



GRADE 11 EXAMINATION
NOVEMBER 2007

BUSINESS STUDIES: PAPER I

Time: 2 hours

200 marks

This exam paper covers the four learning outcomes for Business Studies:

LO1 – Business Environments

LO2 – Business Ventures

LO3 – Business Roles

LO4 – Business Operations

PLEASE READ THESE INSTRUCTIONS CAREFULLY

1. The paper consists of **11 pages and an Answer Sheet**. Detach the Answer Sheet from the centre of the question paper and **DO NOT** use the answer sheet at the back of your exam script. Please check that your question paper is complete.
 2. Read the questions carefully and plan the length of your answers in relation to the marks allocated for each question.
 3. All questions are compulsory. Section A comprises of multiple choice as well as true or false type questions and must be answered on the answer sheet provided. Section B comprises **THREE** shorter answer type questions.
 4. Refer to the case studies when required.
 5. Use your own words and insight when answering questions.
 6. Answer each new question on a new page.
 7. Number your answers as the questions are numbered on the exam paper.
 8. Candidates are advised to pay special attention to the use of language.
 9. It is in your own interest to write legibly and present your work neatly.
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Use the following case study to answer Questions 1, 2 and 3.

Although Japan is the second biggest economy in the world, approximately 60% of their food consumption is imported. As a direct result the Japanese Government is becoming more enthusiastic about **FDI** and more and more businesses invest in Japan.

Bandito's Chili (Mama Africa) is a shining example of a small size business that has managed to penetrate the Japanese market. This however, required the right partners and patience. The business has grown from a tiny little cottage industry in 1994 to a dynamic international business that employs 18 people. About 50% of their production is exported to 14 countries worldwide. Exporting requires a skilled management team as there are numerous potential problems that could be experienced when doing business in a foreign country.

Bandito's produces chili sauces, chili-vegetable relishes and cooking sauces that are 100% natural and made from a selection of the finest ingredients. They cater for any taste from the mild to the extremely hot. These products are sold under the brand "Mama Africa's" in Japan.

Bandito's entered their products in the JETRO Monitoring Exhibition that was held in October 2003 where a variety of products were exposed to Japanese importers, wholesalers and retailers. In October 2004 they exhibited their products at a venue in France where a Japanese importer remembered that he has previously seen the Bandito's products at the JETRO exhibition. A short while later the Japanese importer made enquiries into the Bandito's product and samples were sent to Japan. Some modifications were made to Bandito's to ensure it meets the Japanese Food Hygiene Laws, and the rest, as the saying goes, is history.



Adapted from: <<http://www.proudlysa.co.za/docs/stories/2006/banditos.pdf>>

SECTION A COMPULSORY

QUESTION 1 Choose the most correct alternative. Make a cross (X) over the correct option in your answer book.

- 1.1 If Bandito's name ended in Ltd, the shareholders ...
- A would have been limited to a maximum of seven
 - B should be at least twenty
 - C would be determined by the number of shares available
 - D would fluctuate according to the specifications laid down by the directors
- (2)

- 1.2 When Bandito's packages a chilli dip and chips together in one pack, it is known as ... packaging.
- A kaleidoscopic
 - B unit
 - C speciality
 - D combination
- (2)

Look at the following table and answer questions 1.3 and 1.4:

Shoprite-Checkers			
A	B	C	D
Meat	Beverages	Sauces	Freshly baked products
Beef	Cool drinks	Chilli	Doughnuts
Lamb	Hot drinks	Pepper	Pies
Pork	Alcoholic beverages	Cheese	Cakes

1.3 A number of different types of consumer goods are offered. Meat, beverages, sauces and vegetables and freshly baked products are best described by the term ...

- A product mix
 - B marketing strategy
 - C marketing mix
 - D product samples
- (2)

1.4 Which one of the following describes column C?

- A product line
 - B product range
 - C product depth
 - D product width
- (2)

1.5 Variable costs incurred by Bandito's may include:

- (i) the cost of invoice books
- (ii) the salary of the manager at a Bandito's Head Office
- (iii) water and electricity
- (iv) rent of manufacturing space

Choose the correct alternative:

- A (i), (ii), (iii) and (iv)
 - B (i) and (iii)
 - C (i) and (ii)
 - D (ii) and (iv)
- (2)

1.6 Bandito's will perform ... maintenance when machines used in the bottling process are serviced at specific intervals.

