



Province of the  
**EASTERN CAPE**  
EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY ANSWER SHEET**

<b>SUBJECT</b>	<b>BUSINESS STUDIES</b>	<b>GRADE</b>	<b>12</b>	<b>DATE</b>	<b>16/07/2020</b>
<b>TOPIC</b>	<b>BUSINESS ENVIRONMENTS &amp; BUSINESS OPERATIONS</b>	<b>TERM 1 REVISION</b>	<b>x</b>	<b>TERM 1 - 2 CONTENT</b>	<b>x</b>

**QUESTION 1: BUSINESS ENVIRONMENTS (LEGISLATION)**

**1.1 Introduction**

- BBBEE was introduced to bring the majority of the South Africans into the mainstream of the economy. ✓
- BBBEE increased the number of black people that manage/own/control the economy. ✓
- The BBBEE pillars enable the government to spread wealth across all population groups. ✓
- Enterprise and supplier development enable large businesses to empower black owned businesses and suppliers. ✓
- Businesses are obliged to comply with the requirements of the Act or face penalties for non-compliance. ✓

Any other relevant introduction related to BEE/BBBEE/impact of BBBEE/implications of BBBEE pillars on businesses/penalties for noncompliance with the BBBEE.

**Any (2 x 1) (2)**

1.2 **Distinction between BEE and BBEE**

<b>BLACK ECONOMIC EMPOWERMENT (BEE)</b>	<b>BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBEE)</b>
<ul style="list-style-type: none"> <li>It is a government policy√ which may not be enforced.√</li> </ul>	<ul style="list-style-type: none"> <li>It is an Act√ that is enforced/must be complied with by businesses.√</li> </ul>
<ul style="list-style-type: none"> <li>Benefits only a few previously disadvantaged people√ in the economy.√</li> </ul>	<ul style="list-style-type: none"> <li>Encourages a wider group of previously disadvantaged people/black women/people who are physically challenged/youth/people in rural areas√ to participate in the economy.√</li> </ul>
<ul style="list-style-type: none"> <li>Few previously disadvantaged individuals share in the wealth√ of the economy.√</li> </ul>	<ul style="list-style-type: none"> <li>Aims to distributing the country's wealth√ across a broader spectrum of society.√</li> </ul>
<ul style="list-style-type: none"> <li>Focuses only on three pillars√ that did not include all previously disadvantaged people.√</li> </ul>	<ul style="list-style-type: none"> <li>Focuses on seven/five pillars√ which includes all sectors of the society, especially the previously disadvantaged.√</li> </ul>
Any other relevant answer related to BEE.	Any other relevant answer related to BBEE.
Submax (4)	Submax (4)

- NOTE: 1. The answer does not have to be in tabular format.**  
**2. The distinction does not have to link, but must be clear.**  
**3. Award a maximum of FOUR (4) marks if the distinction is not clear/Mark either BEE or BBEE only.**

**Max (8)**

1.3 **Impact of BBEE on businesses**  
**Positives/Advantages**

- Businesses that comply with BBEE regarding the pillars√ will be rated high on the BEE scorecard/may get government tenders/may attract other BBEE business partners/-suppliers.√
- Encourages businesses to address the demands√ for redress/ equity directly. √
- Provides a variety of business codes√ to improve employment equity. √
- Provides for human resources development√ through training and development. √
- Promotes enterprise development√, by developing entrepreneurial skills of designated people to start their own businesses. √

- Businesses will have a good overview on how it is performing√ in comparison to other businesses in the rest of the country. √
  - A good BBEE rating√ will improve the image of the business. √
  - By focusing on BBEE, the business will show commitment√ towards the social/education/economic developments in the community/country. √
  - Once rated, the business will understand how to develop BBEE strategies√ that will increase its BBEE ratings on an annual basis. √
  - Fronting is discouraged√, as it may lead to the disqualification of a business's entire scorecard/BBEE status. √
  - Share prices of BBEE compliant businesses are likely to increase√ as they attract more business. √
  - Businesses that support Small, Micro, Medium Enterprises (SMMEs)√, may increase their own BBEE ratings. √
  - Complying with BBEE requirements gives businesses experience/exposure√ to be able to provide better employment opportunities/staff development. √
- Any other relevant answer related to the positive impact/advantages of BBEE on businesses.

