MARKS: 300
TIME: 3 hours

This question paper consists of 11 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.

<table>
<thead>
<tr>
<th>SECTION</th>
<th>QUESTION</th>
<th>MARKS</th>
<th>TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>A:</td>
<td>Multiple-choice questions, matching items COMPULSORY</td>
<td>1</td>
<td>40</td>
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<tr>
<td>B:</td>
<td>FIVE direct/indirect type questions (CHOICE: Answer any THREE)</td>
<td>2</td>
<td>60</td>
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<td>6</td>
<td>60</td>
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<tr>
<td>C:</td>
<td>FOUR essay type questions (CHOICE: Answer any TWO)</td>
<td>7</td>
<td>40</td>
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<td>10</td>
<td>40</td>
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<td>TOTAL</td>
<td></td>
<td>300</td>
<td>180 min.</td>
</tr>
</tbody>
</table>

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 Which one of the following laws in South Africa promotes inclusivity?
   A. Skills Development Act
   B. Basic Conditions of Employment Act
   C. Employment Equity Act
   D. South African Qualifications Authority Act

1.1.2 Government recently announced that all mining companies in South Africa must launch empowerment programmes to expand the participation of black-owned businesses in the mining industry. Managers at Anglo American Gold Mines must create plans which will align the organisation with this change in its environment.

   What kind of plans will Anglo’s management be creating?
   A. Tactical plans
   B. Strategic plans
   C. The mission and vision
   D. Operational plans

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 An improvement in productivity is associated with the ________________ environment of the organisation.
   A. economic
   B. technological
   C. social
   D. political
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 and 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 Kimbelin 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 _______________ leaders do what managers do. They clarify the role of subordinates, initiate structures and provide appropriate rewards.

A. Charismatic  
B. Transformational  
C. Dynamic  
D. Transactional
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. (100% /60%) of the Skills Development levy that companies pay can be reclaimed on implementation of various training related structures, interventions and reports

1.2.3 The employment contract comes into existence as soon as the employee (accepts the job offer/ signs the contract).

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

1.2.5 The (unemployment insurance fund/ workmen’s compensation fund) provides income 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.

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.1 States the main business activity of a close corporation.</td>
<td>A. Sustainability</td>
</tr>
<tr>
<td>1.3.2 An important criterion for assessing a good corporate social investment programme.</td>
<td>B. Creative thinking</td>
</tr>
<tr>
<td>1.3.3 Disagreement on attitudes, opinions and beliefs.</td>
<td>C. Indemnity</td>
</tr>
<tr>
<td>1.3.4 Ideas that are original and useful to solve business’s challenges.</td>
<td>D. Conflict</td>
</tr>
<tr>
<td>1.3.5 Compensation paid only if a specific event takes place.</td>
<td>E. Founding statement</td>
</tr>
</tbody>
</table>

(5 x 2) (10)

TOTAL SECTION A: [40]
SECTION B:

QUESTION 2

BUSINESS ENVIRONMENT

2.1

Callan’s Bed and Breakfast is a business that specialises in offering accommodation and catering for local people and tourists. There are four similar businesses situated in the same area as Callan’s Bed and Breakfast.

2.1.1 Discuss how Callan’s bed and breakfast can apply the Porter’s five forces model to analyse the market environment and develop suitable strategies. (20)

2.1.2 Assume Callan’s Bed and Breakfast business becomes bankrupt, recommend any TWO types of defensive strategies Callan’s Bed and Breakfast can use to overcome this challenge. (4)

2.2

Kia bought a cleaning material product from Shop and Drop stores. She did not know that certain rules had to be followed before using the product. There were instructions written on the product and she was not informed on how to use the product at the time of purchase. She developed a skin allergy after using the product and has incurred medical expenses. Shop and Drop refuses to pay Kia’s medical expenses and argues that it is the customer’s responsibility to obtain more information about the product.

2.2.1 Identify the Act that protects Kia’s right to claim for medical expenses from Shop and Drop. (2)

2.2.2 Explain FIVE advantages of the Act mentioned in 2.2.1. (10)

2.2.3 According to this Act, there are actions that are regarded as discriminatory. State any THREE of these actions. (6)

2.2.4 Mention any penalty that could be imposed on Shop and Drop for not complying with this Act. (2)

2.2.5 The National Credit Act, Act 34 of 2005, as implemented on 1 June 2006, caused a revolution in credit providing. Outline Five advantages of this Act to consumers (10)

2.2.6 Explain THREE negative impact of the Broad Based Black Economic Empowerment on businesses. (6)
QUESTION 3

BUSINESS VENTURE

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 summarised that there is a need for a democratic leadership-style as opposed to the autocratic leadership style. 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.

