

BUSINESS STUDIES

8245
Paper 1

1. GENERAL COMMENTS

Not all the teachers teach according to the syllabus. Due to a lack in resources available, teachers do not put effort into finding the relevant information for the learners. They only use the limited resource material from the workshop.

Learners did not answer most of the questions in context and could have lost up to 15 marks in paper 1.

2. COMMENTS ON INDIVIDUAL QUESTIONS

- 1 (a) Some learners answered this question well but some learners could not score full marks, because they indicate it is a system which was not approved, instead of referring to a relationship between employer and employee to ensure that government regulations are followed.

Answer

Knowledge (2 x 1)

Clear understanding (2)

The relationship between employers and employees (1) to ensure that government regulations are followed. (1)

OR

Labour relations refer to the relationship between employers and employees in an industry (1) and the political decisions and laws that affect it. (1)

Some understanding (1)

Labour relations refer to the relationship (1) between the management of a company and its workforce

- (b) This question was well answered, although some learners failed to answer in context and, therefore, e.g only scored one mark. One mark was allocated to the role of a shop steward and the second mark was allocated to answering in context.

Answer

Knowledge (1 x 1)

Application (1 x 1)

Provides union members with information (k) about changes in shift patterns at JJ Hotel. (ap)

Serves as a contact person (k) for employees to say whether they are happy with the changes. (ap)

Keeps all union members up to date (k) with the proposed new shift patterns. (ap)

The role is to be the first contact with an employee (k) when discussing the proposed new shift patterns. (ap)

To help recruit members to the trade union. (k)

Application

Shift patterns change, Stacey wants to discuss changes with waitresses, all employees are trade union members, the waitress is the shop steward

- (c) Learners did not have a clear understanding of the term unionised and, therefore, failed to answer this question well. Some learners could manage to refer to industrial action that will take place and workers asked for higher salaries but did not refer to the impact on the business. Most learners did not refer to a positive issue and to a negative issue, although marks were awarded for only two positive issues and two negative issues.

A few learners managed to identify the impact on the business and most did not answer the question in context.

Answer

Knowledge (2 x 1)

Award one mark for each issue identified.

Application (2 x 1)

Award up to two marks for relevant reference to JJ Hotel.

Analysis (2 x 1)

Award one mark for analysis of the impact on the business of each relevant issue.

Answers may include:

Trade union members may be discriminated against (k) by denying them promotion opportunities. (an)

Management may refuse to sit down and negotiate with trade unions (k). They may delay negotiating with trade unions about shift patterns (ap) which may lead to industrial action. (an)

Stacey may stop waiters working during a labour dispute (k) to force unionised workers to accept management decisions (an) by accepting the new shift patterns. (ap)

As all employees are members of the trade union (ap), Stacey will be able to negotiate more efficiently (k) so that the changes can happen as quickly as possible. (an)

Advantages of becoming a unionised worker

- Unions protect workers' rights to work. (k) Union representation, however, looks out for workers so that they have a better chance of retaining employment - labour cost increase. (an)
- Unions increase workers' negotiation powers. (k) Unionised workers can better negotiate their contracts because they can bargain as a collective unit. (an)
- Unions ensure that workers have better retirement opportunities. (k) Employees that are represented by a union in the workplace have better access to retirement benefits. (an)

Disadvantages of becoming a unionised worker

- Unions do not provide representation for free. (k) Workers, therefore, pay a portion of their salaries in order to receive the benefits of union representation. (an)
- Unions may pit workers against companies. (k) Always fighting for their rights, instead of working together with the company to fight toward a common goal. (an)
- Union decisions may not always align with individual workers' wishes. (k) Some employees may not want to support causes (an) with which they do not agree or unions may advocate for changes in the workplace that do not necessarily benefit all employees. (an)
- Unions can cause businesses to have to increase prices. (k) Because businesses tend to pay unionised workers higher pay, (an) they also have to charge consumers higher prices. (an) Businesses might lose clients and customers if their prices are too high for people to pay. (an)

Application

New shifts/shift patterns, Stacey is consulting with workers, all employees are trade union members

- (d) This question was fairly answered, but some learners failed to answer the question positively and negatively and only concentrate on the advantages, therefore learners could not obtain three marks for evaluation.

