



# Basic Education

KwaZulu-Natal Department of Basic Education  
REPUBLIC OF SOUTH AFRICA

**BUSINESS STUDIES**

**PREPARATORY EXAMINATION**

**SEPTEMBER 2015**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**MARKS: 300**

**TIME: 3 hours**

This question paper consists of 17 pages.

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections.

SECTION A: COMPULSORY

SECTION B: Consists of FIVE questions.

Answer any THREE of the FIVE questions in this section

SECTION C: Consists of FOUR questions.

Answer any TWO of the four questions in this section.

2. Read the instructions for each question carefully and take particular note of what is required.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Except where other instructions are given, answers must be in full sentences.
5. Use the mark allocation and nature of each question to determine the length of an answer.
6. Use the table below as a guide for marks and time allocation when answering each question.

SECTION		QUESTION	MARKS	TIME
A:	Multiple-choice questions, matching items COMPULSORY	1	40	30 min.
B:	FIVE direct/indirect type questions (CHOICE: Answer any THREE)	2	60	30 min.
		3	60	30 min.
		4	60	30 min.
		5	60	30 min.
		6	60	30 min.
C:	FOUR essay type questions (CHOICE: Answer any TWO)	7	40	30 min.
		8	40	30 min.
		9	40	30 min.
		10	40	30 min.
<b>TOTAL</b>			300	180 min.

7. Begin the answer to each question on a NEW page, for example: QUESTION 1 – new page, QUESTION 2 – new page, et cetera.
8. Non-programmable calculators may be used.
9. Write neatly and legibly.

**SECTION A: (COMPULSORY)****QUESTION 1**

- 1.1 Four options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number, (1.1.1-1.1.10) in the ANSWER BOOK, for example 1.1.11 A
- 1.1.1 The increasing food and electricity costs are variables in the ..... environment which has a/an ..... influence on Edcon's Clothing Retail leaders.
- A macro/indirect
  - B macro/direct
  - C market/indirect
  - D market/direct
- 1.1.2 Eskom's load shedding is part of which one of the following environments?
- A economic
  - B social
  - C physical/natural
  - D technological
- 1.1.3 While a company's bottom line traditionally refers to its economic motive the \_\_\_\_\_ refers to the need to consider the social and environmental impacts as well.
- A balanced scorecard
  - B triple bottom line
  - C social investments index
  - D corporate social investment index (CSI)
- 1.1.4 Eskom's load shedding could prevent Spring Clean Services from keeping to their daily schedules. This can be seen as-----in their SWOT analysis
- A a strength
  - B an opportunity
  - C a threat
  - D a weakness

- 1.1.5 This is a problem-solving technique that promotes creative thinking and creative problem solving by encouraging idea generation through non-critical discussion, its advantage is that group members can build on one's ideas.
- A Delphi technique
  - B Force-field analysis
  - C Brainstorming
  - D Empty chair
- 1.1.6 The process where a business looks at its own methodologies to perform a task and then compares them to methods used elsewhere is known as ...
- A benchmarking
  - B quality circles
  - C business Process Re – engineering
  - D Total Quality Circle Management
- 1.1.7 Conflict should be managed in every organisation.  
\_\_\_\_\_ is one technique to manage organisational conflict whereby each of the conflict parties gives up something of value.
- A smoothing
  - B compromise
  - C avoidance
  - D problem solving
- 1.1.8 Kim has inherited a certain amount of money from his late father's estate. He has decided to invest R100 000 in a fixed deposit account at Nedbank for two years, earning an interest of 14% p.a. compounded annually. The maturity value of his investment is.....
- A R104 000
  - B R129 960
  - C R4000
  - D R114 000
- 1.1.9 Teddy Reddy is the owner of East coast Wreckers (PTY) LTD. The liabilities of the undertaking amounted to R600 000 while the assets total R250 000 the undertaking is declared insolvent. Teddy Reddy in his personal capacity will be responsible for the payment of \_\_\_\_\_ towards the liabilities of the undertaking .
- A R0
  - B R350 000
  - C R250 000
  - D 600 000

1.1.10 Which of the following statements are correct about transactional leaders?

1. They have a special ability to bring about innovation and change.
2. They have the capacity to motivate people to do more.
3. They clarify the role of subordinates.
4. They initiate structures.
5. They provide rewards and conform to organisational norms and values.

- A 1,2  
B 1,2,3  
C 3,4,5  
D 1,2,3,4,5

(10 x 2) (20)

1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1-1.2.5) in the ANSWER BOOK.

1.2.1 (Job description / Job specification) indicates qualifications, experience, responsibilities and physical effort and skills that are necessary to do the job.

