



NATIONAL SENIOR CERTIFICATE EXAMINATION
EXEMPLAR 2008

BUSINESS STUDIES: PAPER I

MARKING GUIDELINES

Time: 2 hours

200 marks

Educators should note that the answers in this marking guideline are only suggested answers and many alternatives may be acceptable. Credit must be given for logical and original thinking by candidates.

SECTION A**QUESTION 1**

- 1.1 B✓✓
- 1.2 A✓✓
- 1.3 A✓✓
- 1.4 B✓✓
- 1.5 D✓✓
- 1.6 D✓✓
- 1.7 D✓✓
- 1.8 C✓✓
- 1.9 B✓✓
- 1.10 C✓✓

(10 x 2 = 20)

20 marks**QUESTION 2**

- 2.1 True ✓
- 2.2 False✓ Attracting job applicants with the necessary skills to cover job shortages refers to job recruitment. ✓✓ OR Placing a person in the position where the best match is achieved between the individual's abilities and the requirements of the job refers to job placement.
- 2.3 False✓ At Edcon Ltd the management of the business is delegated to a board of directors, thus having a critical impact on the success of the business. ✓✓
- 2.4 True✓
- 2.5 False✓ The Unemployment Insurance Act covers employees against the loss of income if they are retrenched due to the downsizing of Edcon Ltd. ✓✓ OR The Occupational Injury and Diseases Act covers the protection of employees against injuries or death at work.
- 2.6 True✓

12 marks**QUESTION 3**

- 3.1 F✓✓
- 3.2 E✓✓
- 3.3 C✓✓
- 3.4 N✓✓
- 3.5 D✓✓
- 3.6 G✓✓
- 3.7 I✓✓
- 3.8 L✓✓
- 3.9 H✓✓

(9 x 2 = 18)

18 marks**Total for Section A: 50 marks**

SECTION B

QUESTION 4

4.1 'The focus of Edcon's sustainable CSI is on the positive transformation and upliftment of communities by supporting education, health and social development.'

4.1.1 List FOUR interest groups/ stakeholders that Edcon Ltd could focus on in its CSI programme. For each interest group/ stakeholder give ONE example of a typical demand that they could make. (12)

Interest group/ stakeholder	Typical demand
1. Owners/ shareholders of the business ✓	They have contributed the share capital of the company and they have a direct interest in the financial performance of the business, as it will affect the value of their investments. They demand that there is proper management of their investment capital. ✓✓
2. Employees of the business ✓	Employees have an interest in the activities of the company on all levels, as this will affect their remuneration. They demand that the CSI programmes are communicated to them from senior management. ✓✓
3. Suppliers of raw materials, capital goods and financial resources (banks) ✓	They expect prompt payment from the business. This may be in conflict with the business' interest of delaying payment to create a better cash flow and therefore financial performance. Their demands could be negotiated for the benefit of both parties concerned. ✓✓
4. Consumers ✓	They have expectations in terms of a good quality product that should be available at a reasonable price. Other demands could be the packaging of the product/ disposal of the product/ effects on the environment. Consumers could demand that safety be a consideration in the various stores, etc. ✓✓
5. Competitors	To observe the intellectual property rights of competitors. To prevent the counterfeiting of goods.
6. The Government	Ensuring that taxes are paid accordingly PAYE, Income Tax, VAT. Ensuring that Edcon follows the necessary statutory regulations e.g. Constitution of Bill of Rights, Labour Laws, OHS act, BEE, etc.
7. The broader community	Ecological control and nature conservation/ Sponsorship for sports/ Infrastructural creation/ BBBE/ Education and training/ Health and Safety/ AIDS prevention and treatment/ Anti – drug abuse campaigns, etc.

