education

Department:
Education
PROVINCE OF KWAZULU-NATAL

FILIDI CLUSTER

GRADE 11

BUSINESS STUDIES

JUNE 2026

PAPER TWO

MARKS: 150

TIME: 2 HOURS

This paper consists of 09 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 this section.
SECTION C:	Consists of TWO questions Answer only ONE of the two questions in this section.

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

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

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

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

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

SECTION	**QUESTION**	**MARKS**	**TIME (minutes)**
A: Objective type questions COMPULSORY	**1**	**30**	**20**
			70
B: THREE direct/indirect type questions Answer any TWO	**2**	**40**	
	3	**40**	
	4	**40**	
			30
C: TWO essay type questions Answer any ONE	**5**	**40**	
	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. 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 number (1.1.1 – 1.1.5) in the ANSWER BOOK, e.g 1.1.6 D

1.1.1 Mike, the manager of Star Traders applies the … leadership style when delegating tasks to his followers to be done without supervision.

A. laissez-faire
B. transactional
C. democratic
D. charismatic

1.1.2 The principal amount includes all interest accumulated during past periods when calculating the … earned.

A. simple interest
B. capital gain
C. compound interest
D. fixed interest

1.1.3 Businesses deal with tax evasion as unethical business practice by …

A. providing a framework for corrective action.
B. increasing the working hours.
C. educating employees about the repercussions of fraud.
D. keeping accurate records of income statements and financial transactions.

1.1.4 Consider the advantages and disadvantages of each alternative solution. This problem-solving step is known as …

A. defining the problem.
B. evaluating alternative solutions.
C. implementing the best solution.
D. Identifying alternative solutions.

1.1.5 VC Motors applies the … technique when they distribute questionnaires to a panel of experts to find a solution for their business problem.

A. force-field analysis
B. nominal group
C. empty chair
D. Delphi (5 X 2) (10)

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK.

leadership; brainstorming; shares; unfair advertising; transparency; nominal group technique; management; social responsibility; tax evasion; debentures

1.2.1 The process of getting things done by exercising responsibility is known as …

1.2.2 Sand Limited issued … to raise borrowed capital from the public.

1.2.3 Using fine print to conceal important information is known as an example of … as an unethical business practice.

1.2.4 The King Code principle that involves the development and implementation of programmes aimed at protections of the communities in which they operate is known as …

1.2.5 All members of the group randomly make suggestions during the … problem-solving technique.

(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 – 1.3.5) in the ANSWER BOOK, e.g 1.3.6 K

COLUMN A	COLUMN B
1.3.1 Democratic leadership style	A. issued as compensation for unpaid dividends.
1.3.2 Dividends	B. team members are encouraged to confront issues through constructive problem-solving.
1.3.3 Bonus shares	C. the leader focuses on motivating followers through a system of reward.
1.3.4 Nominal group technique	D. upholding the code of conduct of a specific profession.
1.3.5 Ethical behaviour	E. team members are motivated as they are allowed to contribute to problem-solving.
	F. the return on investment in shares which is paid by a company to its shareholders.
	G. the leader invites group members to contribute ideas and participate in decision-making.
	H. upholding moral standards when doing business.
	I. the return on fixed assets which increased in value.
	J. issued to the founders and incorporators of the company.

(5x2) (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, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

QUESTION 2: BUSINESS VENTURES

2.1 Name any FOUR types of preference shares. (4)

2.2 Outline the advantages of the charismatic leadership style. (4)

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

JOZI CONSULTANTS (JC)

Jozi Consultants wants to invest R10 000 at 8% p.a in a fixed deposit for two years with Gous Bank. JC also identified mutual funds as the best investment opportunity to expand their business.

2.3.1 Calculate the interest on fixed deposit that JC will receive after two years. (4)

2.3.2 Explain mutual funds/stokvel as a type of investment opportunity. (4)

2.4 Discuss the impact of the Government/RSA Retail Savings Bonds as a form of investment. (6)

2.5 Describe the role of personal attitude in successful leadership. (6)

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

MDODO SPORTSWEAR (MS)

Mdod Sportwear has retail outlets throughout the country. The management of MS takes quick decisions without consulting with their employees.

