



GAUTENG DEPARTMENT OF EDUCATION

PREPARATORY EXAMINATION 2009

10720

BUSINESS STUDIES

16 pages

**BUSINESS STUDIES
BSTD**



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**GAUTENG DEPARTMENT OF EDUCATION
PREPARATORY EXAMINATION**

BUSINESS STUDIES

TIME: 3 hours

MARKS: 300

INSTRUCTIONS AND INFORMATION:

Read the following instructions carefully before answering the questions:

- This paper consists of **THREE** sections namely **SECTION A**, **SECTION B** and **SECTION C**.
 - SECTION A:** Compulsory for all learners
 - SECTION B:** Compulsory. Consists of **THREE** independent questions covering all the learning outcomes. Answer all **THREE** questions from this section.
 - SECTION C:** Consists of **FOUR** questions covering all the learning outcomes. Answer any **TWO** questions from this section.
 - Consider the time allocation when answering the questions.
 - Read the instructions for each question carefully and answer only what is required.
 - Number your answers correctly according to the numbering system used in this question paper.
 - Except where other instructions are given, answers must be written in full sentences.
 - The mark allocation and nature of the question should determine the length of your answers.
 - Start the answer to each new question on a **NEW** page. **QUESTION 1** on a **NEW** page, **QUESTION 2** on a **NEW** page, etc.
 - Use the table (page 3) as a guideline for marks and time allocation for each question.
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QUESTION	SECTION	MARKS	TIME
1	A: Multiple-choice questions True or False Correct Term	40	30 min.
2	B: THREE direct questions Answer ALL THREE questions in this section.	60	30 min.
3		60	30 min.
4		60	30 min.
5	C: Essay questions Answer any TWO of the four questions	40	30 min.
6		40	30 min.
7		40	30 min.
8		40	30 min.
	TOTAL	300	180 min.

SECTION A**QUESTION 1****COMPULSORY****Multiple-choice questions**

Four possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number (1.1 – 1.10) in your ANSWER BOOK, for example 1.12 B

- 1.1 Wholesalers who purchase goods from a clothing manufacturer would be part of the clothing manufacturer's ... environment.
- A micro
 - B market
 - C macro
 - D technological
- 1.2 A citrus farmer, Mr. Nel, who exports products to Europe, would be involved in the ... sector of our economy.
- A primary
 - B public
 - C tertiary
 - D informal

1.3 Which one of the following situations regarding the cellphone would be said to be the **most** innovative?

- A Producing a second batch of Nokia 3310 cellphones
- B A new colour scheme for MTN
- C New technology allowing for faster Internet access via cellphones
- D The availability of cheaper SMS packages

1.4 Problem-solving involves the application of various steps. From the list given, choose the **most** correct sequence.

- i Choose a solution
- ii Identify possible solutions
- iii Generate ideas and reasons
- iv Identify the problem
- v Implement the solution

- A iv, i, ii, iii, v
- B iv, iii, ii, i, v
- C iii, v, iv, ii, i
- D iv, ii, iii, i, v

1.5 Which one of the following is **not** a technique used for problem-solving?

- A Delphi technique
- B Brainstorming
- C Forced field analysis
- D. Insurable interest

1.6 Which of the following examples could be regarded as being unethical business practice? Choose the correct combination.

- i Pirating of DVDs
- ii The selling of fake branded clothing
- iii Clothing sold by a retail store, on credit, with a 30% mark-up on cost
- iv A shopkeeper selling expired stock at very cheap prices
- v Competing with another business in terms of quality and service

- A i, ii, iv
- B i, ii, iii, iv
- C i, ii, iv, v
- D i, ii, iii, v

- 1.7 A method used by trade unions to influence government to intervene on a particular issue:
- A Lobbying
 - B Lockouts
 - C Picketing
 - D Deadlock
- 1.8 A voluntary deduction from an employee's salary **before** taxes are deducted:
- A Medical aid fund
 - B Provident fund
 - C Unemployment insurance
 - D Pension fund
- 1.9 An employee who has been subjected to racism within the workplace and receives no resolution on the matter can take the matter up with the following organisation:
- A Truth and Reconciliation committee
 - B Department of Trade and Industry
 - C Council for Conciliation, Mediation and Arbitration
 - D Local municipality council
- 1.10 A technique utilised by businesses to assess themselves against other successful businesses who have set standards in terms of product or service quality.
- A Quality control
 - B Forced combinations
 - C Quality assurance
 - D Benchmarking
- 10x2=(20)

State whether the following statements are **True** or **False**. If you consider the statement to be **true**, write **True** and if **false** write **False** AND **correct the underlined portion** so as to make the statement true. Write down the correct term next to **False**.

