NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION – MARCH 2018

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 7 pages (i–vii). Please check that your question paper is complete.

2. Detach the Answer Booklet from the middle of the question paper and ensure that it is handed in. Also ensure that your examination number is written 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.** Question 5 and 6 must be answered in your Answer Book. This is clearly indicated in the question.

5. Demonstrate insight, where applicable, when answering questions. You may refer to any fast food business that you have studied this year.

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 is **not** an element of Porter's Five Forces Model?

A Training and skills development
B The influence of suppliers
C Availability of substitute products
D The power of buyers

1.2 A … strategy is when two or more fast food franchises enter an agreement to combine resources to improve the functioning of both businesses.

A liquidation
B divestiture
C joint venture
D rand cost averaging

1.3 The ability of a franchisor to make decisions according to a set of rules that are familiar and understood by franchisees shows … on the part of the franchisor.

A differentiation tactics
B endurance
C motivation
D transparency

1.4 The purpose of the Employment Equity Act is to …

A redress the inequalities of the past through affirmative action.
B introduce learnerships to boost vocational learning.
C provide short-term relief to workers when they are unemployed.
D allow workers injured in the workplace to claim compensation.

1.5 An advantage of a democratic leadership style could be that …

A workers are given free reign when completing tasks.
B workers can participate in the decision-making process.
C the manager adapts the approach according to the demands of the situation.
D the leader empowers workers through his/her charismatic personality.

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1.6 A loss resulting from … is usually an example of an insurable risk.

A a new technological invention
B inflation
C storm damage to the franchise
D insolvency of a franchise manager

1.7 Indemnification associated with an insurance policy refers to …

A the ability to sign over the policy to a creditor as collateral.
B a situation where an asset was underinsured.
C the policy holder being put into the same financial position prior to the risk happening.
D the insurance company establishing the direct cause of a loss and not a secondary event.

1.8 … is when an employee exposes unethical behaviour of his manager.

A Insider trading
B Whistle-blowing
C Delegation
D Bootlegging

1.9 Which one of the following is **not** part of manpower planning?

A Estimating the number of employees.
B Calculating when the employees will be needed.
C Determining the skills that employees must have.
D Negotiating salary increases with a trade union.

1.10 A disadvantage to franchises when workers picket could be …

A that trade unions get more bargaining power in wage negotiations.
B the loss of customers, because the picketing makes it inconvenient to use the franchise.
C damage to the reputation of the franchise.
D All of the above.

[20]

QUESTION 2

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

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

Business Studies Dictionary

Acid-Test	Average Clause	Brand Extension
Brand Stretching	Debenture	Picketing
Excess	Learning and Growth	Induction
Intrapreneur	Integrity	Go-slow
Entrepreneur	Solvency	Pricing

2.1 An existing brand is used as a platform to launch a product into an unrelated market.

2.2 This process is used to help all new recruits become productive role-players in the franchise as soon as possible.

2.3 A letter of credit that Famous Brands Ltd sells to raise borrowed capital.

2.4 A specification clause in an insurance policy that it is the responsibility of the insured to pay this portion.

2.5 A worker who uses entrepreneurial qualities combined with business resources to transform innovative ideas into profit.

2.6 A director declines a cash bonus, because the company has made a loss.

2.7 A focus point of the Balanced Scorecard that uses information and human capital to add value to the business.

2.8 This marketing policy considers what the target market is willing to pay for the product.

2.9 Measures the short-term liquidity of a business.

2.10 A form of industrial action where workers continue to work but deliberately reduce the rate of productivity.

[20]

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QUESTION 3

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

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

3.1 _____ is when a franchise uses legal means to pay less tax to the revenue authorities.

3.2 A franchisor who is aware of the impact of Great Britain's decision to withdraw from the European Union, is showing a _____ competency.

3.3 When an organisation uses university students to fill vacant positions, they are using _____ recruitment.

3.4 A worker who is no longer able to perform his/her duties due to ill health may be dismissed for _____.

3.5 A _____ is used to analyse the benefits of activities where inputs are converted into outputs that could lead to a decision to outsource activities that are not part of the core business strength.

[10]

50 marks

SECTION B

QUESTION 4

Answer this question in the supplied Answer Booklet.

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

Performance management in a fast food franchise

4.1.1 Explain ONE advantage of Total Quality Management in a business. (2)

4.1.2 Define the term benchmarking in the context of performance management in a fast food franchise. (2)

4.1.3 Describe, with the aid of an example, how the customer perspective of the Balanced Score-card can be used to improve the performance of a franchise. (3)

4.1.4 Discuss how a franchisor's return on investment $\left(\frac{\text{net profit}}{\text{own capital}} \times 100\right)$ can be used as a quality of performance tool. (3)

4.2 Refer to the following acronym and answer the question in the space provided in the supplied Answer Booklet.

C	C 4.2.1	M 4.2.2	A 4.2.3

For this part of the acronym you are required to:

(i) Identify what the letter represents; and

(ii) Discuss each of the processes involved. (9)

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

Micro, Market and Macro analysis of a fast food environment

4.3.1 Describe an internal challenge that a fast food franchisee could face. (2)

4.3.2 Discuss TWO strategies to overcome the challenge mentioned in Question 4.3.1. (4)

4.3.3 Discuss the **level of competitive rivalry** as a challenge faced by fast food franchises. (3)

4.3.4 Describe a strategy to overcome the challenge mentioned in Question 4.3.3. (2)

4.3.5 Describe the Resource-Based Approach as a technique in dealing with business challenges faced by a fast food franchise. (4)

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

The Marketing Function in a fast food franchise

4.4.1 List FOUR factors that can influence the buying decision of customers from a marketing perspective. (4)

4.4.2 Discuss why the marketing policy of "people" is important to a fast food franchise. (3)

4.4.3 Discuss TWO advantages of franchising from the franchisee's point of view. (4)

4.5 When a new McDonald's franchise opens in South Africa, it is common practice to allow an American representative to come in and give advice on certain management issues. This sometimes creates resentment and distrust by the local managers and employees towards the foreign representative.

