



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2013**

**BUSINESS STUDIES  
MEMORANDUM**

**MARKS: 300**

---

This memorandum consists of 27 pages.

---

**NOTES TO EDUCATORS:**

1. Candidates' responses must be in full sentences for SECTION B and C, depending on the nature of the question.  
 Full sentence    ✓✓ (2)  
 Words/phrases    ✓ (1)
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.
  - Is correct and original.
  - Relates to another applicable LO or AS.
3. Please take careful note of other relevant answers provided by candidates and allocate marks accordingly.
4. SECTION B
  - 4.1 If, for example, FIVE facts are required, mark the candidates FIRST FIVE responses and ignore the rest of the responses.
  - 4.2 If two facts are written in one sentence, award the candidate FULL credit.
  - 4.3 In questions that require candidates to "name/list/mention", the answers of the candidates can be in phrases and not necessarily in full sentences.
5. SECTION C
  - 5.1 The breakdown of the mark allocation for essays is as follows:

Introduction	3	<b>Maximum: 32</b>
Content	27	
Conclusion	2	
Insight	8	
<b>Total marks</b>	<b>40</b>	

## 5.2 INSIGHT CONSISTS OF THE FOLLOWING COMPONENTS

<b>Layout/Structure:</b> (Is there an introduction, body using proper paragraphs and conclusion/is there a logical flow/link in the discussion?)	2
<b>Analysis and interpretation:</b> (Did the candidate analyse the question to show understanding of what was asked?)	2
<b>Synthesis:</b> (Did the candidate put together only the relevant facts in the answer?)	2
<b>Originality:</b> (Has the candidate been able to illustrate the concepts with examples, preferably his/her own? Originality in approach, ideas and responses. Current trends and developments.)	2
<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>

- 5.3 Indicate insight in the left-hand margin with a symbol e.g. LASO.
- 5.4 The components of insight are indicated at the end of the suggested answer for each question. Note: The components may vary for each question.
- 5.5 Mark all relevant facts until the MAXIMUM mark in a subsection has been attained. Write MAX after maximum marks have been obtained.
- 5.6 At the end of each essay, indicate the allocation of marks for facts and marks for insight as follows: (L (layout/structure) and/or A (analysis) / S (synthesis) / O (originality) as in the table below).

<b>CONTENT</b>	<b>MARKS</b>
Facts	32
L	2
A	2
S	2
O	2
<b>Total marks</b>	<b>40</b>

The mark allocation for insight may vary for each essay.

- 5.7 When awarding marks for facts, take note of the sub-maximum indicated, especially if candidates do not make use of the same sub-headings. Remember, headings and sub-headings are encouraged and contribute to insight (Structuring/logical/flow/sequencing) and indicate clarity of thought. (See BREAKDOWN of MARKS at the end of each question.)
  - 5.8 If the candidate identifies/interprets the question **incorrectly**, then he/she can still obtain marks for insight.
  - 5.9 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.
- 6. Take particular note of the repetition of facts. Indicate with an 'R'.
  - 7. Sub-totals to questions must be written in the right margin. Only the total for each question should appear in the left margin next to the appropriate question.
  - 8. Allocate TWO marks for complete sentences. Allocate ONE mark for phrases, incomplete sentences and vague answers.

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

1.1	1.1.1	A	✓✓		
	1.1.2	A	✓✓		
	1.1.3	B	✓✓		
	1.1.4	B	✓✓		
	1.1.5	C	✓✓		
	1.1.6	D	✓✓		
	1.1.7	A	✓✓		
	1.1.8	C	✓✓		
	1.1.9	B	✓✓		
	1.1.10	B	✓✓	(10 x 2)	(20)
1.2	1.2.1	Kickbacks	✓✓		
	1.2.2	Inclusivity	✓✓		
	1.2.3	Upward trend	✓✓		
	1.2.4	Cession	✓✓		
	1.2.5	Creativity	✓✓	(5 x 2)	(10)
1.3	1.3.1	F	(Market penetration) ✓✓		
	1.3.2	D	(Liquidation) ✓✓		
	1.3.3	A	(Delphi technique) ✓✓		
	1.3.4	H	(SETA) ✓✓		
	1.3.5	B	(Average clause) ✓✓	(5 x 2)	(10)

**TOTAL SECTION A: 40**

**SECTION B****QUESTION 2****2.1 LO1 AS2**

2.1.1 Technology ✓✓ (2)

- 2.1.2
- It makes the store obsolete (become out-dated). ✓✓
  - Some stores have to close down. ✓✓
  - Need capital to invest in the new technology. ✓✓
  - Might have to change the services completely. ✓✓ (Any 2 x 2) (4)

