****

**BUSINESS STUDIES**

**TERM 1**

**GRADE 12**

**INFORMAL ACTIVITIES**

**MARKING GUIDELINES**

**2019**

**This marking guideline consist of 47 pages**

**MACRO ENVIRONMENT: LEGISLATION**

**ACTIVITY 1: MEMO**

**TOTAL: 100**

**1.1** **Role of SETAs in supporting the Skills Development Act**

* 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.√√
* Monitor/Evaluate the actual training by service providers.√√
* Promote and establish learnerships.√√
* Register learnership agreements/learning programmes.√√
* Provide training material/programmes for skills development facilitators.√√
* Provide accreditation for skills development facilitators.√√
* Oversee training in different sectors of the South African economy.√√
* Promote learnerships and learning programmes by identifying suitable workplaces for practical work experience.√√
* Collect levies and pay out grants as required.√√
* Report to the Director General.√√
* Any other relevant answer related to the role of SETAs in supporting the SDA.

**Max (8)**

**1.2** **Legislation**

**1.2.1** Skills Development Act, 1998 (Act 97 of 1998)/Skills Development Act/SDA√√ **(2)**

**1.2.2** **Actions regarded as discriminatory by the Skill Development Act**

* 'only young employees are given the opportunity to learn new skills.'√
* 'Female employees are excluded from attending training.'√

**NOTE: Only allocate marks for responses that are quoted from scenario. (2X1) (2)**

**1.2.3** **Impact of the Skills Development Act on businesses**

**Positives/Advantages**

* Thulane Traders (TT) may have an increased number of skilled employees√ in skills that are scarce.√
* Improves productivity√ in the workplace.√
* TT may be globally√ more competitive.√
* Higher investment in education and training in the labour market√ increases profits/return on investment.√
* TT's focus on social investment√ may be redirected to other challenges.√
* Employees' quality of life may improve√ as they will be more employable/ promoted to senior/managerial positions.√
* Improves work prospects√ and labour mobility.√
* Self-employment√ and entrepreneurship are promoted.√
* On-going skills development, learning and the acquisition of new skills are encouraged√ to sustain the improvement of skills development.√
* Any other relevant answer related to the positive impact of the SDA on businesses.

**AND/OR**

**Negatives/Disadvantages**

* The SDA process requires a large amount of paperwork/administration,√ this can cost time and money.√
* Skill 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.√
* Many businesses may not support√ this government initiative.√
* Implementation of the SDA can be difficult to monitor√ and control.√
* Employees are expected to attend learnerships during work hours√ which could affect the production process/productivity.√
* Costly for businesses to employ a person to implement/manage√ and control learnerships.√
* The time and money spent on improving employee skills√ is wasted if they leave the business.√
* Any other relevant answer related to the negative impact of the SDA on businesses.

**Max (8)**

**1.2.4** **Ways to comply with the 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.√√
* Any other relevant recommendations related to compliance with SDA. **Max** **(8)**

**1.3** **Difference between the National Skills Development Strategy and the Human Resources Development Strategy**

|  |  |
| --- | --- |
| **National Skills Development** **Strategy** | **Human Resources Development Strategy** |
| - | Encourages good quality training in the workplace√ to ensure on-going development of skills.√ | - | Addresses skills shortages√ in the South African workforce.√ |
| - | Provides for the participation of government√, organised business and labour.√ | - | Aims at achieving faster economic growth/higher employment levels√ and reduced levels of poverty.√ |
| - | Improves social development√ through economic development.√ | - | Promotes social development/social justice√ and helps to alleviate poverty.√ |
| - | Indicates how Sector Education and Training Authorities (SETAs)√ should use the money allocated from the Skills Development Levy.√ | - | Develops short term√ and long term workforce skills.√  |
| - | Increases/Improves access√ to training programmes.√ | - | Improves√ the supply of skills.√ |
| - | Builds/Provides√ career/vocationalguidance/training centres.√ | - | Increases employee participation√ in lifelong learning.√ |
| - | Any other relevant answer related to the National Skills Development Strategy. | - | Any other relevant answer related to Human Resources Development Strategy. |
| Sub max (4) | Sub max (4) |

**NOTE: The answer does not have to be in tabular format but differences must be clear.**

**Max (8)**

**1.4** **Legislation**

**1.4.1** 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: Do not award marks for the motivation/quotation if the Act was incorrectly identified. Max (3)**

**1.4.2** **The** **rights of employers and employees according to LRA**

**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.√√
* Right not to pay an employee who has taken part in a protected strike for services/work they did not do during the strike.√√
* Any other relevant answer related to the rights of employers according to the LRA.

Sub max (6)

**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.√√
* Refer unresolved workplace disputes to the CCMA.√√
* Refer unresolved CCMA disputes to the Labour Court on appeal.√√
* Any other relevant answer related to rights of employees according to the LRA.

Sub max (6)

**Max (12)**

**1.4.3** **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.√
* Some trade unions may not promote the mandate of their members√, but embark on industrial action, which is harmful to labour relations between employers and employees.√
* Labour disputes and bargaining council processes become disruptive/time-consuming√ and can lead to a decrease in productivity in businesses.√
* Many employees take advantage of the right to strike√ without acknowledging their responsibilities.√
* Expensive to consult labour experts/to appoint additional workers√ during strikes.√
* Any other relevant answer related to the negative impact/disadvantages of the LRA on businesses/JTB.

**NOTE**: **Accept relevant facts, if the Act/LRA was incorrectly identified as an answer in QUESTION 1.4.1**. **Max (8)**

**1.5** **Essay question**

**1.5.1 Introduction**

* The EEA ensures that all people are given equal job opportunities regardless of their socio-economic status. √
* Businesses are compelled to comply with this Act or face penalties. √
* Many people have welcomed this Act as it enables the wealth of the economy to spread evenly.√
* Any other relevant introduction related to the EEA. **(2x1) (2)**

**1.5.2 Purpose of the Employment Equity Act**

* This Act states that employees who do the same work (work of equal value) must be paid equally (equal pay). √√
* No discrimination on grounds of gender in the workplace.√√
* Promotes equal opportunity and fair treatment in the workplace.√√
* Provides for employees to refer unresolved disputes to the CCMA.√√
* Protects employees from victimization if they exercise the rights given to them by the EEA.√√
* Any other relevant answer related to the purpose of EEA. **Max (8)**

**Impact of EEA on businesses**

**Positives/Advantages**

* Promotes equal opportunity√ and fair treatment in the workplace.√
* Ensures the implementation of affirmative action measures√ to redress the imbalances in employment.√
* Encourages diversity in business √ by employing people from various racial/ cultural/religious backgrounds.√
* Provides all employees with an equal opportunity√ to be selected/appointed/ promoted in a position.√
* Prevents unfair discrimination against employees√ in any employment policy/ practice on one/more grounds, including race/gender/disability/language√, etc.
* Creates a framework of acceptable employment practices√ and affirmative action measures.√
* Provides employees with legal recourse√ if they believe they have been unfairly discriminated against.√
* Encourages consultation√ between employer and employees.√
* Compels businesses to develop/implement√ an employment equity plan.√
* Any other relevant answer related to the effectiveness of EEA on

**AND/OR**

**Negative/Disadvantage**

* Increased administration burden√, as businesses must compile/submit employ-ment equity reports every two years.√
* Expensive to train/employ someone√ who knows little about the Act.√
* Other groups may not respect the knowledge/skills/experience of an EE appoint-ment√ which may lead to conflict.√
* Fines/Penalties for non-compliant businesses√ may be expensive for the business.√
* Employers have to appoint one or more senior managers√ to ensure the imple-mentation of the plan, which increases salary expenditure.√
* Skilled people from designated groups may demand higher salaries√ which increase salary expenses.√
* Job hopping of skilled/trained EE appointees√ may increase staff turnover.√
* Businesses must submit a compliance certificate√ before they can conduct business with the government.√
* Diversity in the workplace√ may lead to conflict/unhappiness.√
* Businesses are sometimes pressurized to appoint√ an unsuitable EE candidate just to meet EE requirements.√
* Often positions go unfilled√ because there are no suitable EE candidates.√
* Any other relevant answer related to the negative impact of the EEA on businesses.

