



Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isitebe leMfundo
Provinsie van die Oos Kaap: Departement van Onderwys
Forstense Ya Kapa Botjahabele: Lerapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2026

BUSINESS STUDIES P1

MARKS: 150

TIME: 2 hours



This question paper consists of 11 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this 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 answers to the first TWO questions selected in SECTION B and the answer to the FIRST question selected 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 where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME (minutes)
A: Objective-type questions COMPULSORY	1	30	20
B: THREE direct/indirect-type questions CHOICE: Answer any TWO.	2	40	70
	3	40	
	4	40	
C: TWO essay-type questions CHOICE: Answer any ONE.	5	40	30
	6	40	
TOTAL		150	120

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – NEW page, QUESTION 2 – NEW page, et cetera.
8. You may use a non-programmable 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, for example 1.1.6 D

1.1.1 The ... makes provision for the establishment of the CCMA and bargaining councils.

- A National Credit Act, 2005 (Act 34 of 2005)
- B Consumer Protection Act, 2008 (Act 68 of 2008)
- C Employment Equity Act, 1998 (Act 55 of 1998)
- D Labour Relations Act, 1995 (Act 66 of 1995)

1.1.2 Businesses should display prices which are fully inclusive, disclosing all costs. This is the right to ... according to the Consumer Protection Act.

- A disclosure and information
- B fair and honest dealings
- C choose
- D accountability by suppliers

1.1.3 Sihle Cosmetics is severely affected by the increase in fuel prices. This is an example of a/an ... in a SWOT analysis.

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

1.1.4 Cuma (Pty) Ltd used the ... recruitment method when they advertised a vacancy on the intranet.

- A agencies
- B online
- C internal
- D external

1.1.5 Thabo manufacturers implement monitoring and evaluating quality processes as a total quality management (TQM) element when they ...

- A have the ability to afford skilled employees.
- B have to prevent product defects and minimises wastage.
- C be able to gain access to the global market.
- D afford to use the services of the quality circles.

(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.

recruitment; specification; performance; R50 000; tertiary; selection;
management; R500 000; primary; description

- 1.2.1 Only companies with a staff pay roll of ... per annum can claim the Skill Development levy.
- 1.2.2 Tau Quarry's operate in the ... sector as they specialise in the extraction of sand and stone.
- 1.2.3 Inviting shortlisted candidates for an interview. This is an example of the ... procedure.
- 1.2.4 The job ... outlines the minimum acceptable qualifications and skills needed for the job.
- 1.2.5 Quality ... aims to ensure that the quality of goods is consistent.

(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 number (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g. 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Black Economic Empowerment (BEE)	A employees are paid for the number of items produced in a month
1.3.2 National Skill Development strategy	B businesses implement the change on a small scale
1.3.3 Concentric diversification	C focuses on five pillars
1.3.4 Piece-meal	D increases employee participation in lifelong learning
1.3.5 Do	E focused only on three pillars
	F adds a new product/service that is related to existing products and appeals to new customers
	G increase access to programme that train people
	H businesses implement the change on a wider scale
	I employees are paid for the number of hours worked
	J adds new products/services that are unrelated to existing products and appeals to new groups of customers

(5 x 2) (10)

TOTAL SECTION A: 30

SECTION B

Answer ANY TWO 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, e.g. QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, etc.

QUESTION 2: BUSINESS ENVIRONMENTS

- 2.1 Name any FOUR types of leaves as provision of the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997). (4)
- 2.2 Outline the role of SETAs in supporting the Skills Development Act (SDA), 1998 (Act 97 of 1998). (6)
- 2.3 Read the scenario below and answer the questions that follow.

GLOBAL ELECTRICITY (GE)

Global Electricity generates electricity to local communities. GE employees are regularly absent from work. The management of GE must obtain a licence from the National Energy Regulator.

Quote TWO challenges for GE's business and classify EACH challenge according to the business environment.

Use the table below as a GUIDE to answer QUESTION 2.3.

CHALLENGE	BUSINESS ENVIRONMENT
1.	
2.	

 (4)

- 2.4 Explain any TWO types of defensive strategies. (6)
- 2.5 Discuss the purpose of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003). (4)
- 2.6 Read the scenario below and answer the questions that follow.

FUNDA STATIONERS (FS)

Funda stationers specialise in selling school and office stationery. FS uses outdated machinery, and employees are not skilled at operating modern cash registers resulting in huge losses.

- 2.6.1 Name the PESTLE factor applicable to FS in the scenario above. (2)
- 2.6.2 Recommend ways in which FS can deal with the challenges posed by the PESTLE factor named in QUESTION 2.6.1. (4)

- 2.7 Discuss the impact of the National Credit Act on businesses. (6)
- 2.8 Suggest ways in which businesses could comply with the Employment Equity Act (EEA), 1998 (Act 55 of 1998). (4)
- [40]**



QUESTION 3: BUSINESS OPERATIONS

- 3.1 State FOUR aspects that should be included in an employment contract. (4)
- 3.2 Outline the placement procedure as an activity of the human resources function. (4)
- 3.3 Read the scenario below and answer the questions that follow.

PERMANENT AGENCIES (PA)

Permanent Agencies is specialising in recruiting suitable candidates for various jobs. PA verify the CV's of every candidate. Be inquisitive and show interest in the business. Permanent Agencies set the interview date, and interviews take place on the same date.

- 3.3.1 Quote TWO roles of the interviewer (PA) before the interview from the scenario above. (2)
- 3.3.2 Explain the purpose of an interview as a human resources activity (6)
- 3.4 Recommend to businesses on the reasons for the termination of an employment contract. (4)
- 3.5 Outline the difference between *quality control* and *quality assurance*. (4)
- 3.6 Explain how the quality of performance of the general management can contribute to the success of a business. (6)
- 3.7 Read the scenario below and answer the questions that follow.

