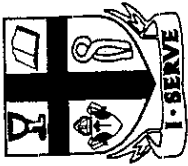


ST DUNSTAN'S COLLEGE
PRELIMINARY EXAMINATION 2008



GRADE 12 BUSINESS STUDIES - PAPER 1

LEARNING OUTCOME 1 – BUSINESS ENVIRONMENTS
LEARNING OUTCOME 2 – BUSINESS VENTURES
LEARNING OUTCOME 3 – BUSINESS ROLES
LEARNING OUTCOME 4 – BUSINESS OPERATIONS

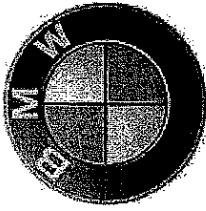
DATE: 24 JULY 2008
TIME: 2 HOURS

EXAMINER: MRS M. BURGER
MARKS: 200

INSTRUCTIONS

1. All the questions in this paper are compulsory.
2. Answer Section A on the answer sheet provided.
3. Read the questions carefully and plan the length of your answers in relation to the marks allocated for each question.
4. Refer to the case study where necessary.
5. Use your own words and insight when answering questions.
6. Begin each question on a new page in the answer booklet provided.
7. Do not write in the marking margin.
8. It is in your own interest to write neatly and systematically.
9. This question paper consists of 8 pages. (Including the cover page)

GOOD LUCK!



LIFE AT BMW

Attractive and exciting

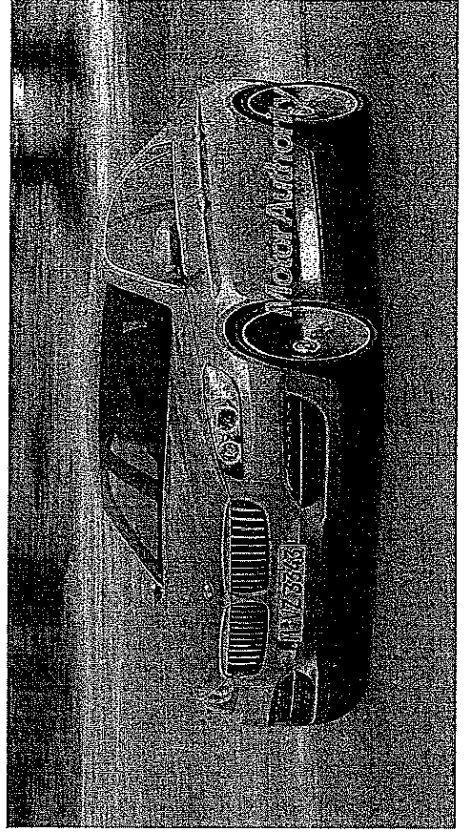
BMW South Africa is unique in many ways. They are the only subsidiary outside BMW Group in Germany that combines the vehicle manufacturing business and the national sales and marketing organisation into one company.

Their people are at the forefront of the most technologically advanced automotive manufacturing plant in the southern hemisphere, as well as a sales and marketing division spearheading an aggressive product offensive and commanding impressive market share compared to their sister organisations in other parts of the world.

They have a diverse range of challenges and exposure opportunities. Hi-tech, world-class vehicle manufacturing based on a multitude of engineering and process disciplines. Cutting edge information technology and people processes. Hands-on financial services. Exciting sales drives and regular product launches. International transfers and project opportunities. And behind the scenes there are countless opportunities in market and product research, technical analysis, change management, human resource consulting, and planning.

People are at the centre of their working practices, planning processes and strategies. They focus strongly on creating an attractive and exciting working environment.

Adapted from: www.bmw.co.za [Access date: 11 July 2008]



SECTION A Answer these questions on the answer sheet provided.

QUESTION 1

(20)

Choose the most correct answer. Mark with a cross (X) on the answer sheet provided.

