NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION – MARCH 2018

BUSINESS STUDIES: PAPER II

MARKING GUIDELINES

Time: 2 hours | 100 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

The following aspects will be considered when marks are allocated in this paper:

- Format:
  - The CORRECT format for each question must be used, i.e. Business report.
  - Where applicable, include an introduction and conclusion.
  - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context/theme.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.

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QUESTION 1

(Facts: max 70 marks)

Fact marks are allocated as per the rubric for:

- Naming
- Explaining/justifying/motivating
- Examples

CONFLICT MANAGEMENT

Functional vs. Dysfunctional conflict

Conflict can be defined as the differences of opinion or the varied emotions people experience often due to a dispute over a particular issue.

When we hear the word conflict, it is usually associated with undesirable emotions, and understandably so, because it suggests that someone does not agree with an opinion/ situation. It is, however, possible that conflict may lead to a positive outcome, e.g. as when someone who is unfamiliar with the Jewish religion offers his new Jewish colleague a piece of his ham sandwich. For the Jewish person that may be a sign of disrespect and may very well lead to conflict between the two colleagues. If, on the other hand, the Jewish person explains why he would not share the sandwich, it may lead to a better understanding between the two colleagues, and ultimately even more respect for each other's culture and religious beliefs.

Functional conflict refers to a situation where the different parties deal with the conflict in a manner that is healthy and where they respect each other's opinions. The outcome of functional conflict is positive, and sometimes it may lead to more innovation, creativity and higher productivity. Without **respect** shown by both parties, functional conflict (a positive outcome) will prove impossible. It is important that both parties **listen to the other's point of view** and then **acknowledge** that there may be merit in the opposing point of view, and that a **compromise** in resolving the conflict will probably lead to a **win-win situation**.

An interesting concept is that the manager may sometimes deliberately play devil's advocate to create conflict, as it may lead to the group 'bonding' because they have to defend their common interest.

Possible outcomes of functional conflict:

- Conflict may create awareness that there is a problem, which can then be solved.
- Team members may start to consider a wider range of ideas, which may result in increased participation by people who were not interested before (no more 'group-think'); creativity and even higher productivity may be stimulated.
- Perceptions that may not be accurate are discussed and misconceptions cleared.
- Clarification of individuals' views occurs and cooperation ensues.

When conflict leads to a decline in productivity, it is known as dysfunctional conflict. Dysfunctional conflict is often the result of people's misperceptions, their ambitions and egos and/or an unwillingness to compromise. Misunderstandings and a lack of communication are central to dysfunctional conflict. The manager has to step in if the conflict situation has a negative impact on productivity to ensure that the conflict situation is resolved; dysfunctional conflict may continue to hinder group performance, waste resources, be counterproductive, and undermine group cohesiveness. If a compromise cannot be reached between the conflicted parties, the manager may have to force employees to set aside their differences and cooperate to achieve the goals of the organisation.

Possible outcomes of dysfunctional conflict:

- A climate of mistrust that has a negative impact on teamwork and cooperation.
- Blaming each other, backstabbing and gossip.
- Higher levels of stress and anxiety which contribute to lower levels of job satisfaction.
- Lower morale and increased staff turnover (which result in higher costs).
- Waste of time and other resources.
- Sometimes even violence.

Reasons for conflict

In the workplace there are people with different personalities, who not only have to work together to achieve the overall goal of the business, but also to realise their personal goals in terms of their ambitions. Egos often get in the way when people do not want to compromise and insist on their way of doing things.

The manager should assess the situation. If the conflicted parties are not able to resolve the situation, he/she should intervene to get people to focus first on the business at hand, before trying to promote their own agendas.

Differences in backgrounds, cultures and values often ruffle feathers and lead to irritations and lower productivity.

It is important to address these types of issues as soon as they become a problem. Employees should be reminded that sensitivity is required when dealing with these often complex differences especially in a country like South Africa, with people from so many backgrounds. Sensitivity training and developing skills such as time keeping, respecting interpersonal space and emotional intelligence will go a long way towards managing this type of conflict.

Poor communication leads to misunderstanding, because facts are interpreted in different ways. This may lead to role overload (where one person has to do more than he can cope with), role conflict (where team members all want to perform a certain task) or role ambiguity (team members are not sure of the roles each has to play). Poor communication may also contribute to people not meeting deadlines, or not informing someone in time of a problem meeting a specific deadline, so that contingency plans can be put in place.

All barriers to communication should be removed. This may include issues such as poorly phrased messages, poor use of language, distorting the message, and disturbances such as noise or interruptions.

Change brings uncertainty and this may lead to conflict as there is often resistance to change. It is much more comforting to keep doing things the way they have 'always been done'. Unfortunately, any business that stagnates and fails to adapt to changes in the macro environment or to new demands from consumers will not be successful.

Change management is crucial to the success of any manager. Employees need to understand what the changes are and why changing certain things are important to the success of the business, and how the necessity for change is important to them too. In order to achieve this, change must be managed in a way that enables people to face challenges effectively. A two way communication strategy makes employees feel valued and contributes to higher levels of buy-in. Training employees in the new strategy is also important, as it will empower the people to remain competent and enable them to cope. It is also useful to identify the leader in the group (not necessarily the manager) and achieve buy-in from him/her so the rest of the group will follow his/her lead and accept the change.

Limited resources and competition between team members for these resources may lead to conflict. The conflict may be functional if it inspires team members to work harder (e.g. working on a commission basis), but it could also contribute to people feeling there can only be one winner, which may provoke anti-productive behaviour.