SIZWE MINING (SM)

The decline in productivity of Sizwe Mining due to stoppages caused by loadshedding. SM fears that investors might withdraw investment if there is a decline in profits. The management of SM are optimistic that they will make drastic changes in their services to satisfy their customers.

- 3.7.1 Quote TWO ways in which the poor implementation of TQM has impacted on the operation of SM from the scenario above. (2)
- 3.7.2 Advise the management on the impact of TQM if it is poorly implemented by SM, other than your answer provided in QUESTION 3.7.1. (4)
- 3.8 Discuss the impact of total client/customer satisfaction as a total quality management (TQM) element on large businesses. (4)

[40]

QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENTS**

- 4.1 State any TWO consumer rights as stipulated in the National Credit Act (NCA), 2005 (Act 34 of 2005). (2)
- 4.2 Outline the advantages of intensive strategies. (6)
- 4.3 Read the scenario below and answer the question that follows.

SIHLE BAKERY (SB)

Sihle bakery is supplying freshly baked bread to customers. SB ensures that black females are part of decision-making process. The business promotes diversity. Sihle Bakery donate bread to local NGO's.

Identify the BBBEE pillars that SB implemented in the scenario above. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 4.3.

PILLARS	MOTIVATIONS
1.	
2.	

(6)

- 4.4 Explain the purpose of the Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997). (6)

BUSINESS OPERATIONS

- 4.5 Give TWO examples of fringe benefits. (2)
- 4.6 Outline the benefits of induction. (4)
- 4.7 Identify the business functions applicable to Super Enterprise (SE) below.
- 4.7.1 Super Enterprise is compliant with recent legislation.
- 4.7.2 SE offer their employees performance incentives to enhance productivity. (2 x 2) (4)

- 4.8 Discuss the impact of continuous skills development/education and training as a total quality management (TQM) element on large businesses. (4)
- 4.9 Advise businesses on the role of quality circles as part of continuous improvement to processes and systems. (6)

[40]**TOTAL SECTION B: 80**

SECTION C

Answer ONE question in this section.

NOTE: Clearly indicate the QUESTION NUMBER of each question chosen.
The answer to the question must start on a NEW page, e.g.
QUESTION 5 on NEW page OR QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

Businesses need to develop suitable strategic management processes in order to improve their internal operations. Integration strategies could be implemented in response to findings from applying Porter's Five Forces model. Businesses need to evaluate their strategies.

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

- Outline the strategic management process.
- Explain THREE types of integration strategies.
- Discuss how businesses could apply the following forces of Porter's Five Forces model to analyse their position in the market environment:
 - Bargaining power of suppliers
 - Power of competitors/Competitive rivalry
- Advise businesses on the steps in strategy evaluation.

[40]

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

Businesses need to manage the ongoing supplier relationship to ensure stock is always available. A good quality management system enables a business to enjoy numerous benefits. A sound knowledge of continuous improvement to processes and systems, as a total quality management (TQM) element, can reduce the cost of quality.

Keeping the above statement in mind, write an essay on the following aspects:

- Outline the quality indicators of the purchasing function.
- Explain the benefits of a good quality management system.
- Evaluate the impact of continuous improvement to processes and systems as a TQM element on large businesses.
- Suggest ways in which total quality management (TQM) can reduce the cost of quality.

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150



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NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2026

BUSINESS STUDIES P1 MARKING GUIDELINE

MARKS: 150



This marking guideline consists of 31 pages.

NOTES TO MARKERS**1. PREAMBLE**

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

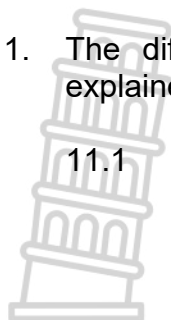
- (a) Fairness, consistency and reliability in the standard of marking
- (b) Facilitate the moderation of candidates' scripts at the different levels
- (c) Streamline the marking process considering the broad spectrum of markers across the country
- (d) Implement appropriate measures in the teaching,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

- 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 relevant answers provided by candidates 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:** 'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings.' ✓

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. 'COIDA eliminates time and costs spent ✓ on lengthy civil court proceedings, ✓ because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.' ✓

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 Advise, name, state, outline, motivate, recommend, suggest, (*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 assessing 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 to finalise alternative answers.

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)

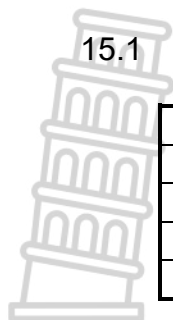
The 'fact' and 'explanation' are given separately in the marking guideline to facilitate mark allocation.

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, a body, 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? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: Option 1: Only relevant facts: 2 marks (No '-S') 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. Option 2: Some relevant facts: 1 mark (One '-S') Where a candidate 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. Option 3: Some relevant facts: 1 mark (One '-S') Where a candidate answers FOUR sub-questions, but one sub-question of the question with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: No relevant facts: 0 marks (Two '-S') 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 or two examples, not older than two (2) years that are based on recent information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32):		40

NOTE: 1. No marks will be awarded for contents repeated from the introduction and conclusion.

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.

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 SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/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.

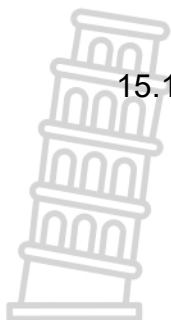
CONTENT	MARKS
Facts	32 (max.)
L	2
A	2
S	2
O	2
TOTAL	40

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. 'Product development is a growth strategy, ✓ where businesses aim to introduce new products into existing markets.' ✓

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**QUESTION 1**

1.1 1.1.1 D ✓✓

1.1.2 A ✓✓

1.1.3 D ✓✓

1.1.4 C ✓✓

1.1.5 B ✓✓

(5 x 2) (10)

1.2 1.2.1 R500 000 ✓✓

1.2.2 primary ✓✓

1.2.3 selection ✓✓

1.2.4 specification ✓✓

1.2.5 management ✓✓

(5 x 2) (10)

1.3 1.3.1 E ✓✓

1.3.2 G ✓✓

1.3.3 F ✓✓

1.3.4 A ✓✓

1.3.5 B ✓✓

(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

Mark the **FIRST TWO** answers only.

