



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 pages (i – iv). 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. Also ensure 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 – 2) must be answered on the **supplied Answer Booklet**.
Section B (Questions 3 – 5) comprises **THREE** shorter answer type questions to be answered in your Answer Book. **In this section, Question 3 must be answered in the supplied Answer Booklet.** 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 as the questions are numbered on the question paper.
 9. You are advised to pay particular attention to the use of language and the **allocation of marks**.
 10. It is in your own interest to write legibly and to present your work neatly.
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SECTION A **Answer all questions in this section in the supplied Answer Booklet.****QUESTION 1**

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

- 1.1 Which technique would Pick n Pay most likely use when it analyses challenges from the market environment?
- A Balanced Scorecard
 - B PESTLE
 - C Value Chain Analysis
 - D Porter's Five Forces Model
- 1.2 An aggressive type of disagreement where workers refuse to work towards a solution and the task at hand is compromised, is referred to as ... conflict.
- A functional
 - B dysfunctional
 - C role overload
 - D synergetic
- 1.3 Two requirements necessary for a valid insurance contract are ...
- A indemnification and insurable interest.
 - B good faith and security.
 - C insurable interest and good faith.
 - D security and indemnification.
- 1.4 The unauthorised and illegal duplication of products protected by patents or copyright is referred to as ...
- A bootlegging.
 - B piracy.
 - C inflation.
 - D tax evasion.
- 1.5 A traditional Pick n Pay marketing strategy refers to a combination of ...
- A advertising, personal sales, sales promotion and publicity.
 - B pricing policy, advertising, publicity and communication.
 - C pricing, communication, distribution and product policies.
 - D sales promotion, competition, publicity and public relations.
- 1.6 Which one of the following is responsible for developing an acceptable guideline on sustainable disclosure?
- A South African Reserve Bank
 - B Global Reporting Initiative
 - C Central Statistical Services
 - D Institute of Chartered Accountants

- 1.7 The components used to determine the risk profile of an investment are ...
- A investment time frame; size of investment relative to investors' portfolio; rate of return.
 - B investment strategy; sustainability of investment; diversification.
 - C compliance with the CPA; brokerage fees; capital gains tax.
 - D BEE compliance; re-insurance and third party claims.
- 1.8 When a manager at Pick n Pay uses his discretion as to whether an employee should be granted extra leave as a result of a death in the family, he is displaying ... leadership.
- A transactional
 - B laissez-faire
 - C transformational
 - D situational
- 1.9 ... is a process where new recruits to Pick n Pay are given general rules of conduct applicable to all staff members.
- A Learnership
 - B Staff induction
 - C Performance appraisal
 - D Probation
- 1.10 A loss resulting from ... is an example of an insurable risk.
- A new inventions and techniques
 - B hail damage to the property of the business
 - C price increasing between the time of order and the time of delivery
 - D bankruptcy of the CEO of Pick n Pay
- 1.11 The global financial crisis has forced Pick n Pay to cut down on its appointment of new recruits. This challenge would be seen as a/an ... influence.
- A political
 - B economic
 - C technological
 - D ethical
- 1.12 Which ONE of the following is FALSE with regards to a protected strike?
- A The employer does not have to pay employees participating in the strike.
 - B Employees have certain rights during the strike action.
 - C The employer can apply for a court interdict to prevent unlawful action from strikers.
 - D The employer can claim damages for loss of production from striking workers.

- 1.13 The price of a garden set at a Pick n Pay Hypermarket is advertised as follows: 'Was R12 100, now only R11 750.' This is an example of ... pricing.
- A odd-even
 - B prestige
 - C superficial discounting
 - D perceived value
- 1.14 The relationship between the current assets and current liabilities of Pick n Pay is referred to as a measure of ...
- A liquidity.
 - B gearing.
 - C solvency.
 - D profitability.
- 1.15 A manager at Pick n Pay would like to use this strategy in order to resolve labour disputes ethically and timeously. Which one of the following strategies would best achieve this objective?
- A Setting up flexitime schedules for workers.
 - B Having a well-communicated performance appraisal system.
 - C Implementing appropriate grievance procedures.
 - D Adopting an innovative induction programme.

[30]

QUESTION 2

Choose the most correct answer from the possible terms/words provided in the *Business Dictionary* below for the statements/explanations that follow. Write down the **most correct answer** next to the number on the supplied Answer Booklet.

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

Business Studies Dictionary

Psychological Pricing	Synergy
Sustainability	Laissez-faire
Insider Trading	Probation
Autocratic	Excess clause
Divesture Strategy	Average clause
Mediation	Labour Relations Act
Arbitration	Benchmarking
Basic Conditions of Employment Act	Liquidation
The Economic Principle	Retention of staff
Compensation for Occupational Injuries and Diseases Act	Johannesburg Securities Exchange Ltd

- 2.1 A third party makes a final judgment call in a labour dispute.
- 2.2 Provides protection to employees against the death of the employee while at work.

