



BUSINESS STUDIES: PAPER I

Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This paper consists of 12 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 in the **Answer Booklet supplied**.
Section B (Question 4 – 6) comprises THREE shorter answer type questions to be answered in your Answer Book. **In this section, some of the questions (Questions 4.3 and 6.4) must be answered in the Answer Booklet supplied.**

This is 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 exactly as the questions are numbered on the question paper.
 8. Candidates are advised to pay particular attention to the use of language and the **allocation of marks**.
 9. It is in your interest to write legibly and present your work neatly.
-

The following case study applies to many of the questions in the examination paper:

1. Toyota South Africa (Pty) Ltd

Toyota is as much part of South African culture as braaivleis and sunny skies. We've been around since 1961 and have managed to lead the way in more than just cars. But we're also part of a bigger, very special, global picture. *Toyota considers a holistic management approach important – it's not only about making and selling cars, but about contributing to the world we live in.*

2. Toyota Core values

Open and honest communication
Customer satisfaction
Social responsiveness
Quality in everything we do
Respect for people and property
Recognition and reward for effort
Teamwork
Fair and equal opportunities



3. Toyota's Vision

Prosperity for all stakeholders through world competitiveness and continuous growth. Innovation into the future; a passion to create a better society.

4. The Toyota Way

With its emergence as a diversified, international corporate leader, Toyota has established a common set of values, beliefs, principles and business methods that act as the lifeblood of the company. Collectively, they're known as The Toyota Way. The Toyota Way is supported by two main pillars: Respect for People and Continuous Improvement. The Toyota Way is an ideal, a standard, and a guiding beacon for the people of the global Toyota organisation. It expresses the values shared by all, transcending language and nationality, and finding application in every land and society. *Every Toyota associate throughout the world is urged to take professional and personal responsibility for advancing the understanding and acceptance of The Toyota Way.*

5. Quality Experience

Highlights here include our never-ending quest for quality improvements at our plant in Prospecton, Durban, KwaZulu-Natal; the quality of the components being delivered to our plant; the upgrading of the abilities of all the people who make up Team Toyota.

6. True to Society

This value goes much further than building a safe and clean environment. It is about being a good corporate citizen and a valued member of the global society. It extends to communities and includes training and development programmes aimed at uplifting and empowering local communities.

By using Toyota's accumulated knowledge from markets around the world, we are creating Toyota Value. Ongoing training and applying innovative business skills is the key.

7. Human Resource Development

Toyota counts on its team members being competent, motivated and committed to the objectives of the company – and makes every effort to provide opportunities for growth while ensuring that people are treated fairly and with respect.

8. Employment Equity and Affirmative Action

An important aspect of business in post-Apartheid South Africa is Employment Equity, which strives to ensure that everyone involved is able to participate in and benefit from the activities of the business in a fair manner. *With Toyota aiming to be an effective socially aligned institution in South Africa, Employment Equity is, in essence, a business strategy, with the fundamental objectives of all companies – productivity, performance and growth – as its own overall objective.*

9. Sector Education & Training Authorities (SETAs)

The Toyota Academy was fully accredited by the MERSETA in December 2006 and is successfully running two learnerships. The Durban facility is also an accredited Trade Test Centre. Through the implementation of learnerships, the Academy not only offers skills development initiatives, but also assists the learners in gaining full time employment. *What is innovative is that entrepreneurial skills are a key factor in the learnership programmes.* This is certainly something to be proud of and indeed adds value to Toyota SA. Knowledge is, after all, power.

[Adapted from: <<http://www.toyota.co.za>> Downloaded, May 2008]

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

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

- 1.1 Toyota South Africa is in the process of developing an electrically driven motor vehicle by 2015 in keeping with the challenges facing the motor car industry. This strategy is in response to pressures from which of the following macro environmental factor(s)?

- A Economic
- B Environmental
- C Technological
- D All of the above

- 1.2 All factory workshops at Toyota South Africa must have wheelchair accessible ramps which facilitates movement in the workplace. This shows management's willingness to consider ... in the workplace.

- A inclusivity
- B Black Economic Empowerment
- C Affirmative Action
- D green – environmental issues

- 1.3 A disadvantage of the 'laissez faire' leadership style, would be that ...

- A workers are unable to work at their own pace and use their initiative without interference from management.
- B workers experience a lack of direction in trying to achieve company goals.
- C workers gain valuable experience in working under pressure and applying creative problem solving techniques.
- D workers are empowered to identify areas for personal growth.

