



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2011**

**BUSINESS STUDIES  
MEMORANDUM**

**MARKS: 300**

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This memorandum consists of 21 pages.

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**SECTION A: COMPULSORY****QUESTION 1**

- |     |        |          |   |     |
|-----|--------|----------|---|-----|
| 1.1 | 1.1.1  | C √√     | CSR programme generate employment on CSR initiatives  | (2) |
|     | 1.1.2  | A √√     | greater output through collaboration is attained.     | (2) |
|     | 1.1.3  | C √√     | burglary  | (2) |
|     | 1.1.4  | C √√     | the micro   | (2) |
|     | 1.1.5  | D √√     | an analysis of the stages of the product development. | (2) |
|     | 1.1.6  | B √√     | Value Chain   | (2) |
|     | 1.1.7  | C √√     | Brainstorm  | (2) |
|     | 1.1.8  | B √√     | Recruitment   | (2) |
|     | 1.1.9  | B √√     | Selling second hand goods as new goods                | (2) |
|     | 1.1.10 | B √√     | Balanced score cards                                  | (2) |
| 1.2 | 1.2.1  | D        | No discrimination √√                                  | (2) |
|     | 1.2.2  | H        | Personal property policy √√                           | (2) |
|     | 1.2.3  | A        | CCMA √√   | (2) |
|     | 1.2.4  | G        | Insubordination √√                                    | (2) |
|     | 1.2.5  | I        | Skills development Act √√                             | (2) |
| 1.3 | 1.3.1  | True √√  |   | (2) |
|     | 1.3.2  | True √√  |   | (2) |
|     | 1.3.3  | False √√ |   | (2) |
|     | 1.3.4  | True √√  |   | (2) |
|     | 1.3.5  | False √√ |   | (2) |

**[40]****TOTAL SECTION A: 40**

**SECTION B: COMPULSORY****QUESTION 2**

- 2.1 2.1.1 The prime rate is the interest that the commercial banks charge their preferential clients/best clients. ✓✓ (2)

2.1.2  
LO2 AS7

$$\text{Interest} = \frac{R50\,000 \times 15}{100} \times \frac{3}{12} + \frac{R50\,000 \times 16}{100} \times \frac{3}{12}$$

$$= R\,1\,875 \checkmark + R\,2\,000 \checkmark$$

$$= R\,3\,875 \checkmark \checkmark$$

Award full marks for the correct answer (R3 875 ✓✓✓✓✓✓) (6)

- 2.1.3  
LO2 AS7
- Pay off the loan as quickly as possible so that the interest burden is reduced. ✓✓
- Curtail borrowing ✓✓
  - Admit a new partner so that the cash flow is improved. ✓✓

Any other relevant answer. (Any 2x2) (4)

2.1.4 LO1 AS3	<b>IMPACT</b>	<b>MEASURE</b>
	Crime affects business negatively which leads to a decrease in profits e.g. customer decrease. ✓✓	Employ security measures e.g. security guards. ✓✓ Install alarm systems and cameras. ✓✓ (Any 1x2)

(2x2) (4)

- 2.1.5  
LO1 AS3
- Provision regarding maternity leave
- Maternity benefits are paid to contributors during the pregnancy period up to a maximum of four months. ✓✓ (2)

- 2.1.6  
LO2 AS7
- Unemployment benefits ✓✓
  - Applications should be submitted within six months of unemployment. ✓✓
  - Illness benefits ✓✓: This can be claimed if a person is unable to work for more than 14 days not receiving a salary. ✓✓
  - Adoption benefits ✓✓: Can be applied for when a child below the age of two years is adopted. ✓✓
  - Dependants' benefits ✓✓: can be applied for if the person who has been financially supporting the household dies. ✓✓
- (Any 3x2) (6)

- 2.2  
LO1  
AS2
- Formulation of strategy ✓✓
  - Implementation of strategy ✓✓
  - Evaluation of strategy ✓✓
- (3x2) (6)

