



NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2024

BUSINESS STUDIES

MARKING GUIDELINES

Time: 3 hours

300 marks

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SECTION A**QUESTION 1**

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- 1.2 B
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QUESTION 2

- 2.1 K
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QUESTION 3

- 3.1 Fixed Deposit
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SECTION B**QUESTION 4****4.1 Define the term environmental scanning.**

Environmental scanning refers to the process of systematically gathering, analysing, and interpreting information about the external factors and forces that may affect an organisation's operations, strategies, and decision-making. It involves monitoring and assessing various aspects of the external environment to identify potential opportunities, threats, and trends.

(Consider any other relevant fact)

4.2 Explain how Pick n Pay would make use of a SWOT analysis to conduct environmental scanning of the internal business environment.

Pick n Pay can use a SWOT analysis as part of its environmental scanning process to assess and understand the internal business environment. A SWOT analysis examines an organisation's strengths, weaknesses, opportunities, and threats, providing insights into its current position and potential areas for improvement. Here's how Pick n Pay could make use of a SWOT analysis for environmental scanning:

Strengths:

Pick n Pay would identify its internal strengths, such as its strong brand reputation, extensive store network, loyal customer base, and well-established supply chain.

It would assess its competitive advantages, like offering a wide product range, competitive pricing, quality customer service, or unique store formats.

By recognising these strengths, Pick n Pay can leverage and further enhance them to maintain its market position and competitiveness.

Weaknesses:

Pick n Pay would analyse its internal weaknesses, such as outdated technology systems, inefficient processes, or inadequate employee training.

It would identify areas where it may be falling behind competitors or struggling to meet customer expectations. By acknowledging these weaknesses, Pick n Pay can develop strategies to address them, such as investing in technology upgrades, process improvements, or staff training initiatives.

Opportunities:

Pick n Pay would explore external factors that present growth opportunities for the business, such as emerging consumer trends, changing demographics, or new market segments.

It would identify potential areas for expansion, partnerships, or diversification, like entering new geographic markets or introducing innovative products.

By recognising these opportunities, Pick n Pay can develop strategies to capitalise on them and gain a competitive edge.

Threats:

Pick n Pay would analyse external threats that could affect its business, such as intense competition, economic downturns, changing consumer preferences, or regulatory changes.

It would assess potential risks to its operations, supply chain, or reputation.

By identifying these threats, Pick n Pay can develop strategies to mitigate risks, adapt to changing conditions, or proactively respond to competitive pressures.

Overall, conducting a SWOT analysis allows Pick n Pay to evaluate its internal strengths and weaknesses and assess the external opportunities and threats it faces.

This analysis helps the company gain a comprehensive understanding of its internal business environment and guides strategic decision-making, resource allocation, and risk management efforts.

(Consider any other relevant fact)

4.3 ***Suggest, with a separate strategy for each, how the Board of Directors of Pick n Pay Limited could effectively deal with each of the following challenges:***

4.3.1 ***The impact of inflation on the price of food products.***

Cost Efficiency: The Board of Directors can focus on enhancing operational efficiency throughout the supply chain to mitigate the impact of inflation. This can involve negotiating better deals with suppliers, optimising logistics and distribution, and streamlining internal processes. By reducing costs, Pick n Pay can minimise the need for significant price increases on food products.

Strategic Sourcing: The company can explore alternative sourcing options and suppliers to diversify its supply chain and reduce dependency on single sources. This strategy allows Pick n Pay to have more negotiating power and flexibility in securing competitive prices for food products.

Price Management: The Board can implement a strategic pricing strategy that balances competitive pricing with maintaining profit margins. This could involve analysing consumer behaviour, market dynamics, and competitor pricing to identify opportunities to optimise pricing and promotions effectively.

Product Mix Optimisation: Pick n Pay can focus on adjusting its product mix to include a balance of high-margin and lower-priced items. This can help offset inflationary pressures by leveraging higher margins on certain products while still providing customers with affordable options.

(Consider any other relevant fact)

4.3.2 ***Competitive rivals in the general retail sector.***

Customer-Centric Approach: The Board can prioritise a customer-centric approach, focusing on understanding and meeting the evolving needs and preferences of customers. This involves investing in market research, customer feedback mechanisms, and data analytics to gain insights and deliver a superior shopping experience.

Brand Differentiation: Pick n Pay can differentiate itself from competitors by emphasising its unique value proposition. This could involve highlighting its quality products, customer service, ethical sourcing, or sustainable practices. By effectively communicating these differentiators, the company can attract and retain customers who value these factors.

Innovation and Digital Transformation: The Board can invest in innovation and digital technologies to enhance the customer experience and create a competitive edge. This may include implementing online shopping platforms, loyalty programmes, personalised marketing campaigns, or leveraging emerging technologies like AI and automation to improve operational efficiency.

Partnerships and Collaborations: Pick n Pay can consider strategic partnerships and collaborations with complementary businesses or technology providers. Such alliances can expand the company's reach, offer additional services or products, and create synergies that differentiate it from competitors.

(Consider any other relevant fact)

4.3.3 Stock theft at one of Pick n Pay's central warehouses.

Security Measures: The Board can prioritise the enhancement of security measures across the entire supply chain. This includes implementing robust surveillance systems, access controls, and alarm systems to deter theft and protect warehouse facilities.

Inventory Management and Tracking: Pick n Pay can invest in advanced inventory management systems that utilise technology such as RFID tagging or barcode scanning. These systems can help track and monitor stock movements accurately, detect discrepancies, and provide real-time alerts in case of theft or unauthorised access.

Staff Training and Awareness: The company can provide comprehensive training to warehouse staff regarding security protocols, recognising suspicious activities, and reporting incidents promptly. Regular awareness campaigns can reinforce the importance of security and encourage employees to be vigilant.

