higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MANAGEMENT: FARMING N4

8 JUNE 2018

This marking guideline consists of 9 pages.

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QUESTION 1: FARMING IN PERSPECTIVE

1.1 1.1.1 True
1.1.2 False
1.1.3 False
1.1.4 True
1.1.5 True

(5 × 1) (5)

1.2
- Price and quantitative control measures.
- Technology policy. (2)

1.3 1.3.1 Consumers are the buyers of agricultural products therefore the entire production process centres around them.✓ Production process in agriculture is aimed at satisfying the needs of consumers in a way that profit will be generated through exchange of products for cash.✓ Without consumers there is no business in agriculture.✓ If consumers are satisfied they will buy more.✓ In that way producers and manufactures are assured of a market.✓

(Any 4 × 1)

1.3.2 The public institution plays the regulating function by overseeing the application of relevant legislation in the agricultural sector,✓ such as import control measures, wage regulation, plant quarantine.✓ They also play a supporting role of the by providing funding for research purpose and guidance to farmers to ensure effective farming production processes.✓ During drought and disasters, government supports farmers to resume the production as soon as possible to meet the needs of the consumers.✓

(Any 4 × 1)
(2 × 4) (8)

1.4
- Supplier of raw materials:✓ The agricultural sector supplies raw material to secondary industry and processing plants to manufacture final goods that are ready for use by consumers.✓
- Earner of foreign currency:✓ More agricultural products are exported and foreign currency is generated through these exports.✓
- Employer:✓ More job opportunities are created in the agriculture sector i.e. production, processing and secondary activities therefore the sector employs more people.✓
- Market for goods and services:✓ Farmers create a huge market for manufacturers' goods and services as they need inputs for their production and marketing purposes.✓ (4 × 2) (8)

1.5 1.5.1 Regional
1.5.2 Bilateral
1.5.3 Multilateral
1.5.4 Multilateral
1.5.5 Bilateral

(5 × 1) (5)

1.6 Entrepreneurship is a process driven by individuals who take a lead, responsibilities and risk to combine production factors.✓ The main aim is to produce products that are in demand with an effort gain profit.✓ Individual who drive and entrepreneurship needs a skill to carry out leadership function as business can suffer loss if poor decisions are taken,✓ it also faces a risk that can also cause a loss thus proper management skills are required.

(Any FIVE applicable answers) (5)

1.7
- Members of the community may possess assets and use them to make profit.
- Allocation of assets and resources is done in a free market.
- Members of the community have a choice of services, goods, accommodation and employment.
- Government minimize its role in the market. (4)

1.8
- Share in the Gross Domestic Product
- Share in total import and export market
- Size of the economically active population employed in the agriculture sector (3)

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QUESTION 2: FARMING MANAGEMENT

2.1 2.1.1
- Planning
- Organising
- Implementing
- Control (4)

2.1.2
- Differences in spoken languages.
- Speaking a lot of unnecessary information.
- Negative attitude of the massage receiver.
- Giving the massage that is not practical and executable.
- Over screening the massage by the massage receiver and take only what is important.
- Fear of the massage sender about the massage which is not popular and not favourable.
- A sender sending an unclear massage. (Any 5 × 1) (5)

2.1.3
- By acquisition of funds as financing.
- By applying funds through buying assets known as investments.
- Administration of funds and reports on financial matters.

(3 × 2) (6)

2.1.4
- Step 1: Examine the situation
- Step 2: Develop alternatives
- Step 3: Evaluate alternatives
- Step 4: Implementation (4)

2.1.5
- A farm manager becomes aware of the problem and analyse the problem.
- He gathers possible solutions to the problem.
- He evaluates all the possible solutions with regard to their advantages and their disadvantages and chose the best possible solution to the problem.
- He implements the best solution and ensures constant monitoring during implementation and make changes where necessary. (4)

2.2 2.2.1
- Line organisation
- Functional organisation
- Staff and line organisation (3)

2.2.2
- Expansion of the business such as is when a new branch added to a production.
- Technological changes in business such as introduction of modernise machinery or new technology processing fresh produce.
- Further training and development of employees which will create other opportunities. (3 × 2) (6)

2.3
2.3.1 C
2.3.2 A
2.3.3 A
2.3.4 D
2.3.5 D
(5 × 1) (5)

2.4
- Attitude of a farmer.
- Health and age of a farmer.
- His financial status.
- Ambition and ability.
- His progress in attaining objectives.
- How a farmer react to their achievements. (Any 3 × 1) (3)

[40]

QUESTION 3: MANAGEMENT FUNCTIONS IN THE FARMING ENTERPRISE

3.1 3.1.1 Projection is an attempt to predict the flow of future events based on given information and pre-empted expectations.

