



## ST BENEDICT'S COLLEGE

## PRELIMINARY EXAMINATION: PAPER ONE - Memo



**Date:** 17/07/2018 **Time:** 2 hours  
**Paper:** One **Marks:** 200  
**Examiner:** Ms. L. French **Moderator:** Mrs. M. Alli (Verney College)

**Section A**  
**Question 1**

Various options are provided as possible answers to the following questions. Choose the correct answer and colour the block in by using a pen.

1.1

|    |         |                          |
|----|---------|--------------------------|
| A. | Leaders | <input type="checkbox"/> |
|----|---------|--------------------------|

1.2

|   |                    |                          |
|---|--------------------|--------------------------|
| D | Triple bottom line | <input type="checkbox"/> |
|---|--------------------|--------------------------|

1.3

|    |        |                          |
|----|--------|--------------------------|
| B. | SETA's | <input type="checkbox"/> |
|----|--------|--------------------------|

1.4

|    |           |                          |
|----|-----------|--------------------------|
| C. | Induction | <input type="checkbox"/> |
|----|-----------|--------------------------|

1.5

|    |        |                          |
|----|--------|--------------------------|
| A. | Delphi | <input type="checkbox"/> |
|----|--------|--------------------------|

1.6

|   |                                            |                          |
|---|--------------------------------------------|--------------------------|
| D | Internal and external business environment | <input type="checkbox"/> |
|---|--------------------------------------------|--------------------------|

1.7

|    |                                                                  |                          |
|----|------------------------------------------------------------------|--------------------------|
| C. | Joint participation by employers and workers about labour issues | <input type="checkbox"/> |
|----|------------------------------------------------------------------|--------------------------|

1.8

|    |        |                          |
|----|--------|--------------------------|
| A. | Shares | <input type="checkbox"/> |
|----|--------|--------------------------|

1.9

|    |                      |                          |
|----|----------------------|--------------------------|
| A. | Labour Relations Act | <input type="checkbox"/> |
|----|----------------------|--------------------------|

1.10

|    |             |                          |
|----|-------------|--------------------------|
| C. | resignation | <input type="checkbox"/> |
|----|-------------|--------------------------|

**Question 2**

Complete the following statements by using the word(s)/abbreviation in the list below

|     |                               |
|-----|-------------------------------|
| 2.1 | Revising a business's mission |
| 2.2 | Issue stock                   |
| 2.3 | Market penetration            |
| 2.4 | Diversification               |
| 2.5 | Market development            |

**Question 3**

Choose the description in COLUMN B that matches a term in COLUMN A.

|      |   |
|------|---|
| 3.1  | E |
| 3.2  | D |
| 3.3  | B |
| 3.4  | G |
| 3.5  | C |
| 3.6  | H |
| 3.7  | I |
| 3.8  | J |
| 3.9  | A |
| 3.10 | F |

**Section B****Question 4**

4.1

Micro (1) *Internal environment*

Full control (1) (2)

4.2

**Factor:** Macro (1)

**Challenge:** If the Rand gets weaker against the American Dollar, Starbucks will have to pay more for the imported stock. (2)

**Impact:** The purchase price will increase and that will have a negative influence on the profit margin of this business. (2)

**Strategy:** Import more stock when the exchange rate is favourable for imports to build up stock for the times when the exchange rate is unfavourable for imports. (2)

(7)

4.3

Porter's ~~Five~~ *Six* Forces (1)

(1)

4.4

A situation where activities that were performed by hand (1) are now performed by machines (1).

(2)

4.5

**Positive:**

- Lower labour cost (1) as fewer labourers will taking leave (1) and needed.
- More machines(1) increase production(1)

4.6

**Calculation of Current capital ratio of Fast and Furious Takeaways**

Current assets : Current Liabilities (1)

Inventory + Trade and Receivables + Cash : Trade and Payables + Bank overdraft (1)

3100 + 450 + 2000 : 300 + 200(1)

5550: 500(1)

11.1:1(1)

It's a good capital ratio of 2:1(1)

(6)

Note: If the learners only provides an answer with no calculations, a max of three marks may be awarded.

