



NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2011

BUSINESS STUDIES: PAPER I

Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 11 pages and an Answer Booklet of 4 (i – iv) pages. Please check that your question paper is complete.
 2. Detach the Answer Booklet from the centre of the question paper and ensure that it is handed in. Please make sure that your examination number is entered in the space provided on the Answer Booklet.
 3. Read the questions carefully.
 4. **All questions are compulsory.**
Section A (Questions 1 – 3) must be answered on the **supplied Answer Booklet**.
Section B (Question 4 – 6) comprises **THREE** short answer type questions to be answered in your Answer Book. **In this section, some of the questions (Question 4.1, 5.4, 6.1.2, 6.2 and 6.6) must be answered in the Answer Booklet supplied.** This is clearly indicated in the question.
 5. Refer to the case study when required.
 6. Demonstrate insight, where applicable, when answering questions.
 7. Answer each **new question** on a **new page**.
 8. Number your answers exactly as the questions are numbered on the question paper.
 9. Candidates are advised to pay particular attention to the use of language and the **allocation of marks**.
 10. It is in your interest to write legibly and present your work neatly.
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The following case study applies to many of the questions in the examination paper:

SPAR Group Ltd

- 1 Back in 1932 in the Netherlands, an inspired wholesaler with a vision for the future named Adriaan van Well, changed the world of retail shopping as we know it with the development of his organisation DESPAR. Translated into English this means 'all will benefit from united co-operation'. Indeed this is exactly what Adriaan van Well managed to achieve.
- 2 With the emergence of grocery chains in the 1960s in South Africa, a group of 8 wholesalers were given exclusive rights to the SPAR name in 1963, to service 500 small retailers. The three friendly store formats, which are, **SPAR** (for neighbourhood shopping), **SUPERSPAR** (for one-stop, competitively priced, bulk shopping) and **KWIKSPAR** (for every day convenience), cater more than adequately for customers' shopping preferences.
- 3 SPAR operates under 'voluntary trading' principles which means that while the group encourages retailers to take advantage of SPAR's trading power, retailers can source goods from local traders. This explains why each store has its own regional personality. Today, the SPAR Group Ltd operates 6 distribution centres (DCs) that supply goods and services to almost 800 SPAR stores in South Africa.
- 4 There is more to SPAR than their famous supermarkets. Rewarding career paths can be found in the finance, sales, marketing, logistics, information technology and human resources fields. Some of the career streams available at SPAR include:
 - **Finance:** debtors, creditors, accounting, administration, bookkeeping, payroll, insurance;
 - **Marketing:** advertising, promotions, customer care, sponsorships and special events;
 - **Information Technology:** support, programming, business analysis, software development and testing, retail systems, training and problem solving;
 - **Human Resources:** training, industrial relations, general HR, staff benefits, organisational development.
- 5 The SPAR Group Ltd listed on the JSE Ltd in 2005. In 2010, a year of slow economic recovery, the group produced a satisfactory financial performance. Comparable earnings per share of 543.7 cents increased by 12.1%. The annual dividend declaration increased by 12.4% to 500 cents per share. The financial department showed a commitment to ratio analysis as a preferred technique for the analysis of quality of performance.
- 6 A brand is nothing without its people. The special men and women that house its heart and soul drive it forward. SPAR looks for people who believe in themselves, have the entrepreneurial spirit and believe in the value of others. In the SPAR family, support is given to each other through tried and tested conflict resolution techniques, so that teamwork and pride in their work is at the forefront.
- 7 For many years, SPAR has played an active and meaningful role in socio-economic development. Together with a wide range of sponsorships and donations, SPAR continues to reach underprivileged people with various initiatives. This bodes well for SPAR's corporate social responsibility investment index. So when last did you shop at SPAR???

[Adapted from < <http://www.spar.co.za>>, downloaded July 2010]

SECTION A **Answer all questions in this section in the Answer Booklet supplied.****QUESTION 1**

Indicate the **most correct** answer by making a cross (X) in the column over the corresponding letter for each question in the **Answer Booklet** supplied.

