

1. GENERAL COMMENTS

The quality of the learners' work was worse than the previous year for of the following reasons:

- Learners' answers showed a lack of knowledge, therefore, they could not analyse, apply and evaluate the questions.
- Learners misinterpreted questions and also left many open spaces.

- 1 (a) Fairly well answered. Most learners could differentiate between two types of business activity mentioned in the case study, which were secondary and tertiary sector. Some learners misunderstood the question and identified forms of ownership namely partnership and private limited company.

Answer

Knowledge (2 x 1)

Award one mark for each type of business activity identified.

Application (2 x 1)

Award up to two marks for reference in context.

Analysis (2 x 2)

Award up to two marks for analysis of each type.

Possible answers (knowledge)

Secondary/Manufacturing business

Tertiary/Service business

Indicative response

Secondary/Manufacturing business (k) involves the transformation of raw materials into goods (an), when a business takes materials and resources provided by the primary sector and converts them (an) into safety work wear. (ap)

Tertiary/Service business (k) involves provision of goods and services (an), where sanitisers (ap) are distributed and disinfecting service supplied (ap) to consumers and businesses to satisfy local customers' needs. (an) Tertiary sector creates a huge area for employment even for uneducated workers. (an)

Application

Safety wear (gloves, boots, face shields, garments, overall, disinfectants, sanitisers, PPE garments, spraying equipment).

- (b) Most learners were able to identify the advantages and disadvantages of partnership and private limited company, but failed to assess the appropriateness of the owners' decision. They failed to make an evaluative choice. A few learners' answers referred to one form of ownership without any comparison.

Answer

Knowledge (2 x 2)

Award up to two marks for two correct advantages/disadvantages of each form of ownership.

Application (2 x 1)

Award up to two marks for reference in context.

Analysis (2 x 1)

Award up to two marks for analysis of the advantages/disadvantages.

Evaluation (4 x 1)

Award up to four marks for evaluative reasoning/judgement.

Relevant Points may include

Advantages of partnership

Easy and inexpensive to establish (k)

Business itself is not taxed (k)

No divorce of ownership and control (k)
There is no specific law on how partnership should be managed (k)
Disadvantages of partnership
Partners have unlimited liability (k)
Limited capital (k)
The business has poor continuity (k)

Advantages of private company

Sell shares to a large number of people (k)
Shareholders have limited liabilities (k)
The business has continuity (k)
Disadvantages of private company
Complicated and expensive to establish (k)
Separation of ownership and control (k)
Accounts of a company are much less secret than for a partnership (k)

Indicative Response

Advantages of partnership

Easy and inexpensive to establish (k) as there are few legal formalities required by the law. (an)
The business itself is not taxed (k), as individual partners pay tax on income received (an) from the production of disinfectants (ap) etc.
No divorce of ownership and control (k). The partners own and control the business so they are responsible for day-to-day business decisions (an) e.g. decisions on how disinfectants (ap) will be produced.
No specific law on how partnership should be managed (k), therefore partners are free to decide on their own arrangement (an) on how production of chemicals will be managed.

Disadvantages of partnership

Partners have unlimited liabilities (k) so if the business fails, creditors could still force the partners of BG Chem (Pty) Ltd to sell their own property to reduce debts. (an)
Limited capital (k) as the law allows twenty partners which can limit expansion of the business, (an) as it may not have enough money needed to buy equipment and machinery (ap) needed to produce goods.
Business has poor continuity. (k) If the partner dies, withdraws or retires the business will come to an end. (an) It will no longer continue with its operation of producing disinfectants. (ap)

Advantages of private company

Sells shares to a large number of people. (k) Sales of shares could lead to much larger sums of capital (an) to invest in the business that can be used to buy raw materials and equipment needed to produce goods. (ap)
Shareholders have limited liabilities, (k) so if the company failed with debts owing to creditors, such as banks where they got loans to buy equipment, the shareholders could not be forced to sell their possessions to settle debts. (an)
Business has continuity, (k) so if the owner dies, the business will continue with its normal activities (an) of producing and distributing disinfectants. (ap)

Disadvantage of private limited company

Complicated and expensive to establish. (k) There are many legal matters which have to be dealt with when forming a private company. (an)
Accounts of a company are much less secret than for a partnership, (k) more information about the business will be known to other people; (an) information such as the profits made from the services offered by BG Chem (Pty) Ltd.