1.2.2 The clause in an insurance policy which stipulates that if property is not insured to its full value the amount of the loss sustained will NOT be paid is called (good faith clause/ average clause)

1.2.3 Employees enjoy tax rebates when contributing towards the (Unemployment insurance/Retirements Annuity Funds)

1.2.4 This sector focuses on the distribution of goods and rendering of services (tertiary sector/ secondary sector).

1.2.5 The (unemployment fund/ workmen's compensation fund) provides for people who lost their work due to circumstances beyond their control such as retrenchment or closing of the business.

(5 x 2) (10)

- 1.3 Choose a term from Column B that matches the description in Column A. Only write the letter next to the question number, in the ANSWER BOOK, e.g. 1.3.6 F.

COLUMN A		COLUMN B	
1.3.1	States the main business activity of a close corporation.	A	Sustainability
1.3.2	An important criterion for assessing a good corporate social investment programme.	B	Piecemeal
1.3.3	a portfolio of funds managed by financial experts	C	Indemnity
1.3.4	pay received for each task completed	D	Unit trust
1.3.5	Compensation paid only if a specific event takes place.	E	Founding statement
		F	memorandum of incorporation
		G	shares

(5 x 2) (10)

**TOTAL SECTION: [40]**

**SECTION B:****QUESTION 2**

Answer ANY THREE questions in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

**QUESTION 2****BUSINESS ENVIROMENT**

Read the scenario below and answer the questions that follow.

**AMPLANTS BEE ROW DEEPENS**

Supplier faces sanction as tough new fronting law set to take effect The Department of Trade and Industry (DTI) plans to refer the first case of black empowerment fronting to the police, in a case involving suppliers to the world's largest platinum, Anglo American Platinum (Amplats).

This will be the first time anyone has been taken to task for misrepresenting a company's black ownership credentials to secure business .Jayson Bryden appears to have used (empowerment) credentials of Turbo Tech Pumps to secure economic benefits for his own entity known as MultiFab to the detriment of TurbTech.

Engelbrecht allegedly channelled orders to Brydens company, TurboTech, which had been listed as a "preferred vendor" to Amplants because it was supposedly 66.6% owned by black investors ,with Bryden holding other 33.3%.

However when TurboTech was paid for a contract ,Bryden allegedly diverted the money to a company he owned called MultiFab, which was neither black empowered nor a registered supplier to Amplants.

Anyone convicted of fronting is liable for a fine of up to 10% of the his company's turnover and up to 10 years in jail. Offenders also won't be able to do business with government or state entities for 10 years.

- 2.1.1 Explain the term 'fronting' as stated in the above article. Use the information from the article to support your answer. (4)
- 2.1.2 Explain what is meant by "preferred vendor/supplier" (Enterprise and Supplier development), one of the pilliars of BBBEE, as stated in the above article. (4)

- 2.1.3 Name the other four pillars of BBBEE. (8)
- 2.1.4 Justify the introduction of broad-based black economic empowerment (BBBEE). (6)
- 2.2 Strategic management is a process which ensures that suitable business strategies are developed and implemented in response to challenges in the business environment.
- 2.2.1 Justify how each of the THREE defensive strategies can be implemented. (12)
- 2.3 The Labour Relations Act, 1995 (Act 66 of 1995) was introduced to regulate labour relations between employers and employees.
- 2.3.1 Propose FOUR actions which may be regarded as non-compliance to this Act. (8)
- 2.3.2 Analyse the impact of this Act on South African employers/ businesses. (10)
- 2.4 Analyse the impact of the Compensation for Occupational Injuries and Diseases Act (COIDA), 1997 (Act 61 of 1997), as amended, on both employers and employees. (8)
- [60]**

**QUESTION 3****BUSINESS VENTURE**

Read the article below and answer the questions that follow.

**Its Never Worth Lying to a Life Assurance Company.**

Are you prepared to risk leaving your dependants destitute if you fail to tell the truth?

This question may seem odd but it is very important. Recently, a woman found herself being punished for her husband's mistakes. Almost 10 years ago, her husband took out a life assurance policy which was intended to provide his family with financial security in the event of his death. However, when he completed the proposal form, he failed to declare that he was an alcoholic and he was being treated for depression. Later the man was diagnosed with a tumour of the brain and eventually died of throat cancer. When the life assurance company found evidence that the man did not fully disclose his state of health, the claim was repudiated and the premiums paid were forfeited. The main issue in this story is the failure to disclose the truth.

