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Preliminary Examination MARKING GUIDELINE

BUSINESS STUDIES GR.12

Examiner: D. Finlay
Moderator: C. Rabbolini

Date: 28 August 2023

Time: 3 hours

Marks: 300

Question	1	2	3	4	5	6	7	TOTAL
Possible Mark	50	24	26	50	50	50	50	300
Mark Obtained								
Moderated Mark								

Learner Information

Please ensure that you read the following instructions:

1. This paper consists of **30** pages including the cover page, ensure you have a complete paper.
2. Answer **all** questions on the question paper.
3. Manage your time carefully.
4. You are advised to pay attention to the use of language and the **allocation of marks**.

SECTION A:

QUESTION 1 – MULTIPLE CHOICE (Q1.1-Q1.19= 2marks each, Q1.20-1.23=3 marks each) Choose the most correct answer from the alternatives given and write the letter in the space provided below:

- 1.1 The following is the process whereby a retail store shows they are using benchmarking as a tool.
- A A manager giving preferential treatment to family members when there is an opportunity for promotion.
 - B Comparing their customer return policy to another retailer.
 - C Using benches in their stores to mark out different sections.
 - D Using solar energy to power air-conditioners.
- 1.2 The marketing method of a GAME store to use brochures in newspapers.
- A Product packaging
 - B Advertising
 - C Process
 - D Publicity
- 1.3 A customer who asks for “3M” sticky notes and will not consider buying the Pick n Pay “no name brand” is an example of:
- A brand knowledge
 - B brand stretching
 - C brand insistence
 - D brand awareness
- 1.4 The defensive investment strategy can be considered
- A to have low risk
 - B a reasonable strategy for a young entrepreneur
 - C to include an aggressive selection of equities
 - D All of the above

1.1	1.2	1.3	1.4
B	B	C	A

- 1.5 The Act recognises the right of workers to picket.
- A Corporate combination
 - B Employment equity
 - C Basic conditions of employment
 - D Labour relations
- 1.6 When Pick n Pay plots the position that competitors hold on a set of axes to identify the position of its store within the market place, they are said to be conducting
- A market mapping
 - B economic analysis
 - C industry speculation
 - D customer analysis
- 1.7 Which technique would Shoprite use when analysing challenges in its MACRO business environment?
- A Cost analysis
 - B PESTLE
 - C Value chain
 - D Balanced Scorecard
- 1.8 The outcome of a team that is experiencing personality conflicts that aren't solved.
- A Entropy
 - B Benchmarking
 - C Synergy
 - D Work-to-rule
- 1.9 When an employee is injured at work, a claim can be made to:
- A SABS
 - B OHSA
 - C COIDA
 - D NEDLAC

1.5	1.6	1.7	1.8	1.9
D	A	B	A	C

- 1.10 Employers who during industrial action close their premises, is called
- A a strike.
 - B arbitration.
 - C a lock out.
 - D a work-to-rule action.
- 1.11 Which of the Porters 6 forces relates to buying a soya chicken flavoured product instead of a chicken to cook from your local SPAR.
- A complementary product
 - B substitute product
 - C existing competitor
 - D future competitor
- 1.12 The return on an investment a shareholder receives is known as...
- A interest
 - B BBSEE
 - C a dividend
 - D a debenture
- 1.13 Which of the following could be seen as a disadvantage of internal recruitment?
- A cultural fit
 - B lower employee morale
 - C high costs in training and induction
 - D lack of fresh ideas
- 1.14 A person who refuses a bribe, even if it means a deal is not concluded because of it, is displaying qualities from which ethical theory?
- A Consequence-based
 - B Competence-based
 - C Utilitarian
 - D Principle-based

1.10	1.11	1.12	1.13	1.14
C	B	C	D	D

- 1.15 The type of decision required to close down certain retail branches due to a lack of performance would be:
- A operational.
 - B tactical.
 - C strategic.
 - D managerial.
- 1.16 Which one of the following would be a good reason to adopt an autocratic leadership style?
- A The staff are highly experienced and motivated.
 - B The manager has a project with a tight deadline.
 - C There is a potentially dangerous work situation.
 - D There is a need for increased customer service levels.
- 1.17 For a serious offense at work such as theft, an employee will...
- A receive a written warning if it is a first offense.
 - B be instantly dismissed.
 - C be referred to the relevant sector Trade Union for representation.
 - D be represented by the CCMA to determine an outcome.
- 1.18 A business solvency ratio looks at..
- A the relationship between income and expenditure.
 - B recycling and better use of resources so less solvents are used.
 - C the relationship between assets and liabilities.
 - D all of the above.
- 1.19 Which of the following is INCORRECT relating to the BCEA?
- A It covers working hours and overtime for staff.
 - B Employees are entitled to sick leave of 30 days per annum.
 - C Maternity leave of four months is permitted.
 - D It protects vulnerable workers from being exploited.

1.15	1.16	1.17	1.18	1.19
C	C	B	C	B

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1.20 An important feature of the Delphi technique is...

- A It needs to be done in absolute good faith and reasonable to be legal.
- B people participating should remain anonymous and don't have to belong to a particular organisation.
- C the survey is conducted with customers only who are regular buyers.
- D that it focusses on four critical components of a business.

1.21 If the value of a car is R500 000 and it is only insured for R250 000, how much will the insurance company pay out if it is stolen and your excess is R5 000, according to the average clause?

- A R 500 000
- B R 125 000
- C R 245 000
- D R 120 000

1.22 Which of the following statements are false?

- (i) Diversification is a strategy of spreading risk.
- (ii) Belbin's theory relates to managerial styles.
- (iii) A business has power when they have few suppliers.
- (iv) Break-even point is when total income equals total liabilities.

Choose the correct combination:

- A (i), (ii)
- B (ii),(iii),(iv)
- C (iv)
- D (ii),(iv)

1.23 Which of the following statement/s is/are false?

- A Equities are also referred to as Stocks or Shares.
- B Mandela was an example of a transformational leader.
- C A company needs 1000 or more employees to form a Workplace Forum.
- D (B) and (C) above.

1.20	1.21	1.22	1.23	Q1 Total=50 marks
B	D	B	C	

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QUESTION 2**Business Dictionary**

Choose the terms from the table below that best match the statements that follow. Write only the **correct term** in the space provided for each statement. There is only one correct answer to each statement.

