



NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2022

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	A ✓✓
1.2	B ✓✓
1.3	D ✓✓
1.4	D ✓✓
1.5	B ✓✓
1.6	C ✓✓
1.7	A ✓✓
1.8	B ✓✓
1.9	D ✓✓
1.10	A ✓✓
1.11	D ✓✓
1.12	C ✓✓
1.13	C ✓✓
1.14	D ✓✓
1.15	A ✓✓
1.16	D ✓✓
1.17	A ✓✓
1.18	C ✓✓
1.19	D ✓✓
1.20	A ✓✓
1.21	D ✓✓
1.22	B ✓✓
1.23	A ✓✓✓
1.24	A ✓✓✓
1.25	A ✓✓
1.26	C ✓✓
1.27	C ✓✓
1.28	A ✓✓✓
1.29	C ✓✓✓
1.30	D ✓✓
1.31	C ✓✓
1.32	B ✓✓
1.33	D ✓✓

[70]

QUESTION 2 FILL IN THE MISSING WORDS

2.1	Dividends ✓✓
2.2	LSM ✓✓
2.3	Collective bargaining ✓✓
2.4	Induction ✓✓
2.5	Workplace forum ✓✓
2.6	Indemnification ✓✓
2.7	Inflation ✓✓
2.8	Autocratic ✓✓

[16]

QUESTION 3 CHOOSE THE CORRECT TERM

3.1	Communication ✓✓
3.2	Job description ✓✓
3.3	Stakeholder ✓✓
3.4	Environmental scanning ✓✓
3.5	Process ✓✓
3.6	Delphi technique ✓✓
3.7	Divestiture ✓✓

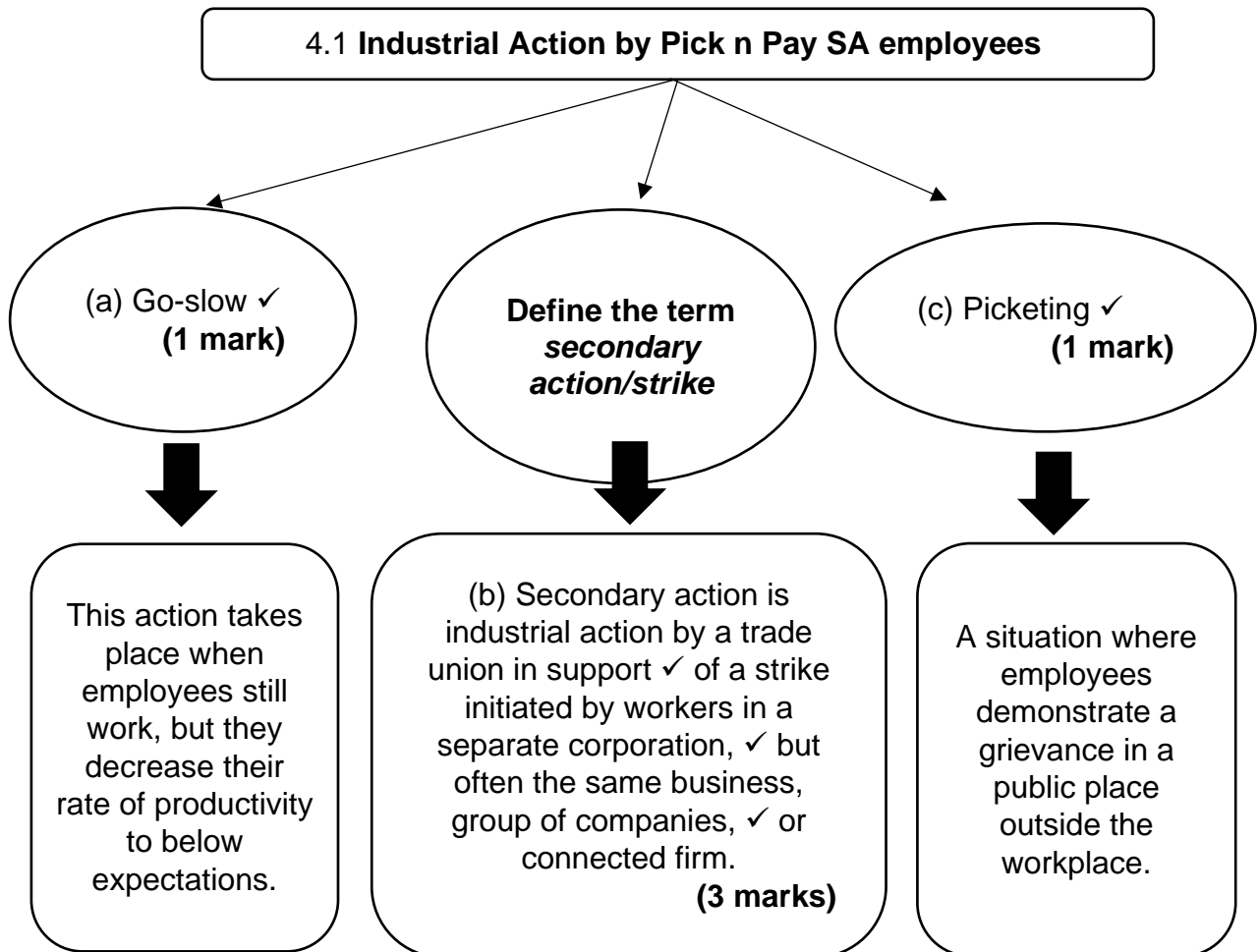
[14]**100 marks**

SECTION B

Use the mark allocation as a guide to the length of your answers.

QUESTION 4

Required: Supply the missing information in each of the following schematic diagrams.



(5)

4.2 Requirements for a valid insurance contract:

4.2.1 Insurable interest

- (a) Insurable interest means that the insured must be able to prove that he will lose financially ✓ if the object that has been insured is destroyed or damaged. ✓ (2)
- (b) The following are examples of insurable interest:
- A person has an insurable interest in his own life ✓ and health. ✓
 - Partners have an insurable interest in the lives of co-partners. ✓
 - A creditor has an insurable interest in the life of his debtor. ✓
 - A married person has an insurable interest in the life of the spouse. ✓
 - A person has insurable interest in their own property. ✓
- (Any 4 examples × 1 mark each fact = 4 marks)**
(Mark the first four examples only)

4.2.2 Absolute good faith

- The insured must disclose ✓ to the insurer all relevant information ✓ that may affect the risk. ✓
 - Honesty ✓ and accuracy ✓ are required,
 - otherwise the policy will be declared null and void. ✓
- (Consider any other relevant fact on absolute good faith)**
(Any 2 facts × 1 mark each = 2 marks)

4.2.3 Contractual capacity

- The party taking out the insurance must be of legal age ✓ and
 - sound mind. ✓
- (2 facts × 1 mark each = 2 marks)**

4.3 List FIVE pillars of the Broad-Based Black Economic Empowerment Act, 53 of 2003 (BBBEE).

- Ownership ✓
 - Management and control ✓
 - Skills development ✓
 - Preferential procurement ✓
 - Socio-economic development ✓
- (5 pillars × 1 mark each = 5 marks)**
(Mark the first five pillars only)

4.4 Describe procedural fairness as a requirement when a worker is dismissed for misconduct.

- 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 accused 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 accused should be given reasonable time in which to prepare ✓ and to appoint his representative ✓ for the disciplinary hearing.
- The accused is entitled to have an interpreter ✓ if he/she is not comfortable with the language ✓ in which the disciplinary hearing will be held. ✓
- The complainant presents his/her case first by giving evidence ✓ and calling witnesses to testify. ✓ The accused is given an opportunity to cross-examine witnesses. ✓
- The accused then presents his/her defence ✓ and calls his/her 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 accused is 'not guilty', ✓ this is confirmed in writing ✓ and given to the accused, ✓ 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. ✓
- The chairperson will advise the accused of his/her right to appeal ✓ and to take the matter to the CCMA. ✓