- 1.4 Which one of the following scenarios may be regarded as an unfair dismissal?
- A An employee is dismissed after breaking a rule of conduct in the workplace.
 - B An employee is dismissed after participating in the activities of a workplace forum.
 - C An employee is dismissed after failing to abide by the conditions of his/her performance contract.
 - D An employee is dismissed due to a decision reached by an arbitrator.
- 1.5 Which one of the following would be part of an internal environmental scan completed by a manager at Toyota?
- A Loyalty of the Toyota brand by consumers.
 - B Cost advantages in resizing the human resources department.
 - C Legislation regarding patent rights.
 - D Removal of international barriers for the export of motor vehicles.
- 1.6 An example of corporate social investment by Toyota South Africa would be ...
- A selling motor vehicles at a lower price than its competitors.
 - B upgrading its computer systems in the production department.
 - C training teachers to develop their maths and science skills.
 - D transferring funds into off-shore investments.
- 1.7 Which one of the following highlights the short-term implications of the Skills Development Act on a multinational business like Toyota South Africa (Pty) Ltd?
- A An increase in points on BEE initiatives.
 - B Increased investor confidence, which translates to higher share prices.
 - C A drop in the rate of productivity by having staff away on training courses.
 - D Less conflict in the workplace over wage negotiations.
- 1.8 A compulsory form of insurance where the premiums are funded by means of a levy on fuel sold to drivers and owners of vehicles refers to the ...
- A Road Accident Fund.
 - B Compensation for Occupational Injuries and Diseases Act.
 - C Unemployment Insurance Fund.
 - D Occupational Health and Safety Act.
- 1.9 A specialised problem solving technique has the following steps when it is being implemented:
- (i) Write the problem on the left side of the page.
 - (ii) Now break the problem into different levels, adding related information or isolating component parts.
 - (iii) Continue with the process – until you arrive at the root cause of the problem.
- The specialised problem solving technique would most probably be a ...
- A PESTLE analysis.
 - B Drill-down analysis.
 - C SWOT analysis.
 - D Delphi technique.

1.10 This will have a negative effect on the performance of Toyota South Africa:

- A high sales turnover; high staff turnover
- B low labour costs; low productivity
- C low labour costs, low overhead costs
- D high overhead costs; low productivity

20 marks

QUESTION 2

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

- 2.1 Job selection is a process aimed at excluding unsuitable applicants whose skills do not match the requirements laid down in the job specification.
- 2.2 In the consequence theory of ethics, management suggests that it is the character of a person that is judged, rather than his/her actions.
- 2.3 Once data from a market research questionnaire is placed on the Toyota website, management must be prepared to respond in a professional manner to feedback on the data.
- 2.4 A lock-out refers to the employer who makes the working environment impossible for the employee to tolerate, which forces the employee to resign.
- 2.5 The South African Bureau of Standards is the official body responsible for the control and monitoring of unfair and discriminatory advertising in our country.
- 2.6 Toyota South Africa (Pty) Ltd possesses a separate legal personality and this increases its success as the business can enter into contracts in its own name.

12 marks



QUESTION 3

Match the concepts in Column A with the explanations in Column B. Write only the correct letter from Column B next to the appropriate question number of Column A in the space provided in the Answer Booklet.

Column A	Column B
3.1 Balanced Scorecard	A Toyota South Africa only allows employees from within the organisation to apply for promotion posts.
3.2 Workplace Forum	B A set of principles that guide learning programmes in South Africa.
3.3 Internal Recruitment	C The cornerstone of all legislation in South Africa applicable to both private citizens and businesses.
3.4 Shareholders	D The tool management uses to understand the overall performance of the business by looking at the relationship of financial, customer, internal and growth perspectives.
3.5 NQF	E The analysis and presentation of research data into a graphical format.
3.6 Primary Research	F This happens in an organisation where there is an emphasis on economic profit, environmental and social aspects of organisational activities.
3.7 Triple Bottom Line Reporting	G Allows workers to take an active role in the decision-making structures at Toyota.
3.8 Team Briefing	H The gathering of raw data by means of questionnaires, interviews or observation checklists.
3.9 Constitution of the Republic of South Africa	I A document that spells out the rules and management of lawyers in our country.
	J Retaining key personnel in an organisation by offering higher incentive bonuses.
	K This interest group has contributed to the investment of the business.
	L To inform through appropriate communication channels the aim of a project, the assignment of roles and the time-frame for the completion of a task.

18 marks

Total Section A: 50 marks

SECTION B

Answer these questions in your Answer Book.

In some cases, questions have to be answered in the Answer Booklet supplied. This will be clearly indicated in the question.

Remember to use the mark allocation as a guide to the length of your answers.

