legal requirements√ for operating their business e.g. licence/trade mark registration/patents. √ |
| - | Budget√ for high legal establishment costs. √ |
|  | Sub max (4) |
| Environmental√ | - | Packaging of their products√ should be environmentally friendly/may be recyclable.√  |
| - | Measures to dispose waste material√ must be in place.√ |
| - | Implement recycling measures√ to prevent pollution of the environment.√ |
| Sub max (6) | Sub max (4) |

**NOTE: Each PESTLE element must be linked to the application.**

Factors: Max (6)

Application: Max (16)

 **Max: (22)**

**3.4** **Types of defensive strategies**

**Divestiture/ Divestment**√√

* The business disposes/sells some assets/divisions√ that are no longer profitable/productive. √
* Businesses may sell off divisions/product lines√ with slow growth potential. √

Strategy: (2)

 Description:(2)

Sub max (4)

**Liquidation**√√

* All assets are sold to pay creditors√ due to a lack of capital. √
* Selling the entire business√ in order to pay shareholders a fair price for their shares. √

Strategy: (2)

 Description:(2)

Sub max (4)

**Retrenchment**√√

* Terminating the employment contracts of employees√ for operational reasons. √
* Decreasing the number of product lines/Closing certain departments√ may result in some workers becoming redundant. √

Strategy: (2)

 Description:(2)

Sub max (4)

**NOTE: Learners will only be marked the first THREE (3) responses Max (12)**

**3.5 Steps in strategy evaluation**

* Examine the underlying basis of a business strategy. √√
* Formulate strategies to meet objectives favourably. √√
* Implement strategies using action plans√√, etc.
* Take corrective action so that deviations may be corrected. √√
* Set specific dates for control and follow up. √√
* Draw up a table of the advantages and disadvantages of a strategy. √√
* Decide on the desired outcome. √√

**NOTE: Steps may in any order. Max (8)**

**3.6 Conclusion**

* The strategic management process is an integral part of managerial accountability for senior managers. √√
* Businesses that apply the PESTLE analysis are able to respond quickly to the external pressures and adapt to them. √√ **(1x2)** **(2)**

**BUSINESS OPERATIONS (PAPER 1)**

**HUMAN RESOURCES FUNCTION**

**Exam guidelines for human resources function**

**Learners should be able to:**

• Discuss the following human resource activities:

**RECRUITMENT**

• Explain/Elaborate on the meaning of recruitment.

• Outline/Discuss/Explain the recruitment procedure.

• Explain the meaning of job analysis.

• Differentiate/Distinguish between job description and job specification as components of a job analysis.

• Identify job description and job specification from given statements/scenarios.

• Identify methods of recruitment (internal/external recruitment) from given scenarios/statements

• Explain/Discuss/Analyse the impact (positives/advantages and/or negatives/disadvantages of the above mentioned methods of recruitment.

• Identify/Give examples of sources of internal/external recruitment from given scenarios/statements.

**SELECTION**

• Outline/Discuss/Explain the selection procedure.

• Explain the meaning of screening as part of the selection procedure.

• Discuss/Explain the purpose of an interview.

• Outline/Explain/Discuss the role of the interviewer before and during the interview.

• Outline/Explain/Discuss the role of the interviewee during the interview.

• Define/Elaborate on the meaning of an employment contract.

• Name/Outline/Mention the details/aspects/contents of an employment contract.

• Outline/Explain/Discuss the legal requirements legalities of the employment contract.

• Analyse an employment contract from given scenarios and make recommendations for improvement.

• Outline/Explain/Discuss the reasons for the termination of an employment contract.

**INDUCTION**

• Define/Elaborate on the meaning of induction.

• Outline/Explain/Discuss the purpose of induction.

• Mention/Outline aspects that must be included in the induction programme.

• Evaluate an induction programme from given scenarios and make recommendations for improvement.

• Discuss/Explain the advantages/benefits of induction for businesses.

• Identify the benefit of induction from given scenarios.

**PLACEMENT**

• Elaborate on the meaning of placement

• Outline/Explain/Discuss the placement procedure.

• Explain/Discuss/the importance of training/skills development in HR.

**SALARY DETERMINATION**

• Explain/Differentiate/Distinguish between piece meal and time-related salary determination methods.

• Explain the link between salary determination and the Basic Conditions of Employment Act.

**FRINGE BENEFITS/PERKS**

* Name/Mention/Give examples of employee benefits e.g.

o Pension

o Medical aid

o Provident fund

o Allowances

* Discuss/Evaluate the impact (positives/advantages and/or negatives/disadvantages) of fringe benefits on businesses

Compulsory benefits

• Explain UIF as a benefit required by law

**LEGISLATION**

Discuss the implications of the LRA/ BCEA/EEA/SDA on the human resources function

**UNIT 1: HUMAN RESOURCES FUNCTION**

**QUESTIONS ON RECRUITMENT**

**QUESTION 1**

1.1 Read the scenario below and answer the questions that follow.

|  |
| --- |
| Khan Private Hospital has advertised a vacancy for a nurse. The advertisement includes the following aspects regarding the position: * Applicants must have a diploma in nursing as a minimum requirement.
* Responsible for observing patients and giving medication.
* Two years' experience in nursing will be an advantage.
* Compiling daily reports on the progress of the patients.
* The advertisement indicates that only shortlisted candidates will be contacted for an interview.
 |

