



# **Basic Education**

**KwaZulu-Natal Department of Basic Education  
REPUBLIC OF SOUTH AFRICA**

**BUSINESS STUDIES**

**PREPARATORY EXAMINATION**

**SEPTEMBER 2015**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**MARKS: 300**

**TIME: 3 hours**

**This question paper consists of 17 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections.

**SECTION A: COMPULSORY**

**SECTION B:** Consists of FIVE questions.

Answer any THREE of the FIVE questions in this section

**SECTION C:** Consists of FOUR questions.

Answer any TWO of the four questions in this section.

2. Read the instructions for each question carefully and take particular note of what is required.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Except where other instructions are given, answers must be in full sentences.
5. Use the mark allocation and nature of each question to determine the length of an answer.
6. Use the table below as a guide for marks and time allocation when answering each question.

SECTION		QUESTION	MARKS	TIME
A: Multiple-choice questions, matching items <b>COMPULSORY</b>		1	40	30 min.
	B: FIVE direct/indirect type questions (CHOICE: Answer any THREE)	2	60	30 min.
		3	60	30 min.
		4	60	30 min.
		5	60	30 min.
		6	60	30 min.
C: FOUR essay type questions (CHOICE: Answer any TWO)		7	40	30 min.
		8	40	30 min.
		9	40	30 min.
		10	40	30 min.
<b>TOTAL</b>			300	180 min.

7. Begin the answer to each question on a NEW page, for example: QUESTION 1 – new page, QUESTION 2 – new page, et cetera.
8. Non-programmable calculators may be used.
9. Write neatly and legibly.

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

- 1.1 Four options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number, (1.1.1-1.1.10) in the ANSWER BOOK, for example 1.1.11 A

1.1.1 The increasing food and electricity costs are variables in the ..... environment which has a/an ..... influence on Edcon's Clothing Retail leaders.

- A macro/indirect
- B macro/direct
- C market/indirect
- D market/direct

1.1.2 Eskom's load shedding is part of which one of the following environments?

- A economic
- B social
- C physical/natural
- D technological

1.1.3 While a company's bottom line traditionally refers to its economic motive the \_\_\_\_\_ refers to the need to consider the social and environmental impacts as well.

- A balanced scorecard
- B triple bottom line
- C social investments index
- D corporate social investment index (CSI)

1.1.4 Eskom's load shedding could prevent Spring Clean Services from keeping to their daily schedules. This can be seen as-----in their SWOT analysis

- A a strength
- B an opportunity
- C a threat
- D a weakness

- 1.1.5 This is a problem-solving technique that promotes creative thinking and creative problem solving by encouraging idea generation through non-critical discussion, its advantage is that group members can build on one's ideas.
- A Delphi technique
  - B Force-field analysis
  - C Brainstorming
  - D Empty chair
- 1.1.6 The process where a business looks at its own methodologies to perform a task and then compares them to methods used elsewhere is known as ...
- A benchmarking
  - B quality circles
  - C business Process Re – engineering
  - D Total Quality Circle Management
- 1.1.7 Conflict should be managed in every organisation.  
\_\_\_\_\_ is one technique to manage organisational conflict whereby each of the conflict parties gives up something of value.
- A smoothing
  - B compromise
  - C avoidance
  - D problem solving
- 1.1.8 Kim has inherited a certain amount of money from his late father's estate. He has decided to invest R100 000 in a fixed deposit account at Nedbank for two years, earning an interest of 14% p.a. compounded annually. The maturity value of his investment is.....
- A R104 000
  - B R129 960
  - C R4000
  - D R114 000
- 1.1.9 Teddy Reddy is the owner of East coast Wreckers (PTY) LTD. The liabilities of the undertaking amounted to R600 000 while the assets total R250 000 the undertaking is declared insolvent. Teddy Reddy in his personal capacity will be responsible for the payment of \_\_\_\_\_ towards the liabilities of the undertaking .
- A R0
  - B R350 000
  - C R250 000
  - D 600 000

1.1.10 Which of the following statements are correct about transactional leaders?

1. They have a special ability to bring about innovation and change.
2. They have the capacity to motivate people to do more.
3. They clarify the role of subordinates.
4. They initiate structures.
5. They provide rewards and conform to organisational norms and values.

- A 1,2  
B 1,2,3  
C 3,4,5  
D 1,2,3,4,5

(10 x 2) (20)

1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1-1.2.5) in the ANSWER BOOK.

- 1.2.1 (Job description / Job specification) indicates qualifications, experience, responsibilities and physical effort and skills that are necessary to do the job.
- 1.2.2 The clause in an insurance policy which stipulates that if property is not insured to its full value the amount of the loss sustained will NOT be paid is called (good faith clause/ average clause)
- 1.2.3 Employees enjoy tax rebates when contributing towards the (Unemployment insurance/Retirements Annuity Funds)
- 1.2.4 This sector focuses on the distribution of goods and rendering of services (tertiary sector/ secondary sector).
- 1.2.5 The (unemployment fund/ workmen's compensation fund) provides for people who lost their work due to circumstances beyond their control such as retrenchment or closing of the business.

(5 x 2) (10)

- 1.3 Choose a term from Column B that matches the description in Column A. Only write the letter next to the question number, in the ANSWER BOOK, e.g. 1.3.6 F.

COLUMN A		COLUMN B	
1.3.1	States the main business activity of a close corporation.	A	Sustainability
1.3.2	An important criterion for assessing a good corporate social investment programme.	B	Piecemeal
1.3.3	a portfolio of funds managed by financial experts	C	Indemnity
1.3.4	pay received for each task completed	D	Unit trust
1.3.5	Compensation paid only if a specific event takes place.	E	Founding statement
		F	memorandum of incorporation
		G	shares

(5 x 2) (10)

**TOTAL SECTION: [40]**

**SECTION B:****QUESTION 2**

Answer ANY THREE questions in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

**QUESTION 2****BUSINESS ENVIROMENT**

Read the scenario below and answer the questions that follow.

**AMPLANTS BEE ROW DEEPENS**

Supplier faces sanction as tough new fronting law set to take effect The Department of Trade and Industry (DTI) plans to refer the first case of black empowerment fronting to the police, in a case involving suppliers to the world's largest platinum, Anglo American Platinum (Amplats).

This will be the first time anyone has been taken to task for misrepresenting a company's black ownership credentials to secure business .Jayson Bryden appears to have used (empowerment) credentials of Turbo Tech Pumps to secure economic benefits for his own entity known as MultiFab to the detriment of TurbTech.

Engelbrecht allegedly channelled orders to Brydens company, TurboTech, which had been listed as a "preferred vendor" to Amplants because it was supposedly 66.6% owned by black investors ,with Bryden holding other 33.3%.

However when TurboTech was paid for a contract ,Bryden allegedly diverted the money to a company he owned called MultiFab, which was neither black empowered nor a registered supplier to Amplants.

Anyone convicted of fronting is liable for a fine of up to 10% of the his company's turnover and up to 10 years in jail. Offenders also won't be able to do business with government or state entities for 10 years.

- 2.1.1 Explain the term 'fronting' as stated in the above article. Use the information from the article to support your answer. (4)
- 2.1.2 Explain what is meant by "preferred vendor/supplier" (Enterprise and Supplier development), one of the pillars of BBBEE, as stated in the above article. (4)

- 2.1.3 Name the other four pillars of BBBEE. (8)
- 2.1.4 Justify the introduction of broad-based black economic empowerment (BBBEE). (6)
- 2.2 Strategic management is a process which ensures that suitable business strategies are developed and implemented in response to challenges in the business environment.
- 2.2.1 Justify how each of the THREE defensive strategies can be implemented. (12)
- 2.3 The Labour Relations Act, 1995 (Act 66 of 1995) was introduced to regulate labour relations between employers and employees.
- 2.3.1 Propose FOUR actions which may be regarded as non-compliance to this Act. (8)
- 2.3.2 Analyse the impact of this Act on South African employers/ businesses. (10)
- 2.4 Analyse the impact of the Compensation for Occupational Injuries and Diseases Act (COIDA), 1997 (Act 61 of 1997), as amended, on both employers and employees. (8)
- [60]**



**QUESTION 3****BUSINESS VENTURE**

Read the article below and answer the questions that follow.