The manager must constantly remind team members that although they may sometimes have to compete with one another, ultimately each one will contribute to the overall success of the business. Similarly, individual success contributes to the success of the whole team.

Previously unresolved issues may 'erupt' in conflict in the future. Sometimes the easiest way to deal with conflict, is not dealing with it at all. The manager may hope that by ignoring the conflict situation, it will disappear. For a short while, it may very well appear to be the case. But unresolved issues will remain an issue for as long as both parties are required to work together. This unresolved conflict may even escalate and become a more serious problem if the manager thinks the solution is to put his/her head in the sand and ignore the issue.

The manager must deal with any conflict situation as soon as it arises. Ignoring the issue or becoming too involved in the situation may hinder his/her capacity to think logically and to act decisively.

Make recommendations/give strategies regarding the management of conflict in the business

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

- When an **Accommodating** approach is followed, the person will be cooperative and not assertive. He/she will probably neglect his/her own interests and even sacrifice some of his/her beliefs when yielding to the other's point of view.
- A person opting to **Avoid** the conflict situation ignores the conflict by withdrawing from the situation or postpones dealing with it till a later stage or avoids the situation by getting someone else to deal with the conflict situation. If it is not an important issue, this approach may very well work – almost like the saying 'pick your battles carefully'.
- When **Collaborating/cooperating**, the parties try to work with each other in a situation that fully satisfies everybody involved. When collaborating, the parties attempt to find a solution that fully satisfies everyone's concerns. This will usually take time, as the underlying differences must be uncovered and addressed.
- **Competing** means an individual is not prepared to give in, instead he/she will do everything in his/her power to win. People will follow this approach if the conflict is over a principle or value that cannot be relinquished.
- **Compromising** means the parties are trying to find an acceptable solution to the mutual (although sometimes only partial) satisfaction of both parties by seeking a common middle ground.

THIRD PARTY INTERVENTIONS

Workplace Forums (WPF)

Workplace forums are strictly speaking not a form of third party intervention, because it is a mechanism whereby employees and employers can consult and make joint decisions on certain issues (except wages). A WPF may only be established if the business employs 100 employees or more. The perception that a WPF is for small businesses is therefore incorrect.

The WPF consists of employee representatives and management (but not outsiders or third parties). A WPF comes into existence if the majority Trade Union (or two or more trade unions together that represent the majority of workers) applies to the CCMA to form a WPF.

Some of the issues that will be dealt with by the employer and WPF may include:

- Health and safety measures.
- New work methods that may lead to restructuring and possible retrenchment of workers.
- Job grading.
- Criteria for merits and bonuses.
- Education and training.

If there is a dispute between the WPF and the employer that cannot be resolved, the dispute should be referred to the CCMA in writing.

Trade Unions and Employer organisations

The rules and regulations pertaining to the establishment and management of a Trade Union, and an Employer Organisation are dealt with in the same section of the Labour Relations Act. The difference between the two is that a Trade Union represents the employees and aims to promote their wellbeing, while an Employer Organisation does the same for the employers that belong to the organisation.

Unfortunately Trade Unions in South Africa are sometimes not really associated with conflict resolution, but are often regarded as the reason for the conflict. Due to the historic role that Trade Unions played in bringing change to the country, workers often had to organise themselves into a Labour Movement, such as a Trade Union, especially when political parties were banned. Unfortunately Trade Unions still play a political role to some extent, though no Trade Union may, according to the law, take part in politics. Trade Unions should only look after the welfare of the workforce and do what is in their best interest when negotiating with the employer. Unfortunately, more often than not, there are other forces driving the day to day activities of some Trade Unions.

COFESA is one of the largest Confederations of Employers Organisations in South Africa and has been active since 1989. They represent about 6 500 employers and aim to assist members with challenges presented by complex legislation such as the Labour Relations Act, the Basic Conditions of Employment Act, the Skills Development Act, the Employment Equity Act, UIF and Tax Legislation, the OHS (Occupational Health and Safety) and the Companies Act to name but a few.

Employers do not always have the time, expertise or resources to deal with challenges brought on by Human Capital (Human Resources) and Industrial Relations issues. Employer organisations such as NAPE (National Association of Private Employers) or COFESA assist members with issues that may include Employment contracts, CCMA negotiations, Trade Union negotiations and disciplinary and grievance procedures.

Commission for Conciliation, Mediation and Arbitration (CCMA)

The CCMA will try to settle disputes referred to them by going through the following process:

- Conciliation where they listen to both sides, but merely act as an independent party, while both sides discuss their respective points of view. If no consensus can be reached between the two parties, the next step will be mediation.
- During mediation, the CCMA representative will make a recommendation on how the dispute should be settled, but the recommendation is not binding.
- Arbitration is the third step in the process. The arbitrator will issue an instruction on how the dispute should be settled and this instruction is binding on both parties.
- If one of the parties feels there was an oversight by the CCMA representative in dealing with the issue, it may be referred to the Labour Court.

The aim of the CCMA is to prevent labour disputes from escalating into labour unrest. The CCMA is not affiliated with any political party, Employer Organisation or Trade Union. Consequently, in dispute resolution, its **unbiased** opinion/position is recognised and accepted. Another important service provided by the CCMA is training on issues such as:

- The prevention of sexual harassment in the workplace.
- Disciplinary procedures.
- Workplace restructuring.
- Affirmative Action programmes.

