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RIDGEWAY COLLEGE
BUSINESS STUDIES
GRADE 12
2024

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Time:	3 Hrs / 180 mins	Marks:	300
Topic	Term 1/2/3/4	Aspect	Pre-Liminary Examination
Date:	5 September 2024	Term	3

Surname:	
Name:	

EXAMINATION NUMBER:

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PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

- 1 This question paper consists of 42 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 examination number in the space provided on the question paper.
- 5 Demonstrate insight, where applicable, when answering the questions. You may refer to any clothing retail store 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 One blank page (pages 42) is included at the end of the question paper. If you run out of space for a question, use this page. Clearly indicate the question number of your answer should you use this extra space.

50	26	24	50	50	50	50	300
QUESTION 1	QUESTION 2	QUESTION 3	QUESTION 4	QUESTION 5	QUESTION 6	QUESTION 7	TOTAL

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 The procurement manager of Woolworths gathers all the information possible the origin of the products from all their international suppliers is demonstrating a ... competency. (2)
- A Talent development and empowerment
 - B Supply Chain Analysis
 - C Global awareness
 - D All of the above
- 1.2 When H&M's management team compares the desired performance with the actual performance of a particular line of consumer products, they are performing the management task of... (2)
- A Control
 - B Co-ordination
 - C Delegating
 - D Evaluating
- 1.3 When an insurer guarantees to restore someone to the same financial position they were in before a loss occurred, it is known as... (2)
- A indemnification
 - B excess
 - C subrogation
 - D premium
- 1.4 The management style applied when employees are consulted on a decision and get to vote to decide: (2)
- A autocratic
 - B free-reign
 - C democratic
 - D situational

1.1	1.2	1.3	1.4

- 1.5 What level of effort should Pep commit to product development when a competitor has low power and low influence in the market? (2)
- A Medium
 - B Maximum
 - C Minimum
 - D None
- 1.6 A resource-based analysis analyses a business's ... (2)
- A external environment
 - B internal environment
 - C historical market performance
 - D position in relation to its competition
- 1.7 ... measures Pep's overall profit generation with the capital received from investors. (2)
- A Solvency
 - B Liquidity
 - C Gearing
 - D Return on Investment
- 1.8 If a customer complains to a manager about the cleanliness of the store. The most appropriate way to handle this conflict situation would be for the manager to ... (3)
- A provide assurances that the complaint will be prioritised.
 - B ignore the complaint, as most stores are cleaned daily and the customer is likely to return.
 - C force a monetary deduction on the cleaning staff's salary.
 - D compromise on the cleanliness and give the customer a free voucher.
- 1.9 An unethical business practice by a clothing retailer could be when the business... (2)
- A offers two t-shirts for the price of one
 - B displays two competing jeans brands next to each other on the shop floor
 - C requires a potential store manager to undergo medical exams before a job offer is made
 - D all of the above

1.5	1.6	1.7	1.8	1.9

- 1.10 Customers possess a high level of power when ... (2)
- A the business has many substitute products in the market.
 - B the business has many large clients.
 - C there are a few suppliers in the market.
 - D the government have the ability to influence the market.
- 1.11 The marketing communication mix consists of ... (2)
- A manufacturer, wholesaler, intermediary and retailer
 - B product, distribution and pricing strategies
 - C introduction, growth, maturity and decline phase
 - D advertising, personal sales, sales promotion and publicity
- 1.12 A building with a market value of R750 000 is insured for R600 000. A fire causes damage to the value of R100 000. What amount will be paid out by the insurance company? (3)
- A R 80 000
 - B R 125 000
 - C R 100 000
 - D R 180 000
- 1.13 The difference between a manager and a leader is that: (2)
- A a leader addresses matters in the short term; a manager addresses the long-term matters.
 - B a manager is original, a leader copies another person's behaviour.
 - C a leader empowers people; a manager develops people.
 - D a leader inspires people, a manager controls systems.
- 1.14 ABC Clothing Factory supplies clothes only to Fashion Planet stores. This refers to the ... strategy. (2)
- A horizontal integration
 - B forward integration
 - C value-chain analysis
 - D backward integration

1.10	1.11	1.12	1.13	1.14

- 1.15 The ... Act provides the legal framework for collective bargaining between SACTWU and Pepkor in South Africa. (2)
- A Trade Union Act 23 of 2022
 - B Skills Development Act
 - C Basic Conditions of Employment Act
 - D Labour Relations Act
- 1.16 The return that an investor can expect from a money market account would be... (2)
- A debentures
 - B interest
 - C profit
 - D dividends
- 1.17 Which of the following are examples of ethical factors that Foschini would need to consider as part of their PESTLE analysis. (3)
- i Level of corruption
 - ii Level of transparency
 - iii Trade policies
 - iv The rate of resource depletion
- A i + ii
 - B i + iii
 - C i + ii + iv
 - D i + iv
- 1.18 A person will be found guilty of _____ if they use privileged knowledge to trade shares in Mr. Price Group Ltd on the JSE. (2)
- A Insider Trading
 - B Plagiarism
 - C Embezzlement
 - D Whistle-Blowing