1.1.1 Quote TWO examples of job description and TWO examples of job specification in the scenario above. (4)

Use the table below as a GUIDE to answer QUESTION 1.1.1

|  |  |
| --- | --- |
| **JOB DESCRIPTION** | **JOB SPECIFICATION** |
| **1.** |  |
| **2.** |  |

1.1.2 Explain the differences between job description and job specification (8)

|  |
| --- |
| **TIPS*** Learners must know that job description and job specification form part of a job analysis.
* They should be able to provide a detail description of job description and job specification with practical examples for each concept.
* Learners may be required to quote examples of job description and job analysis from a given scenario if they are able to describe the meaning of each job analysis component.
* Advise them to know at least two facts of EACH component.
* It is important to note that job description is about the requirements of the job itself while job specification is about the requirements that a person should have in order to do the job.
* **NOTE:** Job analysis form part of the recruitment procedure.
 |

**REQUIRED RESPONSES**

**1.1.1 Examples job description and job specification from the scenario**

|  |  |
| --- | --- |
| **JOB DESCRIPTION** | **JOB SPECIFICATION** |
| Responsible for observing patients and giving medication. √ | Applicants must have a diploma in nursing as a minimum requirement. √ |
| Compiling daily reports on the progress of the patients. √ | Two years' experience in nursing will be an advantage. √ |
| Submax (2)  | Submax (2) |

**Max (4)**

**NOTE: 1 Learners will only be marked the first TWO (2) examples for EACH job description and job specification only.**

**2 Only responses that were quoted from the scenario will be awarded**

**3 The examples may be in any order.**

**1.1.2 Differences between job description and job specifications**

|  |  |
| --- | --- |
| **JOB DESCRIPTION** | **JOB SPECIFICATION** |
| Describes duties/responsibilities/ of a specific job/ Summary √of the nature/type of the job.√  | Describes the minimum acceptable personal qualities/skills/qualifications√ needed for the job.√  |
| Written description of the job√ and its requirements.√  | Written description of specific qualifications/skills/experience√ needed for the job.√  |
| Sub max (2) | Submax (2) |

**Max (4)**

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

**2 The differences must be clear but not linked.**

**3 A maximum of FOUR (4) marks will be awarded if the differences are not clear**

**4 Either job description or job specification will be marked if the differences are not clear**

1.2 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **WILBUR CLOTHING DESIGNERS (WCD)**Wilbur Clothing Designers specialise in men's wear but want to introduce ladies' wear too. The business is looking for a fashion designer who specialises in ladies' wear. They have advertised the vacant position in the local newspapers and on the Internet.  |

1.2.1 Identify the method of recruitment used by Wilbur Clothing Designers. Motivate your answer by quoting from the scenario above. (3)

1.2.2 Analyse the impact of the method of recruitment mentioned in QUESTION 1.2.1. (6)

1.2.3 Advise the management of WCD on the recruitment procedure. (8)

|  |
| --- |
| **TIPS*** It is important that learners understand the two methods of recruitment in terms of description and impact.
* Learners must not confuse the methods of recruitment with the sources of recruitment. Refer to the 2020 exam guidelines
* Teachers should advise learners to refrain from writing “inside and outside recruitment instead of “internal and external recruitment methods.
* Remember that learners will not be awarded marks for the motivation if the method of recruitment was incorrectly identified from the given scenario.
* Learners are required to quote verbatim from the scenario to be awarded marks.
* Remind learners of the meaning of “analyse the impact” and how this question will be marked.
* Learners are expected to write complete sentences as ticks will be separated when a middle or high order question is assessed using the action verbs that are stated under notes 12.2 of the 2019 NSC marking guidelines.
* Learners must know that the recruitment procedure begins with a job analysis and ends when the vacancy is advertised.
* The recruitment procedure must not be confused with the selection procedure as this is the initial stage of the human resources activity.
 |

**REQUIRED RESPONSES**

**1.1 Recruitment methods**

**1.1.1 Recruitment method from the scenario**

External recruitment√√ (2)

**Motivation**

* The business has advertised the vacancy in local newspapers/on the Internet. √ (1)

**Max (3)**

**1.2.2 Impact of external recruitment**

**Positives/Advantages**

* New candidates bring new talents/ideas/insight/experience√ that will benefit the business. √
* There are more candidates√ to choose from.√
* Chances are better of finding suitable candidates√ with the right skills/qualification

/competencies.√

* Prevents unhappiness/conflict√ between existing employees who have applied

for the post. √

**AND/OR**

**Negatives/Disadvantages**

* External sources may be expensive√, e.g. recruitment agencies' fees/publishing costs of advertisements in newspapers/magazines.√
* Selection process may not be effective√ resulting in an incompetent candidate being chosen.√
* Information on CVs/references√ may not be reliable.√
* Recruitment process takes longer/is more expensive√ as background checks must be conducted. √

**Max (8)**

**1.2.3 Recruitment procedure**

* The human resource manager (HRM) should prepare the job description in order to identify recruitment needs. √√
* HRM should indicate the job specification/description/key performance areas to attract suitable candidates. √√
* Prepare a job analysis, which includes job specification and job description. √√
* A decision whether to recruit internally should be made to identify suitable candidates from within the business. √√
* If internal recruitment is unsuccessful, external recruitment should be considered. √√
* If the external recruitment is done, the relevant recruitment source should be selected, e.g. recruitment agencies, tertiary institutions, newspapers. √√
* The advertisement should be prepared with the relevant information, e.g. the name of the company, contact details, contact person, etc. √√
* Place the advertisement in the appropriate media that will ensure that the best candidates apply. √√ **Max (8)**