- 1.1 A member of a team that takes on more than he/she can cope with is experiencing ...
- A role specification.
 - B role overload.
 - C role defense.
 - D synergy.
- 1.2 The refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer is known as a ...
- A probation period.
 - B protected strike.
 - C lockout.
 - D workplace forum.
- 1.3 An umbrella concept defining the morals, principles and values under which a SUPERSPAR company operates is a ...
- A code of ethics.
 - B corporate social responsibility programme.
 - C founding statement.
 - D job analysis form.
- 1.4 ... measures KWIKSPAR's generation of profit with the capital that the business has invested.
- A Liquidity
 - B Solvency
 - C Gearing
 - D Return on investment
- 1.5 When the SPAR Group Ltd has activities that are aimed at the local community or our country as a whole, we can say that the business is involved in ...
- A risk assessment.
 - B broader social responsibility.
 - C primary research.
 - D all of the above.
- 1.6 A SPAR employee that provides confidential information or trade secrets is unethically practicing ...
- A tax evasion.
 - B avoidance.
 - C price inflation.
 - D insider trading.

- 1.7 The SPAR Group Ltd compensates its shareholders for taking a risk in SPAR's capital ventures through the issue of ...
- A dividends.
 - B property bonds.
 - C personal income tax breaks.
 - D debentures.
- 1.8 The SPAR management team is investigating challenges that new environmental legislation will have on its operations. Which one of the following techniques would SPAR most probably use in its investigation?
- A PESTLE
 - B Porter's Five Forces model
 - C Balanced Scorecard
 - D Benchmarking
- 1.9 A marketing researcher working for a KWIKSPAR uses another person's thoughts/ ideas as her own research without the relevant reference. This researcher has ... her research.
- A plagiarised
 - B delegated
 - C mediated
 - D indemnified
- 1.10 The financial manager of a KWIKSPAR outlet was told by his insurance broker that he may only claim recovery from losses once for the same event. This is based on the concept of ...
- A subrogation.
 - B excess.
 - C cession.
 - D arbitration.
- 1.11 When SPAR introduces new products into the market, they divide the plan into manageable chunks (levels) for processing. Which problem solving technique(s) could SPAR have used?
- A Environmental scanning
 - B Flow chart analysis
 - C Delphi
 - D All of the above
- 1.12 According to the case study SPAR prefers to use ... as a quality of performance technique when analysing financial data.
- A quality circles
 - B sampling
 - C ratio analysis
 - D business process re-engineering

- 1.13 A cashier at a SPAR outlet is dismissed for incapacity. This implies that ...
- A the employee participated in an illegal strike.
 - B the employer makes the working environment impossible for the employee to tolerate.
 - C the employee can no longer maintain work standards due to unsatisfactory work performance.
 - D a transgression of a rule took place.
- 1.14 Induction of staff by SPAR's human resource department can best be described as ...
- A a process that is aimed at helping the employee to improve his or her performance.
 - B an element of socialisation that helps new employees feel at home.
 - C giving feedback to employees on past performances.
 - D keeping highly skilled and managerial staff in current positions rather than recruiting new employees.
- 1.15 A threat, identified through a SWOT analysis, which the SPAR Group Ltd could face is ...
- A the appointment of a qualified manager.
 - B an increase in revenue.
 - C the effects of an economic recession.
 - D fewer employees being absent.



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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 supplied Answer Booklet.

- 2.1 During maternity leave, employees are covered against the loss of income through the Compensation for Occupational Injuries and Diseases Act.
- 2.2 The Employment Equity Act seeks to regulate minimum working hours for employees.
- 2.3 A mediator solves problems by coming to a binding decision on behalf of conflicting parties.
- 2.4 A technique where a panel of experts makes forecasts based on their superior knowledge of a topic is known as value analysis.
- 2.5 In a company own capital is raised through debentures.