- 1.1 To repeal discriminatory laws is the core part of the _____ contract. (2)
- A Labour Relation Act
B Affirmative Action
C Skills Development Act
D Employment Equity Act
- 1.2 Disciplinary rules and procedures form part of the _____ contract. (2)
- A insurance
B leasing
C hire-purchase
D employment
- 1.3 Which one of the following statements regarding creativity is true? (2)
- A Only intelligent people are creative.
B Knowledge does not assist creativity.
C Creativity is an innate ability that can be learnt.
D Only artistic people are creative.
- 1.4 The Labour Relation Act provides for maternity leave as follows: (2)
- A Four months paid leave
B Four months unpaid leave
C Two months unpaid leave
D Maternity leave not provide for in the LRA
- 1.5 An advantage of using team work within BMW is _____ (2)
- A greater output through collaboration is attained
B it is time-consuming
C technology is a requirement to succeed
D it encourages individualism
- 1.6 Which one of the following could be regarded as unethical and unprofessional behaviour? (2)
- A Increasing prices in line with competitors.
B Selling second-hand vehicles as new.
C Finding a substitute for the competitor's product.
D Employing unskilled workers.
- 1.7 BMW (SA) invests R2m in ABSA at an interest rate of 8% p.a. compounded monthly, calculate the interest on the investment after 2 months. (4)
- A R26 666,66
B R160 000,00
C R26 755,55
D R13 422,22
- 1.8 The BMW Roslyn factory with a current market value of R250 million was recently damaged in a small fire. Assessors have estimated that the damage to the building amounted to R100 000. The factory is insured for R150 million. How much will the insurance company pay out to BMW (SA)? (4)
- A R150 million
B R100 000
C R75 000
D R60 000

QUESTION 2

(20)

Match the concept in Column A with explanation in Column B. Write only the correct letter from Column B next to the appropriate question number of Column A in the space provided on the answer sheet.

	Column A	Column B
2.1	Articles of association	A Sold to raise long-term borrowed capital.
2.2	Memorandum of association	B Joint problem solving and decision-making in the workplace with regard to labour relations.
2.3	Secondary research	C Monitors unfair discrimination.
2.4	King Code	D Paid out to shareholders as compensation.
2.5	Lockout	E Research done on the internet to investigate new safety features of competitors vehicles.
2.6	Workplaces forum	F Evaluation of BMW (SA) in terms of corporate governance, as well as economic, environmental and social sustainability.
2.7	Debenture	G BMW management physically excludes employees from the workplace.
2.8	NEDLAC	H BMW (SA) funds an HIV/AIDS clinic offering free services to the community who need it.
2.9	CSI	I BMW makes the working environment impossible for a difficult employee to handle, resulting in him/her resigning.
2.10	Constructive dismissal	J Employers, employee and government are brought together in terms of labour relations.
		K Employees who refuse to work.
		L The neutral third party who makes decisions about who is right and wrong in labour disputes.
		M Used to determine the nature and scope of BMW.
		N States the internal rules of BMW.

QUESTION 3

(10)

Choose the correct term from those bold terms in brackets to complete the statement. Write only your choice next to the question number on your answer sheet.

- 3.1 it is **(unethical / unprofessional)** for an employee to pretend that he/she is sick and stay home from work.
- 3.2 In an employment contract the **(employer / employee)** is responsible for paying the salary.
- 3.3 Appointment from within BMW is known as **(internal / external)** recruitment.
- 3.4 As a private company it is **(easy / difficult)** to adapt to change.
- 3.5 BMW increase wages and salaries by 5% across all levels for the current year indicates a/an **(factual / strategic / operational)** management decision.

SECTION B Answer these questions on the folio paper provided.

[150]

QUESTION 1

[50]

Corporate Social Responsibility

BMW's investment in the upgrade of the company's production facility in Rosslyn, just north of Pretoria, is just one way in which BMW has invested in South Africa. In reality, the company's interest in and commitment to the local community goes a lot deeper.