- 2.3  
LO4  
AS5
- Represent people at work. ✓✓
  - Lobby with government to ensure the best possible deal with workers. ✓✓
  - Take part in collective bargaining processes. ✓✓
  - Protect the rights of members in the workplace. ✓✓
  - Negotiate equitable wages and benefits. ✓✓
  - Support gender equality. ✓✓
  - Provide restructuring medical aids. ✓✓
  - Access pension and provident funds. ✓✓. (Any 6x2) (12)
  -
- 2.4  
LO3  
AS7
- Evaluate your strength and weaknesses. ✓✓
  - Perform consistently. ✓✓
  - Choose a mentor or coach. ✓✓
  - Keep a portfolio of achievements. ✓✓
  - Focus on what you can do best. ✓✓. (Any 3x2) (6)
- 2.5  
LO1  
AS4
- Improve the level of investment in education and training. ✓✓
  - Use the working place as a working environment. ✓✓
  - Encourage employees to take part in learnership and skills-training programmes. ✓✓
  - Ensure quality training and education in the workplace. ✓✓
  - Create employment opportunity for disadvantaged people. ✓✓
  - Develop the skills of South African workforce. Assist work seekers to find employment, retrenched workers to enter labour market and employers to find qualified employees. ✓✓. (6x2) (12)
- [60]**

**QUESTION 3**

- 3.1 3.1.1 (a) No ✓✓ (2)  
LO2 AS5
- (b)
- Business should not discriminate ✓✓
  - It's against the constitution ✓✓
  - It is against the Equity Act ✓✓
  - It discriminates on racial grounds ✓✓. (Any 1x2) (2)
- 3.1.2  
LO2 AS5
- Employer must recruit minority groups and members of protected groups ✓✓
  - Remove/eliminate discriminatory employment practices ✓✓
  - Ensure employment and promotion of persons who had previously been excluded. ✓✓
  - Removal of inequalities as a result of historical discrimination. ✓✓ (Any 3x2) (6)
- 3.2  
LO1 AS4
- Meeting the needs of the target market and adapt to changing needs of consumers. ✓✓
  - Producing quality products and services. ✓✓
  - Maintain good relations with customers and suppliers. ✓✓
  - Achieving the targeted return on capital. ✓✓
  - Good labour relations and minimising labour disputes. ✓✓
  - Implementing and maintaining social responsibility programmes. ✓✓
  - Adaptability of the business to macro-environmental changes e.g. legislation. ✓✓
  - Apply strategies to create a competitive advantage. ✓✓
  - Ability to increase market share, productivity and profitability. ✓✓
- Any other relevant answer. (Any 5x2) (10)
- 3.3  
LO4 AS4
- High productivity. ✓✓
  - Lower labour turnover. ✓✓
  - Motivated, productive workforce. ✓✓
  - Loyalty and long-term support of customers. ✓✓
  - Favourable image of business to suppliers, investors, government, etc. ✓✓
  - Greater return on capital. ✓✓ (Any 5x2) (10)

- 3.4    3.4.1    (a)    Mission  
LO1 AS2    Change the mission to suit the changing  
circumstances. √√ (1x2) (2)
- (b)    Call Tariffs  
Investigate cheaper call tariffs for Telkom. √√ (1x2) (2)
- (c)    Top Management  
Develop new competitive strategy. √√ (1x2) (2)
- (d)    •    Consumers  
•    Do market research to determine changing  
customer needs √√  
•    Compile consumer packages that satisfy  
customer needs. √√  
•    Find new markets √√  
•    Improve service to customers √√ (Any 2x2) (4)
- (e)    •    Competitors  
•    Implement new marketing strategies √√  
•    Market similar packages as Neotel to compete  
directly with them. √√  
•    Diversify into new markets/products √√ (Any 1x2) (2)
- (f)    Technology  
•    Improve current technology √√  
•    Invest in latest technology √√  
•    Train workers in latest technology √√ (Any 2x2) (4)
- 3.4.2    •    Retrenchment of Telkom workers – unemployment √√  
LO1 AS2    •    Loss of clients √√  
•    Decrease in profit √√  
•    Loss of market share √√  
•    Lower share prices √√  
•    Less investment in social investment programmes √√  
•    Increase in Telkom prices √√. (Any 3x2) (6)
- 3.4.3    (a)    •    Insurance  
LO2 AS7    •    Also known as short term insurance √√  
•    Cover an event that may occur √√  
•    E.g. Accident, fire √√  
•    Payments only if event occurs √√  
•    Usually a co-payment/excess √√ (Any 2x2) (4)
- (b)    •    Assurance  
•    Also known as long-term insurance √√  
•    Cover an event that will occur √√  
•    E.g. Death, retirement √√  
•    Payment only after event √√  
•    No co-payment/excess √√ (Any 2x2) (4)

