

PRELIM REVIEW 2013

10 OCTOBER 2013

Lesson Description

In this lesson we:

- Review questions from 2013 Eastern Cape Prelim exam paper

Questions

Question 1

(Adapted from Eastern Cape Sept 2013 Question 1)

1.1 In addition to the health and fitness business, virgin active started a food, golfing and education businesses, a casino bid and so on. This is an example of a ... strategy.

- A Product development
- B Horizontal integration
- C Conglomerate diversification
- D Concentric diversification (2)

1.2 Which of the following is an intensive growth strategy? Choose the right combination.

1. **Market penetration**
2. **Market development**
3. **Horizontal integration**
4. **Product development**

- A 1, 2, 3
- B 2, 3, 4
- C 1, 2, 4
- D 1, 3, 4 (2)

1.3 This is the process of ensuring that products or services are made to consistently high standards:

- A Quality
- B Quality control
- C Quality assurance
- D Quality cycle (2)

1.4 An improvement in productivity is associated with the ... environment of the organisation.

- A economic
- B technological
- C social
- D political (2)

1.5 This form of ownership stipulates a minimum of seven members:

- A Close corporation
- B Partnership
- C Private Company
- D Public Company

(2)

Question 2

(Adapted from Eastern Cape Sept 2013 Question 3)

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

Write only the letter next to the question number in the answer book, for example 3.6 F

	COLUMN A		COLUMN B
2.1	This final action is available to the employer when the employee refuses to perform work.	A	Lockout
2.2	The management level that is responsible for operational decisions.	B	Verbal warning
		C	Lower level management
		D	Middle level management
		E	Promotion

(2 x 2)(4)

Question 3

(Adapted from Eastern Cape Sept 2013 Question 2.5)

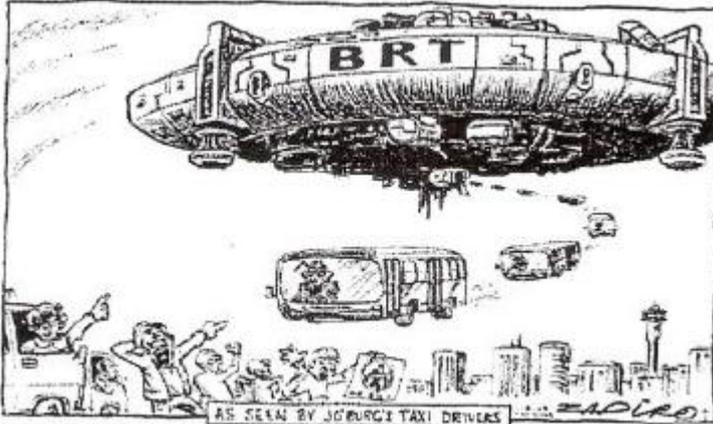
The National Credit Act, 2005 (Act 34 of 2005) protects the credit provider. Do you agree with the above statement? Motivate your answer.

(3)

Question 4

(Adapted from Eastern Cape Sept 2013 Question 2.1)

Read the case study below and answer the questions that follow:



After a long period of negotiation, on the 1st of September 2009, there was a strike initiated by taxi-owners in all major cities. The strike voiced the opinion of taxi owners against the BRT (bus rapid transit) systems for public transport.

The BRT system is used by several other countries. It is a system whereby bus lanes are designated to improve traffic flow as well as road safety.

South African National Taxi Council (Santaco) secretary-general Philip Taaibosch said that a working group set up in June 2009 between the taxi industry and the government to negotiate issues, including BRT, was being used as a fig-leaf to conceal the fact that key decisions were being made by the city without proper consultation.

You are one of the managers at a SUPERSPAR in Johannesburg, tasked with strategic planning. Use the macro environment factors supplied in the table below as part of a PESTLE analysis to suggest challenges caused by the Political and Economic environment for SUPERSPAR as a result of the taxi strike. Suggest an appropriate strategy for the challenges and motivate your choice of strategy.

Answer this question according to the table provided, under the following headings.

PESTLE FACTOR	Challenges from the external environment related to the strike	Appropriate strategy to overcome the challenge	Motivation for the choice of strategy
	4	4	4
Political			
Economic			

Question 5

(Adapted from Eastern Cape Sept 2013 Question 2.2)

SUPERSPAR needs to have appropriate strategies to deal with influences from the market environment. Porter's Five Forces Model is often a valuable technique to use when dealing with these challenges.

