basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS

BUSINESS STUDIES P1

MAY/JUNE 2026

MARKS: 150

TIME: 2 hours

This question paper consists of 10 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 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 a 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, e.g. QUESTION 1 – new page, QUESTION 2 – new page.

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, e.g. 1.1.6 D.

1.1.1 This Act outlines the minimum requirements of employment contracts for employees:

A Skills Development Act (SDA), 1998 (Act 97 of 1998)
B Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003)
C Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997)
D Employment Equity Act (EEA), 1998 (Act 55 of 1998)

1.1.2 The role of SETAs in supporting the Skills Development Act (SDA), 1998 (Act 97 of 1998), includes …

A overseeing training in different sectors of the economy.
B providing job opportunities for skilled employees.
C training employees to improve productivity in the workplace.
D engaging employees in skills development initiatives.

1.1.3 Themba Coffee Shop added a milkshake station to attract new customers. This type of diversification strategy is known as …

A conglomerate.
B concentric.
C vertical.
D horizontal.

1.1.4 The role of the interviewee during the interview is to …

A record responses for future reference.
B avoid asking questions that are controversial.
C ask clarity-seeking questions about the job.
D explain the purpose of the interview.

1.1.5 Sweets Factory applied quality … when they introduced new techniques to improve the quality of their products.

A management systems
B performance
C circles
D management (5 x 2) (10)

1.2 Complete the following statements by using the word(s) 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.

selection; strength; skills; administration; job specification; socio-economic; job description; opportunity; placement; financial

1.2.1 Golden Technologies provided free internet service to disadvantaged communities when they applied … development as a pillar of Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003).

1.2.2 Smith Bakery has skilled employees who produce high-quality goods. This is classified as a/an … in the SWOT analysis.

1.2.3 The … indicates the minimum personal qualities and qualifications required for a position.

1.2.4 Businesses should outline the specific expectations of the new position during the … procedure.

1.2.5 Paint Solutions implemented debt collecting policies to monitor their cash flow as a quality indicator of the ... function. (5 x 2) (10)

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

COLUMN A	COLUMN B
1.3.1 Human resources development strategy	A focuses on selling existing products in new markets
1.3.2 Annual leave	B ensures that products have the ability to satisfy customers' needs
1.3.3 Market penetration	C increases employee participation in lifelong learning
1.3.4 Time-related	D allows workers to take six weeks paid leave in a period of 36 months
1.3.5 Total quality management	E workers are paid according to the number of hours worked
	F focuses on selling existing products in existing markets
	G increases access to training programmes
	H workers are paid according to the number of items produced
	I allows workers to take 21 consecutive days paid leave per year
	J ensures full involvement of all employees to satisfy customers' needs

(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.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 Name any FOUR forces of Porter's Five Forces model. (4)

2.2 Outline the steps in strategy evaluation. (6)

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

MANDAKHE WHOLESALERS (MW)
Mandakhe Wholesalers distribute garage doors to hardware stores. MW encourage employees to participate in learnerships and logistic training programmes to ensure compliance with legislation.

2.3.1 Name the Act that MW complied with in the scenario above. (2)

2.3.2 Explain other ways in which MW can comply with the Act named in QUESTION 2.3.1. (4)

2.4 Discuss any TWO rights of consumers in terms of the Consumer Protection Act (CPA), 2008 (Act 68 of 2008). (6)

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

PRESTIGE SUPPLIERS (PS)
Prestige Suppliers are experiencing a decline in profit due to a decrease in the demand for their products. PS sold some of their assets that are no longer productive to pay off debts. They terminated the employment contracts of a few employees to reduce costs.

Identify TWO types of defensive strategies applied by PS. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.5.

TYPES OF DEFENSIVE STRATEGIES	MOTIVATIONS
1.	
2.	

(6)

2.6 Discuss the impact of the Employment Equity Act (EEA), 1998 (Act 55 of 1998) on businesses. (6)

2.7 Advise businesses on actions regarded as non-compliance with the Labour Relations Act (LRA), 1995 (Act 66 of 1995). (6)

[40]

QUESTION 3: BUSINESS OPERATIONS

3.1 State any FOUR aspects that should be included in an induction programme. (4)

3.2 Outline the selection procedure as a human resources activity. (6)

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

BOTHA ATTORNEYS (BA)
Joe, the human resources manager at Botha Attorneys, prepared for the interviews of shortlisted candidates. He informed them of the date and place of the interview. Joe developed a set of questions based on the skills required to perform the job. He also matched information provided by the candidates with the requirements of the job.

3.3.1 Quote TWO roles of Joe, the interviewer, before the interview from the scenario above. (2)

3.3.2 Explain other roles of the interviewer before the interview. (4)

3.4 Advise businesses on the legal requirements of an employment contract. (4)

3.5 Outline the benefits of a good quality management system. (4)

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

RAMAN MANUFACTURERS (RM)
Raman Manufacturers produce quality tracking devices for vehicles. They check raw materials and machinery to maintain high standards. RM inspects the tracking devices during and after the production process.