## QUESTION 4

- 4.1 4.1.1 (a) • Businesses must invest  
LO2 AS7
- Need to invest **in** trading stock ✓✓
  - Need to invest **in** machinery, equipment, etc. ✓✓
  - Invest in land and building for expansion ✓✓
  - Invest in new markets to increase market share ✓✓
  - In surplus funds to generate income ✓✓ (Any 3x2) (6)
- (b) • Individuals must invest
- To create wealth and generate income ✓✓
  - To ensure comfortable retirement ✓✓
  - To speculate: buying a commodity at relatively low price and sell at high price. ✓✓
  - To share in the profit of companies by investing in shares. ✓✓ (Any 3x2) (6)
- 4.1.2 • Participating preference shares✓ – surplus profit will be  
LO2 AS7 shared among shareholders. ✓✓
- Cumulative preference shares✓ – shareholders are compensated for any past dividends they may have missed during loss-making years. ✓✓
  - Non-cumulative preference shares **subordinated**✓ – holders cannot be compensated for past dividends they may have missed during loss-making years. ✓✓
  - Redeemable preference shares✓ – may be bought back by the issuing company. ✓✓
  - Convertible preference shares✓ – convertible into ordinary shares. ✓✓
- Any other relevant answer. (Any 3x3) (9)
- 4.2 4.2.1 The Labour Relations Act (Act 66 of 1995)  
LO1 AS4
- It caters for collective bargaining and collective agreements by providing workplace forums.
  - It caters for labour disputes through conciliation, arbitration, adjudication or industrial action.
  - It caters for trade unions and employers organisations.
  - Responsible for the establishment of the commission for conciliation, mediation and arbitration - CCMA.
- Any other relevant purpose relating to LBA (Any 4x2) (8)

4.2.2 The National Credit Act

LO1 AS4

- Promotes the development of a credit market that is accessible to all South Africans. ✓✓
- Ensures consistent treatment of different credit products and different credit providers. ✓✓
- Encourages responsible borrowing, avoidance of over-indebtedness and fulfilment of financial obligations by consumers. ✓✓
- Promotes equity in the credit market. ✓✓
- Addresses and corrects imbalances in negotiating power between consumers and credit providers. ✓✓
- Discourages reckless credit granting by credit providers and contractual default by consumers. ✓✓

Any other relevant answer

(Any 4x2)

(8)

4.3

## 4.3.1

LO2 AS6

- Identify the method of presentation to be used e.g. written information, oral communication, etc. ✓✓
- Consider the audience, in this case the shareholders and prepare accordingly. ✓✓
- Consider venue and facilities available e.g. projectors, flipcharts, etc. ✓✓
- Be clear about the objectives of your presentation ✓✓
- Obtain all the information that is necessary and that the figures you present are accurate, relevant and up to date. ✓✓
- Consider time and allow for questions and discussions. ✓✓
- Plan the format of your presentation which could include welcome/introduction, body and conclusion. ✓✓
- Ensure that you are mentally prepared for the presentation by rehearsing to ensure that the presentation is highly successful. ✓✓

Any other relevant answer relating to presentation of information.

(Any 6x2)

(12)

## 4.3.2

LO2 AS4

- Good organisational and management skills ✓✓
- Optimistic about the future and set goals ✓✓
- Good communication skills and creates a positive environment that is pleasant. ✓✓
- Creativity, innovativeness and ability to meet challenges. ✓✓
- Possess good interpersonal skills and the ability to work with people and satisfy their needs. ✓✓
- Ability to take calculated risk ✓✓
- Provide leadership in the organisation and make clear judgment on incomplete information. ✓✓
- Positive approach, **commitment**, self-confidence, determination and dedication to do his/her best at the all times. ✓✓

Any other relevant answer regarding entrepreneurial qualities.

