



**BUSINESS STUDIES: PAPER II**

Time: 2 hours

100 marks

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**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This paper consists of 3 pages. Please check that your question paper is complete.
  2. Read the questions carefully and plan the length of your answers in relation to the sections being covered in each question.
  3. Answer **both Question 1 and Question 2.**
  4. Number your answers exactly as the questions are numbered.  
Each question is to be answered on a **new page.**
  5. Candidates are advised to pay special attention to the use of language.
  6. It is in your own interest to write legibly and present your work neatly.
  7. Answers must be completed in the answer book provided.
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**QUESTION 1**      **LO 12.1 and 12.4**

Edgars Consolidated Stores Limited (Edcon) is the leading clothing, footwear and textiles (CFT) retailing group in Southern Africa, trading through a range of retail outlets such as Edgars, CNA, Boardmans, Prato, Red Square and Temptations (serving middle and upper income markets) and a Discount Division including Jet, Jet Mart, Jet Shoes, Legit and Blacksnow ( serving middle to lower income markets).



CNA's mission is to become the leading retailer of reading, writing, listening, learning and communication consumables to middle and upper income families in southern Africa. CNA hopes to achieve this through a strategy of competitive pricing,

easy access to stores, an exiting assortment of goods and good customer service provided by well-trained staff.

Jet has been growing its share of the clothing and footwear market for four years. In most categories, Jet is performing much better than its competitors. As a result of Jet's excellent marketing strategies and customer loyalty, stock turnover has increased to 7,8 times. For two years in a row, Jet was voted the number one brand among the clothing retailers of South Africa in a Markinor survey of brands. The logo and the slogan are now recognised throughout the country. Last year Jet grew by opening 131 new stores. Thirty-nine of these new stores are located in rural areas and the performance of these new stores was better than management expected.



Red Square offers a wide range of cosmetic products and services with top brands such as Clinique, Clarins, Estée Lauder, L'Oreal, Yardley and Coty to name but a few. Service is highly valued in Red Square. A salon service is offered within a selected number of stores. The salons offer customers facials, waxing, manicures and pedicures as well as body treatments such as massages.



Legit is a new retail format aimed at young, fashionable women. The Legit customer is between the ages of 16 and 24, fashion conscious and works on a tight budget. The store design is young and trendy with merchandise displayed to present the latest looks and trends. Purchase options of cash or credit are offered.

You, as a consultant, have been approached by the Edcon Board of Directors to assist them in improving the overall performance of the business.

Choose **any one** of the retailers mentioned in the case study and use the *PESTLE* approach to analyse the macro environment. Combine this with your knowledge of the overall business environment to outline suggestions on how to improve the overall performance of the retailers' business.

Write a business report to the Board of Directors recommending *strategies* that can be implemented and motivate your recommendations.

**50 marks**

**QUESTION 2      LO 12.2 and 12.3**

Joanne Brown, one of the managers at Edgars Head Office has attended a training seminar on entrepreneurship and intrapreneurship. Joanne is inspired and feels she wants to implement some incentives to encourage her staff in the financial department to present some cost savings ideas. Joanne feels it will not only improve the performance of the financial department, but also the overall performance of the business.

Joanne decided to show some of her suggestions to the Financial Director, Chris Green. He is less than impressed, as he believes there is no room for intrapreneurial initiatives in the financial department. According to him, a more conservative management approach should be followed.

**Required:**

Complete the following dialogue between Joanne and Chris, where Joanne uses her skills on *conflict management* and her *transformational leadership style* to try to inform Chris about the importance of *intrapreneurship*. Show in your dialogue how management at all levels should act in a professional, responsible and ethical manner to conduct business in a changing and challenging business environment. **TAKE NOTE: You do not have to re-write the first or last parts of the dialogue that is given below:**

Joanne:      Good afternoon Sir. Are you well?

Chris:        Good afternoon, Joanne. I am well thanks and you?

Joanne:      Fine thank you. I would appreciate it if we could please discuss my ideas for intrapreneurship in the Financial Department, as I strongly believe it will contribute to improving the overall performance of Edcon.

Chris:        ...

- You now have to complete this dialogue between Joanne and Chris.
- Make sure that **all questions and answers** are related to *intrapreneurship* and demonstrate that you understand how to *manage conflict* in a difficult situation. Include at least two questions and answers explaining Joanne's leadership style.

Chris:        Thank you for your suggestions. I now see that they have merit and believe with the correct approach to their implementation they may actually assist in improving our financial performance and the overall performance of the business.

Joanne:      Thank you for your time. I will keep you informed about developments. Have a pleasant afternoon.

**50 marks****TOTAL FOR THIS PAPER: 100 MARKS**