Collaboration with Law Enforcement: Establishing strong ties with local law enforcement agencies can facilitate timely reporting and investigation of stock theft incidents. Cooperation can involve sharing information, implementing joint initiatives, and supporting law enforcement efforts to combat organised theft networks.

Risk Mitigation Strategies: Pick n Pay can review and update its risk management strategies to address vulnerabilities and minimise potential losses. This may involve implementing insurance coverage, contingency plans, and periodic security audits to identify and address any weaknesses in the warehouse's security infrastructure.

(Consider any other relevant fact)

4.4 Analyse the following statements and provide Pick n Pay management with a strategy for dealing with each of these ethical matters.**4.4.1 An employee at Pick n Pay being blackmailed to hand over a list of security codes at a Pick n Pay warehouse.**

Immediate Response: Pick n Pay management should encourage the employee to promptly report the blackmail situation to the appropriate authorities within the organisation, such as the security or HR department. Assure the employee of support and confidentiality.

Security Measures: Enhance security protocols at the warehouse, including access controls, surveillance systems, and alarm systems. Conduct a thorough review of existing security measures and identify any vulnerabilities that need to be addressed.

Employee Assistance: Provide the employee with emotional support and counselling to help them cope with the stress and pressure of the blackmail situation. Offer resources such as employee assistance programmes or external counselling services to support their well-being.

Legal Action: Cooperate with law enforcement agencies to investigate the blackmail incident and take necessary legal action against the perpetrator. Ensure that appropriate disciplinary measures are implemented if the blackmailer is an employee of Pick n Pay.

(Consider any other relevant fact)

4.4.2 ***An employee at Pick n Pay surfing the internet during company time.***

Clear Policies: Establish clear policies regarding internet usage during company time. Clearly communicate the expectations to all employees through employee handbooks, training sessions, or written communications.

Monitoring and Reporting: Implement monitoring systems to track internet usage and identify any misuse or excessive non-work-related activities. This can include network monitoring tools or regular audits of internet usage logs.

Performance Management: Address internet misuse through performance management processes. If an employee's productivity is affected by excessive internet usage, provide feedback, coaching, and performance improvement plans if necessary.

Employee Education: Conduct training sessions to educate employees about the appropriate use of the internet during work hours. Emphasise the importance of productivity and maintaining a professional work environment.

(Consider any other relevant fact)

4.4.3 ***A manager at Pick n Pay is sending inappropriate emails to the secretary.***

Code of Conduct: Ensure that Pick n Pay has a comprehensive code of conduct that clearly defines appropriate workplace behaviour and prohibits harassment or inappropriate communication.

Reporting Mechanism: Establish a confidential and accessible reporting mechanism, such as a hotline or designated contact person, to which employees can report incidents of inappropriate behaviour.

Investigation and Action: Promptly investigate the allegations against the manager and gather evidence. If found guilty, take appropriate disciplinary action, which may include warnings, retraining, demotion, or termination, depending on the severity of the offense.

Training and Awareness: Conduct regular training programs on workplace ethics, harassment prevention, and appropriate communication for all employees, including managers. Reinforce the importance of maintaining a respectful and inclusive work environment.

(Consider any other relevant fact)

4.4.4 ***The chartered accountant of Pick n Pay is accepting a gift from a new supplier for placing an order with them.***

Ethics Policy: Establish a clear ethics policy that explicitly prohibits employees from accepting gifts, incentives, or other forms of personal benefits from suppliers or business partners.

Supplier Relationship Management: Strengthen the supplier onboarding process by clearly communicating Pick n Pay's ethical expectations and ensuring that suppliers are aware of the company's policies against bribery and corruption.

Training and Awareness: Conduct training sessions on ethics and anti-bribery policies for all employees, including accountants and procurement staff, to raise awareness and promote ethical behaviour.

Due Diligence: Implement a robust due diligence process to assess the integrity and compliance of suppliers. Regularly review and evaluate supplier relationships to identify any potential conflicts of interest or unethical behaviour.

(Consider any other relevant fact)

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

Managerial Competency	Example
<p>Organisational Competency</p>	<p>Efficient supply chain management is a crucial organisational competency that can lead to the success of Pick n Pay. By effectively managing their supply chain, the company can ensure timely and consistent delivery of products to their stores, maintain optimal inventory levels, and meet customer demands. This competency involves various aspects, such as procurement, logistics, inventory management, and coordination with suppliers.</p> <p>For example, Pick n Pay can leverage its organisational competency in supply chain management by implementing advanced technologies and systems to streamline processes. They can use data analytics to forecast demand, optimise inventory levels, and minimise stockouts or overstocks. They can also establish strong relationships with suppliers, negotiate favourable contracts, and ensure efficient delivery schedules. This organisational competency allows Pick n Pay to enhance operational efficiency, reduce costs, and deliver a superior customer experience.</p>
<p>Global Awareness Competency</p>	<p>Global awareness competency is vital for Pick n Pay's success when expanding into new international markets. This competency involves understanding and adapting to the cultural, economic, legal, and regulatory differences of various countries. It also includes the ability to identify market opportunities, assess risks, and develop strategies to enter and compete in global markets.</p> <p>For instance, when entering a new international market, Pick n Pay's management must conduct thorough market research to understand local consumer preferences, competitive landscape, and regulatory requirements. They need to adapt their product offerings, marketing campaigns, and pricing strategies to suit the target market. They must also establish relationships with local partners or suppliers to navigate any cultural or logistical challenges.</p> <p>By demonstrating global awareness competency, Pick n Pay can effectively expand into new international markets, build a strong brand presence, and capitalise on growth opportunities while respecting local customs and regulations.</p>
<p>Self-Management Competency</p>	<p>Self-management competency plays a vital role in the success of Pick n Pay, particularly in managing time and priorities. Effective time and priority management enables managers to make efficient use of their resources, meet deadlines, and achieve organisational goals.</p> <p>For example, Pick n Pay's managers need to allocate their time wisely, balancing various responsibilities such as strategic planning, team management, and decision-making. They must set clear goals and priorities, delegate tasks appropriately, and ensure that they are spending their time on activities that align with the company's objectives.</p> <p>By demonstrating self-management competency, managers at Pick n Pay can improve their productivity, minimise work-related stress, and ensure that important tasks and projects are completed on time. This competency contributes to overall organisational success by promoting efficiency, effective decision-making, and the achievement of business targets.</p>

