



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2020

**BUSINESS STUDIES P1
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 29 pages.

NOTES TO MARKERS**1. PREAMBLE**

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

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

2. Candidates' responses must be in full sentences for SECTIONS B and C. However, this would depend on the nature of the question.
3. A comprehensive marking guideline has been provided but this is by no means exhaustive. Due consideration should be given to an answer that is correct but:
 - Uses a different expression from that which appears in the marking guideline
 - Comes from another credible source
 - Original
 - A different approach is used

NOTE: There is only ONE correct answer in SECTION A.

4. Take note of other relevant answers provided by candidates and allocate marks accordingly. (In cases where the answer is unclear or indicates some understanding, part-marks should be awarded, for example, one mark instead of the maximum of two marks.)
5. The word 'Sub-max' is used to facilitate the allocation of marks within a question or sub-question.
6. The purpose of circling marks (guided by 'max' in the breakdown of marks) on the right-hand side is to ensure consistency and accuracy in the marking of scripts as well as for calculation and moderation purposes.
7. Subtotals to questions must be written in the right-hand margin. Circle the subtotals as indicated by the allocation of marks. This must be guided by 'max' in the marking guidelines. Only the total for each question should appear in the left-hand margin next to the appropriate question number.
8. In an indirect question, the theory as well as the response must be relevant and related to the question.
9. Correct numbering of answers to questions or sub questions is recommended in SECTIONS A and B. However, if the numbering is incorrect, follow the sequence of the candidate's responses. Candidates will be penalised if the latter is not clear.

10. No additional credit must be given for repetition of facts. Indicate with an 'R'.
11. The differentiation between 'evaluate' and 'critically evaluate' can be explained as follows:
- 11.1 When 'evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance, e.g. **Positive:** '*COIDA eliminates time and costs spent√ on lengthy civil court proceedings.*'√
- 11.2 When 'critically evaluate' is used, candidates are expected to respond in either a positive/negative manner or take a neutral (positive and negative) stance. In this instance candidates are also expected to support their responses with more depth, e.g. '*COIDA eliminates time and costs spent√ on lengthy civil court proceedings√, because the employer will not be liable for compensation to the employee for injuries sustained during working hours as long as it can be proved that the business was not negligent.*'√
- NOTE:** 1. The above could apply to 'analyse' as well.
2. Note the placing of the tick (√) in the allocation of marks.
12. The allocation of marks must be informed by the nature of the question, cognitive verb used, mark allocation in the marking guideline and the context of each question.
- Cognitive verbs, such as:
- 12.1 Advise, name, state, outline, motivate, recommend, suggest, (*list not exhaustive*) do not usually require much depth in candidates' responses. Therefore, the mark allocation for each statement/answer appears at the end.
- 12.2 Define, describe, explain, discuss, elaborate, distinguish, differentiate, compare, tabulate, justify, analyse, evaluate, critically evaluate (*list not exhaustive*) require a greater depth of understanding, application and reasoning. Therefore, the marks must be allocated more objectively to ensure that assessing is conducted according to established norms so that uniformity, consistency and fairness are achieved.
13. Mark only the FIRST answer where candidates offer more than one answer for SECTION B and C questions that require one answer.

14. **SECTION B**

14.1 If for example, FIVE facts are required, mark the candidate's FIRST FIVE responses and ignore the rest of the responses. Indicate by drawing a line across the unmarked portion or use the word 'Cancel'.

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

14.2 If two facts are written in one sentence, award the candidate FULL credit. Point 14.1 above still applies.

14.3 If candidates are required to provide their own examples/views, brainstorm this at the marking centre to finalise alternative answers.

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

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

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

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

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

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

15. **SECTION C**

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

Introduction	Maximum: 32
Content	
Conclusion	
Insight	8
TOTAL	40

15.2 Insight consists of the following components:

Layout/Structure	Is there an introduction, a body, and a conclusion?	2
Analysis and interpretation	Is the candidate able to break down the question into headings/subheadings/interpret it correctly to show understanding of what is being asked? Marks to be allocated using this guide: All headings addressed: 1 (One 'A') Interpretation (16 to 32 marks): 1 (One 'A')	2
Synthesis	Are there relevant decisions/facts/responses made based on the questions? Marks to be allocated using this guide: No relevant facts: 0 (Two '-S') Some relevant facts: 1 (One '-S') Only relevant facts: 2 (No '-S') Option 1: Where a candidate answers 50% or more of the question with only relevant facts; no '-S' appears in the left margin. Award the maximum of TWO (2) marks for synthesis. Option 2: Where a candidate answers less than 50% of the question with only OR some relevant facts; one '-S' appears in the left margin. Award a maximum of ONE (1) mark for synthesis. Option 3: Where a candidate answers less than 50% of the question with no relevant facts; two '-S' appear in the left margin. Award a ZERO mark for synthesis.	2
Originality	Is there evidence of examples based on recent information, current trends and developments?	2
TOTAL FOR INSIGHT:		8
TOTAL MARKS FOR FACTS:		32
TOTAL MARKS FOR ESSAY (8 + 32):		40

NOTE: 1. 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 awarded for layout, if the headings INTRODUCTION and CONCLUSION are not supported by an explanation.

