



NATIONAL SENIOR CERTIFICATE EXAMINATION  
NOVEMBER 2017

## 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 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 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 1–3) 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 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 exactly 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 The percentage of an insurance claim that McDonald's must pay when they have a claim is referred to as ...

- A indemnification.
- B excess.
- C average clause.
- D subrogation.



1.2 Retention refers to ...

- A the level of fast food franchise rivalry in a shopping centre.
- B a change in the demographics of the South African population.
- C having a plan of action to keep strategic workers within the business.
- D the listing requirements for the JSE SRI.

1.3 A responsibility of a director is to ensure that ...

- A there is compliance with relevant laws.
- B proper risk management procedures are in place.
- C he/she acts in the best interest of relevant stakeholders.
- D All of the above.

1.4 Which of the following is **not** one of the five pillars of B-BBEE?

- A Collective bargaining.
- B Socio-economic development of black people.
- C Ensuring black-owned businesses are the preferred suppliers.
- D Empowering black people to be active at a management level.



[<www.worldfranchisebusiness.com>]

1.5 A disadvantage of the laissez-faire leadership style could be that ...

- A there is a lack of direction on how tasks are completed.
- B management inspires creativity from the workers.
- C a minority of role players have a say on how conflict is resolved.
- D goals are achieved within acceptable time frames.

1.6 The P in marketing, which deals with the operating systems of a fast food franchise to make the service experience pleasant for the customer, is ...

- A promotion.
- B process.
- C physical evidence.
- D product.

1.7 An advantage that a fast food franchise may have when using external recruitment could be that ...

- A less funds would be used for training.
- B there is an opportunity for new ideas and skills to be brought into the business.
- C the salaries of the new recruits will be lower.
- D the selection procedure will be more relaxed.

1.8 A resource-based analysis ...

- A distinguishes whether a substantive or procedural approach will be used in disciplining workers.
- B measures the rate of inflation.
- C describes the impact of collective bargaining in satisfying employee demands.
- D assesses the value of each worker and strategises how the worker can add value to the business.

1.9 A/An ... issues an instruction on how conflict should be resolved and the instruction is binding on the parties involved.

- A arbitrator
- B conciliator
- C negotiator
- D franchisor



1.10 A disadvantage of an offshore investment could be the ...

- A opportunity to diversify your investment portfolio.
- B fact that the investor can get more money if the rand weakens in comparison to the foreign currency.
- C political instability in the country in which you have invested.
- D access to foreign currency if the investor is wishing to emigrate.

[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 down 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**

Autocratic	Consumer Protection Act	Cession
CCMA	Solvency	Discipline
Endowment	Fringe Benefit	Induction
Liquidation	Picketing	Profitability
Situational	Divestiture	Transparency

- 2.1 A business sells all assets to pay for the debt of the business and the business ceases to exist.
- 2.2 Decisions being taken in accordance with a set of rules that is familiar to all stakeholders.
- 2.3 A leader that does not allow input from subordinates and makes all the decisions.
- 2.4 An investor will get the full amount of the investment after a predetermined period when the policy matures.
- 2.5 When a policy is signed over to a creditor as collateral to get a loan.
- 2.6 Orientation given to all new employees in the organisation.
- 2.7 The ratio between total assets and total liabilities.
- 2.8 Ensures that businesses act in a legal and ethical manner when they market their products.
- 2.9 A situation where striking workers demonstrate in a public place outside of the workplace.
- 2.10 Contributions to pension, medical aid, housing and travel allowance by the employer.

**[20]**

**QUESTION 3**

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

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

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

- 3.1 Tax **avoidance** is the non-disclosure of income to pay less tax.
- 3.2 A **go-slow** is an attempt by an employer to prevent employees from entering the workplace, unless they accept the employer's demands.
- 3.3 A process where a business looks at its own methodologies to perform a task and then compares it to methods used elsewhere refers to **diversification**.
- 3.4 When determining all the tasks and responsibilities of a waiter in a fast food franchise, the HR manager is performing a **Delphi** analysis.
- 3.5 The **Rimms** is a non-profit organisation that promotes reporting on sustainability issues through the creation of a Sustainability Reporting Framework.