1.15	1.16	1.17	1.18

1.19 The price of a pair of shoes at Mr. Price is advertised as follows:
'Was R120, now only R99.' This is an example of ... pricing. (2)

- A odd-even
- B prestige
- C superficial discounting
- D perceived value

1.20 Where the insured lies about the events of a loss that has occurred, they have breached the contractual law of... (2)

- A Good Faith
- B Contractual Capacity
- C Security
- D Cession

1.21 Choose the correct order of words which best fit the extract below.

When South Africa suffers from a weakened Rand, South African _____(i)_____ will benefit. South African _____(ii)_____ will be at a disadvantage as they will be paying more in foreign currency than they were paying originally. This could cause a trade surplus as _____(iii)_____ are higher than _____(iv)_____.

(3)

- A (i) importers (ii) exporters (iii) exports (iv) imports
- B (i) exporters (ii) importers (iii) imports (iv) exports
- C (i) importers (ii) exporters (iii) imports (iv) exports
- D (i) exporters (ii) importers (iii) exports (iv) imports

1.22 A possible outcome of dysfunctional conflict in the retail environment could be ... (2)

- A an increase in productivity levels of lower management
- B that a wider range of ideas are considered by the conflicting parties
- C management clarifying worker misconceptions
- D higher levels of stress and anxiety for the workers

1.19	1.20	1.21	1.22

1.23 Which of the following activities are necessary by Foschini Human Capital Department to perform manpower planning? (2)

- A Recruitment, induction, and selection
- B Job analysis, job description and job specification
- C Cost plus benefits, cost to company and commission package
- D Training, discipline, and CSI

1.23

[50]

QUESTION 2

Each of the following statements is **FALSE**.

Change the underlined word(s) in each statement to make the statement **TRUE**. Write only the correct **word/term** next to the question.

2.1 **Deadlock** is a disagreement or tension within a group that leads to positive results.

ANSWER: _____

2.2 According to the **Principle-based theory**, the outcome of the action will determine if the action is ethical or not.

ANSWER: _____

2.3 **Authority** refers to the person taking responsibility for his/her actions.

ANSWER: _____

2.4 **Differentiation** is a strategy in which a factory acquires or merges with the retailer who sells the finished product.

ANSWER: _____

2.5 Brand **elasticity** is the process of using an existing brand name for new products or services that may not seem related at all.

ANSWER: _____

2.6 A business that offers a **cost to company** salary package will pay a basic salary and make additional contributions toward certain fringe benefits.

ANSWER: _____

2.7 The **SWOT analysis** is used to gather opinions from a panel of experts on a particular topic, anonymously.

ANSWER: _____

2.8 The current capital ratio can be used to measure **profitability**.

ANSWER: _____

2.9 The **competitor analysis** is carried out to analyse the attractiveness of an industry and the business's position in the market.

ANSWER: _____

2.10 **Shares** is the portion of the company profit that is distributed to shareholders.

ANSWER: _____

2.11 **Role ambiguity** occurs when one member of the team takes on more than he/she can cope with.

ANSWER: _____

2.12 If an employee gives confidential information to a family member in order for the family member to make a profit on the JSE using the information, it is known as **whistleblowing**.

ANSWER: _____

2.13 Having a **goal** will give your business a clear focus and stop you from heading in the wrong decision.

ANSWER: _____

[26]

QUESTION 3

Choose the term from the table below that best match the statements that follow.

Write **only the answer** in the space provided in each statement. There is **only one correct answer** to each statement and each option may only be used once.

Segment	Employment Equity	Labour Relations Act	Fiduciary
Focus	Convenience	Insolvent	Merger
Mediation	Joint venture	Brand	Risk
Skills gap analysis	Collective bargaining	Cession	Select
Subrogation	Director's	Global marketing	Global awareness
Strategy	Advertise	Low cost	Basic Conditions of Employment Act

3.1 A Workplace Skills Plan is drawn up in response to the results of the

ANSWER _____

3.2 The right of an insurance company to claim from the third party who caused the damages is known as ...

ANSWER _____

3.3 The law that governs working hours, leave and overtime pay.

ANSWER _____

3.4 Trade Unions may engage in ... with an Employer Organisation when trying to negotiate for better working conditions for their workers.