2.6.1 Identify the leadership style applied by MS in the scenario above. (2)

2.6.2 Discuss other advantages of the leadership style identified in QUESTION 2.6.1 (4)

2.7 Suggest situations in which the transactional leadership style can be applied in the workplace. (6)

[40]

QUESTION 3: BUSINESS ROLES

3.1 Give any FOUR examples of ethical behaviour in the workplace. (4)

3.2 Identify the types of unprofessional business practices displayed by the employees of Galaxy Trading in EACH statement below:

3.2.1 Employees make personal calls during working hours. (2)

3.2.2 Employees download movies using the resources of the business. (2)

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

FARM TO TABLE LIMITED (FTL)
Peter was appointed as a new CEO at Farm to Table Limited. He had to make some changes to the business and to make some important decisions. Some shareholders were not aware of these changes and decisions.

3.3.1 Identify the King Code principle applied by FTL. (2)

3.3.2 Explain other ways in which FTL can apply the King Code principle identified in QUESTION 3.3.1. (4)

3.4 Describe ways in which businesses could deal with sexual harassment as a type of unprofessional business practice. (6)

3.5 Define creative thinking. (4)

3.6 Explain the advantages of creative thinking in the workplace. (6)

3.7 Discuss the following problem-solving steps:

3.7.1 Identify the problem (2)

3.7.2 Develop an action plan (2)

3.8 Evaluate the positive impact of force-field analysis as a problem solving technique. (6)

[40]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS VENTURES

4.1 Elaborate on the meaning of leadership. (4)

4.2 Explain the situational leadership theory. (4)

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

VERO MANUFACTURERS (VM)

Vero Manufacturers wants to invest their extra profit. They are considering investing in a type of investment that can easily be converted to cash. The management of VM is aware that the duration of the investment may influence the return on investment.

4.3.1 Identify TWO investment decision factors that are applicable to VM. Motivate your answer by quoting from the scenario above. (6)

Use the table below as a GUIDE to answer QUESTION 4.3.1

INVESTMENT DECISION FACTORS	MOTIVATIONS
1.	
2.	

4.4 Evaluate the impact of a fixed deposit as a form of investment. (6)

BUSINESS ROLES

4.5 Define professional behaviour. (4)

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

NIMROD PAINTS (NP)

Nimrod Paints was faced with a complex business problem that needed to be solved. Management encouraged employees to suggest ideas in large groups. Employees are also inspired to use each suggestion to generate new ideas.

4.6.1 Name the problem-solving technique used by Nimrod Paints. (2)

4.6.2 Discuss the advantages of the problem-solving technique identified above. (4)

4.7 Explain how unfair advertising as an unethical business practice poses challenge to businesses. (6)

4.8 Recommend ways in which professional, responsible, ethical and effective business practice should be conducted. (4)

TOTAL SECTION B: 80

SECTION C

Answer ONE question from this section.

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

QUESTION 5: BUSINESS VENTURES (INVESTMENT SECURITIES)

Most businesses are considering investing their surplus funds in shares listed on the JSE and through unit trusts. They must be well informed about the impact of unit trusts before investing. Businesses must also be aware of factors such as risk and return on investment when making an investment decision.

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

- Outline the rights of ordinary shareholders.
- Explain the functions of the Johannesburg Securities Exchange/JSE.
- Discuss the impact of unit trusts as a form of investment.
- Advise businesses on the following factors that should be considered when making investment decisions:
  - Risk
  - Return on investment **[40]**

QUESTION 6: BUSINESS ROLES (CREATIVE THINKING AND PROBLEM-SOLVING)

Problem-solving and decision-making skills are both important because they can help navigate challenging situations in the workplace. Some businesses apply the force-field analysis and nominal group technique to solve complex business problems. Others believe that the Delphi technique is the most suitable problem-solving technique to use. Businesses invest in settling the right working environment in order to stimulate creativity and innovation.

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

- Outline the differences between problem-solving and decision-making.
- Explain how businesses should apply force-field analysis and nominal group technique in the workplace.
- Discuss the impact of the Delphi technique as a problem-solving technique.
- Recommend ways in which businesses can create an environment that promote creative thinking in the workplace. **[40]**

TOTAL SECTION C [40]
GRANDTOTAL: 150

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SECTION A

QUESTION 1

1.1.1 A √√

1.1.2 C √√

1.1.3 D √√

1.1.4 B √√

1.1.5 D √√ (5 x 2) (10)

1.2.1 management √√

1.2.2 debentures √√

1.2.3 unfair advertising √√

1.2.4 responsibility √√

1.2.5 brainstorming √√ (5 x 2) (10)

1.3.1 G √√

1.3.2 F √√

1.3.3 A √√

1.3.4 B √√

1.3.5 H √√ (5 x 2) (10)

TOTAL SECTION A: 30

SECTION B

Mark the answers to the FIRST TWO questions only.