- A preventative
 - B remedial
 - C conditional
 - D regular
- (2)

- 1.7 ... are costs that cannot directly charge to a specific product line manufactured by Bandito's.
- A Overheads
 - B Fixed costs
 - C Variable costs
 - D Primary costs
- (2)
- 1.8 If the Bandito's mission statement is poorly defined, it will impact negatively on their performance in the ...
- A micro environment
 - B market environment
 - C macro environment
 - D all of the above
- (2)
- 1.9 ... is known as the continuous and significant increase in prices of goods and services.
- A Globalisation
 - B Inflation
 - C Competition
 - D Dumping
- (2)
- 1.10 A market where there is only one supplier of a particular product or service is known as a(n) ...
- A oligopoly
 - B monopoly
 - C perfect market
 - D de-regulated market
- (2)
- 1.11 Bandito's may use the ... to look at guidelines on the issue of Corporate Governance.
- A Anti-Corruption Briefing
 - B King II Report
 - C Fidentia Charter
 - D Code of Business Behaviour
- (2)
- 1.12 A contingency plan would be developed as a ... crisis management tool.
- A re-active
 - B developmental
 - C re-structuring
 - D pro-active
- (2)
- 1.13 When previously disadvantaged people get preferential treatment in the workplace, it is known as ...
- A promotion
 - B affirmative action
 - C human resource management
 - D retrenchment
- (2)

1.14 Choose the most correct statement:

- A Ethical behaviour will be linked to cultural values.
- B Ethics entails acting according to the law.
- C To succeed in business, one has to turn a blind eye to unethical behaviour.
- D It is considered unethical to do business on the golf course or at any social event. (2)

1.15 Improvement in technology may lead to ...

- A environmental pollution
 - B improved decision making
 - C unemployment
 - D all of the above (2)
- [30]**

QUESTION 2 Indicate whether the following statements are true or false. If false, correct the statement. A statement that is "true" will carry a weighting of ONE mark while an incorrect statement may be TWO or THREE marks depending on the nature of the correction.

- 2.1 Consensus decision making usually increases "buy-in" and therefore productivity in the workplace.
- 2.2 The macro environment has an indirect impact on the business performance.
- 2.3 Individuals always react negatively to change by resisting it.
- 2.4 SMME refers to a **S**table **M**arketing and **M**acro **E**nvironment.
- 2.5 Leasing is seen as an expense for the undertaking and not taking ownership of the asset.
- 2.6 A Close Corporation (CC) has unlimited liability.
- 2.7 A strong organisation culture will always contribute in a positive manner towards implementing change.
- 2.8 Legislation aimed at reducing competition tries to improve quality and lowers prices.
- 2.9 The vision will reflect the purpose of the organisation.
- 2.10 Franchising is a Form of Ownership that provides the owner with similar tax advantages than a public company.
- 2.11 A call centre is established with the aim of providing information to stakeholders.
- 2.12 The term *Entrepreneurship* refers to the creation of new business ideas within an existing organisation.

[20]

50 marks

SECTION B COMPULSORY










QUESTION 3

3.1 Foreign marketing

3.1.1 Define the term FDI that is in bold in the case study. (2)

3.1.2 Explain FOUR factors that might have been problematic to Bandito's to enter the Japanese market. (8)

3.2 According to the *Belbin theory*, there are nine different roles that people assume in a team. These roles are described in the table provided. Choose any TWO roles and analyse the role (by giving practical examples) each would have played during the time when Bandito's considered entering the international market. (8)

Team roles		
Sipho the Shaper		Enjoys challenges and thrives on overcoming obstacles.
Ivan the Implementer		Conservative and reliable. Excels at turning ideas into practical actions.
Carl the Co-ordinator		A mature person that clarify roles and delegates well.
Mary the Monitor		Evaluates all options in a sober and strategic manner.
Peter acting as a Plant		Loves to solve difficult problems through creativity.
Thabo the Team Worker		Diplomatic. Listens and aims to reduce friction.
Ruan the Resource Investigator		Enthusiastic to explore opportunities and develop contacts.
Susan the Specialist		Contributes specific skills but often dwells on technicalities.
Candy the Completer		Conscientious and looks for errors that need to be eliminated to meet deadlines.