**Solvency calculation of Fast and Furious Takeaways**

Total assets : Total liabilities(1)

21993 : 184 (1)

119,52: 1 (1)

Fast and Furious takeaways are Solvent, because it is more than 2:1 (1)

(4)

Note: If the learners only provides an answer with no calculations, a max of two marks should be awarded.

4.7

**Reasons for conflict**

In the workplace there are people with different personalities (1), who not only have to work together to achieve the overall goal of the business, but also to realise their personal goals in terms of their ambitions. Egos often get in the way when people do not want to compromise and insist on their way of doing things.

- Result in higher quality products (1), because machines make fewer mistakes (1).

(max. 4)

**Negative:**

- High capital investment (1) in machines required initially (1).
- Division of labour means monotonous jobs (1) and this may lead to worker dissatisfaction that leads to decrease in production (1).
- Additional cost to the business (1), to retrain workers to use new machines (1).

(max. 4)

(Note: Use own discretion and answer must be focused on how it will impact the business and not the labour force.)

#### How management deal with this conflict

The manager should assess the situation. If the conflicted parties are not be able to resolve the situation, he/she should intervene to get people to focus first on the business at hand, before trying to promote their own agendas. (1)

#### Reasons for conflict

Differences in backgrounds, cultures and values often(1), lead to irritations and lower productivity.

#### How management deal with this conflict

It is important to address these types of issues as soon as they become a problem. Employees should be reminded that sensitivity is required when dealing with these often complex differences(1), especially in a country like South Africa, with people from so many backgrounds. Sensitivity training and developing skills such as time keeping, respecting interpersonal space and emotional intelligence will go a long way towards managing this type of conflict.

#### Reasons for conflict

Poor communication leads to misunderstanding How management deal with this conflict, because facts are interpreted in different ways. This may lead to role overload (where one person has to do more than he can cope with), role conflict (where team members all want to perform a certain task) or role ambiguity (team members are not sure of the roles each has to play). Poor communication may also contribute to people not meeting deadlines or not informing someone in time of a problem meeting a specific deadline, so that contingency plans can be put in place.

#### How management deal with this conflict

All barriers to communication should be removed. How management deal with this conflict This may include issues such as poorly phrased messages, poor use of language, distorting the message, and disturbances such as noise or interruptions.

#### Reasons for conflict

Change brings uncertainty and this may lead to conflict as there is often resistance to change. It is much more comforting to keep doing things the way they have "always been done". Unfortunately, any business that stagnates and fails to adapt to changes in the macro environment or to new demands from consumers will not be successful.

#### How management deal with this conflict

Change management is crucial to the success of any manager. Employees need to understand what the changes are and why changing certain things are important to the success of the business, and how the necessity for change is important to them too. In order to achieve this, change must be managed in a way that enables people to face challenges effectively.

A two-way communication strategy makes employees feel valued and contributes to higher levels of buy-in.

Training employees in the new strategy is also important as it will empower the people to remain competent and enable them to cope.

It is also useful to identify the leader in the group (not necessarily the manager) and achieve buy-in from him/her so the rest of the group will follow his/her lead and accept the change.

#### Reasons for conflict

Limited resources and competition between team members for these resources may lead to conflict. The conflict may be functional if it inspires team members to work harder (e.g. working on a commission basis), but it could also contribute to people feeling there can only be one winner, which may provoke antiproduative behaviour.

#### How management deal with this conflict

The manager must constantly remind team members that although they may sometimes have to compete with one another, ultimately each one will contribute to the overall success of the business. Similarly, individual success contributes to the success of the whole team.

Reasons for conflict

Previously unresolved issues may "erupt" in conflict in the future. Sometimes the easiest way to deal with conflict, is not dealing with it at all. The manager may hope that by ignoring the conflict situation, it will disappear. For a short while, it may very well appear to be the case. But unresolved issues will remain an issue for as long as both parties are required to work together. This unresolved conflict may even escalate and become a more serious problem if the manager thinks the solution is to put his/ her head in the sand and ignore the issue.

How management deal with this conflict

The manager must deal with any conflict situation as soon as it arises. Ignoring the issue or becoming too involved in the situation may hinder his/her capacity to think logically and to act decisively.

If the manager feels he/she needs help to deal with the conflict situations, he/she may engage third parties for assistance.

