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PRELIM EXAM

QUESTION PAPER

CURRO

SERENGETI

Name:		Grade:	12
Subject:	Business Studies	Marks:	300
Examiner:	L. de Castro	Date:	06 September 2024
Moderator:		Signature:	
Subject Head:	L. de Necker	Signature:	Time: 3 Hours

INSTRUCTIONS:

1. This paper consists of 33 pages (including the cover page). Please check that your question paper is complete.
2. All questions are **COMPULSORY**.
3. Read the questions carefully.
4. Answer **ALL** the questions on the question paper in the space provided and hand this in at the end of the examination. Remember to write your name in the space provided on the question paper.
5. Demonstrate insight, where applicable, when answering the questions. You may refer to any South African clothing retail outlet or group that you have studied this year.
6. You are advised to pay particular attention to the use of language and the **allocation of marks**.
7. It is in your own interest to write legibly and present your work neatly.
8. **TWO** blank pages (pages 32 and 33) are included at the end of the question paper. If you run out space for a question, use these pages. Clearly indicate the question number of your answer should you use this extra space.
9. The allocation of marks for each question are as follows:

QUESTION	POSSIBLE MARK	MARK ACHIEVED	MODERATED MARK
1 - SECTION A (60 minutes)	100		
2 - SECTION B (60 minutes)	150		
3 - SECTION C (60 minutes)	50		
TOTAL	300		

SECTION A

QUESTION 1

Indicate the **most correct answer** by writing the letter of the alternative you have chosen in the space provided at the bottom of each page.

- 1.1. Which of the following tools is used to analyse the internal environment of a Woolworths franchise?
- A. Analysis of opportunities and threats
 - B. Value Chain analysis
 - C. Porter's six forces
 - D. PESTLE analysis. (2)
- 1.2. By Mr Price investigating the recent amendments made to the Employment Equity Act, it is making use of the ... technique.
- A. PESTLE
 - B. Porter's Six Forces
 - C. Sampling
 - D. Value Chain (2)
- 1.3. When competitors within a chain of retailers agree to charge customers a predetermined price on t-shirts, they are unethically practising ...
- A. Penetration pricing
 - B. Price fixing
 - C. Insider trading
 - D. Price inflation (2)

1.1.	1.2.	1.3.

- 1.4. Consider the following SWOT analysis for a clothing retail company:
- A. Strengths: Established market presence, extensive distribution network, high customer satisfaction.
 - B. Weakness: Low innovation rate, high employee turnover, outdated technology.
 - C. Opportunity: Rising demand for digital products, expanding markets in developing regions, increasing customer preference for customisation.
 - D. Threats: Rapid technological changes, economic instability, new market entrants. (3)
- 1.5. Employees at Mr Price have been forced to work overtime. They are unsure as to the rules and regulations concerning the conditions of overtime. The following statement is what they should know about working overtime.
- i. The SDA allows workers to be used for extra work for as long as the business requires them to work.
 - ii. The LRA will allow them to meet with their trade unions to discuss unhealthy working conditions.
 - iii. The BCEA covers all legislation concerning the number of hours an employee is allowed to work overtime.
 - iv. The BBBEE will prevent them from working overtime.
- A. i, ii and iii
 - B. ii and iii
 - C. iii and iv
 - D. i and iv (3)
- 1.6. Pepkor owns a variety of stores under their brand, such as Ackermans and Refinery. This type of trademark is an example of ...
- A. Retailer's trademark
 - B. Individual trademark
 - C. Manufacturer's trademark
 - D. All the above (2)

1.4.	1.5.	1.6.

- 1.7. Which of the following are disadvantages of conflict within the business environment?
- i. Unless the conflict is managed to create positive spin-offs it may hamper productivity and lower morale.
 - ii. Dysfunctional conflict may result in poor strategic management by customer and suppliers.
 - iii. Negative conflict may lead to inappropriate behaviour such as violence due to feelings of confusion and frustration.
 - iv. If the conflict is not managed to the benefit of all, however it may distract from critical issues and lead to poor quality decision-making.
- A. ii, iii and iv
 B. I, iii and iv
 C. I, ii and iii
 D. I, ii and iv (3)
- 1.8. Choose the option that **DOES NOT** fit. The administration function of Mr Price is responsible for:
- A. Processing questionnaires from customers
 B. Safeguarding of documents for the prescribed period
 C. Recruiting the best talent
 D. Adherence to the POPI Act (2)
- 1.9. Which is of the following NOT a possible outcome of dysfunctional conflict?
- A. Awareness that a problem can be solved.
 B. Violence
 C. A climate of mistrust
 D. Waste of time and resources (2)

1.7.	1.8.	1.9.