The Human Resource/Human Capital Function

In recent years there has been a shift in the focus of managing employees in the business. Employees are no longer regarded merely as a resource and only useful as a means to boost the performance of the business. The status of employees has changed and they are regarded as an **asset** with certain skills, knowledge, experience, characteristics and attitudes. The business has to determine the current and future value of the employees and reward them in a fair manner, while acknowledging that the future value of the employees should be enhanced through investment in training and development. This is the reason for the change in name from Human Resources to **Human Capital Function**.

Manpower planning as a prerequisite for recruitment and selection

Manpower planning is a top-down process. This means that the strategic plan of the business will determine which skills are needed to achieve the goals of the business. The required skills will be acquired via manpower planning and training.

In short it can be said that manpower planning refers to the process of:

- Estimating the number of employees.
- Assessing the range of skills required for the business to operate.
- Calculating the time frame of the employment needs of the business.

In order to do accurate manpower planning, each position (job) in the business must be analysed, described and a job specification drafted.

- A **job analysis** is performed to determine all the tasks and responsibilities associated with each job in the organisation.
  As a result of the job analysis, a **job description** is done to specify the job title, a summary of the job, duties and working conditions associated with the job and the degree of supervision required to perform the job.
- The **job specification** 'interprets' the job description into qualifications, skills and experience necessary for the employee to do the job. The job specification is used as a guide during the recruitment and selection process.

Once categories and specific skills have been identified, the Human Capital Function has to ascertain if a skills gap is evident. This is the difference between **skills available** in the business and the **skills needed**. The recruitment and selection process (and later the training process) will aim to eliminate the skills gap.

THE PROCESS OF PROCURING THE FINEST TALENT FOR THE BUSINESS

Recruitment

The main focus of the recruitment process is to attract the most competent talent. There are a number of internal and external options available when recruiting potential candidates for the job. The task of the recruitment agent is to determine the most effective communication channels to be used for the recruitment message.

The business should, among others, consider the following internal and external options, then select the most appropriate option for the type of employee desired:

Internal recruitment is done by transferring an existing employee to a new position or by promoting an existing employee.

The business may invite existing employees, who may be suitable candidates for the vacancy, to apply for the job. This is done by searching employee files to identify potential candidates based on skills, qualifications and experience. Word of mouth may work if a manager recommends an employee for the position.

An alternative, to sourcing internal staff files, is to post the position on an intranet or notice board within the business and to invite interested staff to apply.

Current employees may also be asked to recommend someone outside of the business for the position. This is a combination (hybrid) of internal and external recruitment.

The advantages of using internal recruitment are:

- The employee morale is improved if they know there are opportunities for promotion.
- It is more cost effective.
- The employee's past performance and attitude towards the business is known.

If it is not possible (or desirable) to recruit employees from within the company, the business has to recruit **externally**. This can be done by using one or a combination of the following techniques:

- The position is advertised via an employment agency. Some agencies operate exclusively on the internet, while others may use the internet as well as traditional advertising media.
- The business may decide to advertise the position in newspapers, trade journals or at trade shows.
- Depending on the qualifications needed for the position, the business may approach schools, colleges, universities and other educational institutions to seek suitable candidates.
- Although it does not happen very often with more senior positions, suitable employees may be sourced by looking at CVs of casual applicants or 'walk-ins'.
- Employees may also be 'head hunted'. This means a suitable employee who works for a competitor is identified and asked to apply for the vacant position.

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The advantages of recruiting externally are:

- New ideas and skills are brought into the business.
- It may give the business an opportunity to employ more Affirmative Action candidates to meet Employment Equity targets.
- When an employee is head hunted, he/she may provide insight into the operations of competitors.
- No infighting occurs among employees for the position.

Selection

Once the recruitment process is complete, the selection process begins by identifying the most suitable candidates to interview for the position. Selection consists of a number of steps and ends with the employee signing the employment contract and filling the vacant position.

In response to the position advertised, the business will receive application forms, CVs and other relevant information. This is checked to ensure all pertinent information has been received from the candidates applying for the vacancy.

The next step is to evaluate all the application forms and CVs to see which candidates meet the prescribed criteria. Those candidates not meeting the criteria are informed that their applications were unsuccessful. The business often stipulates in the advert: 'If you have not been contacted by … (date), your application was not successful.'

The next procedure is to compile a shortlist of candidates for the first round of screening. This is done by comparing each application to a predetermined list of criteria required for the position. This procedure ensures the process is objective.

A background and reference check is done. A pre-defined list of questions verifies the applicant's references and ensures fairness. If the nature of the position requires it, credit checks and checking for a criminal record occurs.

Interviews are conducted, following the selection of the most suitable candidates. It is preferable that the interviews are conducted by a panel using a predetermined interview guide (set of questions). This helps to ensure complete impartiality. If needed, a final interview may be conducted with people selected after the first round of interviews. The purpose of interviews is to obtain additional information from the applicants and to assess the qualities of these people and their suitability for the position and the business. The interview also allows the candidate/interviewee to ask questions about the position and organisation.