## **AND/OR**

### **Negatives/Disadvantages**

- Businesses have to go through the process of having their BBEE compliance measured/verified√ by an independent BEE verification agency. √
- Businesses that wish to do business with the government√, must have their BEE status assessed annually. √
- Provides for preferential procurement√, so certain businesses may be excluded from supplying goods/services. √
- Processes may lead to corruption/nepotism√, if not monitored properly. √
- Many businesses have been disadvantaged due to BBEE ratings√ as they may not be able to meet all the scoring. √
- Processes and procedures may be costly for a business√ as there are many legal requirements for scoring enough points to be compliant. √
- Businesses could experience large financial implications/penalties√ if they do not comply with BBEE. √

- Businesses will have to spend money in areas covered by the seven/five BBBEE pillars√ to obtain a good BBBEE rating. √
- Investment/Ownership issues√ can cause unhappiness between existing shareholders. √  
Any other relevant answer related to the negative impact/disadvantages of BBBEE on businesses.

**Max**

(10)

#### 1.4 Implications of the BBBEE pillars on businesses

##### 1.4.1 Management control

- Business must ensure that transformation√ is implemented at all levels. √
- Appoint black people√ in senior executive positions/to management. √
- Involve black people√ in the decision making processes. √
- Ensure that black females√ are represented in management. √
- Businesses score points in both management and ownership√ when selling more than 25 % of their shares to black investors so that some of them can become directors. √
- Due to a shortage of skilled black managers/directors√, some businesses find it difficult to make appointments. √
- Businesses are directly penalised√ for not implementing this pillar. √  
Any other relevant answer related to the implication of management control as a BBBEE pillar on businesses.

**Submax (6)**

##### 1.4.2 Ownership

- Business should include black people√ in shareholding/partnerships/ franchises. √
- Exempted Micro Enterprises (EMEs) with an ownership of 50% or more of black people√ are promoted to level 3 of the BEE scorecard. √
- More opportunities are created for black people√ to become owners/ entrepreneurs. √
- Encourage small black investors√ to invest in big companies and share ownership. √
- Large businesses should form joint ventures with small black owned businesses√ and share business risks. √
- Businesses sometimes find it difficult√ to locate suitable black business partners / shareholders.√
- Many black people cannot afford√ shares in companies/contributions to partnerships. √  
Any other relevant answer related to the implication of ownership as a BBBEE pillar on businesses.

**Submax (6)**

### 1.4.3 Enterprise and supplier development (ESD)

- Business must create jobs✓ as ESD promotes local manufacturing. ✓
  - Businesses are encouraged to invest/support✓ black owned SMMEs. ✓
  - Contribution can be monetary✓, e.g. loans/investments/donations. ✓
  - Contribution can be non-monetary✓, e.g. consulting services/advice/ entrepreneurial programmes✓, etc.
  - SMMEs will be encouraged to use their own business initiatives✓ to make them sustainable. ✓
  - Businesses are encouraged to invest/support✓ black owned SMMEs. ✓
  - Outsource services✓ to suppliers that are BBBEE compliant. ✓
  - Identify black owned suppliers✓ that are able to supply goods and services. ✓
  - Develop the business skills of small/black owned suppliers✓, e.g. sales techniques, legal advice✓, etc.
  - Support the cash flow of small suppliers✓ by offering them preferential terms of payment. ✓ -  
Develop and implement✓ a supplier development plan/supply chain. ✓
  - Small/Large businesses may not be able✓ to afford enterprise development investment/support. ✓
  - Black owned SMMEs may become too reliant✓ on support from other businesses/ unable to take their own initiatives. ✓
  - BBBEE suppliers✓ may be without good workmanship. ✓
  - Smaller businesses that are not BBBEE compliant✓ lose business. ✓
  - Businesses are forced✓ to choose from a smaller pool of suppliers. ✓
- Any other relevant answer related to the implication of enterprise and supplier development (ESD) as a BBBEE pillar on businesses.

**Submax (6)**

**Max (18)**

### 1.5 Penalties for non-compliance with BBBEE

- Businesses may face imprisonment for non-compliance/fronting practices. ✓✓
- The penalty could be a fine of up to 10% of the company's annual turnover. ✓✓
- Government will cancel any contract awarded that was based on false information regarding its BBBEE status. ✓✓

- A business can be banned from participating in government contracts for a period of 10 years. ✓✓
- Business licenses may not be renewed and authorisations may not be issued. ✓✓
- Businesses that fail to achieve at least a minimum 40% of compliance with ownership, skills development and new enterprise and supplier development will be automatically downgraded by one level. ✓✓

Any other relevant answer related to penalties businesses could face for noncompliance with the BBBEE. **Max** (10)

### 1.6 Conclusion

- BBBEE addresses and enhances the economic participation of previously disadvantaged people in the South African economy. ✓✓
  - Businesses will have to spend money in the areas covered by the BBBEE pillars to obtain a good rating. ✓✓
  - A BEE scorecard is used to determine the BBBEE status of a business. ✓✓
  - Broad-Based Black Economic Empowerment (BBBEE) creates opportunities for people who were previously excluded from participating in the South African economy. ✓✓
  - Penalties for non-compliance may have a negative financial implication for businesses. ✓✓
- Any other relevant conclusion related to BBBEE/impact of BBBEE/implications of BBBEE pillars on businesses/penalties for non-compliance with BBBEE. **Any (1 x 2)** (2)