[10]

QUESTION 3

Match the concepts in Column A with the explanations in Column B. Write only the correct letter from Column B next to the appropriate question number of Column A in the space provided in the Answer Booklet supplied.



| Column A | | Column B | |
|----------|---|----------|---|
| 3.1 | Jointly and severally liable | A | Stories are used to complement each other in order to lead to an understanding of the difference between right and wrong. |
| 3.2 | National Economic Development and Labour Council (NEDLAC) | B | When a manager at a KWIKSPAR is the only one making management decisions. |
| 3.3 | Narrative based theory of ethics | C | Partners can be held liable for irresponsible decisions made by co-partners. |
| 3.4 | Inclusivity | D | Disabled workers are able to participate in decision-making with senior management. |
| 3.5 | Transactional leadership style | E | Bringing together employers, employees and the government in reviewing the Labour Relations Act. |
| | | F | A give-and-take undertaking where something of value is offered in return for loyalty. |
| | | G | The number of employees that are under a manager's supervision. |

[10]

50 marks

SECTION B

Answer these questions in your Answer Book.

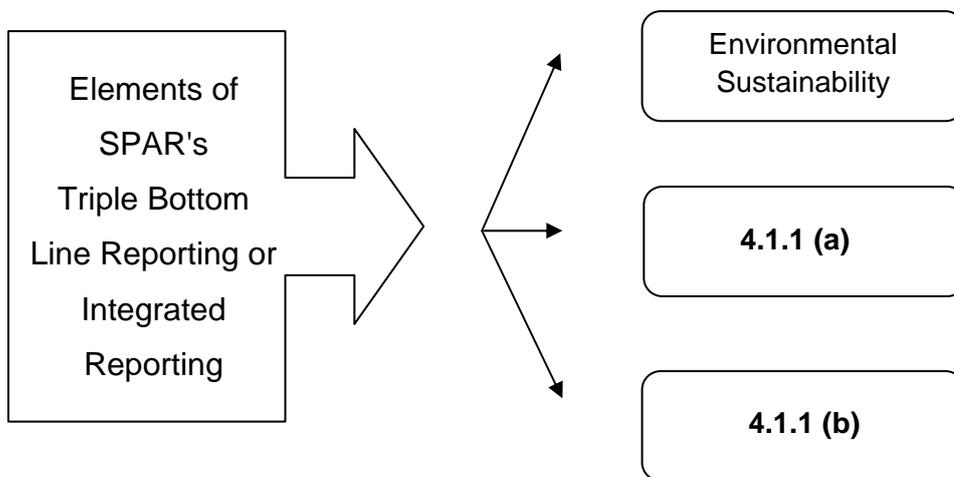
In some cases, questions have to be answered in the Answer Booklet supplied. This will be clearly indicated in the question.

