



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 8 pages (i–viii). Please check that your question paper is complete.
 2. Detach the Answer Booklet from the centre of the question paper and ensure that you hand it 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. **In this section Question 3 must be answered in the supplied Answer Booklet.** Questions 4 and 5 must be answered in your Answer Book. This is clearly indicated in the question.
 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 present your work neatly.
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SECTION A

Answer all the 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 A method of obtaining all the information about the tasks related to a cashier at a Mr Price store would be a ...
- A recruitment programme.
 - B job analysis.
 - C staff placement.
 - D cost to company analysis.
- 1.2 Which marketing policy describes the process that a manufacturer uses to get the product to the consumer?
- A Product
 - B Promotion
 - C Distribution
 - D Price
- 1.3 When Mr Price Ltd borrows money and pays interest, it is known as ...
- A equity capital.
 - B debentures.
 - C off-shore investments.
 - D endowments.
- 1.4 When the rights of a life insurance policy are transferred to a bank as security for a loan, this is referred to as ...
- A diversification.
 - B a cession.
 - C indemnification.
 - D over insurance.
- 1.5 The unauthorised and illegal duplication of products protected by patents refers to ...
- A piracy.
 - B insider trading.
 - C bootlegging.
 - D price discrimination.

- 1.6 Mr Price has an extensive recycling programme. This shows that Mr Price has a commitment towards ...
- A external recruitment.
 - B meeting the needs of its customer base.
 - C Triple Bottom Line.
 - D staff orientation.
- 1.7 A Mr Price manager who understands that suppliers may originate from a range of countries is showing a ... competency.
- A global awareness
 - B talent development
 - C teamwork
 - D All of the above
- 1.8 When Mr Price's management team compares the desired performance with the actual performance of a particular line of clothing they are ...
- A promoting corporate social investment.
 - B measuring whether their sales targets were realistic.
 - C diversifying their investment portfolio.
 - D developing black economic empowerment.
- 1.9 Which one of the following would **NOT** be part of a marketing plan?
- A Brainstorming strategies to effectively deal with customer complaints
 - B Picketing over a wage dispute
 - C Developing recyclable packaging for product
 - D Expanding the franchise network of Mr Price
- 1.10 Mr Price is committed to the promotion of black people, women and the disabled. This shows that Mr Price is implementing the requirements of the ... Act.
- A Basic Conditions of Employment
 - B Occupation Health and Safety
 - C Employment Equity
 - D Compensation for Occupational Injuries and Diseases
- 1.11 Which one of the following may be legal during a protected strike?
- A The employer claims for loss of production from striking workers.
 - B Dismissal of employees participating in the strike.
 - C Mr Price applies for a court interdict to stop the strike.
 - D Application of the "No work, no pay-rule".
- 1.12 An example of a growth strategy for Mr Price could be the decision to ...
- A withdraw its trading activities from Nigeria.
 - B sell off assets in non-productive areas of the business.
 - C prioritise market research in the over 25–40 age bracket in order to sell more.
 - D replace the selling of one brand of running shoes with another.

- 1.13 To resolve a wage dispute in the workplace, a trade union representative met with management. This meeting resulted in a compromise. Which conflict resolution process is outlined above?
- A Arbitration
 - B Synergy
 - C Retrenchment
 - D Negotiation
- 1.14 Which compulsory insurance covers employees against loss of income when they are retrenched due to economic circumstances?
- A UIF
 - B SETA
 - C LRA
 - D BCEA
- 1.15 An employee, who has been unfairly dismissed, should be reinstated unless the ...
- A dismissed employee does not wish to return to work.
 - B working relationship between the employee and employer has become intolerable.
 - C dismissal was substantially fair, but procedurally unfair.
 - D All of the above.

[30]

**Mr Price Group Limited**

[Downloaded from <www.mrprice.co.za>]

QUESTION 2

Match the descriptions in Column A with the concepts 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 supplied **Answer Booklet**.