**Max (14)**

**1.5.3 Actions that can be regarded as discriminatory by the EEA**

* Not employing a young woman√ because she would want to have children in future. √
* Refusing to employ a person because he/she has strong religious√ beliefs/has a
* Disability. √
* Doing HIV testing √unless justified by the Labour Court. √
* Denying people access to the workforce based on gender/race/culture/etc and treating them unfairly. √
* Any other relevant answer related to actions that can be regarded as discriminatory by the EEA  **Max (10)**

**1.5.4 Compliance with the EEA**

* Guard against discriminatory appointments.√√
* Assess the racial composition of all employees, including senior management.√√
* Ensure that there is equal representation of all racial groups in every level of employment.√√
* Promote equal opportunities and fair treatment.√√
* Clearly define the appointment process, so that all parties are well informed.√√
* Use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed.√√
* Ensure that diversity/inclusivity in the workplace is achieved.√√
* Implement affirmative action measures to redress disadvantages experienced by designated groups.√√
* Prepare an employment equity plan in consultation with employees.√√
* Implement an employment equity plan.√√
* Submit the employment equity plan to the Department of Labour.√
* Assign one or more senior managers to ensure implementation and monitoring of the employment equity plan.√√
* Eliminate barriers that have an adverse impact on designated groups.√√
* Accommodate people from different designated groups.√√
* Retain/Develop/Train designated groups, including skills development.√√
* Regularly report to the Department of Labour on progress in implementing the plan.√√
* Any other relevant answer related to ways in which businesses could comply with t. **Max (8)**

**1.5.5 Conclusion**

* The EEA introduces measures to prevent unfair discrimination at all levels. √√
* It ensures that employment matches the demographics of the country. √√
* The Act takes into account international labour standards on employment to ensure global compatibility. √√
* Any other relevant conclusion related to the EEA. **Max (2)**

**[40]**

**MACRO ENVIRONMENT: LEGISLATION**

**ACTIVITY 2: MEMO**

**TOTAL: 46**

**2.1** **BCEA provisions**

2.1.1 Working hours/Ordinary hours of work/Working time/Normal work time√√

2.1.2 Family responsibility leave/Paternity leave√√

2.1.3 Meal interval/Meal break/Rest periods√√

2.1.4 Child labour/Forced labour√√

2.1.5 Overtime√√ **(10)**

**2.2** **Analysis of BCEA**

**2.2.1 Non-compliance to BCEA:**

Hours of work√

* Workers are working 9 hours√ a day for six days.√

Meal intervals/Breaks√

* Workers are only allowed√ a 15 minutes break.√

Sick leave √

* Workers are not paid√ when taking sick leave.√

Sub max (6)

**Recommendations**

* 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. √√
* They must have a break of 60 minutes after five hours of work/This can be reduced to 30 minutes by written agreement. √√
* Workers can take up to six weeks paid sick leave during a 36-month cycle√√ /are only entitled to one day for every month worked during the first six months of their employment. √√
* If an employee presents a non-fraudulent medical certificate the employer should pay him/her for the days he/she was sick.√√
* Any other relevant recommendations related to working hours and sick leave based on the BCEA. Sub max (6)

**NOTE**: **The recommendations must be linked to M&U Outfitters Ltd's non- compliance to the BCEA**. **Max (12)**

**2.2.2** **Impact of BCEA on businesses**

**Positives/Advantages**

* Creates a framework of acceptable employment practices√, e.g. legal employment contracts, work hours, leave√, etc.
* Promotes fair treatment√ of employees in business.√
* The rules and regulations are very specific√, which clearly guides the employer
* how to deal with employment issues.√
* 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.√
* Any other relevant answer related to the positive impact of the BCEA on businesses.

**AND/OR**

**Negative/Positive**

* Developing/Drafting√ a formal/legal employment contract√ may be time-consuming/costly.√
* Businesses may regard employment contracts as restrictive/negative√ and may refrain from implementing it,√ which result in non-compliance/penalties.√
* No employer may force an employee√ to work more than 45 hours in a week/nine hours in a five-day (or less) work week/eight hours in a six-day work week.√ This may result in low 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.√
* Businesses may consider the provisions of the BCEA as unimportant√ and an unnecessary administrative burden√ that increase operating costs.√
* Any other relevant answer related to the disadvantages of the BCEA to businesses.

**Max (8)**

**2.2.3** **Ways businesses can comply with the BCEA**

* 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. √√
* They must have a break of 60 minutes after five hours of work.√√
* Workers can take up to six weeks paid sick leave during a 36-month cycle.√√
* Businesses should not employ children under the age of 16. √√
* Workers must receive double if they work during public holidays/Sunday.√√
* Any other relevant answer related to ways businesses can comply with the BCEA.

**Max (8)**

**2.3** **Legislation**

**2.3.1** Compensation for Occupational Injuries and Disease Act, 1997 (Act 61 of 1997)/ COIDA. √√ **(2)**

**2.3.2** **Negative impact of COIDA on MGM/ businesses**

* Claiming processes/procedures√ can be time consuming for MGM. √
* Processes/Procedures required by this Act may be costly√ as paperwork places an extra administrative burden on MGM/businesses. √
* MGM/Employer has to register all their workers/make annual contributions to COIDA√, which may result in cash flow problems. √
* MGM/Employer may be forced to pay heavy penalties√ if they are found guilty of negligence/not enforcing safety measures. √
* Workers who are temporarily/permanently employed in foreign countries√ are not covered. √
* Domestic/Military workers√ are not covered. √
* Any other relevant answer related to the negative impact of COIDA on MGM/businesses.

**NOTE: Accept relevant facts, if COIDA was incorrectly identified as an answer in QUESTION 2.5.1. Max (8)**

**2.3.3** **Actions that can be regarded as discriminatory under COIDA**.

* Employers who bribe employees√ not to report the accident/injury.√
* Providing false information√ about previous, serious accidents/occupational
* diseases.√
* Employers who do not contribute√ to the Compensation fund.√
* Employers who do not allow claims for injuries√, discriminates against injured employees.√
* Employers that take too long√ to process claims/delay the claiming process.√
* Compensation that is set off against√ any debt of the person entitled to the compensation.√
* Any other relevant answer related to discriminatory actions under COIDA.