This is because BMW South Africa is committed to developing a partnership with its neighbouring communities. The company invests millions of Rands every year in empowering these communities, developing sustainable skills, and contributing in the long-term, to a better quality of life.

The company does not believe in handouts, but rather in investing in ways which help communities to help themselves. This investment can be categorised into five key areas: education, science and technology, sport, the environment and local community development.

Adapted from: www.bmw.co.za [Access date: 11 July 2008]

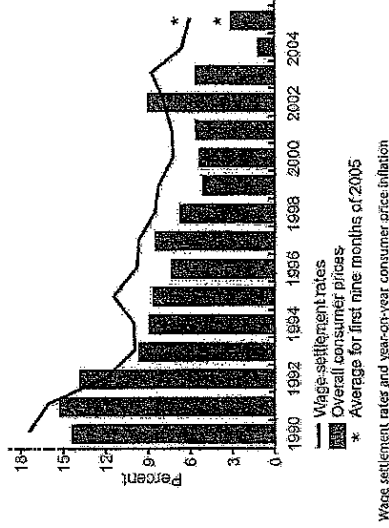
- 1.1 Corporate social responsibility has become a part of big business such as BMW in South Africa since 1990 when apartheid was abolished.
 - 1.1.1 Describe how corporate social responsibility benefits BMW and the community. (8)
 - 1.1.2 Quote a line from the text that indicates that BMW believes in sustainable CSI programmes. (1)
 - 1.1.3 Design a short CSI programme in one of the five key areas identified by BMW. (10)
- 1.2 Distinguish between the different management styles used within BMW.
 - 1.2.1 Autocratic (4)
 - 1.2.2 Democratic (4)
 - 1.2.3 Laissez-faire (4)
- 1.3 BMW (SA) is compelled to pay 1% of their salary/wage bill as part of the Skills Development Levy.
 - 1.3.1 Explain the purpose of the Skills Development Act, 1998. (6)
 - 1.3.2 Illustrate the progress of this Act in South African industry. (4)
- 1.4 When the prime interest rate is increased, BMW and their consumers are affected. Discuss the above statement, making use of examples. (6)
- 1.5 Name three elements in the macro environment that would affect BMW. (3)

QUESTION 2

[50]

2.1 Study the graph below and answer the questions that follow.

The graph below illustrates the ratio between wage settlement rates that were achieved during collective bargaining agreements and consumer price inflation from 1990 to 2005.



- 2.1.1 During which period was the lowest wage settlement rate achieved? (1)
- 2.1.2 During which periods does the consumer price inflation exceed the wage settlement rate? (2)
- 2.1.3 Studying the wage settlement trend from 1995 to 2001, what conclusions do you draw? (4)
- 2.1.4 What conclusion can be drawn regarding 1992 and 2002? (2)
- 2.1.5 During which year was the wage settlement rate and consumer price almost on par? (1)
- 2.2 Read the fictitious information below and answer the questions that follow.

Gerry Newland is the managing director of BMW (SA)'s production plant in Rosslyn, Pretoria.

Administration and finance: Alan Kenwood is the accountant and has two assistants (one needs constant supervision as she is careless and often makes mistakes). This department also houses the receptionist/secretary.

Production: Solly Nomuzi is the factory manager and has excellent ideas on how to improve the products, but is frustrated at not being given the opportunity to share these. He finds it difficult to motivate the 38 workers under his supervision who are not completing work according to deadlines.

Advertising: Samuel Xhosa is the creative designer who heads up the advertising department. There are two other members in his team.

Sales: Frank Elliot heads the sales team. He has six sales people who work well as a team under him. Frank has regular department meetings and he and his staff have been collating information obtained from their customers.

Gerry has e-mailed Frank to say that he feels Frank spends too much time in meetings with his staff when they could be out selling.