Candidates may be required to undergo certain tests to evaluate their suitability for the position:

- Work sample tests measure the candidate's ability and their actual performance. For example: a trainer may be required to do a presentation to assess his/her competence in communicating information. Psychometric tests: The word *psychometric* comes from the Greek concept meaning *mental measurement* and may be used to check if the candidate's mental ability and personality are well-matched for the position.
- A medical examination may only be conducted if a certain health aspect is an inherent requirement of the job. It may, for example, not be a stipulation to send a candidate applying for a position as a financial manager for a medical examination. Nevertheless, it is a requirement to send a truck driver for a medical examination. If a prospective employee is sent for medical tests, the business pays for any costs incurred.
- In order of preference, candidates are ranked and the highest-rated candidate who meets all or most of the requirements is offered the position. If the person does not accept the offer, an offer may be extended to the next suitable candidate.

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- Once the employment offer is accepted, a contract is signed by both parties: the employer and the employee. Details specified in the **employment contract** may include:
  - Full details of the employer.
  - Full details of the employee (full names, ID number, address, contact details, tax number, etc.).
  - Details regarding the position (date of appointment, job title, duties, responsibilities, probation period, working hours, leave, remuneration, notice period to terminate the contract, retirement age etc.).

It is often said that the recruitment activity is positive, but the selection process is negative. This implies that when the business recruits, all possible candidates are invited to submit their CVs, but the selection process favours the most desirable applicants. Only the selected few progress to the next step of the process. Unsuitable applicants are disregarded.

Placement

The employee is usually placed in the position for which he/she applied. It may emerge that the employee has a special skill, making him/her more suited to a different position in the business. The business may re-negotiate remuneration and other benefits with the employee before engaging him/her in this position. Correct placement ensures the employee is optimally utilised in the best interests of both the individual and the business.

Induction

Induction is not the same as training for a specific job. Induction is training (orientation), given to all new employees to help them to become productive role players in the business as soon as possible.

There is no 'one-fits-all-recipe' for a good induction program. There is, however, standard information that should be included in an effective induction program. This may include:

- A written copy (hardcopy or electronic) of the business' policies and procedures.
- Some form of organogram/organisational chart to identify the various role players in the organisation.
- A face-to-face introduction to the manager and other staff members in the department.
- A tour of the facilities to show the new employee where the bathrooms, meeting rooms, canteen and Human Capital offices are in case he/she has any questions. It may also be useful to show the new employee how to log a call in the event of a problem with the technology such as cash register.
- Precise instructions outlining how the new staff member should perform certain tasks must be issued. Any unique/unusual requirements/tasks should also be clarified.
- Allocating the new employee a 'buddy or mentor', in case questions arise or there is uncertainty about job-related issues, allows the new recruit to settle in more quickly.

The advantages of a well-structured and well-implemented induction program may include the following:

- It helps to reduce stress and anxiety experienced by the new employee, as it creates a positive impression of the business and assists him/her to become part of the team more easily.
- It ensures the new employee starts off with the correct information to do the job.
- It prevents wasting the business' time and money because the employee learns the correct procedures immediately.
- New employees quickly become mindful of the business culture and readily adapt to the business' processes.
- Retention of staff is higher if a well-designed induction program is implemented.

Remuneration and employee benefits

There are a number of ways in which employees should be rewarded for their hard work in the business. Remuneration and additional benefits that have a monetary value are part of reward systems to enable employees to maintain a certain standard of living. It is also one of the biggest operating expenses that the business will incur. Salaries and benefits are an important issue from both the employee's and the business' point of view.

Before the different ways to calculate salaries and other benefits offered to employees are discussed, it is necessary to distinguish between the following: salaries, wages and paying commission to employees.

- Permanent or temporary workers may earn **salaries**. A salary is a fixed amount, which is paid to the employee (once a month) on pre-determined date.
- **Wages** are usually paid on a daily or weekly basis. It may be a fixed sum, calculated on the basis of the number of hours worked, or at a piece rate (according to output).
- **Commission** is a form of remuneration used to motivate the employee to deliver more. It is often used in sales where the employee receives a percentage of the sales as commission. This means the more sales the employee makes, the more commission may be earned; it is an **incentive** for the employee to improve his/her performance.

In addition to being paid a salary, a wage or a commission, the employee may also be paid for working overtime. The **BCEA** (Basic Conditions of Employment Act) prescribes regulations in terms of how much overtime the employee may work and how overtime remuneration should be calculated.

Additional remuneration may also be paid in the form of a bonus. The bonus may be guaranteed in the employment contract as a 13th cheque or could be paid for meeting performance targets. The employee may qualify for both a 13th cheque and an additional bonus for meeting targets. These benefits will differ from business to business, with some businesses not paying any bonuses.

More and more businesses are offering employees a 'bonus' in the form of profit sharing or giving employees share options in the business. Both of these methods make it attractive to the employee to work harder and to save costs, where possible, because the better the financial performance of the business, the higher the remuneration paid to the employee.

According to the BCEA the employer may not deduct any money from an employee's remuneration, unless it is:

- A voluntary deduction being made, e.g. membership for a trade union or to contribute towards a staff fund, etc.
- A legal requirement such as Unemployment Insurance (UIF) or income tax (PAYE). Income tax in South Africa is progressive by nature. This means the higher the salary, the higher the percentage of tax that has to be paid by the employee.

Methods of structuring salaries

There are two methods to structure the remuneration paid to employees in a business: this is cost plus benefits OR cost to company. The employee will be informed about the option used by the business at the time when the job offer is made.

Cost plus Benefits means the business pays a basic salary and then makes additional contributions towards certain fringe benefits. These benefits may include contributions towards:

- Pension
- Medical aid
- Travel allowance
- Housing
- Meals
- Accommodation, etc.