(Any 5x2)

(10)

## 4.4 Performance appraisal ✓

LO4 AS4

(1)

**[60]****TOTAL SECTION B: 180**

**SECTION C:****QUESTION 5 LO1 AS3****Introduction**

- Corporate social investment (CSI) refers to the contribution that the company makes to uplift or develop and solve problems in the community. ✓
- Generally, most of the employees of the company come from the local community. ✓
- Therefore, the company deems it fit to invest some of its funds to projects that are much needed by the community. ✓
- The government cannot solve problems of the country and therefore encourages big business to foster partnerships with the local community. ✓
- The community in response buys the product of that company. ✓

(Any 3x1) (3)

**Social Responsibility Programmes (nature):**

- Corporate business engages the local community with, amongst others, the following programmes:
  - HIV/Aids awareness ✓ - by sponsoring NGOs ✓
  - Education and training ✓ - by providing bursaries to learners ✓
  - Conservation of the environment and pollution ✓ - by sponsoring projects that preserve the environment ✓
  - Poverty alleviation ✓ - by job creation ✓
  - Pensioners, deprived children and orphans ✓ - by sponsoring housing projects ✓
  - Empowerment of women ✓ - by sponsoring conferences ✓
  - Rural development ✓ - by forming partnerships ✓

(1 mark for fact and 1 mark for example) (Max 6) (6)

**Characteristics/Features of Corporate Social Investment (process)**

- CSI is mainly implemented by big business. ✓✓
- CSI is forced by legislation. ✓✓
- CSI is seen as a political expectation. ✓✓
- CSI is seen as part of the business operation and is sustainable. ✓✓
- Business organisations choose the programs for the community e.g. support for education. ✓✓
- Business organisations support the community with the product that they manufacture e.g. a paper manufacturing company may donate duplicating paper to the local schools in the community. ✓✓
- Partnerships are formed with local communities, the government and non-profit organisations. ✓✓
- In South Africa **BBBEE (Broad Based Black Economic Empowerment)** companies play a vital role in CSI. ✓✓

(max 8) (8)

**How it works**

- Corporate social responsibility is influenced by various factors:
  - Companies identify a particular need in the community and funds the project e.g. the building of a community hall. ✓✓
  - Ethics has a decisive influence in the business and management and employees have an important role to play in the community. ✓✓
  - Government legislation encourages companies to engage in social investment programmes. ✓✓
  - Competitors force a company to engage in social responsibility programmes. ✓✓
- (max 6) (6)

**Benefits of CSI for the business and the community:****Benefits for the business**

- Improved health for its workers. ✓✓
  - Sustained Conservation of the environment may lead to reduction in costs which could be channelled elsewhere. ✓✓
  - May attract experienced employees which could benefit the enterprise in terms of increased productivity. ✓✓
  - The community supports the business by purchasing its products and thereby contributing to the business profitability. ✓✓
  - The business enjoys goodwill. ✓✓
  - Improves the image of the company. ✓✓
  - Any other relevant benefit for the business
- (max 6) (6)

**Benefits for the community.**

- The Community provides the labour, customers and suppliers to the business enterprise. ✓✓
  - Provision of bursaries. ✓✓
  - Improves the welfare of society. ✓✓
  - The standard of living of the community is uplifted. ✓✓
  - The business needs to give something back in the form of money, products, services, etc. ✓✓
  - Improved health for the community and customers. ✓✓
  - Any other relevant benefit for the community. ✓✓
- (max 6) (6)

**NOTE: Benefit of CSI for the business and the community** (max 12) (12)

**Problems of CSI for the business and the community:****Problems of CSI for the business:**

- The community may not support the enterprise i.e. does not buy the product of the enterprise. ✓✓
- Difficulty in adherence to legislation governing the CSI. ✓✓
- Small and medium enterprises find it difficult to implement CSI programmes. ✓✓
- Distribution of scarce CSI resources to selected beneficiaries in the community may cause problems such as discrimination. ✓✓ (Max 6) (6)

**Problems of CSI for the community:**

- The benefits of the programme may not filter to the intended persons within the community. ✓✓
- Insufficient provisioning that does not satisfy all the needs of the community. ✓✓
- Community may become dependent on CSR initiatives. ✓✓ (6)

**NOTE: Problems of CSI for the business and the community.** (max 12) (12)

**Conclusion**

- From the above discussion it can be concluded that many communities have benefited from CSI initiatives. ✓✓
- Corporate Business in South Africa has come to the rescue of many poor communities by building schools, crèches, clinics, etc. ✓✓ (Any 1x2) (2)  
(max 32) (32)

**Breakdown of mark allocation:**

Details	Maximum	Reduced to	Subtotal	Total
Introduction			3	Max 32
Social responsibility programmes (nature)	6	27	27	
Characteristics/Features of CSI (process)	8			
How it works	6			
Benefits of CSI for the enterprise and the community	12			
Problems of CSI for the enterprise and the community	12			
Conclusion			2	
Insight:				
Layout Structure				2
Analysis and Interpretation				2
Synthesis				2
Originality, Examples, recency of information, current trends and developments				2

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some requirements are met.

