



BUSINESS STUDIES

Time: 3 hours

300 marks

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**INSTRUCTIONS**

1. This exemplar covers the Four learning outcomes for Business Studies:
    - LO1 – Business Environments
    - LO2 – Business Ventures
    - LO3 – Business Roles
    - LO4 – Business Operations
  2. This exemplar consists of THREE sections and NINE questions.
  3. SEVEN questions must be answered in total.
  4. Section A is compulsory and comprises of multiple choice, true or false and match the column type questions.
  5. Section B is also compulsory and comprises of a data response type question and TWO short answer type questions.
  6. Section C comprises FOUR longer type questions. You must answer TWO. *EITHER* question 6 or question 7 AND *EITHER* question 8 or question 9. DO NOT do both 6 and 7 OR 8 and 9!
  7. Answer each new question on a new page.
  8. Number your answers as the questions are numbered on the exemplar.
  9. Refer to the case study when required.
  10. Use your own words and insight when answering questions.
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READ THE CASE STUDY AND ANSWER THE QUESTIONS THAT FOLLOW:

### Telkom Case Study:



Telkom is the largest provider of communication services in Africa and has, since March 2003 been listed on both the JSE Ltd (South African Stock Exchange) and the New York Stock Exchange.

The company's strong profit orientation requires Telkom to not only provide its users with landlines, but it also with other innovative products and services. These include (but are not limited to) a 50% stake in Vodacom, which is South Africa's biggest mobile phone (cell phone) operator as well as access to the internet.

Telkom firmly believes in balancing its vision of growth with the interest of its shareholders, employees, customers and the wider community. With this in mind, it is not surprising that Telkom is one of only 50 companies in South Africa that has been included in the JSE's Social Responsibility Investment Index (SRI) which monitors companies' triple bottom line reporting programs.

The South African communication market is well developed and relatively matured if it is compared with those in other African countries. Based on employees' strong skills base and the company's good infrastructure, it offers opportunities to Telkom to enter new markets with innovative products. As an example, Telkom has already entered the mobile communications market in 4 African countries (Lesotho, Tanzania, Congo and Mozambique) and has an estimated customer base of over 2.6 million subscribers.

Telkom has created a social investment wing called The Telkom Foundation, which has invested R45 million during 2004 / 2005 in empowerment of women, children and people with disabilities as well as education and training in areas such as mathematics, science, technology and the development of entrepreneurial skills in communities.

Since the inception of Telkom's Black Economic Empowerment (BEE) Program in 1997, Telkom has made it a priority to do procurement (buying) through black owned SMME's (Small, Medium and Micro Enterprises) and this, together with other BEE programs has earned Telkom the title of South Africa's Most Empowered Company for 2004 and 2005.

Telkom is a public company and as such top management is a Board of Directors that are elected by shareholders. The 24 members of top management consist of 18 non-white people and six are females. Telkom employs about 29 000 full time employees of which about 88% have completed grade 12 and the overall literacy rate is 99%. Telkom is proud to invest substantial amounts in training and development (R402 million in 2004 / 2005) and also encourages staff to embark on programs of self-development.

Telkom is an equal opportunity employer and has supported the government's affirmative action and equity policies.

**SECTION A: COMPULSORY****QUESTION 1**

Choose the correct alternative (9 x 2=18)

- 1.1 The business function that is responsible for keeping all records that will assist management in the decision making process.
- A General management function
  - B Financial function
  - C Administrative function
  - D Human Resource function
- 1.2 Top management is responsible to ...
- A formulate short-term plans that are then implemented by middle managers.
  - B develop a strategic, long term plan for the organization.
  - C organize the resources needed by the functional managers.
  - D control the activities of lower level managers to ensure the business makes a good profit.
- 1.3 ... refers to a situation where a third party performs a business function that is normally done within a business.
- A Delegating
  - B Outsourcing
  - C Organizing
  - D Creative thinking
- 1.4 Triple bottom-line reporting refers to ...
- A reporting on the sustainability of the business, employee skills and contractual obligations.
  - B reporting on profits, the environmental impact of the business and social responsibility.
  - C reporting on financial investments, employee skills and social responsibility.
  - D reporting on the feasibility of the business, the environmental impact of the business and contractual obligations.

