



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

BUSINESS STUDIES

MEMORANDUM

EXEMPLAR 2008

MARKS: 300

This memorandum consists of 24 pages.

NOTES TO EDUCATORS:

1. Rubrics may be also be used in the marking of the questions in Sections B and C.
2. Please take careful note of alternative answers plus integration provided by candidates.
3. Candidates responses must be in full sentences for Section B and C based on the nature of the question.

Full sentence	√√	(2)
Words/phrases	√	(1)

4. Section C.

A comprehensive answer has been provided but this answer is by no means exhaustive.

Please take careful note of other relevant answers provided by candidates and allocate marks accordingly.

The breakdown of the mark allocation is as follows:

Content	32 marks (max.)
Insight	8 marks
Total marks	40

Insight consists of the following components :

Introduction, conclusion, analysis and interpretation, synthesis and recency of information .

5. The Case Studies / Scenarios provided in the Final Question Paper may be a little shorter.

This was done in order to prepare candidates for the Final Examination Paper in 2008

6. The assessment standards take into account the level of progression and difficulty from Grade 10 to 12 and questions were set accordingly in this exemplar paper.

SECTION A:**QUESTION ONE:**

- 1.1.1 C
- 1.1.2 A
- 1.1.3 B
- 1.1.4 A
- 1.1.5 A
- 1.1.6 C
- 1.1.7 B
- 1.1.8 D
- 1.1.9 B
- 1.1.10 D

(10 x 2 = 20)

- 1.2.1 E (Dispute Resolution)
- 1.2.2 C (Management)
- 1.2.3 F (Arbitration)
- 1.2.4 B (Workplace forum)
- 1.2.5 A (Strategy)

(5 x 2 = 10)

- 1.3.1 True
- 1.3.2 True
- 1.3.3 True
- 1.3.4 True
- 1.3.5 False

(5 x 2 = 10)**Total Marks: [40]**

SECTION B :**QUESTION 2:****2.1.1. Explain the term prime interest rate. (LO 1 AS 1)**

The prime rate is the interest that the Commercial Banks charge their preferential clients / best clients. √√ (2)

2.1.2 Calculate the interest that will accrue on the loan on 31 December 2007. (LO 1 AS 1)

$$\begin{aligned} \text{Interest} &= \text{R } 40\,000 \times \frac{17.5}{100} \times \frac{6}{12} \quad \checkmark \\ &= \text{R } 3\,500. \quad \checkmark \end{aligned} \quad (3)$$

2.1.3 The prime interest rate has increased by 1% to 18.5 %. What strategic options does Thandiwe have with regard to this increase in the interest rate? Explain. (LO 1 AS 1)**Example :**

- 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. (4)

2.1.4 Describe the impact of crime on businesses and provide measures that can reduce crime. (LO 1 AS 1 + 2)

IMPACT	MEASURES
Crime affects businesses negatively which leads to a decrease in the Profits eg. Customers decrease. √√	Employ security measures e.g. Security guards, CCTV systems. √√

Any other relevant answer. (4)

2.1.5 List the provision regarding maternity leave in the UIF.

- Maternity benefits are paid to contributors during the pregnancy period up to a maximum of four months. √√ (2)

- 2.1.6 **How would it affect Mariam (refer to question 2.1.5) as an employee and Thandiwe as an employer of New Age Hair Salon. Motivate your answer.**

EMPLOYEE	EMPLOYER
Mariam would not receive any benefits because she was not registered. ✓✓	New Township Salon could be fined for non registration of employees. ✓✓

Agreement on compensation could be reached between Mariam and New Age Hair Salon. ✓✓ (6)

- 2.2 **List three stages involved in developing strategies. (LO 1 AS 1)**

- Formulation of the strategy. ✓
- Implementation of strategy. ✓
- Evaluation and control of the strategy. ✓ (3)

- 2.3 **The statements below refer to specific business operations. They describe a particular business sector. Identify the business sector and explain the reason for your answer. (LO 1 AS 4)**

