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EAST RAND CLUSTER
BUSINESS STUDIES
GRADE 12
PRELIMINARY EXAMINATION 2023

Time: 3 Hours
Examiner: M. Olivier
Contribution: Cluster Schools

Total: 300 Marks
Moderators: Q. Govender &
C. De Beer

NAME: _____

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This question paper consists of 38 pages. 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 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 general 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 to present your work neatly.
8. TWO blank pages (pages 37 and 38) are included at the end of the question paper. If you run out of space for a question, use these pages. Clearly indicate the question number of your answer should you use this extra space.

	Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	TOTAL
MARKS ACHIEVED								

SECTION A

QUESTION 1

[54]

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 A political challenge that a business might face could be: (2)
- A Exchange rates
 - B Sanctions imposed on the supplier's country
 - C A new entrant to the market
 - D A contagious disease such as Covid-19
- 1.2 Which one of the following strategies would be a growth strategy? (2)
- A Differentiation
 - B Focus market
 - C Market development
 - D Divestiture
- 1.3 At Pick 'n Pay the ... function is responsible for handling funds, making payments, preparing Income Statements and Cash Flow Statements. (2)
- A marketing
 - B procurement
 - C human capital
 - D financial
- 1.4 A resource based-analysis (2)
- A distinguishes whether a substantive or procedural approach will be used in disciplining workers.
 - B measures the rate of inflation.
 - C describes the impact of collective bargaining in satisfying employee demands.
 - D assesses the value of each worker and strategizes how each worker can add value to the business.
- 1.5 Woolworths Holdings has just bought the farm that supplies them with potatoes. This is an example of ... (2)
- A horizontal integration.
 - B backward integration.
 - C forward integration.
 - D inverted integration.

1.1	1.2	1.3	1.4	1.5

- 1.6 A customer has a high level of power when ... (3)
- i) a business has limited suppliers.
 - ii) the business only has a few large customers.
 - iii) there are a large number of substitute products in the market.
 - iv) government regulates access to the market.
- A i, ii, iii and iv
B only ii
C i and iii
D only iv
- 1.7 ... measures Pick 'n Pay's generation of profit with the capital that has been invested. (2)
- A Liquidity
B Solvency
C Gearing
D Return on investment
- 1.8 Current ratio is ... (2)
- A current assets : current liabilities.
B (current assets + loans) : current liabilities.
C (current assets – inventory) : current liabilities.
D (current assets + loan advances) : current liabilities.
- 1.9 A mission statement can be best defined as ... (2)
- A an explanation of aims, values and fundamental purpose of the business.
B short-term plans to achieve the tactical objectives of the business.
C an outline of how the business achieves its aims and objectives in the long-term.
D a short, captive phrase used in branding and advertising.
- 1.10 Which one is **not** an example of an internal stakeholder at Checkers? (2)
- A Customer
B Employee
C Shareholder
D Director

1.6	1.7	1.8	1.9	1.10

1.11 Why would the manager play 'devil's advocate' in a conflict situation? (2)

- A To hinder group performance.
- B To clear misperception.
- C To manipulate a team into compromising their point of view.
- D To create a bonding experience between the group members.

1.12 A workplace forum consists of the following: (3)

- i) employee representatives.
- ii) management.
- iii) media.
- iv) political parties.

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

1.13 A workplace forum can be used as a platform to make joint decisions on issues such as: (3)

- i) job grading.
- ii) wage negotiations.
- iii) health and safety measures.
- iv) criteria for merits and bonuses.

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

1.14 Which of the following is **not** an example of the Human Capital management's duties? (2)

- A Staff training and development.
- B Enforcing disciplinary procedures.
- C Identifying customer requirements.
- D Performance appraisal procedures.

1.11	1.12	1.13	1.14

1.15 Which of the following statements, with regards to the CCMA are **FALSE**? (2)

- A Training is provided on issues such as workplace restructuring.
- B The aim is to prevent labour disputes from escalating into labour unrest.
- C The CCMA settles disputes that are referred to them in a biased manner.
- D None of the above.