**Its Never Worth Lying to a Life Assurance Company.**

Are you prepared to risk leaving your dependants destitute if you fail to tell the truth?

This question may seem odd but it is very important. Recently, a woman found herself being punished for her husband's mistakes. Almost 10 years ago, her husband took out a life assurance policy which was intended to provide his family with financial security in the event of his death. However, when he completed the proposal form, he failed to declare that he was an alcoholic and he was being treated for depression. Later the man was diagnosed with a tumour of the brain and eventually died of throat cancer. When the life assurance company found evidence that the man did not fully disclose his state of health, the claim was repudiated and the premiums paid were forfeited. The main issue in this story is the failure to disclose the truth.

With the information about your health, Life Assurance Company can determine when you are expected to die and it will be able to set the premiums accordingly. If you die before the expected time, you score because your dependants will receive more than you paid but if you live longer, than the expected time, then the life assurance company scores. Your truthful information will enable the company to assess the risk properly.

Therefore when you take out a policy, you must disclose all factors relating to your health, information about you parents, your bad habits like drinking and smoking, any dangerous hobbies and anything that may be dangerous in your occupation. By doing this you can be sure that your dependants will not be left destitute.

- 3.1.1 Life assurance is based on a particular principle of insurance.  
Name and describe this principle briefly. (6)
- 3.1.2 From the passage supply the term used to describe "the fee payable by the insured". (2)
- 3.1.3 Describe "Good Faith" as a requirement for an insurance contract as given in the article (4)
- 3.2 Differentiate between compulsory and non-compulsory insurance and briefly describe the different types of compulsory insurance.. (12)
- 3.3 Explain TWO types of preference shares. (8)

- 3.4 List the criteria for a logical and effective presentation. (8)
- 3.5 Compare the *situational leadership theory* and the *transformational leadership theory*. (8)
- 3.6 Discuss the following factors that will have an effect on the success and/or failure of a partnership.
- 3.6.1 Legislation (6)
- 3.6.2 Capital (6)
- (60)

**QUESTION 4****BUSINESS ROLES**

Read the scenario below and answer the questions that follow.

**Unleash Creativity in your Business**

Make your organisation work better by encouraging creativity amongst everyone in the business.

Establish an environment which allows staff to be more involved in choosing the tasks that they will be undertaking or at least how they will fulfill them. A staff member will become more creative when he/she takes ownership of the task. It is vital that no ideas are crushed! Office hours are flexible so staff may choose their own working hours, as long as they meet their deadlines.

Leading entrepreneurs will never say NO to an idea. They will encourage and grow ideas to suit the business.

Make time for creativity. Lack of finance, resources ,poor working conditions, low morale and lack of skilled employees hampers creativity

- 4.1.1 Quote a strategy from the scenario above that shows how creativity is encouraged. (2)
- 4.1.2 State any FOUR barriers which may prevent a business from engaging in creative thinking. (8)
- 4.2 Identify FOUR workplace diversity issues unique to South African businesses. Suggest ONE strategy to address each issue. (12)
- 4.3 Explain the steps to be followed when dealing with a grievance procedure. (12)
- 4.4 State FIVE steps that the management should follow when resolving conflict in a workplace (10)
- 4.5 Describe THREE problem or challenges a business faces when trying to implement the CSR program. (6)
- 4.6 Suggest FIVE ways that businesses can use to deal with difficult employees. (10)
- (60)**

**QUESTION 5****BUSINESS OPERATIONS**

Read the article below and answer the questions that follow.

**WORKING CONDITIONS**

The dependence on tourism to generate income creates fertile ground for the exploitation of labour throughout the world. Some of the many countries with cases of worker exploitation: Burma, China, Caribbean, Egypt, Morocco, South Africa, Tanzania, Thailand. Children and women are particular victims. Children work as barmen, 'fast food' employees, domestics, cooks, assistants, gardeners, laundry workers, informal tour guides, shell fish divers, roving beach vendors and souvenir makers. Workers in the tourism industry are mostly paid low wages or paid based on gratuity. Poor working conditions exist in many countries. These include amongst others long hours of standing, awkward shifts with no accommodation provided. Their basic rights to be treated fair and just are mostly ignored. It may even be happening in the tourism destination you are visiting this year!

- 5.1.1 Explain why it is important for employers and employees to sign employment contracts (2)
- 5.1.2 The Basic Conditions of Employment Act, 1997 (Act 75 of 1997) aims to improve the working conditions of workers in South Africa. Identify four aspects stated in the above article that should be Included in the contract of employment. (8)

5.2

You are the new HR manager of a retail store. Staff turnover in the store has been high during the last five years and after investigating the causes, you have found that 60% of the staff left because they did not see a future for themselves in the store. When vacancies arose at supervisory and management level, they were always filled with candidates recruited from outside the store.

- 5.2.1 Explain ONE advantage for a business when fringe benefits are provided to its employees. Give TWO examples of fringe benefits to support your explanation. (4)

- 5.2.2 Describe FOUR advantages of internal recruitment. (8)
  - 5.2.3 List THREE disadvantages of external recruitment (6)
  - 5.3 Describe FOUR advantages of a quality management system in a business. (8)
  - 5.4 Discuss the impact of quality on different business structures (large and small) taking in to account the element of TOTAL QUALITY MANAGEMENT (TQM) namely:
    - 5.4.1 adequate financing and capacity. (8)
    - 5.4.2 planning monitoring and evaluation (8)
    - 5.4.3 involvement of all and employee responsibility. (8)
- (60)**

**QUESTION 6****MISCELLANEOUS**

Read the scenario below and answer the questions that follow.

6.1

Some of Shoprite's large suppliers of food and beverage products include Pioneer Food, Tiger Brand and Premier Foods. These suppliers are often in the news for fixing prices and consumer exploitation.

Pioneer agreed on to pay a 500 million-rand fine by the country's Competition commission for contravening the nation's antitrust law in its flour and corn million unit and its bakeries, eggs and poultry businesses. Tiger Brand and Premier Foods were granted conditional immunity for cooperating with the probe.

Use the following forces from PORTER'S FIVE FORCES model to analyse the above scenario for Shoprite with regards to

6.1.1 The bargaining power of their suppliers (4)

6.1.2 The bargaining power of their consumers. (4)

You are required to evaluate the strength of the force and a strategy Shoprite can put into place to deal with the force.

Question 6.1 must be answered according to the headings given in the table below

Porter's force	Evaluation of the strength of the force	Strategy to deal with the force
Bargaining power of suppliers		
Bargaining power of consumers		

6.2 Study the information below and answer the questions that follow.

The authorized share capital of D & D Ltd consist of

200 000 Preference Shares (10%)

400 000 Ordinary shares

The issued share capital (to date) consist of

600 000 Preference shares (10%)

300 000 Ordinary shares

The minimum subscription is R660 000

The par value of the shares is R3,00 each

The shares are underwritten by CAPITAL BANK Ltd

6.2.1 What is the value of the authorized share capital of the company? (4)

6.2.2 What do you understand by the term "minimum subscription"? (2)

6.2.3 What amount will be received as dividend by a shareholder at the end of the financial year if he owns 100 x 10% preference shares. (2)

6.3 Kyle bought 100 000 ordinary shares at R2 per share from a public company listed on the Johannesburg Securities Exchange. At the end of the financial year, he received his first dividend cheque of R40 000 from the company.

6.3.1 Calculate the percentage return on investment received by Kyle. (6)

6.3.2 Will Kyle be happy with his return on the investment?  
Motive your answer. (4)

6.4 Explain how you would assess team performance using four team criteria. (12)

6.5 Discuss the following business functions and analyse how the quality of performance of these functions will ensure the success in a large business.

6.5.1 Public relations function. (8)

6.5.2 Financial Function. (8)

6.6 Discuss TWO reasons why an employee's contract may be terminated. (6)

**(60)**

**SECTION C**

Answer any TWO questions from this section.