**QUESTIONS ON THE SELECTION AS A HUMAN RESOURCE ACTIVITY**

**QUESTION 2**

2.1 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **SHAKEEL CATTLE FARM (SCF)**Shakeel Cattle Farm advertised a vacancy in a newspaper. Many applicants submitted their application forms. SCF conducted preliminary interviews to select suitable candidates and compiled a shortlist of five candidates. A written offer was made to the best candidate.  |

2.1.1 Quote the selection procedure that SCF applied in the scenario above. (3)

2.1.2 Advise the management of SCF on other selection procedure that they may consider. (6)

|  |
| --- |
| **TIPS*** Learners must be advised to analyse the scenario before responding to questions.
* Teachers must read the scenario with learners and request learners to identify key words/sentences that will help them to understand the requirement of the questions.
* Teachers are advised to explain the selection procedure in a sequential order so that learners are able to clearly understand this process. However, they procedure may be in any order if this question is assessed.
* It is important to note that the selection procedure begins with receiving the application forms and CV’s and ends with a written offer for employment.
* The action verb “advise” requires learners to provide complete responses in order to obtain full mark for each response.
 |

**REQUIRED RESPONSES**

**2.1.1 Selection procedure from the scenario**

* SCF conducted preliminary interviews to select suitable candidates. √
* Compiled a shortlist of five candidate.√
* A written offer was made to the best candidates.√

**NOTE: Learners will only be awarded marks for responses that are quoted from the scenario.**

**Max (3)**

**2.2.2 Other selection procedure/steps Option 1**

* SCF should determine fair assessment criteria on which selection will be based.√√
* Use the assessment criteria to assess all CV's/application forms received during recruitment/Preliminary screening is done by sorting the applications received according to the criteria for the job.√√
* Check that applicants are not submitting false documents such as forged certificates/degrees.√√
* Make a preliminary list of all applicants who qualify for the post.√√

**OR**

* SCF should receive documents, e.g. application forms and sort it according to the criteria of the job.√√
* Evaluate CV's and create a shortlist/screen the applicant.√√
* Check information in the CV's and contact references. √√ **Max (6)**

**NOTE:…1 Procedure/Steps can be in any order.**

**2 Learners will not be awarded marks for responses quoted in question 2.1.1**

2.3 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **ELZETTE TRADING (ET)**Elzette shortlisted five suitable candidates and invited them for interviews. Candidates were allocated the same amount of time and their responses were recorded. All candidates showed confidence and asked clarity-seeking questions.  |

2.3.1 Quote from the scenario above the role of the interviewer and interviewee/candidate during the interview. (4)

Use the table below as a GUIDE to answer QUESTION 2.3.1

|  |  |
| --- | --- |
| **ROLE** | **QUOTES** |
| Interviewer/Elzette  | **1.****2.** |
| Interviewee/Candidates  | **1.****2** |

2.3.2 Explain the roles of the interviewer/Elzette when preparing for the interviewer (8)

|  |
| --- |
| **TIPS*** Learners must not confuse the role of the interviewer with that of the interviewee.
* It is important for learners to know that the **interviewer** has two roles to play that is **before** the interview and **during** the interview.
* The interviewee has only one role that is **during** the interview.
* Learners must quote these roles verbatim from the scenario.
* They must know that the interviewer represents the “employer/business” while the interviewee “is a candidate/a person who has applied for a job”.
 |

**REQUIRED RESPONSES**

* 1. **Role of the of the interviewer and interviewee**

**2.3.1 Role of the of the interviewer and interviewee from the scenario**

|  |  |
| --- | --- |
| **ROLE** | **QUOTES** |
| Interviewer/Elzette  | Candidates were allocated the same amount of time√Their responses were recorded√ |
| Submax (2) |
| Interviewee/Candidates  | All candidates showed confidence√Asked clarity-seeking questions√ |
| Submax (2) |

**NOTE: Learners will not be awarded marks for responses that were not quoted from the scenario. Max (4)**

**2.3.2 Role of the interviewer when preparing for an interview**

* The interviewer/Elzette should develop a core set of questions√ based on the

skills/knowledge/ ability required.√

* She should check/read the application/verify the CV of every candidate√ for

anything that may need to be explained.√

* Inform all shortlisted candidates√ about the date and place of the interview.√
* Notify all panel members conducting the interview√ about the date and place of

the interview.√ **Max (8)**

2.3 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **SKY LTD**Helen has been working for Sky Ltd for the past 30 years. The management terminated her employment contract when she reached the age of 65.  |

2.3.1 Identify the reason for the termination of Helen’s employment contract. Motivate your answer by quoting from the scenario above. (3)

2.3.2 Explain other reasons for the termination of an employment contract. (6)

2.3.3 Explain the legal requirements of the employment contract. (6)

2.4 Advise businesses on the impact of fringe benefits on businesses. (8)

|  |
| --- |
| **TIPS*** Learners must be able to name and explain the reasons for the termination of the employment contract.
* This topic can also be asked as a low order question where learners are asked to state the reasons for the termination of the employment contract.
* Teachers must ensure that learners do not confuse the legal requirements of the employment contract with the contents of the employment contract.
* The legal requirements of the employment contract require learners to write full sentences and they are in a form of recommendations.
* They must refrain from giving the examples of fringe benefits when asked to evaluate the impact of fringe benefits on businesses .
 |