**(Consider any other relevant fact on procedural fairness as a requirement when a worker is dismissed for misconduct)
(Any 10 facts × 1 mark each = 10 marks)**

4.5 Name THREE elements of the balanced score card.

- Financial perspective ✓
- Customer perspective ✓
- Internal business perspective ✓
- Learning and growth perspective ✓

**(Any 3 elements × 1 mark each = 3 marks)
(Mark first THREE elements only)**

4.6 Complete the following table

Technique used to improve the quality of performance	
Technique	Explain how a general retailer could use the technique to improve the quality of performance. Use an example to illustrate your answer.
4.6.1 Benchmarking	<ul style="list-style-type: none"> • The business looks at what is the best practice ✓ in the industry. ✓ • The business measures its current performance. ✓ • Steps are implemented to narrow or eliminate any performance gaps, ✓ • but to offer other additional services. ✓ • If this benchmark is not being achieved ✓ • the franchisee could offer training ✓ to the cashiers.

(Consider any other relevant point on benchmarking as a quality of performance technique)

**(Full marks can be earned if the example illustrates full understanding of benchmarking as a quality of performance technique)
(Any 5 facts × 1 mark each = 5 marks)**

Technique used to measure quality of performance	
Technique	Explain how a general retailer could use the technique to measure quality of performance.
4.6.2 Financial ratios	<p>Solvency ✓</p> <ul style="list-style-type: none"> • Solvency looks at the ratio between total assets ✓ and total liabilities. ✓ • In order for the business to be solvent, assets must be greater ✓ than liabilities • If liabilities exceed assets the business is insolvent (bankrupt) ✓ and • can no longer continue with business operations. ✓ <p>Return on investment or profitability ✓</p> <ul style="list-style-type: none"> • This can be calculated as: (Net profit ✓ / Capital or Owners' equity ✓) × 100 • ROI will increase ✓ if profits are maximised. ✓ <p>Liquidity ✓</p> <ul style="list-style-type: none"> • Every business must ensure it has enough cash ✓ • to cover expenses, ✓ i.e. that they are liquid. ✓ • The current ratio can be used to measure the liquidity by looking at the relationship ✓ between your current assets ✓ and your current liabilities, ✓ i.e. • Current assets (CA) : Current liabilities (CL) $CA = (\text{Inventory} \checkmark + \text{Trade and other receivables} \checkmark + \text{Cash} \checkmark)$ $CL = (\text{Trade and other payables} \checkmark + \text{bank overdraft} \checkmark)$ Example: CA : CL R2 842mil : R231mil 12,3: 1 • The norm is used if the industry norm is not available ✓ is 2:1 ✓ • Using the example, the business should not experience ✓ liquidity problems.

(Consider any other relevant point on financial ratios as a quality of performance technique)
(Any 5 facts × 1 mark each = 5 marks)
(Maximum 3 marks if ratios are listed, but not explained)

4.7 Pick n Pay is the second largest general retail chain store in South Africa and was established in 1967.

Discuss how the concept of backward integration could assist Pick n Pay as part of its overall growth strategy.

- The business takes over one of its suppliers ✓
- in order to eliminate the middleman ✓ in the distribution process ✓ and
- therefore reduce ✓ the ultimate selling price to consumers. ✓
- But Pick n Pay is expanding its market share ✓
- and ensuring that its brand and franchise concept is maintained. ✓
- These factors ensure that you as the business have control ✓ over the price you charge the ultimate consumer ✓ within the restrictions of petrol price transport costs determination. ✓

(Any 7 facts × 1 mark each = 7 marks)

[50]

QUESTION 5**5.1 Human Capital function at Checkers South Africa.****5.1.1 Discuss the selection processes/steps that the Human Capital manager would need to undertake *before* interviewing potential candidates for a vacant post.**

- **Receipt of the application forms/CVs.** ✓
 - Once the vacant post has been advertised, the HR manager (or a subordinate) must be available to answer any queries from applicants. ✓
 - A list of all application forms received should be drawn up. ✓
 - Documentation received from applicants, i.e. a letter of application, ✓ an application form ✓ and curriculum vitae ✓ should be checked. ✓
- **Initial screening** ✓
 - The purpose of the initial screening process is simply to identify those applicants who do not meet the minimum requirements of the job. ✓
 - with respect to qualifications, ✓ experience, etc. ✓
 - Those who do not fit the job specification ✓ are informed accordingly. ✓
 - Sometimes the business just states if the candidate is not contacted by a specific date, ✓ he/she is to assume the application was not successful. ✓
- **CV/Job application evaluation** ✓
 - A selection panel will now evaluate ✓
 - the Curriculum Vitae/job applications ✓ of all applicants who meet the minimum requirements for the job.
 - A shortlist of applicants is now drawn up ✓ with the number of candidates on the shortlist.
- **Reference and background checks** ✓
 - The HR department will wish to verify ✓ as much information supplied in the CV as possible.
 - Employment records ✓ and qualifications ✓ will be checked.
 - The Human Capital manager may communicate ✓ with the referees provided by the applicant ✓
 - in order to ask relevant questions ✓ about the applicant that may not be included in the CV, ✓ e.g. how are the applicant's people skills? Is the applicant trustworthy? It is important to use a standardised set of questions to ensure fairness to all applicants ✓ when doing reference checks.

(Consider any other relevant facts in the selection processes/steps that the Human Capital manager would need to undertake before interviewing potential candidates for a vacant post)
(Any 8 facts × 1 mark each = 8 marks)

5.1.2 The Human Capital manager will become involved if an employee acts unethically.

Describe THREE possible issues that could be considered unethical in a general retailer environment.

- **Conflict of interest ✓**
 - If an employee applies for a job, it would be unethical not to disclose his/her relationship ✓ with any members of the selection and recruitment panel. ✓
 - This is particularly relevant if the relationship is one of friendship ✓ or family. ✓
- **Bribery and corruption ✓**
 - The employee could be offered money ✓
 - by the customer ✓ or
 - by a third party (with a vested interest) ✓ to ensure
 - that a certain act / vote will be carried out in favour of the customer or third party. ✓
 - E.g. bribe petrol attendant to not add oil purchased to the bill. ✓
- **Inappropriate gifts ✓**
 - The employee receives a gift from a third party but fails to declare the gift. ✓
 - This could be interpreted as being a form of bribery, ✓
 - even if the giving of the gift had no link to the employee's ability to complete his/her duties. ✓
- **Sexual harassment ✓**
 - Any form of sexual misconduct ✓
 - unwelcome physical contact, ✓
 - verbal conduct, ✓ e.g. sex-related jokes, ✓ unwelcome enquiries about a person's sex life, ✓ unwelcome body language directed at the potential applicant. ✓
 - Non-verbal conduct ✓ such as sexual gestures, ✓ indecent exposure ✓ or display of sexually explicit pictures and objects. ✓
 - Promising a reward ✓ to the employee in exchange for sexual favours. ✓
 - (This could also be discussed as part of labour issues)
- **Unauthorised use of funds ✓**
 - Using business funds that are not authorised is the same as theft. ✓
 - Even something that seems as 'innocent' as a manager having an expense account, ✓ taking his wife for lunch and claiming it as a business expense, ✓ is an unauthorised use of business funds.
 - Someone who has a petrol card to pay for business travel ✓ and then uses the card for private use ✓ is spending money not authorised for that purpose.
- **Employment/labour issues ✓**

