



**BUSINESS STUDIES: PAPER I**

Time: 2 hours

200 marks

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**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This question paper consists of 12 pages and an Answer Booklet of 5 pages (i – v). 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 – 3) must be answered on the **supplied Answer Booklet**.

**Section B** (Questions 4 – 6) comprises THREE shorter answer type questions. **In this section, Question 4 must be answered in the supplied Answer Booklet.** Questions 5 and 6 must be answered in your Answer Book. This is clearly indicated in the questions.

5. Demonstrate insight, where applicable, when answering questions.
  6. Answer each **new question** on a **new page**.
  7. Number your answers as the questions are numbered on the question paper.
  8. You are advised to pay particular attention to the use of language and the **allocation of marks**.
  9. 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 writing the letter of the alternative you have chosen in the space provided in the supplied **Answer Booklet**.

- 1.1 Which one of the following techniques could be used to determine how many people are needed in a Wimpy franchise in terms of the amount of work that must be done?
- A PESTLE
  - B Job specification
  - C Employee screening
  - D Workload analysis
- 1.2 Famous Brands would not be able to insure against ...
- A theft of its delivery vehicles.
  - B dishonesty of employees.
  - C price fluctuations in foreign exchange transactions.
  - D damages caused by fire.
- 1.3 When a shareholder buys and sells shares on the stock exchange with the advantage of having access to confidential information, it is known as ...
- A industrial espionage.
  - B insider trading.
  - C whistle blowing.
  - D competitive advertising.
- 1.4 Steers needs to evaluate the performance of their workers so that ...
- A corrective action can be taken to diminish the performance gap.
  - B franchise performance is in line with Famous Brands' vision and mission.
  - C there can be accountability by the franchisee.
  - D All of the above.
- 1.5 Which one of the following can be seen as an objective of the JSE Social Responsibility Index (SRI)?
- A To identify companies that subscribe to Triple Bottom Line reporting.
  - B To provide a framework to help analyse challenges from the market environment.
  - C To maximise compliance with the Road Accident Fund.
  - D To guide management with investment diversification.
- 1.6 During a conflict situation, management decides to use a third party to give advice to resolve the conflict. This is known as ...
- A transfer of skills.
  - B mediation.
  - C arbitration.
  - D avoidance.

- 1.7 The most likely impact of a recession on Steers would be ...
- A an increase in wages.
  - B an increase in retrenchments.
  - C a decrease in disciplinary grievances.
  - D an increase in employee bargaining power.
- 1.8 Which one of the following would be a good reason for a Famous Brands manager to use a laissez faire leadership style?
- A The manager has highly experienced and skilled workers.
  - B The manager has a project with a tight deadline.
  - C There is a need for more standardised products.
  - D There is a potentially dangerous work situation.
- 1.9 The ... policy is implemented to bridge the gap between Famous Brands and a Steers franchise to ensure that Steers receive their products at the right time and right place.
- A product
  - B communication
  - C distribution
  - D pricing
- 1.10 A stockbroker recommends that the financial manager of Famous Brands should look for investments with no income, but with the possibility of generating high capital growth. The stockbroker is suggesting an investment in ...
- A equities.
  - B money market accounts.
  - C rental property.
  - D collectables.

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[Downloaded from source:  
<<https://www.famousbrands.co.za>>]

**QUESTION 2**

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

Change the **bold word(s)** in each statement to make the statement **TRUE**.

Write only the **correct word/term** in the supplied Answer Booklet.

- 2.1 The **Skills Development** Act addresses issues relating to working hours, maternity leave and notice of termination of employment.
- 2.2 **Market mapping** refers to Famous Brands' ability to use an established brand in an unrelated market, e.g. Debonairs starts to sell branded clothing.
- 2.3 The ability of a manager to interact with two or more consultants so that their combined effect is greater than the sum of their individual input refers to **cultural diversity**.
- 2.4 A **PESTLE** model is used to analyse challenges from the market environment.
- 2.5 Staff **appraisal** is the process of helping new recruits learn about the dress code at Famous Brands' head office.
- 2.6 A **proximate** clause forces the insured to keep a full set of stock records.
- 2.7 A creative problem-solving technique, where the cost components of a product are analysed with the aim of reducing costs and increasing the value of the product, is known as the **RIMS strategy**.

