KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

# PROVINCIAL STANDARDISED ASSESSMENT

## GRADE 12

# BUSINESS STUDIES P2

## JUNE 2026

**MARKS:** **150**

**TIME:** **2 hours**

**This question paper consists of 9 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 THREE questions. Answer any **TWO** of the three questions in the section.

   SECTION C: Consists of TWO questions. Answer any **ONE** of the two questions in this section.

2. Read the instructions for each question carefully and take particular note of what is required.

   Note that ONLY the first TWO questions in SECTION B and the first question in SECTION C will be marked. 

3. Number the answers correctly according to the numbering system used in this question paper. NO marks will be awarded for answers that are numbered incorrectly.

4. Except for where other instructions are given, answers must be full sentences.

5. Use the mark allocation and nature of each question to determine the length and the breath of an answer.

6. Use the table below as a guide for mark and time allocation when answering each question.

| SECTION | QUESTION | MARKS | TIME (minutes) |
|---|---|---|---|
| **A: Objective-type questions COMPULSORY** | **1** | **30** | **30** |
| | | | |
| **B: THREE direct/indirect type questions CHOICE: Answer ANY TWO** | **2** | **40** | **30** |
| | **3** | **40** | **30** |
| | **4** | **40** | **30** |
| | | | |
| **C: TWO essay-type questions CHOICE: Answer ANY ONE** | **5** | **40** | **30** |
| | **6** | **40** | **30** |
| **TOTAL** | | **150** | **120** |

7. Begin the answer to EACH question on a NEW page, e.g. QUESTION 1- new page.

8. You may use an unprogrammable calculator.

9. Write neatly and legibly.

## SECTION A: (COMPULSORY)

## QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 Businesses can apply… in a situation where subordinates are experts and know what they want.

A democratic leadership style
B laissez faire leadership style
C transactional leadership style
D autocratic leadership style

1.1.2 Campo Ltd issued … shares to their shareholders as compensation for unpaid dividends. 

A preference
B founders
C ordinary
D bonus

1.1.3 The … applies when goods /assets are under insured.

A average clause
B excess
C insurance
D re-instatement

1.1.4 Kate Suppliers develops remedial programmes to protect the environment by reducing pollution to adhere to … as a King Code principle.

A transparency
B responsibility
C accountability
D ethics

1.1.5 An act of inspiring subordinates to perform to achieve goals

A leadership
B leaders
C followers
D management

(5 x 2) (10)

1.2 Complete the following statements by using the words provided in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK, e.g. 1.2.6 D

| | | | | |
|---|---|---|---|---|
| situational; | insurable; | professional behaviour; | short term; | non-insurable; |
| dividends; | long term; | ethical behaviour: | transformational; | capital gain |

1.2.1 TP Clothing has taken property insurance for their buildings. Property insurance is an example of a… insurance.

1.2.2 Irrecoverable debt is an example of a…risk

1.2.3 The supervisor at Theo's Car dealership use polite language when communicating with colleagues in the workplace. This is an example of …

1.2.4 The task dictates the leadership style that should be applied and leaders are flexible. This refers to…leadership theory.

1.2.5 The return on the share investment which is paid regularly by the company to its shareholders is known as …

(5 x 2) (10)

1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A-J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g. 1.3.6 K

| COLUMN A | | COLUMN B |
|---|---|---|
| 1.3.1 Transformational leadership | A | low risk, as the insured amount will be paid out regardless of circumstances |
| 1.3.2 32 -day notice account | B | employees use business resources for personal gain |
| 1.3.3 Compensation for Occupational Injuries and Diseases Fund | C | the amount that can be claimed for loss of income is limited by legislation. |
| 1.3.4 Abuse of work time | D | followers listen to what is expected of them and are willing to work as a team |
| 1.3.5 Creative thinking | E | process of analysing a situation to identify strategies to bring about change |
| | F | claim is determined by the degree of disablement |
| | G | leaders have the trust/respect/admiration of their followers/subordinates. |
| | H | the ability to think of original, varied new ideas or new approaches |
| | I | low risk, as investment plus interest will be paid out on the maturity date of investment |
| | J | employees make personal calls during office hours  |

(5 x 2) (10)

**TOTAL SECTION A: 30**

## SECTION B

Answer ANY TWO questions from this section.
Clearly indicate the QUESTION NUMBER of each question that you choose.

## QUESTION 2: BUSINESS VENTURES

2.1 Name any FOUR examples of long -term insurance. (4)

2.2 Outline differences between compulsory and non-compulsory insurance. (4)

2.3 Read the scenario below and answer the question that follows.

| AFRICAN PAVINGS (AP) |
|---|
| Yasmin is a production manager at African Paving. She offers rewards to inspire workers to achieve set targets. Yasmin is also mindful of the role of personal attitude in successful leadership. |

2.3.1 Identify the leadership style applicable to AP in the scenario above. Motivate your answer by quoting from the scenario above. (3)

2.3.2 Explain the role of personal attitude in successful leadership (6)

2.4 Discuss the impact of charismatic leadership style on businesses. (6)

2.5 Advise businesses on the importance of insurance. (4)

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

| VIGO NEWS (VN) |
|---|
| Vigo News insured their property with Khula Insurers. Khula Insurers instructed Vigo News to pay a portion of the insurance claim towards replacement cost of the property damaged by fire.  |

2.6.1 Identify the insurance concept applicable to VN in the scenario above. Motivate your answer by quoting from the scenario above. (3)

2.6.2 Elaborate on the meaning of the insurance concept identified in QUESTION 2.6.1. (4)

2.7 Advise businesses on the impact of shares as a form of investment. (6)

**[40]**

## QUESTION 3: BUSINESS ROLES

3.1 Name any FOUR problem solving steps. (4)

3.2 Outline how businesses can apply Delphi as the problem-solving technique. (4)

3.3 Elaborate on the meaning of ethical behaviour in the work place. (4)

3.4 Explain ways in which businesses could deal abuse of work time as a type of unprofessional business practice. (4)

3.5 Discuss how businesses can apply brainstorming problem- solving technique to solve complex business. (6)

3.6 Read the scenario below and answer questions that that follow:

| RIA CONSTRUCTION (RC) |
| --- |
| Ria Construction is well-known for the building and repairing of national roads. RC has benefitted from effectively applying one of problem-solving techniques. RC was able to strengthen the driving forces and weaken the restraining forces. Each member had a chance to participate without interference from other team members. RC was able to have an idea of the timeline required and the requirements of additional resources. |

