Practice exam 2 memorandum

Section A (Compulsory)

**1.1**

**1.1.1** B

**1.1.2** A

**1.1.3** D

**1.1.4** B

**1.1.5** C

**1.1.6** B

**1.1.7** D

**1.1.8** A

**1.1.9** C

**1.1.10** B (10 × 2 = 20)

**1.2**

**1.2.1** corporate social investment

**1.2.2** flow chart

**1.2.3** internal

**1.2.4** variable

**1.2.5** Leasing (5 × 2 = 10)

**1.3**

**1.3.1** D

**1.3.2** C

**1.3.3** A

**1.3.4** B

**1.3.5** F (5 × 2 = 10) **[40]**

**Total Section A: 40**

Section B (Any THREE questions)

**2.1** As production takes place in a particular order, a machine break-down at one place can cause the whole production process to stop. ****

It is difficult to vary the speed of output unless the factory operates for longer hours. 

Specialised machinery makes it difficult to make even small changes to the product. 

High initial business investment is required. 

Specialised machinery has almost no resale value. 

It is difficult to monitor the quality of all items and it may not be consistent. 

Workers can become bored as they are highly specialised in one process.  (max. 8)

**2.2**

|  |  |  |
| --- | --- | --- |
| Inputs | Process / transformation | Output |
| Raw materials, semi-finished goods, labour, capital  | Changing the inputs through manufacturing or production processes  | Finished goods that can be sold to the customer  |
| Cardboard, paper  | Raw materials follow the production line in order to become a product  | Packets, plastic bags, boxes  |

(9)

**2.3** Safety is important to management and every worker will read it as they arrive and leave work.  It motivates workers to follow safety procedures to increase the number of accident-free days.  They will be encouraged to beat the previous record.  Every day they are made aware that safety and safety rules are important to management.  (max. 4)

**2.4** Right to information:  Employees have the right to access information contained in the Occupational Health and Safety Act. 

Right to participate in inspections:  The health and safety inspector has the right to accompany the Inspector from the Department of Labour during an inspection of the factory. 

Right to comment on legislation:  Employees have the right to comment on legislation, for example, as published by the Department of Labour. 

Right of representation:  Employees have the right to be represented on any discussion regarding the health and safety of workers that is led by management or the Department of Labour. 

Right not to be victimised:  Employees have the right not to be victimised, for example, for giving an honest opinion on the safety in the factory. 

Right of appeal:  Employees have the right to appeal any decision made by a health and safety officer or inspector.  (max. 4 × 3 = 12)

**2.5** Wear safety clothing, such as gloves, eye protection, hard hats and safety boots. 

Use the correct machinery or equipment for the job and make sure it is maintained and serviced properly. 

Ensure that safety guards or grills are positioned in front of moving parts of machinery, for example, a conveyor belt or fan blade. 

Only work with machines that you are trained to use. 

Comply with vehicle safety rules. 

Attend training and refresher courses when they are offered. 

Take note of warning signs and any other signs that are visible.  (max. 10)

**2.6** Occupational Health and Safety Act  (1)

**2.7** The break-even point calculates the minimum number of products that must be made and sold to cover costs.  This assists the factory manager to plan production to ensure that all available human and material resources are used efficiently.  The items made and sold above the break-even point will be profit.  If fewer items are made and sold (under the break-even point) the business will suffer a loss.  (max. 6)

**2.8** Routing is also known as critical path analysis.  Routing plans where each task will be done and the path each process will take through the factory.  It involves identifying:

* all individual tasks that need to be done 
* the order in which each task must be done 
* the time each task will take 
* the number of workers that will be needed to do each task 
* the machinery available and the capacities of the machinery.  (max. 6)

**2.9** Competition-orientated pricing occurs when the price is set at what the marketing department thinks the target market is prepared to pay for the product. 

