



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sport Ontwikkeling
Lefapha la Thuto le Tihabololo ya Metshameko

NORTH WEST PROVINCE

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

BUSINESS STUDIES

JUNE 2017

MEMORANDUM

MARKS: 300

This memorandum consists of 30 pages.

SECTION A

(Compulsory)

QUESTION 1

- 1.1.
- 1.1.1. B ✓✓
- 1.1.2. C ✓✓
- 1.1.3. B ✓✓
- 1.1.4. A ✓✓
- 1.1.5. B ✓✓
- 1.1.6. A ✓✓
- 1.1.7. B ✓✓
- 1.1.8. B ✓✓
- 1.1.9. C ✓✓
- 1.10 C ✓✓

(10x2)=20

- 1.2
- 1.2.1 E✓✓
- 1.2.2 D✓✓
- 1.2.3 F✓✓
- 1.2.4 B✓✓
- 1.2.5 A✓✓

(5x2) =10

1.3

- 1.31. Close Corporation✓✓
- 1.3.2 Alliances ✓✓
- 1.3.3 Theft✓✓
- 1.3.4 Leasing✓✓
- 1.3.5 Intellectual Property Commission✓✓

(5x2) (10)

Total Section A: (40)

SECTION B

Mark the first THREE questions from this section

QUESTION 2

2.1 Case study on business environments

2.1.1 Suggested responses

Business environment	Challenge	Recommendation
----------------------	-----------	----------------

<p>Micro environment ✓✓ (2)</p>	<p>-Management does not monitor and support employees. ✓✓ -Increase in petrol price✓✓ -Legislation/ employees must go for skill development and training✓✓ Sub max (2)</p>	<p>-Send managers for training/ managers must support/motivate and monitor employees. ✓✓ -Lower profit margin or find local suppliers or outsource transport services✓✓ -Comply with the new legislation/ send employees for training and development. ✓✓ Sub max (4)</p>
<p>Macro environment ✓✓ Sub maximum(2)</p>	<p>Increase in petrol price✓✓ HIV/AIDS✓✓ (2)</p>	<p>Lower profit margin or find local suppliers or outsource transport services✓✓ -Roll out ARV's ✓✓ -HIV/AIDS workplace campaign✓✓ -HIV/AIDS counselling Sub max (4)</p>

Max (16)

2.2 The importance of information management

- Information management is a process of communicating to the relevant parties all the information that a business needs. ✓✓
- Businesses use technology to manage information because it is quicker, faster and more convenient. ✓✓
- Information management includes securing sensitive information against being stolen or compromised. ✓✓
- Information management can create a competitive advantage for a business ✓✓
- It allows the business to present better information in better ways to stakeholders. ✓✓
- Management needs to implement an effective information management system which is accessible and useful to all staff. ✓✓

- Any other relevant answer related to the importance of information management for businesses. **Max (4)**

2.3 Ways businesses can get involved in the macro environment.

- Getting involved in the fight against HIV/AIDS. √√
- Investing money in training employees to keep up to date with the latest technological inventions. √√
- Hedging against inflation, business could lobby to prevent an increase in fuel or electricity price. √√
- The business must behave in a way that is in the best interests of its community (corporate citizenship). √√
- Businesses can influence the supervisory body/ regulators. √√
- Businesses can form a strategic alliance agreement with relevant stakeholders so that each party can concentrate on their strengths. √√
- Make use of direct lobbying to influence parliamentary decision making. √√
- Any other relevant answer related to ways in which businesses can get involved in the macro environment.

Mark the first FIVE (5)

(5x2) (10)

2.4 Functions of the trade unions.

- Negotiate recognition of the union√ and the shop steward by the employer. √
- Represent employees in meetings√ and disputes with employers. √
- Protect employees√ from discrimination and abuse. √
- Protect employees of their right√ and how to enforce these rights. √
- Protect employees from unfair labour practices√ and unfair dismissals. √
- Take legal action √on behalf of members when necessary. √
- Any other relevant answer related to the functions of the trade union.

Mark the first FIVE (5) only

(5x2) (10)

2.5 Differences between a copyright and a patent

Copyright

- It is a right to prevent others from making copies / a legal device √that provides the creator of a work art or literature. √
- Work that conveys information or ideas, √ the right to control how the work is used. √
- Examples of copyright are literary work, artistic works, musical works, sound recordings, films and broadcasts or computer programs. √
- Any other relevant answer related to a copyright **Sub max (2)**

Patent

- A patent is a certificate issued by the patent office of a particular country or territory. ✓ The certificate verifies that an invention is new or novel and is protected from piracy for a limited time. ✓
- It is an exclusive right granted for an invention, which is a product or a process ✓that provides a new way of doing something, or offers a solution to a problem. ✓
- Any other relevant answer related to a patent

Sub max (2)
Max (4)