- 1.11 Professionalism implies that businesses should not discriminate on the basis of race, gender, etcetera.
- 1.12 Longman (Pty) Ltd. can be regarded as a business which is listed on the Johannesburg Securities Exchange SA.
- 1.13 Value Added Tax (VAT) is a tax which is paid over by businesses to the local municipal councils.
- 1.14 The rate to be paid to an employee for overtime would be 2 times the rate of the normal wage.

- 1.15 A deadlock is a situation where an agreement between a trade union and business management cannot be reached.

5x2=(10)

Correct term

Write down the appropriate term(s) or name(s) for each of the following descriptions next to the corresponding number in your ANSWER BOOK.

- 1.16 The institution set up in South Africa to ensure that people are treated in a fair and dignified manner
- 1.17 The return received from investing in the shares of a company
- 1.18 The standards of sound and professional business behaviour
- 1.19 When a manager insists on sexual favours from someone under his authority, in return for a favour, he could be charged with
- 1.20 The structure of a country's population in terms of its race, culture, religion, etc.

5x2=(10)
[40]

SECTION B
(COMPULSORY)

QUESTION 2

2.1

Mr. Adam has been operating as a wholesale sweet outlet for the past five years. Almost 90% of his products are imported. During the first three years of business Mr. Adam had been doing relatively well. Thereafter, a decline in the profits could be seen. Mr. Adam is highly concerned that if this negative trend continues he would be forced to sell off some of his personal assets to cover the debts of the business. Profits for these years have been as follows:

2003 – R360 000
2004 – R480 000
2005 – R600 000
2006 – R450 000
2007 – R400 000

- 2.1.1 After consulting with his accountants some reasons for this decline in profits were highlighted. Which factor of the macro environment is being referred to by each of the following reasons?
- (a) In 2006 Mr. Adam installed **new computer software** which his staff were not able to operate efficiently.
 - (b) In 2007 the Reserve Bank **increased its repo rate** and this has led to a substantial increase in inflation.
 - (c) The **weakening of the Rand** during 2006 also meant that the cost of products increased.
 - (d) The **'Proudly South African' campaign** has led to many consumers purchasing local products.
 - (e) Increases in the cost of **imported products** have also resulted in the costs of products' prices increasing.
 - (f) Since the passing of the **National Credit Act** during 2007, credit sales have decreased. 6x2=(12)
- 2.1.2 Explain what you understand by the term *repo rate* and also say how an increase in this rate would affect Mr. Adam's sales. (6)
- 2.1.3 Recommend to Mr. Adam **THREE** ways of dealing with the problem he faces with regard to the Reserve Bank increasing its repo rate. 3x2=(6)
- 2.1.4 Discuss **ONE** strategy which Mr. Adam could utilise so as to overcome the problem of the new computer software which he has installed. (2)

- 2.1.5 Name the form of ownership which Mr. Adam has chosen for his sweet wholesalers. Substantiate your answer by giving a reason. (4)

- 2.2 Study the table below and answer the questions that follow.

Labour force participation rates (%), 1995 – 2003

	Males			Females		
	1995	2003	% Change	1995	2003	% Change
African	59,9	69,2	9,3	44,3	63,1	18,8
Coloured	72,1	75,7	3,6	55,4	64,8	9,4
Indian	75,7	77,3	1,6	39,2	51,9	12,7
White	72,1	79,8	7,7	47,9	61,5	13,6
All	65,9	71,1	5,2	47,8	62,8	15,0

Source: October household survey, 1995; Labour force survey, 2003

Taking into account the population increase during this period of time the unemployment rate in South Africa is still extremely high. It is important to know how much of this was due to HIV/Aids and how much was due to worker discouragement.

- 2.2.1 Mention any TWO issues which could contribute directly to the high unemployment figures in South Africa. (2)
- 2.2.2 Suggest FIVE ways in which unemployment can be addressed in our country. 5x2=(10)
- 2.2.3 Discuss any FOUR ways in which HIV/Aids is negatively affecting the businesses in South Africa. 4x2=(8)
- 2.2.4 List any FIVE sources of conflict in a business. 5x2=(10)

[60]

QUESTION 3

- 3.1 Read the article below and answer the questions that follow.