QUESTION 2: BUSINESS ENVIRONMENTS**2.1 Types of leaves as Provisions of the Basic Conditions of Employment Act/BCEA**

- Annual leave ✓
- Sick leave ✓
- Family responsibility leave ✓
- Maternity leave ✓
- Paternity leave/ Parental/Adoption leave/Commissioning parent ✓
- Any other relevant answer related to the types of leaves as provisions of the BCEA.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

2.2 Role of SETAs in supporting the Skills Development Act/SDA

- Develop sector skills plans in line with the National Skills Development Strategy. ✓✓
- Draw up skills development plans for their specific economic sectors. ✓✓
- Approve workplace skills plans and annual training reports. ✓✓
- Allocate grants to employers, education and training providers. ✓✓
- Pay out grants to companies that are complying with the requirements of the Skills Development Act. ✓✓
- Monitor/Evaluate the actual training by service providers. ✓✓
- Promote and establish learnerships. ✓✓
- Register learnership agreements/learning programmes. ✓✓
- Provide training material/programmes for skills development facilitators. ✓✓
- Provide accreditation for skills development facilitators. ✓✓
- Oversee training in different sectors of the South African economy. ✓✓
- Identify suitable workplaces for practical work experience. ✓✓
- Collect levies and pay out grants as required. ✓✓
- Report to the Director General. ✓✓
- Any other relevant answer related to the role of SETAs in supporting the SDA.

Max. (6)

2.3 Challenges of business environments

CHALLENGES	BUSINESS ENVIRONMENTS
1. GE employees are regularly absent from work. ✓	Micro ✓
2. The management of the GE must obtain a licence from National Energy Regulator. ✓	Macro ✓
Submax (2)	Submax (2)

Max. (4)

2.4 Types of defensive strategies

Divestiture ✓✓

- Disposing/Selling some assets/divisions/departments that are no longer profitable/productive. ✓
- Selling off divisions/product lines with slow growth potential. ✓
- Decreasing the number of shareholders by selling ownership. ✓
- Paying off debts by selling unproductive assets. ✓
- Withdrawing their investment share in another business (divesting). ✓
- Any other relevant answer related to divestiture/divestment as a defensive strategy.

Strategy (2)
Discussion (1)
Submax (3)

Liquidation ✓✓

- Selling all assets to pay creditors due to a lack of capital. ✓
- Selling the entire business in order to pay shareholders a fair price for their shares. ✓
- Allowing creditors to apply for forced liquidation in order to have their claims settled. ✓
- Businesses in financial difficulty may apply for business rescue to avoid liquidation. ✓
- Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)
Discussion (1)
Submax (3)

Retrenchment ✓✓

- Terminating the employment contracts of employees for operational reasons. ✓
- Decreasing the number of product lines/Closing certain departments may result in some workers becoming redundant. ✓
- Any other relevant answer related to retrenchment as a defensive strategy.

Strategy (2)
Discussion (1)
Submax (3)

NOTE: Mark the first TWO (2) only.

Max. (6)

2.5 Purpose of the Broad-Based Black Economic Empowerment/BBBEE Act

- 
- The BBBEE Act enables wealth to be spread more broadly ✓ across all population groups. ✓
 - Outlines areas that would give the government a platform ✓ for bringing equitable spread of wealth. ✓
 - Allows for the development ✓ of Codes of Good Practice. ✓
 - Empowers the Minister to issue Codes of Good Practice ✓ and publish transformation charters. ✓
 - Establishes the Black Economic Empowerment Advisory Council ✓, which addresses matters related to black empowerment. ✓
 - Creates capacity within the broader economic landscape at all levels ✓ through the implementation of the BBBEE pillars. ✓
 - The BBBEE Act aims at targeting inequality ✓ in the South African economy. ✓
 - Increases the number of black people ✓ that manage/control South African businesses. ✓
 - Any other relevant answer related to the purpose of the BBBEE Act.

Max. (4)

2.6 PESTLE analysis from the scenario

2.6.1 Technological ✓✓

(2)

2.6.2 Ways in which businesses can deal with the challenges posed by the technological factors

- Train existing/appoint new employees to maintain/use new equipment. ✓✓/Provide employees with necessary knowledge and skills needed to provide services. ✓✓
- Conduct continuous research on the latest available technology/equipment in the market. ✓✓
- Compare prices/Select suitable suppliers for new equipment at reasonable prices. ✓✓
- Businesses must be geared for online trading/e-commerce. ✓✓
- Any other relevant answer related to ways in which businesses can deal with challenges posed by technological factors of the PESTLE analysis.

Max. (4)



2.7 Impact of the National Credit Act/NCA on businesses**Positives/Advantages**

- The whole credit process is transparent ✓ as both businesses and customers know their responsibilities. ✓
- Lower bad debts ✓ resulting in better cash flow. ✓
- Protects businesses ✓ against non-paying consumers. ✓
- Authorised credit providers ✓ may attract more customers. ✓
- Increases cash sales ✓ because businesses only grant credit to qualifying customers/more customers are buying in cash. ✓
- Businesses do thorough credit checks ✓ and receive up-to-date documentation from the consumer as proof that they can afford the repayment. ✓
- Leads to more customers through credit sales ✓ as they are now protected from abuse. ✓
- Prevents reckless lending ✓ and businesses from bankruptcy. ✓
- Credit bureau information is made available to businesses ✓ to check the credit worthiness of consumers before granting credit. ✓
- Any other relevant answer related to the positive impact/advantages of the NCA on businesses.

