

Marks: 150

Time: 1 Hour 30 minutes

Instructions

1. This paper consists of 7 pages with 6 questions. Make sure your paper is complete.
2. Answer every question.
3. All answers should be written on the answer paper provided.
4. It is in your own interest to write legibly. Illegible writing will not be marked!
5. **Draw a right hand margin** on every page.
6. **Leave a line** open after every answer.
7. Start every **section** (Section A, B & C) on a **new** double sheet.

SECTION A: 50 marks – 20 minutes**Question 1.1** Multiple Choice (20 marks – 5 mins)

Four possible options are provided as options to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number.

- 1.1.1 Which of the following statements is **INCORRECT**:
- A The internal environment is strongly influenced by leadership and management styles and behavior of employees.
 - B The Macro environment is made up by a set of other different specialized environments that directly influence both the micro and market environment.
 - C The Market environment is an external environment made up of the community directly outside the micro environment.
 - D The internal environment is not influenced by challenges and changes that occur within the market environment.
- 1.1.2 Improvement in Technology may lead to...
- A Environmental pollution
 - B Improved decision making
 - C Unemployment
 - D All of the above
- 1.1.3 If a business's mission statement is poorly defined, it will impact negatively on their performance in the...
- A Micro environment
 - B Market environment
 - C Macro environment
 - D All of the above
- 1.1.4 Which ONE of the following forms part of the macro-environment?
- A The mission of the business
 - B The economic environment
 - C Customers
 - D Suppliers
- 1.1.5 The market experiences a sudden change in consumer behavior, where more consumers tend to buy goods/services on credit, accordingly any business enterprise should change its internal sales policy and allow for credit sales.
- The above scenario forms part of which environment?
- A Micro
 - B Market
 - C Macro
 - D Both A & B

- 1.1.6 Which of the following legislation will **NOT** have an impact on the internal affairs of a business?
- A The Basic Conditions of Employment Act
 - B The Employment Equity Act
 - C White Paper 6
 - D The Agricultural Labour Act
- 1.1.7 Which of the following is **NOT** an example of the internal environment of a business?
- A interest
 - B marketing
 - C goals
 - D departments
- 1.1.8 The transformation of ownership of resources refers to.....?
- A employment equity
 - B black economic empowerment
 - C affirmative action
 - D skills development
- 1.1.9 Which of the following is **not** an example of a business fellowship?
- A power groups
 - B sanctions
 - C networking
 - D lobbying
- 1.1.10 For many businesses access to the international market has become easier with the advance of...
- A production systems
 - B ethical business practices
 - C marketing procedures
 - D information technology

1.2 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question number. (10 marks – 5 mins)

- 1.2.1 The macro environment has a direct impact on the business performance.
- 1.2.2 Global warming would most likely be an issue that would fall under the Physical Environment.
- 1.2.3 One component of the Public Relations function is to involve the business in 'Social Responsibility' programmes.
- 1.2.4 Amalgamations are when two or more businesses combine their resources to form a single larger business.
- 1.2.5 The secondary aim of any business is to make a profit.
- 1.2.6 A business which supplies electricity, gas and water is involved in the secondary sector.
- 1.2.7 Wholesale and retail trade form part of the tertiary sector.
- 1.2.8 Businesses are unable to exert any control over the macro-economic environment even with the existence of chambers of commerce and lobbying.

- 1.2.9 A forward link exists when businesses sell their products to businesses in the same sector.
- 1.2.10 A key characteristic of an entrepreneur is that they are risk makers.

1.3 Give one word or phrase for each of the following: (10 marks – 5 mins)

- 1.3.1 The consumers, suppliers, competitors and intermediaries which affect a business.
- 1.3.2 Businesses that are involved in extracting products and raw materials from natural resources.
- 1.3.3 The lifeblood of any business is having the right product, selling it at the right price, using the best promotion strategies in the right place.
- 1.3.4 Where existing products are adapted slightly to form improved products.
- 1.3.5 Income which consumers have available after earning an income and all taxes and deductions have been made from that amount earned.
- 1.3.6 A person living without a specific product/item and it is impossible to find alternative ways in order to satisfy that particular need/want.
- 1.3.7 Obtaining staff for a business and developing that staff through training programmes.
- 1.3.8 The decreasing buying power of money.
- 1.3.9 Middlemen in the distribution channel who facilitate distribution of goods from the producer to the consumer.
- 1.3.10 The stealing of an original product and reproducing it in the form of ‘original copies’ for resale purposes.