3.1.2 Policy is a document that guides the particular operations in the farm.

3.1.3 Balance sheet is a financial statement of a business that summarises the business assets, liabilities and owner's equity or capital.

3.1.4 Standard procedure prescribes the method that is applied in an activity and the method of work execution.

3.1.5 Tactical planning is a planning aimed at how the production factors will be used over a short term to reach the objectives of a farmer.

(5 × 2) (10)

3.2 3.2.1
- Recording all resources available
- Determine available land potential.
- Plan crop/animal production activity.
- Plan the use of machinery, farm implements, buildings and labour. (4)

3.2.2
- Induction
- Developmental training
- New training (3)

3.2.3 Induction meant for exposing new workers to practices, rules and procedures on the farm✓✓ whereas developmental training involves further development of employees' existing knowledge and skills✓✓ on the other new training exposes the workers to new knowledge and skills that they did not know. ✓✓ (6)

3.3 3.3.1 Strategic planning is long term plan of three to ten years or above whereas tactical planning is short term of one month to three months. (2)

3.3.2
- Step 1: Determine the basic objectives of a farming enterprise and select the activities which lead to objectives.
- Step 2: Determine strengths and weaknesses of the enterprise.
- Step 3: Evaluate the external business environment.
- Step 4: Evaluate the internal business environment.
- Step 5: Revise the basic objectives and plan own strategy. (5)

3.3.3
- Planning rest on reliable information
- Planning is always based on facts
- Often circumstances change after a final decision is taken
- Plans must be flexible to adapt to the changing environment (4)

3.3.4
- Budget
- Policies
- Standard procedures, programmes or schedules
- Projections
- Whole farm planning
- Linear planning
- Calendar of activities (Any 4 × 1) (4)

3.3.5 Programme indicates a sequence of activities and a step by step procedure of what must be done but the schedule indicates when the activity is done, it shows time (date, hour) of when each activity should be performed. (2)

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QUESTION 4: MACRO AGRICULTURAL MARKETING

4.1 4.1.1 Yes (1)

4.1.2 It is only through marketing that consumers will be aware of the business and its products or services and begin to buy them in that way the will be exchange of goods and services. (2)

4.1.3
- Physical distribution of produce
- Economic aspect (2)

4.1.4
- Financing
- Storage
- Standardisation and grading
- Re-composition
- Acquisition and provision of information
- Bearing risk (Any 4 × 1) (4)

4.1.5 Transport (1)

4.1.6
- Seasonal supply
- Production in small quantities
- Nature of the agricultural products
- Agricultural market conditions
- The marketing position of the farmer. (5)

4.2 4.2.1 Price = R50,00 – R40,00
= R10,00✓

Percentage change in price = $\frac{\text{R10,00}}{\text{R50,00}}$ × 100%
= 0,2 × 100%✓
= 20%✓

4.2.2 Quantity = 400 kg – 420 kg
= -20 kg✓

Percentage change un quantity = $\frac{-20 \text{ kg}}{420 \text{ kg}} \times 100\%$
= -0,0476 × 100%✓
= -4,76%✓

4.2.3 Price elasticity of demand = $\frac{\% \text{ change in quantity}}{\% \text{ change in price}}$
= $\frac{-4,76\%}{20\%}$
= -0,238✓ (7)

4.2.4 Relatively inelastic demand. (1)

4.2.5 Because the percentage change in price will cause a small change in quantity demanded. (2)

4.3 Macro market approach focuses on marketing as social and economic process by which consumers needs are satisfied through an exchange between producers and consumers while micro market focuses the individual enterprise with the aim to make high profit through the marketing process. (4)

4.4
- They prefer good quality fresh produce.
- Housewives buy most needed items daily for that daily consumption.
- They are not interested in expensive packaging.
- They do not value mass of goods, but rather quantity thereof. (4)

4.5 4.5.1 Price equilibrium is a state in the market where the price offered for a product by suppliers is equal to the price consumers wish to pay for the product. (3)

4.5.2 Suppliers wish to bring more products after consumers have bought everything,✓ but if consumers do not buy everything supplied this will now lead to surplus✓ on the other hand as the prices get reduced and consumers buy all goods in the market until shortage stage is reached. (4)
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QUESTION 5: MICRO AGRICULTURAL MARKETING

5.1 5.1.1 A SWOT analysis
5.1.2 Cob web theory
5.1.3 Marketing objective
5.1.4 Target market
5.1.5 Income elasticity of demand

(5 × 1) (5)

5.2 5.2.1
- Marketing boards
- Agents of the board

5.2.2
- Marketing boards are responsible for purchases, sales, transport and promotion.
- Agents of the board are local co-operatives who store the product until it is transported.