Identify TWO quality concepts applied by RM. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.6.

QUALITY CONCEPTS	MOTIVATIONS
1.	
2.	

(6)

3.7 Discuss the advantages of monitoring and evaluation of quality processes as a total quality management (TQM) element for large businesses. (6)

3.8 Advise businesses on the impact of total quality management (TQM) if poorly implemented. (4)

[40]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Name any TWO types of business sectors. (2)

4.2 Outline the advantages of the National Credit Act (NCA), 2005 (Act 34 of 2005) for businesses. (6)

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

KAGISO RECORDINGS (KR)

Kagiso Recordings develop and promote local artists. KR borrowed money from Regent Bank at a high interest rate as the economic conditions were unstable. Some of KR's artists have decided to enter into contracts with Mandla Records as they offer a reduced joining fee.

4.3.1 Quote TWO challenges for KR from the scenario above. (2)

4.3.2 Classify KR's challenges according to the business environments. (2)

4.3.3 State the extent of control KR has over EACH business environment classified in QUESTION 4.3.2. (2)

Use the table below as a GUIDE to answer QUESTIONS 4.3.1 to 4.3.3.

CHALLENGES (4.3.1)	BUSINESS ENVIRONMENTS (4.3.2)	EXTENT OF CONTROL (4.3.3)
1.		
2.		

4.4 Advise businesses on the penalties for non-compliance with the Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997). (6)

BUSINESS OPERATIONS

4.5 Give any FOUR examples of fringe benefits. (4)

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

BLUEPRINT TRADERS (BT)

Blueprint Traders have a vacancy for a financial manager. BT advertised the vacancy in the business newsletter to attract suitable candidates. They are aware that this method of recruitment will impact on their business.

4.6.1 Name the method of recruitment used by BT in the scenario above. (2)

4.6.2 Discuss the impact of the method of recruitment named in QUESTION 4.6.1 on businesses. (4)

4.7 Explain how quality of performance of the marketing function can contribute to the success of the business. (6)

4.8 Advise businesses on the role of quality circles as part of continuous improvement to processes and systems. (4)
[40]

TOTAL SECTION B: 80

SECTION C

Answer ANY ONE question in this section.

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

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

The strategic management process enables businesses to overcome challenges posed by the business environment. Businesses can use integration strategies or apply the PESTLE factors to find ways to deal with these challenges. Some businesses choose to implement diversification strategies as it has many advantages.

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

- Outline the strategic management process.
- Discuss THREE types of integration strategies.
- Explain ways in which businesses can deal with the challenges posed by the following PESTLE factors:
  - Technological
  - Legal
- Advise businesses on the advantages of diversification strategies. **[40]**

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

Businesses ensure that the general management function enhances their business performance. They apply the PDCA model in order to improve the quality of their products. Some businesses use total client/customer satisfaction and adequate financing and capacity as total quality management (TQM) elements in their business operations. They also investigate ways in which TQM can reduce the cost of quality.

Write an essay on quality of performance in which you include the following aspects:

- Outline the quality indicators of the general management function.
- Explain how businesses can apply the PDCA model/steps to improve the quality of their products.
- Discuss the impact of the following total quality management (TQM) elements on large businesses:
  - Total client/customer satisfaction
  - Adequate financing and capacity
- Recommend 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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SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

BUSINESS STUDIES P1

MAY/JUNE 2026

MARKING GUIDELINES

MARKS: 150

These marking guidelines consist of 31 pages.

NOTES TO MARKERS

PREAMBLE

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

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

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

Marker:	Red
Senior Marker:	Green
Deputy Chief Marker:	Orange
Chief Marker:	Pink
Internal Moderator:	Black/Blue
DBE Moderator:	Turquoise

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

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

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

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

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

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

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

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

    11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g., **Positive**: *'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 Name, state, give, outline, quote, identify, motivate, recommend, suggest, advise *(list not exhaustive)* do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.

    12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that 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 at the marking centre to finalise alternative answers and consult with the Internal Moderator at the DBE for approval in consultation with the UMALUSI external moderators.

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

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

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

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

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

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

15. **SECTION C**

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

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

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, paragraphs and a conclusion?	**2**
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? 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 answers less than 50% (only one sub-question) of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: **Some relevant facts: 1 mark (One '-S')** Where a candidate answers FOUR sub-questions, but one/two/three sub-questions 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 mark (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the questions with no relevant facts; two '-S' appears in the left margin. Award a ZERO mark for synthesis.	**2**
Originality	Is there evidence of one example in any TWO of the four sub-questions, 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. **The candidate must respond to at least any TWO of the four sub-questions in the INTRODUCTION and at least ONE of the four sub-questions in the CONCLUSION. Verbatim quoting of definitions/facts from credible sources is strongly discouraged.**
2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
3. **No marks will be awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.**
4. **No marks will be awarded for contents repeated from the introduction and conclusion.**

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

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

15.5 Mark all relevant facts until the 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 C √√
1.1.2 A √√
1.1.3 B √√
1.1.4 C √√
1.1.5 D √√

