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# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

**BUSINESS STUDIES**

**NOVEMBER 2014**

**MARKS: 300**

**TIME: 3 hours**

**This question paper consists of 12 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers all main topics.  
 SECTION A: COMPULSORY  
 SECTION B: Consists of FIVE questions.  
 Answer any THREE of the five questions in this section.  
 SECTION C: Consists of FOUR questions.  
 Answer any TWO of the four questions in this section.
2. Read the instructions for each question carefully and take particular note of what is required.
3. Number the answers correctly according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
<b>A: Objective type questions COMPULSORY</b>	<b>1</b>	<b>40</b>	<b>30 minutes</b>
<b>B: FIVE direct/indirect type questions CHOICE (Answer any THREE.)</b>	<b>2</b>	<b>60</b>	<b>30 minutes</b>
	<b>3</b>	<b>60</b>	<b>30 minutes</b>
	<b>4</b>	<b>60</b>	<b>30 minutes</b>
	<b>5</b>	<b>60</b>	<b>30 minutes</b>
	<b>6</b>	<b>60</b>	<b>30 minutes</b>
<b>C: FOUR essay-type questions CHOICE (Answer any TWO.)</b>	<b>7</b>	<b>40</b>	<b>30 minutes</b>
	<b>8</b>	<b>40</b>	<b>30 minutes</b>
	<b>9</b>	<b>40</b>	<b>30 minutes</b>
	<b>10</b>	<b>40</b>	<b>30 minutes</b>
<b>TOTAL</b>		<b>300</b>	<b>180 minutes</b>

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, et cetera.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

**SECTION A (COMPULSORY)****QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK, for example 1.1.11 B.

1.1.1 One item that should appear in the code of conduct for chartered accountants is to ...

- A take full responsibility for yourself and your work.
- B dress according to the latest office fashion.
- C use customers' personal details for financial gain.
- D make sure that your business is sustainable.

1.1.2 The King Code of Corporate Governance contains examples of ethical business practice. An example of an ethical business practice is to ...

- A inflate financial results artificially in order to obtain a bank loan.
- B conceal harmful information about a new product launched on the market.
- C sell second-hand furniture at lower prices than new furniture.
- D do business with countries that have poor human rights records.

1.1.3 The problem-solving technique where key words are displayed and put together in order to generate new, creative ideas:

- A Six Thinking Hats
- B Force-field analysis
- C Empty chair
- D Forced combination

1.1.4 Which ONE of the following will most likely be included in a salary advice?

- A Property rates
- B Housing allowance
- C Electricity payment
- D Bank charges

1.1.5 Shares bought at R10 each are now worth R15. This refers to ...

- A return on investment.
- B capital gains.
- C dividends.
- D interest income.

- 1.1.6 A ... indicates that a company has borrowed money and promises to repay it in future under clearly defined terms.
- A share
  - B dividend
  - C debenture
  - D prospectus
- 1.1.7 The general manager of Super M Butchery gives orders to staff members and does not allow them to give any inputs with regard to decision-making. This leadership style is best described as ...
- A democratic.
  - B charismatic.
  - C laissez-faire.
  - D autocratic.
- 1.1.8 A graphic presentation of a set of sales figures shown as a series of rectangles:
- A Line graph
  - B Bar graph
  - C Table
  - D Diagram
- 1.1.9 This Act promotes demographic representation in a business:
- A Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)
  - B Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
  - C Employment Equity Act, 1998 (Act 55 of 1998)
  - D National Credit Act, 2005 (Act 34 of 2005)
- 1.1.10 Collaboration means that team members ...
- A work effectively on their own.
  - B do not rely on each other.
  - C are held accountable for their actions.
  - D agree to co-operate in working towards a common goal.

(10 x 2) (20)

- 1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK. Where applicable, only the acronym given in the question will be accepted as an answer.
- 1.2.1 The (Compensation for Occupational Injuries and Diseases Act [COIDA]/Road Accident Fund Act [RAF]) provides cover for all claims of individuals and their dependants injured or killed in a car crash.
- 1.2.2 (Time-related/Piecemeal) pay is received when each task is completed.
- 1.2.3 The production manager cannot find suppliers of quality raw materials. This is a challenge in the (micro/market) business environment.
- 1.2.4 Lerato completed her accredited learnership programme at Azur Chef School and obtained a (National Qualifications Framework [NQF]/Non-governmental Organisations [NGO]) qualification.
- 1.2.5 The (founding statement [FS]/memorandum of incorporation [MOI]) specifies the main business activities of a public company. (5 x 2) (10)
- 1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–I) next to the question number (1.3.1–1.3.5) in the ANSWER BOOK, for example 1.3.6 J.

COLUMN A	COLUMN B
1.3.1 RSA retail bonds	A analyses the market environment
1.3.2 Internal recruitment	B outlines the minimum requirements of a post
1.3.3 Job specification	C requires a minimum investment amount of R1 000
1.3.4 Unit trusts	D description of the tasks to be performed
1.3.5 Porter's Five Forces	E promotion/transfer of current employees
	F a job advertisement in a national newspaper
	G analyses the micro-environment
	H a portfolio of funds managed by financial experts
	I the minimum amount to be invested is R500

(5 x 2) (10)

**TOTAL SECTION A: 40**

**SECTION B**

Answer ANY THREE questions in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, et cetera.