**REQUIRED RESPONSES**

**2.3 Employment contract**

**2.3.1 The reason for the termination of Helen’s employment contract**

* Retirement √√ (2)

**Motivation**

* The management terminated her employment contract when she reached the age of 65. √

(1)

**NOTE: Learners will not be awarded marks for the motivation if the reason for the termination of the employment was incorrectly identified. Max (3)**

**2.3.2 Other reasons for the termination of an employment contract**

* The employer may dismiss an employee for valid reason(s) √, e.g. unsatisfactory job

performance, misconduct, etc.  √

* Employer) may no longer have work √ for redundant employees /cannot fulfil the contract/is restructuring. √
* The employer may retrench some employee √s due to insolvency/may not be able

to pay the employees. √

* Employees decided to leave √ and resign voluntarily. √
* Incapacity to work √ due to illness/injuries. √
* By mutual agreement √ between the employer and employee. √

**NOTE: Learners will not be awarded marks for responses quoted in question 2.3.1**

**Max (6)**

**2.3.3 Legal requirements of the employment contract**

* The employer and employee must both√ sign the contract. √
* Employer and employee must agree √ to any changes to the contract. √
* No party may unilaterally change √ aspects of the employment contract. √
* The remuneration package/including benefits√ must be clearly indicated. √
* It may not contain any requirements √ that are in conflict with the BCEA. √
* The employment contract should include a code of conduct√ and code of ethics. √
* Aspects of the employment contract can be renegotiated during the course of

employment. √

* The employer must explain the terms and conditions√ of the employment contract

to the employee. √

* Conditions of employment/duties/responsibilities of the employees√ must be

stipulated clearly. √

* All business policies, procedures and disciplinary codes/rules√ can form part of the employment contract. √
* The employer must allow the employee to thoroughly read through the

contract√ before it is signed. √

**2.4 Impact of fringe benefits on businesses**

**Positives/Advantages**

* Improves productivity\ resulting in higher profitability√√
* Attractive fringe benefit packages may result in higher employee retention/reduces employee turnover. √√
* Attracts qualified/skilled/experienced employees who may positively contribute towards the business goals/objectives√√
* It increases employee satisfaction/loyalty as they may be willing to go the extra mile. √√
* Businesses save money as benefits are tax deductible. √√
* Fringe benefits can be used as leverage for salary negotiations. √√

**AND/OR**

**Negatives/Disadvantages**

* Businesses who cannot offer fringe benefits fail to attract skilled workers. √√
* It can create conflict/lead to corruption if allocated unfairly. √√
* Fringe benefits are additional costs that may result in cash flow problems. √√
* Errors/Mistakes in benefit plans may lead to costly lawsuits/regulatory fines. √√
* Decreases business profits, as incentive/package/remuneration costs are higher. √√
* Businesses who offer employees different benefit plans may create resentment to those who receive less benefit resulting in lower productivity. √√
* Administrative costs increase as benefits need to be correctly recorded for tax purposes√√

**QUESTIONS ON THE IMPLICATIONS OF LEGISLATION ON THE HUMAN RESOURCE FUNCTION**

**QUESTION 3**

* 1. Explain the implication of the following Acts on the human resources function:
		1. Skills development Act (6)
		2. Employment Equity Act (6)
		3. Basic Conditions of Employment Act (6)

|  |
| --- |
| **TIPS*** The word “implication” in this context means “what” the human resources function should do in order to comply with the above-mentioned Acts.
* Teachers are advised to recap ways in which businesses can comply with the above -mentioned Acts that were covered under legislation.
* Learners must be advised that the same responses can be used to answer the above questions, but they must refer to the human resources manager instead of “businesses”.
 |

**REQUIRED RESPONSES**

**3.1 Implication of legislation on businesses**

**3.1.1 Implications of the SDA on the human resources function**

* The human resources function should interpret the aims/requirements of the SDA√ and adapt workplace skills training programmes accordingly.√
* Identify the training needs of the employees√ and provide them with training opportunities so that they will perform their tasks efficiently.√
* Use the National Qualification Framework/NQF√ to assess the skills levels of employees.√
* Ensure training in the workplace √ is formalised /structured.√
* Appoint a full/part time consultant as a Skills Development Facilitator.√ **Max (6)**

**3.1.2 Implications of the EEA on the human resources function**

* Report to the Department of Labour on the progress√ in the implementation of the equity plan.√
* Conduct medical/psychological tests fairly√ to employees/when deemed necessary. √
* Ensure that the workplace represents the demographics of the country at all levels.√
* Define the appointment process clearly√ to ensure all parties are well informed.√
* Restructure/Analyse current employment policies/practices/procedures√ to accommodate designated groups.√ **Max (6)**

**3.1.3 Implications of the BCEA on the human resources function**

* Workers must receive double√ if they work during public holidays/Sunday. √
* They must have a break of 60 minutes√ after five hours of work. √
* Businesses should not employ children√ under the age of 16. √
* Workers can take up to six weeks paid sick leave√ during a 36-month cycle. √
* Workers should only work 9 hours per day√ in a 5 day work week. √/8 hours per day in a 6 day√ work week. /Overtime should not exceed 10 hours per week. √

**SECTION C: ESSAYS QUESTIONS ON THE HUMAN RESOURCES FUNCTION**

**QUESTION 4**

|  |
| --- |
| **TOMMY FINANCIAL SERVICES (TFS)**Tommy Financial Services specialise in accounting and taxation services and are looking for an experienced accountant within the business. The new employee is expected to sign an employment contract and to be placed where he/she will function effectively. The new employee will also be inducted on the implications of the Labour Relations Act on the human resources function. |