2.3.1 **Identification**

Secondary sector ✓✓

Reason

The processing of raw materials (peaches) into finished products (jam). ✓✓

2.3.2 **Identification**

Tertiary sector ✓✓

Reason

This is a rendering of a service (accommodation) ✓✓

(8)

- 2.4.1 **Describe how corporate social responsibility benefits the business and the community. (LO 1 AS 2)**

Benefits to the business

- The community supports the business by purchasing its products and thereby contributing to the business profitability. ✓✓
- The business enjoys goodwill. ✓✓
- Highly skilled workers can be attracted. ✓✓
- Improves the image of the company. ✓✓
- Any other relevant answer. ✓✓

Benefits to the community

- Improves the welfare of society. ✓✓
- The standard of living of the community is uplifted. ✓✓
- Poverty alleviation through job creation. ✓✓
- Any other relevant answer. ✓✓

(any 5 x 2 = 10)

2.4.2 Briefly explain by using examples two social responsibility programmes which are supported by businesses in your community. (LO 1 AS 2)

Note: Learners will provide their own responses.

- Build an old age home ✓ eg. by Santam. ✓✓
 - Sponsoring the soccer team ✓ eg. Vodacom. ✓✓
 - Building additional classrooms for the local school ✓ eg. Escom. ✓✓
 - People in rural areas receive land to cultivate crops ✓ eg. farmers give their employees land to cultivate. ✓✓
 - Any other relevant answer. ✓✓
- (any 2 x 3 = 6)**

2.5 Explain the purpose of the Skills Development Act 97 of 1998 and comment on the progress of this Act in industry. (LO 1 AS 3)

Purpose of the Skills Development Act 97 of 1998

- Improve the level of investment in education and training. ✓✓
 - Use the workplace as a learning environment. ✓✓
 - Encourage employees to take part in learnership and skills training programmes. ✓✓
 - Ensure quality training and education in the workplace. ✓✓
 - Create Employment opportunities for disadvantaged people. ✓✓
- (any 4 x 2 = 8)**

Comment on the progress of this Act

- Clear evidence that designated workers have acquired the necessary skills through training programmes. ✓✓
- Previously disadvantaged workers with the necessary skills became eligible for promotion. ✓✓
- Companies that are non compliant are being fined. ✓✓
- Many learnerships are now available for capacity building and sectoral training but businesses are slow in taking advantage of this opportunity . ✓✓

(any 2 x 2 = 4)

**(12)
[60]**

QUESTION 3**3.1 Discuss the impact of the following issues on either the success or failure of a partnership and a company.**

	PARTNERSHIP	COMPANIES
3.1.1 TAXATION	Partners pay tax in their personal capacity on the profits earned from the partnership. √√	Companies have more opportunities to pay less tax. √√
	The high tax rates may lead to financial hardship and their personal life suffers as a failure to meet its tax obligation. This unlimited liability may contribute to the failure of the business.√	This is achieved through allowance etc. and this may lead to the success of the company. √ (6)
3.1.2 MANAGEMENT	Partners have a personal interest in the business. √√	The company has directors elected to manage the company. √√
	Therefore they ensure that the business is well managed. √	These are specialists who lead the company successfully. √
	Partners are not specialists √√ and therefore this could lead to the under performance of the business. √	Directors do not have a personal interest in the company √√ and this could lead to failure. √ Any (6)

Note : Learners may provide alternative answers.