Demand-orientated pricing occurs when the selling price is linked to the demand for the product – the higher the demand, the higher the selling price.  (4) **[60]**

**3.1** Politics and government decisions are part of the macro environment.  The business has no control over government decisions.  The business can only adapt to challenges from the macro environment.  However, a business must be aware of what is happening in the macro environment to plan strategies to remain competitive.  (max. 6)

**3.2** A business can add its voice to civil action groups, such as AgriForum in this scenario.  It can even support them financially as the toll system will cost the business a lot more than contributions to the civil action group.  The business can use networking with other businesses and organisations to see how they are planning to cope with the new toll system.  It can use power relationships with government officials to influence the decisions.  (max. 6)

**3.3** A civil action group is a community-based organisation – CBO.  Its purpose is to address needs of their specific communities.  AgriForum’s name implies that it addresses the needs of farmers.  In this case, the members will have increased financial costs if the toll system is implemented.  The court action will affect the financial situation of the members and their businesses.  They perform a service for the public and do not make a profit.  (max. 6)

**3.4** Mass action is the same as a strike.  A strike is when workers refuse to go to work to protest against a specific issue.  All groups that belong to Cosatu will go on strike to make the government aware of their opposition to the toll system.  Because the toll system will affect everyone who uses the roads, they will probably get the support of other labour unions as well.  If all workers go on strike, it will slow down the economy, which the government cannot afford.  (max. 8)

**3.5** The electronic toll system will mean that businesses pay hundreds of rands in additional expenses.  They will have to increase their selling price to cover this cost. They could lose sales as customers have to pay increased prices as well as increased transport costs. 

The strike action will mean that work is not done for a few days, or even weeks.  Stoppages in the factory will affect contract deadlines.  The business still has to pay fixed costs even though no products are made or sold.  (max. 8)

**3.6** Outsourcing allows a business to concentrate on its core function, in this case the government will not have to focus on collecting the toll fees. 

The business and government will use their human and material resources more efficiently.  Outsourced work can be cheaper than employing and training workers to do the same jobs. 

Outsourced contracts are legally binding and can incur penalties if the work is not completed on time or correctly. 

The business will have access to specialised knowledge and expertise.  (max. 10)

**3.7** Mass action will influence the government, as the country cannot afford to have all the workers on strike.  The public vote the government into power and they do not want to lose the support of the public.  However, the government have paid for all the work and signed contracts that have to be fulfilled.  They will have to listen to the public and find ways to resolve the conflict before it results in mass strike action.  (max. 6)

**3.8** **Note**: Use discretion as the learners must apply their knowledge. Their answers must be logical and support the case study given.

Good decisions could include the following:

* To plan for the new road structure and be able to fund it from national funds rather than from overseas finance. 
* To make sure the public is happy with this type of toll system before it needs to be implemented. 
* To involve local rather than overseas companies to be involved as then the money will then stay within the country rather than going out and reducing the amount of money in the system.  (max. 2)

Bad decisions could include the following:

* To plan extensive road infrastructure without the necessary funds available. 
* To use overseas companies, who are not loyal to South Africa, to manage the system. 
* To go ahead without the support of the public and trade unions.  (max. 2)

**3.9** **Note:** learners must apply their knowledge to this situation.

They could meet in a quiet environment where they are uninterrupted and discuss ways to work together. 

They need to identify the reason for working together and how it would benefit them both. 

They should brainstorm to encourage different ideas. 

They should evaluate alternative ideas and select the most suitable one that will benefit them both. 

They need to have follow-up meetings to check that they are still in agreement and to check the progress that has been made to achieve their goals.  (max. 6) **[60]**

**4.1** An employment contract is a legal document that binds the employer and employee to certain things.  It must comply with the Basic Conditions of Employment Act.  It must be in writing and signed by both employee and employer.  (max. 4)

It contains:

* personal details of the employee 
* terms of employment 
* details of the employer 
* address and place of work 
* details of the job 
* remuneration, benefits 
* period of employment 
* additional documents, e.g. medical aid, pension.  (max. 6)

**4.2** A job analysis of the position to be advertised must be drawn up.  This includes a job description and a job specification.  The job analysis is a description of the work that is to be done.  A job specification is a description of the person who will be most suitable to do the work.  Once the job analysis is complete, an advertisement can be drafted to advertise the position.  The job can be advertised internally and employees are invited to apply for the position.  It can also be done externally where people outside of the business can apply for the position.  (max.10)

