



GRADE 11 EXEMPLAR PAPERS

BUSINESS STUDIES: PAPER I

MARKING GUIDELINES

Time: 2 hours

200 marks

SECTION A Short Questions**QUESTION 1 Multiple Choice**

- 1.1 D ✓✓
- 1.2 B ✓✓
- 1.3 B ✓✓
- 1.4 C ✓✓
- 1.5 D ✓✓
- 1.6 A ✓✓
- 1.7 D ✓✓
- 1.8 B ✓✓
- 1.9 D ✓✓
- 1.10 C ✓✓
- 1.11 A ✓✓
- 1.12 C ✓✓
- 1.13 A ✓✓
- 1.14 D ✓✓
- 1.15 A ✓✓

30 marks**QUESTION 2 True / False**

- 2.1 False ✓ - Vodacom (Pty) Ltd does **not lack continuity**, as long as there is a minimum of one to a maximum of 50 shareholders. ✓✓
- 2.2 False ✓ - **Lobbying** involves the actions of an organised group or representatives of particular interests trying to persuade groups with decision making powers to support a specific cause. ✓✓
- 2.3 True✓
- 2.4 True✓
- 2.5 True✓
- 2.6 False✓ - The goals, management philosophy and style of Vodacom are part of the **micro environment**. ✓✓
- 2.7 False✓ - The **Advertising Standards Authority** is responsible for the monitoring of ethical advertising in the media. ✓✓
- 2.8 False✓ - The values and ethics that Vodacom (Pty) Ltd adhere to is detailed in the **mission statement** of the company. ✓✓
- 2.9 True✓
- 2.10 True✓

20 marks

SECTION B Short Questions**QUESTION 3**

3.1.1 Quality control refers to the systematic control of the variables in the manufacturing process that affect the predetermined quality of the end product.
OR

The systematic control of materials, standards of workmanship, machines and working conditions in the production process that have an influence on the finished product. ✓✓

(2)

3.1.2 Any **TWO** of the following quality control methods:

- **Inspection**✓ – Inspections are carried out on the variables (raw materials, components, labour and machines) during the manufacturing process to constantly monitor the quality of the product. ✓✓
- **Sampling**✓ – Rather than inspect all the units of output, a few units can be sampled systematically. The sampled unit is assumed to be representative of the whole batch from which it was taken. The more items that are sampled, the lower the risk involved, but the higher the cost. ✓✓
- **Total quality management** – This is a management philosophy to increase awareness of and develop a positive attitude to quality products and services and to make quality everybody's business among all staff.

(Name 2 x 1 = 2) ; (Explain 2 x 2 = 4)

3.2.1 **FOUR** activities that the new product division would be expected to carry out as part of their marketing function:

- **The product offering:**
The product offering may comprise a single product item or a number of product items (called a product line) and a product mix (also called a product range). ✓✓
- **The product design:**
Every product has a lifespan or life cycle and the demand for even the most successful product will decline. For this reason management must have a strategy in place that will ensure that new products are developed in time. ✓✓
- **Packaging of the product:**
This activity involves choosing or designing different forms, materials and colour schemes, and deciding on the design and placement of labels and trademarks. Packaging has two basic objectives to protect the product and promote sales. ✓✓
- **Branding and trademarks:**
The new product division must investigate whether a brand or trademark will be used by the business. A brand is a name, sign, symbol, design or combination of these that is identified with a specific business' products. A trademark is a registered symbol or brand that has exclusive legal protection. ✓✓

(4 x 2 = 8)

3.2.2 **FIVE** measures that the new product division could put into place to deal with HIV/AIDS in the workplace:

- Easier access to medication for the treatment of HIV – e.g. having a special programme that allows infected workers time off to obtain medication. ✓✓
- Support and counselling with regard to nutrition and lifestyle management. ✓✓
- Having a full time nurse who can regularly monitor the progress of the disease. ✓✓
- Have workshops that educate workers on HIV in the workplace and thus reduce the stress between infected and non-infected workers. ✓✓
- Allow all levels of management to attend seminars on HIV in the workplace and use as a guidance what other countries / organisations are doing to combat the problem. ✓✓
- The business could apply for state assistance in the development of programmes to effectively deal with HIV/AIDS.