If the salary package is structured as *Cost to Company*, it means the employer offers the employee a salary, but thereafter **no additional** contributions will be made by the employer. This means the employee can structure a salary package best suited to his/her circumstances. If, for example, an employee is on a spouse's medical aid, it will be to the advantage of the employee to structure his/her salary on a Cost to Company basis as he/she requires no medical aid contributions from the employer. Most businesses pay employees on a Cost to Company basis.

Training and skills development

- Training and skills development are usually understood to be identical, but the difference is worth noting. These terms are often used interchangeably even though they have different meanings. Note the distinction below:
  - Training refers to the process of ensuring that employees have the specific skills needed to perform the job, e.g. the waiters know new menu items.
  - Skills development targets a broader range of skills or even attitudes that are not job specific. This may include examples such as time management skills, communication skills, creative thinking skills, business etiquette and managing other staff members.

Employee evaluation

The basic task of any manager is to plan, organise, lead and control. This is no different in respect of Human Capital. The productivity and efficiency of each employee must regularly be rated against performance targets (plans) to determine the degree to which performance targets are met (or not) or even exceeded. This is done by means of a Performance Appraisal.

The Performance Appraisal is:

- A planning tool: During the performance appraisal, performance targets are contracted (agreed upon) between the employee and his/her manager.
- An evaluation tool: At the next appraisal the performance is jointly evaluated by the employee and his/her manager. Discrepancies, between the self-evaluation and that of the manager, are then discussed.
- A feedback tool: If targets were not met, reasons must be discussed. This gives both the employee and manager an opportunity to raise concerns in a formal meeting, after which action plans are formulated to solve existing problems or anticipate future ones. Personal Improvement Plans (PIPs) are outlined and this may require the employee to get more training or his/her performance may need to improve markedly. If applicable, promotion opportunities and career paths are also discussed.

Retention

Staff retention is important in any business. There comes a time, however, when employees may feel it would be better for them to find a position in another business. Some of the reasons for employees leaving a business include:

- An opportunity to get a better salary and/or benefits.
- The employee is unhappy with the way management treats employees.
- The employee does not get along with colleagues.
- The employee feels there is no job satisfaction.
- A lack of opportunities to grow and develop (not enough training or a lack of promotion opportunities exist).
- The employee is not happy with the working conditions.
- Travelling time to work is unacceptable for whatever reason.
- Health reasons or people retiring.
- A spouse is transferred to another town.
- The employee feels there is a lack of balance between work and personal life.

If employee turnover is too high, it may be an indication of problems in the business. Consequences of a high employee turnover may include:

- Reduced productivity levels.
- An additional work burden on employees who need to work harder while the new staff member settles in.
- Low morale when employees become aware of too many vacancies.
- A negative public perception of the business.
- More money and time are needed to invest in the retraining of new staff members.

Is it possible to improve staff retention? Indeed, since it is important that when a staff member leaves, an exit interview is conducted with the employee. People who leave are usually prepared to reveal what has been bothering them, by providing reasons for leaving. An existing employee may fear negative consequences from his/her manager if he/she discusses issues bothering him/her before leaving the employment. The Human Capital manager has to take note of the reasons employees choose to leave and needs to address these issues where possible.

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

CRITERIA	0	1	2		Question 1	Question 2
Format	Not meeting the correct standard	Partially correct format	Correct format			
	0	**1**	**2**	**3**		
Terminology	No use of business terminology.	Isolated/limited use of business terminology.	Good use of business terminology.	Outstanding use of business terminology.		
Content (number of relevant facts)	Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)					
				Sub-Total: (30 marks)	**1A**	**2A**

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

If all SECTIONS have not been completed, the judgment is based on the amount of expected information.
E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a 'majority of statements' mark.

CRITERIA	0	1	2	3	4	Question 1	Question 2
Substantiation (justification for statements made)	No attempt at substantiation.	Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.		
	0	**1**	**2**	**3**	**4**		
Application to context/ industry	Superficial reference based on the case study/context given (Just keep mentioning the name of the business repeatedly without relevant examples).	Continuous reference is made to the case study/context given with some applicable examples given.	Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response.		

	0	1	2	3	4	5	6		
Creative Problem Solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/ poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.		
	0	**1**	**2**	**3**	**4**	**5**	**6**		
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.		

1 Introduction – do not just re-write question, but shows an understanding of the 'link' between the topics.		
2 Conclusion – this should be a logical affirmation of the points raised.		
3 Flow of thought, i.e. paragraphs leading into one another.		
4 Integration of topics given in the question.		
5 Integration of question with other Business related topics to enhance the quality of the answer.		
6 Arguments are developed.		
Sub-Total: (20 marks)	**1B**	**2B**
TOTAL		

QUESTION 2

(Facts: max 70 marks)

Fact marks are allocated as per the rubric for:

- Naming
- Explaining/justifying/motivating
- Examples

ENTREPRENEURSHIP AND INTRAPRENEURSHIP

Definition of an entrepreneur

The entrepreneur is the person who combines the three factors of production (capital, labour and raw material) in order to start a new business venture.

The entrepreneur sees an opportunity in the market and he/she assumes the risk of starting a new business by investing his/her capital in order to make a profit.

When the entrepreneur starts the business, he/she will usually operate at top management level.

What is an intrapreneur?

An intrapreneur is often known as an 'inside entrepreneur'. He/she works within a business and uses entrepreneurial qualities combined with the business' resources to transform innovative ideas into profit.

The intrapreneur does not have to operate at Top Management level, but will often implement a new and profitable idea within the department with the approval of his/her manager.