QUESTION 4

4.1

4.1.1 What is meant by social responsibility? (2)

4.1.2 Explain the difference between Toyota's primary social responsibility and broad social responsibility. (4)

4.1.3 Outline **THREE** factors that have contributed to the need for companies, like Toyota, to become involved in corporate social responsibility in South Africa. (6)

4.2

<p>5. Quality Experience <i>Highlights here include our never-ending quest for quality improvements at our plant in Prospecton, ...</i></p>

List and discuss **TWO** quality control methods that can be applied to promote better performance within Toyota South Africa. (10)

4.3 Toyota South Africa faces the following challenges from the macro-environment:

4.3.1 An increasing number of factory workers being affected by the HIV/AIDS pandemic.

4.3.2 The governor-general of the South African Reserve Bank changes the interest rate.

For each challenge you are required to:

- Devise a separate strategy on how Toyota South Africa can respond to the challenge giving reasons in support of your chosen strategy. (10)

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

Challenge being faced	Strategy in response to challenge	Reasons for choice of strategy
-----------------------	-----------------------------------	--------------------------------



4.4 Toyota South Africa would like to improve the health and well-being of its workforce.

List and discuss **TWO** creative thinking techniques that Toyota South Africa could use to solve this problem. (10)

4.5 Discuss the degree to which the following factors may impact on the success or failure of Toyota South Africa (Pty) Ltd:

4.5.1 Capital requirements (4)

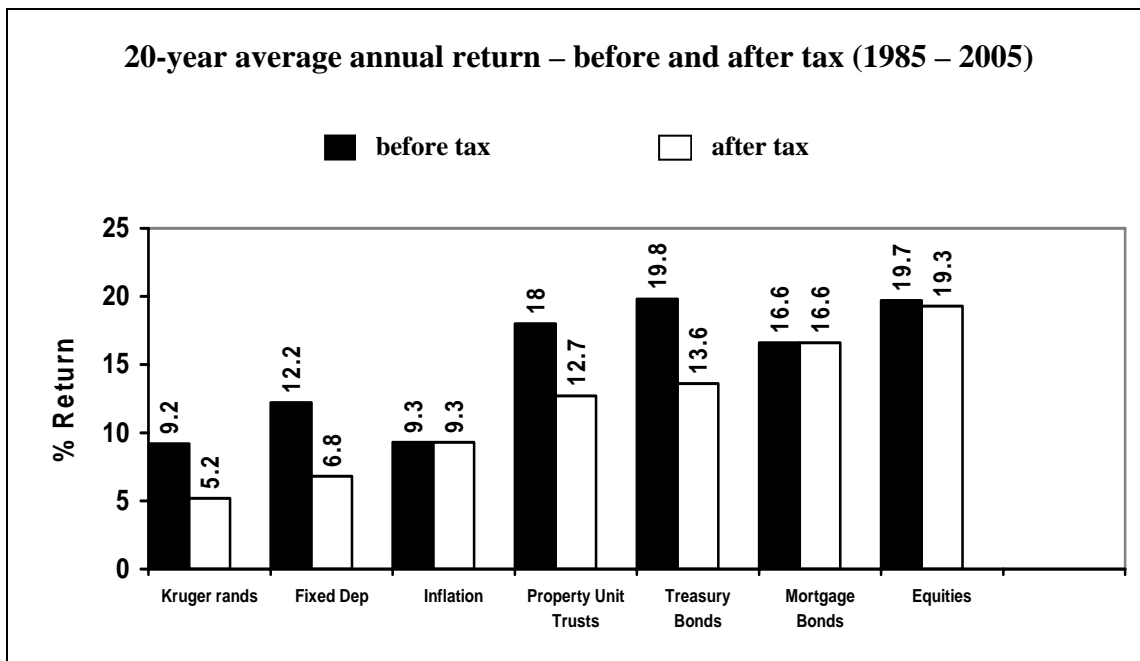
4.5.2 Taxation (4)

50 marks

QUESTION 5

5.1 Study the graph below and then answer the questions that follow.

The financial manager at Toyota SA presented the following graph as part of a month end presentation:



[Adapted from: <<http://www.jse.co.za/>> Downloaded May 2008]

5.1.1 Outline the difference between **Kruger rands** and **Equities** as forms of investment. (4)

5.1.2 Which investment opportunity, according to the graph, was the most negatively affected by taxation? (2)

5.1.3 Why was it important for the financial manager to have included the rate of inflation in the graph? Motivate your answer. (4)

- 5.1.4 Which investments showed returns that were below the rate of inflation after taxation? (2)
- 5.1.5 Consider the returns on treasury bonds and mortgage bonds. Describe **TWO** conclusions that you, as an investor, can draw from this analysis. (4)
- 5.1.6 One of the employees at Toyota SA has R2 million rand to invest. She would like to maximise her return in the long-run. Using the information in the graph, suggest a suitable investment. Justify your choice. (5)

5.2

8. Employment Equity and Affirmative Action
... With Toyota aiming to be an effective socially aligned institution in South Africa, Employment Equity is, in essence, a business strategy, ...

