Downloaded from Stanmorephysics.com

Western Cape Government
Education
FOR YOU

COMMON PAPER

GRADE 12
BUSINESS STUDIES

TRIAL EXAMINATION
PAPER 1
03 SEPTEMBER 2026

EXAMINER: CAPE WINELANDS EDUCATION DISTRICT

MODERATOR: WEST COAST EDUCATION DISTRICT

MARKS: 150

TIME: 2 hours

This exam paper consists of 10 pages.

Downloaded from Stanmorephysics.com

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 first TWO questions in SECTION B and the FIRST question in SECTION C will be marked.

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

4. Except 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**	**30**
B: THREE direct/indirect-type questions CHOICE: Answer any TWO.	**2**	**40**	**30**
	3	**40**	**30**
	4	**40**	**30**
C: TWO essay-type questions CHOICE: Answer any ONE.	**5**	**40**	**30**
	6	**40**	**30**
TOTAL		**150**	**120**

7. Begin the answer to EACH question on a NEW page, e.g. QUESTION 1 – new page, QUESTION 2 – new page.

8. You may use a non-programmable calculator.

9. Write neatly and legibly.

Downloaded from Stanmorephysics.com

SECTION A (COMPULSORY)

QUESTION 1

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

1.1.1 Businesses that comply with the … promote collective bargaining in the workplace.

A Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997)
B Skills Development Act (SDA),1998 (Act 97 of 1998)
C Labour Relations Act (LRA), 1995 (Act 66 of 1995)
D Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)

1.1.2 Nova Cellphone Manufacturers implemented the … integration strategy when they purchased a group of stores that sell their mobile phones directly to the public.

A horizontal
B backward
C intensive
D forward

1.1.3 Travel Solutions (Pty) Ltd operates in the ... sector, as it provides travel and tourism services directly to its clients.

A tertiary
B public
C primary
D secondary

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

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

Stanmorephysics.com

1.1.5 A quality indicator in the ... function is the provision of regular and positive press releases.

A administration
B public relations
C general management
D human resources (5 x 2) (10)

Downloaded from Stanmorephysics.com

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.

social responsibility; strength ; assurance; dismissal; induction; control; ownership; placement; weakness; resignation

1.2.1 It is during ... that the business determines the relationship between the requirements of the job and the new employee's competencies.

1.2.2 The management of Sea View Supermarket identified a ... when they established that the business's cashiers lacked the skills to use the new cash registers.

1.2.3 Ed Sheeran's employment contract was terminated due to … because he decided to leave his job voluntarily.

1.2.4 Vamos Limited applied … as a BBBEE pillar when they sold some of the company's shares to black people at a reduced price.

1.2.5 NUR Motor Manufacturers implemented quality … by ensuring that required standards were met at every stage of the production process before the vehicles were delivered to customers.

(5 x 2) (10)

Downloaded from Stanmorephysics.com

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	Annual leave	A	describe the minimum personal qualities needed for a specific job
1.3.2	Human resources development strategy	B	workers are paid according to the number of items produced
1.3.3	Job description	C	increase employee participation in lifelong learning
1.3.4	Total Quality Management	D	allows workers to take six weeks paid leave in a period of 36 months
1.3.5	Time-related	E	ensures that products have the ability to satisfy customers' needs
		F	workers are paid according to the number of hours worked
		G	increase access to training programmes
		H	ensures full involvement of all employees to satisfy customers' needs
		I	allows workers to take 21 consecutive days paid leave per year
		J	describe the duties and responsibilities of a specific job

(5 x 2) (10)

TOTAL SECTION A: 30

Downloaded from Stanmorephysics.com

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 THREE consumer rights as stipulated in the Consumer Protection Act (CPA), 2008 (Act 68 of 2008). (3)

2.2 Outline the rights of employers in terms of the Labour Relations Act (LRA), 1995 (Act 66 of 1995). (6)

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

UBUNTU DISTRIBUTORS (UD)

Ubuntu Distributors specialises in distributing the latest smartphones, wireless earphones and gaming accessories to retailers. UD pays female sales representatives more than male sales representatives who perform work of equal value. The business also provides free transport to employees who work late.

2.3.1 Identify the Act that UD failed to comply with in the scenario above. Motivate your answer by quoting from the scenario above. (3)

2.3.2 Explain ways in which UD can comply with the Act identified in QUESTION 2.3.1 above. (4)

2.4 Discuss the role/functions of SETAs in supporting the Skills Development Act (SDA),1998 (Act 97 of 1998). (6)

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

PIXEL WORLD (PW)

Pixel World sells video games, video gaming consoles and accessories to young customers. PW then introduced a range of sneakers that is unrelated to its current products to its existing customers. Then they upgraded the interior of their stores. PW further acquired a health food company which may appeal to new groups of customers.

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

Use the table below as GUIDE to answer QUESTION 2.5

DIVERSIFICATION STRATEGIES	MOTIVATIONS
1. 2.	

(6)

2.6 Discuss the impact of the Skills Development Act, 1998 (Act 97 of 1998) on businesses. (6)

2.7 Recommend ways in which businesses can deal with the challenges posed by the economic factor of the PESTLE-analysis. (6)

[40]

Downloaded from Stanmorephysics.com

QUESTION 3: BUSINESS OPERATIONS

3.1 Name FOUR aspects that must be included in the induction programme. (4)

3.2 Outline the recruitment procedure as human resource activity. (6)

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

SPARK DIGITAL MEDIA (SDM)

Spark Digital Media creates social media campaigns and short videos for popular music and lifestyle brands. SDM received numerous applications for a vacant junior social media content creator position. The human resources manager verified the authenticity of the applicants' qualifications. The business also provided video-editing training to its current employees. The applicants were subsequently required to complete a practical skills test.

