

TEACHERS WITHOUT BORDERS PROGRAMME

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In Bill Gates words, at the Mandela Day 'Living Together' address: "Maintaining the quality of this country's higher education system while expanding access to more students will not be easy. But it's critical to South Africa's future" – working together, we can help achieve this."

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Clifton School	Milnerton High	Rustenburg Girls' High	St Peter's
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Herzlia High	Rondebosch Boys'	St Mary's DSG Kloof	Wynberg Secondary

**BUSINESS STUDIES
PAPER 1**

TIME: 2HRS
EXAMINER: MRS T ZAMMIT

MARKS: 150
MODERATOR: MRS N MOORE

SECTION A

24 Marks

QUESTION 1

12 Marks

1.1 The 3 P creativity model consists of three key elements:

- A Person, Process, Product
- B Product, Pictures, Planning
- C Pleasure, Process, Product
- D Person, Planning, Product

1.2 Which of the following are push factors to entrepreneurship:

- A Recognition
- B Independence
- C Unemployment
- D Self-actualisation

1.3 5W and H and Association are techniques used in:

- A Overcoming a creative block
- B Creative problem-solving
- C The entrepreneurial process
- D Growing an entrepreneurial venture

1.4 The most important component of the creativity process in a business environment is the:

- A Product
- B Planning
- C Person
- D Pictures

1.5 An entrepreneur who often has no fixed premises/formal location:

- A Social entrepreneur
- B Informal entrepreneur
- C Emerging entrepreneur
- D Tourism entrepreneur

1.6 The factors of production:

- i Labour
- ii Entrepreneurship
- iii Location
- iv Suppliers
- v Customers
- vi Financial capital
- vii Raw materials

- A i,iii,iv,v
- B iv,v,vi,vii
- C i,ii,iv,v
- D i,ii,vi,vii

1.1 A	1.2 C	1.3 B	1.4 C	1.5 B	1.6 D
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QUESTION 2

12 Marks

Match the term in Column A with the correct definition in Column B. Write the answers in the space provided. Write only the letter of your choice.

	Column A		Column B
2.1	Right brain thinking	A	A catalyst that encourages an action

2.2	Executive summary	B	A logo or name that is associated with a particular business
2.3	Motivation	C	Logical, mathematical
2.4	Indigenous thinking	D	Gives the reader of the business plan an overview of the business
2.5	Trademark	E	refers the ways of knowing" seeing and 'producing things which have been passed down from generation to generation in a particular area or country
2.6	Quaternary sector	F	Artistic, imaginative
		G	Provides particulars of the necessary positions and skills needed in the business
		H	Intellectual activities and knowledge-based activities aimed at future growth and development

2.1 C	2.2 D	2.3 A	2.4 E	2.5 B	2.6 H
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SECTION B**76 Marks****QUESTION 3**

Answer the following questions in the space provided:

3.1



Pick n Pay is the quintessential family store focused on the customer. Since 1967 when consumer champion Raymond Ackerman purchased the first few stores, the Ackerman family's vision has grown and expanded to now encompass stores in South Africa, Namibia, Botswana, Zambia, Mozambique, Mauritius, Swaziland and Lesotho... Our offer to customers focuses on groceries, clothing and general merchandise... Pick n Pay is a much-loved brand, valued within society, built on a genuine desire to make life better for our customers and to make a positive contribution to the communities in which we live and work. Our strong and unique family values have guided the business for more than 50 years, providing a solid foundation for growth, innovation, service excellence and generosity.

(source:<https://www.pnp.co.za/pnpstorefront/pnp/en/about-us>)



Analyse
market environment of Pick 'n Pay using

the
the

3.1.1 PESTLE tool. Complete the table below

(20)

Name the factor (1 mark)	Discuss a challenge, threat or opportunity for each factor (2 marks)	Suggest a strategy to overcome the challenge or threat or capitalise on the opportunity (2 marks)
P	<ul style="list-style-type: none"> • These are the political developments within a country or in other countries that have an effect on the business. E.g. pg. 22 (red) • Stability of a government is very important to investors. • Some of the political decisions that influence business are: <ul style="list-style-type: none"> ○ How the government levies and spend taxes ○ Interest rates, petrol prices, etc. <p>Other political factors such as strike action, legal and illegal immigration and terrorism can have a direct impact on the normal functioning of business.</p>	
E	<ul style="list-style-type: none"> • These are factors such as inflation, exchange rates, currency fluctuations, interest rates and taxes. <ul style="list-style-type: none"> ○ Inflation rates: Inflation is the continuous and significant increase in the general price level of goods and services. The higher the inflation rate, the lower the purchasing power of the monetary unit will be. ○ Interest rates: the rate at which people or 	