• Divestiture	• Debentures
• Growth	• Endowments
• Fidelity insurance	• Brand stretching
• Excess	• Blue Chip
• Logistical Chain	• Pension fund
• Due process	• Franchising
• JIT deliveries	• Value Chain
• TQM	• Bull market
• Recession	• PR
• IT	• Maturity
• Sales	• Resource based

- 2.1 A technique called VALUE CHAIN looks at in-bound logistics and customer support.
- 2.2 JIT is a method where you save on storage space and avoid paying for unnecessary stock. (note: Performance management-save costs, not only Gr10 Production)
- 2.3 Shares in a solid and stable company usually showing steady growth and performance are referred to as BLUE CHIP.
- 2.4 A PENSION fund is what an employer joins to facilitate and organise the investment of employee's retirement funds.
- 2.5 Protection against loss from dishonest employees is called FIDELITY INSURANCE
- 2.6 When companies such as Shoprite adopts a DIVESTITURE strategy, they sell off stores that are not profitable.
- 2.7 A company can offer investors DEBENTURES in return for a monthly payment with interest to raise capital.
- 2.8 A brand such as ADIDAS expands their business operations into food products is an example of BRAND STRETCHING.

- 2.9 The amount on a claim that is not paid that the insured must pay is called EXCESS.
- 2.10 A term used when the Stock market falls for a period of 6 months or longer is referred to as a RECESSION.
- 2.11 The GROWTH stage in the product life cycle is when a company is likely to start making a profit.
- 2.12 The PR department deals with reputation management.

2X12 (24 marks)

QUESTION 3

Underline the **correct word/term** in each statement to make the statement **TRUE**.
Underline the **most correct word / term** only.

- 3.1 A business plan/company website is used by the business to act as a roadmap for the business. *V1010A*
- 3.2 A learning and growth/customer perspective looks at ways of improving the skill levels of staff.
- 3.3 Pick n Pay agreeing to buy into Shoprite would be known as a Merger/Partnership.
- 3.4 The ethical codes that have been put in place to help businesses with ethical decision-making is known as the CSR Triple Code/ Kings code.
- 3.5 Registered by a business to give it legal exclusivity to produce a product in a certain manner – Business Registration/ Patents.
- 3.6 A worker who is no longer able to perform his/her duties due to ill health may be dismissed for misconduct/ incapacity.
- 3.7 The Skills Development Act/ Employment Equity Act addresses issues relating to affirmative action and more woman being employed.

- 3.8 The iron safe clause/OHSA requires a business owner to keep records of stock and documents in a fireproof safe.
- 3.9 When Wimpy offers a buy one get one free special, the business is making use of promotional pricing/ psychological pricing as part of the buying decision.
- 3.10 A method of obtaining the opinions of a group of people individually, and then voted on is known as the nominal group technique/ delphi technique.
- 3.11 SPAR buying a chicken farm. This is an example of backward integration/ horizontal integration.
- 3.12 The growth strategy of Woolworths opening stores in Australia is called market development/ diversification.
- 3.13 When a company encourages all employees on a production line to perform quality control and give suggestions for continuous improvement it is adopting the TQM/Porters approach.

(2X13)

(26 marks)

Total Section A:

100 marks

SECTION B

4.1 Read the following case study and answer the questions that follow.

Shoprite books double-digit sales growth as it continues to take market share from rivals. | Business (news24.com) (accessed 07/08/2023)



SA's largest retailer Shoprite on Tuesday flagged double-digit full-year sales growth across its core brands, but margins were under pressure amid promotional activity and a R1.3 billion spend on diesel.

Shoprite, valued at about R145 billion on the JSE, said in an update its total sale of merchandise increased by 16.9% to about R215 billion in the year to 2 July, when it increased its stores by a net 340 to 3 324. (↑340 stores) -

It was also able to raise selling prices by 10.1%, but warned its profit margin would be lower than last year, as it lowered prices to cash-strapped consumers during its second half.

The company's core South African supermarkets business reported a 17.8% increase in sales, or 10.3% on a like-for-like basis, for a division that contributes more than 80% of the group's sales.

Checkers and Checkers Hyper were standouts with 18% sales growth, while its LiquorShop business delivered 30.8% growth. Its Shoprite and Usave brands reported sales growth of 15.6%, while the group's furniture segment, which contributes 3.3% to group sales, reported 5.1% growth.

FNB portfolio manager Wayne McCurrie said Shoprite's update showed it was gaining market share from its competitors.

4.1.1 Identify two areas from the article which contributed to Shoprite's increase in Sales over the last year. (4)

- *Healthy income, (17.8% increase in Sales) positive cash-flow enabling effective operational capability*
- *Food sales saw a general increase (Shoprite and Usave) while Checkers were standout (new strategy to target Woolworths – this fact is not in notes but has been discussed in class as part of current affairs)*

- *Liquor sales 30.8% growth aided growth figures*
(Any 2 points = 2 marks, linked to article or explained = 2 marks)

4.1.2 Identify two challenges in the business environment that Shoprite should be concerned about from the article? (4)

- *Inflation due to rising food costs, customers will afford less, affecting sales*
- *Increase in prices can affect reputation negatively if perceived as greed*
- *Rising diesel/transportation costs causes prices to rise or profitability to suffer*
- *Possible backlash response from competitors*
2X2 reasonable responses.

4.1.3 Examine the importance of completing a Value Chain Analysis. (3)

- *It's the process of thinking about the different ways in which the business creates value according to the model.*
- *Each activity and element in the business has to be reviewed /analysed to see if value is added and corrections made.*
- *Model looks at inputs (knowledge, skills, raw materials) to outputs (customer service, valuable product).*
- *Determine if the value is sufficient , if not then it is better to outsource.*

3 points @ 1 mark each

4.1.4 Give one example of a tangible and one example an intangible resource at Shoprite. (2)

Tangible: Labour, Capital, Land, Buildings, Equipment, Supplies,

Intangible: Culture, knowledge, brand equity, reputation, intellectual property, patents, copyrights, trademarks

1 tangible @ 1 mark /

1 intangible @ 1 mark

4.1.5 Formulate a day to day strategy that Shoprite could use to ensure tangible resources are used in an optimal manner. (2)

Apply principles of TQM:

Eg: Pay staff incentives for cost-cutting ideas or ideas to improve customer service.

Apply Resource based analysis:

Eg- Have policies and procedures in place for correct handling of:

Cash and Stock: Needs to be monitored by controllers/cameras to prevent theft and follow up on issues.

Cash: Correct budgeting needs to take place so correct stock levels can be bought and maintained.