ANSWER _____

3.5 The directors of Mr. Price decided not to invest the surplus funds in crypto currency as they considered it a ...

ANSWER _____

3.6 A duty refers to Mr. Price directors acting in the best interests of the company by not investing funds for expansion in crypto currency.

ANSWER _____

- 3.7 A ... is a business agreement in which two or more businesses pool their resources for the purpose of achieving a mutually beneficial goal.

ANSWER _____

- 3.8 The perception of Woolworths as an upmarket quality store is the of the company.

ANSWER _____

- 3.9 Clothing and accessories are classified as ... goods.

ANSWER _____

- 3.10 The Living Standards Measure tool (LSM) is used to ... the market based on 29 variables.

ANSWER _____

- 3.11 A manager who avoids making general assumptions about people and is aware of political, language and cultural differences between people of different countries is practicing ...

ANSWER _____

- 3.12 A ... strategy concentrates on a niche market.

ANSWER _____

[24]

QUESTION 4



Source: <https://www.galleria.co.za/businesses/pep/> [23/07/24]



Source: <https://www.pepstores.com/contact-us> [23/07/24]



Source: [https://www.facebook.com/photo.php?fbid=353715547166059&id\[31/07/24\]](https://www.facebook.com/photo.php?fbid=353715547166059&id[31/07/24])

4.1 The Human Capital function at Pep Stores in South Africa.

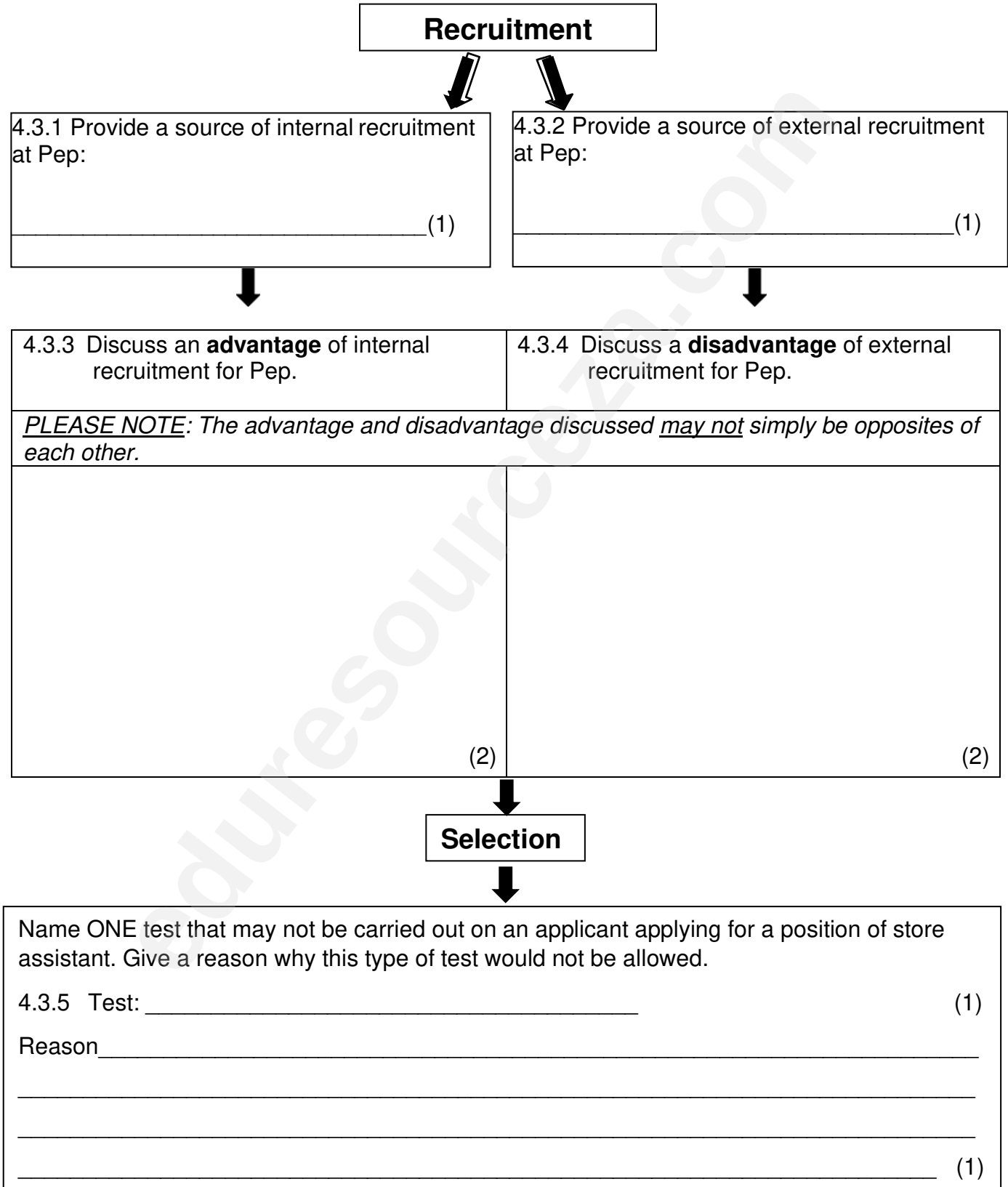
List FOUR steps in the selection process that the recruitment officer at Pep would need to undertake before interviewing potential candidates for a vacant post. (4)