- 2.2.1 Draw an organogram using the information above. (15)
- 2.2.2 What is Gerry Newland's span of control? (1)
- 2.2.3 Do you think Gerry is using an appropriate management style? Motivate your answer. (5)

- 2.2.4 Is the e-mail that Gerry sent to Frank justified? Motivate your answer. (5)
- 2.2.5 Frank has requested to employ a seventh sales person. Prepare a suitable job description of the position Frank wishes to fill. (6)
- 2.3 Classify each of the following descriptions under **compulsory insurance** or **non-compulsory insurance**. Write the appropriate category next to the question number and give a reason for your answer.
- Example:*
 Shoppinglifting -- Non-compulsory insurance
 Reason: The owner has the right to absorb the risk.
- 2.3.1 Safety of employees traveling in a taxi on a public road to the BMW plant. (3)
- 2.3.2 BMW dealership destroyed by fire. (3)
- 2.3.3 Protection of BMW employees against injury in the factory. (3)

QUESTION 3



BMW EMPLOYMENT EQUITY

BMW believes in achieving equal opportunity through transformation.

BMW prides itself on its worldwide diverse and inclusive culture. The Employment Equity Programme clearly supports South African transformation and democracy. The broad objective of the Employment Equity programme is to achieve an equitable representation in all occupational levels and categories.

BMW values diversity as a strategic business imperative to gain the competitive edge worldwide.

Adapted from: www.bmw.co.za [Access date: 11 July 2008]

New scorecard measures BEE status on merit

3 May 2005

Black Economic Empowerment (BEE) by the Department of Trade and Industry will have an effect on the way business is run for a while to come and assesses are run for a while to come and will not be limited to the government and bigger corporations, says Paul Janzich, a BEE consultant specialising in transformation in small, medium and micro enterprises (SMMEs). He says BEE is not all about giving away a share of your business. Equity is only one of the criteria that have to be fulfilled to empower your company. Laws relating to BEE include the Employment Equity Act, the Skills Development Act and the Broad Based Black Economic Empowerment Act (BBBEE Act), the latest and most significant piece of legislation. "The BBBEE Act was passed in 2003 and is the government's most positive initiative towards making BEE benefit-based." Draft codes of good practice and a draft scorecard were developed

SOURCE: Oxford Exam Success, Study Guide, Gr 12 Business Studies

- 3.1 Read the newspaper article above and answer the questions that follow.
- 3.1.1 Explain BBBEE in your own words. (6)
- 3.1.2 What is the scorecard, and how is it used. (4)
- 3.2 BMW's Employment Equity Programme must follow the provisions of the Employment Equity Act. Briefly outline the provisions of this Act. (4)
- 3.3 The financial manager of BMW wants to invest R2 million rand in either unit trusts or a fixed deposit. She has investigated the following options.
- Option A**
 R2 million to be invested in Old Mutual Unit Trust at 10% interest per annum over a period of 2 years. Interest is payable at the end of the two year period.
- Option B**
 R2 million to be invested in an ABSA fixed deposit account where interest (8% p.a.) is compounded annually.
- 3.3.1 Calculate the interest earned on each investment option after two years. (10)
- 3.3.2 Advise the financial manager of BMW which of the two options she should consider. (2)
- 3.4 When purchasing a BMW vehicle, Kim Knowles took out an insurance policy with OUTsurance. She opted for an excess of R1 000.
- 3.4.1 What does the term excess mean? (2)
- 3.4.2 What is the purpose of excess? (2)
- 3.5 BMW's marketing team needs to be constantly aware of the influence of the market environment challenges on its product. Making use of Porter's Five Force Model will enable them to do this successfully. Look at what is required of you below and give this information in a tabulated format as illustrated. (Draw the table in your answer book).
- 3.5.1 Identify the five challenges presented in Porter's Model. (5)
- 3.5.2 Indicate the impact of each of these challenges on BMW, i.e. low, medium or high. (5)
- 3.5.3 Discuss the impact each of these forces would have on BMW. (10)

3.5.1	3.5.2	3.5.3
Porter's five challenges	Impact of each challenge on BMW (low, medium, high)	Discussion of impact