1.16 This is an advantage of internal recruitment for Checkers ... (2)

- A Workers will need to attend intensive induction programmes.
- B Higher levels of staff morale and staff retention rates.
- C Higher skills development costs.
- D More wage negotiations between Checkers and the trade unions.

1.17 If an employee refuses to carry out an instruction from his/her manager, it is known as ... (2)

- A misconduct.
- B substantive irresponsible.
- C constructive dismissal.
- D poor work performance

1.18 Select the statement/s that best describe the pillars of Broad Based Black Economic Empowerment. (3)

- i Using only suppliers that are at a certain BEE level in order to make contributions to developing micro businesses in SA.
- ii Businesses with an annual turnover exceeding R55 million are evaluated on all pillars of the B-BBEE Scorecard.
- iii The appointment of black directors, promotion of black staff in senior positions and an equity plan that is representative of society.
- iv The percentage of shares in the business that are owned by black people.

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

1.15	1.16	1.17	1.18

- 1.19 An intrapreneur within the Massmart Group could benefit the company due to: (2)
- A continued analysis of the business environments, in search of personal financial gain.
 - B the usage of personal entrepreneurial characteristics and business resources to transform innovative ideas into profit.
 - C the usage of personal management abilities to lead and motivate staff as and when top management requires it.
 - D maintaining systems and structures while using control of organisational performance.
- 1.20 A senior manager at Pick 'n Pay having to issue a written warning to an employee for misconduct after many verbal warnings, is said to use the management task of ..., because ... (3)
- A control; the manager is ensuring that performance standards are met.
 - B leading; the manager is setting an example to other employees of what certain repercussions might be should they similarly transgress.
 - C discipline; the manager would like to improve certain behaviour in the business.
 - D communication; the manager is informing the employee in writing of their transgression for record keeping purposes.
- 1.21 The management team who initiated 'ShopriteX', utilised science and technology for a cashier-less system of retail and question conventional methodology to gain a competitive advantage can be said to use ... as a management competency. (2)
- A negotiation
 - B teamwork
 - C initiative
 - D organisational awareness
- 1.22 Which one of the following is **not** a duty of a director? (2)
- A Acting with skill and care when formulating guidelines and policies.
 - B To refrain from pre-empting risks but rather have proper risk management procedures in place.
 - C Establishing an audit committee for control.
 - D Ensuring the company complies with integrated reporting requirements.

1.19	1.20	1.21	1.22

- 1.23 “There is more emphasis on sustainability, risk management, information technology, internal auditing, remuneration and alternate dispute resolution.”

Which King’s Code on Corporate Governance is being referred to in the quotation above? (2)

- A King Code I
- B King Code II
- C King Code III
- D King Code IV

- 1.24 A prerequisite for good quality and improved performance in the production function, is ____1____. If materials and methods are not ____2____, performance targets will be unknown. It is critical that retailers ensure that good quality control is implemented. This can be achieved through ____3____, which involves testing a few products from a batch as well as ____4____ whereby each product is tested and compared to quality standards. (3)

	1	2	3	4
A	product development	eliminated	inspection	sampling
B	product specification	standardised	sampling	inspection
C	benchmarking	administered	production	procurement
D	human element	Produced	production	Inspection

1.23	1.24

QUESTION 2

[22]

Choose the **most correct answer** from the terms in the table below that best match the statements that follow.

Write down the **most correct answer** in the space provided after each statement.

Note: There is only one correct answer for each statement.