Allocate 0 marks where requirements are not met at all.

**[40]**

**QUESTION 6 LO3 AS6****Introduction**

- Conflict exists when people who are meant to work together do not get along.✓
- Conflict starts because of differences in motives ✓e.g. promotion prospects, demands that cause tension, or events.✓ (3)

**Source of conflict in an organisation:**

- Competing for limited resources.✓  
Employees can't get all the money, material, time or human help they want. ✓✓
- Exaggerating minor irritations.✓  
A minor incident that is not dealt with openly can grow bigger and eventually can become a major issue that cannot be dealt with in isolation. ✓✓
- Differences in goals and objectives.✓  
Although everybody working for the same organisation should really share the same ultimate goal – namely the success of the organisation. ✓✓
- Different personalities.✓  
Personality and cultural differences among people contribute to workplace conflict.✓  
People may not accept the values of others or they may simply dislike each other. ✓✓
- Gender differences✓  
There is still a lot of misunderstanding and cultural bias of how men and women are perceived in the workplace. ✓✓  
Gender conflict often exists because women want more power and men are reluctant to share power. ✓✓  
Pay differences between men and women doing the same work also contribute to gender conflict. ✓✓ (Any 4x3) (12)

**Conflict Resolution Techniques:**The confrontation and problem-solving technique. ✓✓

Step 1: Awareness✓ - Party A recognises that a conflict exists with another party. ✓✓

Step 2: Decision to confront✓ - Party A decides that the conflict is important enough to confront Party B and that the confrontation is more important than to avoid the conflict. ✓✓

Step 3: The actual meeting✓ - Party B may indicate either a willingness or unwillingness to accept the confrontation. ✓✓

Step 4: Determining the cause of the conflict✓ - a discussion between the two parties about the conflict takes place trying to identify the real issue. ✓✓

Step 5: Determining the way forward ✓ - will attempt to develop specific ways of reducing or eliminating the cause of the conflict, if this is not possible a way of working around the cause is discussed. ✓✓

Step 6: Follow up ✓ - After the solution has been implemented, both parties should check to make sure that the agreements are being kept. ✓✓

max.15 (15)

**Conclusion**

- The conflict can be positive and negative, because conflict allows people to learn about a problem from different sides. ✓✓
- Conflict leads people's focus away from work and the basic goals of the team, enterprise and impacts negatively on morale and productivity. ✓✓

(Any 1x2) (2)

(max 32) (32)

**Breakdown of mark allocation:**

Details	Maximum	Reduced to	Subtotal	Total
Introduction			3	Max 32
Sources of conflict in an organisation	12	12	27	
Conflict resolution techniques	15	15		
Conclusion			2	
<b>Insight:</b>				
Layout Structure				2
Analysis and Interpretation				2
Synthesis				2
Originality, Examples, recency of information, current trends and developments				2

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some requirements are met.

Allocate 0 marks where requirements are not met at all.

**[40]**

**QUESTION 7 LO2 AS5****Introduction:**

- During the apartheid era very little or no recognition was given to the concepts of human rights, inclusivity and environment issues. ✓✓
- After the establishment of the new democratic government, various pieces of legislation were passed to give due recognition to the abovementioned. ✓✓
- These issues have been addressed through the passing of various Acts with specific ministers appointed to look after each aspect. ✓✓ (3x1) (3)

**CONCEPTS:****Human Rights**

- The constitution guarantees a person's basic human rights. ✓✓
- Every citizen is entitled to privacy, dignity and equality. ✓✓
- The Human Rights Commission ensures that human rights are not violated. ✓✓
- Human rights also entrenches women's rights, children's rights, the right to protection, privacy and freedom of association. ✓✓ (Any 2x2) (4)

**Inclusivity**

- This means people are given equal opportunities in respect of race, gender, age, cultures and physical disabilities. ✓✓
- Non-discrimination in the workplace. ✓✓
- Diversity in the work place. ✓✓
- Women must be given equal opportunities in the workplace. ✓✓
- Disabled people must be given an opportunity to be employed. ✓✓
- Previously the disadvantaged were paid less for equal work. ✓✓
- Women were excluded from management positions. ✓✓
- If this policy of non-discrimination is followed, it will lead to diversity in the workplace. ✓✓ (Any 2x2) (4)