(Consider any other relevant fact)

4.6 **State FOUR criteria Pick n Pay should consider when building a brand.**

- Brand Identity
- Target Audience
- Brand Positioning
- Brand Promise
- Brand Personality
- Brand Consistency
- Brand Experience
- Brand Reputation

**(Consider any other relevant facts)
(Mark the first four listed)**

4.7 **Assist Pick n Pay to scan the market environment they operate in with the use of Porter's Model. Choose any THREE of Porter's elements, identify a challenge associated with each element and suggest a strategy to overcome this challenge identified.**

Element	Challenge	Strategy
1. Threat of New Entrants	Increasing competition from new entrants in the retail market.	<p>Differentiation and Customer Loyalty: To overcome the challenge of increasing competition from new entrants, Pick n Pay can focus on differentiation and customer loyalty. The strategy involves the following:</p> <p>Enhance Customer Experience: Invest in creating exceptional customer experiences through personalised services, convenient shopping options (such as online and mobile platforms), and innovative in-store experiences. By providing a superior customer experience, Pick n Pay can build customer loyalty and discourage them from switching to new entrants.</p> <p>Loyalty Programmes: Implement a robust loyalty programme that rewards and incentivises customers for their continued patronage. The programme can offer exclusive discounts, personalised recommendations, and special perks to loyal customers. This strategy helps foster customer loyalty and reduces the likelihood of them switching to new competitors.</p> <p>Product Differentiation: Focus on offering a unique product assortment, including exclusive brands or niche products that are not easily replicated by new entrants. Differentiating through product offerings can attract and retain customers who value the specific products or brands available at Pick n Pay.</p>

<p>2. Bargaining Power of Suppliers</p>	<p>Increasing costs or limited availability of key supplies.</p>	<p>To overcome the challenge of increasing costs or limited availability of key supplies, Pick n Pay can implement the following strategies:</p> <p>Supplier Diversification: Identify alternative suppliers or explore partnerships with multiple suppliers for critical products. Diversifying the supplier base reduces dependency on a single supplier and provides more negotiating power to secure favourable terms, prices, and ensure a consistent supply of goods.</p> <p>Long-Term Contracts and Relationships: Establish long-term contracts with key suppliers to secure stable pricing and availability of supplies. Building strong relationships with suppliers can also enable Pick n Pay to collaborate on cost-saving initiatives, joint marketing efforts, or product innovations.</p> <p>Negotiation and Collaboration: Strengthen negotiation capabilities and engage in collaborative discussions with suppliers. By working closely with suppliers, Pick n Pay can explore opportunities for cost reductions, efficiency improvements, and mutually beneficial arrangements that mitigate the impact of supplier-related challenges.</p>
<p>3. Threat of Substitutes</p>	<p>Shifting consumer preferences and increasing availability of substitute products.</p>	<p>To overcome the challenge of shifting consumer preferences and increasing availability of substitute products, Pick n Pay can adopt the following strategies:</p> <p>Continuous Innovation: Foster a culture of innovation within the organisation to identify and develop new products, services, or business models that cater to changing consumer preferences. Investing in research and development can help Pick n Pay stay ahead of the curve and offer unique solutions that differentiate them from substitute products.</p> <p>Market Research: Conduct regular market research to understand consumer trends, preferences, and emerging substitutes. This information can inform product development, marketing strategies, and the identification of new opportunities for growth and differentiation.</p> <p>Partnerships and Exclusive Agreements: Form partnerships or establish exclusive agreements with suppliers or manufacturers of unique or proprietary products. This strategy can ensure access to differentiated products that are less susceptible to substitution and enhance Pick n Pay's competitive position.</p>

(Consider any other relevant facts)
(Mark the first three Elements)

QUESTION 5**5.1 5.1.1 Identify the type of business strategy implemented by Woolworths in the above extract and explain its purpose.**

A joint venture is a business strategy where two or more companies come together to form a separate entity and collaborate on a specific project or venture. In this case, Woolworths partnered with Engen, a fuel retailer, to open Foodstops at Engen stations.

The purpose of this joint venture strategy for Woolworths was to assess the feasibility of a forecourt model for the company. By collaborating with Engen, Woolworths gained access to prime locations at fuel stations, which allowed them to test the market and evaluate the potential success of their retail concept in this specific setting.

The joint venture provided Woolworths with several advantages. Firstly, it allowed them to leverage Engen's existing infrastructure and customer base, providing a ready-made customer flow. Secondly, Woolworths could utilise their expertise in the retail sector and offer their high-quality products and services to customers visiting the Engen stations. This partnership enabled Woolworths to enhance convenience and accessibility for consumers by providing them with Woolworths products and services at any time of the day.

Based on the highly successful three-year trial period and remarkable achievements, Woolworths made the decision to expand the Woolworths and Engen concept further. This indicates that the joint venture strategy was successful in assessing the feasibility of the forecourt model and achieving the desired objectives of convenience and accessibility for customers.

(Consider any other relevant facts)

5.1.2 Provide FOUR criteria that could be used to assess the success of the business strategy in the above extract, from Engen's perspective.

