| TOTAL MARKS |
|---|
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INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
MAY 2024

# BUSINESS STUDIES

**EXAMINATION NUMBER**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |

Time: 3 hours 300 marks

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## PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 34 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 above.**
5. Demonstrate insight, where applicable, when answering the questions. **It would be best to refer to the general retail businesses 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 own interest to write legibly and to present your work neatly.
8. Three blank pages (pages 32–34) are included at the end of the paper. If you run out of space for a question, use these pages. Indicate the question number of your answer, should you use this extra space.

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## FOR MARKER'S USE ONLY

| Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| 56 | 24 | 20 | 50 | 50 | 50 | 50 | 300 |
| | | | | | 7A (LOT) | | |
| | | | | | 7B (HOT) | | |

## 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 A change in the exchange rate is a challenge in the … business environment.

A internal
B macro
C market
D micro

(2)

1.2 A retail owner can improve his relationship with his supplier by …

A delaying delivery of products.
B employing incompetent employees.
C implementing a backward integration strategy.
D making payments promptly.

(2)

1.3 The cover for short-term risks is known as …

A non-compulsory insurance.
B induction.
C investment.
D compulsory insurance.

(2)

1.4 A … is a saving for a specific period that can be withdrawn prematurely with prior warning by the depositor to the bank.

A debenture
B share
C notice deposit
D unit trust

(2)

1.5 When the owner of a supermarket can prove that the business will sustain a financial loss in the event of a fire, the principle of … will apply.

A insurable interest
B diversification
C regulatory discipline
D positive leverage

(2)

| 1.1 | 1.2 | 1.3 | 1.4 | 1.5 |
|---|---|---|---|---|
| | | | | |

1.6 The investor of this type of investment is regarded as a creditor.

A Collectables
B Debenture
C Equities
D Unit trusts

(2)

1.7 Which factor is not part of the Triple Bottom Line (integrated) reporting measurement tool?

A Economical prosperity
B Environmental sustainability
C Social responsibility
D Political sustainability

(2)

1.8 Which one of the following factors is a factor to be considered when conducting a competitor's profile?

A Market share
B Product offering
C Price policies
D All of the above

(2)

1.9 Which statement is **true** about marketing?

A The vision of the business must be considered when developing a strategy.
B Word of mouth is not a powerful advertising medium.
C Packaging does not change the brand image.
D Finance does not play any role in the choice of marketing strategies.

(2)

1.10 Which of the following statements best describes horizontal communication in an organisation?

A Communication that flows from top management to lower levels within the organisation.
B Communication that occurs between employees at the same hierarchical level within the organisation.
C Communication that takes place between different departments or units within the organisation.
D Communication that involves external stakeholders such as customers, suppliers, and partners.

(2)

| 1.6 | 1.7 | 1.8 | 1.9 | 1.10 |
|---|---|---|---|---|
| | | | | |

1.11 A business department that oversees the annual training of employees:

A Human capital department.
B Production department.
C Marketing department.
D Public relations department.

(2)

1.12 Retention refers to …

A the level of rivalry in a small suburb.
B the act of keeping employees.
C performance appraisals that are used for planning of training programmes.
D the repo rate decreasing.

(2)

1.13 One of the key advantages of franchising is …

A the increased ability for the franchisor to expand.
B the low costs of franchising.
C the freedom to make creative decisions.
D the independence of the entrepreneur.

(2)

1.14 Which statement about disciplinary procedures is **false**?

A The employer must always issue three warnings before a suspension.
B A minor offense could result in a verbal warning.
C A serious offence will result in immediate suspension.
D To make a dismissal fair the employer has to follow a legal procedure.

(2)

1.15 Which conflict management technique is applied where the two parties in disagreement try to work with each other in a situation that satisfies everyone involved?