(6 + 6 = 12)
3.2 Analyse three Entrepreneurial qualities of Themba's Clothing Boutique.
Use the information from the case study to support your answer. (LO 2 AS 1)

- Good organisational and management skills √√ - experience in the planning, controlling and organizing of the marketing activities . √√
- Good communication skills. √√ - internal newsletter. √√
- Creativity and the ability to be innovative √√ - imported new fabrics from China √√
- Interpersonal skills and the ability to work with people√√ regular meetings with staff √√
- Ability to take calculated risks to increase output and profits.√√ - resigned from the clothing factory and started his own business. √√
- Positive and committed to the business. √√ - persevered with his business. √√

(any 3 x 4 = 12)

3.3 Classify each of the following statements into either compulsory- or non compulsory insurance. Write the appropriate category next to the question number and give reasons for your answer. (LO2 AS 4)

- 3.3.1 Compulsory insurance. ✓✓
This refers to the Road Accident Fund (RAF) which is a compulsory insurance paid by motorists through the fuel levy legislated by Government. ✓✓
- 3.3.2 Non compulsory insurance. ✓✓
This depends on the ability of a business to overcome the losses resulting from fire.
This could be shifted to insurance companies; which is optional. ✓✓
- 3.3.3 Compulsory insurance. ✓✓
This refers to the Workmen's Compensation Act nr. 130 Of 1993, which is applicable to all enterprises employing more than fifty workers. ✓✓
(3 x 4 = 12)

3.4 Extract - Business Report.

3.4.1 Which institution publishes this type of information in the newspapers? (LO 2 AS 4)

The Johannesburg Securities Exchange. ✓✓ (2)

3.4.2 Give two functions of the institution, mentioned in 3.4.1. (LO 2 AS 4)

- To keep investors informed by publishing share prices in the newspapers. ✓✓
- Small investors are given an opportunity to invest in the economy and growth of the country. ✓✓
- Mobilises the funds of insurance companies and other institutions. ✓✓
Any other relevant function. (2 x 2 = 4)

3.4.3 Explain what happened to Tigerbrands shares during the days trading on 10 April 2007. (LO 2 AS 4)

Tigerbrands shares traded at the highest price of 18 507c and at the lowest price of 18 000c. The price at the close of business was 18 250c ✓✓ (2)

3.4.4 What was the price of Illovo shares at the end of the market day? (LO 2 AS 4)

R 19.15 or 1915 cents. ✓✓ (2)

3.4.5 How does regular information as given in the table above assist you in deciding which shares to buy? Substantiate your answer. (LO 2 AS 4)

- Guided by dividend yield. The higher the dividend yield the better the returns from investment in shares. ✓✓
- Identifies shares that are stable. ✓✓ (4)

3.5 Would you prefer to buy shares or unit trusts? Motivate your answer. (LO 2 AS4)

Unit Trusts ✓✓

Unit trusts are controlled by fund managers who are specialists. ✓✓
 Balanced portfolio of funds ranging from low to high performance.. ✓✓
 The risks are spread. ✓✓
 Less riskier than shares. ✓✓

OR

Shares. ✓✓

Possibility of a high return in choosing one company's shares. ✓✓
 Returns are immediate. ✓✓

(2 + 2 = 4)

3.6.1 Identify the trend indicated in the bar graph. (LO 2 AS 3)

The sales started from a low level in October and gradually increased to a high in December and thereafter decreased to the lowest in February. ✓✓ (2)

3.6.2 What in your opinion, has influenced the trend. Justify your answer. (LO 2 AS 3)

This is peak holiday season where people receive Christmas bonuses and spend their money on gifts. ✓✓
 Money is also spent on stationery and school uniforms in January before schools and tertiary institutions open for learners and students respectively. ✓✓
 Any other relevant answer. (4)

[60]

QUESTION FOUR :

4.1 Differentiate between Leadership and Management. (LO 3 AS 4)

Leadership is about inspiring people to become achievers. They are generally born with special innate characteristics or personality traits. ✓✓

Management is the process of getting things done by exercising the responsibility

resulting from a particular position. √√

(2 x 2 = 4)

4.2 Distinguish between the following management styles. (LO 3 AS 4)

4.2.1 Autocratic.

- This form of leadership allows for no negotiations. The leader tells people what to do and how to do it without any input from the people regarding their thoughts and/or suggestions. √√
- This is a top – down one way communication in the form of directives and instructions. √√

(2 x 2 = 4)