- _____
- _____
- _____
- _____

4.2 Analyse the impact of an induction programme on Pep's bottom line. (4)

- 4.3 **“At Pep, we balance internal promotions with external recruitment and are mindful of providing opportunities for our internal talent. We turn to external recruitment only when specialist skills are unavailable within the group.”**

Complete the schematic diagram below on recruitment and selection:



- (9)

This image shows a blank sheet of white paper with horizontal ruling lines. A diagonal watermark, "eduresourceza.com", is visible across the page. The watermark is light gray and slanted from the bottom-left towards the top-right. There are approximately 20 horizontal lines spaced evenly down the page.

- 4.5 The following extract was taken from a case between Pep and an employee at the Labour Appeal Court:

At a disciplinary hearing the employee was charged with two offences; gross negligence, consisting of having rung up goods on a till at a cheaper price than marked on the price tag, i.e. under-ringing on the till. The second charge related to giving goods to a client that were not rung up on the till. She was dismissed by the business.

However, after further investigations it was found that the employee's actions were due to negligence and not criminal intent. The case was found to be procedurally fair but substantively unfair.

The court ordered that the employee be re-employed with a final written warning on her record, and was awarded R7 800.

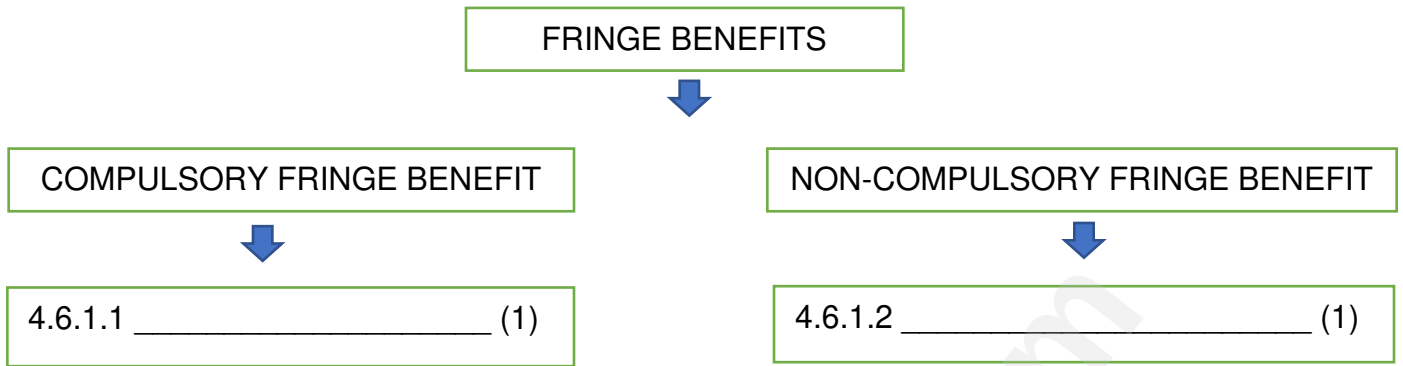
Source adapted from: <https://www.saflii.org/za/cases/ZALAC/1998/5.html> [23/07/24]

- 4.5.1 Identify the remedies awarded to the employee by the court. (2)

- 4.5.2 Evaluate why the dismissal was deemed as substantively unfair. (3)

SALARY ADVICE	
Employee: Paul Atkins	January 2024
Gross salary:	R10 500
Monthly deductions:	
PAYE Tax	R1 050 (10% of his gross salary)
Pension Fund	R1 200
Medical Aid Fund	R900
UIF	R105
Pep contributes 4% of the gross salary to the pension fund and on an equal basis to both the Medical Aid Fund and the UIF.	
Employee is entitled to other fringe benefits as per his employment contract.	

4.6.1 Complete the following diagram by extracting your answers from the salary advice above:



4.6.2 Analyse the link between fringe benefits and staff retention. (2)

4.7 Name any FOUR elements of the BBBEE Scorecard.

- _____ (1)
- _____ (1)
- _____ (1)
- _____ (1)

4.8 Read the following extract and answer the questions:

Pepkor's corporate social responsibility (CSR) has a social focus, with our customers, employees and communities being at the centre of most of our CSR initiatives. Each Pepkor business has a CSI budget, and we encourage employees to get involved and stay involved in local social development. The group's CSI policy encourages businesses to allow employees one working day per year to volunteer for a worthy cause.