Every dog has its day

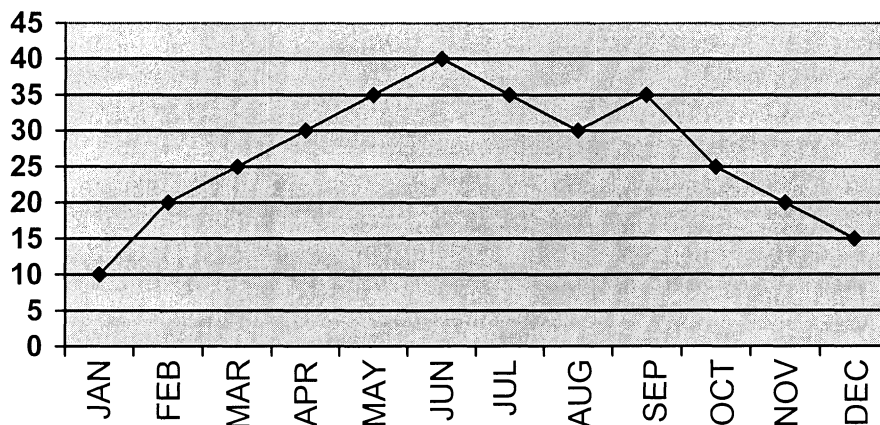
It takes true entrepreneurial skills to take a small business from the brink of bankruptcy to a turnover of R4,25-million per month in just five years. It's this spirit of entrepreneurship that won Hannes van Jaarsveld the Business Partners Entrepreneur of the year award. Van Jaarsveld bought Montego Feeds, a dog food manufacturing business, in 2000 from an insolvent estate. Through much entrepreneurial talent, sound management systems and hard work he managed to turn the business around.

Your Business, Dec 2006/Jan 2007

- 3.1.1 Explain what is meant by *an insolvent estate*. (2)
- 3.1.2 Van Jaarsveld showed lots of *entrepreneurial talent*. Discuss any FIVE entrepreneurial qualities which you think he possesses. 5x2=(10)
- 3.1.3 Explain any FOUR factors which could have contributed to the success of his business. 4x2=(8)

- 3.2 Sales of ladies' jerseys for 2007

Quantity sold in 1 000's



3.2.1 Study the graph (page 9) (Question 3.2) and answer the following questions.

- (a) Identify the type of graph depicted on page 9. (2)
- (b) Which month showed the highest sales? Give a reason for your answer. (3)
- (c) Calculate the total sales for the year 2007. (2)
- (d) Calculate the average annual sales for 2007. (Round off) (2)
- (e) Name any TWO other types of graphs which could be used in presentations. (2)

3.2.2 When doing a presentation of business information one could use any or all of the following methods: *written; oral; visual*.

Explain a **benefit** in the utilisation of each of these THREE methods.

3x2=(6)

3.3 Mrs. Samuels who has just started a butchery is not sure about a few matters concerning insurance. She has approached you and has asked you to explain the following to her:

- 3.3.1 TWO types of compulsory insurance which she needs to be aware of (2x2)=(4)
- 3.3.2 Any TWO non-compulsory insurance which could be of benefit for her in the running of her business (2x2)=(4)
- 3.3.3 In your opinion would it be important for Mrs. Samuels to insure the business? Substantiate your answer. (3)
- 3.3.4 The purpose and benefit of taking out a retirement annuity for her employees (2)

3.4 Most individuals and businesses take out insurance to cover the various natural and human risks faced by them. From the following situations involving Mrs. Samuels, identify the correct insurance term being referred to.

- 3.4.1 When insuring her premises it would be essential for Mrs. Samuels to be honest and truthful with regards to all relevant facts.
- 3.4.2 The monthly or annual payment which Mrs. Samuels pays over to the insurer
- 3.4.3 Mrs. Samuels has insured her premises for the book value. The current book value for her premises is R600 000 while the market value is R900 000.

- 3.4.4 Mrs. Samuels pays a monthly amount of R500 for her motor vehicle insurance. She will only be compensated by the insurer in the event of her vehicle being stolen or damaged. Which insurance principle is being referred to here?
- 3.4.5 Mrs. Samuels applies to the bank for a loan of R50 000. The bank agrees to grant her the loan on condition that she hands over the rights of her life assurance policy to the bank.

5x2=(10)
[60]

QUESTION 4

Study the advertisement below and answer the questions that follow.

Sunday Times

BOOK EDITOR

The *Sunday Times* has a vacancy for a Book Editor to start ASAP.

Purpose of the job: To write a weekly book column, provide feature content on books and to manage book-related projects for the *Sunday Times*.