- 2.1.3
- Installing the new technology to keep up with the competition. ✓✓
  - Help the staff to cope with the change by sending them to courses. ✓✓
  - Employing people that know how to use the new technology. ✓✓ (Any 2 x 2) (4)

**2.2 LO3 AS7**

- Financial implication ✓✓
- Risks ✓✓
- Moral/Values ✓✓
- Ethics ✓✓
- Culture ✓✓
- Religion ✓✓
- Family ties ✓✓
- Relocation ✓✓
- Qualifications ✓✓
- Any other qualifications relevant answer. ✓✓ (Any 4 x 2) (8)

**2.3 LO3 AS8**

Yes ✓✓

- Employee's effectiveness and productivity is improved. ✓✓
- Team work enhances morale and motivates employees. ✓✓
- Employees are given a chance to take part in the decision making process. ✓✓
- Teamwork increases the sense of loyalty and commitment to organisation by employees. ✓✓
- Team members get to know each other better which leads to mutual respect and trust. ✓✓
- Teamwork promotes the image and reputation of the business. ✓✓
- Any other relevant answer related to advantages of teamwork. ✓✓

**OR**

No ✓✓

- Too much time is wasted on discussion of strategies ✓✓
- Teamwork leads to conflict in the workplace ✓✓
- If there is no co-operation amongst team members, the organisation will be unable to achieve its objectives. ✓✓
- People from different cultures may find it difficult to work together. ✓✓
- Any other relevant answer related to disadvantages of teamwork ✓✓

NOTE: Yes and No principle applied = Mark up to maximum of 8. If only Yes/No = 0 marks

## 2.4 LO3 AS10

- 2.4.1
- Harassment of employees by supervisors/threatened with Dismissal. ✓✓
  - Poor communication between managers and employees of Dosini Brick-and-Crush Stone Suppliers. ✓✓
  - Dosini Brick-and-Crush Stone Suppliers have no grievance handling procedures in place. ✓✓
  - Employees work too long hours including public holidays. ✓✓
  - Poor working conditions at Dosini Brick-and-Crush Stone Suppliers (very dusty workplace). ✓✓
  - Lack of job security at Dosini Brick-and-Crush Stone Suppliers. ✓✓
  - Workers spend too much time away from home. ✓✓
  - Not allowing employees to join trade unions. ✓✓
  - Any other relevant answers related to courses of stress. ✓✓

**NOTE:** The answers must be linked to the case study (Any 5 x 2) (10)

## 2.4.2 LO3 AS10

- Management at Dosini Brick-and-Crush Stone Suppliers should implement stress management training for employees ✓✓ e.g. training programmes in stress management. ✓
- Management must put wellness programmes in place to ensure good health for workers e.g. ✓✓ recreation facilities. ✓
- Working environment must be safe and healthy e.g. ✓✓ use of face masks. ✓
- Working hours of employees should be reduced to acceptable level e.g. ✓✓ adhering to the Basic Conditions of Employment Act. ✓
- Management should improve communication with employees e.g. ✓✓ involve employees in decision-making. ✓
- Boost the morale of employees e.g. ✓✓ team building exercises. ✓
- Allowing employees to join trade unions e.g. ✓✓ **COSATU**. ✓

Heading (2)  
 Example (1)  
 (Any 5 x 3) (15)

## 2.5 LO3 AS6

- Lack of communication between employer and employee. ✓✓ e.g. management makes changes without informing employees ✓
- Differences in goals and objectives. ✓✓ e.g. differences in values/vested interests. ✓
- Personal matters. ✓✓ e.g. unhealthy working conditions. ✓
- Personality clashes. ✓✓ e.g. where people of different personalities fail to work together. ✓
- Discrimination in the workplace. ✓✓ e.g. discrimination against workers based on gender, race and religion. ✓
- Unequal treatment of employees. ✓✓ e.g. where management favour certain employees. ✓
- Differences in values. ✓✓ e.g. an employee who refuses to work overtime because he wants to attend to his personal matters. ✓
- Differences in management styles. ✓✓ e.g. autocratic vs. democratic. ✓
- Unclear policies. ✓✓ e.g. uncertainty amongst workers. ✓
- Unfair distribution of resources. ✓✓ e.g. favouritism ✓
- Pressure from different stakeholders. ✓✓ e.g. shareholders vs. unions. ✓
- Any other relevant answers related to the causes of conflict.