2.6 The relationship between information management and strategic responses

- Strategic responses are actions that an organization takes to align itself with the environment. ✓✓
- Business must be able to collect and manage information so that they are able to respond to the challenges of the business environments. ✓✓
- Strategic planning allows the business to identify the current challenges of the macro environment affecting the business. ✓✓
- The business will have a strategic plan to deal with the identified challenges and a strategic response that is based on the information that has been researched. ✓✓
- Any other relevant answer related to the relationship between information management and strategic responses

Max (4)

2.7. Scenarios on forming business relationships

2.7.1 SCENARIO 1

Lobbying ✓✓

(2)

Motivation

- Lobbying refers to the process of trying to influence legislation ✓or parliamentary decision-making. ✓
- Mandla has requested a meeting with the management of the municipality ✓regarding his business having to close at 5pm instead of 8pm. ✓
- Mandla is acquiring public support because he has requested the presence of community leaders ✓to attend a meeting with the local municipality. ✓
- Any other relevant answer related to lobbying linking it to the scenario.

Sub max (2)

IDENTIFICATION (2)

EXPLANATION (2)

Max (4)

2.7.2 SCENARIO 2

Networking ✓✓

(2)

Motivation

- Networking is the process of meeting new people✓, because knowing them holds some advantages. ✓
- Queen *spoke* to entrepreneurs ✓from different cultures, ages, and with special interests. ✓
- Queen spoke to these people✓ because she does not have the necessary skills to run the business. ✓
- Queen might learn entrepreneurial skills✓ from other entrepreneurs. ✓
- Any other relevant answer related to networking linking it to the scenario.

Sub max (2)**Max (4)****2.7.3 SCENARIO 3**

Power relationship✓✓

(2)**Motivation**

- Power refers to a person's ability✓ to influence other people's thoughts, actions or choices. ✓
- Dicky has the reward power ✓because he has the ability to control the distribution of rewards that are valued by others, such as money, promotions or vacation time. ✓
- Dicky knows how to go about attracting large businesses ✓to invest in his company.
- Any other relevant answer related to power relationship linking it to the scenario.

Sub max (2)**Max (4)****[60]****QUESTION 3: BUSINESS VENTURES****3.1 Forms of ownership****3.1.1 Public Company ✓****3.1.2 Characteristics of Public Company**

- Owned by✓ shareholders. ✓
- Minimum number of shareholders is one, ✓
- maximum to amount of share available. ✓
- Managed✓ by directors. ✓
- Minimum number✓ of directors is three. ✓
- Name of public companies must end✓ with "Limited", or "Ltd". ✓
- Securities may be✓ offered to the public. ✓
- A securities register ✓must be kept.✓

(4x2=8)

3.1.3 Difference between Public Company and Close Corporation

CRITERIA	PUBLIC COMPANY	CLOSE CORPORATION
Legal formation	File Memorandum of Incorporation with the CIPC✓	Founding statement was used. ✓
Number of owners	1 and more✓	1-10✓
Owners are known as	Shareholders✓	Members✓
Sources of capital	Selling shares to the public✓	Contribution of members ✓

(4x2=8)

3.2 Outsourcing and Franchising**3.2.1 Discuss advantages and disadvantages of a franchise.****Advantages of a franchise business:**

- The business is a proven one. Other successful franchises can
- be studied before making a commitment. ✓✓

The business will use a recognized brand name and trademarks. ✓✓

- The franchisor gives the business support in the form of training;
- setting up the business and how to run the business. ✓✓
- Can obtain exclusive rights in certain geographical area. ✓✓
- Financing the business may be easier. ✓✓
- Relationships with suppliers have already been established. ✓✓

(Any 2 x 2=4)

Disadvantages of a franchise:

- Costs may be higher than expected. ✓✓

- There may be restrictions in the franchise agreement on how you
- can run the business. ✓✓
- The franchisor may go out of business. ✓✓
- Other franchisees could give the brand a bad reputation. ✓✓
- May be difficult to sell the business as a franchise. ✓✓
 - All profits are usually shared with the franchisor. ✓✓
 (Any 2 x 2=4)
- Max(8)

3.2.2 Recommendation on outsourcing and reason for your choice

- Linda could outsource the account of her business. ✓✓
 - If the business does their own accounts they will need auditors, a debt
 - collector and will have to incur the costs of their salaries. ✓✓
 - It is less risky if qualified accountants are contracted to do accounts. ✓✓
- Accept any suitable relevant answer for the case study . (Any 2 x 2=4)

3.3 Project Planning

- Determine why the project must be executed ✓✓
- Define the project ✓✓
- Determine who you will need to involve ✓✓
- Identify and analyze all the activities required to complete the project ✓✓
- Identify the resources you are going to need ✓✓
- Identify risks ✓✓
- Execute the project ✓✓
- Evaluate and reflect on the project ✓✓
- Any other relevant answer related to the steps in project planning

