



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**JUNE 2017**

**BUSINESS STUDIES  
MEMORANDUM**

**MARKS: 300**

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This memorandum consists of 45 pages.

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**NOTES TO MARKERS**

1. Candidates' responses for SECTIONS B and C must be in full sentences; however this would depend on the nature of the question.
2. A comprehensive memorandum 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 memorandum
  - Comes from another source
  - Original
  - A different approach is used

**NOTE: SECTION A:**

- There are no alternative answers.
  - Each question has only one correct answer.
3. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
  4. The word 'sub-max' is used to facilitate the allocation of marks within a question or sub-question.
  5. 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.
  6. In an indirect question, the theory as well as the response must be relevant and related to the question.
  7. **Incorrect numbering of questions or sub-questions will be SEVERELY PENALISED. This is applicable to all the sections of the paper.**
  8. No additional credit must be given for repetition of facts. Indicate with an R.
  9. 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 memo. Only the total for each question should appear in the left-hand margin next to the appropriate question number.

**10. SECTION B**

10.1 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 or use the word 'Cancel'.

**NOTE:** This only applies to questions where the number of facts is specified.

10.2 If two facts are written in one sentence, award the candidate FULL credit. Point 10.1 above still applies.

10.3 If candidates are required to provide their own examples / views, brainstorm this to come up with alternative answers.

**10.4 USE OF THE COGNITIVE VERB AND ALLOCATION OF MARKS**

10.4.1 Where the number of facts are specified questions that require candidates to 'explain / discuss / describe' will be marked as follows:

- Heading 2 marks
- Explanation 1 mark (or as indicated in the memorandum).

The 'heading' and 'explanation' are given separately to facilitate mark allocation.

10.4.2 If the number of facts is not specified, the candidate must be informed by the nature of the question and the maximum marks allocated.

10.5 **ONE mark will be awarded for answers that are easy to recall, requires one-word answers, or is quoted directly from scenario / case study. This applies to SECTIONS B and C in particular.**

**11. SECTION C**

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

Introduction	<b>Maximum: 32</b>
Content	
Conclusion	
Insight	<b>8</b>
<b>TOTAL</b>	<b>40</b>

11.2 Insight consists of the following components:

<b>Layout / Structure:</b>	(Is there an introduction, body, proper paragraphs and a conclusion?)	<b>2</b>
<b>Analysis and interpretation:</b>	(Learners' ability to break down the question / interpret it correctly to show understanding of what is being asked.)	<b>2</b>
<b>Synthesis:</b>	Are there relevant decisions / facts / responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (Zero / No '-S') NB: 1. If there are no '-S' indicated, award the maximum TWO (2) marks. 2. Where a candidate answer less than 50% of the Question with relevant facts, no –S appears in the Left margin, award a maximum of ONE (1) mark.	
<b>Originality:</b>	(Examples, recency of information, current trends and developments.)	<b>2</b>
	<b>TOTAL FOR INSIGHT:</b>	<b>8</b>
	<b>TOTAL MARKS FOR FACTS:</b>	<b>32</b>
	<b>TOTAL MARKS FOR ESSAY (8 + 32)</b>	<b>40</b>

**NOTE:**

1. **No marks will be awarded for contents repeated from the introduction and conclusion.**
2. **The candidate forfeits marks for layout if the words INTRODUCTION and CONCLUSION are not stated.**
3. **No marks will be allocated for layout, if the headings 'Introduction, Conclusion,' etc. in 'Insight' is not supported by an explanation.**
4. **With the effect from November 2017 a candidate will be awarded a maximum of ONE (1) mark for headings / subheadings and ONE (1) mark for interpretation (16 or more out of 32 marks). This applies specifically to the analysis and interpretation part of insight.**

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

11.4 The components of insight are indicated at the end of the suggested answer for each question.

<b>CONTENT</b>	<b>MARKS</b>
Facts	32 (max.)
L	2
A	2
S	2
O	2
<b>TOTAL</b>	<b>40</b>

- 11.7 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 sub-headings are encouraged and contribute to insight (structuring / logical flow / sequencing) and indicate clarity of thought.  
(See MARKS BREAKDOWN at the end of each question.)
- 11.8 If the candidate identifies / interprets the question INCORRECTLY, then he / she may still obtain marks for layout.
- 11.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation / subheadings as indicated in the memorandum.
- 11.10 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 11.11 With the effect from November 2017, the maximum of TWO (2) marks for facts shown as heading in the memo, will not necessarily apply to each question. This would also depend on the nature of the question.

## SECTION A (COMPULSORY)

### QUESTION 1

1.1	1.1.1	A	√√	1.1.6	A	√√		
	1.1.2	C	√√	1.1.7	D	√√		
	1.1.3	B	√√	1.1.8	B	√√		
	1.1.4	C	√√	1.1.9	A	√√		
	1.1.5	C	√√	1.1.10	D	√√	(10 × 2)	(20)
1.2	1.2.1	Brainstorming	√√					
	1.2.2	Skill Development	√√					
	1.2.3	Arbitration	√√					
	1.2.4	Staff development	√√					
	1.2.5	Leadership	√√				(5 × 2)	(10)
1.3	1.3.1	C	√√					
	1.3.2	D	√√					
	1.3.3	E	√√					
	1.3.4	B	√√					
	1.3.5	A	√√				(5 × 2)	(10)

**TOTAL SECTION A: 40**

### BREAKDOWN OF MARKS

QUESTION 1	MARKS
1.1	20
1.2	10
1.3	10
<b>TOTAL</b>	<b>40</b>

**SECTION B Mark the FIRST THREE answers only.****QUESTION 2: BUSINESS ENVIRONMENTS**

- 2.1 2.1.1 Power of competitors / Competitive rivalry ✓✓  
 2.1.2 Threats of substitution ✓✓  
 2.1.3 Power of buyers ✓✓  
 2.1.4 Threats / Barriers of new entrants to the market ✓✓  
 2.1.5 Power of suppliers ✓✓ (5 × 2) (10)

2.2 *Strategic management process***OPTION 1**

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

**OR****OPTION 2**

- Review ✓ vision statement. ✓
- Analyse / Re-examine ✓ mission statement. ✓
- Conduct an analysis ✓ using models such as PESTLE / PORTERS. ✓
- Formulate strategy ✓, referring to strategies such as defensive / retrenchment. ✓
- Implement strategy ✓, using templates such as action plans. ✓
- Control of strategy ✓ to identify gaps in planning. ✓
- Evaluate strategy ✓ to identify deviations in implementation. ✓
- Take corrective action ✓ to ensure goals / ✓objectives are met. ✓
- Any other relevant answer related to how the strategic management process can be applied.

**NOTE: The steps may be in any order.**

(Max 5 × 2) (10)

- 2.3 2.3.1 National Credit Act, 2005 (Act 34 of 2005) ✓ (1)
- 2.3.2 **Reckless granting credit to clients.**
- Easy Bank granted too much credit to minors. ✓
  - Disclosed incorrect interest rate on credit agreements. ✓
- NOTE: Mark the first TWO (2) only.** (2 × 1) (2)
- 2.3.3 **Disadvantages / challenges of National Credit Act. 2005 (Act 34 of 2005)**
- Decrease in credit sales ✓ due to customer loss / economic decline (downturn). ✓
  - May not easily ✓ be granted overdraft / credit facilities. ✓
  - Creditors may not pester customers to agree ✓ to a credit agreement telephonically or through visits at home. ✓
  - More working capital is needed ✓ due to higher administrative costs. ✓
  - Businesses profit could decline ✓ because they can no longer depend on customers who had easy access to credit. ✓
  - Misinterpretation of the Act may lead to huge losses ✓ e.g. increased bad debts. ✓
  - Failure to abide by all the provisions of the Act might result in a lawsuit ✓, e.g. granting credit to a customer whose name is under review. ✓
  - Paperwork and administrative processes are costly ✓ and time consuming. ✓
  - Any other relevant answer related to disadvantages / negatives of the NCA to businesses / service providers.
- NOTE: Mark the first THREE (3) only.** (Max 3 × 2) (6)
- 2.4 **Practical ways to comply with the CPA**
- Disclose prices of all products on sale. ✓✓
  - Ensure that goods / services offered are standardised / of the same quality. ✓✓
  - Comply with the legal requirements of promotional competitions. ✓✓
  - Display the name of the business on all business documents, e.g. letterheads / invoices / contracts. ✓✓
  - All agreements must provide for a five-day cooling off period. ✓✓
  - Comply with requirements regarding the display of information on labels / packaging, e.g. smoking is hazardous for pregnant woman. ✓✓
  - Bundling of goods / services should benefit consumers, e.g. offering a cell phone and a tablet at a special price. ✓✓
  - Provide adequate training to staff on the CPA. ✓✓
  - Implement measures that will facilitate complaints, e.g. suggestion boxes. ✓✓
  - Any other practical way that business should implement to comply with the CPA. (Max 5 × 2) (10)

2.5 2.5.1 Broad-Based Black Economic Empowerment Act (Act 53 of 2003) (amended in 2013) ✓ (1)

2.5.2 **Two consequences**

- The penalty for fronting is a fine, up to ten years imprisonment, or both. ✓
- A person convicted of fronting will also be disqualified from contracting with any other public entity for a period of ten years. ✓

**NOTE: Mark the first TWO (2) only.** (2 × 1) (2)

2.5.3 **Description of Fronting**

- Act of knowingly misrepresents ✓ or attempts to misrepresents the BBEE- status of the enterprise. ✓
- Incorrect interpretation ✓ of the BBEE policies inadvertently and unintentionally. ✓
- Misrepresentation may result in imprisonment of directors / fine up to 10% of the company's annual turnover
- Any other relevant answer related to the description of fronting.