**4.3** The Labour Relations Act (LRA) sets out the rules and regulations for resolving disputes between employees and employers.  It includes the rules and regulations for joining and forming trade unions.  Employers can also form employer organisations.  It covers the use of workplace forums to prevent disputes and describes how to set up these forums.  The LRA established the CCMA (Commission for Conciliation, Mediation and Arbitration.  It also established the labour courts.  (max. 6)

The Basic Conditions of Employment Act (BCEA) focuses on the basic rules and conditions for employing workers.  It sets out the minimum hours for work and overtime  as well as the minimum amount the workers must be paid.  These hours and payment included public holidays and weekend work.  The Act also describes the minimum holiday, sick, paternity and maternity leave.  (max.6)

**4.4.1** Pension is an amount of money deducted from an employee’s salary each month.  The employer also contributes to this fund.  When the employee retires, he or she will receive a monthly amount for his or her lifetime.  The amount will depend on the type of fund and how much and how long the member has contributed.  A portion of this money can be taken out in cash on retirement, however the amount is taxable.  (max. 6)

**4.4.2** Medical aid is an amount of money deducted from the employee’s salary to cover medical expenses.  The amount covers the worker and his family.  The business usually contributes towards medical aid  and some businesses pay the full amount of the medical aid on behalf of the employee.  (max. 6)

**4.4.3** PAYE (Pay as you earn) is deducted from an employee’s salary every month.  It represents one-twelfth of the employee’s annual income tax.  This is a compulsory deduction.  The employer will pay this to the Receiver of Revenue on behalf of the employee.  The amount will depend on the circumstances of the employee, the number of dependents, marital status, etc.  (max. 6)

**4.5** The consultation process is not a negotiation.  The employer may implement the decision made after consultation even if it is different to that discussed.  Consultation occurs when employees are included in the discussion to resolve the conflict.  If the employees are unhappy with the result of the consultation, they may resort to strike action.  The law recognises the right of a business to structure the business and change working conditions in ways that do not appeal to employees.  However, it is in the best interests of the business to include the employees by consulting with them.  (max. 10) **[60]**

**5.1** Capital to grow the business to cope with foreign orders:  They will have a choice of external or internal funding to finance this venture.  They will need money for increased labour costs, transport, stock, advertising, etc.  (max.4)

Income for working capital:  They will need to have sufficient cash available to purchase more raw materials before the money from foreign sales is received.  The working capital is all the current expense such as creditors/suppliers, stock, bank overdraft and debtors/customers.  (max.4)

**5.2** Amanzi will have to move their products to the foreign countries and to customers using air or sea transport methods.  There are three factors that will affect their choice:

Cost:  The business should try to select the transport method that will be the least expensive as these costs will increase their cost price and selling price. 

Time:  The urgency of the delivery will affect their choice.  Sea transport will take longer to deliver the products than air transport. 

The nature of the products:  The beadwork could be fragile and will need to be packaged in a suitable way to facilitate easy and safe transport.  The transport method will not be affected if they are packaged correctly.  (max.10)

**5.3** Maturity stage:  This is when the competition becomes more aggressive.  Amanzi may need to reduce their selling price to keep their foreign customers.  The business can look for alternative designs and beads to meet the changing needs of their customers.  They need to increase their advertising to maintain or improve their sales targets.  (max.6)

Decline stage:  Amazi will eventually find that the market is saturated.  They need to find new products to add to their range.  They also need to cut unprofitable ranges of product and even withdraw some from the market.  Extensive advertising or finding new markets may assist to meet their sales goals.  (max.6)

**5.4** Direct marketing is when Amanzi has their own salespeople in foreign countries.  Amanzi will sell directly to retailers and even customers. 

Indirect marketing is when Amanzi uses intermediaries such as wholesalers and retailers to market and sell their beadwork on their behalf.  This will be a better option for them as they do not have expertise in the specific foreign markets they will be using.  (max.8)

**5.5** Finished products bring in more money than raw materials from foreign markets. 

Exports offer increased markets and business opportunities. 

Amanzi will be able to specialise in specific types and designs of beaded products. 

Amanzi beadwork could be perceived to be cheap in comparison to local work in foreign countries. 

Relations between the countries will be improved. 

The more the transport routes are used, the cheaper the cost of the transport will become. 