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<<https://www.famousbrands.co.za>>]

**QUESTION 3**

Complete the sentences by selecting the correct answers from the alternatives given below. Write only the **correct word/term** in the supplied Answer Booklet.

List of possible alternatives		
Global Reporting Initiative	Total Quality Management	Psychological
Synergy	Interest	Tax evasion
Autocratic	Dividends	BEE
Prestige	Dysfunctional	SETA
Piracy	JSE Ltd	Transformational

- 3.1 An independent institution responsible for developing acceptable guidelines on economic, environmental and social sustainability is the \_\_\_\_\_.
- 3.2 The return that Famous Brands' shareholders expect to receive is referred to as \_\_\_\_\_.
- 3.3 \_\_\_\_\_ is the illegal practice of not disclosing all income to the South African Revenue Services.
- 3.4 A type of disagreement where parties refuse to work towards a solution and the task is compromised is referred to as \_\_\_\_\_ conflict.
- 3.5 \_\_\_\_\_ is an effort implemented throughout the entire business to plan and control the standards of all operations in order to deliver the best product or service to the consumer.
- 3.6 \_\_\_\_\_ is responsible for promoting learnerships and controlling funds relating to training in a specific sector.
- 3.7 When Wimpy displays a food item on a menu as R79,99 instead of R80,00, the business is making use of a \_\_\_\_\_ factor as part of the buying decision.
- 3.8 During a crisis situation, it is appropriate for management to use a(n) \_\_\_\_\_ leadership style, thus ensuring minimal impact on the safety of workers.

[16]

**50 marks**



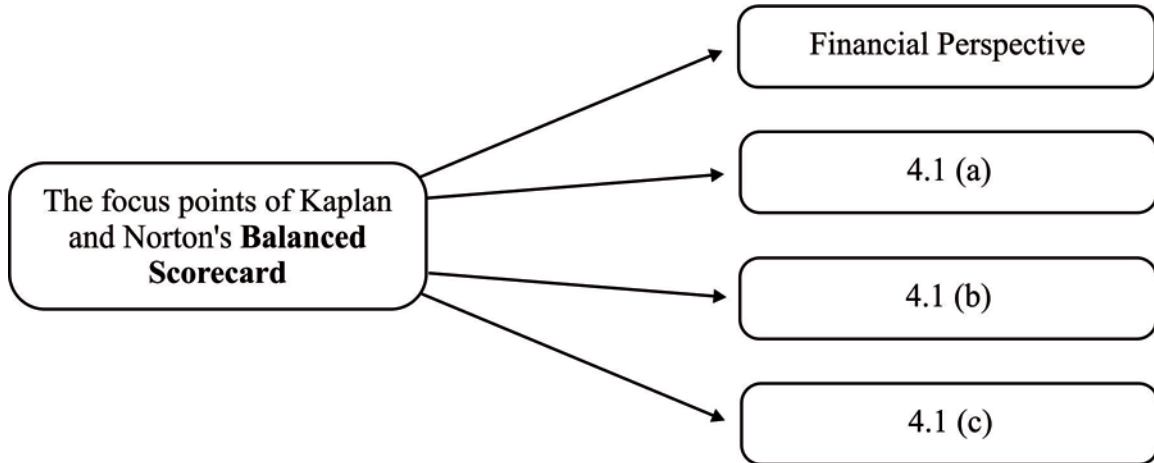
[Downloaded from source:  
<<https://www.debonairs.co.za>>]

**SECTION B**

**QUESTION 4**

**Answer this question in the supplied Answer Booklet.**

4.1 Supply the **missing information** in the following schematic diagram by writing your answer next to the question number on the **supplied Answer Booklet**.



(3)

4.2 Suggest, with a different strategy for each, how the Famous Brands management team could effectively deal with each of the following ethical challenges:

4.2.1 Franchises selling food products of which the sell-by date has passed. (2)

4.2.2 An outsider attempting to gain access to confidential information about employees. (2)

4.2.3 A Famous Brands manager is on the selection committee for choosing a new cleaning company for the business. His wife submits a tender for the contract. (2)

4.3 Study the following schematic diagram. For each of the given departments, you are required to **identify** and **discuss** (with examples) a different technique that can be applied to improve the **quality of performance** at Famous Brands Ltd.



