



Province of the
EASTERN CAPE
EDUCATION

GRADE 12

BUSINESS STUDIES

CASE STUDY
28 FEBRUARY 2025

MARKS: 50
TIME: 2 hours

This assessment consists of 3 pages, including the cover page.

INSTRUCTIONS:

1. Assessment to be written in class under controlled conditions.
2. Answer all the questions.

QUESTION 1

Read the case study below and answer the questions that follow.

MDANI STORES (MS)

Mdani Stores is a retail business that provides a variety of products. MS also allows customers to purchase products on credit. They avoid penalties by complying with the relevant legislation. MS is registered with the National Credit Regulator. Mdani Stores also discloses prices of all products on sale. MS always conducts affordability assessments of each client before granting them credit. They also observe the rights of the employees in terms of the Labour Relations Act (LRA), 1995 (Act 66 of 1995).

Mdani Stores are familiar with the pillars of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003) as well as the impact of this Act on businesses.

MS has a vacancy for a financial manager. The human resource manager, Bomvu, advertised the post on their business noticeboard with the following advert.

VACANCY
FINANCIAL MANAGER

Qualifications: BCom degree

Experience: At least six years' financial management at middle level

Key performance areas: Prepare budgets and manage income and expenditure

Total package: R653 920 per annum

Other: Pension fund, medical aid fund and housing subsidy

The management of MS is aware of the implications of the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997) on the human resources function of businesses.

Mdani Stores pride themselves in applying transparency, accountability and responsibility as the King Code principles of good corporate governance. However, unethical and unprofessional behaviour pose many challenges to Mdani Stores and the management is struggling to find ways to deal with these types of unethical and unprofessional business practices. MS discovered that they did not declare all their income to SARS during the previous financial period. Bomvu, the human resources manager, also promised Angel a promotion if she agreed to have a relationship with him.

Mdani Stores wants to involve all the employees in drawing up a new business code of conduct to limit unprofessional behaviour in the workplace. MS decided to make use of a problem solving technique where employees are requested to suggest new ideas aloud in a large group without working individually. The management received valuable inputs from the employees. After doing some research on the advantages of introducing creative thinking in the workplace they decided to also find ways in which they can create an environment that promotes creative thinking in the workplace.

- 1.1 Quote TWO ways in which MS complies with the National Credit Act (NCA), 2005 (Act 34 of 2005) from the case study above. (*paragraph 1*) (2 x 1)
- 1.2 Outline the rights of employees in terms of the Labour Relations Act (LRA), 1995 (Act 66 of 1995). (4 x 1)
- 1.3 Explain the impact of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003) on businesses. (6 x 1)
- 1.4 Identify the method of recruitment used by MS in the case study above. (*paragraph 3*) (2)
- 1.5 Name any TWO examples of fringe benefits from the advert of the financial manager. (2 x 1)
- 1.6 Discuss the impact of fringe benefits on businesses. (4 x 1)
- 1.7 Quote the job description of the 'financial manager' from the advert in the case study above. (2 x 1)
- 1.8 Explain the implications of the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997) on the human resources function of MS. (3 x 1)
- 1.9 Identify ONE type of unprofessional business practice displayed at MS. Motivate your answer by quoting from the case study above. (*paragraph 5 – second last paragraph*). (3)
- 1.10 Discuss ways in which MS can deal with the type of unprofessional business practice that was identified in QUESTION 1.9. (4 x 1)
- 1.11 Explain how businesses can apply any ONE of the King Code principles for good corporate governance to improve ethical business conduct. (4 x 1)
- 1.12 Name the problem-solving technique used by MS in the case study above. (*paragraph 6 – last paragraph*). (2)
- 1.13 Discuss the advantages of creative thinking in the workplace. (6 x 1)
- 1.14 Recommend ways in which business can create an environment that promotes creative thinking in the workplace. (6 x 1)

TOTAL: 50



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2025

BUSINESS STUDIES

CASE STUDY MARKING GUIDELINE

28 FEBRUARY 2025

MARKS: 50

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This marking guideline consists of 8 pages, including the cover page.

QUESTION 1

1.1 Ways in which MS complies with the National Credit Act/NCA from the case study

- MS is registered with the National Credit Regulator. ✓
- MS always conducts affordability assessments of each client before granting them credit. ✓

NOTE: 1. Mark the first TWO (2) only.
2. Only award marks for responses that are quoted from the scenario.

(2 x 1) (2)

1.2 Rights of employees in terms of the Labour Relations Act/LRA

- Employees may join a trade union of their choice. ✓
- 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. ✓
- 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. ✓
- Establish a workplace forum where a business has 100 or more employees to resolve work-related issues. ✓
- Any other relevant answer related to the rights of employees in terms of the LRA.

