SOUTH AFRICAN BUSINESS STUDIES OLYMPIADS

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Business Studies Olympiad GRADE 11

DATE: 5-8 AUGUST 2025

TIME: 90 MINUTES

INSTRUCTIONS:

1. This booklet has 40 multiple choice questions.
2. Use the answer sheet provided.

   Circle the letter corresponding to your answer.
3. All working details must be done in the space provided.
4. Calculators are permitted.
5. Diagrams are not necessarily drawn to scale.
6. The first 30 questions carry 1 mark each and the next 10 carry 2 marks each.
7. You have 90 minutes for the paper which works out to an average of 2.25 minutes per question.
8. Read the questions carefully before answering.
9. Visit the website: www.saolympiads.co.za.

ENJOY THE OLYMPIAD.

Grade 11 Business Studies Olympiad 2025

SECTION A

Indicate the most correct answer by indicating the correct letter on the answer sheet provided.

Read the article and answer the questions that follow.

Five big businesses closing down in South Africa

In 2024, several well-known businesses in South Africa succumbed to mounting financial pressures, leading to liquidation, including Ellies, Hohm Energy, Zando owner Jumia Technologies, Drip Footwear, and most recently, The Cross Trainer.

As of August, data from Stats SA revealed that a total of 1,020 companies had shut down so far, marking a significant yet concerning trend.

Despite a slight 5.9% decrease in liquidations compared to 2023, where 1,084 businesses were liquidated, the figure remains alarmingly high, indicating persistent challenges in the business landscape.

Among the notable companies that have closed their doors in 2024 are energy firms Ellies and Hohm Energy, online retail giant Jumia Technologies, which owned Zando, and prominent sports and footwear retailers Drip Footwear and The Cross Trainer.
These liquidations highlight a difficult period for businesses across multiple sectors despite a broader downward trend in overall liquidations.

The year-on-year figures for August 2024 show a 9.9% decrease, with 128 companies liquidated compared to 142 in August 2023.

Experts attribute several factors to the growing pressure on businesses in South Africa.
In addition to the energy crisis, rising inflation and high interest rates have compounded these challenges.

Consumer spending, particularly on non-essential goods, has dropped significantly as households face tightening budgets due to increased living costs.

The South African Reserve Bank has been forced to raise interest rates to curb inflation, further straining business operations, especially in sectors like retail and accommodation.
According to the Reserve Bank, "The cumulative effects of inflation and higher borrowing costs are leading to reduced investment and consumer spending, pushing many companies into financial distress."

Although the downward trend in overall liquidations may offer some optimism, experts warn that the economic environment remains challenging.

The struggles faced by major companies like Ellies, Zando, and Drip Footwear highlight the ongoing pressure on businesses to navigate these uncertain times.

Additionally, financing, insurance, and real estate services were some of the worst-hit industries in 2024, with 288 liquidations.

These sectors, heavily tied to the country's economic performance, have been facing challenges such as decreased investment and tighter credit conditions.
Despite the challenges, experts remain hopeful as the overall liquidation trend continues to decline, showing improvements compared to pre-COVID-19 levels.

However, the struggles of major businesses serve as a stark reminder of the hurdles still facing South Africa's economy.

Some background on the liquidations and the reasons for the decision to follow with the liquidation of the five businesses are outlined below.

[Downloaded from: https://businesstech.co.za/news/business/796976/five-big-businesses-closing-down-in-south-africa/ Date accessed: 31 October 2024]

1. What was the total number of companies that shut down in South Africa by August 2024?

a) 1,084
b) 1,020
c) 128
d) 288 (1)

2. Which of the following companies was NOT mentioned as having closed in 2024?

a) Ellies
b) Hohm Energy
c) Jumia Technologies
d) Shoprite (1)

3. In the context of economic trends, how might an increase in liquidations signal broader economic issues in South Africa?

a) It indicates a thriving economy with high competition.
b) It reflects systemic issues that could lead to a recession.
c) It suggests that consumer confidence is at an all-time high.
d) It shows that businesses are adapting successfully to market changes. (1)

4. According to the South African Reserve Bank, what are the primary factors leading to financial distress among businesses?

a) Increased consumer spending
b) Rising inflation and high interest rates
c) Decreased competition
d) Government subsidies (1)

5. Which sector experienced the highest number of liquidations in 2024?

a) Retail
b) Energy
c) Financing, insurance, and real estate
d) Technology (1)

6. Considering the sectoral distribution of liquidations, why might the financing, insurance, and real estate sector be particularly vulnerable?