Interest group/ stakeholder (Any 4 x 1 = 4)
 Typical demand (Any 4 x 2 = 8)

4.1.2 Outline FOUR arguments against social responsibility programmes in the context of activities at Edcon Ltd. (8)

- Providing goods and services that meet the needs of consumers is, according to some, already socially responsible. ✓✓
- Shareholders are the only real stakeholders in the organisation because they have invested financially and therefore the business should only be accountable to them in terms of the bottom line profits. ✓✓
- Employees are remunerated according to how well business targets are met and having to spend time on CSR distracts them from their real responsibilities. ✓✓
- CSR is illegal unless it has been approved by the shareholders. They have authorised the business to use their funds to generate profits, not to invest in society. ✓✓
- Spending money on CSR means the business has to recover it somehow and this will lead to higher prices and inflation, which has a negative impact on the economy. ✓✓
- When businesses get involved in CSR it may create expectations with the people of the community and it may have devastating results if their expectations are not met. ✓✓
- CSR does not always lend itself to sustainable developments in communities. This is particularly true of CSR programmes that are not well thought through and not aimed at the long-term results in a community. ✓✓

(Any 4 x 2 = 8)

4.2 'Edcon strives to create an organisation culture that is conducive to diversity and sustainable growth.

- A Code of Ethics applies to all staff and compliance to the code is facilitated through effective communication to all staff in the Group.'

4.2.1 List and describe any TWO ethical theories that the management at Edcon Ltd could subscribe to in their Code of Ethics. (10)

- **Consequence based theories**✓
States that it is the consequence of an action that determines whether the action is right or wrong. ✓✓
The only way to judge if the behaviour is 'right' is to look at the consequence of the action – if the consequence is positive, then there cannot be anything wrong with the action. ✓✓
- **Principle based theories**✓
One's principles or values will determine whether the action is right or wrong. ✓✓
The consequences are irrelevant and there are no exceptions to the rule. ✓✓
- **Virtue based theories**✓
Emphasis is placed on the fact that the moral behaviour pre-supposes a well-formed character. ✓✓
The character of the person is judged, rather than his/ her actions. ✓✓

- **Narrative based theories**✓

Different narratives/ stories are used to compliment each other. ✓✓

This is done in order to lead to an understanding of the differences between right and wrong. ✓✓

Name of theory (Any 2 x 1 = 2)

Explanation of theory (Any 2 x 4 = 8)

4.2.2 Consider the following scenario:

The board of directors of Edcon Ltd has outsourced its catering division to Mega Catering (Pty) Ltd. It is company policy for all outsourcing contracts to go to the lowest bidder. The contract is valued at R30 million. There is a rumour that the daughter of the director is a major shareholder in Mega Catering (Pty) Ltd.

(a) Evaluate whether it would be ethically appropriate for Edcon Ltd to continue with the contract (6)

- It would be inappropriate for Edcon Ltd to continue with the contract. ✓✓
- There is a lack of transparency and conflict of interest. ✓✓
- The directors have a duty to disclose such interests. ✓✓
- They are safeguarding shareholders interests and cannot profit from this, even if it is indirectly. ✓✓

(Any other relevant point)

(Any 3 x 2 = 6)

(b) Recommend an ethical improvement to the process of granting outsourcing contracts at Edcon Ltd. (2)

- There needs to be an open and transparent tender process when granting outsourcing contracts. ✓
- The decision of who to choose needs to be done by an independent third party. ✓
- Should have a broad section of interested parties on the committee used to decide the outsourcing business. ✓

(Any other relevant recommendation)

(Any 1 x 2 = 2)

4.2.3 Explain how the effective communication of the code of ethics to all staff is seen as effective 'leading' and not 'bossing'. (4)

- The communication of the code of ethics can only be effective if the receiving party feels that he has had a part to play in the interpretation of the message. There needs to have been a consultative process. ✓✓
- The staff will be given opportunity to feedback on the proposal and have a role to play in its effective implementation. There is not an autocratic transfer of ideas that might be perceived as 'bossing'. ✓✓

(Any other relevant point)

(Any 2 x 2 = 4)

- 4.3 'Edgars Consolidated Stores Limited (Edcon Ltd) is the leading clothing, footwear and textiles (CFT) retailing group in Southern Africa, ...'

Describe the impact of the following factors on the success/ failure of Edcon Ltd:

4.3.1 legal personality

- Edcon Ltd (a public company) has separate legal personality. ✓
- This means that it can enter into contracts in its own name and sue and be sued. It does not need the shareholders to agree to every detail of contracts entered into by the company. This is entrusted to by the management, i.e. the board of directors. ✓✓
- Having separate legal personality does lead to the **success**✓ of the business.

