

GRADE 12 BUSINESS STUDIES

JUNE PAPER 2 2009 MARKING GUIDELINES

QUESTION 1

Part 1

Human Resources Activities

2.1 Manpower Planning

The purpose of manpower planning is to determine:

- ✓ How many employees the business needs;
- ✓ What skills these employees must have; and
- ✓ When these employees will be needed.

In order to answer these questions during the process of manpower planning, the following techniques could be applied:

2.1.1 Work-load analysis ✓

✓ A work-load analysis is done in order to determine how many people are required in terms of the amount of work that must be done.

If we assume that a shoe factory must produce 1 000 shoes per week, and that one person can produce 100 shoes per week, it means that 10 workers are needed. In addition a supervisor is also needed. Management will have to employ 11 people.

However, it is not yet known what skills these people must have; this brings us to the job analysis, job description and job specification.

2.1.2 Job analysis ✓

✓ Job analysis is a systematic method of obtaining all the relevant information about the tasks related to a specific job, in order to make certain decisions.

The job analysis requires that:

- ✓ The job is completely and accurately identified;
- ✓ All the tasks in the job must be completely and accurately described; and
- ✓ The demands the job makes on the worker must be analysed.

There are different ways in which job analysis can be conducted: for example, interviewing the worker and his supervisor, observing the worker at work (work study) or through questionnaires. These techniques can be used separately, or in support of each other.

2.1.3 Job description ✓

✓ Once all the information has been gathered, it must be rewritten in a specific format. The job description summarises the information collected through the job analysis in such a manner that it portrays the duties, responsibilities and level of authority of the worker. In brief, it must state what is to be done, how it is to be done, as well as why, when and where.

2.1.4 Job specification ✓

✓ The purpose of job specification is to specify the minimum ability a worker must possess with reference to factors such as experience, education and physical requirements. Any other skills that are important in a particular job must be stated. Job specification forms the basis of the recruiting activity.

2.1.5 Manning table ✓

- ✓ The results of the previous steps will enable the HR manager to construct a Manning table, reflecting the number of people required and the skills they must have. A Manning table is always part of a Workplace Skills Analysis.

Example of a Manning table:

Position	Required number of employees	Skills required
Secretary	2	Competent in Word, Excel and PowerPoint
Domestic	1	Cleaning, preparation of refreshments and basic First Aid
Manual Labourers	9	A short description relevant to the position
Total	12	

2.1.6 Determining employee requirements ✓

- ✓ The Manning table specifies the total number of employees needed. The Recruiting Plan will be based on the difference between employees needed and current employees. If we assume that the business is already employing one domestic worker and six manual labourers, then the number of people shown in the Recruitment table below must be appointed.

Example of a Recruitment Plan table:

Position	Required employees	Present employees	Number to be recruited
Secretary	2	1	1
Domestic	1	1	0
Labourers	9	6	3
Total	12	8	4

max
2.8.

Part 2

'DRIVE' technique:

This technique is for when the problem is more complex, and you may need to do some work to identify the real problem before you can start looking at solutions.

D	Define	<ul style="list-style-type: none"> >✓ Define the problem, using the information you do have. >✓ Define the criteria that will constitute successful solving of the problem. (Aim or objective.) Aim: meeting quotas/increase <p>Even after training not meet production quotas.</p>
R	Review	<ul style="list-style-type: none"> >✓ Review the background to the problem, and the context within which it occurred. >✓ Review crucial areas, which may be linked to the crux of the problem. <p>Problem due to lack of skill</p>
I	Identify	<ul style="list-style-type: none"> >✓ Identify the 'real' problem and its related issues. Write down the issues in order to analyse them properly. >✓ Identify possible solutions or improvements that need to be made.
V	Verify	<ul style="list-style-type: none"> >✓ Verify that solving the 'real' problem will in fact achieve the desired aim. >✓ Verify that the possible solutions will in fact solve the problem. <p>NOTE: If the above two criteria are not met, it is necessary to go back to Step 1: 'Define' and redefine either the problem or the aim. personality clash / new manager changing</p> <ul style="list-style-type: none"> • illiterate / do not understand manuals or diagrams • expectations too high
E	Execute	<ul style="list-style-type: none"> >✓ Execute the plan, by implementing the proposed solution. >✓ Execute an evaluation to check that the problem is solved and the aims have been achieved, and implement any precautionary measures to ensure the problem does not occur again. <ul style="list-style-type: none"> • ASSET / or verbal instruction

max 20

QUESTION 2

mat 28

2 Market (External) Environment

When looking at the market environment, Porter's Five Forces model is useful. This model investigates:

- The level of rivalry in the market;
- The availability of substitute products;
- The threat of new entrants that may join the market;
- The power of suppliers; and
- The power of buyers.