- 2.3 Indicates the legal requirements for working hours, sick leave and maternity leave.
- 2.4 A management style where workers are informed as to what objectives must be achieved, but managers do not get involved in telling workers how to achieve these objectives.
- 2.5 A business looks at its own methods to perform a task and then compares them to methods used elsewhere.
- 2.6 The practice of buying and selling shares with the advantage of having access to confidential information.
- 2.7 Keeping the purchasing price and stock holding costs as low as possible in order to maximise profits.
- 2.8 A period where a new recruit works in the business and only after this period has been completed is the appointment confirmed.
- 2.9 If property is not insured for the full value, the full value of the loss will not necessarily be paid out.
- 2.10 When a business sells assets or part of the business to cut losses.

[20]

50 marks



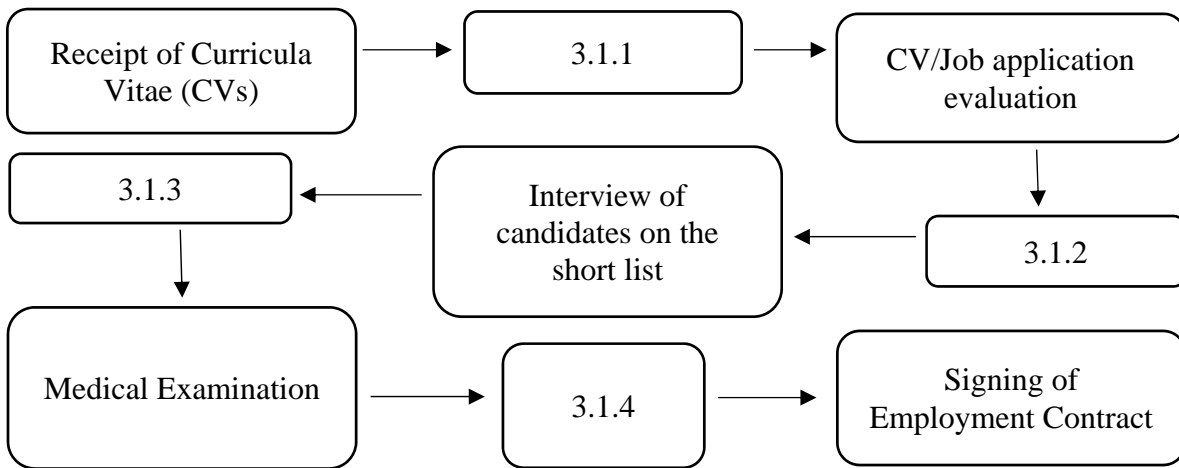
SECTION B

QUESTION 3

Answer this question in the supplied Answer Booklet.

3.1 You have been supplied with a schematic diagram that is incomplete. Supply the **missing information** in the diagram by writing your answer next to the question number on the **supplied Answer Booklet**.

A possible selection procedure for the Human Resource/Human Capital Department at Pick n Pay



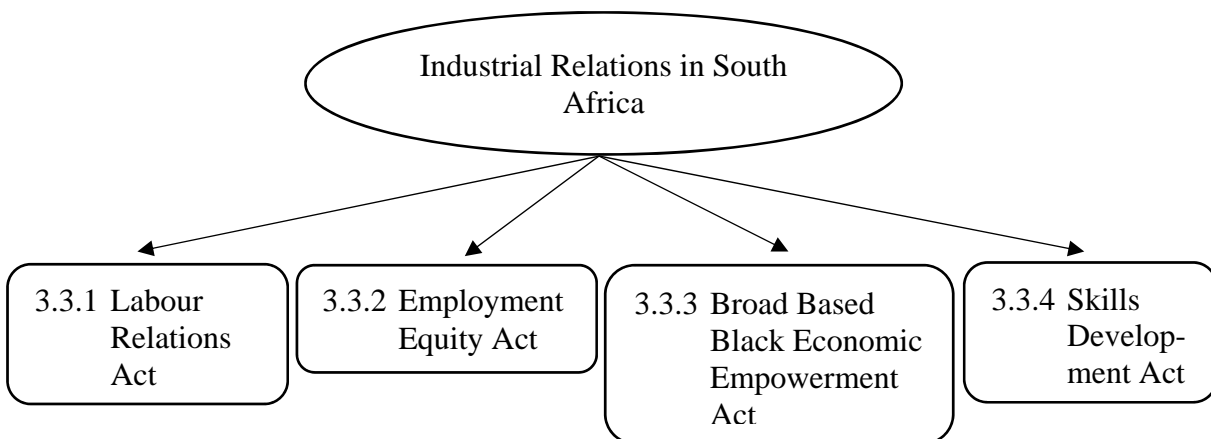
(8)

3.2 Suggest, with a separate strategy for each, how the Pick n Pay management team could effectively deal with each of the following challenges:

- 3.2.1 The impact of inflation on the price of food products.
- 3.2.2 The level of rivalry in the retail industry.
- 3.2.3 Employees are unhappy about the staff appraisal system used by Pick n Pay and are threatening strike action.
- 3.2.4 Stock theft at Pick n Pay's main warehousing facility.