**QUESTION 2: BUSINESS ENVIRONMENT**

2.1 Read the scenario below and answer the questions that follow.

**TEX BANK**

Tex Bank was recently fined R30 million by the NCR for recklessly granting loans to clients who did not qualify for a loan. The bank did not properly assess the clients' creditworthiness which resulted in some of the clients not being able to repay their loans and/or becoming over-indebted. The NCR ordered the bank to write off debts from recklessly granted loans.

- 2.1.1 What does the acronym *NCR* stand for? (1)
- 2.1.2 Identify the Act that was contravened by Tex Bank in the granting of loans. (1)
- 2.1.3 Describe the advantages of the appropriate Act identified in QUESTION 2.1.2, for Tex Bank as a credit provider. (4)
- 2.1.4 Explain why Tex Bank was fined for recklessly granting loans to clients. Use the relevant Act to support your answer. (4)
- 2.1.5 Discuss the consequences that Tex Bank may face for granting loans recklessly. (4)
- 2.2 Strategic management is a process which ensures that suitable business strategies are developed and implemented in response to challenges in the business environment.
- 2.2.1 Outline how the strategic management process can be applied by businesses. (10)
- 2.2.2 Justify how each of the THREE defensive strategies can be implemented. (9)
- 2.3 The Labour Relations Act, 1995 (Act 66 of 1995) was introduced to regulate labour relations between employers and employees.
- 2.3.1 Propose FOUR actions which may be regarded as non-compliance to this Act. (8)
- 2.3.2 Analyse the impact of this Act on South African employers/businesses. (10)

- 2.4 The main objective of businesses is to make profit. They are also expected to promote human rights in terms of their broad-based approach.
- 2.4.1 Identify THREE basic human rights that can be linked to the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003). (3)
- 2.4.2 Analyse the link between this Act and each of the basic human rights identified in QUESTION 2.4.1. (6)
- [60]**

### QUESTION 3: BUSINESS VENTURES

- 3.1 List FOUR requirements of an effective and logical presentation. (8)
- 3.2 Compare the *situational leadership theory* and the *transformational leadership theory*. (12)
- 3.3 Discuss any FOUR benefits provided to employees by the Unemployment Insurance Fund (UIF). (12)
- 3.4 Distinguish between *insurance* and *assurance*. Support your answer by providing ONE example of each. (6)
- 3.5 Read the scenario below and answer the questions that follow.

Peter Simpson bought a new house with a market value of R500 000 in Vryheid. He decided to insure his house for R400 000. He also took a loan for three years from Standard Bank for R20 000 at 18% interest p.a.

- 3.5.1 Identify the insurance concept that best describes Peter's action when he insured his house to the value of R400 000. (2)
- 3.5.2 Give TWO possible reasons why Peter decided to take out insurance on his house. (4)
- 3.5.3 If fire damage to the house amounts to R300 000, calculate the amount that Peter will receive as compensation. (Show ALL your workings.) (4)
- 3.5.4 Determine the amount that Peter will have to pay on his loan to Standard Bank at 18% p.a. compound interest after three years. (Show ALL your workings.) (6)
- 3.5.5 Calculate the amount that Peter will be expected to repay if he borrowed the same amount, but at simple interest of 18% p.a. for three years. (Show ALL your workings.) (6)
- [60]**



**QUESTION 4: BUSINESS ROLES**

- 4.1 Identify the unethical business practice illustrated in each scenario below AND suggest ONE business strategy to address each scenario in order to promote ethical conduct:
- 4.1.1 EE Electric Company is paid cash for its services in order to avoid paying VAT on the transaction. This transaction is not recorded. (4)
- 4.1.2 John Tlale, a manager at Jakes Fittings, often makes unwelcome comments to his female colleagues. (4)
- 4.1.3 Employees of OD Devices Limited are often on social networks on the Internet during work time. (4)
- 4.2 Elaborate on the meaning of *problem solving*. (6)
- 4.3 Distinguish between a *grievance* and *conflict* at the place of employment. (4)
- 4.4 Explain the concept of *diversity in the workplace*. (6)
- 4.5 Describe the advantages of creative thinking in the workplace. (8)
- 4.6 Read the scenario below and answer the questions that follow.

**BRICKS CONSTRUCTION LTD**

Bricks Construction Ltd is building a new medical clinic in a small rural town. They are two months late in completing the project and will have to pay huge penalties if they cannot meet the deadline. The board of directors has decided to address this challenge (of not finishing on time) without compromising quality workmanship.