3.1 Tabulate the differences between a manager and a leader. (10)

3.2 Differentiate between autocratic and democratic leadership style. (12)

3.3 List the advantages and disadvantages of the autocratic style. (8)

3.4 Differentiate between compulsory and non-compulsory insurance and give an example of each. (12)

3.5 Discuss the criteria for a logical and effective presentation. (8)

3.6 Distinguish between limited liability and unlimited liability. (4)

3.7 Explain TWO types of preference shares. (6)
QUESTION 4

BUSINESS ROLE

4.1 Discuss how businesses should address environmental issues to maintain sustainability and also explain the benefits of addressing these issues. (12)

4.2 Explain the steps to be followed when dealing with a grievance procedure. (8)

4.3 State FIVE steps that the management should follow when resolving conflict in a workplace (10)

4.4 One of your employees, who is well qualified and experienced, has a drug problem. Describe measures that you, as manager, will take to ensure the wellbeing of the employee. (12)

4.5 Suggest FIVE ways that businesses can use to deal with difficult employees. (10)

4.6 Describe FOUR problems or challenges a business faces when trying to implement the CSI program. (8)

QUESTION 5

BUSINESS OPERATIONS

5.1 Describe five advantages of a quality management system in a business. (10)

5.2 Discuss the impact of quality on different business structures (big and small) taking in to account the element of TOTAL QUALITY MANAGEMENT (TQM) namely:

5.2.1 continuous skills development. (8)

5.2.2 total client satisfaction. (8)

5.2.3 continuous improvements to processes and systems. (8)

5.3 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.

5.3.1 Describe FOUR advantages of internal recruitment. (8)

5.3.2 List THREE disadvantages of external recruitment (6)

5.3.3 As the Human Resources Manager, explain the selection process that you will follow in the filling of a vacant post. (12)
QUESTION 6

MISCELLANEOUS

6.1 The property of LIVERPOOL LTD has a current market value of R300 million. The warehouse was partly damaged by fire. Damages were assessed at R60 million. The insurance company is not prepared to pay the full amount of the claim because LIVERPOOL LTD insured the property for only R200 million.

6.1.1 Which principle of insurance is applicable to the above claim? (2)

6.1.2 Calculate the compensation that LIVERPOOL LTD will receive from the insurance company. Show ALL the calculations. (6)

6.1.3 Explain the principle of re-instatement and why it is not applicable in the above insurance claim. (6)

6.2 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.

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

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

6.3 Explain how you would assess team performance using FOUR team criteria. (12)

6.4 The statements below refer to specific business operations. They describe a business sector. Identify the business sector and explain the reason for your answer.

6.4.1 Diamond mining in Kimberly. (4)

6.4.2 Financial institutions offering different types of investment opportunities. (4)

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

6.5.1 Public relations function. (8)

6.5.2 Financial Function. (8)

(60)
SECTION C

Answer any TWO questions only.

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 turnover. Outline the steps to be followed in the evaluation and control process of implementation.

QUESTION 8

Discuss the impact of capacity, legislation and division of profits as factors that can contribute to the success or the failure of a Partnership and a Personal-liability Company. Based on the above factors, make a recommendation regarding type of ownership to an entrepreneur starting a small business selling shoes. Justify your recommendation.

QUESTION 9

Survival of the fittest
According to this myth, business is essentially a competitive struggle in which only the fittest will survive. The competitive nature of business means that you cannot afford to bother about the interests of your competitors, as that will jeopardize your own chances of survival. You need to focus only on beating them whatever it takes. Ethics has no place in business as it undermines your competitiveness and so your chances of survival.

Distinguish, with examples, between professional behaviour and unprofessional behaviour. Explain possible reasons why prices in rural areas and unfair advertising are regarded to be unethical business practices. Discuss ways in which professional, responsible, ethical and effective business practice should be conducted.

QUESTION 10

You are the human resource manager of Saints Financial Solutions. Anton has been appointed as the new Financial Director.

In view of the above statement:

- Describe the contents of the contract of employment for Anton.
- Discuss in detail the induction process Anton has to undertake as a newly appointed employee of Saints Financial Solutions.
- Explain the impact of the Employment Equity Act on the human resource function.

TOTAL MARKS: [300]