A Compromising
B Avoiding
C Accommodating
D Cooperating

(2)

1.16 Which of the following activities do **not** form part of retail?

A Personal services
B Selling fruit on the street
C Fruit canning
D A supermarket selling groceries

(2)

| 1.11 | 1.12 | 1.13 | 1.14 | 1.15 | 1.16 |
|---|---|---|---|---|---|
| | | | | | |

1.17 Which of the following is **not** an operating expense?

A Cost of Sales
B Advertising
C Stationery
D Packing material

(2)

1.18 When an entrepreneur shows strength and vitality required for sustained activity, the entrepreneur displays …

A risk appetite.
B creativity.
C integrity.
D energy.

(2)

1.19 The marketing mix factor where a supermarket operates efficiently.

A People
B Process
C Packaging
D Product

(2)

1.20 The purpose of the Global Reporting Initiative (GRI) is to …

A analyse worldwide consumer behaviour.
B determine and report on the level of unethical behaviour in the supermarket industry.
C promote sustainable issues through formal feedback frameworks.
D conduct reports on global product quality and prices.

(2)

1.21 Which one is **not** a concept relating to insurance?

A Indemnity
B Donation clause
C Cession
D Security

(2)

1.22 Which of the following is an advantage of a corporation?

A Limited liability
B Double taxation
C Ease of formation
D Simple decision-making process

(2)

| 1.17 | 1.18 | 1.19 | 1.20 | 1.21 | 1.22 |
|---|---|---|---|---|---|
| | | | | | |

1.23 If a country's VAT increases, it is a/an … macro factor that … consumer spending and … government income.

A social; decreases; decreases
B economic; decreases: increases
C political; decreases; decreases
D social; increases; increases

(3)

1.24 Which of the following PR strategies offers the most comprehensive approach for a company aiming to enhance its brand reputation and public perception?

A Leveraging traditional media, social media engagement, community events, and internal PR efforts.
B Relying on celebrity endorsements and high-profile event sponsorships for brand promotion.
C Focusing solely on online platforms, digital influencers, and search engine optimisation (SEO) techniques.
D Developing a crisis communication plan, monitoring social media, and providing transparent responses to negative events.

(3)

1.25 Which of the following statement(s) is/are **true** about salary structures?

(i) PAYE is a legal deduction on an employee's salary.
(ii) An employer may deduct any amount for UIF from the employee's salary.
(iii) An employee has the right to a yearly bonus.
(iv) There is one method of structuring salaries.

**Choose the right combination:**

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

(3)

1.26 If the value of owners' equity increases by a 100%, without an increase in net profit, the profitability of the business will …

A decrease.
B increase with a 100%.
C increase with 50%.
D not change.

(3)

| 1.23 | 1.24 | 1.25 | 1.26 |
|---|---|---|---|
| | | | |

**[56]**

## QUESTION 2

Choose from the terms provided in the table below to best match the statements that follow. Write only the **correct term** in the space provided underneath each statement.

**NOTE: There is only one correct answer for each statement.**

| | |
|---|---|
| Liquidity | Growth strategies |
| Market Mapping | Misconduct |
| Cession | Return on Investment |
| Environmental Scanning | Unfair dismissal |
| Solvency | Trade Unions |
| Employer Organisation | Tactical |
| Sampling | Inspection |
| Pros and Cons Chart | SCAMPER |
| Strategic | Budget |

2.1 The ratio used by the financial manager to measure whether a retailer has the financial ability to meet its long-term debts and other financial obligations.

(2)

2.2 They regulate working conditions in an organisation and represent employees in negotiations.

(2)

2.3 A retailer's plan of action for overcoming challenges to realise its goals for expansion.

(2)

2.4 The process of gathering information about events and their relationships within an organisation's internal and external environments.

(2)

2.5 The process of using a graph to plot competitors and their products to understand competitor behaviour and spot a gap in the market.