(Max) (2)

2.5.4 **Impact of Broad Based Black Economic Empowerment Act (BBEE) on Businesses.**

**Positives**

- Workers will be skilled ✓ because businesses are compelled to send them for skills training. ✓
- Businesses that comply with BBEE regarding the pillars ✓ will be rated high on the BEE score card / may get government tenders. ✓
- Encourages businesses to address the demands for redress ✓ and equity directly. ✓
- Provides a variety of business codes ✓ to improve employment equity. ✓
- Provides opportunities for / Empowers previously disadvantaged employees ✓ through uplifting socio-economic processes. ✓
- Provides for human resources development ✓ through training and development. ✓
- Promotes enterprise development ✓, by developing entrepreneurial skills of designated people to start their own businesses. ✓
- Businesses will have a good overview on how it is performing ✓ with regard to the national requirements of the country. ✓
- A good BBEE rating ✓ will improve the image of the business. ✓
- By focusing on BBEE the business will show commitment ✓ towards the social / educational / economic developments in the community / country. ✓
- Once rated, the business will understand how to develop BBEE strategies that will increase its BBEE ratings on an annual basis. ✓
- Fronting is discouraged ✓, as it may lead to the disqualification of a business's entire score card / BBEE status. ✓
- Share prices of BBEE compliant businesses are likely to increase ✓ as they attract more business. ✓
- Businesses that support Small, Micro, Medium Enterprises (SMMEs) ✓, may increase their own BEE ratings. ✓

- Complying with BBBEE requirements gives businesses experience / exposure ✓ to be able to provide better employment opportunities / staff development. ✓
- Any other relevant answer related to the positive impact of BBBEE on businesses.

### AND / OR

#### **Negatives**

- Businesses have to go through the process of having their BBBEE compliance measured / verified ✓ by an independent BBBEE verification agency. ✓
- Businesses that wish to do business with the government ✓, must have their BBBEE status assessed annually. ✓
- Provides for preferential procurement ✓, so certain businesses may be excluded from supplying goods / services. ✓
- Processes may lead to corruption / nepotism ✓, if not monitored properly. ✓
- Many businesses have been disadvantaged due to BEE ratings ✓ as they may not be able to meet all the criteria for scoring. ✓
- Processes and procedures may be costly for a business ✓ as there are many legal requirements for scoring enough points to be compliant. ✓
- Businesses could experience large financial implications / penalties ✓ if they do not comply with the BBBEE. ✓
- Businesses will have to spend money in areas covered by the seven / five pillars of BBBEE ✓ to obtain a good BBBEE rating. ✓
- Investment and ownership issues ✓ can cause unhappiness between existing shareholders. ✓
- Any other relevant answer related to the negative impact of BBBEE on businesses.

(Max) (8)

## 2.6 Purpose of the Labour Relations Act

- Provides a framework where the employees, trade unions and employers work together ✓ to discuss matters relating to employment, e.g. wages, conditions of employment. ✓
- Promotes orderly negotiations and employee participation ✓ in decision making in the workplace. ✓
- Promotes resolution ✓ of labour disputes. ✓
- Promotes fair ✓ employment practices. ✓
- Outlines the relationship ✓ between employees and employers. ✓
- Provides simple procedures ✓ for the registration of trade unions and employers' organisations. ✓
- Regulates the rights of trade unions and facilitates ✓ collective bargaining. ✓
- Regulates the effectiveness of bargaining councils ✓ and statutory councils. ✓
- Allows workplace forums ✓ where employees may participate in decision-making. ✓
- Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) to resolve labour disputes ✓ through statutory conciliation, mediation and arbitration. ✓
- Endorses the right to strike against retrenchments, ✓ and facilitates labour disputes. ✓

- Clarifies the transfer ✓ of contracts of employment procedures. ✓
- Establishes Labour Courts and Labour Appeal Courts ✓ to deal with labour issues. ✓
- Offers codes ✓ of good practice. ✓
- Deals with ✓ strikes and lockouts and workplace forums. ✓
- Establishes workplace forums to promote ✓ the interest of all employees in the workplace whether they belong to the trade union or not. ✓
- Any other relevant answer related to the purpose of the Labour Relations Act.

(Max)

(8)  
[60]**BREAKDOWN OF MARKS**

QUESTION 2	MARKS
2.1	10
2.2	10
2.3.1	1
2.3.2	2
2.3.3	6
2.4	10
2.5.1	1
2.5.2	2
2.5.3	2
2.5.4	8
2.6	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 3: BUSINESS VENTURES (MANAGEMENT AND LEADERSHIP)**

- 3.1 3.1.1 Charismatic leadership ✓✓  
 3.1.2 Democratic leadership ✓✓  
 3.1.3 Autocratic leadership ✓✓  
 3.1.4 Bureaucratic leadership ✓✓  
 3.1.5 *Laissez-faire* leadership ✓✓

(5 × 2) (10)

## 3.2 Distinction between leadership and management

Leadership	Management
- Influences human behaviour. ✓✓	- Guides human behaviour. ✓✓
- Communicates by means of interaction / behaviour / vision / values / charisma. ✓✓	- Communicates through management functions, e.g. line function ✓✓
- Encourages new ideas to increase productivity. ✓✓	- Administers plans / programs / tasks to reach targets. ✓✓
- Inspires staff to trust and support each other. ✓✓	- Controls systems and procedures to get the job done. ✓✓
- Focuses on what and why. ✓✓	- Focuses on how and when. ✓✓
- Does the right things. ✓✓	- Does the right things. ✓✓
- Focuses on the horizon to take long-term decisions. ✓✓	- Focuses on the bottom line to take short- / medium- / long-term decisions. ✓✓
- Leaders are born with natural / instinctive leadership skills. ✓✓	- A person becomes a manager because he / she is appointed in

	the position / trained / qualified. √√
- Guides / Leads people to become active participants. √√	- Manages the process of getting things done by exercising authority. √√
- Have power / influence because of his / her knowledge / intelligence / skills. √√	- Have power / authority because of the position into which they are appointed. √√
- Always trying to find more efficient ways of completing tasks. √√	- Enforce rules on subordinates to ensure that tasks are completed. √√
- Motivational / Inspirational in their approach. √√	- Instructional in their approach. √√
- People orientated. √√	- Task orientated. √√
- Lead by example / respect. √√	- Manage by planning / organising / leading / control. √√
- Any other relevant answer related to leadership.	- Any other relevant answer related to management.
(Sub max) (6)	(Sub max) (6)

**NOTE: 1. The answer does not have to be in tabular format but differences must be clear.**

**2. Mark the first THREE (3) differences only.**

**3. Award a maximum of SIX (6) marks if difference are not clear.**

(Max) (12)

3.3 3.3.1 Transactional leadership √√

(2)

**3.3.2 Transactional leadership style**

***Positives / Advantages***

- Encourages employees to work hard √ because they will receive rewards. √
- Improves employees' productivity √ and morale. √
- The goals and objectives of the business can be achieved √ as workers are motivated. √
- Employees' know √ what is expected of them. √
- Disciplinary actions / procedures √ are well communicated. √
- Any other relevant answer related to the positives / advantages of the transactional leadership style. (Sub max) (6)

**AND / OR**

***Negatives / Disadvantages***

- Employees can become bored √ because they have to follow rules / procedures / there is no creativity in the workplace. √
- A transactional leader will have to monitor the work performance of employees / ensure that expectations are met √ which can be time-consuming. √
- Some employees may be demoralised / de-motivated √, if they fail to reach / meet targets despite having worked very hard. √

- Usually not suitable for team work ✓, because all team members can be punished for poor performance caused by a member of a team. ✓
- Any other relevant answer related to the negatives / disadvantage of the transactional leadership style. (Sub max) (6)  
(Max) (12)

3.3.3 ***Situation in which the transactional leadership style can be applied***

- When the business wants to maximize employee performance. ✓✓
- When deadlines have to be met on short notice / under pressure. ✓✓
- When workers have a low morale. ✓✓
- When strategies / business structures do not have to change. ✓✓
- When productivity levels are very low / not according to targets. ✓✓
- Any other relevant suggestion of situations in which the transactional leadership style can be applied.

**NOTE: Mark the first TWO (2) situations only.** (2 × 2) (4)

3.4 ***Role of personal attitude in successful leadership***

- Positive attitude ✓ releases leadership potential. ✓
- A leader's good / bad attitude ✓ can influence the success / failure of the business. ✓
- Leaders must know their strengths and weaknesses ✓ to apply their leadership style effectively. ✓
- Great leaders understand that the right attitude ✓ will set the right atmosphere. ✓
- Leaders' attitude can influence employees' / teams' thoughts ✓ and behaviour. ✓
- Leaders should model the behaviour ✓ that they want to see in team members. ✓
- Leaders must know / understand their team's ✓ to be able to allocate tasks / roles effectively. ✓
- Enthusiasm ✓ produces confidence in a leader. ✓
- A positive attitude is critical for good leadership ✓ because good leaders will stay with the task regardless of difficulties / challenges. ✓
- Successful employees and leaders have a constant desire to work ✓ and achieve personal and professional success. ✓
- Leaders with a positive attitude know that there is always more to learn ✓ and space to grow. ✓
- Any other relevant answer related to the role of personal attitude in successful leadership. (Max) (12)

3.5 Democratic leadership style

**Positives**

- Creates a positive work environment ✓ for both employers and employees. ✓
- Employees contribute toward the decision making process ✓, which minimises conflict. ✓
- Encourages creative thinking amongst employees' ✓ as they contribute towards decision making. ✓
- Productivity increases ✓, as happy workers have better work ethics. ✓
- Staff turnover is reduced ✓ because job satisfaction is high amongst workers. ✓
- Any other relevant answer related to a positive evaluation of a democratic leadership style.

