

UNKNOWN

2009

Prelim Examinations

Subject : Business Studies Paper : I
Grade : 12 Marks : 200

This exam paper covers the four learning outcomes for Business Studies:

- LO1 – Business Environments
- LO2 – Business Ventures
- LO3 – Business Roles
- LO4 – Business Operations

INSTRUCTIONS:

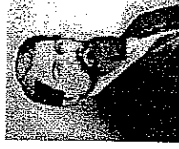
1. The paper consists of 13 pages and an Answer Sheet. Please check that your question paper is complete.
2. Read the questions carefully and plan the length of your answers in relation to the marks allocated for each question.
3. All questions are compulsory. Section A comprises of Multiple Choice as well as true or false type questions and must be answered on the Answer Sheet provided. Section B comprises THREE shorter answer type questions.
4. Refer to the case studies when required.
5. Use your own words and insight when answering questions.
6. Answer each new question on a new page.
7. Number your answers as the questions are numbered on the exam page.
8. Candidates are advised to pay special attention to the use of language.
9. It is in your own interest to write legibly and present your work neatly.

The following information is useful in answering all the questions in this paper:

The Chronicle of Coca-Cola

BIRTH OF A REFRESHING IDEA

The product that has given the world its best-known taste was born in Atlanta, Georgia, on May 8, 1886. Dr. John Stith Pemberton, a local pharmacist, produced the syrup for Coca-Cola®, and carried a jug of the new product down the street to Jacobs' Pharmacy, where it was sampled, pronounced "excellent" and placed on sale for five cents a glass as a soda fountain drink. Carbonated water was teamed with the new syrup to produce a drink that was at once "Delicious and Refreshing," a theme that continues to echo today wherever Coca-Cola is enjoyed.



Thinking that "the two Cs would look well in advertising," Dr. Pemberton's partner and bookkeeper, Frank M. Robinson, suggested the name and penned the now famous trademark "Coca-Cola" in his unique script. The first newspaper ad for Coca-Cola soon appeared in *The Atlanta Journal*, inviting thirsty citizens to try "the new and popular soda fountain drink." Hand-painted oilcloth signs reading "Coca-Cola" appeared on store awnings, with the suggestion "Drink" added to inform passersby that the new beverage was for soda fountain refreshment. During the first year, sales averaged a modest nine drinks per day.

Dr. Pemberton never realized the potential of the beverage he created. He gradually sold portions of his business to various partners and, just prior to his death in 1888, sold his remaining interest in Coca-Cola to Asa G. Candler. An Atlantan with great business acumen, Mr. Candler proceeded to buy additional rights and acquire complete control.

Excerpt taken from http://www.thecoca-cola.com/heritage/chronicle_birth_refreshing_idea.html

SECTION A COMPULSORY

QUESTION 1 Choose the most correct alternative. Make a cross (X) over the correct answer on your Answer Sheet.

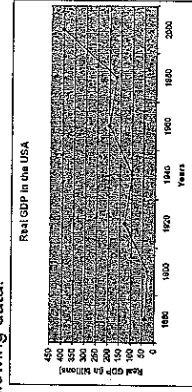
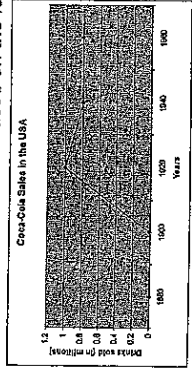
- 1.1 Vertical integration occurs when:
- A. a long-term strategy is developed aimed at creating technology that will give a competitive edge
 - B. similar businesses are acquired to gain access to new markets or eliminate competition
 - C. a supplier or customer is acquired in order to ensure a reliable resource supply or reliable wholesale or retail
 - D. old markets are developed more intensively or new markets are opened up
- 1.2 The most suitable strategy for Asa G. Candler going forward from the moment he bought Coca-Cola from Pemberton would have been:
- A. Concentration
 - B. Product development
 - C. Horizontal integration
 - D. Liquidation

You will need the following information in order to answer questions 1.3 to 1.5:

Coca-Cola has discovered that if they have invested in South Africa they must accept that a labour plan must be submitted annually and a labour inspector will inspect there business to ensure they are keeping to their plan.