**Max (8)**

**ACTIVITY 3: MEMO**

**TOTAL: 86**

**3.1** **Distinction between BEE and BBBEE**

|  |  |
| --- | --- |
| **BLACK ECONOMIC EMPOWERMENT (BEE)** | **BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)** |
| - | It is a government policy√ which may not be enforced.√ | - | It is an Act√ that is enforced/must be complied with by businesses.√ |
| - | Benefits only a few previously disadvantaged people√ in the economy.√ | - | Encourages a wider group of previously disadvantaged people/black women/people who are physically challenged/youth/people in rural areas√ to participate in the economy.√ |
| - | Few previously disadvantaged individuals share in the wealth√ of the economy.√ | - | Aims at distributing the country's wealth√ across a broader spectrum of society.√ |
| - | Focuses only on three pillars√ that did not include all previously disadvantaged people.√ | - | Focuses on seven/five pillars√ which includes all sectors of the society, especially the previously disadvantaged.√ |
| - | Any other relevant answer related to BEE. | - | Any other relevant answer related to BBBEE. |
|  | Sub max (4) |  | Sub max (4) |

**NOTE: The distinction does not have to be in a tabular format but the differences must be clear. Max (8)**

**3.2** **Pillars of the BBBEE from statements**

3.2.1 Supplier development/ Enterprise and Supplier development/Preferential procurement. √√

3.2.2 Social responsibility/ Socio economic development.√√

3.2.3 Skills development.√√

3.2.4 Management Employment Equity/ Management control. √√

3.2.5 Ownership. √√ (10)

**3.3** **Implications of management and ownership on businesses**

**3.3.1** **Management**

* Business must ensure that transformation√ is implemented at all levels.√
* Appoint black people√ in senior executive positions/to management.√
* Involve black people√ in the decision making processes.√
* Ensure that black females√ are represented in management.√
* 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.√
* Due to a shortage of skilled black managers/directors√, some businesses find it difficult to make appointments.√
* Businesses are directly penalised√ for not implementing this pillar.√
* Any other relevant answer related to the implication of management as a BBBEE pillar on businesses. Sub max (4)

**3.3.2** **Ownership**

* Business should include black people√ in shareholding/partnerships/franchises.√
* Exempted Micro Enterprises (EMEs) with an ownership of 50% or more of black people√ are promoted to level 3 of the BEE scorecard.√
* More opportunities are created for black people√ to become owners/ entrepreneurs.√
* Encourage small black investors√ to invest in big companies and share ownership.√
* Large businesses should form joint ventures with small black owned businesses√ and share business risks.√
* Businesses sometimes find it difficult√ to locate suitable black business partners/ shareholders.√
* Many black people cannot afford√ shares in companies/contributions to partnerships.√
* Any other relevant answer related to the implication of ownership as a BBBEE pillar on businesses. Sub max (4)

**Max (8)**

**3.4** **Effectiveness of BBBEE on businesses**

**Positives/Advantages**

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

**AND/OR**

**Negatives/Disadvantages**

* Businesses have to go through the process of having their BBBEE compliance measured/verified√ by an independent BEE verification agency.√
* Businesses that wish to do business with the government√, must have their BEE status assessed annually.√
* Provides for preferential procurement√, so certain businesses may be excluded from supplying goods/services.√
* Processes may lead to corruption/nepotism√, if not monitored properly.√
* Many businesses have been disadvantaged due to BBBEE ratings√ as they may not be able to meet all the scoring.√
* Processes and procedures may be costly for a business√ as there are many legal requirements for scoring enough points to be compliant.√
* 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.√
* Investment/Ownership issues√ can cause unhappiness between existing shareholders.√
* Any other relevant answer related to the negative impact of BBBEE on businesses.

**Max (10)**

**3.5** **Consumer rights from given statements**

3.5.1 Right to return goods/have goods replaced/claim a refund/fair value/good quality and safe products√√

3.5.2 Right to privacy/confidentiality√√

3.5.3 Right to fair/honest dealings/responsible marketing/promotion√√

3.5.4 Right to accountability from suppliers√√

3.5.5 Right to fair/just/reasonable terms/conditions/disclosure√√  **(10)**

**3.6 Essay question**

**3.6.1 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 CPA applies to the promotion/sales of all goods and services. √
* The National Credit Act (NCA) deals mainly with regulating consumer credit. √
* The reason for the establishment of the NCA was to curb the high levels of consumer debt. √
* The NCA allows consumers to make informed decisions before buying on credit. √
* Any other relevant introduction related to the CPA/NCA. **(2 x 1) (2)**

**3.6.2** **Purpose of the CPA and NCA**

**Purpose of CPA**

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

**Sub max (10)**

**Purpose of the NCA**

* Promotes the social and financial interests of South African consumers. √√
* Promotes a fair/competitive credit market.√√
* Promotes responsible granting of credit by credit providers.√
* Ensures that customers are well informed about what is included in their credit contracts. √√
* Ensures that credit is equally available to all consumers. √√
* Protects consumers from unfair business practices where credit is involved.√√
* Protects lenders and borrowers from negligent lending practices that results in over-indebtedness for consumers. √√
* Ensures that credit bureaux/credit providers/debt counsellors are registered to avoid consumer exploitation.√√
* Creates national standards for the credit industry.√√
* Any other relevant answer related to the purpose of the NCA. **Sub max (10)**

**Max (20)**

**3.6.3** **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. √
* Businesses do thorough credit checks√ and receive up-to-date documentation from the consumer as proof that they can afford the repayment/credit. √
* Credit bureau information is made available to businesses√ so that they can check the credit worthiness of consumers before granting credit. √
* Authorised credit providers√ may attract more customers. √
* Leads to more customers through credit sales√ as they are now protected from abuse. √
* The whole credit process is transparent√, e.g. both businesses and customers know their responsibilities. √
* Any other relevant answer related to the positives/advantages of the NCA for businesses.

**AND/OR**

**Negatives/Disadvantages**

* 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. √
* More working capital is needed√ as businesses cannot sell many goods on credit due to stricter credit application processes. √
* Fewer customers buy on credit√ as it is more difficult to obtain credit. √
* Businesses struggle to get credit√ such as bank loans/overdrafts. √
* Businesses that do not comply with the NCA√ may face legal action. √
* Any other relevant answer related to the negatives/disadvantages of the NCA for businesses.

**Max (12)**

**3.6.4 Ways in which businesses can comply with the National Credit Act.**

* Businesses should register with the National Credit Regulator.√√
* Submit an annual compliance report to the National Credit Regulator.√√
* Obtain credit records/checks of clients before granting loans.√√
* Conduct credit affordability assessments to ensure that clients are able to meet their √√obligations.√√
* Offer applicants pre-agreement statements.√√
* Disclose all costs of a loan/No hidden costs should be charged/added.√√
* Any other relevant answer related to ways in which businesses can comply with NCA.

**Max (6)**

**3.6.5 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. √√
* The NCA prevents unfair credit marketing practices and promotes responsible credit granting. √√
* The CPA protects consumers against unscrupulous businesses and against contracts that include unfair terms. √√
* Any other relevant conclusion related to the NCA/CPA. **Max (2)**

**[40]**

**HUMAN RESOURCES FUNCTION**

**ACTIVITY 4: MEMO**

**TOTAL: 60**

**4.1 Responses based on the scenario**

**4.1**.**1** **Components of a job analysis**

Job description√√

Job specification √√

**NOTE: Mark the first TWO (2) only. (2x2) (4)**

**4.1.2 Differences** **between job description and job specification**

|  |  |
| --- | --- |
| **JOB DESCRIPTION** | **JOB SPECIFICATION** |
| -Written description of the job√ and its requirements.√ | -Written description of specific qualifi- cations/skills/experience/characteristics√ required to do the job.√ |
| -Written description of the job√ and its requirements.√ | -Describes the minimum acceptable personal qualities/skills/qualifications√ needed for the job.√ |
| -Describes key performance areas/ tasks for a specific job√, e.g. job title/ duties/working conditions/location of the place of work/relationship of the job with other jobs in the business√, etc.  | -Describes key requirements of the person who will fill the position√, e.g. formal qualifications/willingness to travel/work unusual hours√, etc. |
| -Any other relevant answer related to job description.  | -Any other relevant answer related to job specification. |
| Sub max (4) |  Sub max (4) |

**NOTE: 1 The answer does not have to be in tabular format, but the distinction must be clear**

**2. Award a maximum of FOUR (4) marks if the distinction is not clear/ Mark job description or job specification only. Max (8)**

**4.1.3** **Recruitment procedure**

* Choose the source of recruitment, e.g. internal/external√, to reach/target the suitable applicants/candidates.√
* Vacancies can be internally advertised√ via internal email/word of mouth/posters/ staff notices.√ External recruitment should be considered√ if internal recruitment was unsuccessful. √
* If the external recruitment is done, the relevant recruitment method should be selected√, e.g. recruitment agencies, tertiary institutions, newspapers√, etc.
* 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 selected media√ that will ensure that the best candidates apply.√
* Any other relevant answer related to recruitment procedures, except the components of job analysis. **Max (8)**

**4.1.4 Meaning of screening as a human resources activity**

* Screening is one of the activities√ of the selection procedure√
* It includes checking application documents√ against the requirements of the job.√
* Candidates who meet the minimum requirements√ are separated from others.√
* Do background/credit/reference checks of applicants√ who qualify for the job.√
* Prepare a shortlist√ of suitable candidates after screening.√
* Any other relevant answer related to screening as part of the selection procedure.