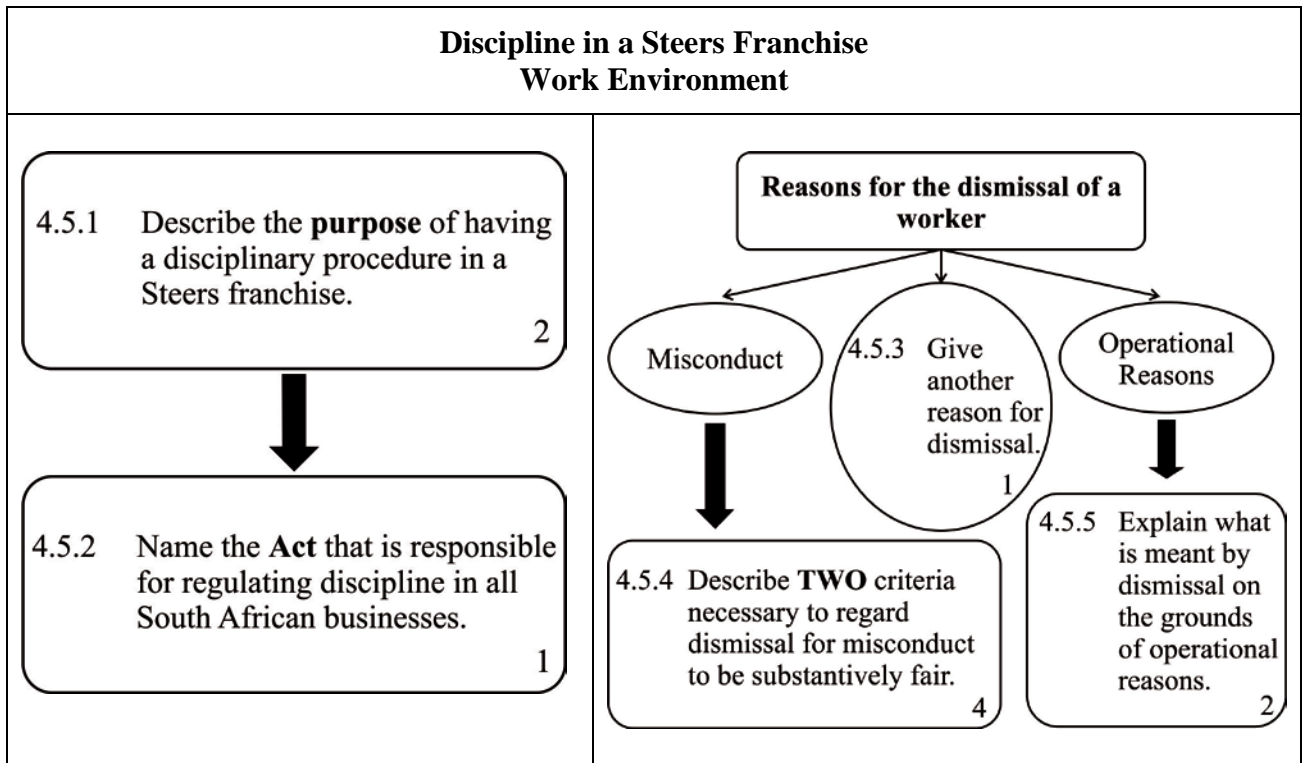
(12)

4.4 Illustrate, with the use of an example for each, how the following concepts would relate to insurance that Steers would have to take out:

4.4.1 excess clause (3)

4.4.2 insurable interest (3)

4.5 Study the following schematic diagram. Supply the **missing information** in the space provided in the **supplied Answer Booklet**.