[40]

#### QUESTION 1: BREAKDOWN OF MARK ALLOCATION

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Distinguish between BEE and BBBEE	8	
Impact of BBBEE on businesses	10	
Implications of: <ul style="list-style-type: none"> <li>○ Management control</li> <li>○ Ownership</li> <li>○ Enterprise and supplier development</li> </ul>	18	
Penalties for non-compliance	10	
Conclusion	2	

<b>INSIGHT</b>		
Layout	<b>2</b>	<b>8</b>
Analysis/Interpretation	<b>2</b>	
Synthesis	<b>2</b>	
Originality/Examples	<b>2</b>	
<b>TOTAL</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all

## **QUESTION 2: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)**

### **2.1 Introduction**

- Quality is the ability of a product/service to satisfy specific needs of consumers. ✓
  - Businesses must quality assure manufactured goods throughout the production cycle. ✓
  - Quality management should not just be an inspection process, but become part of the culture of the business. ✓
  - Total quality relates to products that totally satisfy consumers' needs and expectations in every respect on a continuous basis. ✓
  - The production function depends on the quality of raw material that are bought by the purchasing function in order to produce good quality products. ✓
  - The rationale behind the implementation of TQM elements is to ensure that businesses do things right the first time. ✓
  - TQM helps to design, produce/provide quality products at a lower cost. ✓
- Any other relevant introduction related to quality assurance/quality management/quality performance/total client/customer satisfaction/adequate financing and capacity/quality indicators of the purchasing function/production function.

Any (2 x 1) (2)

2.2 **Meaning of quality assurance**

- Checks carried out during and after the production process. ✓
- Ensure that required standards have been met at every stage of the process. ✓
- Processes put in place to ensure that the quality of products/services/ systems adhere to pre-set standards with minimal defects/delays/short-comings. ✓
- Ensuring that every process is aimed to get the product 'right the first time' and prevent mistakes from happening. ✓
- Any other relevant answer related to the meaning of quality assurance.

**Max** (6)

2.3 **Distinction between quality management and quality performance**

<b>QUALITY MANAGEMENT</b>	<b>QUALITY PERFORMANCE</b>
<ul style="list-style-type: none"> <li>• Techniques/tools used to design/ improve the quality of a product. ✓</li> </ul>	<ul style="list-style-type: none"> <li>• Total performance of each department measured against the specified standards. ✓</li> </ul>
<ul style="list-style-type: none"> <li>• Can be used for accountability within each of the business functions. ✓</li> </ul>	<ul style="list-style-type: none"> <li>• Can be obtained if all departments work together towards the same quality standards. ✓</li> </ul>
<ul style="list-style-type: none"> <li>• Aims to ensure that the quality of goods/services is consistent//Focuses on the means to achieve consistency. ✓</li> </ul>	<ul style="list-style-type: none"> <li>• Quality is measured through physical product/statistical output of processes/surveys of the users and/or buyers of goods/services. ✓</li> </ul>
Any other relevant answer related to quality management.	Any other relevant answer related to quality performance.
Submax (4)	Submax (4)

**NOTE: 1. The answer does not have to be in tabular format.**

**2. The distinction must be clear but does not have to be linked.**

**3. Award a maximum of FOUR (4) marks if the distinction is not clear/Mark either quality management or quality performance only.**

**Max** (8)

1.4 **Impact of TQM elements on large businesses**

#### 1.4.1 Total client/customer satisfaction

##### Positives/Advantages

- Large businesses use market research/customer surveys√ to measure/ monitor customer satisfaction/analyse customers' needs. √
  - Continuously promote √ a positive company image. √
  - May achieve a state of total customer satisfaction√, if businesses follow sound business practices that incorporate all stakeholders. √
  - Strive to understand and fulfil customer expectations√ by aligning cross-functional teams across critical processes. √
  - Ensures that cross-functional teams understand its core competencies√ and develop/strengthen it. √
  - May lead to higher customer retention/loyalty√ and businesses may be able to charge higher prices. √
  - Large businesses may be able to gain access√ to the global market. √
  - May lead to increased√ competitiveness/profitability. √
- Any other relevant answer related to the positive impact/advantages of total client/customer satisfaction as a TQM element on large businesses.