(2 × 2) (4)

5.3 5.3.1 Price elasticity of demand is the percentage change in the demand for a product in relation to the percentage change in the price for that product✓✓ whereas income elasticity of demand is the percentage change in the demand for the product due to a percentage change in income of the consumer.✓✓ (2 × 2) (4)

5.3.2 (a) Production increases
(b) The profit decreases as the production increases
(c) Sales will decrease as consumers will not buy more products
(d) The price will decrease

(4 × 1) (4)

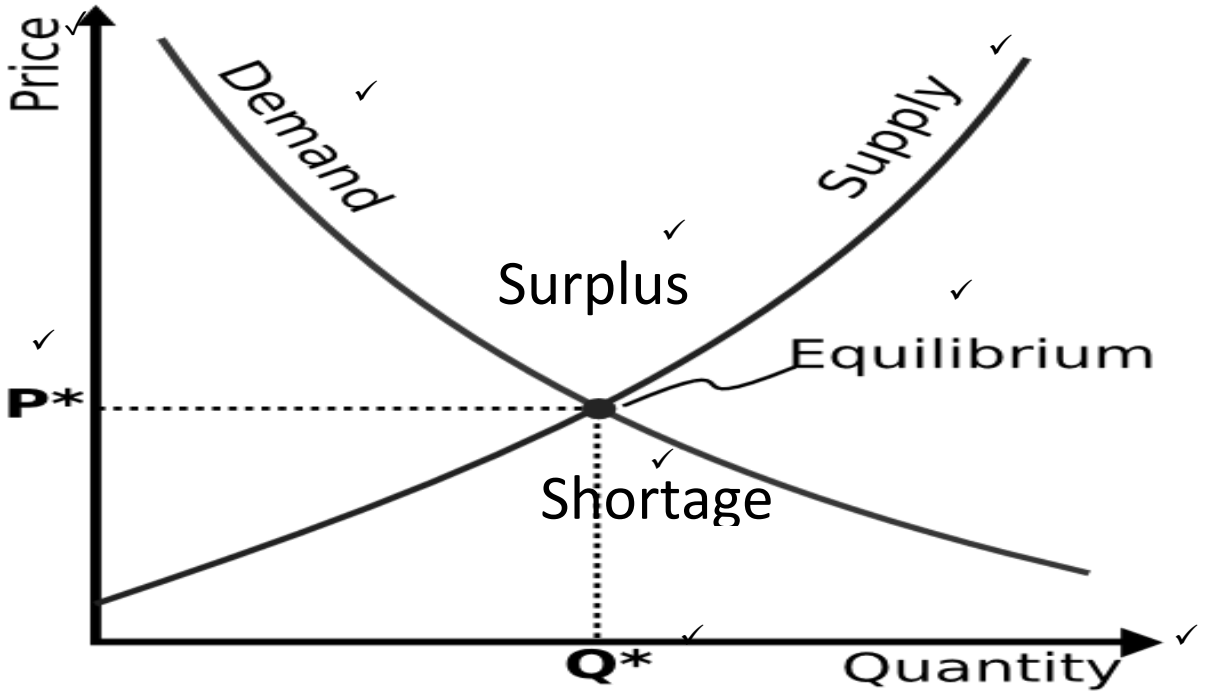
5.4 5.4.1
- Demand of agricultural products.
- Agricultural prices are not accurate.
- Problematic to get cheap product for consumers. (3)

5.4.2
- The demand for agricultural products is created by the value that a certain product has for the consumer and consumer demand constantly changes thus farmers have to stay abreast and adapt to the changes.
- The communication gap between the producer and the consumer makes it difficult for the produces to keep abreast of the actual demand and changing patterns of consumption and preferences in the market.
- There are many cost involved in the marketing process such as time cost, place cost and form cost thus making it difficult to get product to the market a cheap price. (3)

5.4.3
- Minimum prices
- Maximum prices
- Absolute prices.
- Quotas. (4)

5.4.4
- The nature of the market determines the kind of a product.
- Market conditions determine the asking price.
- Consumer needs determine where the products are distributed.
- Financial position of the business determine how much to spend in promoting the product. (Any 3 × 1) (3)

5.6



-Same set of axes for both curves. ✓ (10)
[40]

TOTAL: 200

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