Heading (2)  
 Example (1)  
 (Any 3 x 3) (9)

**[60]**



**QUESTION 3****3.1 LO2 AS7**

- 3.1.1
- Serves as a link between investors and entrepreneurs ✓✓
  - Serves as a barometer for economic conditions ✓✓
  - Enables financial institutions to invest their funds in shares ✓✓
  - Publishes share prices daily – to keep investors informed about tendencies in the market ✓✓
  - Encourages small investors to obtain a share in the economy by buying shares ✓✓
  - Employs experts who help in assessing company shares. ✓✓
  - Serves as a disciplined market for securities. ✓✓
  - Protection of investors / regulatory requirements. ✓✓
  - JSE is obliged to cater for the previously disadvantaged. ✓✓
  - Ensures that the market operates in a transparent manner. ✓✓
  - Gives the opportunity for venture capital. ✓✓
  - Encourages short-term investments. ✓✓
  - Any relevant answer related to the functions of the JSE.
- (Any 5 x 2) (10)

**3.1.2 LO1 AS2**

- Invest in unit trusts. ✓✓
  - Invest in accredited financial institution ✓✓
  - Buy endowment policies that focus on investment in shares ✓✓
  - Use brokers who are accredited financial service providers. ✓✓
- (Any 3 x 2) (6)

**3.2 LO4 AS5**

- 3.2.1 October ✓✓ (2)
- 3.2.2 10 ✓✓ (2)
- 3.2.3
- Increase in demand ✓✓
  - Changes in exchange rate ✓✓
  - Increase in the price of crude oil ✓✓
  - Any other relevant answer
- (Any 2 x 2) (4)
- 3.2.4
- Decrease in profit ✓✓
  - May lead to bankruptcy of the business ✓✓
  - Loss of jobs ✓✓
  - Increase transport costs ✓✓
  - Lead to recession situation ✓✓
  - Increase in production costs ✓✓
  - Any other relevant answer
- (Any 3 x 2) (6)

## 3.3 LO4 AS6

- Determine the price of the product ✓✓
- Decide on the packaging ✓✓
- Most suitable distribution strategy ✓✓
- Continuous marketing ✓✓
- Effective product development ✓✓
- Effective marketing communication policy ✓✓ (Any 5 x 2) (10)

## 3.4 LO4 AS2

		<b>Success factors</b>	
3.4.1	Sole Trader	<ul style="list-style-type: none"> <li>• Owner takes all the profits ✓✓</li> <li>• The owner can use his/her profits to improve the quality of the product sold or service rendered. ✓✓</li> <li>• Any other relevant answer related to the success of a sole trader regarding the division of profit. (Any 2 x 2)</li> </ul>	(4)
3.4.2	Close corporation	<ul style="list-style-type: none"> <li>• The profits belong to the members who decide on the date for profit distribution ✓✓</li> <li>• Profits may also be retained for future growth ✓✓</li> <li>• Any relevant answer related to the success of a cc regarding division of profits. (Any 2 x 2)</li> </ul>	(4)
3.4.3	Public Company	<ul style="list-style-type: none"> <li>• Profits belong to the company ✓✓</li> <li>• Profits distributed to shareholders according to the number and value of shares ✓✓</li> <li>• Shareholders decide on the payment date for dividends ✓✓</li> <li>• Profits used for expansion of the business ✓✓</li> <li>• Any other relevant answers related to the success of a public company regarding the division of profits. (Any 2 x 2)</li> </ul>	(4)

**3.5 LO4 AS5**

- Protect members from retrenchments and unfair dismissal ✓✓
  - Acts on behalf of members in dispute resolution ✓✓
  - Monitor the implementation of matters affecting legislation e.g. gender equality, affirmative action and employment of workers with disabilities. ✓✓
  - Trade unions strive to improve working conditions of employees. ✓✓
  - Take part in collective bargaining process. ✓✓
  - Negotiates on behalf of the membership for better wages and other benefits ✓✓
  - Ensure job security of members ✓✓
  - Participates in decision making of the government. ✓✓ (Any 4 x 2) (8)
- [60]**