**QUESTION 7**

Business can use different types of strategies to respond to the challenges of the macro environment. Describe the steps to be followed in the formulation of strategies. Discuss using examples the various types of integration and Intensive strategies that a business can use to increase turn over. Outline the steps to be followed in the evaluation and control process of implementation.

**QUESTION 8**

Taking a team from ordinary to extraordinary means understanding and embracing the difference between management and leadership. This can be attributed to the different leadership styles adapted by them in their particular business organisation.

Distinguish between leadership and management. Evaluate the consensus/democratic, autocratic and laissez-faire leadership styles. Also explain when each style can be applied by management.

**[40]**



**QUESTION 9**

**SANTAM BECOMES MORE SOCIALLY RESPONSIBLE  
IT'S ABOUT SUSTAINABILITY REPORTING, CARBON DISCLOSURE AND LISTING  
ON SUSTAINABILITY INDICES.**

Santam which is ranked in SA carbon disclosure leadership index recognises that the conservation of a healthy environment and ecosystems are an issue of national, regional and global importance. This comes to life through its environmental policy and dedicated targets.

SANTAM has undertaken the following:

- \*15 percent reduction in carbon intensity and air passenger and car rental kilometres.
- \*10 percent reduction in electricity consumption.
- \*4 percent reduction in treated municipal water consumption.
- \*10 percent reduction in total waste output, the introduction of the recycling of dry waste as well as a 10 percent reduction in paper consumption.
- \*workers from different cultural backgrounds are employed.
- \*discrimination is eliminated by protecting the rights of all its employees.

Use the above scenario to describe the nature of human rights, inclusivity and environmental issues.

Also evaluate the extent to which Santam addresses each of them.

(40)

**QUESTION 10**

You are the human resources manager of SA Breweries Ltd. Your production manager resigned recently.

Discuss in detail your recruitment, selection, placement and induction programme for the new production manager. In view of current legislation, briefly explain THREE matters that should be considered when filling this vacancy.

[40]

**TOTAL MARKS: [300]**





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REPUBLIC OF SOUTH AFRICA

## BUSINESS STUDIES

### MEMORANDUM

SEPTEMBER 2015

### PREPARATORY EXAMINATION

NATIONAL  
SENIOR CERTIFICATE

GRADE 12

MARKS: 300

TIME: 3 hours

N.B: This memorandum consists of 39 pages including this page.

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Business Studies

2  
NSC - Grade 12

Preparatory Examination September 2015

#### SECTION A

#### QUESTION 1

1.1 1.1.1 A ✓✓

1.1.2 C ✓✓

1.1.3 B ✓✓

1.1.4 C ✓✓

1.1.5 C ✓✓

1.1.6 A ✓✓

1.1.7 B ✓✓

1.1.8 B ✓✓

1.1.9 A ✓✓

1.1.10 C ✓✓

10 x 2 (20)

1.2

1.2.1 Job specification ✓✓

1.2.2 Average clause ✓✓

1.2.3 Retirement annuity fund ✓✓

1.2.4 Tertiary sector ✓✓

1.2.5 Unemployment fund. ✓✓

5 x 2 (10)

1.3

1.3.1 E ✓✓

1.3.2 A ✓✓

1.3.3 D ✓✓

1.3.4 B ✓✓

1.3.5 C ✓✓

5 x 2 (10)

TOTAL SECTION A: [40]

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## QUESTION 2

## 2.1

- 2.1.1 Fronting is generally regarded as the superficial inclusion of black people in order to have the advantages of high BEE rating of where non-empowered companies win contracts by faking its BEE credential. ✓✓ When TurboTech was paid for a contract, Bryden allegedly diverted the money to a company he owned called MultiFab, which was neither black empowered nor a registered supplier to Amplants. (4)

## 2.1.2 (Enterprise and Supplier development).

- Outsource services to suppliers that are BBBEE compliant. "preferred vendor" TurboTech, ✓✓

which had been listed as a "preferred vendor" to Amplants because it was supposedly 66.6% owned by black investors, with Bryden holding other 33.3%. ✓✓

However when TurboTech was paid for a contract, Bryden allegedly diverted the money to a company he owned called MultiFab, which was neither black empowered nor a registered supplier to Amplants. ✓✓ Max (4)

## 2.1.3

- Ownership ✓✓
- Management Control ✓✓
- Skills development ✓✓
- Socio-economic development ✓✓

4 x 2 (8)

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

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

Max (6)

## 2.2 Implementing defensive strategies

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

Defensive strategy (2)  
Explanation (2)  
Sub max (4)  
Max (4 x 3) (12)

## 2.3

## 2.3.1 Non-compliance actions

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

NOTE: Mark the first FOUR (4) only. Any 4 x 2 (8)

## 2.4 Impact on employers/businesses

## Positives

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

## AND/OR

## Negatives

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

Max (10)

## 2.3.3 Impact of the Compensation for Occupational Injuries and Diseases Act, 1997 (Act 61 of 1997) (COIDA)

## Positive impact on businesses

- Promotes safety ✓ in the workplace. ✓
- Creates a framework for acceptable employment practices ✓ and safety regulations. ✓
- Supply administrative guidelines/mechanisms ✓ for dealing with/processing claims. ✓
- Eliminates time and costs spent ✓ on lengthy civil court proceedings. ✓
- Any other relevant answer related to the positive impact of COIDA on businesses.

## Negative impact on businesses

- Claiming processes/procedures ✓ can be time consuming. ✓
- Processes/Procedures required by this Act may be costly ✓ as paperwork places an extra administrative burden on businesses. ✓
- Implementation processes/procedures required by the Act ✓ may be expensive. ✓
- Employers have to register all their workers and make annual contributions to COIDA, ✓ which may result in cash flow problems. ✓
- Employers may be forced to pay heavy penalties ✓ if they are found guilty of negligence/not enforcing safety measures. ✓
- Any other relevant answer related to the negative impact of COIDA on businesses.

Sub max (4)

## Positive impact on employees

- Covers all employees at the workplace ✓ if both parties meet all the necessary safety provisions in the Act. ✓
- Employees are compensated financially for any injury/disability ✓ resulting from performing their duties at their workplace. ✓
- In the event of the death of an employee as a result of a work-related accident/disease, ✓ his/her dependant(s) will receive financial support. ✓
- Any other relevant answer related to the positive impact of COIDA on employees.

## Negative impact on employees

- 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 employees.

Sub-max (4)  
Max (9)

**QUESTION 3****3.1**  
**3.1.1 Principle of security ✓✓****(2)**

- different from indemnity (where the event may or may not take place) ✓✓
- the event in this case (e.g. death) is certain to take place ✓✓
- the timing of the event is uncertain (when death will take place) ✓✓
- the amount (value) of the loss cannot be fixed (e.g. value of a person life) ✓✓
- the amount for which insurance is taken out is paid to the dependents of the insured as compensation against financial difficulties. ✓✓

**Max (6)****3.1.2 Premium ✓✓****(2)****3.1.3 Good Faith**

- the contract ✓ is based on truthfulness ✓
- the insurer bases his calculations ✓ on the risks ✓
- the risk is calculated ✓ from the details given by the insured ✓
- insured must disclose ✓ all relevant details ✓ (act in good faith)
- onus of good faith ✓ rests on both parties ✓

**Any 2 x 2 (4)****3.2 COMPULSORY INSURANCE**

Compulsory insurance is insurance that is required by law before individuals or business may engage in certain activities ✓✓ **(2)**

**NON COMPULSORY INSURANCE**

- Insurance that is not prescribed /complete by law ✓✓
- Business/individuals may take a policy for protection of their property or themselves ✓✓
- Insurance companies determine the probability of the risk that need to be insured ✓✓
- Degree of risk influences the amount of insurance premium ✓✓

**Max 2****Examples of compulsory insurance**

- Road Accident Fund (RAF) ✓✓

**PROVIDES COVER FOR ALL USERS OF THE South African road against injuries or death from accidents involving motor vehicle. ✓✓**  
A levy is charged on fuel sold to motorists and is included in the price of fuel. ✓✓  
The RAF protects negligent drivers against claims ✓✓