Evaluation

This will depend on the analysis of the learner's choice which justifies the best form of ownership.
E.g. BG Chem (Pty) Ltd should change into a private limited company (ev) as shareholders have limited liability, so if the company fails with debts owing to creditors, they could not be forced to sell their possessions. (ev) Limited liability encourages people to buy shares. (ev) More changes for expansion. (ev)

Application marks

Disinfectants (sanitisers, surface disinfectants), Production of disinfectant chemicals/PPE/garments/safety work wear (gloves, boots, shields) services offered by BG Chem (Pty) Ltd, equipment/machinery needed to produce, distributing disinfectants

- 2 (a) Fairly well answered. A few learners could identify the barriers to communication experienced by BG Chem (Pty) Ltd. Most learners' answers referred to barriers to communication in general, which did not relate to BG Chem (Pty) Ltd. Possible ways to overcome these barriers did not correspond to the possible barriers identified.

Answer

Knowledge (2 x 1)

Award one mark for each relevant barrier.

Application (2 x 1)

Award one mark for each barrier explained in context.

Analysis (2 x 2)

Award up to two marks for each relevant explanation of how the barrier can be overcome.

Possible answers (knowledge)

No feedback (k)

Using the wrong channel of communication (k)

Management may not listen or pay attention to workers' concerns (k)

Indicative response**No feedback received (k)**

This can be overcome asking the receiver to provide feedback to ensure understanding. (an) They should use direct lines of communication to allow feedback. (an)

Using the wrong channel of communication (k)

Such as the computers used to send emails (ap) to workers. This can be overcome by the sender making sure that he selects an appropriate channel for each message sent (an) or making sure that other forms of communication are made available. (an)

Management may not listen or pay attention to workers' concerns (k)

May not like or trust the employees and be unwilling to act upon their message. (an) These may be overcome where the sender should emphasise the importance of the message (an) or there should be trust between the sender and the receiver. (an)

Application

Management of BG Chem (Pty) Ltd, computers used to send e-mails

- (b) Few learners could differentiate between batch and flow production to recommended whether one will be a good decision. Some learners confused batch production with job production. Some points were confused as points for batch production were mentioned under flow production. Most learners left out the evaluation and application, meaning their answers did not refer to BG Chem (Pty) Ltd as they had failed to make a choice.

Answer

Knowledge (2 x 2)

Award one mark for each advantage and disadvantage of batch production and one mark for each advantage and disadvantage of flow production.

Application (2 x 1)

Award up to two marks for relevant reference to BG Chem (Pty) Ltd.

Analysis (2 x 1)

Award one mark for analysis of an advantage and one mark for analysis of a disadvantage.

Evaluation (4 x 1)

Award up to four marks for a justified decision and recommendation as to whether it will be appropriate to change to flow production.

Possible answers**Advantages of batch production**

Flexible way of working and production (k) as it can easily be changed from one product to another. (an)

Gives workers a variety of jobs (k) which will give them job satisfaction. (an)

Breakdowns of machinery not greatly affect production (k) because if one machine is broken, they can still continue with other machine to produce PPE. (an) Production is not brought to a complete halt. (an)

Disadvantages of batch production

Expensive (k) because semi-finished and finished products have to be moved. (an)

Warehouse space needed to stock raw material and components (k), making it costly. (an)

Advantages of flow production

Low cost of production (k) leads to lower prices. (an)

Capital intensive production methods are easy to use, (k) which decrease labour costs (an) increase efficiency. (an)

Capital intensive methods need relatively unskilled workers (k) and, therefore, little training is needed. (an)

Production is inexpensive and quick. (k)

Products are cheaper. (k) lower prices (an) mean higher sales volume. (an)

No need to move goods from one part of the factory to another thus businesses (k) save time. (an)

Disadvantages of flow production

Very boring for the workers (k) resulting in little job satisfaction. (an)

Capital cost of setting up the production very high. (k) If machines break down, the entire production line stops. (an)

Evaluation

Flow production is best (j) due to low cost of production (ev) which lead to lower selling prices (ev) making them more competitive in the market, (ev) which increases demand for local products. (ev)

Application

Disinfectants produced, quality safety wear (masks/PPE/gloves), use of machines

3. (a) Fairly well answered. Learners could identify two methods to resolve conflict that the managers at BG Chem (Pty) Ltd could use when relations break down. Their answers failed to explain the two methods linked to BG Chem (Pty) Ltd. Most learners' answers referred to negotiations and collective bargaining as a means to resolve conflict.

Answer

Knowledge (2 x 1)

Award one mark for each method to resolve conflict.

Application (2 x 1)

Award one mark for each reference to BG Chem (Pty) Ltd.

Analysis (2 x 2)

Award up to two marks for analysis of each method to resolve conflict.

Possible answer**Mediation** (k)

A mediator tries to find ways for them to reach an agreement. (an) A mediator does not have the power to make an agreement. (an)

Conciliation (k)

The chairperson of the conciliation board tries to assist the management of BG (ap) and the trade union (ap) to reach an agreement. (an) The chairperson does not have the power to force either side to agree.