a) It is less regulated compared to other sectors.
b) It relies heavily on consumer credit and investment, which are sensitive to economic fluctuations.
c) It has a higher number of startups that lack experience.
d) It is less affected by global economic trends. (1)

7. What implications does the term "liquidation" have for stakeholders such as employees, creditors, and the community?

a) It has no significant impact on stakeholders, as businesses can quickly recover.
b) It leads to job losses, financial losses for creditors, and community economic decline.
c) It results in a redistribution of assets that benefits the local economy.
d) It primarily affects shareholders, leaving other stakeholders unaffected. (1)

8. How might changes in consumer spending patterns on non-essential goods influence the strategic decisions of businesses in South Africa?

a) Companies may pivot towards essential goods to ensure sustainability.
b) Businesses may focus on luxury goods to capitalize on affluent consumers.
c) Businesses will likely increase advertising for non-essentials to boost sales.
d) There will be no change in strategy, as consumer preferences are stable. (1)

9. In light of rising inflation and high interest rates, what strategic financial management practices should businesses adopt to mitigate risks?

a) Increase leverage by taking on more debt to invest in growth.
b) Expand aggressively into new markets to diversify income sources.
c) Focus on cost-cutting measures and improving operational efficiency.
d) Maintain the status quo and avoid making any significant changes. (1)

10. Which of the following best describes the potential long-term economic consequences of a high liquidation rate in South Africa?

a) A robust recovery leading to increased entrepreneurial ventures.
b) An influx of foreign investment due to lower business valuations.
c) A shift towards a more resilient economy with stronger regulations.
d) A prolonged economic downturn characterized by high unemployment and reduced consumer spending. (1)

11. Which of the following is NOT a factor considered when differentiating between Primary and Broad Social Responsibility?

a) Interest groups and their demands
b) Arguments for and against social responsibility
c) Principles for designing CSR programs
d) Company profit margins (1)

12. Which of the following is a key element of a viable business plan?

a) Detailed financial projections
b) SWOT analysis
c) Competitive landscape assessment
d) All of the above (1)

13. Which of the following entrepreneurs focuses on addressing social issues?

a) Techno-entrepreneur
b) Socio-entrepreneur
c) Eco-entrepreneur
d) Tenderpreneur. (1)

14. Which of the following is NOT a key difference between leadership and management?

a) Leadership focuses on the "what" while management focuses on the "how"
b) Leadership inspires while management directs
c) Leadership is about vision while management is about execution
d) Leadership is about directing people to accomplish 'must do' tasks (1)

15. Which of the following is NOT an advantage of a sole trader business structure?

a) Simplicity of setup
b) Full control over operations
c) Limited liability
d) Direct control over profits (1)

16. According to the Companies Act No. 71 of 2008, what is a key characteristic of a company?

a) Limited liability for owners
b) Unlimited life
c) Separate legal entity
d) All of the above (1)

17. Which of the following is NOT a key consideration when choosing a form of business ownership?

a) Liability of the owners
b) Tax implications
c) Regulatory requirements
d) Financial Year (1)

18. Which of the following is NOT a key purpose of a Code of Ethics?

a) To define acceptable and unacceptable behaviour within a business
b) To protect information
c) To guide decision-making in ethical dilemmas
d) To improve transparency and accountability (1)

19. What is the primary purpose of Good Corporate Governance?

a) To maximise shareholder value
b) To ensure ethical and responsible business practices
c) To protect stakeholders' interests
d) All of the above (1)

20. What is the primary role of the Office of the Public Protector in South Africa?

a) To enforce laws and regulations
b) To investigate complaints against government officials and entities
c) To promote business interests
d) To manage public resources (1)

21. Which ethical principle is most likely violated if management blame others for misdealing's?

a) Fairness
b) Accountability
c) Integrity
d) Transparency (1)

22. What might be a potential consequence for businesses operating in a country where government ethics are questioned?

a) Increased foreign investment
b) Decreased consumer confidence
c) Improved regulatory environment
d) Enhanced employee morale (1)

23. Which of the following is NOT a benefit of a feasibility study when developing a new product or business?

a) Assessing market demand
b) Identifying potential risks and challenges
c) Estimating financial viability
d) Determining the optimal marketing strategy (1)

24. Which of the following is NOT a step in the risk management process?

a) Risk identification
b) Risk analysis
c) Risk mitigation
d) Risk elimination (1)

25. Which of the following is an example of a political risk for a business?

a) A sudden drop in sales due to a competitors new product launch
b) A natural disaster that damages the company's facilities
c) A change in government regulations that impacts the industry
d) An employee stealing confidential information (1)

26. Which of the following is NOT a key factor to consider when assessing a business' risk culture?

a) The company's policies and procedures
b) The attitudes and behaviours of employees
c) The level of communication and transparency
d) The company's financial performance (1)

Study the scenario below and answer the questions that follow.