Entrepreneurial qualities, characteristics and skills

It is almost impossible to list the characteristics or qualities that are common to all entrepreneurs. The aspects of entrepreneurship that are achievable are those key entrepreneurial traits which can be **learned** and **developed**. No aspiring manager needs to hide behind the excuse of 'I am not a born entrepreneur'. There is a wide skills-base available for these managers to utilise to acquire or develop some of these essential entrepreneurial traits.

- One of the most important characteristics of an entrepreneur is the ability to identify an opportunity with potential and to then pursue the opportunity, even if it may be risky. An entrepreneur needs to take risks to reap rewards.
- In order to identify an opportunity in a particular market, the entrepreneur has to understand the target market and he/she continuously needs to scan the internal and external environment to be proactive in identifying opportunities and/or threats.
- The entrepreneur has to know who the customers (LSM) are, their needs, and then be willing to develop or change the business plan to satisfy the customers' needs.
- An entrepreneur is an opportunist. The market/business environment may not always be favourable or fit in with his/her initial plan. The entrepreneur, therefore, must be able to anticipate market trends, identify the positives and use these to the advantage of the business.
- Starting a new business is hard work and takes commitment and perseverance.
- Creativity and innovation are often requirements to get a new business off the ground. Being different to that of a competitor (differentiation strategy) may lead to a successful business.
- The ability to prepare and to implement a plan to achieve goals is very important. But the entrepreneur must be realistic and proactive by developing a contingency plan to manage potential risks.

- In order to execute the plan, the entrepreneur must have the ability to obtain and coordinate the required resources in the optimal manner.
- Without leadership qualities the entrepreneur is not likely to achieve success. He/she must have the ability to convince and motivate others to buy into the plan and follow him/her to achieve the desired goals.
- The ability to evaluate achievements and progress is crucial in order to initiate corrective measures if needed.
- The entrepreneur should be able to make quick decisions about opportunities as they arise.
- The ability to communicate clearly and accurately is critical in order to implement strategies to overcome challenges and thus capitalise on opportunities.
- An entrepreneur is personally motivated and often prefers to work on his/her own or at the very least be in charge of what is going on. It is very important that an entrepreneur is insightful enough to know what his/her shortcomings are and wisely to surround him/her with a supportive team.

Leadership vs. management

Much has been written about the difference between a manager and a leader and whether it is even possible to differentiate between the two.

One of the most frequent definitions used to differentiate between the two is:

- A manager is appointed in a position of authority which enables him/her to insist on people doing as he/she instructs.
- A leader has the expertise to make people aware of the advantages of pursuing a certain course of action, thereby creating a desire in people to follow him/her to achieve a common goal.

Ideally, for a manager to be successful, he/she has to be a leader as well. No longer is it appropriate to tell people 'because I said so'. Very few people respond well to being 'managed', while most employees respect someone who recognises each individual's strengths and acknowledges the contribution each makes. We have already pointed out that the manager will be better equipped for his/her task if he/she develops entrepreneurial qualities. The same principle applies: a good manager will make sure he/she is a leader as well.

Manager	Leader
The manager maintains systems.	The leader develops new methods to do things.
The manager focuses on systems and structure.	The leader focuses on people.
The manager relies on control.	The leader inspires trust.
The manager accepts the status quo.	The leader challenges the status quo.

Management Tasks

There are a variety of tasks a manager has to perform as part of his/her daily job. The aim of management is to ensure employees perform in an efficient and effective way to achieve the goals of the business.

To accomplish this, the manager (be mindful that an entrepreneur would also be a manager of his/her business) performs the following tasks:

Planning

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

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

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

The following are some principles to keep in mind when planning:

All managers, who are in a position where they are responsible for development and implementation of plans, will be held accountable for these two elements. However, it is important that managers receive support and guidance from middle/top managers during the planning and implementation phases.

Planning is aimed at the future. It has to be done in advance to give guidance to employees to implement changes timeously, while still ensuring the plans are within the budget (realistic).

Clear communication is crucial to inform employees of desired goals. It is always a good idea to communicate plans in writing in case someone needs to refer to the plan to confirm the original goal.

The KISS-principle: Keep it straight and simple so that the plan is easy to understand and to implement.

Planning is a management tool and should be used to guide employees towards the end goal. Planning is the crucial first step, but no plan will yield results without it being implemented.

Organisation

When the manager organises, it means he/she arranges activities in such a way that all resources (factors of production) contribute towards a systematic and successful business.

These factors of production include the following: employees, working capital needed to run the business, any raw materials needed to produce the product, obtain the inventory to sell to consumers.

There are different managers in charge of each of the functions, but the General Manager/ CEO has to ensure all these managers realise that their tasks are inter-dependent and they must work together to achieve the overall goals of the business.

Organisation also refers to reporting structures within the businesses. There is no single correct (or incorrect) organisational structure that fits all business. Regardless of the organisational structure chosen for the business, the important thing is that the reporting lines are clear in order to avoid confusion and blame-shifting.

Leading

In order to implement plans and reach the desired outcome, the manager has to ensure guidance and support is given to employees, i.e. that they are guided to achieve the goals of the business, as well as their personal goals as employees.

A good leader will strive to maintain a balance between being risk orientated (getting the job done) and people orientated (to focus on the needs of employees).