[10]

50 marks



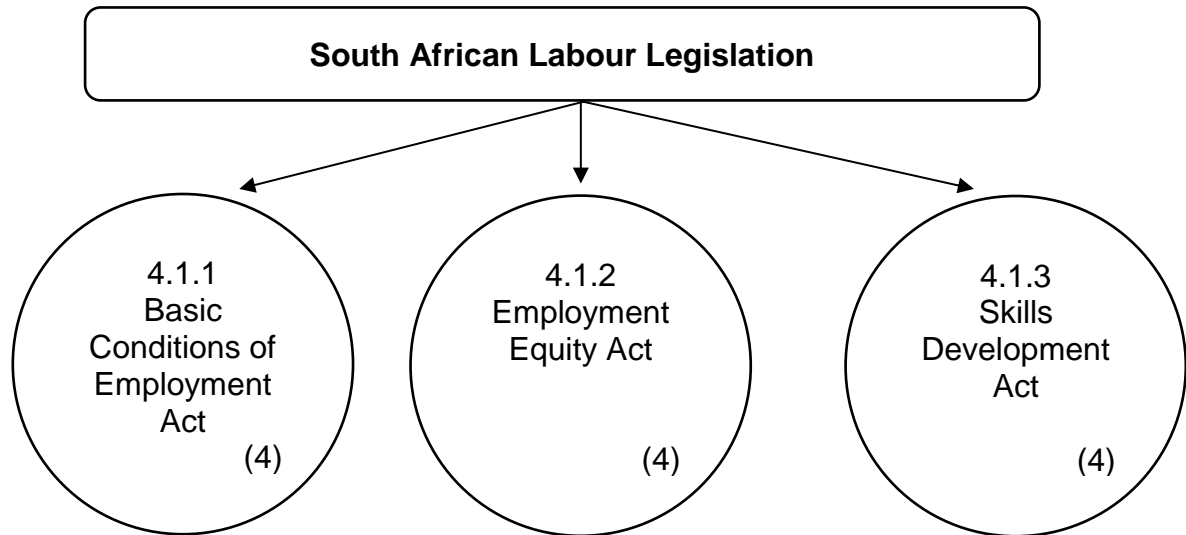
[www.smesouthafrica.co.za>]