4.3.2 formation procedures

- The formation procedures in a public company are extensive. ✓
- They are detailed in the Companies Act and include the establishment of documents like memorandum of association, articles of association and the prospectus. ✓✓
- In addition, requirements like minimum subscription and other legal details have to be satisfied before the Registrar of Companies will issue the certificate of incorporation / certificate to commence business.
- The formation procedures for a public company are more extensive than any other form of ownership and thus could lead to the **failure** ✓ of the business if not appropriately followed.

Nature of the factor (1 mark)

Explanation (Any 2 marks)

Success / Failure (1 mark)

(4 x 2 = 8)

50 marks

QUESTION 5

5.1 'Edcon is committed to addressing the inequities of the past while ensuring sustainable competitiveness. Employment equity is regarded as both a strategic and business imperative and therefore aims to maximise the potential of a diverse workforce.'

5.1.1 In order to achieve employment equity Edcon Ltd must follow the provisions of the Employment Equity Act.
Briefly outline the provisions of the Employment Equity Act. (6)
It seeks to eliminate unfair discrimination in employment✓✓ and provides for affirmative action to correct the imbalances of the past with respect to✓✓ employment, training, promotion and equitable remuneration, especially Blacks, women and the disabled. ✓✓
(3 x 2 = 6)

5.1.2 The Black Economic Empowerment (BEE) Act is an extension of the Employment Equity Act.

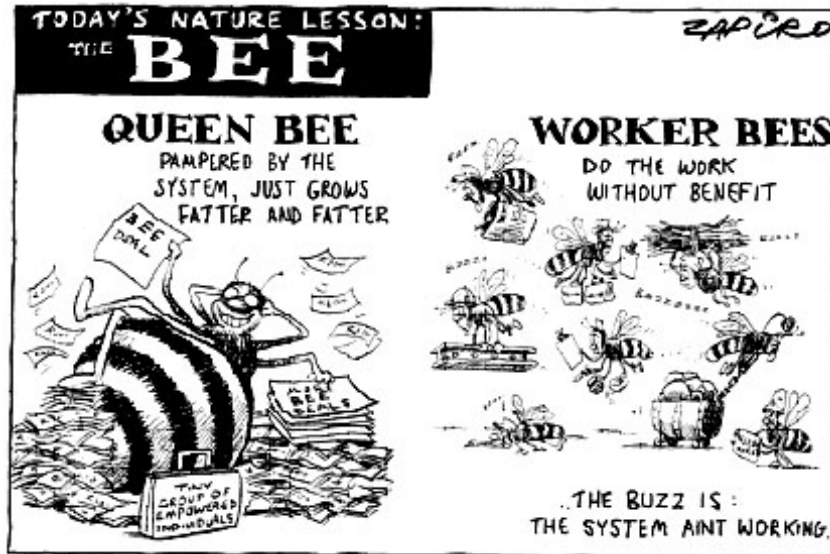
(a) List TWO positive outcomes from the implementation of the BEE Act. (4)

- The Act supports the development and economic empowerment of historically disadvantaged persons. ✓✓
- Each industry has a BEE scorecard that is used to assess the degree of compliance. ✓✓
- Any business wishing to engage in economic activity with government departments must be seen to be supporting this initiative in the fullest sense and should only trade with other businesses that support BEE. ✓✓

(Any other relevant point)

(Any 2 x 2 = 4)

- (b) Zapiro, a cartoonist for the *Mail and Guardian*, satirised (make fun of) the implementation of the BEE Act in the cartoon below.