Write an essay on the following aspects:

* Outline the legal requirements of an employment contract
* Explain placement procedure as a human resources activity
* Evaluate the impact of internal recruitment on businesses.
* Advise TFS on the implications of the Skills Development Act, 1998 (Act 97 of 1998) for the human resources function. [40]

|  |
| --- |
| **TIPS*** Learners must be advised not to repeat the scenario/preamble in the question
* They must write the word *introduction* and provide two facts on any of the four sub-questions in the paper.
* They must write the word *conclusion* and provide one fact on any of the four sub-questions in the paper.
* Remind them to write the FOUR sub-heading so that they can at least obtain one mark for analysis.
* They should give practical original examples that are not taken from the notes or any textbook to obtain marks for Originality.
 |

**REQUIRED RESPONSES**

**QUESTION 4**

**4.1 Introduction**

* The aim of internal recruitment is to find the right employee for a specific job. √
* The right employee will be the one with the right skills/qualifications/competency to

fill vacancies in a business. √

* It is important that the business places the right person in the right job. √

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

**4.2 Legal requirements of the employment contract**

* Employment contract is an agreement between the employer and the new

employee√ and is legally binding. √

* Employer and employee must agree√ to any changes to the contract. √
* No party may unilaterally√ change aspects of the employment contract. √
* TFS and the new employee must both√ sign the contract. √
* The employment contract should include a code of conduct√ and code of ethics. √
* TFS must explain the terms and conditions of the employment contract√ to the

employee. √

* It may not contain any requirements that are in conflict√ with the BCEA.√

**Max (14)**

**4.3 Placement procedure**

* TFS should outline specific responsibilities/expectations√ of the new position. √
* Determine the successful candidate’s strengths/weaknesses/skills/ interests√ by subjecting him to various psychometric tests. √
* Determine the relationship between the position√ and the competencies of the new candidate. √

**Max (6)**

**4.4 Impact of internal recruitment**

**Positives/Advantages**

* The business recruits from existing employees√ through promotions/transfer from inside the business. √
* Opportunities for promotion reward good work√ and motivate current employees. √
* Staff morale and productivity increases√ if suitable staff members are promoted regularly. √
* Current employees understand√ how the business operates. √
* The business knows the candidate√, his/her personality, strengths and weaknesses. √

**AND/OR**

**Negatives/Disadvantages**

* Current employees√ may not bring new ideas into the business. √
* Promoting a current employee may cause resentment√ amongst other employees. √
* The number of applicants is limited√ to current staff only. √
* Employees who do not really have the required skills for the new job√ may be

promoted. √

* Staff that is not promoted may feel demotivated√ which may hamper productivity. √

**Max (16)**

**4.5 Implications of the Labour Relations Act on the human resource function**

* Promotes resolution√ of labour disputes. √
* Protects the rights of employees/employers √ as outlined in the Constitution. √
* Advances economic development√ and social justice/labour peace. √
* Provides for unresolved disputes√ to be referred to Labour Courts/Labour Appeal Courts. √
* Promotes orderly negotiations√ and employee participation in decision making in the workplace. √
* Workers cannot be easily dismissed√ as bargaining council/Commission

for Conciliation, Mediation and Arbitration (CCMA) processes need to be followed. √

**Max (10)**

**4.6 Conclusion**

* Employees are one of the most important resources in any business, therefore businesses should check if the current staff has the potential to fulfil a new role. √√
* The human resources manager must support the placement process by providing ongoing support throughout the probation period to employees who are newly placed in a position. √√
* Any other relevant conclusion related to internal recruitment/legal requirements of the employment contract/placement procedure/implications of the Skills Development Act on the human resources function. **Any (1x2) (2)**

**[40]**

**BUSINESS OPERATIONS CONTINUED**

**UNIT 2: QUALITY OF PERFORMANCE**

**Exam guidelines for the quality of performance**

Learners should be able to:

**QUALITY**

* Define the following concepts:

-Quality

-Quality control

-Quality assurance

-Quality management

-Quality performance

-Quality management systems

* Explain/Differentiate/Distinguish between quality control and quality assurance.
* Explain/Differentiate/Distinguish between quality management and quality performance.
* Explain/Discuss the advantages/benefits of a good quality management system.
* Explain/Discuss how quality of performance can contribute to the success and/or failure of each business function.
* Outline the quality indicators for each business function.

**TOTAL QUALITY MANAGEMENT (TQM)**

* Elaborate on the meaning of TQM.
* Identify the following TQM elements from given scenarios/statements:
* Continuous skills development/ Education and training
* Total client/customer satisfaction
* Continuous improvement to processes and system
* Adequate financing and capacity
* Monitoring and evaluation of quality processes
* Explain/Discuss/Analyse/Evaluate the impact of the above-mentioned TQM elements on large businesses.
* Explain how businesses can apply the PDCA model/steps to improve the quality of products.
* Explain the role/importance of quality circles as part of continuous improvement to processes and systems.
* Explain/Discuss the impact of TQM if poorly implemented by businesses.
* Explain/Recommend/Suggest ways in which TQM can reduce the cost of quality.