COLUMN A		COLUMN B	
2.1	Mr Price sells their clothing range at a lower price than Edgars and Woolworths.	A	SETA
2.2	A non-profit organisation that promotes communication on sustainability issues.	B	Induction
2.3	Funds are made available to employers to train their workers.	C	Diversification
2.4	Reduces the workload of senior management and achieves a more meaningful distribution of tasks.	D	Differentiation strategy
2.5	The insured may claim either from the insurance company or the guilty party – not both.	E	Autocratic
2.6	Mr Price familiarises new employees with business policies.	F	Current ratio
2.7	Managers inform their workers on what to do, but do not get involved in telling them how the objectives should be achieved.	G	Brand extension
2.8	Assists people who are injured in a motor vehicle accident and will pay for rehabilitation and medical claims.	H	Subrogation
2.9	The use of an established brand as a platform to introduce products in unrelated markets.	I	Road Accident Fund
2.10	Measuring the relationship between the current assets and current liabilities of the Mr Price Group Ltd.	J	CCMA
		K	Global Reporting Initiative
		L	Solvency
		M	Delegation
		N	Probation
		O	Laissez-faire
		P	Brand stretching

[20]

50 marks

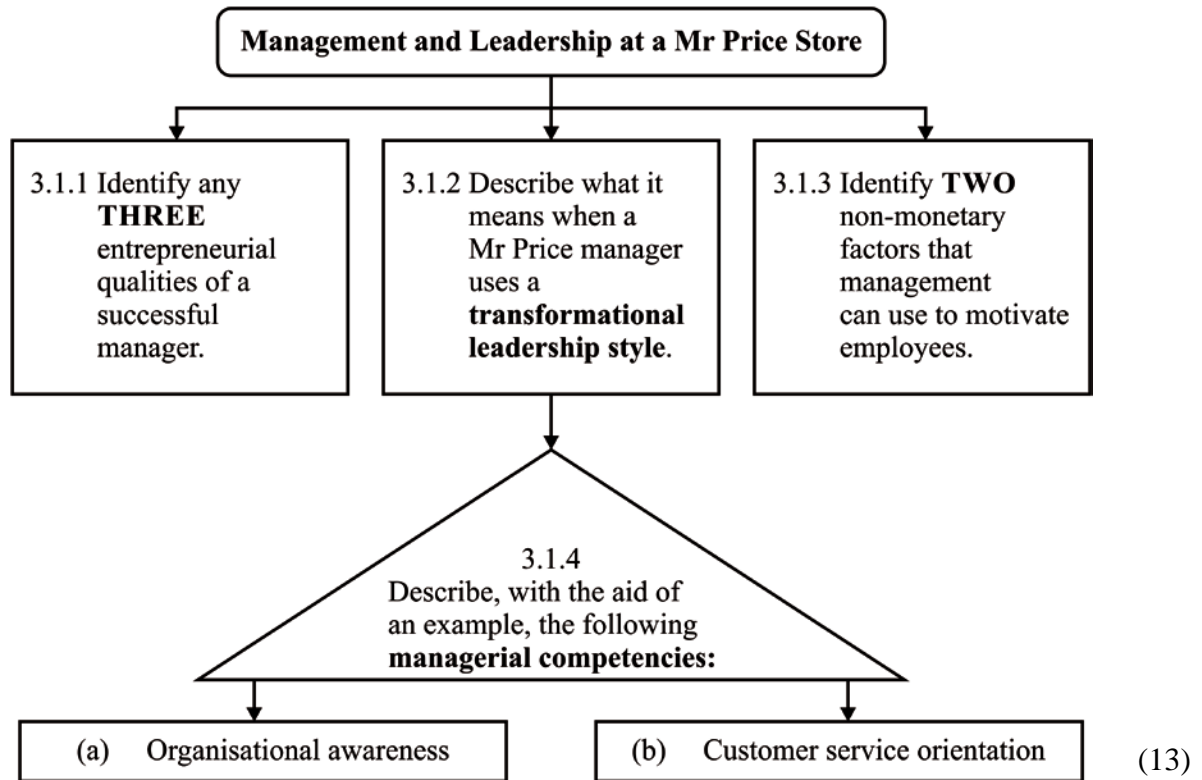
SECTION B

Answer all the questions in this section.

QUESTION 3

Answer this question in the supplied Answer Booklet.

3.1 Answer the questions in the following schematic diagram by writing your answer next to the question number on the **supplied Answer Booklet**.