**QUESTION 4****4.1 LO4 AS5**

- The retirement annuity (RA) was originally designed for self employed persons ✓✓
- Self-employed persons do not receive a monthly pension contribution from an employer ✓✓
- The contribution to RA are tax deductible up to a certain limit set by SARS ✓✓
- Lump-sum contributions can be made into retirement annuity ✓✓
- Funds in the RA cannot be ceded as surety for loans, etc. ✓✓
- The funds in an RA can only be accessed at retirement age or when the contributor is disabled ✓✓
- Any other relevant answer related to RAs (Any 5 x 2) (10)

**4.2 LO4 AS2**

- Identify the problem ✓✓
- Collect as much information as possible about the problem ✓✓
- Identify possible solutions to the problem ✓✓
- Facilitate a discussion amongst the persons involved with the problem and select the best solution ✓✓
- Develop an action plan ✓✓
- Implement the suggested solutions ✓✓
- Monitor the implementation and evaluate the chosen solutions to the problem ✓✓ (Any 6 x 2) (12)

## 4.3 LO2 AS7

Yes ✓✓

(2)

**ADVANTAGES OF INSURANCE ON MORTGAGE BOND**

- Insurance provides indemnity for losses suffered due to fire, etc. ✓✓
- The Parela's family is protected from losses as a result of ill-health, death, disability, etc. ✓✓
- Service providers require collateral as a surety/compulsory for mortgage bond. ✓✓
- Improve credit ratings if previous premiums on mortgage bond are up to date ✓✓
- The interest rate at the bank is more competitive. ✓✓
- Any other relevant answer related to advantages of insurance on mortgage bond.

Yes (2)

Motivation (3 x 2) (6)

Max. (8)

No ✓✓

- Insurance on a bond is for a limited period ✓✓
- Insurance premiums are sometimes too high ✓✓
- Insurance increases expenses of an individual/business ✓✓
- Other insurances (endowment) could be ceded as collateral ✓✓
- Insurance covers for risk which may or may not happen which could be a loss to individuals ✓✓
- Save to buy a house cash ✓✓
- Savings could earn guaranteed returns via the interest ✓✓
- Mortgage insurance do not offer any cash value when surrendered ✓✓
- Rent until the Parela's family have enough money ✓✓
- Any other relevant answers related to disadvantages of insurance on mortgage bonds.

No (2)

Motivation (3 x 2) (6)

Max. (8)

Note: Yes/No without reasons – 0 marks

The answer must be linked and applicable to mortgage bonds.

## 4.4 LO3 AS4

**Pricing of goods in rural areas**

- Prices of goods in rural areas are higher than those in the urban areas. ✓✓
- Little or no competition in rural areas ✓✓
- The consumer price food index for rural areas is considerably higher than the index for metropolitan areas ✓✓
- Most of the stores in rural areas are located far away from major towns. ✓✓
- The lack of infrastructure in rural areas ✓✓
- Some rural store-owners abuse their monopolistic position in rural areas to charge excessive prices ✓✓ (Any 2 x 2) (4)

**Comment**

- The government is focusing on infrastructure development in rural areas. ✓✓
- These include shopping centres. ✓✓ (Any 1 x 2) (2)

**Sexual harassment**

- This is any sexual advance, gestures or remark that causes a person to feel intimidated and threatened. ✓✓
- It is immoral, wrong and unethical to abuse your position to take advantage of another person. ✓✓
- Sexual harassment is prohibited by labour legislation and companies must educate their employees on this issue ✓✓
- Sexual harassment is a basic violation of human rights which usually happens when someone has power over other person and abuses his or her position. ✓✓
- Sexual harassment occurs when a superior offers a promotion or a raise in salary in return for sexual favours from the subordinates. ✓✓
- The affected party is usually afraid to report it because of victimisation ✓✓
- Employers should be proactive and prevent the problem, rather than having to address it after damages have been suffered. ✓✓ (Any 2 x 2) (4)

**Comment**

- Formulating a clear policy regarding sexual harassment ✓✓
- Making others aware of the problem, of their rights and rights of others. ✓✓
- Implementing clear complaints and disciplinary procedures ✓✓
- Any relevant answer. (Any 1 x 2) (2)

**4.5 LO3 AS6**

- Verbal complaint. ✓✓
- Investigation ✓✓
- Formal written complaint ✓✓
- Further investigation ✓✓
- Resolution ✓✓
- Highest management level investigation ✓✓
- Declare dispute ✓✓
- CCMA makes final decision ✓✓

(Any 5 x 2) (10)