3.3.1 Quote TWO steps of the selection procedure that SDM applied in the scenario above. (2)

3.3.2 Explain OTHER steps that SDM must include in the selection procedure. (4)

3.4 Advise businesses on the implications of the Basic Conditions of Employment Act (BCEA) (No. 75 of 1997) for the human resources function. (4)

3.5 Distinguish between quality management and quality performance. (4)

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

YOUNG DESIGNERS BOUTIQUE (YDB)

Young Designers Boutique (YDB) frequently receives complaints regarding delays in processing online orders. YDB used data on processing times and customer complaints to measure whether newly implemented methods had brought about change. Following positive feedback, YDB implemented the change on a large scale, and it is being continuously reviewed.

Identify TWO steps of the PDCA model that YDB applied. Motivate your answer by quoting from the scenario above.

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

STEPS OF THE PDCA-MODEL	MOTIVATIONS
1.	
2.	

(6)

3.7 Discuss the impact of total quality management (TQM) if poorly implemented by businesses. (6)

3.8 Advise businesses on the quality indicators of the purchasing function. (4)

[40]

Downloaded from Stanmorephysics.com

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 Name any TWO provisions as set out in the Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997). (2)

4.2 Outline the benefits of the National Credit Act (NCA), 2005 (Act 34 of 2005) for businesses. (4)

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

IMBOKODO SPORTSWEAR (IS)

Imbokodo Sportswear designs and sells fashionable sportswear. A sharp increase in fuel prices increased IS's distribution costs. IS packages its products in recyclable materials. Some of IS's customers switched to Vuka Sportswear, as this business offers similar products at lower prices.

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.		

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

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

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

4.4 Explain ways in which businesses could apply *management control* as a pillar of the Broad-Based Black Economic Empowerment (B-BBEE) Act, 2003 (Act 53 of 2003) in the workplace. (4)

4.5 Advise businesses on the steps they should consider when evaluating strategies. (4)

BUSINESS OPERATIONS

4.6 List TWO legal requirements of an employment contract. (2)

4.7 Outline the link between salary determination and the Basic Conditions of Employment Act. (4)

Downloaded from Stanmorephysics.com

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

HORIZON RESERVE (HR)

Horizon Reserve (HR) is an established game reserve that offers exclusive accommodation and safari experiences to guests. HR pays a monthly contribution to "MedSecure" to provide healthcare for its permanent staff. In addition, HR pays its contribution to the Unemployment Insurance Fund (UIF), which offers temporary financial support to qualifying employees when they become unemployed. The employees of HR also receive discounts when making personal bookings at the reserve.

4.8.1 Quote TWO examples of fringe benefits that HR offers to their employees from the scenario above. (2)

4.8.2 Explain the impact of fringe benefits on businesses. (4)

4.9 Discuss the benefits of a good quality management system. (4)

4.10 Advise businesses on the advantages of external recruitment. (4)

[40]

TOTAL SECTION B: 80

Downloaded from Stanmorephysics.com

SECTION C

Answer ONE question in 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 OR QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

Due to the dynamic nature of the environments in which businesses operate, knowledge of the strategic management process is of critical importance. In response to challenges, businesses may consider various defensive strategies. Furthermore, Porter's Five Forces model also warrants attention. The implementation of diversification strategies can hold significant benefits for the business.

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

- Outline the strategic management process.
- Discuss THREE types of defensive strategies.
- Explain how businesses could apply the following Porter's Five Forces model to analyse their position in the market environment:
  - Power of buyers
  - Power of competitors/Competitive rivalry
- Advise businesses on the advantages of diversification strategies. **[40]**

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

The quality of a business's products is influenced by the extent to which the production function meets specific quality indicators. Businesses can use mechanism such as quality circles in their quest for quality. Continuous improvement to processes and systems as well as adequate financing as elements of total quality management (TQM) can assist large businesses in improving their operations and reducing the cost of quality.

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

- Outline the quality indicators of the production function.
- Explain the role/importance of quality circles as part of continuous improvement to processes and systems.
- Discuss the impact of the following TQM elements on large businesses:
  - Continuous improvement to processes and systems
  - Adequate financing and capacity
- Suggest ways in which TQM can reduce the cost of quality. **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150

Copyright reserved

Downloaded from Stanmorephysics.com

Western Cape Government
Education
FOR YOU

COMMON PAPER

GRADE 12
BUSINESS STUDIES

Stanmorephysics.com

TRIAL EXAMINATION
PAPER 1
MARKING GUIDELINES (FINAL)

Stanmorephysics.com

MARKS: 150

This marking guideline consists of 30 pages.

Copyright reserved

Downloaded from Stanmorephysics.com

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:	Brown/Black
Chief Marker:	Pink
Internal Moderator:	Orange
DBE Moderator:	Turquoise

Stanmorephysics.com

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 answers provided by candidates that are relevant within the context of 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.

Downloaded from Stanmorephysics.com

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

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

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

Downloaded from Stanmorephysics.com

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 DBE for approval.

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

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

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

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

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

14.5 **ONE mark may be awarded for answers that are easy to recall, require 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**

Downloaded from Stanmorephysics.com

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 writes FOUR questions, but one sub-questions of the question with no relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 4: **No relevant facts: 0 marks (Two '-S')** Where a candidate answers less than 50% (only one sub-question) of the question with no relevant facts; two '-S' 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: **TOTAL MARKS FOR FACTS:** **TOTAL MARKS FOR ESSAY (8 + 32):**	**8** **32** **40**

NOTE:

1. **The candidate must respond to at least any TWO of the four sub 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 are 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.**

Downloaded from Stanmorephysics.com

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**

Stanmorephysics.com

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 mark allocation according to the /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.

Downloaded from Stanmorephysics.com

SECTION A

QUESTION 1

1.1
1.1.1 C√√
1.1.2 D√√
1.1.3 A√√
1.1.4 C√√
1.1.5 B√√

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

1.2
1.2.1 placement√√
1.2.2 weakness√√
1.2.3 resignation√√
1.2.4 ownership√√
1.2.5 assurance√√

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

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

(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

Downloaded from Stanmorephysics.com

SECTION B

Mark the FIRST TWO (2) answers only.