**Max (4)**

**4.1.5 Selection procedure**

* Determine fair assessment criteria on which selection will be based.√√
* Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications, etc. √√
* Sort the received documents/CVs according to the assessment/selection criteria. √√
* Screen/Determine which applications meet the minimum job requirements and separate these from the rest.√ √
* Preliminary interviews are conducted if many suitable applications were received. √√
* Reference checks should be made to verify the contents of CV's, e.g. contact previous employers to check work experience.√√
* Compile a shortlist of potential candidate's identified.√√
* Invite shortlisted candidates for an interview.√√
* Inform unsuccessful applicants about the outcome of t heir application./Some adverts indicate the deadline for informing only successful candidates.√√
* Any other relevant answer related to the selection procedure.

**NOTE: Do not allocate marks for various types of tests and a written offer**.

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

**4.1.6 Legal requirements of an employment contract**

* The employment contract is a legally binding document √ even though certain aspects of the contract are negotiable.√
* Neither the employee nor the employer may unilaterally change √ aspects of the employment contract.√
* Employer must explain the terms and conditions of the employment contract √ to the employee, if deemed necessary.√
* Employers must allow employees to read through the conditions of service and code of conduct √ before they sign the contract.√
* An employees may also consult legal experts √ to help him understand the terms and conditions of the contract.√
* Both parties involved √ must have contractual capacity.√
* It should include a code of conduct and/or a code of ethics √ for employees.√
* Specific details of the remuneration package √ should be clearly explained to employees/stipulated in the contract.√
* It must stipulate what employees would receive √ in terms of benefits and labour legislation.√
* All business policies/procedures/disciplinary codes √ should form part of the employment contract.√
* Any other relevant answer related to the legal requirements of the employment contract.

**Max (8)**

**4.1.7 Reasons for the termination of an employment contract**

* Dismissal √√
* Redundancy √√
* Retrenchment √√
* Resignation √√
* Retirement √√
* Any other relevant answer related to reasons for the termination of an employment contract.

**NOTE: Mark first FOUR only**. **(4x1) (4)**

**4.2** **Role of the interviewee during the interview**

* Greet the interviewer by name√ with a solid handshake and a friendly smile.√
* Listen carefully to the questions√ before responding.√
* Make eye contact√ and have good posture/body language.√
* Show confidence√ and have a positive attitude.√
* Be inquisitive√ and show interest in the business.√
* Ask clarity√ seeking questions/be assertive.√
* Show respect√ and treat the interview with its due importance.√
* Be honest about mistakes√ and explain how you dealt with it.√
* Know your strengths and weaknesses√ and be prepared to discuss it.√
* Any other relevant answer related to the role of the interviewee during the interview

**Max (8)**

**4.4 Benefits of induction**

* Increases quality of performance/productivity.√√
* Allows new employees to settle in quickly and work effectively.√√
* Ensures that new employees understands rules and restrictions in the business.√√
* The results obtained during the induction process provide a base for focussed training.√√
* Minimises the need for on-going training and development.√√
* New employees may establish relationships with fellow employees at different levels.√√
* Employees will be familiar with organisational structures, e.g. who are their supervisors/low level managers.√√
* Opportunities are created for new employees to experience/explore different departments.√√
* New employees will understand their role/responsibilities concerning safety regulations and rules.√√
* New employees will know the layout of the building/factory/offices/where everything is, which saves production time.√√
* Learn more about the business so that new employees understand their roles/ responsibilities in order to be more efficient.√√
* Make new employees feel at ease in the workplace, which reduces anxiety/ insecurity/fear.√√
* Company policies are communicated, regarding conduct and procedures/safety and security/employment contract/conditions of employment/working hours/ leave.√√
* Realistic expectations for new employees as well as the business are created.√√
* New employees may feel part of the team resulting in positive morale and motivation.√√
* Employees may have a better understanding of business policies regarding ethical/professional conduct/procedures/CSR√√, etc.
* Any other relevant answer related to the benefits of induction. **Max (8)**

**HUMAN RESOURCES FUNCTION MEMO**

**ACTIVITY 5**

**TOTAL: 54:**

**5.1 Salary determination methods**

**5.1.1 Salary determination method from the scenario**

Piecemeal √√ (2)

**Motivation**

They are both paid according to the number of units sold. √ (1)

**Max (3)**

**5.1.2** **Explain the differences between the salary determination methods**

|  |  |
| --- | --- |
| **PIECEMEAL** | **TIME-RELATED** |
| -Remunerated for a specific piece of work, √ regardless of hours worked/ time taken to produce items.√ | - Remunerated for the time/ period worked√, usually monthly or weekly.√ |
| -Mostly used in factories√ particularly in the textile /technology industries.√ | - Most private and public sector businesses√ use this method.√ |
| -Any other relevant answer related to piecemeal remuneration. | - Any other relevant answer related to time related remuneration. |
| Sub max (4) | Sub max (4) |

**NOTE: The answer does not have to be in tabular format, but the distinction must be clear Max (8)**

**5.1.3 Impact of fringe benefits on businesses**

**Positives/Advantages**

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

**AND/OR**

**Negatives/Disadvantages**

* Fringe benefits are additional costs√ that may result in cash flow problems.√
* Administrative costs increase√ as benefits need to be correctly recorded for tax purposes.√
* Decreases business profits√, as incentive/package/remuneration costs are higher.√
* It can create conflict/lead to corruption√ if allocated unfairly.√
* Workers only stay with the business for fringe benefits√, and may not be committed/loyal to the tasks/business.√
* Businesses who offer employees different benefit plans may create resentment√ to those who receive less benefit resulting in lower productivity.√
* Businesses who cannot offer fringe benefits√ fail to attract skilled workers.√
* Businesses have to pay advisors/attorneys√ to help them create benefit plans that comply with legislation.√
* Errors in benefit plans√ may lead to costly lawsuits/regulatory fines.√
* Any other relevant answer related to the negative impact/disadvantages of fringe benefits on businesses. **Max (8)**

**5.4 Essay question**

**5.4.1 Introduction**

* The objective of recruitment is to attract the best possible applicants with the required skills, qualifications and competency to fill vacancies in a business.√
* All recruitment procedures should be conducted within the framework of the Employment Equity Act (EEA) to ensure fairness.√
* Shortlisted applicants should be interviewed in order to evaluate their suitability for the job.√
* Any other relevant introduction related to recruitment, interviewing and the EEA.

**(2x1) (2)**

**5.4.2. Advantages of Internal Recruitment**

* 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.√
* Reliable/Key staff members are retained√ if they are promoted/ transferred within the business.√
* Detailed, reliable information on candidates can be obtained√ from super-visors/employee records.√
* Recruitment process is faster and less expensive√ if the candidates are known.√
* Any other relevant answer related to positive aspects of internal recruitment.