Arbitration (k)

The arbitrator listens to both sides in an industrial dispute (ap) and then gives a ruling based on what the arbitrator thinks. (an) The ruling is binding on both management and the union. (an)

Application

The management of BG, trade union, disagreements, industrial dispute.

- (b) Not well answered. Most learners could not evaluate how BG Chem (Pty) Ltd can use quality circles and a democratic style of leadership to improve worker participation. Learners' answers referred to worker participation in general. Learners were supposed to evaluate both by referring to the advantages and disadvantages so that they could make a choice.

Answer

Knowledge (2 x 2)

Award one mark for an advantage of each way of worker participation and one mark for a disadvantage of each way of worker participation.

Application (2 x 1)

Award up to two marks for reference to BG Chem (Pty) Ltd.

Analysis (2 x 1)

Award up to two marks for a relevant explanation of the advantages/disadvantages.

Evaluation (4 x 1)

Award up to 4 marks for a justified decision and reasoning on the best way of worker participation.

Possible answers

Quality circle

Advantages

Encourages continuous improvement in product/quality (an) as it involves workers working in teams. (k)

Increases employees' job satisfaction (k) as they feel part of the business. (an)

Contributes towards a positive working environment (k) by increasing productivity/reduce costs/more efficient/motivated/positive attitudes. (an)

Disadvantages

Might not have enough relevant training (k) which can lead to mistakes, (an) because they are not empowered.

Little or no management support (k) may lead to workers not sure of their purpose. (an)

Participation not always voluntary. (k)

Democratic leadership

Advantages

Output is often of good quality, (k) because workers are directly involved and come up with good ideas/increases team knowledge. (an)

Improves motivation (k) as workers are able to give their views. (an)

Workers get many chances to develop self-reliance/job satisfaction, (k) as they have been given some responsibility. (an)

A worker's suggestions may bring new and unexpected improvements. (k) Workers want to stay in the group/strengthen relationship. (an)

Disadvantages

Decisions take long (k) because of the need to consult all the workers. (an)

Supervision may not be close enough. (k)

Output may be low (k) due to time wasted in decision making. (an)

Workers see leaders as weak (k) as they are unable to decide on their own/create negative emotions. (an)

Individual responsibilities and instructions may not be clear/can lead to continuing uncertainty. (k)

Requires a certain skill or educational level, (k) as they are less likely to offer creative solutions. (an)

Evaluation

Evaluation will depend on a learner's choice.

In democratic leadership the manager is involved and workers are led by sound decision making. (ev)

Workers are involved and feel valued (ev), therefore, they will be more committed. (ev)

Application

Produce more disinfectants, disinfecting schools/homes/shops, producing PPEs (gloves, masks, shields), quality disinfectants/quality service/better disinfectants or better service

4. (a) Fairly well answered. Two economies of scale that BG Chem (Pty) Ltd experience as its business grows were identified by learners, but most learners did not apply them to the case. Some learners misinterpreted the question and referred to economy systems. Some learners' answers referred to internal and external economies of scale which was wrong. Their answers should refer to purchasing, marketing, managerial, financial and risk bearing economies of scale.

Answer

Knowledge (2 x 1)

Award one mark for each economy of scale identified.

Application (2 x 1)

Award one mark for each reference to BG Chem (Pty) Ltd.

Analysis (2 x 2)

Award two marks for an explanation of each economy of scale.

Possible answers (knowledge)

Purchasing economies/trading economies

Marketing economies

Financial economies

Managerial economies

Technical economies

Indicative response

Purchasing economies, (k) when BG Chem (Pty) Ltd buys a large amount of raw materials, (ap) it is able to gain discounts for buying in bulk (an), reducing the cost of raw materials (an) and lowering selling prices.

(an)

Marketing economies, (k) when BG Chem (Pty) Ltd grows it might be able to afford to purchase its own vehicles to distribute (an) disinfectants (ap) and able to apply more effective advertising. (an)

Financial economies, (k) large businesses raise capital more cheaply, (an) as banks often consider that lending to large organisations is less risky. (an) A lower rate of interest is, therefore, charged. (an)

Managerial economies, (k) larger companies can afford specialists which increases their efficiency, (an) therefore producing disinfectants (ap) at a lower cost. (an)

Technical economies, (k) large businesses can afford to invest in expensive machinery (an) e.g. BG Chem can invest in modern machinery to produce disinfectants, (ap) which may reduce average cost. (an)

Risk bearing economies, (k) wide range of products provided. (an)

Application

Personal Protective Equipment imported (gloves, masks, shields), importing from South Africa, local customers, quantity of disinfectants, sanitisers

- (b) Fairly well answered. Few learners managed to identify how BG Chem (Pty) Ltd segments its market for sanitisers, disinfectants and PPEs. Only income, price, lifestyle and purpose as market segmentation were applicable. Some learners' answers referred to age, gender which was not in context. Most learners could not evaluate their answers. Evaluation should be done to achieve full marks.