Adapted from: <<http://www.belbin.com/belbin-team-roles.htm#>>

- 3.3 Acting in a professional manner may include some of the issues listed below. Explain these aspects of professional behaviour and illustrate your answer with practical examples of how Bandito's management and lower level employees should act for it to be considered professional.
- 3.3.1 Commitment to promises (4)
 - 3.3.2 Enacting the mission, values and norms of the organisation (4)
 - 3.3.3 Specific guidelines with regard to the clothing and language policy of the organisation (4)
- 3.4 The owner of Bandito's has approached you to act as a business consultant. He would like to raise more capital in order to expand but is not sure if he should establish a partnership or private company. Highlight the advantages and problems of each option. (20)

50 marks

QUESTION 4

- 4.1 Re-draw and complete the table in your answer book. The table refers to changes and developments in the micro, market and macro environment. (18)

Event	Does the event impact on the micro, market or macro environment?	Implications and how to manage/adapt to change
SPAR's biggest competitor introduces new technology where all the products in the shopping trolley are scanned at once as opposed to scanning individual items. It is very expensive to implement this type of technology but what would the long term implications be if SPAR does not follow suit?		
The workers at the local municipality are unhappy about their annual increase. The supervisor refuses to listen to their objections because increases were based on performance. He threatens to fire the next worker that complains.		
A South African car manufacturer becomes aware that cars imported from China are much cheaper than most of the cars currently assembled in South Africa.		

The following extract refers to Question 4.2.

You pass them on the street everyday on your way to work, women who proudly display their wares in stalls on the pavements, while loudly shouting out competitive prices. These are the life-blood entrepreneurs of the country and, according to the latest GEM results; they are doing better on average than male entrepreneurs in the country.

The **GEM report** is the result of a global research project that measures and compares entrepreneurship activities in more than 42 countries around the world. 2006's rankings show that South Africa's female entrepreneurs rank 23rd, while South Africa overall is ranked only 30th. However, while women are, on average, faring better than men, they are still performing below average, particularly when compared to women in other emergent economies.

The latest results of GEM show that South Africa's position on the global ranking continues to deteriorate relative to other countries participating. This is despite improved macro-economic conditions in the country.

In South Africa women make up just less than 50% of the entrepreneurial population. There is therefore considerable scope to improve the number of women entrepreneurs in the economy and the level at which they operate. Currently, the majority of South African women entrepreneurs are working in the "lower order" sector: crafts, hawking and personal services, which are low tech and without significant potential to create much-needed jobs. In order to develop appropriate interventions to promote women entrepreneurs in South Africa and therefore create a sustaining and entrepreneurial environment in the country, it is necessary first to understand more about them.

The GEM study shows that the typical South African woman entrepreneur is black with very little education (more than 60% of those surveyed had only completed Grade 12) and earns less than R3 999 per month. Yet despite this, they are still outdoing their male counterparts.

"Women entrepreneurs (like men), have to deal with poor access to finance, sub-standard infrastructure and regulations that create administrative burdens and costs, making survival and success in the entrepreneurial business world even tougher. However, in addition to this, women have to contend with negative prevailing socio-cultural attitudes and gender discrimination," explains Dr Gideon Maas, Director of Global Entrepreneurial Business Consultants and principal researcher for the GEM study.

Women entrepreneurs have lower credibility when it comes to dealing with suppliers, banking institutions and clients. They are also more likely than men to lack belief in themselves - over 50% do not believe they have the skills and mindset to become entrepreneurs.

Adding to the lack of confidence in their abilities as entrepreneurs, is the prevailing attitude that women should take care of their family on a social level and therefore don't have enough time left for business development. The same phenomenon could also be prescribed to the low educational levels of women which in turn could explain why so few women are involved in higher level, job creating activities.

To tap into women entrepreneurship as a source of economic growth, South African entrepreneurship policies need to be addressed."

Adapted from: <http://www3.babson.edu/Newsroom/Releases/SA-GEM.cfm> (12 February 2007)

4.2 With reference to the above source answer the following questions:

- 4.2.1 What is the **GEM** report, i.e. what does **GEM** refer to? (1)
- 4.2.2 What is the significance (importance) of the **GEM** report for SA? (3)
- 4.2.3 Identify SIX qualities that are usually associated with entrepreneurs or businesses that embrace entrepreneurial qualities. (6)
- 4.2.4 Identify FOUR socio-economic issues (macro environment) from the above case study and explain the impact of these issues on entrepreneurial activities in the South African context. (12)
- 4.2.5 Make recommendations on how some of the problematic issues facing SA entrepreneurs can be dealt with. (10)