**Max (14)**

**5.4.3. Role of the Interviewer before the interview**

* Develop a core set of questions√ based on the required skills, knowledge and ability required.√
* Check the application and verify the CV√ for anything that may need to be explained.√
* Book and prepare the venue√ for the interview.√
* Set the interview date√ and ensure that all interviews take place on the same date, if possible.√
* Inform all shortlisted candidates√ about the date/place of the interview.√
* Notify all panel members conducting the interview√ about the date/place of the interview.√
* Allocate the same amount of time√ to each candidate.√
* Any other relevant answer related to the role of the interviewer before the interview.

**Max (10)**

**5.4.4 Aspects that should be included in the induction programme**

* Safety regulations and rules.√√
* Overview of the business.√√
* Information about the business products/services.√√
* Tour of the premises and introduction to key people and close colleagues.
* Conditions of employment including working hours/leave application process/ disciplinary procedures√√, etc.
* Administration details including systems/processes/logistics.√√
* Meeting with senior management who will explain the company's vision/values/ and job description/daily tasks.√√
* Discussion of the employment contract and conditions of service.√√
* Discussion on personnel policies, e.g. private phone calls/Internet use√√, etc.
* Discussion on employees' benefits.√√
* Corporate social responsibility programmes.√√
* Any other relevant answer related to aspects that should be included in the induction programme

**Max (12)**

**5.4.5 Compliance with the Employment Equity Act (EEA)**

* Ben must guard against discriminatory appointments.√√
* Assess the racial composition of all employees, including senior management.√√
* Ensure that there is equal representation of all racial groups in every level of employment.√√
* He must promote equal opportunities and fair treatment.√√
* Appointment process must be clearly defined, so that all parties are well informed.√√
* He may use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed.√√
* He must ensure that diversity/inclusivity in the workplace is achieved.√√
* Implement affirmative action measures to redress disadvantages experienced by designated groups.√√
* Prepare an employment equity plan in consultation with employees.√√
* Implement an employment equity plan.√√
* Submit the employment equity plan to the Department of Labour.√√
* Assign one or more senior managers to ensure implementation and monitoring of the employment equity plan.√√
* Eliminate barriers that have an adverse impact on designated groups.√√
* Reasonable accommodation of people from designated groups.√√
* Retain/Develop/Train designated groups, including skills development.√√
* Regular report to the Department of Labour on progress in implementing the plan.√√
* Any other relevant answer related to how Ben can comply with the Employment Equity Act (EEA) when making new appointments**. Max** **(10**

**5.4.6 Conclusion**

* Employees are the most important resource in any business and its success is strongly influenced by recruiting and appointing quality employees.√√
* A well prepared and organized interview process will result in identifying and appointing the most suitable and deserving candidate.√√
* The EEA not only promotes and regulates affirmative action, but also gives guidance in conducting a fair appointment process.√√
* Any other relevant conclusion related to recruitment, interviewing, induction and EEA.

**Max (2)**

**[40]**

**PROFESSIONALISM & ETHICS**

**ACTIVITY 6: MEMO**

**TOTAL: 44**

**6.1** **Unethical business practices from statements**

6.1.1 Sexual harassment √√

6.1.2 Unfair deceptive advertising√√

6.1.3 Unauthorised use of workplace funds√√

6.1.4 Pricing of goods in rural areas√√

6.1.5 Abuse of work time√√ **(10)**

**6.2** **Strategies to deal with unethical business practices from statements**

**Strategies to deal with unauthorised use of workplace funds**

* Limit the number of employees having access to business funds/assets.√√
* Identify risk areas/ vulnerable areas.√√
* Implement/Introduce fraud prevention strategies.√√
* Conduct regular audits.√√
* Businesses must educate employees about the impact of fraud.√√
* Fraud prevention should be a collective responsibility of business and workers.√√
* Clear policies should be in place so that employees are aware of what is considered to be fraud.√√
* Any other relevant strategy dealing with unauthorised use of workplace funds.

Sub max (4)

**Strategies to deal with pricing of goods in rural areas**

* A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area.√√
* Charge fair/market related prices for goods and services.√√
* Avoid unethical business practices to attract customer loyalty.√√
* Investigate cost-effective ways of transporting products/Hire a large truck to combine deliveries to shop-owners in the same area.√√
* Work together with suppliers to share delivery costs to remote rural areas.√√
* Any other relevant strategy related to dealing with pricing of goods in rural areas.

Sub max (4)

**Strategies to deal with abuse of work time in the workplace**

* Code of conduct/ethics should contain clear rules about abuse of work time.√√
* Conduct training on the contents of the code of -conduct/ethics.√√
* Code of conduct/ethics should be signed by all employees so that they are aware of its contents.√√
* Monitor employees to ensure that tasks are completed.√√
* Structure working hours in such a way that employees have free/flexible time for personal matters.√√
* Create a culture of responsibility/strengthen team spirit in order for all employees to feel responsible for what has to be achieved.√√
* Any other relevant answer related to strategies to deal with employees who abuse work time. Sub max (4)

**Max (12)**

**6.3** **Professional, responsible and ethical business practices**

* Businesses should treat all employees equally.√√
* Plan properly and put preventative measures in place.√√
* Pay fair wages/salaries which is in line with the minimum requirements of the BCEA/Remunerate employees for working overtime and during public holidays.√√
* Engage in environmental awareness programmes/Refrain from polluting the environment, e.g. by legally disposing of toxic waste.√√
* Refrain from starting a venture using other businesses' ideas that are protected by law.√√
* Business decisions and actions must be clear/transparent to all stakeholders.√√
* Businesses should be accountable/responsible√ for their decisions and actions/ patents rights.√√
* Pay tax regularly/Register with SARS to comply with the law.√√
* Any other relevant answer related to how professional, responsible and ethical business practice should be conducted. **Max (8)**

**6.4** **King Code principles**

|  |  |  |
| --- | --- | --- |
| **POOR CORPORATE GOVERNANCE****6.4.1** | **KING CODE PRINCIPLE****6.4.2** | **APPLICATION****6.4.3** |
| Shareholders dis-covered from whistle blowers that the company's poor performance is a result of a lack of competency in the board of directors.√ | Transparency√√ | - | Regular audits should be done to determine the effectiveness of the business.√√ |
| - | Auditing and other reports must be accurate/ available to shareholders/employees.√√ |
| - | Business deals should be conducted openly so that there is no hint/sign of dishonesty/ corruption.√√ |
| - | Staffing and other processes should be open and transparent.√√ |
| - | Employees/Shareholders/Directors should be aware of the employment policies of the business.√√ |
| - | Any other relevant application of transparency as a King Code principle. |
|  |  |  | Sub max (4) |
| The directors of DFS are denying this allegation.√ | Accountability√√ | - | There must be regular communication between management and the stakeholders like shareholders.√√ |
| - | Company should appoint internal and external auditors to audit financial statements.√√ |
| - | The board should ensure that the company's ethics are effectively implemented. √√ |
| - | Any other relevant application of accountability as a King Code principle. |
|  |  |  | Sub max (4) |
| **(2 x 1) (2)** | **(2 x 2) (4)** |  | **Max (8)** |

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

 **2. Mark the first TWO (2) examples and principles in QUESTIONS 6.4.1 and 6.4.2 respectively.**

 **3. Award a maximum of TWO (2) marks if application is based on the examples of poor corporate governance quoted in QUESTION 6.4.1.**

 **4. Award TWO (2) marks for the King Code principle identified in QUESTION 6.4.2, if the example of poor corporate governance was not directly quoted, but based on the scenario.**