NOTE: Steps can be in any order

(6)

3.4 Presentation

3.4.1 Pie Chart / circle Diagram ✓ (1)

3.4.2 $100 - 20 - 27 - 3 = 50\%$ ✓ (2)

3.4.3 Advantages of using visual aids when doing presentations

- Adds impact✓ and interest to the presentation✓
 - Enables the presenter to appeal to more than one sense of members✓ of the audience at the same time ✓
 - Increases understanding✓ and retention levels of the audience✓
 - Concepts/ Ideas are no longer simply words ✓ but words plus images ✓
 - Summarizes the information in a visual way to make it memorable✓ and meaningful✓
 - It is easier ✓ to show information visually ✓
 - Any other relevant answer related to the advantages of using visuals when doing a presentation
- Max (6)**

3.4.4 Responding to questions in a non-aggressive and professional manner

- Limit question time so that it doesn't make you go over your time limit ✓✓
- Remain calm and open✓✓
- Listen carefully to each question✓ and write key words of the questions✓✓
- Be sure that you know what you are being asked ✓✓
- Answer clearly and calmly and keep responses brief✓✓
- Check the person who asked the question✓ whether the answer was sufficient ✓✓
- Ask the presenter if the question is not clear ✓✓
- Acknowledge your mistake and apologize ✓✓
- Request the audience✓ to continue discussing the issue via email/ telephone if you run out of time ✓✓
- If you don't know the answer say so and give the answer at a later date ✓✓
- Any other answer that is related to responding to feedback **(8)**

3.5 Steps in writing a report

- Define the purpose of the report and who will read it ✓✓
- Do research and compile information you need✓✓
- Clearly display the topics at the top of the page ✓✓
- The information must be logically ordered and flow consistently ✓✓

- Use shorter sentences rather than long clumsy sentences ✓✓
- Use correct grammar for the purpose of the report ✓✓
- Reread/proofread the report and make sure the spelling is correct ✓✓
- The appearance and layout of the report must be professional and neat ✓✓
- Ensure that it is informative and provides the reader with information they require ✓✓
- Any other relevant answer related to steps in report writing **Max (8)**

[60]

Question 4: BUSINESS ROLES

4.1 Ethical and Professional

4.1.1 Scenario

Example from the scenario	Unethical or Unprofessional
<ul style="list-style-type: none"> • The company buys stolen parts from dealers ✓ 	<ul style="list-style-type: none"> • Unethical✓
<ul style="list-style-type: none"> • Employees make promises they cannot keep/always late for work✓ 	<ul style="list-style-type: none"> • Unprofessional✓

Max (4)

4.1.2 Ways to conduct business in a responsible and professional manner.

- Register the business and trade legally✓✓
- Pay regular tax✓✓
- Pay employees fair wages✓✓
- Do not accept a bribe to appoint certain candidates✓✓
- Do not enter into price fixing schemes✓✓
- Do not buy goods from suppliers who make use of child labour ✓✓

- Do not use bribes to secure contracts ✓✓
- Not starting a business venture at the expense of someone else ✓✓
- Not discriminating against employees ✓✓
- Any other relevant answer related to ways to conduct business in a responsible way

MARK FIRST THREE ONLY

(3x2=6)

4.1.3 Principles of professionalism and ethics

- Not compromising ones principles and values ✓✓
- Behaving in a dignified and respectful manners ✓✓
- Treating people with respect regardless of their positions/status ✓✓
- Adopting an attitude of life-long learning ✓✓
- Representing one’s employer with dignity ✓✓
- Keeping appointments and attending meetings ✓✓
- Doing work properly and checking before submission ✓✓
- Focusing on work that is being done and not the people involved in the project ✓✓
- Staying objective and making decisions based on facts ✓✓
- Any other relevant answer related to the principles of professionalism and ethics

MARK FIRST FOUR ONLY

(4x2=8)

4.2.1 Difference between routine thinking and creative thinking

Routine Thinking	Creative Thinking
Ways the problems are usually solved ✓	Unique ways of solving problems ✓
Thoughts follow and obvious patterns ✓	Finding more than one solution to a problem ✓
Used for work that requires logic/consistency and attention to detail ✓	Used when innovative ideas are required to solve new problems ✓
Any other relevant answer related to creative thinking ✓	Any other relevant answer related to creative thinking ✓

MAX (4)

4.2.2 Aspects that serves as mental blocks to creative thinking.

- Trying to find a right answer✓✓
- Trying to be logical and practical, ✓ which inhibits creative thinking abilities✓
- Believing that✓ being wrong is bad✓
- Believing that is only one✓ right way of doing things ✓
- Doubting your own abilities ✓to be creative✓
- Being critical ✓and pessimistic ✓
- Being afraid to make a mistake✓ and look foolish✓
- Taking yourself too seriously✓✓
- Having preconceived ideas✓ about what is right✓
- Any other relevant answer related to aspects that serve as mental blocks to creative thinking