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

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

- 15.5 Mark all relevant facts until the SUB MAX/MAX mark in a subsection has been attained. Write SUB MAX/MAX after maximum marks have been obtained, but continue reading for originality "O".
- 15.6 At the end of each essay indicate the allocation of marks for facts and marks for insight as follows: (L – Layout, A – Analysis, S – Synthesis, O – Originality) as in the table below.

CONTENT	MARKS
Facts	32 (max.)
L	2
A	2
S	2
O	2
TOTAL	40

- 15.7 When awarding marks for facts, take note of the sub-maxima indicated, especially if candidates do not make use of the same subheadings. Remember, headings and subheadings are encouraged and contribute to insight (structuring/logical flow/sequencing) and indicate clarity of thought. (See MARK BREAKDOWN at the end of each question.)
- 15.8 If the candidate identifies/interprets the question INCORRECTLY, then he/she may still obtain marks for layout.
- 15.9 If a different approach is used by candidates, ensure that the answers are assessed according to the mark allocation/subheadings as indicated in the marking guideline.
- 15.10 15.10.1 Award TWO marks for complete sentences. Award ONE mark for phrases, incomplete sentences and vague answers.
- 15.10.2 With effect from November 2015, the TWO marks will not necessarily appear at the end of each completed sentence. The ticks (√) will be separated and indicated next to each fact, e.g. 'Product development is a growth strategy √, where businesses aim to introduce new products into existing markets.'√
- This will be informed by the nature and context of the question, as well as the cognitive verb used.
- 15.11 With effect from November 2017, the maximum of TWO (2) marks for facts shown as headings in the marking guidelines, will not necessarily apply to each question. This would also depend on the nature of the question.

SECTION A**QUESTION 1**

- 1.1 1.1.1 B ✓✓
 1.1.2 C ✓✓
 1.1.3 D ✓✓
 1.1.4 A ✓✓
 1.1.5 C ✓✓

(5 x 2) (10)

- 1.2 1.2.1 secondary ✓✓
 1.2.2 psychographics ✓✓
 1.2.3 promotional ✓✓
 1.2.4 quality ✓✓
 1.2.5 piecemeal ✓✓

(5 x 2) (10)

- 1.3 1.3.1 D ✓✓
 1.3.2 I ✓✓
 1.3.3 H ✓✓
 1.3.4 J ✓✓
 1.3.5 A ✓✓

(5 x 2) (10)

TOTAL SECTION A: 30**BREAKDOWN OF MARKS**

QUESTION 1	MARKS
1.1	10
1.2	10
1.3	10
TOTAL	30

SECTION B

Mark the **FIRST TWO** answers only.

QUESTION 2: BUSINESS ENVIRONMENTS**2.1 Types of lobbying**

- Hedging against inflation ✓
- Bargaining sessions between management and unions ✓
- Influencing supervisory body/regulators ✓

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

2.2 Functions of a trade union

- Protecting the interest of workers. ✓✓
- Representing the interest of general society and minority groups through media and negotiations. ✓✓
- Influencing government decisions. ✓✓
- Influencing management for better working conditions, salaries and benefits. ✓✓
- Representing employees corporately and individually. ✓✓
- Improving the material benefits of their members. ✓✓
- Advancing the interest of members. ✓✓
- Providing legal and financial advice. ✓✓
- Providing benefits and educational facilities to its members. ✓✓
- Supporting gender equality. ✓✓
- Protecting members in times of retrenchments and disciplinary hearings. ✓✓
- Protecting the interest of their members during disciplinary procedures. ✓✓
- Any other relevant answer related to the functions of trade unions.

Max. (8)

2.3 Socio-economic issues

2.3.1 Illiteracy ✓✓

(2)

2.3.2 Strike ✓✓

(2)

2.3.3 Dumping ✓✓

(2)

2.4 Purpose of the LRA

- 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)

2.5 Challenges and environments from the scenario

CHALLENGES 2.5.1	BUSINESS ENVIRONMENTS 2.5.2
1. The employees at Essential Supermarket don't want to cooperate and work together as a team. ✓	Micro ✓✓
2. Recently the management also could not find a regular provider of all the products they need. ✓	Market ✓✓
Sub max (2)	Sub max (4)

NOTE: Do not award marks for the business environment, if the challenge was incorrectly identified.