- 1.3 Coca-Cola would have learnt this information from the:
- A. Basic Conditions of Employment Act
 - B. Employment Equity Act
 - C. Labour Relations Act
 - D. Skills Development Act
- 1.4 Coca-Cola is expected to submit this labour report to the:
- A. Labour inspector
 - B. Director-general
 - C. Minister of Labour
 - D. CCMA
- 1.5 Coca-Cola would today be expected to submit this labour report:
- A. once a month
 - B. once every six months
 - C. once a year
 - D. once every two years

Questions 1.6 to 1.9 are based on the following data:



1.6 The above two graphs are examples of:

- A. bar graphs
- B. histograms
- C. line graphs
- D. tabular displays

1.7 In which period could Coca-Cola not necessarily be blamed for their poor performance:

- A. 1900 to 1920
- B. 1920 to 1940
- C. 1940 to 1960
- D. 1960 to 1980

1.8 In which period is it most clear that Coca-Cola should have done better:

- A. 1900 to 1920
- B. 1920 to 1940
- C. 1940 to 1960
- D. 1960 to 1980

1.9 Real GDP represents the ... environment to Coca-Cola:

- A. macro (economic)
- B. macro (legislative)
- C. market (customers)
- D. market (competitors)

1.10 In a time of inflation, Asa G. Candler became famous for breaking down all the ingredients in Coca-Cola, taking the top five most expensive inputs and sending out a team to source those ingredients at a cheaper price. In terms of problem-solving techniques this is often known as:

- A. Drill down
- B. Value analysis
- C. VISA technique
- D. Flow charts

1.11 One will find the following information on Coca-Cola's website:

We are guided by shared Values that we will live by as a company and as individuals:

- **Leadership:** "The courage to shape a better future"
- **Passion:** "Committed in heart and mind"
- **Integrity:** "Be real"
- **Accountability:** "If it is to be, it's up to me"
- **Collaboration:** "Leverage collective genius"
- **Innovation:** "Seek, imagine, create, delight"
- **Quality:** "What we do, we do well"

This information is closest to being an example of a:

- A. Mission statement
- B. Individual ethics
- C. Corporate governance
- D. Code of conduct

The following information relates to questions 1.12 and 1.13. In recruiting a production manager for a new plant Coca-Cola would have to draw up certain documents such as a job description, job specification and a job advertisement.

1.12 A job description is:

- A. the actual activity of obtaining information on a particular job or position
- B. a summary of what a particular job entails
- C. all that an applicant must bring to the position he/ she wishes to fill
- D. a thorough investigation of the work that needs to be done in a particular organisation or department

1.13 A job specification is:

- A. the actual activity of obtaining information on a particular job or position
- B. a summary of what a particular job entails
- C. all that an applicant must bring to the position he/ she wishes to fill
- D. a thorough investigation of the work that needs to be done in a particular organisation or department

1.14 At the time that Coca-Cola was first founded:

- A. guilds were being established to deal with issues such as apprenticeship
- B. friendly societies were demanding better working conditions from employers
- C. trade unions began representing the interests of craftsmen in a less aggressive manner than before
- D. White workers were striking on the mines in South Africa

1.15 Candler was known for organising his workers in such a manner that they regularly brainstormed quality problem-solving and implementation. This is more commonly known as:

- A. TQM
- B. Lean
- C. Quality circles
- D. MBO

[15 x 2 marks = 30 marks]

QUESTION 2

Indicate whether the following statements are TRUE or FALSE by marking an "X" over your choice. Correct the statement if it is false. If it is true it counts one mark, while the correction of an incorrect statement will be either TWO or THREE marks.

- 2.1 In providing a large number of jobs only to locals, paying employees well and making a large profit Coca-Cola South Africa is fulfilling the requirements of the King II report.
- 2.2 The so-called "soft areas" of a workers performance are those areas in which clear standards of performance are difficult to set.
- 2.3 Coca-Cola South Africa could well be asked by the government to increase production in order to fulfil the requirements of Jipisa.
- 2.4 The following is a clause in the Bill of Rights: Everyone has the right to a basic education, including adult basic education; and to further education, which the state, through reasonable measures, must make progressively available and accessible.
- 2.5 Primary Research is data and information that the researcher(s) has gathered directly before analysing, interpreting and presenting.
- 2.6 When Asa Candler decided to convert Coca-Cola into a public company he could reasonably have expected to have received a bonus share as payment for his efforts.
- 2.7 Unit trusts are a great medium to long-term investment for the average investor.
- 2.8 When Pemberton first started Coca-Cola his most likely choice of form of ownership would have been a close corporation.
- 2.9 Asa Candler proved to be a very participative leader in that he preferred to step back once he had transferred responsibility.
- 2.10 Arbitration occurs when someone neutral is appointed to make a decision in a conflict for the conflicting parties concerned.