 **5. The application in QUESTION 6.4.3 must link to the correct King Code principle in QUESTION 6.4.2.**

**6.5** **Distinction between ethics and professionalism**

|  |  |
| --- | --- |
| **Professional behaviour** | **Ethical behaviour** |
| - | Refers to what is right/wrong/accept-able√ in a business.√ | - | Refers to the principles of right and wrong/acceptable√ in society.√ |
| - | Set of standards√ of expected behaviour.√ | - | Conforms to a set of values√ that are morally acceptable.√ |
| - | Applying a code of conduct√ of a profession or business.√ | - | Forms part of a code of conduct√ to guide employees to act ethically.√ |
| - | Focuses on developing a moral compass√ for decision making.√ | - | Focuses on upholding the reputation√ of a business/profession.√ |
| - | Includes guidelines√ on employees' appearance/communication/attitude/ responsibility√, etc. | - | Involves following the principles of right or wrong√ in business activities/practices/dealings.√ |
| - | Any other relevant answer related to professional behaviour in a business. | - | Any other relevant answer related to ethical behaviour in a business. |
|  | Sub max (4) |  | Sub max (4) |

**NOTE: Explanation does not have to be in tabular format but the distinction is not clear. Max (8)**

**CREATIVE THINKING & PROBLEM SOLVING**

**ACTIVITY 7: MEMO**

**TOTAL: 64**

**7.1** **Decision making and problem solving**.

7.1.1 Problem solving√√

7.1.2 Decision making √√

7.1.3 Decision making √√

7.1.4 Problem solving√√

7.1.5 Decision making √√

7.1.6 Problem solving√√ (12)

**7.2** **Problem solving techniques**

**7.2.1** **Problem solving techniques from the scenario**

|  |  |
| --- | --- |
| **PROBLEM SOLVING TECHNIQUE** | **MOTIVATION** |
| Brainstorming√√ | - | Employees were requested to suggest new ideas in a large group without working individually/These ideas were used to inspire new thoughts.√ |
| (2) | (1)  |
|  | Sub max (3) |
| Force-field analysis√√ | - | SF wanted to change the design of some of their furniture/ The management of SF evaluated the advantages and disadvantages of each idea.√ |
| (2) | (1) |
|  | Sub max (3)  |

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

**2. Do not award marks for quotes if the problem solving techniques are incorrectly identified.**

**Max (6)**

**7.2.2** **Effectiveness problem solving techniques**

**Advantages of brainstorming**

* Better solutions are developed√ through collective contributions.√
* Combinations of ideas/improvements can be chosen√ after all the ideas have been written down.√
* Employees are motivated√ as they are allowed to contribute to problem solving.√
* Stimulates creative thinking√ in the workplace.√
* People get ideas from others√ and build on them.√
* Any other relevant answer related to the advantages of brainstorming as a problem solving technique. **Max (8)**

**OR**

**Advantages of Force-field analysis**

* Employees feel included√ and understood.√
* Employees develop√ and grow with the business.√
* Informed decisions can be made√ as forces for and against are critically evaluated.√
* Enables businesses to strengthen the driving forces√ and weaken the restraining forces.√
* Any other relevant answer related to the advantages of Force-field analysis as a problem solving technique.

**NOTE: 1. Accept relevant facts, if brainstorming/force-field analysis was incorrectly identified as answers in QUESTION 7.2.1.**

**2. Do not award marks for 'change the design'/'inspire new thoughts' as advantages of problem solving techniques**.

**Max (8)**

**7.3** **Essay questions**

**7.3.1 Introduction**

* Solving problems requires businesses to apply creative and critical thinking skills.√
* Businesses have to solve many problems as they confront the challenges of dynamic and complex business environments.√
* Pak Tiles Suppliers may use creative thinking techniques to solve business problems.√
* Creative thinking is the thought process that leads to original/novel/new ideas.√
* Businesses need to find ways to break out from routine thinking.√
* Any other relevant introduction related to problem solving/decision making/ creative thinking.

**Max (2)**

**7.3.2 Problem solving steps**

* Identify the problem√√
* Define the problem√√
* Identify alternative solutions√√
* Evaluate alternative solutions√√
* Choose the best solution√√
* Formulate/Develop an action plan/strategy√√
* Implement the action plan√√
* Evaluate the solution/action plan√√

**NOTE: 1. Mark steps in any order.**

**2. Award marks when different approaches in problem solving are used, e.g. 3 or 5 steps, etc. Max (10)**

**7.3.3 Advantages of creative thinking in the workplace**

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

**Max (12**

**7.3.4 Application of the Delphi and Nominal-group techniques**

**Delphi technique**

* Pak Tiles Suppliers must invite a panel of experts√ to research the complaints from customers.√
* Experts do not have to be in one place√ and will be contacted individually.√
* Design a questionnaire consisting of questions on how to improve the quality of their products √ and distribute it to the panel members/experts.√
* Request the panel to individually respond to the questionnaire/suggest improvements to the products√ and return it to Pak Tiles Suppliers.√
* Summarise the responses from the experts√ in a feedback report.√
* Send the feedback report and a second set of questions/questionnaire√ based on the feedback report to the panel members.√
* Request panel members to provide further input/ideas on how to improve the quality of products√ after they have studied the results/documentation.√
* Distribute a third questionnaire√ based on previous feedback from the second round.√
* Prepare a final summary/feedback report√ with all the methods to improve the quality of products.√
* Pak Tiles Suppliers should choose the best solution/proposal√ after reaching consensus.√
* Any other relevant answer related to the application of the Delphi technique by Pak Tiles Suppliers.

**NOTE: Do not allocate marks for advantages and disadvantages as the question focuses on the process/application of the technique.** Sub max (8)

**Nominal-group technique**

* Encourage group to clearly define the problem/to improve the quality of their products due to various complaints√ so that all the small groups can work on the same problem.√
* Pak Tiles Suppliers must divide the employees√ into smaller groups.√
* Request each employee to silently brainstorm /generate many ideas on his/her own, on how the quality of their products can be improved√ and to write it down.√
* Each employee in the small group has the opportunity√ to give one of his/her idea/solution with a short explanation.√
* Appoint one employee√ to write the ideas/solutions on a large sheet of paper/ capture solutions electronically on computer for all to see.√
* Allow each employee to give a second solution√ until all possible solutions have been recorded.√
* Encourage employees√ to ask clarity seeking questions.√
* Discourage criticism of ideas/solutions√ as this may prevent others from giving their solutions.√
* Pak Tiles Suppliers must eliminate ideas√ that are duplicated/similar.√
* Each employee must read through all the suggestions√ and anonymously rate them giving the highest points for the best solution.√
* Collect the ratings√ and calculate total points.√
* Small groups must present one solution to the large group√ that was deemed best according to the scores/votes in their small groups.√
* Any other relevant answer related to the application of the Nominal- group technique by Pak Tiles Suppliers.

**NOTE: Do not allocate marks for advantages and disadvantages as the question focuses on the process/application of the technique.**

Sub max (8)

**Max (16)**

**7.3.5** **Practical ways to create an environment that stimulates creative thinking**

* Pak Tiles Suppliers must emphasise the importance of creative thinking to ensure that all staff know that their ideas will be heard.√√
* Encourage staff to come up with new ideas/opinions/solutions.√√
* Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/follow up sessions to build on one another's ideas.√√
* Place suggestion boxes around the workplace and keep communication channels open for new ideas.√√
* Pak Tiles Suppliers should train staff in innovative techniques/creative problem solving skills/mind-mapping/lateral thinking.√√
* Encourage job swops within the organisation/studying how other businesses are doing things.√√
* Encourage alternative ways of working/doing things.√√
* Respond enthusiastically to all ideas and never let anyone feel less important.√√
* Reward creativity with reward schemes for teams/individuals that come up with creative ideas.√√
* Provide a working environment conducive to creativity, free from distractions.√√
* Any other relevant recommendations of practical ways in which Pak Tiles Suppliers can stimulate creative thinking in the workplace.