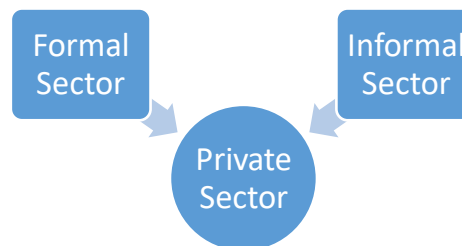
	<p>businesses borrow money from the bank or the percentage return on investment when saving money in the bank. High interest rates make it difficult for businesses to borrow money to expand.</p> <ul style="list-style-type: none"> ○ Exchange rates (imports and exports), i.e. the strength of the local currency vs. the currencies of other countries ○ High unemployment rates mean people do not have money and as a result businesses suffer lower profits. ○ Taxes such as income tax, VAT, import duties, etc. <ul style="list-style-type: none"> ● These economic factors could impact on the selling price of goods and services. The business needs to keep these factors in mind when buying raw materials, manufactured goods and when selling the goods to the final consumer. <p>Economic growth and development rates in the country, i.e. the improvement (or deterioration) of the standard of living of the people of the country</p>	
<p>S</p> <hr/>	<ul style="list-style-type: none"> ● Social factors have an impact on the standard of living, the quality of life and disposable income levels of communities. ● Issues such as poverty, unemployment, crime ● Health issues (HIV/Aids, TB) – serious impact on workers’ productivity/ efficiency ● Levels of education – the 	

	<p>higher the level, the more highly skilled people.</p> <ul style="list-style-type: none"> • Demographics – size and characteristics of population, change in growth/composition of population, numbers in various age groups, gender balance, racial groups etc. • Population diversity – culture and inclusivity • People’s norms and values Attitude towards health and lifestyle 	
<p>T</p>	<ul style="list-style-type: none"> • There is a rapid advancement in the pace in which new technology is developed. This poses both a threat and an opportunity for a business. • A threat could be the fact that technology (in which large sums of money were invested), becomes outdated. • An opportunity is the ability of a business to create a competitive advantage using new technology. Technological upgrades also means that production is becoming faster and more reliable, which could help the business to save on raw material (less wastage). • Changes in the technological environment affect the kinds of products and services that businesses produce, the ways in which they design, manufacture and market them and manage stock control (e.g. EPOS – electronic point of sale). • Rapid development of issues surrounding social media. • Online shopping and online 	

	<p>money transfers e.g. internet banking, electronic fund transfers. are examples of how technology has changed the lifestyles and buying patterns of consumers which affect the demand for goods and services</p> <p>Robotics technology and automated machines has changed the production processes in many factories</p>	
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3.1.2 Is Pick 'n Pay in the public or private sector? Give reasons. (3)

- Businesses operating in private sector are established by **private entrepreneurs**.
- The **aim** of these businesses is to **satisfy customers' needs and wants**, while generating a **profit**.
- The **entrepreneur** has to **provide** the **capital** to fund the business and can get it by using his/her **own** money or by **borrowing** capital from a bank or elsewhere.
- **Competition** between businesses in the private sector means they have to offer the consumer the **best value for money** in order to be successful. A business creates a competitive advantage and a loyal customer base by offering:
 - **good quality** products / services
 - **competitive pricing**
- The private sector can be divided into two sectors, namely the: **formal** sector and **informal** sector



3.1.3 Which economic sector does Pick 'n Pay belong to? Give reasons. (2)

Tertiary Sector

Where **goods and services** are **sold**, may include **retail** businesses that sell already manufactured goods, **distribution** businesses and

- entertainment, etc**
- 3.1.4 Is the general management of Pick 'n Pay part of the micro, market or macro environment? Explain why. (2)

Micro environment - All elements which are internal to the business which could affect the performance of the business:

- 3.1.5 Describe the four management tasks (8)

- **PLANNING**
- Looking at the future and deciding proactively how to tackle certain issues to achieve success. Different plans must be considered. Crucial to have a contingency plan (Plan B).
- **ORGANISING**
- Management has to combine the factors of production in such a way that the objectives of business are met.
- **LEADING**
- Help employees understand what to do and how to do it. Effective leaders balance task orientation (getting the job done), with employee orientation - treating people with dignity and respect
- **CONTROL**
- Actual results are compared with standards set during planning. Receive feedback about performance. In case of deviations, reasons for are determined and rectified

- 3.1.6 Name 2 other elements of the environment identified in 3.1.4 and give an example of each specific to Pick 'n Pay. (6)

5.1.1 Organisational Resources

- Resources - everything **available** in the **business to produce goods/services**.
- Often considered **assets** of the business and **controlled by management**.
- E.g. **human** resources (employees), **financial** resources (capital/loans), **physical** resources (raw materials, equipment, vehicles, buildings, infrastructure) and **information and technological** resources used to carry out business activities.