(5 x 2) **(10)**

1.2
1.2.1 socio-economic √√
1.2.2 strength √√
1.2.3 job specification √√
1.2.4 placement √√
1.2.5 financial √√

(5 x 2) **(10)**

1.3
1.3.1 C √√
1.3.2 I √√
1.3.3 F √√
1.3.4 E √√
1.3.5 J √√

(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 answers to the FIRST TWO questions only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Forces of Porter's Five Forces model**
- Bargaining power of suppliers/Power of suppliers √
- Bargaining power of buyers/Power of buyers √
- Threat/Barriers to new entrants to the market √
- Competitive rivalry/Power of competitors √
- Threat of substitution/substitutes √

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

2.2 **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 as envisaged when strategies were implemented. √√
- Consider the impact of the strategic implementation in the internal and external environments of the business. √√
- Any other relevant answer related to the steps in strategy evaluation.

NOTE: Accept steps in any order.

Max (6)

2.3 **Legislation**

2.3.1 Skills Development Act/SDA √√ **(2)**

2.3.2 **Other ways MW/businesses can comply with the Skills Development Act/SDA**
- Businesses/Employers who collect PAYE should register √ with the relevant SETAs. √
- One per cent (1%) of an employer's payroll √ has to be paid over to the SETA through SARS. √
- MW/Businesses should register with SARS √ in the area in which their business is classified (in terms of the SETA). √
- Employers should submit a workplace skills plan √ and provide evidence that it was implemented. √
- Businesses with more than 50 employees √ must appoint a skills development facilitator. √
- Assess the skills of employees √ to determine areas in which skills development are needed. √
- Provide all employees with the opportunity √ to improve their skills. √

- MW/Businesses should display a summary of the SDA √ in the business where it is visible to all employees. √
- Any other relevant answer related to other ways in which MW/businesses can comply with the SDA.

NOTE: 1. **Do not award marks for 'MW encourage employees to participate in learnerships and logistic training programmes to ensure compliance with legislation'.**
2. **Accept relevant facts if the Act was incorrectly identified as an answer in QUESTION 2.3.1.**

Max (4)

2.4 **Rights of consumers in terms of the Consumer Protection Act/CPA**

2.4.1 **Right to choose** √√

Consumers have the right to:
- choose suppliers and/or goods. √
- shop around for the best prices. √
- return goods that are unsafe/defective for a full refund. √
- reject goods that are not of the same quality as the sample marketed. √
- cancel/renew fixed-term agreements. √
- request written quotations and cost estimates. √

Right (2)
Discussion (1)
Submax (3)

2.4.2 **Right to privacy** √√
- Consumers have the right to stop/restrict unwanted direct marketing. √
- They can object to unwanted promotional e-mails/telesales. √
- They have the right to stop/lodge complaints about the sharing of their personal details. √

Right (2)
Discussion (1)
Submax (3)

2.4.3 **Right to fair and honest dealings** √√
- Suppliers may not use physical force or harass customers. √
- Suppliers may not give misleading/false information. √
- Businesses may not promote pyramid schemes and/or chain-letter schemes. √
- Businesses may not overbook/oversell goods/services and then not honour the agreement. √

Right (2)
Discussion (1)
Submax (3)

2.4.4 **Right to disclosure and information** √√
- Contracts and agreements should be in plain language and easy to understand. √
- Businesses should display prices, which are fully inclusive/disclosing all costs. √
- Businesses should label products and trade descriptions correctly. √
- Consumers may request the unit and bulk price of the same product. √
- If two prices for the same product are displayed, consumers should pay the lower price. √
- All information related to the country of origin, expiry dates/ingredients of the products should be disclosed. √

Right (2)
Discussion (1)
Submax (3)

2.4.5 **Right to fair and responsible marketing** √√
- Businesses should not mislead consumers on pricing/benefits/uses of goods and services. √
- Consumers may cancel purchases made through direct marketing within five working days/cooling off-period. √

Right (2)
Discussion (1)
Submax (3)

2.4.6 **Right to fair value/good quality and safety** √√
- Consumers may demand quality services/goods. √
- They may receive an implied/written warranty. √
- To be informed and receive guidance about hazardous/dangerous products. √
- Reject goods that are not the same as the sample marketed. √
- Return faulty items if the fault occurs within six months after purchasing the item. √

Right (2)
Discussion (1)
Submax (3)

2.4.7 **Right to accountability by suppliers** √√
- Consumers have the right to be protected in lay-bye agreements. √
- Businesses should honour credit vouchers and prepaid services. √

Right (2)
Discussion (1)
Submax (3)

2.4.8 **Right to fair/just and reasonable terms and conditions** √√
- Businesses should provide consumers with written notices of clauses that may limit consumer rights. √
- Businesses may not market/sell goods at unfair prices. √

Right (2)
Discussion (1)
Submax (3)

2.4.9 **Right to equality in the consumer market** √√
- Businesses should not limit access to goods and services. √
- Businesses may not vary the quality of their goods supplied to different consumers. √
- Businesses should not discriminate when marketing their products and services in different areas/places. √
- Businesses may not charge different prices for the same goods/services. √

Right (2)
Discussion (1)
Submax (3)

- Any other relevant answer related to rights of consumers in terms of the CPA.