Cash: Correct banking and counting and security

Stock: Correct refrigeration and cleanliness in store.

Other possible answers. Link a strategy to resource for 2 marks (ie-Correct budgeting=strategy>controlling security of cash.

4.2 Argue whether Shoprite uses a "Low cost" or a "Differentiation" generic strategy? Justify your answer. (6)

Learner needs to show understanding of theory and have a knowledge of Shoprite here, through our theme discussions, and their own research. Higher order question.

Shoprite Holdings as a group uses a "differentiation strategy" as they have separated brands to offer various target markets what they want, ie different strategies for different LSM groupings and products.

Shoprite and Valu-save food stores offer a Low cost strategy and target LSM 2-5

Checkers and Checkers Hyper offer a more exclusive, more pricey product range and are competing with Woolworths in organic food, prepack dinners and even Starbucks coffee shops in some of their stores. LSM target market same as Woolworths at LSM 5-8

They then offer Liquor stores and Money services to differentiate their offering more.

Marker discretion for points 3X2 valid argument.

4.3 One of the managers at Shoprite suggests that the board use a Balanced Scorecard (BSC) in their environmental analysis when developing strategic plans. (6)

Identify TWO components of the BSC and propose how they can be applied.
Any 2:

- *Learning and Growth: company should recruit well qualified, motivated employees. Ongoing training and upskilling should be offered and even incentivized.*
- *Customers – critical to understand target market and keep them happy. Mkt research needed if lacking helps to identify issues and resolve them.*
- *Financial, health check on finances reveals facts, profit, costs, cash flow, solvency.*
- *Internal processes– A-Z check on entire business process from inputs to customer service.*

(2X3 marks for theory and application)

4.4 Discuss any four growth strategies that can be used to improve turnover and sales volume in a business.

(12)

In text:

Four Growth Strategies.

Market penetration

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets.

Market penetration seeks to achieve four main objectives:

- *Maintain or increase the market share of current products – this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources **dedicated to personal selling***
- *Secure dominance of growth markets*
- *Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors*
- *Increase usage by existing customers – for example by introducing loyalty schemes*

A market penetration marketing strategy is very much about “business as usual”. The business is focusing on markets and products it knows well.

Market development

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets.

There are many possible ways of approaching this strategy, including:

- *New geographical markets; for example exporting the product to a new country*
- *New product dimensions or packaging: for example*
- *New distribution channels (e.g. moving from selling via retail to selling using e-commerce and mail order)*
- *Different pricing policies to attract different customers or create new market segments*

Market development is a more risky strategy than market penetration because of the targeting of new markets.

Product development

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

A strategy of product development is particularly suitable for a business where the product needs to be differentiated in order to remain competitive. A successful product development strategy places the marketing emphasis on:

- *Research & development and innovation*
- *Detailed insights into customer needs (and how they change)*
- *Being first to market*

Diversification

Diversification is the name given to the growth strategy where a business markets new products in new markets.

This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience. Can also use other strategies that are logical and theory based. Marker discretion.

4.5 If a customer purchases something that they are not entirely satisfied with from one of the food retailers, what rights would they have to resolve the matter? Is there a law backing them?
(5)

Yes, the CPA, (Consumer Protection Act) says:

- Consumers have the right to return unsafe or defective goods and request a full refund for such goods, provided this is done within a reasonable period.
- Consumers have the right to return goods that were not pre-examined prior to delivery.
- Consumers have the right to request a repair, replacement or refund within 6 months of a product not fulfilling the purpose it was intended to.

In general, most retailers are reasonable with returns, but when they are not, a consumer may refer them to the CPA or even take legal action.

4.7 Explain how Marketing and PR are complimentary to a business yet have their unique role to play respectively. (6)

Marketing is responsible for the sale of goods and services by using the marketing mix, product, price, place, promotion, processes, people and physical evidence. Is closest to the customer...to give feedback and are involved in sales and customer service. PR compliments marketing as it also assists Marketing in keeping the Brand image of the company prominent, but deals with a broader range of Stakeholders such as media/general public and is involved in reputation management, especially when there is a crisis. They are trained communication specialists so deal with press releases to assist the General management.

(50 marks)

QUESTION 5

- 5.1 Remuneration is an important reward for employees hard work. Comment on how Tiger Brands should respond to workers demands in this respect. (4)

Wages/Salaries- should be equitable and fair, will prevent unrest. TB should assess and increase pay.

Performance bonuses for management AND staff would motivate, above standard benefits.

A fair overtime schedule should be in place to avoid favouritism and prevent grumbling among workers.

Application of Adams equity theory would help prevent unrest as there would be equitable pay/reward for effort in respect of salary/wage and benefits.

Two types of remuneration with explanation 2X2

- 5.2 The Labour Relations Act serves an important purpose. According to the Act, what benefits would the above Tiger Brands employees have if they have followed the correct procedure for their strike to be a **protected** strike? (4)

Protected strike

- If correct procedure was followed to strike (according to LRA), strike is legal ✓*
- Workers may not be dismissed ✓*
- Employers cannot get a court interdict to stop strike. ✓*
- Employers have to continue to provide food and accommodation if it is part of the employees remuneration.*

- 5.3 Refer to the following extract where applicable when answering the questions that follow.

Checkers and Pick n Pay are being swamped with online delivery orders

Staff Writer 8 July 2021 <https://businesstech.co.za/news/internet/504323/checkers-and-pick-n-pay-are-being-swamped-with-online-delivery-orders/> accessed 1/09/2021

As South Africa battles with a number of challenges, grocery retailers say that they have been inundated with orders for online deliveries.

In an email sent to customers this week, Checkers said that its Sixty60 service was facing 'unprecedented demand' which could impact delivery times. The group said that this could result in some orders not being delivered immediately, and would instead be delivered during the first available delivery slot.

Pick n Pay, meanwhile, said that it will add more capacity to its scheduled delivery platform, Bottles, in response to the high demand.