2.11 The Council of South African Trade Unions (COSATU) held a strike on Wednesday the 6th August 2008 in order to call on government to increase their remuneration to civil servants.

[20 marks]

[50 marks]

SECTION B COMPULSORY

QUESTION 3

Carefully read the following extract and then answer the questions that follow:

The Chronicle of Coca-Cola

A MAN NAMED WOODRUFF

In 1919, a group of investors headed by Ernest Woodruff and W. C. Bradley purchased The Coca-Cola Company for \$25 million. The business was reincorporated as a Delaware corporation, and 500,000 shares of its common stock were sold publicly for \$40 per share.

Four years later, Robert Winship Woodruff, Ernest Woodruff's son, was elected president of the Company, beginning more than six decades of active leadership in the business. Before joining the soft-drink firm, the 33-year-old Georgian had risen from truck salesman to vice president and general manager of White Motor Company. The new president put uncommon emphasis on product quality. Mr. Woodruff established a "Quality Drink" campaign using a staff of highly trained service people to encourage and assist fountain outlets in aggressively selling and correctly serving Coca-Cola. And with the assistance of leading bottlers, his management established quality standards for every phase of the bottling operation. Mr. Woodruff saw vast potential for the bottle business, so advertising and marketing support was substantially increased. By the end of 1928, Coca-Cola sales in bottles had for the first time exceeded fountain sales.

Robert Woodruff's leadership through the years took the Coca-Cola business to unrivaled heights of commercial success. Merchandising concepts accepted as commonplace today were considered revolutionary when Mr. Woodruff introduced them. The Company pioneered the innovative six-bottle carton in the early 1920s, for example, making it easier for the consumer to take Coca-Cola home. The simple cardboard carton, described as "a home package with a handle of invitation," became one of the industry's most powerful merchandising tools.



Perhaps Mr. Woodruff's greatest contribution was his vision of Coca-Cola as an international product. Working with talented associates, he established the global momentum that eventually carried Coca-Cola to every corner of the world.

Excerpt taken from <http://www.thecoca-coloccompany.com/heritage.html>

3.1 Form of ownership:

- 3.1.1 What form of ownership did Woodruff and Bradley choose in 1919? Explain your answer. (3)

- 3.1.2 Do you think this was a wise form of ownership for Woodruff and Bradley to choose? Explain your answer considering both your own knowledge and the information in the excerpt. (4)
- 3.2 Capital acquisition:
- 3.2.1 Explain the difference between the TWO major types of shares that Woodruff and Bradley could have considered selling to the public. (6)
- 3.2.2 List THREE possible reasons why Woodruff and Bradley chose to acquire own capital rather than borrowed capital. (4)
- 3.3 Name and explain the major principle that governs insurance Coca-Cola would acquire to protect their machinery. (6)
- 3.4 There are a number of tools that might have been available to Woodruff when he "established [his] "Quality Drink" campaign" including "quality standards".
- 3.4.1 Do you think Robert Woodruff was a leader or a manager? Explain your answer. (5)
- 3.4.2 Name TWO outside organisations that one can use to day to set the same sort of "quality standards". (2)
- 3.4.3 Assume Robert Woodruff asked you to write him a brief report on the quality control tools you suggest he use as he launches his "Quality Drink" campaign. Write the report for him explaining your choices throughout. (20)

50 marks

QUESTION 4 Compulsory

Carefully read the following code of conduct and then answer the questions that follow:

Mission, Vision & Values

Our mission, vision and values outline who we are, what we seek to achieve, and how we want to achieve it. They provide a clear direction for our Company and help ensure that we are all working toward the same goals.

Everything we do is inspired by our enduring **Mission**:

To Refresh the World...in body, mind, and spirit.

To Inspire Moments of Optimism...through our brands and our actions.

To Create Value and Make a Difference...everywhere we engage.

To achieve sustainable growth, we have established a **Vision** with clear goals: **People**: Being a great place to work where people are inspired to be the best they can be.

Planet: Being a responsible global citizen that makes a difference.

Portfolio: Bringing to the world a portfolio of beverage brands that anticipate and satisfy peoples' desires and needs.

Partners: Nurturing a winning network of partners and building mutual loyalty.

Profit: Maximizing return to shareowners while being mindful of our overall responsibilities.