Briefly describe what the cartoonist is satirising and suggest ONE way in which Edcon Ltd could avoid what the cartoon depicts. (6)

What the cartoonist is making fun of:

- Although the BEE Act was supposed to benefit historically disadvantaged persons through economic empowerment, only a few power hungry capitalists (group of empowered individuals) were benefiting from the programme. ✓✓
- Many owners of businesses (group of empowered individuals) were capitalising on the BEE bandwagon by entering into contracts using the BEE initiatives and not filtering the benefits down to the workers on the ground floor. ✓✓
- Workers in business were responsible for empowering only a few of the historically disadvantaged persons or people who were not the primary target of the BEE initiatives. ✓✓

(Any relevant point evidence by the cartoon)

(Any 2 x 2 = 4)

Suggestion in the way Edcon Ltd could avoid what the cartoon depicts:

- Edcon Ltd will need to investigate that any business that it is doing business with legitimately enforces the provisions of the BEE Act. ✓✓
- Edcon Ltd needs to verify the BEE scorecard used to assess the degree of compliance.
- Edcon Ltd will need to ensure that its own BEE initiatives are in order and that its BEE scorecard is exemplary before it enters into contracts with other organisations.
- Edcon Ltd could proactively become involved in programmes that promote the principles highlighted in the BEE Act.

(Any other relevant point)

(Any 1 x 2 = 2)

5.2 'Edcon's Vision:

- To create wealth for the benefit of all stakeholders.'

Management at Edcon Ltd considered a range of investment opportunities in order to maximise the return on capital contribution of shareholders. (6)

5.2.1 Explain the meaning of the following terms as they relate to investment opportunities:

- (a) diversification
- Spreading your investment risk between the various classes of assets. Not placing all your investment funds into one portfolio. ✓✓
- (b) equities
- Investment in the stock market that involves putting the money into various companies with share capital in order to earn a dividend as a return. ✓✓
- (c) off-shore investments
- Investing your funds in portfolios/ projects that are outside the borders of our country. ✓✓

(3 x 2 = 6)

5.2.2 The financial manager at Edcon Ltd was offered the following two investment options:

OPTION A: R10 m to be invested in an Investec Unit trust at 12% interest per annum over a period of 2 years. Interest is payable at the end of the two year contract.

OPTION B: R10 m to be invested in a Nedbank fixed deposit account where the compound interest rate would be as follows:

First year – 4%

Second year – 6%

- (a) List **ONE** shortcoming of each of the investment options mentioned above. (4)

Option A – Any negative elements that affect the stock exchange will have an impact on the returns earned on unit trusts as well as their market value. The risk factor is usually high. ✓✓

Option B – The interest rate on fixed deposits is usually quiet low, because the risk factor is not very high and the investor usually receives the capital amount together with the interest if all the terms of the contract have been adhered to. ✓✓

(2 x 2 = 4)

- (b) Advise, with appropriate calculations, which of the two options the financial manager at Edcon Ltd should consider. (7)

Calculation for option A:

$$R10 \text{ m} \times 12\% \times 2 = R2,4 \text{ mil} \checkmark\checkmark$$

Calculation for option B:

$$Y1 = 4\% \times R10 \text{ m} = R0,4 \text{ mil} \checkmark$$

$$Y2 = 6\% \times R10 \text{ m} + R0,4 \text{ m} = R0,624 \text{ mil} \checkmark$$

$$\text{Total interest} = R1,024 \text{ mil} \checkmark\checkmark$$

Option A offers the best return. ✓

- 5.2.3 To safeguard the shareholders' investments in Edcon Ltd, management has taken out the necessary insurance contracts. Explain how the following terms relate to an insurance contract: (4)

- (a) over-insurance
- This is when goods are insured for more than its value. ✓✓
 - The insured would pay a premium that is necessary, but will not benefit from it as the principle of indemnification states that no one is allowed to make a profit from insurance. ✓✓
 - In these cases a re-instatement clause usually applies – the insurer has the option to restore or re-build the insured property.
- (Any 2 relevant facts)
- (b) re-insurance
- Insurance companies are often unable to cover the full risk of a large insurance policy. ✓✓
 - When this happens, the insurance house places a portion of the risk, which they cannot cover with a professional re-insurance company. ✓✓
 - The risk is then spread amongst the insurance companies.
- (Any 2 relevant facts)

- 5.3 'The human resources department consolidated its position as a strategic business partner within the Group by accelerating the development of human resource.'

- 5.3.1 Evaluate the human resource activity of job evaluation as part of management strategy to assist with the growth and development of the human resource. (4)

- In business it is important to monitor the efficiency of the human resource, i.e. that the staff are working to the best advantage of the business. ✓✓
- This means that management must continually carry out efficiency or performance appraisals ✓✓ to investigate whether training goals have been met and to assess workers skills levels, as well as potential shortcomings.
- This enables management to co-ordinate a plan of action to improve the skills needed and an opportunity for workers to voice concerns and grievances.

