

PAPER 1

Time: 2 Hours

Marks: 200

Please read the following instructions carefully:

1. This paper consists of 11 pages and an Answer Booklet. Please check that you have all the pages.
 2. Read the questions carefully.
 3. **All** questions are **compulsory**.
Section A must be answered on the Answer Booklet provided.
Other questions are also to be answered on the answer booklet provided. This will be clearly indicated.
 4. Refer to the case study when required.
 5. Where applicable demonstrate insight when answering questions.
 6. Answer each question on a new page.
 7. Number your question as they are numbered on the question paper.
 8. Candidates are advised to pay particular attention to the use of language and allocation of marks.
 9. It is in your own interest to write legibly and present your work neatly.
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New Clicks: Winning Strategies



News24.com
May 01 2009 09:04

Clicks group is a health and beauty focused retail and supply been listed on the JSE Limited since 1996. Through market-brands Clicks, Musica and The Body Shop, the group has across southern Africa. Clicks group is a leader in the where clicks has the largest retail pharmacy chain with over dispensaries, including a direct to patient courier pharmacy United Pharmaceutical Distributors (UPD), is South Africa's national pharmaceutical wholesaler.

Full name of company:

Clicks Ltd

Business Sector: Retail

Services/ Products: Health, Beauty and lifestyle products

Date established: 1968

group which has leading retail over 540 stores healthcare market 240 in-store service, while leading full range

Founded in 1968 by entrepreneurial retailer Jack Goldin, Clicks was conceived as a drugstore but legislation at the time prevented corporate ownership of retail pharmacies in South Africa. This meant that Clicks operated as a drugstore without drugs until legislation was changed in 2003 to allow corporate pharmacy ownership. This paved the way for Clicks to finally fulfil its founding vision and the first Clicks pharmacy was opened in Cape Town in March 2004. "The pharmacy rollout has been very beneficial" said Cadiz African Harvest Mark Ansley.

As a corporate citizen in the South African context, Clicks Group Limited recognises its responsibility to empower and support the communities within which it operates through its corporate social investment initiatives.

Corporate Social investment refers to the way in which organisations invest in and care for the well being of the social and ecological environment of communities in which they operate. This form of investment allows a company to take on an identity in terms of exercising accountable business practises. As a corporate citizen, this CSI identity is used to indicate the contribution that the company is making towards sustainable global well being. The returns on this form of investment are long term and can be seen in communities that have acquire skills from corporate enterprises to further sustain their people

- To make meaningful, measurable impact on the communities in which Clicks operates through development initiatives in disadvantaged communities.
- Encourage Staff involvement in brand-aligned CSI activities within employee communities.
- To align CSI activities to business strategies, transformation objectives through B-BBEE targets and as part of the group's striving for goods corporate citizenship.
- To demonstrate corporate citizenship through business aligned social projects and community support.
- To strive for environmental awareness and reducing their carbon footprint

"The value proposition is a good way to go ('you pay less at Clicks') and has always been a good driver of business for Clicks.



Section A

50 marks

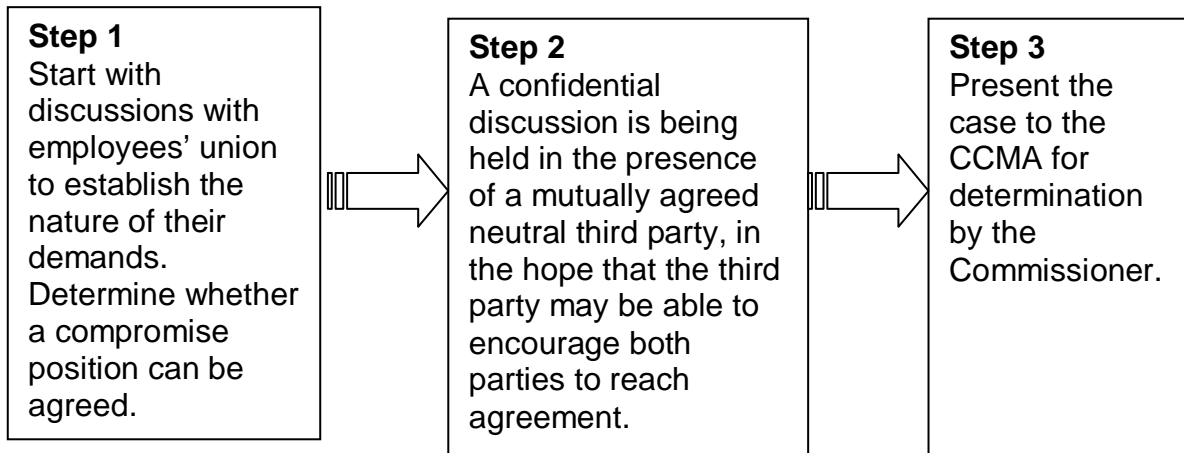
Question 1

Choose the most correct alternative. Mark with an "X" over the most correct option on your answer sheet.