**SECTION B**

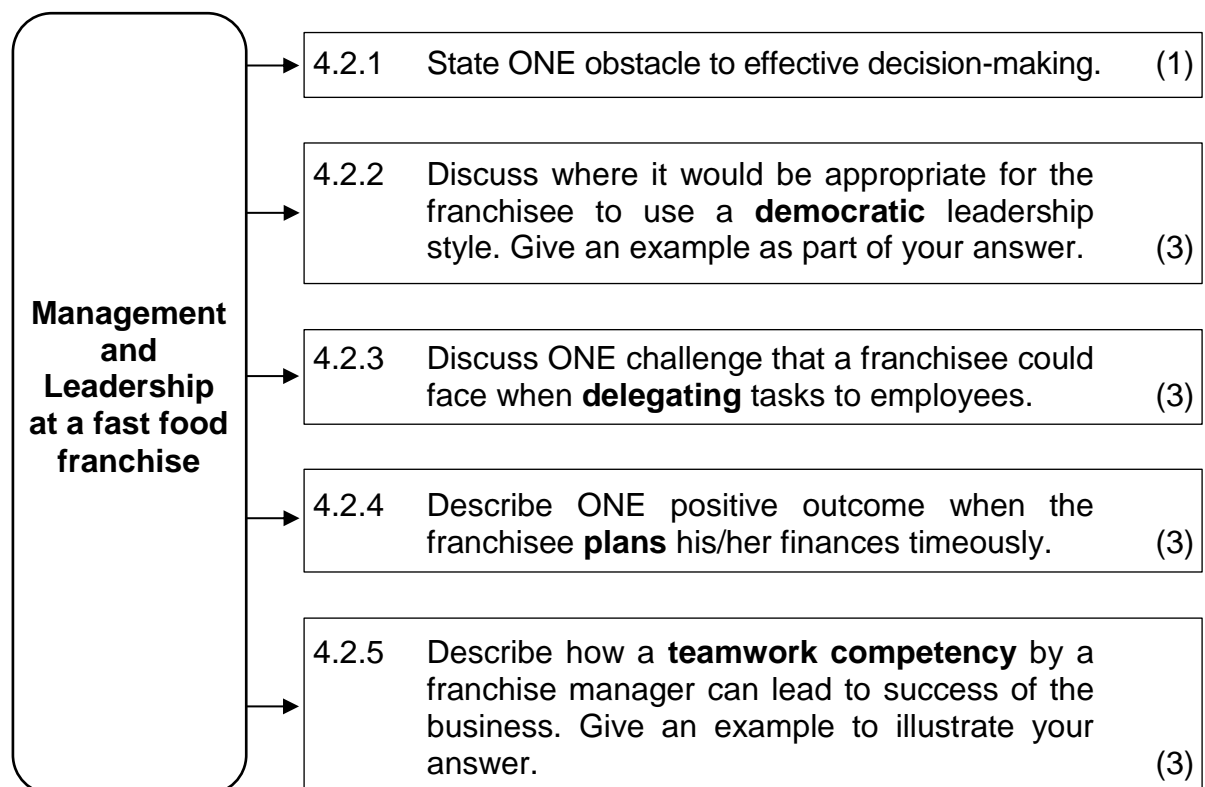
**QUESTION 4**

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

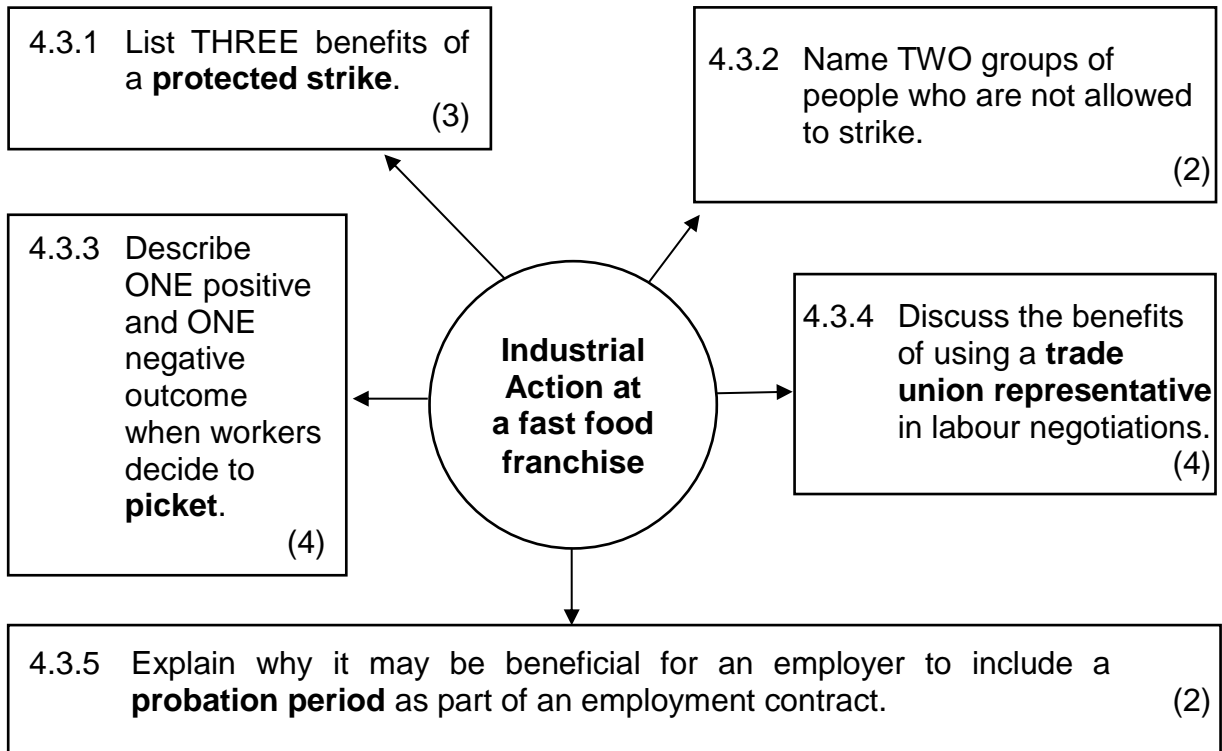
4.1 Describe the **purpose** and ONE **negative implication** of the following South African labour acts. Write your answers in the space provided in the **supplied Answer Booklet**.