With evaluation learners must make a choice which leadership style will be the most appropriate for Stacey to manage JJ Hotels and then support their choice for the other two marks.

Answer

Knowledge (2 x 1)

Award up to two marks for knowledge about leadership style(s).

Application (2 x 1)

Award up to two marks for relevant reference to Stacey/JJ Hotel.

Analysis (3 x 1)

Award up to three marks for analysis of the impact on the business.

Evaluation (3 x 1)

Award up to three marks for a justified decision about the leadership style used.

Knowledge may include:

Names of leadership styles: democratic (k), autocratic (k), laissez-faire (k) and McGregor (k).

Characteristics of different styles, such as:

democratic encourages consultation (k), two-way communication (k), employee autonomy. (k)

autocratic expects tasks to be performed precisely (k), top-down communication (k), close supervision. (k)

laissez-faire can be remote (k), little direction. (k).

McGregor is Theory X and Theory Y. (k)

Autocratic

Advantages

- It allows for fast decisions to be made. (k) Because there are fewer levels of administration (an) that must be kept informed of each decision. There is also less feedback from various levels of management (an) which must be processed.
- It improves overall communication. (k) Because the command goes straight to the workers (an) involved and not through multiple levels.
- It improves productivity. (k) Because autocratic leaders are able to move information throughout an organisation quickly, (an) there are fewer delays in productivity. (an)
- It handles crisis situations effectively. (k) Because they are the ones who are in charge. (an) If there is a short-term problem, the expertise of the leader can be used to create a solution. (an)
- Employees are closely supervised and know what is expected of them. (k)

Disadvantages

- It does not offer a sense of professional ownership. (k) Leaders take all the credit for the work that is done. (an) That means workers tend not to take ownership of the work they do because there is no incentive to do so. (an)
- It creates a system of dependence. (k) Workers are forced to rely on the autocratic leader for all their feedback, instructions and work duties. (an)
- It creates a lack of trust. (k) Leaders must assume that their workers are not performing as they should, which requires their direct supervision to ensure results happen. (an)

Democratic leadership

Advantages

- It works well when trying to solve a complex concern. (k) The democratic leadership style empowers leaders to work with their team. (an)
- Management makes use of the employees' experiences (k) to improve hotel services. (an)
- Workers may be more motivated (k) to provide a better service. (an)

Disadvantages

- It can create negative emotions. (k) If one member of a team are consistently having his/her ideas implemented, the other team members can grow resentful of the leadership style. (an) It makes them feel like their opinions are not valued, (an) which eventually causes them to stop participating in the process. (an)
- It can lead to procrastination. (k) Leaders who rely on the framework of this leadership style may find themselves procrastinating more often because they wait for someone else to tell them what ideas might be good. (an)
- It does not guarantee the best possible solution. (k) Diversified opinions and feedback make it likely that the best possible solution will be found, (an) but that is not a guarantee. (an)
- It can cause team members to question the capabilities of the leadership. (k)
- It encourages no one to take responsibility for failure. (k) When the team fails for some reason under this leadership style, there tends to be a lot of blame that is passed around. (an)
- It requires a certain skill or educational level. (k) Employees who do not have the needed skills or education are going to be less likely to offer creative solutions (an) or meaningful feedback during each discussion. (an)
- Decisions take longer (k) as employees need to be consulted, (an) which may reduce the efficiency of the business. (an)
- Supervision may not be close enough (k) leading to poor service (an) and a lack of customer loyalty. (an)