The following are some general rules for good leadership:

- Workers should always be helped to understand what goals are to be achieved.
- A good leader will allow (and also encourage) subordinates to provide input and voice opinions.
- Employee morale improves if employees know that management respects them and will support them where possible.
- Good work should always (or where possible) be recognised openly, while cautioning employees and/or addressing work-related problems which should be conducted in private. It is important that criticism should never be personal, but constructive to guide the employee to avoid repeating the mistake.
- Explain to employees why there are changes or why certain procedures are to be followed, to ensure their acceptance and cooperation.

Control

It is essential that management always uses control as the last step in any process. Control will provide the manager with feedback to determine how problems can be addressed in order to improve the performance of employees and the overall business.

A good control system will include the following aspects:

Step 1: Set standards so that the Company's expectations are clear to every employee. These standards and expectations are, in turn, used as a benchmark to compare with actual performance. The standards must indicate to employees what will be evaluated and how it will be evaluated.

Step 2: The actual performance is measured against (compared to) the predetermined standards set in step 1.

Step 3: If there are any deviations from the projections when compared to actual performance, these deviations must be corrected by trained people or at the very least discussed to establish the cause of the deviations to prevent repetition of sub-standard work.

Coordination

Coordination ensures there is cooperation between different departments in the business and that everybody works towards a common goal.

The key to coordination and cooperation is clear communication to ensure everybody understands the expectations required. Regular meetings will help to ensure this is achieved.

The ultimate goal of coordination is to create synergy between individual efforts, teams and departments.

Communication

Communication refers to the transfer and receiving of ideas and attitudes between management and workers, but also between the business and external groups such as the media, suppliers, customers and the government. Without good, clear communication, it is not possible to build relationships with these different stakeholders.

Communication ensures coordination of activities within the business by letting workers know exactly what is expected from them.

On the other hand, clear communication channels enable workers (or external stakeholders) to inform management about problems and ideas.

Proper communication may help to improve the overall performance of the business, because the relevant people are informed about certain facts if and when (or before) they need the information.

Delegation

Delegation is necessary in order to reduce the workload of senior employees and to achieve a more meaningful distribution of tasks and responsibilities.

The manager will delegate duties, authority and responsibilities to subordinates.

The person to whom the tasks were delegated must be able to perform the new tasks and may need additional training to empower him/her. It is also important to remember that when responsibility is delegated, the worker should also be authorised to handle situations that arise from the added responsibility.

Both the employee and the manager who delegated the responsibility will be held accountable for the quality of the work done.

Decision making

In order to make a responsible decision, all relevant facts must be considered.
A choice is made between regarding what will be the best in a particular situation.
Business decisions should be objective, with no personal prejudice influencing the decisions.
It is important to assess the decision by considering its feasibility and viability.

Discipline

The purpose of discipline is to improve future behaviour in the business. In order to achieve this, it is imperative that everybody knows what is regarded as misconduct, but also what the consequences will be if rules are broken or performance standards are not met.

It is crucial when disciplinary measures are implemented, that it is done consistently (everybody is treated fairly).

There is a **misconception** that the business has to issue three warnings before the employee may be dismissed.

- A minor offence will result in a verbal warning or even more than one verbal warning.
- If the employee continues to act in a manner that led to the verbal warnings, a written warning may be issued and perhaps a second or a final written warning may follow.
- However, if it is a serious offence, immediate suspension of the employee may occur until the disciplinary hearing is held. No verbal or written warnings are required if the offence is serious.
- The business' 'code of conduct' will specify what the disciplinary action should be for different offences.

MANAGEMENT COMPETENCIES

Global Awareness

A global awareness is much more than merely trying to understand political, language or cultural differences between countries in order to avoid making general assumptions about other people. It is more than the fact that exchange rates appreciate or depreciate and that this may have an impact on the cost of the product. While these issues are important, it is vital to appreciate that global awareness encompasses much more.

The manager must understand that even if the business does not trade (buy or sell) directly with other countries, he must know that the business world is interrelated and interconnected and that suppliers may originate from a range of countries. It is possible, therefore, that customs and values will differ between countries. An awareness of the entire supply chain is crucial. Consider the following: Should a manager allow a particular product to be sold in the business if somewhere in the supply chain child labourers were exploited? Should businesses sell a product if they know that during the manufacturing process serious harm was done to the environment?

Organisational awareness

No organisation operates in a vacuum. Organisational awareness requires management to be aware of **internal, as well as external** factors that may have an impact on the success of the business.

Internal:

The manager should understand the capabilities (strengths) and constraints (weaknesses) of the business.

In order for management (at all levels) to be successful, it is important for them to have an understanding of what happens in the entire business, because the actions of the different functions or departments in the business have an impact on each other (interdependent).

The manager should also have empathy and consider the pressures that different departments experience, and should aim to accommodate people where possible in order to ensure the entire business (rather than just that one department) is successful.

Management must also understand the organisational culture of the business. If there is something within the culture that is not desirable, a proactive plan has to be implemented to change the organisational culture to something that is in line with the vision and mission of the business. This is important in order to enhance the overall functioning of the business.

External:

Management should demonstrate an understanding of the opportunities and/or threats that the business may face when viewed in the context of the external environment.

When one thinks of the external environment, it should be borne in mind that aspects such as national and international trends may have an impact on the business, but that the business could also affect events in the external environment by taking a stand for or against something.

Analysis

In order to develop both a global and organisational awareness, the manager should be able to identify important sources of information, gather the relevant information, interpret the influence that different events may have on one another and then compare alternative plans of action. This is the ability to analyse and draw conclusions.