- 5.2.1 Briefly explain what is understood by the term Employment Equity. (4)
- 5.2.2 Give an example of how Employment Equity may be perceived as a **negative strategy** employed by the human resource department at Toyota SA. (2)
- 5.2.3 Give **ONE** way that Employment Equity is ensured when Toyota appoints new employees. (2)

5.3 Consider the following fictitious scenario:

Jane is a female administrative clerk at Toyota who is required to take files to the factory foreman.
 On several occasions the factory foreman has given her verbal and written warnings, because she is inappropriately dressed. Jane has ignored these warnings.
 The factory foreman has subsequently dismissed Jane on the grounds of misconduct.

- 5.3.1 Outline the difference between a dismissal on the grounds of misconduct and dismissal on the grounds of poor performance. (4)
- 5.3.2 Evaluate the factory foreman's handling of the situation. (4)
- 5.3.3 Suggest **TWO** ways on how the factory foreman could avoid a similar situation from happening in the future. (4)



- 5.4 Derek Mahlangu, an employee at Toyota SA, receives the following salary package from the company for October 2009:

Gross salary:	R12 500
Monthly deductions:	
PAYE Tax	R1 250 (10% of his gross salary)
Pension Fund	R1 500
Medical Aid Fund	R1 000
UIF	R125
Toyota SA contributes 5% of the net salary to the pension fund and on an equal basis to both the Medical Aid Fund and the UIF.	
Derek is entitled to other fringe benefits as per his employment contract.	

- 5.4.1 Is the package displayed a 'Cost to company' or a 'Cost plus benefit' package? (1)
- 5.4.2 If Derek were to resign from Toyota SA, and not be replaced, what would the cost savings be for the company? (3)
- 5.4.3 Explain, by means of an example, what a fringe benefit would be in terms of Derek's employment contract. (3)
- 5.4.4 State the purpose of UIF as part of his salary package. (2)

50 marks

QUESTION 6

6.1

- | |
|--|
| <p>1. Toyota South Africa (Pty) Ltd</p> <p><i>... Toyota considers a holistic management approach important – it's not only about making and selling cars, but about contributing to the world we live in ...</i></p> |
|--|

This implies that the Toyota management uses a range of management styles in different contexts.

Describe the following management styles and illustrate each one by means of a practical example:

- 6.1.1 Autocratic
- 6.1.2 Participative
- 6.1.3 Transformational (9)

6.2

9. Sector Education & Training Authorities (SETAs)
... What is innovative is that entrepreneurial skills are a key factor in the learnership programmes ...

6.2.1 Differentiate between entrepreneurship and intreprenurship. (4)

6.2.2 The learnership participants may be empowered with knowledge relating to insurance in the motor vehicle industry.

Explain the meaning of the following terms as they relate to an insurance contract:

(a) Subrogation (4)

(b) The average clause (4)

6.3 Toyota South Africa prescribes to 'teamwork empowerment' together with BEE and BBBEE.

6.3.1 What does the acronym BBBEE stand for? (1)

6.3.2 Explain how **prejudice** can be a disadvantage to the goals of 'teamwork empowerment' within Toyota South Africa. (4)

6.4 Management at Toyota South Africa plans to introduce an environmentally friendly motor vehicle into the South African market by 2015. The managers at Toyota South Africa will be performing a SWOT analysis to assist them in their proposal.

This question has FOUR parts.

You are required to:

- Name **TWO** weaknesses from the macro (external) environment, identified from performing a SWOT analysis, the management team could face; and for each one: (4)
 - Devise a **strategy** that the managers could use to change the weakness into a strength; (4)
 - Identify a **stakeholder** that could benefit from the change of the weakness to a strength; and (2)
 - Outline how the stakeholder could specifically **benefit** from the change of the weakness to a strength. (4)

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

Weakness from the macro (external) environment	Strategy to change weakness into a strength	Stakeholder that could benefit from the change	How the stakeholder could specifically benefit from the change

6.5

4. The Toyota Way

... Every Toyota associate throughout the world is urged to take professional and personal responsibility for advancing the understanding and acceptance of The Toyota Way ...

This implies that Toyota has an ethical approach to its business operations.

Evaluate, with reasons, whether or not, the management of Toyota South Africa is acting in an ethical manner in each of the following scenarios:

- 6.5.1 Directors have password access to all computers that are used by employees at the Toyota South Africa Head Office. This is company policy and is written up in the information accessibility policy document. (5)
- 6.5.2 Drug abuse in the workplace has shown a dramatic increase. In response to this, Toyota South Africa requires all new employees, as part of their orientation programme, to go for a drug test. (5)

50 marks**Total Section B: 150 marks****Total: 200 marks**