50 marks

QUESTION 5

- 5.1 Sally Simons is a housewife and is planning on selling African crafts souvenirs during the 2010 Soccer World Cup. Sally believes she can make these crafts from home and has bought herself a sewing machine from her local Pick 'n Pay to make dolls with a variety of traditional African dresses. Sally has also employed her neighbour's daughter on a part time basis to help her to paint different patterns on 2 000 coffee mugs she has bought on a sale.
- 5.1.1 Identify the production system Sally would use to manufacture her crafts at home. (1)
- 5.1.2 Explain in table format (tabulate) THREE differences between this production system and any other production system you have studied this year. (12)
- 5.2 Refer to the source below and answer the questions that follow.

Johnson & Johnson is a Pharmaceutical Company that manufactures Tylenol, a headache tablet that can be bought in the USA without a prescription. Reports came in that about half a dozen people died after it appeared that there was tampering with the containers in which the tablets were sold.

The Board of Directors of Johnson & Johnson had a delicate but extremely important decision to make. Do they withdraw the tablets from the market? What if these deaths were isolated incidents of product tampering? What about the millions of dollars invested in getting the tablets to the market? What if more people were to die?

In deciding what to do, the Board of Directors looked at their Code of Ethics that clearly stated that the patient and consumer's health was the main priority to Johnson & Johnson.

Translated and adapted from: Sake 24 (Beeld) 19 April 2007

5.2.1 The manner in which Johnson & Johnson solved the dilemma was ethical beyond any doubt. Explain your recommendation how to deal with this situation in an ethical manner and indicate what your expectations are in terms of the market's reaction. (8)

5.2.2 Evaluate the possible short term and long term implications if Johnson & Johnson did not handle this situation in an ethical manner. (4)

5.3 Use the information provided and perform the required production cost calculations for ABBA Alarm Clocks (a business operating in the secondary sector).

Show all your calculations.

Initial stock	R15 500
Purchases	R 7 500
Final stock	R 4 500
Direct labour	18 people working 180 hours each @ R7-00 per hour
Machine hours amounted to 2 000 hours	
Fixed overhead expenses	R 3 000
Variable overheads	R 2 500
650 alarm clocks were manufactured	

5.3.1 Direct Raw material (3)

5.3.2 Direct Labour (2)

5.3.3 Primary Costs (2)

5.3.4 Total Costs (2)

5.3.5 Cost Per Unit (2)

5.3.6 What would the impact on the price of the clocks manufactured by ABBA Alarm Clocks be if the SABS (South African Bureau of Standards) performs an unannounced quality check and finds that the requirements to use the SABS mark of approval are not met and production has to be halted temporarily? (3)

- 5.4 As the financial manager of Great Goodies Ltd you have been assigned the task of preparing a report for the Board of Directors on the performance of the business. Considering that there are talks of a competitor wanting to take over Great Goodies, this is a matter of extreme urgency. You have instructed a number of your assistants to help you gather information that will enable you to prepare the presentation for the Board of Directors at the emergency Board Meeting at 20:00 tonight.

Read the following information that has been gathered by your assistants and **prepare a slide presentation for the Board of Directors**. Use all relevant information to do this presentation and to make recommendations how this crisis should be handled. Please note that the information may have to be re-arranged in a different order to make more sense. (Draw the slides and complete the appropriate information on each slide.)

(11)

- ↵ Sales at Great Goodies amounted to R500 000 in 2004. In 2005 it was R600 000 and this remained stable in 2006. Provisional figures for 2007 indicate that there is a 20% decrease in sales for the current year.
- ↵ Employees are unhappy because management has proposed some changes in working hours.
- ↵ There are rumours in the media that the CEO plans on resigning at the end of the month. These rumours are not true but have caused the share price to fall sharply.
- ↵ A survey in the organisation has shown that morale amongst employees is very low.
- ↵ The purchasing department has over spent by 15% on their 2007 budget while the marketing department still has more than 50% of their annual budget available despite the fact that there are only 2 months of the year left.
- ↵ Employees have been on a go-slow for the past month.
- ↵ Lower sales figures are impacting negatively on the profitability of the business.
- ↵ The Human Resources Department has planned some team building exercises and has already started consulting with the Union on how to overcome the resistance to change. One of the directors is very involved with the Trade Union and you expect him to ask you for a recommendation in this regard. Pre-empt this by building this into your presentation.

50 marks**Total: 200 marks**