QUESTION 2: BUSINESS ENVIRONMENTS

2.1 **Consumer rights as stipulated in the Consumer Protection Act/CPA**

- Right to choose√
- Right to privacy√
- Right to fair and honest dealing√
- Right to disclosure and information√
- Right to fair and responsible marketing√
- Right to fair value/good quality and safety√
- Right to accountability by suppliers√
- Right to fair/just and reasonable terms and conditions√
- Right to equality in the consumer market√

NOTE: 1. Mark the first THREE (3) only.
2. Allocate marks only for consumer rights as stated above.

(3 x 1) (3)

2.2 **Rights of employers in terms of the Labour Relations Act/LRA**

Employers have the right to:

- form employers' organisations to represent them in labour-related matters.√ √
- form bargaining councils for collective bargaining purposes.√ √
- lock out employees who participate in unprotected/illegal strikes/industrial action.√ √
- dismiss employees who participate in an unprotected strike/misconduct such as intimidation/violence during strikes.√ √
- withhold payment from an employee who participated in a protected strike for services/work not rendered during the strike.√ √
- Any other relevant answer related to the rights of employers in terms of the LRA.

Max (6)

2.3 Legislation

2.3.1 **Employment Equity Act/EEA√√** (2)

Motivation:

- UD pays female sales representatives more than male sales representatives who perform work of equal value.√ (1)

NOTE: 1. Do not award marks for the motivation if the legislation was incorrectly identified.
2. Only award marks for responses that are quoted from the scenario.

Max (3)

Downloaded from Stanmorephysics.com

2.3.2 **Ways in which UD can comply with the Act identified in QUESTION 2.3.1 above (EEA)**

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

Max (4)

2.4 **Role/functions of SETAs in supporting the Skills Development Act (SDA), 1998 (Act 97 of 1998)**

- SETAs report to√ the Director-General.√
- Promote and establish√ learnerships.√
- Collect levies and pay grants√ as required.√
- Provide accreditation√ for skills-development facilitators.√
- Register√ learnership agreements/learnership programmes.√
- Approve workplace skills plans√ and annual training reports.√
- Monitor/Evaluate the actual training√ provided by service providers.√
- Allocate grants√ to employers/education and training providers.√
- Oversee training√ in different sectors of the South African economy.√
- Develop sector skills plans√ that are aligned with the National Skills Development Strategy.√
- Draw up skills-development plans√ for specific economic sectors.√
- Provide training material/programmes√ for skills-development facilitators.√
- Pay grants to businesses√ that comply with the requirements of the SDA.√

Copyright reserved

Downloaded from Stanmorephysics.com

- Identify suitable workplaces√ for practical work experience.√
- Any other relevant answer related to the role/functions of SETAs in supporting the SDA.

Max (6)

2.5 **TWO types of diversification strategies from the scenario**

DIVERSIFICATION STRATEGIES	MOTIVATIONS
1. Horizontal√√	PW then introduced a range of sneakers that is unrelated to its current products to its existing customers.√
2. Conglomerate√√	PW further acquired a health food company which may appeal to new groups of customers.√
Submax (4)	Submax (2)

NOTE: 1. The answer does not have to be in tabular format.
2. Do not award marks for the motivation if the diversification strategy was incorrectly identified.
3. Award marks for the diversification strategy even if the motivation is incomplete.

Max (6)

2.6 **Impact of the Skills Development Act/SDA on businesses**

Positives/Advantages

- Increases the number of skilled employees√ in areas where these skills are scarce.√
- Trains employees√ to improve productivity in the workplace.√
- Businesses may become more competitive√ globally.√
- Continuous skills development/learning/acquisition of new skills is encouraged√ to sustain skills improvement.√
- Increases investment in education and training√ in the labour market.√
- Improves the return on investment√ in education and training.√
- Improves employment opportunities√ and labour mobility.√
- Promotes self-employment√ and entrepreneurship.√
- Workplace discrimination√ may be addressed through training.√
- Uses the workplace as an active learning environment√ where employees can gain practical work experience.√
- Businesses may reclaim some training costs√ as a refund from the relevant SETAs.√
- Improves the quality of products/service delivery√ because the business employs more skilled workers.√
- Any other relevant answer related to the positive impact/advantages of the SDA on businesses.

AND/OR

Negatives/Disadvantages

- The SDA process is prescriptive/requires extensive paperwork/administration√ which may cost time/money.√
- The skills-development levy may be an additional burden√ for financially struggling businesses.√
- It may be monitored/controlled by government departments√ that do not regard education/training as a key priority.√
- Many courses offered by companies do not have unit standards√ linked to the course content.√
- Skills programmes may not always address employees' training needs.√

Downloaded from Stanmorephysics.com

- Many service providers that offer training√ are not SAQA accredited.√
- Many businesses may not support√ this government initiative.√
- Implementation of the SDA may be difficult√ to monitor and control.√
- Employees may be required to attend learnerships during working hours√ which may affect production/productivity.√
- It is expensive for businesses to employ a person√ to implement/manage/control learnerships.√
- Time/money spent improving employees' skills may be wasted√ if they leave the business.√
- Only businesses with an annual payroll exceeding R500 000√ may claim the Skills Development Levy.√
- Any other relevant answer related to the negative impact/disadvantages of the SDA on businesses.

Max (6)

2.7 **Ways in which businesses can deal with challenges posed by the economic factor of the PESTLE analysis**

- Borrow money from financial institutions when interest rates are favourable.√√
- Consider reducing profit margins rather than increasing product prices.√√
- Take exchange rates into account when trading with other countries.√√
- Negotiate favourable interest rates with creditors.√√
- Negotiate payment terms with suppliers.√√
- Sell/Dispose of assets that are no longer profitable.√√
- Sell shares at competitive/lower prices to attract more foreign direct investment.√√
- Any other relevant answer related to ways in which businesses can deal with challenges posed by the economic factor as a PESTLE element.