- 1.10. What technique helps to the manager make decision based on the advantages and disadvantages of a specific option?
- A. Decision tree
 - B. Pros and Cons chart
 - C. SWOT analysis
 - D. Value chain analysis
- (2)
- 1.11. Peter is an employee at Cotton On and earns a cost-plus benefit salary package. Which of the following is **NOT** included in his package?
- A. Pension fund
 - B. Medical aid
 - C. Road Accident Fund
 - D. Travel allowance
- (2)
- 1.12. Sandra purchased a building for the value of R950 000. She decided to insure the building for R800 000. A fire broke out causing damage of the value of R175 000. What amount will be paid by the insurance company?
- A. R23 500
 - B. R75 950
 - C. R150 000
 - D. R147 000
- (3)
- 1.13. A fashion retail owner has when he/she can prove that he/she can legally enter into contracts.
- A. Sustainability
 - B. A return on their investment
 - C. Market dominance
 - D. Contractual capacity
- (2)

1.10.	1.11.	1.12.	1.13.

- 1.14. A team member at Foshini who takes on more responsibilities than he/she can cope with is experiencing ...
 A. Synergy
 B. Role overload
 C. Role conflict
 D. Role defence (2)
- 1.15. The business processes of finding goods and services and paying suppliers.
 A. Production
 B. General management
 C. Administration
 D. Procurement (2)
- 1.16. When the manager of a clothing store delegates a task to an experienced employee without micromanaging it, this leadership style is most probably used.
 A. Democratic
 B. Transformational
 C. Laissez-faire
 D. Transactional (2)
- 1.17. Examine the table below and then choose the comment which accurately describes the Acid Test Ratio.

Current Assets	R 100 000
Inventory	R 15 000
Current Liabilities	R 75 000

- A. An acceptable ratio
 B. Stock is difficult to liquidate.
 C. An unacceptable ratio
 D. Current assets are excessive (3)

1.14.	1.15.	1.16.	1.17.

1.18. H&M use the ratio of *Current Assets: Current Liabilities* as a measure of its ...

- A. Gearing
- B. Liquidity
- C. Profitability
- D. Solvency

(2)

1.19. Which of the following scenarios represent dismissals based on misconduct at a fashion retailer?

- i. A cashier is dismissed for starting a physical fight with a customer.
- ii. A cashier is dismissed due to stealing.
- iii. A cashier is dismissed due to poor work performance, despite training efforts to assist him.
- iv. A cashier is dismissed due to cost reduction efforts of a fashion retailer.
- v. A cashier is dismissed due to being under the influence of alcohol.

- A. i, ii and iv
- B. ii, iv and v
- C. i, ii and v
- D. i, iii and v

(3)

1.20. Which statement best describes the relationship between the microenvironment and the overall performance of the business?

- A. The microenvironment has no significant impact on the business performance.
- B. The microenvironment consists of external factors only.
- C. The microenvironment includes factors directly within the company's control.
- D. The microenvironment is shaped entirely by government regulations.

(2)

1.18.	1.19.	1.20.

1.21. The CEO at H&M Clothing has controlled a situation in a mature manner. This is concept is known as ...

- A. Strategic planning
- B. Tactical intelligence
- C. Emotional intelligence
- D. Negotiating

(2)

1.22. Identify which one of the following is NOT a responsibility of a director.

- A. Acting with skill and care when formulating guidelines and policies.
- B. Refraining from pre-empting risks but have proper risk-management and policies.
- C. Establishing an audit committee for control.
- D. Ensuring integrated reporting.

(2)

1.21.	1.22.

[50]

QUESTION 2

Each of the following statements are false. Change the word in bold to make each of the following statements true.

2.1. **UIF** supports the purpose of the workplace forum.

