



BUSINESS STUDIES: PAPER I

Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This paper consists of 13 pages and an Answer Booklet of 4 pages (i – iv). Detach the Answer Booklet from the centre of the question paper. Please check that your question paper is complete.
 2. Read the questions carefully.
 3. All questions are compulsory.
Section A (Questions 1 – 3) must be answered on the **supplied Answer Booklet**.
Section B (Questions 4 – 6) comprises **THREE** shorter answer type questions to be answered in your Answer Book. **In this section, some of the questions (Questions 5.1, 6.1.1) must be answered on the supplied Answer Booklet.**
This will be clearly indicated in the question.
 4. Refer to the case study when required.
 5. Demonstrate insight, where applicable, when answering questions.
 6. Answer each new question on a new page.
 7. Number your answers as the questions are numbered on the question paper.
 8. Candidates are advised to pay particular attention to the use of language and allocation of marks.
 9. It is in your interest to write legibly and present your work neatly.
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The following case study applies to many of the questions in the examination paper:

MTN

Company Information

MTN is the largest cellular Service Provider in Africa. It is wholly owned by Mobile Telephone Networks, and part of the MTN group. MTN offers a wide range of contract and pre-paid plans to meet the consumers' every need, whether using the phone for business or personal calls.

Value Added Services

MTN together with Guardrisk offers a value added service in the form of Cellphone handset and SIM Card insurance to the wider MTN customer base.

Social Responsibility

MTN's social responsibility programme emphasises the fact that they are not only a strong competitor in the local telecommunications market, but also a company with a well-defined social conscience. As a result MTN is listed on the JSE Social Responsible Investment (SRI) Index. This measures the triple bottom line performance (comprising economic or financial profit, environmental and social aspects) of those companies on the JSE who choose to be listed.

Human Resources

The MTN Group now has a workforce of over 14 000 people that reflects the demographic diversity of their markets. Teamwork and the cultural fit between the teams ensure that they can move ahead as a large multinational organisation. Training and development play an important role in achieving their business targets, accounting for some 5% of their total payroll cost each year. This includes a strategy to align resources with objectives.

MTN's Commitment to Training and Development

MTN's learnership programme includes training for unemployed grade 12's and university students as well as employees. Learnerships are a work-based qualification that combines practical work experience with an academic component. Any learnership undertaken must lead to a qualification registered by the South African Qualifications Authority (SAQA).



BEE Philosophy and Implementation

MTN supports Black Economic Empowerment (BEE) and continues to make significant contributions to the economic empowerment of disadvantaged communities.

MTN also assists emerging black entrepreneurs in the IT sector with entrepreneurial training.

Many individuals and groups have benefited since the introduction of the MTN's Broad-Based Black Economic Empowerment (BBBEE) initiative. This can be seen in the following areas:

- Assisting black suppliers to enter the telecommunications market.
- Developing self-sufficient black enterprises to compete with traditional suppliers.
- Improving services by small vendors in terms of turnaround time and the delivery of MTN products and services.

MTN is a truly South African company which is proud to always exceed the expectations of its customers and shareholders. MTN is dedicated to Africa's growth and expansion, passionate about providing cellular freedom to all its customers, and looking forward to another ten years of success.

[Adapted from: <www.MTN.co.za>]

SECTION A Answer all questions in this section on the supplied Answer Booklet.**QUESTION 1**

Indicate the **most correct** answer by making a cross (X) in the column over the corresponding letter for each question on the supplied Answer Booklet.

- 1.1 MTN conducts research to find out about product usage. A sales assistant stops people in a shopping centre and asks them to complete a questionnaire. What process is the sales assistant undertaking?
- A Collecting primary data
 - B Collecting secondary data
 - C Engaging in personal selling
 - D Engaging in collective bargaining
- 1.2 Sibongile Khumalo is the manageress of an MTN outlet in Cape Town. She is solely responsible for any decision-making at the outlet and does not allow any input from her workers. Sibongile follows a/ an ... leadership style.
- A transformational
 - B laissez-faire
 - C situational
 - D autocratic
- 1.3 When MTN applies a strategy to deal with new cellular technologies, which technique(s) is/ are being used?
- A PESTLE analysis
 - B Drill-Down analysis
 - C Scenario analysis
 - D all of the above
- 1.4 A strategy implemented throughout the entire business to plan and control the standard of all operations refers to ...
- A job grading.
 - B total quality management.
 - C sampling.
 - D market research.
- 1.5 MTN has a comprehensive staff induction programme. This implies that ...
- A existing employees are given preferential consideration when filling managerial positions.
 - B all new recruits are required to attend a seminar on the mission, vision and goals of the organisation.
 - C employees must undergo an annual job appraisal completed by top management.
 - D external sources will be used to fill vacant posts in MTN's operations department.