**Max 4**

- Unemployment insurance fund (UIF) ✓✓  
UIF is a compulsory state scheme created by the government to provide for the loss of employment. ✓✓  
Money is deducted from the employee's remuneration and paid into the UIF. ✓✓  
Employers deduct 1% of the employee's total gross remuneration to contribute to the UIF on behalf of the employee. ✓✓  
The fund pays out a proportion of the employee's salary for up to 26 weeks or until new employment is found ✓✓

**Max 4**

- Compensation for Occupational Injuries and Diseases Act (Coida) ✓✓  
Coida states that employers must pay a certain amount of money into a central fund. ✓✓  
Coida ensures that employers insure their employees against death or disability due to accidents at work. ✓✓

**Max 4  
Max (12)****3.3 Types of preference shares****3.3.1 Cumulative preference shares: ✓✓**

Unpaid dividends in one year will accumulate/carried forward to the next year when dividends are paid out. ✓✓

**3.3.2 Non-cumulative preference shares: ✓✓**

The claim on unpaid dividends are not transferred/carried forward/accumulated to the next financial year. ✓✓

**3.3.3 Participating preference shares ✓✓**

The shareholders will share in a second dividend in a year when significant/surplus profits are realised. ✓✓

**3.3.4 Non-participating preference shares ✓✓**

Shareholders only receive a fixed dividend ✓✓

**3.3.5 Redeemable preference shares ✓✓**

The company will buy back these shares after a specified period. ✓✓

**3.3.6 Non-redeemable preference shares ✓✓**

These shares are only bought back when the company closes down for reasons other than bankruptcy. ✓✓

**3.3.7 Convertible preference shares ✓✓**

Shares may be converted to ordinary shares after a fixed period. ✓✓

**3.3.8 Non-convertible preference shares ✓✓**

Shares may not be converted into ordinary shares ✓✓

3.3.9 Any other relevant answer related to the types of preference shares.

**NOTE: Mark first two (2) types only.**

Max (3)

3.4 Criteria for a logical and effective presentation of information:

- Know✓ your audience✓
- Organise✓ the content✓
- Capture attention✓ in the introduction✓
- Organise✓ the body ✓
- State the aims✓ in your introduction✓
- Put the most important information✓ first ✓
- Use visuals✓ effectively✓
- Use your conclusion✓ to summarise your key point✓

Max (8)

3.5 Situational leadership vs. Transformational leadership

Situational Leadership	Transformational Leadership
• Adapt their leadership style to suit the situation they are faced with. ✓✓	• Inspire followers with a shared vision/passion/enthusiasm and empowerment / Lead by example. ✓✓
• Show various skills and processed in the business. ✓✓	• Challenge existing structures / characters. ✓✓
• Explore new ways of doing things. ✓✓	
• Assume a facilitators' role, if employees / followers are skilled / motivated. ✓✓	• Keep communication lines open. ✓✓
• Leadership is task related. ✓✓	• Leadership is people-orientated. ✓✓

Max (8)

3.6

FACTOR	SUCCESS	FAILURE
- Legislation	<ul style="list-style-type: none"> <li>• Simple✓ and inexpensive✓ formation procedure.</li> <li>• Unlimited liability✓ encourages partners to work harder. ✓</li> <li>• Any other relevant answer related to impact of legislation.</li> </ul>	<ul style="list-style-type: none"> <li>• An oral agreement ✓ may create problems for partners in future which can affect its success. ✓</li> <li>• A partnership is not compelled ✓ to audit its financial statements which minimise opportunities for financial support. ✓</li> <li>• Partners are jointly and severally liable for business debts✓. A partnership may fail if one partner incurs debts which the business cannot repay. ✓</li> <li>• Any other relevant answer related to impact of legislation.</li> </ul>
- Capital	<ul style="list-style-type: none"> <li>• A larger amount of capital can be raised as compared to a sole trader due to unlimited membership. ✓✓</li> <li>• Capital can be increased, reduced or withdrawn without legal procedures. ✓✓</li> <li>• Any other relevant answer related to impact of capital.</li> </ul>	<ul style="list-style-type: none"> <li>• Fewer members may limit capital✓ for business expansion. ✓</li> <li>• Any other relevant answer related to impact of capital.</li> </ul>

(12)

Max 6

## QUESTION 4

4.1 Staff to be more involved in choosing the tasks that they will be undertaking or at least how they will fulfill them.

- A staff member will become more creative when he/she takes ownership of the task
- Office hours are flexible so staff may choose their own working hours, as long as they meet their deadlines.

Any 1 x 2 (2)

## 4.1.2 Barriers to creative thinking

- Lack of creativity. ✓✓
- Financial barriers. ✓✓
- Poor working conditions. ✓✓
- Lack of resources/infrastructure. ✓✓
- Social barriers. ✓✓
- Lack of motivation/low morale. ✓✓
- Lack of skilled employees/managers. ✓✓
- Not easy to supervise staff working flexible hours. ✓✓
- Flexible working hours can cause delays in meeting deadlines. ✓✓
- Any other relevant answer related to barriers of creative thinking.

Any 4 x 2 (8)

## 4.2 Unique South African workplace diversity issues

## 4.2.1 Poverty ✓✓

- Supply free uniforms/working clothes. ✓
- Provide low priced meals at canteens. ✓
- Offer training to improve skills for better positions in the business. ✓
- Any other relevant answer related to addressing poverty in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.2 Inequality ✓✓

- Implement equal opportunity policies when appointing new staff. ✓
- Equal opportunities should be considered when promoting staff. ✓
- Implement an Employment Equity Plan for the business. ✓
- Any other relevant answer related to addressing inequality in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.3 Race ✓✓

- Implement affirmative action policies as required by law. ✓
- No discrimination should be made based on race. ✓
- Any other relevant answer related to addressing race in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.4 Gender ✓✓

- Male and female workers should be paid the same salary/wage for equal work performed. ✓
- All posts should be accessible to male and female workers. ✓
- Targets may be set for gender employment. ✓
- Any other relevant answer related to addressing gender in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.5 Language ✓✓

- Workplace policies should be prepared in more than one language so that it can be understood by all workers. ✓
- No worker should feel excluded in meetings conducted in one language only. ✓
- Any other relevant answer related to addressing language in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.6 Age ✓✓

- The ages of permanent workers should vary from 18 to 65 to include all age groups. ✓
- Promotions should not be linked to a certain age group. ✓
- Any other relevant answer related to addressing age in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)

## 4.2.7 Disability ✓✓

- Provide easy access to the building/offices for workers in wheelchairs. ✓
- Ensure that workers with special needs are not marginalised/fel excluded from workplace activities. ✓
- Any other relevant answer related to addressing disability in the work place.

Issue (2)  
Strategy(1)  
Sub max (3)



## 4.2.8 Culture ✓✓

- Be sensitive to special requirement for different cultural groups, e.g. allow day(s) off for cultural holiday/festivals. ✓
- Cater for special food/preparation methods in the workers' canteen. ✓
- Any other relevant answer related to addressing culture in the work place.

Issue (2)  
Strategy (1)  
Sub max (3)

NOTE: Mark the first FOUR only.

