



**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"> <li>• Human resource provision✓ through recruiting, selecting and placement of employees in an organisation.✓</li> <li>• Human resource development✓ through training to improve employees' skills and performance to ensure effective achievement of organisational goals.✓</li> <li>• Human resource maintenance✓ through creating good working conditions that will enable employees to perform to the best of their abilities✓</li> <li>• Compensation✓ through remuneration and reward to motivate employees and achieve job satisfaction.✓</li> </ul> | (Any 3 × 2) | (6) |
|     | 2.2.2 | <ul style="list-style-type: none"> <li>• Planning</li> <li>• Organising</li> <li>• Implementing</li> <li>• Controlling</li> </ul>  |             | (4) |
|     | 2.2.3 | <ul style="list-style-type: none"> <li>• Routine decisions are regularly taken because the tasks are often repeated</li> <li>• Rational decision is based on the analysis of different aspects of a problem</li> </ul>   | (2 × 2)     | (4) |
|     | 2.2.4 | <ul style="list-style-type: none"> <li>• Become aware of the problem</li> <li>• Identify/define a problem</li> <li>• Develop alternative solutions to the problem</li> <li>• Evaluate alternative solutions to the problem</li> <li>• Select the best possible solution to the problem</li> <li>• Implement the decision</li> <li>• Evaluate the results of the decision</li> </ul>  |             | (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)

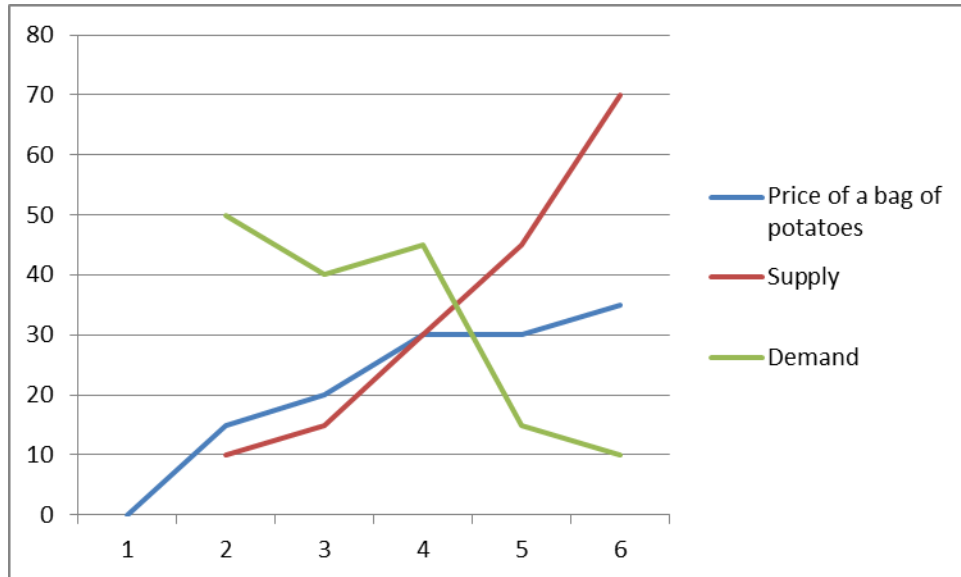
- |       |  |             |     |
|-------|--|-------------|-----|
| 3.3.2 | <ul style="list-style-type: none"> <li>• Budgets</li> <li>• Policies</li> <li>• Standard procedures, programmes and schedules.</li> <li>• Projections</li> <li>• Whole-farm planning</li> <li>• Linear programming</li> <li>• Calendar of activities</li> </ul>                          | (Any 4 × 1) | (4) |
| 3.3.3 | <ul style="list-style-type: none"> <li>• Programmes determine the order in which any given set of tasks is executed to achieve the objectives.</li> <li>• Schedules indicate when particular tasks need to be done (it indicates time – date and hour).</li> </ul>                       | (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"> <li>• Good communication with subordinates</li> <li>• Good interpersonal skills</li> <li>• Ability to motivate employees</li> <li>• Active listening skills</li> </ul>  |             | (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"> <li>• Economic risk</li> <li>• Human risk</li> <li>• Physical risk</li> </ul>	(3)
	4.3.2	<ul style="list-style-type: none"> <li>• Economic risk originates from the difference in supply and demand.</li> <li>• Human risk is due to employees' (people's) dishonesty or negligence.</li> <li>• Physical risk is due to natural causes such as fire, diseases to crops, et cetera.</li> </ul>	(3)
	4.3.3	<ul style="list-style-type: none"> <li>• International</li> <li>• Economic</li> <li>• Political-juristic</li> <li>• Socio-economic</li> <li>• Ecological</li> <li>• Technological</li> </ul>	(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"> <li>• They prefer fresh produce, particularly vegetables, fruit and meat of good quality.</li> <li>• Housewives daily buy small amounts of the most needed items for that day's consumption only.</li> <li>• They do not have a keen interest in expensive packaging.</li> <li>• They do not value the mass of the goods but the quantity.</li> </ul>	(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)
			<b>[40]</b>

**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"><li>• E<sub>1</sub></li><li>• E<sub>2</sub></li></ul>	(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"><li>• Minimum prices</li><li>• Maximum prices</li><li>• Absolute prices</li><li>• Quotas</li></ul>	(4)
			<b>[40]</b>
		<b>TOTAL:</b>	<b>200</b>