4.2.2 Democratic.

- This form of leadership allows all stakeholders to have a say in the decision making process of the organisation. √√
- Managers retain the responsibility and authority in making the final decision. √√

(2 x 2 = 4)

4.2.4 Laissez-Faire.

- This form of leadership allows subordinates to make all the decisions but within the policy of the company. √√
- The manager must take responsibility for the decisions made. √√

(2 x 2 = 4)

4.3 Describe five steps that you, as a manager, can use to resolve conflicts in the workplace. (LO 3 AS 5)

- Acknowledge that there is a conflict between parties. √√
- Confront the conflict by identifying the causes. √√
- Arrange a meeting between the conflicting parties. √√
- Devise ways to resolve the conflict. √√
- Find a way forward. √√

(any 5 x 2 = 10)

4.4 You have passed Grade 12. You are currently employed at an industrial company which manufactures car seat covers. Your fellow workers requested that you join the trade union. What would your response be? Motivate your answer. (LO 4 AS 3)

Yes. √√

- Strives to improve the working conditions of employees √√
- Involvement in joint decision making when interacting with the employer. √√
- Protects employees from unfair dismissal, retrenchment etc. √√
- Serves as a monitor for the implementation of Legislation. √√

- Act on behalf of members in dispute resolution. ✓✓

(2 + any 4 x 2 = 10)

or

No. ✓✓

- Cannot afford membership fee. ✓✓
- Does not always contribute to improved working conditions ✓✓.
- Reluctance to participate in strikes. ✓✓
- Meetings may be too time consuming. ✓✓

(2 + any 4 x 2 = 10)

4.5 You are the managing director of a company. You are interested in the well-being of your employees in the workplace. Explain any two of the strategies that you would implement. (LO 3 AS 8)

Example :

- Ensuring that the working environment is healthy and safe eg. the provision of air conditioners or have a safety officer. ✓✓✓
- Introducing support programmes to assist employees eg. counseling. ✓✓✓
- Offering medical assistance in cases of emergencies. ✓✓✓
- Pay a fair wage. ✓✓✓
- Provide fringe benefits. ✓✓✓

(2 x 3 = 6)

4.6.1 State the job title. (LO 3 AS 6)

Assistant Director : HR Planning, Provisioning and Administration. ✓✓

(1 x 2 = 2)

4.6.2 Assume you are applying for this position. List any two significant aspects that are of relevance to you. Give reasons for your answer. (LO 3 AS 6)

- Skills related. Department of Sports, Arts, Culture and Recreation. ✓✓
Special interest and suited to the position. ✓
- Salary : R 146 689 p.a. ✓✓ Present salary is lower. ✓
- Duties of the position applied for. ✓✓ Duties suit your interest. ✓
- Closing date of the application. ✓✓ Meet deadlines. ✓
- Contact person. ✓✓ Enquiry. ✓

2 ✓✓ for significant aspect and 1 ✓ for the reason.**(any 2 x 3 = 6)**

4.6.3 Calculate the monthly gross salary for the advertised position excluding benefits. (LO 3 AS 6)

R 146 689 ÷ 12 = R 12 223.25 ✓✓

(2)

4.6.4 The salary states “Plus benefits“. List any two possible benefits that may be offered by the Gauteng Provincial Government. (LO 3 AS 6)

- Housing allowance ✓✓

- Pension ✓✓
- Medical aid ✓✓
- Car allowance ✓✓
- Any other relevant answer.

(any 2 x 2 = 4)

4.6.5 How does this advertisement comply with Government's initiative of inclusivity. Give two reasons for your response. (LO 2 AS 2)

Welcomes applications from persons with disabilities. ✓✓
 Committed to the achievement and maintenance of diversity and equity in
 Employment especially in respect of race, gender and disability. ✓✓

(2 x 2 = 4)
 [60]

TOTAL FOR SECTION B 180**SECTION C****QUESTION 5**

Identify and classify these challenges raised into the three environments and analyse the impact of these variables on Plumtree. Suggest strategies that Plumtree can use to overcome these challenges.