Max. (6)

2.5.3 Ways in which businesses can adapt to difficult employees

- Businesses can deal with difficult employees by revisiting the recruitment & induction policies. ✓✓
- Businesses need to develop strategies to deal with different types of personalities. ✓✓
- Businesses must offer counselling sessions to employees with personal problems. ✓✓
- Any other relevant answer related to ways in which businesses can deal with difficult employees.

NOTE: Mark the first TWO (2) only.

(2 x 2) (4)

OR

Ways in which businesses can adapt to shortage of supply

- Select suppliers which are reputable/trustworthy and reliable. ✓✓
- Maintain a good relationship with suppliers. ✓✓
- Enter into contracts with suppliers to secure raw materials of good quality in sufficient quantities. ✓✓
- Take over suppliers to ensure continuity of its supply. This is called backwards integration. ✓✓
- Any other relevant answer related to ways in which businesses can deal with shortage of supplies.

NOTE: Mark the first TWO (2) only.

(2 x 2) (4)

2.6 **Projects undertaken by businesses as part of social responsibility**

- Charitable contribution towards NGOs/Businesses can donate blankets to old age homes/run soup kitchens. √√
- Involvement in community education/Build schools in communities/ Offer bursaries to needy students/Donate old computers to less privileged schools/Provide/Support adult education and training in the local community. √√
- Teach entrepreneurial skills/Offer support to individuals starting new business ventures. √√
- Conduct skills development/job creation projects/Offer bricklaying courses. √√
- Sponsor art and cultural programmes, such as school choirs. √√
- Support youth programmes, such as sport/recreational activities. √√
- Address issues like HIV/Aids or COVID-19 pandemic. √√
- Any other relevant answer related to projects that can be undertaken by business as part of social responsibility.

Max. (6)
[40]

BREAKDOWN OF MARKS

QUESTION 2	MARKS
2.1	2
2.2	8
2.3	6
2.4	8
2.5.1	2
2.5.2	4
2.5.3	4
2.6	6
TOTAL	40

QUESTION 3: BUSINESS OPERATIONS**3.1 Examples of employee benefits**

- Medical Aid Fund/Health Insurance Fund ✓
- Pension Fund ✓
- Provident Fund ✓
- Funeral benefits ✓
- Car/Travel/Housing/Cell phone/Clothing allowance ✓
- Performance-based incentives ✓
- Issuing of bonus shares ✓
- Staff discount/Free or low cost meal/Canteen facilities ✓
- Any other relevant answer related to examples of employment benefits.

NOTE: Mark the first FOUR (4) only.

(4 x 1) (4)

3.2 Aspects of the 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 that must be included in the employment contract of the selected candidate.

NOTE: Mark the first THREE (3) only.

(3 x 2) (6)

3.3 Purpose of induction as a human resources activity

- Introduce new employees to management/colleagues ✓ to establish relationships with fellow colleagues at different levels. ✓
- Create opportunities for new employees ✓ to experience/explore different departments. ✓
- Explain safety regulations and rules, ✓ so that new employees will understand their role/responsibilities in this regard. ✓
- Communicate information ✓ about the products/services. ✓
- Allow new employees the opportunity to ask questions ✓ that will put them at ease/reduce insecurity/anxiety/fear. ✓
- Make new employees feel welcome ✓ by introducing them to their physical workspace. ✓
- Give new employees a tour/information ✓ about the layout of the building/office. ✓
- Improve skills ✓ through in-service training. ✓
- Familiarise new employees ✓ with the organisational structure/their supervisors. ✓
- Ensure that employees understand their roles/responsibilities ✓ so that they will be more efficient/productive. ✓
- Communicate business policies ✓ regarding ethical/professional conduct/procedures/employment contract/conditions of employment, ✓ etc.
- Any other relevant answer related to the purpose of induction as a human resources activity.

Max. (6)

3.4 Factors that influence pricing

3.4.1 Demand ✓✓

(2)

3.4.2 Input costs ✓✓

(2)

3.5 Purpose of packaging

- Physically protect ✓ the product from any harm. ✓
- Promote the marketing ✓ of a product. ✓
- Prevent a product ✓ from getting spoilt. ✓
- Prevent tampering ✓ or theft of a product. ✓
- Improve convenience ✓ in use or storage of a product. ✓
- Makes it easier ✓ to identify products. ✓
- Differentiate the product ✓ from other competing goods. ✓
- Contribute to the profitability of the business ✓ through sales and use of resources. ✓
- Attracts attention to show value of the product ✓ as a marketing tool. ✓
- Links the product to the promotion strategy ✓ used to promote the product. ✓
- Any other relevant answer related to the purpose of the packaging of products.

