Please paste the barcoded label here	TOTAL MARKS

INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2023

BUSINESS STUDIES

EXAMINATION NUMBER

Time: 3 hours | 300 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 36 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 retail business that you have studied this year.**
6. You are advised to pay particular attention to language and the **allocation of marks**.
7. It is in your interest to write legibly and present your work neatly.
8. ONE blank page (page 36) is included at the end of the 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.

FOR MARKER'S USE ONLY

1	2	3	4	5	6	7	Total
					7A		
					7B		

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 Insurance could be beneficial for the cash flow of a business because …

A the principle of indemnification will apply.
B the duplication clause prevents losses that might interrupt business operations.
C security covers the business if it makes a trading loss.
D underwriting ensures the debts of the owners are written off.

(2)

1.2 A … management style is an approach where rewards and punishments are used by the manager to motivate employees.

A democratic
B transformational
C transactional
D situational

(2)

1.3 When a new cashier is given a mentor to help him/her understand the business culture, it forms part of …

A a feasibility study.
B induction.
C environmental scanning.
D succession planning.

(2)

1.4 An increase in the inflation rate would be a(n) … challenge to a general retailer.

A micro
B internal
C macro
D controllable

(2)

1.5 The … is used to compare price and quality between competitors.

A acid-test ratio
B triple-bottom line
C market map
D balanced scorecard

(2)

1.1	1.2	1.3	1.4	1.5

1.6 When employees such as shelf packers do no more or no less than the minimum job requirements set by the supermarket, they engage in a …

A picket.
B sympathy strike.
C go-slow.
D work-to-rule.

(2)

1.7 The return offered to an investor who has invested funds in an offshore savings account would be …

A interest.
B dividends.
C depreciation.
D premiums.

(2)

1.8 Collective bargaining refers to the …

A negotiation between the employer and trade union about issues such as salaries and working conditions.
B management team giving advice to employees on how to deal with misconduct.
C dismissal of incompetent employees.
D feedback given to employees on their performance.

(2)

1.9 The … policy of marketing revolves around the behaviour, skills and morale of employees and the impact of these on the service experience of the customer.

A product
B price
C people
D process

(2)

1.10 Directors show … when they admit that an unethical business practice has taken place on their watch.

A accountability
B honesty
C integrity
D All of the above.

(2)

1.6	1.7	1.8	1.9	1.10

1.11 Which one of the following could be regarded as a threat for a retail franchisee?

A An increase in the petrol price.
B A decrease in staff morale.
C An increase in national income.
D A decrease in the number of competitors.

(2)

1.12 An advantage of functional conflict in a general retailer could be that …

A an awareness is created of a problem that has to be addressed.
B a wide range of solutions to the conflict are considered.
C employees have the opportunity to state their opinions to clarify misconceptions.
D All of the above.

(2)

1.13 When a franchisor considers the strategic role that employees play in the success of the franchise, a … problem-solving technique is used.

A Delphi
B balanced score card
C competitive advantage
D PESTLE analysis

(2)

1.14 Which of the following could lead to a crisis that the public relations function of a general retailer would have to address?

A An inappropriate response by the store manager to a customer's problem.
B Changes in customer demographics.
C An increase in the minimum wage earned by cashiers.
D All of the above.

(2)

1.15 … deals with the protection of an individual's information which is implemented while using the internet on any computer or personal device.

A Digital agony
B Digital privacy
C Digital secrecy
D Digital protection

(2)

1.11	1.12	1.13	1.14	1.15

1.16 A general retailer obtains … 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)

1.17 Which one of the following forms of ownership is owned by a single person?

A Partnership
B Public Company
C Joint Venture
D Sole Proprietorship

(2)

1.18 The current ratio measures …

A Total assets : Total liabilities
B (Current assets – Inventory) : Creditors
C (Bank + Debtors + Inventory) : Current liabilities
D Current assets : Long-term liabilities

(3)

1.19 A business that struggles financially uses a(n) … strategy when it sells assets to pay off debt.

A niche
B liquidation
C integration
D differentiation

(2)

1.20 An unethical practice at a general retailer could be when the business …

A requires a potential manager to undergo medical exams before a job offer is made.
B offers two cool drinks for the price of one.
C packs two competing products on the shelf right next to each other.
D All of the above.

(2)

1.16	1.17	1.18	1.19	1.20

1.21 Complete the missing information in each of the following statements:

1 occurs when the human capital manager is part of the recruitment and selection panel and fails to disclose that one of the applicants is a family member.

When a director trades shares on the stock exchange, based on knowledge that is confidential, the director is guilty of 2 .