3.6.1 Quote TWO advantages of force-field analysis in solving complex RC problems. (2)

3.6.2 Discuss OTHER advantages of force-field analysis in solving complex business problems. (4)

3.7 Describe the advantages of creative thinking in the workplace. (6)

3.8 Advise businesses on strategies to deal with sexual harassment as a type of unprofessional business practice . (6)

**[40]**

## QUESTION 4: MISCELLANEOUS TOPICS

### BUSINESS VENTURES

4.1 Name FOUR principles of insurance. (4)

4.2 Identify the benefits paid out by Unemployment Insurance Fund (UIF) in EACH statement below:

4.2.1 Unemployed people may only claim if they contributed to UIF.

4.2.2 Employees may not claim these benefits if they refuse medical treatment.

4.2.3 If an employee had a miscarriage, she could claim for up to 42 days. (6)

4.3 Describe the situations in which autocratic leadership style can be applied. (4)

4.4 Evaluate the impact of unit trusts as a form of investment. (6)

### BUSINESS ROLES

4.5 Name any FOUR examples of ethical business practices (4)

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

| **BLUE SKY (BS)** |
|---|
| Blue Sky is experiencing the decrease in profits. BS requested their employees to brainstorm ideas to solve the problem. Each employee must develop ideas silently before sharing with others silently before sharing with others. |

4.6.1 Identify the problem-solving technique applied by BS. (2)

4.6.2 Explain the application of the problem-solving technique identified in QUESTION 4.6.1 (4)

4.7 Describe the differences between problem-solving and decision-making. (4)

4.8 Advise businesses on ways in which businesses can create an environment that promotes creative thinking in the workplace. (6)

**[40]**

**TOTAL SECTION B: [80]**

**SECTION C**

Answer any **ONE** question from this section.

**NOTE**: Clearly indicate the QUESTION NUMBER of the chosen question.

**QUESTION 5: BUSINESS VENTURES (INVESTMENT- SECURITIES)**

| |
|---|
| The Johannesburg Securities Exchange (JSE) provides potential investors with different investment portfolios. Investors should be aware of differences between simple and compound interests. It is important for investors to analyse types of investment opportunities such as debentures and mutual funds including the risk factors. Businesses should take note of the rights of preference shareholders. |

Write an essay on insurance in which you include the following aspects:

- Outline the functions of Johannesburg Securities exchange (JSE).
- Explain the differences between simple interest and compound interest.
- Discuss the following investment opportunities and their risk factors:
  - Debentures
  - Mutual funds/Stokvel
- Advise investors on rights of preference shareholders.

**[40]**

**QUESTION 6: BUSINESS ROLES (ETHICS AND PROFESSIONALISM)**

| |
|---|
| Many businesses sustain their integrity by operating in a professional, responsible, ethical and effective manner. The King Code principles of good corporate governance such as transparency and accountability are important in improving the ethical business conduct Business owners are expected to eliminate any unethical business practices that pose challenges to their operations. Businesses are expected to device strategies to deal with unauthorised use of workplace funds and resources. |

Write an essay on ethics and professionalism in which you include the following aspects:

- Outline the ways in which professional, responsible, ethical and effective business practices should be conducted. 
- Explain Discuss ways in businesses can apply the following King Code principles of good corporate governance to improve ethical business conduct:
  - Transparency
  - Accountability
- Discuss how the THREE types of unethical business practices pose challenges to the businesses
- Recommend strategies in which businesses can deal with unauthorised use of workplace funds and resources.

**[40]**

**TOTAL SECTION C: (40)**

**GRAND TOTAL:150**

FINAL

**KWAZULU-NATAL PROVINCE**

**EDUCATION**
REPUBLIC OF SOUTH AFRICA

# NATIONAL SENIOR CERTIFICATE

## GRADE 12

## BUSINESS STUDIES P2

## MARKING GUIDELINES

## PROVINCIAL STANDARDISED ASSESSMENT

## JUNE 2026

**MARKS: 150**

**This marking guideline consists of 26 pages.**

## NOTES TO MARKERS

**PREAMBLE**

The notes to markers are provided for quality assurance purposes to ensure the following:

(a) Fairness, consistency and reliability in the standard of marking
(b) Facilitate the moderation of candidates' scripts at the different levels
(c) Streamline the marking process considering the broad spectrum of markers across the country
(d) Implement appropriate measures in the teaching, learning and assessment of the subject at schools/institutions of learning

1. For marking and moderation purposes, the following colours are recommended:

   Educator: Red
   Departmental Head: Green
   Cluster Moderator: Brown
   District Moderator: Orange

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.

3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:

   - Uses a different expression from that which appears in the marking guideline
   - Comes from another credible source
   - Original
   - A different approach is used

   **NOTE: There is only ONE correct answer in SECTION A.**

4. Take note of other answers, provided by candidates, which relate to a particular question and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)

5. The word 'Sub max' is used to facilitate the allocation of marks within a question or sub-question.

6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.

7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

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

9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

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

11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:

    11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive**: '*The autocratic leadership style provides strong leadership ✓ which makes new employees feel confident and safe. ✓*

    11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g., '*The autocratic leadership style provides strong leadership ✓ which makes new employees feel confident and safe, ✓ as expectations/roles are clearly explained to avoid confusion'. ✓*

    **NOTE:** 1. The above could apply to 'analyse' as well.
    2. Note the placing of the tick (√) in the allocation of marks.

12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.

    Cognitive verbs, such as:

    12.1 Give, name, state, outline, quote, motivate, recommend, suggest, advise *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

    12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessment is conducted according to established norms so that uniformity, consistency and fairness are achieved.

13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

**14. SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion.

**NOTE:** 1. This applies only to questions where the number of facts is specified.
2. The above also applies to responses in SECTION C (where applicable).

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre and refer to the DBE internal moderator to finalise the alternative answers in consultation with the UMALUSI external moderators.

14.4 **Use of the cognitive verbs and allocation of marks:**

14.4.1 If the number of facts are specified, questions that require candidates to 'describe/discuss/explain' may be marked as follows:

- Fact 2 marks (or as indicated in the marking guidelines)
- Explanation 1 mark (two marks will be allocated in Section C)

The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

14.4.2 If the number of facts required is not specified, the allocation of marks must be informed by the nature of the question and the maximum mark allocated in the marking guideline.