QUESTION 2: BUSINESS VENTURES

2.1 Types of preference shares

- Participating preference shares √
- Non-participating preference shares/Ordinary preference shares √
- Cumulative preference shares √
- Non-cumulative preference shares √
- Redeemable preference shares √
- Non-redeemable preference shares √
- Convertible preference shares √
- Non-convertible preference shares √

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

2.2 Advantages of the charismatic leadership style

- Expert at selling vision and achieving excellent results. √√
- Employees are motivated as the leader is energetic/inspiring. √√
- Inspires loyalty/hard work among employees. √√
- Employees are motivated to exceed the expectations and overcome their fears. √√
- Any other relevant answer related to the advantages of the charismatic leadership style. Max. (4)

2.3.1 Simple interest calculation

FORMULA: Interest = P x R x T √

R10 000 x 8%√ x 2 years √

= R1 600 √√√√

OR

Compound interest calculation

Option 1

FORMULA: P(1 + i)n√

R10 000(1+8/100)2√

=R11 664 – R10 000√

= R1 664 √√√√

Option 2

FORMULA: P(1 + i)n √

(Year 1) R10 000 x 8/100 = R800 √

(Year 2) R10 000 + R800 = R10 800 x 8/100= R864 √

= R800 + R864 = R1664 √√√√

NOTE: 1. Award full marks (4) if the answer is correct and no workings are shown.

2. If formula and workings were shown correctly, but the final answer is wrong, award a maximum of THREE (3) marks.

3. If the workings and the answer are incorrect, award a maximum of ONE mark for the correct formula. Max. (4)

2.3.2 Mutual funds/Stokvels

- 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/stokvel ✓ for their own personal gain. ✓
- No/Small return on investment, ✓ as contributions are 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 mutual funds/stokvels as a type of investment opportunity. Max. (4)

2.4 Impact of Government/RSA Retail Savings Bonds as a form of investment

Positives/Advantages

- Guaranteed returns, ✓ as interest rate is fixed for the whole investment period. ✓
- Interest rates are market related ✓ and attract more investors. ✓
- Interest can be received twice a year ✓ making it a viable investment option. ✓
- Investment may be easily accessible, ✓ as cash may be withdrawn after the first twelve months. ✓
- Low risk/Safe investment, ✓ as it is invested with the South African Government which cannot be liquidated. ✓
- It is an affordable type of investment ✓ for all levels of income earners including pensioners. ✓
- Retail bonds are easily/conveniently obtained ✓ electronically/from any Post Office/directly from the National Treasury. ✓
- No charges/costs/commissions payable ✓ on this type of investment. ✓
- Interest is usually higher ✓ than on fixed deposits. ✓
- Retail bonds are listed ✓ on the capital bond markets/on the JSE.
- Investors younger than 18 years/Minors may invest with the help of a legal guardian, ✓ which encourages saving from a young age. ✓
- Any other relevant answer related to the positive impact/advantages of Government/RSA Retail Savings Bonds as a form of investment.

AND/OR

Negatives/Disadvantages

- Retail bonds cannot be ceded to banks ✓as security for obtaining loans. ✓
- A minimum of R 500 must be invested, ✓ which may be difficult for some small investors to accumulate. ✓
- Retail bonds are not freely transferable ✓ amongst investors. ✓
- Investors need to have valid SA identification/should be older than 18 years, ✓ which may discourage foreigners/young people to invest. ✓
- Penalties are charged for early withdrawals, ✓ if the savings is less than 12 months old. ✓
- Any other relevant answer related to the negative aspects/disadvantages of the Government/RSA Retail Savings Bonds as a form of investment. **Max. (6)**

2.5 Role of personal attitude in successful leadership

- Positive attitude releases leadership potential ✓ for personal growth. ✓
- A leader's good attitude can influence ✓ the success of the business. ✓
- Leaders must know their strengths and weaknesses✓ to apply their leadership style effectively. ✓
- Great leaders understand that the right attitude ✓ will create 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✓ and inspires them to work even harder. ✓
- A positive attitude is critical for good leadership ✓ because good leaders will stay with the task regardless of difficulties/challenges. ✓
- Successful leaders and employees ✓ 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. ✓
- Any other relevant answer related to the role of personal attitude in successful leadership. **Max. (6)**

2.6.1 Type of leadership style from the scenario

Autocratic leadership style✓✓ (2)