**QUESTIONS ON QUALITY CONCEPTS**

**QUESTION 1**

1.1 Elaborate on the meaning of *quality assurance* (4)

1.2 Explain the difference between *quality management* and *quality performance.* (4)

|  |
| --- |
| **TIPS*** Leaners must know the meaning of “elaborate” so that they are able to provide in depth responses. This action verb goes beyond the definition of a concept.
* The action verb ‘’elaborate’’ means provide a detailed explanation of the concept
* Learners must know that “quality management” focuses on what “management must do to ensure that business functions meet the required standard”. While “quality performance focuses on the performance of different business function.
 |

**REQUIRED RESPONSES**

**1.1 Meaning of quality assurance**

* Checks carried out during√ and after the production process.√
* Ensure that required standards√ have been met at every stage of the process.√ - Processes put in place to ensure that the quality of products/services/ systems
* adhere to pre-set standards√ with minimal defects/delays/short- comings.√
* Ensuring that every process is aimed to get the product 'right the first time'√ and

prevent mistakes from happening. √ **Max (6)**

* 1. **Differences between quality management and quality performance**

|  |  |
| --- | --- |
| **QUALITY MANAGEMENT**  | **QUALITY PERFORMANCE** |
| Techniques/tools√ used to design/ improve the quality of a product.√  | Total performance of each department measured√ against the specified standards.√  |
| Can be used or accountability within each of the business functions. √  | Can be obtained if all departments work together√ towards the same quality standards.√  |
| Sub max (4)  | Sub max (4)  |

**NOTE:….1 The answer does not have to be in tabular format,**

**2 The differences must be clear but does not have to be linked.**

**3 Learners will be awarded a maximum of FOUR (4) marks if the differences are not clear/ Only quality management or quality performance will be marked.**

**Max (8)**

1.3 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **EXCLUSIVE CLOTHING ENTERPRISE (ECE)**Zinhle is the owner of Exclusive Clothing Enterprise. She was requested to share ideas on how she maintains the high quality standard of her products. She indicated that her employees are trained on a regular basis. Time and resources are also used efficiently.  |

1.3.1 Quote TWO benefits of a good quality management system from the scenario above. (2)

1.3.2 Explain to Zinhle other benefits of a good quality management system. (8)

|  |
| --- |
| **TIPS*** The above question requires learners to quote TWO benefits of a good management system without motivating their answers.
* Learners will only be able to quote the benefits of a good management system from the scenario if they understand the content of this topic.
* They must be advised to refrain from repeating the same responses in the follow-on questions.
 |

**REQUIRED RESPONSES**

**1.3.1 Benefits of a good quality management system from the scenario**

* She indicated that her employees are trained on regular basis. √
* Time and resources are also used efficiently. √

**NOTE:1 Learners will only be awarded the first TWO (2) responses**

**2 They will only be awarded marks for responses that are quoted from the scenario.**

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

**1.3.2 Other benefits of a good quality management system**

* Effective customer services will be rendered√, resulting in increased customer satisfaction.√
* Productivity increases through proper time management√ and using high quality resources.√
* Products/Services are√ constantly improving.√
* Vision and mission/Business goals√ may be achieved.√
* The business may achieve a competitive advantage√ over its competitors. √

**NOTE: Learners will not be awarded marks for responses that were quoted in question 1.3.1.**

**Max (8)**

**QUESTIONS ON BUSINESS FUNCTIONS**

1.4 Explain how the quality of performance of following business functions can contribute to the success of a business:

* + 1. Marketing (6)
		2. Administrative (6)
		3. Financial function (6)

|  |
| --- |
| **TIPS*** Learners must know the different ways in which question can be asked in different ways.
* They may be required to identify the business functions from given scenarios/ statements
* They may also be asked to suggest quality indicators of various business functions. This question requires the same responses below.
 |

**REQUIRED RESPONSES**

**1.4.1 Marketing function**

* Acquire a greater market share√ through good customer service.√
* Win customers loyalty√ by satisfying their needs and wants/ building positive relationships.√
* Adhere to ethical advertising practices√ when promoting products and services.√
* Identify competitive edge√ and conduct regular market research.√
* Differentiate products√ to increase the target market/ profitability.√

**Max (6)**

**1.4.2 Administration function**

* Ensure a fast and reliable√ data capturing and processing systems.√
* Make reliable information√ available 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.√

**Max (6)**

**1.4.3 Financial function**

* Obtain capital√ from the most suitable/available/reliable sources. √
* Negotiate better interest rates√ in order to keep financial cost down. √
* Draw up budgets√ to ensure sufficient application of monetary resources. √
* Keep financial records up to date√ to ensure timely/accurate tax payments. √
* Analyse strategies√ to increase profitability. √
* Invest surplus funds √ to create sources of passive income. √
* Implement financial control measures/systems√ to prevent fraud. √
* Implement credit granting/debt collecting policies√ to monitor cash flow. √
* Draw up accurate financial statements√ timeously/regularly. √
* Accurately analyse√ and interpret financial information. √
* Invest in strategies that will assist the business√ to remain profitable. √

**Max (6)**

**QUESTIONS ON TOTAL QUALITY MANAGEMENT/TQM**

1.5 Elaborate on the meaning of *Total Quality M*anagement/*TQM.* (4)

1.6 Name the total quality management (TQM) element applied by Imvelo Logistics in EACH statement below.

1.6.1 Regular market research is conducted to determine the needs of consumers.

1.6.2 Sufficient capital and equipment are available to render quality service.

1.6.3 Employees are regularly trained to use the latest technology.

1.7 Read the scenario below and answer the questions that follow.

|  |
| --- |
| **STRYDOM LEATHERS LIMITED (SLL)**Strydom Leathers Limited is a large business that specialises in the manufacturing of quality leather bags. They often upgrade their production process to stay ahead of their competitors. Customers are always requested to provide feedback about their products.  |