- 5.3.1 Explain Job analysis in Human Resource Management and give an example of a new position that will be required in Pick n Pay due to this new trend referred to in the above article. (5)

Job analysis is performed to determine the tasks and responsibilities needed for each job in an organisation. Job analysis involves adjusting the company organogram according to the needs for staff in an organisation, adding or subtracting jobs. Example: Pick n Pay need to add packers and delivery drivers as well as online order processes (IT admin job). They may require less tellers in store over time as more and more people buy online. (Three points for explanation, two for relevant example)

- 5.3.2 Delivery services are a new trend and all retailers seem to be getting involved. What customer service factors do you think are important for these companies to consider for customers who purchase groceries online? (5)

- *Correct packing to avoid issues. Dedicated stock section for packing deliveries so as to not irritate shoppers in-store.*
- *Timeous deliveries needed to keep to promises.*
- *Hygienic packing (COVID) Example: fruit and veges. bread/open items need correct packing or else infection/wastage and complaints. Woolworths has freezer boxes now, so others should follow this for delivery of frozen goods.*
- *Driver training and monitoring of riders to ensure positive image of company, safety and customer relations.*

- 5.4 Explain selection in HR and critically evaluate the importance of a correct selection process as part of the employment process. (10)

Receipt of the application forms/CV's: ✓

- Once vacant post has been advertised, the HR manager must be available to answer queries from applicants. ✓✓
- Documentation received from applicants should be checked.

Initial screening:

- Purpose – to identify applicants who do not meet minimum requirements of the job and to inform them accordingly.
- Applicants who are suitable for consideration are referred to next step. (generally the advert will state that if a person is not contacted within x weeks, consider the application unsuccessful)

CV/Job application evaluation:

- A selection panel evaluates the CV's of applicants who meet the minimum requirements.
- A pre-determined set of criteria will be used – usually a 7-point scoring system to evaluate applicants in each category.
- Applicants are then ranked according to total scores achieved on CV evaluation.
- A short list of applicants is then drawn up.

Reference and background checks:

- Applicants on short list are potential new employees and info supplied in the CV needs to be verified. Employment records and qualifications will be checked and personnel manager communicate with referees to ask relevant, standardise questions about the applicant which may not be included in the CV. (i.e. people skills) If this is not done, criminals or unqualified people could slip into the system. (Critical evaluation)

Interview of candidates on the short list:

- May be carried out by one person or a panel.
- Important that the same person or panel interviews all applicants to ensure consistency and fair labour practice.
- Purpose is two-fold:
 - to get more info from the applicant to assess his/her suitability for job
 - to give more info about the firm, the job, and the conditions of employment to the applicant.

Tests and examinations:

- Different types of tests can be used to disclose more info about the applicant but a careful selection must be made as Employment Equity Act prohibits the use of tests that discriminates against a person on the grounds of culture.
- The following types of test are available:
 - Psychometric tests (personality and interest tests, measuring the applicant's motivation and intelligences.)
 - Work sample tests are samples of work to be found in a certain job and are designed to measure what the applicant can do and at what skill level. This will determine whether person can ACTUALLY do the job, CRITICAL to

assess this, or else a person may even have forgotten information they studied years before!

Medical examination:

- *The Employment Equity Act states clearly that no medical examination may be required unless it is an inherent requirement of the job or for the purpose of the distribution of employee benefits.*
- *This law is also very clear on the circumstances regarding when HIV/AIDS testing is allowed.*
- *The employer may request a medical examination after a health related questionnaire has resulted in any doubt regarding the medical status of the employee relating to the requirements.*
- *Drug and alcohol testing can be permitted.*

Letter of appointment:

- *The selection decision involves the ranking of the applicants in order of suitability for the job.*
- *A written offer of appointment will first be made to the best person and if this person accepts (preferably in writing), the other candidates will be informed in writing that their applications were not successful – unless stated otherwise.*
- *If the best person does not accept, this process can be repeated until an appointment is made*
- *The appointment is not legally binding on either party until the candidate has signed the Letter of Employment.*
- *The process should be observed by staff representative (i.e. trade union shop steward) to ensure fairness*

Employment contracts:

- *Employer and employee must agree, draw up and sign employment contract.*
- *It is a legally binding document and must comply with the Basic Conditions of Employment Act and the employer may offer better conditions but no less than those stated in this Act.*
- *The contract should include at least:*
 - *Employer details, Employee details, employment details*

Following these steps can prevent costly legal and productivity issues in the future with ill-matched staff.

5.5 How can an employer use Adams Equity theory to improve employee morale?

(3)

Can ensure equity of pay scales for similar jobs, no favouritism, to ensure staff are motivated. The opposite which is inequity of staff salaries in similar jobs leads to demotivation among staff. Other benefits for good performance also motivates, if it is fair..

5.6 Discuss TWO reasons where a staff member may be reasonably dismissed.

(6)

Incapacity- poor work performance or health issues preventing an employee from doing job.

Misconduct- such as violence/abuse/sexual intimidation/bribery/crime/under influence.

Operational reasons- Economic recession causing need for retrenchments, technology change leading to unnecessary jobs(obsolete functions)

Any 2 with explanation/example (2X3)

5.7 What is the correct procedure for management to follow in the case of a disciplinary issue with a staff member?

(8)

Disciplinary action can take a number of forms, depending on the seriousness of the offence and whether the employee has breached the particular rule before. The following forms of discipline can be used (in order of severity):

- *Verbal warning;*
- *Written warning;*
- *Final written warning;*
- *Suspension without pay (for a limited period);*
- *Demotion, as an alternative to dismissal only; or*
- *Dismissal*

The employer should establish how serious an offence is, with reference to the disciplinary rules. If the offence is not very serious, informal disciplinary action can be taken by giving an employee a verbal warning. The law does not specify that employees should receive any specific number of warnings, for example, three verbal warnings or written warnings, and dismissal could follow as a first offence in the case of serious misconduct.

Formal disciplinary steps would include written warnings and the other forms of discipline listed above. A final written warning could be given in cases where the contravention of the rule is serious or where the employee has received warnings for the same offence before. An employee can appeal against a final return warning and the employer can hold an enquiry if the employer believes that it is only through hearing evidence that the outcome can be determined.

Written warnings will remain valid for 3 to 6 months. Final written warnings will remain valid for 12 months. A warning for one type of contravention is not applicable to another type of offence. In other words, a first written warning for late-coming could not lead to a second written warning for insubordination.

*Employees will be requested to sign warning letters and will be given an opportunity to state their objections, should there be any. Should an employee refuse to sign a warning letter, this **does not** make the warning **invalid**. A witness will be requested to sign the warning, stating that the employee reused acceptance of the warning.*

Dismissal is reserved for the most serious offences and will be preceded by a fair disciplinary enquiry, unless an exceptional circumstance results in a disciplinary enquiry becoming either an impossibility (e.g. the employee absconded and never returned) or undesirable (e.g. holding an enquiry will endanger life or property).