2.6.2 Advantages of the autocratic leadership style on businesses

- Work gets done ✓ in time/on schedule. ✓
- Line of command/communication is clear ✓ as it is top-down/followers know exactly what to do. ✓
- Direct supervision and strict control ✓ ensure high quality products/service. ✓
- Provides strong leadership ✓ which makes new employees feel confident and safe. ✓
- Works well in large companies ✓ where consultation with every employee is impractical. ✓
- Clear guidance can be given ✓ to low-skilled/inexperienced/new staff. ✓
- There is no uncertainty regarding the source of instructions✓, which comes directly from the leader. ✓
- Any other relevant answer related to the advantages of the autocratic leadership style on businesses. **Max. (6)**

2.7 Transactional leadership style

This leadership style can be applied:

- When the business wants to maximise employee performance. ✓✓
- When deadlines must be met on short notice/under pressure. ✓✓
- When workers have a low morale. ✓✓
- When the strategies/business structures do not have to change. ✓✓
- When productivity levels are very low/not according to targets. ✓✓
- Any other relevant answer related to the advantages of the transactional leadership style on businesses. **Max. (6)**

[40]

QUESTION 3: BUSINESS ROLES

3.1 Examples of ethical behaviour in the workplace

- Using fair advertising ✓
- Not using child labour ✓
- Treating all employees equally ✓
- Paying fair wages ✓
- Operating within the law ✓
- Business deals are conducted openly. ✓
- Not engaging in illegal business practices ✓
- Ensuring that the environment is not polluted ✓
- Adopting codes of good ethical practice ✓
- Establishing corporative social responsibility initiatives ✓
- Encouraging employees to adopt ethical behaviour ✓
- Clients' and employees' information is not disclosed/used for the benefit of the business ✓
- Shareholders' and employees' personal interests and business interests do not conflict with one another ✓
- The business tells the truth during a public relations crisis to overcome the issue they are facing. ✓
- Businesses keep promises to their employees, partners, and customers. ✓
- The business shows loyalty when they make decisions that will also benefit their staff, partners, investors, and customers. ✓
- The business shows fairness when it exercises its power justly to all its stakeholders. ✓
- Any other relevant answer related to examples of ethical behaviour in the workplace. NOTE: Mark the first FOUR (4) only. (4 x 1) (4)

3.2 Types of unethical business practices from the statements given

3.2.1 Abuse of work time. ✓✓

3.2.2 Unauthorised use of workplace funds and resources. ✓✓ (2 x 2) (4)

3.3.1 King Code principle from the scenario

Transparency ✓✓ (2)

3.3.2 Other ways in which FTL can apply transparency

- Staffing and other processes ✓ should be open and transparent. ✓
- Employees/Shareholders/Directors should be aware ✓ of the employment policies of the business. ✓
- Auditing and other reports must be accurate/available ✓ to shareholders/employees. ✓
- Regular audits should be done ✓ to determine the effectiveness of the business ✓
- Business deals should be conducted openly ✓ so that there is no hint/sign of dishonesty/corruption. ✓
- Businesses should give details of shareholders' voting rights to them ✓ before/at the Annual General Meeting (AGM). ✓
- The board of directors must report on both the negative and positive impact of the business ✓ on the community/environment. ✓
- The board should ensure ✓ that the company's ethics are effectively implemented. ✓
- Any other relevant answers related to ways in which FTL can apply the King Code principle identified.

NOTE: 1. Do not award marks for responses quoted from the scenario.

2. Accept relevant facts if transparency was incorrectly identified as an answer in QUESTION 3.3.1 **Max. (4)**

3.4 Ways in which businesses could 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 answers related to ways in which businesses could deal with sexual harassment as a type of unprofessional business practice. **Max. (6)**

3.5 Meaning of creative thinking

- Creative thinking is the ability to think of original ✓ and innovative ideas. ✓
- It focuses on exploring ideas/generating possibilities ✓ and looking for many answers. ✓
- Successful businesses always encourage employees to come up with new ideas ✓and new ways of doing things in the workplace. ✓
- Any other relevant answers related to the meaning of creative thinking. **Max. (4)**

3.6 Advantages of creative thinking in the workplace

- Better/Unique/Unconventional ideas/solutions ✓ are generated. ✓
- May give the business a competitive advantage ✓ if unusual/unique solutions/ideas/strategies are implemented. ✓
- Complex business problems ✓ may be solved. ✓
- Productivity increases as management/employees may quickly generate multiple ideas ✓ which utilises time and money more effectively. ✓
- Managers/Employees have more confidence ✓ as they can live up to their full potential. ✓
- Managers will be better leaders ✓ as they will be able to handle/manage change(s) positively and creatively. ✓