Revenue Generation: Measure the increase in revenue generated from the partnership with Woolworths and the Foodstops. This includes analysing the sales figures, profit margins, and overall financial performance associated with the collaboration.

Customer Satisfaction: Evaluate the feedback and satisfaction levels of customers who have utilised the Foodstops at Engen petrol stations. This can be done through surveys, customer reviews, and ratings, as well as tracking repeat customers or increased footfall at the stations.

Market Differentiation: Assess the impact of the collaboration on Engen's positioning in the market. Determine if the presence of Woolworths' Foodstops has helped Engen differentiate itself from competitors, attract new customers, and enhance its overall brand image.

Convenience and Accessibility: Measure the level of convenience and accessibility offered to customers through the partnership. This includes analysing factors such as extended operating hours, availability of quality food options, ease of parking, and overall customer convenience.

Brand Association: Evaluate the impact of associating with a renowned retail brand like Woolworths on Engen's brand perception. Assess if the collaboration has positively influenced customer perceptions, brand loyalty, and overall brand value for Engen.

Return on Investment: Determine the return on investment (ROI) for Engen by assessing the costs incurred and comparing them with the financial

benefits derived from the partnership. This includes analysing factors such as the initial investment, ongoing operational costs, and the financial gains achieved through increased revenue or market share.

(Consider any other relevant fact)
(Mark the first four criteria)

5.2 5.2.1 ***What is the Woolworths share price on the 22 May 2023?***

R60,49

5.2.2 ***How has the Woolworths share price changed over the past 90 days?***

90 days ago the price was 24,31% lower

5.2.3 ***Using the information above, describe the market mood for Woolworths between 2020 and 2023.***

During a bull market, companies, including Woolworths, may experience rising share prices, increased investor interest, and improved financial performance. Positive economic indicators, strong corporate earnings, and favourable market conditions contribute to the overall market mood.

A bull market refers to a financial market characterised by rising stock prices and overall optimism among investors. During a bull market, investor confidence is high, and there is a prevailing belief that stock prices will continue to increase. This positive sentiment often leads to increased buying activity and can drive the market to new highs.

(Consider any other relevant fact)

5.2.4 ***Discuss possible external factors which could have an impact on the price of Woolworths shares.***

Macroeconomic Conditions: Overall economic conditions, such as GDP growth, inflation rates, interest rates, and currency fluctuations, can significantly affect the price of Woolworths shares. Positive economic conditions tend to support higher consumer spending, which can benefit retail companies like Woolworths and potentially lead to an increase in share prices.

Consumer Confidence: The level of consumer confidence can directly affect the performance of retail companies like Woolworths. During periods of high consumer confidence, individuals are more likely to spend on discretionary items, which can positively affect sales and, in turn, the price of Woolworths shares. Conversely, a decline in consumer confidence may result in reduced consumer spending and potential downward pressure on share prices.

Industry Competition: Competition within the retail industry, both from traditional brick-and-mortar retailers and e-commerce platforms, can affect the price of Woolworths shares. Any significant shifts in market share, pricing strategies, or disruptive innovations by competitors could impact investor sentiment and potentially influence the share price.

Regulatory Environment: Changes in regulations and government policies can have implications for Woolworths and its operations. For example, modifications to import/export regulations, taxation policies, labour laws, or environmental regulations can impact costs, profitability, and overall investor perception, thereby affecting the share price.

Technological Advancements: Technological advancements and shifts in consumer behaviour can significantly impact the retail industry, including Woolworths. Changes in e-commerce trends, mobile shopping habits, and digital payment systems can either present opportunities or challenges for the

company. Woolworths' ability to adapt and leverage technology effectively can influence investor sentiment and the share price.

Global Events and Geopolitical Factors: Geopolitical events such as trade disputes, political instability, or natural disasters can have widespread economic repercussions, including impacts on consumer sentiment and investor confidence. These external factors can introduce volatility into financial markets and potentially influence the share price of companies like Woolworths.

(Consider any other relevant fact)

5.2.5 **Identify THREE different investment options, other than equities (shares). In each case discuss the risk associated with the investment, and the return on investment.**

Bonds: Bonds are fixed-income securities where investors lend money to issuers (such as governments or corporations) in exchange for periodic interest payments and the return of the principal amount at maturity. The risk associated with bonds is primarily the credit risk of the issuer defaulting on payments. Generally, government bonds are considered less risky compared to corporate bonds. The return on investment for bonds is typically in the form of fixed interest payments, and the principal amount is returned at maturity. Returns on bonds vary depending on factors such as the creditworthiness of the issuer, prevailing interest rates, and the time to maturity.

Real Estate Investment Trusts (REITs): REITs are companies that own, operate, or finance income-generating real estate. By investing in REITs, individuals can gain exposure to the real estate market without directly owning properties. The risks associated with REITs include market fluctuations, economic conditions, and property-specific risks. Returns on investment in REITs come from rental income generated by the properties owned by the REITs and potential capital appreciation. The returns can vary based on the performance of the real estate market, rental demand, and the management of the REIT.

Commodities: Investing in commodities involves trading or investing in physical goods such as gold, silver, oil, natural gas, agricultural products, or industrial metals. The risks associated with commodity investments include price volatility, supply and demand factors, geopolitical events, and global economic conditions. The returns on investment in commodities can come from price appreciation, hedging against inflation, or income generated through commodity-related investments (e.g., futures contracts or commodity ETFs). Commodity returns can be influenced by various factors, including global market trends, weather conditions, and geopolitical tensions.