Make recommendations to Plumtree whether it should continue to operate in this sector. (40)
(LO 1 AS 1 + 4)

5.1 Introduction:

- Businesses face challenges from the different environments. ✓
- The different environments are as follows :
 Micro, market and the macro. ✓
- The degree of control varies amongst the different environments. ✓
- A business can control its micro environment. ✓
- Therefore, they need to devise strategies to enable it to respond to these challenges. ✓

(any 3 x 1 = 3)

5.2 Challenges and control over the different environments.**5.2.1 Micro-environment ✓✓****1. Challenge:**

- Decline in the turnover of tomatoes due to a shortage of water supply ✓✓

Control/strategies

- Sinking boreholes / alternate sources of water. ✓✓
- Installation of an effective irrigation system ✓✓
- Any relevant strategy

2. Challenge:

- Worker absenteeism. ✓✓

Control/strategies

- Awards for full attendance ✓✓
- Keep proper records of leave etc. ✓✓
- Disciplinary action. ✓✓
- Any relevant strategy

3. Challenge:

- Long working hours. ✓✓

Control/strategies

- Can control this by shortening the working hours according to legislation. ✓✓
- Pay overtime. ✓✓
- Employ more workers. ✓✓
- Any relevant strategy

4. Challenge:

- HIV infection. ✓✓

Control/strategies

- Can provide support by distributing Ante Retro Virals (ARV). ✓✓
- Transport workers to clinics for treatment. ✓✓
- Ensure that medical services are available. ✓✓
- Education on HIV. ✓✓
- Support for HIV employees. ✓✓
- Any relevant strategy

Challenges: any 3 x 2 = 6

Control/strategy: any 3 x 2 = 6

5.2.2 Market environment ✓✓

1. Challenge:

- Losing market share to the competitor. (STAR FOOD). ✓✓

Control/strategies

- Improve the quality of the products by quality control. ✓✓
- Engage in an advertising campaign. ✓✓
- Advertise our business in the local newspaper. ✓✓
- Specials on certain days. ✓✓
- Offer incentives on the products e.g. buy one kg. and get 250g free. ✓✓

Challenges: any 1 x 2 = 2

Control/strategy: any 1 x 2 = 2

1.2.2 Macro environment ✓✓

1 Challenge:

- Increase in interest rates. ✓✓

Control/strategies

- Reduce borrowings eg. pay of debts earlier. ✓✓
- To cut costs and thus eliminate the need to borrow. ✓✓
- Become more productive in order to increase output. ✓✓
- Increase turnover by reducing prices and thereby capturing a greater market share. ✓✓
- Increase capital contribution, selling shares, admitting a new partner. ✓✓

2 Challenge:

- Increase in fuel prices. ✓✓

Control/strategies

- To outsource the transport of the business. ✓✓
- To avoid/limit unnecessary use of vehicles. ✓✓
- Regular servicing and maintenance of vehicles to reduce fuel consumption. ✓✓
- Introduce control measures. ✓✓

3 Challenge:

- Employing workers on a temporary basis. ✓✓

Control/strategies

- Employ permanent workers. ✓✓
- Reduce the number of temporary workers. ✓✓
- Offer training to casual workers. ✓✓
- any relevant strategy

Challenges: any 2 x 2 = 4

Control/strategy: any 2 x 2 = 4
(24)

5.3 Recommendation :

- Remain in the primary sector based on the implementation of the above strategies. ✓✓
- Integrate vertically by manufacturing tomato sauce. ✓✓
- Change the distribution policy for eg. direct marketing. ✓✓ (Any 3 x 2 = 6)

5.4 Conclusion

- Challenges are always there and therefore need to be managed. ✓
- The business must implement the applicable strategy to overcome the challenges. ✓

(2 x 1 = 2)

Breakdown of mark allocation:

Introduction	3	
Identifying of environments	6	
Challenges of environments	12	
Control/strategies of challenges	12	
Recommendation	6	
Conclusion	<u>2</u>	
	<u>41</u>	Max 32

Insight:		
Structure	2	
Analysis and interpretation	3	
Originality, recency	<u>3</u>	
	<u>8</u>	Max 8

Total 40 marks

QUESTION 6

Legislation controls the way businesses operate in South Africa. Most of these were developed to heal the divisions of the past and to transform society and is guided by policies such as human rights, inclusivity and environmental issues.

