



ST BENEDICT'S COLLEGE

PRELIMINARY EXAMINATION: PAPER ONE



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

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper and answer booklet consists of 32 pages. Please check that your question paper is complete.
2. Read the questions carefully.
3. All questions are compulsory.
4. Demonstrate insight, where applicable, when answering questions.
5. Answer all questions in the space provided.
6. If an answer is written outside (sides or under) the space provided, the answer outside the space will not be considered.
7. One extra page is provided on the back of this booklet for any extra information or mistakes made by the learner and correction to be made. Please number carefully. If no numbering is provided, it will not be marked.
8. You are advised to pay particular attention to the use of language and the allocation of marks.
9. It is in your own interest to write legibly and to present your work neatly.
10. Write your name on this paper in the space provided.

Name and Surname: _____

Key: _____

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 Nelson Mandela was known to communicate largely by means of interaction, behaviour and charisma.

He was seen as a great _____.

- A. Leader
- B. Employee
- C. Follower
- D. Subordinate

1.2 Starbucks will not only be concerned about their financial position, but also about their social and environmental successes. They therefore report on their _____ performance.

- A. profitability
- B. social
- C. macro environment
- D. triple bottom line

1.3 Which of the following institutions is responsible for approved training programs to improve workers skills?

- A. Department of Labour
- B. SETA's
- C. South African Bureau of Standards
- D. Manpower Commission of South Africa

1.4 Peter has just been appointed as the maintenance supervisor at Starbucks in Sandton. He will receive the policies and procedures manual of the franchise during the _____ program.

- A. Placement
- B. Recruitment
- C. Induction
- D. Screening

1.5 Starbucks CEO Kevin Johnson has requested his research department to consult with experts from a different coffee bean importing countries on how to streamline the said process. The problem-solving technique that the research department must use is called.

- A. Delphi
- B. Creativity
- C. Empty-chair

D Force-field analysis

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1.6 A SWOT analysis can be used to evaluate Starbucks' _____.

- A. Internal business environment
- B. External business environment
- C. International business environment
- D. Internal and external business environment

1.7 Which of the following is a function of a workplace forum?

- A. Ensure employees participate in CSR
- B. Plan staff functions
- C. Joint participation by employers and workers about labour issues
- D. Negotiate loans on behalf of the business

1.8 As the CEO of Starbucks, Kevin Johnson wants to choose a form of investment which can ensure the best return for the investor in the long run, but it also has the highest risk factor.

- A. Shares
- B. Life Policy
- C. Real property

D. Fixed deposit

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1.9 This Act regulates the process of collective bargaining.

- A. Labour Relations Act
- B. Basic Conditions of Employment Act
- C. BBBEE Act
- D. Skills Development Act

1.10 An employee of Starbucks voluntarily terminated his employment contract, because they were offered a higher position from a competitor, this is known as _____.

- A. redundancy
- B. redeployment
- C. resignation
- D. retrenchment

(20)

Question 2

Complete the following statements by using the word(s)/abbreviation in the list below. Write the answer in the table provided/answer grid.

Market penetration; Market development; Product development; Diversification; Liquidation; Horizontal integration; Issuing Shares; Revising a business's mission.

2.1 As the business expands, it will be necessary to _____ to adapt to changing business environment.

2.2 A company mainly _____ to raise capital in order to expand its operations.

2.3 _____ is applied by decreasing the price of a product and intensifying the marketing campaign.

2.4 A _____ strategy is identified as high risk due to the unknown territory.

2.5 The following technique can be used to implement _____ strategy by finding new markets abroad, exporting stock and new or extra distribution channels.

(10)

2.1	
2.2	
2.3	
2.4	
2.5	

Question 3

Choose the description in **COLUMN B** that matches a term in **COLUMN A**, to complete the table provided or answer grid.

Column A		Column B	
3.1	Indemnification	A.	Insurance company makes sure that the loss suffered was as a result of the event that was insured and not a secondary event.
3.2	Money in transit insurance	B.	Road Accident Fund covers all users of South African roads.
3.3	A type of compulsory insurance	C.	Protects the business from losses caused by unforeseen circumstances.
3.4	Security	D.	Intends to cover any potential losses that may occur between the business or bank.
3.5	Commercial insurance	E.	Provides the insured with peace of mind of knowing, that should, the insured assets be damaged or destroyed, the insured will be adequately compensated for any loss.
3.6	Average clause	F.	Insured is not allowed to make a profit from insurance, thus every loss may only be claimed once.
3.7	Excess	G.	Aim to provide financial security to insured when he or she retires or to the insured's dependant when he or she dies.
3.8	UIF	H.	Assets were under-insured; the insured has not been paying a premium that was sufficient to cover the full risk.
3.9	Proximate clause	I.	Amount on each insurance claim that is not covered by the policy.
3.10	Subrogation	J.	Gives short-term relief to workers when they are unemployed or unable to work.