(Any other relevant point)

(Any 5 x 2 = 10)

3.2.3 Ethical dilemmas around the challenge of HIV / AIDS in the workplace.

Marking Grid

0	1	2	3	4
<p>Not able to list or give a management description of an ethical dilemma related to the challenge of HIV/AIDS in the workplace.</p>	<p>Learner only lists, without a management description, one ethical dilemma.</p>	<p>Learner only lists, without a management description, two ethical dilemmas.</p>	<ul style="list-style-type: none"> • Lists at least one ethical dilemma. • Able to describe at least one management strategy to deal with the ethical dilemma. 	<ul style="list-style-type: none"> • Lists two ethical dilemmas. • For each dilemma there is an indication on how management could effectively deal with the dilemma. • Each suggestion shows insight into resolving the ethical dilemma.

(mark x 2 = 8)

3.3.1 An example of what would constitute "corruption in government" fraud; bribes; nepotism; misrepresentation of qualifications ✓✓

(Any relevant answer)

(2)

3.3.2 The effect of corruption in government on the micro environment of Vodacom (Pty) Ltd:

- Corruption results in South Africa gaining a bad name with international investors. They will regard the corruption in government as too much of a risk to invest when investing in the corporate sector. Vodacom will lose out on a potential source of investment. ✓✓
- As a result of the lack of confidence in government, skilled labour might decide to leave the country. This causes a rise in costs where Vodacom may have to re-train its labour force, to replace those who have emigrated. ✓✓
- In its dealings with the state, Vodacom might have to take out extra insurance, thus decreasing its levels of profitability. ✓✓
- The added costs for businesses in trying to protect against corruption in government will have to be passed onto their clients making products and services offered more expensive and the business less competitive. ✓✓
- Monitoring of corruption in government costs a country billions of rands each year – this being recouped through higher taxes on companies.
- The management of Vodacom might become frustrated with the lack of follow through by the legal system in combating corruption in government that they might take the law into its own hands.
- Loss of confidence in the state, as a direct result of corruption, lowers the moral fibre of our country. It is said to have a ripple effect. Companies like Vodacom (Pty) Ltd might lose integrity as they follow the example set by the state

(Any other relevant point)

(Any 4 x 2 = 8)

3.3.3 **ONE** improvement to the way in which the data on the graph has been presented:

- Make use of colour for each of the segments on the graph. ✓✓
- Use auxiliary data to aid with the interpretation of the data on the graph.
- Use different identification techniques to distinguish the different sectors of the graph.
- Indicate a website that could be visited if the user of the data wanted to find more information.

(Any relevant point)

(Any 1 x 2 = 2)

3.3.4 **TWO** ways in which the graph could be used as a motivational tool when addressing corruption issues with its employees:

- Visual data always reinforces what the speaker says in words or in writing. ✓✓
- A well designed graph can be effectively used to highlight key issues as opposed to long unrelated lists of data. ✓✓
- Data that is represented on a pie-chart can be easily understood by all levels of workers with different literacy levels.

(Any relevant point)

(Any 2 x 2 = 4)

50 marks

QUESTION 4

4.1.1

(a) Primary costs of production

Direct raw materials		✓(✓)R48 mil
Value of iron ore stock – 1 April 2007	✓R40 mil	
Add: Value of iron ore purchased during the month	✓R20 mil	
Less: Value of iron ore stock – 30 April 2007	✓ (R12 mil)	
Direct labour		R67 mil
Operational wages claimed during the month	✓R67 mil	
Primary costs of production		✓(✓)R115 mil

(8)

(b) Overhead costs

Annual levy to the Telecommunications directory	✓R3mil
Containers for packaging	✓2
Maintenance of equipment	✓30
Electricity used in production	✓42
Depreciation of equipment	✓15
Annual levy to the Telecommunications directory	✓3
Total overhead costs	R95 mil

(6)

(c) Total cost of production = R115 mil + R95 mil = **R210 mil**(✓)✓

(2)

4.1.2 Identifying **ONE** cost component that needs attention and suggesting **TWO** ways to reduce its impact on the total cost of production.