Employee may refer matter to the CCMA if not satisfied with outcome.

5.8 Explain what induction is and why it would be important for a new staff member who will be in direct contact with customers (5)

- Orientation of a new employee in a business, puts person at easy
- Taught Vision/mission/Goals/Ethics/Code of conduct/Safety requirements
- Tour of business and introduction to Dept heads
- Introduction to new job/office and on the job training starts.

QUESTION 6

(50 marks)

Read the scenario below and answer the questions that follow:

Looting impact and financial results of retailers.

Staff Writer 19/7/2021 edited on 11/08/23.

<https://businesstech.co.za/news/business-opinion/506916/woolworths-on-looting-impact-and-financial-results/>



Clothing and grocery retailers says the recent civil unrest which escalated into widespread looting and destruction of property in those areas, has had a significant impact on its operations in Woolworths, Pick n Pay, Shoprite, Spar, Mr Price etc. Many stores in KZN, as well as several stores in Gauteng, were forced to close, while the group's online delivery services and certain suppliers were also significantly affected with major damage to their assets, it said.

"Where we believe it is safe and feasible to do so, we have begun reopening stores in most areas of KZN," it said. Woolworths said it has SA Special Risk Insurance Assurance (SASRIA) cover in place in respect of material damage caused by the rioting, together with the related business interruption cover.

- 6.1. Identify the types of insurance needed in a retail business and briefly explain why it is beneficial to the business. (10)

Compulsory Insurances are: UIF – to assist employees if they become unemployed or are on maternity leave.

COIDA – In case of someone, staff or customer injured or becoming sick as a result of being in the business premises/factory, cover for injury, disability, sickness, death.

RAF- Road accident fund for serious injury or death by an accident on the public roads.

Non- Compulsory Insurances which will provide risk cover.

Commercial property insurance It can protect physical shop and contents against fire, storm damage, theft, vandalism, or damage from vehicles – and even airplanes, depending on the policy. Typically, this aspect of retail insurance policies reimburses for

covered events that cause damage to buildings, outdoor sign, furniture, equipment, inventory, and potentially property of others that you keep on company premises.

Liability insurance in addition to COIDA, can cover your business against accidents that affect customers or other visitors to the store. If, for example, a customer slips and falls on a wet floor in your store and is injured, liability insurance could cover medical costs, legal fees and damages for which you are legally responsible. Liability insurance typically won't cover employee injuries, employee disputes, or damage to company vehicles. Each of these issues requires separate insurance coverage.

Business income insurance to reimburse income lost during a covered event like fire, wind, hail, or vandalism. Perhaps your business must shut down temporarily to repair damage from a storm. This coverage can replace lost net income or pay for ongoing expenses, including payroll or the bond, and for relocation expenses if necessary.

Fidelity insurance is good to protect against employee fraud.

Cash-in Transit insurance for large sums of cash in transit in case of robbery.

- 6.2 Identify and briefly explain TWO types of insurance/assurances that an individual should consider taking out to protect dependants upon his/her death. (6)

Event that must take place-Death! Need to protect those left behind financially thru:

Funeral plan – pays funeral expenses

Medical Aid – covers final expensive medical expenses

Pension/Provident fund savings

Life cover which pays out on death.

- 6.3 Sustainable development examines the relationship between the three elements known as the Triple Bottom Line. Identify and briefly explain the Triple Bottom

Line as it would relate to the retail sector. Give an example where one of the retail groups has recently applied the triple bottom line. (9)

The triple bottom line (TBL) maintains that companies should commit to focusing as much on social and environmental concerns as they do on profits. TBL theory posits that instead of one bottom line, there should be three: profit, people, and the planet. A TBL seeks to gauge a corporation's level of commitment to corporate social responsibility and its impact on the environment over time.

- **Profit:** This is the traditional measure of corporate profit—the profit and loss (P&L) account. Essential for a business to run at a profit, but not at the expense of the next 2 P's.
- **People:** This measures how socially responsible an organization has been throughout its history.
- **Planet:** This measures how environmentally responsible a firm has been.

Example: Pick n Pay (One example needed (3 marks/9))

- Actively supporting and building local communities has always been a cornerstone of our business, inspired by Mr Raymond Ackerman's philosophy that "doing good, is good business". This year 2008, we committed R60 million (6.4% of post-tax profit) to our corporate social investment (CSI) initiatives. These range from major nationwide programmes and the development of long-term partnerships, to spur-of-the-moment support for local needs throughout the country. Our CSI initiatives focus on addressing specific needs of communities immediately surrounding our stores. Our CSI plan focuses on a portfolio of funds across the Pick n Pay Group, outlined below, with examples of projects: Ackerman Pick n Pay Foundation fund focusing on training/ skills development; job creation/ enterprise development; and arts and culture, in communities Siyasizisa Trust An initiative aimed at contributing to food security and small enterprise development among the communities in the Northern highlands of Kwazulu-Natal. Individuals are trained in vegetable gardening, poultry production, block making and candle making. Business skills, financial literacy and marketing form an essential part of the training. Noluthando Training Industries Aimed at developing much required skills, the Foundation funded 96 individuals, predominantly from the impoverished communities on the Cape Flats, to participate in Basic and Advanced Welding Training Courses and receive accredited certificates. Pick n Pay Enterprise Development fund focusing on commercial BEE initiatives to supply our stores Winterveldt citrus farmers (Tshwane) – citrus farmers at the Winterveldt urban settlement generate their income by supplying their produce to Pick n Pay stores in the area. Our funds have helped to improve access to water, and the project is steadily expanding. Balemi Ba Lekoa (Gauteng) – small scale farmers working on their own plots have formed a co-operative to farm commercially – including maize, piggery, cattle, sheep and chickens.

- 6.4 Shoprite and most of the retail groups mentioned in the above article say they are committed to rebuild and have mostly re-opened within a short period of time. What is your opinion of the positive attitude and resilience shown by Shoprite/Clicks/Massmart etc after they were looted? (5)

Knowledge of current affairs and personal opinion. Use marker discretion.