Max. (6)

3.6 Production planning

3.6.1 Aspects during production planning from the scenario

- Steve, the production manager, has to set up the actual route which the materials must follow in the factory. ✓
- He also has to calculate the time required to perform each activity in the manufacturing process. ✓

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

3.6.2 Advantages of production planning

- Production planning allows a business to ensure that every machine and worker ✓ is used to their full capacity. ✓
- Business can ensure that it has the correct amount of supplies ✓ and stock/inventory control at a given time. ✓
- Improved inventory control reduces wastage ✓ and unnecessary storage cost. ✓
- Production planning will prevent time being wasted ✓ and increases the number of final products thus increasing productivity. ✓
- Production planning process involves quality checks ✓ which will improve quality. ✓
- Any other relevant answer related to the advantages of production planning.

Max. (6)

3.7 Precautionary measure businesses should take when handling machinery

- All machinery and equipment must be correctly installed and safe to use. ✓✓
- Workers must be properly trained on how to use machinery and must be informed about the risks when using the machinery. ✓✓
- Regular safety checks must be carried out and machinery should be maintained and serviced regularly. ✓✓
- Workers need to wear protective clothing and gear such as overalls, hard hats and safety helmets, ear plugs, masks, heavy-duty safety boots, welding goggles and gloves when working with machinery and equipment. ✓✓
- Develop a culture of safety in the workplace. ✓✓
- Familiarise employees with safety procedures. ✓✓
- Any other relevant answer related to the precautionary measures that businesses should take when handling machinery.

Max. (6)
[40]

BREAKDOWN OF MARKS

QUESTION 3	MARKS
3.1	4
3.2	6
3.3	6
3.4	4
3.5	6
3.6.1	2
3.6.2	6
3.7	6
TOTAL	40

QUESTION 4: MISCELLANEOUS TOPICS**BUSINESS ENVIRONMENTS****4.1 Examples of contemporary legislation that could affect business operations**

- Labour Relations Act ✓✓
- National Credit Act ✓✓
- Consumer Protection Act ✓✓
- Employment Equity Act ✓✓
- Skills Development Act ✓✓
- Broad Based Black Economic Empowerment Act ✓✓
- Compensation for Occupational Injuries and Diseases Act ✓✓ / OHS Act ✓✓
- Basic Conditions of Employment Act ✓✓
- Companies Act ✓✓
- Any other relevant answer related to examples of contemporary legislation that could affect business operations.

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

4.2 Meaning of networking

- Networking refers to a coordinated activity where people who have a similar objective meet ✓ and exchange information and ideas. ✓
- The goal of networking is to reach as many people as possible ✓ and to make every connection count. ✓
- Businesses can use networking as a tool ✓ to increase sales/image of business. ✓
- Businesses can become members of chambers of commerce and industry/professional business clubs/informal social groupings ✓ to meet new contacts. ✓
- Any other relevant answer related to the meaning of networking.

Max. (4)**4.3 Ways businesses can form power relationships**

- Build around BBEE ✓ and empowerment of employees. ✓
- Ability of a person's power to influence ✓ others' thoughts, actions or choices. ✓
- Every party to a relationship possesses a degree of power, ✓ i.e. power to strike/demand payment/order material ✓ etc.
- Strategic alliances/Agreement ✓ between businesses leading to mutual benefits. ✓
- Strategic allies do not want to lose ✓ mutual benefits. ✓
- Strategic allies consider suggestions ✓ made by businesses in the alliance. ✓
- Persuasion of large investors ✓ has power to influence other businesses. ✓
- Secure goodwill of investors ✓ and listen to suggestions of investors. ✓
- Influence on company representatives ✓ through agent or intermediary. ✓
- Intermediaries influence customers by handing out free samples ✓ and by recommendation of certain products by specialists/investors. ✓
- Any other relevant answer related to ways in which businesses can form power relationships.

Max. (6)**4.4 Piracy****4.4.1 Impact of piracy from the scenario**

- Therefore, that would explain the decrease in sales ✓ and profits ✓ that they have been experiencing.

(2 x 1) (2)

4.4.2 Ways EM can deal with piracy

- Patent ✓ /prevents other businesses/people not to produce and sell the same product/specific service. ✓
- EM can take out a patent for new inventions ✓ and include a sample of their invention with the application. ✓
- They can bring legal proceedings against anyone ✓ who uses the invention. ✓
- Trademarks ✓ /identify businesses and their products. ✓
- They must register their trademarks ✓ with the register of trademarks at the companies and intellectual property registration. ✓
- Copyright ✓ /EM can take legal action against people who copy their products. ✓
- Any other relevant answer related to ways in which EM can deal with piracy.