**NOTE: The emphasis is on 'practical ways', not advantages, of how Pak Tiles Suppliers can create an environment that stimulates creative thinking**.

**Max (10)**

**7.4 Conclusion**

* Constant changes in the market impact on business operations and so they need to adapt to it quickly and make quick/creative decisions.√√
* Creative thinking can help to solve business problems successfully.√√
* Businesses must know how to deal with problems that arise.√√
* Any other relevant conclusion related to problem solving/decision making/creative thinking. **Max (2)**

**[40]**

**MACRO-ENVIRONMENT: BUSINESS STRATEGIES**

**ACTIVITY 8: MEMO**

**TOTAL: 48**

**8.1** **Steps in the development of a strategy**

* Application of SWOT analysis/PESTLE/Porter's Five Forces/environmental scanning of the business environments.√√
* Formulate strategies to meet objectives/Develop measurable strategic goals/objectives.√√
* 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.
* Any other relevant answer related to the steps in strategy development.

**NOTE: 1. Accept steps in any order.**

**2. Mark the first FOUR (4) only.** **( 4X2) (8)**

**8.2** **Essay question**

**8.2.1** **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.√
* PESTLE analysis is used to identify and evaluate the factors in the external environment that can influence the business.√
* PESTLE analysis enables to businesses to have a better understanding of the external environment and the industry in which it competes.√
* Defensive strategies enable business to solve challenges that are posed by the macro environment.√
* A business strategy must be evaluated in each stage of operation to measure performance.√
* Any other relevant introduction related to the initial stage of the strategic management process/PESTLE analysis/defensive strategies/strategy evaluation. **(2x1) (2)**

**8.2.2** **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. Mark the first TWO (2) only**

**3 Do not award marks for the PESTLE model and the remaining stages of the strategic management process.**

**8.2.3 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.√  |
| - | Any other relevant answer related to how ZM can apply political factors to deal with the challenges of the macro environment. |
|  | 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.√ |
| - | Any other relevant answer related to how ZM can apply economic factors factors to deal with the challenges of the macro environment |
|  | Sub max (4) |
| Social√ | - | Sell substitute products√ at lower prices.√ |
| - | ZM must be well conversant√ with the demands/trends of their customers.√ |
| - | Any other relevant answer related to how ZM can apply social factors to deal with the challenges of the macro environment. |
|  | 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.√ |
| - | Any other relevant answer related to how ZM can apply technological factors to deal with the challenges of the macro environment. |
|  | 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. √ |
| - | Any other relevant answer related to how ZM can apply legal factors to deal with the challenges of the macro environment. |
|  | 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.√ |
|  | Any other relevant answer related to how ZM can apply environmental factors to deal with the challenges of the macro 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)**

**8.3**.**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. √
* The business sells ownership√ by decreasing the number of shareholders. √
* Unproductive assets are sold√ to pay off debts. √
* Process used to withdraw its investment√ in another business (divesting). √
* Aims at acquiring additional capital. √
* Any other relevant answer related to divestiture/divestment as a defensive strategy.

**NOTE: Accept unbundling as an alternative answer.**

Strategy (2)

Description (2)

Sub max (4)

**Liquidatio**n√√

* 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. √
* Creditors may apply for forced liquidation√ in order to have their claims settled. √
* Companies in financial difficulty may apply for business rescue to avoid liquidation. √
* Any other relevant answer related to liquidation as a defensive strategy.

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. √
* Any other relevant answer related to retrenchment as a defensive strategy.

Strategy (2)

Description (2)

Sub max (4)

**NOTE: Mark the first THREE (3) only Max (12)**

**Steps in evaluating strategies**

* Examine the underlying basis of a business strategy. √√
* Formulate strategies to meet objectives favourably. √√
* Implement strategies using action plans√√, etc.
* Look forward and backwards into the implementation process. √√
* Compare the expected results in order to determine the reasons for deviations and analyse these reasons. √√
* Take corrective action so that deviations may be corrected. √√
* Set specific dates for control and follow up. √√
* Draw up a table of the advantages and disadvantages of a strategy. √√
* Decide on the desired outcome. √√
* Consider the impact of the strategic implementation in the internal and external environments of the business. √√
* Any other relevant answer related to the steps in evaluating strategies.

**NOTE: Accept steps in any order. Max (8)**

**8.3.5** **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. √√
* Businesses must continuously evaluate strategies in order to change/adapt it according to current demands of the market/industry. √√
* Businesses that successfully monitor and respond to changes in the macro-environment are able to differentiate from the competition and create a competitive advantage. √√
* Defensive strategies are used when a business wants to avoid problems that may arise in future. √√
* It is also a strategy to protect the business from suffering a loss of income/sales/ market share. √√
* Any other relevant conclusion related to the strategic management process/
* PESTLE model/defensive strategies/evaluation of strategies.

**Max (2)**

**[40]**

**MACRO-ENVIRONMENT: BUSINESS STRATEGIES**

**ACTIVITY 9: MEMO**

**TOTAL: 26**

**9.1** **Business strategies**

**9.1.1 Business strategies from the scenario**

|  |  |
| --- | --- |
| **BUSINESS STRATEGY** | **MOTIVATION** |
| Horizontal integration/Integration√√ | He has decided to merge with PLC eggs √ |
| Market penetration/Intensive √√ | KPC decided to open another egg farm in another province in order to increase sales.√ |
| Sub max (4) | Sub max (2) |

**NOTE: Do not allocate marks for the motivation if the business strategy was incorrectly identified. Max (6)**

**9.1.2 Advantages of integration strategies**

* Increased market share√ reduces the business’s vulnerability to actions of competitors.√
* Control over prices√ may increase/improve.√
* Increase in sales/income√ and profitability.√
* Improved service delivery√ may positively impact/increase sales√
* Businesses can have more control√ over the prices of products/services.√
* Gain customer loyalty√ through effective promotion campaigns.√
* Decrease in price√ could influence customers to buy more products.√
* Regular sales to existing customers√ may increase.√
* Eliminate competitors√ and dominate market prices.√
* Enables the business to focus on markets/well researched quality products√ that satisfy the needs of consumers.√
* Any other relevant answer related to the effectiveness/advantages of intensive strategies. **Max (8)**

**9.2** **PESTLE analysis**

Use the table below to present your answer

|  |  |
| --- | --- |
| **PESTLE FACTOR** | **MOTIVATION** |
| (a) Legislation √√ | The human resource manager does not comply with the requirements of Basic Conditions of the Employment Act when drawing up employment contracts√ |
| (b) Technological √√ | Employees find it difficult to operate the newly launched sawing machine. √ |
| (c) Economical√√ | The inflation rate has increased by 7% resulting in the business being unable to transport staff members that work unusual hours. √ |
| (d) Environmental √√ | The business use chemicals which are not ecofriendly. √ |
| Sub max (8) | Sub max (4) |

**NOTE: Do not allocate mark for the motivation if the PESTLE factor was incorrectly identified. Max (12)**

**9.3 SWOT analysis**

**9.3.1** **SWOT analysis for DDS**

|  |  |
| --- | --- |
| **STRENGTH** | **WEAKNESS** |
| -- | DDS employs qualified sound engineers.√DDS specialises in selling radios and car sound systems.√Sub max (1)  | - | DDS does not have sufficient capital/ cannot buy and sell sound systems that cater for large functions.√Sub max (1) |
| **OPPORTUNITY** | **THREAT** |
| - | Businesses in the same industry are closing down due to ineffective marketing campaigns.√ Sub max (1) | - | Operates in a high crime area.√Sub max (1) |

