



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE MANAGEMENT: FARMING N4

20 NOVEMBER 2019

This marking guideline consists of 10 pages.

QUESTION 1: FARMING IN PERSPECTIVE

- 1.1
- Deregulation of marketing in terms of the Marketing Act of 1968.
 - Liberalising price control in terms of the Marketing Act of 1968.
 - A change in the taxation on agriculture.
 - A change in the direct budget spending on agriculture.
 - Abolition of the Land Measures Act in 1991.
 - Decrease in institutional confusion.
 - Labour legislation in agriculture. (Any 6 × 1) (6)
- 1.2
- 1.2.1 Communism
- 1.2.2 Capitalism
- 1.2.3 Socialism
- 1.2.4 Capitalism (4 × 1) (4)
- 1.3
- 1.3.1
- Land
 - Capital
 - Labour
 - Entrepreneurship
 - Water (Any 4 × 1) (4)
- 1.3.2
- They should use efficient irrigation systems such as drip irrigation.
 - They should apply rain water harvesting strategies or build dams for irrigation purpose.
 - They should use recycled grey water.
 - They should apply water scheduling techniques to ensure that the exact amount of water required for specific crops is applied, thus ensuring efficient use of water. Install tension-meters to guide on the exact amount of water required by a plant or schedule irrigation based on evapotranspiration.
 - Ensure that irrigation pipes are regularly inspected and that leakages are fixed to avoid water wastage.
 - Apply conservation tillage.
 - Apply mulching to lessen evaporation. (Any 4 × 1) (4)
- 1.4
- 1.4.1 Gross domestic product. (1)
- 1.4.2 Is the measure of quantities of goods and services produced within the borders of a country within a defined period time (in one year). (2)

- 1.4.3 The high unemployment rate affects the buying power of consumers, thus the demand for agricultural products will decrease,✓ consequently decreasing the contribution of the agricultural sector to the GDP.✓ In the case of the balance of payment, high unemployment will result in a fall in consumer spending,✓ therefore the demand for imported goods will decrease.✓ (2 × 2) (4)
- 1.5 1.5.1 Income stability is the level at which producer income changes in relation to changes in price and supply of goods.
- 1.5.2 Entrepreneurship is a process of taking initiative, responsibility, and risk to produce goods in demand.
- 1.5.3 Capitalism is an economic system where goods and services needed by the community are delivered by private undertakings to gain profit. (3 × 2) (6)
- 1.6 1.6.1 Agriculture is the main supplier of raw materials to the secondary sector that processes these into a usable form by consumers.✓ It is the earner of foreign exchange through imports.✓ People are employed in agriculture and thus contribute to the economy through paying tax.✓ Agriculture is the marketer of goods and services.✓ (4)
- 1.6.2 The entire production is centred on consumers and without them there is no business✓ since they are the ones who buy products to use them.✓ Producers and manufactures are assured of a market for their products.✓ (3)
- 1.6.3
- A low rate of child mortality.
 - Availability of medical services.
 - The population birth rate is higher than death rate. (Any 2 × 1) (2)
- [40]**

QUESTION 2: FARMING MANAGEMENT

- | | | | | |
|-----|-------|--|-------------|-----|
| 2.1 | 2.1.1 | Long term | | |
| | 2.1.2 | Medium term | | |
| | 2.1.3 | Medium term | | |
| | 2.1.4 | Short term | | |
| | 2.1.5 | Long term | | |
| | | | (5 × 1) | (5) |
| 2.2 | 2.2.1 | <ul style="list-style-type: none"> • Human resource provision✓ through recruiting, selecting and placement of employees in an organisation.✓ • Human resource development✓ through training to improve employees' skills and performance to ensure effective achievement of organisational goals.✓ • Human resource maintenance✓ through creating good working conditions that will enable employees to perform to the best of their abilities✓ • Compensation✓ through remuneration and reward to motivate employees and achieve job satisfaction.✓ | (Any 3 × 2) | (6) |
| | 2.2.2 | <ul style="list-style-type: none"> • Planning • Organising • Implementing • Controlling | | (4) |
| | 2.2.3 | <ul style="list-style-type: none"> • Routine decisions are regularly taken because the tasks are often repeated • Rational decision is based on the analysis of different aspects of a problem | (2 × 2) | (4) |
| | 2.2.4 | <ul style="list-style-type: none"> • Become aware of the problem • Identify/define a problem • Develop alternative solutions to the problem • Evaluate alternative solutions to the problem • Select the best possible solution to the problem • Implement the decision • Evaluate the results of the decision | | (7) |
| 2.3 | | Farming management is a process of planning, organizing, controlling✓ and making decisions on how to best combine and coordinate the human, natural, physical and financial resources✓✓ in a manner to produce products that are in demand in the market for a reasonable price in a working environment that is conducive to employees.✓ | | (4) |