14.5 **ONE mark may be awarded for answers that are easy to recall, requires one-word answers or is quoted directly from a scenario/case study. This applies to SECTIONS B and C in particular (where applicable).**

15. **SECTION C**

15.1 The breakdown of the mark allocation for the essays is as follows:

| | |
|---|---|
| Introduction | Maximum: 32 |
| Content | |
| Conclusion | |
| Insight | 8 |
| **TOTAL** | 40 |

15.2 Insight consists of the following components:

| | | |
|---|---|---|
| Layout/Structure | Is there an introduction, paragraphs and a conclusion? | 2 |
| Analysis and interpretation | Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked?<br>Marks to be allocated using this guide:<br>All headings addressed: 1 (One 'A')<br>Interpretation (16 to 32 marks): 1 (One 'A') | 2 |
| Synthesis | Option 1: Are there relevant decisions/facts/responses made based on the questions?<br><br>Marks to be allocated using this guide:<br>**Only relevant facts: 2 marks (No '-S')**<br>Where a candidate answers 50% or more (two to four sub-questions) of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis.<br>Option 2: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.<br>Option 3: **Some relevant facts: 1 mark (One '-S')**<br>Where a candidate writes FOUR sub-questions, but one/two/three sub-question(s) with irrelevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis.<br>Option 4: **No relevant facts: 0 marks (Two '-S')**<br>Where a candidate answers less than 50% (only one sub-question) of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis. | 2 |
| Originality | Is there evidence of one example in any TWO (2) of the four sub-questions, not older than TWO (2) years, which are based on recent information, current trends and developments? | 2 |
| | **TOTAL FOR INSIGHT: TOTAL<br>MARKS FOR FACTS: TOTAL<br>MARKS FOR ESSAY (8 + 32):** | **8<br>32<br>40** |

**NOTE:** (1) The candidate must respond to at least any TWO of the four sub-questions in the INTRODUCTION and at least ONE of the four sub-questions in the CONCLUSION. Verbatim quoting of definitions/facts from credible sources is strongly discouraged.

(2) The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.

(3) No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.

(4) No marks will be awarded for contents repeated from the introduction and conclusion.

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

15.4 The breakdown of marks is indicated at the end of the suggested answer/ marking guideline to each question.

15.5 Mark all relevant facts until the SUBMAX/MAX mark in a subsection has been attained. Write SUBMAX/MAX after maximum marks have been obtained but continue reading for originality 'O'.

15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

| CONTENT | MARKS |
|---|---|
| Facts | 32 (max.) |
| L | 2 |
| A | 2 |
| S | 2 |
| O | 2 |
| **TOTAL** | **40** |

15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)

15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.

15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.

15.10

15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.

15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (✓) will be separated and indicated next to each fact, e.g. Inflation rate refers to a general increase in the price of goods and services over a period of time,✓ resulting in a decrease in the value of money. ✓

This will be informed by the nature and context of the question, as well as the cognitive verb used.

15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

## SECTION A: (COMPULSORY)

## QUESETION 1

### 1.1 Multiple choice questions

1.1.1 B ✓✓

1.1.2 D ✓✓

1.1.3 A ✓✓

1.1.4 B ✓✓

1.1.5 A ✓✓ (5 x 2) (10)

### 1.2 Completion of sentences

1.2.1 short term ✓✓

1.2.2 non-insurable ✓✓

1.2.3 professional behaviour✓✓

1.2.4 situational ✓✓

1.2.5 dividends ✓✓ (5 x 2) (10)

### 1.3 Match columns

1.3.1 G ✓✓

1.3.2 I ✓✓

1.3.3 F ✓✓

1.3.4 J ✓✓

1.3.5 H ✓✓ (5 x 2) (10)

**TOTAL SECTION A: 30**

**BREAKDOWN OF MARKS**

| QUESTION 1 | MARKS |
|---|---|
| 1.1 | 10 |
| 1.2 | 10 |
| 1.3 | 10 |
| TOTAL | 30 |

## SECTION B

Answer any **TWO** questions from this Section.

## QUESTION 2: BUSINESS VENTURES

**2.1 Examples of long-term insurance.**

- Endowment policy ✓
- Life cover policy/Life insurance ✓
- Retirement annuity/Pension fund/Provident fund ✓
- Disability policy ✓
- Trauma insurance ✓
- Funeral insurance ✓
- Health insurance/Medical aid ✓

**NOTE: Mark the first FOUR (4) only.** **(4 x 1)(4)**

**2.2 Differences between compulsory and non-compulsory insurance**

| **Compulsory insurance** | **Non-compulsory insurance** |
|---|---|
| – Is required by Law/there are legal obligations for it to be taken out and paid for. ✓✓ | – Is voluntary/the insured has a choice whether to enter into an insurance contract. ✓✓ |
| – It is regulated by Government and does not require insurance contracts/brokers. ✓✓ | – Insured will enter into a legal insurance contract with the insurer, who may be represented by an insurance broker. ✓✓ |
| – Payment is in the form of a levy/ contribution paid into a common fund from which benefits may be claimed under certain conditions. ✓✓ | – Monthly/Annual payments/premiums that must be paid in order to enjoy cover for a nominated risk. ✓✓ |
| – **Examples**<br>– UIF, RAF and Compensation Fund/COIDA ✓ | – **Examples**<br>– Short term insurance/multi-peril insurance (theft, fire, etc.) Long term insurance(Life insurance, Endowment policy etc) ✓ |
| – Any other relevant answer related to compulsory insurance | – Any other relevant answer related to non-compulsory insurance |
| Sub max (2) | Sub max (2) |

**NOTE:**
1. **The answer does not have to be in tabular.**
2. **The differences do not have to be linked but must be clear.**
3. **Award a maximum of TWO marks if the differences are not clear. / Mark either compulsory or non-compulsory insurance only.**

**Max (4)**

**2.3.1 Leadership style from scenario:**

– Transactional leadership style ✓✓ **(2)**

**Motivation**

She offers rewards to rewards to inspire workers to achieve set targets. ✓ (1)

**Max 3**

**Note: Do not award marks for motivation if the leadership style is incorrectly identified.**

**2.3.2 The role of personal attitude in successful leadership**

- Positive attitude releases✓ leadership potential. ✓
- A leader's good attitude can influence✓ the success of the business. ✓
- Leaders must know their strengths and weaknesses✓ to apply their leadership styles effectively. ✓
- Great leaders understand that the right attitude✓ will set the right atmosphere. ✓
- Leaders' attitude may influence✓ employees'/teams' thoughts/behaviour. ✓
- Leaders should model the behaviour✓ that they want to see in team members. ✓
- Successful leaders consider the abilities/skills✓ of team members to allocate tasks/roles effectively. ✓
- Enthusiasm produces confidence✓ in a leader. ✓
- A positive attitude is critical for good leadership✓ because good leaders will stay with the task regardless of difficulties/challenges. ✓
- Successful employees and leaders have a constant desire ✓ to work and achieve personal/professional success. ✓
- Leaders with a positive attitude know that there is always more ✓ to learn/space to grow/personal growth. ✓
- Any other relevant answer related to the role of personal attitude in successful leadership **Max (6)**