**9.3.2** **Strategies to handle the weakness and threat**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **WEAKNESS** |  | **STRATEGY** |
| - | DDS does not have sufficient capital/cannot buy sound systems that cater for large functions. | - | DDS should negotiate with a supplier for better prices/Buy sound systems on credit.√√ |
| - | Lease big sound systems from suppliers and hire to customers when needed.√√ |
| - | Apply for a loan to increase the capital of the business.√√ |
| - | Increase shareholders/Change form of ownership to raise more capital.√√ |
| - | Any other relevant strategy on how DDS can address the weakness/capital/ sound system issues. |
|  | Sub max (2) |
|  | **THREATS** |  | **STRATEGY** |
| - | Operates in a high crime area. | - | DDS should install security systems/hire more security to safeguard the business.√√ |
| - | Engage in CSR/CSI programmes that are aimed at reducing crime in the community.√√ |
| - | Provide employment opportunities for local people/the community.√√ |
| - | Relocate the business to other areas where the crime rate is minimal.√√ |
| - | Work together with the Community Policing Forums (CPF).√√ |
| - | Any other relevant strategy on how DDS may address the threat of the high crime area in which it operates. |
|  | Sub max (2) |

**NOTE: 1. Do not award marks for strategies that are not linked to the identified threat or weakness in QUESTION 9.3.1.**

 **2. Mark the FIRST strategy for each weakness and threat.**

 **3. Do not award marks for the weakness/threat. Max (4)**

**MACRO-ENVIRONMENT: BUSINESS STRATEGIES**

**ACTIVITY 10: Memo**

**TOTAL: 40**

**Essay question**

**10.1 Introduction**

* Businesses need to identify/develop and implement business strategies to improve performance/respond to challenges presented by business environments.√
* Intensive and defensive strategies enable business to solve the challenges that are posed by the market and macro environment.√
* Porter's Five Forces model helps the business to understand both the strength of its current competitive position and the advantages of expanding.√
* Porter's Five Forces model is based on five important forces that will determine competitive power in the market environment of a business.√
* The aim of strategy evaluation is to determine whether the chosen strategy will resolve the identified challenges.√
* Any other relevant introduction related to the Porter's Five Forces model/ implementing defensive strategies/evaluation of strategies.

**Max (2)**

**10.2** **Porter’s Five Forces**

**10.2.1 Power of suppliers**√√

* Suppliers include factories/providers of goods/services√ that businesses would obtain/buy from in order to operate their business.√
* A business must assess the power of the suppliers√ to influence 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.√
* The business should identify the kind of power its suppliers have√ in terms of the quality of products/services/reliability/ability to make prompt deliveries,√ etc.
* Any other relevant answer related to the power of suppliers.

Force (2)

Explanation (2)

Sub max (4)

**10.2.2** **Power of buyers**√√

* Buyers are the final users√ of the product/services.√
* Buyers buying in bulk√ can bargain for prices in their favour.√
* The business must assess how easy it is for buyers/customers√ to drive prices down.√
* This will depend on the number of buyers/the importance of each buyer to the business√ and the cost of switching to other products.√
* If a business is dealing with a few powerful buyers√, they are often able to dictate their terms to the business.√
* If buyers can do without the business’s products√ then they have more power to determine the prices and terms of sale.√
* Businesses must conduct market research√ so that they can get more information about their buyers.√
* Any other relevant answer related to the power of buyers.

Force (2)

Explanation (2)

Sub max (4)

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

* Competitors selling the same/similar products/services√ may have a greater impact on the market of the business.√
* Competitive rivalry refers to the number of competitors√ and their ability to influence/control the market.√
* If competitors have a unique product/service√, then they will have greater power.√
* A business with many competitors in the same market√ has very little power in their market.√
* Businesses must draw up a competitor's profile√ so that they can determine their own strength as well as that of competitors.√
* Some competitors have the necessary resources to start price wars√ and continue selling at a loss until other competitors leave the market.√
* Any other relevant answer related to the power of competitors/competitive rivalry.

Force (2)

Explanation (2)

Sub max (4)

**10.2.4 Threat of substitution/ substitutes**√√

* Substitute products or services are different products/services that at least partly satisfy the same needs of consumers√ and can be used to replace one another.√
* Businesses should determine whether the sellers of substitute products have improved their products√ or 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.√
* Substitute products may cause the business√ to completely lose its market share.√
* Unique products√ will not be threatened by substitute products.√
* Businesses should do market research√ to assess if customers using substitute products/services have reasons for using these alternatives.√
* It is important that businesses change√ or improve their products to remain competitive.√
* Any other relevant answer related to the threat of substitution/substitutes/ alternatives.

Force (2)

Explanation (2)

Sub max (4)

**10.3.5 Threat/Barriers of new entrants to the market**√√

* New entrants are other businesses that are selling the same/similar products√ in the existing market for the first time.√
* The power will depend on how easy it is√ for new businesses to enter the market.√
* If the business is highly profitable√, it will attract potential competitors that want to benefit from high profits.√
* If the barriers to enter the market are low√, then it is easy for new businesses to enter the market/industry.√
* 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.√
* Any other relevant answer related to the threats/barriers of new entrants.

Force (2)

Explanation (2)

Sub max (4)

**NOTE: 1. The 'force' must be stated in full to get the maximum of TWO (2) marks.**

**2. No part marks must be awarded for the naming of the 'force'.**

 **Max (20)**

**10.4 Types of diversification strategies**

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.√
* Any other relevant answer related to concentric diversification as a diversification strategy.

Strategy (2)

Description (1)

Sub max (3)

Horizontal diversification√√

* The business adds new products or services that are unrelated to existing products, but which may appeal to existing 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.√
* Any other relevant answer related to horizontal diversification as a diversification strategy.

Strategy (2)

Description (1)

Sub max (3)

Conglomerate diversification√√

* The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers.√
* Conglomerate diversification means that a business grows into new products, services and markets.√
* Any other relevant answer related to conglomerate diversification as a diversification strategy.

Strategy (2)

Description (1)

Sub max (3)

 **Max (9)**

**NOTE: Mark the first THREE only**

**10.5 Effectiveness diversification strategies**

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

**Max (6)**

**10.6 Steps in evaluating a strategy**

* Examine the underlying basis of a business strategy.√√
* Formulate strategies to meet objectives favourably.√√
* Implement strategies using action plans√√, etc.
* Look forward and backwards into the implementation process.√√
* Compare the expected performance with the actual performance.√√
* Measure business performance in order to determine the reasons for deviations and analyse these reasons.√√
* Take corrective action so that deviations may be corrected.√√
* Set specific dates for control and follow up.√√
* Draw up a table of the advantages and disadvantages of a strategy.√√
* Decide on the desired outcome.√√
* Consider the impact of the strategic implementation in the internal and external environments of the business.√√
* Any other relevant answer related to the steps in evaluating a strategy.

**NOTE: Accept steps in any order. Max (8)**

**10.7** **Conclusion**

* With a clear understanding of where power lies, the business can take advantage from a position of strength, improve a situation of weakness and avoid taking any wrong steps.√√
* Porter's Five Forces is useful for analysing the power of the business in order to effectively manage market environmental challenges.√√
* This model makes it possible for businesses to determine how to shift the power of the forces in their favour.√√
* Although implementing defensive strategies may be costly, it usually results in growth and continuous improvement.√
* Businesses must continuously evaluate strategies in order to change/adapt it according to current demands of their markets.
* Any other relevant conclusion related to defensive/Porters Five Forces/evaluating strategies. **Max (2)**

**[40]**