There are many issues that can be discussed under this heading, namely:

 - Employees abusing sick leave. ✓
 - The abuse of the internet ✓ or email, ✓ which may include:
 - Employees who visit porn sites. ✓
 - Employees who make confidential information ✓ available to people who should not have access to the information. ✓

- Employees who spread rumours or other damaging information ✓ about the business or a fellow employee. ✓
- Employees who spend work time on social media sites. ✓
- Employees spending time on personal emails during work hours ✓ and employees who send emails, which could bring the business into disrepute, to other people. ✓
- 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 are all unacceptable behaviour.
- **'Insider trading'** ✓
 - This refers to a situation where any employee trades shares on the JSE ✓ based on knowledge that is confidential, ✓ i.e. something only an insider (or their friends/family) in the business will know. ✓ This is a criminal offence. ✓

(Consider any other relevant ethical issues that could be considered unethical in a supermarket environment)

(Any 3 ethical issues must be included in the answer – consider breadth vs depth)

**Mark the first three ethical issues only
(9 marks)**

5.1.3 Explain the importance of fair remuneration for employees of Checkers.

- Remuneration and additional benefits ✓ (such as car allowance, uniform allowance, i.e. a fringe benefit, etc. ... ✓)
- that have a monetary value ✓ are part of reward systems ✓ to enable employees to maintain a certain standard of living. ✓

(Consider any other relevant point on the importance of fair remuneration for employees of a supermarket)

(Any 4 points × 1 mark each = 4 marks)

5.2 The impact of labour legislation on employers and employees at Checkers South Africa.

5.2.1 Describe the importance/impact of the Basic Conditions of Employment Act 75 of 1997 (BCEA) from the point of view of an employer and/or employee of Checkers.

Purpose of the Act

- 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 practise. ✓
- 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. ✓

Positive implications of the BCEA:

- Vulnerable employees, e.g. part-time workers ✓ are protected from exploitation by employers. ✓
- It prevents child labour. ✓
- It protects employees against unreasonably long working hours. ✓

Negative implications of the BCEA:

- If an employee would like to work longer hours to earn more overtime ✓
- it is not allowed ✓ and as such limits the income potential of the employee. ✓
- Employers often argue that they can't employ people if the minimum wage is too high ✓
- or even that they will be able to employ more people ✓ that are prepared to work for a lower wage. ✓

(Consider any other relevant point on the importance/impact of the Basic Conditions of Employment Act from an employer and/or employee of Checkers's point of view)

(Any 6 valid facts × 1 mark each = 6 marks)

5.2.2 Write the acronym COFESA in full.

The Confederation ✓ of Employers of Southern Africa ✓

(2)

5.2.3 Explain how employer organisations like COFESA and NAPE assist the employer.

These employer organisations assist employers with:

- Implementation ✓ and maintenance ✓ of labour legislation ✓
- Issues and complexities in employment contracts ✓
- Training and development ✓ of employers
- Dispute resolution ✓ between employers and employees
- CCMA ✓ and Bargaining Council ✓ negotiations
- Trade union negotiations ✓
- Disciplinary ✓ and grievance ✓ procedures

(Consider any other relevant facts on the assistance of COFESA and NAPE towards the employer)

(Any 5 facts × 1 mark each = 5 marks)

5.3 Investment opportunities for Checkers.

Evaluate the following investment opportunities for Checkers.

5.3.1 Investing excess cash in a fixed deposit

Risk and Return on Investment:

- Fixed deposits have a low risk, ✓
- but offer a lower ✓ interest rate ✓ than longer-term investments. ✓

Time frame of the investment

- A fixed deposit investment is a short-term investment ✓ – ranging in time periods from a month to a year ✓

(Consider any other relevant points to evaluate fixed deposit as an investment option)

(Any 5 facts × 1 mark each = 5 marks)

5.3.2 Buying the property where the Checkers outlet is established

Risk

- There are many factors that impact on the risk associated with fixed property, e.g. the location of the property ✓ – it is better to buy a smaller property in a good neighbourhood, ✓ than a large property in a lesser neighbourhood. ✓
- The state of the economy ✓ also impacts on the risk of the property investment. If interest rates ✓ are increased, ✓ it becomes more difficult for the owner of the property with a mortgage bond to repay the loan ✓ and the risk is increased ✓ and your return is lowered. ✓
- High inflation rates ✓ decrease the disposable income of consumers ✓ and makes it more difficult to maintain mortgage instalments. ✓

Return

- The owner of the property can charge rent ✓ and earn a good return. ✓
- Property prices tend to increase over time ✓ (provided the area in which the property is situated does not deteriorate (risk) ✓)

Time frame for investment

- Investing in fixed property is seen as a long-term investment. ✓

**(Consider any other relevant points to evaluate property as an investment option)
(Any 5 facts × 1 mark each = 5 marks)**

5.4 Insurance

Describe the impact of the Compensation for Injuries and Diseases Act 61 of 1997 (COIDA) on the employers and employees and owners of Checkers.

- The Compensation for Occupational Injuries and Diseases Act requires that employers ✓ take out compensation on behalf of their employees ✓ to protect employees against injuries ✓ or death ✓ at work.
- COIDA protects the employer ✓ from claims made against him by the employee. ✓
- Medical expenses ✓ and loss of earnings ✓ are also covered.
- Should it be a serious accident and the employee is disabled, ✓
- he may also claim benefits ✓
- and if he dies, his dependants will qualify for compensation. ✓
- The fee ✓ is paid to the Compensation Commission ✓ annually ✓
- and is based on the employee's earnings ✓
- and the risk associated with their profession. ✓

**(Consider any other relevant impact of COIDA on the employers and employees of supermarkets)
(Any 6 facts × 1 mark each = 6 marks)**

[50]

QUESTION 6**6.1 6.1.1 Pick n Pay franchises were created because of the level of rivalry in the general retailer industry.**

Discuss the challenges faced due to the level of rivalry in the general retailer industry. Suggest possible strategies that could be used to deal with these challenges.

Challenges that could be faced:

- A competitor who has a superior marketing strategy ✓
- poses a threat ✓ to the business
- because customers may be lost to the competitor. ✓
- Changes in brand loyalty. ✓
- Competitors with a better location. ✓
- It could be more convenient ✓ or trendier. ✓
- A larger selection of products ✓ or
- better service ✓ (e.g. longer trading hours ✓ or delivery of goods bought at the retail store associated with the petrol station, ✓ loyalty programmes ✓) can easily persuade customers to support them.
- Taking your business on in a price-war. ✓ Undercutting prices ✓ or adding value ✓ to the products of the competitor;
- or to identify ✓ and forcefully pursue a new market trend. ✓
- Financial resources ✓ of competitors
- Market share ✓ of competitor
- Advertising campaign of your competitors, ✓
- special offers, ✓
- sale ✓ or new business opening ✓ from a competitor.