2.2. Ethical culture, effective control, trust, and good reputation are outcomes of **King III**.

2.3. The **market environment** involves factors such as economic conditions, environmental and socio-economics factors.

- 2.4. **Convenience** goods is usually only purchased once the consumer has considered the brand name and quality of the product.
- _____
- 2.5. A **diversification** strategy is a business growth approach that focuses on expanding a company's existing products or services into new markets.
- _____
- 2.6. When claiming from insurance, Mr Price would be responsible for the **premium**, which is an amount that is not covered by their policy.
- _____
- 2.7. When investors opt for a **conservative** investment strategy to manage their investment portfolio, they invest most of their capital in shares.
- _____
- 2.8. **Branding** creates a certain image of the business, and it is not paid for.
- _____
- 2.9. The **average clause** stipulates that the insurer is only responsible for losses that are a direct result of the event that was insured.
- _____
- 2.10. When Cotton On compares their methodologies to that of their best competitors in the industry, they are making use of **TQM**.
- _____

[20]

QUESTION 3

Complete each of the following sentences by writing the missing word(s) in the spaces provided.
Choose the missing word(s) from the list of Business Studies terms provided.

NOTE: There is only one correct answer to each statement.

Vision statement	Labour Relations Act	Work to rule	Snob value
Go slow	Industrial relations	Brand stretching	Band wagon value
Mission statement	CSR	Business plan	Brand extension
Public relations	Lock out	Employment Equity Act	Continuous skills development plan

- 3.1. A _____ happens when workers at the Mr Price factory, follow official working rules and hours exactly in order to reduce output and efficiency. (2)
- 3.2. A/An _____ plan develops when fashion retailers are concerned about the effect of their business operations on the community. (2)
- 3.3. An example of _____ is when Mr Price ventures into opening a chain of fitness gyms. (2)
- 3.4. A customer has _____ if they are not prepared to consider a product when they feel the price is too low. (2)
- 3.5. A/An _____ defines why an organisation exists and what its overall operational goal is. (2)
- 3.6. The _____ is the law that ensures that all employees receive equal opportunities and are treated fairly by their employees. (2)
- 3.7. _____ describes the relationship between employer, employee, and other institutions such as government. (2)

[14]

QUESTION 4

Choose the correct term in brackets that will make the statement TRUE. Underline the correct word/term.

- 4.1. **(Unit trusts / Debentures)** are sometimes called bonds. (2)
- 4.2. **(Leader / Market penetration)** pricing refers to a situation where the business sells the product at a low price in order to attract new customers to try the product. (2)
- 4.3. The **(Compensation for Occupational Injuries and Diseases Act / Occupational Health and Safety Act)** provides compensation for injuries sustained, or diseases contracted by employees in the course of their work. (2)
- 4.4. A job **(description / specification)** outlines the duties of a fashion retail employee and the degree of supervision that will be applicable while performing the job. (2)
- 4.5. The time span that describes a product's sales from the time it is entered into the market, until such time as it is withdrawn from the market, is referred to as the product **(life cycle / segmentation)**. (2)
- 4.6. The threat of new entrants into the market is a challenge from the **(internal / external)** environment. (2)
- 4.7. The responsibility of creating a CSR policy for a business fall on the **(shareholders / directors)**. (2)
- 4.8. A **(disciplinary policy / grievance procedure)** allows the employee the opportunity to resolve a problem related to his/her employment by communicating with the employer. (2)

[16]

SUBTOTAL FOR SECTION A: 100 Marks

SECTION B

QUESTION 5



5.1. Explain the difference between managers and leaders at Mr Price.

(4)

←

Managers

Leaders

→

5.2. Describe how the following **managerial competencies** could assist Pick n Pay in maintaining a competitive advantage in the grocery industry. Use a **different example/scenario** to support each answer.

5.2.1. Organisational Awareness (5)

5.2.2. Judgement (5)

5.3. Assess how Mr Price could implement the different management **tasks** below to ensure they are committed to their vision. (9)

Planning	
Control	
Communicating	

5.4. Suggest how a Mr Price store could use the following **Balanced Score Card** perspectives to ensure continuous improvement in the business.