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

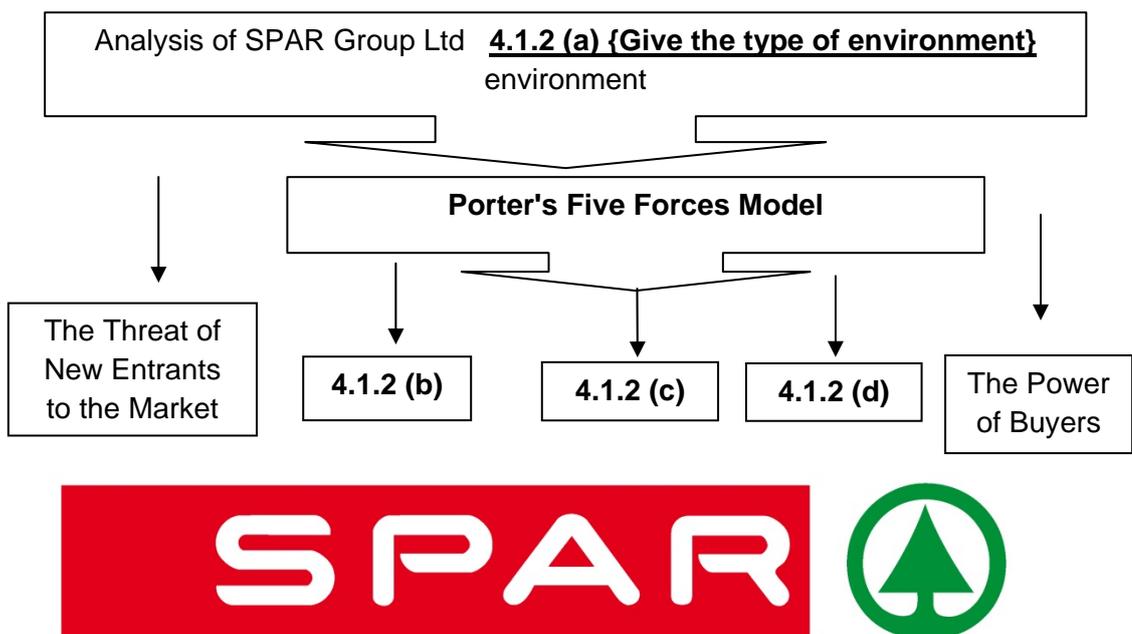
QUESTION 4

4.1 You have been supplied with TWO schematic diagrams (Figures A and B) that are incomplete. Supply the **missing information** in each diagram by writing your answer next to the question number on the **supplied Answer Booklet**. (12)

4.1.1 **Figure A**



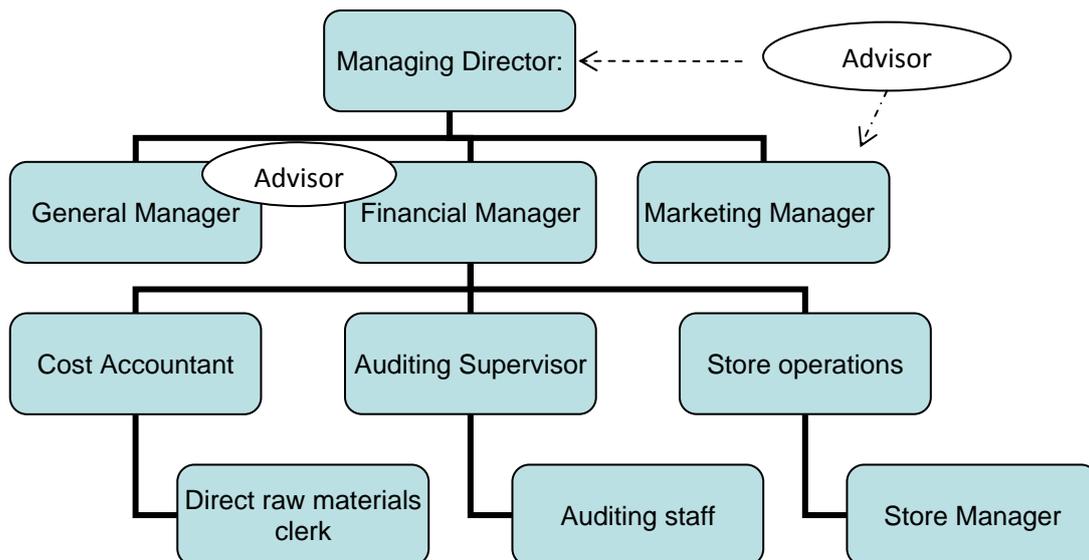
4.1.2 **Figure B**



- 4.2 4.2.1 Describe TWO unfair labour practices that could happen in a KWIKSPAR shop. (4)
- 4.2.2 Discuss how the CCMA could assist SPAR employees who feel unhappy with certain labour issues. (6)
- 4.2.3 Why would SPAR undertake manpower planning? (3)
- 4.2.4 In recent years SPAR's major employee trade union has bought property as an investment strategy in order to increase its cash flow. Do you think this is a wise strategy? Motivate your answer. (3)
- 4.2.5 Discuss, with motivation, whether it is effective **or** not to have a trade union representative in a wage negotiation dispute. (3)
- 4.3 4.3.1 Define **cultural diversity**. Explain how this could be a source of conflict in the workplace. (3)
- 4.3.2 Describe TWO ways in which management at a SPAR shop could deal with the source of conflict in Question 4.3.1. (4)
- 4.4 Discuss the FOUR focus points of the Balanced Scorecard that the SPAR management team could use. (12)
- [50]**

QUESTION 5

- 5.1 Study the following extract from the organisational structure of the SPAR Group Ltd and then answer the questions that follow.