- Managers/Employees can develop a completely new outlook ✓, which may be applied to any task(s) they may do. ✓
- Leads to more positive attitudes ✓ as managers/employees feel that they have contributed towards problem solving. ✓
- Improves motivation ✓ amongst staff members. ✓
- Managers/Employees have a feeling of great accomplishment ✓ and they will not resist/obstruct the process once they have personally solved a problem/contributed towards the success of the business. ✓
- Managers/employees may keep up with fast changing technology ✓ which may lead to an increased market share. ✓
- Stimulates initiative from employees/managers ✓, as they are continuously pushed out of their comfort zone. ✓
- Creativity may lead to new inventions ✓ which improves the general standard of living/attracts new investors. ✓
- Businesses can continuously improve on product development ✓ by exploring new ways to enhance growth. ✓
- Any other relevant answer related to the advantages of creative thinking in the workplace. **Max. (6)**

3.7 Problem-solving steps

3.7.1 Identify the problem

- Acknowledge ✓ that there is a problem. ✓
- Identify ✓ the exact problem. ✓
- Break down the problem into smaller parts✓that are easier to solve separately.✓
- Get information and suggestions from everyone who may be affected ✓in order to identify the exact problem. ✓
- Any other relevant answer related to identifying the problem as a problem-solving step. **Max. (2)**

3.7.2 Develop an action plan

- Arrange the necessary resources ✓ and delegate tasks. ✓
- Establish a timeline for implementation✓ and set deadlines. ✓
- Any other relevant answer related to developing an action plan as a problem-solving step. **Max. (2)**

3.8 The positive impact of force field analysis as a problem-solving technique

- 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. ✓
- Enables businesses to strengthen the driving forces ✓ and weaken the restraining forces. ✓
- Businesses are able to have an idea of the timeline required ✓ and the requirements of additional resources. ✓
- Any other relevant answer related to the positive impact of force field analysis as a problem-solving technique. **Max. (6)**

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS VENTURES

4.1 Meaning of leadership

- The ability of an individual or a group of individuals ✓ to influence and guide followers or other members of an organisation. ✓
- Leadership is the act of inspiring subordinates to perform ✓ in order to achieve goals. ✓
- It cannot be taught, ✓ although it may be learned as it is an inborn trait. ✓
- Involves establishing a clear vision and sharing it ✓ with others so that they can willingly follow. ✓
- A leader steps up in times of crisis ✓ and is able to think and act creatively in difficult situations. ✓
- Leaders perform important functions within an organisation✓ and are therefore critical in achieving an organisations goals. ✓
- Leaders have a broad outlook ✓ of an organisation. ✓
- Leaders focus on the vision and mission ✓of the business. ✓
- Leaders consider employees as people first✓, before relating to them as employees. ✓
- Any other relevant answer related to the meaning of leadership. **Max. (4)**

4.2 Situational leadership theory

- Different leadership characteristics are needed ✓ for different situations. ✓
- The task/situation dictates the leadership style that should be applied, ✓ so leaders are adaptable/flexible/self-assured. ✓
- Effective application of this theory may enable leaders ✓ to accomplish their goals. ✓
- Relationships between leaders and employees ✓ are based on mutual trust/respect/loyalty/integrity/honesty. ✓
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions ✓ to complete tasks successfully. ✓
- Leaders analyse group members/objectives/time constraints, ✓ to adopt a suitable/relevant leadership style. ✓
- May lead to conflict ✓ when leaders use different leadership styles/when managing employees in different situations. ✓
- The success of this theory depends on the kind of relationship ✓ that exists between the leader and followers/subordinates/employees. ✓
- Any other relevant answer related to the situational leadership theory. **Max. (4)**

4.3 Factors to be considered when making an investment decision from the scenario.

INVESTMENT DECISION FACTORS	MOTIVATIONS
1. Liquidity✓✓	They are considering investing in a type of investment that can easily be converted to cash. ✓
2. Investment period ✓✓	The management of VM is aware that the duration of the investment may influence the return on investment. ✓
Submax (4)	Submax (2)

(6)

4.4 Impact of fixed deposit

Positives/Advantages

- Interest is earned at a fixed rate ✓ regardless of changes in the economic climate. ✓
- The period of investment ✓ can be over a short/medium/long term. ✓
- Investors can choose the investment period ✓ that suits them. ✓
- Principal amount plus interest earned is paid out ✓ on the maturity date. ✓
- Ensures financial discipline ✓ as investors cannot withdraw their funds before the maturity date. ✓
- Investors earn a better return on investment ✓ than on an ordinary savings account. ✓
- The higher the principal amount/the longer the investment period, ✓ the higher the interest rate offered by a financial institution. ✓
- Any other relevant answer related to the positive impact/advantages of the fixed