(8)

3.3 Study the following schematic diagram. Write a description, in the space provided in the **supplied Answer Booklet**, of **ONE PURPOSE** of each of the mentioned Acts.



(8)

3.4 Complete the missing information in the following table. Answer this question in the space provided in the **supplied Answer Booklet**.

<p>The King Code</p> <div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: 40%;"> <p>The elements of Triple Bottom Line Reporting or Integrated Reporting</p> </div> <div style="width: 50%;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 5px; text-align: center;">3.4.1 (a)</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 5px; text-align: center;">3.4.1 (b)</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; text-align: center;">3.4.1 (c)</div> </div> </div>		(3)
<p>Sustainability – The King Code</p> <p>3.4.2 Describe the purpose of the sustainability component of the King Code. (2)</p> <p>3.4.3 Recommend THREE strategies of how Pick n Pay can strive for social sustainability. (6)</p>		
<p>Principles of Good Corporate Governance</p> <p>3.4.4 For each of the following corporate governance principles, give a separate example of where Pick n Pay can be seen to be implementing them:</p> <p style="margin-left: 40px;">(a) Discipline and</p> <p style="margin-left: 40px;">(b) Accountability (4)</p> <p>3.4.5 Give ONE objective of the JSE Social Responsibility Index. (2)</p>		

3.5 With the aid of a separate example for each, justify how the following managerial competencies can lead to the success of Pick n Pay:

- 3.5.1 Strategic-Action Competency
- 3.5.2 Global Awareness Competency
- 3.5.3 Self-Management Competency

(9)
[50]



Answer Questions 4 and 5 in your Answer Book.

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

QUESTION 4

4.1 Refer to the following extract and then answer the questions that follow:

THE PICK N PAY BRAND

At the end of 2007 **Pick n Pay** embarked on one of the most extensive rebranding exercises ever undertaken in South Africa. The **new Pick n Pay logo** heralded an evolutionary change, which while quite different from the original, retains the key features that have made Pick n Pay distinctive in the retail environment.

The **rebranding exercise** was in no way simply a cosmetic 'facelift', but rather an important signal of the deeper underlying transformation, change and revitalisation that the business was – and still is – undergoing.

A three-tier strategy under 'Good, Better, Best' was clearly identified, with GOOD representing No Name Brand (NNB), which would offer excellent value for money, BETTER, a Pick n Pay brand (PnP), which would incorporate the migration of all **Choice** merchandised previously under Groceries, as well as Foodhall, previously merchandised under Fresh. BEST is still to be identified, and was expanded during the course of 2010.

[Adapted from <<http://www.picknpay.co.za/picknpay/content/en/home>>, downloaded January 2014]

- 4.1.1 Discuss THREE advantages of having a strong brand. (6)
- 4.1.2 Differentiate between brand extension and brand stretching. (2)
- 4.1.3 List and discuss THREE factors that help build a successful brand. (9)
- 4.1.4 Evaluate the effectiveness of the three-tier strategy as a brand strategy. (3)

4.2 Refer to the following extract and then answer the question that follows:

BEE CERTIFICATION

Pick n Pay Stores Limited and its subsidiaries have Level 6 BEE Contributor status, with 3.76% Black Ownership and 0.37% Black Women Ownership. Our BEE certificate is the result of an independent and impartial verification of our BBBEE status, measured against the Codes of Good Practice on Broad Based Black Economic Empowerment.

[Adapted from <<http://www.picknpay.co.za>>, downloaded December 2013]

- Analyse, with the use of relevant examples, ONE creative problem solving technique that Pick n Pay's management team could use in order to improve their 'Level 6 BEE Contributor status'. Propose one solution to the problem. (5)

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

Historical Statistics of Pick n Pay shares			
Date	Mon 20 Jan 2014	30 Dec 2013	25 Jan 2013
Close	4 769c	5 299c	4 650c
Period High	4 925c	5 389c	5 440c
Period Low	4 615c	4 615c	3 530c

Investor Information:			
Name of Company	Net Profit	Number of employees *K = 000	Market price of a share
Pick n Pay Ltd	5,506 billion	36,74K	R199
Shoprite Holdings Ltd	3,60 billion	89,34K	R139
Spar Group Ltd	1,19 billion	3,89 K	R110