In addition to what is covered in Porter's model, it should be mentioned that other models exploring the market environment also include trade unions as a point of focus.

Different models can be used to scan the market environment. The model used in a business is not important, but rather that the business scans the environment to pre-empt events.

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2.1 Level of Rivalry in the Market and Substitute Products:

Although Porter separates competition (rivalry) from substitute products, we will look at them together and just classify them as first-, second- or third-level competitors. Competitors may be more than the businesses selling the same product. Simba Chips does not only compete with all other crisp manufacturers (other brands), but also with snack mixes such as peanuts, rice cakes and savoury biscuits. And how about popcorn? Is it possible that it even competes with chocolate and other types of candy?

It is in the business's best interests to find out as much as possible about competitors. These issues may include ownership structures, location(s), any information about financial performance that may be available, their products including patents, quality, brand loyalty, new products, market share, promotion strategies, distribution channels, employees, organisation culture and morale as well as any other information that may be relevant.

Doing a competitor profile is not illegal (no 'spying'); it is merely getting to know your 'enemy' so the business can pre-empt any actions and adapt its own strategies to be more successful.

It is, however, not only the current competitors that should receive some attention. One should also look at future competitive threats in order to establish what the threats and opportunities are in the market environment.

2.2 The Threat of New Entrants to the Market

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 are currently not enough suppliers of this product or service to meet consumer demand.

The threat of new entrants is, however, diminished if there are certain barriers to entering the market. Some of these barriers may include brand loyalty from existing consumers, Government policies (e.g. BEE requirements to get contracts), huge capital outlay or limited distribution channels. Although these barriers are to the advantage of existing operators in that particular industry, it also makes it more difficult for a business to branch out through diversification.

max 5

2.3 The Power of Suppliers ✓

When we look at suppliers, the first thought is usually in terms of suppliers of raw materials or products to be sold. This is of course very important because in order to be successful the business needs the right quality and quantity of material at the right time (without delays) at a reasonable price. Otherwise it becomes impossible to compete. *eg of materials + effect if not available*

Consider the costs involved if the business has a stock-out and the supplier cannot deliver:

- There will be a loss of production because there can be no production without material.
- The business will suffer a loss as a result of idle time, i.e. time when machines and labour cannot be utilised to their full capacity.
- If a business has run out of stock, it becomes very difficult to negotiate discounts when placing orders. This presents an opportunity cost for the business.
- Customer goodwill may be lost. The customer may either temporarily or permanently switch to a competitor.

It is necessary, however, also think a little wider and consider the power that suppliers of financial resources have. And what about labour suppliers? What will happen for example if the trade union organises a strike?

2.4 The Buyer (including Intermediaries) ✓ max 10

The 'buyer' may include more than the final consumer of the product or service. The business may also supply goods to intermediaries in the distribution channel, e.g. agents, wholesalers or retailers.

If the business does sell to intermediaries, there are some techniques that can be applied in an effort to control these intermediaries: *(To get them to buy from you)*

Sole agency:

- The manufacturer gives the wholesaler the sole right to sell the product in a specific area.
- The wholesaler will get commission on goods sold.
- In return the wholesaler will sell at the price prescribed by the manufacturer and the wholesaler also agrees not to sell similar goods from other manufacturers.

Contract system (price binding):

- The manufacturer offers a discount to the wholesaler/retailer but once again the dealer (wholesaler/retailer) has to sell the product at the price prescribed by the manufacturer.
- If contract is not honoured, the dealer is blacklisted and the manufacturer will no longer allow him to sell the product.