1.7.1 Identify TWO total quality management (TQM) elements applied by SLL. Motivate your answer by quoting from the scenario above. (6)

Use the table below as a guide to answer QUESTION 1.7.1.

|  |  |
| --- | --- |
| **TQM ELEMENTS** | **MOTIVATIONS** |
| **1.** |  |
| **2.** |  |

1.7.2 Evaluate the impact of ONE TQM element, identified in QUESTION 7.1.1 on Strydom Leathers Limited as a large business. (8)

1.8 Explain the impact of TQM if poorly implemented by businesses. (8)

1.9 Recommend ways in which TQM can reduce the cost of quality (8)

|  |
| --- |
| **TIPS*** Learners must be able to provide a detailed description of the meaning of TQM.
* Teachers should ensure that learners do not confuse the meaning of TQM with either the meaning of the concept “quality “or production function.
* Teachers are advised to only focus on the impact of FIVE TQM elements that are stated in the 2020 examination guidelines.
* The focus should be on how large businesses implement the TQM elements even though this is stated as “impact” in the CAPS document and exam guidelines.
* Leaners must be well conversant with the impact of EACH TQM element so that they are able to identify these elements from given statements/scenarios.
* The impact of TQM if poorly implemented in this context refers to the “negatives”
* It is worth noting that the effective implementation of TQM elements can reduce the cost of quality. This means that if learners understand the advantages of each TQM element, they will be able to suggest ways in which TQM can reduce the cost of quality.
 |

**REQUIRED RESPONSES**

**1.5 The meaning of *Total Quality M*anagement/*TQM***

* TQM enables businesses to continuously improve on the delivery of products/ services√ in order to satisfy the needs of customers. √
* Management ensures that each employee is responsible√ for the quality of his/her work/actions. √
* TQM focuses on achieving customer satisfaction√ and looks for continuous improvement in all the business’s processes, products and services. √
* TQM takes steps to ensure the full involvement√ and co-operation of all employees in improving quality. √ **Max (4)**
	1. **TQM elements from given statements**

1.6.1 Total client satisfaction √√

1.6.2 Adequate finance and capacity √√

1.6.3 Continuous skills development √√ **Max (6)**

**1.7 TQM element**

**1.7.1 TQM elements from scenario**

|  |  |
| --- | --- |
| **TQM ELEMENTS** | **MOTIVATIONS** |
| Continuous improvement to processes and systems. √√  | * They often upgrade their production process to stay ahead of their competitors. √
 |
| Total client/customer satisfaction. √√  | * Customers are always requested to provide feedback about their products. √
 |
| Submax (4)  | Submax (2) |

**NOTE: Learners will not be awarded marks for the motivations if the TQM elements were incorrectly identified**. **Max (6)**

**7.1.2 Impact of continuous improvement to processes and systems on large businesses**

**Positives/Advantages**

* SLL have more resources√ to check on quality performance in each unit.√
* Enough capital resources are available√ for new equipment required for

processes and systems.√

* SLL have a person dedicated√ to the improvement of processes and systems.√
* Willing to take risk on/try new processes and systems√ because they are able to

absorb the impact of losing money.√

**AND/OR**

**Negatives/Disadvantages**

* Large scale manufacturing√ can complicate quality control.√
* Systems and processes take time and effort to implement in SLL√ as communication/buy-in may delay the process.√
* Risk of changing parts of the business√ that are actually working well.√
* Not all negative feedback from employees and customers is going to be accurate√, which may result in incorrect/unnecessary changes to systems and processes.√

**OR**

**Impact of total client/customer satisfaction on large businesses**

**Positives/Advantages**

* SLL uses market research/customer surveys√ to measure/ monitor customer satisfaction/analyse customers' needs.√
* Continuously promote√ a positive company image.√
* May achieve a state of total customer satisfaction, if businesses follow sound
* business practices√ that incorporate all stakeholders.√

**AND/OR**

**Negatives/Disadvantages**

* SLL employees who seldom come into contact with customers√ often do not have a clear idea of what will satisfy their needs.√
* Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers.√
* Not all employees√ may be involved/ committed to total client satisfaction. √

**Max (8)**

**1.8 The impact of TQM if poorly implemented by businesses**

* Setting unrealistic deadlines√ that may not be achieved. √
* Employees may not be adequately trained√ resulting in poor quality products. √
* Decline in productivity√, because of stoppages. √
* Businesses may not be able to make necessary changes√ of products/services to satisfy the needs of customers. √
* Business reputation/image may suffer √ because of poor quality/defective goods. √
* Customers will have many alternatives to choose from √ and the impact could be devastating to businesses. √
* Investors might withdraw investment√, if there is a decline in profits. √
* Decline in sales as more goods are returned √ by unhappy customers. √
* High staff turnover√, because of poor skills development. √

**Max (8)**

**1.9** **Ways in which TQM can reduce 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 between management and

workers.√√

* Improve communication about the quality challenges/deviations, so that

everyone can learn from past 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. √√ **Max (8)**

**QUESTION 2**

**ESSAY QUESTION ON QUALITY OF PERFROMANCE**

|  |
| --- |
| Large and small businesses realise that total quality management (TQM) is crucial in winning customers' loyalty and to remain sustainable. All business functions play an important role in striving towards quality of performance in their respective departments.  |