AND/OR**Negatives/Disadvantages**

- Businesses can no longer carry out ✓ credit marketing. ✓
- Businesses struggle to get credit ✓ such as bank loans/overdrafts. ✓
- Businesses that do not comply with the NCA ✓ may face legal action. ✓
- Debt collection procedures are more complex ✓ and expensive. ✓
- Fewer customers buy on credit ✓ as it is more difficult to obtain credit. ✓
- Increases the administration burden/paperwork ✓ which is costly/time consuming. ✓
- Businesses need to appoint additional staff ✓ to deal with the extra administration. ✓
- Leads to loss of sales ✓ as many consumers may no longer qualify to buy on credit. ✓
- Should the credit agreement be declared reckless ✓ businesses can forfeit the outstanding debt and the goods. ✓
- Businesses that are official credit providers ✓, must submit a compliance report every year. ✓
- Businesses must make sure that all attempts have been made to recover the debt ✓ before blacklisting the customer. ✓
- Credit providers cannot collect debt from consumers ✓ who are under debt review. ✓
- More working capital is needed as businesses cannot sell many goods on credit ✓ due to stringent credit application processes. ✓
- Any other relevant answer related to the negative impact/disadvantages of the NCA on businesses.

Max. (6)

2.8 Ways in which businesses could comply with the Employment Equity Act/EEA

- Businesses should guard against discriminatory appointments. ✓✓
- Assess the racial composition of all employees, including senior management. ✓✓
- Ensure that there is equal representation of all racial groups in every level of employment. ✓✓
- Clearly define the appointment process, so that all parties are well informed. ✓✓
- Ensure that diversity/inclusivity in the workplace is achieved. ✓✓
- Prepare an employment equity plan in consultation with employees. ✓✓
- Compile employment equity plans that indicate how they will implement affirmative action. ✓✓
- Ensure that affirmative action measures promote diversity in the workplace. ✓✓
- Implement the employment equity plan as required by the act. ✓✓
- Implement affirmative action measures to redress disadvantages experienced by designated groups/Accommodate people from different designated groups. ✓✓
- Submit the employment equity plan to the Department of Labour. ✓✓
- Assign one or more senior managers to ensure implementation and monitoring of the employment equity plan. ✓✓
- Eliminate barriers that have an adverse impact on designated groups. ✓✓
- Regularly report to the Department of Labour on progress in implementing the plan. ✓✓
- Display a summary of the Act where employees can clearly see/have access to the document. ✓✓
- Conduct medical/psychological tests fairly to employees/when deemed necessary/Use certified psychometric tests to assess applicants/employees to ensure that suitable candidates are appointed. ✓✓
- Ensure that the workplace represents the demographics of the country at all levels. ✓✓
- Restructure/Analyse current employment policies/practices/procedures to accommodate designated groups. ✓✓
- Retrain/Develop/Train designated groups through skills development programmes. ✓✓
- Employees must be paid equal for work of equal value. ✓✓
- Any other relevant answer related to ways in which businesses could comply with the EEA.

Max.

(4)
[40]**BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	4
2.2	6
2.3	4
2.4	6
2.5	4
2.6.1	2
2.6.2	4
2.7	6
2.8	4
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS**3.1 Aspects that should be included in an employment contract**

- Personal details of the employee. ✓
- Details of the business/employer e.g. name/address, etc. ✓
- Job title/Position. ✓
- Job description e.g. duties/working conditions. ✓
- Job specification e.g. formal qualifications/willingness to travel. ✓
- Date of employment/Commencement of employment. ✓
- Place where employee will spend most of his/her working time. ✓
- Hours of work, e.g. normal time/overtime ✓
- Remuneration, e.g. weekly or monthly pay. ✓
- Benefits/Fringe benefits/Perks/Allowances. ✓
- Leave, e.g. sick/maternity/annual/adoption leave. ✓
- Employee deductions (compulsory/non-compulsory). ✓
- Period of the contract/Details of termination. ✓
- Probation period. ✓
- Signatures of both the employer and employee. ✓
- List of documents that form part of the contract, e.g. appointment letter/code of conduct/ethics. ✓
- Disciplinary policy, e.g. rules and disciplinary procedure for unacceptable behaviour. ✓
- Any other relevant answer related to aspects that should be included in an employment contract.

NOTE: Mark the first FOUR (4) only.

(4 x 1)

(4)

3.2 Placement procedure

- Business should outline the specific responsibilities/expectations/skills of the employee's new position. ✓✓
- Determine the successful employee's strengths/weaknesses/ interests/skills by subjecting him/her to a range of psychometric tests. ✓✓
- Determine the relationship between the position and the competencies of the new employees. ✓✓
- Any other relevant answer related to the placement procedure as a human resources activity.

Max. (4)



3.3 Roles of the interviewer from the scenario

- 3.3.1 - PA verify the CV's of every candidate. ✓
- Permanent Agencies set the interview date, and interviews take place on the same date. ✓ (2 x 1) (2)

3.3.2 Purpose of an interview as a human resource activity

- Obtains information about the strengths ✓ and weaknesses of each candidate. ✓
- Helps the employer in choosing/making an informed decision ✓ about the most suitable candidate. ✓
- Matches information provided by the applicant ✓ to the job requirements. ✓
- Creates an opportunity where information about the business ✓ and applicant can be exchanged. ✓
- Determines a candidate's ✓ suitability for the job. ✓
- Evaluates the skills/personal characteristics ✓ of the applicant. ✓
- Any other relevant answer related to the purpose of an interview as a human resource activity.