- 2.4 Clear organisational structure is very important.
- 2.4.1 Organisational structure is a hierarchical structure indicating the authority and the level of employees in an organisation. (2)
- 2.4.2
- Line organisation
 - Functional organisation
 - Staff and line organisation
- (3)
- 2.4.3
- In a line organisation only one person is the head of the other employees and gives instructions. Control and authority are clear.
 - In a functional organisation, all aspects about a field are referred to one person with expertise in that field.
 - A staff and line organisation combines line and function – one person leads the group and specialists are allowed to advise those leaders.
- (3)
- 2.4.4
- It indicates the line of authority in an organisation.
 - It indicates clear communication lines in an organisation.
 - It indicates who is who in an organisation. (Any 2 × 1) (2)
- [40]**

QUESTION 3: MANAGEMENT FUNCTIONS OF THE FARMING ENTERPRISE

- 3.1
- 3.1.1 B
- 3.1.2 B
- 3.1.3 A
- 3.1.4 A
- 3.1.5 B
- (5 × 1) (5)
- 3.2
- 3.2.1 Production records
- 3.2.2 Income statement
- 3.2.3 Animal inventory
- 3.2.4 Balance sheet
- 3.2.5 Income statement/production records
- (5 × 1) (5)
- 3.3 Planning is the most important function in an organisation and it indicates the success or failure of an organisation.
- 3.3.1
- Determine basic objectives of the farming enterprise and select activities which lead to those objectives.
 - Determine the strength and weaknesses of the enterprise.
 - Evaluate the external business environment.
 - Evaluate the internal business environment.
 - Revise the basic objectives and plan an own strategy. (5 × 2) (10)

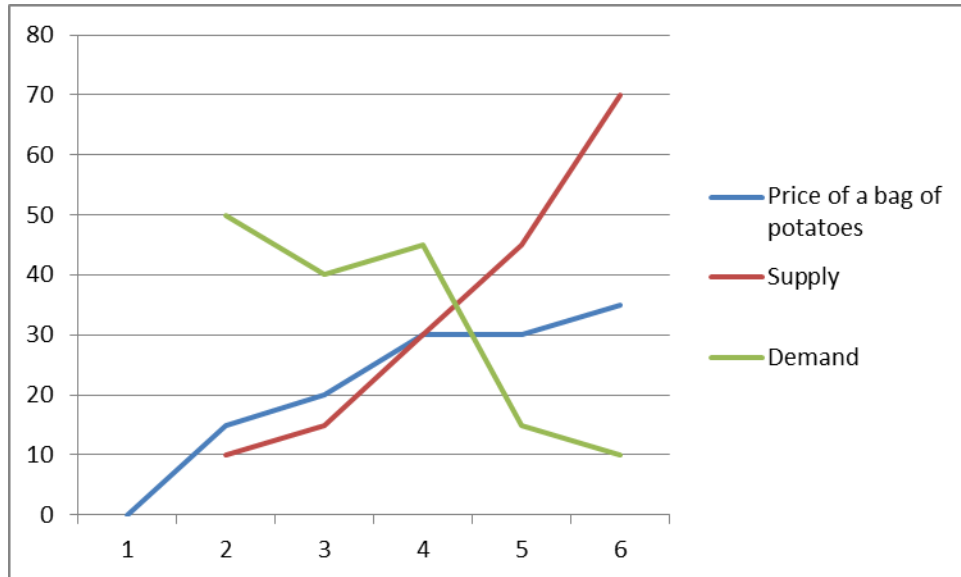
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|-------|--|-------------|-----|
| 3.3.2 | <ul style="list-style-type: none"> • Budgets • Policies • Standard procedures, programmes and schedules. • Projections • Whole-farm planning • Linear programming • Calendar of activities | (Any 4 × 1) | (4) |
| 3.3.3 | <ul style="list-style-type: none"> • Programmes determine the order in which any given set of tasks is executed to achieve the objectives. • Schedules indicate when particular tasks need to be done (it indicates time – date and hour). | (2 × 2) | (4) |
| 3.4 | <p>3.4.1 It is important to prepare employees for training and to motivate them to participate.✓✓ Use effective training methods for clear understanding✓✓ and allow employees to actively take part in training.✓✓ It is also important to evaluate the progress of the training.✓✓</p> | | (8) |
| 3.4.2 | <ul style="list-style-type: none"> • Good communication with subordinates • Good interpersonal skills • Ability to motivate employees • Active listening skills | | (4) |