5.1.2 Business Policy

- Business policies are **formulated** whilst keeping the **vision, mission, goals** and **objectives** of the business in mind and **gives**

direction to different functions.

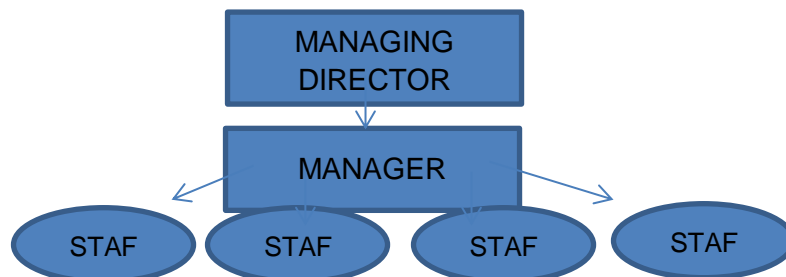
- Drawn up by **top management** to **guide middle and lower** management to do functional planning and to help them with day to day decision making.
- Policies must be **consistent** and should **not contradict** each other.
- Important to make sure that **everybody understands exactly** what the business aims to achieve with policies.
- May be necessary to **review** policies to keep up with changes and to **monitor** the **implementation** thereof.

5.1.3 Business culture

- Business culture refers to the **beliefs and values** in the business.
- People's **attitudes and behaviour** will be **guided** by the culture in the organisation.
- If the culture is **positive, cooperation and achievement** will be the mutual goal, while a **negative** culture could lead to employees feeling **discouraged** and **disinterested** and could lead to **conflict** in the workplace

5.1.4 Organisational Structure (organogram)

- Structure within the business is the way in which **labour, authority, responsibility and other resources are organized** to ensure all components will work together to form a system in which business objectives can be met.
- A business can choose between a **tall organisational structure** (many levels of management) or a **flat organisational structure** (two or three levels).
- The **size** of the business, the **type** of operation and the **organisational culture** will all influence the type of structure chosen.
- One of the advantages of having a set structure is that it is **easy to see the lines of delegation and responsibility**. In example below, the MD will delegate to the Manager who will oversee all the staff which in turn report back to him.



5.1.5 Business Functions

- Traditionally **eight business functions** / departments to consider

in a business.

- These functional areas are **interrelated**, because they are all **dependent** on each other to ensure the overall success of the business.
- The manager needs to have a **holistic understanding** of these functions and the role that each function plays in achieving the strategic vision of the business.

Purchasing Function

- Ensure that the business has the **necessary resources** by **buying** goods and services that are needed by **all the other departments** in the business.
- Buy from different suppliers but important to choose a **reliable supplier** that can deliver what is needed on time.
- Correct resources should be bought at the **right price**; in the **right quantity** and delivered at the **right place**; at the **right time**

Production Function

- **Combines** the **factors of production** (natural resources, labour, capital and entrepreneurial skill) **to make a product** that will satisfy the needs of customers.
- It is important to keep **INPUT** (manufacturing cost) as **low** as possible, without sacrificing **quality of the OUTPUT** (product/service).
- Business needs to decide on the **best approach to produce** the products. In doing so it may consider mass production, batch production or jobbing as options. The type of product, the size of the target market and the capabilities of the factory will determine the type of production.
- Products must be **safe, reliable, durable** and the **after sales service** must be good.
- Production and marketing function must consider the **product life cycle**. This ensures that **products are developed** / evolved overtime **to meet the needs** of the target market, thereby assuring the business is capable of maintaining and even gaining **future customer loyalty**.

Marketing Function

- Needs to conduct **market research** to find out **what product / service** is in demand, **what price** consumers are prepared to pay, **where** (place) the product must be sold and what the **best method** would be to **communicate** with the target market. Target market made up of many variables such as age, disposable income (LSM groupings), hobbies / interests, gender, occupation and/or marital status.
- Use different **marketing techniques** to grow the market share of

the business. This may include **advertising, sales promotion, personal sales**, listening to customers and monitoring **feedback** from customers.