Max. (6)

BUSINESS OPERATIONS

4.5 Types of recruitment

- Internal recruitment ✓
- External recruitment ✓

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

4.6 Quality control bodies

- SABS ✓
- ISO ✓
- Quality circles ✓
- Any other relevant answer related to quality control bodies.

NOTE: Mark the first TWO (2) only.

(2 x 1) (2)

4.7 Purpose of the Occupational Health and Safety Act

- The aim is to provide for the health and safety of employees at work and during the use of plants and machinery. ✓✓
- It outlines the roles and responsibilities of employers, employees, designers, importers, suppliers and sellers. ✓✓
- The Act requires that the main dangers of the workplace be identified and eliminated. ✓✓
- It requires that employees are expected to co-operate and follow the necessary instructions and report any unsafe situations. ✓✓
- Clarifies the roles and duties of the health and safety representatives. ✓✓
- Any other relevant answer related to the purpose of Occupational Health and Safety Act.

Max. (6)

4.8 Acts from the scenario

ACTS		MOTIVATIONS
1.	Labour Relations Act ✓✓	They allow their workers to belong to a trade union. ✓
2.	Skills Development Act ✓✓	The human resources department regularly identifies the training needs of their workers. ✓
Sub max. (4)		Sub max. (2)

- NOTE:**
1. Mark the first TWO (2) only.
 2. Do not award marks for the motivation, if the Act was incorrectly identified.
 3. Award marks for the Act even if the quote is incomplete.
- Max. (6)**

4.9 Ways human resources function can comply with BCEA

- Workers should only work 9 hours per day in a 5 day work week./8 hours per day in a 6 day work week. ✓✓
- Overtime should not exceed 10 hours per week. ✓✓
- They must have a break of 60 minutes after five hours of work. ✓✓
- Workers can take up to six weeks paid sick leave during a 36-month cycle. ✓✓
- Businesses should not employ children under the age of 16. ✓✓
- Workers must receive double pay if they work during public holidays/Sunday. ✓✓
- Any other relevant answer related to ways in which the human resources function can comply with the Basic Conditions of Employment Act.

Max. (4)
[40]

BREAKDOWN OF MARKS

QUESTION 4	MARKS
4.1	2
4.2	4
4.3	6
4.4.1	2
4.4.2	6
4.5	2
4.6	2
4.7	6
4.8	6
4.9	4
TOTAL	40

TOTAL SECTION B: 80

SECTION C

Mark the **FIRST** question **ONLY** in this section.

QUESTION 5: BUSINESS ENVIRONMENTS**5.1 Introduction**

- The macro environment is part of the external business environment as it falls immediately outside the business. ✓
- Businesses have no control over the challenges of the macro environment and rather need to adapt to it. ✓
- Businesses can get involved in the macro environment to remain sustainable. ✓
- Businesses should choose a way to get involved in the macro environment that suits their businesses. ✓
- Any other relevant introduction related to components of macro environment/challenges of macro environment/advantages of businesses involved in macro environment/ways businesses can be involved in macro environment.

(Any 2 x 1) (2)

5.2 Components of macro environment

- Physical/Natural environment/forces that are present in the natural environment/the availability of natural resources and sustainability of mineral resources. ✓✓
- Economic environment/Global and local economic forces/Government monetary and fiscal policies that have a direct impact. ✓✓
- Social/Cultural/Demographic environment/people and factors that influence and direct consumer behaviour/includes people, cultural backgrounds and income levels. ✓✓
- Technological environment/new technologies that created a 4th industrial revolution. ✓✓
- Legal/Political/all the laws and legislation that businesses must comply with/Regulations passed by government influence the way in which businesses operate. ✓✓
- International/Global environment/Global and international forces that influence business operations/businesses having to keep up with global trends/international trading relations. ✓✓
- Institutional environment/Institutions that provide a series of services to business enterprises/government that consumes/provides goods and services. ✓✓
- Any other relevant answer related to the components of the macro environment.

NOTE: Mark the first FOUR (4) only.

Max. (8)

5.3 Challenges of macro environment

Change in income levels ✓✓

- Businesses are faced with the problem that the income of their customers changes ✓ as the economy goes through periods of prosperity and periods when the economy does not grow and recessions occur. ✓
- The change in interest rate/taxation ✓ can influence the power of the consumer. ✓
- Factors such as unemployment/high interest rates ✓ can leave consumers with less disposable income. ✓
- Reduced consumer spending ✓ will result in lower profits for businesses. ✓
- Consumers experiencing financial difficulties ✓ will rather spend money on necessities than luxuries. ✓
- Changes in the consumers' income levels can be a serious threat, ✓ especially to businesses specialising in luxury products and services. ✓
- Any other relevant answer related to change in income level as a challenge in the macro environment.