Mark only the first FOUR (4)

(4x2=8)

4.3 Steps to deal with crises:

- Do not get involved in other people's crises, ✓ you can just make it more or develop one of your own. ✓
- Act promptly✓ if you have a crises to avoid it becoming bigger. ✓
- Remain calm✓ so you can think realistically and deal with the crises on hand. ✓
- If the crisis falls within your field of expertise✓, act on it. However, obtain expert advice if the crisis falls outside your scope of expertise. ✓
- Discuss the crisis with a colleague you trust✓ as this will help you gain perspective. ✓

Description (5 x 1) (5)

o Explanation (5 x 1) (5)

▪ Max (10)

4.4 Reasons for resisting changing:

- Loss of security:✓workers feel secure with what they know and with an old manager.✓
- Fear of economic loss: ✓ workers may disapprove a new production process because they feel that it will lead to retrenchment. ✓

- Loss of power and control: ✓ when a business restructures, some people may not have as much power as they had before. ✓
- Reluctance to change old habits: ✓ people get into the habit of making the same decisions. ✓
- Awareness of weakness in the proposed change: ✓ when employee's resist change. ✓
- Peer pressure: ✓ when groups of people pressurize others to resist change. ✓
- Time and scope of change: ✓ change should happen when people are receptive and well prepared for it. ✓
- Misunderstanding: ✓ when management proposes a change that benefits everyone, people may resist because they do not fully understand its purpose. ✓
- Accept any relevant reasons for resisting change.

MARK FIVE FOUR ONLY

(Any 5 x 2=10)

4.5 John Kotters steps in managing change.

- Establish a sense of urgency ✓ among employees to deal with change✓
- Management and employees must work together✓/ create guiding coalition✓
- Create a clear vision✓ for the business✓
- Communicate and explain the vision✓ to all employees/empower broad-based action✓
- Make it possible for all employees ✓to respond to the vision ✓
- Plan and create short-term goals✓ and successes✓ / Generate short-term wins
- Combine all improvements ✓ and produce even more change/ consolidate gains✓
- Make new approaches✓ part of the business's procedures/ Anchor in the culture✓
- Any other relevant answer related to John Kotter's theory can be used to manage change in the workplace

MAX (10)

[60]

QUESTION 5: MISCELLANEOUS TOPICS**5.1 Challenges of the micro environment.**

- Difficult employees. ✓✓
- Lack of vision and mission. ✓✓
- Lack of adequate managerial skills. ✓✓
- Unions. ✓✓
- Strikes and go slows. ✓✓
- Skills shortages among employees. ✓✓
- Employee absenteeism ✓✓
- High employee turnover. ✓✓
- Any other relevant answer

NOTE: Mark the first FIVE (5) only**(5X2) (10)****5.2 Socio-economic issue represented by each statement.**

5.2.1 Inflation ✓✓

5.2.2 Poverty ✓✓

5.2.3 Demographics ✓✓

5.2.4 Economic crime/White collar crime ✓✓

5.2.5 Dumping ✓✓

(5x2) (10)**5.3 Differences between mergers and /Acquisition (takeovers)****Mergers**

- Two or more businesses combine to form a new business ✓✓
- Two enterprises joining one another in order to become one enterprise through mutual agreement ✓✓
- Any other relevant answer to mergers or an example of mergers

Sub max (2)**Acquisition (takeovers)**

- When one company purchases another company and this may be friendly or hostile ✓✓
- Taking over an existing business by buying out its shares until another business has the controlling interest. ✓✓
- Any other relevant answer related to mergers or an example of mergers

Sub max (2)**Max (4)****5.4 Examples of how businesses may lobby.**

- Businesses may influence situations to meet their specific business activities through talking to other businesses, organizations, pressure groups or government structures. ✓✓
- Hedging against inflation can take place when a business secures itself against losses due to high inflation rates by influencing law makers to keep prices from rising too suddenly. ✓✓
- Influencing supervisory bodies and regulators ✓✓
- Influencing unions through collective bargaining ✓✓
- Influencing investors ✓✓
- Forming strategic alliance agreements. ✓✓
- Any other relevant answer related to the examples of lobbying

Mark the first THREE (3) only

(3x2) (6)

5.5 Business sectors

5.5.1 Secondary sector ✓✓

(2)

5.5.2 **The relationship between the three business sectors based on the given picture.**

- The primary sector is responsible for supplying raw materials for manufacturing cars. ✓✓
- Cars are manufactured in the secondary industry using raw materials obtained from the primary sector. ✓✓
- The different types of machinery etc. are also purchased from the tertiary industry and manufactured in the secondary industry. ✓✓
- Cars are sold in the tertiary industry. ✓✓
- All the equipment for manufacturing cars was also manufactured in the secondary industry and purchased from the tertiary industry. ✓✓
- The business will utilise the insurance services from the tertiary industry to insure these cars. ✓✓
- All the money earned from selling cars will be invested in the banking sector from the tertiary industry. ✓✓
- Any other relevant answer related to the relationship between sectors.