NOTE: Mark the first TWO (2) only.

Max (6)

2.5 **Types of defensive strategies from the scenario**

TYPES OF DEFENSIVE STRATEGIES	MOTIVATIONS
1. Divestiture √√	PS sold some of their assets that are no longer productive to pay off debts. √
2. Retrenchment √√	They terminated the employment contracts of a few employees to reduce costs. √
Submax (4)	Submax (2)

NOTE:
1. **Mark the first TWO (2) only.**
2. **Award marks for the types of defensive strategies even if the quotes are incomplete.**
3. **Do not award marks for motivations if the types of defensive strategies were incorrectly identified.**
4. **Accept responses in any order.**

Max (6)

2.6 **Impact of the Employment Equity Act/EEA on businesses**
Positives/Advantages
- Encourages consultation √ between employer and employees. √
- Treat employees fairly √ and promote/provide equal opportunities in the workplace. √
- Impacts positively √ on BEE ratings for businesses. √
- Appointment process is clearly defined, √ so all parties are well informed. √
- Motivates employees because the workforce √ is more diverse/representative/ inclusive. √
- Motivates employees because everyone has √ the same employment opportunities. √
- Promotes the implementation of affirmative action measures √ to redress the imbalances in employment. √
- Provides employees with legal recourse √ if they have been unfairly discriminated against. √

- Provides all employees with an equal opportunity √ to be selected/appointed/ promoted in a position. √
- Prevents unfair discrimination √ as it ensures that the workforce represents the demographics of the country. √
- Creates a framework √ of acceptable employment practices/affirmative action measures. √
- Encourages diversity in business √ by employing people from various racial backgrounds. √
- Businesses are in a better position √ to negotiate contracts with the government. √
- Certified psychometric tests may be used √ to assess applicants/employees to ensure that they are suitable for the vacancy. √
- Any other relevant answer related to the positive impact/advantages of the EEA on businesses.

AND/OR

Negatives/Disadvantages
- Increased administration burden, √ as businesses must compile/submit employment equity reports every two years. √
- Expensive to train/employ someone √ who knows little about the Act. √
- Other groups may not respect the knowledge/skills/experience of an EEA appointment √ and may lead to conflict. √
- Fines/Penalties for non-compliant businesses √ may be expensive for the business. √
- Employers have to appoint one or more senior managers to ensure the implementation of the plan, √ which increases salary expenditure. √
- Skilled people from designated groups may demand higher salaries √ which increase salary expenses. √
- Job hopping of skilled/trained EEA appointees √ may increase staff turnover. √
- Diversity in the workplace √ may lead to conflict/unhappiness. √
- Businesses must submit a compliance certificate √ before they can conduct business with state businesses. √
- Businesses are sometimes pressurised to appoint an unsuitable person √ to meet EEA requirements. √
- Often positions go unfilled √ because there are no suitable EEA candidates. √
- Any other relevant answer related to the negative impact/disadvantages of the EEA on businesses.

Max (6)

2.7 **Actions regarded as non-compliance with the Labour Relations Act/LRA**
- Unfair/Illegal dismissal of employees. √√
- Preventing employees from forming and joining trade unions. √√
- Refusing the establishment of workplace forums. √√
- Forcing employees to give up trade union membership and representation. √√
- Not allowing employees to take part in legal strikes. √√
- Dismissing employees who participate in legal strikes. √√
- Cancellation of employees' contracts by a new employer when a business is sold. √√

- Refusing to give workplace forum members paid time off for attending meetings during working hours. √√
- Refusing leave to trade union representatives to attend trade union activities. √√
- Breaching of collective agreements/resolution mechanisms by either employer/employee. √√
- Any other relevant answer related to the actions that are regarded as non-compliance with the LRA.

Max (6)
[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	4
2.2	6
2.3.1	2
2.3.2	4
2.4	6
2.5	6
2.6	6
2.7	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS

3.1 **Aspects that should be included in an induction programme**

- Introduction to key people and immediate colleagues. √
- Safety regulations and rules. √
- Overview of the business. √
- Tour of the premises. √
- Discussion of the employment contract and conditions of service. √
- Discussion of employee benefit. √
- Information about the business products/services. √
- Meeting with senior management who will explain the company's vision/value descriptions/daily tasks. √
- Conditions of employment such as working hours/leave application process/ disciplinary procedures. √
- Administration details on systems/processes/logistics. √
- Discussion of personnel policies such as making private phone calls/using the internet. √
- Corporate social responsibility programmes. √
- Any other relevant answer related to aspects that should be included in an induction programme.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

3.2 **Selection procedure**

OPTION 1

- Determine fair assessment criteria on which selection will be based. √√
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications. √√
- Sort the received documents/CVs according to the assessment/selection criteria. √√
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest. √√
- Preliminary interviews are conducted if many suitable applications were received/to identify suitable applicants. √√
- Reference checks/Vetting process should be made to verify the content of CVs/regarding work experience/criminal records/qualifications. √√
- Compile a shortlist of potential candidates identified. √√
- Shortlisted candidates may be subjected to various types of selection tests such as skills tests. √√
- Invite shortlisted candidates for an interview. √√
- A written offer is made to the selected candidate. √√
- Inform unsuccessful applicants about the outcome of their application. √√/ Some advertisements indicate the deadline for informing only successful candidates. √√
- Any other relevant answer related to the selection procedure as a human resources activity.