(10)

4.5.6 Explain how a Steers franchise could avoid disciplinary issues in its work environment. (2)

4.5.7 Describe **ONE** purpose of collective bargaining during a labour dispute. (2)

4.5.8 (a) Discuss **ONE** positive and **ONE** negative outcome if Steers' employees embark on a strike action. (4)

(b) Mention **TWO** instances where a strike will be regarded as unprotected. (2)

4.6 List **THREE** elements that Famous Brands Ltd could include in their marketing communication policy. (3)

**[50]**

**Answer Questions 5 and 6 in your Answer Book.****Remember to use the mark allocation as a guide to the length of your answers.****QUESTION 5**

- 5.1 List and explain THREE of the pillars of BBBEE. (6)
- 5.2 For each of the following scenarios, indicate the relevant legislation (Act) that would be most applicable; refer to the bold sections to guide your answer.
- 5.2.1 A Debonairs employee is **seriously injured** in a motor vehicle accident while delivering a pizza to a customer. (1)
- 5.2.2 A waitress goes on **maternity leave**, but her employment contract does not include a wage payment during this leave period. (1)
- 5.2.3 Debonairs employs a **disabled** person to record orders placed by customers. (1)
- 5.3 Refer to the following extract and then answer the questions that follow:

**Famous Brands Code of Ethics and Corporate Governance**

The group's code of ethics requires all directors and employees to act with honesty and integrity, and to maintain the highest ethical standards. The code deals with compliance with laws and regulations, conflict of interest, relationships with customers and suppliers, remuneration, outside employment and confidentiality.

There is a commitment to Triple Bottom Line Reporting.

[Adapted from source: <<https://www.famousbrands.co.za>> (Accessed 24 November 2014)]

- 5.3.1 Explain what is meant by the term: Triple Bottom Line Reporting. (3)
- 5.3.2 Explain, with the use of examples, how Famous Brands shows a commitment to Triple Bottom Line Reporting. (6)
- 5.3.3 Discuss TWO advantages that Famous Brands will face as a result of having an effective code of ethics. (4)
- 5.3.4 When it comes to issues of Good Corporate Governance, it is important for management to lead by example. Discuss this statement with reference to Famous Brands. (5)



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

**What else could go wrong?**

I always order from Great Pizza and I can't remember when last I was so disappointed in anything! I tried phoning them on the same number I've always used, but no answer. After placing the order, I received a text saying that I can expect delivery at 7:40 p.m.

By 8 p.m. still no sign of the pizza, so I decided to phone them again. After trying numerous times, I FINALLY got through to them and the operator told me the delivery bike had a flat tyre. I found this to be very unprofessional, purely because they could have notified me, because the text I received said the branch would contact me if there is anything wrong.

My order arrived at 8:40 p.m. and the delivery guy said there was something wrong with the bike. The branch and delivery guy's stories didn't match, so they lied.

After everything, I paid for a cold pizza that was damaged and the chicken fill had only half of the bottom base. What are we to do about this?

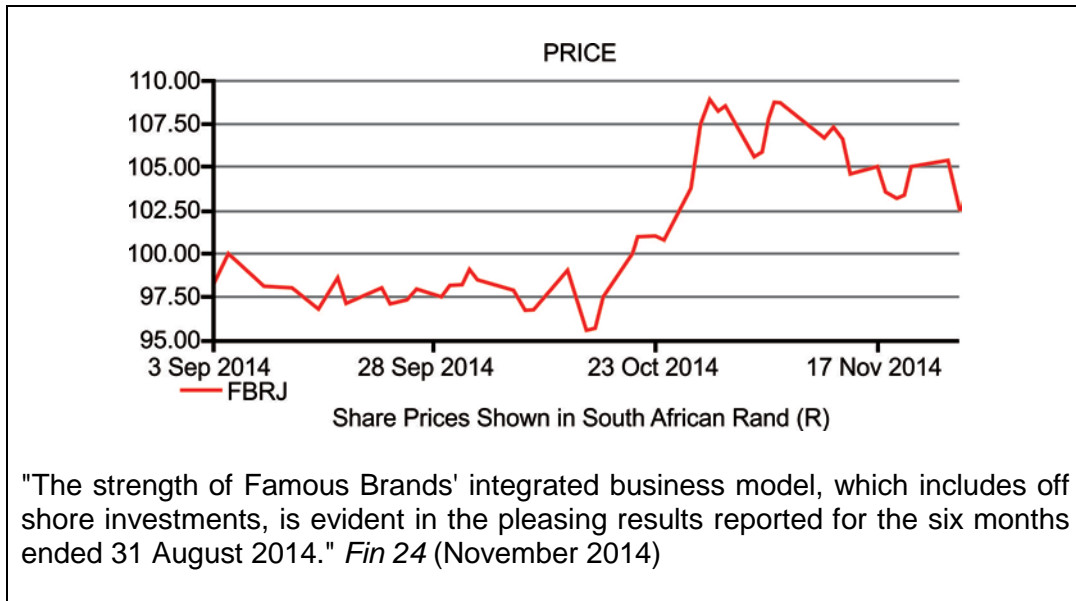
[Adapted from source: <<http://helloworld.com>> (Accessed 24 November 2014)]