______________________________________________________________ (2)

2.6 The insurance term applying to a policy that an employee uses as security on a loan she / he would like to take out.

______________________________________________________________ (2)

2.7 Unacceptable behaviour, especially by an employee or professional person.

______________________________________________________________ (2)

2.8 The marketing manager of a retailer is involved in this type of planning.

______________________________________________________________ (2)

2.9 A quality control method that allows manufacturers to randomly test batches of products.

______________________________________________________________ (2)

2.10 An estimation of revenue and expenses over a specified future period of time.

______________________________________________________________ (2)

2.11 A simple but powerful decision-making tool based on the advantages and disadvantages of a decision.

______________________________________________________________ (2)

2.12 This is calculated by dividing the profit earned on an investment by the cost of that investment.

______________________________________________________________ (2)

**[24]**

## QUESTION 3

Identify the **most appropriate creative thinking technique** to solve the problems in the following scenarios. Write down the correct answer in the space provided at the bottom of the page.

3.1 The supermarket needs to choose between different outcomes of changing the packaging of house brand products.

3.2 The supermarket should find out which resources are of strategic importance to improving their overall performance.

3.3 The supermarket management will need the advice from labour specialists to manage an unproductive workforce.

3.4 The supermarket needs to complete a detailed environmental scanning of the social, legal, and technological environments, globally.

3.5 The supermarket needs to identify the advantages and disadvantages of a decision to upgrade the factory.

3.6 The human capital manager needs to assess the key performance areas of an employee.

3.7 The management of the supermarket must determine whether a decision is ethical based on the outcomes of the decision.

3.8 The marketing manager needs to assess the position of the supermarket in relation to other competitors in the industry.

3.9 The general manager must analyse the internal and external business environments of the supermarket.

3.10 The manager must assess whether all activities in the supermarket will add more value to the customer experience.

| | | | |
|---|---|---|---|
| 3.1 | | 3.6 | |
| 3.2 | | 3.7 | |
| 3.3 | | 3.8 | |
| 3.4 | | 3.9 | |
| 3.5 | | 3.10 | |

**[20]**

**100 marks**

## SECTION B

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

## QUESTION 4

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

**Key Areas in Human Capital Management**

**Exceptional Customer Experiences:**

Manage staff to deliver safe and outstanding customer interactions, enhancing your brand's image through empowered employees.

**Energising Your Brand Through Employees:**

Empower and engage employees to embody your brand values, making them the driving force behind your business identity.

**Reflecting Brand Values in Staff Management:**

Cultivate a workforce that mirrors your brand values, ensuring consistency and authenticity in customer interactions.

**Adapting Manpower Plans for Growth:**

Stay dynamic by adjusting staffing plans to seize new opportunities, aligning your workforce with evolving market needs for sustained business growth.

[Source: <https://onpasture.com/2018/06/11/in-honor-of-farmers-and-ranchers-everywhere-its-world-juggling-day/ 03/10/2023>]

4.1 Describe *manpower planning*.

(3)

4.2 Referring to the extract, elaborate on the significance of employees being considered as the 'face of the brand'.

(6)

4.3 Describe how performance appraisal serves as a tool to evaluate whether an employee aligns with a business's brand values through their actions.

(10)

4.4 Identify **three** training methods the manager can use to develop the skills of cashiers.

- 
- 
- 

(3)

4.5 Highlight the crucial role of the Finance function in enabling the successful operations of the Human Capital function.

(4)

4.6 Explain, using relevant examples, the difference between **monetary** and **non-monetary** rewards as motivational methods to increase productivity levels of employees.

(6)

4.7 Discuss any two types of compulsory insurance employers must take out to potentially provide financial relief to employees.

- 

- 

(8)

4.8 Complete the following diagram regarding the Purchasing function.

| **Discuss the role of the purchasing function in a general retailer.** |
|---|
| |
| |
| |
| (2) |

↓

| **Explain how a general retailer could optimise ordering quantities through economies of scale.** |
|---|
| |
| |
| |
| |
| |
| (4) |

↓

| **Distinguish between cash and credit purchases.** |
|---|
| |
| |
| |
| |
| |
| (4) |

**[50]**

 

## QUESTION 5

5.1 Retailers sell a variety of products. Using relevant examples, describe the following three types of products.

| | |
|---|---|
| **Convenience** | |
| | |
| | |
| | |
| | |
| **Speciality** | |
| | |
| | |
| | |
| | |
| **Services** | |
| | |
| | |
| | |
| | |

(9)

5.2 Name **three** elements of the marketing communication (promotion) mix.

- ________________________________________
- ________________________________________
- ________________________________________

(3)

5.3 Explain how a local supermarket's marketing department could use internal and external factors to understand the customers' behaviour as well as improve the customers' shopping experience.