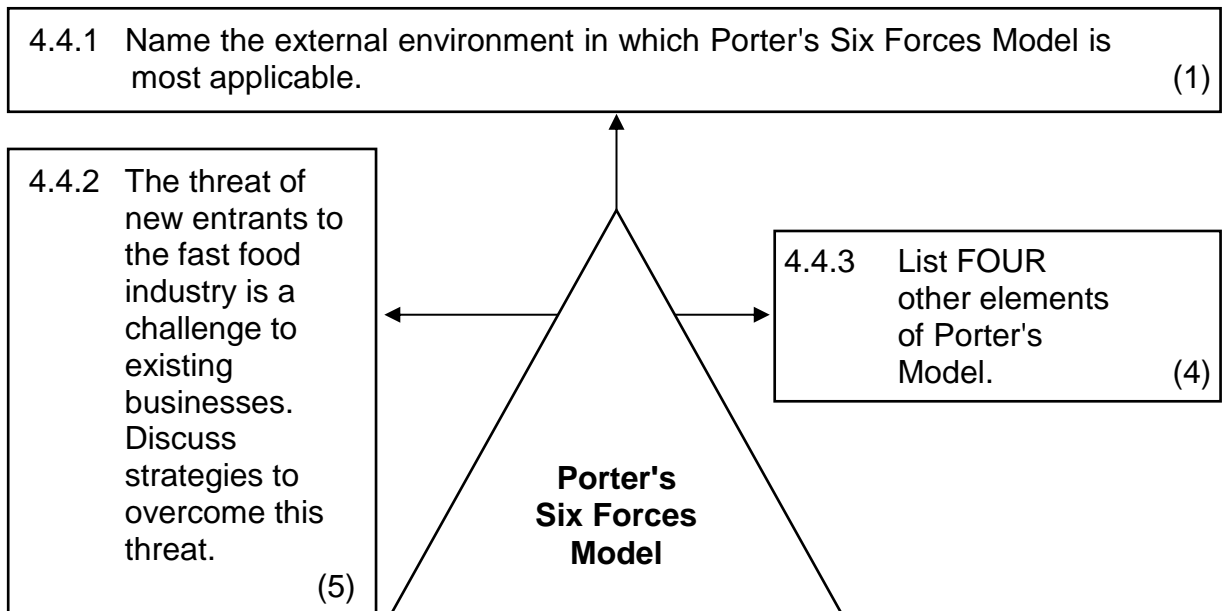
4.2 Answer the questions in the following schematic diagram by writing your answer next to the question number in the **supplied Answer Booklet**.