Max (10)

5.6 Case study on counterfeiting

5.6.1 When an unauthorised party uses a registered trade mark in relation to goods covered by the registration. ✓ **(1)**

5.6.2 **Products that can be counterfeited from the case study**

- Fake soaps✓
- Shampoos✓
- Clothing and bags✓

**Do not allocate marks for responses that are not quoted from the case study
(Any 1x1) (1)**

5.6.3 How people counterfeit goods

- Using foreign languages, which leads consumers to believe that these are genuine goods✓✓
- Any other relevant answer related to how people counterfeit goods (2)

5.6.4 TWO ways, (from the case study), that business can avoid counterfeiting.

- Rely on your trade mark registration✓
 - Sue for trade mark infringement✓
 - Have a case of copyright infringement✓
 - Any other relevant answer related to how businesses can avoid counterfeiting
- Do not allocate marks for responses that are not quoted from the case study
(2x1) (2)**

5.6.5 Differences between a trademark and copyright.

Trade mark

- A unique mark that represents a business enterprise and which belongs to the enterprise✓✓
- Any work, symbol, phrase, design, sound, smell, colour, brand name, slogan or a logo ✓✓
- Any other relevant answer related to a definition or example of a trade mark

Sub max (2)

Copyright

- A law that protects a person's intellectual property so that other people cannot use it as their own. ✓✓
- Only an owner of intellectual property has the right to produce and copy the intellectual property. ✓✓
- A person who has written, printed, published, performed, sculpted, painted, filmed or recorded is automatically the owner of the copyright to that work. ✓✓
- Any other relevant answer related to a definition or example of copyright

Sub max (2)

Max (4)

5.6.6 Copyright and trademark infringement.

Copyright infringement

- When a person uses someone else's work without their permission. ✓✓

- When copyrighted material of others is used for commercial gain and not for private or personal use. ✓✓
- Any other relevant answer related to an explanation or example of copyright infringement. Sub max (2)

Trade mark infringement

- Using others trade mark without their permission✓✓
 - Any other relevant answer related to an explanation or example of trademark infringement. Sub max (2)
- Max (4)**

5.6.7 Purposes of the trade mark

- Protects the business and consumers against imitations. ✓✓
- To identify the manufacture or producers of the product/ Distinguish the manufacturer 's products from similar or related goods✓✓
- To prevent unauthorised use of a trade mark by someone else✓✓
- To claim damages from someone who infringes the trade mark✓✓
- To expand the business internationally✓✓
- To expand the business through a franchise✓✓
- Any other relevant answers related to the purposes of the trade mark

Mark the first TWO (2) only (2X2) (4) [60]

TOTAL SECTION B: 180

SECTION C

Note: mark the first TWO essays.

QUESTION 6

Discuss the challenges of the elements of the market environment, and recommend ways in which businesses can deal with each of these challenges.

6.1 Introduction

- The market environment provides the support networks that allows businesses to exist and operate✓
- Consumers provide a market for goods and services✓
- Competitors ensure constant development✓
- Suppliers and intermediaries provide resources and services and Suppliers and intermediaries provide resources and services and carefully observing events in the market environment. ✓
- vents in the market environment. ✓
- Any other relevant introduction (1x2) (2)

6.2 Challenges of the market environment**6.2.1 Competition✓✓**

- Businesses offering the same or similar products ✓are often serious threats to one another✓
 - Consumers will buy from the enterprise✓ where they get the most value for their money✓
 - Competition can shrink/✓reduce the market share of businesses✓
 - Business cannot make sufficient profits ✓when the demand is not high to support the supply of the same goods and services✓
 - Any other relevant answer related to challenges of competition
- Allocate 2 marks for heading and 2 marks for explanation**

Sub max (4)

Recommendations

- Management must ensure that the business differentiates itself from its competitors in order to gain a competitive advantage/ offer a different product or service✓✓
- Businesses may have lower prices✓✓
- Offer more personalised services✓✓
- Produce quality products✓✓
- Have well trained and knowledgeable staff
- Any other relevant answer related to how business can overcome competition

Sub max (4)

6.2.2 **Shortage of supply✓✓**

- Supplies can be disrupted ✓as a result of bottlenecks✓
- Shortages can also be caused by strikes✓ in the supply chain, climatic conditions, natural disasters✓
- It is not easy to select suppliers✓ which are reputable, trustworthy and reliable. ✓
- An enterprise experiencing shortage of supplies ✓will lose customers as the customers will find products from other enterprises✓
- Suppliers can supply poor quality products✓ or exercise unethical business practices✓
- The business may lose customers ✓If a supplier is unreliable and goods are not delivered on time, in right quantities, quality and at the right time. ✓
- Any other relevant answer related to the challenges of shortage of supply