Laissez-fair

Advantages

- Freedom to make decisions. (k) Laissez-faire leadership gives authority to employees to make decision. (an) It makes employees more skilled and trustful. (an)
- Encourages creativity. (k) Leader gives freedom to employees, who start taking the initiative (an) for the company and develop ideas. (an)
- It can help employees to develop self-discipline. (k) It shows that employees are trusted and can, therefore, be motivating. (an)
- This gives employees freedom and flexibility (k) about how they organise their work. (an)

Disadvantages

- Lack of role awareness. (k) In some situations, the laissez-faire style fails to identify the role of a particular leader (an) that leads to the poor performance of the group. (an)
- Low accountability. (k) Some leaders take advantages of this style because, when the group members fail to reach the goal, they start blaming the group members (an)
- It can lead to too much control being in the hands of the employees. (k) Managers might lose touch with the way in which work is being done. (an)

Analysis may include:

Management makes use of the employees' experiences to improve hotel services. (an)

Workers may be more motivated to provide a better service. (an)

Decisions take longer as employees need to be consulted which may reduce efficiency of the business. (an)

Supervision may not be close enough leading to poor service and a lack of customer loyalty. (an)

Evaluation

- Democratic leadership is appropriate. (ev) The workers will develop self-reliance as they feel trusted (ev) and, therefore, provide a better level of service when serving meals or cleaning rooms. (ev)
- Some workers may prefer an autocratic style. (ev) They may want clear direction (ev) as many jobs in a hotel are carried out by less well-trained workers. (ev)
- In most cases a democratic style is appropriate. (ev) However, sometimes an autocratic style is best for routine tasks that need to be done at certain times, for example supervising cleaning of rooms, serving of meals. (ev) Therefore, a mixture of styles will be best. (ev)

Application

Examples of hotel employees and the work they do (waiter/waitress, bar staff, cleaners, reception), Stacey is consulting workers using a democratic style, decision will be made after consultation, all employees are trade union members, changes in shift patterns.

- 2 (a) This question was well answered, as most learners scored full marks.

Some learners referred to profit plough back into the business (1 x mark) and then for the second knowledge mark they refer to "after expenses have been paid," but no marks were awarded. Learners were supposed to refer to after dividends were paid or used by managers to cover expansion expenditure.

Answer

Knowledge (2 x 1)

Clear understanding (2)

Retained profit is kept in the business (1) after the owners/shareholders take their share of the profits. (1)

Plough back capital (1) used by the managers to cover for some of the expansion expenditure. (1)

Some understanding (1)

- (b) Most learners could explain what internal growth is but failed to answer in context to obtain the second mark. In context was bank loan of N\$750 000, retained profit or seven branches.

Answer

Knowledge (1 x 1)

Award one mark for knowledge of internal growth.

Application (1 x 1)

Award one mark for applying internal growth in context.

When a business expands by using internal funds (k) e.g. retained profit (ap)

The business has grown naturally over time (k) using a bank loan (ap)

OR

When a business expands its existing operations by using funds (k) e.g. retained profit (ap). The business has grown naturally over time (k) using a bank loan (ap)/opens seven new branches.

Application

Retained profit, bank loan of N\$750 000, growth to have 7 branches over 10 years.

- (c) This question was well answered, as most learners could give the advantages and disadvantages of business growth but learners lack the skill to answer it in context. Few learners could not analyse their knowledge.

Answer

Knowledge (2 x 1)

Award one mark for each implication of business growth identified.

Application (2 x 1)

Award one mark for a relevant reference to the context for each implication of business growth.

Analysis (2 x 1)

Award one mark for analysis of each implication for the business of growth.

