



NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2021

BUSINESS STUDIES

MARKING GUIDELINES

Time: 3 hours

300 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

SECTION A

QUESTION 1 MULTIPLE CHOICE

1.1	C	1.13	A
1.2	C	1.14	B
1.3	D	1.15	C
1.4	A	1.16	C
1.5	A	1.17	D
1.6	D	1.18	B
1.7	B	1.19	C
1.8	B	1.20	C
1.9	A	1.21	A
1.10	A	1.22	D
1.11	D	1.23	C
1.12	B		

QUESTION 2 BUSINESS STUDIES TERMS

2.1	Price Fixing
2.2	bribe
2.3	Whistle blowing
2.4	business practice
2.5	Fidelity insurance
2.6	Cultural diversity
2.7	sustainable
2.8	market
2.9	diversified
2.10	trademark
2.11	stretching
2.12	lock-out

QUESTION 3 CHOOSE THE CORRECT TERM

3.1	COIDA
3.2	non-compulsory
3.3	proximate cause
3.4	intrapreneur
3.5	manager
3.6	average clause
3.7	description
3.8	mediation
3.9	Benchmarking
3.10	life cycle
3.11	Delegation
3.12	Constitution
3.13	external

QUESTION 4**4.1 The marketing department of a garage****4.1.1 List any FOUR elements that could be included in the product policy of a garage such as Sasol.**

- classification of the product / service being offered;
- the design, style, size and colour of the product;
- the product life cycle;
- the packaging of the product;
- trademarks and labelling (branding) of the product.

(Consider any other relevant element that could be included in the product policy of a garage)

(Mark the first FOUR elements only)

(Any 4 elements)

4.1.2 Discuss how innovation is critical to creating brand value in a petrol station and its forecourt

- Innovation is about more than just creating a product or service that is different from competitors'.
- Everything that the business does should be aimed at reminding the target market about the factors that distinguish the business from the competition.
- Innovation could manifest in the functionality of the product;
- the packaging of the product;
- delivery and distribution of the product / service;
- pricing structure;
- design of the website and other marketing communication channels.

(Consider any other relevant facts on how innovation is critical to creating brand value)

(Any 4 facts)

4.1.3 Describe how Sasol or a competitor could use their price policy to create or maintain a competitive advantage. Use at least one example to support your argument.

- Price helps position your business in the marketplace – the more you are charging for the product the higher the level of quality the consumer will expect and thus the higher the value the product will need to represent to the consumer.
- Price sensitivity needs to be considered while pricing your products.
- Existing consumers are usually less price sensitive, as you have already gained their loyalty; however, this needs to be closely monitored.
- New consumers will need to see the value of your product before paying a particular price, and this is a key reason to understand them.
- The type of product may also influence price sensitivity, e.g. essential goods are less price sensitive than shopping goods.
- A business may price its goods at the market value (competitive pricing), above market value (prestige pricing) or below market value (discounted pricing).
- A business may use psychological pricing, e.g. odd-even pricing: R19,99 instead of R20,00, prestige pricing (upmarket or luxury products), superficial discounting: was R10 now R9,90 (when in fact there was no real price reduction) or price discrimination based on customer (bigger

customers get a discount) or time (in or out of season) or area (urban or rural) when attempting to encourage customers to buy.

- **Market penetration pricing:** refers to a situation where the business will be prepared to sell the product at a low price to attract new customers to try the product. The business may initially not even make a profit (or very little profit). The price will be increased as soon as the consumer is familiar with or loyal to the new product.
- **Leader pricing:** refers to a situation where the business reduces the price of some product to get customers to come to the shop. For example, Spur (fuel forecourt) may decrease the price of chicken wings hoping to convince customers to eat there and then spend more money on drinks and desserts in the Sasol shop.
- **Promotional pricing:** refers to discounts offered for a special event, such as free roses for females on Valentine's Day when filling up with petrol.
- **Bulk discount:** is offered to a consumer that buys large quantities of a certain product (lower cost per unit).

(Consider any other relevant fact on how Sasol could use their price policy to maintain a competitive advantage)
(Any 4 points)

4.2 Ethics and professionalism at an Engen garage

4.2.1 Evaluate the importance of a having a code of ethics for a garage such as Engen.

- The code communicates the ethical vision of the business,
- but also covers specific issues that govern day-to-day activities.
- The code creates a common framework for all business decisions
- so that everybody understands what acceptable behaviour is.
- The code will spell out the consequences of unethical behaviour.
- The code helps to protect a business when an employee breaches the code.
- New employees will understand through the code what acceptable behaviour is.
- The code allows the business the opportunity to create a positive image of the business with the public
- and so, giving the business a competitive advantage.
- The code may also be used to guide the business and employees regarding the importance of corporate social responsibility.

(Consider any other relevant fact on the importance in Engen having a code of ethics)
(Any 5 facts)

4.2.2 Unethical behaviour by employees

(a) **Give an example of unethical behaviour by an Engen employee.**

- Employees abusing sick leave.
- The abuse of the internet or email, which might include:
 - visiting porn sites.
 - making confidential information available to people who should not have access to the information.
 - spreading rumours or other damaging information about the business or a fellow employee.
 - spending work time on Facebook or other social media sites.
 - spending time on personal emails during work hours. or sending emails that could bring the business into disrepute.
- Taking business stationery home for private use.
- Verbal abuse of staff members by a manager.
- and the verbal abuse of a colleague or manager by an employee.

All are examples of unacceptable behaviour.

**(Consider any other relevant example of possible unethical behaviour by an Engen employee)
(One example)**

(b) **Suggest and explain TWO different ways in which Engen's management could deal with the unethical behaviour mentioned in question 4.2.2 (a).**

Consider any of the following as possible suggestions:

- Have a clearly worded code of conduct / code of ethics that stipulates what is acceptable ethical behaviour and what is not.
- Have training sessions where ethics in the workplace is discussed.
- Discipline the employee according to the requirements of the Labour Relations Act.
- Have a mentor that can advise employees on proper ethical / professional conduct.
- Use every opportunity (e.g. meetings, bulletin boards and newsletters) to highlight the importance of ethical behaviour.
- Encourage whistle blowing or having dedicated hotlines where members of the public could disclose unethical behaviour.

**(Consider any other relevant ways in which Engen's management could deal with the unethical behaviour mentioned in question 4.2.2 (a))
(Mark the first TWO ways only)
(Each suggestion is worth 2 facts)
(2 suggestions)**

4.3 Quality of performance at Caltex Head Office
Discuss how the Head Office of Caltex South Africa can improve the quality of performance in the following departments:

4.3.1 Human Resources / Capital Department

- The first step to doing this is to organise training programmes
 - to help all functional managers and employees understand the importance of quality improvement.
 - One of the tasks of the human resources function is to develop and implement an organisation structure that will promote the goals of the business.
- Human Resources must ensure that there is an efficient feedback mechanism such as (but not limited to) performance appraisals in place in the business.
- Using a '360° feedback' allows additional information on performance to be collected from peers, subordinates and customers.
- Self-evaluation is another tool that can be used to assess personal performance within the business.
 - Employees need to be motivated to achieve the goals of the business.
- It is more difficult for the HR function to develop intrinsic motivators such as job satisfaction,
 - but additional extrinsic motivational factors such as incentive bonuses can also help to improve performance levels.