With the aid of ONE creative problem-solving technique you are required to:
- Mention the problem-solving technique that you have chosen;
- Analyse the problem faced by McDonald's fast food franchises; and
- Propose a solution to the problem. (5)

[50]

Answer Question 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 Refer to the following extract, where applicable, when answering the questions that follow.

Kentucky Fried Chicken's (KFC) Market Positioning
- KFC's product occupies a clear, distinctive and desirable place relative to "competing products in the minds of the target consumer";
- KFC gets feedback from the customer in order to know the customer demands and then improvements are made in products;
- KFC focuses on pure and fresh food to create a distinct and clear position in the minds of customers;
- KFC has a strong brand name that is a leader in the market in fried chicken.

[Adapted from: <http://www.slideshare.net/gulam21gaus/kfc-marketing-strategies> (Accessed: Feb. 2017)]

5.1.1 Give an example of a “competing product” in the minds of KFC target consumers. (1)

5.1.2 Describe, with the aid of an example, the importance of KFC's product policy in ensuring the franchise has a competitive advantage in the fast food sector. (4)

5.1.3 Discuss, from a marketing point of view, the advantages of KFC having a strong brand. (4)

5.1.4 List and discuss THREE factors that are important when KFC decides to create brand value. (9)

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5.1.5 Discuss how the KFC marketing department can use customer feedback to improve its quality of performance. Use an example to illustrate your answer. (4)

5.1.6 Fast food franchises often get bad publicity on social media platforms. Describe how a franchisor could effectively deal with bad publicity. (3)

5.2 Study the following graph and then answer the questions that follow.

[Adapted from: <http://www.google.co.za.share.price.taste.holdings> (Accessed: Feb. 2017)]

5.2.1 At what price did Taste Holdings Ltd's shares trade in 2017? (1)

5.2.2 Describe ONE possible reason for the drop in the share price from 2016 to 2017. (1)

5.2.3 Compare and discuss the risk factor between an investment in equities and an investment in a fixed deposit. (4)

5.3 5.3.1 Outline, with a different example for each, TWO skills that a franchisee should have when managing the challenges faced in a fast food franchise. (6)

5.3.2 Describe the possible role of SETAs when a franchise decides on skills training. (3)

5.3.3 Discuss possible negative implications of the Skills Development Act. (4)

5.4 Discuss why it is important for a fast food franchise to have discipline and grievance procedures in the workplace. (6)

[50]

QUESTION 6

6.1 Refer to the following extract, where applicable, when answering the questions that follow.

Governance and Sustainability Highlights

Spur Corporation is committed to the principles of B-BBEE. The group believes that South Africa's long-term success is critically dependent on transformation. The group's transformation initiatives support the development of historically disadvantaged individuals at franchises and Spur Corporation regional offices, and are an important means of addressing societal sustainability.

Spur Corporation supports the use of sustainability reporting to become more sustainable and contribute to sustainable development, thus combining the requirements of Triple Bottom Line Reporting in an ethical manner.

[Adapted from: <http://www.spurcorporation.com/governance-sustainability/overview/> (Accessed: Feb. 2017)]

6.1.1 State the purpose of the B-BBEE Act. (2)

6.1.2 List and describe THREE of the B-BBEE pillars. (9)

6.1.3 Describe the positive implications of the B-BBEE Act. (3)

6.1.4 Describe ONE purpose of the JSE Social Responsibility Index (JSE SRI). (2)

6.1.5 Explain, with the use of examples, how a fast food franchise can comply with the requirements of Triple Bottom Line or Integrated Reporting. (9)

6.2

"The General Management Function in a fast food business never works in isolation, but is rather an interactive function that is evident in all the other business functions from purchasing, human capital, administration right through to marketing."

[Adapted from: Kevin Hedderwick former CEO of Famous Brands Ltd <www.famousbrands.co.za> (Accessed: Feb. 2017)]

Comment on the validity of this statement. Use examples from the fast food sector to support your comment. (6)

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6.3 Describe, using a different strategy in each case, how a franchisee could deal with the following ethical issues:

6.3.1 A waitress receives inappropriate comments from her male colleagues. (2)

6.3.2 An intrapreneur in a fast food franchise starts his own restaurant, using the resources of the fast food franchise. (2)

6.3.3 An inspector is willing to overlook non-compliance with Health and Safety Regulations if the franchisee pays a sum of money into the inspector's private bank account. (2)

6.4 6.4.1 Discuss the advantages of using internal recruitment when choosing kitchen staff for a fast food business. (3)

6.4.2 Explain why it is important for a franchisee to have a retention policy in their business. (2)

6.4.3 Evaluate the usefulness of having work standards communicated to your workers in a fast food business. (3)

6.5

[Source: <http://healthyeye.co.za/?m=201504> (Accessed: Feb. 2017)]

The South African government is thinking of introducing a "sugar tax" and this will have implications for the fast food sector.

Comment on the introduction of the "sugar tax" and state how fast food franchises should react. (5)

[50]

150 marks

Total: 200 marks

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