Briefly explain the concepts of Human Rights and Inclusivity as well as Environmental issues in the workplace and elaborate on initiatives that businesses could implement with regard to these matters.

Analyse and evaluate the extent to which they have been successful. (LO 2 AS 2) (40)

6.1 Introduction

- During the apartheid era very little or no recognition was given to the concepts of human rights, inclusivity, and environmental issues. ✓
- After the establishment of the new democratic government, various pieces of legislation was 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. ✓
- Large enterprises in South Africa are obliged to implement these policies. ✓
- Currently the implementation of these policies are monitored by Government. ✓

(Any 3 x 1 =3)

6.2 Human rights

- The Constitution guarantees a persons basic human rights. ✓✓
- The concept of the freedom of the person as an individual as well as a citizen and collectively as a group. ✓✓
- 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 rights, childrens rights, the right to protection, privacy and freedom of association. ✓✓

(any 2 x 2 = 4)

6.3 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 workplace. ✓✓
- Women must be given greater 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 2 x 2 = 4)

6.4 Environmental 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 2 x 2 = 4)

6.5 Initiatives that businesses could implement with regard to these matters

6.5.1 Human Rights

- Specific poverty alleviation programmes eg. donation of land for the cultivation, development of entrepreneurial initiatives. √√
- Reduction of unemployment through skills development, entrepreneurial programmes making resources available and encouraging informal and indigenous practices. √√

(Any 2 x 2 = 4)

6.5.2 Inclusivity

- Legislation to address different forms of discrimination eg. the Skills Development Act and Employment Equity Act. √√
- The Human Rights Commission supervises and handles complaints. √√

(Any 2 x 2 = 4)

6.5.3 Environmental Issues

- The Department of Environmental Affairs and Tourism passed legislation in order to reduce pollution, affluent control, rehabilitation programmes eg. Rehabilitation of the dunes by Richards Bay Minerals. √√
- The Green Scorpions established to protect the parks, water reserves, fisheries etc. √√

(any 2 x 2 = 4)

6.6 The extent to which they have been successful

6.6.1 Human Rights

- More attention is being paid to the abovementioned 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 is heard through unions. √√

(Any 2 x 2 = 4)

6.6.2 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 2 x 2 = 4)

6.6.3 Environmental Issues

- Many Acts have been passed, monitored and supervised, eg. 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 2 x 2 = 4)

6.7 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. ✓
- Awareness is much higher and this will have a positive impact for the business. ✓

(2 x 1 = 2)

Breakdown of mark allocation:

Introduction	3	
Explanation of concepts	12	
Initiatives that business implement	12	
Evaluation	12	
Conclusion	<u>2</u>	
	41	Max 32
Insight:		
Structure	2	
Analyses and interpretation	2	
Originality, examples, recency	<u>4</u>	
	8	Max 8
		Total 40 Marks

QUESTION 7

Enterprises agree that Ethical and Professional behaviour are important aspects of the business environment.

Describe the concept of ethical and professional behaviour and use practical examples to explain the various issues relating to the abovementioned. Comment on its application in the workplace.(LO 3 AS 2)

(40)

7.1 Introduction :

- Enterprises realize that they cannot exist in isolation but interact with the various environments. ✓
- Many institutions in South Africa have their own code of conduct and a commitment to ethical and professional behaviour. ✓
- Codes of practice have been developed to ensure that these issues are being addressed. ✓

(max. 3)

7.2 Description of concepts:**7.2.1 Ethics : ✓**

- Ethics refers to a set of values that are morally acceptable in society which define right, good and fair actions. ✓
- Business ethics refers to rules and principles which influence the best business practice. ✓
- Businesses develop their own code of ethics for best practice. ✓