When the service of an employee is terminated because the business can no longer afford to employ the worker, it is known as 3 .

Choose the right combination:

	1	2	3
A	Tax exemption	integrity	constructive dismissal
B	Capital gains tax	gearing	bargaining
C	Conflict of interest	insider trading	retrenchment
D	Unethical behaviour	patenting	a goodwill payment

(3)

1.22 Which one of the following is the best sequence of activities in the human capital department of a general retailer?

A Manpower planning; recruitment; selection; placement; induction; performance appraisal

B Recruitment; performance appraisal; selection; induction; manpower planning; placement

C Manpower planning; placement; selection; recruitment, performance appraisal; induction

D Induction; selection; performance appraisal, manpower planning; recruitment; placement

(3)

1.21	1.22

1.23 Which of the following statement(s) is/are TRUE?

(i) If consumers are sensitive to price changes, it is preferable to use fewer intermediaries in the distribution channel.
(ii) The promotion policy of marketing considers the operating procedures that are used to make the service experience pleasant.
(iii) The Advertising Regulatory Board regulates budgeting decisions in advertising.
(iv) Sales promotion forms part of public relations.

Choose the right combination:

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

(3)

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** in the space provided.

2.1 The **line** organisation structure makes use of advisors in its structure.

____ (2)

2.2 **Cession** is a process where the business formulates its own methodologies to perform a task and then compares it to methods used elsewhere.

____ (2)

2.3 A **rebalancing** investment strategy suggests that there is a specific price at which you will sell a particular share so as to prevent any further loss.

____ (2)

2.4 The **Delphi technique** analyses the cost of elements in a product with the ultimate aim of reducing these costs, thereby increasing the value of the product.

____ (2)

2.5 A refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer is referred to as a **go-slow**.

____ (2)

2.6 Staff **recruitment** is a process where management tries to keep existing employees on the payroll without having to replace them with new and inexperienced employees.

____ (2)

2.7 The availability of substitute products is a challenge from the **micro** environment.

____ (2)

2.8 Investors buy and sell shares listed on the **money market**.

____ (2)

2.9 A **bearish** market shows an upward forecast in local financial markets.

____ (2)

2.10 A **fish-bone analysis** is used to study those tangible and non-tangible assists in the internal business environment.

____ (2)

2.11 A **joint-venture** strategy is used to look at ways in which the business may cut back on costs to ensure its sustainability.

____ (2)

2.12 The **trademark** describes the portion of a market controlled by a particular company or product.

____ (2)

[24]

QUESTION 3

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

3.1 (**Porter's Forces / PESTLE**) is a tool used to analyse the operating environment of a rival business.

3.2 Commercial insurance is seen as a (**non-compulsory / compulsory**) insurance for retail stores.

3.3 If a franchisee claims from the insurance company for a loss suffered, the insurance company will make sure that the loss was as a direct result of the event that was insured. This is referred to as (**proximate cause / excess clause**).

3.4 An (**intrapreneur / entrepreneur**) uses initiative to create new ideas and turns these into profitable products or services for his/her employer.

3.5 A (**leader / manager**) is appointed in a position of authority and may therefore give instructions to subordinates.

3.6 The (**average clause / cession**) stipulates that the insured will not be fully compensated for a loss if the assets were insured for less than their full replacement value.

3.7 A job (**description / specification**) outlines the duties of a cashier and the degree of supervision that will be applicable while performing the job.

3.8 When a third party makes a recommendation on how she/he thinks a labour dispute should be settled, but it is not legally binding, the parties have made use of (**conciliation / mediation**).

3.9 (**Benchmarking / Differentiation**) is when a business makes use of different strategies, to ensure the product offering is not the same as competitors.

3.10 The time span that describes a product's sales from the time it is entered into the market until it is withdrawn from the market, is referred to as the product (**life cycle / segmentation**).

3.11 (**Delegation / Communication**) is the process where the manager will allocate tasks to subordinates to ensure a more meaningful and fair distribution of responsibilities.

3.12 A (**partnership / private company**) is a business that consists of two or more people who combine their resources to form a business and agree to share risks, profits and losses.

3.13 The threat of new entrants into the market is a challenge from the (**internal / external**) environment.

[26]

100 marks

SECTION B

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

QUESTION 4

4.1.1 Name any FOUR duties of the production department at a general retailer.

- ______
- ______
- ______
- ______

(4)

4.1 **The production department of a general retailer.**

4.1.2 Discuss how the financial department would affect the operations of the production department.

______
______
______
______
______
______

(4)

4.1.3 Discuss how a general retailer could use quality controls in the production department to maintain a competitive advantage. Use at least one example to support your argument.