Strategies that could be used to deal with the challenges:

- Customer loyalty programs ✓ may be introduced
- to make the business more attractive ✓ than those of competitors.
- A business reduces the price of certain products/services. ✓
- Complete a competitor profile ✓ where you investigate
- the number of competitors, ✓
- proximity of competitor, ✓
- similarities ✓ and differences ✓ in terms of product range ✓ being offered,
- level of market ✓ that is dominated ✓ by the competitor so the business can be better prepared to deal with the challenge. ✓
- Do appropriate market research ✓ to gain a competitive advantage. ✓

Give credit if the candidates mention the following strategies in their answers (where appropriate)

- Growth strategies (e.g. market penetration, product development, market development, diversification)
- Decline/Defensive strategies (e.g. divesture strategy, liquidation and retrenchment strategy)
- Corporate combination strategies (takeover)
- Generic strategies (e.g. low-cost strategy, differentiation strategy, focus strategy)
- Integration strategies (e.g. forward, backward, horizontal, vertical)
- Other (e.g. revise business mission, establish or revise objectives, allocate resources differently)

(Consider any other relevant point on the challenges faced due to the level of rivalry in the supermarket industry and possible strategies, other than strategic alliance that could be used to deal with the challenges)

(Mark the challenges and the strategies as follows:

4 marks for the challenges + 2 marks for the strategies OR

3 marks for the challenges + 3 marks for the strategies OR

2 marks for the challenges + 4 marks for the strategies)

**No marks will be awarded FOR STRATEGIC ALLIANCE / JOINT VENTURE as a strategy)
(6 marks)**

6.1.2 Discuss the possible advantages that could arise from Pick n Pay growing its franchise base.

- Increased awareness of brand identity ✓ in the market.
- The reputation, i.e. positive publicity ✓ of either of the strategic partners has an impact on the ability to retain ✓ or attract new customers. ✓
- There may be differences in the organisational culture ✓ of the parties, which may enhance the diversity of the group. ✓
- Greater buy-in from employees who are in favour of the alliance ✓ which impacts on their productivity ✓ which in turn leads to higher profits. ✓
- Increase ✓ in investor confidence ✓ on the success of the alliance.
- Positively impacting the market value ✓ of the business.

(Consider any other relevant advantages that could arise from Pick n Pay growing its franchise base)

(Any 4 facts × 1 mark each = 4 marks)

6.1.3 Identify and explain TWO management tasks that can be used by Pick n Pay franchises to reach a competitive advantage. Use examples to illustrate your answer.

Planning ✓

- Every business needs to plan to ensure actions ✓
- are geared towards the desired outcome. ✓
- The plan should be drawn up with the aim of achieving the goals ✓ and objectives ✓ of the business,
- but the plan should be flexible and adaptable ✓ according to circumstances.

- The following are possible steps to be taken during the planning process:
 - Understand and define the problem, ✓
 - get all the relevant information, ✓
 - analyse the information ✓ and
 - consider all possible eventualities. ✓
 - Decide on a plan of action but consider alternative plans (contingency plans). ✓
 - Implement the plan carefully ✓ and
 - follow up ✓ to ensure the plan is successful;
 - if not, implement corrective action. ✓

Examples:

- Planning in the business takes place on different management levels:
 - Top management ✓ is responsible for the overall, ✓ long-term ✓ strategic business plan, ✓ including the vision, ✓ mission, ✓ objectives ✓ and strategies for the overall business.
 - Middle management ✓ formulates tactical plans, ✓ which involve the acquisition ✓ of resources ✓ needed by the departments ✓ that they control, namely the Financial department, Marketing department, Production department, Human Capital department, etc.
 - Middle management is responsible for medium-term planning ✓ and
 - must ensure that lower levels of management ✓ are guided to align ✓ their daily planning ✓ with that of middle management.
 - Lower management ✓ oversees planning work schedules and programs ✓
 - daily. ✓

Discipline ✓ The purpose of discipline is to improve future behaviour ✓ in the business.

- In order to achieve this, it is imperative that everybody knows what is regarded as misconduct, ✓
- but also, what the consequences ✓ will be if rules are broken ✓ or performance standards ✓ are not met.
- In the business discipline can extend itself to:
 - Personal discipline, ✓ i.e. top-level management ✓ sets the tone for the rest of the organisation. ✓
 - They need to set an example and be disciplined in their business decisions ✓ – the business must prevent itself from following strategies ✓ without understanding all aspects ✓ and consequences of a decision. ✓
 - Market discipline ✓ – this requires the directors to exercise discipline in terms of where the companies' funds are invested. ✓
 - Investors will pay a premium ✓ for companies that are perceived as being well disciplined in terms of their finances. ✓
 - Regulatory discipline, ✓ i.e. the company must follow the requirements of the law. ✓
 - It reduces irrational, ✓ high-risk ✓ business decisions and fraud. ✓

Possible examples of where a company can be seen to be **disciplined**:

- Following the legal requirements of the various laws that influence the running of companies, e.g. The Companies Act, The Labour Relations Act, etc.
- The listing requirements on the JSE.
- Having internal budgets.
- A system monitoring quality of performance in the different departments.

Motivation ✓

Unfortunately, there is no magical formula or solution when it comes to the complex principle of employee motivation. ✓

- What may motivate one employee may not be important to another. ✓
- To assess employee motivation, two broad categories of motivational factors, namely **monetary** ✓ and **non-monetary** ✓ factors will be considered.

Monetary factors to motivate employees:

- A salary increase ✓ may temporarily raise the motivation levels of some of the workers.
- Consider these factors as well: a performance bonus, ✓ profit sharing ✓ or payment on a commission basis. ✓
- These options may work very well, as the employee knows if certain targets are met, he/she will be rewarded. ✓
- If, however, performance is inadequate, ✓ the additional monetary reward will be withheld. ✓

Non-monetary factors to motivate employees:

The following factors are listed as non-monetary motivators, but it is important to keep in mind that not all will apply to every employee. Many aspects namely employee personality, ✓ skills level ✓ and years of experience, ✓ may or may not apply to, or motivate an employee.

- **Job enlargement:** This refers to a situation where additional tasks are added to the original job. This may motivate the employee if he/she feels there is less repetition (the job is less monotonous). It is, however, important to make sure the employee does not become demotivated when he/she feels more work must be done for the same salary.
- **Job enrichment:** The employee gets more responsibility and often more authority. The employee thus feels he/she is trustworthy, and on a personal level he/she may believe it is possible to achieve his/her full potential. At times it may be necessary to give the employee additional training to ensure skill levels match the requirements of the task.
- **Empowerment and advancement** of the employee: If employees are given opportunities to develop by learning new skills and gaining wider knowledge to be applied when they are offered new challenges and responsibilities, they will feel that it is a win-win situation as the business gains from their new competencies and they may have more to add to their CVs.
- **Flexible hours (if possible):** Life is fast and does not wait for anybody. People experience strain from demands on their time from family and friends, hobbies and several activities. By allowing

the employee to decide which hours should be allocated for work and various activities; motivation levels in all probability will increase to get the work done efficiently, speedily and to a high standard.

- Recognition of good work should preferably be done openly in front of office colleagues, while reprimanding an employee (also a form of motivation) should be done in a closed office in private. One form of recognition is the 'employee of the week/month' programs that some businesses utilise.
- Employees are more motivated when they feel appreciated. This can be achieved through recognition (as mentioned above), but also by allowing employees to be part of a successful team, including them in decision making (where appropriate) and by respecting their opinions.
- Some employees prefer precise instructions for tasks or work to be performed. This certainty often increases motivation levels and job performance. Other employees may prefer to work independently and not want constant supervision or questions about their performance.
- Wellness programs such as childcare facilities, time off, assistance with household problems such as burst geysers, free parking or gym membership may also motivate some employees.

(Consider any other relevant facts that show an understanding of how the two management tasks could lead to a competitive advantage)
(Candidates must give at least one example in each explanation) OR (Full marks could be earned if the examples illustrate full understanding of how the two management tasks could lead to a competitive advantage)
(Consider breadth and/or depth)
(Any 8 facts × 1 mark each = 8 marks)

6.1.4 '**... contemporary décor** in store offers a great shopping experience.'