**Negatives**

- Consulting all stakeholders / participants for decision making is time consuming ✓ as everyone is expected to agree. ✓
- Can only be effective in situations where employees are skilled and eager to share ideas ✓ in order to make informed decisions. ✓
- Profitable opportunities may be missed ✓ due to slow decision making. ✓
- Poor leadership skills may result in not achieving business objectives ✓ and this may lead to conflict. ✓
- Contributions by participants may not be considered by the leader in his / her final decision ✓ as he / she has the final responsibility for making decisions. ✓
- Leader may make poor decisions ✓ based on misleading contributions by participants. ✓
- Any other relevant answer related to a negative evaluation of democratic leadership style.

(Max)

(8)  
[60]

**BREAKDOWN OF MARKS**

QUESTION 3	MARKS
3.1	10
3.2	12
3.3.1	2
3.3.2	12
3.3.3	4
3.4	12
3.5	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 4: BUSINESS ROLES**

- 4.1 4.1.1 Brainstorming ✓✓
- 4.1.2 Force-field analysis ✓✓
- 4.1.3 Nominal group technique ✓✓
- 4.1.4 SCAMPER ✓✓
- 4.1.5 Empty-chair technique ✓✓

(5 × 2) (10)

4.2 4.2.1 **Conflict**

- Clash of opinions / ideas / view points in the workplace. ✓✓
- Disagreement between two or more parties in the workplace. ✓✓
- Any other relevant answer related to the definition of conflict. (2)

4.2.2 **Causes of conflict**

- Constant infighting. ✓
  - Employees criticize each other's ideas from time to time. ✓
- NOTE: Mark the first TWO (2) causes only.** (2)

4.2.3 **Conflict resolution procedure / steps**

- Identify / Acknowledge that there is conflict. ✓✓
- Analyse the cause(s) of conflict by breaking it down into different parts. ✓✓
- Pre-negotiations may be arranged where members will be allowed to state their case / views separately. ✓✓
- Arrange a meeting between conflicting team members. ✓✓
- A time and place for discussion is arranged for negotiations where all members are present. ✓✓
- Each member has the opportunity to express his / her own opinions / feelings / Conflicting members may recognise that their views are different. ✓✓
- Devise / Brainstorm possible ways of resolving the conflict. ✓✓
- Conflicting members agree on criteria to evaluate the alternatives. ✓✓
- The best possible solution(s) is / are selected and implemented. ✓✓
- Evaluate / Follow up on the implementation of the solution(s). ✓✓
- Monitor progress to ensure that the conflict has been resolved. ✓✓
- Any other relevant answer related to a positive analysis of conflict resolution techniques. (Max) (8)

4.3 **Stages of team development****Forming stage** ✓

- Individuals gather information and impressions about each other and the scope of the task and how to approach it. ✓
- This is a comfortable stage to be in. ✓
- People focus on being busy with routines, such as team organisation e.g. who does what, when to meet each other ✓, etc.
- Any other relevant answer related to the forming stage of team development. (Sub max) (3)

**Storming stage** ✓

- Teams go through a period of unease / conflict after formation. ✓
- Different ideas from team members will compete for consideration. ✓
- Team members open up to each other and confront each other's ideas / perspectives. ✓
- Tension / struggle / arguments occur and upset the team members / there may be power struggles for the position of team leader. ✓
- In some instances storming can be resolved quickly, in others, the team never leaves this stage. ✓
- Many teams fail during this stage as they are not focused on their task. ✓

- This phase can become destructive for the team / will lower motivation if allowed to get out of control. ✓
- This stage is necessary / important for the growth of the team. ✓
- Some team members tolerate each other to survive this stage. ✓
- Any other relevant answer related to the storming stage of team development. (Sub max) (3)

**Norming stage / Settling and reconciliation** ✓

- Team members form agreement and consensus. ✓
- Roles and responsibilities are clear and accepted. ✓
- Processes, working style and respect develops. ✓
- Team members have the ambition to work for the success of the team's goals. ✓
- Conflict may occur, but commitment and unity are strong. ✓
- Any other relevant answer related to the norming / settling and reconciliation stage of team development. (Sub max) (3)

**Performing stage / Working as a team towards a goal** ✓

- Team members are aware of strategies and aims of the team. ✓
- They have direction without interference from the leader. ✓
- Processes and structures are set. ✓
- Leaders delegate and oversee the processes and procedures. ✓
- All members are now competent, autonomous and able to handle the decision-making process without supervision. ✓
- Differences among members are appreciated and used to enhance the team's performance. ✓
- Any other relevant answer related to the performing stage of team development. (Sub max) (3)

**Adjourning / Mourning stage** ✓

- The focus is on the completion of the task / ending the project. ✓
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again. ✓
- All tasks need to be completed before the team finally dissolves. ✓
- Any other relevant answer related to the adjourning / mourning stage of team development. (Sub max) (3)

Stage: (2)

Explanation: (1)

**NOTE: Mark the first FOUR (4) stages only.**

Any (4 × 3) (12)

**4.4 Ways of dealing with difficult people****OPTION 1**

- Get perspective from others who have experienced the same kind of situation to be able to understand the difficult employee. √√
- Act pro-actively if possible, as a staff / personnel problem is part of a manager's responsibilities. √√
- Regular meetings with supervisors / departmental heads should help to identify difficult / problem behaviour. √√
- Ask someone in authority for their input into the situation. √√
- Identify the type of personality which is creating the problem. √√
- Meet privately with difficult employees, so that there are no distractions from other employees / issues. √√
- Make your intentions and reasons for your actions known so that they will feel at ease. √√
- Employees should be told what specific behaviours are acceptable by giving details about what is wrong / unacceptable and also an opportunity to explain their behaviour. √√
- A deadline should be set for improving bad / difficult behaviour. √√
- The deadline date should be discussed with the employee and his / her progress should be monitored / assessed prior to the deadline. √√
- Guidelines for improvement should be given. √√
- Do not judge the employee, but try to understand him / her / Understand the person's intentions and why they react in a certain way. √√
- Keep communication channels open and encourage employees to communicate their grievances to management. √√
- Build rapport / sound relations by re-establishing personal connection with colleagues, instead of relying on e-mails / messaging / social media. √√
- Help difficult employees to be realistic about the task at hand. √√
- Remain calm and in control of the situation to get the person(s) to collaborate. √√
- Treat people with respect, irrespective of whether they are capable / competent or not. √√
- Sometimes it may be necessary to ignore but monitor a difficult person. √√
- Identify and provide an appropriate support program to address areas of weakness. √√
- Any other relevant answer related to managing difficult employees.

**AND / OR**

**OPTION 2 (Different personalities)**

<b>Type of personality</b>	<b>Strategy to deal with personality</b>
Complainer ✓	<ul style="list-style-type: none"> <li>- Listen to the complaints but do not acknowledge them. ✓</li> <li>- Interrupt the situation and move to the problem-solving process as soon as possible. ✓</li> </ul>
Indecisive ✓	<ul style="list-style-type: none"> <li>- Guide them through alternatives. ✓</li> <li>- Stay in control and emphasise the importance of making a decision. ✓</li> <li>- Help them make the decision or solve the problem. ✓</li> </ul>
Over agree ✓	<ul style="list-style-type: none"> <li>- Be firm and do not let them make promises that they cannot keep. ✓</li> <li>- Follow up on their actions. ✓</li> </ul>
Negativity ✓	<ul style="list-style-type: none"> <li>- Be firm with them and do not let them draw you into their negativity. ✓</li> <li>- Listen to them but do not agree with them. ✓</li> </ul>
Expert ✓	<ul style="list-style-type: none"> <li>- Be firm and assertive. ✓</li> <li>- Do not accuse them of being incorrect and do not get caught in their game. ✓</li> <li>- Know your facts. ✓</li> </ul>
Quiet ✓	<ul style="list-style-type: none"> <li>- Do not fill their silence with words. ✓</li> <li>- Wait for their response. ✓</li> <li>- Prompt them through the process so that they give input. ✓</li> <li>- Restrict the time of the discussion. ✓</li> </ul>
Aggressive ✓	<ul style="list-style-type: none"> <li>- Allow them time to speak and blow off. ✓</li> <li>- Be firm, but do not attack them. ✓</li> <li>- Do not allow them to be hostile towards others. ✓</li> </ul>

**NOTE: (applicable to OPTION 2):**

1. Allocate a maximum of **THREE (3)** marks for only identifying the type of personality without a strategy.
2. Allocate **TWO (2)** marks for indicating the strategy without identifying the type of the personality / Take particular note of overlap of strategies.

(Max) (10)

4.5 4.5.1 Advertising Standard Authority ✓✓ (2)

4.5.2 **Practical examples of unfair / deceptive advertisement**

- Advertise a product at low price to attract consumers but the item is not available at the advertised price. ✓✓
- Buy one get one free but there are hidden costs included which the customer had to pay. ✓✓
- Advertise a product with accessories without indicating that accessories are optional, e.g. advertise bedroom set & head lamps. ✓✓
- Advertise a refurbished second hand good as new. ✓✓
- Use competitors name or trademark in advertisement. ✓✓
- Conceal presentation / information and wording purposely omitted. ✓✓
- Ambiguity and exaggeration in advertisement. ✓✓
- Any other relevant answer related to practical examples of unfair / deceptive advertisements.