Max (6)
[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	3
2.2	6
2.3.1	3
2.3.2	4
2.4	6
2.5	6
2.6	6
2.7	6
TOTAL	40

Downloaded from Stanmorephysics.com

QUESTION 3: BUSINESS OPERATIONS

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

- Safety regulations and rules√
- Overview of the business√
- Tour of the premises/business√
- Information about the business's products/services√
- Meeting with senior management who will explain the company's vision/mission/values/job analysis/daily tasks.√
- Introduction to key people and immediate colleagues√
- Conditions of employment, e.g. working hours/leave application process/fringe benefits/disciplinary procedures, etc.√
- Discussion of the employment contract and conditions of service√
- Discussion of personnel policies, e.g. making private telephone calls/use of the internet, etc.√
- Any other relevant answer related to aspects that must be included in an induction programme.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

3.2 **Recruitment procedure as a human resources activity**

- The human resources manager should evaluate the job/prepare the job analysis that includes the job specification/job description to identify recruitment needs.√ √
- Prepare the job description to determine the responsibilities/key performance areas related to the nature of the job.√ √
- Indicate the job specification/description/key performance areas to attract suitable candidates.√ √
- Choose the recruitment method, e.g. internal/external to target/reach suitable applicants/candidates.√ √
- Advertise vacant posts internally through internal email/verbal communication/staff notices.√ √
- If internal recruitment is unsuccessful consider external recruitment.√ √
- If external recruitment is used, select relevant sources such as recruitment agencies/tertiary institutions/newspapers.√ √
- Prepare an advertisement with relevant information such as the company name/contact details/contact person.√ √
- Place the advertisement in appropriate media to ensure that the best candidate applies.√ √
- Any other relevant answer related to the recruitment procedure as a human resources activity.

NOTE: The procedure may be in any order.

Max (6)

Downloaded from Stanmorephysics.com

3.3 **Selection**

3.3.1 **Steps from the scenario**

- SDM received numerous applications for a vacant junior social media content creator position.√
- The human resources manager verified the authenticity of the applicants' qualifications.√
- The applicants were subsequently required to complete a practical skills test.√

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 steps that must be included in the selection procedure**

- Determine fair assessment criteria√ on which selection will be based.√
- Sort the documents received/CVs√ according to the assessment/selection criteria.√
- Screen applications/Determine which applications√ meet the minimum job requirements and separate them from the rest.√
- Conduct preliminary interviews√ if many suitable applications were received/to identify suitable applicants.√
- Compile a shortlist of approximately five (5) applicants√ from the potential candidates identified.√
- Subject shortlisted candidates to different selection tests√ such as skills tests.√
- Invite shortlisted candidates√ for an interview.√
- Make a written offer√ to the selected candidate.√
- Inform unsuccessful applicants√ of the outcome of their applications√/Advertisements may indicate the deadline√ for informing successful candidates only.√
- Any other relevant answer related to other steps in the selection procedure.

NOTE: Do not allocate marks for answers quoted in QUESTION 3.3.1/ from the scenario.

Max (4)

3.4 **Implications of the Basic Conditions of Employment Act/BCEA for the human resources function**

The human resources function must ensure that:

- business practices relating to basic conditions of employment in the workplace do not contravene the BCEA.√ √
- all employment contracts comply with the provisions of the BCEA.√ √
- employees work only nine hours per day in a five-day work week or eight hours per day in a six-day work week.√ √
- employees are correctly compensated for overtime/Overtime does not exceed ten hours per week.√ √
- employees receive a 60-minute break after five hours of work.√ √
- employees are entitled to six weeks' paid sick leave during a 36-month cycle.√ √
- employees receive double their rate for work on public holidays or Sundays.√ √
- the business does not engage in child labour practices or employ children under the age of 16.√ √
- Any other relevant answer related to the implications of the BCEA for the human resources function.

Max (4)

Downloaded from Stanmorephysics.com

3.5 **Distinction between quality management and quality performance**

QUALITY MANAGEMENT	QUALITY PERFORMANCE
Techniques/tools used√ to improve the design/quality of a product.√	The total performance of each department is measured√ against specified standards.√
May be used for accountability√ within each business function.√	May be achieved when all departments work together√ towards the same quality standards.√
Aims to ensure consistent quality of goods/services√/Focuses on the means of achieving consistency.√	Quality is measured through physical products/statistical outputs of processes√/questionnaires completed by users and/or buyers of goods/services.√
Any other relevant answer related to quality management.	Any other relevant answer related to quality performance.
Submax (2)	Submax (2)

NOTE: 1. The answer does not have to be in tabular format.
2. The distinction does not have to be linked but must be clear.
3. Allocate a maximum of TWO (2) marks if the distinction is unclear/Mark either quality management or quality performance only.

Max (4)

3.6 **Steps of the PDCA model from the scenario**

STEPS OF THE PDCA MODEL	MOTIVATIONS
1. Check/Analyse√√	YDB used data on processing times and customer complaints to measure whether newly implemented methods had brought about change.√
2. Act/Appropriate action√√	Following positive feedback, YDB implemented the change on a large scale, and it is being continuously reviewed. √
Submax (4)	Submax (2)

NOTE: 1. Mark the first TWO (2) steps of the PDCA model only.
2. Award marks for the PDCA steps even if the quotations are incomplete.
3. Do not award marks for the motivations if the PDCA steps were incorrectly identified.
4. Accept the steps in any order.

Max (6)

3.7 **Impact of TQM if poorly implemented by businesses**

- Sets unrealistic deadlines√ that cannot be achieved.√
- Productivity may decline√ because of interruptions.√
- Businesses may be unable to make the necessary changes√ to satisfy customer needs.√
- The business's reputation may be damaged√ by poor-quality/defective products.√
- Customers may have many alternatives from which to choose√ and the impact may be devastating for businesses.√
- Investors may withdraw their investments√ if profits decline.√
- Poor skills development may lead√ to high staff turnover.√

Downloaded from Stanmorephysics.com

- Undocumented/Uncontrolled quality-control systems/processes√ may cause errors/deviations from predetermined quality standards.√
- Any other relevant answer related to the impact of TQM if poorly implemented by businesses.