We have used the following frameworks as the CSR reporting blueprint for our journey:

- The King IV Report on Corporate Governance™ for South Africa, 2016
- FTSE/JSE Responsible Investment Index

Source adapted from: https://www.pepkor.co.za/wp-content/uploads/2020/05/Corporate-social-responsibility-report-FY19_WEB.pdf [1/8/24]

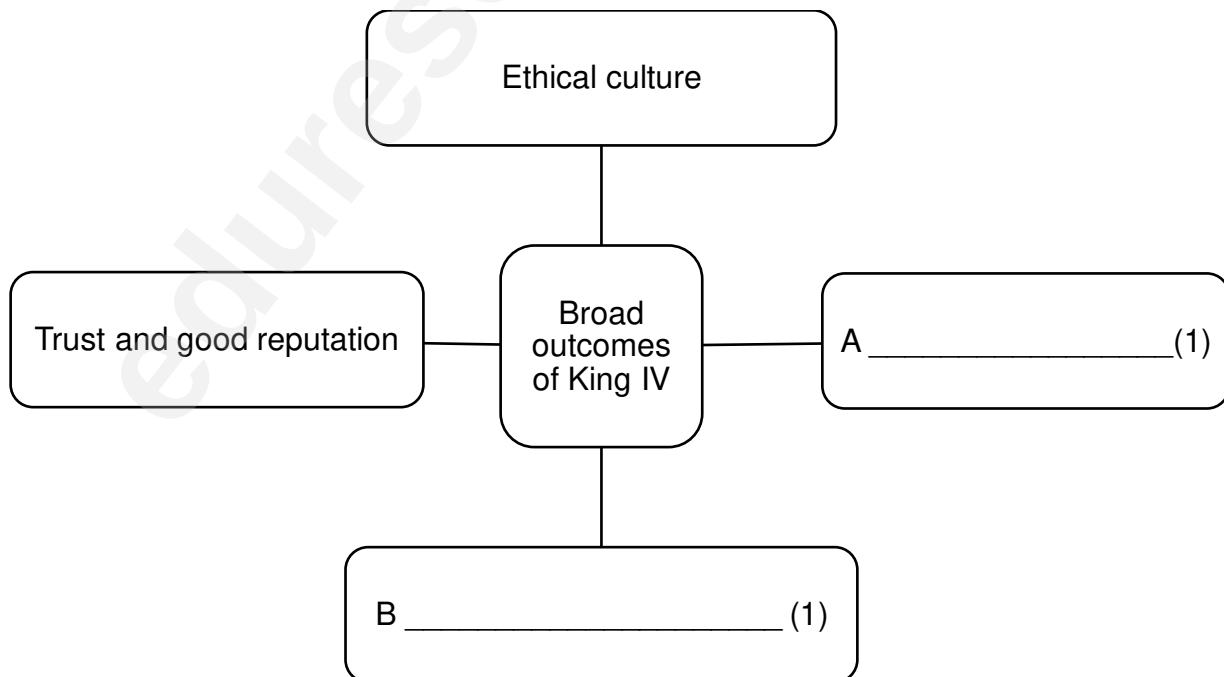
4.8.1 Justify the reasoning of the JSE to implement the King IV as a listing requirement for public companies. (2)

4.8.2 Discuss TWO challenges Pepkor may encounter while implementing its CSR initiatives.

Challenge 1 (2)

Challenge 2 (2)