Type (2)
Description (2)
Sub max. (4)

Political changes ✓✓

- A change in government can result in political instability ✓ and scare away potential investors. ✓
- A business that relies on imported/exported goods ✓ may be challenged by government's attitude on duties and tariffs to be imposed. ✓
- Any other relevant answer related to political changes as a challenge in the macro environment.

Type (2)
Description (2)
Sub max. (4)

Contemporary legal legislation ✓✓

- The government has established many legislations ✓ and businesses do not have any option but to meet legal requirements/comply/adhere to these laws. ✓
- Businesses need to operate within the legal framework of a country ✓ and keep track of new legislation/comply with new legislation. ✓
- The National Credit Act and Consumer Protection Act ✓ has been introduced to protect businesses and customers. ✓
- Any other relevant answer related to contemporary legal legislation as a challenge in the macro environment.

Type (2)
Description (2)
Sub max. (4)

Labour restrictions ✓✓

- The government has passed a number of laws ✓ which impose restrictions on businesses' labour practices. ✓
- These restrictions pose a challenge to businesses ✓ that have to find the right candidate for the job. ✓
- These restrictions make it a challenge for businesses to employ ✓ suitable people locally and internationally. ✓
- Any other relevant answer related to labour restrictions as a challenge in the macro environment.

Type (2)
 Description (2)
 Sub max. (4)

Micro lending ✓✓

- Micro lending is the granting of small loans to people ✓ who cannot obtain credit from banks. ✓
- Micro-lending puts pressure on businesses since they want to support micro businesses, ✓ but there is a big risk as many fail and cannot repay debt. ✓
- Individuals/Businesses pay unreasonably high levels of interest ✓ and cannot afford to repay the money. ✓
- The loans come without training and ✓ many of the entrepreneurs are unskilled and inexperienced and their businesses fail. ✓
- When micro-businesses fail, their suppliers are also affected ✓ since their sales decrease and they lose any amounts owed to them by the micro-business. ✓
- Financial institutions also regard micro-lenders as a threat ✓ in the formal sector and will compete with them. ✓
- Any other relevant answer related to micro lending as a challenge in the macro environment.

Type (2)
 Description (2)
 Sub max. (4)

Globalisation/international challenges ✓✓

- Globalisation refers to the exchange of products/services/capital and labour ✓ across boundaries/countries. ✓
- Local businesses are competing with international businesses ✓ for local consumers. ✓
- Businesses should be aware of global networks ✓ and their effects. ✓
- The overseas migration of skilled labour ✓ can result in local skills shortage. ✓
- This means more competition for businesses ✓ that are already under pressure to compete locally. ✓
- Some international businesses dump their product lines in South Africa ✓ at a price lower than those at which local businesses can afford to sell them. ✓
- Any other relevant answer related to globalisation/international challenges as a challenge in the macro environment.

Type (2)
 Description (2)
 Sub max. (4)

Social values and demographics ✓✓

- People's values influence some of their buying behaviour habits ✓ as they buy products that they identify with. ✓
- Attitudes towards saving and brand loyalty ✓ can impact on consumers' habits. ✓
- Understanding employees/customers and adapting to changes that occur in the target market ✓ can be challenging for businesses. ✓
- Any other relevant answer related to social values and demographics as a challenge in the macro environment.

Type (2)
Description (2)
Sub max. (4)

Socio-economic issues ✓✓

- Businesses are faced with many challenges ✓ of poverty, unemployment, inadequate education, skills shortages, crime and HIV and Aids. ✓
- The socio-economic issues influence business operations ✓ in different ways. ✓
- All these socio-economic issues make running a successful business ✓ very difficult. ✓
- Businesses are expected to implement socio-responsibility programmes to try and deal with social problems in their areas ✓ due to government being unable to reduce these problems effectively. ✓
- Any other relevant answer related to socio-economic issues as a challenge in the macro environment.

Type (2)
Description (2)
Sub max. (4)

NOTE: Mark the first FIVE (5) only.

Max. (18)

5.4 Advantages of businesses that are involved in the macro environment

- Preventing environmental change/damage ✓ by being sustainable and environmentally aware/decreasing carbon footprint. ✓
- Entering global markets, using the internet, ✓ increases markets and can source cheaper/better raw materials internationally. ✓
- Knowing people's age, gender, customs, traditions and preferences ✓ will make it easier for businesses to appeal to people. ✓
- Laws regulate industries, control trade with other countries ✓ and protect industries, consumers and employees. ✓
- Businesses are aware of the impact of foreign exchange currency and taxes ✓ and are flexible in supplying the products and services relevant to the current economic situation. ✓
- Keeping up with the latest technology ✓ ensures reaching the largest possible market. ✓
- Ensures that the business keeps abreast/works within ✓ policies, laws and regulations that govern businesses. ✓
- The business can more accurately predict ✓ future events, threats and opportunities that may arise. ✓
- Any other relevant answer related to the advantages of businesses that are involved in the macro environment.