Main responsibilities

- To generate story ideas and produce reviews, features and new stories on books
- To attend and report on book-related events and launches
- To build and maintain a wide range of contacts in the book world
- To coordinate the *Sunday Times Book Awards* and other related events

Requirements

- A university degree in Journalism
- Five years' relevant experience
- Experience in feature writing and editing

Core competencies required

Knowledge	Skills	Attitudes
• Informed about current affairs • Computer literacy	• Feature writing • Communication • Team player • Problem solving • Planning • Negotiating	• Deadline driven • Not tied to the clock • Outgoing • Ability to work under pressure

Candidates that meet the requirements of the job should forward their CV to GoolabM@johncom.co.za by no later than 22/10/2007.

Johnnic Communications is an affirmative action employer.

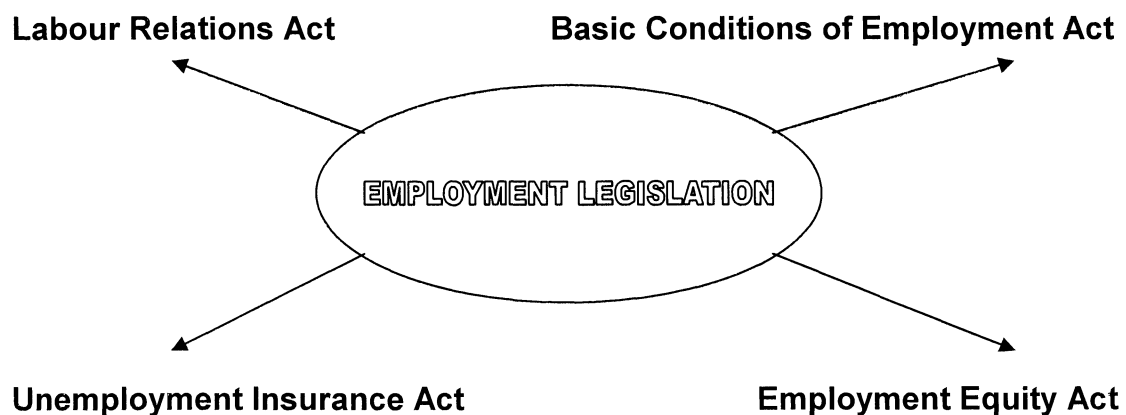
Extracted and Adapted from *Sunday Times*, Oct. 14, 2007

- 4.1 Thandi, a friend who has just graduated from university, with a BA degree in Journalism, wishes to apply for the vacancy advertised above. She has approached you for clarification on certain issues. Critically analyse the advert and answer the questions below.

- 4.1.1 What is meant by ASAP? (2)
- 4.1.2 Mention any FIVE characteristics of a team player in the work of a book editor. 5x2=(10)

- 4.1.3 What type of person does one have to be in order to do effective problem solving? (2)
- 4.1.4 Explain the following attitudes in your own words:
- (a) Deadline driven (2)
- (b) Not tied to the clock (2)
- 4.1.5 Do you think that Thandi would be a suitable candidate for the vacancy above? Substantiate your answer. (3)
- 4.1.6 A very important benefit not mentioned in the advertisement is that of remuneration. Explain what you understand by *remuneration*. (2)
- 4.1.7 Discuss a possible reason why advertisements of this nature do not include the aspect of remuneration and other benefits. (2)
- 4.1.8 List any THREE other benefits which could have been included in this advertisement. (3)
- 4.1.9 What does it mean when you are an *affirmative action employer*? (2)

4.2



In South Africa there are a number of laws concerning employers and employees in the work situation. Match the different Acts in COLUMN A with the statements given in COLUMN B. Simply write down the question number with the correct letter of the answer.

COLUMN A		COLUMN B	
4.2.1	Labour Relations Act	A	The Act which aims at eliminating discrimination and promoting affirmative action in the workplace.
4.2.2	Basic Conditions of Employment Act	B	The Act which aims at encouraging more black management and ownership positions.

4.2.3	Employment Equity Act	C	The Act which provides a framework for the collective bargaining process.
4.2.4	Broad-Based Black Economic Empowerment Act	D	The Act which has provided a fund to pay maternity and adoption benefits.
4.2.5	Unemployment Insurance Act	E	The Act which has provided a fund to pay compensation to employees who suffer due to workplace injuries.
		F	The Act which protects employees against unfair labour practices

5x2=(10)

4.3 Read the following scenario and answer the questions which follow.

FROM CLEANER TO TRAVEL AGENT

Mariam Mareke had matriculated in 2002. Due to financial constraints she could not study further and was forced into accepting a job as a cleaner at a travel agency based in Cape Town. Mariam started working in January 2003 and earned a **time-related wage** of R3 per hour.