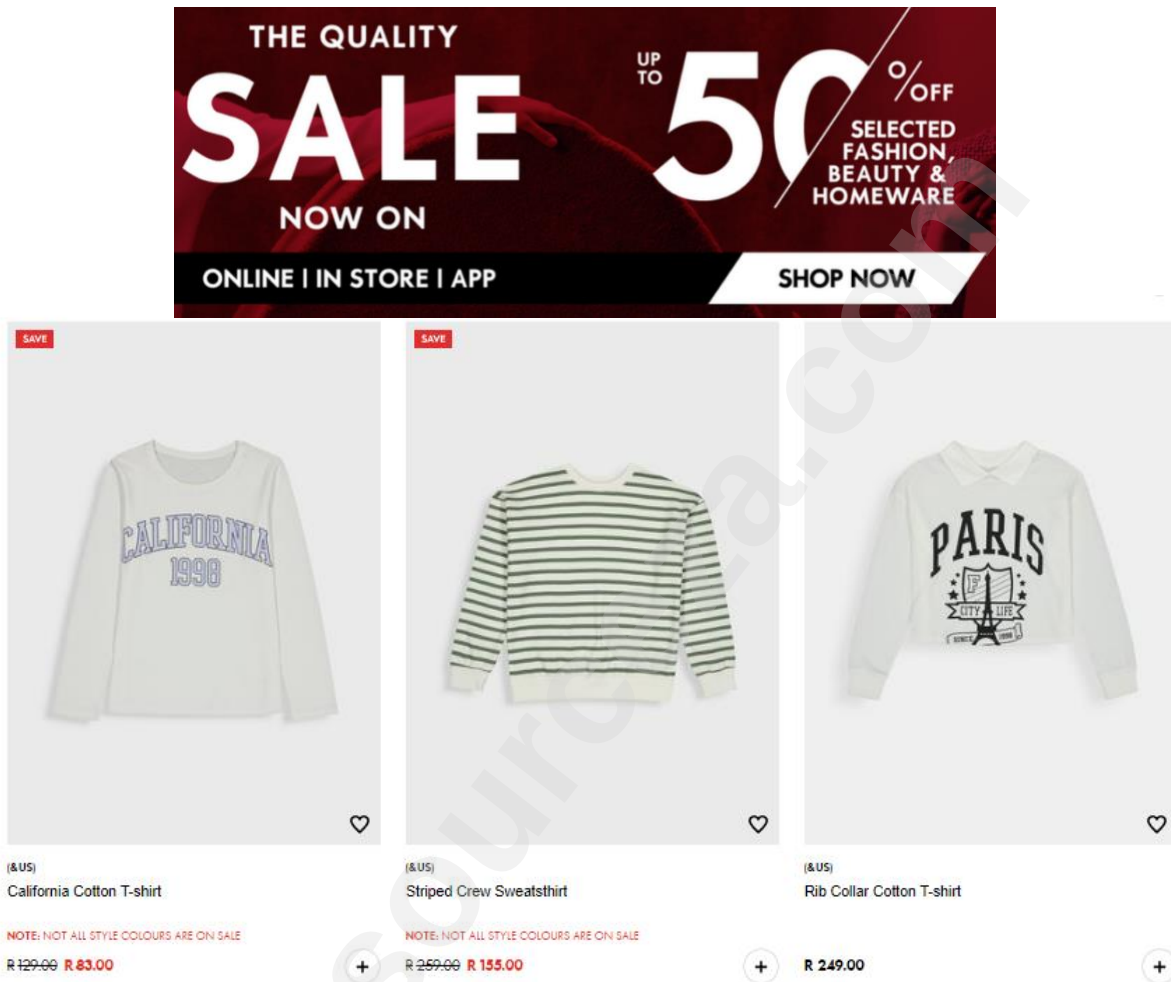
4.8.3 Complete the following diagram based on the broad outcomes of the King IV Report:



[50]

QUESTION 5

- 5.1 Consider the following extract from the Woolworths online store before answering the questions that follow.



Source adapted from: https://www.woolworths.co.za/dept/Quality-Sale/_/N-1663088 [2/8/24]

5.1.1 Define the term *marketing*.

(2)

5.1.2 Identify ONE pricing strategy used in the advert and explain what Woolworths is attempting to achieve by using this strategy. (3)

5.1.3 Explain the term *price sensitivity*, and how it impacts Woolworths. (2)

5.1.4 Explain the purpose of *market mapping* for Woolworths. (2)

5.1.5 Complete the diagram below. Downloaded from eduresourceza.com

5.1.5.1 Explain how Woolworths could use 'People' and 'Physical Evidence', two of the 7P's of marketing, as a <u>buyer's stimulus</u> .	
People:	Physical Evidence:
(2)	(2)



5.1.5.2 Describe how the following factors will affect the buying decision of a Woolworths customer.	
Economic:	
(2)	
Psychological:	
(2)	

5.1.5.3 Suggest ONE possible outcome for the buyer	
•	(1)

Investment options	
(1)	5.2.2.
Describe the investment	
(1)	5.2.4
Explain why your client will benefit from the chosen investment	
(3)	5.2.6

5.3 Differentiate between a balanced investment strategy and a defensive investment strategy. (4)

5.4 Discuss reasons a listed company will rather issue debentures than shares to gain more capital. (4)

5.5 Study the following extract and answer the questions.



We have a range of insurance products on offer, including life insurance. As a Mr Price Money store card holder, monthly premiums are conveniently billed to your account.



Benefits

Cover 1

R100,000 cover

Cover 2

R150,000 cover

Cover 3

R200,000 cover

Monthly Premium

Premiums start from R37 per month.