Natural resources are spread more evenly throughout the world.  (max.10)

**5.6**

|  |  |
| --- | --- |
| **Jobbing production method** | **Batch production method** |
| Goods are made only when an order is received.  | Goods are made in batches depending on the history of orders received.  |
| Goods are made to the specific requirements of the customer.  | Each batch of product is identical and only minor changes can be made to an entire batch.  |
| No stocks of finished goods are kept as the product is made to order.  | A small stock of finished products is kept.  |
| Very little money is tied up in stock as raw materials are only purchased as and when they are needed.  | High stock levels of raw materials have to be kept and cash flow needs to be carefully monitored as a result.  |

(max.12) **[60]**

**6.1**

|  |  |
| --- | --- |
| **Close corporation** | **Private company** |
| A minimum of one and maximum of ten people could start a CC and they are called members.  | One person can start a private company and is called a shareholder.  |
| Members contribute all the capital.  | People are invited to purchase shares in order to raise capital.  |
| Profit is distributed according to the ownership agreement.  | Profit is distributed in the form of dividends according to the number of shares owned.  |
| The new Companies Act prohibits the formation of new close corporations.  | Anyone can form a private company provided they complete the necessary formation procedures.  |

(16)

**6.2** Respect allows people to accept each other for who they are and leads to an environment of trust.  The trust that results from showing respect will allow Amanzi to develop sustainable relationships with foreign businesses. 

Amanzi will need to acknowledge and embrace the differences between themselves and people of other countries and cultures.  These differences stem from age, culture, gender, experience and social norms in each country. 

Communication styles differ from person to person and even between countries.  Business people need to practise assertive communication styles to form long-lasting business relationships.  (12)

**6.3** Equity is when capital is given to the business by the owners.  This can be in the form of purchasing shares or capital.  The reward for investing capital in the business is a share of profits.  The business does not repay the capital amount unless the owner sells the shares or sells their share of the business. 

Long-term borrowed capital is when money is borrowed from private people, members of the public or financial institutions such as banks.  The capital amount is repaid within a specified time.  A specified percentage of interest is also repaid.  (max.10)

**6.4** It is important to include a meaningful subject line that will indicate what the email is about. 

Begin the business email with the same type of greeting as done in a business letter, for example, Dear Mr ... 

Always use standard spelling, punctuation and capitalisation. 

Write clear, short paragraphs and keep to the point so that you do not waste the reader’s time. 

Avoid unnecessarily long attachments. 

If you do have to send large attachments, let the receiver know in advance that this will be happening and give a reason for the large file.  (12)

**6.5** Amanzi can train and employ local people to do the beadwork for them. 

They can do HIV/AIDS training for their staff and the local community. 

Amanzi can encourage local learners to do job shadowing for a few days in their holidays to learn how a business is run and learn skills. 

Amanzi can sponsor local teams or the school sports teams in their area. 

Amanzi can get foreign business to partner them in community projects.  (10) **[60]**

**Total Section B: 180**

Section C (Any TWO questions)

|  |  |
| --- | --- |
| 7 Topic to be covered | Max. marks |
| Introduction | 4 |
| Nature and purpose of the LRA | 16 |
| Role of trade unions | 10 |
| History of trade unions | 16 |
| Conclusion | 4 |
| Max. available marks | 40 |

|  |  |
| --- | --- |
| 8 Topic to be covered | Max. marks |
| Introduction | 4 |
| Product | 12 |
| Price | 12 |
| Place | 12 |
| Promotion | 12 |
| Conclusion (interdependence) | 4 |
| Max. available marks | 40 |

|  |  |
| --- | --- |
| 9 Topic to be covered | Max. marks |
| Introduction | 4 |
| Qualities of an entrepreneur | 14 |
| Formation of a public company | 30 |
| Conclusion | 4 |
| Max. available marks | 40 |

|  |  |
| --- | --- |
| 10 Topic to be covered | Max. marks |
| Introduction | 4 |
| Stages of team building | 14 |
| Belbin role theory | 14 |
| Conflict management skills to resolve this conflict | 14 |
| Conclusion | 4 |
| Max. available marks | 40 |

**Total Section C: 80**

**Grand Total: 300**