Allocate 2 marks for heading and 2 marks for explanation

Sub max (4)

Recommendations

- Enter into contracts with suppliers to secure raw materials of good quality ✓✓
- Maintain good relationships with suppliers✓✓
- Build relationships with more than one supplier/ supply network✓✓
- Hold stock of materials in case there is a shortage/advanced investment of capital✓✓

- The honest and diligent payment of suppliers will help to establish trust and loyalty√√
 - Promote suppliers goods in return for favourable trade conditions√√
 - Have total control over supply to ensure continuity or take over a supplier (vertical backward integration). √√
 - Any other relevant answer related to how business can overcome shortage of supply
- Sub max (4)**

6.2.3 Changes in consumer behaviour √√

- Consumers and consumer markets√ are constantly changing. √
- The behaviour of consumers changes√ because of a change in their lifestyles√
- As consumers change, √ they may no longer be a part of the target markets√
- Economic conditions or fashions √can cause changes in the target market's tastes and habits√
- Changes in consumer's behaviour √may cause the business profits to decline and the business may eventually close down. √
- It is sometimes expensive and difficult for businesses√ to respond to changes in consumer patterns of consumption√
- Any other relevant answer related to the challenges of changes in consumer behaviour

Allocate 2 marks for heading and 2 marks for explanation

Sub max (4)

Recommendations

- The marketing team of a business should conduct on-going market research to investigate the general behaviour pattern of its consumers. √√
 - Businesses must influence customer needs and habits through advertising and publicity√√
 - Businesses must realise that consumer behaviour does not remain constant
 - A business must adapt its product or service in order to remain profitable and competitive. √√
 - Any other relevant answer related to how business can adapt to changes in consumer behaviour.
- Sub max (4)**

6.2.4 **Demographics and psychographics**√√

- Changes in demographics√ will influence the buying decisions of customers. √
- It is difficult to collect reliable information√ about the demographics and psychographics of the target market√
- Many people are dying as a result of HIV/AIDS √and this affects the consumer force. √
- HIV positive consumers √will have a particular product preference. √
- Many people are emigrating or pursuing job opportunities abroad. √ This reduces the consumer base. √

- People live longer✓, this leads to an increased demands for products. ✓
 - Any other relevant answer related to challenges demographics and psychographics
- Allocate 2 marks for heading and 2 marks for explanation**

Sub max (4)

Recommendations

- Businesses must know who their target market is, what its characteristics are and its size✓✓
- Businesses need to know statistics about the ages, genders, economic circumstances, values and beliefs of the people in the areas which the business target markets. ✓✓
- Businesses need to be sure that their information is up-to-date and accurate✓✓
- Businesses need to study the attitudes, tastes and desires of the market. ✓✓
- Businesses must adjust their products, services, marketing messages and prices accordingly. ✓✓
- Any other relevant answer related to how businesses need to adjust to the demographics and psychographics of their target market.

Sub max (4)

•

6.2.5 Socio-cultural factors✓✓

- Socio cultural factors change ✓with income levels, education and crime✓
 - Socio cultural factors affect✓ both the product line of an enterprise and the enterprise's marketing campaign✓
 - Socio cultural factors✓ shape the way people live, work, produce and consume✓
 - New trends create a different type of consumer ✓and a need for different products, services and strategies. ✓
 - Any other relevant answer related to the challenges of socio-cultural factors
- Allocate 2 marks for heading and 2 marks for explanation**

Sub max (4)

Recommendations

- Extra care must be taken by an enterprise to insure that the marketing campaign is not offensive to any cultural group. ✓✓
- Businesses must be aware of changes and they must anticipate the possible effects so that they can avoid threats. ✓✓
- Businesses must take time to understand the socio-cultural influences at play in their target market✓✓
- Businesses must employ people from diverse social and cultural groups so that they can get an inside view on how to meet the needs of the different groups. ✓✓
- Businesses need to adapt their internal environment and modify their marketing strategies. ✓✓
- Any other relevant answer related to how businesses need to adjust to socio-cultural factors of their target market

Sub max (4)

Max (40)

6.3 Conclusion

- There are many factors within the market environment which threaten the success of a business✓✓
- Although businesses cannot control this environment but they can influence and respond to these challenges in a way that ensures the business success. ✓✓
- Any other relevant conclusion **(1x2) (2)**

BREAKDOWN OF MARK ALLOCATION
QUESTION 6

DETAILS	MAXIMUM	TOTAL
INTRODUCTION	2	Max 32
Competition +& recommendations	8	
Shortages of supply & recommendations	8	
Changes in consumer behaviour & recommendations	8	
Demographics and psychographics & recommendations	8	
Socio-cultural factors & recommendations	8	
CONCLUSION	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