Any 4 x 3 (12)  
Max (12)

4.3

- An employee who has a grievance must first bring it to the supervisor's attention✓, who must attempt to resolve the issue within one working day since the issue was raised. ✓
- If the employee is not satisfied with the supervisor's decision✓, the employee will have a right to raise a formal complaint in writing. ✓
- This is done by completing a Formal Grievance Form✓ and submitting it to the relevant level of management. ✓
- The relevant manager will arrange a meeting within one working day✓.
- The time period may be extended upon agreement by both parties. ✓
- This meeting shall be attended by the employee, a representative, the supervisor or manager✓. The manager ensures that the minutes are kept and that decisions made are recorded on the Formal Grievance Form. ✓
- If the employee is not satisfied✓, he/she will be advised to take it to the next level of management. ✓
- The manager will advise top management who shall arrange the meeting, consisting of the parties named✓. Minutes shall be kept in writing/tape recording or electronically. The decision will be recorded onto the Formal Grievance Form. ✓
- Should the employee still be dissatisfied with the results✓, he/she may make use of the statutory dispute resolving procedures, which includes the Bargaining Council and the Council for Conciliation, Mediation and Arbitration (CCMA). ✓
- A worker can appeal✓ if he /she is not satisfied with the outcome. ✓

Any other relevant answer related to the steps in the grievance procedure

Max (12)

4.4

- Acknowledge that there is conflict between employees. ✓✓
- Identify the cause of the conflict. ✓✓
- Arrange for a meeting between the conflicting parties and management. ✓✓
- Analyse ✓✓
- Brainstorm ✓✓
- Choosing the best idea ✓✓
- Analyse strategies to resolve the conflict. ✓✓
- Find a way forward by requesting parties to adhere to a memorandum of understanding. ✓✓

OR

- Approach the conflict directly ✓✓
- Bargaining ✓✓
- Mediation ✓✓
- Arbitration ✓✓
- Right to appeal. ✓✓

Any 5 x 2 (10)

4.5

**Problems of CSI for the business**

The community may not support the enterprise✓ i.e. does not buy the product of the enterprise. ✓  
Difficulty in adherence to legislation✓ governing the CSI. ✓  
Small and medium enterprises✓ find it difficult to implement CSI programmes. ✓  
Distribution of scarce CSI resources ✓ to selected beneficiaries in the community may cause problems such as discrimination. ✓  
CSI activities can distract businesses✓ from the core commercial functions. ✓  
Social involvement✓ is paid from company's profit that could have been used to lower prices and this could benefit customers. ✓  
Detailed reports✓ must be drawn up. ✓

- Any relevant answer related to problems of CSI for the business. Any 3 x 2 (6)

4.6 Dealing with difficult employees

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

NOTE: Mark first FIVE (5) only.

Any 5 x 2 (10)

QUESTION 5

5.1 Contracts protect both the employer and employee✓ when disagreement arise in term of the employment condition ✓ (2)

5.1.2 Wages ✓✓  
Working hours✓✓  
Living conditions/ accommodation✓✓  
General conditions of employment fair and just treatment ✓✓ 4 x 2 (8)

5.2 Advantage of providing fringe benefits to businesses:

- Attractive fringe benefit packages ✓ may result in higher employee retention/reduces employee turnover. ✓
  - It increases ✓ employee satisfaction/loyalty. ✓
  - Leads to higher productivity✓ as employees receive recognition for their efforts. ✓
  - Any other relevant answer related to the advantages of fringe benefits to businesses.
- NOTE: Mark the first advantage only.
- Any 1 x 2 (2)

Examples of fringe benefits

- Medical Aid/Health Insurance. ✓
  - Pension. ✓
  - Provident Fund. ✓
  - Funeral benefits. ✓
  - Car/Travel allowance. ✓
  - Housing allowance. ✓
  - Cell phone allowance. ✓
  - Holiday packages. ✓
  - Clothing allowance. ✓
  - Performance based incentives. ✓
  - Issuing of bonus shares. ✓
  - Staff discount/free or low cost meals. ✓
  - Any other relevant answer related to fringe benefits.
- NOTE: Mark the first TWO (2) examples only.
- Any 2 x 1 (2)

## 5.2

- Career planning becomes possible✓, in that individual employees see a future for themselves in the business. ✓
- This has a positive✓ effect on morale. ✓
- Assessment of applicants is easier because the business✓ already has considerable information on the possible candidates abilities, work performance and potential. ✓
- The cost of recruitment is low✓ because advertising, travel, and board and lodging expenses are largely eliminated. ✓
- Any other relevant answer relating to advantages of internal recruitment.

Any 4 x 2 (8)

## 5.2.3 Disadvantages

- Recruiting costs are considerably higher✓ for items such as advertising and expenses to enable applicants to come from elsewhere for the interview, and the reimbursement of successful applicants moving costs. ✓
- It is risky because the assessment of applicants can never be perfect ✓ therefore exists that the successful applicant will not be successful in the job. ✓
- The morale of existing personnel can be negatively influenced ✓ high potential will not be prepared to stay indefinitely at the same level and might consider resigning. ✓
- The advertisement must be prepared with the relevant ✓ information e.g. Name of the company, contact details, name of the person to be contacted regarding the vacancy. ✓
- Any other relevant answer relating to disadvantages of external recruitment.

Any 3 x 2 (6)

## 5.3 Advantages of a Quality Management System

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

Max (8)

## 5.4. Impact of Total Quality Management System on size of Business

## 5.4.1 Adequate financing and capacity

## Small enterprise

- Financing is often difficult✓, so it is not always possible to test everything before implementing. ✓
- Often small businesses have to work on trial and error✓, as they do not have large product research departments and market researchers to gather the information before the time. ✓
- Often small businesses don't have the correct equipment or the best quality raw material✓, and this can lead to faulty products, which could perhaps have been prevented. ✓

## Large enterprise

Sub max (4)

- They have sufficient financing ✓ to test everything before implementing. ✓
- They should have systems in the place to prevent errors in the processes and defects in the raw materials and products✓. They are able to carry out product researches gather the information before the time. ✓
- They should ensure that they but the correct equipment and the best quality raw materials✓, to avoid faulty products, which could perhaps have been prevented. ✓
- They have the capital to purchase the best quality machinery✓ that suits the actual process and improves productivity. ✓
- Any other relevant answer relating to adequate financing a capacity

Sub max (4)

## 5.4.2 Planning monitoring and evaluation

## Small enterprise

- Not enough people to put monitoring and evaluation✓ systems and process in place to prevent product defects and other issues. ✓
- Small businesses must make sure that they take time to put the correct systems in place✓ to ensure that they prevent defects, poor productivity and customer dissatisfaction in the end. ✓

Sub max (4)

## Large enterprise

- A monitoring and evaluation system and quality assurance process ✓ should be put in the place to prevent product defects and other issues. ✓
- They should have quality control checks and procedures ✓ that ensure that they don't have to replace items and machinery after it has cost them a large amount of money. ✓
- Large businesses are better equipped ✓ to get things right the first time with no defects. ✓
- Any other relevant answer relating to planning, maintaining and evolution

Sub max (4)  
(8)

## 5.5.3 Involvement of all employee responsibility

## Small enterprise

- It is generally easier to get all of the employees on board in a small business as they are all involved in the process in a very hands-on way. ✓
- There are fewer employees to communicate is easier. ✓
- Small businesses that pride themselves of quality usually build it into the ethos of the business and therefore all of the employees accept, strive and take responsibility for it. ✓

Sub max (4)

## Large enterprise

- Large businesses are often very divided and the departments sometimes function very separately. It is therefore difficult to get everyone to communicate. ✓
- It is essential that large businesses have very well-constructed systems and processes that include everyone in the quality control and management processes. ✓
- Leadership and management must ensure that customer satisfaction through creating high-quality products and services is one of the key values of all. ✓ Specific measures that encourage responsibility for quality by everyone, must be put in place. ✓
- Any other relevant answer relating to involvement of all employees. Sub max (4)

(8)

Max (24)

## QUESTION 6

6.1.1

6.1.2

Porter's force	Evaluation of the strength of the force (2x2)	Strategy to deal with the force (2x2)
Bargaining power of suppliers	The power of suppliers are a strong force to be dealt with as these are huge suppliers who manufacture a wide range of quality products bought and favoured by consumers. ✓ (2)	Negotiate with suppliers, letting them know how you feel, whilst still maintaining good relationship with all suppliers. ✓ (2)
Bargaining power of consumers	Consumers favour products produced by the mentioned suppliers. ✓ Consumers are a strong force as they may decide to buy from competitors such as Pick 'n Pay if not satisfied with products or service from Shoprite. ✓ (2)	Shoprite will have no choice but to order supplies that the consumers would want to buy and will therefore have to continue to order from the suppliers mentioned as quality suppliers are limited. ✓ (2)

## Any other relevant answer

6.2

$$6.2.1 \quad 200\,000 \times R3 = \checkmark R600\,000 - \text{Preference Shares} \\ 400\,000 \times R3 = \checkmark 1\,200\,000 - \text{Ordinary Shares} \\ R1\,800\,000 - \text{Total} \checkmark \checkmark$$

OR

$$600\,000 \times R3 \checkmark \checkmark = R1\,800\,000 \checkmark \checkmark \quad (4)$$

6.2.2 Minimum subscription is the number of shares that must be sold to pay for the launching of the company. ✓✓ (2)

$$6.2.3 \quad 10\% \times R3 \times 100 \text{ shares} = R30 \text{ or } 300 \text{ cents} \checkmark \checkmark \quad (2)$$

6.3

$$6.3.1 \quad \text{Return on Investment} = \frac{\text{Return}}{\text{Amount Invested}} \times 100\% \\ = \frac{R40\,000}{R200\,000} \times 100\% \checkmark \\ = 20\% \checkmark \checkmark$$

If answer is incorrect allocate a maximum of 2 marks for understanding of concept, method and procedure.