**4.6 LO4 AS5**

- Dealers and consumers assume that products are of a required standard. ✓✓
- Workers are encouraged to consistently produce high quality products. ✓✓
- Fewer faulty products being manufactured leads to increase in productivity and increase in sales. ✓✓
- Quality and product design improve. ✓✓
- Reduction in production costs lead to an increase in profits ✓✓
- Production costs can be reduced through elimination of poor quality goods. ✓✓
- Manufacturers provide salary and wage incentive for quality work ✓✓
- Poor programme by workers and faulty machines are revealed – this is important for training workers and placing machinery. ✓✓

(Any 4 x 2) (8)

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

**SECTION C****QUESTION 5****5.1 INTRODUCTION****LO1 AS4**

- Many consumers overspend when buying on credit. ✓
- The national Credit Act was put in place to improve the debt of both business and consumers. ✓
- The act ensures that we are using credit in a way that adds value to our lives ✓
- If we are not careful it is easy to let debt get the better of us. ✓  
Any relevant introduction. (Any 3 x 1) (3)

**5.2 PURPOSE OF NATIONAL CREDIT ACT**

- Protects the consumer against unfair credit agreements e. g. charging exorbitant interest rates well above the maximum stipulated by law. ✓✓
- Introduces a single function system of regulating that will apply to all credit activities. ✓✓
- Ensure that all credit providers and credit consumers are treated equally ✓✓
- Encourages responsible borrowing ✓✓
- Justifiable rights and responsibilities for consumers and credit providers ✓✓
- Careless granting of credit by service providers to consumers is discouraged ✓✓
- NCA regulates the interest rates to be charged by service providers to consumers. ✓✓
- Makes provision for the establishment of National Credit Regulator (NCR) ✓✓
- Makes provision for the establishment of a credit register (database) ✓✓  
Any relevant answer. (Any 3 x 2) (6)

### 5.3 BUSINESS/SERVICE PROVIDER

#### 5.3.1 The advantage of National Credit Act to businesses/service providers

- More prudent buying ✓✓
- The whole credit process is transparent ✓✓
- Lower bad debts ✓✓
- Better cash flow ✓✓
- Protects businesses against non-paying consumers ✓✓
- Increases cash sales ✓✓
- Gains goodwill and loyalty of the consumer. ✓✓
- Leads to more customers through credit sales as they are now protected from abuse. ✓✓
- Any other answer relevant to the advantages of the National Credit Act to businesses/service provider. (Any 3 x 2) (6)

#### The disadvantage of NCA to businesses/service providers

- Decrease in credit sales due to customer loss/economic decline (downturn) ✓✓
- May be restricted in getting generous overdraft facilities ✓✓
- Creditors may not pester consumers to agree to a credit agreement telephonically or through visits at home. ✓✓
- More working capital is needed. ✓✓
- Businesses are now struggling to survive because they depend on customers who had easy access to credit/only creditworthy customers. ✓✓
- Misinterpretation of the act may lead to decline in profile e.g. increase bad debts. ✓✓ (Any 3 x 2) (6)

### 5.4 CONSUMER/CLIENTS

#### 5.4.1 Advantages of the NCA to consumers/clients

- Protect consumers against unfair credit practices. ✓✓
- Protect customers from receiving credit that they are not able to repay. ✓✓
- Relieve consumers who do not understand the risks involved and therefore become over indebted. ✓✓
- Protects customers by restricting trading hours for direct sales ✓✓
- Provides for debt counselling ✓✓
- Any other relevant answer related to the advantages of NCA to consumers. (Any 3 x 2) (6)



**5.4.2 Disadvantage of the NCA to consumers/clients**

- Customers who are blacklisted cannot access credit ✓✓
- May lead to a drop in the standard of living ✓✓
- Customers are not always informed why their application is turned down ✓✓
- Any other relevant answer related to the disadvantages of the NCA for consumers'. (Any 3 x 2) (6)

**5.5 Consumers' rights in terms of the Credit Act**

- The right to apply for credit ✓✓
- Protect against discrimination in respect of credit ✓✓
- Obtain reasons for credit being refused ✓✓
- Information in an official language. ✓✓
- Information in plain and understandable language ✓✓
- Receive documents as required by the Act ✓✓
- Confidential treatment of information ✓✓
- Right to access and challenge credit records and information ✓✓
- Any other relevant answer related to consumers rights (Any 3 x 2) (6)

**5.6 What can be done if a consumers' application for credit is declined**

- A credit provider needs to provide you with a reason ✓✓
- The customer may request a written reason for the decline ✓✓
- Can re-apply for credit. ✓✓
- Provide information to support the reasons for the decline ✓✓
- Any other relevant answer related to measures that could be undertaken when an application for credit is declined. (Any 2 x 2) (4)