Max (6)

3.8 **Quality indicators of the purchasing function**

- Purchase raw materials/products in bulk at lower/discounted prices.√ √
- Select reliable suppliers who provide the best-quality raw materials/capital goods at affordable prices.√ √
- Place orders on time and follow up regularly to ensure that goods are delivered on time.√ √
- Ensure effective coordination between purchasing and production so that purchasing staff understand the production process/requirements.√ √
- Ensure that the required quantities are delivered at the right time and place. √√
- Implement/Maintain inventory-control systems to ensure the safety of stock.√ √
- Maintain optimal stock levels to avoid/reduce excess/obsolete stock.√ √
- Monitor and report on minimum stock levels to avoid stock shortages.√ √
- Use storage facilities effectively and maintain product quality during storage.√ √
- Involve suppliers in strategic planning/product design/material selection/quality control processes.√√
- Ensure that production is not interrupted because of stock shortages.√ √
- Build relationships with suppliers so that they align with the business's vision/mission/values.√ √
- Understand supply-chain management thoroughly√ to apply the correct procurement procedures/processes.√ √
- Any other relevant answer related to the quality indicators of the purchasing function.

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

Downloaded from Stanmorephysics.com

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

4.1 **Provisions of the Basic Conditions of Employment Act/BCEA**

- Regulation of working time/ordinary working hours/overtime/meal intervals and rest periods/Sunday work/public holidays√
- Leave/annual/sick/family responsibility/maternity/paternity/parental leave√
- Particulars of employment and remuneration√
- Termination of employment√
- Prohibition of child labour and forced labour√
- Any other relevant answer related to the provisions of the BCEA.

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

4.2 **Benefits/Positive impact of the National Credit Act/NCA on businesses**

- The entire credit process is transparent as both the business and customers know their responsibilities.√ √
- Fewer bad debts result in improved cash flow.√ √
- Businesses are protected against non-paying customers.√ √
- Cash sales increase because businesses grant credit only to qualifying customers/more customers buy for cash.√ √
- Eliminates reckless lending and protects businesses against bankruptcy.√ √
- Credit-bureau information is available to businesses so that they can determine customers' creditworthiness before granting credit.√ √
- Businesses conduct thorough credit checks and receive current documentation from consumers as proof of affordability.√ √
- May lead to more customers through credit sales because customers are protected against exploitation.√ √
- Any other relevant answer related to the positive impact/benefits of the NCA on businesses.

NOTE: Do not allocate marks for negative responses.

Max (4)

4.3 **Business environments, challenges and extent of control from the scenario**

CHALLENGES (4.3.1)	**BUSINESS ENVIRONMENTS (4.3.2)**	**EXTENT OF CONTROL (4.3.3)**
1. Some of IS's customers switched to Vuka Sportswear, as this business offers similar products at lower prices.√	Market√	Partial/Limited control√
2. A sharp increase in fuel prices increased IS's distribution costs.√	Macro√	No 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 full marks for the business environment even if the challenge is not quoted in full.
4. The extent of control must be linked to a business environment.
5. Do not award marks for the extent of control if the business environment was not stated.
6. Accept the challenges in any order.

Downloaded from Stanmorephysics.com

4.4 Ways in which businesses could apply management control as a BBBEE pillar in the workplace

Businesses should:

- implement transformation at all management levels√ by appointing/promoting suitably qualified black people to junior, middle and senior management positions.√
- appoint suitably qualified black people to senior executive/management positions√ so that they exercise significant responsibility and authority over the management of the business.√
- include black people in strategic decision-making processes√ by allowing them to serve on the board/other senior decision-making structures.√
- ensure that suitably qualified black women are represented in management positions√ by providing fair opportunities for appointment, promotion and participation in decision-making.√
- appoint suitably qualified black people as directors√ and give them real voting rights and decision-making authority on the board.√
- Any other relevant answer related to ways in which businesses could apply management control as a B-BBEE pillar in the workplace.

Max (4)

4.5 **Steps in strategy evaluation**

- Examine the underlying basis of a business strategy.√√
- Look forward and backward into the implementation process.√√
- Compare expected performance with actual performance.√√
- Determine and analyses the reasons for deviations.√√
- Take corrective action so that deviations may be rectified.√√
- 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 envisaged when the strategies were implemented.√√
- Consider the impact of strategic implementation on the internal and external environments of the business.√√
- Any other relevant answer related to the steps in strategy evaluation.

Max (4)

BUSINESS OPERATIONS

4.6 **Legal requirements of an employment contract**

- Both parties/the employer and employee must sign the contract.√
- Both parties must agree to any changes to the contract.√
- Neither party may change the contract unilaterally.√
- The remuneration package and benefits must be clearly indicated.√
- The contract may not contradict the BCEA.√
- The contract may be renegotiated during the period of employment.√
- The employer must explain the conditions of the contract to the employee.√
- The employee's conditions of service, duties and responsibilities must be clearly stated.√
- Relevant business policies, procedures, disciplinary codes and rules must form part of the contract.√
- The employee must be given sufficient time to read the contract before signing it.√
- The contract must include a code of conduct and code of ethics.√
- Any other relevant answer related to the legal requirements of an employment contract.

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

Downloaded from Stanmorephysics.com

4.7 **Link between salary determination and the Basic Conditions of Employment Act/BCEA**

- The BCEA sets conditions that ensure fair labour and human-resources practices relating to remuneration in the business.√ √
- According to the BCEA, businesses may use different remuneration methods to pay employees.√ √
- Salary payment may be based on whether the employee is employed permanently or on a fixed contract.√ √
- Businesses must deduct income tax/PAYE and other salary deductions from employees' taxable salaries.√ √
- The BCEA outlines the legal requirements of the employment contract, such as working hours and overtime which may influence salary determination.√ √
- The BCEA regulates minimum wage rates per sector and the business must ensure that remuneration in the employment contract is not below the minimum wage.√ √
- Any other relevant answer related to the link between salary determination and the BCEA.