**NOTE: Mark the first THREE (3) only.** (Max) (6)

4.6 **Advantages of creative thinking in the work place**

- Starts / Ignites the process of problem solving ✓, as there are usually more problems and not enough solutions. ✓
- Better / Unique / Unconventional ideas / solutions ✓ are generated. ✓
- May give businesses a competitive advantage ✓ if unusual / unique solutions / ideas / strategies are implemented. ✓
- Complex business problems ✓ may be solved. ✓
- Productivity increases ✓ as management / employees may quickly generate multiple ideas that save time and money / Time is utilised more effectively. ✓
- Managers / employees have more confidence ✓ as they can live up to their full potential. ✓
- Managers will be better leaders ✓ as they will be able to handle / manage change(s) positively and creatively. ✓
- Managers / Employees can develop a completely new outlook, ✓ which may be applied to any task(s) they may do. ✓
- Leads to more positive attitudes ✓ as managers / employees feel that they have contributed towards problem solving / Improves motivation amongst staff members. ✓
- Managers / Employees have a feeling of great accomplishment ✓ and they will not resist / obstruct once they solved a problem / contributed towards the success of the business. ✓
- Management / Employees can keep up ✓ with fast changing technology. ✓
- Stimulates brain function of employees / managers, as they are continuously pushed out of their comfort zone ✓ / improving the total well-being of employees. ✓
- Creativity may lead to new inventions ✓ which improves the general standard of living. ✓
- Any other relevant answer related to the benefits of creative thinking.

(Max) (8)

**[60]**

**BREAKDOWN OF MARKS**

QUESTION 4	MARKS
4.1	10
4.2.1	2
4.2.2	2
4.2.3	8
4.3	12
4.4	10
4.5.1	2
4.5.2	6
4.6	8
<b>TOTAL</b>	<b>60</b>

**QUESTION 5: BUSINESS OPERATIONS**

- 5.1 5.1.1 Induction ✓✓  
 5.1.2 Interviews ✓✓  
 5.1.3 Remuneration ✓✓  
 5.1.4 Job specification ✓✓  
 5.1.5 Commission ✓✓ (5 × 2) (10)
- 5.2 5.2.1 External recruitment ✓  
 - Position is advertised on the community radio station. ✓✓  
**NOTE: No marks for 'outside the business'.** 1 + (2 × 1) (3)
- 5.2.2 **Time-related wage**  
 - Employees are remunerated according to an agreed hourly rate ✓ irrespective of the number of units' produced. ✓  
 - Workers are paid for the amount of time ✓ they spend at work / on a task. ✓  
 - Any other relevant answer related to time-related wage. (2)
- 5.2.3 **External Recruitment Positives**  
 - The business recruits ✓ from other businesses / educational institutions / advertisements ✓ in the media / recruitment agencies / headhunting, etc. ✓  
 - New candidates bring new talents / ideas / experiences / skills ✓ into the business. ✓  
 - It may help the business to meet affirmative action ✓ and BBBEE plans. ✓  
 - There is a larger pool of candidates ✓ to choose from. ✓  
 - There is a better chance of getting a suitable candidate with the required skills / qualifications / competencies ✓ who do not need much training / development which reduce costs. ✓  
 - Minimises unhappiness / conflict amongst current employees ✓ who may have applied for the post. ✓  
 - Any other relevant answer related to positive aspects of external recruitment.

**AND / OR**

**Negatives**

- External sources can be expensive ✓, e.g. recruitment agencies' fees and advertisements in newspapers / magazines. ✓
- The selection process may not be effective ✓ and an incompetent candidate may be chosen. ✓
- Information on CV's or from references ✓ may not be reliable. ✓
- Recruitment process takes longer / is more expensive ✓ as background checks must be conducted. ✓
- New candidates generally take longer to adjust ✓ to a new work environment. ✓
- In-service training may be needed ✓ which decreases productivity during the time of training. ✓
- Many unsuitable applications ✓ can slow down the selection process. ✓
- Any other relevant answer related to negative aspects of external recruitment.

(Max) (8)

**5.3 Employment contract****5.3.1 Definition**

- An agreement ✓ between an employee and an employer. ✓
- The employer hires the employee to do a specific job ✓ and promised to pay the employee for the work done. ✓
- Any other relevant answer related to the definition of an employment contract.

(Max) (3)

**5.3.2 Aspects of employment contract**

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

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

(Max) (8)

#### 5.4 Impact of employment equity act (EEA) on businesses

##### Positives

- Discriminatory appointments ✓ are discouraged. ✓
- Equal opportunities and fair treatment ✓ are promoted. ✓
- Appointment process is clearly defined ✓, so all parties are well informed. ✓
- Certified psychometric tests may be used to assess applicants / employees ✓ to ensure that suitable candidates are appointed. ✓
- Outlines affirmative action measures ✓ to redress past injustices. ✓
- Diversity / Inclusivity ✓ in the workplace can be achieved. ✓
- Consultation between employer and employees ✓ are encouraged. ✓
- Businesses are in a better position ✓ to negotiate contracts with the government. ✓
- Impacts positively ✓ on BBBEE ratings for businesses. ✓
- Any other relevant positive impact of EEA on making new appointments.

##### Negatives

- Applying the employment equity quota ✓ may not always allow employers to make the most suitable appointment. ✓
- Productivity may decrease ✓, as inexperienced employees may be appointed into positions where they may not be able to cope. ✓
- Other groups may not respect the knowledge, skills and experiences of an EEA appointee ✓. They think the position was awarded based on race and not on skills. ✓
- Skilled people from designated groups are in strong demand ✓ and may demand higher salaries / do job hopping, which may result in high staff turnover. ✓
- Additional and costly administrative duties ✓ are required for implementing / monitoring the Employment Equity Plan. ✓
- The implementation of employment equity can be costly to businesses ✓ as it requires investment in training. ✓
- Additional resources should be made available to execute the Employment Equity Plan ✓, resulting in sufficient funds not being made available for profit opportunities. ✓
- Diversity in the workplace ✓ may lead to conflict / unhappiness. ✓
- Employers who want to apply for government tenders must apply for a compliance certificate ✓ with the Minister of Labour, resulting in increased expenses. ✓
- Non-compliance with the administrative requirements of the EEA ✓ may result in the payment of heavy penalties. ✓
- Position may remain unfilled ✓, because there are no suitable EEA candidates. ✓
- Any other relevant negative impact of EEA on making new appointments.

(Max) (12)

#### 5.5 5.5.1 Issues that increased their sales

- Quality checks ✓
- Quality circles ✓

(2)

**5.5.2 Quality control**

- Inspection of the final product to ensure that it complies with the required standard. √√
- Any other relevant description related to quality control

**Quality circles**

- A small group of voluntary workers who meet regularly to discuss quality-related matters at the workplace. √√
- Any other relevant description related to quality circles. (4)

**5.5.3 Zero defects**

- To reduce and minimises the number of defects and errors in a process and do things right. √
- Any other relevant answer related to zero defects. (2)

**5.5.4 Application of a PDCA model / cycle**

- Businesses should identify the opportunity for improvement. √√
- Plan the method and approach. √√
- Decide whether new processes / changes are necessary. √√
- Implement the change on a small scale. √√
- Check whether the processes are working effectively. √√
- Use data to analyse results to determine whether change(s) made a difference. √√
- If the change was successful, implement it on a wider scale and continuously assess results. √√
- Revise the process / Take necessary actions if new systems are not working. √√
- Any other relevant answer related to how businesses can apply the PDCA model / cycle to improve the quality of their products. (Max)

(6)  
[60]**BREAKDOWN OF MARKS**

QUESTION 5	MARKS
5.1	10
5.2.1	3
5.2.2	2
5.2.3	8
5.3.1	3
5.3.2	8
5.4	12
5.5.1	2
5.5.2	4
5.5.3	2
5.5.4	6
<b>TOTAL</b>	<b>60</b>

**QUESTION 6: MISCELLANEOUS TOPICS****BUSINESS ENVIRONMENT**

- 6.1 6.1.1 Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) / Compensation for Occupational Injuries and Diseases Amendment Act, 1997 (Act 61 of 1997) ✓

**NOTE: Accept COIDA / Compensation for Injuries and Diseases Act**

(1)

6.1.2 **Discriminatory actions**

- Employers who bribe employees not to report the accident / injury. ✓✓
- Providing false information about previous, serious accidents / occupational diseases. ✓✓
- Employers who do not contribute to the Compensation fund. ✓✓
- Employers who do not allow claims for injuries, discriminates against injured employees. ✓✓
- Employers that take too long to process claims / delay the claiming process. ✓✓
- Compensation that is set off against any debt of the person entitled to the compensation. ✓✓
- Any other relevant answer related to discriminatory actions under COIDA.

**NOTE: Mark the first FOUR (4) actions only.**

(Max)

(8)

6.2 **Disadvantages of BCEA**

- Developing / Drafting ✓ a formal / legal employment contract ✓ may be time-consuming / costly. ✓
- Businesses may regard employment contracts as restrictive / negative ✓ and may refrain from implementing it ✓, which result in non-compliance / penalties. ✓
- No employer may force an employee ✓ to work more than 45 hours in a week / nine hours in a five-day (or less) work week / eight hours in a six-day work week. ✓ This may result in low productivity. ✓
- Hiring cheap labour ✓ is no longer possible ✓, so businesses cannot exploit workers. ✓
- BCEA forces businesses to comply with many legal ✓ requirements, ✓ which may increase labour costs. ✓
- Businesses not complying to the Act ✓, may be charged with high penalties, ✓ which may affect their cash flow negatively. ✓
- Businesses may consider the provisions of the BCEA as unimportant ✓ and an unnecessary administrative burden ✓ that increase operating costs. ✓
- Any other relevant answer related to the disadvantages of the BCEA to businesses.