- 1.5 The ... department has to make sure grievance procedures are followed within Telkom.
- A Marketing department
  - B Human Resources department
  - C Public Relations department
  - D Administration department
- 1.6 Which of the following is the most important characteristic of an entrepreneur?
- A Adventurous
  - B Dominates others
  - C Risk taker
  - D Weary of challenges
- 1.7 Telkom belongs to the .....sector.
- A informal
  - B primary
  - C manufacturing
  - D formal
- 1.8 Net profit is
- A gross profit less operating expenses
  - B sales less cost of sales
  - C the balance of cash in the bank account
  - D the difference between the business' assets and liabilities
- 1.9 A close corporation as a form of ownership has
- A 1 – 50 shareholders
  - B 2 – 10 members
  - C 2 – 20 partners
  - D 1 – 10 members

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## QUESTION 2

- 2.1 Indicate whether the following statements are true or false. Correct the statement if it is false. If it is true it counts one mark, while the correction of an incorrect statement will be two marks.
- 2.1.1 The financial department will allocate money to the procurement (purchasing) department and tell them what to buy.
- 2.1.2 Personal values are beliefs that guide people's actions.

- 2.1.1 More job creation will lead to better profits for the business but a lower standard of living in general.
- 2.1.2 In a sole trader the owner may be responsible for more than one business function, while we usually find increased specialization as the business becomes bigger.
- 2.1.3 A business plan is drafted to convince potential investors of the viability and sustainability of the business venture.
- 2.1.4 The process of considering your personal goals and applying your time in the most productive manner is known as brain storming.
- 2.1.5 The Marketing Manager is responsible to design the product policy and pricing policy, to decide on a suitable distribution channel and to make sure there is a successful advertising campaign.
- 2.1.6 A balance sheet includes fixed assets, liabilities, expenses and owners equity.
- 2.1.7 A cash flow statement shows all movement of cash in and out of a business for a given time period.
- 2.1.8 Competition amongst businesses is positive for consumers.
- 2.1.9 A wholesaler is a member of the distribution channel whose main business is to sell goods to the consumer.
- 2.1.10 A cooling off period allows a credit receiver to cancel the agreement within 5 days of signing.

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2.2 Link each of the following activities to a sector.

1	A man selling telephone calls on the street corner.	A – Primary sector
2	A man making components for a telephone	B – Secondary sector
3	A man selling telephones	C – Tertiary sector
4	The insurance agent selling insurance cover to Telkom	
5	The mine providing the resources for manufacturing telephone lines.	

[5]

**SECTION B: COMPULSORY****QUESTION 3**

Data Response with reference to given Case Study.

*Telkom Ltd firmly believes in balancing its vision of growth with the interest of its shareholders, employees, customers and the wider community.*

- 3.1 Telkom views it as important to contribute to society in the broader context of just providing goods and services to satisfy commercial needs. Motivate this statement using information from the case study. (3)
- 3.2 Debate the importance for businesses to give society more than just goods and services that will satisfy commercial needs. (6)
- 3.3 In order to grow its market share, Telkom will have to come up with some innovative ideas to generate new products. Explain how Telkom can help their staff members to overcome creativity barriers (blocks) in order to generate successful and sustainable new products. (8)
- 3.4 What form of ownership is Telkom? How do we know this (give TWO reasons)? (4)
- 3.5 Discuss the role that the Board of Directors will play in managing Telkom as a public company. (6)
- 3.6 Name two products / services that Telkom offers to consumers. (2)
- 3.7 Does Telkom operate as a Private or Public organization, i.e. in the private or public sector? (4)
- 3.8 Motivate your answer in 3.7 by quoting TWO facts from the case study. (4)
- 3.9 Identify, from the case study, TWO aspects that Telkom's Public Relations Department can stress to create a positive image of the business. (4)
- 3.10 Telkom has a 50% interest in Vodacom. How has this influenced the operations of Telkom? (consider consumers and competitors) (6)
- 3.11 As a major company in the South African economy, does Telkom have any influence over the market? Motivate by either stating TWO facts from the case study, or giving your own opinion. (5)
- 3.12 Develop a suitable mission statement for Telkom. (5)
- 3.13 South Africa has a policy of affirmative action. To further the aims of affirmative action BEE has been promoted. What is BEE and do you think it has (or will) succeed in South Africa? Motivate your answer. (5)
- 3.14 What does it mean to be "listed" on the JSE Ltd? (1)

AND

**QUESTION 4:**

- 4.1 Explain the importance of the Administrative Department to Telkom as a major corporation. (6)
- 4.2 Your personal assistant seems to never complete the tasks you have assigned to him. Write explanatory notes to advise him on more effective time management. (6)
- 4.3 In order to achieve success, Telkom's Board of Directors has to act as a team. Discuss two principals you feel are important for effective teamwork. (6)
- 4.4 SMME's are often plagued by cash flow problems. Explain three reasons (advantages) why SMME's would none the less sell to debtors (on credit). (6)
- 4.5 Give a definition of a *tender document*. (6)
- 4.6 Explain the elements of the microenvironment (internal). (6)
- 4.7 Name and give a description of the 5 subdivisions of the macro environment. (10)
- 4.8 Name the 4 P's of marketing. (6)
- 4.9 Give a definition for the term "contract". (6)
- 4.10 Explain the difference between a lease and a hire purchase agreement. (6)