### 5.7 CONCLUSION

- Customers have the responsibility to take ownership of credit by honouring payments. ✓✓
- This act allows and enables responsible leading and eliminates reckless borrowing. ✓✓
- Any other relevant conclusion related to NCA. (Any 1 x 2) (2)

#### Breakdown of mark allocation

Details	Maximum	Total
Introduction	3	Max 32
Purpose of the National Credit Act	6	
Advantages of the NCA to businesses	6	
Disadvantages of the NCA to businesses	6	
Advantages of the NCA to consumers	6	
Disadvantages of the NCA to consumers	6	
Consumer rights in terms of NCA	6	
What can be done when if an consumers application for credit is declined	4	
Conclusion	2	
<b>INSIGHT *(LASO)</b>		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
<b>TOTAL MARKS</b>		<b>40</b>

**QUESTION 6****LO2 AS8****6.1 INTRODUCTION**

- Various factors need to be considered before deciding on the form of ownership. ✓
  - The factors are important because they have an impact on the success or failure of the business. ✓
  - The form of ownership determines the size of enterprise. ✓
- Any relevant introduction.

(Any 3 x 1) (3)

**6.2 SUCCESS AND FAILURE FACTORS**

(10)

FACTOR	SUCCESS	FAILURE
Management	<ul style="list-style-type: none"> <li>- Partners are actively involved in the management of the business. ✓✓</li> <li>- Combined management skills by partners may lead to success of the business. ✓✓</li> <li>- Any other relevant answer related to impact of management.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of commitment on one partner in business management may lead to failure. ✓✓</li> <li>- Quick decision-making cannot take place since all partners have to agree. ✓✓</li> <li>- Any other relevant answer related to impact of management.</li> </ul>
Capital	<ul style="list-style-type: none"> <li>- A large amount of capital can be raised as compared to a sole trader due to more members ✓✓</li> <li>- Capital can be increased, reduce or withdrawn without legal procedures. ✓✓</li> <li>- Any other relevant answer related to the impact of capital</li> </ul>	<ul style="list-style-type: none"> <li>- Fewer members may limit capital for business expansion ✓✓</li> <li>- Any other relevant answer related to impact of capital.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>- Simple and inexpensive formation procedure. ✓✓</li> <li>- Unlimited liability encourages partners to work harder. ✓✓</li> <li>- Any other relevant answer related to impact of legislation.</li> </ul>	<ul style="list-style-type: none"> <li>- An oral agreement may create problems, for partners in future which can affect its success. ✓✓</li> <li>- A partnership is not compelled to audit its financial statements ✓✓</li> <li>- Partners are jointly and severally liable for business debts. A partnership may fail if one partner incurs debts which the business cannot repay. ✓✓</li> <li>- Any other relevant answer related to impact of legislation.</li> </ul>

Taxation	<ul style="list-style-type: none"> <li>- Partnership on its own does not pay tax. ✓✓</li> <li>- Partners running small businesses enjoy tax concession from the government. ✓✓</li> <li>- Profit generated may be used for expansion or division to partners. ✓✓</li> <li>- Any other relevant answer related to impact of taxation.</li> </ul>	<ul style="list-style-type: none"> <li>- Failure to comply with tax regulations by one or more partners may lead to business closure. ✓✓</li> <li>- Individual tax paid by partners on income earned is higher than fixed tax rate percentage paid by companies/close corporations. ✓✓</li> <li>- Any other relevant answer related to impact of taxation.</li> </ul>
----------	---	---

**NOTE:** Maximum of 6 marks for success or failure or both, i.e. the learner can give either the success or failure factors and get the maximum 6 marks. (4 x 6) (24)

6.2.2 Yes ✓✓

#### **Advantages of close corporation**

- A close corporation has a simple establishment procedure. ✓✓
- Liability to its members is limited ✓✓
- Financial statements of CC need not be audited ✓✓
- It is easy to transfer ownership of a CC ✓✓
- All members are actively involved in the management of the business ✓✓
- A close corporation is not compelled to hold annual general meetings. ✓✓
- Small close corporations enjoy tax concessions from the government. ✓✓
- Any other relevant answer related to advantages of a close corporation.