Very soon her manager recognised her potential and through the relevant SETA she improved her skills and qualifications. Today Mariam is a registered travel agent and still works for the same company. She earns a basic salary of R8 000 per month and also receives a 2% commission. This is before any other benefits or deductions.

- 4.3.1 Explain, in your own words, what you understand by a time-related wage. (2)
- 4.3.2 If in 2003 Mariam worked for 8 hours a day and worked for 5 days in the week, how much would she earn, before deductions, per week? (2)
- 4.3.3 State TWO types of compulsory deductions that Mariam would be currently liable for. (4)
- 4.3.4 Explain what you understand by Mariam receiving a 2% commission. (2)

4.4 Read the case study below and answer the questions that follow.

The South African Security Guard Union (SASGU) which has a combined membership of 25 000 members countrywide decided to go on a seven day strike to demand a wage increase of 12%. The employers offered a 7% increase in wages for the lowest paid worker and a 5% increase for the highest paid workers in the security industry. The lowest paid worker receives R1 800 per month and the highest paid worker receives R2 500 per month. The last increase was one year ago. After the seven days both parties did not change their positions in regard to the increase. The strike continued for another seven days. It was estimated that 60% of the members heeded the call to go on strike.

- 4.4.1 Explain the reason for the members of SASGU going on strike. (2)
- 4.4.2 Do you think that the strike action is justified? Give TWO reasons for your answer. (3)
- 4.4.3 Besides striking, what other form of industrial action can be taken in order to pressurise employers into meeting the workers' demands? (1)
- 4.4.4 Discuss ONE positive and ONE negative effect which the strike can have on the economy of the country. 2x2=(4)
- [60]**

SECTION C

Answer any TWO essays from this section.

QUESTION 5

Mr. Nkosi recently opened a retail furniture outlet wherein he has employed twenty full time workers. Of these he requires at least six skilled sales persons. However, only two of these twenty are skilled sales persons. As a legal consultant advise Mr. Nkosi on the Act which government has put into place with regard to skills development. In your recommendation include the following:

- Aim and benefits of the Act
- The establishment and role of SETAs
- The purpose of the South African Qualifications Authority
- Benefits to Mr. Nkosi

[40]

QUESTION 6

With the approach of the 2010 Soccer World Cup you have identified a gap in the manufacturing of flags for the various countries involved. In the establishment of this business you are faced with the important decision as to the form of ownership which can contribute to the success or failure of your business.

Taking into consideration that you would be the only owner with limited liability and you would require a simple and cheap establishment procedure, discuss the **form of ownership** that you would consider with the advantages and disadvantages. Also, discuss the various factors influencing your choice of ownership.

[40]**QUESTION 7****DO YOU HAVE AN EAR FOR LEADERSHIP?**

Super charisma and charm are not guarantees for good leadership

A monumental mindshift is needed among South African business leaders. Leaders need to focus on being far-sighted and inspirational instead of concentrating on the act of managing. The study, which was conducted on followers of sixteen recognised leaders in private and public sector organisations maintains that most leaders do not possess the qualities that their followers most value. From the response of interviewees it can be surmised that there is a need for an Ubuntu-style leadership. It is clear that people no longer want to be micro managed but want to be involved and empowered. This does not mean that they do not want a decision maker as before. It is quite the opposite. Modern day followers want to participate and they want their leaders to listen but ultimately their leaders must still make those informed decisions.

Extracted and adapted from *Succeed*, May 2007

Critically analyse the extract above. Write a constructive essay wherein you discuss whether you are in agreement or not. Explain the difference between leadership and management. Also, discuss the various leadership/management styles which exist in the business world with their benefits and challenges.

[40]

QUESTION 8

**VACANCY
GRAPHIC DESIGNER****Requirements**

- A 3 year diploma in Graphic Design
- Minimum of 2 years' experience
- Computer literacy in MS Office, Photoshop, Freehand
- Must be an Apple Mac-based user

Personal skills / Attributes

- Goal orientated and reliable
- Team worker
- Good communication skills
- Ability to take a job from concept to final production stage

Remuneration

- Basic salary plus other incentives

Applications including a comprehensive CV should be forwarded to:
The Human Resource Manager via e-mail:
sabno@alp.org.za

Extracted and Adapted from *The Weekly Gazette*, Dec. 2007

Study the vacancy advertised above. As the HR Manager of the company you have the task of appointing the most suitable candidate for the vacancy. Write an essay wherein you explain the employment process which you would need to follow to find the most suitable candidate. Utilise the following headings in your essay:

- The selection process
- The interview and appointment
- Employment contracts
- Induction and placement

[40]

TOTAL: 300

END