3.2 Suggest, with a **different** strategy for each, how the Mr Price Group Ltd's management team could effectively deal with each of the following fictitious **micro challenges**:

- 3.2.1 The purchasing manager consistently fails to meet budget deadlines. (2)
- 3.2.2 There is a lack of commitment by managers to deal with racism in the workplace. (2)
- 3.2.3 The method used in conducting performance appraisals is quoted as the main reason for staff resignation. (2)

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

For each of the elements of **Porter's Five Forces Model** you are required to:

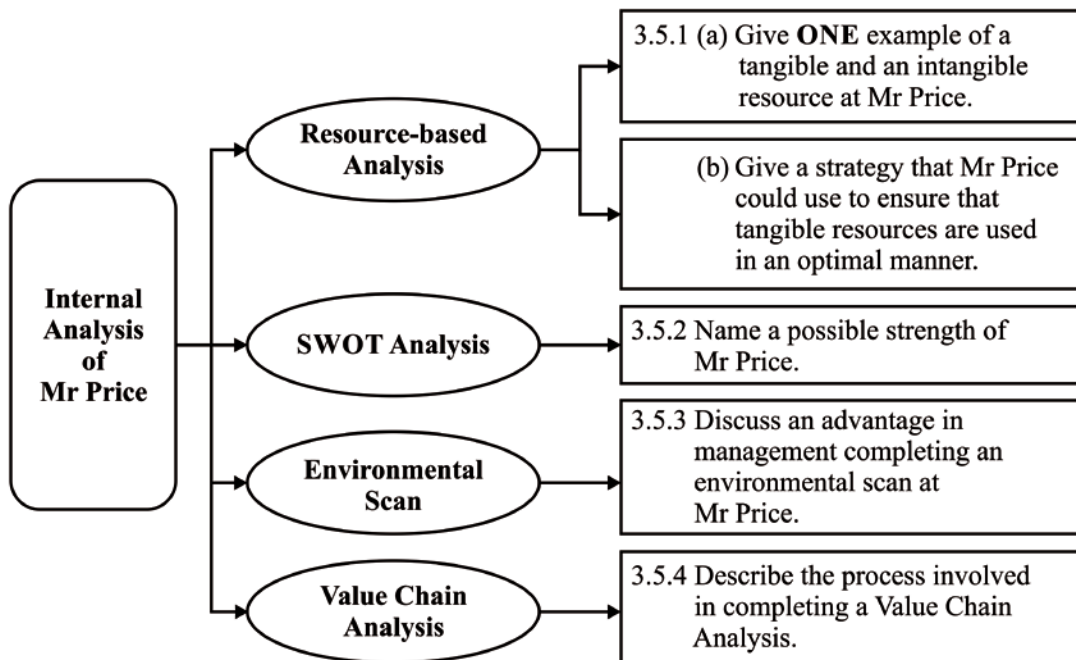
- Describe, with the aid of an example, a **challenge** that Mr Price may encounter under this force; (4)
- Discuss a different **strategy** to deal with the challenge; (4)
- Identify a different **stakeholder** that would benefit from the implementation of the strategy. (2)

3.4 Mr Price Ltd has a diversified investment portfolio. Discuss each of the investment options using the criteria given in the second column. Answer this question in the table provided in the **supplied Answer Booklet**.

Investment Options	Criteria	Discussion of criteria
3.4.1 Equities	Risk	
3.4.2 Collectibles	Return on investment (ROI)	
3.4.3 Fixed deposit	Timeline	

(6)

3.5 Answer the questions in the following schematic diagram by writing your answer next to the question number on the **supplied Answer Booklet**.



(10)

3.6 Mr Price Sport records high sales during the festive period in December, but there is a drastic drop in this figure from January to March. Sales tend to pick up again in April.

With the aid of ONE creative problem-solving technique you are required to:

- Analyse the problem faced by Mr Price Sport; and
- Propose a solution to the problem.

Note: you are not allowed to use the Value Chain Analysis as one of the techniques to solve this problem.