- 6.5 Explain how the Kings reports have guided corporate governance. (8)

*The **King Report on Corporate Governance** is a booklet of guidelines for the governance structures and operation of companies in South Africa. It is issued by the King Committee on Corporate Governance. Three reports were issued in 1994 (King I), 2002 (King II), and 2009 (King III) and a fourth revision (King IV) in 2016. The Institute of Directors in Southern Africa (IoDSA) owns the copyright of the King Report on Corporate Governance and the King Code of Corporate Governance. Compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange.^{[1][2]} The King Report on Corporate Governance has been cited as "the most effective summary of the best international practices in corporate governance".^[3] The philosophy of the code consists of the three key elements of leadership, sustainability and good corporate citizenship. It views good governance as essentially being effective, ethical leadership. King believes that leaders should direct the company to achieve sustainable economic, social and environmental performance. It views sustainability as the primary moral and economic imperative of this century; the code's view on corporate citizenship flows from a company's standing as a juristic person under the South African constitution and should operate in a sustainable manner.^[6]*

King I

In 1994 the first King report on corporate governance (King 1) was published, the first corporate governance code for South Africa. It established recommended standards of conduct for boards and directors of listed companies, banks, and certain state-owned enterprises. It included not only financial and regulatory aspects, but also advocated an integrated approach that involved all stakeholders.^[7]

It was applicable to all companies listed on the main board of the Johannesburg Stock Exchange, large public entities as defined by the Public Entities Act of South Africa; banks, financial and insurance companies as defined by the Financial Services Acts of South Africa; and large unlisted companies. It defined "large" as companies with shareholder equity over R50 million, but encouraged all companies to adopt the code.

The key principles from the first King report covered:

- *Board of directors makeup and mandate, including the role of non-executive directors and guidance on the categories of people who should make up the non-executive directors*
- *Appointments to the board and guidance on the maximum term for executive directors*
- *Determination and disclosure of executive and non-executive director's remuneration*
- *Board meeting frequency*
- *Balanced annual reporting*
- *The requirement for effective auditing*
- *Affirmative action programs*

- The company's code of ethics^[8]

King II

In 2002, when the Earth Summit was held in Johannesburg, King pushed for a revision of the report (King II), including new sections on sustainability,^[9] the role of the corporate board,^[9] and risk management.^[10] This revised code of governance was applicable from March 2002.

In addition to those types of organizations listed in King I, it was applicable to departments of State or national, provincial or local government administration falling under the Local Government: Municipal Finance Management Act, and public institution or functionary exercising a power or performing a function in terms of the constitution, or exercising a public power or performing a public function in terms of any legislation, excluding courts or judicial officers. As before, it encourages all companies to adopt the applicable principles from the code.^[11]

The key principles from the second King report covered the following areas:

- Directors and their responsibility
- Risk management
- Internal audit
- Integrated sustainability reporting
- Accounting and auditing^[11]

Legislative Enforcement

As before, the code is not enforced through legislation. However, it co-exists with a number of laws that apply to companies and directors including the Companies Act. In addition further enforcement takes place by regulations such as the JSE Securities Exchange Listings Requirements.^[11]

King III

Mervin King, he considered the King II report was wrong to include sustainability as a separate chapter, leading companies to report on it separately from other factors. In the next version, the 2009 King III report,^[12] governance, strategy and sustainability were integrated.^[4] The report recommends that organisations produce an integrated report in place of an annual financial report and a separate sustainability report and that companies create sustainability reports according to the Global Reporting Initiative's Sustainability Reporting Guidelines.^[13]

In contrast to the earlier versions, King III is applicable to all entities, public, private and non-profit. King encourages all entities to adopt the King III principles and explain how these have been applied or are not applicable. The code of governance was applicable from March 2010.^[14]

The report incorporated a number of global emerging governance trends:

- Alternative dispute resolution
- Risk-based internal audit
- Shareholder approval of non-executive directors' remuneration
- Evaluation of board and directors' performance^[14]

It also incorporated a number of new principles to address elements not previously included in the King reports:

- IT governance
- Business Rescue

- Fundamental and affected transactions in terms of director's responsibilities during mergers, acquisitions and amalgamations.^[14]

Again, the code of corporate governance is not enforced through legislation. However, due to evolutions in South African law many of the principles put forward in King II are now embodied as law in the Companies Act of South Africa of 2008. In addition to the Companies Act, there are additional applicable statutes that encapsulate some of the principles of King III such as the Public Finance Management Act and the Promotion of Access to Information Act.^[14]

King IV

"There have been significant corporate governance and regulatory developments, locally and internationally, since King III was issued in 2009 which need to be taken into account. The other consideration is that whilst listed companies are generally applying King III, non-profit organisations, private companies and entities in the public sector have experienced challenges in interpreting and adapting King III to their particular circumstances. The enhancement will aim to make King IV more accessible to all types of entities across sectors."^[15]

King IV was published on 1 November 2016.^[16] Providing for a 2-year period in respect of the drafting process and another year grace period to allow organisations to implement, King IV will probably become effective from middle 2017.

The Institute of Directors in Southern Africa (IoDSA)^[17] is the custodian of the King reports and the holder of their copyrights. Ansie Ramalho from the IoDSA, with the assistance of Parmi Natesan and Julie Dixon, leads the project management of the redrafting process and serves as the editor of the various drafts. The King Committee governs the drafting process and will ultimately approve of the King IV Report.

Ref: [King Report on Corporate Governance - Wikipedia](#)

Detailed information to check theory/points. Marker discretion, Eight logical, factually correct points needed.

- 6.6 Complete the table below, highlighting one point per block on THREE different Investment options /Asset classes that an investor could consider. (12)

Investment option (Asset class)	Example	Potential ROI	Risk factor
Property	Commercial	Med/ Beat inflation	Low-High depending on area. SA property becoming increasingly risky after political unrest, land invasion policy

<i>Equity/Shares</i>	<i>MTN share</i>	<i>Med/High</i>	<i>Low- blue chip</i>
<i>Collectables</i>	<i>Art</i>	<i>Med-High</i>	<i>Knowledge base required- expertise.</i>

SECTION C

QUESTION 7: BUSINESS REPORT

The following aspects will be considered when marks are allocated in this question:

- Format:
 - The CORRECT format must be used, i.e. Business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context/theme.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.



- 7.1 As a Business and Marketing consultant you have been asked to write a business report where you advise the board of a major food retailer in South Africa on their Marketing strategy. (You may choose from Shoprite, Pick n Pay, Woolworths or Spar in your report)

Explain how to formulate a Marketing strategy for their business during the challenges of Covid. Inspire and advise them to take a fresh look at the 7P's in their business, considering their performance strengths and also recommend a creative problem solving tool that they can adopt as a team when they work out their new strategy.

(50 marks)

Correct report format required according to rubric:

Mark according to RUBRIC for LOT and HOT.