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



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



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

<p><b>Corporate Governance Report Famous Brands Ltd</b> <b>Statement of Commitment</b></p> <p>The Board of Directors of Famous Brands is fully committed to business integrity, fairness, transparency and accountability in all its activities.</p> <p>In support of this commitment, the Group's executive leadership subscribes to sound corporate governance in all aspects of the business and to the ongoing development and implementation of best practices. There is a social responsibility to various stakeholders.</p> <p>In line with our guiding principles of sustainable growth and integrity, Famous Brands has a code of ethics in place which articulates the Group's commitment to doing business ethically.</p>
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[Adapted from: <[http://www.famousbrands.co.za/downloads/annual\\_report/2016-Integrated-Annual-Report.pdf](http://www.famousbrands.co.za/downloads/annual_report/2016-Integrated-Annual-Report.pdf)> (Accessed: Nov. 2016)]

- 5.1.1 Explain what is meant by the concept Corporate Governance. (3)
- 5.1.2 Explain how the following characteristics of good governance could be implemented by a fast food business. In each case use an example to illustrate your answer.
- (a) integrity (3)
- (b) accountability (3)
- 5.1.3 Discuss what is meant by the statement: "There is a social responsibility to various stakeholders". (6)
- 5.1.4 Explain TWO possible unethical issues that a fast food franchise could face. Suggest what strategies the franchise could use to address each issue. (8)
- 5.1.5 Change in an organisation often leads to conflict. Give suggestions on how management can effectively deal with change and in doing so, minimise the level of conflict. (4)





- 5.2 A group of workers from the fast food franchise that you have studied have pooled together a sum of R500 000. They would like to invest their money in a diversified portfolio. Evaluate their choice of investing in the following options:
- 5.2.1 Equities (3)
  - 5.2.2 Krugerrands (Collectibles) (3)
- 5.3 Explain how an employee in a fast food business can be an intrapreneur. (4)
- 5.4 Refer to the following extract, where applicable, when answering the questions that follow:

**Challenges in Human Resources**

South African companies, the fast food industry included, face several human resources (HR) challenges. These range from talent development and performance appraisals to selection procedures.

[Adapted from: <<http://www.bizcommunity.com/Article/196/725/140264.html>>  
(Accessed: Nov. 2016)]

- 5.4.1 Identify ONE of the challenges faced by Human Resources **not** mentioned in the extract. (1)
  - 5.4.2 Describe how the challenge mentioned in Question 5.4.1 can be addressed. (2)
  - 5.4.3 Explain why a performance appraisal is a valuable tool to the Human Resources manager. (4)
  - 5.4.4 Discuss THREE criteria that could be used when selecting a candidate to be the manager of a fast food franchise. (6)
- [50]**





<[del.h-cdn.com](http://del.h-cdn.com)>



<<https://83.amazonaws.com>>



<<https://vignette.wikia.ncookie.net>>

**QUESTION 6**

6.1 Refer to the following advert and answer the questions that follow:



[<<https://aost-pd.s3.amazonaws.com>>]

- 6.1.1 Nando's is well known for pushing the boundaries in their advertising campaigns. How could this strategy benefit the business? (2)
- 6.1.2 Discuss how fast food franchises can use sales promotion to improve their marketing campaigns. (4)
- 6.2 One of the benefits of franchising is that advertising design is left in the hands of the franchisor. List FIVE other advantages of franchising. (5)
- 6.3 Explain how a fast food business can use "pricing" to gain a competitive advantage. (4)
- 6.4 Refer to the following extract, where applicable, when answering the questions that follow:

**Nando's artwork collection**

"Nando's feature original South African artworks from their 5000-piece collection (the largest of its kind in the world) and display them in their restaurants all around the world."