Max (4)

4.8 **Fringe benefits**

4.8.1 **Fringe benefits from the scenario**

- HR pays a monthly contribution to "MedSecure" to provide healthcare for its permanent staff.√
- The employees of HR also receive discounts when making personal bookings at the reserve.√

NOTE: 1. Mark the first TWO (2) only.
2. Allocate marks only for answers quoted from the scenario.

(2 x 1) (2)

4.8.2 **Impact of fringe benefits on businesses**

Positive/Advantages

- Attractive fringe-benefit packages√ may improve employee retention/reduce staff turnover.√
- Attract qualified/skilled and experienced employees√ who can contribute positively to the business's goals/objectives.√
- Improve productivity√ which leads to higher profitability.√
- Increase employee satisfaction/loyalty√ as employees may be willing to go the extra mile.√
- Businesses save money√ because benefits may be tax deductible.√
- Fringe benefits may be used as leverage√ in salary negotiations.√
- Any other relevant answer related to the positive impact/advantages of fringe benefits on businesses.

AND/OR

Negative/Disadvantages

- Businesses that cannot offer fringe benefits√ may fail to attract skilled employees.√
- Different benefit plans for employees√ may cause resentment among those who receive less and reduce productivity.√
- Unfair allocation may create conflict/lead to corruption.√√
- Fringe benefits are additional costs√ which may cause cash-flow problems.√
- Business profits may decline√ because incentive/package/remuneration costs are higher.√

Downloaded from Stanmorephysics.com

- Administrative costs increase√ because benefits must be recorded correctly for tax purposes.√
- Employees may remain with the business only for fringe benefits√ and may not be committed/loyal to the tasks/business.√
- Businesses may have to pay advisers/lawyers√ to create benefit plans that comply with legislation.√
- Errors in benefit plans√ may result in costly court cases/regulatory fines.√
- Any other relevant answer related to the negative impact/disadvantages of fringe benefits on businesses.

Max (4)

4.9 **Benefits of a good quality management system**

- Effective customer services are rendered√ which increase customer satisfaction.√
- Time and resources√ are used efficiently.√
- Productivity increases√ through proper time management/use of high-quality resources.√
- Products/Services continuously improve√ which raises customer satisfaction.√
- The vision/mission/business objectives√ may be achieved.√
- The business gains a competitive advantage√ over its competitors.√
- Regular training continuously improves√ employees' skills/knowledge.√
- Employers and employees have a healthy working relationship√ resulting in happy/productive employees/improved morale/productivity.√
- Market share/Financial stability increases√ as more customers improve profitability.√
- The business image improves√ because there are fewer defects/faulty products/returns.√
- Any other relevant answer related to the benefits of a good quality management system.

Max (4)

4.10 **Advantages of external recruitment**

- New candidates bring new talents/ideas/experience/skills to the business.√ √
- There is a larger pool of candidates from which to choose.√ √
- It may help the business comply with affirmative action and BBBEE targets.√ √
- Reduces unhappiness/conflict among current employees who applied for the post.√ √
- There is a better chance of finding a suitable candidate with the necessary skills/qualifications/abilities who require little training/development, thereby reducing costs.√ √
- Any other relevant answer related to the advantages of external recruitment for businesses.

Max (4)
[40]

Downloaded from Stanmorephysics.com





BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	2
4.2	4
4.3.1	2
4.3.2	2
4.3.3	2
4.4	4
4.5	4
4.6	2
4.7	4
4.8.1	2
4.8.2	4
4.9	4
4.10	4
TOTAL	40

TOTAL SECTION B: 80

Downloaded from Stanmorephysics.com

SECTION C

Mark the FIRST question only.

QUESTION 5: BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)

Due to the dynamic nature of the environments in which businesses operate, knowledge of the strategic management process is of critical importance. In response to challenges, businesses may consider various defensive strategies. Furthermore, Porter's Five Forces model also warrants attention. The implementation of diversification strategies may hold significant benefits for the business.

5.1 **Introduction**

- A structured strategic management process is essential to ensure direction and the achievement of objectives.√
- Businesses apply defensive strategies when they experience financial instability/difficult times due to unstable economic conditions.√
- Porter's Five Forces model enables businesses to influence the power of competitors/buyers in their favour.√
- Porter's Five Forces model requires businesses to conduct ongoing research into recent market developments that may affect business operations.√
- Diversification strategies are used as a deliberate mechanism to reduce the impact of a current market/industry decline/protect the business against strong competitors.√
- Any other relevant answer related to the strategic management process/defensive strategies/Porter's Five Forces model/advantages of diversification strategies.

Any (2 x 1) (2)

5.2 **Strategic management process**

OPTION 1

- Set a clear vision/mission statement/measurable/realistic objective.√√
- Identify opportunities/weaknesses/strengths/threats by conducting an environmental/situational analysis.√√
- Use environmental-analysis tools such as a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial-analysis tools.√√
- Formulate alternative strategies to respond to challenges.√√
- Develop a plan/plans of action that include tasks/deadlines/resources required.√√
- Implement selected strategies by communicating them to all stakeholders/organising business resources/motivating staff.√√
- Continuously evaluate/monitor/measure strategies to take corrective action.√√
- Any other relevant answer related to the strategic management process.

OR

Downloaded from Stanmorephysics.com

OPTION 2

- Review/Analyse/Re-examine the vision/mission statement.√√
- Conduct an environmental analysis using models such as SWOT/PESTLE/Porter's Five Forces.√√
- Formulate a strategy, e.g. 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 that goals/objectives are achieved.√√
- Any other relevant answer related to the strategic management process.

NOTE: 1. The steps may be in any order.
2. Choose OPTION 1 OR OPTION 2; do not mix the steps of the two options.