Sunny Sips Coffee Stand is a small coffee stand located near a busy city park. It operates five days a week, serving morning commuters and park visitors. The coffee stand has two types of coffee offerings: regular coffee for R30 and premium coffee for R50.

Cost Structure:

1. **Fixed Costs (FC):** Rent and licensing fees cost R4000 per month.
2. **Variable Costs (VC):**
   - **Regular Coffee:** Costs R10 per cup for ingredients (coffee, cup, sugar).
   - **Premium Coffee:** Costs R20 per cup for higher-quality ingredients.
3. **Sales Split:** On average, 60% of customers buy regular coffee, while 40% buy premium coffee.

Expected Monthly Sales:
Sunny Sips expects to sell 500 cups of coffee each month.

27. What is the break-even point for Sunny Sips in terms of the number of cups sold?

a) 105 cups
b) 167 cups
c) 200 cups
d) 300 cups (1)

28. If Sunny Sips sells 500 cups in a month, what will be the monthly profit?
(Hint: Total Revenue - Total Costs; Revenue = Price x Quantity)

a) R2000
b) R3000
c) R4000
d) R6000 (1)

29. If the fixed costs increase by R1000 per month, what would be the new break-even point in cups?

a) 200 cups
b) 179 cups
c) 250 cups
d) 300 cups (1)

30. A company launching a new eco-friendly sportswear line aims to position its brand as premium and sustainable, targeting environmentally conscious athletes who value quality and are willing to pay a higher price. Given the company's objectives, which of the following marketing strategies would likely be the most effective?

a) Mass Marketing: Promote the product to a broad audience through national media campaigns, highlighting sustainability as a universal appeal.
b) Differentiated Marketing: Create separate campaigns for different segments, such as eco-conscious consumers, fitness enthusiasts, and budget-conscious buyers, focusing on unique benefits for each group.
c) Niche Marketing: Focus on a specific sub-segment of environmentally-conscious athletes with high purchasing power, emphasizing premium quality and exclusivity.
d) Cost Leadership Marketing: Offer lower prices than competitors by minimizing production costs, appealing to a larger market through affordability. (1)

SECTION B

31. What is the current minimum wage in South Africa?

a) R20 per hour
b) R27.58 per hour
c) R23.19 per hour
d) R25.10 per hour
e) R28 per hour (2)

32. What is the payment made from a company to its shareholders called?

a) Dividend
b) Salary
c) Bonus
d) Interest payment
e) Commission (2)

33. Which law provides South African consumers with the right to demand fair treatment if they receive a defective product and want a refund?

a) Customer Act
b) Employment Equity Act
c) Labour Relations Act
d) Consumer Protection Act
e) Occupational Health and Safety Act (2)

34. What is the rate for Secondary Tax on Companies in South Africa?

a) 15%
b) 12.5%
c) 10%
d) 20%
e) 25% (2)

35. What is the minimum annual income a South African under the age of 65 must earn to pay PAYE?

a) R63,2500
b) R95,7500
c) R102,350
d) R122,400
e) R151,050 (2)

36. What is the environmental scanning tool used to look at opportunities within a business?

a) SWOT analysis
b) PESTLE analysis
c) VRIO analysis
d) Porter's Five Forces
e) BCG matrix (2)

37. What is an example of compulsory insurance that an employer must pay in South Africa?

a) Medical aid
b) Unemployment Insurance Fund (UIF)
c) Disability insurance
d) Group life insurance
e) Funeral cover (2)

38. What is the legal responsibility called that requires company directors in South Africa to act in the best interest of the company and its shareholders?

a) Duty of care
b) Fiduciary duty
c) Compliance duty
d) Corporate governance
e) Ethical duty (2)

39. Which decision-making tool helps businesses identify and weigh factors that drive or hinder organizational change?

a) Delphi technique
b) Cost-benefit analysis
c) SWOT analysis
d) Risk assessment
e) Force field analysis (2)

40. What is the term for online resources like social media accounts, digital content, and intellectual property that South African businesses manage and protect for brand value?

a) Online portfolio
b) Virtual property
c) Brand equity
d) Digital assets
e) Electronic trademarks (2)

TOTAL MARKS = 50