Yes (2)  
(5 x 2) (10)  
Marks (12)

## 6.2.3 No ✓✓

**Disadvantages of a close corporation**

- New close corporations cannot be registered ✓✓
- Capital of a CC only limited to what ten people can contribute ✓✓
- Close corporation may find it difficult to borrow money from financial institution as it is not compelled to audit its financial statements. ✓✓
- Quick decision-making cannot take place without consensus by all members ✓✓
- A close corporation pays income tax at a fixed rate set by SARS ✓✓
- Any other relevant answer related to disadvantages of a close corporation.

No (2)  
 (5 x 2) (10)  
 Marks (12)

6.4 **CONCLUSION**

- From the above discussion it is clear that the success or the failure of business depends largely on the extent of control of the above-mentioned factors ✓✓
- The business may not have total control on some of these factors ✓✓
- Any other relevant answer related to partnership/form of ownership.

(1 x 2). (2)

**Breakdown of mark allocation**

Details	Maximum	Total
Introduction	<b>03</b>	<b>32 Max</b>
Success and failure factors	<b>24</b>	
Yes	<b>02</b>	
Advantages of CC	<b>10</b>	
OR		
No	<b>02</b>	
Disadvantages of CC	<b>10</b>	
Conclusion	<b>02</b>	
<b>INSIGHT *(LASO)</b>		
Layout		<b>2</b>
Analysis, interpretation		<b>2</b>
Synthesis		<b>2</b>
Originality, examples		<b>2</b>
<b>TOTAL MARKS</b>		<b>40</b>

**QUESTION 7****LO3 AS10****7.1 INTRODUCTION**

- The well-being of employees in the workplace is vital because it has a direct influence on the productivity of workers and the results of the enterprise ✓✓
- Management must play an effective role in implementing various initiatives that cater for the well-being of employees. ✓✓
- These will be discussed below and illustrated with examples ✓✓
- Any other relevant answer related to well-being and management support/incorporates an evaluation (Any 3 x 1) (3)

**7.2 Methods that contribute towards the advancement of well-being of employees.****7.2.1 Motivation of employee**

- Reward employees for job well done ✓✓
- Promotion of employees from within the organisation ✓✓
- Providing staff with healthy working environment ✓✓
- Any other relevant answer related to the motivation of employees

**Example**

- Provision of housing, travelling and cell phone allowances to employees ✓✓
- Any other relevant answer.

**7.2.2 Staff development programs**

- Sending staff for training and development courses ✓✓
- Development staff skills through in-service training ✓✓
- Contribute funds for skills development ✓✓
- Any other relevant answers related to staff development programs

**Example**

- Obtaining professionals to coach staff on job related matters ✓✓
- Any other relevant answer related to well-being and management support/incorporates an evaluation.

Heading	(2)
Discussions (Any 2 x 2)	(4)
Example (Any 1 x 2)	(2)

### 7.2.3 Stress reduction programs

- Encourage employees to lead a healthy lifestyle. ✓✓
- Giving stressed staff less complex work to do. ✓✓
- Communication channels must be open. ✓✓
- Any other relevant answers related to staff development programs

#### Example

- Provision of relational facilities e.g. gymnasium, clubhouse ✓✓
- Any other relevant answer related to well-being and management support/incorporates an evaluation.

Heading	(2)
Discussions (Any 2 x 2)	(4)
Example (Any 1 x 2)	(2)

### 7.2.4 Team building exercise

- Unites staff in the workplace ✓✓
- Enhances staff tolerance towards each other ✓✓
- Staff share job experiences and knowledge ✓✓
- Any other relevant answer related to team building exercises.

#### Example

- Take staff on an excursion to implement team building exercises. ✓✓
- Any other relevant answer.

Heading	(2)
Discussions (Any 2 x 2)	(4)
Example (Any 1 x 2)	(2)

### 7.2.5 Rehabilitation (Aids, substance abuse) and resolving personal problems of employees.

- Giving staff with personal problems leave to sort out their problem ✓✓
- Helping staff with alcoholism and drug abuse. ✓✓
- Encourage staff to talk about their problems with people they can trust. ✓✓
- Any other relevant answer.

#### Example

- Referring workers with problems to counselling and rehabilitation centres. ✓✓
- Any other relevant answer related to well-being and management support/incorporates an evaluation.

#### NOTE:

- (a) Learners may provide other methods that contribute towards the advancement of the well-being of employees.
- (b) . Accept any FIVE methods as long as it is relevant to the question.

### 7.3 CONCLUSION

- From the above discussion it is clear that the well-being of employees should come first before profit making. ✓✓
- Advancing the well-being of employees is not a favour but a right employees enjoy which is supported by policies and legislation. ✓✓
- Any other relevant conclusion.

### BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Sub-total	Total
Introduction		3	Max 32
Motivation of Employees	08	40	
Staff development programs	08		
Stress reduction programs	08		
Team building exercise	08		
Rehabilitation (Aids, substance abuse) and resolving personal problem of employees.	08		
Conclusion		2	
INSIGHT *(LASO)			2
Layout			2
Analysis, interpretation			2
Synthesis			2
TOTAL MARKS			40



**QUESTION 8****LO4 AS3****8.1 INTRODUCTION**

- Human resources management is one of the functions that contribute to the success of the business. ✓
- Businesses must follow a step-by-step process to ensure that the most efficient candidates will be selected for the post. ✓
- It ensures that the aim and objectives of the business are achieved and proper planning of human resource is done. ✓
- Any other relevant introduction related to Human Resources Function.

(Any 1 x 3) (3)

**8.2 8.2.1 RECRUITMENT**

- The job analysis must be done e.g. the job description and job specification. ✓✓
- Determine the key performance areas of the specific job. ✓✓
- The human resources manager must decide on the specific source to be used. ✓✓
- The two kinds of sources are internal or external. ✓✓
- The internal source is when the candidate is found from within the business. ✓✓
- The external source is when the business makes use of advertising educational institutions, head hunting, etc. ✓✓
- Any other relevant answer related to recruitment (Any 4 x 2) (8)

**8.2.2 SELECTION/SHORTLISTING**

- The human resources manager must formulate short-listing criteria for the applicants. ✓✓
- Read through application forms and curriculum vitae from applicants for the post ✓✓
- The HR manager compiles a short list of all candidates who meet the requirements for the job. ✓✓
- Inform unsuccessful candidates about the outcome of their application ✓✓
- The HR manager invites the candidates who were short-listed to an interview. ✓✓
- Candidates may also be asked to complete certain tests e.g. personality tests, aptitude test and/or skills tests. ✓✓
- The successful candidate is informed by correspondence, that he/she is appointed ✓✓
- The successful candidate will receive a written contract and he/she must sign it. ✓✓
- Any other relevant answer related to the selection process (Any 4 x 2) (8)

**PLACEMENT**

- This is the process whereby the new employee is placed in the right job. ✓✓
- When the employee who is newly appointed, is placed in the right job he/she is more productive. ✓✓
- Specific responsibilities of the position must be defined. ✓✓
- The newly appointed employee may be required to complete psychometric tests to determine his/her strengths or weakness, etc. ✓✓
- Any other relevant answer related to the placement process

(Any 4 x 2) (8)

**INDUCTION**

- This is the process whereby the newly-appointed employee works efficiently with other colleagues in the business environment. ✓✓
- Induction aims to create realistic expectations and ensures that he/she becomes productive. ✓✓
- Give the newly-appointed employee an opportunity to ask questions about the work environment. ✓✓
- Identify another worker as mentor to the new employee. ✓✓
- Introduce the newly-appointed employee to the rules, regulations and code of conduct of the business. ✓✓

**8.3 MATTERS REGARDING CURRENT LEGISLATION TO CONSIDER****Example:**

- Basic Conditions of Employment Act (BCEA) e.g. when considering applicants for a permanent or contract post or compliance in terms of the Act when drawing up an employment contract. ✓✓
- Affirmative Action e. g. consider applicants from disadvantaged groups ✓✓
- Employment equity Act e.g. considers applicants in terms of race, gender and equity. ✓✓
- Skill Development Act e. g. consider development and training ✓✓
- Any other relevant answer related to current legislation when filling a vacancy

(Any 3 x 3) (9)

**CONCLUSION**

- Businesses spend large amounts of money to ensure that the correct employee is appointed. ✓✓
- Therefore, the human resources manager must follow the prescribed steps in order to appoint the most suitable candidate for the job. ✓✓
- Any other relevant conclusion related to the steps in filling a vacancy

(Any 1 x 2) (2)

**BREAKDOWN OF MARK ALLOCATION**

Details	Maximum	Reduced to	Sub-total	Total
Introduction			3	Max 32
Recruitment	08	27	27	
Selection	08			
Placement	08			
Induction	08			
Matter regarding current legislation	09			
Conclusion			2	
INSIGHT *(LASO)				
Layout				2
Analysis, interpretation				2
Synthesis				2
Originality, examples				2
TOTAL MARKS				40

TOTAL SECTION C: 80

GRAND TOTAL: 300