(Consider any other relevant fact on how the Head Office of Caltex can improve the quality of performance in the Human Resources / Capital Department)
(Any 6 facts)

4.3.2 Purchasing Department

- Goods and services are bought from different suppliers and the Purchasing Department has to negotiate with suppliers
- to get the best possible prices while still keeping the quality required in mind.
- One of the most important goals of the purchasing function is to ensure the best possible return on investment (ROI) or profitability.
- Orders must be placed and confirmed to ensure the delivery of the correct goods.
- One of the most important functions of the Purchasing Department is to develop a system to control inventory (trading stock) to maintain optimum stock levels.
- The aim of supply chain management (SCM) is to oversee the flow of materials and information from the supplier to his customer (to the final consumer).
- The more effective the control of the material or products needed in the business, the less capital has to be invested in stock.
- Effective SCM requires that information is accurately and timeously shared in the network of businesses that buy from and sell to one another.

(Consider any other relevant fact on how the Head Office of Caltex can improve the quality of performance in the Purchasing Department)
(Any 6 facts)

4.4 Broad-Based Black Economic Empowerment (BBBEE) Act

4.4.1 What is the purpose of the BBBEE Act?

BBBEE aims to redress imbalances of the past by bringing the black majority of the country into the economic mainstream.

**(Consider any other relevant purpose of the BBBEE Act)
(Any 2 facts)**

4.4.2 List and describe THREE pillars of the BBBEE Act. Use examples to support your descriptions.

- The percentage of black owners in a business (as measured by their voting rights in the business) has to be increased to a minimum of 40% **black ownership** to get maximum BBBEE points.
Example: When shares are being offered for sale, make the offer open to only buyers who qualify for BEE status.
- The aim is to empower more black people to become active at **management level in the businesses**. This is achieved via Employment Equity targets.
Example: Management positions in the organisation can be applied for only by suitably qualified BEE employees.
- Encourage the implementation of **skills development** as part of BBBEE to ensure better economic participation.
Example: Have training programmes that focus on the development of BEE candidates, OR use BEE candidates who are successfully running their own businesses as mentors (mentorships). Introduce learnerships and internships to promote human capital development of black people.
- To ensure businesses use **black-owned businesses as their suppliers**, and in turn, to help these suppliers to develop where possible.
Example: The business could make use of transport companies that are owned by black entrepreneurs or the distribution / supply chain members are BEE candidates.
- To establish **socio-economic development** by ensuring black people have access to funds to become economically empowered and to own businesses.
Example: The granting of loans to start entrepreneurial programmes or to allow promising BEE employees to run their own businesses.

(Consider any other relevant facts relating to the pillars of BBBEE Act)

(Mark the first THREE pillars only)

(Any 3 facts × 1 mark each per element)

(Minimum of one example for two of the pillars)

4.5 Evaluate franchising from the franchisee's point of view.

- From a marketing perspective, the franchisee has a good chance of success
- because he/she will benefit from the proven success and advice of the franchisor.
- The franchisee may find it easier to borrow money from a financial institution,
- if the financial institution knows the money will be invested in a reputable franchise.
- The entrepreneur may find the franchising option frustrating and limiting
- because of the strict criteria stipulated in the franchise agreement.
- If the franchisor does not provide the ongoing support that was promised to the franchisee,
- it may have a negative impact on the success of the new franchisee and the overall franchise concept.

**(Consider any other relevant point on the evaluation of franchising from the franchisee's point of view)
(Any 5 facts)**

QUESTION 5**5.1 The human resources / capital function at Engen****5.1.1 List THREE topics that Engen's human resources manager could include in their induction programme.**

- details of the code of ethics;
- details of the code of conduct;
- structure of the organisation (i.e. the organogram);
- the disciplinary procedure that will be followed;
- the vision and mission of the organisation

(Consider any other topics that Engen's human resources manager could include in their induction programme)

(Marks the first THREE topics only)

(Any 3 topics)

5.1.2 Discuss possible reasons why Engen would make use of external recruitment.

- New ideas and skills are brought into the business;
- It may give the business the opportunity to employ more affirmative action candidates to meet employment equity targets;
- The external recruit may provide insight into the operations of competitors;
- No infighting occurs among employees for the position.

(Consider any other relevant reasons why Engen would make use of external recruitment)

(Any 3 facts)

5.1.3 Discuss potential consequences of a high staff turnover for Engen.

- reduced productivity levels;
- additional work burden on employees who need to work harder while the new staff member settles in;
- low morale when employees become aware of too many vacancies;
- negative public perception of the business;
- more money and time need to be invested in the retraining of new staff members.

(Consider any other relevant potential consequences of a high staff turnover for Engen)

(Any 4 facts)

5.1.4 Evaluate the importance of manpower planning for Engen.

- Manpower planning is a prerequisite for recruitment and selection;
- Manpower planning is a top-down process.
- This means that the strategic plan of the business will determine what skills are needed to achieve the goals of the business.
- The required skills will be acquired through manpower planning and training.
- Manpower planning refers to the process of estimating the number of employees;
- assessing the range of skills required for the business to operate; and
- calculating the time frame of the employment needs of the business.
- To complete manpower training, the business needs to analyse each job in the business through job analysis; job description and job specification.

(Consider any other relevant point on the importance of manpower planning for Engen)

(Any 5 facts)

5.2 Corporate social responsibility and corporate governance

5.2.1 What is the importance of the Global Reporting Initiative?

- The GRI is a non-profit organisation that promotes reporting on sustainability issues through the creation of a sustainability reporting framework.
- The framework is used worldwide to promote transparency when all types of business report on economic, environmental and social issues.

**(Consider any other relevant facts on the importance of the Global Reporting Initiative)
(Any 3 facts)**

5.2.2 Discuss how Engen could use integrity as a corporate governance principle to ensure it is seen in a favourable light by potential investors.

- Integrity is an essential way to measure how those involved in companies are accountable to those who are affected (positively or negatively) by their decisions.
- Integrity is about doing business in a manner that is honest and truthful.
 - To follow the other principles of corporate governance (i.e. transparency, independence, accountability, fairness and discipline) shows that management has integrity.
- Example: if an Engen director is found guilty of fraud – the company shows integrity when the director is dismissed and the reasons for the dismissal are made public.

**(Consider any other relevant facts on how Engen could use integrity as a corporate governance principle to ensure it is seen in a favourable light by potential investors)
(Any 3 facts)**

5.2.3 Describe the responsibilities of directors in a petroleum company such as Engen or one of its competitors. Use example(s) to support your description.

- Act with skill and care when formulating policies;
- Act in good faith and honesty (fiduciary duty);
- May not abuse the power given to them, but have to use the power to enhance the interests of the business and never themselves;
- Pre-empt risks;
- Ethical leadership is non-negotiable;
- Set up audit committees;
- Disclose relevant information in integrated reporting.
- Example: if there is a conflict of interest when the director is part of an important decision, he needs to disclose the conflict and exclude himself from the decision-making process.