(Any 2 relevant facts)

(2 x 2 = 4)

5.3.2 Training is a vital component in the development of the human resource. Describe THREE steps involved in developing a training process, prior to determining training needs. In each case relate your answer to an example relevant to Edcon Ltd. (9)

- Firstly, the business operations must be analysed to identify problems that may exist, as well as to determine what kind of skills will be needed in the future. ✓✓ For example long queues at the cashiers or management needing to improve on their computer skills/ presentation skills, etc. ✓
- Secondly, the job analysis which has been done for the purpose of recruiting will give more information as to the skills that are required in specific jobs. ✓✓ For example the cashier needs personal communication skills with good customer client rapport and speed at the check-out point, etc. ✓
- Thirdly, the person's job performance must be analysed to see whether there are certain areas in which he/ she needs training or even re-training. ✓✓ For example most cashiers are not proficient in the customer relation sector or needs assistance with packaging of the final product or dealing with credit card transaction etc. ✓

Description of step (3 x 2 = 6)

Relevant practical example (3 x 1 = 3)

50 marks

QUESTION 6

6.1 'Dialogue with trade unions is transparent and regular and this contributed to the low rate of participation by our staff in stay-aways during 2006.'

6.1.1 Describe FOUR functions of a trade union. (8)

- Protection of the rights of workers and ensuring fair treatment of members. ✓✓
- Improving conditions of service/ employment by addressing issues like salaries; employee benefits; job security; safety of the physical work environment etc. ✓✓
- Representing members in negotiations with employers. ✓✓
- Representing employees in disciplinary issues. ✓✓
- Advising employees on labour relations issues.
- Striving to achieve industrial peace while influencing policies and decisions regarding labour issues.

(Any 4 x 2 = 8)

6.1.2 Edcon staff participated in strikes that were unprotected. Mention TWO conditions necessary for a strike to be regarded as unprotected. (4)

- When a collective agreement specifically states that workers may not strike over the issue at hand; ✓✓
- The correct procedures have not been followed or if an arbitration decision is ignored; ✓✓
- The parties are engaged in an essential service.

(Any 2 x 2 = 4)

6.1.3 Problems often arise due owing to action that needs to follow when an employee is accused of poor job performance.

(a) Give an example of what would be regarded as poor job performance by an employee at Edcon Ltd. (2)

E.g. a worker does not complete the job in the required time frame or the quality of the work is not according to acceptable standards, etc. ✓✓

(Any relevant example that could relate to Edcon Ltd) (2)

- (b) State THREE requirements that must be satisfied, for any action taken on the poor job performance mentioned in question 6.1.3 (a), to be regarded as procedurally fair. (6)

- Must show that the employee failed to meet a performance standard. ✓✓
- Must show that the employee was aware of the required standard. ✓✓
- Must show that the employee was given an opportunity to improve performance (including training). ✓✓
- Must show that the reason for failing to meet the standard was investigated and that there is no other appropriate sanction for failing to meet the standard.
- Must give the employee the opportunity to be heard at the hearing and to be represented by a fellow employee or Trade Union representative.
- Must give the employee the opportunity to appeal against the dismissal.

(Any 3 x 2 = 6)

- (c) Evaluate how a probation period can eliminate the problems that arise in action based on a poor job performance. (4)

- Probation refers to a period where a new recruit works in the business and only after this period has been completed is the appointment confirmed. ✓✓
- During this period, management has the opportunity to assess the performance of the employee and if it is not acceptable, corrective action can be implemented. ✓✓
- A probation period eliminates all the costs involved with the disciplinary action that could follow if the employee's performance is not according to standards. ✓✓
- The probation period is not always effective as it cannot mimic all the requirements of the job, but if it is for a reasonable period it will have the desired effect. ✓✓
- During the period the employer can provide guidance and training, should the workers performance not be up to standard. ✓✓

(Any 2 x 2 = 4)

6.2 There is often a conflict between those who advocate affirmative action and those who value the upholding of human rights as per our constitution.