(20)

3.1		3.2		3.3		3.4		3.5	
3.6		3.7		3.8		3.9		3.10	

[50]

Section B

Question 4



The goal of Starbucks is to build upon traditional growing methods to help farmers continue to improve both the quality of their crops, and their profitability, ensuring the future of high quality coffees for everyone. This goal was determined by focusing on its mission and vision. Starbucks Farmer Support Center Locations includes Guatemala, Kigali, Rwanda, Mbeya, Tanzania, Addis Ababa, Ethiopia, Manizales, Colombia, Yunnan, China, Alajuela, Costa Rica (Hacienda Alsacia), North Sumatra, Indonesia, Chiapas and Mexico. (Source: <https://www.starbucks.com>). Starbucks are dependant on consumers to reach their profit goals. External factors can influence the profitability and management has no control over it. The current exchange rate between the Rand and the American Dollar, is only one of the challenges to be faced by management.

4.1 Which environmental factor refers to Starbucks vision and mission and what control factor does Starbucks have over this environment? (2)

4.2 Identify the specific factor in the macro-environment that includes "exchange rates" indicate the specific challenge, as well as the impact of this challenge on Starbucks. Also suggest a workable strategy for this challenge. (7)

4.3 Which Environmental Scanning tool can be used to scan the business environment of which consumers are a part of? (1)

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4.4 Define the concept automation used in the Production Function. (2)

4.5 Discuss TWO positive and TWO negative impacts of automation on Starbucks.

(8)

Positive impact:
Negative impact:

4.6 Use the below information to calculate the Current capital ratio and the Solvency ratio for 31 August 2017 of Fast and Furious Takeaways.

Important: Bank Overdraft was R200 for 31 August 2017.

Fast and Furious Takeaways			
Statement of financial position on 31 August			
	Notes	31 Aug 2016	31 Aug 2017
ASSETS			
Non-Current Assets		23085	16443
Investments in subsidiaries		11520	8985
Property, Plant and Equipment	1	11565	7458
Current Assets	2	2842	5550
Inventory		1180	3100
Trade and Receivables	3	762	450
Cash and Cash Equivalents		900	2000
TOTAL ASSETS	4	25927	21993
EQUITY AND LIABILITIES			
Shareholders' equity		25664	21219
Ordinary share capital	5	15999	15999
Retained Income	6	9665	5220
Non-current Liabilities		32	8
Long term loan: Racer Bank		32	8
Current Liabilities		231	176
Trade Payables	8	231	300
TOTAL EQUITY AND LIABILITIES		25927	21035

Calculation of Current capital ratio of Fast and Furious Takeaways

(6)

Solvency calculation of Fast and Furious Takeaways

(4)

[illegible]

"Brains, like hearts, go where they are appreciated."

--Robert McNamara, *Fmr. American Secretary of Defense*

Entrepreneur.com recently released an infographic all about why employees quit their jobs. 82% of employees polled report they don't receive enough recognition. There is nothing like pouring your time and heart into a project just to have it go unnoticed and unrecognized by management. It can make employees question why they worked so hard in the first place, and convince them the grass would be greener somewhere else.

(Source: <https://blog.awardsnetwork.com/top-10-quotes-rewards-recognition:17/04/2018;10:21>)

[illegible]

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Question 5

5.1 What is the strategic role of marketing?

(1)

5.2 List FIVE different means of evaluating an advertising concept to ensure sound marketing communication.

(5)

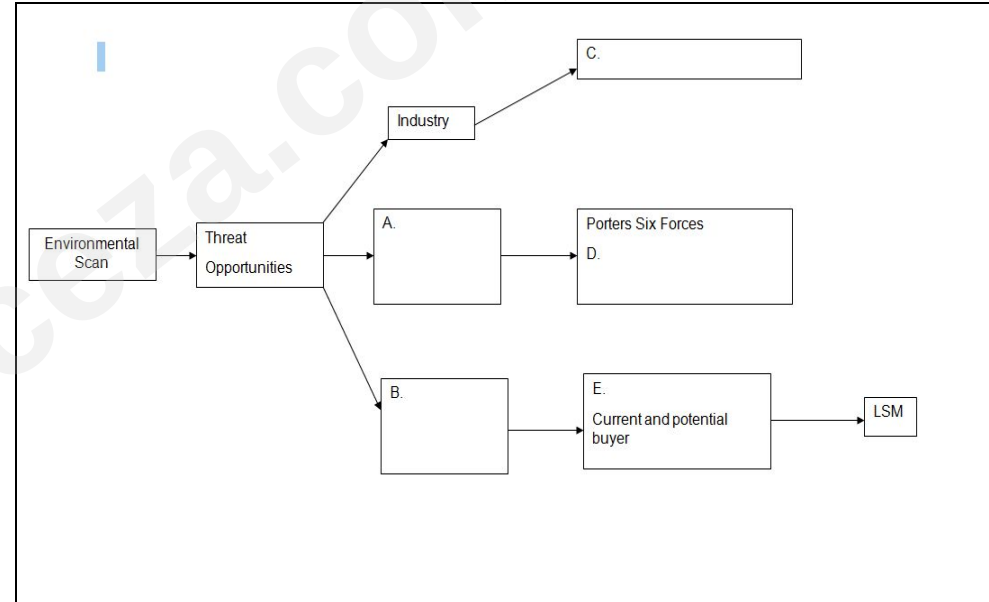
5.3 What Act came into effect on the 1 April 2011 to protect the consumer?