**2.4 Impact of charismatic leadership style**

**Positives/Advantages**

- Expert at selling vision✓ and achieve excellent results. ✓
- Employees are motivated✓ as the leader is energetic/ inspiring. ✓
- Inspires loyalty/hard work✓ among employees. ✓
- Any other relevant answer related to the positive impact of charismatic leadership style

**AND/OR**

**Negatives/Disadvantages**

- Leader believes more in him/her✓ than the team. ✓
- Projects can collapse✓ if the leader leaves the team. ✓
- Leaders are intolerant of challenges✓ and regard themselves as irreplaceable.
- Any other relevant answer related to the negative impact of charismatic leadership style✓ **Max (6)**

**2.5 Importance of insurance for businesses**

- Transfers the risk from the business/insured to an insurance company/ insurer. ✓✓
- Transfer of risk is subject to the terms and conditions of the insurance contract.✓✓
- Protects the business against theft/loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc. ✓✓
- Businesses will be compensated for insurable losses, e.g. destruction of property through fire. ✓✓
- Businesses' assets, e.g. vehicles/equipment/buildings need to be insured against damage and/or theft. ✓✓
- Businesses are protected against the loss of earnings, e.g. strikes by employees which result in losses worth millions. ✓✓
- Protects businesses against dishonest employees. ✓✓
- Life insurance can be taken on the life of partners in a partnership to prevent unexpected loss of capital. ✓✓
- Should the services of key personnel be lost due to accidents/death, the proceeds of an insurance policy can be paid out to the business/beneficiaries. ✓✓
- Replacement costs for damaged machinery/equipment are very high; therefore, insurance can reduce/cover such costs. ✓✓
- Protects businesses from claims made by members of the public for damages that the business is responsible for. ✓✓
- Protects businesses against losses due to death of a debtor. ✓✓
- Any other relevant answer related to importance of insurance for Businesses. **Max (4)**

**2.6 Identification of the insurance concept from the scenario**

**2.6.1** Excess ✓✓ **(2)**

**Motivation**

Kula insurers instructed Vigo new to pay a portion of the insurance claim that the insured will have to pay towards the replacement cost of property damaged by fire. ✓ **(1)**

**Note: Do not award marks for motivation if the insurance concept is incorrectly identified.**

**Max 3**

**2.6.2 Excess as insurance concept**

- Excess is the amount that the insured agrees to pay upfront ✓when he/she takes take out an insurance policy✓/The amount the insured agrees to pay upfront ✓as stipulated in the insurance policy. ✓
- A portion of the insurance claim that the insured will have to pay ✓ towards the cost of replacing/repairing goods/property concerned. ✓
- Excess payments protect the insurer against fraudulent claims ✓as the insured is less likely to submit a false claim/when he/she needs to pay the amount upfront. ✓ - It is

the amount paid to the insurer √ when a claim for damages is lodged/in the event of a claim. ✓
- It is not paid out to the insured when a claim is settled, ✓ but is recovered from the liable party by the insurer. ✓
- Higher excess amounts✓keep the insurance premium lower and discourage fraud. ✓
- Excess payment prevents the insured ✓ from claiming for minor damages. ✓
- Any other relevant answer related to the meaning of excess as an insurance concept.

**Max (4)**

**NOTE: Do not award marks for responses repeated from the scenario.**

**2.7 Impact of shares as a form of investment.**

**Positives/ Advantages**

- Holding a higher number of shares may result in higher proportional dividend pay-outs.✓✓
- Can be freely transferred/traded on the JSE. ✓✓
- Shareholders' liability to the debt of the company is limited to what was invested/Shareholders have limited liability for company debts. ✓✓
- Shareholders have voting rights at the annual general meeting (AGM). ✓✓
- Rate of return on investment (ROI) is linked to the performance of the company. ✓✓
- Investing in shares provides protection against inflation. ✓✓
- Investing in shares can provide solid returns at retirement age. ✓✓
- Ordinary shares are usually cheaper than preference shares on the open market. ✓✓
- Any other relevant answer related to the positive impact of *shares* as a form of investment

**AND/OR**

**Negatives/ Disadvantages**

- Shareholders may receive less dividends/no dividends when company profits are low.✓✓
- Companies have no legal obligation to pay dividends to shareholders. ✓✓
- Risk may be high, as investment may be lost when companies are liquidated. ✓✓
- Dividends declared may be determined by the management/directors of the company/business. ✓✓
- Any other relevant answer related to the negative impact of *shares* as a form of investment

**Max (6)**

**BREAKDOWN OF MARKS**

| QUESTION 2 | MARKS |
|---|---|
| 2.1 | 4 |
| 2.2 | 4 |
| 2.3.1 | 3 |
| 2.3.2 | 6 |
| 2.4 | 6 |
| 2.5 | 4 |
| 2.6.1 | 3 |
| 2.6.2 | 4 |
| 2.7 | 6 |
| TOTAL | 40 |

## QUESTION 3: BUSINESS ROLES

### 3.1 Problem solving steps.

- Identify the problem. √
- Define the problem. √
- Identify possible solutions to the problem. √
- Evaluate alternative solutions. √
- Choose/Select the most appropriate alternative/solution. √
- Develop an action plan. √
- Implement the suggested solution/action plan. √
- Monitor the implementation of the solution/action plan. √
- Evaluate the implemented solution/action plan. √

Any other relevant answer related to the problem-solving steps.

**NOTE: Mark the first FOUR (4) only.** **(4 x 1)(4)**

### 3.2 Application of Delphi as a problem-solving technique

- Businesses must invite a panel of experts to research the complaints from customers. ✓✓
- Experts do not have to be in one place and will be contacted individually. ✓✓
- Design a questionnaire consisting of questions on how to improve the quality of their products and distribute it to the panel members/experts. ✓✓
- Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to the business. ✓✓
- Summarise the responses from the experts in a feedback report. ✓✓
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members. ✓✓
- Request panel members to provide further input/ideas on how to improve the quality of products after they have studied the results/ documentation. ✓✓
- Distribute a third questionnaire based on previous feedback from the second round. ✓✓
- Prepare a final summary/feedback report with all the methods to improve the quality of the business's products. ✓✓
- The business should choose the best solution/proposal after reaching consensus. ✓✓
- Any other relevant answer related to application of Delphi as a problem-solving technique **Max (4)**

### 3.3 Meaning of ethical behaviour

- Refers to acting in ways consistent with what society ✓ and individuals think are good values. ✓
- Ethical behavior is expected from every employee✓ in the business. ✓
- It means that the highest legal and moral standards are upheld✓ when dealing with stakeholders. ✓
- Any other relevant answer related to the meaning of ethical behavior.