OR

OPTION 2

- Receive documentation such as application forms and sort it according to the criteria of the job. √√
- Evaluate CVs and create a shortlist/Screen the applicants. √√
- Check information in the CVs and contact references. √√
- Conduct preliminary sifting interviews to identify applicants who are not suitable for the job, although they meet all requirements. √√
- Assess/Test candidates who have applied for senior positions/to ensure the best candidate is chosen. √√
- Conduct interviews with shortlisted candidates. √√
- Offer employment in writing to the selected candidate(s). √√
- Any other relevant answer related to the selection procedure as a human resources activity.

NOTE: The procedure may be in any order.

Max (6)

3.3 **Roles of the interviewer before the interview**

3.3.1 **Roles of the interviewer before the interview from the scenario**

- He informed them of the date and place of the interview. √
- Joe developed a set of questions based on the skills required to perform the job. √

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

(2 x 1) (2)

3.3.2 **Other roles of the interviewer before the interview**

- Book and prepare √ the venue for the interview. √
- Set the interview date √ and ensure that all interviews take place on the same date, if possible. √
- Notify all panel members conducting the interview √ about the date and place of the interview. √
- Check/Read the application/Verify the CV of every candidate √ for anything that may need to be explained. √
- Plan the programme for the interview √ and determine the time that should be allocated to each candidate. √
- Allocate the same amount of time √ to interview each candidate on the programme. √
- Any other relevant answer related to other roles of the interviewer before the interview.

NOTE: Do not award marks for responses that are quoted from the scenario in QUESTION 3.3.1.

Max (4)

3.4 **Legal requirements of an employment contract**
- The employer and employee/Both parties must sign the contract. √√
- Employer and employee must agree to any changes to the contract. √√
- No party may unilaterally change aspects of the employment contract. √√
- The remuneration package/including benefits must be clearly indicated. √√
- The employment contract may not contain any requirements that are in conflict with the BCEA. √√
- Aspects of the employment contract can be renegotiated during the course of employment. √√
- The employer must explain the terms and conditions of the employment contract to the employee. √√
- Conditions of employment/duties/responsibilities of the employees must be stipulated clearly. √√
- All business policies/procedures/disciplinary codes/rules must form part of the employment contract. √√
- The employer must allow the employee to thoroughly read through the contract before it is signed. √√
- The employment contract should include a code of conduct and code of ethics. √√
- Any other relevant answer related to the legal requirements of an employment contract.

Max (4)

3.5 **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 goal 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 (4)

3.6 **Quality concepts from the scenario**

QUALITY CONCEPTS	MOTIVATIONS
1. Quality control √√	They check raw materials and machinery to maintain high standards. √
2. Quality assurance √√	RM inspects the tracking devices during and after the production process. √
Submax (4)	Submax (2)

NOTE: 1. Mark the first TWO (2) only.
2. Award marks for quality concepts even if the motivations were incomplete.
3. Do not award marks for motivations if the quality concepts were incorrectly identified.
4. Accept responses in any order.

Max (6)

3.7 **Advantages of monitoring and evaluation of quality processes as a total quality management/TQM element for large businesses**

- Prevents product defects √ and minimises wastage/customer complaints. √
- Good quality checks/procedures minimise √ the replacement/breakdown of equipment/machinery on a regular basis. √
- May be equipped to get things done right √ the first time. √
- Improve performance √ and maintain high quality standards. √
- Improve current and future management √ of quality outputs/outcomes/ impact. √
- Provide clear indication about quality aspects √ that are contributing to the achievement of goals/targets. √
- Modify interventions that may improve √ the efficient use of resources. √
- Support management to acquire information needed √ to make informed decision about processes. √
- Cost of production is reduced √ as deviations from set standards can be corrected. √
- Strategies are revised √ in order to improve the quality of the product and services/business image. √
- Allows for quality control checks √ and procedures at key points. √
- Key performance indicators are carefully selected √ to monitor and evaluate the outcome. √
- Benchmarking is used to find best practices √ in order to determine the competitive position of the business. √
- Quality circles meet on regular basis √ to evaluate the progress in terms of quality. √
- Continuous research is conducted on latest developments √ to ensure that TQM planning is up to date. √
- Any other relevant answer related to the advantages of monitoring and evaluation of quality processes as a TQM element for large businesses.