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

Fact (2)

Discussion (1)

(Any 2 × 3)

(6)

**BUSINESS VENTURES (MANAGEMENT AND LEADERSHIP)**

6.3 6.3.1 Bureaucratic leadership ✓ (1)

6.3.2 **Effectiveness of the bureaucratic leadership style**

**Positives**

- Managers ensure that rules / regulations ✓ are always followed accurately. ✓
- Works well when tight control measures ✓ need to be implemented / followed. ✓
- Health and safety are increased ✓ in a dangerous workplace, e.g. construction sites / mines. ✓
- Followers know what is expected of them ✓ because of detailed instructions. ✓
- The quality of work ✓ can be ensured. ✓
- Ensures accountability ✓ to the general public / customers. ✓
- Ultimate / Strict control over systems / procedures ✓ ensure high quality output. ✓
- Any other relevant answer related to a positive evaluation of a bureaucratic leadership style.

**AND / OR****Negatives**

- Complicated official rules ✓ may seem unnecessary / time consuming. ✓
- Leaders may acquire power / become authoritative ✓ and can disregard inputs from others. ✓
- Very little room for error ✓, so workers feel they are not always treated with dignity. ✓
- Lack of creativity / innovation / self-fulfilment ✓ may lead to stagnation / decrease in productivity. ✓
- Employees may feel they have become objects of work ✓ and are not treated as humans. ✓
- Any other relevant answer related to a negative evaluation of a bureaucratic leadership style.

**NOTE: Accept relevant facts, if the autocratic style was incorrectly identified as answer in QUESTION 6.3.1. (Max) (8)**

6.3.3 **Situations in which the Autocratic / Authoritarian / Boss-centred leadership style leadership style can be applied**

- Used under crisis situations, e.g. disaster relief management. ✓✓
- Applied when implementing business policies. ✓✓
- Applied when implementing government legislation. ✓✓
- Used when all the information is available to solve the problem. ✓✓
- Used when dealing with employees who are not cooperative in the workplace. ✓✓
- Applied when dealing with routine decisions / tasks are clearly defined. ✓✓
- Applied when dealing with newly appointed employees. ✓✓
- Any other relevant answer related to the situation of using the Autocratic leadership style in the workplace.

**NOTE: Mark the first THREE (3) only. (Max) (6)**

**BUSINESS ROLES****6.4 6.4.1 Risks poses by businesses**

- Environmental on ecosystem ✓
- Impact on water ✓
- Air quality ✓
- Effect on social fabrics ✓
- Visual repercussions ✓

**NOTE: Mark the first THREE (3) risks only.**

(3 × 1)

(3)

**6.4.2 Ways to protect the environment and promote human health**

- Laws and regulations should be adhered to so that profits are not generated at the expense of the environment. ✓✓
- Pollution and other environmental issues should always be considered in all business activities, e.g. safe disposal of waste / dumping of toxic waste ✓✓, etc.
- Noise levels must be within the parameters of the Occupational Health and Safety Act, (Act 85 of 1993) ✓✓
- Become involved in environmental awareness programs. ✓✓
- The environment can be protected by altering production techniques in favour of cleaner and greener technologies. ✓✓
- Water for human consumption should be tested before it is used. ✓✓
- Promote nature conservation by looking after natural resources. ✓✓
- Minimise pollution, by re-using, reducing and recycling. ✓✓
- Reduce consumption of goods / services which are environmentally unfriendly. ✓✓
- Register / Engage with recognised institutions / bodies that promote green peace. ✓✓
- Physical working conditions should always be worker friendly, safe and promote occupational health. ✓✓
- Physical working conditions, e.g. adequate lighting / ventilation should be available and functional. ✓✓
- Businesses must provide employees with protective clothing and gear when so requires, e.g. construction workers must work with helmets ✓✓
- Machines must be serviced / maintained regularly. ✓✓
- Educate people about hygiene issues. ✓✓
- Encourage employees to do regular health checks. ✓✓
- Any other relevant answer related to ways that businesses can implement to protect the environment and promote human health.

**NOTE: No submax. for environmental and human health. (Max)**

(8)

**6.4.3 Decision-making**

- It is often done by one person / a member of senior management ✓ who makes it authoritarian. ✓
- Various alternatives are considered ✓ before deciding on the best one. ✓
- It is part of the problem solving cycle ✓ as decisions need to be taken in each step. ✓
- Any other relevant answer related to decision making. (Max)

(4)

**BUSINESS OPERATIONS**

6.5 6.5.1 Unemployment Insurance Fund ✓✓ (2)

6.5.2 1% from employer ✓ plus 1% from employee ✓ = 2% contribution ✓ (2)

6.5.3 **Examples of fringe benefits**

- Pension ✓
- Medical aid ✓
- Provident fund ✓
- Housing / Car / Travelling / Clothing allowances / Allowances ✓
- Unemployment Insurance Fund / UIF ✓
- Leave ✓
- Employee share option schemes ✓
- Performance based incentives ✓
- Issuing of bonus shares ✓
- Access to discount products / service / company facilities ✓
- A cafeteria that provides subsidised / free meals ✓
- Any other relevant examples of fringe benefits.

**NOTE: Mark the first THREE (3) only.** (Max) (3)

6.5.4 **Impact of fringe benefits on businesses**

**Positives / Advantages**

- Attractive fringe benefit packages ✓ may result in higher employee retention / reduces employee turnover. ✓
- Attracts qualified / skilled / experienced employees ✓ who may positively contribute towards the business goals / objectives. ✓
- It increases employee satisfaction / loyalty ✓ as they may be willing to go the extra mile. ✓
- Improves productivity ✓ resulting in higher profitability. ✓
- Any other relevant answer related to the positive impact / advantages of fringe benefits to businesses.

**AND / OR**

**Negatives / Disadvantages**

- Fringe benefits are additional costs ✓ that may result in cash flow problems. ✓
- Administrative costs increase ✓ as benefits need to be correctly recorded for tax purposes. ✓
- Decreases business profits ✓, as incentive / package / remuneration costs are higher. ✓
- It can create conflict / lead to corruption ✓ if allocated unfairly. ✓
- Workers only stay with the business for fringe benefits ✓, and may not be committed / loyal to the tasks / business. ✓
- Any other relevant answer related to the negative impact / disadvantages of fringe benefits to businesses.

(Max) (8)  
**[60]**

**BREAKDOWN OF MARKS**

<b>QUESTION 6</b>	<b>MARKS</b>
6.1	9
6.2	6
6.3.1	1
6.3.2	8
6.3.3	6
6.4.1	3
6.4.2	8
6.4.3	4
6.5.1	2
6.5.2	2
6.5.3	3
6.5.4	8
<b>TOTAL</b>	<b>60</b>

**TOTAL SECTION B: 180**

**SECTION C**

Mark the first TWO (2) questions only.

**QUESTION 7: BUSINESS ENVIRONMENTS (STRATEGIES)**

**7.1 Introduction**

- The external environment presents opportunities and threats. ✓
- Analysing the environment will help Perfect Clean Manufactures to prepare adequately in order for her to compete in an ever-changing environment. ✓
- PESTLE is used to identify and evaluate the factors in the external environment that can influence the business. ✓
- It is used to give the business a better understanding of the external environment and the industry in which it competes. ✓
- Businesses must devise strategies to address the identified challenges. ✓
- Businesses must continuously evaluate the effectiveness of implemented strategies. ✓
- Any other relevant introduction related to applying the PESTLE analysis to identify macro environmental challenges and develop strategies. (Max) (2)

**7.2 Extent of control over the macro environment**

- A business has no control ✓✓ over the macro environment. (Max) (2)

**7.3 PESTLE analysis**

<b>FACTOR</b>	<b>CHALLENGES</b>	<b>RECOMMENDATION</b>
Political ✓	<ul style="list-style-type: none"> <li>- Lungi will have to consider specific government policies ✓ e.g. will she be allowed to legally test her medicine on animals? ✓</li> <li>- Consumer rights organisations may prevent her from selling products ✓ if they do not meet certain requirements. ✓</li> <li>- Trade agreements may prevent her ✓ from importing some medicine / products. ✓</li> <li>- Any other relevant challenge related to political factors.</li> </ul>	<ul style="list-style-type: none"> <li>- Research recent government policies regarding the testing of products on animals. ✓✓</li> <li>- Network and lobby with the NGOs and all consumer rights organisations. ✓✓</li> <li>- Trade only with countries that have favourable trade agreements with the government. ✓✓</li> <li>- Any other relevant recommendation related to political factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)