**Max (4)**

**3.4 Ways in which businesses could deal with abuse of work time as a type of unprofessional business practice.**

- Speak directly to those employees ✓ who abuse work time. ✓
- Monitor employees on regular basis ✓ to ensure that tasks are completed on time. ✓
- Make employees aware that profit will decrease ✓resulting to less incentives/ bonus pay-outs. ✓
- The code of conduct/ethics should contain clear rules ✓ about abuse of work time. ✓
- A business should conduct training ✓ on the contents of the code of conduct/ethics.
- The code of conduct/ethics should be signed by all employees so that they are aware of its contents. ✓
- Structure working hours in such a way that employees have free/flexible time ✓ for personal matters. ✓
- Create a culture of responsibility/strengthen team spirit in order for all employees to feel responsible ✓ for what has to be achieved. ✓
- Any other relevant answer related to ways in which businesses could deal with abuse of work time as a type of unprofessional business practice.

**Max (4)**

**3.5 Application of brainstorming technique**

- State/Define the business problem clearly,✓ so that all participants/ stakeholders understand the problem. ✓
- Members state possible causes✓ of the business problems. ✓
- Set a time limit✓ for each brainstorming session. ✓
- Record/Write ideas down, ✓ where all participants can see it. ✓/Ideas may also be shared online✓ during an E-brainstorming session. ✓
- Use each suggestion,✓ to inspire new thoughts/ideas. ✓
- Do not judge/criticise/discuss the ideas,✓ so that many ideas could be generated as quickly as possible. ✓
- All members of the group randomly✓ make suggestions. ✓
- The group rates ideas✓ according to its usefulness/success/difficulty/ cost to implement. ✓
- The group evaluates all ideas✓ and combines similar ones/draw up a refined list. ✓
- Discuss a plan of action✓ on how to implement the best ideas. ✓
- Any other relevant answer related to the application of brainstorming problem-solving technique to solve complex business problems. **Max (6)**

## 3.6 Problem solving techniques

### 3.6.1 Advantages of force-field analysis from the scenario:

- RC was able to strengthen the driving forces and weaken the restraining forces. ✓
- RC was able to have an idea of the timeline required and the requirements of additional resources. ✓

**Notes:** **1. Mark the first TWO (2)**
**2. Only award marks responses that are quoted from the scenario.**

**Max (2)**

### 3.6.2 Other advantages of force-field analysis in solving complex business problems.

- Employees feel included✓ and understood. ✓
- Employees develop✓ and grow with the business. ✓
- It provides a visual summary of all the various factors supporting and opposing✓ a particular idea. ✓
- Informed decisions can be made as forces for and against ✓ are critically evaluated.✓
- Any other relevant answer related to the positives/ advantages of force-field analysis in solving complex business problems.

**Notes:** **1. Do not award marks for responses that were quoted in QUESTION 3.6.1**

**Max (4)**

## 3.7 Advantages of creative thinking in the workplace Advantages/Positives

- 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. ✓

- Management/employees may keep up with fast-changing technology✓, which may lead to 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 improve the general standard of living/ attract new investors. ✓
- Businesses can continuously improve product development ✓ by exploring new ways to enhance growth.✓
- Any other relevant answer related to advantages of creative thinking in the workplace. **Max (6)**

**3.8 Strategies to deal with sexual harassment as a type of unprofessional business practice.**

- Provide a framework for corrective action. ✓✓
- Educate employees 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 done in order to determine the seriousness of the harassment. ✓✓
- Serious cases/matters on sexual harassment should be reported to the appropriate institutions such as the South African Police Services (SAPS). ✓✓
- Any other relevant answer related to strategies to deal with sexual harassment as a type of unprofessional business practice. **Max (6)**

**[40]**

**BREAKDOWN OF MARKS**

| QUESTION 3 | MARKS |
|---|---|
| 3.1 | 4 |
| 3.2 | 4 |
| 3.3.1 | 2 |
| 3.3.2 | 2 |
| 3.3.3 | 2 |
| 3.4 | 6 |
| 3.5 | 6 |
| 3.6.1 | 2 |
| 3.6.2 | 4 |
| 3.7 | 6 |
| 3.8 | 6 |
| TOTAL | 40 |

## QUESTION 4: MISCELLANEOUS TOPICS

### BUSINESS VENTURE

### 4.1 Principles of insurance

- indemnity/indemnification ✓
- security/certainty ✓
- Utmost good faith ✓
- Insurable interest ✓

**NOTE: Mark the first FOUR (4) only** **(4 x 1)(4)**

### 4.2 Types of benefits paid out by Unemployment Insurance Fund (UIF) from the statements

4.2.1 Unemployment benefits. ✓✓

4.2.2 Illness/Sickness/Disability benefits ✓✓

4.2.3 Maternity benefits. ✓✓ **Max (6)**

### 4.3 Situations in which autocratic leadership style can be applied.

- In crisis situations, ✓ such as in the case of unforeseen challenges/ accidents. ✓
- When all the information is available ✓ to solve the problem. ✓
- In emergencies, ✓ where there is a shortage of time. ✓
- When employees are motivated,✓ and the leader has already earned the trust of the followers. ✓
- When dealing with employees✓ who are not cooperative. ✓
- Any other relevant answer related to situations in which autocratic leadership style can be applied. **Max (4)**

### 4.4 The impact of unit trusts as a form of investment

**Positives/ Advantages**

- Managed by a fund manager ✓ who buys shares on the stock exchange/JSE. ✓
- The investor has a variety to choose from✓/a wider range of shares from lower to higher degrees of risk. ✓
- Safe investments, ✓ as it is managed according to rules and regulations. ✓
- A small amount ✓can be invested per month. ✓
- Easy to invest in, ✓as investors simply complete a few relevant forms or invest online. ✓
- Easy to cash in ✓ as there are no penalties for withdrawals when investor needs part of the investment any time. ✓