(4 x 1) (4)

1.3 Impact of the Broad-Based Black Economic Empowerment Act (BBBEE) on businesses

Positives/Advantages

- 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. ✓
- A good BBBEE rating will improve the image of the business. ✓
- Fronting is discouraged, as it may lead to the disqualification of a business's entire score card/BBBEE status. ✓
- Promotes enterprise development, by developing entrepreneurial skills of designated people to start their own businesses. ✓
- Businesses that comply with BBBEE regarding the pillars will be rated high on BEE score card/may get government tenders/may attract other BBBEE business partners/-suppliers. ✓
- Businesses will have a good overview on how they are performing with regards to the national requirements of the country. ✓
- By focusing on BBBEE, the business will show commitment towards the social/education/economic developments in the community/country. ✓
- Businesses that are rated understand how to develop BBBEE strategies that will increase their BBBEE ratings on an annual basis. ✓

- Share prices of BBBEE compliant businesses are likely to increase as they attract more business. ✓
- Businesses that support Small, Micro and 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. ✓
- Previously disadvantaged workers will be skilled because businesses are compelled to send them for skills training. ✓
- Provides opportunities for/empowers previously disadvantaged employees through uplifting socio-economic processes. ✓
- Any other relevant answer related to the positive impact/advantages of the BBBEE on businesses.

AND/OR

Negative/Disadvantages

- Businesses could experience large financial implications/penalties if they do not comply with BBBEE. ✓
- Processes may lead to corruption/nepotism if not monitored properly. ✓
- Processes and procedures may be costly for a business as there are many legal requirements for scoring enough points to be compliant. ✓
- Investment/Ownership issues can cause unhappiness amongst existing shareholders/owners. ✓
- Provides for preferential procurement, so certain businesses may be excluded from supplying goods/services. ✓
- Businesses will have to spend money in areas covered by five BBBEE pillars to obtain a good BBBEE rating. ✓
- Businesses that want to do business with the government must have their BEE status assessed annually. ✓
- Businesses have to go through the process of having their BBBEE compliance measured/verified by an independent BEE verification agency. ✓
- Many businesses have been disadvantaged due to BBBEE ratings as they may not be able to meet all the scoring. ✓
- Any other relevant answer related to the negative impact/disadvantages of the BBBEE on businesses.

(6 x 1) (6)

1.4 Method of recruitment from the case study

Internal recruitment ✓✓

(2)

1.5 Examples of fringe benefits from the advert of the financial manager

- Pension fund ✓
- Medical aid fund ✓
- Housing subsidy ✓

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

2. Only award marks for responses that are quoted from the scenario.

(2 x 1) (2)

1.6 **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. ✓
- Improves productivity resulting in higher profitability. ✓
- It increases employee satisfaction/loyalty as they may be willing to go the extra mile. ✓
- Businesses save money as benefits are tax deductible. ✓
- Fringe benefits can be used as leverage for salary negotiations. ✓
- Any other relevant answer related to the positive impact/advantages of fringe benefits on businesses.

AND/OR

Negatives/Disadvantages

- Businesses which cannot offer fringe benefits fail to attract skilled workers. ✓
- Businesses which offer employees different benefit plans may create resentment to those who receive less benefit resulting in lower productivity. ✓
- It can create conflict/lead to corruption if allocated unfairly. ✓
- Fringe benefits are additional costs that may result in cash flow problems. ✓
- Decreases business profits, as incentive/package/remuneration costs are higher. ✓
- Administrative costs increase as benefits need to be correctly recorded for tax purposes. ✓
- Workers only stay with the business for fringe benefits, and may not be committed/loyal to the tasks/business. ✓
- 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.

(6 x 1) (6)

1.7 **Job description of the financial manager from the advert**

- Prepare budgets ✓
- Manage income and expenditure ✓

NOTE: Only award marks for responses that are quoted from the scenario.

(2 x 1) (2)

1.8 **Implications of the Basic Conditions of Employment Act/BCEA on the human resources function**

- Workers must receive double if they work during public holidays/Sunday.√
- They must have a break of 60 minutes after five hours of work.√
- Businesses should not employ children under the age of 16.√
- Workers can take up to six weeks paid sick leave during a 36-month cycle.√
- Workers should only work 9 hours per day in a 5 day work week./8 hours per day in a 6 day work week./Overtime should not exceed 10 hours per week.√
- Any other relevant answer related to the implications of the Basic Conditions of Employment Act/BCEA on the human resources function of MS.