(9)

5.4 Refer to the image below and then answer the questions that follow.


[Source: <https://media.istockphoto.com/id/820768650/photo/3d-ethics-respect-honesty-integrity-concept.jpg?>]

5.4.1 Discuss **three** potential examples of unethical behaviour within a retailer of your choice.

(9)

5.4.2 Why is it crucial for the management of a supermarket to demonstrate integrity in their actions and decisions?

(5)

5.5 5.5.1 Discuss **three** qualities that are shared by successful entrepreneurs.

(6)

5.5.2 Evaluate three investment options for entrepreneurs, considering risk and return on investment (ROI) as vital criteria in their decision-making process.

(9)

**[50]**

## QUESTION 6

6.1 Study the following extract and answer the questions that follow.

> Various retailers in the market compete for the attentions of budget-conscious consumers. Consumers demand more affordable retail-branded (white label) products in these financially challenging times.

[Fictitious source]

6.1.1 Describe the term *retailer*.

____________________________________________________________

____________________________________________________________

____________________________________________________________

____________________________________________________________ (2)

6.1.2 Identify **three** internal weaknesses a supermarket might have.

- ____________________________________________________________
- ____________________________________________________________
- ____________________________________________________________ (3)

6.1.3 Examine the Market Business Environment of a supermarket by completing the following diagram.

| **The Market Business Environment** |
|---|
| Description: |
| |
| |
| (2) |

⬇

| **Two forces of Porter's Forces Model** | |
|---|---|
| Definition of a '*supplier*': | Definition of a '*buyer*': |
| | |
| | |
| (2) | (2) |
| | With reference to the extract, explain the power of *a retailer* as a '*buyer*': |
| | |
| | |
| | |
| | |
| | |
| | |
| | (4) |

6.2 Analyse the following formal strategies by completing the table below:
- describe the strategy, and
- identify a challenge which may have influenced a supermarket to implement this strategy.

| | **Formal Strategy:** | **Description of the strategy:** | **Challenge:** |
|---|---|---|---|
| 6.2.1 | Backward integration | (2) | (2) |
| 6.2.2 | Low cost | (2) | (2) |
| 6.2.3 | Divestiture strategy | (2) | (2) |
| 6.2.4 | Solvency ratio | (2) | (2) |
| 6.2.5 | Synergy in teamwork | (2) | (2) |

 

6.3 Explain how a general retailer could use the customer perspective and the growth perspective of the balanced scorecard to promote sustainable business operations.

(8)

6.4 6.4.1 Define *social responsibility* as an element of triple bottom line (TBL).

(2)

6.4.2 Convince the Board of Directors of a general retailer to implement a sustainable Corporate Social Responsibility programme.

(5)
**[50]**

**150 marks**

## SECTION C

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

- Format:
  - The **CORRECT** format for each question must be used: business report.
  - Where applicable, include an introduction and conclusion.
  - Use headings and subheadings 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 appropriate sequencing.

## QUESTION 7

Carefully read the following source and then answer the question that follows.

**Management Training Workshop Notice**

**Date**: 18 August 2023

**Time**: 10:00 for 10:30

**Training workshop for**: Managers in retail

**Booking**: highereducation@africa.co.za

**Topics to be covered in the management training workshop**:
- The power of strong business leaders
- Important Management Competencies
- Management Tasks

[Adapted from source: <https://www.careersportal.co.za/sites/default/files/styles>]

As the franchise manager of a supermarket who recently attended a management training workshop, you aim to enhance business cohesion, performance, customer experience, and satisfaction.

In your business report to all supermarket managers, elaborate on the significance of effective management practices in addressing present and future challenges, focusing on the three key topics covered during the workshop.

**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.**