- Fluctuations in unit trust rates of return are often not so severe✓ because of diversity of the investment fund. ✓
- Generally, beats inflation ✓ on the medium/long term. ✓
- Offer competitive returns in the form of capital growth ✓ and dividend distribution. ✓
- Fund managers are knowledgeable/experts/reliable/trustworthy ✓ as they are required to be accredited to sell unit trusts. ✓
- Lowers the potential risk, ✓ allows more people to invest in the fund. ✓
- Any other relevant answer related to the positive impact of unit trusts as a form of investment

**AND/ OR**

**Negatives/ Disadvantages**

- Share price may fluctuate✓ due to the volatility of market. ✓
- If blue chip companies do not continue on their growth path, ✓ the growth of unit trusts will also be affected and will not render the expected returns. ✓
- Unit Trusts are not allowed to borrow, ✓ therefore reducing potential returns. ✓
- Bid/Ask prices are usually higher than the ask price ✓ which makes investment less liquid. ✓
- Unit trusts are not suitable for people who want to invest✓ for a short period. ✓
- Not a good option for people who want to avoid✓ risks at all costs. ✓
- Any other relevant answer related to the negative impact of unit trusts as a form of investment. **Max (6)**

**BUSINESS ROLES**

**4.5 Examples of ethical business practices**

- Using fair advertising ✓
- Clients and employees information is not disclosed/used for the benefit of the business.✓
- Business deals are conducted openly. ✓
- Paying fair wages. ✓
- Operating within the law. ✓
- Ensuring that the environment is not polluted. ✓
- Not engaging in illegal business practices. ✓
- Not using child labour. ✓
- Adopting codes of good ethical practice. ✓
- Establishing corporative social responsibility initiatives. ✓
- Encouraging employees to adopt ethical behaviour. ✓
- Treating all employees equally. ✓
- Shareholders and employees' personal interest and business interest do not conflict with one another. ✓
- Any other relevant answer related to examples of ethical business practice.

**NOTE: Mark first FOUR (4) ONLY** **Max (4)**

**4.6 Identification of problem solving technique from the scenario**

4.6.1 Nominal-Group Technique ✓✓

sub max (2)

4.6.2 **Application of Nominal-Group as a problem-solving technique**

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

**Note: 1. Award marks for application of Nominal group as a problem-solving technique even if the identification in QUESTION 4.6.1 is incorrect.**

**Max (4)**

**4.7 Differences between *problem-solving* and *decision-making*.**

| **PROBLEM SOLVING** | **DECISION MAKING** |
|---|---|
| - Problems can be solved✓ by a group/ team or an individual team member. ✓ | -It is often done by one person/a member of senior management✓ who makes it authoritarian. ✓ |
| - Alternative solutions are generated/ identified✓ and critically evaluated. ✓ | -Various alternatives are considered✓ before deciding on the best one. ✓ |
| - Process of analysing a situation to identify strategies✓ to bring about change. ✓ | -It is part of the problem-solving cycle ✓as decisions need to be taken in each step. ✓ |
| - Any other relevant answer related to problem-solving | Any other relevant answer related to decision-making |
| Sub max (2) | Sub max (2) |

**NOTE: 1. The answer does not have to be in tabular.**
**2. The differences do not have to be linked but must be clear.**
**3. Award a maximum of TWO marks if the differences are not clear. / Mark either problem-solving or decision-making only.**

**Max (4)**

**4.8 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 want to hear their ideas. ✓✓
- Reward creativity with reward schemes for teams/individuals that come up with creative ideas. ✓✓
- Provide a working environment conducive to creativity, free from distractions/high noise levels. ✓✓
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/ generate more ideas/build on one another's ideas. ✓✓
- Place suggestion boxes around the workplace and keep communication channels open for new ideas. ✓✓
- Encourage employees to develop/come up with new/unique ideas/alternative ways of working/doing things. ✓✓
- Train staff in innovative techniques/creative problem-solving skills/mind-mapping/ lateral thinking. ✓✓`
- Encourage job swops within the organisation/studying how other businesses are doing things. ✓✓
- Encourage alternative ways of working/doing things. ✓✓
- Respond enthusiastically to all ideas and never let anyone feel less important. ✓✓
- Any other relevant answer related to the ways in which businesses can create an environment that promotes creative thinking in the workplace.

**Max (6)**

**[40]**

**BREAKDOWN OF MARKS**

| QUESTION 4 | MARKS |
|---|---|
| 4.1 | 4 |
| 4.2.1 | 2 |
| 4.2.2 | 2 |
| 4.2.3 | 2 |
| 4.3 | 4 |
| 4.4 | 6 |
| 4.5 | 4 |
| 4.6.1 | 2 |
| 4.6.2 | 4 |
| 4.7 | 4 |
| 4.8 | 6 |
| TOTAL | 40 |

**TOTAL SECTION B: 80**

## SECTION C

**Answer ONE question in this section.**

## QUESTION 5: BUSINESS VENTURES (INVESTMENT- SECURITIES)

### 5.1 Introduction

- Investors should familiarise themselves with the functions of Johannesburg Securities Exchange (JSE). ✓
- The simple and compound interests are two types of methods used by financial institutions to calculate interest due to investors. ✓
- Investment opportunities and the risks associated should be identified before the specific choice is made. ✓
- A clear understanding of the rights of preference shareholders is important for businesses. ✓
- Any other relevant introduction related to Functions of Johannesburg Securities Exchange (JSE)/ Differences between simple interest and compound interest / Investment opportunities and the risks associated/ Rights of preference shareholders. **Any (2 x 1)(2)**

### 5.2 Functions of the JSE

- Gives opportunities to financial institutions such as insurance companies to invest their funds in shares. ✓✓
- Serves as a barometer/indicator of economic conditions in South Africa. ✓✓
- Keeps investors informed on share prices by publishing the share prices daily. ✓✓
- Acts as a link between investors and public companies. ✓✓
- Shares are valued and assessed by experts. ✓✓
- Small investors are invited to take part in the economy of the country through the buying/selling of shares. ✓✓
- Venture capital market is made available on the open market. ✓✓
- Strict investment rules ensure a disciplined market for securities. ✓✓
- Mobilises the funds of insurance companies/orderly and other institutions.
- Regulates the market for dealing with shares. ✓✓
- Plans, research, and advises on investment possibilities. ✓✓
- Ensures that the market operates in a transparent manner. ✓✓
- Provides protection for investors through strict rules/legislations. ✓✓
- Encourages short-term investment as shares can be sold at any time. ✓✓
- Facilitates electronic trading of shares/STRATE/Channels financial resources into productive economic activities. ✓✓
- Enhances job creation and increases economic growth/development. ✓✓
- Raises primary capital by encouraging new investments in listed companies ✓✓
- Any other relevant answer related to Functions of the JSE