AND/OR

Negatives/Disadvantages

- The investor cannot withdraw their funds ✓ before the maturity date. ✓
- Low returns ✓ compared to other investments. ✓
- May not outperform the effect ✓ of inflation over a long term. ✓
- Penalties may be charged ✓ for early withdrawal. ✓
- Any other relevant answer related to the negative impact/disadvantages of fixed deposits. **Max. (6)**

BUSINESS ROLES

4.5 Meaning of professional behaviour

- Set of standards ✓of expected behaviour.✓ /Specific level of competence ✓ and adherence to an ethical code of conduct. ✓
- Includes guidelines on employee's ✓ appearance/communication/responsibility
- Ability/skills expected of a person ✓ who is employed to the job ✓/suitable for a job/profession ✓ done for payment. ✓
- Focuses on upholding the reputation ✓ of a business/profession. ✓
- Focuses on developing a moral compass ✓for decision making.✓
- Applying the code of conduct ✓ of that profession/business. ✓
- Refers to what is right/wrong/acceptable ✓in a business. ✓
- Any other relevant answer related to the meaning of professional behaviour.

Max (4)

4.6 Problem-solving technique

4.6.1 Problem-solving technique used by Nimrod Paints from the scenario

- Brainstorming ✓✓ (2)

4.6.2 The advantages of brainstorming as a problem-solving technique

- People get ideas from others ✓ and build on them. ✓
- Stimulates creative thinking ✓ in the workplace. ✓
- Better solutions are developed ✓ through collective contributions. ✓
- Combinations of ideas/improvements can be chosen ✓ after all the ideas have been written down. ✓
- Employees are motivated ✓ as they are allowed to contribute to problem-solving ✓
- Productivity increases ✓ if the business generates ideas that use time and money more effectively. ✓
- Managers will be better leaders ✓ because they will be able to manage change creatively. ✓
- Creativity may lead to new inventions ✓, which may improve the general standard of living. ✓
- Any other relevant answer related to the advantages of brainstorming as a problem-solving technique. **Max. (4)**

4.7 Challenges posed by unfair advertising as an unethical business practice

- Unfair advertisements could be harmful ✓ to consumers. ✓
- The use of false or misleading statements in advertising leading to 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. ✓
- Deceptive advertising can violate the trust of consumers ✓ and destroy business relationships. ✓
- Any other relevant answer related to how unfair advertising as an unethical business practice poses challenges to businesses. **Max. (6)**

4.8 Ways in which professional, ethical and effective business practice should be conducted.

- Mission statement should include the values of equality/respect. ✓✓
- Businesses should develop equity programmes/promotes 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/public holidays. ✓✓
- Engage in environmental awareness programmes ✓✓/Refrain from polluting the environment by disposing of toxic waste legally. ✓✓
- 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 and free from embarrassment. ✓✓
- Employers and employees need to comply with legislation with regards to equal opportunities/human rights 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 that tasks should be performed. ✓✓
- Draw up a code of ethics/conduct. ✓✓
- On-going development and training for all employees. ✓✓
- Performance management systems/Appraisal systems should be in place. ✓✓
- Adequate internal controls/monitoring/evaluation. ✓✓
- Any other relevant answer related to ways in which professional, ethical and effective business practice should be conducted. **Max. (4)**

[40]

SECTION C

Mark the answers to the FIRST question only.

QUESTION 5: BUSINESS VENTURES (INVESTMENT: SECURITIES)

5.1 Introduction

- The JSE is a formal market, trading in shares, comprising of all the public companies that have been listed. ✓
- Shares give investors the opportunity to obtain a part in the ownership of a company. ✓
- Unit trusts consist of a number of different shares and securities put together and managed by a fund manager. ✓
- Investors can prepare for and finance their future needs by using unit trusts. ✓
- Risk refers to the chance that the invested amount may reduce in value/lost in total over a period of time, due to unforeseen circumstances. ✓
- Any other relevant introduction related to the rights of ordinary shareholders/functions of the Johannesburg Securities Exchange JSE/impact of unit trusts and risk and investment period as factors that should be considered when making investment decisions. Any (2 x 1) (2)

5.2 Rights of ordinary shareholders

Shareholders have a right to:

- vote at the Annual General Meeting. ✓✓
- attend the AGM to learn about the company's performance✓✓
- receive interim and annual reports. ✓✓
- claim on company assets in the event of bankruptcy after all other creditors and preferential shareholders have been paid. ✓✓
- Any other relevant answer related to the rights of ordinary shareholders. Max. (6)