5.4.1. Customer perspective (3)

5.4.2. Learning and growth perspective (3)

5.5. Refer to the advertisement below and then answer the questions that follow.



Image: <https://www.facebook.com/Mr.PriceRecruitment/posts/1104152336801790/>

5.5.1. Define the term **recruitment**. (2)

5.5.2. Identify the **type of recruitment** Mr Price is using in the source in 5.5. (1)

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5.5.3. Describe TWO benefits of the type of recruitment identified in 5.5.2. (4)

5.6. Once employed, employees will go through an induction process. Suggest aspects that Mr Price could include in an induction programme for new employees at a store. (4)

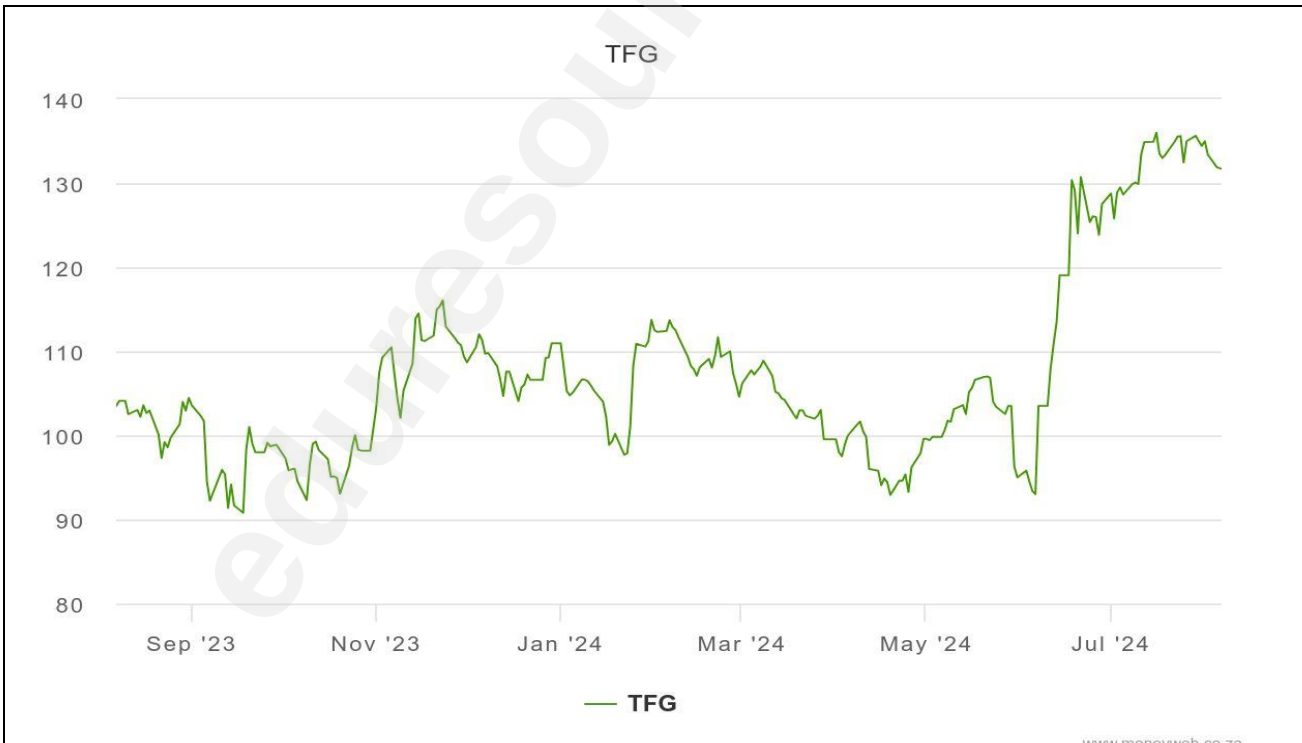
5.7. How could poor staff retention negatively impact Mr Price? (4)

5.8. Discuss TWO types of remuneration that Mr Price can use to pay their staff. (6)

50

QUESTION 6

6.1. Study the following information regarding the share price of the TFG Group over the last year.



Intraday	R131.71	
7 days	-2.3%	R131.71
30 days	2.53%	
90 days	32.13%	
6 months	16.01%	
1 year	25.9%	
YTD	18.86%	
3 years	-12.75%	
5 years	-17.72%	



Sourced: <https://www.moneyweb.co.za/tools-and-data/click-a-company/TFG/#:~:text=TFG%20Stock%20Price>

Accessed: August 2024

6.1.1. What is the **share price** of TFG on 6 August 2024? (1)

6.1.2. How has the share price of TFG **changed** over the last 90 days? (1)

6.1.3. Use the information above, describe the **market mood** for TFG between September 2023 and August 2024. (4)

6.1.4. Discuss the possible **external factors** which could have an impact on the share price of TFG. (4)

6.1.5. Discuss the **risk** involved when investing in shares. (2)

6.1.6. Explain the **return** that can be expected when investing in shares. (2)

6.2. Read the extract below.

A Gauteng mother is suing one of South Africa's largest clothing stores for R1 million after her teenage son was allegedly assaulted and kidnapped by staff members on accusation of theft.