Marking Grid

0	1	2	3
<p>Not able to identify a cost component that needs special attention or give suggestions as to how management could reduce its impact on the total cost of production.</p>	<p>Learner only identifies a cost component that needs special attention, without giving suggestions on its impact on the total cost of production.</p> <p>OR</p> <ul style="list-style-type: none"> Learner gives two general suggestions on how management could reduce its impact on the total cost of production, but does not relate to an identified cost component 	<ul style="list-style-type: none"> Learner identifies a cost component that needs special attention from the operations manager. Learner gives one suggestion on how management could reduce the identified cost component’s impact on the total cost of production. 	<ul style="list-style-type: none"> Learner identifies a cost component that needs special attention from the operations manager. Learner gives two suggestions on how management could reduce the identified cost component’s impact on the total cost of production.

(mark x 2 = 6)

4.2.1 FIVE ways to effectively deal with conflict:

- Communicate effectively, as conflict often arises when people don't listen or don't understand as a result of poor communication skills. ✓✓
- Keep staff / interested parties informed as information that is withheld can cause tension and result in conflict. ✓✓
- Be honest and open with staff to prevent them from feeling threatened and becoming too defensive. ✓✓
- Be cool and do not overreact in tense situations. ✓✓
- Avoid the use of threats and demands as they create conflict situations. ✓✓
- Be tolerant to others and respect another person's values or opinions.
- Do not play favourites as friction is caused when you intentionally or unintentionally show preference for one staff member over another.
- If a conflict situation arises, tackle it and try to resolve it as soon as possible. **(Any 5 x 2 = 10)**

4.2.2 TWO negative outcomes that stress could have on other levels of management:

- Top level management might become too involved in one area of planning and neglect other critical areas of the business. ✓✓
- Stress has a negative effect on the health and morale of the workers and management. ✓✓
- When under stress top level management might not get the opportunity to think through important decisions.
- Top level management might feel that they are losing control of the situation and this could have a ripple effect on other management levels.
- Effective planning, organising, leading, activating and control cannot take place. **(Any 2 x 2 = 4)**

4.2.3 FIVE effective ways of reducing stress experienced by the workforce:

- Provide a pleasant, safe and supportive work environment. ✓✓
- Be reasonable in the expectations from employees. ✓✓
- Be decisive, clear and unambiguous when making decisions pertaining to employees. ✓✓
- Be alert to the value of self-esteem by giving regular feedback to employees on work effort. ✓✓
- Plan ahead to avert stressful situations. ✓✓
- Involve employees in the decision-making process.
- Be consistent in disciplinary matters.
- Communicate with each staff member to build trust and a team spirit.
- Provide adequate resources of supportive supplies, equipment and facilities.
- Provide variety for employees to prevent burnout and to create new challenges. **(Any 5 x 2 = 10)**

4.2.4 Receiving the ISO 14001 could be considered a positive contribution to Vodacom's social responsibility programme.

- Vodacom took the time to do an environmental survey of the areas to be used to place its communication masts. ✓✓
 - It also took into consideration what resources (human and financial) it would use to maintain a minimum impact on the environment. ✓✓
- Vodacom's guidelines in this regard would be considered as a viable social responsible action by all the various stakeholders who would be affected by the placing of the communication masts. (4)

50 marks

QUESTION 5

5.1.1 **FOUR** reasons why Vodacom would like to foster intrapreneurship in its organisation.