QUESTION 7: BUSINESS VENTURES**INTRODUCTION**

- Private Company can be formed by a minimum of 1 and unlimited persons ✓
- Companies are complicated and expensive to establish compared to other forms of ownership ✓
- The Companies Act compels Private Companies to lodge their Annual Financial Statements with the Registrar of Companies✓
- Any relevant introduction **(2x1=2)**

BODY

PRIVATE COMPANY ✓✓

NAME OF THE BUSINESS

Name must end with (Pty) Ltd. / Proprietary Limited ✓✓

(2)

CAPITAL

- Raises own capital by issuing shares ✓ to its members only. ✓
- May not issue a prospectus ✓, cannot sell shares to the public. ✓
- May also take loans ✓ – borrowed capital. ✓
- Investors put capital ✓ in to earn profit from shares. ✓
- Cannot be listed on the JSE. ✓
- The company can raise more capital ✓ than a close corporation. ✓
- Right to transfer shares ✓ is restricted. ✓

(4)

LEGAL ENTITY

- Company has a legal personality as part from its members. ✓
- Private company can own assets ✓ or enter into contracts. ✓

(2)

TAXATION

- Must register ✓ as a tax payer. ✓
- Subject to double taxation ✓ Company is taxed at the company tax rate at 28% on taxable income. ✓
- Dividends Tax is a tax charged at 15% on shareholders when dividends are paid to them, and under normal circumstances, is withheld from their dividend payment by a withholding agent. ✓
- Some private companies qualify ✓ as small business corporations. ✓
- Different tax structures apply to ✓ small business corporations. ✓
- Must register for VAT ✓ (Value-added Tax) and for PAYE. ✓

(4)

CONTINUITY

- Company has unlimited continuity except ✓when liquidated or engaged in illegal activities. ✓ **(2)**

MANAGEMENT

- Needs at least one director. ✓
- Board of directors is responsible for the day-to-day running of the company. ✓
- Shareholders select 5✓0% of the directors. ✓
- Appointment of an auditor✓ is optional. ✓

(2)

FORMATION PROCEDURES

- All companies must be registered✓ by the Registrar of Companies, CIPC. ✓
- Registration of a company includes:
 - Reserving a name for the company✓
 - Filing the Memorandum of Incorporation ✓
- Once a private company has submitted the document, it✓ will receive a Certificate of Incorporation. ✓
- Private company can then start doing business✓. Proof of registration fee paid ✓
- Address✓ of the head office ✓
- List of directors and their written✓ consent to act as directors ✓
- Names of persons✓ who have power of attorneys ✓
- The consent of the auditor to act as auditor of the company ✓
- A statement by the directors ✓regarding the adequacy of the share capital ✓
- Any other relevant answer **(Any 5x2) (10)**

BENEFITS OF ESTABLISHING A COMPANY

- Life of the business is perpetual and continues uninterrupted as shareholders

change

- Transfer of ownership is easy√√
- Efficiency of management is maintained√√
- Adaptable to both small and medium to large business√√
- Shareholders have limited liability√√
- Act only imposes personal liability on directors who are knowingly part of the carrying on of the business in a reckless or fraudulent manner√√
- Ease of transfer of ownership√√
- Easier to raise capital√√
- Efficiency of management√√
- Adaptable to both small and large businesses√√
- Not required to file their annual financial statements with the Registrar of Companies, thus, they are not available to the general public. √√
- All shareholders are directors, so that there is less need to seek shareholders' approval for certain board decisions.

(Any 5 x 2) (10)

CONCLUSION

- The biggest difference between Companies and Close Corporations are in their membership and establishment procedure √√
- The bigger the business the more likely that the entrepreneur will start a Private Company √√

(Any 1x2) (2)

MARK ALLOCATION

F – FACTS	MAX 32
• Introduction	(2)
• Characteristics	(15)

• Formation	(10)
• Benefits	(10)
• Conclusion	(2)
L – LAYOUT	2
A – ANALYSIS	2
S – SYNTHESIS	2
O – ORIGINALITY	2

Question 8 Business Roles

8.1 Introduction

- Creative thinking is the ability to look at problems/challenges differently.✓
- Creative thinking is a process of generating something new that is valuable/useful, e.g. using new ideas on existing challenges.✓
- Problem solving techniques require creative thinking.✓
- Business needs to identify/address barriers to avoid lengthy problem-solving processes, which result in unnecessary costs.✓
- Any other relevant introduction related to problem-solving/creative thinking.
- (2 x 1=2)

Body

8.2 Role of creative thinking in problem-solving

- Creative thinking plays an important role in the success of the business✓ and boosting employee morale.✓
- Creative thinking skills are important when solving a problem✓/where there are various options to find solutions.✓

- Creative thinking is necessary to gain success ✓in the competitive business world.✓
- Generating ideas, formulating plans ✓and solving problems require an element of creative thinking skills.✓
- Any other relevant answer related to the role of creative thinking in problem-solving.