Name the element of the 7 P's in the marketing mix quoted above in bold print. Motivate your answer.

Physical evidence ✓

- Consideration must be given to the presentation of the franchise ✓ and the appearance of the staff members ✓ as this gives customers a sense of quality. ✓
- Maintaining an environment ✓ that is clean, ✓ tidy, ✓ friendly ✓ and well decorated ✓ will help reassure the consumer of what they are buying. ✓
- Physical evidence helps to demonstrate and confirm the assumptions ✓ of the customer. ✓
- Also included are other tangible elements such as letterheads, ✓ signage used on the premises, ✓ menus ✓ and even the appearance of the website on the internet. ✓
- The way in which the above-mentioned factors are used to market the business ✓ will impact on its competitive advantage.

(Physical evidence = 1 mark)
(Any 3 facts × 1 mark each = 3 marks for the explanation)
(4 marks)

6.2 6.2.1 **Discuss the possible reasons why conflict could arise in a general retailer business.**

- 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 to realise their personal goals in terms of their ambitions. ✓
 - Egos often get in the way ✓ when people do not want to compromise ✓ and
 - insist on their way of doing things. ✓
- Differences in backgrounds, ✓ cultures ✓ and values ✓ often ruffle feathers and lead to irritations and lower productivity. ✓
- 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/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.
- Change ✓ brings uncertainty ✓ and this may lead to conflict as there is often resistance to change. ✓
 - It is much more comforting to keep doing things the way they have 'always been done'. ✓
 - 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. ✓
- 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. ✓
- Previously unresolved issues may 'erupt' in conflict in the future. ✓
 - Unresolved issues will remain an issue ✓ for as long as both parties are required to work together. ✓
 - This unresolved conflict may even 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. ✓

(Consider any other relevant reason why conflict may arise in a supermarket business.)

(Any 4 facts × 1 mark each = 4 marks)

6.2.2 Suggest how management could resolve conflict situations in a business. Use examples to illustrate your suggestions.

The requirements of the specific situation and the skill of the manager ✓ will determine which conflict-handling approach will work best. ✓

When an **accommodating** ✓ approach is followed,

- the person will be cooperative ✓ and
- not assertive. ✓
- He/she will probably neglect ✓ his/her own interests ✓ and
- even sacrifice some of his/her beliefs ✓ when yielding to the other's point of view. ✓

A person opting to **avoid** ✓ the conflict situation

- ignores the conflict ✓ by withdrawing from the situation ✓
- or postpones dealing with it till a later stage ✓ or
- avoids the situation by getting someone else to deal with the conflict situation. ✓
- If it is not an important issue, this approach may very well work – almost like the saying 'pick your battles carefully'. ✓

When **collaborating/cooperating**, ✓

- the parties try to work with each other ✓
- in a situation that fully satisfies everybody involved. ✓
- When collaborating, the parties attempt to find a solution that fully satisfies everyone's concerns. ✓
- This will usually take time, ✓
- as the underlying differences must be uncovered and addressed. ✓

Competing ✓

- means an individual is not prepared to give in, ✓
- instead he/she will do everything in his/her power to win. ✓
- People will follow this approach if the conflict is over a principle or value that cannot be relinquished. ✓

Compromising ✓

- means the parties are trying to find an acceptable solution ✓
- to the mutual (although sometimes only partial) satisfaction ✓ of both parties by seeking a common middle ground. ✓

**(Consider any other suggestions on how management could resolve conflict situations in a business)
(Any 8 facts × 1 mark each = 8 marks)**

6.3 Discuss how the production manager could help to improve the quality of performance of a bakery associated with a supermarket.

- Production is the combination ✓ of the factors of production (natural resources, ✓ labour, ✓ capital ✓ and entrepreneurial skill ✓)
- in order to provide the right **product** ✓ at the right **place** ✓ and **time** ✓ in the **quantity** ✓ demanded and at the **price** ✓ the consumer is prepared to pay for the product.
- The production function has as its aim to create utility of form ✓
- to transform raw materials ✓ into a product that can be used to satisfy needs. ✓

- It is important to keep manufacturing cost as low as possible, ✓
- while maintaining quality and standards. ✓
- Continuous product design ✓ is important to satisfy the needs of consumers. ✓
- The production and marketing departments should combine efforts ✓
- to design the product and packaging ✓ in such a way that it will attract customers to buy the product.
- **Automation** is becoming more and more important in the production process and also in other functions in the business. ✓
- Automation refers to a situation where activities that were performed by hand ✓ are now performed by machines. ✓
- As with any decision that may impact on the profitability of the business, ✓
- both the advantages and disadvantages should be considered before a decision is made regarding automation as an option. ✓
- **Quality control** is important during all operations in the business, but especially in the production phase, ✓
- because management wants to guarantee that a good-quality product is supplied to retailers and customers. ✓
- The quality of the product will be influenced by the standard of the raw materials, ✓ the calibre of labour, ✓ reliable machines ✓ and stable working conditions. ✓

(Consider any other relevant point on how the production manager could help to improve the quality of performance of a bakery associated with a supermarket)

(Any 5 facts × 1 mark each = 5 marks)

6.4 Discuss how a situational leadership style could be used to improve the performance of a general retailer. Use examples to illustrate your answer.

- The situational leadership style is a combination of all the different leadership/managerial styles. ✓
- The manager will adapt the management style ✓ to whatever is required in the specific situation. ✓
- If the situation requires disciplinary action to be taken, ✓
- he/she will adopt an autocratic style. ✓
- If the group of employees are artistic ✓ and
- do not respond well to too much structure, ✓
- the manager may opt for a *laissez-faire* approach ✓ by simply advising what needs to be achieved. ✓
- He thus avoids being too prescriptive about the method of achieving the goal. ✓
- A democratic, ✓ transactional ✓ or transformational style ✓ will be implemented where it will yield the best results. ✓

(Consider any other relevant point on how the use of a situational leadership style can be used to improve the performance of a supermarket)

(Candidates must give at least one example in their explanation) OR (Full marks could be earned if the example illustrates full understanding of how the use of a situational leadership style can have an impact on the performance of a supermarket)

(Any 6 facts × 1 mark each = 6 marks)

6.5 'During labour negotiations employees are often forced into strike action.'**Evaluate the effectiveness of this action from an employees' point of view.**

The action can either have positive or negative implications for the employee.

Positive implications

- Employers may be more willing to compromise in their negotiations ✓ because they don't want their business to be associated with strike action. ✓
- Workers can showcase their strength ✓ with numbers in the strike.
- Workers can use the strike action as a platform to highlight issues of dissatisfaction in the workplace. ✓
- A well-organised strike can have far-reaching positive benefits (e.g. media exposure) of issues in the workplace. ✓
- Resolution of the labour conflict / labour deadlock may come quicker. ✓

Negative implications

- Consumers, potential investors may be put off having any dealings with the business because of the workers using strike action to resolve conflict. ✓
- Negative publicity – both locally and internationally. ✓
- Violence and loss of life could be a consequence of strike action. ✓
- Workers could lose their jobs. ✓
- There could be an unpleasant working environment that follows the strike action that could hamper productivity. ✓

Workers will need to carefully weigh ✓ the positive and negative implications before embarking on strike action.

**(Consider any other relevant point on the effectiveness of strike action from an employee's point of view)
(Any 5 facts × 1 mark each = 5 marks)**

[50]

150 marks

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)**

MARKETING

Marketing can be defined as the ongoing activities of the business to reach the target market (LSM) and the methods the business utilises to connect and engage with its target market. The purpose of this engagement (with the target market) is to convince the market of the value of the products and/or services (of the business), with the aim of selling these products or services and making a profit.