Max (10)

5.3 **Types of defensive strategies**

Retrenchment√√

- The business terminates employees' employment contracts√ for operational/structural/restructuring reasons.√
- Reduces the number of product lines/Closes certain departments√ which makes some employees redundant.√
- Management takes bold decisions to release employees√ in order to reduce operating costs/expenses.√
- Retrenchment may enable the business to reduce prices/offer discounts/incentives√ to customers/consumers.√
- Any other relevant answer related to retrenchment as a defensive strategy.

Strategy (2)
Discussion (4)
Submax (6)

Divestiture√√

- The business sells some assets/divisions√ that are no longer profitable/productive/functional/relevant.√
- Sells divisions/product lines√ with slow growth potential.√
- Repays debt√ by selling unproductive assets.√
- Reduces the number of shareholders√ by selling ownership.√
- Shareholders withdraw/sell their investment share√ in another business.√
- Any other relevant answer related to divestiture as a defensive strategy.

Strategy (2)
Discussion (4)
Submax (6)

Downloaded from Stanmorephysics.com

Liquidation√√
- The business sells all assets√ to pay creditors due to a lack of capital/inability to repay creditors/bankruptcy.√
- Sells the entire business to pay shareholders a fair price for their shares√ when the business closes.√
- The liquidation process allows creditors to apply for compulsory liquidation√ to have their claims settled.√
- It is an unpleasant process/last resort that ends business activities√ in order to repay creditors.√
- Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)
Discussion (4)
Submax (6)
***Max (16)**

5.4 **Application of Porter's Five Forces model to analyse the market environment**

5.4.1 **Power of buyers**
- Determine the number of buyers/the importance of each buyer to the business√ and the cost of switching to other products.√
- A few powerful buyers may often dictate their terms√ to the business.√
- Buyers who purchase in bulk√ may negotiate prices in their favour.√
- Buyers who can do without the business's products√ have more power to determine prices and terms of sale.√
- Conduct market research√ to obtain more information about the business's buyers/customers.√
- Any other relevant answer related to how businesses could apply the power of buyers to analyse their position in the market environment.

Submax (6)

5.4.2 **Power of competitors/Competitive rivalry**
- Competitors that sell the same/similar products/services√ may have a greater impact on the business's market.√
- Competitors that provide a unique product/service√ will have greater power.√
- A business with many competitors in the same market√ has very little power in that market.√
- Some competitors have the resources to start a price war√ and sell products at a loss until other competitors leave the market.√
- Competitors that use various pricing and marketing strategies√ are likely to have power over the business.√
- Any other relevant answer related to how businesses could apply the power of competitors/competitive rivalry to analyse their position in the market environment.

Submax (6)
Max (12)

5.5 **Advantages of diversification strategies**
- Increases sales/income and business growth.√√
- Improves the business brand/image/brand awareness of the business.√√
- Reduces the risk of relying on only one product for sales/income.√√
- Businesses gain more technological capabilities through product modification.√√
- Promotes sustainable profitability through different product lines during periods of fluctuating economic activity/economic fluctuations.√√

Downloaded from Stanmorephysics.com

- Businesses produce more output with fewer inputs, as one factory may be used to manufacture more products.√√
- Allows businesses to maintain their competitive advantage by meeting the needs of existing/new customers/expanding into new unexplored markets.√√
- Allows businesses to remain relevant/functional/operational in a dynamic business environment.√√
- Enables businesses to establish additional markets in unrelated markets/industries.√√
- Any other relevant answer related to the advantages of diversification strategies.

Max (8)

5.6 **Conclusion**

- Implementing the strategic management process creates a sound foundation for sustainable growth and future stability.√√
- Defensive strategies can protect a business against a potential loss of sales/income/market share.√√
- Defensive strategies may prevent the business from closing.√√
- Applying Porter's Five Forces model helps management formulate suitable counter-strategies against external market role players.√√
- Businesses implement diversification strategies because they create opportunities to grow/expand/increase profit margins.√√
- Any other relevant answer related to the strategic management process/defensive strategies/power of buyers or competitive rivalry as part of Porter's Five Forces model/advantages of diversification strategies.

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

Downloaded from Stanmorephysics.com

QUESTION 5: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	**2**	**Max 32**
Strategic management process	**10**	
Types of defensive strategies	**16**	
Application of Porter's Five Forces model: - Power of buyers - Power of competitors/Competitive rivalry	**12**	
Advantages of diversification strategies	**8**	
Conclusion	**2**	
INSIGHT		**8**
Layout/Structure	**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.

Downloaded from Stanmorephysics.com

QUESTION 6: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)

The quality of a business's products is influenced by the extent to which the production function meets specific quality indicators. Businesses may use mechanisms such as quality circles in their pursuit of quality. Continuous improvement to processes and systems, as well as adequate financing and capacity as elements of total quality management (TQM), may support large businesses in improving their operations and reducing the cost of quality.

6.1 Introduction

- Quality indicators of the production function serve as measures for assessing the efficiency and quality delivery of this function.√
- Quality circles form an important part of a business's efforts to involve employees in sustained quality improvement.√
- Continuous improvement to processes and systems enables large businesses to review their methods continually and adapt to changing quality requirements.√
- Successful application of adequate financing and capacity as a TQM element in large businesses depends on the availability of the necessary financial and organisational capacity.√
- A well-applied TQM approach can help businesses manage quality more cost-effectively and sustainably.√
- Any other relevant answer related to quality indicators of the production function/the role of quality circles/the impact of continuous improvement to processes and systems and adequate financing and capacity as TQM elements on large businesses/ways in which TQM can reduce the cost of quality.