- 4.6.1 Advise Bricks Construction on how to apply the nominal group technique in order to overcome the challenge facing them. (6)
- 4.6.2 Explain ONE advantage and ONE disadvantage of the technique applied in QUESTION 4.6.1. (6)
- 4.7 Discuss the following unethical advertising practices and give a practical example of each:
- 4.7.1 False promises (4)
- 4.7.2 Misleading packaging (4)
- 4.7.3 Bait and switch (4)

**[60]**

**QUESTION 5: BUSINESS OPERATIONS**

- 5.1 Explain ONE advantage for a business when fringe benefits are provided to its employees. Give TWO examples of fringe benefits to support your explanation. (4)
- 5.2 Recommend the quality indicators for each of the following business functions:
- 5.2.1 Public relations (8)
- 5.2.2 Administration (8)
- 5.3 Read the scenario below and answer the questions that follow.

**DM MOTOR MANUFACTURERS (DMMM)**

Danny was recently appointed in the production department. According to business policy Danny should undergo an induction program for two weeks before his placement.

- 5.3.1 Define *induction*. (2)
- 5.3.2 Justify why it is necessary for all DMMM employees to spend two weeks in an induction programme before placement. (10)
- 5.3.3 Propose the placement procedure that DMMM should consider when placing Danny in his new position. (6)
- 5.3.4 Advise DMMM on the details to be included when preparing Danny's employment contract. Use the following headings:
- (a) Legal requirements (10)
- (b) Contents (12)

**[60]**

**QUESTION 6: MISCELLANEOUS TOPICS**

6.1 Read the case study below and answer the questions that follow.

**EASTERN STAR HOTEL**

The Eastern Star Hotel in Port Elizabeth is situated close to a number of popular tourist attractions. They employ 20 full-time employees and during peak season casual workers are employed to meet the demands of the hotel.

Recently the hotel experienced a decline in tourist bookings which resulted in the laying off of some full-time staff. Crime in the area is also increasing. Some guests have been robbed in their hotel rooms. Regular Eastern Star Hotel guests are now staying in other hotels and guest houses in the area, who offer tighter security and other services like conference facilities.

- 6.1.1 Name the economic sector in which the Eastern Star Hotel is operating. (1)
- 6.1.2 Identify THREE challenges in the case study above and devise a strategy for each challenge. (9)
- 6.2 Explain the role of SETAs in addressing the shortage of skilled workers in some industries in South Africa. (10)
- 6.3 Discuss ways in which managers can deal with difficult employees who may have different personalities. (10)
- 6.4 Analyse FOUR criteria for high performing teams. (12)
- 6.5 Define *ordinary shares* and evaluate them as a form of investment. (8)
- 6.6 Evaluate a non-profit company (NPC) as a form of ownership. (10)
- [60]**

**TOTAL SECTION B: 180**

**SECTION C**

Answer ANY TWO questions in this section.

**NOTE:** Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example QUESTION 7 on a NEW page, QUESTION 8 on a NEW page, et cetera.

**QUESTION 7: BUSINESS ENVIRONMENTS (LEGISLATION)**

The Consumer Protection Act, 2008 (Act 68 of 2008) implemented in 2011, was introduced to give consumers rights and protection for any business transaction. Businesses should familiarise themselves with the implications of this Act and change the ways in which they conduct business.

As a legal adviser, provide a detailed analysis of the Consumer Protection Act (CPA) to the local business forum. You must include the following aspects in your analysis:

- Discuss any FOUR consumer rights as stipulated in the CPA
- Critically evaluate this Act's impact on businesses and consumers
- Recommend practical ways/procedures that businesses should implement to comply with this Act

**[40]****QUESTION 8: BUSINESS VENTURES (FORMS OF OWNERSHIP)**

Nhlanzeko and Mfundo are qualified lawyers who completed their studies last year. They wish to start their own business practice. They are considering either a partnership or a personal-liability company as a possible form of ownership and need your advice.

Write a detailed report comparing these TWO forms of ownership. Also explain how capital, management and legislation can contribute to the success or failure of a personal-liability company.

**[40]**

**QUESTION 9: BUSINESS ROLES (SOCIAL RESPONSIBILITY)****KFC LTD**

*'There's more to KFC than great food. We promote education, diversity and animal welfare in a number of positive ways.'*

KFC runs a number of programmes as part of their social responsibility.

- [www.kfc.com](http://www.kfc.com)

You have been approached by the board of directors of KFC (Kentucky Fried Chicken) to act as a consultant to assist them with their corporate social responsibility (CSR) and corporate social investment (CSI) challenges.

Write a report to the board of directors of KFC in which you include the following aspects:

- A detailed description of CSR
- Critically assess the role of CSR in both the business and its communities
- Suggest CSI programmes that KFC can focus on
- Recommend how KFC can ensure that their CSI programmes satisfy the needs of different stakeholders

**[40]**

**QUESTION 10: BUSINESS OPERATIONS (QUALITY OF PERFORMANCE)**

Quality performance in all businesses is essential. Without a quality management system the business will experience problems. Quality must therefore be continuously improved in order to maintain high standards.

Discuss any THREE elements of Total Quality Management (TQM) and evaluate the impact if TQM is not properly implemented by businesses. Recommend ways in which businesses can reduce the cost of quality through TQM.

**[40]**

**TOTAL SECTION C: 80**  
**GRAND TOTAL: 300**