The case emanates from an incident that happened in November 2022, when a 15-year-old boy accused of shoplifting was reportedly assaulted and locked inside the Power Fashion store in Daveyton Mall, Ekurhuleni.

The clothing store belongs to the Mr Price Group Limited.

Sourced: <https://www.citizen.co.za/news/south-africa/mother-clothing-store-assault-court/>
 Accessed: Aug 2024

6.2.1. Did Power Fashion Store handle the situation correctly? Substantiate your answer. (2)

6.2.2. With reference to **corporate governance** discuss the possible disciplinary consequences that can be faced by Power Fashion and Mr Price. (4)

6.2.3. How will this incident negatively impact on the **business' image**, for both Power Fashion and Mr Price? (3)

6.2.4. Suggest **corrective and preventative** measures that Power Fashion can implement. (4)

6.2.5. In light of this event, discuss why it is important for a business to have a **Code of Ethics** and a **Code of Conduct**. (4)

6.3. Study the following statement.

Mr Price has a heart for youth development – with a business mindset guided by good governance – they intend on effecting sustainable social change for children and youth.



Source adapted: <https://www.mrpricefoundation.org/> Accessed: August 2024

6.3.1. Critically evaluate the role of **transparency and accountability** in corporate governance and how these principles build trust among stakeholders, as well as the consequences of failing to adhere to these principles. (5)

6.3.2. Discuss how the involvement in **corporate social responsibility** will benefit Mr Price and the community they are involved in. (6)

6.3.3. Discuss how Mr Price's involvement in CSR would promote **investor confidence**. (4)

6.3.4. Explain '**effective control**' as part of the King Code IV. (4)

50

QUESTION 7

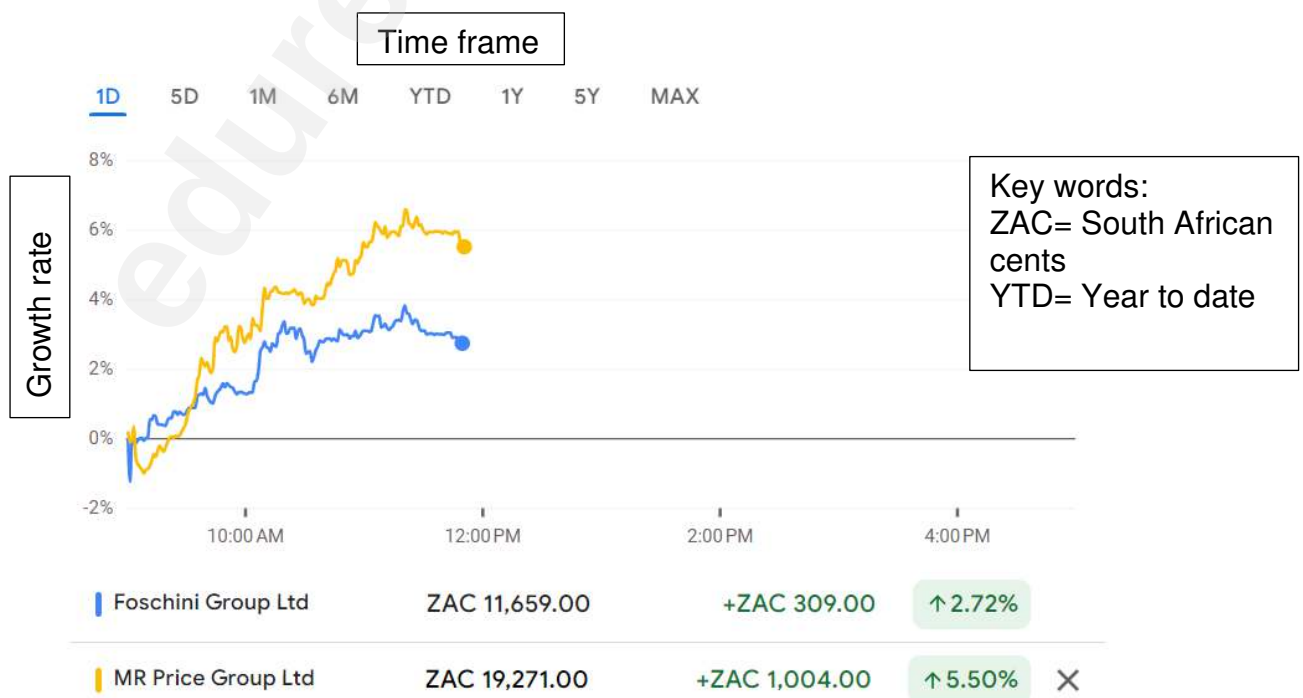
7.1. Takealot owned company, Superbalist, is a successful online clothing platform that delivers to your door. They make use of various types of vehicles to successfully provide this service.