- 1.1 Which one of the following scenarios could be considered unethical in the ever changing and challenging environment of Clicks.
- A Strike action by cashiers at Spar.
 - B Appointing family members to senior management positions in the name of affirmative action.
 - C Reporting cases of sexual harassment to the CCMA
 - D Monitoring and tracking employees access to internet sites on Clicks computers.
- 1.2 Civil and political rights are included in most countries' Constitution and are classified as
- A First-generation Rights
 - B Second- generation Rights
 - C Third- generation Rights
 - D All of the above
- 1.3 Which one of the following is not a pre-requisite for empowering team members at Clicks?
- A Adequate Training
 - B Sufficient Resources
 - C Back-up Support systems
 - D A formalised Organisational Culture code
- 1.4 Factors that impact on the success or failure of Clicks Holding Ltd include.....
- I. The legal persona of the business and this form of ownership has continuity of existence
 - II. That the owners have full control over the business
 - III. The formation procedures are easy and inexpensive
 - IV. A fairly large sum of capital can be raised with such a form of ownership
- A I and IV
 - B I, II and IV
 - C II and III
 - D III and IV
- 1.5 Wholesalers, retailers and agents can be grouped as part of the _____ sector
- A primary
 - B secondary
 - C tertiary
 - D public

- 1.6 Clicks conducts research to find out about product usage. Marketing assistant stops people in a shopping centre and asks them to complete a questionnaire. What process is the sales assistant undertaking?
- A Collecting primary data
 - B Collecting secondary data
 - C Engaging in personal selling
 - D Engaging in collective bargaining

1.7 The following dispute resolution process has been proposed by Clicks in relation to a pay dispute.



Which of the following dispute resolution processes has been described above?

	Step 1	Step 2	Step 3
A	grievance procedure	mediation	common law action
B	negotiation	mediation	arbitration
C	conciliation	negotiation	division closure
D	negotiation	conciliation	arbitration

- 1.8 Which one of the following indicates that Clicks is complying with the Broad Based Black Economic Empowerment (BBBEE) Act of 2003 (as amended)?
- A Ensuring Black employees have working conditions that meet minimum requirements.
 - B Granting employment preferences to female workers
 - C Direct empowerment of Black employees through share of ownership in Clicks.
 - D Ensuring that Black disabled employees have physical access to all facilities at Clicks.

- 1.9 Management of Clicks subscribe to the principle based theory towards ethical decision making. This implies that.....
- A Clicks uses different stories to complement each other in order to lead to an Understanding between right and wrong.
 - B Management uses predetermined rules to determine whether the action is right or wrong.
 - C It is the consequence of an action that determine whether the action is right or wrong.
 - D the character of a person is judged, rather than his/her actions
- 1.10 The average clause states that:
- A If the insured claims from two different companies , only the average of the two payments will be covered.
 - B If the property is under-insured, the future premiums will be averaged out to cover the difference.
 - C The surrender value of a policy will be calculated by:

$$\frac{\text{Annual premium}}{\text{Number of months paid}}$$
 - D If the full value of the property is not insured, the full value of the loss will not be paid out.

2 x 10 = 20 marks

Question 2

Choose the word from the business Studies Dictionary list below that best describes the definitions supplied. Write the word of your choice opposite the correct number on the answer sheet provided.

- | | |
|--|---|
| <ul style="list-style-type: none"> Industrial Espionage Skills Development Act Pressure Groups Employment Equity Act Labour Relations Act Lock-out Picketing Subrogation Basic Conditions of Employment Act Job Analysis | <ul style="list-style-type: none"> Collective Bargaining Dividends Net Salary Gross Salary Career Path Advertising Go Slow Prejudice Affirmative Action Act indemnification |
|--|---|

- 2.1 The return that the shareholders of Clicks will receive on their investment.
- 2.2 Pre-conceived ideas about other people, often based on generalisations.
- 2.3 Workers of Clicks do their work thoroughly, but at a much slower pace than normal.
- 2.4 An act that provides for the development and training of all people.
- 2.5 The act which forces employers with more than 50 employees to develop specific Affirmative Action plans in consultation with their workers and/ or worker representatives.
- 2.6 A planned job-progression within a business or professional field with the view to attaining predetermined career goals.
- 2.7 Workers occupy the premises ensuring that no goods enter or leave to prevent normal operation of Clicks
- 2.8 This act lays down laws and rules such as working hours and minimum wages.
- 2.9 Talks between representatives of employers at Clicks and Trade Unions.
- 2.10 The process whereby the Insurer puts the Insured back in the same financial position as before the loss.

10 marks

Question 3

Choose the word/ description from column B that best fits the word or description in column A.