Economic √	<ul style="list-style-type: none"> <li>- Inflation / Interest rates may negatively impact on her business √, e.g. will her clients still afford her products if she increases her prices due to inflation? √</li> <li>- Loans may be expensive √ due to high interest rates. √</li> <li>- Fluctuations in foreign currency √ may restrict imports. √</li> <li>- Her pharmacy may not qualify √ for certain tax exemptions / subsidies. √</li> <li>- Any other relevant challenge related to economic factors.</li> </ul>	<ul style="list-style-type: none"> <li>- Consider decreasing her profit margin rather than increasing her product prices. √√</li> <li>- Borrow money from financial institutions when interest rates are favourable. √√</li> <li>- Consider exchange rates when trading with other countries. √√</li> <li>- Provide essential medicines at low prices to qualify for tax rebates / subsidies. √√</li> <li>- Any other relevant recommendations related to economic factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)
Social √	<ul style="list-style-type: none"> <li>- Customers may not be able to afford products √ due to low income levels. √</li> <li>- Some customers may prefer to use the services of traditional healers √, instead of modern/Western medicine. √</li> <li>- May not be conversant √ with the local language of her customers. √</li> <li>- Any other relevant challenge related to social factors.</li> </ul>	<ul style="list-style-type: none"> <li>- Sell substitute / generic products at lower prices. √√</li> <li>- Co-operate with traditional healers to learn more about traditional/alternative medicine. √√</li> <li>- Learn local languages √√ / Hire employees who are well conversant with the local language. √√</li> <li>- Any other relevant recommendations related to social factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)
Techno-logical √	<ul style="list-style-type: none"> <li>- May not keep up with / be aware of √ the latest technology / new chemical equipment. √</li> <li>- Employees may not be skilled √ to operate / maintain new technology / equipment. √</li> <li>- She may not be able to afford √ new technology. √</li> <li>- May not be able to cater for / afford √ online transactions / e-commerce. √</li> <li>- Any other relevant challenge related to technological factors</li> </ul>	<ul style="list-style-type: none"> <li>- Continuous research on the latest available technology / equipment in the market. √√</li> <li>- She should train existing / appoint new employees to maintain / use new equipment. √√</li> <li>- Compare prices / Select suitable suppliers for new equipment at reasonable prices. √√</li> <li>- Ensure that her business is geared for online trading / e-commerce. √√</li> <li>- Any other relevant recommendations related to technological factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)

Legal ✓	<ul style="list-style-type: none"> <li>- Consider certain Acts ✓ that may have a direct impact on her business, e.g. the CPA / BCEA ✓ etc.</li> <li>- Legal requirements for operating a pharmacy ✓ may be complicated / time-consuming. ✓</li> <li>- High legal costs involved in obtaining a license / trademark / patent ✓ may prevent her from establishing the pharmacy.</li> <li>- Legalities of business contracts ✓ may limit business operations. ✓</li> <li>- Any other relevant challenge related to legal factors.</li> </ul>	<ul style="list-style-type: none"> <li>- Comply with all relevant legislation that may impact on her business. ✓✓</li> <li>- Comply with the legal requirements for operating a pharmacy, e.g. license / trade mark registration / patents. ✓✓</li> <li>- Budget for high legal establishment costs. ✓✓</li> <li>- She must know the legalities of business contracts so that she complies with all the requirements. ✓✓</li> <li>- Any other relevant recommendation related to legal factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)
Environmental ✓	<ul style="list-style-type: none"> <li>- Chemicals / Ingredients in her products ✓ may be harmful to customers. ✓</li> <li>- Measures to dispose of medical waste ✓ may be expensive. ✓</li> <li>- Packaging of some products ✓ may not be environmentally friendly / may not be recyclable. ✓</li> <li>- Any other relevant challenge related to environmental factors</li> </ul>	<ul style="list-style-type: none"> <li>- Chemicals / Ingredients should be clearly indicated on labels / packaging to inform customers about possible side effects / correct use of products. ✓✓</li> <li>- Implement cost effective measures to dispose of medical waste. ✓✓</li> <li>- Implement recycling measures to prevent pollution of the environment / Use packaging that is re-usable / recyclable. ✓✓</li> <li>- Any other relevant recommendations related to environmental factors.</li> </ul>
(Max) (1)	(Sub max) (2)	(Sub max) (2)

**NOTE: Each strategy must be linked to the identified challenge.**

Factors: (Max) **(6)**  
 Challenges: (Max) **(12)**  
 Recommendation: (Max) **(12)**

**7.4 Steps in evaluating strategies**

- Examine the underlying basis of a business strategy. √√
- Formulate strategies to meet objectives favourably. √√
- Implement strategies using action plans √√, etc.
- Look forward and backwards into the implementation process. √√
- Compare the expected performance with the actual performance. √√
- Measure business performance in order to determine the reasons for deviations and analyse these reasons. √√
- Take corrective action so that deviations may be corrected. √√
- Set specific dates for control and follow up. √√
- Draw up a table of the advantages and disadvantages of a strategy. √√
- Decide on the desired outcome. √√
- Consider the impact of the strategic implementation in the internal and external environments of the business. √√
- Any other relevant answer related to the steps in strategy evaluation.

**NOTE: Accept steps in any order.**

(Max) (14)

**7.5 Conclusion**

- Businesses have to analyse the opportunities and threats in order to formulate new strategies or change their current strategies. √√
- PESTLE analysis enables businesses to identify the challenges of the external environment and devise relevant strategies to overcome the identified challenges. √√
- Businesses that apply the PESTLE analysis are able to respond quickly to the external pressures and adapt to them. √√
- Any other relevant conclusion related to applying the PESTLE analysis / recommendation of strategies / steps in evaluating strategies.

(Max) (2)  
[40]**BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Extent of control	2	
PESTLE analysis:		
Factors	6	
Challenges	12	
Recommendations	12	
Steps for strategy evaluation	14	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
Analysis, interpretation	2	
Synthesis	2	
Originality / Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met

Allocate 1 mark if some requirements are met

Allocate 0 marks where requirements are not met at all

**QUESTION 8: BUSINESS VENTURES (MANAGEMENT AND LEADERSHIP)****8.1 Introduction**

- Good leaders are also good managers, as both can inspire / energise people and bring about change. ✓
- Leaders and managers can create opportunities and motivate people to be productive which lead to successful businesses. ✓
- Many managers are also good leaders with excellent management skills. ✓
- Some managers are task driven which may result in conflict if employees' interests are neglected. ✓
- Managers who ignore their leadership role will not be able to motivate people to get the job done successfully. ✓
- Leadership theories guide leaders on how to address / manage certain situations. ✓
- Any other relevant introduction related to management and leadership styles / theories.

(Max) (2)

**8.2 Leadership**

- Influences ✓ human behaviour. ✓
- Communicates ✓ by means of inter-action / behaviour / vision / values / charisma. ✓
- Encourages new ideas ✓ to increase productivity. ✓
- Inspires ✓ staff to trust and support each other. ✓
- Focuses ✓ on what and why. ✓
- Does the right ✓ things. ✓
- Focuses ✓ on the horizon to take long- term decisions. ✓
- Leaders are born ✓ with natural / instinctive leadership skills. ✓
- Guides / Leads ✓ people to become active participants. ✓
- Have power ✓ / influence because of his / her knowledge / intelligence / skills. ✓
- Always trying to find more efficient ways ✓ of completing tasks. ✓
- Motivational / Inspirational ✓ in their approach. ✓
- People orientated. ✓✓
- Lead ✓ by example / respect. ✓
- Any other relevant answer related to leadership.

(Max) (4)

**8.3 8.3.1 Autocratic Positives**

- Quick decisions ✓ can be taken without consulting / considering followers / employees. ✓
- Work gets done ✓ in time / on schedule. ✓
- Line of command / communication is clear ✓ as it is top-down / followers know exactly what to do. ✓
- Direct supervision and strict control ✓ ensure high quality products / service. ✓
- Provides strong leadership ✓ which makes new employees feel confident and safe. ✓
- Works well in large companies ✓ where consultation with every employee is impractical. ✓
- Clear guidance ✓ can be given to low-skilled / inexperienced / new staff. ✓

- Useful in a crisis / urgent situation ✓, e.g. after an accident / meeting tight deadlines. ✓
- Any other relevant answer related to a positive evaluation of an autocratic leadership style.

**AND / OR**

**Negatives**

- Leaders and followers may become divided ✓ and may not agree on ways to solve problems. ✓
- Workers can be demotivated ✓ as their opinions / ideas are not considered. ✓
- De-motivated workers ✓ impact negatively on productivity. ✓
- New / Creative / Cost reducing ideas ✓ may not be used / implemented / never be considered. ✓
- Followers may feel that they are not valued ✓ resulting in high absenteeism and high employee turnover. ✓
- Experienced and highly skilled workers will resist an autocratic leadership style ✓ because it results in less growth, participation and creativity. ✓
- Any other relevant answer related to a negative evaluation of an autocratic leadership style.

(Max) (8)

**8.3.2 Charismatic**

**Positives:**

- This leadership style is used when management has identified low morale ✓ amongst employees. ✓
- The leader uses personal charm / inspiration ✓ rather than power and authority to influence or lead subordinates. ✓
- Serves as a role model ✓ and people follow him / her. ✓
- Has vision ✓ and is able to communicate well with others. ✓
- Praises subordinates ✓, even for little success achieved. ✓
- Has a good value ✓ that may lead the company to greater success. ✓
- Charismatic leaders have faith ✓ and believe in themselves, that is why they inspire their subordinates. ✓
- Any other relevant answer related to a positive evaluation of a charismatic leadership style.

**AND / OR**

**Negatives:**

- Charismatic leaders are tolerant of challenges ✓, because they want to make subordinates feel special / happy. ✓
- Perceive themselves ✓ as irreplaceable. ✓
- May not always be objective in assessing employees' capabilities ✓ as they are focusing on making them feel good. ✓
- Any other relevant answer related to the evaluation of the Charismatic leadership style.