(max. 3)

7.2.2 Professional behaviour: ✓

- This is a set of standards of expected practices eg. treating people with respect ✓
- Specific occupational practices have developed their own code of professionalism. ✓

(max 3)

Practical examples to explain the various issues:**7.3 Taxation: ✓**

- The government needs revenue from taxation to provide essential services such as housing, education, infrastructure development and medical care. ✓
- Professional behaviour for business in this regard would be for business not to evade tax by falsifying financial records. ✓
- Company tax, VAT and personal income tax are some of the main sources of income for the government. ✓
- Tax evasion is illegal in South Africa and is regarded as a crime punishable with a fine or even prison sentence. ✓
- The SARS oversees the collection of tax. ✓

Comment :

- Recently tax collection in South Africa have exceeded budget expectations. ✓
 - This has been streamlined with the introduction of the SAP system. ✓
- (6 x 1 = 6)**

7.4 Sexual harassment : ✓

- This is any sexual advance, gesture or remark that causes a person to feel intimidated and threatened. ✓
- Sexual harassment is prohibited by labour legislation and companies must educate its employees on this issue. ✓
- Sexual harassment is a basic violation of human rights which usually happens when someone who is in power over another and abuses his position. ✓
- Sexual harassment occurs when a superior implies the granting of a promotion or a raise in salary in return for sexual favours from the subordinate. ✓
- The affected party is usually afraid to report it because of victimization. ✓

Comment :

- Increase in the number of sexual violations and the courts are addressing these issues. ✓

(6 x 1 = 6)

7.5 Pricing of goods in the rural areas : ✓

- It is good business practice and professional behaviour to have the same price for goods in urban and rural areas. ✓
- Big businesses are reluctant to open outlets in rural areas because of poor return on their investment. ✓
- It is common practice for people in the rural areas to pay higher prices for goods which in most cases are of inferior quality. ✓
- Prices of goods in these areas are generally based on the personal characteristics of the consumers. ✓

Comment :

- Government is focusing on infrastructure development in rural areas. ✓
- This includes shopping centres. ✓

(6 x 1 = 6)

7.6 Unfair advertising : ✓

- The Advertising Standards Authority (ASA) regulates advertising and protects the interests of the public. ✓
- Advertisements should be honest and should not abuse consumer's trust or lack of knowledge. ✓
- Some businesses make use of misleading advertising to consumers that they can get more value for their money by supporting their products. ✓
- Consumers are encouraged to lodge written complaints to ASA regarding unethical advertising practices. ✓
- Examples of unethical practice : advertising second hand goods as new, ✓

Comment :

- The ASA is the watchdog and several advertisements have been withdrawn. ✓

(6 x 1 = 6)

7.7 Unauthorised use of funds : ✓

- Fraud is the theft, misuse of money that belongs to the employer. ✓
- Fraud increases the cost of doing business, affects competition and discourages investors by adjusting prices upwards to absorb the losses. ✓
- Business must conduct education work amongst employees about the impact of fraud and understand that fraud prevention is a collective responsibility. ✓
- Systems must be in place to reduce fraud by, for eg. internal audit and risk management. ✓
- People who are entrusted with the collection of large amounts of money have misappropriated money for personal gain. ✓

Comment :

- Fraud cases have been highlighted in the media. ✓
- Several cases have been heard in court regarding fraud. ✓

(6 x 1 = 6)

7.8 Abuse of working time : ✓

- Many businesses are faced with the dilemma where employees are use working time for their personal activities. ✓
- The business must have a policy in place for employees on the abuse of work time e.g. making personal calls, sending personal e-mails and browsing through the website unrelated to their work duties during the work time. ✓
- Businesses must implement time monitoring systems and time recording procedures. ✓
- There should be some flexibility when dealing with workers who are conscientious, working long hours, and missing official work breaks when there is urgent work to be done. ✓

Comment :