**Environment issues**

- This aspect addresses issues such as the destruction of the natural environment, depletion of natural resources and the effective use of natural resources. ✓✓
- Maintain the ecological balance. ✓✓
- Include issues such as pollution. ✓✓ (Any 2x2) (4)

**INITIATIVES:****Human Rights**

- Specific poverty alleviation programmes e.g. donation of land for the cultivation and development of entrepreneurial initiatives. √√
- Reduction of unemployment through skills development, entrepreneurial programmes making resources available and encouraging informal and indigenous practices. √√ (Any 1x2) (2)

**Inclusivity**

- Legislation to address different forms of discrimination e.g. **Skills Development Act/Employment Equity Act**. √√
- The Human Rights Commission supervises and handles complaints. √√ (Any 1x2) (2)

**Environmental Issues**

- The Department of Environmental Affairs and Tourism passed legislation in order to reduce pollution, rehabilitation programmes e.g. Rehabilitation of the dunes by Richards Bay Minerals. √√
- The Green Scorpions established to protect the parks, water reserves, fisheries, etc. √√ (Any 1x2) (2)

**THE EXTENT TO WHICH THEY HAVE BEEN SUCCESSFUL:****Human Rights**

- More attention is being paid to human rights, inclusivity and environmental issues. √√
- Greater participation of the previously disadvantaged people in the economy of the country. √√
- Greater awareness of the abuse against women and children which is highlighted and published. √√
- Worker participation and their voice being heard through unions. √√ (Any 2x2) (4)

**Inclusivity**

- Government Enterprises prefer doing business with contributors to the Black Economic Empowerment. √√
- Regulations ensure that the requirements of the act are complied with. √√
- Labour inspectors monitor businesses for compliance. √√
- The workforce must include a percentage of workers with disabilities. √√
- Codes of Good Practice relating to **BBBEE** are in place. √√ (Any 2x2) (4)

**Environmental Issues**

- Many Acts have been passed, monitored and supervised, e.g. the depletion of fishing resources, Green Peace Organisation and its success. √√
- World awareness in protecting the ozone layer. √√
- Fines are being imposed on defaulters. √√ (Any 2x2) (4)

**Conclusion**

- Issues which did not receive enough publicity previously are now addressed and improved. ✓✓
- Specific institutions have been developed to monitor these issues. ✓✓
- Punitive measures, threats and fines are imposed. ✓✓ (Any 1x2) (2)  
(max 32) (32)

**Breakdown of mark allocation:**

Details	Maximum	Reduced to	Subtotal	Total
Introduction			3	Max 32
Concepts	12	27	27	
Initiatives	6			
Extent to which they have been successful	12			
Conclusion			2	
Insight:				
Layout Structure				2
Analysis and Interpretation				2
Synthesis				2
Originality, Examples, recency of information, current trends and developments				2

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some requirements are met.

Allocate 0 marks where requirements are not met at all.

**[40]**

**QUESTION 8 LO4 AS6****Introduction**

- Business has to perform the eight business functions which are interrelated in order to be successful. ✓✓
- If business enterprises want to improve their competitive position then the need for quality becomes more important. ✓✓
- Businesses must have quality control systems in place to monitor performance. ✓✓ (3)

**Business functions:****General Management** ✓✓

- General management must develop a strategic plan. ✓✓
- It consists of the following activities: planning, organising, leading/activating and control ✓✓  
Any other relevant answer.

**Effective quality performance**

- Top management activities are measured largely by the final profitability figures. ✓✓
- The enterprise must strive to create a positive image in the minds of consumers. ✓✓
- Improvement can be achieved through the setting of high but realistic targets. ✓✓
- Surveys can be conducted to ascertain the image of the business. ✓✓
- Comparison of figures on profitability. ✓✓
- Strategic plan must be in place. ✓✓
- Reporting and feedback **must form part of the** plan. ✓✓ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**PURCHASING FUNCTION:** ✓✓

- Involved in all the purchasing of raw materials or goods of the correct quality, quantity, price, time and place. ✓✓

**Effective quality performance**

- Unwise purchases of raw materials and capital goods may **have a negative** impact on the final products. ✓✓
- There must be an identification and selection of reputable suppliers of goods. ✓✓
- Goods must satisfy the target market. ✓✓
- High turnover of goods means that the correct goods were purchased. ✓✓  
(Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**MARKETING FUNCTION** √√