Allocate maximum marks if only the answer of 20% is given Max (6)

## 6.3.2 Yes.

The return on his investment in shares is much higher than on alternative forms of investment, ✓✓ e.g. fixed deposits and notice deposits at commercial banks. ✓✓

OR

No.

Returns fell below similar shares in the market. ✓✓

Accept relevant options that relate to returns.

yes/no only without motivation, no marks allocated.

(4)

## 6.4 Criteria for team performance

**Interpersonal attitudes and behaviour** ✓✓

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

**Shared values** ✓✓

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

**Communication** ✓✓

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

**Co-operation** ✓✓

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

Any 4 x 3 (12)

## 6.5

## 6.5.1 Quality of performance within the public relations function

Description/nature:

- Creating a favorable image✓ of the business by liaising with the relevant stakeholders. ✓
- Being involved ✓ corporate social investment programmes. ✓
- Delivering of quality goods✓ and services. ✓
- Any other relevant description/nature related to public relations function. ✓✓

Sub max (2)

Contribution to profitability/success or failure

- Improved relations with clients✓through effective after sales, e.g. handling complaints. ✓
- Phones to be answered promptly✓ and receptionists to act professionally. ✓
- Ensuring that internal publicity, ✓ e.g. appearance of correspondence is up to standard. ✓
- Negative publicity is countered✓by releasing regular press statements. ✓
- Non compliance of relevant legalization, ✓ e.g. the Basic Conditions of the Employment Act. ✓
- Improve the positive image of the business✓through good publicity. ✓
- Any other relevant contribution related to public relations function.

Sub max (6)  
Max (8)

## 6.5.2 Quality of performance within the finance function

Description /nature:

- Obtain capital✓from the most suitable source available. ✓
- Funds ✓ must be effectively allocated in the business. ✓
- Financial statements must be correct✓, up to date and presented to top management and relevant stakeholders. ✓
- Any other relevant description/nature related to finance function.

Sub max (2)

Contribution to profitability/success or failure:

- Financial control measures/systems to eliminate fraud. ✓✓
- Investing strategies to increase profitability. ✓✓
- The financial department must determine the profitability, gearing and liquidity on a regular basis. ✓✓
- Implementing credit granting and collecting policies. ✓✓
- Accurately analyzing and interpreting financial information. ✓✓
- Any other relevant contribution related to finance function.

Sub max (6)  
Max (8)

**6.6 Conditions for termination of Employment contract**

- Dismissal ✓✓ – contract terminated for valid reason(s), e.g. unsatisfactory job performance. ✓
- Redundancy/Restructuring ✓✓ – employer no longer has work for employees and cannot fulfil the contract. ✓
- Retirement ✓✓ – job stated in the contract is no longer necessary, as the employer has become insolvent and may not be able to pay the employees. ✓
- Resignation ✓✓ – employees decided to leave and resign voluntarily. ✓
- Any other relevant answer related to the conditions for termination of an employment contract.

**NOTE: Mark first TWO only.**

Reason (2)	
Explanation (1)	
(Any 2 x 3) (6)	
<b>Max (6)</b>	

**QUESTION 7****7.1 Introduction:**

- A strategy is a plan of action to achieve a goal and serves as an enterprise's overall plan for development. ✓
  - A strategy guides the allocation of resources in a business enterprise. ✓
  - A business enterprise needs to develop strategies in response to challenges and changes in the business environment. ✓
- Any 1 x 2 (2)

**7.2 Formulation of strategies**

Strategies can be formulated by making use of the following steps/factors to consider when developing strategies:

- Determine a vision or mission ✓ or adapt the existing vision or mission. ✓
  - Identify opportunities, threats ✓ and critical challenges that could affect the business enterprise. ✓
  - Generate several strategies ✓ to address all strategic issues in the business environment. ✓
  - Identify the enterprise's strengths ✓ and weaknesses. ✓
  - Set long-term goals ✓ that will enable the enterprise to achieve its mission and vision. ✓
  - Choose the strategy ✓ that will best resolve the strategic issue at hand. ✓
- Max (6)

**7.3 Types of business strategies****7.3.1 Vertical integration ✓✓**

- Involves an enterprise taking control over either its suppliers ✓ or distributors. ✓
  - Vertical integration can either be forward ✓ or backward. ✓
- Sub Max (6)

**7.3.2 Forward vertical integration ✓✓**

Forward vertical integration combines a business ✓ with its buyers. ✓  
Involves expansion of business activities ✓ to gain control over the direct distribution of the enterprise's products. ✓ E.g. an abattoir purchasing a number ✓ of butcheries, ✓ or a tyre manufacturing company purchasing a tyre fitting centre. ✓

(6)

**7.3.3 Backward vertical integration ✓✓**

A backward vertical integration combines a business ✓ with its suppliers. ✓  
Involves distributors owning the suppliers ✓ in order to reduce the  
business's dependency on the supplier. ✓ E.g. a bakery buys a wheat  
farm ✓ to reduce the risk associated with the bakery's dependency on  
flour. ✓

(6)

**7.3.4 Horizontal integration ✓✓**

Involves taking over similar ✓ organizations. ✓  
This strategy gives access to new markets ✓ and gets rid of competition. ✓  
E.g. A large bookseller purchases a number of small independent  
bookstores. ✓

(6)

7.4

**7.4.1 Market penetration: ✓✓**

- A growth strategy where the business focuses on selling products ✓ in existing markets. ✓
- New business enterprises can use the market penetration strategy to gain entrance to the market ✓ by initially selling their products very cheap. ✓ Example a grocery store chain offers meat ✓ at below the average price of other grocery stores. ✓
- This strategy often focuses on capturing a larger share of an existing market by for ✓ e.g. Reducing the price to increase ✓ sales, increasing the number of sales persons, increasing advertising and ✓ promotion.

(6)

**7.4.2 Market development ✓✓**

- This is a growth strategy where the business aims to sell its existing ✓ products in new markets for e.g. **By exporting its products.** ✓
- This strategy involves finding new markets, ✓ new distribution channels, changing product dimensions or packaging ✓ etc.

(6)

**7.4.3 Product development ✓✓**

- Involves the development of new products for the existing market ✓ or the adaptation of existing products to fit the needs of consumers. ✓  
E.g. A bakery starts to add new recipe's ✓ to the existing popular  
baked items to keep consumers interested. ✓

Sub Max (6)

Max (30)

**7.5 Evaluation of Strategies**

- After implementation of the abovementioned strategies, these must be evaluated to determine whether the strategies were successful or not. ✓✓
- Review those strategies that were not successful by implementing alternatives. ✓✓
- Set specific dates to conduct feedback on market research. ✓✓
- Examine the underlying basis of business strategy. ✓✓
- Compare expected performance and take corrective action. ✓✓
- Conduct market research and prepare report. ✓✓

(Any other relevant answer related to evaluation of strategies.)

Max (6)

**7.6 Conclusion**

- Strategic planning and implementation is a continuous process that needs to be revised by top management on an ongoing basis in order to ensure success and sustainability of the business. ✓
- In order for the strategic plan to be successful, workers must adopt a positive attitude ✓
- Any other relevant answer related to conclusion.