Write an essay on quality of performance and include the following:

* Elaborate on the meaning of quality control
* Discuss the impact of the following elements of TQM on large businesses:
	+ Continuous improvement to processes and systems
	+ Continuous skills development
* Explain how the quality of performance of the administration and public relations functions can contribute to the success of a business.
* Advise businesses on the role of the quality circles as part of continuous improvement to processes and systems. (40)

|  |
| --- |
| **TIPS*** Learners must first know the meaning of quality circles so that they can understand their roles in improving the quality of products.
* **NOTE** that the reason why quality circles form part of continuous improvement to processes and systems is that they make suggestions on how businesses may continuously improve their processes and systems.
* It is also important to note that the PDCA model also forms part of continuous improvement to processes and systems.
* It goes without saying that continuous improvement to processes and systems can be regarded as a high impact content in this regard.
 |

**REQUIRED RESPONSE**

**2.1 Introduction**

* Each business function and all employee activities should be properly managed to ensure quality goods and services.√
* A quality management system is a framework that a business uses to manage key processes.√
* The principles/values of quality are embedded in the organisational culture and ethics of the business.√  **Any** **(2x1) (2)**

**2.2 Meaning of quality control**

* A system that ensures the desired quality is met by inspecting the final product √ to ensure that it meets the required standards. √
* Checking raw materials/employees/machinery/workmanship/production√ to ensure that high quality standards are maintained. √
* Includes setting targets/measuring performance √ and taking corrective measures. √ **Max (6)**

**2.3 Impact of TQM on large businesses**

**2.3.1 Impact of Continuous improvement to processes and systems**

**Positives/Advantages**

* Large businesses have more resources√ to check on quality performance in each unit/business function.√
* Enough capital resources are available for new equipment required√ to stay relevant to new developments.√
* Large businesses have a person dedicated√ to the improvement of systems and processes.√

**AND/OR**

**Negatives/Disadvantages**

* Large scale manufacturing√ can complicate quality control.√
* Systems and processes take time and effort to be implemented in large businesses√ as communication/buy-in/distrust may delay the implementation process.√
* Face the of risk in changing parts of the business√ that are actually working well.√

Submax (6)

**2.3.2 Impact of Total client/customer satisfaction Positive**

**Positives/Advantages**

* Large businesses use market research/customer surveys√ to measure/ monitor customer satisfaction/analyse customers' needs.√
* Continuously promote√ a positive business image.√
* May achieve a state of total customer satisfaction, if businesses follow sound
* business practices√ that incorporate all stakeholders.√

**AND/OR**

**Negatives/Disadvantages**

* + Employees who seldom come into contact with customers√ often do not have a clear idea of what will satisfy their needs.√
	+ Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers.√
	+ Not all employees√ may be involved/committed to total client/customer satisfaction.√

Submax (6)

**2.3.3 Continuous skills development**

**Positives/Advantages**

* Large businesses have a human resources department√ dedicated to skills training and development.√
* Human resources experts√ ensure that training programmes are relevant/focused to increased customer satisfaction.√
* Financially able to afford√ specialised/skilled employees.√
* May be able to conduct skills audits√ to establish the competency/education

levels of staff.√

* May be able to hire qualified trainers√ to train employees on a regular basis.√

Submax (6)

**AND/OR**

**Negatives/Disadvantages**

* Poor communication systems√ may prevent effective training from taking place.√
* Trained employees may leave for better jobs√ after they gained more skills.√
* Low/No recognition for training√ result in de-motivated employees.√
* Employees who specialise in narrowly defined jobs√ may become frustrated/de-
* motivated.√
* Employees may not be aware of the level of competency they should meet√ in
* order to achieve their targets.√
* It may be difficult to monitor/evaluate√ the effectiveness of training.√

Submax (6)

**Max (16)**

**2.4** **Contribution of the quality performance in business functions to the success**

**of a business**

**2.4.1 Financial function**

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

effectively.√

**Max (8)**

**2.4.2 Public Relations function**

* Dealing quickly√ with negative publicity/less/little/no incidents of negative

publicity.√

* Providing regular/positive√ press releases.√
* Implement sustainable√ Corporate Social Investment (CSI) programmes.√
* Good results of/Positive feedback√ from public surveys on business image.√
* High standard√ of internal publicity/appearance of buildings/professional

telephone etiquette√, etc. **Max (8)**

**2.5 Impact if TQM is poorly implemented**

* Setting unrealistic deadlines√ that may not be achieved.√
* Business reputation/image may suffer√ because of poor quality/defective

goods.√

* Customers will have many alternatives to choose from√ and the impact could be

devastating to businesses.√

* Investors might withdraw investment√, if there is a decline in profits.√
* Decline in sales√ as more goods are returned by unhappy customers.√
* High staff turnover√, because of poor skills development.√
* Undocumented/Uncontrolled quality control systems/processes√ could result in

errors/ deviations from pre-set quality standards.√

* Any other relevant answer related to the negative impact of TQM if poorly

implemented by businesses. **Max (8)**

**2.6 Conclusion**

* A quality management system shows a belief in the employee's ability to solve

 problems.√√

* Top management should act as the main driver of TQM and create an environment that ensures success.√√
* Improvement in quality should improve customer satisfaction.√√
* Businesses require excellent management skills to coordinate the quality of performance various business functions in order to ensure success. √√ **Any (1x2) (2)**

**(40)**