- 5.1.1 Name the organisational structure that the SPAR Group Ltd uses. (1)
- 5.1.2 Give an appropriate example of an advisor that could fit into the above organisational structure. (1)

- 5.1.3 What span of control does the Managing Director have? (1)
- 5.1.4 Discuss TWO advantages that this type of organisational structure will hold for the SPAR Group Ltd. (4)
- 5.1.5 The financial and marketing manager use different tools to measure the quality of performance in their respective departments. Is this a wise strategy by management? Motivate your answer. (2)
- 5.1.6 The SPAR Group Ltd has a current ratio { *Current assets* : *Current liabilities* } of 1,06 : 1. Explain to the SPAR management team whether you feel that this result is problematic or not. (4)
- 5.2 A number of factors affect the success or failure of the SPAR Group Ltd as a form of ownership. Discuss TWO of these factors. (10)
- 5.3 5.3.1 Describe THREE qualities of a typical SPAR entrepreneur. (6)
- 5.3.2 Explain the difference between an intrepeneur and an entrepreneur at a SPAR outlet. (4)
- 5.3.3 How could a SPAR entrepreneur use technology to stay ahead of his/her competitors? Motivate your answer. (4)
- 5.3.4 What can SPAR do to be more environmentally friendly? Discuss TWO suggestions. (4)
- 5.4 A SPAR employee is deciding whether she should venture out and start her own business as a sole trader or buy into an existing SPAR franchise.
- Assist the employee with her decision by completing a **pros and cons chart** for the two options. Come up with a valid motivation for your final decision.
Answer this question **in the table provided in the Answer Booklet supplied.** (9)
- [50]**

QUESTION 6

- 6.1 6.1.1 Explain what is meant by the term investment **diversification**. (2)
- 6.1.2 Mark wants to invest R1 million and is faced with two investment options:

Option A: 12 month Fixed Deposit at a commercial bank earning simple interest of 6% per annum.

Option B: Invest in SPAR shares. (For more details, refer to paragraph 5 of the case study)

Which option should Mark choose? Motivate your answer by evaluating each of the options in terms of **risk** and **return** offered.

Answer this question **in the table provided in the Answer Booklet supplied.** (9)

6.2 The SPAR Group Ltd is faced with the following challenges from its business environment.

6.2.1 The high price of petrol and its impact on the price of basic foods such as bread and milk.

6.2.2 Theft of stock at a SPAR distribution centre.

6.2.3 Access to personnel records through SPAR's internal computer systems is open to computer viruses.

6.2.4 The changing profile (age, income, marital status, cultural background, etc.) of SPAR's consumers.

You are required to:

- describe a separate strategy on how the SPAR Group Ltd could respond to each of the challenges. (8)

Answer this question **in the table provided in the Answer Booklet supplied**, with the following headings:

| Challenge being faced | Strategy in response to challenge |
|-----------------------|-----------------------------------|
|-----------------------|-----------------------------------|

6.3 In paragraph 3 of the case study it is mentioned that SPAR operates under '**voluntary trading**' principles. Assess whether you think this is a good/poor strategy in SPAR's market environment. (4)

6.4 Recently media reports have suggested that workers in the retail industry are unhappy about the workings of **bargaining structures**. Mention **THREE** types of collective bargaining structures and give the main purpose of bargaining councils. (4)

6.5 6.5.1 SPAR has shown a commitment to skills development. Why is it important for business to support the principles of the Skills Development Act in the South African labour context? Motivate your answer. (4)

6.5.2 (a) Describe **THREE** main aspects of the **BBBEE Act**. (6)

(b) Comment, with motivation, on whether the BBBEE Act has been successful in addressing the shortcomings of the Employment Equity Act. (4)

6.6 Answer this question **in the table provided in the Answer Booklet supplied.**

The SPAR management team is faced with business ethics at different levels. Discuss, with a different example for each, an ethical issue that the team will face from:

6.6.1 an individual level;

6.6.2 an organisational level; and

6.6.3 a professional level.



(9)
[50]

150 marks

Total: 200 marks