- 1.6 Anne, a beauty therapist, has her SIM card insured with Guardrisk. Guardrisk has received numerous claims over defective SIM cards and will be unable to cover the full risk of these claims. Which one of the following concepts indicates that Guardrisk may spread the risk among other insurance companies?
- A Average-clause
 - B Excess
 - C Re-insurance
 - D Proximate clause
- 1.7 Management at the MTN head office subscribe to the 'principle based theory' towards ethical decision-making. This implies that ...
- A MTN uses different stories to complement each other in order to lead to an understanding between right and wrong.
 - B management uses predetermined rules to determine whether the action is right or wrong.
 - C it is the consequence of an action that determines whether the action is right or wrong.
 - D the character of a person is judged, rather than his/ her actions.
- 1.8 Which one of the following indicates that MTN is complying with the Broad-Based Black Economic Empowerment (BBBEE) Act 53 of 2003 (as amended)?
- A Ensuring black employees have working conditions that meet minimum requirements.
 - B Granting employment preferences to female workers.
 - C Direct empowerment of black employees through share of ownership in MTN.
 - D Ensuring that black disabled employees have physical access to all MTN outlets.
- 1.9 MTN has agreed to sell cellphone batteries with a lead content well below the maximum levels permitted by international telecommunication regulations. By doing so, MTN demonstrates a willingness to ...
- A comply with the law.
 - B meet an agreed code of practice.
 - C contribute to social responsibility.
 - D all of the above.

1.10 Any strike action by MTN employees will be unprotected if:

- (i) the correct procedures when applying for/ engaging in strike action have not been followed;
- (ii) some of the employees chose not to strike;
- (iii) an arbitration agreement has been ignored;
- (iv) a collective agreement specifically states that workers may not strike over the issue at hand.

Choose the correct combination:

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

20 marks



QUESTION 2

Indicate whether the following statements are **TRUE** or **FALSE**. If **FALSE**, correct the statement.

- 2.1 MTN must follow a structured procedure before dismissing an employee as a result of poor job performance.
- 2.2 A public company has unlimited continuity and a change in ownership does not affect the existence of the business and therefore increases the success possibility of the business.
- 2.3 In resolving labour disputes a conciliator makes a binding decision on both parties.
- 2.4 A business crisis is a useful indicator in planning and making business decisions although, to some extent, the impact and rate of change is difficult to predict.
- 2.5 Tax avoidance is an unethical practice whereby entrepreneurs make unauthorised tax deductions in their tax returns.
- 2.6 In response to rapid technological changes in the macro-environment, it is a good strategy for MTN to have a privacy policy with regards to Internet access.
- 2.7 A SWOT analysis is a useful problem solving technique that identifies the different forces a business faces in order to make reliable decisions.
- 2.8 A transactional leadership style adopted by middle level management indicates that these managers offer something of value to their followers in return for their services.

14 marks

QUESTION 3

Choose the **most correct answer** (one word/ concept) from the following possible terms/ words provided in the "Business Studies Dictionary" below for the statements/ explanations that follow. Write down the **most correct answer** next to the number on the supplied Answer Booklet. **Note: There is only one correct answer for each statement.**

Business Studies Dictionary

Database	Unit trusts
Strategy	Cession
Induction	Labour Relations
Shareholders	Vision
Intrapreneur	Endowment
South African Qualification Authority (SAQA)	Dumping
Strike	Outsourcing
Entrepreneur	Inflation
Probation	Demographics
Deflation	Employment Equity
Stakeholders	Lockout

- 3.1 All people and organisations that have an interest in or that will be affected by a business.
- 3.2 An investment policy which pays out after a specified time period, e.g. 15 years.
- 3.3 When the price of goods and services increases and is accompanied by a decrease in the value of money.
- 3.4 The institution responsible for the development of the NQF which formulates policies and criteria for the accreditation of educational institutions and service providers.
- 3.5 A refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer.
- 3.6 A person who is rewarded for using his/ her entrepreneurial skills and characteristics within a company, instead of in his/ her own business venture.
- 3.7 When the rights that an insured person has in a policy are transferred to another person.
- 3.8 A specific plan of action, formulated to set in motion the effective use of resources with the aim of achieving organisational objectives.