Max (6)

3.8 **Impact of total quality management/TQM if poorly implemented**

- Setting unrealistic deadlines that may not be achieved. √√
- Employees may not be adequately trained resulting in low-quality products. √√
- Decline in productivity, because of stoppages. √√
- Businesses may not be able to make necessary changes to 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. √√
- Investors might withdraw investment, if there is a decline in profits. √√
- 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)
[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	6
3.3.1	2
3.3.2	4
3.4	4
3.5	4
3.6	6
3.7	6
3.8	4
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Types of business sectors**
- Primary sector √
- Secondary sector √
- Tertiary sector √

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

4.2 **Advantages of the National Credit Act/NCA for businesses**
- 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 advantages of the NCA for businesses.

Max (6)

4.3 **Challenges of the business environments and the extent of control**

CHALLENGES (4.3.1)	**BUSINESS ENVIRONMENTS (4.3.2)**	**EXTENT OF CONTROL (4.3.3)**
1. KR borrowed money from Regent Bank at a high interest rate as the economic conditions were unstable. √	Macro environment √	No control √
2. Some of KR's artists have decided to enter into contracts with Mandla Records as they offer a reduced joining fee. √	Market environment √	Partial/Some/ Limited/Less/ Little control √
Max (2)	**Max (2)**	**Max (2)**

NOTE:
1. **Mark the first TWO (2) challenges only.**
2. **If the business environment is not linked to the challenge, mark the challenge only.**
3. **Award marks for the business environments even if the extent of control is not indicated/incorrect.**
4. **The extent of control must be linked to the business environment.**
5. **Do not award marks for the extent of control if the business environment is not mentioned.**
6. **Accept responses in any order.**

4.4 **Penalties for non-compliance with the Compensation for Occupational Injuries and Diseases Amendment Act/COIDA**

- Businesses that do not comply with COIDA may receive a compliance order from the Department of Employment and Labour/ the Compensation Commissioner, which forces the business to comply with the Act. √√
- Businesses can be fined for refusing to lodge the claim/contravening the Act. √√
- Businesses can be forced to make large payments if they do not take/ implement the necessary precautions to reduce accidents/fatalities/promote health and safety in the workplace. √√
- They may be forced to pay any recovery costs required by the Compensation Fund. √√
- Employees may take businesses to court for not registering them with the Commissioner of the Compensation Fund. √√
- If businesses are found guilty of any misconduct, they will have to pay large penalties/face imprisonment. √√
- Any other relevant answer related to the penalties for non-compliance with 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 answer related to examples of fringe benefits.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

4.6 **Method of recruitment**

4.6.1 **Method of recruitment from the scenario**

Internal recruitment √√

(1 x 2) (2)

4.6.2 **Impact of internal recruitment on businesses**

Positives/Advantages

- Cheaper/Quicker to fill the post √ as this method focuses on promoting existing employees. √
- Placement is easy, √ as management knows the employees' skills/personality/ experience/strengths. √
- Provides opportunities for career paths √ within the business. √
- The employee already understands how the business operates, √ induction/training is not always necessary. √
- Reduces the chances of losing employees, √ as future career prospects are available. √

- Detailed, reliable information can be obtained √ from the supervisors/ employee records. √
- Any other relevant answer related to the positive impact/advantages of internal recruitment on businesses.

AND/OR

Negatives/Disadvantages
- Current employees may not bring/close the door to/new ideas √ into the business/from outsiders. √
- Promoting a current employee may cause resentment √ among other employees. √
- Promotion may disrupt business operations √ as it creates open vacancies that need to be filled. √
- The number of applicants is limited √ to current staff only. √
- Employees who do not really have the required skills for the new job √ may be promoted. √
- Current employees may need to be trained/developed √ before they can be promoted, which can be expensive. √
- Staff that is not promoted may feel demotivated √ which may hamper productivity. √
- Any other relevant answer related to the negative impact/disadvantages of internal recruitment on businesses.

NOTE: Accept relevant facts even if the method of recruitment was incorrectly identified as an answer in QUESTION 4.6.1.

Max (4)

4.7 **Contribution of the marketing function to the success of the business**
- Winning customers by satisfying √ their needs/wants/building positive relationships. √
- Adhering to ethical advertising practices √ when promoting products/ services. √
- Identifying a competitive advantage √ to focus/improve on marketing strengths. √
- Differentiating products √ in order to attract more customers. √
- Constantly reviewing value issues √ to avoid negative publicity. √
- Communicating effectively with customers √ to get feedback about their experience of products sold/services rendered. √
- Co-ordinating distribution √ with production and advertising strategies. √
- Using pricing techniques √ to ensure a competitive advantage. √
- Determining gaps between customer expectations and actual experiences, √ so that problems/unhappiness may be diagnosed and addressed. √
- Making adjustments and changes to products/services based on feedback √ from customers/results of market research. √
- Using aggressive advertising campaigns √ to sustain/increase the market share. √
- Any other relevant answer related to how the quality of performance of the marketing function can contribute to the success of the business.