**(Consider any other relevant facts on the responsibilities of directors in a petroleum company such as Engen or one of its competitors.)
(Any 6 facts)**

(Minimum of 1 mark for example given but more may be allocated for good examples)

5.3 Insurance

Evaluate why the Road Accident Fund is important from an employee's and / or business's (such as a garage's) point of view.

- The Road Accident Fund (RAF) is compulsory insurance that covers all users of South African roads.
- The RAF assists people injured in a motor vehicle accident.
- Engen delivers fuel to service stations and will be covered in case of an accident.
- The RAF will pay for rehabilitation and medical claims.
- The RAF provides indemnity to the person guilty of causing the accident;
- this prevents the person injured, or his/her family, from lodging a claim against the guilty party.
- The RAF will pay in the following instances:
- any person injured in a motor vehicle accident, whether it is the driver, a passenger or a pedestrian
- the family of a deceased victim may also claim.
- Contributions to the fund are included in the petrol / diesel price.
- Engen sells petrol and diesel and will be responsible to pay the contributions over to the government.

**(Consider any other relevant facts on why the Road Accident Fund is important from an employee's and / or business's (such as a garage's) point of view)
(Any 5 facts)**

5.4 Industrial relations at Engen (or another competitor you have studied)

5.4.1 Suppose Engen wants to dismiss a petrol station or forecourt employee for misconduct. Analyse the procedure that Engen should follow to ensure that the dismissal is procedurally fair.

- The complaint should be put in writing and fully investigated, with the investigation process recorded in writing. This may include taking statements from the complainant and all witnesses.
- The employee should be advised of the full nature and details of the charge(s) against him / her and given full access to all written statements collected.
- The date, time and venue of the disciplinary hearing should be given to the accused in writing.
- The employee should be given reasonable time in which to prepare and to appoint his representative for the disciplinary hearing, but it is important not to delay the disciplinary hearing unnecessarily.
- The employee is entitled to have an interpreter if they are not comfortable with the language in which the disciplinary hearing will be held.
- The complainant presents their case first by giving evidence and calling witnesses to testify. The accused is given an opportunity to cross-examine witnesses.
- The employee then presents their defence and calls their own witnesses. The complainant will have the opportunity to cross-examine the accused's witnesses.
- The chairperson of the disciplinary hearing decides on the guilt or innocence based on the evidence presented by both sides. At this stage no aggravating or mitigating circumstances are considered – only the facts relating to the disciplinary issue.

- The chairperson decides on the verdict. If the employee is 'not guilty', this is confirmed in writing and given to the employee, and the matter is closed. If the verdict is one of 'guilty', then the chairperson considers aggravating or mitigating circumstances and decides on a fair sanction (punishment).
 - These aggravating or mitigating circumstances may include the age of the employee, employee's state of health, length of service, level of education, position in the company, remorse shown or any other valid point.
- The chairperson will advise the employee of their rights to appeal and to take the matter to the CCMA.

(Consider any other relevant facts on the procedure that Engen should follow to ensure that the dismissal is fair)
(Any 10 facts)

5.4.2 In some instances it may be in the best interest of employees to strike. Discuss the validity of this statement. You may use examples to support your answer.

- If the employees have exhausted all avenues to resolve the conflict, then a strike could be an option to
 - get the employer to see the seriousness of the situation or
 - to gain support from customers or other employees from other institutions for their cause.
- Employees should also know that the strike action could have negative consequences e.g.
 - there may be customers who do not sympathise with the workers and support the employer;
 - there may be a feeling that the workers are unrealistic in their demands.
- Employees must follow the correct procedures to ensure that the strike is legal.
- There should be no form of intimidation or violence that could detract the employees from their cause.
- A strike is never a win-win situation – there will always be compromises from both parties.

(Consider any other relevant points on the validity of the statement)
(Any 4 facts)

5.4.3 Describe the impact that a trade union could have on the negotiating process between employers and employees at Engen.

- Trade unions may not always have the best interests of their members at heart when going into negotiations;
- Trade unions may not have the skills / bargaining power to achieve a positive outcome;
- The trade union may have a hidden agenda when entering the negotiation.
- The trade union may not have the support of its members.
- There may be external / political pressure to accept a compromise.
- There could be bribery or corruption / unethical behaviour on behalf of the trade union.
- Trade unions will support their members in negotiations and work on a favourable outcome for them.
- Trade unions may financially support striking workers for a limited period of time.

- Powerful trade unions that have political affiliations may have a strong bargaining edge during negotiations.
- Trade unions can provide moral support to union members by giving legal advice and providing specialist labour advice.

**(Consider any other impact (positive and /or negative) that a trade union could have on the negotiating process between employers and employees at Engen)
(Any 4 facts)**

[50]

QUESTION 6

6.1 **TopUp service stations will potentially be investing large amounts of capital as they grow their operations throughout South Africa. Explain how TopUp service stations should use the following three investment criteria when considering the following investment options.**

6.1.1 **Fixed notice deposit:**

Risk:

- Money invested with the bank generally has a very low risk.

Return on investment (ROI):

- The interest rate offered on a fixed deposit will differ from bank to bank.
- It will also depend on the amount of money invested.
- Generally, the longer the time frame and the larger the amount invested, the higher the interest rate will be.
- Despite this, it can only be hoped that the fixed deposit (even with cumulative interest) will exceed inflation. Unfortunately, it is often not the case.

Time frame of the investment:

- Fixed deposits can be from a year to 10 years (or even longer).

(Consider any other relevant facts that explain how TopUp service stations would make use of the three investment criteria to decide about investing in fixed notice deposits)

(Any combination to allocate marks, but content under each heading for at least one mark for fixed notice deposits (risk, ROI and time) 6 facts)

6.1.2 **Equities:**

Risk:

- The JSE (and other stock exchanges in the world) have strict rules for companies to list on the stock exchange to protect investors and (hopefully) decrease the risk of investing in these listed companies.
- Despite this, equities are still seen as a moderate- to high-risk investment.

Return on investment (ROI):

When evaluating the ROI of shares bought in a listed company, there are two factors that contribute to the ROI:

- increase in share price
- dividends

Shareholders will buy shares in the company with the expectation that:

- the share price will increase over a period of time (capital growth) and
 - good dividends will be generated.

Dividends are the profits of the company that are divided among the shareholders, and are not taxed in the hands of the shareholder in South Africa.

- A combination of the above occurs, as this usually helps to outperform inflation.

Time frame of the investment:

- Some people prefer to invest their money in shares with no need to see huge capital gains in the short term.
- The investor will invest in blue-chip shares where there is capital growth (increase in share price) in the long term,
- and where dividends earned from the share portfolio are often used to buy more blue-chip shares.
- People that speculate with shares approach the matter differently.
- Speculators buy shares in companies that (in their opinion) will have a quick and significant increase in the share price.
- The speculator will then sell the shares when there is an opportunity to make a profit based on a higher share price.
- The speculator is not really concerned with dividends.