*Premiums billed to your Mr Price Money account for extra convenience. T&Cs apply

To download a Claims Form, click here.

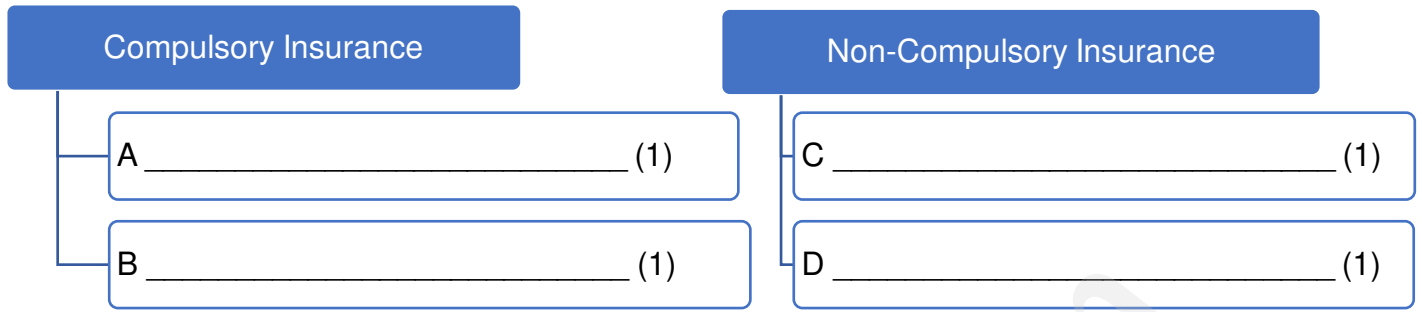
5.5.1 Motivate whether the advert above is an example of brand stretching or brand extension by Mr. Price. (3)

5.5.2 Name and explain the type of formal strategy has Mr. Price implemented by selling life insurance. (3)

Strategy: _____

Explanation: _____

5.6 Complete the following diagram by giving examples of the types of insurance:



5.7 Evaluate the link between insurance and investments. (4)

[50]

QUESTION 6



6.1 Read the following extract and answer the questions:

Shein is an online fast fashion retailer with an app and website. It predominantly sells clothing, as well as homeware, beauty products, and an increasing range of miscellaneous items. Shein keeps prices low by selling products directly from a network of third-party manufacturers in China to customers worldwide.

Source adapted from: <https://m.shein.com/za/About-Us-a>

Source adapted from: <https://m.shein.com/za/About-Us-a>

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6.1.1 Explain how a value-chain analysis can be used by Shein to improve performance. (5)

[illegible]

6.1.2 Argue whether backward integration would be a feasible strategy for Shein. (3)

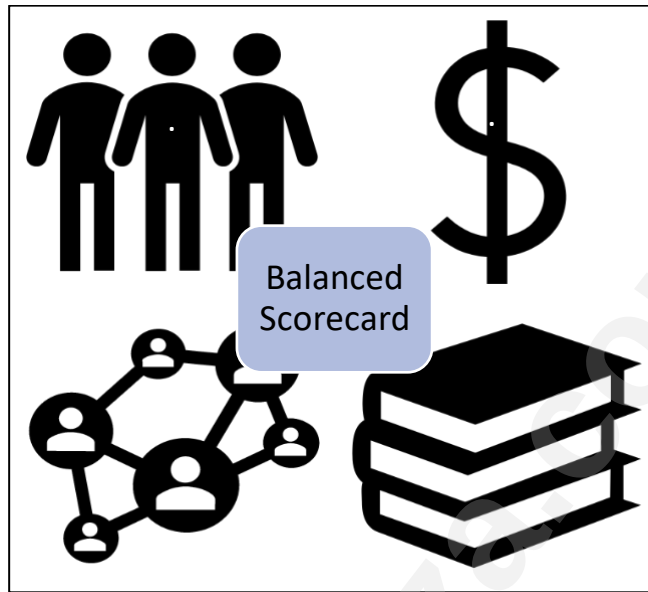
Name of strategy: _____ (1)

How Shein has applied the strategy:

(2)

(2)

6.3 The Balanced Scorecard at Shein:



6.3.1 List any THREE focus points of the Balanced Scorecard that the management team of Shein could use to improve their performance.

- _____ (1)
- _____ (1)
- _____ (1)

6.3.2 Explain ONE advantage and ONE disadvantage for Shein of using a Balanced Scorecard.

Advantage	Disadvantage
(2)	(2)

6.4 Discuss, with the use of examples, how Shein would make use of the following quality performance tools to reduce possible risk factors.