Max. (10)

5.5 Ways in which businesses can be involved in the macro environment

- Collective bargaining/lobbying, representatives of business community use opportunity to discuss matters of mutual interest with government officials. ✓✓
- Private-public partnership: business can enter into mutually beneficial partnerships with the government and business can benefit from government policies. ✓✓
- Privately owned services to the community or country business make use of government owned assets (harbour) and decide to keep the area clean (service). ✓✓
- Job creation: businesses will receive a subsidy or tax reduction and have more trained workers. ✓✓
- Increased involvement in social responsibility initiatives: business gets involved in socio-economic issues through training and communication in the workplace project. ✓✓
- Government tenders offered by the government and in response businesses will submit a formal offer to supply specified goods and services. ✓✓
- Expansion into Africa: businesses get involved in the supply chain to get products from industrial countries to African countries. ✓✓
- Taking the lead in technology by spending money on research in the development of their products. ✓✓
- Any other relevant answer related to the ways in which businesses can be involved in the macro environment.

Max. (10)**5.6 Conclusion**

- Businesses must be aware of all of the components of the macro environment. ✓✓
- Businesses have to pay careful attention to the challenges from the macro environment and devise strategies to respond to these challenges. ✓✓
- Businesses that are involved in the macro environment will benefit in the short and the long run. ✓✓
- The importance of involvement in the macro environment are becoming more important for businesses to ensure success in the future. ✓✓
- Any other relevant conclusion related to components of macro environment/ challenges of macro environment/advantages of businesses involved in macro environment/ways businesses can be involved in macro environment.

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

QUESTION 5: BREAKDOWN OF MARKS

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max. 32
Components of macro environment	8	
Challenges of the macro environment	18	
Advantages of businesses that are involved in the macro environment	10	
Ways businesses can be involved in the macro environment	10	
Conclusion	2	
INSIGHT		
Layout	2	8
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

QUESTION 6: BUSINESS OPERATIONS**6.1 Introduction**

- Distribution is the channels that the product follows from manufacturing to the consumer. ✓
- Businesses can choose to distribute their products directly to the consumers/direct distribution. ✓
- Businesses can also use intermediaries/middlemen to assist with the distribution of their products. ✓
- Marketing communication policy is also referred to as the promotion part of a business. ✓
- Personal selling can be very effective for a newly established businesses to ensure sales and build customer relationships. ✓
- Any other relevant introduction related to different types of intermediaries/reasons for using direct distribution/components of marketing communication policy/effectiveness of personal selling.

(Any 2 x 1) (2)

6.2 Types of intermediaries

- Wholesalers buy large quantities from the producers and sell it to retailers/consumers. ✓✓
- Retailers are shops that sell to the consumers in smaller quantities. ✓✓
- Agents are usually contracted by large manufacturers to distribute/sell their products with commission and link the manufacturer and the retailer. ✓✓
- Brokers are specialised agents in a certain field of expertise, for example insurance brokers. ✓✓ / Buy and sell goods and services for others and remunerated on commission. ✓✓
- Franchises are independent businesses, which fall under a common brand or product and are intermediaries for manufacturers, e.g. McDonalds, KFC, OK, Steers, Spur restaurants. ✓✓
- Any other relevant answer related to the types of intermediaries.

Max. (8)

6.3 Reasons using direct distribution methods

- SB/The manufacturer prefers to negotiate with the consumer ✓ because the manufacturer needs to demonstrate the product/provide after sales service. ✓
- Intermediaries are not willing ✓ to distribute the manufacturer's goods. ✓
- No auxiliary services ✓ are offered by the intermediaries. ✓
- Intermediaries cannot deliver the product to the consumer ✓ soon enough as the product is perishable. ✓
- Retailers and consumers prefer the manufacturer to supply directly to them ✓ because the products will be cheaper. ✓
- Unduly high profit margins of intermediaries ✓ force manufacturer to do it themselves. ✓
- Manufacturer is trying to prevent intermediaries ✓ from acquiring a position of power or dictating to the manufacturer. ✓
- Selling through the internet allows smaller businesses ✓ to market their products all over the world. ✓
- Business websites can serve as both a distribution method ✓ and a promotion method. ✓
- Any other relevant answer related to the reasons why SB, as a manufacturer, may prefer to make use of direct distribution methods

Max. (10)**6.4 Components of the marketing communication policy****Advertising**

- Advertising is a marketing communication activity that is aimed ✓ at the masses. ✓
- Advertising is neither personal/personalised ✓ and involves communication with a large number of consumers at the same time. ✓
- Advertising is the most popular method for businesses/manufacturers ✓ to get their message to the target market and consumers. ✓
- The advertiser pays for the messages ✓ they want to convey to consumers. ✓
- Advertising can persuade consumers to try a new product/keep buying products they already know ✓ or remind consumers about their products. ✓
- The business controls the message ✓ therefore has a low level of credibility. ✓
- Many available methods of advertising can be used ✓ e.g. print media, electronic media, outdoor advertising, mobile advertising, broadcasting advertising, exhibit advertising, sponsorship advertising, online advertising. ✓
- Any other relevant answer related to advertising as a component of the marketing communication policy.