(Max) (8)

8.3.3 **Laissez-Faire style****Positives**

- Workers / Followers are allowed to make decisions ✓ on their own policies / methods. ✓
- Subordinates have maximum freedom ✓ and can work independently. ✓
- Leader motivates workers by trusting them ✓ to do things themselves / on their own. ✓
- Authority is delegated ✓, which can be motivating / empowering to competent workers / increase productivity. ✓
- Subordinates are experts ✓ and know what they want / can take responsibility for their actions. ✓
- Suitable for coaching / mentoring to motivate employees ✓ to achieve more / better things. ✓
- It can be empowering for competent followers ✓ as they are completely trusted to do their job. ✓
- Individual team members may improve / develop ✓ leadership skills. ✓
- Any other relevant answer related to a positive evaluation of a laissez-faire leadership style.

**AND / OR****Negatives**

- Lack of clear direction / leadership ✓ may be demotivating to employees. ✓
- Employees can be held responsible for their own work ✓ which may lead to underperformance. ✓
- Could lead to conflict when some team members act as leaders ✓ and dictate to other team members. ✓
- Workers are expected to solve ✓ their own conflict situations. ✓
- Productivity may be compromised ✓ with a lack of tight control over workers not meeting deadlines. ✓
- Productivity might be low ✓, if employees lack the necessary knowledge or skills. ✓
- Any other relevant answer related to a negative evaluation of laissez-faire leadership style.

(Max) (8)

8.4 **Comparison between situational and transformational leadership theory**

<b>Situational Leadership</b>	<b>Transformational Leadership</b>
<b>Leaders:</b> - Adapt their leadership style to suit the situation they are faced with. √√	<b>Leaders:</b> - Inspire followers with a shared vision / passion / enthusiasm and empowerment / Lead by example. √√
- Show various skills and characters. √√	- Challenge existing structures / processes in the business. √√
- Leadership is task related. √√	- Leadership is people-orientated. √√
- Relationship between leaders and employees is based on mutual trust / respect / loyalty / integrity / honesty. √√	- Leaders have trust / respect / admiration of their followers / subordinates. √√
- Assume a facilitators' role, if employees / followers are skilled / motivated. √√	- Keep communication lines open. √√
- Any other relevant answer related to situational leadership	- Any other relevant answer related to transformational leadership
<b>Followers:</b>	<b>Followers:</b>
- Should have high levels of maturity. √√	- May achieve objectives through higher ideals / moral values. √√
- May be willing to do tasks, but may not have the necessary skills. √√	- Are motivated / encouraged to put group interest first. √√
- Highly skilled followers are able to work on their own. √√	- Need constant mentoring and support. √√
(Sub max) (6)	(Sub max) (6)

(Max) (10)

8.5 **Situation in which situational and transformational leadership theories is applied**

**Situational:**

- Suitable to manage changes caused by internal and external factors of the three business environments. √√
- Application of the theory depends on the particular situation / circumstance that prevails within the organisation. √√
- Used when it matches the needs of followers, e.g. inexperienced employees / followers require a different form of leadership than more experienced employees / followers. √√
- Applied to address a crisis / conflict in the workplace. √√
- Any other relevant answer related to the application of the situational leadership theory in the workplace.

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

(Sub max) (4)

**Transformational:**

- Suitable for implementing changes in the business. √√
- May be applied when followers / employees have a low morale / are demotivated / are underperforming. √√

- Applied during the strategic planning process, where vision / mission / objectives have to be developed / changed. √√
- When a business is restructuring and exploring new ways of doing things. √√
- Any other relevant answer related to the application of the transformational leadership theory in the workplace.

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

(Sub max) (4)

(Max) (8)

### 8.6 CONCLUSION

- A leader who is positive / enthusiastic / energetic will inspire his followers to improve / empower / uplift themselves and achieve their own personal goals. √√
- Managers can also be successful leaders if they not only focus on the task at hand, but also the people / workers who will execute the task. √√
- Leaders who understand various leadership styles and theories may be able to lead effectively and handle any situation. √√
- Any other relevant conclusion related to leadership styles / theories of management and leadership that will ensure the success of any business.

(Max) (2)

[40]

### BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Leadership	4	
Evaluate autocratic, charismatic & <i>Laissez-faire</i>	24	
Comparison Situational vs. Transformational	10	
Application of theories	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
Analysis, interpretation	2	
Synthesis	2	
Originality / Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met

Allocate 1 mark if some requirements are met

Allocate 0 marks where requirements are not met at all

**QUESTION 9: BUSINESS ROLES (CSR)****9.1 Introduction**

- Businesses and their communities are interdependent and the one cannot do without the other. ✓
- The interdependence can be improved if businesses and communities recognize their social responsibility. ✓
- A responsible business should contribute towards the upliftment of the community. ✓
- CSR is a business's obligation to protect / promote the welfare of all stakeholders, who have an interest in or that will be affected by a business. ✓
- Through their CSR programmes businesses can focus on the triple bottom line, which is making profits, uplifting / supporting the people and their communities, and caring for the environment / planet. ✓
- Any other relevant introduction related to CSR / CSI. (Max) (2)

**9.2 Possible CSR programmes**

- Build schools in communities. ✓✓
- Offer bursaries to needy students. ✓✓
- Protect the environment, e.g. use paper-based recyclable packaging / reduce water and electricity usage / recycling and waste recovery. ✓✓
- Support youth programmes. ✓✓
- Sponsor sporting activities and sport development programmes. ✓✓
- Businesses can donate their old computers to under privileged schools. ✓✓
- Teach entrepreneurial skills and offer support to individuals starting new ventures. ✓✓
- Provide / Support adult education and training in local communities. ✓✓
- Sponsor art and cultural programmes. ✓✓
- Establish programmes to promote early childhood development. ✓✓
- Conduct job creation programmes. ✓✓
- Any other relevant answer related to examples of CSR / CSI programmes. (Max) (10)

**9.3 Benefits of CSR for business**

- May attract experienced employees ✓ / increase the pool of skilled labour ✓ which could increase productivity. ✓
- The community feels more positive towards a business that cares for its employees ✓ / conducts itself in a responsible way. ✓
- A business may have a competitive advantage ✓, resulting in good publicity / an improved reputation. ✓
- Promotes customer loyalty ✓ resulting in increased sales / profit. ✓
- Businesses may use CSR / CSI programmes as a marketing strategy ✓ to promote their products / image. ✓
- May enjoy the goodwill ✓ and support of communities / attracts consumers. ✓
- CSR / CSI programmes promote teamwork ✓ within businesses. ✓
- CSR / CSI helps to attract ✓ investors. ✓
- Businesses may receive tax advantages ✓, such as tax reduction / rebates. ✓
- Assists in solving socio-economic issues ✓ like poverty. ✓

- If the corporate sector gets voluntarily involved in CSR / CSI ✓, it is less likely that government will enforce the issue through legislation. ✓
- Employees feel like they are making a difference ✓ in working for the business. ✓
- It helps to retain staff / lower staff turnover as employees' health ✓ and safety are considered. ✓
- Improves the health of its employee's ✓ through focused CSR / CSI programmes. ✓
- Businesses become more community-based ✓ by working closely with the community to roll out skills development projects. ✓
- Any other relevant answer related to the benefits of CSR / CSI for businesses.

(Max) (12)

#### 9.4 Challenges of CSR for the community

- Distribution of scarce CSR resources to selected beneficiaries in the community ✓ may cause problems such as discrimination. ✓
- The benefits of the programmes may not filter ✓ to the intended persons within the community. ✓
- Programmes that do not satisfy all the needs ✓ of the community may be rejected. ✓
- Hand-out programmes discourage locals from taking their own initiative ✓ by making them dependent on social investment programmes. ✓
- Sustaining projects after businesses withdraw their assistance ✓ are often difficult without the right expertise. ✓
- Spending money on CSR means the business has to recover it somehow and this will lead to higher prices ✓ and inflation which has a negative impact on the economy ✓
- Businesses tend to focus on CSR projects ✓ that do not directly benefit the community. ✓
- Less money is available for community projects ✓ during the unfavourable conditions. ✓
- Consumers are not easily convinced ✓ that a business is acting in the best interest of the community. ✓
- A business often appears to benefit more from the CSR expenditure ✓ than the perceived benefits to the communities. ✓
- Any other relevant answer related to the challenges of CSR on communities

(Max) (12)

**9.5 Recommend time and effort to the well-being of the community**

- Pay fair wage / salary to the workers ✓ based on the nature of work involved and the prevailing economic conditions in the market. ✓
- The working conditions must not only consider safety, medical and canteen facilities ✓ but also benefits like housing, leave and retirement etc. ✓
- Give fair bonuses ✓ based on the business earnings. ✓
- Allows for employees' participation ✓ in decision making. ✓
- Provide recreational facilities ✓ for employees. ✓
- Offer their employees a physical assessment ✓ by a medical doctor / practitioner once a year. ✓
- Offer trauma debriefing / counselling or assistance ✓ to any employee who requires these services. ✓
- Give financial assistance in the case of any hardship ✓ caused by unexpected costs, e.g. unforeseen medical costs. ✓
- Offer flexible working hours ✓ to enhance productivity. ✓
- Organise support programmes for employees ✓ infected and affected by HIV / Aids. ✓
- Offer childcare facilities ✓ at its premises. ✓
- Any other relevant answer related to the well-being of employees. (Max) (12)

**9.6 Conclusion**

- Despite challenges, most businesses do take their social responsibility very seriously and contribute positively to communities / society. ✓✓
  - Successful CSR programmes will improve the general standard of living. ✓✓
  - CSR programmes will contribute positively if they are strategically planned and not just be given hand-outs / contributions randomly. ✓✓
  - Any other relevant conclusion related to CSR / CSI. (Max) (2)
- [40]**