Max. (6)

3.4 Reasons for the termination of an employment contract

- The employer may dismiss an employee for a valid reason(s) such as unsatisfactory job performance/misconduct. ✓✓
- The employer may no longer have work for redundant employees/cannot fulfil the contract/is restructuring. ✓✓
- The employer may retrench some employees due to insolvency/may not be able to pay the employees. ✓✓
- Employees may decide to leave/resign voluntarily for better job opportunities. ✓✓
- An employee may have reached the pre-determined age for retirement. ✓✓
- Incapacity of an employee to work due to illness/injuries. ✓✓
- By a mutual agreement between the employer and employee. ✓✓
- The duration of the employment contract expires/comes to an end. ✓✓
- Any other relevant answer related to the reasons for the termination of an employment contract.

Max. (4)



3.5 Difference between *quality control* and *quality assurance*

QUALITY CONTROL	QUALITY ASSURANCE
- System that ensures the desired quality is met by inspecting the final product. √√	- Checks carried out during and after the production process. √√
- Ensure that finished products meet the required standards. √√	- Ensure that required standards have been met at every stage of the process. √√
- Process of ensuring that products are consistently manufactured to high standards. √√	- Processes put in place to ensure that the quality of products/services/ systems adhere to pre-set standards with minimal defects/delays/ short-comings. √√
- Checking raw materials/ employees/machinery/ workmanship/products to ensure that high standards are maintained. √√	- Ensuring that every process is aimed to get the product "right the first time" and prevent mistakes from happening. √√
- Includes setting targets/ measuring performance and taking corrective measures. √√	- The 'building in' of quality as opposed to 'checking of' quality. √√
- Any other relevant answer related to quality control.	- Any other relevant answer related to quality assurance.
Submax (2)	Submax (2)

- NOTE:**
1. The answer does not have to be in tabular format.
 2. The difference does not have to link but must be clear.
 3. Award a maximum of TWO (2) marks if the difference is not clear/Mark either quality control or quality assurance only.

Max. (4)



3.6 Quality indicators of the general management function

- Develop/Implement/Monitor ✓ effective strategic plans. ✓
- Efficient organisation/allocation of business resources to provide for the successful achievement of long-term ✓ and short-term plans. ✓
- Structured standards and norms ✓ should be in place so that control mechanisms can be implemented. ✓
- Learn about/understand changes in the business environment ✓ on an on-going basis. ✓
- Effectively communicate ✓ shared vision, mission and values. ✓
- Set direction ✓ and establish priorities for their business. ✓
- Be prepared to set an example of the behaviour ✓ that is expected from employees in terms of ethics as well as productivity. ✓
- Be proactive ✓ and always seeks to improve competitive advantage over competitors. ✓
- Ensure that all departments/the business ✓ meet their deadlines/targets. ✓
- Any other relevant answer related to the quality indicators of the general management function.

Max. (6)

3.7 Impact of TQM if it is poor implemented from the scenario

- 3.7.1
- The decline in productivity of Sizwe Mining due to stoppages caused by loadshedding. ✓
 - SM fears that investors might withdraw investment if there is a decline in profits. ✓

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

3.7.2 Other impact of TQM if it is poorly implemented by SM

- Setting unrealistic deadlines that may not be achieved. ✓✓
- Employees may not be adequately trained resulting in poor quality products. ✓✓
- Businesses may not be able to make necessary changes of products/services to satisfy the needs of customers. ✓✓
- Businesses' reputation/image may suffer because of poor quality/defective goods. ✓✓
- Customers will have many alternatives to choose from and the impact could be devastating to businesses. ✓✓
- Decline in sales as more goods are returned by unhappy customers. ✓✓
- High staff turnover, because of poor skills development. ✓✓
- Undocumented/Uncontrolled quality control processes/systems could result in errors/deviations from pre-set quality standards. ✓✓
- Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

Max. (4)

3.8 Impact of total client/customer satisfaction**Positives/Advantages**

- Large businesses use market research/customer surveys ✓ to measure/monitor customer satisfaction/analyse customers' needs. ✓
- Continuously promote ✓ a positive business image. ✓
- May achieve a state of total client/customer satisfaction ✓, if businesses follow sound business practices that incorporates all stakeholders. ✓
- Strive to understand/fulfil customer expectations ✓ by aligning cross-functional teams across critical processes. ✓
- Ensures that cross-functional teams understand their core competencies ✓ and develop/strengthen it. ✓
- May lead to higher customer retention/loyalty ✓ and businesses may be able to charge higher prices. ✓
- Large businesses may be able to gain access ✓ to the global market. ✓
- May lead to increased ✓ competitiveness/profitability. ✓
- Any other relevant answer related to the positive impact/advantages of total client/customer satisfaction as a TQM element on large businesses.

AND/OR**Negatives/Disadvantages**

- Employees who seldom come into contact with customers ✓ often do not have a clear idea of what will satisfy their needs. ✓
- Monopolistic businesses have an increased bargaining power ✓ so they do not necessarily have to please customers. ✓
- Not all employees may be involved /committed ✓ to total client/customer satisfaction. ✓
- Any other relevant answer related to the negative impact/disadvantages of total client/customer satisfaction as a TQM element on large businesses.

Max. (4)
[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	4
3.3.1	2
3.3.2	6
3.4	4
3.5	4
3.6	6
3.7.1	2
3.7.2	4
3.8	4
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Consumer rights as stipulated in the NCA

Consumers have a right to:

- Apply for credit and to be free from discrimination. ✓
- Obtain reasons for credit being refused. ✓
- Receive pre-agreement documentation before concluding any credit transaction. ✓
- Fair and responsible marketing by the credit provider. ✓
- Surrender/Return goods to the credit provider in order to settle the outstanding amount/debt. ✓
- Apply for debt review/counselling if the consumers cannot afford to repay their debts. ✓
- Receive information in plain and understandable language. ✓
- Receive documents/statements as required by the Act. ✓
- Access and challenge credit records and information. ✓
- Receive protection of their personal information. ✓
- Receive protection from being held accountable for the use of their credit facility after they reported the loss/theft. ✓
- Refuse a credit limit increase ✓
- Any other relevant answer related to the consumer rights as stipulated in the NCA.