- Making the public aware of what is available through advertising, etc. √√
- Bring the goods within easy reach of the consumer through storage, distribution and advertising. √√ (Any 1x2) (2)

**Effective quality performance**

- Customers are well aware of products through marketing communication policy e.g. aggressive advertising of products. √√
- New products must also be advertised to attract consumers. √√
- Vouchers/coupons can be included in the advertisement offering a discount on presentation. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**PRODUCTION FUNCTION** √√

- Acquiring the raw materials from the various sources. √√
- Converting raw materials into finished products of a pre-determined standard. √√

**Effective quality performance**

- Goods must be produced at reasonable cost to remain competitive. √√
- Production cost calculation will help ensure that costs are contained. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**FINANCIAL FUNCTION:** √√

- Determine the need for funds. √√
- Acquire the funds from most suitable sources. √√

**Effective quality performance**

- The funds must be effectively applied. √√
- Profitability ratios must be prepared by the financial manager and presented to management to compare and make decisions. √√
- This is also influenced by the credit collection policy, liquidity analysis and cash flow position. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**Human Resources** √√

- To find the suitable person for the right job. √√
- To appoint a person to the position where his/her capabilities can be used to advantage of the business. √√

**Effective quality performance**

- Continuous training and development of staff. √√
- Appropriate training and development programmes can lead to a highly stable staff. √√
- This can lead to a low rate of staff turnover. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**Public relations** √√

- Promote a positive image by liaising with the relevant stakeholders. √√

**Effective quality performance**

- Release regular press statements. √√
- Through publicity, the business enjoys a positive image in society. √√
- The business must attain a respectable position in society. √√
- Other management functions are influenced by public relations e.g. improved customer relations. √√
- Counter negative publicity. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**Administration** √√

- Acquiring, collecting, processing, making available and safekeeping of information. √√
- Decisions are based on information. √√ (Any 2x2) (2)

**Effective quality performance**

- Debtors statements **must be** posted timeously and debtors **must** pay on due dates. √√
- This improves the liquidity, cash flow and profitability position. √√
- Apply same principles to creditors and stock. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**Risk management** √√

- According to the King's Report on Corporate governance, it was proposed that the risk function be a management function on its own. √√
- Deals with issues on how to avoid, reduce, eliminate or prevent risk occurrence/exposure. √√
- The following processes are important in risk management, i.e. Risk identification, risk analysis, risk control, and risk funding. √√ (Any 2x2) (2)

**Effective quality performance**

- The business must have systems in place to identify the risks the business is exposed to. √√
- Every risk, even those that are regarded as small and worthless should be recorded. √√
- The risk control measures ensure that business losses are minimised. √√
- Provision for fire escapes and evacuation procedures can prevent human injuries, casualties and deaths in the workplace. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**Information Technology (IT) or Management Information System or Knowledge Systems** √√

- Managing information is important as the business environment is dynamic. √√
- Many decisions are based on historical data. √√ (2)

**Effective quality performance**

- Time availability of data is necessary. √√
- Decisions based on incorrect data may be costly. √√
- Easy electronic access to global information can help in making business decisions and help in international trade. √√ (Any 2x2) (4)

Identification (2)

Description (1x2) (2)

Quality performance (2x2) (4)

Maximum (6)

**NOTE: Maximum for any 5 business functions is 30****Conclusion**

- The management functions mentioned above cannot operate in isolation. √√
- The functions are closely interrelated. √√
- Quality performance of the business functions leads to an overall improvement and profitability of the enterprise. √√
- Continuous monitoring and evaluation of the performance management systems must be in place. √√ (Any 1x2) (2)  
(max 32) (32)

**Breakdown of mark allocation:**

Details	Maximum	Reduced to	Subtotal	Total
Introduction			3	
General Management	6	27	27	Max 32
Purchasing function	6			
Marketing function	6			
Production function	6			
Financial function	6			
Human Resources	6			
Public relations	6			
Administration	6			
Risk management	6			
Information Technology	6			
Conclusion			2	
<b>Insight:</b>				
Layout Structure				2
Analysis and Interpretation				2
Synthesis				2
Originality, Examples, recency of information, current trends and developments				2

\*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some requirements are met.

Allocate 0 marks where requirements are not met at all.

**[40]****TOTAL SECTION C: 80****GRAND TOTAL: 300**