Answer could include:

Larger business leads to poor communication. (k) Blind Solutions (Pty) Ltd. might not provide high quality (ap) curtains and blinds which will lead to dissatisfied customers. (an)

Expansion costs are high for Blind Solutions (Pty) Ltd. (k) They might have a shortage of capital (an) due to the loan. (ap)

More customers/bigger market share (k) will lead to more sales (an) and higher retained profits. (ap)

Due to growth more money available (k) for further expansion (an) of seven branches. (ap)

Blinds Solutions (Pty) Ltd. will be able to buy in bulk (k) and receive discount which will reduce the average cost (an) and lead to more competitive prices for commercial customers. (ap)

Advantages

- Increased power and status of the owners and directors. (k) The opportunities to influence community projects and government policy will increase, if the business controlled by well-known owners or directors. (an)
- Reduced risk of being a takeover target. (k) A larger business may become too large for a potential 'predator' company. (an)

Disadvantages

- Loss of control. (k) As your business grows, you may need to delegate management duties or divide the workloads between different locations. (an)
- Increased capital requirements. (k) A larger business means a larger workforce, (an) more facilities or equipment (an) and more investment. (an)
- Increased staff turnover. (k) For example, if staff are given extra work, their morale could drop, (an) their productivity could decrease (an) or they could leave your business. (an)
- Managerial problems. (k) Existing management may be unable to cope with problems of controlling larger operations. (an) There may be lack of coordination between the divisions of an expanding business. (an)
- Cash flow problems. (k) Need more working capital to operate (an) – higher stock levels and higher wages for more employees. (an)

Application

Residential and commercial customers, retained profit, bank loan of N\$750 000, high quality blinds, growth over 10 years, seven branches

- (d) This question was moderately answered. Some learners failed to show knowledge (the definition of lead time and the definition of buffer inventory). Without knowledge marks, a learner cannot obtain any other marks.

Learners were supposed to answer lead time positive and negative impact or buffer inventory positive and negative impact to be able to evaluate. Some learners fail to make a choice between lead time and buffer inventory and fail to support their choice, therefore, lose the three marks to evaluation. Learners did not answer in context to obtain two marks.

Answer

Knowledge (2 x 1)

Award one mark for knowledge of buffer inventory and one mark for knowledge of lead-time.

Application (2 x 1)

Award up to two marks for relevant reference to Blinds Solutions (Pty) Ltd.

Analysis (3 x 1)

Award up to three marks for analysis of the impact on the business of buffer inventory and lead-time. (Maximum of 2 marks if answer refers to only buffer inventory or lead-time)

Evaluation (3 x 1)

Award up to three marks for a justified explanation of buffer inventory and/or lead-time.

Knowledge may include:

Buffer Inventory

- Minimum stock should be held to ensure that production still takes place. (k)
- Used to reduce stock shortages. (k)
- To ensure that unexpected demand can be met. (k)
- Buffer inventories are the minimum inventory level that should be held to ensure that production could still take place should a delay in delivery occur or should production rates increase. (k)

Lead-time

- Time taken between ordering new stocks of material and their deliveries. (k)
- Has a direct influence on customers' satisfaction. (k)
- Orders may take time to process. (k)
- Lead time is the normal time taken between ordering new stocks and their delivery. (k)

Analysis may include:**Buffer Inventory**

So that less delay of an order can occur. (an)

Leads to better customer services on time. (an)

The less reliable the suppliers, the greater the buffer stock. (an)

Advantages

- Minimum stock should be held to ensure that production still takes place (an) – less delay of an order. (an)
- Used to reduce stock shortages (an) – leads to better customer services on time. (an)
- Reduces the chances of opportunity loss (an) as the company has stock to take new order. (an)
- Helps to protect against fluctuations in the demand and supply (an)/ensures that unexpected demand can be met. (an) If supplier is unexpectedly closed for a week or if there is a disruption of your order in transit, you do not waste time fulfilling orders to your customers with safety inventory (an) – less reliable the suppliers, the greater the buffer stock. (an)
- Compensate for forecast inaccuracies (an) (only when demand exceeds the forecast) – Perhaps you have a consistent demand for a certain item but one month you sell more than you forecasted; with safety inventory in place, you do not sacrifice your customer service level while you replenish. (an)
- Prevent disruptions in manufacturing or deliveries (an) – the purpose of safety inventory is to make sure your customer service levels stay high (an) – and your supply chain runs smoothly. (an) With safety inventory in place, your workers are not running around trying constantly to locate and reorder parts – they are fulfilling orders to your customers. (an)
- Avoid inventory to keep customer service and satisfaction levels high. (an) Helps to keep your warehouse and supply chain running smoothly, (an) the end goal is to make sure that your customers will be satisfied and keep coming back. (an)
- Stock also reduces the chances of opportunity loss (an) as the company has stock to take new orders. (an)