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When information is analysed, potential problems should be identified and solutions pre-empted in order to make sure risks are managed.

Management needs to understand that analysis is a difficult task and where possible, decisions should not be made impulsively, but only after consideration of all relevant facts.

Strategic thinking leading to strategic action

Strategic thinking entails the manager's ability to look at the business' current position in relation to the rest of the market and to then decide where the business should be in a few months or years. This is called strategic planning and requires a vision, a mission, long-term and short-term objectives to be formulated and lastly, the development of a strategy to make these goals a reality.

This can only be done if the manager understands that industry and market trends will affect the business' competitive position. Thus, it is important to look at strengths, weaknesses, opportunities and threats before strategies (plans of actions) are developed and implemented.

Simply reviewing current trends is not good enough. The manager must be able to anticipate and forecast what will happen in the future and then be proactive when implementing plans to manage the situation.

The outcomes of the situations should also be evaluated in order to implement corrective action if needed.

Teamwork

A good manager will be aware of other people's feelings and fears and anticipate how these will affect team members. The manager should ensure that teams are designed so that members will complement each other's strengths and weaknesses.

As the team leader, the manager has to ensure that members of the team (employees in the business) listen to each other, express disagreement in a constructive manner and then find a way to work cooperatively with one another.

The manager will encourage all team members to work together, but will prudently intervene to resolve conflict.

It is important that the team members have a clear understanding of the goals and that all team members are empowered with the necessary skills to achieve these goals. If the skills are lacking, team members must be trained and then be held accountable for their performance.

Empowerment and talent development

The manager has to understand that empowerment and talent development is important, because it means the business is investing time and resources to assist with employees' development to achieve the goals and objectives of the business. When employees are empowered, and they have benefited from the development process, this is conducive to better morale and higher levels of motivation.

Empowerment and talent development can be done in a number of ways:

- By giving an employee new skills through training.
- By giving an employee new responsibilities and authority to perform a challenging new task, requiring him/her to think more broadly than before.
- By giving an employee the freedom to choose how to do a task, provided certain pre-determined standards are met.
- By monitoring performance and then giving constructive feedback.

Initiative

Showing initiative means the manager is not waiting for other people to think of new ways to improve his/her department or the overall business.

By demonstrating initiative, the manager will not only question the conventional methodology, but also encourage subordinates to think of new ideas and innovations before the situation demands it.

Initiative means being proactive and pre-empting issues before they arise in order to create a competitive advantage.

Judgement/decision making

The manager continuously has to make judgement calls in different situations. This can only be done once all the relevant facts have been evaluated in an objective manner.

Although the ideal would be for the manager to be able to evaluate his decisions clearly before taking action, in some instances it is not possible. Sometimes an immediate decision is required to capitalise on an opportunity; the manager cannot hesitate to make that crucial decision. One of the most important skills a manager can utilise in such a situation is to apply **logical reasoning**.

It is important for the manager to employ integrity when making judgement calls/ decisions. This demonstrates leadership and a willingness to acknowledge accountability for his/her decisions.

Negotiation

A successful negotiator is able to convey his/her opinions in a clear and accurate manner to the audience (employees, trade unions, suppliers, etc.) and then to use these skills to persuade the audience to understand his/her point of view.

It is important that people have an understanding of all the relevant opinions. A manager who is a skilled negotiator will try to facilitate a win-win situation, using compromise to resolve problems.

It is important to obtain buy-in from the most influential role players – especially in sensitive or high pressure situations, because these informal leaders may influence others in the negotiation process.

It is a myth to think people are born good negotiators. It is a skill most people can acquire. This expertise is especially relevant for managers at all levels to develop.

Customer service orientation

In a successful business, customers and their needs are the primary focus areas and should be considered in all business decisions.

It is crucial that the manager listens and responds to customers' questions, problems and feedback, as it is an important way for the business to give the customer what he/she expects and requires from the business.

A productive customer relationship based on trust and credibility will ensure that existing customers keep coming back to buy from the business.

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

CRITERIA	0	1	2		Question 1	Question 2
Format	Not meeting the correct standard	Partially correct format	Correct format			
	0	**1**	**2**	**3**		
Terminology	No use of business terminology.	Isolated/limited use of business terminology.	Good use of business terminology.	Outstanding use of business terminology.		
Content (number of relevant facts)	Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)					
				Sub-Total: (30 marks)	**1A**	**2A**

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

If all SECTIONS have not been completed, the judgment is based on the amount of expected information.
E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a 'majority of statements' mark.

CRITERIA	0	1	2	3	4	Question 1	Question 2
Substantiation (justification for statements made)	No attempt at substantiation.	Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.		
	0	**1**	**2**	**3**	**4**		
Application to context/ industry	Superficial reference based on the case study/context given (Just keep mentioning the name of the business repeatedly without relevant examples).	Continuous reference is made to the case study/context given with some applicable examples given.	Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response.		

	0	1	2	3	4	5	6		
Creative Problem Solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/ poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.		
	0	**1**	**2**	**3**	**4**	**5**	**6**		
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.		

1 Introduction – don't just re-write question, but shows an understanding of the 'link' between the topics.		
2 Conclusion – this should be a logical affirmation of the points raised.		
3 Flow of thought, i.e. paragraphs leading into one another.		
4 Integration of topics given in the question.		
5 Integration of question with other Business related topics to enhance the quality of the answer.		
6 Arguments are developed.		
Sub-Total: (20 marks)	**1B**	**2B**
TOTAL		

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