**Max (12)**

## 5.3 Differences between simple interest and compound interest.

| SIMPLE INTEREST | COMPOUND INTEREST |
|---|---|
| - Interest earned in the original amount✓and not in the interest accrued. ✓ | - Interest earned on original amount invested,✓ as well as interest earned in previous period(s). ✓ |
| - The principal amount remains the same✓ over the entire period of investment. ✓ | - The principal amount grows✓ with the addition of interest to it. ✓ |
| - The interest is kept separate✓ unless it is reinvested. ✓ | - Interest is calculated on the higher principal amount✓ and again added to it. ✓ |
| - Yields less return✓ on investment. ✓ | - Yields high return✓ on investment. ✓ |
| - Total amount of interest✓ earned on investment is less. ✓ | - Total amount of interest earned✓ on investment is high. ✓ |
| - Any other relevant answer related to simple interest | - Any other relevant answer related to compound interest |
| Sub max (6) | Sub max (6) |

**NOTE: 1. The answer does not have to be in tabular format.**
**2. The differences do not have to link but must be clear.**
**3. Award a maximum of SIX (6) marks if the differences are not clear/Mark either simple interest /compound interest only.** **Max (12)**

## 5.4 Investment opportunities and their risk factors

### 5.4.1 Debentures

- It is issued to raise borrowed capital ✓ from the public. ✓
- The lender/debenture holder agrees to lend money ✓ to the company on certain conditions for a certain period. ✓
- Debenture holders are creditors,✓as the company is liable to repay the amount of the debentures. ✓
- Most types of debentures can be traded✓ on the JSE. ✓
- Debenture holders receive annual interest payments ✓ based on the terms/ number of debentures held. ✓
- Any other relevant answer related to explanation of debenture as an investment opportunity

**Risk factors:**

- Debentures have a low risk✓ as they need to be paid back. ✓
- Companies are liable to repay the amount of the debenture plus interest, ✓ which decreases the risk for the investor. ✓
- Investors may earn a steady income✓ in the form of interest while preserving their principal amount. ✓
- Any other relevant answer related to risk factors of debentures

Explanation: (4)
Risk factor: (2)
Sub max: (6)

**5.4.2 Mutual funds/Stokvel**

- It is an informal savings scheme✓ to which a relatively small group of people contribute. ✓
- Each member takes a turn to draw from the scheme/fund/stokvels ✓ for their own personal gain. ✓
- No/Small return on investment, ✓ as contributions is distributed monthly to one of the members. ✓
- It encourages people to save each month✓ for a specific reason. ✓
- Banking fees are shared by the members, ✓ resulting in low cost of investment per member. ✓
- In times when it is hard to get bank loans,✓ stokvel pay-outs may come in handy.✓
- A stokvel is usually managed by a trustworthy chairman/treasurer, ✓ who will be responsible for keeping records and managing the bank account. ✓
- Members usually discuss how the money will be invested✓ and agree on the risks they are willing to take. ✓
- Any other relevant answer related to explanation of mutual fund/stokvel as an investment opportunity

**Risk factors:**

- Schemers who claim to be running stokvels may be running illegal pyramid schemes✓ and pay-outs may not be possible as cash has run out/members may lose their savings. ✓
- Money in a savings account is a safe investment,✓ but with low interest rates/the returns are low. ✓
- Any other relevant answer related to risk factors of mutual fund/stokvel.

Explanation: (4)
Risk factor: (2)
Sub max: (6)

**Max (12)**

**5.5 Rights of preference shareholders**

- Receive dividends regardless of how much profits are made. ✓✓
- Receive a fixed rate of return/dividend. ✓✓
- They are paid first/enjoy preferential rights to dividends. ✓✓
- They have a preferred claim on company assets in the event of bankruptcy / liquidation of the company. ✓✓
- Receive interim and annual reports. ✓✓
- They only have voting rights at the AGM under particular circumstances/ for certain resolutions. ✓✓
- Cumulative shareholders must receive outstanding/accrued dividends from previous years. ✓✓
- Participating preference shareholders have the right to share in surplus profits. ✓✓
- Any other relevant answer related to rights of preference shareholders.

**Max (10)**

**5.6 Conclusion**

- Investors in South Africa should analyse the functions of Johannesburg Securities exchange (JSE) for their own benefit. ✓✓
- Simple interest or compound interest may force the investor to reconsider the investment option as the return on investments will not be the same. ✓✓
- Careful consideration of risks associated with investment opportunities such as debentures and mutual funds/stokvel is vital for investors. ✓✓
- The rights of preference shareholders should be clearly outlined for investors to make informed decision. ✓✓
- Any other relevant conclusion related to the Functions of the JSE / Differences between simple interest and compound interest / Investment opportunities and their risks/ Rights of preference shareholders.

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

**[40]**

**QUESTION 5: BREAKDOWN OF MARK ALLOCATION**

| **DETAILS** | **MAXIMUM** | **TOTAL** |
|---|---|---|
| Introduction | **2** | **Max 32** |
| Functions of the JSE | **12** | |
| Differences between simple interest and compound interest | **12** | |
| Investment opportunities and their risks | **12** | |
| Rights of preference shareholders | **10** | |
| Conclusion | **2** | |
| **INSIGHT** | | **8** |
| 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.

## QUESTION 6: BUSINESS ROLES (ETHICS AND PROFESSIONALISM)

### 6.1 Introduction

- Professional, responsible, ethical and effective business practice ensures good corporate governance, ethical culture and attract investors. ✓
- The King Code principles of good corporate governance such as transparency and accountability serve as a guide to improve ethical business practice. ✓
- Unethical business practices refers to business activities /actions/ operations which can cause harm to business growth and stability. ✓
- Businesses should explore various strategies in which they can address unauthorised use of workplace funds and resources by some employees. ✓
- Any other relevant introduction related to the ways in which professional, responsible, ethical and effective business practice should be conducted/ application of King Code principles of good corporate governance/types of unethical business practices that pose challenges to the businesses/ strategies in which businesses can deal with unauthorised use of workplace resources and funds. **Any (2 x 1)(2)**