Fixed Deposits: Fixed deposits, also known as certificates of deposit (CDs) or time deposits, are investment products offered by banks where individuals deposit a sum of money for a specified period at a fixed interest rate. The risks associated with fixed deposits are generally lower compared to other investment options. The return on investment for fixed deposits is predetermined and fixed at the time of deposit. The interest earned on fixed deposits is typically higher than those on regular savings accounts but lower than those on other investment options with higher risk profiles.

(Consider any other relevant fact)

(Mark the first three investment options)

5.3 5.3.1 **Evaluate the impact of the situation as in the above extract on any TWO stakeholders of the retailers chain.**

Employees:

The industrial action directly involves the employees of the retail chain. While the employees are the ones initiating the protests and strikes, they may face both positive and negative consequences. On the positive side, employees can gain a platform to voice their grievances and demand improvements in wages, working conditions, and employee benefits. The industrial action may help in drawing attention to their concerns and negotiating better terms with the employer. However, there can also be negative consequences, such as loss of wages during the strike period, potential disciplinary actions or legal repercussions, and strained relationships with the employer. The impact on employees can vary depending on the success of their demands and the resolution of the disputes.

Customers:

The industrial action can significantly affect the retailer's customers. Disruptions in store operations and supply chains can lead to reduced availability of products, delays in deliveries, or even temporary closures of stores. Customers may experience inconvenience, frustration, and dissatisfaction with the retailer's services. The unavailability of desired products or services can drive customers to seek alternatives from competitors, leading to potential loss of market share for the retailer. Furthermore, if the industrial action is prolonged or not resolved satisfactorily, customers may lose trust in the retailer's ability to meet their needs and may choose to switch to other retailers. Overall, the impact on customers can range from minor inconveniences to significant dissatisfaction, potentially affecting their loyalty and future purchasing behaviour.

(Consider any other relevant fact)

5.3.2 ***Give an example, related to a general retailer, where conflict can be seen as being positive for the business.***

The conflict arising from differing viewpoints can be positive for the business. It can spark healthy debates, encourage critical thinking, and promote a thorough examination of the pros and cons of each approach. Through open and constructive discussions, the conflicting parties can bring forward their insights, data, and market research to support their respective positions.

(Consider any other relevant fact)

5.3.3 Explain how third parties could assist in resolving the conflict mentioned in the extract.

Mediation: A neutral third party, such as a professional mediator, can facilitate constructive dialogue between the conflicting parties. The mediator helps create a safe and structured environment for open communication, ensuring that all parties have an opportunity to express their concerns, interests, and desired outcomes. They actively listen, ask clarifying questions, and facilitate negotiation processes to help the conflicting parties reach a mutually agreeable resolution. Mediators can also provide guidance on conflict resolution techniques and help manage emotions and power imbalances to foster a collaborative atmosphere.

Arbitration: In situations where the conflict escalates and informal discussions fail to yield a resolution, third-party arbitrators can be engaged. Arbitration involves presenting the dispute to a neutral arbitrator or panel who will make a binding decision based on the evidence and arguments presented by both parties. This process provides a more formal and structured approach to resolving the conflict, with the arbitrator acting as a decision-maker. Arbitration can be a faster and less costly alternative to litigation, offering a final resolution to the dispute.

Facilitation: A third party can facilitate discussions and workshops aimed at enhancing communication, understanding, and collaboration among the conflicting parties. Through facilitated sessions, individuals can gain insights into each other's perspectives, identify common ground, and explore creative solutions. The facilitator helps establish ground rules, manages the flow of discussions, and ensures that all participants have an equal opportunity to contribute. This process can foster improved relationships, build trust, and enable the development of mutually beneficial agreements.

HR or employee relations specialists: Within the organisation, HR professionals or employee relations specialists can serve as third-party intermediaries. They can provide guidance, support, and expertise in conflict resolution techniques. They can help establish communication channels, facilitate discussions, and provide impartial advice to the conflicting parties. HR specialists can also ensure that the resolution process aligns with company policies, procedures, and legal requirements.

**(Consider any other relevant fact)
(Mark the first two retailer stakeholders)**

5.4 Discuss the importance of the following two management tasks.

5.4.1 Decision making

Decision making is a critical management task that is very important in the success and effectiveness of an organisation. Here are some key points highlighting its importance:

Decision making allows managers to align the organisation's goals and objectives with the chosen course of action. By making informed decisions, managers can ensure that resources are allocated effectively, initiatives are aligned with the overall strategy, and the organisation moves closer to its desired outcomes.

Decision making involves identifying and analysing problems or challenges within the organisation. It allows managers to evaluate alternative solutions and select the most appropriate one to address the problem at hand. Effective decision making helps overcome obstacles, improve processes, and foster innovation within the organisation.

Resource optimisation: Making sound decisions involves considering available resources, such as financial, human, and material resources, and allocating them optimally. Managers need to evaluate trade-offs, prioritise investments, and allocate resources efficiently to achieve the desired outcomes. This helps in maximising productivity, reducing wastage, and achieving cost-effectiveness.

5.4.2 **Delegation**

Delegation is another crucial management task that plays a vital role in the efficiency and growth of an organisation. Here's why delegation is important: Delegation allows managers to distribute tasks and responsibilities among team members based on their skills, expertise, and availability. By delegating tasks effectively, managers can ensure that work is allocated appropriately, workflows are streamlined, and efficiency is enhanced. It prevents bottlenecks and improves productivity within the organisation.

Delegation provides opportunities for employees to learn and develop new skills. By assigning tasks that stretch their capabilities, managers can encourage professional growth and enhance the expertise of their team members. Delegation helps in building a skilled and versatile workforce, which is beneficial for both individual employees and the organisation as a whole.

Delegation enables managers to focus on high-level tasks and strategic responsibilities. By entrusting certain tasks to capable employees, managers can free up their time and energy for critical decision making, planning, and overseeing the overall progress of projects. Effective delegation allows managers to leverage their skills and expertise where they are most needed.