Any Four reasons × 1

Any Four solutions × 1

(8)

4.8

(12)

Agree:

- Employers should provide suitable working conditions in the workplace. ✓
- Employees are normally more productive if employers offer some incentives. ✓
- Promoting the wellbeing of employees will assist in retaining a stable workforce. (2)

Do not agree:

The well-being of the employee is his/her own responsibility.

The employee presents himself/herself as a healthy person.

Unemployment rate in South Africa is high, therefore many people would love to have the opportunity to work.

ANY RELEVANT ANSWER 2 MARKS TO BE AWARDED

Job enlargement (1)

No repetitive task, work added to keep employees interest.(1)

Job enrichment(1)

Employees receive more responsibility and authority. Employee feels trustworthy and personal level feel he may achieve his personal potential.(1)

Empowerment and advancement (1)

Personal development. Opportunities to improve their skills and knowledge. Providing them with greater challenges.(1)

Flexible hours (1)

Work from home. Choose hours to work. Earlier or later.(1)

Recognition of good work(1)

In front of work colleagues.(1)

Employees feel appreciated

Allowing them to be part of decisions taken and respecting their opinions.

Employees have precise instructions - for task or work to be performed.

Wellness programs

Example: child care facilities, gym membership, assistance with household problems

ANY RELEVANT ANSWER 2 MARKS TO BE AWARDED, 1 MARK FOR  
HEADING(DESCRIPTION) AND ONE MARK FOR EXPLANATION.

[50]

**Question 5**

5.1 Creating and supporting a strong and positive brand (1) identify in the market  
through a well-planned and well-implemented marketing structure(1). (2)

5.2

- Engaging - Grab attention of potential customer
- Credible - claims believable
- Impression - Will it be remembered
- Action - Go buy, gather info.
- Relevant - message relevant to customer
- Branding - promote key brand attribute
- Integration - of advert with brand

ANY RELEVANT ANSWER

(5)

5.3 Consumer Protection Act or CPA

(1)

5.4

- Non-discriminatory marketing campaigns (discrimination, sexist, against disabled people)
- Right to fair and honest marketing - no bait marketing, advertise the product and then not have to product in stock just to attract potential consumers.
- Materialism - false needs created. Advertising alcohol to rehabilitated alcoholics.
- Giving products deceptive names - Low kilojoule bread when it's not.

- Selling second hand goods as new.
- Any competitive advertising is illegal in SA.
- Using unacceptable language.

(5)

*3 marks facts X3  
2 marks for examples*

5.5

- A. Competitor (1)
- B. Customer (1)
- C. PESTLE Analysis (1)
- D. Market Map/Position of Business (1)
- E. Power of Buyer (1)

(5)

5.6

Step 2: Define Target Market and Unique Selling Position.(1)

Step 3: Determine marketing budget.(1)

Step 4: Implement the marketing mix to achieve aims of the marketing strategy(1).

Step 5: Evaluate the effectiveness of the process and take corrective action. (1)

(4)

5.7

**Brand Extension**

Nandos - sauces (1)

McDonald's-New burger(1)

**Brand Stretching**

KFC-Cell phone with Huawei(1)

Wimpy-Sneakers(1)

(4)

5.8

Impression employees make when interacting with customers and the reputation of the business. The brand tells people what i is special about a particular business. (1)

5.11.2

- Using unauthorised business funds is the same as theft. White-collar crime.
- Manager having an expense account, taking his wife for lunch and claiming it as a business expense, is guilty of unauthorised use of business funds
- Someone, who has a petrol card to pay for business travel and then uses the card for private use, is spending money not authorised for its purpose.

(2)

5.11.3

- Situation where someone trades shares on the JSE based on knowledge that is confidential - something only an insider (friends/family) in the business will know.

(2)

5.11.4

- Tax evasion is illegal (therefore unethical) because the business does not declare all its income and lies about expenses in order to pay less tax.

(2)

5.12

Advantages

- Regular flow of income by franchisees (Royalties)
- Risk shared with franchisees
- Expansion paid by franchisees
- Franchisor high level of control

Disadvantages

- Reputation could be affected by franchisees
- Can be expensive to monitor franchisee
- If franchisee does not have any management skills or are unsuccessful, franchisor must help.
- Training must/could be provided by the franchisor
- Profit from franchisor's idea is shared with franchisee'

5.9

Trans.  
Acc.  
Ethic } see p in text.