5.3 Functions of the Johannesburg Securities Exchange/JSE

- Raises primary capital ✓by encouraging new investments in listed companies. ✓
- Mobilises the funds of insurance companies ✓ and other institutions. ✓
- Regulates the market ✓ for trading in shares. ✓
- Plans, researches and advises ✓ on investment possibilities. ✓
- Ensures that the market operates ✓ in a transparent manner. ✓
- Provides protection for investors ✓ through strict rules/legislation. ✓
- 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. ✓
- Any other relevant answer related to the functions of the Johannesburg Securities Exchange/JSE. Max. (14)

5.4 Impact of unit trusts

Positives/ Advantages

- Easy to cash in ✓ when an investor needs money. ✓
- A small amount can be invested ✓ per month. ✓
- Generally, beats inflation ✓ on the medium/long term. ✓
- Lowers the potential risk, ✓ allows more people to invest in the fund. ✓
- Managed by a fund manager ✓ who buys shares on the stock exchange/JSE. ✓
- Safe investments, ✓ as it is managed according to rules and regulations. ✓
- The investor has a variety to choose from/a wider range of shares ✓ from lower to higher degrees of risk. ✓
- Easy to invest in, as investors simply complete ✓ a few relevant forms or invest online. ✓
- Fluctuations in unit trust rates of return are often not so severe ✓ because of diversity of the investment fund. ✓
- Offers 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. ✓
- Any other relevant answer related to the positive impact/advantages of unit trust.

AND/OR

Negatives/Disadvantages

- Share prices ✓ may fluctuate. ✓
- Unit trusts are not allowed to borrow, ✓ therefore reducing potential returns. ✓
- Not good for people who want to invest ✓ for a short period. ✓
- Not good for people who want to avoid risks ✓ at all costs. ✓
- 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. ✓
- Bid/Ask prices exist with the price that you can buy a unit for ✓ usually higher than the price you can sell it for – making investment less liquid. ✓
- Any other relevant answer related to the negative impact/disadvantages of unit trust. Max. (14)

5.5 Factors that should be considered when making investment decisions:

5.5.1 Risk

- Shares have low/medium risk over a longer investment period. ✓✓
- Shares with higher risks have a greater potential for higher returns. ✓✓
- Ordinary shares have the highest risk as the investor may lose the full/part of the investment when the company is dissolved/bankrupted/liquidated. ✓✓
- Preference shareholders' risk is lower, as they have preferential claims on the assets of the liquidated company/may receive some compensation before ordinary shareholders. ✓✓
- Share prices are linked to factors that investors cannot control, such as economic conditions/operational success of the company, etc. ✓✓
- Share prices are volatile/unstable/unpredictable/may increase/decrease sharply within hours which contribute to the uncertainty of the value of an investment in shares on the short term. ✓✓
- Any other relevant answer related to risk as an investment decision factor.

Sub max (6)

5.5.2 Return on investment

- Refers to income from the investment, namely interest/dividends/increased capital growth on the original amount invested. ✓✓
- High risk investments yield higher returns. ✓✓
- Generally, there will be a direct link between risk and return. ✓✓
- The return should be expressed as net after-tax gains on the investment. ✓✓
- Returns can be in the form of capital gains where the asset appreciates in value over time. ✓✓
- Any other relevant answer related to return on investment as an investment decision factor.

Sub max (6)

Max. (12)

5.6 Conclusion

- Businesses should invest extra cash to generate more income rather than leaving it in the businesses' current account. ✓✓
- Dividends paid out on ordinary shares will attract more people to invest in a company through JSE. ✓✓
- Anyone can invest in unit trusts as it can be considered one of the most viable forms of investment. ✓✓
- Various factors must be considered before choosing to invest in any business. (2)

[40]

QUESTION 6: BUSINESS ROLES (CREATIVE THINKING AND PROBLEM-SOLVING)

6.1 Introduction

- Decision making forms part of the problem-solving process as it enables businesses to find suitable solutions to problems. ✓
- Businesses apply various problem-solving techniques depending on the nature and complexity of their problems. ✓
- The Delphi technique enables businesses to obtain various objective solutions to problems. ✓
- A force-field analysis enables businesses to consider various factors before changes are made. ✓
- Problem-solving techniques enable businesses to develop strategies to solve complex business problems. ✓
- Creative thinking enables businesses to plan ahead and find new ways of doing things. ✓
- Any other relevant introduction related to the differences between decision making and problem-solving/application of force field analysis and nominal group technique/impact of Delphi technique/ways to create an environment that promotes creative thinking. Any (2 x 1) (2)