(Consider any other relevant facts that explain how TopUp service stations would make use of the following three investment criteria to determine investment decisions)

(Any combination to allocate marks, but content under each heading for at least one mark for Equities (Risk, ROI and Time) 6 facts)

6.2 6.2.1 **Discuss the possible outcomes of dysfunctional conflict at a TopUp service station.**

- a climate of mistrust that has a negative impact on teamwork and cooperation
- blaming each other, backstabbing and gossip
- higher levels of stress and anxiety which contribute to lower levels of job satisfaction
- lower morale and increased staff turnover (which result in higher costs).
- waste of time and other resources
- sometimes even violence

(Consider any other relevant possible outcomes of dysfunctional conflict at a TopUp service station.)

(Any 5 facts)

6.2.2 **Describe TWO possible causes of conflict at a TopUp service station. Suggest how management could deal with each conflict situation. Provide a different suggestion for each conflict situation.**

Possible cause of conflict:

- In the workplace there are people with different personalities,
- who not only have to work together to achieve the overall goal of the business,
- but also have to realise their personal goals in terms of their ambitions.

Suggestion to manage the conflict situation:

- The manager should assess the situation.
- If the conflicted parties are not able to resolve the situation,
- he/she should intervene to get people to focus first on the business at hand,
- before trying to promote their own agendas.

Possible cause of conflict:

- Differences in backgrounds, cultures and values often ruffle feathers and lead to irritations and lower productivity.

Suggestion to manage the conflict situation:

- It is important to address these types of issues as soon as they become a problem.
- Employees should be reminded that sensitivity is required when dealing with these often-complex differences.
- Sensitivity training and developing skills such as time keeping, respecting interpersonal space and emotional intelligence will go a long way towards managing this type of conflict.

Possible cause of conflict:

- Poor communication leads to misunderstanding, because facts are interpreted in different ways.
- This may lead to role overload (where one person has to do more than he or she can cope with),
- role conflict (where team members all want to perform a certain task) or
- role ambiguity (team members are not sure of the roles each has to play).
- Poor communication may also contribute to people not meeting deadlines,
- or not informing someone in time of a problem meeting a specific deadline,
- so that contingency plans can be put in place.

Suggestion to manage the conflict situation:

- All barriers to communication should be removed.
- This may include issues such as poorly phrased messages,
- poor use of language,
- distorting the message, and
- disturbances such as noise or interruptions.

Possible cause of conflict:

- Change brings uncertainty and this may lead to conflict
- as there is often resistance to change.
- Unfortunately, any business that stagnates and fails to adapt to changes in the macro environment or to new demands from consumers will not be successful.

Suggestion to manage the conflict situation:

- Change management is crucial to the success of any manager.
- Employees need to understand what the changes are and
- why changing certain things are important to the success of the business, and
- how the necessity for change is important to them too.
- In order to achieve this, change must be managed in a way that enables people to face challenges effectively.
- A two-way communication strategy makes employees feel valued and contributes to higher levels of buy-in.
- Training employees in the new strategy is also important,
- as it will empower the people to remain competent and enable them to cope.

Possible cause of conflict:

- Limited resources and competition between team members for these resources may lead to conflict.
- The conflict may be functional if it inspires team members to work harder (e.g. working on a commission basis),
- but it could also contribute to people feeling there can only be one winner, which may provoke anti-productive behaviour.

Suggestion to manage the conflict situation:

- The manager must constantly remind team members that although they may sometimes have to compete with one another,
- ultimately each one will contribute to the overall success of the business.
- Similarly, individual success contributes to the success of the whole team.

Possible cause of conflict:

- Previously unresolved issues may "erupt" in conflict in the future.
- Sometimes the easiest way to deal with conflict is not dealing with it at all. The manager may hope that by ignoring the conflict situation, it will disappear.
- This unresolved conflict may escalate and become a more serious problem if the manager thinks the solution is to put his / her head in the sand and ignore the issue.

Suggestion to manage the conflict situation:

- The manager must deal with any conflict situation as soon as it arises.
- Ignoring the issue or becoming too involved in the situation may hinder his / her capacity to think logically and to act decisively.

(Consider any other relevant possible causes of conflict at a TopUp service station and suggestions on how management should deal with the conflict situation.)

(Mark the first TWO causes of conflict only)

(Any 5 facts)

(Min of 1 mark allocated to the cause of conflict and min of 1 mark allocated to the suggestion)

(the other marks can be allocated to either the cause or suggestion)

6.3 Petrol attendants and employers of TopUp service stations must know their rights in terms of the Basic Conditions of Employment Act (No. 75 of 1997).

Explain to TopUp employees the purpose and implications of the Basic Conditions of Employment Act

PURPOSE

- The BCEA is aimed at ensuring that employees are treated in a fair manner in the workplace and through this, the BCEA promotes economic development.
- The BCEA protects workers against unfair labour practices.
- No employer may include anything in an employment contract not allowed under the BCEA. Even if the worker signs the contract, that condition of employment will not be valid in terms of the law.

IMPLICATIONS

Positive:

- It protects vulnerable employees.
- It provides mechanisms to set minimum wages (sectorial agreements).
- It prevents child labour.
- It protects employees against unreasonably long working hours.
- It ensures employees are treated in a fair manner.

Negative:

- If an employee wants to work longer hours to earn more overtime, it is not allowed and it limits the income of the employee.
- Employers often argue that they cannot afford to employ people if the minimum wage is too high or
- that they may not employ people who would like to work for a lower wage.

**(Consider any other relevant facts regarding the purpose and implication of the Basic Conditions of Employment Act)
(Any 10 facts)**

6.4 6.4.1 **Apart from a focus on our planet (environment), explain to the management of TopUp service stations what it means to follow the other elements of triple bottom line reporting. You may use examples to support your explanation.**

- This means that management should not only focus on shareholders (i.e. the generation of profits) as an interest group
- but all stakeholders should be considered when strategies are formulated.
- Consideration should be given to the consequences of decisions for society (people).

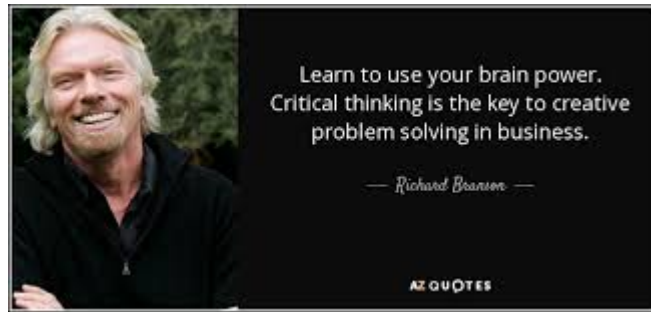
(Any 4 facts)

6.4.2 **Suggest ways in which TopUp service stations can be more environmentally sustainable.**

- Recycle paper and water at their stations;
- Make use of renewable energy sources such as solar panels;
- Put environmental sustainability on the agenda at all meetings;
- Provide incentives to employees when they show that they are conscious of the environment;
- Have CSR programmes that focus on environmental sustainability i.e. give the community skills to continue the programme without the assistance of TopUp;
- Fund educational programmes that encourage environmental sustainability.