We are guided by shared **Values** that we will live by as a company and as individuals:

Leadership: "The courage to shape a better future"

Passion: "Committed in heart and mind"

Integrity: "Be real"

Accountability: "If it is to be, it's up to me"

Collaboration: "Leverage collective genius"

Innovation: "Seek, imagine, create, delight"

Quality: "What we do, we do well"

Excerpt taken from http://www.thecoca-colacompany.com/ourcompany/mission_vision_values.html

4.1 Mission, vision and values:

- 4.1.1 Why does Coca-Cola feel it is so important to document their mission, vision and values? Explain using the above document and your own prior knowledge. (4)
- 4.1.2 List THREE major ethical issues that are current in today's business world. (6)

4.2 Corporate governance:

- 4.2.1 Explain the concept of corporate governance. (4)
- 4.2.2 Considering their document on mission, vision and values write a brief critique of whether you think Coca-Cola's corporate governance is good or not. (10)
- 4.2.3 Suggest a specific corporate social investment project for Coca-Cola South Africa that would suit the business' mission, vision and values as well as the government's Reconstruction and Development Programme. Explain your suggestion. (10)
- 4.3 Provide a valid principle and standard to go with Coca-Cola's value of "Quality". (4)
- 4.4 Coca-Cola has discovered an issue of conflict between management and workers at a South African factory. Many of the management are American – bringing in their experience to the new plant – while the South African workers harbour some resentment to "all things American".
- 4.4.1 List THREE reasons why Coca-Cola would not want this to become a dysfunctional conflict. (6)
- 4.4.2 Suggest a conflict management tool to be used to deal with the above conflict. Explain your reasoning. (6)

50 marks

QUESTION 5 Compulsory

Carefully read the following research and then answer the questions that follow: Coca-Cola (South Africa) has recently done a survey on people's drinking preferences. The following responses were given by a group of individuals at a local shopping mall:

NO.	GENDER (M/F)	DRINKING PREFERENCE
1	M	Coke
2	M	Coke
3	M	Sprite
4	F	Fruit juice
5	M	Coke
6	F	Fruit juice
7	F	Iced tea
8	M	Fruit juice
9	M	Sprite
10	F	Sprite
11	F	Coke
12	F	Fruit juice
13	F	Iced tea
14	M	Iced tea
15	F	Coke
16	M	Coke
17	M	Sprite
18	M	Fruit juice
19	M	Sprite
20	F	Iced tea

5.1 Management Information Systems:

- 5.1.1 List the steps in an effective MIS and indicate which step the above survey represents. (5)
- 5.1.2 Explain the difference between data and information. (4)
- 5.1.3 Is the survey given above an example of data or information? Explain your answer. (3)
- 5.2 Visual displays:
- 5.2.1 Carefully process and tabulate the sum of responses per cooldrink preference for men and for women. (8)
- 5.2.2 Accurately bar graph the response of males in the above survey. (5)
- 5.2.3 Accurately line graph the response of females in the above survey. (5)

5.3 Suggest any THREE conclusions Coca-Cola might draw from this survey.
Thoroughly explain your reasoning. (6)

5.4 Creative thinking in problem solving:

5.4.1 List and explain TWO types of problem-solving techniques – other than
DRIVE - that you have learnt about. (6)

5.4.2 Coca-Cola (South Africa) has noticed a shift away from fizzy drinks due to a
renewed interest in a healthy lifestyle. Use the DRIVE problem-solving
technique to tackle this problem. (8)

50 marks

Name: _____

PRELIM EXAMINATION
SEPTEMBER 2008

BUSINESS STUDIES

ANSWER SHEET

QUESTION 1

SHORT QUESTIONS

Indicate the most correct answer by drawing a cross (X) over the corresponding letter in the column below.

1.1	A	B	C	D
1.2	A	B	C	D
1.3	A	B	C	D
1.4	A	B	C	D
1.5	A	B	C	D
1.6	A	B	C	D
1.7	A	B	C	D
1.8	A	B	C	D
1.9	A	B	C	D
1.10	A	B	C	D
1.11	A	B	C	D
1.12	A	B	C	D
1.13	A	B	C	D
1.14	A	B	C	D
1.15	A	B	C	D

QUESTION 2

Indicate whether the following statements are TRUE or FALSE by marking an "X" over your choice. 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	True	False
2.2	True	False
2.3	True	False
2.4	True	False
2.5	True	False
2.6	True	False
2.7	True	False
2.8	True	False
2.9	True	False
2.10	True	False
2.11	True	False