6.2.1 Explain what is understood by the concept 'affirmative action'. (2)

- Affirmative action refers to a process whereby a certain group (ethnic, racial, social group, e.g. disabled) is given preferential treatment with regards to employment opportunities in the labour market. ✓
- It is a measure of redressing imbalances of the past. ✓

6.2.2 Explain how the Labour Relations Act upholds both the principles of affirmative action and maintains the protection of human rights. (6)

- The Labour Relations Act sets out to protect the individual rights of all citizens in our country as entrenched in the constitution of our country. ✓✓
- It also seeks to maintain/ explain the responsibilities that come with the said rights. ✓✓
- However, the Act acknowledges that in certain cases there needs to be an environment that allows the execution of those rights on an equal footing for all role players. This is not always possible if a certain group in our environment has been disadvantaged.
- A temporary solution to bring those previously disadvantaged to the same level would be the process of affirmative action.

6.3

6.3.1 Edcon Ltd needs to have appropriate strategies to deal with influences from the market environment. Porter's Five Forces Model is often a good technique to use when dealing with these challenges.

- Identify TWO challenges that Edcon Ltd could face in the market environment.
- Discuss, by using any one of the elements from Porter's Five Forces Model, how you would come up with an appropriate strategy to deal with the above mentioned challenges. Mention the strategy that you have opted for.

(12)

Challenge from the market environment	Appropriate strategy using Porter's Five Forces Model
<p>The challenge can come from any one of the following role players:</p> <p>Consumers: Changes in consumer profile, changes in the purchasing patterns of the target consumer, etc. ✓</p> <p>Competitors: Changes in the profile of your competitors, changes in the level of competition, etc. ✓</p> <p>Suppliers: Lack of reliable suppliers, changes in the geographical location of suppliers, changes in the prices offered by suppliers, etc. ✓</p> <p>Intermediaries: Either a broadening or narrowing of the distribution channel, Increase/ decrease in the service charges of intermediaries, etc. ✓</p> <p>Substitute products: Availability of substitute products in the market, impact on your turnover levels, etc. ✓</p> <p>New entrants: Increase/ decrease in new entrants into the market, market saturation, profile of the new entrants, threats, opportunities, etc. ✓</p> <p>Labour unions: Extra demands put into play through trade union negotiations, etc. ✓</p>	<p>-Level of rivalry in the market</p> <ul style="list-style-type: none"> • The business will be able to find out as much as possible about its competitors i.e. ownership structures, location(s), financial performance, patents, quality, brand loyalty, etc. ✓✓ • It will have a good idea of its competitors profile as you may pre-empt any actions and adapt your strategies to be more successful. ✓✓ • Consideration will be given to future competitive threats in order to establish what the threats and opportunities in the market are. <p>STRATEGY – Through market research, adapt your services to that of your rivalry, or join forces to deal with the challenge, etc. ✓</p> <p>-The availability of substitute products</p> <ul style="list-style-type: none"> • Consideration will be given to alternative products to the one your business is manufacturing. ✓✓ • Can your business compete with alternative products on the market? ✓✓ • Does the business have an appropriate strategy to consider the effect of substitute products on the success of their own brand? <p>STRATEGY – Use your own research and development funds to come up with alternatives in the same store so as to prevent consumers from going elsewhere to find the alternative, etc. ✓</p> <p>-The threat of new entrants that may join the market</p> <ul style="list-style-type: none"> • The greater the opportunity for profits in the market, the more likely it is that there will be new entrants in the market. ✓✓ • The same is true if there is currently little competition or if there is currently not enough suppliers of the product or service to meet consumer demands. ✓✓