Any 1 x 2 (2)

QUESTION 7: BREAKDOWN OF MARK ALLOCATION DETAILS		Maximum	Total
Introduction	2		
Formulation	6		
Types of business strategies	30		Max 32
Evaluation	6		
Conclusion	2		
<b>INSIGHT</b>			
Layout			2
Analysis, interpretation			2
Synthesis			2
Originality, examples			2
<b>TOTAL MARKS</b>			<b>40</b>

**QUESTION 8****8.1 Introduction**

- Leaders have vision for their businesses. ✓
  - Leaders encourage workers through motivation. ✓
  - Leaders who take calculated risks are able to make use of profitable opportunities. ✓
  - Managers are able to manage the business effectively. ✓
  - Any other relevant introduction related to leadership and management.
- Any 2 x 1 (2)

**8.2 Distinguish between leadership and management**

MANAGEMENT	LEADERSHIP
Demands respect, authority and wants to control. ✓✓	Invites and motivates freedom of speech and inspires trust. ✓✓
Gives orders/instructions. ✓✓	Seeks to empower/facilitates employees. ✓✓
Thinks that they know all the answers. ✓✓	Asks the right questions to get to the right answers. ✓✓
Focuses on the task. ✓✓	Focuses on individuals/groups. ✓✓
Focuses on the implementation of policies. ✓✓	Focuses on motivating workers to help with the implementation processes. ✓✓
Follows/implements the vision of the enterprise. ✓✓	Provides a vision for the enterprise. ✓✓
Minimises and controls risk. ✓✓	Always on the lookout for business opportunities. ✓✓
Ensures that profit targets are met. ✓✓	Strategises to increase profitability. ✓✓
Administer. ✓✓	Innovate. ✓✓
Have a short-term view. ✓✓	Have a long-term view. ✓✓
Monitor people. ✓✓	Inspire people. ✓✓
Implement plans. ✓✓	Develop goals. ✓✓
Maintain and monitor. ✓✓	Challenge staff and managers. ✓✓
Ask when, how, where and who. ✓✓	Ask why. ✓✓

Any other relevant distinction between management and leadership. Max (10)

**8.3****8.3.1 Consensus leadership Positives:**

- Has the expertise and needs to consult with the subordinates. ✓✓
- Involves the subordinates in decision-making/policy formulation/problem solving. ✓✓
- Seeks opinions and ideas from subordinates, but the leader remains accountable and has the authority to make the final decision. ✓✓
- Wins the support of the subordinates because they feel part of the team. ✓✓
- Better decisions are made, because of various inputs. ✓✓
- New leaders may benefit from ideas obtained from experienced subordinates. ✓✓

**Negatives:**

- This leadership style is time-consuming especially when urgent decisions have to be made. ✓✓
  - Some leaders are reluctant to use this style, because they may view it as a sign of weakness to ask for advice from subordinates. ✓✓
  - Leaders who do not consider the inputs from subordinates may discourage any future inputs. ✓✓
  - Any relevant answer related to the evaluation of the consensus leadership style.
- Sub max (6)

**Application:**

- This leadership style is useful when the leader and the subordinates need to contribute towards decision making. ✓✓
  - May be used when making decisions that affect the whole business. ✓✓
  - Cannot be applied in urgent/quick decision making. ✓✓
  - Applied only if subordinates have necessary knowledge/information to contribute towards decisions. ✓✓
  - Applied when the leader knows the problem, but does not have all the information to make a final decision. ✓✓
  - Any relevant application of the Consensus leadership style.
- Sub max (2)  
Max (8)

**8.3.2 Autocratic leadership style Positives:**

- Gives directives and instructions as a way of communicating with subordinates. ✓✓
- This leadership style can be used when urgent/quick decisions must be made. ✓✓
- Works well with inexperienced employees. ✓✓
- Deadlines may be met, as work is completed according to the leader's specification. ✓✓



**Negatives:**

- Can de-motivate subordinates/followers. ✓✓
- Makes all decisions alone with little or no consideration for the inputs of subordinates. ✓✓
- Subordinates are told what to do and how to do it without being given the opportunity to give inputs or make suggestions. ✓✓
- Employees' inputs and innovations may be lost. ✓✓
- Any other relevant answer related to the evaluation of the Autocratic leadership style.

Sub max (6)

**Application:**

- Used in crisis situations, e.g. disaster relief management. ✓✓
- Applied when implementing business policies/government legislation. ✓✓
- Used when all the information is available to solve the problem. ✓✓
- Used when dealing with employees who are not cooperative in the workplace. ✓✓
- Any other relevant application of the Autocratic leadership style.

Sub max (2)  
Max (8)**8.3.3 Laissez-faire/free reign leadership/management style**

- The leader is not part of the decision making process, but allows employees to make all the decisions within the framework/limits of the policy. ✓✓
- The leader gets involved when requested. ✓✓
- The leader is responsible and accountable for the employees' decisions and actions. ✓✓
- Employees are left on their own with minimal interference. ✓✓
- This may lead to frustration on the part of employees when they lack experience or have not earned the trust of the leader. ✓✓
- Any other relevant advantages related to Laissez-faire/free reign leadership/management style.

**Negatives:**

- Incorrect decisions can be taken if the staff are inexperienced. ✓✓
- This style can prevent goals from being reached if the staff loses their direction. ✓✓
- Can be time consuming. ✓✓
- Team members might misunderstand the objectives. ✓✓
- Could lead to under performance. ✓✓
- Productivity might be low. ✓✓
- Could lead to conflict when some team members assume the role of leaders and dictate the work to others. ✓✓
- Any other relevant disadvantages related to the Laissez-faire/free reign leadership/management style.

Sub max (6)

**Application**

- This leadership style can be used when the leader is empowering his/her employees through the delegation of duties. ✓✓
- Useful when employees are knowledgeable and experienced. ✓✓
- It works well in situations where employees are highly skilled in analysing situations and offering solutions. ✓✓
- Any other relevant answer related to the application of Laissez-faire/free reign Leadership/management style.

Sub max (2)  
Max (8)**8.4 Conclusion**

- Not all people are able to be both leaders and managers. ✓✓
- It is very important for the success of a business to have managers and leaders with certain qualities. ✓✓
- Any other relevant conclusion on leadership and management.

Any 1 x 2 (2)

- NOTE: 1.** Candidates should be awarded marks when examples demonstrate understanding.
- 2.** If another approach is used in answering this question, take into consideration the sub max's as indicated above.

**Breakdown of mark allocation**

Details		Maximum	Total
Introduction		2	
Distinguish between leadership and management		10	
Consensus leadership style		8	
Autocratic leadership style		8	
Laissez-faire/free reign		8	
Application		6	
Conclusion		2	
<b>INSIGHT</b>			
Layout			2
Analysis, interpretation			2
Synthesis			2
Originality, Examples			2
<b>TOTAL MARKS</b>			<b>40</b>

**LASO – For each component:**  
 Allocate 2 marks if all requirements are met.  
 Allocate 1 mark if only some of the requirements are met.  
 Allocate 0 marks where requirements are not met at all.