- Many of these issues have been addressed through grievance procedures. ✓

(6 x 1 = 6)

(Marks any 5 x 6 = 30)

7.9 Conclusion :

- Policies and legislation which have been implemented must be continually monitored and improved to lead to a successful business. ✓
- Profitability is regularly affected by each of the above issues. ✓

(2 x 1 = 2)

Breakdown of mark allocation:

Introduction	3	
Concepts	6	
Issues and comments	30	
Conclusion	<u>2</u>	
	41	Max. 32
Insight:		
Structure	2	
Analyses and interpretation	2	
Originality, recency, examples	<u>4</u>	
	<u>8</u>	Max 8
	Total	40 marks

QUESTION 8

A business organisation has certain business and management functions which are performed by the managers of the various departments within the organisation. You are the General Manager of such an organisation and have noticed that improved performance of these business functions can contribute significantly to the success of the business enterprise.

Identify and discuss any five business functions. Analyse how the quality of performance in these functions can contribute towards making the business more profitable.
(LO 4 AS 4) (40)

8.1 Introduction :

- Businesses have to perform the eight business functions which are interrelated in order to be successful. ✓
 - If business enterprises want to improve its competitive position then the need for quality becomes more important. ✓
 - Businesses must have quality control systems in place to monitor performance. ✓
- (3 x 1 = 3)**

8.2 Business functions:**Breakdown of mark allocation for Business Functions:**

Identification (name) of function	2
Description of function	2
Detail explanation of the effectiveness of quality performance.	<u>4</u>
	<u>8</u>

8.2.1 General management ✓✓

- General management must develop a strategic plan. ✓✓
- It consists of the following activities of planning, organising, leading and control. ✓✓

Effective quality performance:

- Top management activities is 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 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 on the roll out plan. ✓✓

(Max. 8)**8.2.2 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 negatively impact on the final products. ✓✓
 - There must be an identification and selection of a reputable supplier of goods. ✓✓
 - Goods must satisfy the target market. ✓✓
 - High turnover of goods means that the correct goods were purchased. ✓✓
- Note: Apply the same principles to Quality, Time, Supplier. ✓✓

(Max. 8)**8.2.3 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. ✓✓

Effective quality performance :

- Customers are well aware of products through marketing communication policy e.g. aggressive advertising of products. ✓✓
- Note : Apply same principles to price, product and distribution policy. ✓✓

(Max. 8)**8.2.4 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 within reasonable cost to remain within competition. ✓✓
 - Production cost calculation will help ensure ensure that costs are contained. ✓✓
- Note : Apply the same principles to quality and time. ✓✓

(Max 8)**8.2.5 Financial function** ✓✓

- Determine the need for funds. ✓✓
- Acquire the funds from the correct 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. ✓✓

(Max 8)

8.2.6 Human resources ✓✓

- To find the suitable 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 has lead to a highly stable staff. ✓✓
- This has lead to a low turnover rate of staff. ✓✓

(Max 8)**8.2.7 Public relations** ✓✓

- Promote a positive image by liaising with the relevant publics. ✓✓

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. ✓✓

(Max 8)**8.2.8 Administration** ✓✓

- Acquiring, collecting, processing, making available and safekeeping of information. ✓✓
- Decisions are based on information. ✓✓

Effective quality performance :

- Debtors statements are posted timeously and debtors pay on due dates. ✓✓
- This improves the liquidity, cash flow and profitability position. ✓✓
- Apply same principles to creditors and stock. ✓✓

(Max 8)**(Any 5 x 8 = 40)**

8.3 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. ✓

(2 x 1 = 2)**Breakdown of mark allocation:**

Introduction	3	
Business Functions 5 x 8	40	
Conclusion	<u>2</u>	
Total	45	max. 32
Insight :		
Structure	2	
Synthesis	2	
Analysis and interpretation	2	
Application	<u>2</u>	
	<u>8</u>	max 8
	Total	40 Marks

TOTAL SECTION C: 80
GRAND TOTAL: 300