What Is a Marketing Strategy?

- A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements. A thorough marketing strategy covers "the seven Ps" of marketing—product, price, place, promotion, processes, people and physical presence. The ultimate goal of a marketing strategy is to achieve and communicate a sustainable competitive advantage over rival companies.
- Retail marketing mix refers to the variables that a retailer can use in variable methods to arrive at an effective marketing strategy to attract his prospects.
- The variables are the varieties of merchandise and assortment along with the services that are offered, including advertising pricing layout and promotion and also store location design and visual merchandising.
- Retailers of an employ a variety of combinations to promote their business and to ensure proper reach to their prospective customers. The use of multiple methods depending on their objectives to promote themselves and create a market profile.
- The choice of methods of promotion varies and is dependent on the nature of the business, the goods that are kept in the retail store, and other such multiple factors.
- The credibility, control, and flexibility along with the cost that is associated with the retail promotion methods determine the choice of method of promotion.
- There are 7 Ps of the retail mix, which are as follows:

PRODUCT

- Product is the basic element of any and every organization. Some people go to the extent to comment that an organization is nothing but a collection of products. The product line is defined as the varieties of the products that are produced by a company, or that is stocked by a retailer.
- Collection of all the products and offering the company is known as product mix. The same products that are produced by the company are the ones that are sold by the retailer and kept in the retail store. Product mix refers to the length breadth and depth of the products.
- Result of the product is the total number of products that are present in the product line while the breadth of the product refers to the number of product lines that are offered by the company and finally the depth of the product means the various varieties of a particular product in that particular product line.

PRICE

- One of the most important element or variables, and the retailing buying decision is price. The entire retail organization is dependent on the single factor; it was either make it or break it. It is also known as the biggest and easiest measurement, which is subject to change.
- Rising helps the retail organization to complete its objective. This is also significant for new market entrant whose primary function is to establish their brand and then enjoy the increasing profits as and when the brand gets acceptance from the customers. From the customer's point of your price is considered as one of the main reason to visit a particular retail store.
- The pricing strategy in the case of the retail marketing mix should be consistent and consider the overall positioning of retailers sales, profits, and rate of return on investment.

- The lowest price may not necessarily mean the best price. Profit is the difference between cost and price. This can be very high when an urgent situation is exploited by the salesman.
- Cash flow, overall growth, and profitability are sort out by the retailers in order to survive the retail business. But in this case, pricing cannot be determined in isolation, and operating expenses and costs are equally important while establishing the retail price. Pricing the products is either based on the market at the cost of the product.
- The profits that are generated are within this and is controlled by the government and oriented by consumer or competition. Before one can determine the price, it needs a certain consideration such as the position of the market the position of the product in the market the perception of the customer various stages of a product life cycle through which the product is passing along with the competitive strategy and the overall retail marketing mix.
- The calculation of retail price should be based on the markup and the cost that is involved.
- Competition, organizational objectives, credit terms, discount, cost and profit, variable and fixed cost, pricing options, positioning strategies, pricing policies, etc.

PLACE

he availability of the product should be close to the place of consumption so that the prospects and the customers can buy it easily. Ab preferred brand by the customer who is not easily available at a location which is convenient to the customer that person made by some other brand in the same category thereby increasing the market share of the competition.

This is my the retailer has to and sure the availability of the product so that the customers can buy it whenever they require — the major components of place, in the retail marketing mix: physical distribution and marketing channels.

The elements of the marketing mix are affected by the channels decisions and involve a long term commitment of resources for them to run smoothly.

The intermediaries which are involved in the channel network independent organizations and their needs should be taken into consideration evaluating the alternatives of the channel. The marketing efforts success is dependent on a full-proof distribution network.

The stronger than another network, the better the success of the marketing effort. The elements of physical distribution involve warehousing, transportation, bulk packaging, material handling, etc.

PROMOTION

Once the budget of the retail store has been decided, the retailer should select an appropriate combination of public relations advertising, sales promotion, and personal selling. While this may be true in case of retailers, in case of small traders there are points which are limited because of limited availability of the funds, and they have to use advertising methods of promotional methods like direct mail holdings store displays fliers and other related publicity methods to attract the customers.

Retailers who have no problems with financing may opt for Print or television media in order to promote their Store. The promotional mix is the one which varies from retailer to retailer and country to country and also depends on technological advancement. It also depends on the nature of competition and the finances available with the retailer.

The promotional mix is designed by the retailer, which is in compliance with the objectives of the store, such as attracting the customers positioning of the organization and increasing the turnover. The promotional mix can include advertising, sales promotions, publicity, personal selling and digital marketing.

It also is based on other objectives such as clearing of the seasonal merchandising with special offers and announcement of special events.

Retailers are known to spend the promotional budget on the development of advertising and advertising campaigns along with other promotional activities. The retailer is also known to have various methods of promotion in order to promote his goods.

The methodology of promotion that is used by the retailer should be compatible with the stored image and the budget that is allocated for promotion by the retailer.

The primary objective behind the promotional strategy is to influence the decision of purchasing. Hence the retailer has to ensure that proper budgets and time is allocated in order to make the promotional activity more effective.

PROCESS

The process is perhaps one of the most crucial P in the retail marketing mix. The retail industry is based entirely on processes such as order processing and management of the database.

Right from the moment a customer enters the retail store, he is dependent on the process which will help him to find the appropriate section which has the appropriate goods.

It is a process that will help him find the price of the product along with other products and their prices, which help them to make a buying decision. Then the customer approaches the billing counter, which has an order processing system and a database management software which processes the order and generates a bill to the customer and processes the payment.

Other processes such as queuing system and standardization also part of the process. It is essential that all these processes are interlinked for a customer to have a smooth experience.

PEOPLE

People is perhaps another most important aspect and the element of retail marketing. People in the retail store are the ones that help the customers to find their product to help them with a particular product. It also includes the capacity of the staff and the efficiency and availability.

The staff should be capable and efficient to carry out the functions of the store smoothly. The interaction of the staff with customers should be a profession as well behaved and helpful.

If a particular product needs internal marketing it is the people who make sure that the internal marketing is done in accordance to the marketing rules and also ensures that the message reaches the right people or right customers.

PHYSICAL EVIDENCE

The layout of the shop and the reception and check out are part of physical evidence. Answering questions such as what will be the location of the store, or the location of the store in the mall, etc. cockroaches in case of physical evidence.