**BREAKDOWN OF MARK ALLOCATION**

<b>Details</b>	<b>Maximum</b>	<b>Total</b>
Introduction	<b>2</b>	<b>Max 32</b>
CSR programmes	<b>10</b>	
Benefit CSR for business	<b>12</b>	
Challenges for community	<b>12</b>	
Well-being of employees	<b>12</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		
Layout	<b>2</b>	<b>8</b>
Analysis, interpretation	<b>2</b>	
Synthesis	<b>2</b>	
Originality / Examples	<b>2</b>	
<b>TOTAL MARKS</b>		<b>40</b>

LASO - For each component:

Allocate 2 marks if all requirements are met

Allocate 1 mark if some requirements are met

Allocate 0 marks where requirements are not met at all

**QUESTION 10: BUSINESS OPERATION**

**10.1 Introduction**

- Total quality relates to products that totally satisfy customers' needs and expectations in every respect on a continuous basis. ✓
- Quality is to satisfy customers' needs. ✓
- Business functions and employees' activities must be properly managed to ensure quality goods and services. ✓
- Quality management should not just be an inspection process, but become part of the culture of the business. ✓
- TQM is an integrated system and methodology applied throughout the organisation which helps to design, produce and provide quality products and quality service to customers. ✓
- Any other relevant introduction related to total quality management. (TQM)

(Max) (2)

**10.2 Distinction between quality performance and quality management**

<b>Quality Performance</b>	<b>Quality Management</b>
- Total performance of each department measured ✓ against the specified standards. ✓	- It is technique / tools ✓ used to design / improve the quality of a product. ✓
- Can be obtained if all departments work together ✓ towards the same quality standards. ✓	- Can be used for accountability ✓ within each of the business functions. ✓
- Quality is measured ✓ through physical product / statistical output of processes / surveys of the users / or buyers of goods / services. ✓	- Aims to ensure that the quality of goods / services is consistent ✓ / Focuses on the means to achieve consistency. ✓
- Any other relevant answer related to quality performance.	- Any other relevant answer related to quality management.
(Sub max) 2	(Sub max) 2

(Max) (4)

**10.3 Elements of TQM**

**10.3.1 Top management involvement / Commitment of top management ✓✓**

- Management should have a clear vision and mission statement with regards to TQM. ✓✓
- Management is responsible for giving strategic guidance with regards to quality management. ✓✓
- Top management should support all TQM activities. ✓✓
- Appoint managers / supervisors to control and oversee all stages of TQM processes. ✓✓
- Act on customer feedback and complaints. ✓✓
- Ensure that quality reviews are regularly conducted. ✓✓
- Ensure that shareholders are totally satisfied with the standards of quality. ✓✓
- Any other relevant answer related to top management's involvement.

(Sub max) (6)

- 10.3.2 **Total client satisfaction / Total customer satisfaction** ✓✓
- The business should understand current and future customer needs. ✓✓
  - Quality products and services satisfy customer's needs and expectations. ✓✓
  - Customers will be satisfied if products and services meet their needs, requirements and expectations. ✓✓
  - Businesses need to conduct effective market research to determine customer's needs and to develop products and services that will meet or exceed those needs. ✓✓
  - Businesses need to implement efficient, friendly customer services and customer care systems. ✓✓
  - Any other relevant answer related to total client satisfaction.
- (Sub max) (6)
- 10.3.3 **Continuous improvement to systems and processes** ✓✓
- Processes and systems are the flow of activities implemented to create or deliver products and services to customers. ✓✓
  - Businesses that have quality processes and systems in place will produce good quality products and can provide excellent customer services. ✓✓
  - It should be easy for customers to understand processes so that they do not waste their time with long and complicated procedures. ✓✓
  - Employees need to understand the operating system and the service delivery system. ✓✓
  - Identify the problem areas of the business. ✓✓
  - Give details and specific instructions on the improvement of systems and processes. ✓✓
  - Encourage team work and delegate responsibilities. ✓✓
  - Any other relevant answer related to continuous improvement to systems and processes.
- (Sub max) (6)
- 10.3.4 **Involvement of all employees / People Based Management** ✓✓
- Management should ensure that all employees are involved in quality management. ✓✓
  - Management should ensure that employees are totally satisfied with the standards of quality. ✓✓
  - Effective meetings should be encouraged at all times. ✓✓
  - Effective communication tools will ensure high quality standards. ✓✓
  - Regular internal quality audits may maintain high quality standards. ✓✓
  - There should be regular reviews of non-conformities in order to be pro-active / to take remedial action. ✓✓
  - Any other relevant answer related to involvement of all employees / People Based Management.
- (Sub max) (6)

- 10.3.5 **Continuous skills development / Education and training** √√
- A skills audit should be conducted to determine the qualifications and competence of staff that can influence the quality of products / processes. √√
  - Employees who lack skills should be trained in line with their job descriptions. √√
  - Regularly evaluate the effectiveness of the training. √√
  - Suitable induction programmes that promote quality should be implemented. √√
  - Quality guidelines for managers should be used to monitor continuous skills development. √√
- Any other relevant answer related to continuous skills development / education and training. (Sub max) (6)
- 10.3.6 **Adequate financing and capacity** √√
- There should be enough funds available for proper quality management processes, e.g. systems to prevent errors in the process / detect defects in raw materials. √√
  - Funds should be available for market and product research to gather information on quality improvement. √√
  - Suitable equipment should be available for testing and maintaining high quality standards. √√
  - Funds should only be used to buy the best quality raw materials to avoid / prevent faulty products. √√
  - Funds should be available for regular internal / external testing of products and processes to maintain high quality. √√
  - Any other relevant answer related to adequate financing and capacity. (Sub max) (6)
- 10.3.7 **Planning** √√
- Proper planning for quality assurance of processes should be in place before production commences. √√
  - Enough staff / Quality assurers should be available at key production points to quality assure products and processes. √√
  - Any other relevant answer related to adequate planning. (Sub max) (6)
- 10.3.8 **Monitoring and Evaluation** √√
- Monitoring / Evaluation systems and quality assurance processes should be in place to prevent product defects and wastages. √√
  - Allow for quality control checks and procedures at key production points. √√
  - Any other relevant answer related to planning, monitoring and evaluation. (Sub max) (6)

10.3.9 **Management by facts** √√

- Management should be kept informed about all quality processes. √√
- Facts should be measurable / based on observation and experiments. √√
- Analysis of data and information should be accurate. √√
- Accurate data and information would assist the management to make informed decisions. √√
- Regular quality feedback meetings between management and employees should be held to discuss ways of improving quality. √√
- Any other relevant answer related to management by facts.

(Sub max) (6)

10.3.10 **Teamwork** √√

- TQM requires everyone to work effectively as an individual and as a team member within a department of a business or across departments. √√
- An initiative that works well within teamwork to improve quality is the use of quality circles. √√
- A quality circle is a group of employees with a variety of skills and experience coming together to solve problems related to quality and to implement improvements. √√
- They give / suggest solutions to top management. √√
- Any other relevant answer related to teamwork. (Sub max) (6)

**NOTE: Mark the first FOUR (4) elements of TQM only.** (Max) (24)10.4 **Impact of poor TQM**

- Setting unrealistic deadlines √ that may not be achieved. √
- Employees may not be adequately trained √ resulting in poor quality products. √
- Decline in productivity, √ because of stoppages. √
- Businesses may not be able to make necessary changes √ to satisfy the needs of customers. √
- The reputation of the business √ may suffer because of faulty goods. √
- Customers will have many alternatives to choose from √ and the impact could be devastating to businesses. √
- Investors might withdraw investment, √ if there is a decline in profits. √
- Bad publicity √ due to poor quality products supplied. √
- Decline in sales, √ as returns from unhappy customers' increase. √
- High staff turnover, √ because of poor skills development. √
- Undocumented quality control systems / processes √ could result in error or deviations from pre-set quality standards. √
- Any other relevant answer related to the negative impact resulting from poor TQM.

(Max) (8)

10.5 Recommendations for reducing the cost of quality

- Introduce quality circles / small teams of five to ten employees ✓, who meet regularly to discuss ways of improving the quality of their work. ✓
- Schedule activities ✓ to eliminate duplication of tasks / activities. ✓
- Share responsibility for quality output ✓ amongst management and workers. ✓
- 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 experiences. ✓
- Reduce investment on expensive ✓, but ineffective inspection procedures in the production process. ✓
- Implement pro-active maintenance programmes for equipment / machinery ✓ to reduce / eliminate breakdowns. ✓
- Any other relevant answer related to ways in which business can reduce the cost of quality. (Max) (10)

10.6 Conclusion

- A quality management system is a belief:
  - o In the employee's ability to solve problems. ✓✓
  - o That people doing the work are best able to improve on it. ✓✓
  - o That everyone is responsible for quality. ✓✓
- TQM is a thought revolution in management, where the entire business is operated with customer orientation in all activities all the time by everyone in the organisation. ✓✓
- Any other relevant conclusion related to TQM. (Max) (2)

[40]

BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	2	<b>Max 32</b>
Distinction	4	
Elements	(4 × 6) 24	
Impact	8	
Recommendations	10	
Conclusion	2	
<b>INSIGHT</b>		
Layout	2	<b>8</b>
Analysis, interpretation	2	
Synthesis	2	
Originality / Examples	2	
<b>TOTAL MARKS</b>		<b>40</b>

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: 80**  
**GRAND TOTAL: 300**