Sub max. (6)

Publicity

- The information about a business published by an independent third party ✓ such as newspapers or television stations. ✓
- Ensures that the public knows about the business, ✓ its social programmes, community involvement and fair labour practices etc. ✓
- Publicity can be positive or negative ✓ as it is not paid for by the business. ✓
- Good publicity is often successful ✓ because reports in the media about products and services have a higher degree of credibility than advertisements by businesses. ✓
- Publicity can be negative if reports appear in a newspaper or on television ✓ of a company dumping waste in rivers. ✓
- Internal publicity is the display of goods, the appearance of the shop is neat ✓ and its employees well-dressed as well as the staff's behaviour towards customers. ✓
- Businesses build customer relations by maintaining good corporate image, ✓ service, friendliness and efficiency build client loyalty. ✓
- Many companies create brand exposure ✓ for the company by running competitions which provide exposure to the company's products. ✓
- Endorsements by famous people draw attention ✓ to a company's brand and products. ✓
- Sports and movie stars are often seen wearing certain brands of clothing ✓ which create public awareness for the brand. ✓
- Some companies hand out gifts and samples with company branding on them ✓, e.g. at conferences where delegates receive goodie bags. ✓
- Some companies offer sponsorship to sporting events ✓ or community events. ✓
- Any other relevant answer related to publicity as a component of the marketing communication policy.

Sub max. (6)

Personal selling

- Personal selling is a personal presentation by the firm's salesperson ✓ to prospective buyers. ✓
- Personal selling is an aggressive sales method that involves face-to-face communication ✓ with the purpose of encouraging sales and building customer relationships. ✓
- It is paid personal communication ✓ that attempts to inform customers and persuade them to purchase products and services. ✓
- Special attention is given to the customer's needs ✓ and requirements. ✓
- Effective way to build relationships ✓ between the sales person and the customer. ✓
- After sales service and individual customer attention is very important ✓ when selling large expensive items. ✓
- Requires well-trained and knowledgeable people/agents ✓ that understand the market and customers. ✓
- Examples of personal selling: handing out free samples/sales coupons/demonstrating products to consumers in store/launching a competition/sponsoring a sport event or sport team. ✓
- Any other relevant answer related to personal selling as a component of the marketing communication policy.

Sub max. (6)

Max. (18)**6.5 Effectiveness of personal selling**

- Personal selling can be made telephonically/face to face and offers a most flexible means of delivering a promotional message. ✓✓
- Done by experienced sales people who have developed charisma and are skilled in getting people to pay attention to them. ✓✓
- The most successful method of selling a product. ✓✓
- It is very effective especially in the case of expensive industrial goods such as machinery and shopping goods e.g. stoves, fridges, cell phones etc. ✓✓
- Involves a very personal touch with specific attention given to customer's needs and requirements. ✓✓
- Most effective way to build relationships between the sales person and the customer. ✓✓
- A very good way of maintaining good relationships and ensuring ongoing business and sales. ✓✓
- Any other relevant answer related to the effectiveness of personal selling in promoting their products.

Max. (10)

6.6 **Conclusion**

- The type of product that is manufactured by a business will determine the type of intermediary used by the business. ✓✓
- The use of direct distribution, without intermediaries, is also an option for large businesses that manufacture a variety of related products. ✓✓
- Marketing communication policy creates awareness of available goods and services and also inform customers about the benefits of their products. ✓✓
- Personal selling can easily be adjusted to accommodate the consumer's culture/language and the message can be personalised. ✓✓
- Any other relevant conclusion related to different types of intermediaries/reasons of using direct distribution/components of marketing communication policy/effectiveness of personal selling.

(Any 1 x 2) (2)

[40]**QUESTION 6: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Different types of intermediaries	8	
Reasons using direct distribution	10	
Components of marketing communication: ○ advertising ○ publicity ○ personal selling	18	
Effectiveness of personal selling	10	
Conclusion	2	
INSIGHT		
Layout	2	8
Analysis, interpretation	2	
Synthesis	2	
Originality/Examples	2	
TOTAL MARKS		40

*LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 40**GRAND TOTAL: 150**