6.2 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 during each step✓✓
(Any other relevant answer related to problem-solving)	(Any other relevant answer related to decision making)
Sub Max. (4)	Sub Max. (4)

Max. (8)

6.3 Application of the force field analysis and nominal group technique

6.3.1 Application of the force field analysis

- Describe the current situation/problem ✓ and the desired situation. ✓
- List all driving/pros and restraining/con forces ✓ that will support and resist change. ✓
- Allocate a score to each force using a numerical scale ✓, where 1 is weak and 5 is strong. ✓
- Weigh up the positives and negatives ✓ then decide if the project is viable. ✓
- Choose the force with the highest score ✓ as the solution. ✓
- If the project is viable ✓, find ways to increase the forces for change. ✓
- Identify priorities ✓ and develop an action plan.
- Any other relevant answer related to the application of force field analysis to solve business problems. Sub max (8)

6.3.2 Application of the nominal group technique

- Encourage group to clearly define the problem/to improve the quality of their products ✓ due to various complaints so that all the small groups can work on the same problem. ✓
- The business must divide the employees ✓ into smaller groups. ✓
- Request each employee to silently brainstorm/generate many ideas on his/her own ✓, on how the quality of the product can be improved and to write it down.✓
- Each employee in the small group has the opportunity to present one of his/her ideas/solutions ✓ with a short explanation. ✓
- Appoint one employee to write the ideas/solutions ✓ on a large sheet of paper/capture solutions electronically 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 the application of the nominal group technique to solve business problems. Sub max (8)

6.4 Impact of the Delphi technique

Positives/Advantages

- Businesses may use a group of experts ✓ without bringing them together. ✓
- The experts will give the business clear ideas/solutions ✓ on how to improve on productivity/profitability. ✓
- Information received from experts can be used ✓ to solve complex business problems. ✓
- Experts may give honest/credible opinions ✓ as they do not have a direct/personal interest in the business. ✓
- Conflict may be avoided ✓ especially if all employees are knowledgeable and well qualified. ✓
- Dominating employees may not take over the process ✓ as they do not form part of the problem-solving process. ✓
- It reduces noise levels in an office environment ✓ since there is no group discussion. ✓
- Any other relevant answer to related to the positive impact/advantages of the Delphi-technique on businesses.

AND/OR

Negatives/Disadvantages

- It is an expensive technique to use ✓ due to high administrative costs. ✓
- Not all experts are willing ✓ to give feedback/complete questionnaires ✓
- Some experts might not have an in-depth knowledge ✓ of certain topics. ✓
- Experts' suggestions may not be considered by some employees ✓ so consensus may not be reached. ✓
- May be time consuming/complicated to analyse data ✓ received from experts. ✓
- Any other relevant answer related to the negative impact/disadvantages of the Delphi technique on businesses. Max. (12)

6.5 Ways in which business can create an environment that promotes creative thinking in the workplace

- Encourage alternative ways of working/doing things. ✓✓
- Encourage staff to come up with new ideas/opinions/solutions. ✓✓
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas. ✓✓
- Emphasise the importance of creative thinking to ensure that all staff know that management want to hear their ideas. ✓✓
- Make time for brainstorming sessions to generate new ideas, e.g., regular workshops/generate more ideas/build on one another's ideas. ✓✓
- 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. ✓✓
- Introduce incentives for staff members who come up with useful, creative ideas
- Make sure that the working environment is free from distractions like high noise levels. ✓✓
- Any other relevant answer related to ways in which business can create an environment that promotes creative thinking in the workplace Max. (10)

6.6 Conclusion

- Problem-solving and creative thinking skills allow businesses to make informed decisions and identify future business opportunities. ✓✓
- Businesses must know how to apply problem-solving techniques in order to select relevant techniques to deal with problems that arise. ✓✓
- Creative thinking enables businesses to adapt quickly to the constant changes in the market. ✓✓
- A business environment that promotes creative thinking may experience reduced voluntary turnover as employees' creative thinking skills are developed. ✓✓
- The Delphi technique enables businesses to obtain inputs from a panel of experts, resulting in best decision-making. ✓✓
- Any other relevant conclusion related to the differences between decision making and problem-solving/application of force field analysis and nominal group technique/impact of Delphi technique/ways to create an environment that promotes creative thinking. Any (1 x 2) (2)

TOTAL SECTION C: 40

TOTAL: 150