**(Consider any other relevant ways in which TopUp service stations can be more environmentally sustainable)
(Any 4 facts)**

6.5 Read through the following quote and then answer the question that follows:



[Downloaded from <<https://www.azquotes.com/quote/681321>> February 2020]

Refer to the statement above and discuss the importance of creative problem solving and critical thinking in a business such as a petrol station.

- In order to solve problems in a business context, there needs to be creativity and not only "thinking outside the box"; but "thinking as if there is no box".
- To solve new problems, it is not good enough to bring old solutions to the table.
- The aim of finding creative solutions to business-related problems is to create and maintain a competitive advantage.
- In today's ever-changing business environment product life cycles are becoming shorter and the business must constantly adapt to ensure that customer needs are met.
- We also know that although some people have a natural creative talent, there are many techniques and skills that can be learnt to enhance creativity such as a pros and cons chart, the Delphi technique, value chain analysis, decision trees, etc.
- Problems (changes in the fuel price, declining customer base, decisions as to where to invest) have been said to be challenges that have not yet been conquered.
- They are also what keeps life interesting and help us to grow both within ourselves and in our businesses.
- Through critical thinking, strategies can be developed to deal with problems.

**(Consider any other relevant point on the importance of creative / critical thinking in a business such as a petrol station.
(Any 5 facts)**

SECTION C**QUESTION 7**

Fact marks are allocated as per the rubric for:

- ***naming***
- ***explaining/justifying/motivating***
- ***examples***
- ***strategies to solve problems***
- ***current affairs***
- ***10 additional facts – must add value to the discussion/argument(s)***

You have been asked to write a business report, where you include the following:

- **Identify possible trends (both positive and negative) and crises that a manager (franchisor and/or franchisee) of a petrol station with a food and forecourt will have to deal with.**
- **Explain how a manager could make use of the various management competencies to skilfully deal with these issues that have been identified.**

Possible trends and crises**Macro environment****Political factors**

These factors are important in relation to:

- the local political situation of the country in which the business operates,
- the political situation of other countries in which the business may operate and
- world politics in general.

Political factors and LEGAL factors are closely related, as the political party running the country will make the laws (legislation) that determine what is acceptable and what is not allowed, for example:

When one reviews the political factors that may impact on the business, the following aspects should be considered:

- The likelihood of government interference in the economic functioning of the country (and therefore, the running of businesses), as with a free market vs. socialism vs. communism.
- The degree of political stability in the country and its impact on business confidence.
- Political ties with other countries as this may, for instance, influence trade agreements.
- Degree of media freedom/freedom of speech, which may be used to criticise the political parties in the country when government officials make themselves guilty of corruption.

Economic factors

Economic factors that may affect the business and that ought to be analysed to assess what the implications may be, include:

- Economic growth and development rates in the country, and the direct consequence of these factors: the improvement (or deterioration) of the standard of living of the people of the country.
- Inflation rates: inflation is the continuous and significant increase in the general price level of goods and services. The higher the inflation rate, the lower the purchasing power of the monetary unit will be.

- Interest rates: the rate at which people or businesses borrow money from the bank or the percentage return on investment when saving money in the bank. High interest rates make it expensive for businesses to borrow money to expand.
- Exchange rates, i.e. the strength of the rand vs. the currencies of other countries. If the rand depreciates against another currency, it will become more expensive to import from that country.
- High unemployment rates mean people do not have money and as a result, businesses suffer lower profits.
- Taxes such as income tax, VAT and import duties reduce the amount of money businesses and people have to spend.

Ethical factors

Ethics refers to the principles and/or values that determine whether decisions and actions are acceptable. Ethics provide a guideline for the person/business to evaluate how to act in the "right" way when faced with a moral dilemma or difficult situation.

Elements that the business has to consider when looking at ethics as part of a PESTLE analysis include:

- What is the difference between actions being ethical or legal? Something may be legal, but not ethical in a particular situation. A person or business's set of principles may be ethical, but it may not be legal in terms of a country's trade regulations.
- Fair trade refers to respect and transparency in business dealings, acknowledging that one party will not attempt to exploit the other.
- Corporate social responsibility: it is the responsibility to the shareholders to make a profit vs. the responsibility to give back to the community.
- An employee's privacy regarding the use of the internet vs. the right of the business to expect responsible behaviour from employees. Employers must be able to access computers to ensure employees are not contravening the company's regulations.

Social/Socio-economic factors

Socio-economic factors refer to the impact that social trends have on the economy and the role players in the economy, such as businesses' and consumers' behaviour and their lifestyles.

The business has to adapt to changes in social trends. Think about the impact that social media has on the world around you and how businesses have to adapt their marketing and sales tactics to utilise opportunities related to the use of mobile devices.

Apart from social media there are other factors for the business to consider in this regard and they include:

- the average age of the population, life expectancy and people becoming more health conscious
- the number of single-parent families
- HIV/Aids infection and diseases such as TB and malaria
- levels of literacy/education
- unemployment rates
- personal safety and crime
- awareness of the issue of pollution and recycling (also refer to environmental factors)
- distribution of wealth/poverty
- the changing role of women in society in certain cultures

Technological factors

Technology refers to the equipment the business uses to buy (or make), advertise or sell their products or services.

The following factors impact on the business:

- We have already referred to the rapid development of issues surrounding social media.
- Automation of different processes, requiring less use of lower-skilled (and thus cheaper manual) labour.
- Advances in online money transfers (internet banking, electronic fund transfers).
- Online shopping.
- Quicker sales transactions through EPOSSE (Electronic Point of Sales Scanning Equipment as opposed to manual pricing) at pay points.
- Product innovation through Research and Development (R & D).

Legal environment

- The legal environment refers to all laws that impact on the business. This may include:
- laws that protect the environment against exploitation and pollution
- criminal justice that protects the business against piracy and rip-offs
- laws relating to paying tax, registering the business, health and safety and specifications for dealing with food (to name but a few)

Physical environment and other environmental factors

- Environmental factors are important if one thinks of the growing awareness to protect the environment and to prevent negative consequences such as global warming and changes in weather patterns.
- Think about the general move towards more environmentally friendly products, the emphasis placed on recycling, hybrid cars, higher taxes on air travel and efforts to reduce the carbon footprint.

Crises and trends from the market environment

Level of rivalry (current competitors)

It is important for any business to know what competitors are doing. If one can find a sector where a competitor is not performing well, it may present an **opportunity** for the business to make more profit. By identifying the areas where competitors are achieving success, it may be an indicator of a **threat** to the business, requiring the implementation of a tactic to avoid losses. For example, if a competitor has a superior marketing strategy, it poses a threat to one's business because customers may be lost to the competitor.

When the business is compared to its competitors, the following factors require reviewing:

- size and financial resources of the business
- market share
- the quality of products/service
- consumer brand loyalty
- pricing of products or service
- convenience of location and distribution channels
- trading hours

The business needs to develop strategies to improve and outperform competitors in the above-mentioned factors, as competitors have the power to "lure away" customers and thus profits.