ROLE OF MARKETING AS PART OF THE OVERALL BUSINESS STRATEGY

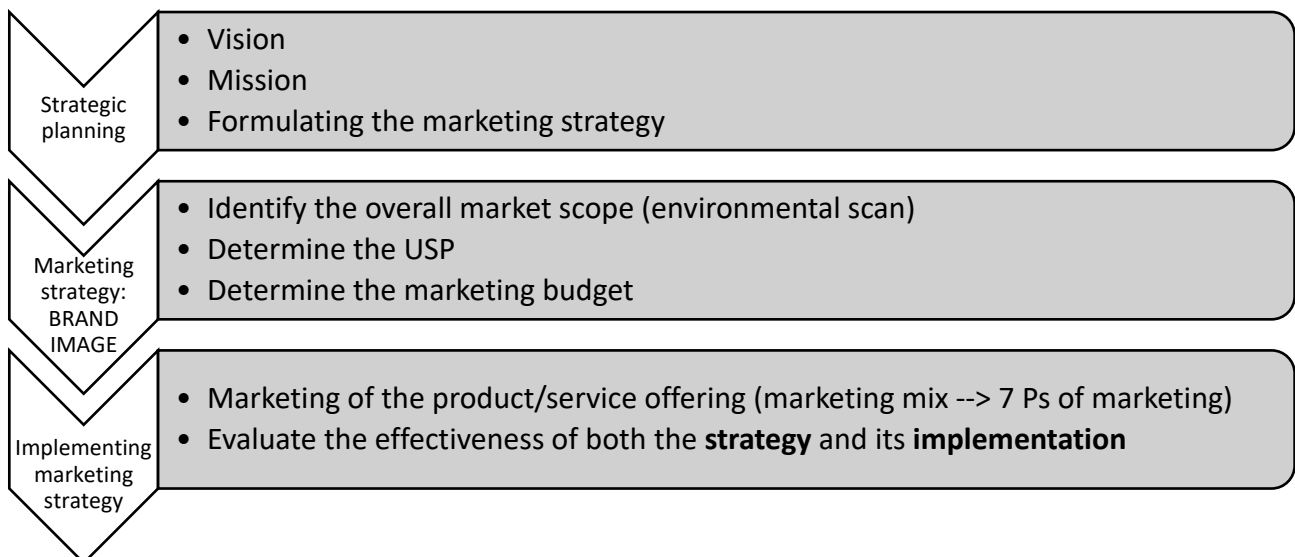
Strategic role of marketing

Before we can understand the strategic role of marketing, it is important to recognise that strategic planning drives the overall performance of the business. Strategic planning involves:

Formulating a vision for the business.

Translating this vision (expectations of what the business may become) into a mission statement to describe what needs to be done TODAY, to achieve the vision for the FUTURE. The setting of objectives, strategies and their implementation are set out below:

This strategic role of marketing can be summarised as follows: **creating and supporting a strong and positive brand identity in the market through a well-planned and well-implemented marketing strategy.**



Marketing is of strategic importance as a function of business

Marketing enables the business to build a brand in the minds of the consumer and then uses this brand continuously to remind the consumers about the business.

Marketing will help to remind consumers about the business' products/services so that when they need to buy that particular product or service, it jumps to mind. In short: marketing is used to gain and retain customers.

One of the most powerful tools of marketing communication is to create a 'marketing buzz' around the product/service. This means the business wants consumers to talk about its product/service. The stronger the awareness of the product/service in the mind of the consumer, the more likely it is that the brand name will be used for future reference and hopefully this will translate into more sales.

Engaging with customers via marketing gives the business the opportunity to listen to the customers' feedback (both good and bad) and helps the business to build a stronger brand (product/service).

Formulating the marketing strategy:

- When planning the marketing strategy, three basic, but different approaches emerge:
 - Some businesses focus all their energy on marketing the overall brand of the business, while spending little time and effort on marketing individual products/services.
 - Other businesses may choose to focus their marketing efforts on marketing the product/service offering, while not spending too much time on the overall brand of the business.
 - A third approach may entail an emphasis on both the business and individual product/service offerings.
- In order to formulate a Marketing Strategy, a five-step process has to be followed:
 - Perform an environmental scan.
 - Define the target market and Unique Selling Proposition (USP).
 - Determine the marketing budget.
 - Implement the marketing mix to achieve the aims of the marketing strategy.
 - Evaluate the effectiveness of the process and take corrective measures where necessary.

Step 1: Environmental scan

The overall market scope is investigated by performing an environmental scan. The environmental scan involves looking at both the external and internal environments:

The external analysis

Focuses on the relevant external elements that may affect the overall performance of the business/brand.

- It is important that the business identifies possible opportunities and threats as part of the strategic marketing plan in order to assess the possible impact (positive and negative) that these elements may have on the business.

Industry analysis

This is the assessment or scanning of the sector that the business operates in. The purpose is to identify opportunities and threats by using the PESTLE-elements.

Competitor analysis:

- The competitor analysis gives the business an overall picture of all the competitors in the market.
- It is critical that the business evaluates the competitors' strengths and weaknesses in order to determine the effect these could have on the performance of the business and then adapt the marketing efforts accordingly.
- If we consider Porter's Six Forces Model, competitors may include:
 - Level of rivalry in the marking
 - Threat of new entrants in the market
 - Substitute products in the market (indirect competition)

Customer analysis:

- A business needs to keep in mind the power that the buyer has (remember the discussion of the Porter elements).
- It is important that the business looks at both current and potential customers to see where their needs are not satisfied.
- Analysing the customer base will help the business to identify the potential market segmentations (LSM-groupings).

The internal analysis

The internal analysis applies to those elements which are internal to the business. The business is able to control these factors, which comprise of the eight business functions.

- The following tools could be used to help the business understand the internal marketing environment:
 - SWOT analysis
 - Value Chain
 - Resource-based analysis

Step 2: Target market and USP

- Once the business has analysed both the external and internal environments in order to identify those factors which may influence the marketing strategy, it is important to consider WHAT the target market (customers) need, and WHY they would buy OUR product/service instead of supporting the competitors.
- The factor(s) that will differentiate the business' product/service is known as the Unique Selling Proposition (USP) and may be based on factors such as:
 - Costs
 - Brand identity
 - Utilisation/incorporation of technology in the use of the product/service
 - Quality

Step 3: Marketing budget

- Determine the marketing budget. Too often businesses think of marketing as an expense that should be minimised. The business should rather think of money spent on marketing as an investment in the business that will reap long-term benefits.
- The amount of money spent on marketing will be determined by the methods of marketing communication used. Advertising on TV is far more expensive than internet marketing. An electronic billboard is more expensive than direct mail. It is, however, not only the costs that should be considered, but also the effectiveness of relaying the message to the target market.

Step 4: Marketing mix and marketing strategy

The aim of all marketing activities is to ensure that the 7 Ps of marketing are directed at the consumer. This means that the marketing strategy is fully implemented.

Traditionally, marketing was seen as four Ps, namely a **PRODUCT** that is sold at a specific **PRICE** and **PLACE**. And in order to do so the business has to **PROMOTE** the product to the target market.

PRODUCT

As the world economy moved away from a largely 'product-driven' focus, it became clear to marketers that the marketing of products alone proved inadequate; equally important is to consider how **services** should be marketed.

For this reason an additional three Ps were added to the traditional four Ps. The three Ps that are associated with service marketing are:

- People (rendering the service)
- Physical evidence (associated with the service)
- Processes (used while the service is rendered and/or consumed)

A service is any action offered by one party to another and although it is essentially intangible, it may be linked to a physical product. Where the service and a physical product are combined, it is known as a hybrid-service offering. For example: Debonairs sells pizza and offers a delivery service to customers.