5.10

Advantages:

- Increase the standard of living
- Increase moral and interdependence of the community
- Create job opportunities
- Provision of education and health care
- Availability of recreation facilities
- Increase general welfare of the communities
- Any other relevant advantages to the community

Issues:

- Unemployment
- Poverty
- Crime

5.11

5.11.1

- If the person awarding a tender knows the person who is submitting the tender, he/she should not make the final decision about who will get the tender, but should disclose that it is a friend/family member submitting the tender and then withdraw from the tender allocation process.
- If someone is part of the recruitment or selection panel and he/she fails to disclose that one of the applicants is a friend or family member.

(2)

ANY RELEVANT ANSWER

Question 6

6.1

Manager:

Appointed in a position of authority (1) which enables him to insist on people doing as he/she instructs (1).

OR

Maintains systems

Focus on systems and structures

Relies on control

Accepts the status quo

Leader:

Has the expertise to make people aware of the advantages of pursuing a certain course of action, thereby creating a desire in people(1) to follow him/her to achieve a common goal(1)

OR

Develops new methods of doing things

Focuses on people

Inspires trust

Challenges the status quo

(4)

6.2

Works within a business (1)

Possess entrepreneurial qualities (1) — if learner only discuss ent. qualities

Does not have to work for top management level (1)

only one mark to be awarded.

Provides, implement a new and profitable idea within the department with the approval of his manager (1)

(4)

6.3

6.3.1

Autocratic style would be the best, this style will allow employees to develop their confidence and to become accustomed to the processes and procedures required to do work task. (3)

6.3.2

Democratic or participative style is best for a team of skilled and professional employees. They will be fully informed and will contribute to decision-making. (3) Any three

6.3.3

Laissez-faire style is the best here because the team consist of different, but highly skilled professionals. The individuals in the team have skills and knowledge that the leader does not. The team must therefore be able to make its own decision. Although the group members are given the space and responsibility to make their own decisions, the leader is still responsible for the consequences. (3) Any three

6.4

6.4.1

General Management

- Develop, monitor and implement effective strategies plans. ✓
- Learn about and understand changes in the business environment on an on-going basis. ✓
- Set direction and establish priorities for the business.

- Handle complaints quickly and effectively. ✓
- Use modern technology effectively. ✓
- Implement effective risk management policies to minimise business losses.
- Record evaluation of quality assurance and control evaluation accurately.

**ANY RELEVANT ANSWER TO BE ACCEPTED**

1 Mark for heading (Function)  
2 marks for discussion.

(15)

**6.4.2 General Management**

- Poor execution of the four basic management task.(1)
- Poor execution of the additional management task.(1)
- Inappropriate management style for a specific situation.
- Not ensure that all legislation is adhered to.

**Purchasing function**

- Political risk: Government withdrawing from trade agreement, legislation, global political events.(1)
- Economic: depreciating exchange rates, inflation rates, import duties, change in tax.(1)
- Social trends may not be ignored, because then the business will not be able to satisfy needs.
- Technological advancement making current technology obsolete.
- Environmental risk: scarcity of resources, climate change and natural disasters.
- The power of suppliers relating to product, price, place time and quantity.
- Stock control: too much stock may become obsolete, not enough stock means a loss in sale.

**Production function**

- Insufficient or poor quality Factors of production.(1)
- Expensive changes in technology that cannot be avoided.(1)

- Quality control issues.
- External factors, such as an interruption power supply.

**Human Capital Function**

- Lack of specific skill.
- Changes in labour legislation requirements.
- Unrealistic demands from Trade Unions leading to strikes.
- Poorly motivated workforce.
- Conflict in the workplace.

**Financial function**

- Departments not adhering to budgets.
- Bad debt.
- Economic risk: inflation rates, changes in exchange rate.

**Marketing function**

- Insufficient/poor market research.
- Incorrect distribution channels.
- Design of the product does not satisfy needs of consumers.
- Prices to high or to low.
- Money spent on promotion does not lead to ROI.

**Public relations function**

- Negative publicity speedily.
- Managing and response to social media.
- Lack of response/Inappropriate response to customer problems.
- Not developing relationships with different stakeholders.

**Administrative function**

- Not keeping documents for the time prescribed by legislation.
- Inaccurate records will lead to inaccurate management decision.