Examples of such strategies:

- Customer loyalty programs may be introduced to make the business more attractive than competitors' businesses.
- A business reduces the price of certain products/services to make sure the business is a more attractive option.

Threat of new entrants

Not only current competitors lure customers away; there may be a challenge from a new business that sees an opportunity to make money by entering the market.

An existing business will see any potential new business as a threat to its market share and profits. The business, therefore, tries to build "barriers" (strategies) to prevent new businesses from entering the market successfully.

Examples of barriers to keep new entrants out of the market:

- A business may register a patent to deter a potential new business from selling a similar product.
- Large sums of money may be spent on advertising and having promotions where products or services are sold at a lower price, making it difficult for a new business to enter the market.
- Consider that even the government puts legislation in place to make it difficult for new businesses to supply electricity to consumers.
- A tax on imported goods is a deterrent the government imposes on certain industries to protect the local market from cheap, mass-produced goods from overseas. In the case of the fast-food business this could be cheap packaging.

Availability of substitute products

A substitute product does **NOT** refer to a different brand. This issue of different brands has been discussed under the heading of Rivalry/Competitors in the market.

Increasing availability of substitute products generates more "indirect competitors" that a business must consider to outperform the competition.

The power of suppliers

Any business that does not have a reliable supplier is certain to encounter problems more often than not.

In order to be successful, the business depends on the supplier to provide a good **quality** product when needed (**timing**) and to deliver the correct **quantity** to the **place** needed at a reasonable **price**.

- Imagine a fast-food retailer sells products at a large athletics meeting in the middle of summer and the supplier is unable to deliver additional water and cooldrinks.

Large suppliers, e.g. Amalgamated Beverage Industries (ABI – suppliers of Coke, Fanta, Sprite, etc.) supply their products to a large number of wholesalers and fast-food businesses. It is important that the business keeps in mind that if the supplier sells to a competitor at a lower price or provides the stock to the competitor when there is limited stock (e.g. during a strike), that your business will be in a weaker competitive position and consequently less successful. Therefore, it is critical that the business develops and maintains good relationships with suppliers.

The following are possible costs associated with the unavailability of stock:

- If there is no material, a manufacturer cannot produce (no sales = no profit).
- If there is no material, the machines and labour cannot be utilised to their full capacity, because the production and selling process will grind to a halt.
- Administrative and opportunity costs are incurred when dealing with a stock-out. If a business has run out of stock, it becomes very difficult to negotiate discounts when placing orders.
- Customer goodwill may be lost if they have to go to competitors.

For this reason, it is important to build strong and long-term relationships with suppliers, as the success of the business is to a large extent determined by the suppliers of the products.

The power of buyers

The buyer may be a wholesaler ordering from a manufacturer, or a retailer buying the products for his shop or even the consumer who has to spend his or her hard-earned money at your business. If the buyers are not respected, and offered good value for money, they may decide to support a different business.

When a retailer sells to the final consumer, the following aspects may need some consideration:

- What type of product/service is being offered? A consumer, for example, may be prepared to travel a greater distance to buy speciality goods such as cars, jewellery and expensive household appliances to get exactly what he/she wants. Convenience goods (such as groceries) and select goods (such as clothes) do not justify travelling longer distances, and the consumer may be happy to settle for a different brand or a substitute product.
- Is the consumer brand-loyal, or is the consumer prepared to swop brands if he/she can get a better deal? E.g., two pizzas for the price of one.
- Price sensitivity – in some instances buyers may be happy to pay more for a product or service if it is delivered, has a guarantee or is conveniently available, etc.

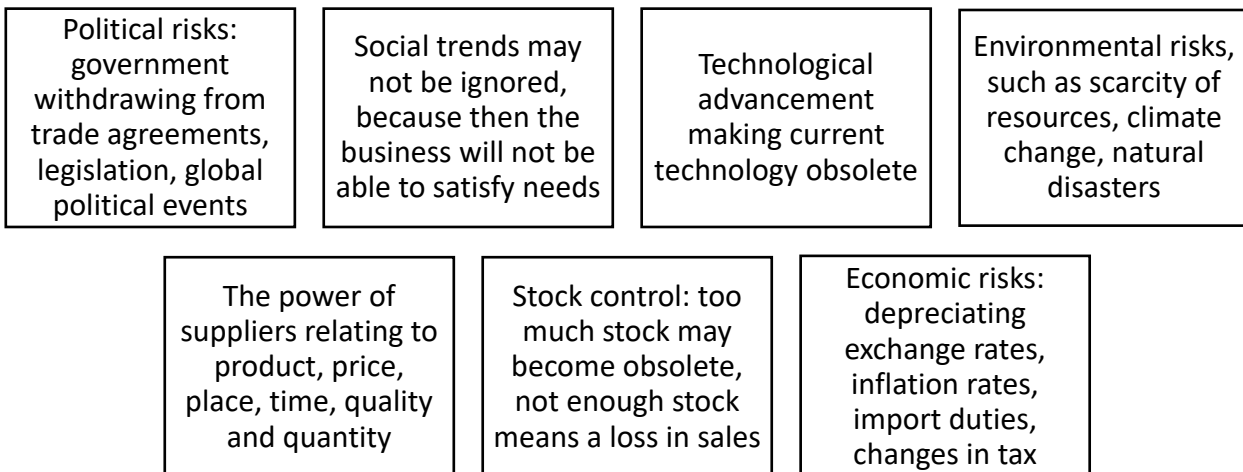
The power of complementary products

A complementary product is a product where the use of one product is interrelated with the use of another product. The two products are in other words "paired together".

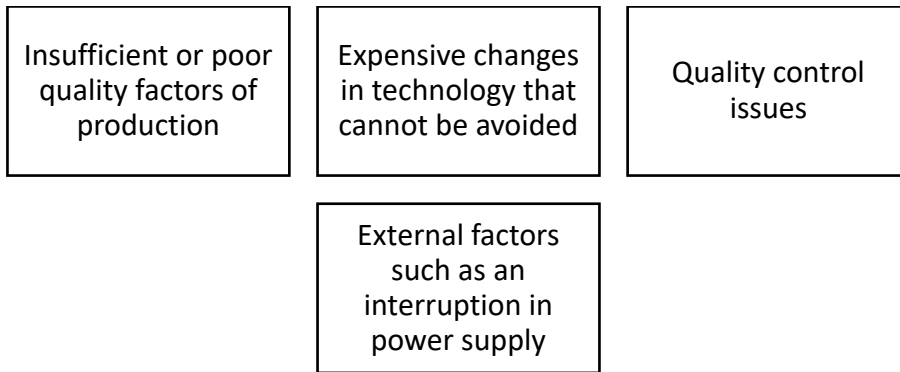
Crisis or trends in the micro environment

Purchasing function

Possible risk factors / crises relating to the purchasing function:



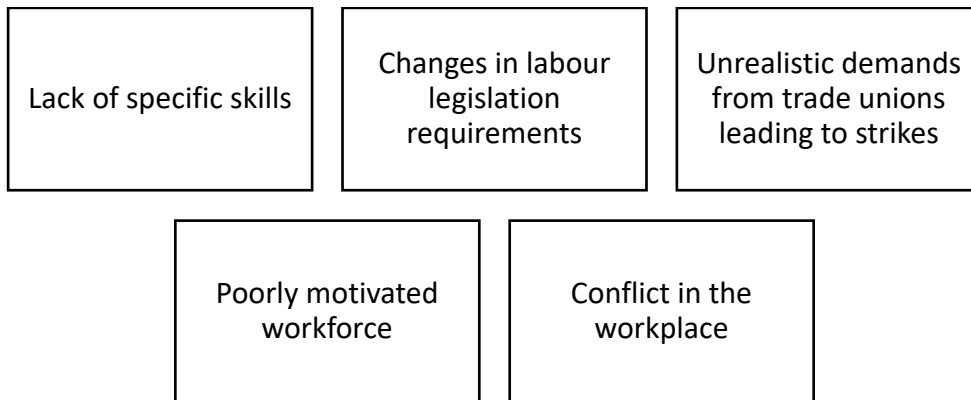
Possible risk factors/ crises relating to the production function:



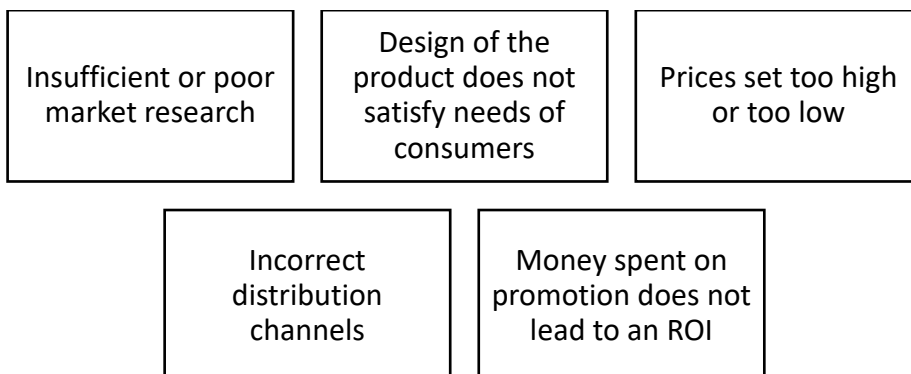
Possible risk factors/ crises relating to the financial function:



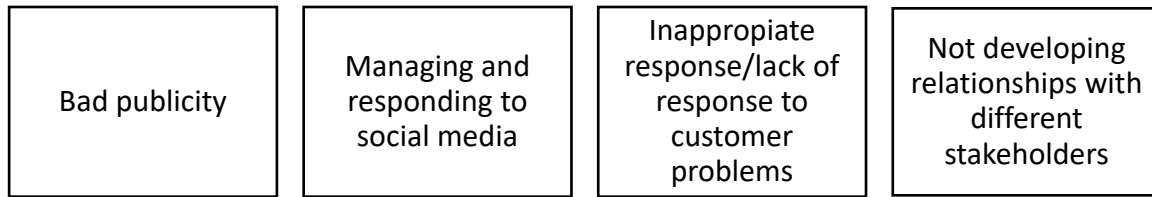
Possible risk factors/ crises relating to the human capital function:



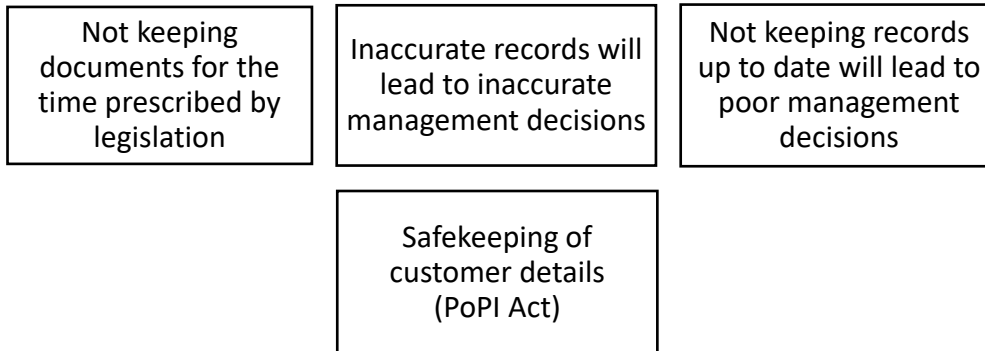
Possible risk factors/ crises relating to the marketing function:



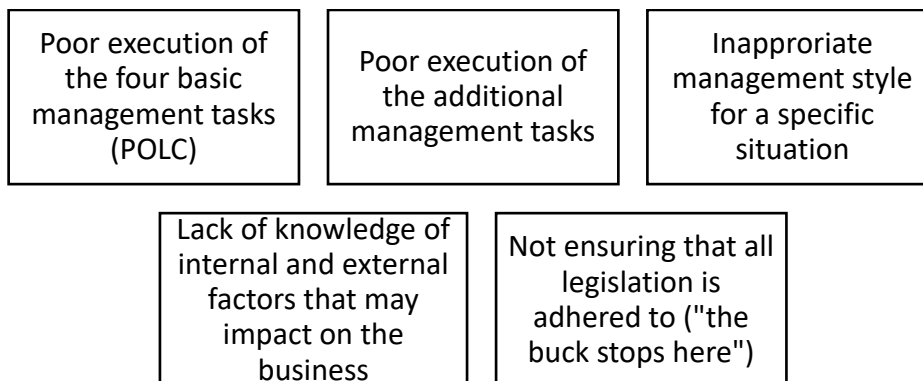
Possible risk factors/ crises relating to the public relations function:



Possible risk factors/ crises relating to the administrative function:



Possible risk factors/ crises relating to the general management function:



Management competencies:

Global awareness competency

- A global awareness is much more than merely trying to understand political, language or cultural differences between countries in order to avoid making general assumptions about other people. It is more than the fact that exchange rates appreciate or depreciate and that this may have an impact on the cost of the product. While these issues are important, it is vital to appreciate that global awareness encompasses much more.
- The manager must understand that even if the business does not trade (buy or sell) directly with other countries, he must know that the business world is interrelated and interconnected and that suppliers may originate from a range of countries. It is possible; therefore, that customs and values will differ between countries. An awareness of the entire supply chain is crucial. Consider the following: should a manager allow a particular product to be sold in the business if somewhere in the supply chain child labourers were exploited? Or should a jewellery store sell diamond

rings if it is suspected that "blood diamonds" have been used? Should businesses sell a product if they know that during the manufacturing process serious harm was done to the environment?

Organisational awareness competency

- No organisation operates in a vacuum. Organisational awareness requires management to be aware of **internal, as well as external** factors that may have an impact on the success of the business.

INTERNAL:

- The manager should understand the capabilities (strengths) and constraints (weaknesses) of the business.
- For management (at all levels) to be successful, it is important for them to have an understanding of what happens in the entire business, because the actions of the different functions or departments in the business have an impact on one another (interdependent).
- The manager should also have empathy and consider the pressures that different departments experience and should aim to accommodate people where possible to ensure the entire business (rather than just that one department) is successful.
- Management must also understand the organisational culture of the business. If there is something within the culture that is not desirable, a proactive plan has to be implemented to change the organisational culture to something that is in line with the vision and mission of the business. This is important to enhance the overall functioning of the business.