[40]

**QUESTION 9: BUSINESS ROLES****9.1 Introduction**

- Businesses are socially responsible for promoting human rights and inclusivity in the workplace as well as protecting the environment. ✓
- Promoting human rights, inclusivity and protecting the environment will promote a good image for the business. ✓
- Sustainability of any business enterprise depends largely on its ability to address Human Rights, Inclusivity and environmental issues. ✓
- Any other relevant introduction related to Human rights, inclusivity and environmental issues. Any 2 x 1 (2)

**9.2 Human Rights****9.2.1 Nature of human rights**

- Human rights refer to the basic rights to which all citizens are entitled to. ✓
- In South Africa, basic human rights are protected by the Bill of Human Rights as stipulated in the Constitution. ✓
- It includes the right to be treated in a dignified manner, freedom of speech, privacy, etc. ✓
- Human Rights are the framework of good relations and welfare of society. ✓
- Any other relevant answer related to nature of Human Rights. Any 4 x 2 (8)

**9.2.2 Evaluation**

- Employ more employees with disabilities. ✓✓
- Employ more employees from different cultural groups. ✓✓
- Implement more skills development programmes for their workers. ✓✓
- Make donations to various organisations. ✓✓
- Help disadvantaged people to be more productive by implementing practical courses. ✓✓
- Treat all employees equally and fairly. ✓✓
- Pay employees fair remuneration. ✓✓
- Ensure freedom of association in the workplace. ✓✓
- Implement fair, consistent and transparent disciplinary measures. ✓✓
- Honour basic human rights as outlined in the Constitution of South Africa. ✓✓
- Provide a safe and pleasant work environment. ✓✓
- Implement human rights policy. ✓✓
- Ensure that workers are not discriminated against. ✓✓
- Any other relevant answer related to how NMU can address human rights. Any 4 x 2 (8)

**9.3 Inclusivity****9.3.1 Nature of inclusivity**

- Aims to redress the past imbalances by ensuring that no one is discriminated against. ✓
- Employers must follow a policy of equal opportunities for all employees. ✓
- Inclusivity ensures that nobody is excluded on the basis of gender, race, disability and/or sexual orientation. ✓
- The Employment Equity Act and the BBBEE Act were put in place by the government to promote inclusivity. ✓
- Any other relevant answer related to nature of inclusivity. Any 4 x 2 (8)

**9.3.2 Evaluation**

- Including more workers with disabilities. ✓✓
- Making the workplace to be representative of the South African society. ✓✓
- Addressing gender issues. ✓✓
- Providing equal opportunities for women in the workplace. ✓✓
- Eliminating unfair business practices. ✓✓
- Respecting employee's rights. ✓✓
- Making appointments and promotions on the basis of merit without any kind of discrimination. ✓✓
- Implementing an affirmative action strategy. ✓✓
- Implementing the Employment Equity Act which promotes equal opportunity and fair treatment for all employees. ✓✓
- Implementing the Skills Development Act to equip employees with necessary skills especially from previously disadvantaged groups. ✓✓
- Any other relevant answer related to how NMU can promote inclusivity. Any 4 x 2 (8)

**9.4 Environmental issues****9.4.1 Nature of environmental issues**

- Environmental issues refer to how businesses use its natural resources. ✓
- The business has responsibility to protect the environment. ✓ e.g. not to pollute the environment. ✓
- All businesses must be environmental friendly. ✓
- Emphasis on global warming. ✓
- Disposal of toxic waste. ✓
- Any other relevant answer related to nature of environmental issues. Any 4 x 2 (8)

## 9.4.2 Evaluation

- Donate money or expertise to nature conservation programmes/involvement in social responsibility programmes by donating funds for nature conservation. ✓✓
- Ensure environmental sustainability. ✓✓
- Develop alternative sources of energy. ✓✓
- Comply with all environmental laws. ✓✓
- Take active steps to decrease and control pollution. ✓✓
- Comply with legislation regarding the environment. ✓✓
- Take an active role in restoring and protecting the environment. ✓✓
- Implement recycling programmes involving community members. ✓✓
- Involve in social responsibility programmes by donating funds for nature conservation. ✓✓
- Any other relevant answer related to how NWU can implement environmental initiatives.

Any 4 x 2 (8)

## 9.5 Conclusion

- Human rights issues, inclusivity and environmental issues should be addressed by businesses for its continued existence.
- Businesses which are not socially or environmentally responsible may lose its share in the market. ✓✓
- Any other relevant conclusion related to the implementation of human rights, inclusivity and environmental issues.

Any 1 x 2 (2)

## BREAKDOWN OF MARKS

Details	Maximum	Total
Introduction	2	
Human Rights: Nature	8	
Evaluation	8	
Inclusivity: Nature	8	
Evaluation	8	
Environment: Nature	8	
Evaluation	8	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

LASO - For each component  
 Allocate 2 marks if all requirements are met.  
 Allocate 1 mark if only some of the requirements are met.  
 Allocate 0 marks where requirements are not met at all.

[40]

## QUESTION 10

## 10.1 Introduction

- Human resources management is one of the functions that contribute to the success of the business. ✓
- Businesses must follow a step-by-step process to ensure that the most efficient candidates will be selected for the post. ✓
- It ensures that the aim and objectives of the business are achieved and proper planning of human resource is done. ✓
- Any other relevant introduction related to Human Resources Function.

Any 2 x 1 (2)

## 10.2

## 10.2.1 Recruitment

- The job analysis must be done✓, e.g. the job description and job specification. ✓
- Determine the key performance areas✓ of the specific job. ✓
- The human resources manager✓ must decide on the specific source to be used. ✓
- The two kinds of sources are internal✓ or external. ✓
- The internal source✓ is when the candidate is found from within the business. ✓
- The external source✓ is when the business makes use of advertising, educational institutions, head hunting, etc. ✓
- Any other relevant answer related to recruitment.

Any 4 x 2 (8)

## 10.2.2 Selection

- The human resources manager must formulate short-listing criteria ✓ for the applicants. ✓
- Read through application forms✓ and curriculum vitae (CV) from applicants for the post. ✓
- The HR manager compiles a short list✓ of all candidates who meet the requirements for the job. ✓
- Inform unsuccessful candidates ✓ about the outcome of their application. ✓
- The HR manager invites the candidates✓ who were short-listed to an interview. ✓
- Candidates may also ask to complete certain tests, ✓ e.g. personality tests, aptitude tests and /or skills tests. ✓
- The successful candidate is informed by correspondence✓, that he/she is appointed. ✓
- The successful candidate will receive a written contract✓ and he/she must sign it. ✓
- Any other relevant answer related to the selection process.

Any 4 x 2 (8)

## 10.2.3 Placement

- This is the process whereby the new employee is placed✓/in the right job. ✓
- When the employee who is newly appointed, is placed in the right job✓ he/she is more productive. ✓
- Specific responsibilities✓ of the position must be defined. ✓
- The newly appointed employee may be required to complete psychometric tests✓ to determine his/her strengths or weaknesses, etc. ✓
- Any other relevant answer related to the placement process. Any 4 x 2 (8)

## 10.2.4 Induction

- This is the process whereby the newly-appointed employee✓ works efficiently with other colleagues in the business environment. ✓
- Induction aims to create realistic expectations✓ and ensure that he/she becomes productive. ✓
- Give the newly-appointed employee an opportunity to ask questions✓ about the work environment. ✓
- Identify another worker✓ as mentor to the new employee. ✓
- Introduce the newly-appointed employee to the rules✓, regulations and code of conduct of the business. ✓
- Any other relevant answer related to the induction process. Any 4 x 2 (8)

## 10.3 Matters regarding current legislation to consider.

Examples:

- Basic Conditions of Employment Act (BCEA) ✓✓ e.g. when considering applicants for a permanent or contract post. ✓ OR compliance in terms of the Act when drawing up an employment contract. ✓
- Affirmative Action ✓✓ e.g. consider applicants from disadvantaged groups. ✓
- Employment Equity Act ✓✓ e.g. consider applicants in terms of race, gender and equity. ✓
- Skills Development Act ✓✓ e.g. consider development and training. ✓
- Any other relevant answer related to current legislation when filling a vacancy. Any 3 x 3 (9)

## 10.4 Conclusion

- Businesses spend large amounts of money to ensure that the correct employee is appointed. ✓✓
- Therefore, the human resources manager must follow the prescribed steps in order to appoint the most suitable candidate for the job. ✓✓
- Any other relevant conclusion related to the steps in filling a vacancy. Any 1 x 2 (2)

NOTE: DO NOT ALLOCATE MARKS FOR STEPS THAT ARE NOT SPECIFIED IN THE QUESTION.

## Breakdown of mark allocation

Details	Maximum	Total
Introduction	2	Max 32
Recruitment	8	
Selection	8	
Placement	8	
Induction	8	
Matters regarding current legislation	9	Max 32
Conclusion	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

LASO - For each component  
 Allocate 2 marks if all requirements are met.  
 Allocate 1 mark if only some of the requirements are met.  
 Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: (80)  
 GRAND TOTAL: [300]