Max (6)

4.8 **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/motivation to boost the team 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/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 (4)
[40]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	2
4.2	6
4.3.1	2
4.3.2	2
4.3.3	2
4.4	6
4.5	4
4.6.1	2
4.6.2	4
4.7	6
4.8	4
TOTAL	40

TOTAL SECTION B: 80

SECTION C

Mark ONLY the FIRST answer.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

5.1 **Introduction**

- The strategic management process is implemented by businesses in order to improve the performance of the business. √
- Businesses use integration strategies to reduce competition and gain control over suppliers and distributors. √
- Businesses apply strategies to respond to the challenges posed by PESTLE factors. √
- Diversification strategies enable businesses to minimise the general slow-down in business activities in the industry. √
- Any other relevant introduction related to the strategic management process/types of integration strategies/ways to deal with challenges posed by technological/legal PESTLE factors/advantages of diversification strategies.

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**

5.3.1 **Forward vertical integration** √√

- A business combines with or takes over its distributors √ down the supply chain/production chain. √/The business merges with businesses that were once their customers, √ while still maintaining control of the initial/primary business activity. √
- Involves expansion of business activities √ to gain control over the direct distribution of the products/services. √
- The business takes over the distribution system √ and sells products/services directly to consumers/customers. √
- Increases profitability √ as the intermediary/distributor/middleman is excluded. √
- Any other relevant answer related to forward vertical integration as a type of integration strategy.

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

5.3.2 **Backward vertical integration** √√

- The business combines with/merges/takes over its suppliers √ up the supply chain/production chain. √/The business expands its role √ to fulfil activities/tasks that were formerly/previously completed by 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 vertical integration as a type of integration strategy.

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

5.3.3 **Horizontal integration** √√

- A business takes control of/incorporates other businesses √ in the same industry/which produce/sell the same/similar goods/services. √/It is the acquisition /takeover of a related business √ that operates at the same level of supply chain in the industry. √
- The aim is to reduce √ the threat of competition/substitute products/services. √
- Increases the market share/sales/profits √ and enhances production/ distribution. √
- Suitable for businesses that operate in multiple geographical areas √ through joint ventures/licensing/franchising. √
- Any other relevant answer related to horizontal integration as a type of integration strategy.

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

NOTE: Mark the first THREE (3) only.

Max (12)

5.4 Ways in which businesses can deal with challenges posed by PESTLE factors

5.4.1 Technological

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

Submax (6)

5.4.2 Legal

- Comply with all relevant legislation √ that may impact on businesses. √
- Comply with the legal requirements for operating businesses, √ such as licence/trade mark registration/patents. √
- Budget for high legal establishment/start-up costs √ that are required to register the business. √
- Businesses must know/understand the legalities of business contracts √ so that they comply with all the requirements. √
- Any other relevant answer related to ways in which businesses can deal with challenges posed by legal factor of the PESTLE analysis.

Submax (6)
Max (12)

5.5 Advantages of diversification strategies

- Increases sales/revenue/income and business growth. √√
- Improves the business brand/image/brand awareness of the business. √√
- Reduces the risk of relying only on one product for sales/revenue/income. √√
- Businesses gain more technological capabilities through product modification. √√
- Sustainable profitability from different product lines during times of fluctuating economic activities. √√
- Businesses produce more output using less inputs as one factory may be used to manufacture more products. √√
- Enables businesses to retain their competitive advantage by meeting the needs of current/new customers/expanding into new unexplored markets. √√
- Allow businesses to remain relevant/functional/operational in a dynamic business environment. √√
- Enable businesses to establish additional markets in unrelated markets/industries. √√
- Any other relevant answer related to the advantages of diversification strategies.

Max (10)

5.6 **Conclusion**

- The strategic management process enables management to achieve the long-term goals of the business. √√
- Businesses use integration strategies to combine resources effectively with their suppliers and distributors. √√
- Businesses should be able to deal with challenges posed by the legal and technological factors to avoid decline in sales. √√
- The addition of new products during the implementation of diversification strategies may result in achieving greater profitability. √√
- Any other relevant conclusion related to the strategic management process/types of integration strategies/ways to deal with challenges posed by technological/legal PESTLE factors/advantages of diversification strategies.

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

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

<table>
<tr><th>DETAILS</th><th>MAXIMUM</th><th>TOTAL</th></tr>
<tr><td>Introduction</td><td>2</td><td rowspan="6">Max 32</td></tr>
<tr><td>Strategic management process</td><td>12</td></tr>
<tr><td>Types of integration strategies</td><td>12</td></tr>
<tr><td>Ways to deal with challenges posed by PESTLE factors:
○ Technological
○ Legal</td><td>12</td></tr>
<tr><td>Advantages of diversification strategies</td><td>10</td></tr>
<tr><td>Conclusion</td><td>2</td></tr>
<tr><td>INSIGHT</td><td></td><td rowspan="5">8</td></tr>
<tr><td>Layout</td><td>2</td></tr>
<tr><td>Analysis/Interpretation</td><td>2</td></tr>
<tr><td>Synthesis</td><td>2</td></tr>
<tr><td>Originality/Examples</td><td>2</td></tr>
<tr><td>TOTAL MARKS</td><td></td><td>40</td></tr>
</table>