EXTERNAL:

- Management should demonstrate an understanding of the opportunities and/or threats that the business may face when viewed in the context of the external environment.
- When one thinks of the external environment, it should be borne in mind that aspects such as national and international trends may have an impact on the business, but that the business could also affect events in the external environment by taking a stand for or against something.

Analysis competency

- To develop both global and organisational awareness, the manager should be able to identify important sources of information, gather the relevant information, interpret the influence that different events may have on one another and then compare alternative plans of action. This is the ability to analyse and draw conclusions.
- When information is analysed, potential problems should be identified, and solutions pre-empted to make sure risks are managed.
- Management needs to understand that analysis is a difficult task and where possible, decisions should not be made impulsively, but only after consideration of all relevant facts.

Strategic thinking leading to strategic action competency

- Strategic thinking entails the manager's ability to look at the business's current position in relation to the rest of the market and then to decide where the business should be in a few months or years. This is called strategic planning and requires a vision, a mission, long-term and short-term objectives to be formulated and lastly, the development of a strategy to make these goals a reality.
- This can only be done if the manager understands that industry and market trends will affect the business's competitive position. Thus, it is important to look at strengths,

weaknesses, opportunities and threats before strategies (plans of actions) are developed and implemented.

- Simply reviewing current trends is not enough. The manager must be able to anticipate and forecast what will happen in the future and then be proactive when implementing plans to manage the situation.
- The outcomes of the situations should also be evaluated to implement corrective action if needed.

Teamwork competency

- A good manager will be aware of other people's feelings and fears and anticipate how these will affect team members. The manager should ensure that teams are designed so that members will complement one another's strengths and weaknesses.
- As the team leader, the manager has to ensure that members of the team (employees in the business) listen to one another, express disagreement in a constructive manner and then find a way to work cooperatively with one another.
- The manager will encourage all team members to work together but will prudently intervene to resolve conflict.
- It is important that the team members have a clear understanding of the goals and that all team members are empowered with the necessary skills to achieve these goals. If the skills are lacking, team members must be trained and then be held accountable for their performance.

Empowerment and talent development competency

- The manager has to understand that empowerment and talent development is important, because it means the business is investing time and resources to assist with employees' development to achieve the goals and objectives of the business. When employees are empowered, and they have benefited from the development process, this is conducive to better morale and higher levels of motivation.
- Empowerment and talent development can be done in a number of ways:
 - by giving an employee new skill through training
 - by giving an employee new responsibilities and authority to perform a challenging new task, requiring him/her to think more broadly than before
 - by giving an employee the freedom to choose how to do a task, provided certain pre-determined standards are met
 - by monitoring performance and then giving constructive feedback

Initiative competency

- Showing initiative means the manager is not waiting for other people to think of new ways to improve his/her department or the overall business.
- By demonstrating initiative, the manager will question the conventional methodology, but also encourage subordinates to think of new ideas and innovations before the situation demands it.
- Initiative means being proactive and pre-empting issues before they arise to create a competitive advantage.

Judgement / decision-making competency

- The manager continuously has to make judgement calls in different situations. This can only be done once all the relevant facts have been evaluated in an objective manner.
- Although the ideal would be for the manager to be able to evaluate his decisions clearly before taking action, in some instances it is not possible. Sometimes an immediate decision is required to capitalise on an opportunity; the manager cannot

hesitate to make that crucial decision. One of the most important skills a manager can utilise in such a situation is to apply **logical reasoning**.

- It is important for the manager to employ integrity when making judgement calls / decisions. This demonstrates leadership and a willingness to acknowledge accountability for his / her decisions.

Negotiation competency

- A successful negotiator is able to convey his/her opinions in a clear and accurate manner to the audience (employees, trade unions, suppliers, etc.) and then to use these skills to persuade the audience to understand his/her point of view.
- It is important that people have an understanding of all the relevant opinions. A manager who is a skilled negotiator will try to facilitate a win-win situation—compromising to resolve problems.
- It is important to obtain buy-in from the most influential role players – especially in sensitive or high-pressure situations, because these informal leaders may influence others in the negotiation process.
- It is a myth to think people are born good negotiators. It is a skill most people can acquire. It is important for managers at all levels to develop this skill.

Customer service orientation competency

- In a successful business, customers and their needs are the primary focus areas and they should be considered in all business decisions.
- It is crucial that the manager listens and responds to customers' questions, problems and feedback, as it is an important way for the business to give the customer what he/she expects and requires from the business.
- A productive customer relationship based on trust and credibility will ensure that existing customers keep coming back to buy from the business.

Total: 300 marks

BUSINESS STUDIES PAPER II: LOWER-ORDER THINKING RUBRIC (60% WEIGHTING)

CRITERIA	0		1		2		3		Section C
Format	Not meeting the correct standard		Partially correct format		Correct format				
Terminology	No use of business terminology	Isolated / limited use of business terminology		Good use of business terminology		Outstanding use of business terminology			
Content (number of relevant facts)	Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)								
Subtotal: (30 marks)									

BUSINESS STUDIES PAPER II – HIGHER-ORDER THINKING RUBRIC (40% WEIGHTING)

If all SECTIONS have not been completed, the judgment is based on the amount of expected information.

E.g. a candidate substantiating one section well, but not answering the other cannot qualify for a 'majority of statements' mark.

CRITERIA	0		1		2		3		4		Section C			
Substantiation (justification for statements made)	No attempt at substantiation.		Very limited substantiation.		Less than half of the statements are substantiated.		The majority of the statements are substantiated.		The majority of the statements are thoroughly substantiated showing breadth and / or depth of understanding.					
Application to context/ industry	Superficial reference based on the case study / context given (just keep mentioning the name of the business repeatedly without relevant examples).		Continuous reference is made to the case study / context given with some applicable examples given.		Continuous reference is made to the case study / context given with several examples that are fully integrated into the answer.		Examples are relevant to the case study / context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.		Examples are relevant to the case study / context given and fully integrated into the response showing understanding of the issues at hand. Current affairs are fully integrated into the response.					
Creative problem solving	No understanding of the problem and no solution given.		Identification of the problem and an incorrect/poor solution suggested.		Identification of the problem with breadth but no depth (superficial).		Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.		Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.		Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.			
Synthesis	None of the criteria as listed below are met.		At least one of the criteria met.		Any two of the criteria met.		Any three of the criteria met.		Any four of the criteria met.		Any five of the criteria met.		All six of the criteria are met.	
1 Introduction – don't just re-write question, but shows an understanding of the 'link' between the topics.														
2 Conclusion – this should be a logical affirmation of the points raised.														
3 Flow of thought, i.e. paragraphs leading into one another.														
4 Integration of topics given in the question.														
5 Integration of question with other business-related topics to enhance the quality of the answer.														
6 Arguments are developed.														
Subtotal: (20 marks)														
TOTAL														