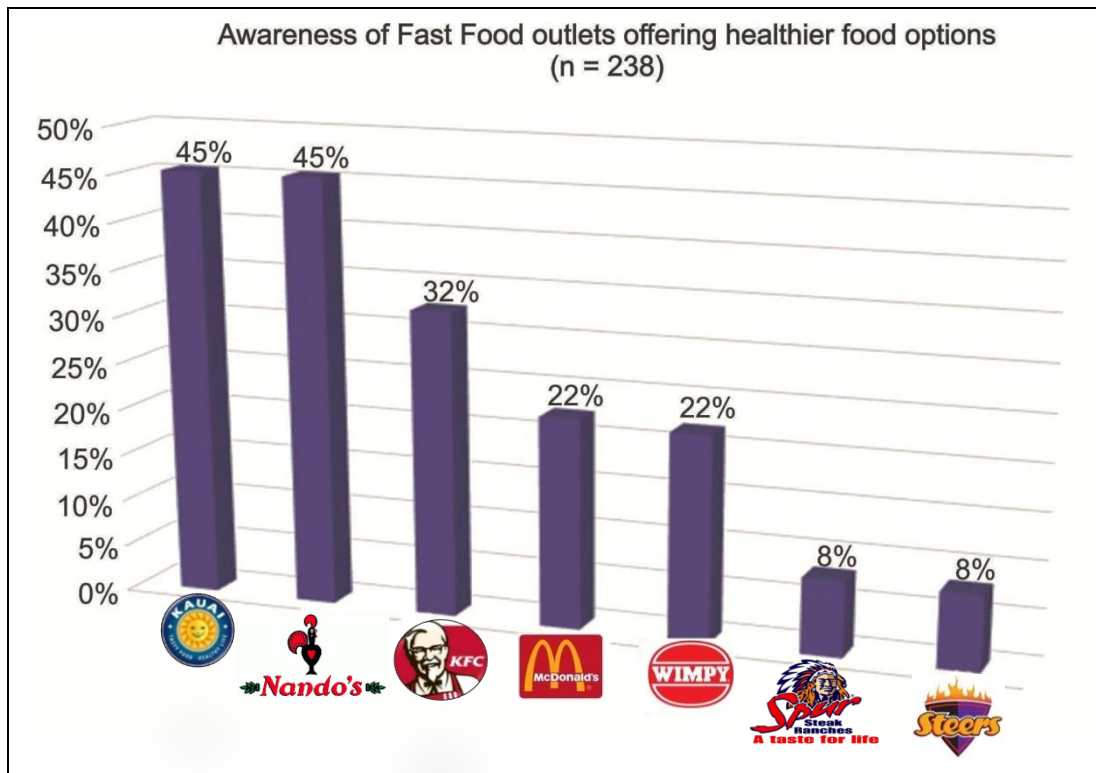
[Adapted from: <<http://qsrmedia.com.au/marketing/in-focus/nandos>> (Accessed: Nov. 2016)]

6.4.1 Explain how the following terms would apply to the insurance contract for the artworks mentioned in the extract:

- (a) iron-safe clause (3)
- (b) insurable interest (3)



- 6.4.2 Discuss factors that insurance companies will take into consideration when determining the premium on insurance for the artworks. (4)
- 6.5 Describe the impact of the Unemployment Insurance Fund (UIF) on the workers of a fast food franchise. (5)
- 6.6 6.6.1 Discuss why it is important for a fast food business to have disciplinary procedures in the workplace. (4)
- 6.6.2 Explain the concept "dismissal on the grounds of misconduct". Use an example to support your explanation. (3)
- 6.6.3 Explain the concept "dismissal due to operational reasons". Use an example to support your explanation. (3)
- 6.6.4 Discuss a possible grievance procedure in a fast food franchise. (5)
- 6.7 Refer to the following graph and then answer the question that follows:



[Adapted from: <<http://www.bizcommunity.com/Article/196/19/134832.html>> (Accessed: Nov. 2016)]

Give advice to owners of fast food businesses who are concerned about placing healthier, but more expensive, food items on their menus. Motivate your answer by considering factors in support of a product differentiation strategy.

(5)  
[50]

150 marks

**Total: 200 marks**