(5)
[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 where applicable when answering the questions that follow:

Mr Price Group Ltd's STRATEGIC development in marketing

- **How do we satisfy our customers' need for fashion?**
 - Specialist teams that travel frequently and that do market research.
 - Active dialogues through social and digital media.
 - Responding to customers' changing fashion needs.
 - Product testing before buying large quantities of merchandise.
 - Slow-moving merchandise cleared to make way for fresh, new merchandise.
 - Making sure that the requirements of the Consumer Protection Act are met.
- **Brand positioning**
 - Training of teams that do research on fashion trends.
 - Thorough pre-season planning.
 - Strategic relationships with suppliers.
 - Continued focus on value pricing.
 - Ensuring processes are in place to continuously improve quality.
 - Being open to brand stretching as a strategy to deal with market challenges.

[Adapted from: <<https://www.mrp.com>>, November 2015]

- 4.1.1 Give TWO reasons why, as part of marketing planning, Mr Price needs to do market research. (2)
- 4.1.2 Explain, by means of an example, how Mr Price implemented brand stretching. (2)
- 4.1.3 Describe THREE advantages that Mr Price will have as a result of a strong brand. (6)
- 4.1.4 Discuss THREE factors that assist in creating brand value for Mr Price. (6)
- 4.1.5 Discuss how the consumer's right to responsible marketing impacts on the marketing activities of Mr Price. (4)
- 4.1.6 Explain, with the aid of a separate example for each, why the following marketing policies are important to Mr Price:
- (a) Product (3)
- (b) People (3)
- (c) Marketing communication (3)

- 4.2 Refer to the following extract where applicable when answering the questions that follow:

Mr Price Group Ltd's STRATEGIC commitment towards its stakeholders

The group's strategy requires that sustainable value is created over the short, medium and long term. The Board of Directors reviews the appropriateness of the strategic objectives annually. The performance of the business is also measured against set targets throughout the year. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of "people, profit and planet".

[Adapted from: <<https://www.mrp.com>>, November 2015]

- 4.2.1 Why is it important for Mr Price's management team to set sales targets? (2)
- 4.2.2 Discuss a method that Mr Price could use to evaluate the quality of performance in their purchasing department. (3)
- 4.2.3 What is the link between risk management and quality of performance? Use an example to illustrate your answer. (4)
- 4.2.4 Describe the following elements of the Balanced Score Card and give an example where Mr Price's management team could use each of the elements to assess the overall performance of the group.
- (a) Financial perspective (3)
- (b) Internal business perspective (3)
- (c) Learning and growth perspective (3)
- (d) Customer perspective (3)

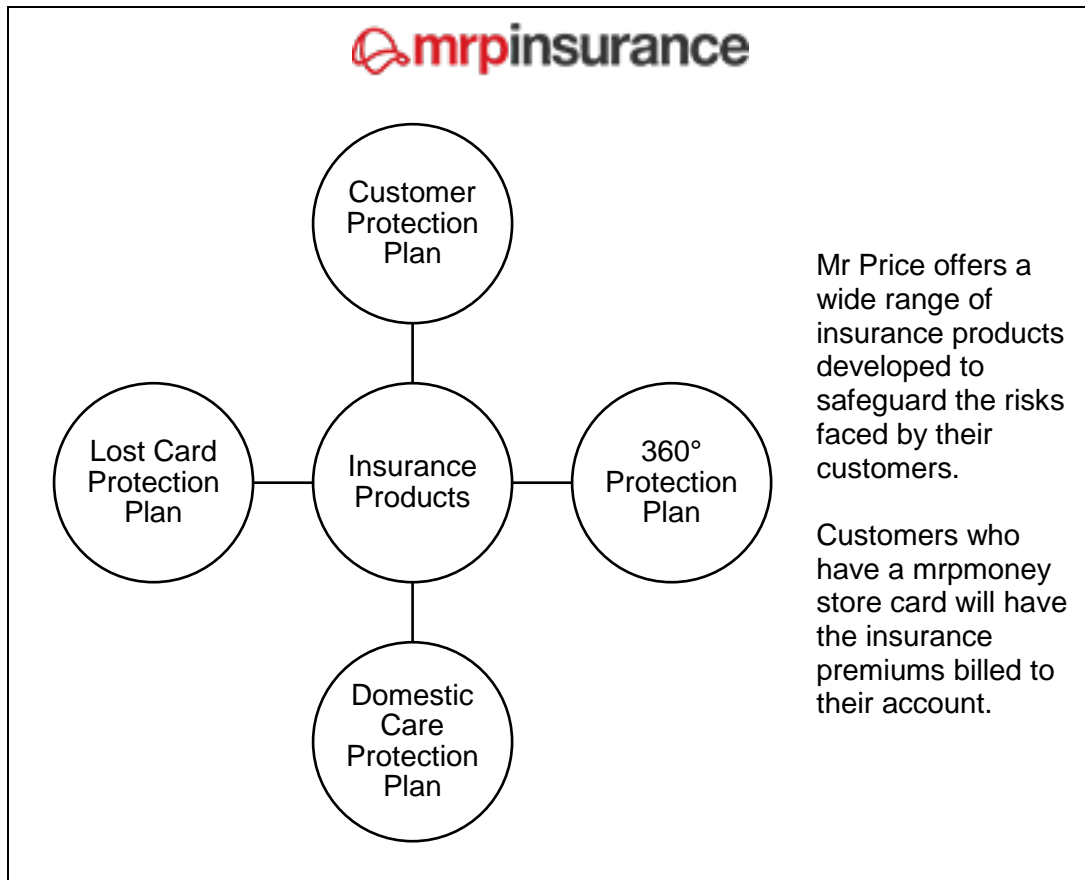
[50]