Answer

Knowledge (4 x 1)

Award one mark for each segment identified.

Application (2 x 1)

Award up to two marks relevant to BG Chem (Pty) Ltd.

Analysis (2 x 1)

Award one mark for any relevant explanation of each segment.

Evaluation (4 x 1)

Award up to 4 marks for a justified decision and reasoning on the best option.

Possible answers

Product/purpose (k) sanitisers that can be used for domestic and for a business use. (an) Sanitiser to clean surface or hands. (an)

Price (k) Sanitisers are marked at different prices to suit different customers. (an)

Income (k) Grouping people according to how much they are paid. Sanitisers are priced differently to target different income groups. (an)

Life style (k) Single person earning the same income as married people will spend the income different by buying different types of sanitisers.

Evaluation

BG Chem (Pty) Ltd can define its market precisely and design as well as produce goods that are specifically focussed on target groups of consumers. (ev)

It enables gaps in the market to be identified and these might then be successfully exploited. (ev)

Marketing strategies can be focused on the target groups (ev) to avoid wasting of resources. (ev) That will allow BG Chem (Pty) Ltd to specialise in one or two segments (ev) which might be cheaper for it. (ev)

NO age, region, gender

Application

Sanitiser, disinfectants, PPE, spraying equipment, safety gear

5. (a) Fairly well answered. Most learners could not analyse the role of the accounting function in the planning and control of BG Chem (Pty) Ltd. Most learners' answers referred to the management tasks of planning and control, instead of tasks of accounting department which include forecasting the financial need, sources of finance, financial control and investment decisions.

Answer

Knowledge (2 x 1)

Award one mark for each role of the accounting function identified.

Application (2 x 1)

Award one mark for reference in context.

Analysis (2 x 2)

Award up to two marks for analysis of each role of the accounting function.

Possible answers

Forecasting the financial need (k) by preparing a budget of every activity (an) which will be put together to estimate the total amount of money needed for production (an) of disinfectants. (ap)

Sources of finance. (k) The finance department needs to look at different sources of finance (k) and compare the advantages and disadvantages of each source (an) it might find suitable source to buy modern machinery. (an)

Financial control. (k) A business has to make sure that the budget is not overspent. (an) The financiers want to see the expected income of the business before investing. (an)

Investment decisions. (k) The finance department has to invest any surplus money in a most profitable way (an), so that the business can make the most profit possible in terms of interest earned. (an)

Business cost. (k) The cost of operating the factory (ap) needs to be compared to revenue in order to calculate profit and loss. (an) That will help business with the planning and decision-making. (an)

Application

Business costs for sanitisers, raw material, production cost of disinfections, purchasing of raw materials

- (b) Most learners could calculate the performance results but failed to evaluate the performance of BG Chem (Pty) Ltd. Some learners evaluated the performance of BG Chem (Pty) Ltd without any calculations, resulting in zero marks. Learners should calculate net profit margin and ROCE for both 2020 and 2021 and then evaluate the performance.

Answer

Knowledge (2 x 2)

Award one mark for identifying each ratio and one mark for each formula.

Application (2 x 1)

Award up to two marks for data from the case.

Analysis (2 x 1)

Award up to two marks for correct answers.

Evaluation (4 x 1)

Award up to 4 marks for supporting one year rather than the other.

Indicative response

Return on capital employed (k)

Net profit/Capital employed x 100 (k)

2020

$40\,000/200\,000 \times 100$ (ap)

=20% (an)

2021

$60\,000/250\,000 \times 100$ (ap)

= 24% (an)

Net profit margin (k)

Net profit/sales x 100 (k)

2020

$40\,000/175\,000 \times 100$ (ap)

= 22,85% (an)

2021

$60\,000/200\,000 \times 100$ (ap)

=30% (an)

Evaluation

ROCE margin increased from 20% to 24% (or with 6%). (ev) The net profit margin increased from 22,85% to 30% (or with 7,15%). (ev) The business performed better after the introduction of modern machinery.

(ev) For the ROCE, it means the managers are running the business more efficiently (ev) making higher profits from each dollar invested in the business. (ev)

3. SUGGESTIONS TO TEACHERS

Teachers should teach from the syllabus and not just from a textbook.

Teachers should concentrate on the keywords in the syllabus and teach learners how the questions should be answered.

Learners should be advised to write headings when asked to write about two different topics.

Teachers should do more evaluative questions as learners still give one-sided answers.

Teachers should teach learners how to apply the case study in their answers.