	<ul style="list-style-type: none"> The threat of new entrants is diminished when there are certain barriers to enter the market, e.g. limited distribution channels, huge capital outlays, BEE requirements that have preference to obtain the contract. <p>STRATEGY – See the new entrant as a challenge to improve on your own brand and level of performance, see what new ideas they are bringing to the market and adapt accordingly, etc. ✓</p> <p>-The power of suppliers</p> <ul style="list-style-type: none"> Consideration of the suppliers of raw materials as you need the material at the right time at a reasonable price. ✓✓ Consideration of the costs involved if the business has a stock-out and the supplier cannot deliver. For example loss of production, resources cannot be used to full potential, inability to negotiate discounts with suppliers, loss of customer goodwill, etc. ✓✓ Consideration of the power of supplier of financial resources, labour resources and trade unions. <p>STRATEGY – Negotiate more favourable terms with your suppliers. Offer them exclusive access to your final product in return for reduced costs. Use them as a soundboard for market research, etc. ✓</p> <p>-The power of buyers</p> <ul style="list-style-type: none"> Consider not only the power of the final consumer, but also the role of intermediaries in the distribution process. ✓✓ Consider some of the techniques that could be used when intermediaries are utilised in the distribution process e.g. the sole agency system (the manufacturer gives the wholesaler the sole right to sell the product in a specific area) OR ✓✓ The contract system where the manufacturer offers a discount to the wholesaler/ retailer but these role players have to sell the product at a price prescribed by the manufacturer. <p>STRATEGY – Investigate the best possible distribution channel to use for your product. Cut down on unnecessary intermediaries. Find ways to bypass them, etc. ✓</p>
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(Mentioning the challenge in the market environment = 1 mark)

(Linking and explaining the challenge to one of Porter Five Forces = 4 marks)

(Identifying an appropriate strategy = 1 mark)

(Any 2 x 6 = 12)

- 6.3.2 Describe a specialised creative thinking technique that the management at Edcon Ltd could use to assist the development of appropriate strategies to deal with the challenges from the market environment mentioned in question 6.3.1. (6)

1. Drill Down

- A process whereby complex problems are broken down into manageable chunks. ✓✓
- By going deeper into the different component parts, you often touch on information that you thought was not pertinent. ✓✓
- You need to continue with the process until you are at the most basic factors (root causes) contributing to the problem. ✓✓

2. Value Analysis

- This problem solving technique is a highly specialised technique. ✓✓
- It is used to analyse the costs of component parts of a product, with the ultimate aim of reducing those costs, thereby increasing the value of the product. ✓✓
- This technique is of particular use in the purchasing, marketing and production departments of the organisation. ✓✓
- It allows a cost effective production cost statement to be drawn that improves the final value of the product under consideration.

3. Flow charts

- This is a tool that is used to show the different options available at points where decisions have to be made, as well as the follow-up course of events on that decision. ✓✓
- Management can use specialised computer software to be able to draw up the appropriate diagram. ✓✓
- The chart gives a global view of the problem and it is useful for those managers who operate on an analytical level with a visual effect. ✓✓

4. Pestle

- Identifying the various challenges from the macro-environment ✓✓ under the headings of political, economic, social, technological, legal and environmental forces. ✓✓
- Pestle could also extend to include ethical theories. ✓✓
- This technique allows you to put into perspective the different components of the macro-environment in a format that forces management to find appropriate strategies to deal with the challenges.

5. SWOT Analysis

- A SWOT analysis enables management to identify the strengths and weaknesses (Internal factors which the business has control over). ✓✓
- A SWOT analysis also enables management to identify the opportunities and threats (external factors that the business has no control over) in both the micro and market environments. ✓✓
- Once these factors have been identified, it allows management to consider problem solving or decision making on the real issues at hand. ✓✓

6. Scenario Analysis

- A process of analysing future events by considering alternative possible outcomes (scenarios). ✓✓
- The analysis is designed to allow improved decision making by allowing complete consideration of outcomes and their implications. ✓✓
- This technique is often an extension of the decision tree (probability) technique. ✓✓
- The technique forces management to consider alternatives that are delete not feasible at first, but may have a significant impact on the final outcome.

7. Delphi techniques

- This is a technique where the participants do not have to be physically present in the room. ✓✓
- As time is a precious commodity, this technique allows the various role players to brainstorm across the globe. ✓✓
- A panel or single expert is used to make forecasts based on their superior✓✓ knowledge of the problem at hand.
- The identity of this expert is usually kept as a secret to ensure the integrity of the respondents' answers and prevent the halo effect.

Any 3 relevant facts under one of the techniques

(3 x 2 = 6)

50 marks

Total Section B: 150 marks

TOTAL FOR THIS PAPER: 200 MARKS