Any (2 x 1) (2)

6.2 Quality indicators of the production function

- Production/Operating processes must be carried out correctly through proper production planning and control.√ √
- Products and services must be produced at the lowest possible cost√ to maximise profits.√ √
- Clearly communicate roles and responsibilities to production employees.√ √
- Products must meet customers' requirements for safety, reliability and durability.√√
- Provide good after-sales services and warranties.√√
- Empower employees so that they take pride in their workmanship.√ √
- Obtain SABS/ISO 9001 accreditation to ensure that quality products are produced.√ √
- Specify product/service standards and consider the factors consumers use to judge quality.√ √
- Implement quality-control systems to ensure that quality products are produced consistently.√ √
- Ensure that machinery and equipment are used optimally.√√
- Calculate production costs accurately.√√
- Choose the appropriate production method, e.g. mass/batch/job production.√√
- Any other relevant answer related to the quality indicators of the production function.

Max (8)

Downloaded from Stanmorephysics.com

6.3 **Role/Importance of quality circles as part of continuous improvement to processes and systems**

- Solve quality-related problems√ and implement improvements.√
- Investigate problems√ and suggest solutions to management.√
- Ensure that activities/tasks are not duplicated√ in the workplace.√
- Make suggestions to improve√ workplace processes and systems.√
- Improve the quality of products/services/productivity√ by regularly reviewing quality processes.√
- Monitor/Strengthen strategies√ so that business operations run smoothly.√
- Increase employee morale√ and motivation.√
- Contribute to the improvement√ and development of the organisation.√
- Reduce redundancy costs/wasted effort√ in the long term.√
- Increase demand√ for the business's goods/services.√
- Create harmony√ and high performance in the workplace.√
- Build a healthy working relationship√ between the employer and employees.√
- Improve employee loyalty√ and commitment to business objectives.√
- Improve communication among employees√ at all levels of the business.√
- Develop a positive attitude/sense of involvement√ in decision-making processes.√
- Any other relevant answer related to the role/importance of quality circles as part of continuous improvement to processes and systems.

Max (12)

6.4 **Impact of TQM elements on large businesses**

6.4.1 **Continuous improvement to processes and systems**

Positive/Advantages

- Large businesses have available/readily available resources√ to conduct quality-performance checks in every unit.√
- Sufficient capital is available for new equipment and technology√ required for processes and systems.√
- Large businesses have a person/department dedicated√ to improving processes and systems.√
- They can afford to use the services of quality circles√ to remain ahead of competitors.√
- Large businesses are willing to take risks and try new processes and systems√ because they can absorb the impact of losing money/financial resources.√
- Any other relevant answer related to the positive impact/advantages of continuous improvement to processes and systems as a TQM element on large businesses.

AND/OR

Downloaded from Stanmorephysics.com

Negative/Disadvantages

- Quality control may become complicated√ in large-scale production processes.√
- Systems and processes take time and effort to implement in large businesses√ because communication may delay the process.√
- There is a risk of changing parts of the business√ that are functioning well.√
- Not all negative feedback from employees/customers is accurate√ which may lead to incorrect/unnecessary changes to systems and processes.√
- Limited availability of machinery and technology√ may affect the ability of large businesses to improve processes and systems continuously.√
- Any other relevant answer related to the negative impact/disadvantages of continuous improvement to processes and systems as a TQM element on large businesses.

Submax (8)

6.4.2 **Adequate financing and capacity**

Positive/Advantages

- Large businesses have sufficient financing√ to test all processes before implementation.√
- They can afford systems√ that prevent errors in processes and defects in raw materials/products.√
- Large businesses can afford product and market researchers√ to gather information.√
- They can afford quality raw materials√ and equipment.√
- Large businesses can afford highly paid specialists√ to provide advanced training to employees.√
- Any other relevant answer related to the positive impact/advantages of adequate financing and capacity as a TQM element on large businesses.

AND/OR

Negative/Disadvantages

- If demand for the business's product suddenly increases, orders may be received faster than expected√ and the business may lack the capital needed to finance sufficient stock to meet the orders.√
- Large rapidly growing businesses may consume large amounts of capital√ while balancing normal operations and expansion.√
- Large businesses often spend large amounts on organisational resources/machinery√ while the return on investment may not be earned in the short term.√
- Financial capital is wasted√ when incorrect financial planning/budgeting/ineffective financial-management processes are applied.√
- Incorrect financial planning/large amounts of accumulated debt may limit a large business's growth strategy√/ability to meet its financial obligations.√
- Any other relevant answer related to the negative impact/disadvantages of adequate financing and capacity as a TQM element on large businesses.

Submax (8)

Max (14)

Downloaded from Stanmorephysics.com

6.5 **Ways in which 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/activities.√√
- Share responsibility for quality outputs between management and employees.√√
- Train employees at all levels so that everyone understands their role in quality management.√√
- Develop work systems that empower employees to find new ways of improving quality.√√
- Work closely with suppliers to improve the quality of raw materials/inputs.√√
- Improve communication about quality challenges/deviations so that everyone can learn from experience.√√
- Reduce investment in expensive but ineffective inspection procedures in the production process.√√
- Implement proactive maintenance programmes for equipment/machinery to reduce/eliminate interruptions.√√
- Any other relevant answer related to ways in which TQM can reduce the cost of quality.

Max (12)

6.6 **Conclusion**

- Sustained quality performance depends on a production function that regards quality as a core measure of its operations.√√
- Quality circles may promote a culture of shared responsibility and continuous organisational learning.√√
- Large businesses should balance continuous improvement with adequate financing and capacity to realise the long-term benefits of TQM.√√
- The cost of quality may be reduced sustainably when quality is built into the entire business instead of correcting defects afterwards.√√
- Any other relevant answer related to the quality indicators of the production function/the role of quality circles/the impact of continuous improvement to processes and systems and adequate financing and capacity as TQM elements on large businesses/ways in which TQM can reduce the cost of quality.

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

Downloaded from Stanmorephysics.com

QUESTION 6: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Quality indicators of the production function	8	
Role/Importance of quality circles as part of continuous improvement to processes and systems	12	
Impact of the following TQM elements on large businesses: - Continuous improvement to processes and systems - Adequate financing and capacity	14	
Ways in which TQM can reduce the cost of quality	12	
Conclusion	2	
INSIGHT		8
Layout/Structure	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