16 marks

Total Section A: 50 marks

SECTION B **Answer these questions in your Answer Book.**
In some cases, questions have to be answered on the supplied Answer Booklet. This will be clearly indicated in the question.

QUESTION 4

4.1 *MTN also assists emerging black entrepreneurs in the IT sector with entrepreneurial training ...*

4.1.1 Name **FOUR** entrepreneurial qualities that these entrepreneurs should possess and illustrate each by means of a practical example. (12)

4.1.2 Describe the impact of **liability for debts** on the success or failure of:

(a) a **sole proprietorship** and

(b) a **public company**. (8)

4.2 The following information is adapted from a recruitment advertisement that was posted on the MTN website by the Human Resources (HR) Department. Study its contents and then answer the questions that follow.

Senior Manager: Indirect Operations (1 Vacancy)

Applications close 9 January 2008

Educational requirements

Grade 12 Certificate; Tertiary qualification in Management

Experience required

3 years managerial experience; 5 years experience in an operational environment

Skills required

Customer Relations; **Conflict resolution and crisis management**; Ability to forecast; Planning quarterly as per business plan; Rational Thinking; **Management & Organisational skills**; Ability to work under extreme pressure and extended working hours; Cost savings and resource planning (Commercial mindedness)

4.2.1 This advertisement was placed on the website as a result of manpower planning undertaken by MTN's Human Resource Manager. Describe the purpose of proper manpower planning. (6)

4.2.2 One of the skills required for the advertised vacancy is **conflict resolution and crisis management**.

Consider the following scenario:

Several employees from the MTN call centre have requested to go on a SETA approved training course to learn to repair cellphones. The newly appointed senior manager has rejected this request without due consideration, citing financial reasons. This has caused dysfunctional conflict.

- Evaluate the new senior manager's response to the original request; and (4)
- discuss **ONE** suggestion on how a senior manager could resolve this conflict situation; and (2)
- discuss the way forward in the short- and long-term. (4)

- 4.2.3 Briefly explain each of the following HR activities:
- (a) job selection
 - (b) job placement (6)
- 4.2.4 Other than Internet recruitment, list **TWO** sources that MTN could use to fill a vacant post. (2)
- 4.2.5 As part of the *management and organisational skills* required, the new senior manager must understand the process of collective bargaining.
- (a) Define what is understood by the term 'collective bargaining'. (2)
 - (b) Discuss **ONE** role that the new senior manager would play during a process of collective bargaining. (4)

50 marks

QUESTION 5

- 5.1 *MTN supports Black Economic Empowerment (BEE) and continues to make significant contributions to the economic empowerment of disadvantaged communities.*

On the **table provided in the Answer Booklet**, tabulate, using full sentences, **THREE** differences between the Employment Equity Act and the Black Economic Empowerment Act. (9)

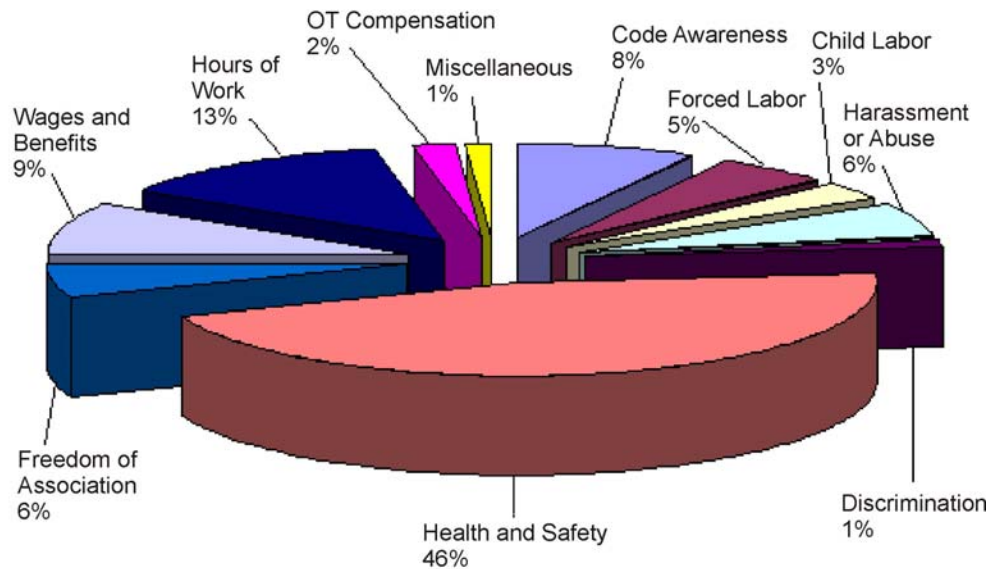
- 5.2 *MTN together with Guardrisk offers a value added service in the form of Cellphone handset and SIM Card insurance to the wider MTN customer base.*