### 6.2 Ways in which professional, responsible, ethical and effective business practice should be conducted

- Mission statement should include the values of equality/respect. ✓✓
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power. ✓✓
- Treat workers with respect/dignity by recognising work well done/the value of human capital. ✓✓
- Plan properly and put preventative measures in place. ✓✓
- Pay fair wages/salaries which are in line with the minimum requirements of the BCEA/Remunerate employees for working overtime/during public holidays. ✓✓
- Engage in environmental awareness programmes/Refrain from polluting the environment, e.g. by legally disposing of toxic waste. ✓✓
- Refrain from starting a venture using other businesses' ideas that are protected by law. ✓✓
- Business decisions and actions must be clear/transparent to all stakeholders. ✓✓
- Businesses should be accountable /responsible for their decisions and actions/ patent rights. ✓✓
- Hire honest/trustworthy accountants/financial officers with good credentials. ✓✓
- Regular/Timeous payment of taxes. ✓✓
- All workers should have access to equal opportunities/positions/resources. ✓✓
- Ensure that employees work in a work environment that is conducive to safety/fairness/free from embarrassment. ✓✓
- Employers and employees need to comply with legislation regarding equal opportunities/human right in the workplace. ✓✓
- Training/Information/Business policies should include issues such as diversity/discrimination/harassment. ✓✓
- Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace ✓✓
- Orders/Tasks should be given respectfully and allow the recipient/

employee to have a say in the way the task should be performed. ✓✓
- Draw up a code of ethics/conduct. ✓✓
- On-going development and training for all employees. ✓✓
- Performance management systems/Appraisals should be in place. ✓✓
- Adequate internal controls/monitoring/evaluation. ✓✓
- Any other relevant answer related to ways in which professional, responsible, ethical and effective business practice should be conducted. **Max (12)**

## 6.3 Application of King Code principles of good corporate governance.

### 6.3.1 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 business on the community/environment. ✓
- The board should ensure that the company's ethics on information are reliable✓/relevant/and implemented effectively. ✓
- Any other relevant answer related ways in which businesses can apply transparency as King Code Principle. Sub-max (6)

### 6.3.2 Accountability

- There must be regular communication✓ between management and stakeholders. ✓
- Company should appoint internal and external auditors✓ to audit financial statements. ✓
- The board should ensure that the company's ethics on disclosure are motivated✓/proper/accurate and 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 ways in which businesses can apply accountability as King Code principle. Sub-max (6)

**Max (12)**

## 6.4 Types of unethical business practices that pose challenges to businesses.

### 6.4.1 Unfair advertising ✓✓

- Unfair advertisements could be harmful ✓ to consumers. ✓
- Deceptive advertising can violate the trust of consumers ✓ and destroy business relationships. ✓
- The use of false or misleading statements in advertising can lead to the misrepresentation of the concerned product, ✓ which may negatively affect consumers. ✓
- Businesses can make unwise advertising choices✓ when they are under pressure to increase their profits. ✓
- Some advertisements may be regarded as discriminatory ✓ because they exclude/target some sections of the population. ✓
- Any other relevant answer related to how unfair advertising as an unethical business practice pose challenges to businesses.

| | |
|---|---|
| Unethical business practice | (2) |
| Explanation | (2) |
| Sub-max | (4) |

### 6.4.2 Pricing of goods in rural areas ✓✓

- Some businesses in the rural areas exploit their customers ✓ by adding much more than necessary to their prices. ✓
- Businesses may experience decline in sales ✓ due to high cost added into the price of the final product. ✓
- Businesses may form monopolies in rural areas ✓ and increase their prices unilaterally. ✓
- It may be common practice to pay higher prices ✓ for goods of inferior quality in rural areas. ✓
- Any other relevant answer related to how pricing of goods in rural areas as an unethical business practice pose challenges to businesses.

| | |
|---|---|
| Unethical business practice | (2) |
| Explanation | (2) |
| Sub-max | (4) |

### 6.4.3 Tax evasion ✓✓

- Businesses may pay heavy fines✓ for evading tax. ✓
- Tax evasion may negatively impact✓ on the business image. ✓
- The accountant may charge high fees✓ for falsifying financial statements. ✓
- Businesses may lose key stakeholders✓ if the act of tax evasion is reported. ✓
- Some businesses submit fraudulent/incorrect returns✓ to SARS resulting in penalties. ✓
- Businesses may not be familiar with the latest changes✓ in tax legislation. ✓
- Any other relevant answer related to how taxation/tax evasion as an unethical business practice pose challenges to businesses.

| | |
|---|---|
| Unethical business practice | (2) |
| Explanation | (2) |
| Sub-max | (4) |

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

**6.5 Strategies in which businesses can deal with unauthorised use of workplace resources and funds**

- Conduct regular audits. ✓✓
- Identify risk areas/ vulnerable areas. ✓✓
- Educate employees about the impact of fraud. ✓✓
- Implement/Introduce fraud prevention strategies. ✓✓
- Limit the number of employees having access to business funds/assets. ✓✓
- Fraud prevention should be a collective responsibility of business and workers. ✓✓
- Clear policies should be in place so that employees are aware of what is considered to be fraud. ✓✓
- Set up systems in the organisation for the reporting of fraud and corruption. ✓✓
- Any other relevant answer related to strategies in which businesses can deal with unauthorised use of workplace resources and funds.

**Max (10)**

**6.6 Conclusion**

- Businesses must continuously conduct research on how they should act professionally, responsibly, ethically and effectively to serve all stakeholders and environment.✓✓
- Businesses must have a better understanding of how to apply the King Code principles of good corporate governance in order to improve sustainability and profitability.✓✓
- Unethical business practices should be avoided as they may have negative impact on the business reputation. ✓✓
- It is advisable for businesses to put strategies in place in order to deal with unauthorised use of workplace resources and funds. ✓✓
- Any other relevant conclusion related to the Ways in which professional, responsible, ethical and effective business practice should be conducted/ Application of King Code principles of good corporate governance/ Types of unethical business practices pose challenges to the businesses/Strategies in which businesses can deal with unauthorised use of workplace resources and funds. **Any (1 x 2)(2)**

**[40]**

### QUESTION 6: BREAKDOWN OF MARK ALLOCATION

| DETAILS | MAXIMUM | TOTAL |
|---|---|---|
| Introduction | 2 | |
| Ways in which professional, responsible, ethical and effective business practice should be conducted | 12 | |
| Application of transparency and accountability as King Code principle for good corporate governance | 12 | **Max 32** |
| The types of unethical business practices pose challenges to businesses | 12 | |
| Strategies in which businesses can deal with unauthorised use of workplace resources and funds | 10 | |
| Conclusion | 2 | |
| **INSIGHT** | | |
| Layout | 2 | |
| Analysis/Interpretation | 2 | **8** |
| 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 MARKS: 150**