1.4 In each case choose the **correct concept from Column B**, which **matches** the information given in **Column A**. (10 marks – 5 mins)

COLUMN A		COLUMN B	
1.4.1	Changes in this environment bring changes in the way that products are made and tested.	A	Physical environment
1.4.2	Conditions in this environment include interest rates, inflation, the rate of taxation and the exchange rate.	B	Legal environment
1.4.3	The following are challenges facing a business in this environment: unemployment, poverty, crime and the increase in population.	C	Macro environment
1.4.4	This environment includes transport systems, availability of buildings for factories and pollution control.	D	Technological environment
1.4.5	The challenges of globalization effect this environment.	E	Social environment
1.4.6	The law regarding smoking in public places is part of this environment.	F	Micro environment
1.4.7	This environment includes issues like land ownership and land redistribution.	G	Institutional environment
1.4.8	Local authorities, regional authorities and central government are included in this environment.	H	Political environment
1.4.9	This environment consists of all the uncontrollable influences that may have a positive or negative effect on the business.	I	Economic environment
1.4.10	This environment is also known as the decision-making environment, because management has almost complete control over it.	J	International environment

SECTION B: Business Report 40 marks – 25 minutes

Question 2.

South Africa's former deputy president Phumzile Mlambo-Ngcuka said the following:
"Not only did employment allow a person to earn an income, but it also allows for one to contribute to the growth of the country. We are faced with the stubborn reality of unacceptable levels of unemployment and poverty."

Critically examine the factors contributing to unemployment and give some recommendations on how to alleviate unemployment in South Africa.

SECTION C: General Questions 60 Marks -45 minutes**Question 3.**

Give detailed definitions of the Micro, Market and Macro business environments. You must include whether the environments are influenced/controllable by the business or not, and name three factors that impact upon each environment, indicating very briefly why they can present challenges to the business. (18)

Question 4.

SAPA reported the following on the 15th of April 2005:

RESERVE BANK CUTS REPO RATE

An optimistic inflation outlook was the main consideration for the decision to cut the repo rate by 0,5 percent, SA Reserve Bank governor said.

But concern over slackening activity in some sectors of the local economy – particularly the manufacturing sectors – also played a big role.

The governor of the Reserve Bank announced that the repo rate, at which the SARB lends money to commercial banks, had been reduced to seven percent. This prompted commercial banks to announce a lowering of their prime lending rates by a margin similar to the SARB's to 10,5 percent.

4.1 Define the following:

- a) **INFLATION** (2)
 b) **REPO RATE** (2)

4.2 Who was the Governor of the South Africa Reserve Bank at that time? (2)

4.3 Give another term for **MANUFACTURING SECTOR**. (2)

4.4 Name the **OTHER TWO BUSINESS SECTORS** and explain each one. (12)

4.5 The Reserve Bank and the decisions that its Governor makes, forms part of which aspect of the macro environment? (2)

4.6 Name **TWO EXAMPLES** of commercial banks in South Africa. (4)

Question 5

Complete the table about the economic sectors. Write only the number and the missing information.

Sector	Description	Industry	Branch of industry	Examples of such a business
Primary	##.2	##.4	Sugar farming	Tongaat-Hulett's
		Mining	##.6	Anglo Gold
Secondary	##.3	##.5	Food Canning	##.8
##.1	The activities that direct this stream of goods.	Commercial services	##.7	ABSA

(16)

Question 6

Read the case study below and answer the question that follows.

THEMBA'S CLOTHING BOUTIQUE

Themba Nkosi established his business in 1990. His capital consisted mainly of money saved since he started working as a salesman for a clothing factory. He worked for nine years before being promoted to the position of marketing manager. In that post he acquired vast experience in planning, controlling and organising all marketing activities.

He resigned from the clothing factory because he felt that he had acquired enough experience to start and manage his own business in the manufacturing and selling of clothes.

Themba arranges regular meetings with the staff in order to ascertain whether there are any constraints in the workplace, and invites recommendations for solutions. He keeps the staff informed of business performance and achievements through an internal newsletter.

In addition to buying and selling stock from clothing factories, he also designs and manufactures certain lines of clothing as per request from special customers. Themba imports new fabrics from China and manufactures clothing that is targeted at the lower income groups.

He spends long hours ensuring that every business function operates effectively and smoothly. There are challenges from new businesses, flea markets; however, Themba perseveres with his business. He was nominated for the Businessman of the Year Award recently.

Analyse THREE entrepreneurial qualities of Themba's Clothing Boutique. Use the information in the case study to support your answer.

(12)