______
______
______
______
______
______

(4)

4.2.1 Evaluate the importance of having a code of ethics for a general retailer.

(5)

4.2.2 Ethical behaviour by employees:

(a) Give an example of ethical behaviour by a cashier.

(1)

(b) Suggest and explain TWO different ways in which a manager could ensure that the ethical behaviour mentioned in (a) is being maintained.

(4)

4.3 Discuss how each of the business functions below contributes to the success of a retail business.

4.3.1 Administration function

(6)

4.3.2 Public Relations function

(6)

4.4 4.4.1 What is the purpose of a memorandum of association?

(2)

4.4.2 Using examples, explain THREE advantages of a Public Company.

-
-
-

(9)

4.5 Evaluate franchising from the franchisor's point of view.

(5)
[50]

QUESTION 5

5.1 5.1.1 Identify THREE steps that a general retailer's human resources manager could include in their selection process.

- ____________________
- ____________________
- ____________________

(3)

5.1.2 Discuss possible reasons why a general retailer would make use of external recruitment.

(3)

5.1.3 Discuss the impact of a low staff morale on a general retailer.

(4)

5.1.4 Evaluate the importance of manpower planning for a general retailer.

(5)

5.2 5.2.1 What is the purpose of the Global Reporting Initiative?

(3)

5.2.2 Discuss how a general retailer could use integrity as a corporate governance principle to ensure it is seen in a favourable light by potential investors.

(3)

5.2.3 With the use of examples, differentiate between a leader and a manager within a general retailer.

(6)

5.3 Identify potential barriers to effective communication and suggest strategies a general retailer could use to overcome or prevent these barriers.

(5)

5.4 5.4.1 Suppose a general retailer wants to dismiss a shop attendant for misconduct. Analyse the procedure the general retailer should follow to ensure that the dismissal is fair.

(10)

5.4.2 '*In some instances it may be in the best interest of employees to strike'.* Discuss the validity of this statement.

(4)

5.4.3 Describe the impact that trade unions could have on the negotiation process between employers and employees.

(4)
[50]

QUESTION 6

Refer to the following extract and then answer the questions that follow.

Shoprite

Shoprite, the largest supermarket retailer on the continent, is spreading its wings in its home market while implementing a substantial investment into the West and East Africa markets.

[Source adapted from: <https://www.theafricareport.com/128425/south-african-retailers-mass-exit-from-rest-of-africa-is-a-cautionary-tale-of-chasing-boom-and-bust-cycle/>, downloaded February 2022]

6.1 Shoprite will potentially be investing large amounts of capital as they grow their operations throughout Africa. Explain how Shoprite should use the following three investment criteria when considering the following investment options.

6.1.1 **Fixed notice deposit:**

- Risk:

____

____

____

- Return on investment:

____

____

____

- Time frame:

____

____

____

(6)

6.1.2 **Equities:**

- Risk:

- Return on investment:

- Time frame:

(6)

6.2 6.2.1 Discuss the possible outcomes of dysfunctional conflict at a Shoprite store.

(5)

6.2.2 Describe TWO possible causes of conflict at a Shoprite store. Suggest how management could deal with each conflict situation. (Provide a different suggestion for each conflict situation.)

(a) Possible cause of conflict:

(1)

Suggestion to manage the conflict situation:

(4)

(b) Possible cause of conflict:

(1)

Suggestion to manage the conflict situation:

(4)

6.3 Shoprite will enter into a number of different contracts as they expand their business operations. Discuss TWO types of contracts and the impact of these contracts on all parties involved.

(10)

6.4 6.4.1 Apart from a focus on our planet (environment), explain to the management of Shoprite what it means to follow the other elements of triple bottom line reporting.

(4)

6.4.2 Suggest ways in which Shoprite can ensure environmentally sustainable practices.

(4)

6.5 As Shoprite continue to expand their business operations it is important that they focus on their marketing function. Discuss the use of technological innovation in marketing. Use relevant examples to demonstrate your answer.

(5)
[50]

150 marks

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 subheadings where appropriate.
- Terminology: correct business terminology must be used.
- Content: must be sufficient to cover all aspects of the question.
- Substantiation: Justification of statements made.
- Application to case study/context.
- Creative problem-solving rather than just giving theoretical facts.
- Synthesis and appropriate sequencing.