With the information about your health, Life Assurance Company can determine when you are expected to die and it will be able to set the premiums accordingly. If you die before the expected time, you score because your dependants will receive more than you paid but if you live longer, than the expected time, then the life assurance company scores. Your truthful information will enable the company to assess the risk properly.

Therefore when you take out a policy, you must disclose all factors relating to your health, information about you parents, your bad habits like drinking and smoking, any dangerous hobbies and anything that may be dangerous in your occupation. By doing this you can be sure that your dependants will not be left destitute.

- 3.1.1 Life assurance is based on a particular principle of insurance. Name and describe this principle briefly. (6)
- 3.1.2 From the passage supply the term used to describe "the fee payable by the insured". (2)
- 3.1.3 Describe "Good Faith" as a requirement for an insurance contract as given in the article (4)
- 3.2 Differentiate between compulsory and non-compulsory insurance and briefly describe the different types of compulsory insurance.. (12)
- 3.3 Explain TWO types of preference shares. (8)

- 3.4 List the criteria for a logical and effective presentation. (8)
- 3.5 Compare the *situational leadership theory* and the *transformational leadership theory*. (8)
- 3.6 Discuss the following factors that will have an effect on the success and/or failure of a partnership.
- 3.6.1 Legislation (6)
- 3.6.2 Capital (6)
- (60)

**QUESTION 4****BUSINESS ROLES**

Read the scenario below and answer the questions that follow.

**Unleash Creativity in your Business**

Make your organisation work better by encouraging creativity amongst everyone in the business.

Establish an environment which allows staff to be more involved in choosing the tasks that they will be undertaking or at least how they will fulfill them. A staff member will become more creative when he/she takes ownership of the task. It is vital that no ideas are crushed! Office hours are flexible so staff may choose their own working hours, as long as they meet their deadlines.

Leading entrepreneurs will never say NO to an idea. They will encourage and grow ideas to suit the business.

Make time for creativity. Lack of finance, resources, poor working conditions, low morale and lack of skilled employees hampers creativity

- 4.1.1 Quote a strategy from the scenario above that shows how creativity is encouraged. (2)
- 4.1.2 State any FOUR barriers which may prevent a business from engaging in creative thinking. (8)
- 4.2 Identify FOUR workplace diversity issues unique to South African businesses. Suggest ONE strategy to address each issue. (12)
- 4.3 Explain the steps to be followed when dealing with a grievance procedure. (12)
- 4.4 State FIVE steps that the management should follow when resolving conflict in a workplace (10)
- 4.5 Describe THREE problem or challenges a business faces when trying to implement the CSR program. (6)
- 4.6 Suggest FIVE ways that businesses can use to deal with difficult employees. (10)
- (60)

**QUESTION 5****BUSINESS OPERATIONS**

Read the article below and answer the questions that follow.

**WORKING CONDITIONS**

The dependence on tourism to generate income creates fertile ground for the exploitation of labour throughout the world. Some of the many countries with cases of worker exploitation: Burma, China, Caribbean, Egypt, Morocco, South Africa, Tanzania, Thailand. Children and women are particular victims. Children work as barmen, 'fast food' employees, domestics, cooks, assistants, gardeners, laundry workers, informal tour guides, shell fish divers, roving beach vendors and souvenir makers. Workers in the tourism industry are mostly paid low wages or paid based on gratuity. Poor working conditions exist in many countries. These include amongst others long hours of standing, awkward shifts with no accommodation provided. Their basic rights to be treated fair and just are mostly ignored. It may even be happening in the tourism destination you are visiting this year!

5.1.1 Explain why it is important for employers and employees to sign employment contracts (2)

5.1.2 The Basic Conditions of Employment Act, 1997 (Act 75 of 1997) aims to improve the working conditions of workers in South Africa. Identify four aspects stated in the above article that should be included in the contract of employment. (8)

5.2

You are the new HR manager of a retail store. Staff turnover in the store has been high during the last five years and after investigating the causes, you have found that 60% of the staff left because they did not see a future for themselves in the store. When vacancies arose at supervisory and management level, they were always filled with candidates recruited from outside the store.

5.2.1 Explain ONE advantage for a business when fringe benefits are provided to its employees. Give TWO examples of fringe benefits to support your explanation. (4)

- 5.2.2 Describe FOUR advantages of internal recruitment. (8)
- 5.2.3 List THREE disadvantages of external recruitment (6)
- 5.3 Describe FOUR advantages of a quality management system in a business. (8)
- 5.4 Discuss the impact of quality on different business structures (large and small) taking in to account the element of TOTAL QUALITY MANAGEMENT (TQM) namely:
- 5.4.1 adequate financing and capacity. (8)
- 5.4.2 planning monitoring and evaluation (8)
- 5.4.3 involvement of all and employee responsibility. (8)
- (60)**

**QUESTION 6****MISCELLANEOUS**

Read the scenario below and answer the questions that follow.