BUSINESS DICTIONARY			
Promotion	Growth	Market analysis	Brand extension
Market penetration pricing	Process	Marketing plan	People
Speciality goods	Target market	Brand stretching	Psychological pricing
Franchising	Convenience goods	Retailer	Introduction

2.1 A stage in the product life cycle that is characterised by slow sales growth and little to no profit.

2.2 The process of designing, gathering and reporting to solve a specific marketing problem.

2.3 The group of people or organisations for which a product or service is intended.

2.4 This marketing element refers to the various methods and activities used to communicate to the target audience.

2.5 A characteristic of this type of business model is the high level of support and training an owner can expect.

2.6 In order for Woolworths to improve customer service, they need to invest in ... as part of the marketing mix.

- 2.7 Brainstorming strategies to effectively deal with customer complaints and developing recyclable packaging is part of the ...
-
- 2.8 A pricing strategy that involves setting prices just below even amounts, e.g., R199,99 instead of R200.
-
- 2.9 The marketing intermediary that buy products to sell them to the end consumer.
-
- 2.10 Spar sells predominantly this type of goods.
-
- 2.11 Woolworths Holdings recently introduced a flagship store called Woolworths Liquor. This is an example of ...
-



Sourced: <https://fbusinesstech.co.za/news/Woolworths-pnp-spar-checkers.png> Accessed: July 2023

QUESTION 3

[24]

Choose the term in brackets that makes the statement **TRUE**. **Underline your answer**.

- 3.1 Investors will buy (**shares** / **debentures**) in the company with the expectation that the investment will grow over time and that good dividends will be generated.
- 3.2 'Not keeping all eggs in one basket' refers to the term (**diversification** / **divestiture**).
- 3.3 Unit Trusts can be described as a (**short-term investment** / **basket of shares**) that is trading on the stock exchange.
- 3.4 (**Dividends** / **Capital**) are part of the profits of the company that are shared between the shareholders.
- 3.5 A (**redeemable** / **irredeemable**) debenture is repayable on a predetermined date.
- 3.6 Money market accounts have (**low** / **high**) risk but offer a lower interest rate than longer-term investments.
- 3.7 Spar will engage with a (**Balanced Investment Strategy** / **Defensive Investment Strategy**) when it is looking for a stable income from an investment with a low level of risk.
- 3.8 When the rights of an endowment policy are transferred to a bank as security for a loan it is known as a (**proxy** / **cession**).
- 3.9 A manager at Spar has insured his car for R1 000 000 but it is actually only worth R800 000. An accident causes R50 000 worth of damages. The insurance company will only pay out (**R50 000** / **R62 500**).
- 3.10 (**Cash-in-transit** / **stock-in-transit**) insurance covers losses suffered when stock is damaged/destroyed or stolen while being transported from the warehouse to the store.
- 3.11 (**Fidelity** / **Public liability**) insurance covers Checkers from claims arising from injuries to individuals on the business premises.
- 3.12 This is seen as an un-insurable interest, (**changes in technology** / **own property**).

TOTAL SECTION A: 100

SECTION B

Use the mark allocation as a guide to the length of your answers.

QUESTION 4

[50]

4.1 Answer the questions in the following schematic diagram.

4.1.1 Name the external environment in which Porter's Six Forces Model is most applicable. (1)

Porter's Six Forces Model

4.1.2 Except for the threat of new entrants to the general retail market, what else is a challenge to existing retailers? (1)

List any **FOUR** other elements of Porter's Six Forces. (4)

- _____
- _____
- _____
- _____

4.1.3 The threat of new entrants to the general retail industry is a challenge to existing retailers. (1)

Discuss **TWO** possible strategies that general retailers could use to prevent or solve the challenge of new entrants **by means of examples**. (4)

4.2 Macro challenges faced by a general retailer in South Africa.

Environment	Describe factors that can cause possible challenges. Provide TWO.	Provide a different strategy for each of the challenges.
4.2.1 Economic	(2)	(2)
4.2.2 Social	(2)	(2)
4.2.3 Technological	(2)	(2)

4.3 Refer to the extract and answer the questions that follow:

WOOLWORTHS HOLDING LIMITED

PEOPLE

The people strategy for Woolworths is focused on our people experience as we returned to work from the Covid-19 pandemic lockdowns and the key areas below, with the aim to empower, partner and lead so that our people are confident, capable, and connected:

- Fostering a future-fit human resources leadership and team
- Encouraging experience innovation
- Adopting a culture premised on inclusive justice, diversity, and inclusion

[Source adapted from <https://www.woolworthsholdings.co.za/people/>. Accessed July 2023]

4.3.1 Refer to the above People Strategy from Woolworths.

Evaluate, **with examples**, how management may realise these objectives while utilising the following leadership styles: (9)

Democratic	Autocratic	Transformational

4.3.2 **The Transactional leadership style can be described as an approach of “give and take”.**

Discuss **TWO** disadvantages of this style of leadership. (2)

4.3.3 Identify **THREE non-monetary** factors to motivate employees and evaluate how each factor may lead to a more motivated workforce. (6)

4.4 **Two employees at Woolworths are constantly competing** for the same promotion and recognition. Instead of working together as a team, they engage in back-stabbing and gossiping about each other. This has led to a decrease in productivity and low morale in that division. Their supervisor mostly ignores them but then sometimes threatens to dismiss them both.

4.4.1 Identify the type of conflict and substantiate your answer. (2)

4.4.2 Assess the supervisor's response to the conflict. (2)

4.4.3 Suggest **TWO** ways in which the situation can be resolved. (2)

4.4.4 Review the process the CCMA will take to resolve this conflict. (6)

WOOLWORTHS



Sourced:

<https://www.careersportal.co.za/sites/default/files/styles/amp/public/images/Bronwyn/woolworthslogo>