(Max) (4)

8.3 Process/Problem-solving steps

- Identify the problem.✓✓
 - o ZHI must recognize✓ employee absenteeism and low morale.✓ •
 - o Failure to identify the problem ✓can prevent ZHI from achieving its business goals and objectives.✓
- Define the problem.✓✓
 - o ZHI must define the employee absenteeism, bad attitude towards staff ✓and customers, e.g. employees are not reaching predetermined targets because of the absenteeism and bad attitude.✓
 - o Write down the possible causes✓ of the absenteeism and bad attitude ✓
- Identify alternative solutions.✓✓
 - o ZHI must generate a wide range of possible solutions, ✓ e.g. through brainstorming/creative and/or lateral thinking.✓
 - o Investigate to make sure all aspects of the problem✓ are fully understood.✓
- Evaluate ✓alternative solutions.✓
 - o ZHI must use critical evaluation✓ and analysis skills to evaluate each solution.✓
 - o Consider the advantages and disadvantages✓ of each alternative solution.✓
- Choose the best solution.✓✓
 - o ZHI must set criteria for the best solution✓, in terms of aspects such as time/cost/risk involved.✓
 - o The best solution should match the size✓ and the resources of the business.✓
 - o If the solution is not appropriate✓, go back to defining the problem.✓
- Formulate/Develop an action plan.✓✓
 - o ZHI must arrange the necessary resources ✓and delegate tasks.✓

- o ZHI may create Gantt charts/√set deadlines.√
- o Implement the action plan.√√
- o ZHI must carry out √the planned actions.√
- Evaluate the solution/action plan.√√
- o ZHI must continuously monitor√/test the solution/action plan.√
- o If problems emerge, ZHI must recognize √and re-formulate the problem for improved solutions in the future.√
- o Take corrective measures. √√
- o Any other relevant answer related to the steps of problem-solving.

Mark steps in any order.

Max(20)

8.4 Application of Delphi and Force-field techniques

8.4.1 Delphi Positives

- ZHI may use a group of experts√ without bringing them together.√
- The experts will give ZHI clear ideas √and solutions on how to improve on high absenteeism and bad behavior.√
- Information received from experts√ can be kept confidential.√
- It reduces noise levels in an office environment √since there is no group discussion.√
- Team of experts complete the questionnaire √and return it for review√
- Answers to the questionnaire are reviewed √and second questionnaire is issued to the panel of experts based on finding from the first questionnaire √
- Expert complete the second questions √and their responses are consolidated and if a need arises a third questionnaire may be issued √
- It is an expensive technique to use√ due to high administrative costs.√
- May be time consuming √and complicated to analyse data received from experts.√

- Not all experts are maybe willing/interested ✓to give feedback/complete questionnaires.✓
- Some experts might not have an in-depth knowledge✓ of certain topics.✓
- Any other relevant answer related to the evaluation of the Delphi technique. Sub

Max (8)

8.4.2 Applying Force-Field Analysis in the workplace

- Force field needs to be applied in the workplace✓ when there is a need for change/ when change is taking place. ✓
- Force-field analysis is best carried out in a small group of 6-8 using flipchart paper or overhead transparencies✓ so that everyone can see what is going on✓.
- The team needs to agree ✓the area of change that needs to be discussed ✓
- All forces in support of the change are listed in a column in the left (driving the change) ✓✓
- All forces against the change are listed in a column in the right (holding back) ✓✓
- The driving forces and the restraining forces should be sorted around common themes ✓and the scored according to their importance towards the change ranging one (weak) to five (strong) ✓
- Forces with the highest scored should be implemented✓✓
- Throughout the process management should debate and make sure that there is consensus in the team ✓✓
- Force-field analysis may be time consuming and should be applied when/if the business has the time. ✓✓

Sub max(8)

8.5 Conclusion

- Business environment is dynamic and challenging. Business need to be Creative to arrive at the best solution.✓✓
- Successful businesses are always looking for new and innovative ways of Solving problems.✓✓
- Any other relevant conclusion related to creative thinking and problem solving. (Any 1 x 2) (2)

NOTE:1 Candidates should be awarded marks when examples demonstrate understanding.

2. If another approach is used in answering this question, take into consideration the sub max as indicated above.

BREAKDOWN OF MARKS

DETAILS	MAXIMUM	TOTAL
Introduction	2	Max 32
Role of creative thinking	4	
Steps in problem solving	20	
Evaluation of Delphi and	8	
Evaluation of Force-field analysis	8	
Conclusion	2	
INSIGHT		
Layout		2
Analysis, interpretation		2
Synthesis		2
Originality, examples		2
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met. Allocate 0 marks where requirements are not met at all.

TOTAL SECTION C: 80

GRAND TOTAL: 300