



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N4

31 MAY 2019

This marking guideline consists of 9 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
 - Changing taxation of agriculture
 - Changing direct budget spending on agriculture
 - Abolition of the Land Measures Act in 1991
 - Decreasing 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 an irrigation system with efficient water usage such as drip irrigation.
 - They should apply strategies of rainwater harvesting by building farm dams for irrigation purposes.
 - They should apply grey water usage through water recycling.
 - They should apply water scheduling techniques to ensure that the exact amount of water required by crop is applied thereby ensuring efficient water usage.
 - They should install a tension meter to guide on the exact amount of water required by the plant or schedule irrigation based on evapotranspiration.
 - They should regularly inspect the irrigation pipe and fix leakages to avoid water wastage.
 - They should apply conservation tillage.
 - They should apply mulching to lessen evaporation.
- (Any 4 × 1) (4)
- 1.4
- 1.4.1 Gross domestic product (1)
- 1.4.2 GDP is a measure of the quantities of goods and services produced within the borders of a country within a defined period time (in one year). (2)
- 1.4.3 High unemployment rates affect the buying power of consumers thus the demand for agricultural product will decrease✓ consequently decreasing the contribution of the agricultural sector to the GDP✓ whereas in the case of balance of payment high unemployment will result in a fall in consumer spending✓ and therefore demand for imported goods will decrease.✓ (2 + 2) (4)

1.5	1.5.1	Income stability is the level at which the producer income changes in relation to the changes in price and supply of goods.		
	1.5.2	Entrepreneurship is a process of taking initiative, responsibility and risk to combine production factors 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 get profit.	(3 × 2)	(6)
1.6	1.6.1	Agriculture is the main supplier of raw materials to the secondary sector which process it into a usable form by consumers.✓ It is the earner of foreign exchange through imports.✓ Agriculture is also an employer as more people are employed in this sector who then contributes to the economy through paying tax.✓ Agriculture is the marketer of good and service.✓		(4)
	1.6.2	The entire production is centred on the consumers and without them there is no business✓ since they are buying products to use.✓ Producers and manufactures are assured of a market for their products.✓		(3)
	1.6.3	<ul style="list-style-type: none"> • There is a low rate of child mortality. • There are more medical services. • The population birth rate is higher than the 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 the 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	Routine decisions are regularly taken because the task is often repeated✓✓ whereas rational decision is based on 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 the 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, organising, controlling✓ and making decisions on how to best combine and coordinate human, natural, physical and financial resources✓✓ in a manner that products which are in demand in the market are produced at a reasonable price in a working environment conducive to employees.✓	(4)
2.4	2.4.1 Organisational structure is a hierarchical structure indicating the authority and level of employees in the organisation.	(2)
	2.4.2 <ul style="list-style-type: none"> • Line organisation • Functional organisation • Staff and line organisation 	(3)
	2.4.3 <ul style="list-style-type: none"> • In line organisation only one person is the head of other employees and gives instructions control and authority is clear. • In functional organisation a person with expertise on the field is acquired and all aspects about that field are referred to that person. • Staff and line organisation combines line and functional where one person leads the group and specialists are allowed to advise those leaders. 	(3)
	2.4.4 <ul style="list-style-type: none"> • It indicates the line of authority in the organisation. • It indicates clear communication lines in the organisation. • It indicates who is who in the organisation. (Any 2 × 1)	(2)
[40]		