7.1.1. Assist the financial department of Takealot in taking out vehicle insurance by naming and differentiating between the **TWO** different vehicle insurance options. (10)

7.1.2. One of the delivery drivers of Takealot got into a serious accident and got injured and would like to claim from the Road Accident Fund. Assist the driver by explaining the purpose of this fund. (6)

- 7.2. Discuss **THREE** requirements that should be considered to ensure an insurance contract is valid. (6)

- 7.3. Use the given information to answer the questions that follow.



Source: <https://www.google.com/finance/quote/TFG:JSE?sa> [Date accessed: 26/05/2024]

7.3.1. Which company's share price is more expensive?

Name:	(1)
Price (ZAC):	(1)

7.3.2. Which company yields the lowest ROI?

Name:	(1)
Percentage:	(1)

7.3.3. Discuss the element of risk when investing in equities. (4)

7.3.4. Discuss how the demand for shares in Mr Price can be impacted. (5)

7.4. Name **FIVE** instances that are considered uninsurable by insurance companies. (5)

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- 7.5. Evaluate the importance of commercial insurance. Include examples of insuring both the contents of your business as well as the structure of the business. (8)

- 7.6. Name **TWO** aspects a person must consider when taking out long-term insurance. (2)

50

SUBTOTAL FOR SECTION B: 150 Marks

SECTION C

QUESTION 8

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

- 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/industry.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and appropriate sequencing.



<https://www.moneyweb.co.za/news/companies-and-deals/mr-price-sees-pain-again/>

Read the following article and answer the question that follows:

We love where we work, and we think you will, too. We're on a mission. A mission to be the best. We pride ourselves on our fast-moving, fast-working and collaborative culture. Our people are our success, and that's why we love people with a point of view. We hire for attitude and train for skill – so, what does that mean for you? It means that if you're passionate and you have a great attitude, then you're one step closer to joining our family.

We're a company made up of free-thinkers, doers, makers, creators, crafters, art lovers, tech heads, planners, disruptors, wordsmiths, number crunchers, pun enthusiasts, engineers, left and right-brainers, award winners ... you get the picture. We take our work seriously. But ourselves? Not so much.

Source: <Theorg.com/org/mr-price-group-ltd/teams/leadership-team

Benefits and Perks

Employees at Mr Price have the opportunity to enjoy a variety of appealing benefits and perks. These could encompass competitive remuneration packages, chances for career growth and promotion, and the privilege of employee discounts on stylish products.

Furthermore, there might be programs for training and development to boost skills and expertise, along with employee recognition schemes that celebrate outstanding achievements. Mr Price might also present a range of employee wellness initiatives to encourage a balance between work, life, and overall wellness.

REQUIRED:

Compose a business report that is delivered to Mark Blair, the CEO of Mr. Price, in which you assess the significance of personnel planning.

- Talk about the benefits of both internal and external hiring.
- Describe the selecting process that Mr. Price may use.
- Assess the intent behind and potential effects of the following laws on human capital:
 - The EEA, or Employment Equity Act
 - The concepts of Broad Based Black Economic Empowerment (BBBEE) and Black Economic Empowerment (BEE)
 - The BCEA, or the Basic Conditions of Employment Act

[illegible]

[illegible]

[illegible]

[illegible]

SUBTOTAL FOR SECTION C: 50 MARKS

Additional space (ALL questions)

REMEMBER TO CLEARLY INDICATE AT THE QUESTION YOU USED THE ADDITIONAL SPACE TO ENSURE THAT ALL ANSWERS ARE MARKED.

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TOTAL: 300