Financial control:

- The manufacturer gives the dealer financial assistance, e.g. the manufacturer pays the dealer's licence, allows the dealer to use his premises or helps the dealer to pay rent.
- The manufacturer has control over the dealer and can force the dealer to sell only his goods. For example: Petroleum and oil companies can help garages selling their brand of petrol by supplying capital.

If the business sells to the final consumer, it is important to know who the buyers are in terms of their demographics (e.g. age, income, gender, education and occupation) and their geographic profile, but we can also segment the target market using lifestyle criteria such as hobbies, recreation, political beliefs and cultural background, to name but a few.

The business has to use the most appropriate criteria when doing market segmentation as a geographical profile may or may not help to determine who consumes alcohol, for example. In this instance a geographical profile would only be useful to identify regions where there is a high concentration of people following the Muslim religion but additional information may be required to decide where to establish a liquor store (as opposed to deciding where not to establish the liquor store).

This type of information can be obtained by doing primary research or through secondary research.

3 Entrepreneurs

What do Mark Shuttleworth, Pam Golding, Harry Oppenheimer, Bill Gates, Henry Ford, Raymond Ackerman, Richard Branson, Oprah Winfrey and Robbie Brozin all have in common? Other than the fact that they all head up large corporations, are famous and extremely rich, they also share the following critical entrepreneurial qualities:

- They are passionate visionaries who believed they could do something that no-one else had either thought of, or succeeded in doing before them.
- They are creative thinkers who challenged the conventional ways of doing things, innovating different aspects of traditional businesses such as products, methods and marketing campaigns.
- They are risk takers with a positive attitude, who took a chance by devoting their time, money and other resources to something they believed would work.
- They were obviously good leaders, because they persuaded others to buy into their dream and help them to realise it.
- They are independent spirits, who like to be in control and are internally motivated, rather than working for a boss who tells them what to do.
- They have perseverance and commitment. Not one of them changed the world in a day, but they worked hard until, eventually, they did significantly change the part of the world they lived in. For some of them it was global success, but each one of them has touched your life, and the way you live it, in some way.
- They are all opportunists who happened to be in the right place at the right time - people who saw an opening and took it.
- They are individuals who either had the necessary expertise, knowledge and skills to make the business a success, or the ability to recognise their shortcomings and then hire the right people to fill the gaps.

4 Intrepreneurs

mat 30

new innovation?
new competitive performance

It is widely acknowledged that Gifford Pinchott coined the term 'Intrepreneurship' in the mid-1970s. Intrepreneurs have all the same qualities as entrepreneurs, with two distinct differences:

- They are more cautious, and less likely to take risks that may involve personal assets.
- Circumstances often force them to remain in a stable job, unable to follow their dreams or set up their own businesses.

Therefore, intrepreneurs are employees who work within a business, but use their unique talents of innovation and leadership to change and improve their department or take the business to new heights. Employees at all levels in the business can be intrepreneurs and the intrepreneurial manager will encourage change through innovation and encourage subordinates to pursue ideas despite obstacles. To achieve this ambitious goal of creating new ventures within existing organisations, or at the very least rejuvenating the existing business, the intrepreneurial manager is usually a persuasive leader who will assist employees to reach their full potential. He will also encourage employees to help others in the organisation to improve their performance as this will ultimately be for the common good of the business. 'cooperation' and 'team-driven' are key words in the intrepreneurial dictionary.

Non-entrepreneurial SME	Entrepreneurial Venture
Very basic commodities - concentrating on providing services or products that satisfy basic needs such as grocery items, clothing etc.	Involved in innovation - new products, technology, marketing ideas, services etc. ✓
Operates in an established industry, and often operates only in a given market.	Great potential for growth, often creating new markets or expanding geographically. ✓
Objectives are very sales- and profit-based, which are again linked to survival.	Objectives are very market-based, and strategically planned; for example, target markets, market share, market development and market position. ✓
Run by people who are good managers - maintaining the 'status quo' (the existing state of affairs) and managing the business to the best of their ability.	Run by entrepreneurs - leaders who are visionaries, risk takers and innovators, who want to challenge the 'status quo'. ✓