AND

**QUESTION 5:**

- 5.1 As the manager of the purchasing department, one of the team leaders in your department asks for your advice on how to handle the following situations: Suggest one way of handling each of the situations below. (2)
- A A staff member complains that some of her duties are unpleasant. (2)
- B A new member joins the team and does not communicate with other team members. (2)
- C Team members feel they can't trust their team leader. (2)
- D Most of the team members are part time employees and feel there is not enough job security. (2)
- 5.2 Unemployment is a serious strain in the South African economy. Discuss any ONE entrepreneurial opportunity in your community that you have identified during the year that could be used to alleviate the problem. (8)
- 5.3 Differentiate between fixed capital and working capital (use examples). (6)

- 5.4 Name and illustrate two methods in which information can be presented to management to make the interpretation of the information easier. (8)
- 5.5 Name 4 external conditions (environments) that may affect the market-environment.
- 5.6 Evaluate the advantages of cash trading (prepaid airtime) and credit trading (contract / account) for :
- A) Telkom
  - B) The consumer
- 5.7 In order to succeed a business must be able to satisfy a customer's needs. Identify 2 levels of needs that Telkom satisfies and suggest why? (6)
- 5.8 Explain 4 requirements for a valid contract to be effected. (8)

### SECTION C: Longer type question

#### CHOOSE 2 of 4 questions

Answer **either** question 6 OR 7 AND **either** question 8 OR 9.

#### QUESTION 6

- 6.1 It is critical that big corporations such as Telkom manage AIDS as a Social Responsibility issue. Design a plan of action that Telkom can implement to overcome prejudice against staff members that may be HIV-positive or that may already have AIDS. In addition assess the affect that Aids may have on the productivity of a major enterprise such as Telkom and SA as a whole. (20)
- 6.2 The applicant submitted a complete business plan before the state would consider granting a licence for a new Landline operator. Present an argument for the drawing up of a business plan and **discuss** at least THREE points to be covered in a business plan. (14)
- 6.3 Analyse the different levels of management in Telkom and the type of decisions taken at each level. (6)

**OR**

**QUESTION 7:**

*“Considering the fact that a second landline operator will soon enter the South African market, Telkom believes skilled and motivated staff members can provide them with a competitive advantage in the market place and ensure that they keep their market share.”*

- 7.1 Assist the HR department of Telkom to devise strategies to get staff members involved in a program of self-management that will eventually lead to self- development. (10)
- 7.2 Draw up a simple SWOT analysis which will assist Telkom in planning for the entry of this new competition. (10)
- 7.3 One of the factors considered when deciding on granting a licence for the second land line was job creation. Analyse what the affect on unemployment will be if a second supplier enters the market. (10)
- 7.4 Evaluate the importance of co-operation (interrelatedness) between business functions such as Finance, Purchasing and Marketing in Telkom. (10)

**AND**

**QUESTION 8:**

- 8.1 A new principal has just been appointed at your school but he has not yet met all the staff. He has asked the vice principal to write a report to help him to understand the role of the different staff members at the school. Unfortunately the vice principal fell ill and you have been asked to complete the report to the new principal.

*Mrs Xhaba was the previous principal but has retired at the age of 65. There are two vice principals that reported to her. Ms Jackson is the vice principal in charge of sport and cultural activities while Mr Naidoo is in charge of academic matters.*

*The school employs three soccer coaches. One of them, Sam McCarthy takes responsibility for all soccer related issues. Students from the local university coach the netball teams. Mary Wills is the netball manager.*

*There are 17 full time teachers at the school. Ten of them teach different languages and the HOD (Head of Department) of Language is Tracy Tromp. Greame Gugu is the HOD of all Commercial subjects such as Business Studies, Accounting and Economics and has four teachers reporting to him. As with all the other HOD's, the HOD for Math and Science, Pamela Plank reports directly to Mr Naidoo. Mrs Plank has two other teachers in her department.*

- Use the above scenario to differentiate between different management levels, the role of each and their decision making in your school. (16)

8.2 “Your business studies class has been asked to submit a tender for the running of the school tuck shop. The tuck shop supplies snacks, sweets, cold drinks, chips and light meals such as toasted sandwiches, hotdogs, hamburgers etc. You would have to employ at least one person to do the preparation of food. The school would want to receive some profit share. The accounting teacher would act as the auditor. “

You have been tasked to develop (draw up) a simple business plan. Include at least FIVE important areas to be included in a business plan. In addition examine the effectiveness of the financial strategy. (24)

**OR**

**QUESTION 9:**

Using one of the business ideas you have discussed or investigated in business studies this year as a basis:

- Motivate the choice of location by making an assessment of the factors which would influence the location of your business and
- Do an in depth SWOT analysis for the business. (40)