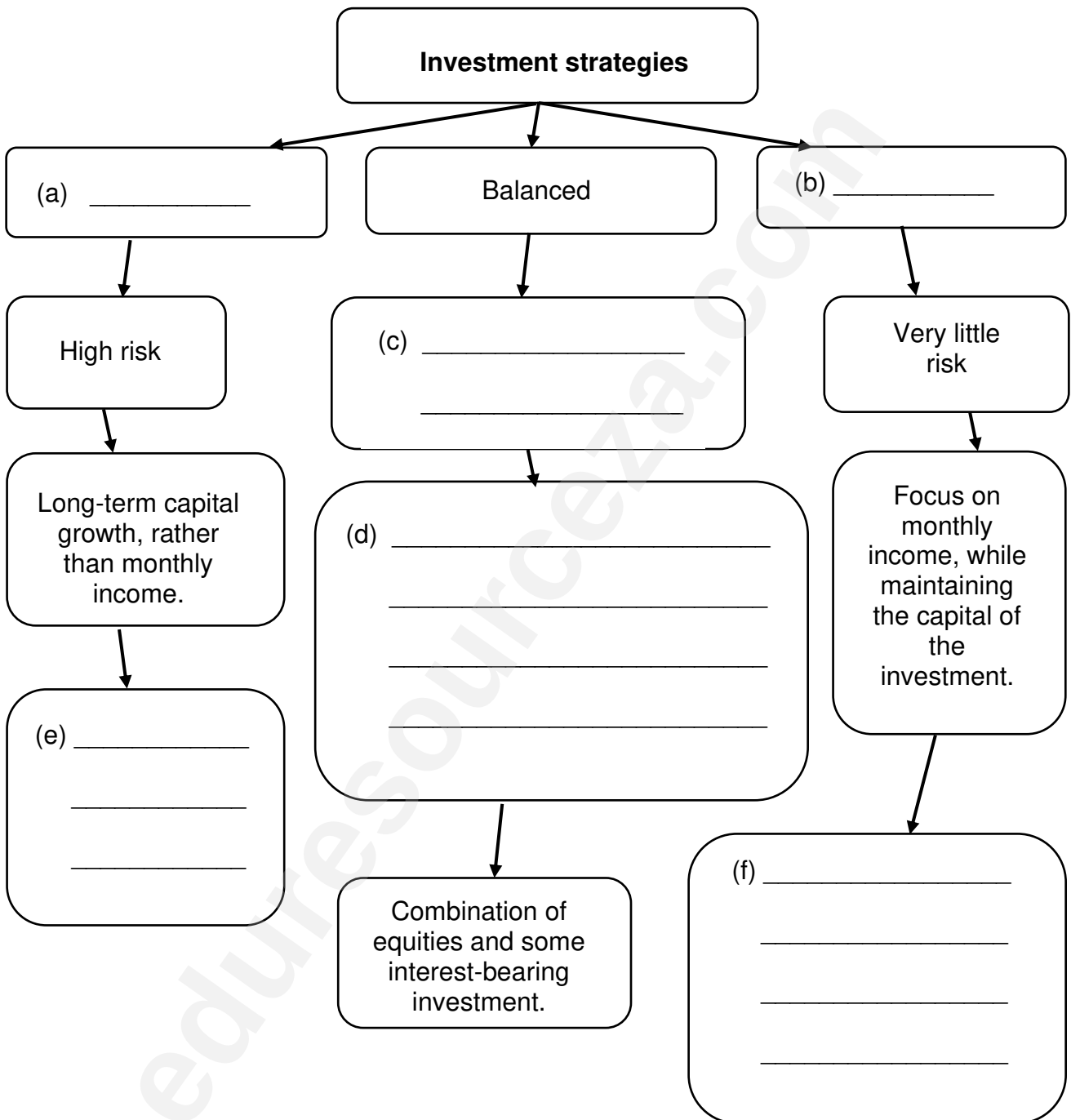
Accessed: July 2023

QUESTION 5

[50]

5.1 Complete the following diagram.

(8)



5.2 Evaluate the investment in a business such as Food Lovers Market.

Discuss **TWO** reasons why it would be deemed a high-risk investment. (4)

5.3 Discuss how you as the Human Capital manager could explain **Retirement Annuities** to your employees.

5.3.1 Description (2)

5.3.2 Risk involved in this form of investment. (2)

5.3.3 Return that can be expected.

(2)

5.3.4 Discuss why some people would not be financially secure by the time they go on retirement. Provide **THREE** reasons. (6)

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- 5.4 Critically evaluate how the **Compensation for Work-related Injuries and Diseases Act** (COIDA) impacts on the risk management programme at Food Lovers Market (as a form of insurance for Food Lovers Market and their employees). (6)

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- 5.5 List any **THREE** factors that the insurance companies will take into inconsideration when determining the premium on insurance of the delivery bikes used to deliver purchases to customers. (3)

-
-
-

- 5.6 Provide **THREE** requirements for a valid insurance contract. (3)

-
-
-

5.7 It is essential that Food Lovers Market protects the business by taking out insurance.

Assess **THREE** types of non-compulsory insurance that will protect Food Lovers Market. (6)

5.8 Read the following extract on **Checkers** and answer the questions that follow.

The Shoprite Group is the largest private sector employer in South Africa and a leading employer in Africa. We believe our employees are key to our success. We focus on attracting, developing and retaining a loyal and committed workforce, dedicated to the Group's culture and organisational objectives.

Sourced: <https://www.shopriteholdings.co.za/careers.html> Accessed: July 2023

5.8.1 Evaluate the impact on Checkers if employees are **not retained**. (4)

- 5.8.2 Discuss how the **recruitment and training processes** can be used to meet the Employment Equity targets of Checkers. Provide relevant examples to illustrate your answer. (4)

Checkers

Sourced: <https://www.logolynx.com/images/logolynx/ee/ee75308.jpeg> Accessed: July 2023

QUESTION 6

[50]

Study the following extract.



While striving to give our customers an enjoyable and memorable shopping experience, we also offer more than 1000 exclusive SPAR Brand products, available at stores nationwide.