What **type** of product (or service) is being sold? This may range from:

- **Convenience goods** where customers are usually not very brand-loyal and they want to make the purchase as speedily and easily as possible, for example obtaining bread and milk. When the business sells these products, it will implement different marketing strategies to those of a business selling select or speciality goods, because different factors will influence the consumer's decision to buy. **Fast food sold at general retailer is mainly seen as convenience goods.**
- **Select goods** are usually only purchased after the consumer has considered the price, quality and brand name vs. those of a competitor's products.
- Customers wanting to buy **speciality goods**, such as cars, will spend a lot of time before a decision to purchase is made. The consumer wants to be certain the item is precisely what he/she wants before this 'once-in-a-lifetime' purchase is made. Consumers tend to be more conscious of a specific brand when it comes to speciality products, an important factor for the business to keep in mind in the building of its brand and marketing campaigns.
- **Services** are intangible. When a service is marketed, it could be an individual service that is being sold or the service could form part of the overall product on offer (e.g. Debonairs pizza at the forecourt offering a delivery service to support the sale of pizzas or the petrol attendant washing the window or putting air in the tyres).

- The **life cycle** of the product will have an impact on how the product is marketed by the business.

The **Packaging** of the product:

- It helps to protect the product and may make it easier to stack the items on the shelves. Think about the shape of Coke cans and how they fit on top of each other. The same applies to cans of oil sold at the garage.
- It helps to identify the manufacturer by displaying the name, trademark and brand. It gives the consumer valuable information on the ingredients used in the manufacturing of the product.
- It helps to target different segments of the target market.

PRICE

- Price can be described as the monetary value (rand value in South Africa or a different currency for another country) of a product or service that the consumer is prepared to pay (opportunity cost). The retailer has to set the price at a certain level to remain competitive in the market.
- When the business decides on the price, the following should be considered:
 - Will the consumer be prepared to pay the price charged? Although we usually assume the consumer wants to pay as little as possible, a 'snob attitude' may influence the consumer to reconsider the product if he/she thinks the price is too low thus the quality cannot be good. This concept does not really apply to garages as petrol is homogeneous, but general retailer could attempt to market themselves in term of 'snob values'. E.g. based on the coffee brand sold.
 - How does the price charged compare to prices of similar products offered by competitors?
 - How sensitive are consumers to a change in price? The demand for necessities such as petrol will probably not decrease too much if there is a price increase, because consumers have to keep buying these products regardless of the price. On the other hand, a small price increase in luxury products/services (e.g. coffee sold in the forecourt) will probably see a relatively big decrease in the demand.
 - The availability, quality and price of substitute goods (a different product satisfying the same need, NOT a different BRAND), may also affect the price of the product. If there is no substitute product available, it makes it easier for the business to increase prices. Examples of substitute products are burgers vs pizza sold at the general retailer. However, to date this is not really a substitute for petrol and diesel (except maybe electric cars).
 - The business may consider a variety of pricing strategies as part of the overall marketing strategy.
 - **Market penetration pricing** refers to a situation where the business will be prepared to sell the product at a low price in order 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 products to get customers to come to the shop. For example, a Debonairs outlet at a forecourt may decrease the pizza price hoping to convince customers to buy cool drinks and other items for lunch or dinner as well.
 - **Promotional pricing** refers to discounts offered for a special event, such as a special on pizza, at the release of a new children's movie, show your movie ticket and get discount on the pizza (value-add ons at a forecourt).

- **Bulk discount** is offered to a consumer that buys large quantities of a certain product (lower cost per unit). Like repeat customers getting a loyalty card or loyalty points at garages or a coffee brand in the forecourt offering a free coffee after 10 purchases.

PLACE

- There are a number of options for the manufacturer to get the product to the consumer:
 - The manufacturer can sell the product directly to the consumer.
 - The manufacturer can sell to the retailer which in turn sells it to the consumer.
 - The manufacturer can sell to the wholesaler which sells to the retailer to **break the bulk**, and finally sell the product to the consumer.
 - It is also possible to use intermediaries or agents in the process, but these options will not be discussed.
- To ensure the consumer buys the product, it has to be distributed to a venue (outlet/shop) that is conveniently situated. A garage has to ensure it is easily accessible from various roads to increase potential customers visiting the petrol station.
- Franchising is also a form of distribution; fuel suppliers distribute their products through their different branded franchises.

The next P to consider is **PROMOTION** (also known as marketing communication):

Principles to be kept in mind when developing and evaluating a marketing communication strategy:

- Only products and services that meet set standards of quality may be advertised (promoted) as 'good quality'. If the business tries to mislead customers, it may backfire, with some customers being reluctant to trust the business in future.
- An in-depth knowledge of the product's features is required before promotional promises are made to consumers in the marketing campaign. Incorrect information must be avoided.
- A unique and memorable design must be central to the marketing campaign to help customers to remember the product and business. This can be achieved by using special advertising themes, slogans and even catchy phrases/jingles.
- The correct advertising medium is very important. The medium is determined by the target market.
- It is illegal in South Africa to criticise or even mention competitors – also refer to the work done by the ASA – Advertising Standards Authority.
- Expenses must be kept within the budget. Money must be spent effectively, thus rather than viewing the promotion of the product or service as an expense, it should be seen as an investment in the future of the business.
- Petrol brands and famous brands need to look at their offering very carefully to decide how to involve the target market through value add-ons such as fast food or car washes and then to target those customers through the relevant marketing communication.

Four elements to the marketing communication mix that are used to reach the consumer:

Advertising:

- Advertising is an impersonal message aimed at a mass audience. There is NOT a reason why the audience has to respond to the message. If the person feels it is a product/service he/she does not want to buy immediately, the message is often ignored.
- The business has to pay to advertise products/services in different media and therefore the business has full control over all elements of the advert, such as the message, the colour, sound and print.

- The message has to be repeated many times before the consumer really pays attention. We live in a world of advert-overload. Consider how many times while reading or talking to friends you may hear an advertisement on the radio, but you are not really aware of or 'tuned into' what is being advertised, because it is 'background noise'.
- While many advertisements win graphic/design awards, it is possible that they fail to deliver on the simple and fundamental principles used to evaluate sound marketing communication. An advertising concept should be evaluated by reviewing the following:
 - It is **engaging**? Does the advert have the potential to 'stop the customer from doing what he/she is busy with and pay attention to the advert's content? When an advertisement is engaging, the customer's interest may be stirred to respond to what is on offer.
 - Is the advertisement **credible**? Are the claims in the advert at all believable, and can the 'facts' be proven?
 - Does the advert create a lasting **impression**? Does the advert have the potential to be remembered? What is the possibility of the advert being remembered in a future survey?
 - Does the advert prompt the consumer to take **action**?
 - Does the advert promote all the features and benefits of the product or service that is important to the customer? Is there a possibility of making the message more **relevant** to the customer?
 - Is the advert part of a series of advertisements that comprises an advertising campaign? Is there **integration** with other promotional messages which add value to the brand of the business?
 - **Branding**: how well does the advert promote the key brand attributes?

Personal selling:

There is interaction between the buyer and the salesperson. The buyer often feels compelled to listen and respond when the salesperson shows a personal interest in the buyer.

Sales promotion:

- Sampling of products, discount coupons, buy-one-get-one-free offers are examples of sales promotions. The instant appeal often persuades the consumer to make an impulsive (unnecessary?) purchase.
- If the business offers too many sales promotions, the consumer may perceive this as desperation by the business to make a sale, which may cause the consumer to question the quality of the product/service.