6.1

Some of Shoprite's large suppliers of food and beverage products include Pioneer Food, Tiger Brand and Premier Foods. These suppliers are often in the news for fixing prices and consumer exploitation.

Pioneer agreed on to pay a 500 million-rand fine by the country's Competition commission for contravening the nation's antitrust law in its flour and corn million unit and its bakeries, eggs and poultry businesses. Tiger Brand and Premier Foods were granted conditional immunity for cooperating with the probe.

Use the following forces from PORTER'S FIVE FORCES model to analyse the above scenario for Shoprite with regards to

6.1.1 The bargaining power of their suppliers (4)

6.1.2 The bargaining power of their consumers. (4)

You are required to evaluate the strength of the force and a strategy Shoprite can put into place to deal with the force.

Question 6.1 must be answered according to the headings given in the table below

Porter's force	Evaluation of the strength of the force	Strategy to deal with the force
Bargaining power of suppliers		
Bargaining power of consumers		

6.2 Study the information below and answer the questions that follow.  
The authorized share capital of D & D Ltd consist of

200 000 Preference Shares (10%)  
400 000 Ordinary shares

The issued share capital (to date) consist of  
600 000 Preference shares (10%)  
300 000 Ordinary shares

The minimum subscription is R660 000  
The par value of the shares is R3,00 each

The shares are underwritten by CAPITAL BANK Ltd

6.2.1 What is the value of the authorized share capital of the company? (4)

6.2.2 What do you understand by the term "minimum subscription"? (2)

6.2.3 What amount will be received as dividend by a shareholder at the end of the financial year if he owns 100 x 10% preference shares. (2)

6.3 Kyle bought 100 000 ordinary shares at R2 per share from a public company listed on the Johannesburg Securities Exchange. At the end of the financial year, he received his first dividend cheque of R40 000 from the company.

6.3.1 Calculate the percentage return on investment received by Kyle. (6)

6.3.2 Will Kyle be happy with his return on the investment?  
Motivate your answer. (4)

6.4 Explain how you would assess team performance using four team criteria. (12)

6.5 Discuss the following business functions and analyse how the quality of performance of these functions will ensure the success in a large business.

6.5.1 Public relations function. (8)

6.5.2 Financial Function. (8)

6.6 Discuss TWO reasons why an employee's contract may be terminated. (6)

(60)

**SECTION C**

Answer any TWO questions from this section.

**QUESTION 7**

Business can use different types of strategies to respond to the challenges of the macro environment. Describe the steps to be followed in the formulation of strategies. Discuss using examples the various types of integration and Intensive strategies that a business can use to increase turn over. Outline the steps to be followed in the evaluation and control process of implementation.

**QUESTION 8**

Taking a team from ordinary to extraordinary means understanding and embracing the difference between management and leadership. This can be attributed to the different leadership styles adapted by them in their particular business organisation.

Distinguish between leadership and management. Evaluate the consensus/democratic, autocratic and laissez-faire leadership styles. Also explain when each style can be applied by management.

[40]

**QUESTION 9****SANTAM BECOMES MORE SOCIALLY RESPONSIBLE  
IT'S ABOUT SUSTAINABILITY REPORTING, CARBON DISCLOSURE AND LISTING  
ON SUSTAINABILITY INDICES.**

Santam which is ranked in SA carbon disclosure leadership index recognises that the conservation of a healthy environment and ecosystems are an issue of national, regional and global importance. This comes to life through its environmental policy and dedicated targets.

SANTAM has undertaken the following:

- \*15 percent reduction in carbon intensity and air passenger and car rental kilometres.
- \*10 percent reduction in electricity consumption.
- \*4 percent reduction in treated municipal water consumption.
- \*10 percent reduction in total waste output, the introduction of the recycling of dry waste as well as a 10 percent reduction in paper consumption.
- \*workers from different cultural backgrounds are employed.
- \*discrimination is eliminated by protecting the rights of all its employees.

Use the above scenario to describe the nature of human rights, inclusivity and environmental issues.

Also evaluate the extent to which Santam addresses each of them.

(40)

**QUESTION 10**

You are the human resources manager of SA Breweries Ltd. Your production manager resigned recently.

Discuss in detail your recruitment, selection, placement and induction programme for the new production manager. In view of current legislation, briefly explain THREE matters that should be considered when filling this vacancy.

[40]

**TOTAL MARKS: [300]**