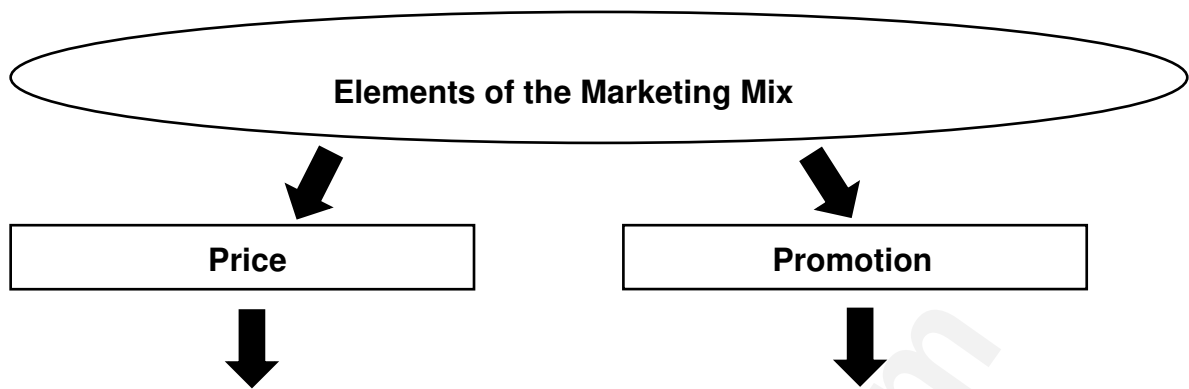
Our goal is to provide our customers with unwavering quality of the highest standards, complemented by excellent and personalised service in a warm and inviting, community environment.

Source: <https://www.spar.co.za/About-SPAR/Company> Accessed July 2023

- 6.1 Differentiate between **brand extension** and **brand stretching**. Make use of **examples** to illustrate your answer. (4)

- 6.2 Critically evaluate the **importance of packaging** as part of the product in the marketing mix. (5)

6.3



6.3.1 Explain the **importance** of Spar focusing on each of these elements as part of their marketing strategy.

(3)

(3)

6.3.2 Assess how the **TWO** marketing elements are dependent on each other to ensure a successful marketing strategy. (2)

6.3.3 Suggest **THREE** criteria that would be used to determine the success of Spar's marketing strategy. (3)

- _____
- _____
- _____

6.4 Discuss **how marketing influences** the other business functions.

(8)

[illegible]

6.5 **False advertising** can have serious consequences for both businesses and consumers.

6.5.1 Discuss the **ethical and legal implications** of false and unethical advertising. Highlight the relevant laws and regulations in South Africa that aim to protect consumers. (8)

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- 6.5.2 Propose **strategies** that the business can implement to ensure truthful and transparent marketing practices. (4)

- 6.6 Critically evaluate how the directors of a company may successfully implement the **principles of good corporate governance** as prescribed in King Code II. (10)



Source: <https://www.google.com/imgres?imgurl=https%3A%2F%2Fthespargroup.com> Accessed: July 2023

TOTAL SECTION B: 150

SECTION C

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

- Format:
 - The CORRECT format must be used, i.e., business report.
 - Include an introduction and conclusion where applicable.
 - Use headings and sub-headings where appropriate.
- Correct business terminology must be used.
- Content must be sufficient to cover all aspects of the question.
- Substantiate (justify) all statements made.
- Application to case study/context/theme.
- Problem-solve rather than just giving theoretical facts.
- Synthesise and sequence.

QUESTION 7**[50]**

Study the following sources before answering the question.

SOURCE A

At Woolworths we take our business values seriously. They aren't just words in an annual report - they are the foundation of our business. They give us direction and guide our behaviour, actions and choices. In fact, our values are so important to us that we're measured not only on our performance, but also by how well we live up to them.