Publicity:

- People tend to trust publicity more than advertising (it is believed to have a higher degree of credibility), because the business does not pay for the publicity message. Because the message is not seen by the consumer as 'sales talk', consumers seem more willing to listen to this message. Having said this, it is important to bear in mind that the business does not have control over publicity and consequently the message may be positive or negative – the results may not be what the business desired.
- The impression created by the appearance of the buildings, how and where products are displayed and the presence of the staff and the manner in which they talk to customers create a certain image of the business. This is known as *internal publicity*. It does not make sense for the business to spend vast sums on advertising, while internal publicity is neglected.

PEOPLE

- Whether the business renders a specific service or a hybrid service (service combined with a physical product e.g. washing window when putting in petrol), it is probable that people will always be part of the selling equation. The exception would be a vending machine or similar concept, e.g. where customers in other countries fill up their own cars.
- The attitude, behaviour, skill, morale and motivation levels of the employees are just some of the variables that may have a noticeable effect on the service experienced.
- The customer's perception of the quality of service may directly influence the degree of his/her satisfaction and future purchase intentions.
- Because the employee is the face of the business, the business must make certain that there are sufficient control mechanisms (positive rewards or negative punishment) in place, to ensure contact employees will protect and promote the brand and the reputation of the business.
- The quality of the after-sales service is vital to secure customer loyalty to the store/product.

PHYSICAL EVIDENCE associated with the service as the sixth of the seven Ps:

- The physical evidence associated purely with service includes factors such as the store's presentation, and the appearance of the staff members. Also included are other tangible elements such as business cards, brochures, letterheads, signage used on the premises and even the website on the internet.
- The way in which the above mentioned is used to market the business, by relaying a message to the consumer, will depend on the type of business. Consider, for example, how the uniforms and signage used on the premises of a formal restaurant in a five-star hotel and a fast-food franchise at a petrol station are vastly different.

PROCESS

- When defining the **process** as an element of service delivery, it refers to the operating systems and procedures that must be designed and managed to make the service experience as pleasant as possible for the customer.
- **The process** means that part of the service-offering which the customer experiences. This may include how quickly the customer is greeted, time spent in queues, helpfulness of staff members when the customer has a query, how many times an employee 'passes the buck' before the customer is assisted and whether the business follows up to evaluate customer satisfaction.
- In summary, this element of the marketing process means that every employee should know what to do, when to do it and how to do it. If employees have a clear understanding of the service delivery process, it will prevent confusion and help the customer to experience reliable service.

Step 5: Evaluate and correct

- Once the marketing strategy has been implemented, it is important to **evaluate** and review the process in order to identify performance gaps (i.e. where the marketing aims were not achieved).
- The evaluation and review process will also assist the business to achieve operational targets and if not, that procedures such as TQM are implemented to ensure the business satisfies the needs/wants of consumers.
- In short, it can be said that the marketing activities are geared towards improving the overall business performance and this step is implemented to achieve improved performance.

Interdependence of marketing with key business functions

- To improve the chances of the business succeeding, the different business functions must operate efficiently and as interdependent contributors to the same goal and not as independent components.
- Recognising the interdependency, means the different business functions cooperate and collaborate to create synergy in the business.
- Financial function makes funds available to employ staff, buy inventory and to run the marketing campaign.
- Production function manufactures products that will be advertised by the marketing function. This will generate profit that can be used to pay salaries and run the business.
- Marketing function promotes the products/services.
- Human Capital function employs and trains staff to ensure the correct skills in the business to perform all tasks and pays them fair salaries.
- Purchasing department buys inventory, ensures the availability of the correct quality and quantity at the time that the production department needs material, and the marketing campaign is committed to deliver.

Factors influencing the buying decision: The stimulus-response model of buyer behaviour.

Philip Kotler, one of the gurus of marketing, has proposed that the business looks at what he calls 'The stimulus-response model of buyer behaviour' when it wants to understand buyer behaviour.

Kotler's original model has been adapted and changed over the years, and the following version will be used to explain the stimulus-response model of buyer-behaviour:

Step1: The buyer receives a stimulus or is influenced by external factors when making the buying decision.

These external stimuli may be coming from the business in the form of marketing messages (Seven P's of marketing as discussed above). Other influences may be added i.e. stimuli such as economic conditions (an increase or decrease in disposable income), political developments (new legislation) or technological advancements (consumers becoming aware of new products) that were unavailable before.

Step 2: The buyer processes these stimuli by going through different phases:

- Problem recognition – i.e. the buyer becomes aware that he/she has an unfulfilled need or that the product/service that currently meets the need, may soon have to be replenished. The task of the Marketing function is to increase consumer awareness of **desired needs or needs as yet unknown**.
- Search for information – during this phase the consumer may consult with friends, family, acquaintances, sales people, advertisements via mass media, consumer forums or even own knowledge based on previous experiences, to gather information.
- Evaluate different alternatives – when different alternatives are considered, the consumer may consciously or sub-consciously use different criteria such as the features of the product, the benefits of the product or even emotional considerations such as 'how green is the product' or the status associated with the product.
- The consumer then makes a purchasing decision regarding what to buy: the product choice, brand choice, retailer choice, when to buy the product and how much he/she will spend.

Step 3: Post-purchase behaviour will be based on the consumer's experience when the product is used. If the consumer's expectations are not satisfied, it may lead to a negative experience and dissatisfaction, and possibly contribute to alternatives being considered instead. If the consumer's expectations are met or exceeded, it may result in future purchases.

Branding:

The concept of 'what is a brand' is often difficult to understand. Is a brand the name of the product, the trademark or the image of the business? What exactly is **THE BRAND**?

- The brand is all of the above and so much more. The brand is also the impression employees make when interacting with customers and the reputation of the business. The brand tells people what is special about a particular business and what sets it apart from competitors.
- A brand is often said to be the values and beliefs of the business.
- If a business is perceived as a person, the brand will be the appearance as well as the personality of the person. Similarly, just as people work at looking their best and develop positive traits, so a brand should be developed to convey a strong, positive message about the business. Customers need constant reminding of the **essence** of that message. Many businesses have brand managers that ensure that the overall business function is in line with what the brand represents.

Developing a strong brand is part of strategic management and should be driven by Top Management. When a business decides what it is, where it wants to go and how it wants to get there (vision and mission), it also has to formulate a value statement. The value statement describes what the business represents and its core beliefs or philosophy. Employees who 'live' or embody the value statement as part of the organisational culture will project a definite message about the business. If this message is aligned with the brand (what the business claims it is about) and consumers hear the same message, they would regard the business as credible.

Before reviewing the concept of branding in more detail, it is important to understand the relationship between the name of the business or product and the trademark. In short it can be said that the BRAND is the combination of the name and trademark.

The brand name is the name of the business (or product), while the trademark may be the name of business, as well as the logo (special mark or picture) that differentiates products.

[50]

50 marks

Total: 300 marks

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

CRITERIA	0		1		2		Section C
Format	Not meeting the correct standard.		Partially correct format.		Correct format.		
	0	1		2		3	
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).						
Sub-total: (30 marks)							

BUSINESS STUDIES: 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.				
	0	1		2		3		4					
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.				
	0	1	2		3		4		5		6		
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.		Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.		
	0	1	2		3		4		5		6		
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.		Any three of the criteria fulfilled.		Any four of the criteria fulfilled.		Any five of the criteria fulfilled.		All six of the criteria are fulfilled.		
1 Introduction – don't just re-write questions but show 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.													
Sub-Total: (20 marks)													
TOTAL													