Interaction of customer and the staff is also included in physical evidence along with people. The testimonials of the customer the cash receipts and after-sale service are also part of physical evidence of retail Marketing Mix.

Example on current affairs by SHOPRITE:

With a background in financial management and business valuations, I have always been intrigued by 'strategy', that thing that ultimately sets a company apart from the next and probably, together with strong leadership, the main driver behind sustained value creation. In a series of interviews,

I had a virtual interview with Anton de Bruyn, CFO of the Shoprite Group of Companies, to gain insights on what shaped Shoprite's strategy during the early stages of the COVID-19 crisis. Four interesting items stood out:

The importance of adherence to risk management principles

The phrase 'that brings me back to risk management' echoed throughout the interview. It underlines the importance that Anton places on having a solid risk management framework. Adherence to principles such as risk registers for all divisions, having disaster recovery plans, business continuity plans, as well as regular risk forum discussions, was already part of Shoprite's culture. The benefit of going through the risk management process lies therein that you already have a good idea of how you should react and what your contingency plans look like should anything unforeseen happens.

To illustrate how it practically unfolded, he took me through an example relating to their distribution centres. During 2018, due to labour unrest and other contributing factors, their distribution centres in Gauteng came under severe pressure, this in a time when they also went live with a new ERP system, leading to a material impact on the business – more than a billion rand lost in sales. The continued operation of their distribution centres is one of their top identified risks and the implementation of crafted continuity plan speaks to this risk. When COVID-19 happened, even though the cause was different, the continuity plans were ready to be activated.

Anton added that you will never be able to foresee exactly how things will play out, that a pandemic will hit, or that government will impose various regulations within different levels of opening the economy. As the pandemic poses new risks, such as potentially having a large number of your 2 800 stores closed at the same time due to infections, the framework is in place to formulate new contingency plans.

Another aspect feeding into the risk management process relates to Shoprite's management structure, which ensures that everyone within Exco is continuously part of the risk management process. 'Currently, the Exco meetings revolve mostly around the contingency plans and how to manage the implementation thereof.'

Future-proof yourself

'Some 12–18 months ago the business looked different to where we are today on the back of the profit warning issued in February 2019,' Anton said. 'In the past two to three years there were many management changes, including the group appointing a new CEO, Pieter Engelbrecht, who succeeded Whitey Basson and had to land a clear message on strategy for the group going forward.'

Anton refers to the process as 'future-proofing yourself' so that you ensure that you stay relevant and move in line with international trends. And 12–18 months ago, they had to put a lot of attention on working capital, liquidity and refocusing capital allocation to strengthen their cash flow as part of 'future-proofing themselves'. It inevitably placed them in a stronger position ahead of the crisis.

'That brings me back to risk management ...' Anton emphasised that you must do a 'risk assessment' on your strategy to see if your strategy is still relevant, looking at all the strategic drivers. In order to 'future-proof yourself and stay relevant' you need to continuously look at ways to innovate in line with international trends (for example unlocking alternative revenue streams and focusing on online offerings). 'You need to get the combination right between short-term quick wins and longer-term bigger strategies. If you stop innovating, you will stop being relevant, which will have an impact on the growth of your customer base.'

Some things can be implemented quickly, like seeing what to focus on during the pandemic – Shoprite expanded their online offerings, introduced virtual vouchers, and focused more on cell phone-related sales, among other things. Then there are other

innovations that take longer to develop and roll out, like their FreshX store formats and Checkers rewards programme, both hugely successful.

'There is, however, one proviso to innovation: you need to have the systems in place, especially the IT platform, to be able to handle these changes.' Shoprite invested in an SAP ERP system and SAP software integration that allowed them to do things that they would not have been able to do in the past.

Communication with all role players

Continuous and clear communication with all stakeholders of the group, which includes the board, staff, shareholders, suppliers, the investor community, financiers and analysts, is crucial, and not just in a time of crisis. 'If you don't have the same message to all role players, people will get confused.'

Firstly, your board should know what strategy management drives and they need to buy in and support that strategy.

During the lockdown period management continued to update the board.

Also, your overall business strategy is not a secret anymore. Historically it could have been a 'secret competitive advantage', but today the communication of strategy is much more in the public domain, especially for a listed company. Shoprite has nine key drivers they focus on and these get communicated widely to all stakeholders (www.shopriteholdings.co.za/shareholders-investors).

Shoprite's CEO communicates directly to the staff via their own company application. He publishes videos in which he shares strategic goals (for example key messages regarding cost drivers) and gives clear guidance on what is expected. 'Communication' – Anton could not emphasise it enough – 'the better you communicate, over and over giving the same message, the better the strategy will be followed.'

Shoprite need to communicate in 14 countries, each with its own set of rules.

'Within an environment that changes every day, the structure in which you communicate becomes extremely important,' said Anton.

Corporate culture: passion and positivity

'What pulls one through in a time of crisis is passion and the way in which you approach it. Positivity unlocks creative thinking. It is all about positivity and accepting challenges. You need a management team and employees with a lot of passion. Our CEO drives positivity.'

Anton continued that one of the first things Shoprite did was to ensure that their staff were safe (protective gear, enough sanitiser, rolling out mobile clinics). They also, early

on during the lockdown, paid all staff an appreciation bonus – ‘retail is a hard and fast environment, you need to show you care about your staff and keep them motivated.’

We ended our conversation with some general business strategy-related topics, including the age-old principle of focusing on the client/customer. Shoprite’s approach is driven by a saying in their business that ‘no customer will leave the store unhappy’, so people go out of their way to make customers feel happy. New projects are approached with the questions ‘Is it for the benefit of the customer?’ and ‘How does it benefit the customer?’, a clear example of putting the customer at the centre of strategic thinking.

On incorporating sustainability and corporate citizenship into strategy, Anton mentioned that the integrated report is the first point of departure. Their company is totally committed and they embrace their role in society – supplier development (from information technology service providers to fruit and vegetable suppliers), soup trucks (utilised during periods of crisis) and mobile trucks serving rural areas, to mention a few. ‘It is nice to see that we can make a difference. The company does a lot and tries to give back to the communities – at the end of the day it is all about the customer.’

This article first appeared on www.accountancysa.org.za.

This question needs Marketing theory, strategy and the 7ps with advice to a chosen retail group. Some factual knowledge of the chosen companies performance strengths and current affairs relating to the company. (SPAR, SHOPRITE, PICKnPAY or WOOLWORTHS)

END OF PAPER

TOTAL – 300 MARKS