Delegation empowers employees by giving them autonomy and ownership over their work. It fosters a sense of trust, responsibility, and accountability among team members. When employees are delegated meaningful tasks, they feel valued and motivated, leading to increased job satisfaction and engagement.

Delegation is essential for grooming future leaders within the organisation. By delegating responsibilities and providing opportunities for growth, managers can identify potential successors, develop their leadership skills, and ensure a smooth transition when key positions become vacant. Delegation contributes to building a strong talent pipeline and succession planning.

(Consider any other relevant fact)

QUESTION 6

6.1 **Complete the table below by referring to South African Labour Legislation.**

Labour Legislation Act	Purpose of the Act	Positive implications of the Act
<p>6.1.1 Skills Development Act</p>	<p>To promote skills development in South Africa and to provide a framework for the implementation of a national skills development strategy.</p> <p>Increased access to skills training and development opportunities for employees, leading to improved employability and career growth.</p> <p>Promotion of lifelong learning and continuous skills development, enhancing the overall competitiveness of the workforce and the economy.</p>	<p>Encouragement of partnerships between employers, employees, and educational institutions to facilitate skills development initiatives.</p> <p>Creation of a skilled workforce that can adapt to changing technologies and economic demands.</p>
<p>6.1.2 Basic Conditions of Employment Act</p>	<p>To regulate basic employment conditions and to ensure fair and equitable treatment of employees in South Africa.</p> <p>Establishment of minimum standards for working hours, leave, and other employment conditions, providing a baseline for fair treatment and protection of employees' rights.</p> <p>Promotion of a healthy work-life balance by setting limits on working hours, ensuring adequate rest periods, and providing for leave entitlements.</p>	<p>Protection against unfair labour practices, such as unfair dismissals and discrimination, safeguarding the rights and well-being of employees.</p> <p>Provision of mechanisms for dispute resolution and enforcement of employment rights, promoting workplace fairness and justice.</p>

(Consider any other relevant fact)

6.2 ***The risk of injuries in the workplace should not be underestimated, especially when handling machinery and equipment in a manufacturing plant. Discuss COIDA as a compulsory insurance.***

The Compensation for Occupational Injuries and Diseases Act is a compulsory insurance system in South Africa that provides compensation to employees who suffer from work-related injuries or diseases. It is designed to ensure that employees receive financial support and medical assistance in case of workplace accidents or occupational illnesses. Here are some key points about COIDA as a compulsory insurance:

COIDA covers all employees who are engaged in activities related to their employment, including full-time, part-time, temporary, and casual workers. It applies to various industries and sectors, including manufacturing plants where machinery and equipment are used. The Act provides coverage for both physical injuries and occupational diseases arising from work-related activities.

Under COIDA, employers are legally obligated to register with the Compensation Fund and pay annual assessments based on the size of their workforce and the risk classification of their industry. The funds collected are used to compensate employees in the event of injuries or diseases. Employers must also report workplace accidents and diseases to the Compensation Fund and maintain proper records of incidents and related information.

COIDA provides various compensation benefits to injured employees, including medical expenses, temporary or permanent disability benefits, and survivor benefits in case of work-related fatalities. The Act aims to ensure that employees receive necessary medical treatment and rehabilitation services to aid their recovery and facilitate their return to work.

Overall, COIDA as a compulsory insurance plays a crucial role in providing financial protection and support to employees in the event of work-related injuries or diseases. It promotes a culture of safety in the workplace, encourages employers to prioritise occupational health and safety, and helps alleviate the financial burden on employees and their families during challenging times.

(Consider any other relevant fact)

6.3 ***With the use of an example for each, differentiate between under- and overinsurance.***

Underinsurance:

Imagine a homeowner who insures their house for a value significantly lower than its actual replacement cost. Let's say the house has a current market value of R500 000, but the homeowner decides to insure it for only R300 000 to reduce their insurance premiums. Unfortunately, a fire occurs and causes extensive damage to the house, requiring it to be completely rebuilt. In this case, the homeowner is considered under-insured because the insurance coverage does not adequately cover the full cost of replacing the house.

In the event of a claim, the homeowner will not receive the full amount needed to restore or rebuild the house. The homeowner may have to bear a significant portion of the repair or rebuilding costs out of pocket. The financial strain can be substantial, potentially leading to debt or financial hardship.

Overinsurance:

Consider a business owner who insures their commercial property for a value higher than its actual worth. Let's say the property's market value is R1 million, but the owner decides to insure it for R1,5 million. The intention may be to have extra coverage for any unforeseen circumstances or to account for potential appreciation. However, if a covered event, such as a fire, occurs and damages the property, the insurance

payout will be based on the actual value of the property, not the inflated insured amount. The business owner pays higher insurance premiums than necessary since the coverage exceeds the property's value. In the event of a claim, the insurance payout will be limited to the actual value of the property, regardless of the higher insured amount. Overinsurance may lead to wasted resources as the excess premium payments do not provide any additional benefit in case of a loss.

(Consider any other relevant fact)

6.4 **Supply THREE examples of non-insurable risks.**

Political Risks

Market Risks

Reputation Risks

Strategic Risks

(Consider any other relevant facts)

(Mark the first three listed)

6.5 **Discuss the requirements of a valid insurance contract.**

Offer and Acceptance: The insurance contract must involve a valid offer made by the insurer and an acceptance by the insured party. This mutual agreement is essential to establish the intention to enter into a contractual relationship.

Legal Capacity: Both parties involved in the insurance contract must have legal capacity, meaning they must be competent and of legal age to enter into a contract. This requirement ensures that the parties have the necessary understanding and legal authority to enter into a binding agreement.