Disadvantages

- Creating and maintaining a buffer inventory can result in additional overhead cost. (an)
- Extra inventory also takes up additional space. (an)
- Maintaining a too-high stock could result in high inventory carrying costs. (an) On the other hand, too little buffer inventory may fail to meet the objective of preserving such stock in the first place. (an)

Lead-time

- The longer the time period for delivery, the higher the re-order stock level has to be. (an)
- A higher lead-time means that a higher buffer stock needs to be held. (an)

Advantages of reducing lead time

- The major benefits of reducing lead times are reduced carrying costs, (an) streamlined operations, (an) and improved productivity. (an)
- The ability to outpace your competitors with faster, more efficient output. (an)
- Quicker replenishment of stock to avoid stock outs, (an) lost sales, (an) and lost customers/direct influence on customers' satisfaction. (an)
- Reduction in lead time lead to improved customer retention rates, (an) and allow business to build their client base (an) and expand to meet growing demands. (an)

Disadvantages of extended lead time

- Halts in production line. (an) Long lead times can put an immediate halt on manufacturing operations. (an) Stopping the production line - completing customer requests, (an) creating another situation of having limited stock. (an)
- Unable to generate revenue. (an) They may even find themselves spending more money to receive the parts from an unvented independent distributor, (an) so manufacturing projects can be finished and client orders are fulfilled, bringing in needed revenue. (an)
- Depending on the terms and conditions, providers could be fined for failing to perform contractual obligations. (an)
- The longer the time period for delivery, the higher the re-order stock level has to be. (an)
- A higher lead-time means that a higher buffer stock needs to be held. (an)

Evaluation

- Raw materials are imported from Malaysia taking a long time to reach Oshakati. (ev) This means the raw material buffer stock needs to be higher so there is sufficient stock for manufacturing, until new raw materials arrive. (ev)

- Finished product can be delivered more quickly to the branches because of shorter distances, (ev) which means lead-time is shorter. (ev)

Application

Import from Malaysia, branches up to 200 km from factory, seven branches, sell to residential and commercial customers, large warehouse, raw materials and finished products, high quality blinds/curtains.

- 3 (a) Question was answered moderately, although some learners confused reasons why a business may choose to operate in a niche, with why firms remain small.

Answer

Knowledge (2 x 1)

Reduced/less competition
Saves money for advertising
Increased visibility in a smaller market
Takes advantage of specialised expertise of the business/employees
Can create better customer relationships
Less resources needed

Any two

- (b) Well answered. The majority of learners could provide methods of how a market can be segmented, however, they failed to give an application as related to the case study i.e., hair products, jewellery. Geographical method would not have been applicable for hair products.

Answer

Knowledge (1 x 1)

Award one mark for identifying any method of segmentation.

Application (1 x 1)

Award one mark for applying the answer to Missy Shine.

Gender/sex (k) or Demographic (k)

Missy Shine may sell different costume jewellery for men and women. (ap)

Income (k) or Lifestyle (k) or Personality (k) or Psychographic (k)

Missy Shine sells an exclusive range of products. (ap)

Age (k)

Missy Shine may target different age groups with different types of hair products or jewellery. (ap)

Application

Costume jewellery, hair products, exclusive range of products, nail polish, niche market

- (c) Fairly answered. Many learners could provide the benefits of using market segmentation; however, some could not furnish an analysis and some could not answer in context, which causes them not to score full marks.

Answer

Knowledge (2 x 1)

Award one mark for each benefit mentioned.

Application (2 x 1)

Award up to two marks for relevant reference made to Missy Shine.