- Intrepeneurs have a high level of achievement and motivation, thus improving the profits of their business and as they strive to carry out their tasks better and in a shorter time, productivity is increased. ✓✓
- Intrapreneurs make a positive contribution to the economic growth of the business in which they are active, which in turn contributes to the economic growth of the community. ✓✓
- Intrapreneurs who are responsible in their activities can spurn resource sustainability and encourage their peers to be more conservative in the use of scarce resources. ✓✓
- Intrapreneurs can complement the activities of the entrepreneur and they can both work to a common goal – to satisfy the needs and wants of consumers in a community by providing the goods and services they require. ✓✓
- Intrapreneurs raise the standard of living, because through their actions employment opportunities may be created and their have a positive effect in reducing levels of unemployment. (Any 4 x 2 = 8)

5.1.2 THREE advantages that franchising holds for Vodacom franchisees.

- The franchise is an opportunity for the franchisee to start a business as an independent businessperson, to own and manage it and have the advantage of being part of a larger group with support structures. ✓✓
- As most franchises operate nationally (also internationally), the name of the franchise and the standard of the product or service is already well established. ✓✓
- Franchisees also benefit from the national and/or regional advertising, promotion and publicity actions of the franchisor. ✓✓
- Training programmes offered by the franchisors over franchisees' lack of basic or specialised knowledge and prepare them to run their franchises successfully.
- The assistance from the franchisor in selecting the best location for the business, during start-up and when problems are encountered is of great help to the franchisee.
- The franchisor can purchase on a large scale and through price negotiations and quantity discounts the prices and costs are lower for all franchisees giving them more room for better profits.
- Where the agreement provides for it, territorial areas are demarcated and guaranteed to prevent another franchisee from this group from competing in the defined area of the franchisee.
- A franchise normally reaches a profitable income level sooner than businesses started from scratch.
- From lessons learned and experience from franchising, a successful franchisee may find it easier to develop his/her own franchise organisation and become a franchisor with major income possibilities for self and employment opportunities for communities all over the country.

(Any 3 x 2 = 6)

5.2

	Sole Proprietorship	Close Corporation
5.2.1 capital requisition	The owner has the sole responsibility of raising capital for the business. The owner may choose to borrow money in order to supplement the initial capital contribution he contributed. ✓✓	The members of the close corporation are responsible for the acquisition of members contribution. ✓✓ Between a minimum of one to a maximum of ten members may contribute capital in the form of money, a fixed asset or as services rendered to the corporation. ✓✓
5.2.2 liability for debts	The sole proprietor has unlimited liability which means that his private possessions can be used to settle any outstanding debts of the business. ✓✓	Members of a close corporation enjoy limited liability, unless they have acted negligently or contravened certain provisions of the Close Corporations Act. ✓✓ This means that their private possessions are protected and cannot be used to pay the debts of the corporation. ✓✓
5.2.3 taxation	The sole proprietor pays tax on the profits of the business in his private capacity. The level of taxation is determined by the South African Revenue Services. ✓✓	Profits of the corporation are taxed at a flat rate on taxable income calculated in terms of the Income Tax Act. ✓✓ When profits are distributed to members, these distributions are subject to a secondary tax payable by the close corporation. ✓✓

(9 x 2 = 18)

5.3.1 The **emergence of prepaid technology** is the macro-environmental factor referred to in the quote. ✓✓ (2)

5.3.2 **FOUR** macro-environmental factors and one challenge that Vodacom could face from each of the factors.

Macro-environmental factors	One challenge from these factors
Physical factors✓✓	<ul style="list-style-type: none"> • Nature of infrastructure (transport and communication) ✓✓ • Conservation of the environment (placement of telecommunication masts)
Political factors✓✓	<ul style="list-style-type: none"> • International political trends✓✓ • National, provincial and local government philosophy shown towards policies and regulations in telecommunications • Trade union regulations
Economic factors✓✓	<ul style="list-style-type: none"> • Availability of labour and capital✓✓ • Business cycles: the demand for goods and services, and different price levels
Social factors✓✓	<ul style="list-style-type: none"> • Consumer demographics: size, density, location, age, profession, etc.✓✓ • Attitudes, desires, expectations, beliefs and customs of people
Legal factors	<ul style="list-style-type: none"> • Influence of legislation on business

(8 + 8 = 16)

50 marks

Total: 200 marks