(1)

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5.4 The Act referred to in question 5.3 aims to safeguard the consumers, right to receive a fair deal from the business. Illustrate by means of examples what Fast and Furious Takeaways must take into consideration with their marketing campaigns. (5)

5.5 The first step in the Marketing Strategy is to do an Environmental Scan of the internal and external factors of the business. Illustrate the above statement by completing the diagram below depicting only the external environmental scan of the business. (5)



5.6 List the other steps of the Marketing Strategy, excluding the step in question 5.5. (4)

5.7 Formulate a strategy on how Starbucks focus on brand extension and brand stretching by use of practical examples. (4)

5.8 Explain what is meant by "The Brand" of Starbucks. (1)

When Starbucks launched its first corporate social responsibility report in 2002, its aspiration was to be recognized as much for its commitment to social responsibility as the quality of its coffee. In every year since, Starbucks has set ambitious goals, transparently reporting on progress and acknowledging challenges, and then stretching to new ones. (Source: <https://news.starbucks.com/news/starbucks>)

5.9. Starbucks have used a strategy of transparency to encourage stakeholders to purchase their goods, and create good publicity. Discuss how Fast Food Franchises can utilise TWO of the Seven Pillars of the Kings Code as a strategy to increase consumer demand. (4)

5.10 "Communities are benefitting from projects initiated by businesses as part of their CSI programs." Justify this statement and motivate your answer by referring to TWO advantages to the community and TWO issues that can be addressed through these projects. (4)

5.11.3 Insider trading

(2)

(8)

[illegible]

[50]

Question 6

6.1 Distinguish between a leader and a manager.

(4)

6.2 Prove the validity of the quote below by providing examples of Intrapreneurial characteristics.

(4)



(Source: <https://www.symbilitysolutions.com/>; 17/04/2018; 10:50)

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6.3 What leadership style in your opinion should Starbucks management use? Explain your answer fully.

6.3.1 A supervisor of unskilled workers.

(3)

6.3.2 A middle manager working with his/her department of accountants and clerks.

(3)

26

6.3.3 A director working with a team of specialist who are running a business.

(3)

6.4

Starbucks Coffee Company, founded in 1971, has grown to an international brand.

A company's organizational structure influences management and leadership, communication, change, and other variables critical to business success. Starbucks has evolved to have an organizational structure that matches current business needs. This organizational structure is unique to Starbucks, although it can be characterized based on a conventional typology of organizational structures. Starbucks succeeds because its organizational structure grows with the business, enabling the company to optimize processes and the quality of its goods and services.

As the world's biggest coffeehouse company, Starbucks continues to lead the industry in sustainable business and innovation. Such success is attributed to the firm's ability to address the external factors. Despite its current industry leadership, Starbucks must continue monitoring its remote or macro-environment.

(Source: <http://panmore.com/starbucks-coffee>; 17/04/2018; 11:58)

6.4.1

Quality performance is the level at which an individual, division, team or business performs, and the extent to which they are productive.

Taking this statement into consideration choose any FIVE business functions and discuss how Starbucks Franchise can improve quality in the selected business functions. (15)

6.4.2 Identify risks associated with any THREE of the business functions chosen in question 6.4.1 for Starbucks. (6)

6.4.3 What control does Starbucks have over the macro environment? (1)

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6.4.4 Complete the table below indicating if the challenge is a threat or an opportunity and explain how Starbucks franchise can overcome the threat or take advantage of the opportunity. (10)

Challenge	Threat/Opportunity	Explanation
Bureaucratic red tape in developing countries.		
High growth of developing countries and declining unemployment rates.		
Rising mobile purchases.		
Growing popular support for environmentally friendly		

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products. (Note that the company already has responsible sourcing policies.)		
Increasing health consciousness.		

6.4.5 The above challenges could lead to a change in the vision or mission of a Starbucks franchise. Which level of management will be responsible for changing the vision or mission of a Starbucks franchise?(1)

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[50]

TOTAL 200

32