- Some of the general tasks include choosing the most effective (eye-catching, practical and protective) **packaging**, deciding on the best **distribution** channel and **pricing strategies**.

Financial Function

- Entrepreneur needs to decide **how and where** to get capital, which will include **money and capital goods**, e.g. machines and equipment.
- Financial function ensures there is **enough capital** and that it is **used** properly.
 - **Fixed capital** (long-term) will be used to buy fixed assets such as land and buildings, vehicles and equipment.
 - **Working capital** (short-term) will be used to buy trading stock, to pay creditors and to pay business expenses e.g. salaries, rent, telephone, water and electricity, etc.
- Sources of capital can be **own capital** or **borrowed capital**. If borrowed, it has to be **repaid with interest** which can be a financial burden on the business.
- Business would need capital for **start-up costs** and **running costs**.
- **Budgets** are important tools to **plan and monitor** the financial situation and to ensure the business does not overspend.

Administration Function

- Responsible for **collecting** and **processing data** into meaningful and accurate **information** and then to keep the information in a **format** that is easy to understand.
- Information should also be **easily accessible** and **available** at the time that it is needed to make a decision.

Human Resources / Human Capital Function

- Has to determine **how many workers** and what levels of **skills** are required in the business.
- Has to ensure that the required employees are **recruited and trained** to have the correct knowledge, skills and experience for the business to perform well.
- There are **many laws** that have a direct impact on this function, e.g.: Labour Relations Act (LRS); Basic Conditions of Employment Act (BCEA); Broad Based Black Economic Employment Act (BBBEE); Skills Development Act (SDA)
- Also responsible for creating **fair and ethical remuneration** and **retention structures** and to **monitor the performance** of employees.

Public Relations Function

- Strives to ensure the **image (brand)** of the business is **strong and positive**.
- Ensure that the business is **contributing to society** in an **ethical and sustainable** manner.
- The PR department also works to **improve the relationship** between the business and the **different stakeholders** - both internally and externally.

Additional Business Function / areas of focus:

Many business theorists have argued that there is a need for a business to expand to ten functional areas. The two additional functions identified are.

- **Risk Management:** identifying and monitoring the risks that the business is exposed to. It is important to put the necessary risk strategies in place to minimise difficulties. All the business functions should have risk management strategies in place.
- **Management Information Systems (MIS):** Make sure that the necessary technology is available where and when needed, i.e. in all of the above-mentioned eight business functions. E.g. Public Relations will make sure that there are MIS in place to ensure all stakeholders have access to information through the website, email, skype, etc.

3.2 When Jack Goldin founded Pick ‘n Pay, he would have had the following options to consider in terms of how to establish the business:

1. Starting a new business
2. Buying an already established business
3. Buying a franchise
4. Family business

3.2.1

Discuss one advantage and one disadvantage of three of the above options.

(6)

6.1 Starting a new business

- Entrepreneur should decide on best form of ownership and complete necessary **formation procedures** to operate legally. This could be **time consuming**.
- Could also be more **costly** than buying an existing business as entrepreneur has to buy all the assets.

- Could be more **risky** than buying existing business with good reputation.

6.2 Buying an already established business

- Once a business for sale has been identified, entrepreneur has to **assess if his/her skills base** match the requirements to run the business.
- **Lower legal costs** and **efforts** to get business going
- **Saves time** of looking for a new, suitable location and building customer loyalty. Should however concentrate on maintaining customer loyalty.
- Already have **sound networks**, e.g. suppliers and distributors
- Must **do necessary research** to make sure he/she is not unknowingly buying a failing business. Some aspects to consider here include:
 - **Reasons** for sale of business
 - **Industry/market** the business operates in
 - **Profitability** of the business
 - **Customer** base of the business
 - **Contracts** the business has already entered into
 - **Form of ownership**
 - **Financial position** of business
 - **SARS** requirements
 - **Rental** agreements

6.3 Buying a franchise

- Entrepreneur gets a business where the **name / brand is already established** and successful. A franchise then duplicates the successful name / brand across a wider geographical area.
- Entrepreneurs **buy the right to use** that franchisor's name, logo, production systems and **overall success recipe** which has an established customer base.

6.4 Family business

- **High success rate** as entrepreneur has usually grown up in the business and **understands** the processes of the business and customer base.
- Traditionally been aimed at survival but a number of family-owned businesses are **moving from survival to growth**

enterprises.