Consideration: Consideration refers to the premium paid by the insured party in exchange for the promise of coverage by the insurer. It is the monetary value exchanged between the parties and forms the basis of the contractual relationship.

Legal Purpose: The insurance contract must have a legal purpose, meaning it cannot be for illegal activities or contrary to public policy. The purpose of the contract must be within the legal framework of the jurisdiction in which it is formed.

Utmost Good Faith: Insurance contracts are based on the principle of utmost good faith, which requires both parties to act honestly, disclose all relevant information, and refrain from making any misrepresentations or concealments. This principle ensures transparency and fairness in the contract formation process.

Insurable Interest: The insured party must have an insurable interest in the subject matter of the insurance contract. This means they must have a legal or financial interest in the property or person being insured, such as ownership, financial liability, or a close relationship with the insured person.

Certainty and Clarity of Terms: The terms and conditions of the insurance contract must be clear, specific, and certain. The contract should outline the scope of coverage, policy limits, exclusions, deductibles, and any other relevant provisions. This clarity helps prevent misunderstandings and disputes regarding the coverage and obligations of both parties.

Compliance with Legal Requirements: Insurance contracts must comply with applicable legal requirements and regulations set forth by the governing authorities. These requirements may vary depending on the type of insurance and the jurisdiction in which it is offered.

(Consider any other relevant facts)

6.6 Explain the following terms in relation to insurance:**• Iron Safe clause**

The Iron Safe clause is a provision in an insurance policy that specifies the minimum level of security measures required to protect valuable assets, typically cash or securities, from theft or loss.

(Consider any other relevant facts)

• Excess

Insurance excess is the amount the insured have to pay towards the overall cost of an insurance claim. It's usually a pre-agreed amount.

(Consider any other relevant facts)

6.7 Discuss the importance of a general retailer focusing on People and Physical Evidence as part of the overall marketing strategy.**People:**

The people component of the marketing mix refers to the employees, staff, and customer interactions within the retail environment. In a general retailer, employees are the face of the brand and play a vital role in delivering excellent customer service. Investing in training, development, and empowerment of employees ensures that they are knowledgeable, friendly, and capable of providing a positive customer experience. Well-trained staff who engage with customers effectively can create a competitive advantage and build customer loyalty.

Physical Evidence:

Physical evidence encompasses the tangible aspects of a retail environment that influence customer perceptions. It includes store layout, design, ambiance, product displays, signage, packaging, and overall presentation. Investing in physical evidence helps create a visually appealing and memorable shopping experience for customers. A well-designed store layout with attractive displays can enhance product visibility and stimulate customer interest. Packaging and product presentation can convey quality, value, and credibility. All these elements collectively contribute to customer satisfaction and brand differentiation.

(Consider any other relevant facts)

6.8 Discuss, with the use of relevant examples, THREE different leadership styles. Autocratic Leadership:

Autocratic leadership is characterised by a leader who holds complete authority and control over decision-making, with little or no input from subordinates. The leader makes decisions independently and expects strict adherence to instructions. This leadership style is effective in situations where quick decision-making and clear direction are necessary, such as in crisis management or military operations.

Example: A military general who gives direct orders to their subordinates without seeking their input or opinions. The general's decisions are final, and they expect strict compliance from their troops.

Democratic Leadership:

Democratic leadership involves a leader who encourages participation and collaboration from team members in decision-making. The leader values input from team members, considers different perspectives, and seeks consensus before making a final decision. This leadership style fosters a sense of ownership, promotes teamwork, and encourages creativity and innovation.

Example: A project manager who holds regular team meetings to discuss project goals, solicits ideas and suggestions from team members, and involves them in the

decision-making process. The project manager values the opinions of each team member and ensures that decisions are made collectively.

Transformational Leadership:

Transformational leadership focuses on inspiring and motivating followers to achieve high levels of performance and personal growth. The leader sets a compelling vision, communicates it effectively, and inspires followers to reach their full potential. Transformational leaders exhibit charisma, provide support and mentorship, and foster a positive and empowering work environment.

Example: A CEO who creates a vision for their organisation and inspires employees to align their goals and values with that vision. The CEO communicates the vision effectively, fosters a culture of innovation and growth, and encourages employees to think outside the box.

Laissez-Faire Leadership:

Laissez-faire leadership, also known as hands-off leadership, involves a leader who provides minimal guidance or direction to their team members. The leader delegates tasks and decision-making authority to the team, allowing them to work independently. This style is effective when team members are highly skilled and self-motivated.

Example: A research team leader who assigns specific research tasks to team members and allows them to conduct their work independently. The team members have the freedom to make decisions related to their research methods and approaches.

Servant Leadership:

Servant leadership emphasises the leader's focus on serving the needs of their team members and stakeholders. The leader prioritises the well-being, growth, and development of their team, and they actively support and mentor them. Servant leaders foster a supportive and collaborative work environment.

Example: A nonprofit organisation's executive director who actively engages with their staff, listens to their concerns, and provides the necessary resources and support to help them fulfil their roles effectively. The executive director leads by example and prioritises the needs of the organisation's beneficiaries.

**(Consider any other relevant facts)
(Mark the first three leadership styles)**

SECTION C

QUESTION 7

Fact marks are allocated as per the rubric for:

- ***Naming***
- ***Explaining/justifying/motiving***
- ***Examples***
- ***Strategies to solve problems***
- ***Current affairs***
- ***10 additional facts – must add value to the discussion/argument(s)***

In the face of global challenges such as climate change, resource depletion, and social inequalities, sustainability has emerged as a critical concept for businesses. It refers to the ability to meet present needs without compromising the ability of future generations to meet their own needs. To achieve sustainability, businesses need to consider the triple bottom line approach, which incorporates economic, environmental, and social dimensions. Additionally, effective corporate governance plays a crucial role in ensuring that sustainability principles are embedded within organisations. This essay explores the concepts of sustainability, the triple bottom line, and corporate governance, their interplay, and their significance for businesses in the 21st century.