Outline how the following terms will relate to a cellphone insurance contract with Guardrisk:

- 5.2.1 indemnification (3)
 - 5.2.2 excess clause (3)
- 5.3 You have sold your MTN shares and made a healthy profit of R1 million. You therefore have made more than adequate provision for your retirement in two years time. Suggest and justify an investment to maximise your returns in the short-term. (5)
- 5.4 MTN operates in a dynamic ever changing macro-environment. Suggest and explain a separate strategy that management could implement for each of the following challenges from the macro-environment:
- 5.4.1 The broad variety of new cellphones being constantly introduced into the market. (5)
 - 5.4.2 International restrictions in the importing of raw materials needed in the production of cellular telecommunication products. (5)

5.5 Study the following graph and then answer the questions that follow:

An overview of issues dealt with by the CCMA in 2003 – 2004



Source: Stats SA

- 5.5.1 What does the abbreviation CCMA stand for? (2)
- 5.5.2 List any **TWO** unethical labour practices that the CCMA had to deal with and recommend **TWO** ways in which MTN could monitor or avoid unethical labour practices. (8)
- 5.5.3 The CCMA was developed from the provisions of the Labour Relations Act. Outline **THREE** of the main objectives of the Labour Relations Act. (6)
- 5.6 An employee at MTN says that performance appraisals are a waste of company resources. Give **TWO** reasons why you agree or disagree with the statement. (4)

50 marks

QUESTION 6

6.1 An international group of investors would like to open an MTN kiosk at each of the 2010 soccer stadiums. As part of their environmental analysis, the investors will need to complete a SWOT analysis.

6.1.1 Mention **TWO** threats from the macro-environment, identified by performing a SWOT analysis, the group of investors could face. In each case, propose/ recommend a strategy the investors could use to change the threat into an opportunity.

Answer this question **on the table provided on the supplied Answer Booklet**, with the following headings:

Threat from macro-environment	Strategy used to change threat into an opportunity
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(8)

6.1.2 One of the managers at MTN suggests that the group of investors also use a Balanced Scorecard (BSC) in their environmental analysis.

List **FOUR** possible components of the Balanced Scorecard (BSC) analysis. (4)

6.1.3 Discuss any **TWO** of the elements of Porter's Five Forces Model, explaining how each element would be of benefit to the group of investors, when analysing the market environment. (10)

6.1.4 The opening of the MTN kiosk is seen by the investors as an off-shore investment. Describe **TWO** benefits of having off-shore investments. (4)

6.2 *As a result MTN is listed on the JSE Social Responsible Investment (SRI) Index. This measures the triple bottom line performance of those companies on the JSE who choose to be listed'.*

In order to remain listed on the SRI index, MTN uses the '**DRIVE**' technique to solve problems creatively.

Identify the missing elements from the table given below and explain how each of these elements is crucial to the '**DRIVE**' technique.

D	R	I	V	E
Define	6.2.1?	Identify	6.2.2?	Execute

(10)

6.3 **Human rights** and **inclusivity** are entrenched in our Constitution.

Outline how the **Occupational Health and Safety Act** forces MTN to consider these two issues. (8)

- 6.4 *MTN's learnership programme includes training for unemployed grade 12's and university students as well as employees. Learnerships are a work-based qualification that combines practical work experience with an academic component.*

How successfully has the **Skills Development Act** been implemented in industry?
Motive your answer.

(6)



everywhere you go

50 marks

Total Section B: 150 marks

Total: 200 marks