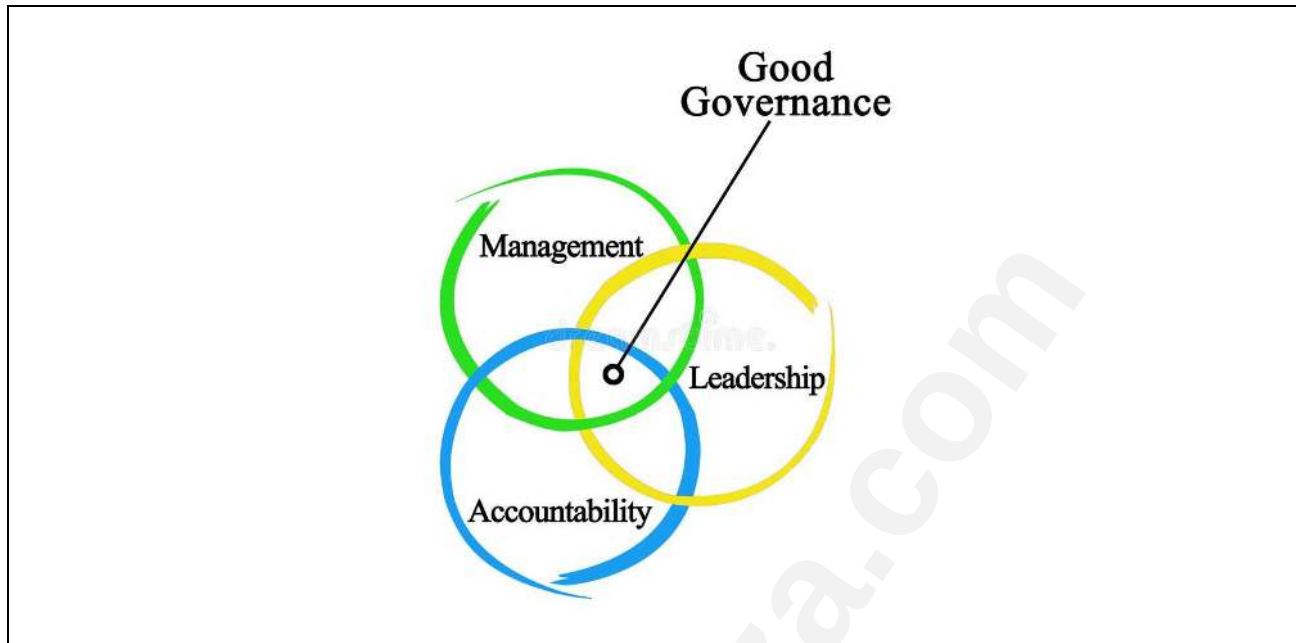
Sourced: <https://www.woolworths.co.za/corporate/cmp204259> Accessed: July 2023

SOURCE B

Manufacturers must not think that customers are not emotionally invested in a sustainable supply chain process. A Boston Consulting Group (BCG) survey found that 70 percent of customers are willing to pay a 5 percent price premium for sustainable goods. Manufacturers must inform customers about their sustainable supply chain initiatives in order to achieve this goal.

Sourced: <https://businessday.ng/opinion/article/bringing-sustainable-supply-chain-practices-to-africa/>
Accessed: July 2023

SOURCE C



Sourced: <https://thumbs.dreamstime.com/b/three-characteristics-good-governance-244662202.jpg>

Accessed: July 2023

Business ethics are important for every company. They keep workers safe, help trade and interactions between companies remain honest and fair, and generally make for better goods and services. Distinguishing what a company will and won't stand for is not always the same for each organisation, but knowing basic ethical guidelines is a key component of company management.

As an independent consultant, you have been asked to assist the top management of a general retailer to develop strategies to improve their corporate governance and to become a more ethical business.

Write a business report to the top management where you explain how proper corporate governance, a code of ethics and an ethical supply chain can positively impact the business culture.

This image shows a blank sheet of white paper with horizontal blue or grey ruling lines. A diagonal watermark, 'eduresourceza.com', is visible across the page. The watermark is light grey and semi-transparent. The paper appears to be a standard notebook or worksheet page.

[illegible]

[illegible]

[illegible]

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[illegible]

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TOTAL SECTION C: 50

GRAND TOTAL: 300

ADDITIONAL SPACE (All questions)

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

[illegible]

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