6.4.1 Sampling (3)

6.4.2 Benchmarking (3)

6.5 Read the following extract and answer the questions:

At Shein, we have an unwavering commitment to act in an ethical manner and in accordance with all rules and laws. With on-demand production, SHEIN reduces production waste because we are only producing what our customers want. This means that we do not over-purchase raw materials. We empower thousands of small and medium-sized businesses, holding our suppliers liable to the highest standards.

Source adapted from: <https://www.sheingroup.com/our-business/our-business-model/> [24/07/24]

6.5.1 Elaborate on the effectiveness of a strong Code of Ethics on the organisational culture of Shein as well as its relationship with stakeholders. (2)

6.5.2 Evaluate how the following principles of good corporate governance could be used to ensure that Shein is acting ethically and ensuring sustainable growth. Provide an example for each principle.

6.5.2.1 Accountability

(3)

6.5.2.2 Integrity

(3)

6.5.3 Unethical behaviour by suppliers of Shein:

6.5.3.1 Name TWO unethical behaviours that Shein suppliers have been accused of in the media.

6.5.3.2 Explain different ways in which Shein could address the unethical behaviour of their suppliers mentioned in question 6.5.3.1.

Unethical issues	Ways in which Shein could deal with the unethical behaviour
Unethical behaviour 1:	
_____ (1)	
	(2)
Unethical issues	Ways in which Shein could deal with the unethical behaviour
Unethical behaviour 2:	
_____ (1)	
	(2)

- 6.6 Use the Technological, Environmental and Political factors of a PE²STLE analysis to show their impact on Shein. Complete the table below to:

6.5.1 Explain ONE challenge under each factor.

6.5.2 Suggest a different strategy to deal with each challenge.

PE ² STLE factor	6.5.1 Challenge	6.5.2 Strategy
Technological	(1)	(2)
Environmental	(1)	(2)
Political	(1)	(2)

[50]

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

NOTE: Demonstrate insight when answering the question. Refer to any business in the **fashion** retail sector like Mr. Price, ZARA, Foschini, H&M, Cotton On, Ackermans, Pep, Woolworths etc.

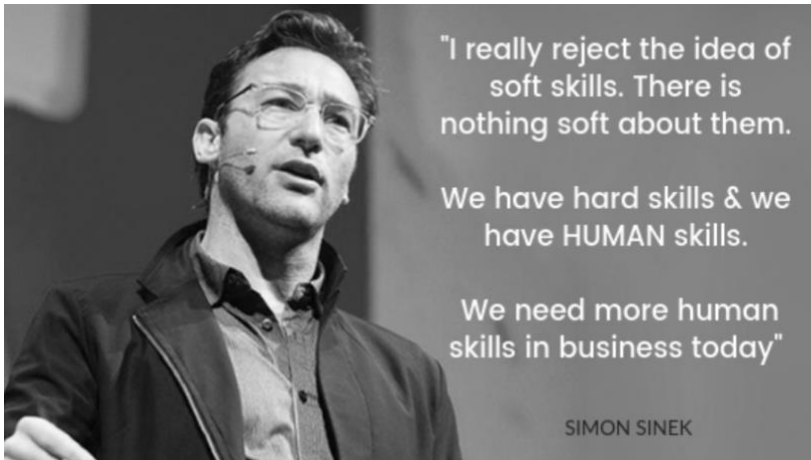
QUESTION 7

Study the following sources before answering the question that follows:

SOURCE A:



Source adapted from: <https://www.istockphoto.com/photos/risk-reward> [1/8/24]

SOURCE B:

Source: <https://wsbc.org.au/news/6745391> [1/08/24]

SOURCE C:

Source: https://www.cartoonstock.com/directory/g/good_manager.asp [1/08/24]

SOURCE D:

In the clothing retail sector, finding the balance between risk and reward (profit) is one of the most challenging and vital responsibilities of management, crucial for ensuring long-term sustainability. The South African clothing retail sector has faced rapid changes due to challenges like the rise of online shopping, the influx of multinational brands, economic conditions, and social factors. Local retailers have had to work harder to attract customers and minimise business risks.

The essence of fashion retail lies in investing capital in inventory, marketing, and store operations with the expectation of generating a profit. The higher the risk associated with fashion trends, consumer preferences, and market competition, the greater the potential reward. However, this also presents an ongoing challenge, as no retailer can perfectly predict and capitalise on these factors all the time.

Managing risk is a critical responsibility of management, through management tasks and competencies, to ensure efficient store operations, employee performance and customer satisfaction.

Source adapted from: <https://chatgpt.com/c/9bfd70d-a547-4a92-9ee8-25db1ab863fb> [1/08/24]

Write a business report to a fashion retailer where you discuss how the retailer could use management tasks and management competencies to manage risks and to ensure sustainable rewards for the business.

[50]

[illegible]

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Please indicate the question number clearly

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.