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

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

6.1 **Introduction**
- The general management function steers the businesses towards achieving its goals and objectives. √
- The PDCA model enables businesses to analyse each step of the model and eliminate duplication of activities. √
- Businesses should provide quality products/services in order to achieve customer satisfaction. √
- Businesses that implement total quality management effectively reduce the cost of quality and may dominate a larger share of the market. √
- Any other relevant introduction related to the quality indicators of the general management function/steps of PDCA model/impact of total client/customer satisfaction and adequate financing and capacity/ways in which TQM can reduce the cost of quality.

Any (2 x 1) (2)

6.2 **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 seek 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 (8)

6.3 **Application of PDCA model/steps**
Plan √√
- The business should identify the problem √ and develop a plan for improvement to processes and systems. √
- Answer questions √ such as 'what to do'/ 'how to do it'. √
- Plan the new method and approach √ to improve the quality of their products. √
- The plan must be logical/sequential √ for implementers to understand it. √

Step (2)
Explanation (2)
Submax (4)

Do √√
- Businesses should implement √ the change on a small scale. √
- Implement the processes and systems √ as planned. √
- During this step, the implementers aim to effectively/accurately √ execute the change based on the plan/method. √
- This step is essential in determining √ whether the change has viability/potential. √

Step (2)
Explanation (2)
Submax (4)

Check/Analyse √√
- Use data to analyse √ the results of change. √
- Determine whether it made a difference √ and what needs to be improved. √
- Check whether the processes √ are working effectively. √
- Businesses should assess, plan and establish √ if it is working/if things are going according to plan. √

Step (2)
Explanation (2)
Submax (4)

Act √√
- Institutionalise the improvement √ to meet the needs of the business. √
- Devise strategies √ on how to continually improve operational procedures. √
- If the change was successful, √ implement it on a wider scale. √
- The business should continuously revise the process √ to identify and improve on short coming/until they get it right. √

Step (2)
Explanation (2)
Submax (4)

- Any other relevant answer related to how businesses can apply the PDCA model/steps to improve the quality of their products.

Max (16)

6.4 **Impact of total quality management/TQM elements on large businesses**

6.4.1 **Total client/customer satisfaction**

Positives/Advantages
- Large businesses use market research/customer surveys √ to measure/monitor customer satisfaction/reaction time to changing customer demands/analyse customers' needs. √
- Continuously promote √ a positive company image. √
- May achieve a state of total client/customer satisfaction, √ if businesses follow sound business practices that incorporate 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
- Large businesses that became complacent with the existing customers satisfaction/target market √ may experience limited long- term growth potential. √
- Employees who seldom come into contact with customers √ often do not have a clear idea of what will satisfy their needs. √
- Monopolistic companies 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.

Submax (6)

6.4.2 **Adequate financing and capacity**
Positives/Advantages
- Large businesses have sufficient financing √ to test everything before implementing. √
- They can afford to have systems in place √ to prevent errors in processes/defects in raw materials/products. √
- Able to afford product research/market researchers √ to gather information about products/customers. √/Large businesses can fund programmes √ aimed at improving quality processes. √
- Large businesses can afford to purchase √ quality raw materials and equipment. √
- Any other relevant answer related to the positive impact/advantages of adequate financing and capacity as a TQM element on large businesses.

AND/OR

Negatives/Disadvantages
- If the demand for a business product increases/orders begin coming in faster than expected, √ the business may lack the capital required to fund the production of the stock/to fill the orders. √
- These rapidly growing businesses can consume large amounts of capital √ as they try to balance normal operations and expansion. √
- Any other relevant answer related to the negative impact/disadvantages of adequate financing and capacity as a TQM element on large businesses.

Submax (6)
Max (12)

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 past 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**

- Quality indicators of the general management function play an important role in delivering quality performance for the success of the business. √√
- PDCA model enables businesses to continuously check the processes and systems to improve the quality of their products. √√
- Businesses that focus on satisfying their customer's needs will increase sales. √√
- The management of businesses will minimise losses on faulty products when they implement ways to reduce the cost of quality. √√
- Any other relevant conclusion related to the quality indicators of the general management function/steps of PDCA model/impact of total client/customer satisfaction and adequate financing and capacity/ways in which 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 general management function	**8**	
Application of PDCA model	**16**	
Impact of TQM elements on large businesses: ○ Total client/customer satisfaction ○ Adequate financing and capacity	**12**	
Ways in which TQM can reduce the cost of quality	**10**	
Conclusion	**2**	
INSIGHT		**8**
Layout	**2**	
Analysis/Interpretation	**2**	
Synthesis	**2**	
Originality/Examples	**2**	
TOTAL MARKS		**40**

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

TOTAL SECTION C: 40
GRAND TOTAL: 150