UNIVERSITY OF JOHANNESBURG

FACULTY OF EDUCATION

JUNE 2017 EXAMINATION

PROGRAMME:	B Ed
MODULE:	Economic Management Science
CODE:	EMSIPA3
TIME:	2 hours
MARKS:	100
EXAMINER:	Mrs Patricia Roper (Soweto campus UJ)
MODERATOR:	Mr Mothofela Msimanga (APK campus UJ)

(This paper consists of 4 pages)

INSTRUCTIONS

Read the following instructions carefully before answering the questions.

1. Answer all the questions. There are <u>three</u> <u>short</u> and <u>three</u> <u>long</u> questions.

2. Write down the question numbers exactly **as they appear in the examination** paper.

3. Start each new question on a new page in your examination booklet.

QUESTION 1

1.1 What are the functions of the South African Reserve? Write any two.	(2)
1.2 List two characteristics of money.	(2)
1.3 List two advantages of an informal business.	(2)
1.4 Provide two skills that an entrepreneur should have.	(2)
1.5 Provide two disadvantages of electronic banking.	(2)
	[10]

QUESTION 2

Indicate whether the following statements are **True or False**. Write only the question number and the correct answer.

2.1 A SWOT analysis is used to make a decision on whether a new business idea will be successful.

2.2 Variable costs stay the same regardless how many articles are produced.

2.3 Fixed costs change as the number of products produced increase.

2.4 Creating sustainable businesses is one way to reduce poverty.

2.5 Electricity in South Africa is an unlimited resource.

2.6 Countries can produce all the goods the population needs.
2.7 A household cannot be both a consumer and a producer.

2.8 Food, clothing and shelter are secondary needs.
2.9 A manufacturing business can be an example of both formal and informal businesses.
2.10 An example of a business expense is staff salaries or wages.

[10]

QUESTION 3

Match descriptions in column A with the terms in column B. Write only the number and the corresponding letter e.g. 3.1 A.

Column A	Column B
3.1 Money that a business uses to get started.	A. Production
3.2 Goods and services that are produced for sale.	B. Input
3.3 The rate at which the price of goods and services rises.	C. Resources
3.4 Work that is done directly when the goods or services are being produced.	D. Mass production
3.5 How quickly inputs can be turned into outputs.	E. Capital
3.6 Resources that can be reused.	F. Inflation
3.7 The manufacturing of goods and services that can be used for sale or bartering.	G. Productivity
3.8 Land, raw materials, semi processed materials.	H. Outputs
3.9 The resources and labour that a business needs to produce its goods.	I. Renewable resources
3.10 The effect of the use of technology in production.	J. Labour

[10]

QUESTION 4

Mrs Smith has a full-time job working as a nanny. Her wages are R750 per week plus R20 per hour when she works overtime. Mr Smith works part-time at a factory in Mossel Bay three days a week. He earns R250 per shift. Patrick Smith, their son, does deliveries for the local shop on his bike. He works on Monday and Wednesday afternoons and Saturday mornings. He is paid R20 per shift plus tips. On average, he receives R25 in tips per week. Grace, the Smith's daughter, also works at the local spaza shop in her spare time. She usually works on Tuesday and Wednesday afternoons and on Saturday mornings. She gets paid R30 per shift. The Smith's monthly expenses are: Rent R2500, Transport R400, Clothes R900, Groceries R2000, Electricity R500, Caring for grandparents R1000. Mrs Smith likes to treat the family to fast foods from Chicken Licken or KFC weekly and makes sure that the family always wear the latest fashions by buying clothing regularly from Edgars, Truworths and Markhams. Mrs Smith currently owes all these clothing stores varying amounts of money.

(Please note that when doing your calculations in Question 4, a month usually has four weeks, however there are some months that have five weeks).

4.1   Make a list of the fixed personal income earned by each member of the Smith family and calculate the Smith's total fixed income.

(5)

4.2   Variable income
       4.2.1 If Mrs Smith works two hours' overtime in a five-week month, what will her income be for that month?

(1)

       4.2.2 From the information given above, what will Patrick's income be if he is paid tips each week in a five-week month?

(1)

       4.2.3 Calculate total variable income for the Smith family.

(5)

4.3   What are the Smith's total expenses? Explain in two sentences and how the fixed and variable income earned by the Smith family influences their monthly budget?

(3)

4.4   Explain in five sentences what advice you could give the Smith family on cutting down on their expenses (based on your calculations and the information provided in the case study).

(10)

[25]

QUESTION 5

Cecilia Mojela wants to start her own transport business. Two years ago, she bought a minibus and got her driver's licence. She moved to an area where there are many people who need transport to school and to the bus and train stations. Cecilia now has enough money to buy another minibus and employ another driver. In order to do so, Cecilia wants to employ someone who understands the transport business and/or has the relevant skills set to enable her to grow her business further. But, she is unsure about how to identify and hire such a person. Celia is also concerned about the increasing petrol prices and how to insure her vehicle and she is uncertain about how to work out what to charge her customers. The people in the community complain that the few taxis around are very expensive. Her nephew is studying Economic Management Science and he is willing to help out.

5.1   Critically analyse Cecilia's business by providing a SWOT analysis. Use any three aspects from the information provided above and list the relevant aspects under the SWOT analysis. Then advise which are internal factors and external factors and why you have classified them in this way.

(15)

5.2   Write a one-and-a-half-page essay in which you explain strategies you will use to create a demand for her services to generate a profitable business.
       Use the following structure for your essay:

       •   Introduction (with a definition of entrepreneurship).

- Body – Use strategies that were explored during group discussions on the Recycle Product project.
- Conclusion. (15)

[30]

QUESTION 6

In a one-and-a-half-page essay discuss the causes of socio-economic imbalances in South Africa and consider possible measures to combat inequality and poverty, and create employment.

Marks will be allocated for:
- Introduction (with a definition of socio-economic imbalances)
- Relevant aspects relating to the causes of socio-economic imbalances in South Africa.

- A detailed analysis of possible measures you will put in place to combat inequality and poverty; and create employment.
- Conclusion

[15]

TOTAL: 100

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