Analysis (2 x 1)

Award one mark for analysis of each benefit for the business of market segmentation.

Answers may include:

Missy Shine can design and sell hair products, nail polish and costume jewellery (ap) that are specifically focused on target groups of consumers (k) leading to higher level of sales. (an)

It enables gaps in the market to be identified (k) and the hair products can be offered to each niche (ap) to attract different types of customers. (an)

Marketing strategies can be focused on the target market groups (k) which avoids wasting resources (an) on trying to sell just one type of *costume jewellery* (ap) to the whole market.

A business like Missy Shine might not be able to compete in the whole market. (k) It can focus on a certain niche (ap) to help increase its profile and reputation. (an)

It is possible to deal with competition more effectively (k) by using resources more effectively. (an)

Application

Well known retailer, exclusive ranges of products, hair products, nail polish and costume jewellery, niche market, asking for customer preferences.

- (d) Well answered. Learners obtained knowledge marks by referring to examples of social and environmental factors. However, to develop these factors/analyse them was again a big problem. Learners had to relate the effect of social factors and environmental factors on the business and not the impact on the customers. Some learners could not make a choice as to whether social or environmental factors will have the biggest impact. In order to gain marks for evaluation, a learner had to make a choice and give sufficient reasons as to why that factor has the biggest influence.

Answer

Knowledge (2 x 1)

Award one mark for an example of each factor identified.

Application (2 x 1)

Award up to two marks for relevant reference made to Missy Shine.

Analysis (3 x 1)

Award up to three marks for analysis of the impact on the business. (Maximum of 2 marks if answer refers to only social factors or environmental factors)

Evaluation (3 x 1)

Award up to three marks for a justified decision about the biggest influence.

Knowledge may include:

Examples of social factors such as population (k), demographic changes (k), changes in consumption patterns (k), cultural (k), religion/beliefs (k), lifestyle (k).

Examples of environmental factors such as pollution (k), recycling (k), eco-friendly products (k).

Analysis may include:

Customer trends are important for the marketing because it will help them in identifying a customer's needs and wants. (an)

An ageing population may mean the business has to change the sorts of products it sells. (an)

The business may need to change the dye to another brand of dye to eliminate the harmful effect on the environment. (an)

Missy Shine must adhere to government rules and regulations to recycle materials and decrease waste disposal which will increase costs. (an)

Not abiding by environmental regulations may lead to bad publicity and lower sales. (an)

Evaluation

Social factors have more influence. (ev) As a well-known, fashion-based retailer (ev) Missy Shine must keep up to date with trends in the market to ensure it stays ahead of the competition. (ev)

Missy Shine sells exclusive products which are likely to be aimed at richer customers (ev) who will be affected if income levels increase (ev) so social factors are most important (ev).

Environmental factors have more influence on Missy Shine. (ev) To reduce pollution, the type of hair products and nail polish should be environmentally friendly. (ev) If environmental factors are not carefully considered it may push up the business costs. (ev)

Environmental factors are more important than social factors. (ev) Even though the population is growing they will not buy Missy Shine's products, (ev) if they are found to be unkind to the environment or tested on animals. (ev)

Application

Well-known retailer, exclusive ranges of products, niche market, hair dye causes water pollution, identify customer trends.

3. POSITIVE SUGGESTIONS TO TEACHERS

In the (d) part of the question paper learners did not answer advantages and disadvantages to be able to make a choice. Remember if you expect a person to make a choice he/she must have positive and negative information available before he/she can make a choice. For evaluation the first mark is for the choice. Learners cannot write in general but must make a clear choice and then the other two marks are given when the learner supports his choice. (Why he/she decides on that specific choice.) Without a choice no marks are awarded for evaluation.

Tips: Before a teacher starts with the lesson he/she must give the specific objective to the learners and then decide where this objective links with the grid. Learners will know what is expected of them: knowledge, analysis, application and evaluation.

Teachers must use the prescribe format for question papers throughout the year in achievement tests as well as in examinations.