(3 x 1) (3)

1.9 **Type of unprofessional business practice from the case study**

Sexual harassment √√

(2)

Motivation

Bomvu, the human resources manager, also promised Angel a promotion if she agreed to have a relationship with him. √

(1)

Max (3)

1.10 **Ways in which businesses can deal with sexual harassment as a type of unprofessional business practice**

- Provide a framework for corrective action.√
- Educate employers on sexual harassment matters.√
- Formulate a policy regarding sexual harassment.√
- Implement internal complaints and disciplinary procedures.√
- Ensure compliance with the law/business code of conduct.√
- Ensure that all employees are familiar with the code of ethics of sexual abuse.√
- Create a good working environment where all employees' rights and dignity are respected.√
- Internal investigation should be made in order to determine the seriousness of the harassment.√
- Serious cases/matters on sexual harassment should be reported to the appropriate institutions/authorities such as the South African Police Services (SAPS).√
- Any other relevant answer related to the ways in which businesses can deal with sexual harassment as a type of unprofessional business practice.

(4 x 1) (4)

1.11 Application of the King Code principles for good corporate governance

Transparency

- Decisions/Actions must be clear to all stakeholders. ✓
- Staffing and other processes should be open and transparent. ✓
- Employees/Shareholders/Directors should be aware of the employment policies of the business. ✓
- Auditing and other reports must be accurate/available to shareholders/employees. ✓
- Regular audits should be done to determine the effectiveness of the business. ✓
- Business deals should be conducted openly so that there is no hint/sign of dishonesty/corruption. ✓
- Businesses should give details of shareholders' voting rights to them before/at the Annual General Meeting (AGM). ✓
- The board of directors must report on both the negative and positive impact of the business on the community/environment. ✓
- The board should ensure that the company's ethics are effectively implemented. ✓
- Any other relevant answer related to how businesses can apply transparency as a King Code principle for good corporate governance to improve ethical business conduct.

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(4 x 1) (4)

OR

Accountability

- There must be regular communication between management and the stakeholders such as shareholders. ✓
- Businesses should appoint internal and external auditors to audit financial statements. ✓
- The board should ensure that the company's ethics are effectively implemented. ✓
- Businesses should be accountable/responsible for their decisions/actions. ✓
- Businesses should present accurate annual reports to shareholders at the Annual General Meeting (AGM). ✓
- Top management should ensure that other levels of management are clear about their roles and responsibilities to improve accountability. ✓
- Any other relevant answer related to how businesses can apply accountability as a King Code principle for good corporate governance to improve ethical business conduct.

(4 x 1) (4)

OR

Responsibility

- The business/ board should develop and implement programmes that should be aimed at protecting the communities in which they operate. ✓
- The business/ board should develop remedial programmes to protect the environment for example, reduce air and water pollution. ✓
- Any other relevant answer related to how businesses can apply responsibility as a King Code principle for good corporate governance to improve ethical business conduct.

(4 x 1) (4)

NOTE: Mark the **FIRST** principle only.

1.12 **Problemsolving technique from the case study**

Brainstorming ✓✓

(2)

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

Better/Unique/Unconventional ideas/solutions are 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. ✓
- Managers/Employees may keep up with fast changing technology which may lead to an increased market share. ✓
- 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/attract new investors. ✓
- Businesses can continuously improve on product development by exploring new ways to enhance growth. ✓
- Any other relevant answer related to the advantages of creative thinking in the workplace.

(6 x 1) (6)

1.14 **Ways in which businesses can create an environment that promotes creative thinking in the workplace**

- Emphasise the importance of creative thinking to ensure that all staff know that management wants to hear their ideas. ✓
- Make time for brainstorming sessions to generate new ideas such as regular workshops/build on one another's ideas. ✓
- Place suggestion boxes around the workplace and keep communication channels open for new ideas. ✓
- Train staff in innovative techniques/creative problem solving skills/mind-mapping/lateral thinking. ✓

- Encourage job swops within the organisation ✓/Study how other businesses are doing things. ✓
- Encourage employees to develop/come up with new/unique ideas/alternative ways of working/doing things. ✓
- Reward creativity by offering employees with reward schemes ✓/Introduce incentives for staff members who came up with useful creative ideas. ✓
- Respond enthusiastically to all ideas and never let anyone feel less important. ✓
- Make the working environment conducive to creativity/free from distraction/high noise levels. ✓
- Any other relevant answer related to ways in which businesses can create an environment that promotes creative thinking in the workplace.

(6 x 1) (6)
TOTAL: 50