Identify TWO challenges that SUPERSPAR could face in the market environment and discuss an appropriate strategy to deal with each challenge. Use the table below as a guide in answering this question.

Element from Porter's FIVE model:	Challenges in the market environment 4	Strategy to deal with the challenges 4
The level of rivalry in the market		
The power of buyers		

Question 6

(Adapted from Eastern Cape Sept 2013 Question 2.3)

SUPERSPAR is committed to addressing the inequities of the past while ensuring sustainable competitiveness. Employment equity is regarded as both strategic and business imperative and therefore aims to maximize the potential of a diverse workforce.

- a.) In order to achieve employment equity, SPAR must follow the provisions of the Employment Equity Act. Briefly outline THREE provisions of this act. (6)
- b.) Outline THREE positive purposes of Black Economic Empowerment (BEE) Act. (6)

Question 7

(Adapted from Eastern Cape Sept 2013 Question 2.7)

Read the following case study and answer the questions that follow:

YOU NEED 90% GUTS AND 10% CAPITAL

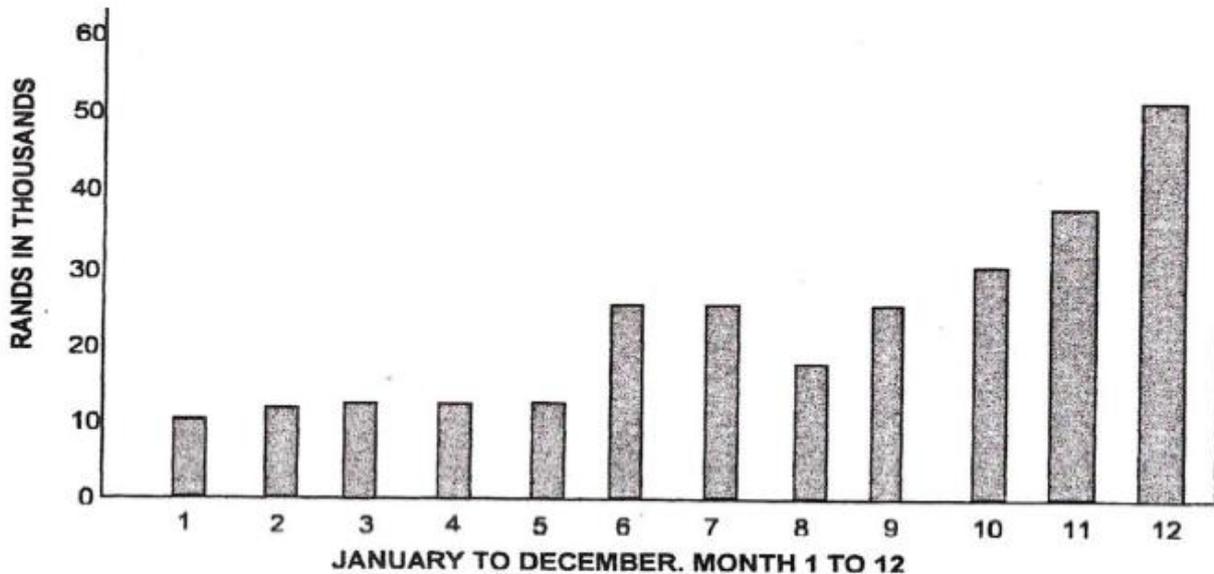
If you have passion, you are almost there, even if you do not have money. Thandi had passion for the consumer sovereignty principle. That is what prompted her to go out on her own though she had no money. If you do something you like you do it with enthusiasm and energy. You need to have passion and dedication for what you want. That's what makes Thandi to be a successful entrepreneur.

- a.) Analyse any THREE qualities of Thandi as a successful entrepreneur. Use examples from the case study to support your answer. (9)
- b.) Briefly explain profitability and customer base as key success factors in a business. (4)

Question 8

(Adapted from Eastern Cape Sept 2013 Question 2.6)

The following graph illustrates the monthly sales figures of duvets of SUPERSPAR from January to December 2011.



- a.) Identify the type of graph depicted above. (2)
- b.) Describe the sales trend in the graph. What in your opinion has influenced the trend? Justify your answer. (6)