[40]

QUESTION 4: MACRO AGRICULTURAL MARKETING

4.1 4.1.1 Equilibrium price is the price where demand and supply are equal. (1)

4.1.2



- Mark allocation:
 - Correct set of axes (1)
 - Supply curve (1)
 - Demand curve (1)
 - Point of equilibrium labelled (2)
- (5)

4.2 4.2.1 Price (R) = 40 – 30
= 10%✓

Percentage change in price = $R10/R30 \times 100\%$ ✓
= $0,333 \times 100\%$
= 33,3%✓ (3)

4.2.2 Quantity (kg) = 320 – 300
= 20✓

Percentage change on quantity = $20 \text{ kg}/300 \text{ kg} \times 100\%$ ✓
= $0,0667 \times 100\%$
= 6,67%✓ (3)

4.2.3 Price elasticity of demand
= % change in quantity/% change in price✓
= $6,67\%/33,3\%$ ✓
= 0,20✓
Accept (7%/33%)✓ = 0,21%✓ (3)

4.2.4 Relatively inelastic demand (1)

	4.2.5	Because the percentage change in price will cause a small change in quantity demanded.	(1)
4.3	4.3.1	<ul style="list-style-type: none"> • Economic risk • Human risk • Physical risk 	(3)
	4.3.2	<ul style="list-style-type: none"> • Economic risk originates from the difference in supply and demand. • Human risk is due to employees' (people's) dishonesty or negligence. • Physical risk is due to natural causes such as fire, diseases to crops, et cetera. 	(3)
	4.3.3	<ul style="list-style-type: none"> • International • Economic • Political-juristic • Socio-economic • Ecological • Technological 	(Any 5 × 1) (5)
	4.3.4	Selling involves product planning where the marketer must supply the right product, at the right time, at the right price and the right quantity needed by consumers.✓ Thereafter, negotiations take place between the two parties until agreement on issues of transport, delivery of goods and method of payment.✓ Finally, the parties reach contractual agreement about the transfer of ownership from producer to consumers.✓	(3)
	4.3.5	<ul style="list-style-type: none"> • They prefer fresh produce, particularly vegetables, fruit and meat of good quality. • Housewives daily buy small amounts of the most needed items for that day's consumption only. • They do not have a keen interest in expensive packaging. • They do not value the mass of the goods but the quantity. 	(4)
4.4	4.4.1	Storage	
	4.4.2	Supply	
	4.4.3	Transport	
	4.4.4	Macro-marketing approach	
	4.4.5	Grading	
			(5 × 1) (5)
			[40]

QUESTION 5: MICRO-AGRICULTURAL MARKETING

- 5.1 Marketing is important for the success of an organisation, therefore developing effective marketing strategy is important.
- 5.1.1 The first step in developing a marketing strategy is to undertake a situational analysis.✓ The next step is to develop marketing objectives✓, position differential advantage,✓ selecting target market✓ and designing the marketing mix.✓ (5)
- 5.1.2
- Production orientation
 - Sales orientation
 - Marketing/consumer orientation
- (3)
- 5.1.3
- Production orientation focuses on production prior to looking for a market. This approach is good if a market already exists.
 - Sales orientation aims at stimulating sales by focusing on marketing the business and products to enlarge the market share.
 - Marketing/consumer orientation is an approach that focuses on producing only products that are in demand. (3 × 2) (6)
- 5.1.4
- Product✓ must be of good quality and must always be available when the customer needs it.✓
 - Price✓ of the product must be reasonable.✓
 - Distribution✓ refers to the place where the customers should be able to get the products.✓
 - Promotion✓ refers to the advertising of the products to make people aware of the products being sold.✓ (8)
- 5.1.5
- Farm gate
 - Auctions
 - Agents
 - Wholesalers
 - Speculators
 - Direct sales
 - Co-operatives
 - Product contract (Any 5 × 1) (5)
- 5.1.6
- Fluctuation in production of farm products occurs because of unpredictable weather conditions.
 - The supply of farm products slowly adapts due to the long production process.
 - The negotiation power of individual farmers is very weak and does not influence the market price.
 - The demand for agricultural goods is inelastic, which means that the changes in supply results in huge price fluctuations. (4)

5.2	5.2.1	B, ✓ The prices for chicken portions declines ✓	(2)
	5.2.2	<ul style="list-style-type: none">• E₁• E₂	(Any ONE) (1)
	5.2.3	Because that is where price and demand meet and are equal	(2)
	5.2.4	<ul style="list-style-type: none">• Minimum prices• Maximum prices• Absolute prices• Quotas	(4)
			[40]
		TOTAL:	200