SUSTAINABILITY

Sustainability entails balancing economic, environmental, and social considerations to achieve long-term success. It involves integrating responsible practices throughout the value chain, minimising negative impacts, and promoting positive contributions to society and the environment. The principles of sustainability include the precautionary principle, intergenerational equity, stakeholder engagement, and life cycle thinking.

Environmental Sustainability:

Environmental sustainability focuses on reducing environmental impact through measures like carbon footprint reduction, energy and resource efficiency, waste management, pollution prevention, and biodiversity conservation. It emphasises the importance of adopting sustainable practices, such as using renewable energy sources, implementing circular economy models, and promoting eco-design and eco-innovation.

Social Sustainability:

Social sustainability centres on promoting social well-being, equity, and justice. It encompasses fair labour practices, human rights, community engagement, diversity and inclusion, and stakeholder empowerment. Businesses committed to social sustainability prioritise the well-being of employees, support local communities, and contribute positively to society through philanthropic initiatives.

Economic Sustainability:

Economic sustainability emphasises the need for businesses to be economically viable in the long term. It involves responsible financial management, profitability, innovation, and resilience. Economic sustainability recognises that businesses must generate profits to invest in sustainability initiatives, research and development, and organisational growth.

Triple Bottom Line:

The triple bottom line (TBL) expands the traditional financial bottom line to include environmental and social performance. It emphasises that businesses should be accountable for their economic, environmental, and social impacts. The TBL framework comprises three pillars: profit (economic), planet (environmental), and people (social). Organisations adopting the TBL approach strive to optimise outcomes in all three dimensions, recognising their interdependencies and the need for trade-offs.

Economic Dimension:

The economic dimension of the TBL reflects a business' financial performance, profitability, and economic value creation. It encompasses revenue generation, cost management, return on investment, and shareholder value. By incorporating sustainability into economic decision-making, businesses can identify opportunities for innovation, resource efficiency, and new markets.

Environmental Dimension:

The environmental dimension of the TBL assesses a business' impact on the natural environment. It involves measuring and mitigating environmental risks, reducing greenhouse gas emissions, conserving resources, and adopting sustainable practices. Environmental considerations can lead to cost savings, improved brand reputation, and resilience against regulatory changes and resource scarcity.

Social Dimension:

The social dimension of the TBL reflects a business impact on stakeholders, including employees, customers, communities, and society at large. It entails fostering employee well-being, promoting ethical supply chains, supporting human rights, and engaging in philanthropy and community development. Addressing social issues can enhance brand loyalty, attract and retain talent, and build trust with stakeholders.

Corporate governance encompasses the structures, processes, and practices that direct and control organisations. It establishes a framework for decision-making, accountability, and ethical behaviour. Effective corporate governance is crucial for ensuring transparency, integrity, and long-term value creation. It sets the tone for responsible and sustainable business practices, as it includes mechanisms to monitor and manage environmental and social risks.

Board of Directors:

The board of directors plays a pivotal role in corporate governance. It is responsible for setting the strategic direction of the organisation and overseeing its performance. In the context of sustainability, the board should include directors with diverse backgrounds and expertise in sustainability matters. They can provide guidance and oversight on integrating sustainability into the company's overall strategy and decision-making processes.

Stakeholder Engagement:

Effective corporate governance requires engaging and considering the perspectives of various stakeholders, including shareholders, employees, customers, suppliers, and local communities. By involving stakeholders in decision-making processes, businesses can ensure that their interests and concerns are taken into account. This inclusivity fosters trust, enhances reputation, and promotes the long-term sustainability of the organisation.

Ethics and Integrity:

Ethical behaviour is fundamental to good corporate governance. Businesses must establish a code of ethics and promote a culture of integrity and transparency throughout the organisation. This includes adhering to applicable laws and regulations, as well as upholding high standards of business conduct. By embedding ethics into the corporate culture, organisations can mitigate risks, build trust, and attract ethical investors and customers.

Risk Management:

Corporate governance frameworks should include robust risk management practices. Sustainability risks, such as climate change impacts, supply chain disruptions, and reputational risks, need to be identified, assessed, and managed effectively. By integrating sustainability considerations into risk management processes, businesses can mitigate potential negative impacts and seize opportunities arising from sustainable practices.

Reporting and Accountability:

Transparent reporting and accountability mechanisms are essential for effective corporate governance. Organisations should disclose relevant information regarding their sustainability performance, targets, and progress. This includes producing sustainability reports, disclosing non-financial information, and implementing mechanisms for external assurance. By providing accurate and reliable information, businesses can demonstrate their commitment to sustainability and enhance stakeholder trust.

Incentives and Remuneration:

Corporate governance frameworks should align incentives and remuneration structures with sustainability objectives. This encourages executives and employees to prioritise sustainable outcomes in their decision-making. For instance, linking executive pay to sustainability performance metrics can motivate responsible behaviour and drive the integration of sustainability into the core business.

Sustainability, the triple bottom line, and corporate governance are interconnected concepts that play a vital role in shaping businesses' approach to responsible and long-term value creation. By embracing sustainability principles, businesses can effectively manage their economic, environmental, and social impacts. The triple bottom line framework provides a comprehensive approach to measuring and optimising outcomes in these dimensions. Furthermore, effective corporate governance ensures that sustainability considerations are integrated into the decision-making processes, fostering transparency, accountability, and ethical behaviour. By adopting a holistic approach to sustainability and corporate governance, businesses can position themselves for long-term success while contributing to a more sustainable and equitable future.

Total: 300 marks