QUESTION 7

Study the following sources before answering the question that follows:

SOURCE A

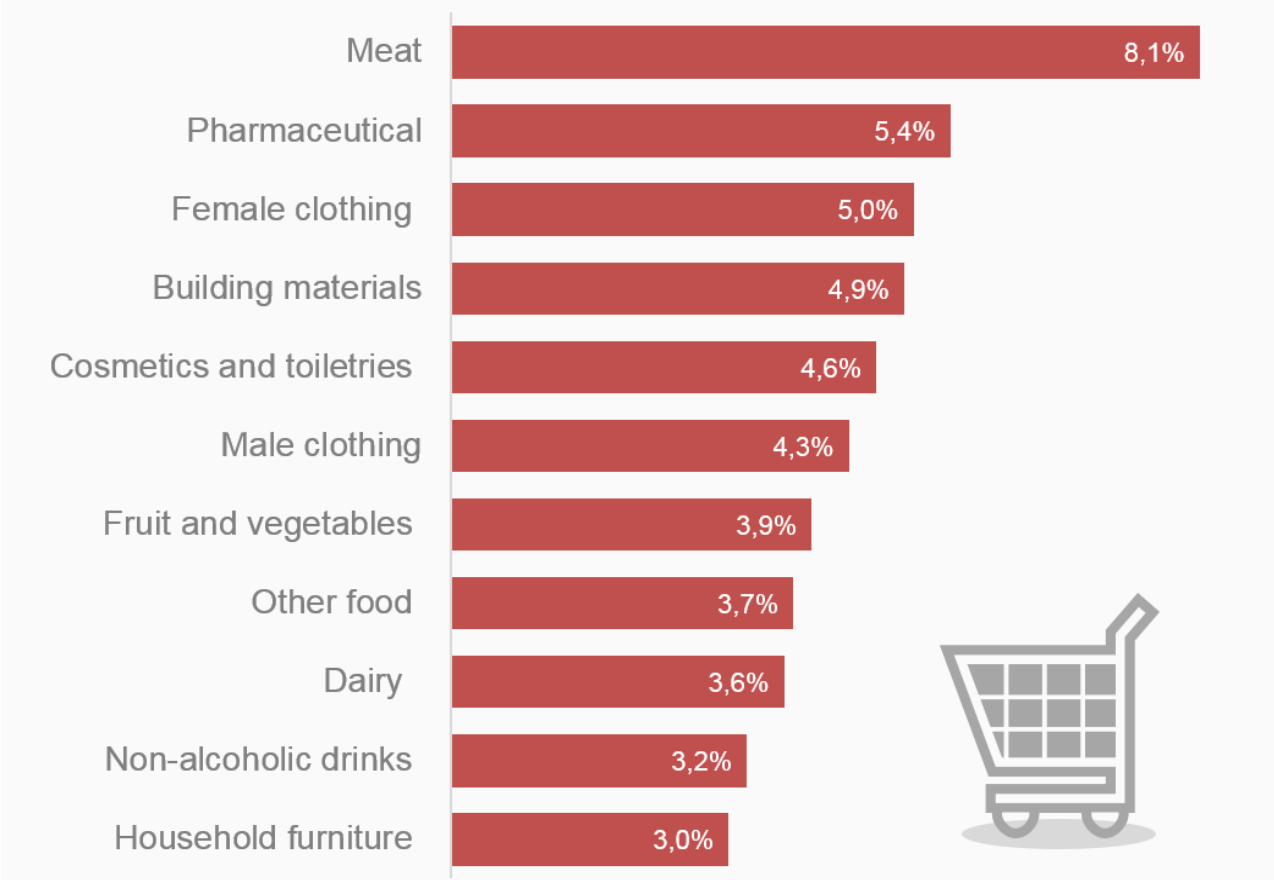
Africa-based businesses in the retail markets are facing many challenges, including slowing local economies, new global competitors and a changing political and regulatory environment.

In addition, consumers are now in a position of power – being able to access the global marketplace through their mobile devices to research, shop and pay for products. The emergence of social media has significantly changed how retailers communicate and engage with consumers. This has shown the power of consumers to positively or negatively influence the brand of a retail company.

[Source adapted from: <https://www.pwc.co.za/en/industries/retail-and-consumer.html>, February 2022]

SOURCE B

TOP contributors to total retail sales in Africa.



[Source: <https://businesstech.co.za/news/business/242127/the-biggest-players-in-south-africas-retail-industry/>, February 2022]

A general retailer faces a number of rapid changes in the business environment. This requires that managers at all levels of the business act skillfully. Management needs to guide the business through positive and negative developments to ensure that the business effectively meets the demands of its stakeholders.

You have been asked to write a business report where you include the following:

- assist the owner of a general retailer to understand possible trends and crises' in the African retail sector, and
- explain how a manager could make use of the various management competencies to skillfully deal with the issues that have been identified.

50 marks

Total: 300 marks

ADDITIONAL SPACE (ALL QUESTIONS)

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