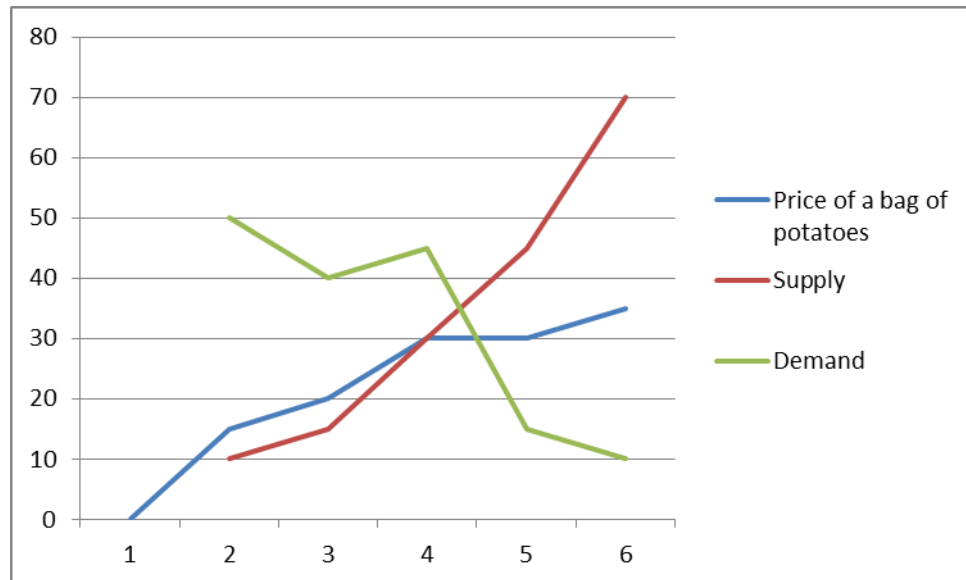
QUESTION 3: MANAGEMENT FUNCTIONS OF THE FARMING ENTERPRISE

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	3.3.1	<ul style="list-style-type: none"> • Determine basic objectives of the farming enterprise and select activities which lead to those objectives. • Determine the strengths and weaknesses of the enterprise. • Evaluate the external business environment. • Evaluate the internal business environment. • Revise the basic objectives and plan a strategy. 	(5 × 2)	(10)
	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	A programme determines the order in which any given set of tasks is executed to achieve the objectives✓✓ whereas a schedule indicates when a particular task needs to be done – it shows time (date and hour).✓✓	(2 + 2)	(4)
3.4	3.4.1	It is important to prepare employees for training and motivate them to participate.✓✓ Use effective methods of training for clear understanding✓✓ and allow employees to actively take part in training.✓✓ It is also important to evaluate the progress of the training.✓✓		(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 when demand is exactly equal to supply. (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 in 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✓

$$= 6,67\%/33,3\%\checkmark$$

$$= 0,20\checkmark$$

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, crop diseases, etc. 	(3)
	4.3.3	<ul style="list-style-type: none"> • International • Economic • Political-juristic • Socioeconomic • Ecological • Technological 	(Any 5 × 1) (5)
	4.3.4	Selling involves product planning where the marketer must bring the right product, at the right time, at the right price and the right quantity needed by consumers.✓ Thereafter there are negotiations between the two parties until there is agreement on issues of transport, delivering goods and payment method.✓ Finally the parties reach contractual agreement about the transfer of ownership from the producer to consumers.✓	(3)
	4.3.5	<ul style="list-style-type: none"> • They prefer fresh produce, particularly vegetables, fruits and meat of a good quality. • Housewives buy small amounts of the most needed items on a daily basis for that day's consumption only. • They do not have a keen interest in expensive packaging. • They do not value mass of 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 5.1.1 The first step in developing a marketing strategy is to undertake a situational analysis.✓ Then develop marketing objectives.✓ After that determine positioning and differential advantage✓ followed by selecting target market✓ and designing 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 there is already an existing market.
• Sales orientation aims at stimulating sales by focusing on marketing the business and products to enlarge market share.
• Marketing/Consumer orientation focuses on producing only products that are in demand. (3 × 2) (6)
- 5.1.4 • Product✓ must be of quality and always available when the customer needs it.✓
• Price✓ of the product must be reasonable.✓
• Distribution✓ refers to the place where the customers should get the products.✓
• Promotion✓ refers to the advertising of the products to inform people of the products they are selling.✓ (4 × 2) (8)
- 5.1.5 • Farm gate
• Auctions
• Agents
• Wholesalers
• Speculators
• Direct sales
• Cooperatives
• 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 an individual farmer is very weak to influence the market price.
• The demand for agricultural goods is inelastic, meaning the changes in supply results in huge price fluctuations. (4)

5.2	5.2.1	B		(2)
	5.2.2	<ul style="list-style-type: none">• E₁• E₂	(Any ONE)	(1)
	5.2.3	That is where price and demand meets and are equal		(2)
	5.2.4	<ul style="list-style-type: none">• Minimum prices• Maximum prices• Absolute prices• Quotas		(4)
				[40]
			TOTAL:	200