3.2.2 Which option would you choose? Justify your answer. (2)

Markers discretion

3.3 When Raymond Ackerman acquired Pick 'n Pay, he wanted to come up with some new ideas to grow the business and make it his own. However, he encountered a creative block. Advise Raymond Ackerman of some techniques that he could have tried in order to overcome his creative block. (6)

- Quit! Sometimes it is better to quit and start over
- Stop avoiding or postponing and just do it!
- Do not be afraid to make a mistake!
- Always keep an open mind to the possibility of new ideas or ways of doing something
- Dance in front of the mirror or stand on your head. It may sound weird but it will get your blood flowing and will help you to relax.
- Interrupt the creative process by deliberately doing something else.
- Learn from others. We live in a country where we are surrounded by diverse cultures. Reach out and learn from one another!

3.4 Raymond Ackerman has received some complaints from customers that Pick 'n Pay are not offering a large enough variety of read-made meals. Using the 5W & H problem-solving technique, advise Raymond Ackerman how he could solve this problem. (10)

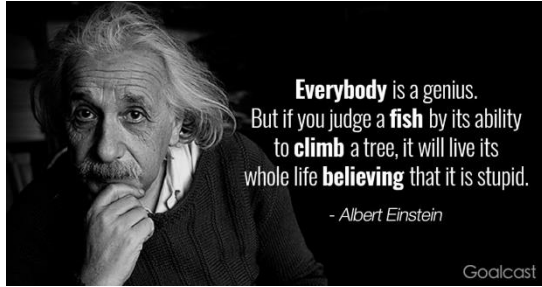
Who/what/when/where/why/how

3.5 Describe 3 possible sections that you would find in a business plan (6)

Title Page:	This page will include the name of the business, the physical address, contact details, as well as the entrepreneur's details.
Table of Content:	The table of content will list the different sections of the business plan with relevant page numbers.
Executive	The Executive Summary will look at

Summary:	each aspect of the business briefly. This section gives the reader an overview of the business.
Market Analysis:	This section will look at the market the business is entering into. It will also assess and describe the customers' behaviour patterns as well as relative competitors.
Marketing Plan:	The Marketing Plan gives details regarding the business's marketing and promotional strategies.
Financial Plan:	This section of the business plan will provide particulars of the income earning potential of the idea / opportunity, i.e. the viability analysis. It will also include projected financial statements.
Production Plan:	The Production section will give details regarding the entrepreneur's plans to transform factors of production into goods / services that will satisfy customers' needs / wants.
Organisational Plan:	This section will provide particulars of the necessary positions and skills needed in the business. In addition, the Organisation Plan will give specifics of the layout of the business and the key management tasks and activities within the business.
Appendix:	All additional, but important information that will add value to the understanding of the Business plan will be included in the appendix.

3.6



Do you agree with Albert Einstein? Substantiate your opinion.

(5)

Markers
discretion

SECTION B
marks

50

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

The following aspects will be considered when marks are allocated in this paper:

- Format:
 - The **CORRECT** format for each question must be used, i.e. business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Substantiation: Justification for statements made.
- Application to case study / context.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.



Our Story

We've been creating special memories and serving mouth-watering meals for nearly 50 years.

Since 1967, when founder and executive chairman, Allen Ambor, opened the Golden Spur in Newlands, Cape Town, Spur Steak Ranches have been part of the South African family.

In the years since then, Spur has helped to create countless special memories and earned a reputation for tasty, nutritious, value-for-money meals.

We've also grown into an internationally recognised brand with many local and international restaurants.

So, what's our recipe for success? Simple: a warm, relaxed, family-friendly environment; generous portions of great-tasting food; and a hearty helping of quality!



Interested in a career at Spur?
Find out more →

Are you passionate about family, food and service with a smile? Then you might be made of just the right stuff to become a Spur waitron! We've put together some guidelines to help you reach your dream of joining the Spur Family. Best of luck!

Eryn Brown has recently opened up a Spur franchise in the Invesco Centre (near Jayz Grill). She is in the process of recruiting new staff and feels that as part of the new recruit's training she would like to speak to them about the different team roles and how to go about having a winning team. Her aim is to create a platform so that the team will work cohesively together. You are an Industrial Psychologist and Eryn has come to you for advice.

You are required to write a report to Eryn where you include the following:

- Discuss how Eryn can ensure a winning team. Explore some obstacles that she could face which can result in conflict and how she needs to go about resolving that conflict.
- Managers need to ensure that they are aware of what affects the dynamics of a team. Explain the various team roles and how they will apply to Eryn's new Spur franchise. Suggest a combination of personalities and roles that will complement each other so that Eryn can have a cohesive team when opening her doors to the public for the first time.
- Explain the need for synergy amongst her waitering staff.