Unhappy customers is a reality that any business has to deal with.

- 5.4.1 Discuss TWO advantages that Great Pizza has when a forum like Hellopeter.com is used by customers of the business. (4)
- 5.4.2 With reference to the scenario, describe how the franchisee of Great Pizza could respond to this potentially conflicting situation in the short and the long term. (4)

5.5 Study the following graph and then answer the questions that follow:

**Market share price fluctuation of Famous Brands Ltd**



[Adapted from source: <<https://www-uk.computershare.com/investor/company>> (Accessed 24 November 2014)]

- 5.5.1 What was the price of Famous Brands Ltd shares on 28 September 2014? (1)
- 5.5.2 Discuss a possible reason for the increase in share price after 23 October 2014. (2)
- 5.5.3 Discuss a possible reason for a drop in the value of the Famous Brands share price during part of September and October 2014. (2)
- 5.5.4 Explain what is meant by an offshore investment. (2)
- 5.5.5 Evaluate an investment in Famous Brand Ltd shares in terms of risk and return. (4)
- 5.5.6 Discuss the impact of including short-term and long-term investments as part of an investment portfolio. (4)

**[50]**

**QUESTION 6**

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

**Human Capital Development**

Famous Brands has embarked on a programme with the Nelson Mandela Metropolitan University aimed at sourcing and developing talent in the form of interns and graduate trainees. During the review period, two engineering interns were seconded to the Famous Brands Group, affording them a practical opportunity to achieve their qualification, while two graduates (marketing and logistics) are undergoing a rigorous traineeship with a view to future permanent employment.

The following diagram shows the focus areas of the Human Resources/Capital Department of Famous Brands Ltd:



[Adapted from source: <<https://www.famousbrands.co.za>> (Accessed 24 November 2014)]

- 6.1 6.1.1 Explain the functions of a trade union in the industrial relations sphere of Famous Brands. (8)
- 6.1.2 Describe THREE aims of the Skills Development Act. (6)
- 6.1.3 Refer to the key focus areas mentioned in the extract.
  - (a) Explain why it is important for Famous Brands to identify the key focus areas of its Human Resources/Capital department. (2)
  - (b) Is 'Empowerment and talent management' a **strength** or an **opportunity** for Famous Brands? Motivate your answer. (3)
  - (c) Explain how 'legislative compliance' could lead to a competitive advantage for Famous Brands. (3)

- 6.1.4 The engineering interns went through a rigorous selection procedure. Describe THREE steps that could occur during this procedure. (6)
- 6.1.5 Discuss TWO possible disadvantages associated with Famous Brands external recruitment programme at the Nelson Mandela Metropolitan University. (4)
- 6.1.6 Determine the link that exists between effective remuneration benefits, employee morale and quality of performance. (3)
- 6.2 Discuss the impact of the Consumer Protection Act on the marketing activities of Famous Brands. (10)

6.3

"Often we hear franchisors groan about the challenge of franchisees taking up new initiatives. However, when it comes to resisting bold and new ideas, sometimes it is the franchisor who is the problem!"

[Adapted from source: <<http://www.franchiserelationships.com>> (Accessed 9 September 2014)]

Do you agree with this statement? Motivate your answer with examples that relate to Famous Brands.

(5)

[50]

**150 marks**

**Total: 200 marks**