[Downloaded from <www.mrprice.co.za>]

QUESTION 5

5.1 Refer to the following extract where applicable when answering the questions that follow:



[Adapted from: <https://www.mrp.com/en_za/fs/financialservices.jsp>, downloaded November 2015]

- 5.1.1 Name TWO non-insurable risks. (2)
- 5.1.2 List and describe the requirements for a valid insurance contract. (6)
- 5.1.3 Discuss TWO advantages associated with Mr Price offering insurance and life assurance. (4)
- 5.1.4 Describe how the Compensation for Occupational Injuries Diseases Act (COIDA) impacts on the risk management program at Mr Price. (4)
- 5.1.5 Explain how each of the following terms would apply to an insurance contract:
 - (a) an **excess clause** (2)
 - (b) a **premium** (2)
- 5.2 Mr Price Group Ltd may be facing technological challenges. Outline TWO of these challenges and in each case suggest what strategies the Mr Price Group could use to overcome them. (4)

- 5.3 Discuss, using examples, how the following could lead to Mr Price having a competitive advantage in the market.
- (a) Planning (4)
- (b) Delegation (4)
- (c) Communication (4)
- 5.4 Refer to the following extract where applicable when answering the questions that follow:

Talent acquisition and development

Developing and retaining "home-grown" talent is a strategy that has served the group extremely well to date and will continue to be our core area of focus. Training programs involve the use of mentors within the franchise group.

Staff turnover (i.e. number of employees leaving Mr Price) at senior management and executive levels is low, indicating the group's ability to retain key staff. Staff turnover within the various Mr Price stores remains substantially below comparative industry norms.

Our stringent pre-employment assessments for store and key positions, which include numeracy and behavioural attributes, compliments the manpower planning done by the Human Capital department.

[Adapted from <http://www.mrpricegroup.com/MRPG/media/MRPG/AnnualReports/2015/42197_MRP_Online_AR_2015.pdf>, November 2015]

- 5.4.1 List THREE cases from the extract which indicate that manpower management benefits Mr Price. (3)
- 5.4.2 Why is it an advantage for Mr Price to have a low staff turnover? (2)
- 5.4.3 Discuss TWO methods that Mr Price could use to evaluate the effectiveness of their Human Capital department. (4)

- 5.5 "There is a common perception that all leaders should be managers as this will enhance the competitive advantage of the business."
Mark Zuckerberg, founder of Facebook.

[Adapted from: <<http://www.cpiworld.com/knowledge-center/blog/are-hr-departments-becoming-obsolete-what-hr-professionals-need-to-know>>, November 2015]

- Do you agree with this statement? Motivate your answer. (5)
[50]

150 marks

Total: 200 marks