NOTE: Mark the first TWO (2) only.

(2 x 1)

(2)

4.2 Advantages of intensive strategies

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

Max.

(6)

4.3 Pillars of the BBBEE from the scenario

4.3.1



BBBEE Pillars	MOTIVATION
Management control ✓✓	- SB ensures that black females are part of the decision-making process. ✓
Social responsibility/Socio-economic development ✓✓	- Sihle Bakery donate bread to local NGO's. ✓
Submax (4)	Submax (2)

Max. (6)

4.4 Purpose of the Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)

- Provides comprehensive protection to employees who get injured/contract diseases ✓ in the course of performing their duties. ✓
- COIDA applies to all casual/full-time workers who become ill/injured/disabled/die ✓ due to a workplace accident/disease. ✓
- Excludes workers who are guilty ✓ of wilful misconduct/workers working outside South Africa for at least twelve months/members of the SA Defence Force/Police services. ✓
- Provides for the establishment of a Compensation Board ✓ whose function is to advise the Minister of Labour on the application/provisions of COIDA. ✓
- Medical expenses/Other types of compensation are paid to employees and/or their families ✓ depending on the type/severity of the injuries. ✓
- Employers have to pay a monthly amount to the Compensation Fund ✓ depending on the number of employees/the level of risk they are exposed to. ✓
- Provides compensation for employees/families for injuries or death ✓ occurred while carrying out their duties. ✓
- Any other relevant answer related to the purpose of COIDA.

Max. (6)

BUSINESS OPERATIONS

4.5 Examples of fringe benefits

- Pension fund ✓
- Medical aid fund/Health insurance fund ✓
- Funeral benefit ✓
- Provident fund ✓
- Allowances/Car/Travel/Housing/Cell phone/Clothing ✓
- Performance based incentives ✓
- Issuing of bonus shares ✓
- Staff discount/Free or low-cost meal/Canteen facilities ✓
- Any other relevant examples of fringe benefits.

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

(2 x 1) (2)

4.6 Benefits of induction

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

Max. (4)

4.7 Business functions from the statement

4.7.1 Public relations ✓✓

4.7.2 Human resources ✓✓

(2 x 2) (4)



4.8 Impact of continuous skills development/education and training as a total quality management/TQM element on large businesses

Positives/Advantages

- Large businesses have a human resources department ✓ dedicated to skills training and development. ✓
- Human resources experts ensure that training programmes are relevant ✓ to increase customer satisfaction. ✓
- Ability to afford ✓ specialised/skilled employees. ✓
- Large businesses conduct skills audits to establish the competency/education levels of staff ✓ which may positively affect the quality of products. ✓
- May be able to hire qualified trainers ✓ to train employees on a regular basis. ✓
- Any other relevant answer related to the positive impact/advantages of continuous skills development/education and training as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Poor communication systems in large businesses ✓ may prevent effective training from taking place. ✓
- Trained employees may leave for better jobs ✓ after they gained more skills. ✓
- De-motivates employees, ✓ if they do not receive recognition for training. ✓
- Employees who specialise in narrowly defined jobs ✓ may become frustrated/demotivated. ✓
- Employees may not be aware of the level of competency they should meet ✓ in order to achieve their targets. ✓
- It may be difficult to monitor/evaluate ✓ the effectiveness of training. ✓
- Any other relevant answer related to the negative impact/disadvantages of continuous skills development/education and training as a TQM element on large businesses.

Max. (4)



4.9 Role of quality circles as part of continuous improvement to processes and systems

- Solve problems related to quality and implement improvements. ✓✓
- Investigate problems and suggest solutions to management. ✓✓
- Ensure that there is no duplication of activities/tasks in the workplace. ✓✓
- Make suggestions for improving processes and systems in the workplace. ✓✓
- Improve the quality of products/services/productivity through regular reviews of quality processes. ✓✓
- Monitor/Reinforce strategies to improve the smooth running of business operations. ✓✓
- Increase employees' morale and motivation to boost their spirit in achieving organisational goals. ✓✓
- Contribute towards the improvement and development of the organisation. ✓✓
- Reduce costs of redundancy and wasteful efforts in the long-run. ✓✓
- Increase the demand for products/services of the business. ✓✓
- Create harmony and high performance in the workplace. ✓✓
- Build a healthy workplace relationship between the employer and employee. ✓✓
- Improve employees' loyalty and commitment to the organisational goals. ✓✓
- Improve employees' communication at all levels of the business. ✓✓
- Develop a positive attitude/sense of involvement in decision-making processes of the services offered. ✓✓
- Any other relevant answer related to the role of quality circles as part of continuous improvement to processes and systems.

Max. (6)
[40]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	2
4.2	6
4.3.1	6
4.4	6
4.5	2
4.6	4
4.7	4
4.8	4
4.9	6
TOTAL	40

TOTAL SECTION B: 80

SECTION C

Mark the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)**5.1 Introduction**

- The strategic management process allows businesses to develop turnaround strategies to enhance/improve their operations. ✓
- Integration strategies enable businesses to establish power relations with their suppliers and distributors. ✓
- A critical analysis of Porter's Five Forces model requires businesses to conduct continuous research on latest developments in the market. ✓
- Evaluating business strategies allows businesses to review their goals and develop additional strategies. ✓
- Any other relevant introduction related to the strategic management process/ types of integration strategies/Porter's Five Forces model/ steps in strategy evaluation.