##### AND/OR

##### Negatives/Disadvantages

- Employees who seldom come into contact with customers√ often do not have a clear idea of what will satisfy their needs. √
  - Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers. √
  - Not all employees may be involved/ committed√ to total client/customer satisfaction. √
- Any other relevant answer related to the negative impact/disadvantages of total client/customer satisfaction as a TQM element on large businesses

**Submax (8)**

#### 2.4.3 Adequate financing and capacity

##### Positives/ Advantages

- Large businesses have sufficient financing√ to test everything before implementing. √
- They can afford to have systems in place√ to prevent errors in processes/defects in raw materials/products. √
- Able to afford product research/market researchers√ to gather information. √
- Can afford to purchase quality raw materials√ and equipment. √

Any other relevant answer related to the positive impact/advantages of adequate financing and capacity as a TQM element on large businesses.

**AND/OR**

**Negatives/Disadvantages**

- If the demand for a business's product increases, orders begin coming in faster than expected√, the business may lack the capital required to fund the production of the stock to fill the orders. √
- These rapidly growing businesses can consume large amounts of capital√ as they try to balance normal operations and expansion. √

Any other relevant answer related to the negative impact/disadvantages of adequate financing and capacity as a TQM element on large businesses.

**Submax (8)**

Max

(16)

2.5 **Quality indicators of the purchasing function and production function**

2.5.1 **Quality indicators of the purchasing function**

- Businesses should buy raw materials/products in bulk at lower prices. √√
- Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices. √√
- Place orders timeously and regular follow-ups to ensure that goods are delivered on time. √√
- Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process. √√
- Required quantities should be delivered at the right time and place. √√
- Implement and maintain stock control systems to ensure the security of stock. √√
- Maintain optimum stock levels to avoid overstocking/reduce out-dated stock. √√
- Monitor and report on minimum stock levels to avoid stock-outs. √√
- Effective use of storage space and maintain product quality while in storage. √√
- Involve suppliers in strategic planning/product design/material selection/quality control process.√√
- Ensure that there is no break in production due to stock shortages. √√.
- Establish relationships with suppliers so that they are in alignment with the business's vision/mission/values. √√
- Have a thorough understanding of supply chain management. √√

Any other relevant answer related to the quality indicators of the purchasing function that businesses could use to remain competitive.

**Submax (8) (18)**

### 2.5.2 Quality indicators of the production function

- Provide high quality services/products according to specifications. √√
- The production/operating processes of a business should be done correctly through proper production planning and control. √√
- Products and services should be produced at the lowest possible cost to allow for profit maximisation. √√
- Businesses should clearly communicate the roles and responsibilities to the production workforce. √√
- Products must meet customers' requirements by being safe, reliable and durable. √√
- Businesses should have good after-sales services and warranties. √√
- Empower workers so that they can take pride in their workmanship. √√
- Get accreditation from the SABS/ISO 9001 to ensure that quality products are being produced. √√
- Specify the product or service standards and take note of the factors that consumers use to judge quality. √√
- Monitor processes and find the root causes of production problems. √√
- Implement quality control systems to ensure that quality building products are consistently being produced. √√
- Utilise machines and equipment optimally. √√
- Accurately calculate the production costs. √√
- Select the appropriate production system e.g. mass/batch/jobbing. √√

Any other relevant answer related to the quality indicators of the production function that businesses could use to remain competitive.

**Submax (8)**  
Max (16)

### 1.6 Conclusion

- Quality is important to a business to be sustainable. √√
- Quality management and performance in all business functions/departments are necessary as it contribute to business success. √√

- Every business should have a quality management system that ensure that all systems and processes are carried out correctly and safely. √√
- It is important that businesses have a proper system for managing quality, e.g. TQM which will reduce cost and increase profits. √√
- The purchasing function and the production function should always work together in ensuring the quality of product is constantly improved. √√

Any other relevant conclusion related to quality assurance/quality management/quality performance/total client/customer satisfaction/adequate financing and capacity/quality indicators of the purchasing function/production function.

Any (1 x 2)

(2)  
[40]

**QUESTION 2: BREAKDOWN OF MARK ALLOCATION**

DETAILS	MAXIMUM	TOTAL
Introduction	2	<b>Max 32</b>
Meaning of quality assurance	6	
Distinction between quality management and quality performance	8	
Impact of TQM elements on large businesses: <ul style="list-style-type: none"> <li>○ Total client/customer satisfaction</li> <li>○ Adequate financing and capacity</li> </ul>	16	
Quality indicators of the purchasing function and the production function.	16	
Conclusion	2	
<b>INSIGHT</b>		<b>8</b>
Layout	2	
Analysis/Interpretation	2	
Synthesis	2	
Originality/Examples	2	
<b>TOTAL</b>		<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all

**TOTAL**

**[80]**