[Adapted from <http://www.picknpayinvestor.co.za/shareprice_historical_stores.php, downloaded January 2014]

- 4.3.1 Explain why it is important for the Pick n Pay management team to publish the historical statistical data of Pick n Pay shares. (2)
- 4.3.2 Would you as an investor buy shares in Pick n Pay? Motivate your answer with information from the extract. (5)
- 4.3.3 Suggest with motivation, TWO asset classes where Pick n Pay could invest their funds during a period of recession or economic downturn. (8)

4.4 **Human Capital (HR) Department at Pick n Pay**

- 4.4.1 List and describe a technique that the HR department of Pick n Pay could use to complete manpower planning. (3)
- 4.4.2 Establish the link between manpower planning and quality of performance. (3)
- 4.4.3 Discuss the challenges that the HR/Human Capital Department could face when using internal recruitment. (4)

[50]



QUESTION 5

5.1 Refer to the following extract and then answer the questions that follow:

PICK N PAY STRIKE THREAT OVER 'ABUSE'

UNION members at Pick n Pay have threatened to strike unless the retail giant takes action against a Canal Walk branch manager they have accused of racism.

The manager, whose name is known to the Cape Times, has rejected the allegations.

South African Commercial, Catering and Allied Workers Union (Saccawu) official Crosby Booï said the incidents had taken place in October but had been brought to Saccawu's attention this month. Workers had lodged grievances against the manager and an independent investigator had recommended a disciplinary inquiry. The manager had been given a final warning, said Booï.

Saccawu had later met Pick n Pay general manager for the Western Cape, Jarett van Vuuren.

"Our members have vowed to strike if no action is taken. This is not the first time racism was experienced at Pick n Pay. In 2009 there was a national strike because of racism in the company," Booï said.

The manager said: "These allegations are untrue and the company is busy dealing with people making those allegations." Pressed about a disciplinary hearing he had faced, he said: "Speak to my general manager. I'm not commenting on those things." Asked about his transfers, he said: "I move to stores in the Western Cape".

Cosatu provincial secretary Tony Ehrenreich warned of protest action at Pick n Pay if the manager was not removed by the end of the month. He called on Premier Helen Zille to condemn the action and to threaten to dispose of her Pick n Pay shares unless the company took strong action.

[<<http://www.iol.co.za/capetimes/pick-n-pay-strike-threat-over-abuse-1.1569215#.UuUTwBD8LIU>>
Downloaded August 28 2013]

- 5.1.1 Assess the effectiveness of having a trade union representative present during a labour dispute. (4)
- 5.1.2 Recommend to the Pick n Pay management team how they could address the issue of racism in their organisation. (4)
- 5.1.3 Pick n Pay directors argued that the dismissal of the Canal Walk branch manager was substantively fair. Describe the criteria the directors could base their argument on. (4)
- 5.1.4 Analyse one negative outcome that this dismissal could have on Pick n Pay. (2)
- 5.1.5 Discuss one other type of industrial action that Pick n Pay workers could have embarked upon if the Canal Walk branch manager was not dismissed. (3)
- 5.2 Describe TWO challenges that customers could place on the profits of Pick n Pay. In each case suggest a suitable strategy that Pick n Pay would need to implement to overcome the challenge. (8)

5.3 Refer to the following extract and then answer the questions that follow:

PICK N PAY'S COMPLIANCE WITH THE CONSUMER PROTECTION ACT

Pick n Pay has always and will always put the consumer first, and strive to uphold the principles of the Consumer Protection Act in all our dealings with our customers. As a consumer you should know and understand what the Consumer Protection Act aims to achieve, what your rights are as a consumer, and how and where to address your concerns.

Health Hotline: Pick n Pay even has a great health hotline service available, for your special dietary questions and needs. Our in-house dietitian is a free service to all Pick n Pay customers. You can contact Theresa Harris on healthhotline@pnp.co.za.

[Adapted from <<http://www.picknpay.co.za>>, downloaded December 2013]

- 5.3.1 Discuss the impact of the Consumer Protection Act on Pick n Pay's marketing department. (6)
- 5.3.2 Suggest ONE advantage and ONE disadvantage in Pick n Pay offering the services of a Health Hotline. (4)
- 5.4 Explain why Pick n Pay introduced franchising as a means of expanding their business. (4)
- 5.5 Illustrate, with the aid of an example for each, how the following concepts would relate to insurance that Pick n Pay would have to take out:
- 5.5.1 iron-safe clause
- 5.5.2 public liability insurance (6)
- 5.6 Evaluate Raymond Ackerman, Executive Chairman and Founder (1967 – 2010) of Pick n Pay, as a successful entrepreneur. (5)



[50]

150 marks

Total: 200 marks