(Any 2 x 1) (2)

5.2 Strategic management process**OPTION 1**

- Have a clear vision/mission statement/measurable/realistic objective in place. ✓✓
- Identify opportunities/weaknesses/strengths/threats by conducting environmental scanning/situational analysis. ✓✓
- Tools available for environmental scanning may include a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial analysis tools. ✓✓
- Formulate alternative strategies to respond to the challenges. ✓✓
- Develop (an) action plan(s), including the tasks to be done/deadlines to be met/ resources to be procured. ✓✓
- Implement selected strategies by communicating it to all stakeholders/ organising business resources/motivating staff. ✓✓
- Continuously evaluate/monitor/measure strategies in order to take corrective action. ✓✓
- Any other relevant answer related to the strategic management process.

OR



OPTION 2

- Review/Analyse/Re-examine their vision/mission statement. ✓✓
- Conduct an environmental analysis using models such as SWOT/PESTLE/Porter's Five Forces. ✓✓
- Formulate a strategy, such as a defensive/retrenchment strategy. ✓✓
- Implement a strategy, using a template such as an action plan. ✓✓
- Control/Evaluate/Monitor the implemented strategy to identify gaps/deviations in implementation. ✓✓
- Take corrective action to ensure goals/objectives are met. ✓✓
- Any other relevant answer related to the strategic management process.

Max. (12)

5.3 Types of integration strategies**Forward integration/Forward vertical integration** ✓✓

- A business combines with or takes over ✓ its distributors. ✓
- Involves expansion of business activities ✓ to gain control over the direct distribution of the products. ✓
- Increases profitability ✓ as the distributor/intermediary/middleman is excluded. ✓
- Any other relevant answer related to forward integration/forward vertical integration as an integration strategy.

Strategy (2)
Discussion (2)
Submax (4)

Backward integration/Backward vertical integration ✓✓

- A business combines with or takes over ✓ its suppliers. ✓
- Aims at decreasing the business's dependency ✓ on the supplier ✓
- Enables businesses to cut costs ✓ and have influence over the prices/quality/quantity of raw materials. ✓
- Any other relevant answer related to backward integration/backward vertical integration as an integration strategy.

Strategy (2)
Discussion (2)
Submax (4)

Horizontal integration ✓✓

- A business takes control of/incorporates other businesses ✓ in the same industry/which produce/sell the same goods/services. ✓
- The aim is to reduce ✓ the threat of competition /substitute products/services. ✓
- Increases the market share/sales ✓ and profits. ✓
- Suitable for businesses that operates in multiple geographical areas ✓ through joint ventures/licencing/franchising. ✓
- Any other relevant answer related to horizontal integration as an integration strategy.

Strategy (2)
Discussion (2)
Submax (4)

Max. (12)

NOTE: mark the FIRST THREE strategies only.

5.4 Application of Porter's Five Forces model

Bargaining power of suppliers

- Suppliers that deliver high quality products ✓ may have power over the business. ✓
- Assess the power of the suppliers ✓ in influencing prices. ✓
- The more powerful the suppliers ✓, the less control the business has over them. ✓
- The smaller the number of suppliers ✓, the more powerful they may be as the choice of suppliers may be limited. ✓
- Identify the kind of power suppliers' have ✓ in terms of the quality of products/services/reliability/ability to make prompt deliveries, ✓ etc.
- Any other relevant answer related to how businesses could apply the power of suppliers to analyse their position in the market environment.

Submax (6)

Power of competitors/Competitive rivalry

- Competitors selling the same/similar products/services may have a greater impact ✓ on the market of the business. ✓
- If competitors have a unique product/service, ✓ then they will have greater power. ✓
- A business with many competitors in the same market ✓ has very little power in their market. ✓
- Some businesses have the necessary resources to start a price war ✓ and to continue selling at a loss until some/all competitors leave the market. ✓
- Competitors using various pricing and marketing strategies, ✓ are likely to have power over the business. ✓
- Any other relevant answer related to how businesses could apply power of competitors/competitive rivalry as a force of Porter's Five Forces model to analyse their position in the market environment.

Submax. (6)
Max. (12)

5.5 Steps in strategy evaluation

- Examine the underlying basis of a business strategy. ✓✓
- Look forward and backwards into the implementation process. ✓✓
- Compare the expected performance with the actual performance. ✓✓
- Determine the reasons for deviations and analyse these reasons. ✓✓
- Take corrective action so that deviations may be corrected. ✓✓
- Set specific dates for control and follow up. ✓✓
- Draw up a table of the advantages and disadvantages of a strategy. ✓✓
- Decide on the desired outcome that will result in the achievement of business goals/envisaged when strategies are implemented. ✓✓
- Consider the impact of the strategic implementation in the internal/external environments of the business. ✓✓
- Any other relevant answer related to the steps in strategy evaluation.

NOTE: The steps may be in any order.

Max. (10)

5.6 Conclusion



- Businesses should always assess their strategic management process to be able to respond effectively to new trends in the market. ✓✓
- Integration strategies enable businesses to offer better products/services and dominate the market. ✓✓
- The correct application of Porter's Five Forces model allows businesses to develop relevant business strategies that may yield fruitful results. ✓✓
- Strategy evaluation enables businesses to deal with challenges in implementing new strategies. ✓✓
- Any other relevant conclusion related to strategic management process/ types of integration strategies/Porter's Five Forces model/ steps in strategy evaluation.