- Ensure continues training and development of staff.
- Appoint a person in a position where he/she is able to use their skills to the disadvantage of the business.

#### Financial function

- Keep debt within acceptable limits.
- Acquire funds from suitable sources.
- Effective application of funds.
- Take legal action against debtors and customers who do not pay.
- Determine the needs for funds.
- Draw up realistic budgets and implementing good budget control.

#### Marketing function

- Use pricing techniques to ensure competitive advantage.
- Identify competitive advantage by conducting regular market research
- Differentiate products to increase target market and profitability.
- Use aggressive advertising campaigns to sustain the market share.
- Adhere to ethical advertising practises when promoting product/service.

#### Public relations function

- Handle negative publicity speedily.
- Implement sustainable Corporate Social Investment (CSI) programmes.
- Compliance with recent legislation etc. BBBEE.
- Publish regular positive press releases.
- Deliver quality goods and services that promote the brand/image with key stakeholders.

#### Administrative function

- Acquire a fast and reliable data capturing and processing system.
- Supply reliable information to management on time.
- Make relevant information available for quick decision making.

- Communicate and share vision, mission statement and values effectively.
- Be proactive and always seek to improve comparative advantages over competitors.
- Take disciplinary steps against employees when the need arises by following the correct disciplinary procedures.

#### Purchasing function

- Buy raw materials in bulk to lower prices.
- Select reliable suppliers that render the best quality raw materials/capital goods at reasonable price.
- Implement and maintain stock control systems to ensure the security of stock.
- Maintain optimum stock levels to avoid overstocking/too much outdated stock.
- Ensure that there is no break in production due to stock shortages.
- Establish relationships with suppliers so that they are in alignment with the business's vision and mission statement/values.

#### Production function

- Provide high quality goods and services according to specifications.
- Communicate the roles and responsibilities clearly to the production team.
- Ensure that products meet customers' requirements by being safe, reliable and durable.
- Conduct the operating/production processes of a business through proper production planning and control.
- Products should be produced at the lowest possible cost to allow for profit maximisation.

#### Human Capital Function

- Find the most suitable person for the position.
- Make use of learnership program.
- Make use learnership programs.
- Offer attractive remuneration packages.

- Not keeping records up to date will lead to poor management decisions\
- Safekeeping of customer details (POPI ACT)

ANY RELEVANT ANSWER TO BE ACCEPTED BUT MUST BE BASED ON THE THREE FUNCTIONS MENTIONED IN 6.4.2.

(6)

6.4.3 <sup>NO</sup> Full control

(1)

6.4.4

| Challenge                                                            | Threat/Opportunity    | Explanation                                                                                                                                                                                 |
|----------------------------------------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bureaucratic red tape in developing countries                        | Threat(1)             | bureaucratic red tape persists in most countries. This external factor is a threat because it makes business expansion more difficult for Starbucks, especially in developing countries.(1) |
| High growth of developing countries and declining unemployment rates | Opportunity(1)        | The high economic growth of developing countries and the declining unemployment rates create opportunities for Starbucks to gain more revenues from various markets around the world.(1)    |
| Rising mobile purchases                                              | Opportunity/Threat(1) | improve its mobile apps and linked services to gain                                                                                                                                         |

|                                                                                                                                   |                |                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                   |                | more revenues through mobile purchases. The company also has the opportunity to improve its supply chain efficiency based on new technologies coffee farmers use. However, the rising availability of home-use specialty coffee machines is a threat to Starbucks because it increases the availability of substitutes to Starbucks products. (1) |
| Growing popular support for environmentally friendly products. (Note that the company already has responsible sourcing policies.) | Opportunity(1) | Starbucks also has the opportunity to offer more of its products in recyclable packaging.(1)                                                                                                                                                                                                                                                      |
| Increasing health consciousness                                                                                                   | Opportunity(1) | the company has the opportunity to widen its array of more healthful products to attract health-conscious consumers to Starbucks cafés.(1)                                                                                                                                                                                                        |

(10)

**Note: Learners' discussion must be correct/convincing for them to receive the mark for threat/opportunity. Some of these challenges can be seen as either a threat or opportunity.**

6.4.5 Top

(1)  
[50]

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TOTAL 200