Any (1 x 2) (2)
[40]

QUESTION 5: BREAKDOWN OF MARKS

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Strategic management process	12	
Types of integration strategies	12	
Application of Porter's Five Forces model	12	
Steps in strategy evaluation	10	
Conclusion	2	
INSIGHT		
Layout	2	8
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 OPERATIONS (QUALITY OF PERFORMANCE)**6.1 Introduction**

- Purchasing function enables business to maintain sound inventory management and procurement procedures. ✓
- A good quality management system could allow businesses to review their quality processes aimed at producing products of high-quality standard. ✓
- Continuous improvement to processes and systems require businesses to be innovative in their approach. ✓
- The effective implementation of TQM may give businesses a competitive advantage over other businesses due to reduced cost of quality. ✓
- Any other relevant introduction related to quality indicators of the purchasing function/benefits of a good quality management system/ impact of continuous improvement to processes and systems/ways in which total quality management (TQM) can reduce the cost of quality.

(Any 2 x 1) (2)

6.2 Quality indicators for the purchasing function

- Businesses should buy raw materials/products in bulk at lower prices. ✓✓
- Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices. ✓✓
- Place orders timeously and regular follow-ups to ensure that goods are delivered on time. ✓✓
- Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process. ✓✓
- Required quantities should be delivered at the right time and place. ✓✓
- Implement/Maintain stock control systems to ensure the security of stock. ✓✓
- Maintain optimum stock levels to avoid overstocking/reduce out-dated stock. ✓✓
- Monitor and report on minimum stock levels to avoid stock shortages. ✓✓
- Effective use of storage space and maintain product quality while in storage. ✓✓
- Involve suppliers in strategic planning/product design/material selection/quality control process. ✓✓
- Ensure that there is no break in production due to stock shortages. ✓✓
- Establish relationships with suppliers so that they are in alignment with the business's vision/mission/values. ✓✓
- Have a thorough understanding of supply chain management. ✓✓
- Any other relevant answer related to the quality indicators for the purchasing function.

Max. (10)



6.3 Benefits of a good quality management system

- Effective customer services are rendered, ✓ resulting in increased customer satisfaction. ✓
- Time and resources ✓ are used efficiently. ✓
- Productivity increases ✓ through proper time management/using high quality resources. ✓
- Products/Services are constantly improved ✓ resulting in increased levels of customer satisfaction. ✓
- Vision/Mission/Business goals ✓ may be achieved. ✓
- A business has a competitive advantage ✓ over its competitors. ✓
- Regular training will continuously improve ✓ the quality of employees' skills/knowledge/competencies. ✓
- Employers and employees will have a healthy working relationship ✓ resulting in happy/productive workers/improved employee morale/productivity. ✓
- Increased market share/financial stability ✓ as more customers improve profitability. ✓
- Improves business image ✓ as there are less defects/returns. ✓
- Any other relevant answer related to the benefits of a good quality management system.

Max. (12)

6.4 Impact of continuous improvement to processes and systems as a TQM element on large businesses
Positives/Advantages

- Large businesses have more resources ✓ to check on quality performance in each unit/department/business function. ✓
- Enough capital resources are available for new equipment ✓ required for processes and systems. ✓
- Large businesses have a person dedicated ✓ to the improvement of processes and systems. ✓
- Willing to take risks on/try new processes and systems ✓ because they are able to absorb the impact of losing money. ✓
- They can afford to use the services of quality circles ✓ to stay ahead of their competitors. ✓
- Large businesses use the PDCA model ✓ to continuously plan/do/check/act on new/revised processes and systems. ✓
- Any other relevant answer related to the positive impact/advantages of continuous improvement to processes and systems as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages

- Large scale manufacturing ✓ can complicate quality control. ✓
- Processes and systems take time and effort to be implemented in large businesses ✓ as communication/buy-in/distrust may delay the implementation process. ✓
- Face the risk of changing parts of the business ✓ that are actually working well. ✓
- Not all negative feedback from employees and customers is going to be accurate ✓, which may result in incorrect/unnecessary changes to processes and systems. ✓
- Any other relevant answer related to the negative impact/disadvantages of continuous improvement to processes and systems as a TQM element on large businesses.

Max. (14)

6.5 Ways in which total quality management/TQM can reduce the cost of quality

- Introduce quality circles to discuss ways of improving the quality of work/workmanship. ✓✓
- Schedule activities to eliminate duplication of tasks. ✓✓
- Share responsibility for quality output amongst management and workers. ✓✓
- Train employees at all levels, so that everyone understands their roles in quality management. ✓✓
- Develop work systems that empower employees to find new ways of improving quality. ✓✓
- Work closely with suppliers to improve the quality of raw materials/inputs. ✓✓
- Improve communication about quality challenges/deviations, so that everyone can learn from experience. ✓✓
- Reduce investment on expensive, but ineffective inspection procedures in the production process. ✓✓
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns. ✓✓
- Any other relevant answer related to ways in which TQM can reduce the cost of quality.

Max. (10)



6.6 Conclusion

- The business must ensure that the quality of raw materials/products that are purchased may influence the quality of performance of other departments. ✓✓
- Businesses need to conduct research in improving quality through the implementation of a good quality management system. ✓✓
- Continuous improvement to processes and systems enables businesses to produce quality products which will meet the customer needs. ✓✓
- The reduction in the cost of quality allows businesses to maintain prices at a lowest possible so as to increase profitability/market share. ✓✓
- Any other relevant conclusion related to quality indicators of the purchasing function/benefits of a good quality management system/ impact of continuous improvement to processes and systems/ways in which total quality management (TQM) can reduce the cost of quality

Any (1 x 2) (2)
[40]

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max. 32
Quality indicators of the purchasing function	10	
Benefits of a good quality management system	12	
Impact of continuous improvement to processes and systems as a TQM element on large businesses	14	
Ways in which total quality management (TQM) can reduce the cost of quality	10	
Conclusion	2	
INSIGHT		
Layout	2	8
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: 40
GRAND TOTAL: 150