Column A		Column B	
3.1.	Leaders could use an in-depth problem solving technique whereby complex problems are broken down into manageable chunks for processing	A	Situational Approach
3.2.	A problem solving technique whereby participants do not have to be physically present in the same room and experts make forecasts based on their superior knowledge	B	Synergy
3.3.	This type of leadership style is sometimes necessary to restore discipline in the organisation when all else has failed	C	Sustainability
3.4.	The interaction of two or more agents or forces so that the combined effort is greater than the sum of their individual efforts	D	SWOT Analysis

3.5.	This occurs when team members are keen to get along and refrain from criticising the ideas raised by others.	E	Autocratic Leadership
		F	Groupthink
		G	Creativity
		H	Democratic Leadership
		I	Drill Down Analysis
		J	DRIVE Technique
		K	PESTLE Analysis
		L	Teamwork
		M	Delphi Technique

Section B
Total 150
marks

Question 4

Founded in 1968 by entrepreneurial retailer Jack Goldin, Clicks was conceived as a drugstore but legislation at the time prevented corporate ownership of retail pharmacies in South Africa. This meant that Clicks operated as a drugstore without drugs until legislation was changed in 2003 to allow corporate pharmacy ownership. This paved the way for Clicks to finally fulfil its founding vision and the first Clicks pharmacy was opened in Cape Town in March 2004

- 4.1 Name four entrepreneurial qualities that the entrepreneurs who saw the opportunity would have possessed and illustrate each by means of a practical example. (12)
- 4.2 Contrast the difference between an entrepreneur and an Intrepeneur. (4)
- 4.3 In order to view this opportunity as a viable business opportunity, it would have been necessary to do environmental scanning. Discuss, by making use of practical examples, how the entrepreneurs of Clicks would have done environmental scanning. (12)
- 4.4 *Clicks needs to have appropriate strategies to deal with influences from the market environment. Porter's Five Force Model is often a valuable technique to use when dealing with these challenges.*
- Identify THREE challenges that Clicks could face in the Market environment.
 - Discuss by using any one (or more) of the elements from the Porter's Five Forces Model, how you would come up with an appropriate strategy to deal with the mentioned challenges. Mention the strategy/solution that you have opted for.

Answer the question on the table provided on the Answer Booklet supplied, under the following headings:

Challenges from the Market environment (3x1 marks)	Appropriate strategy (3x2 marks) Using Porter's Five Forces Model (3 x1 mark)
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(12)

4.5 When Clicks just burst into the market, it was not as popular as it is now. Clicks experienced problems with the in-house pharmacy business idea. This was established by performing market research. Management made use of the **DRIVE** technique.

Complete the table on the Answer sheet.

D	Define	The problem is that sales in the pharmaceutical area are not increasing. Market research appeals that the business idea appeals to the market
R	Review	? (2)
I	Identify	The real problem is that consumers are not aware of the pharmaceutical business section. A possible solution is: ? (2)
V	? (1)	? (2)
E	? (1)	? (2)

(10)

50 marks

Question 5

HEAD: CORPORATE SERVICES

Remuneration package: R450 000 per annum

This position will call on your exceptional visionary and strategic leadership to deliver a transversal corporate service to departments of all Clicks stores.

Reporting to the Director, this highly , accountable role will see you* Drive improved service delivery to the legal, communications, Enterprise Risk management, Internal Audit and Human Capital sectors* Develop and manage both business and strategic plans* Participate in the compilation of a human and information resource plan*Ensure economic and effective control and preparation of the budget and expenditure.

Essential requirements include 6-10 years, Senior Management experience in a corporate environment within a medium to lager organisation

Enquiries: Eugene Southgate, tel 021 483 8708

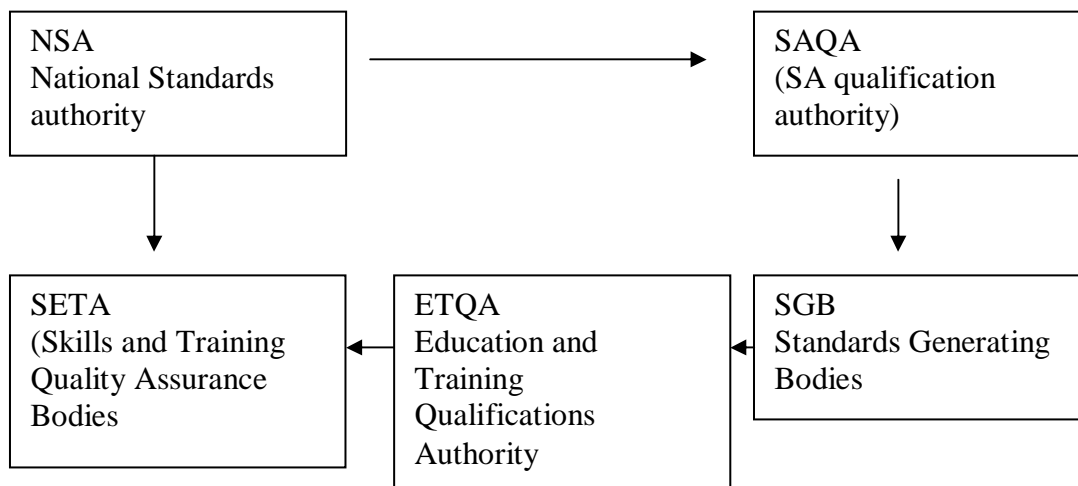
Clicks is an equal opportunity Employer and is committed to Employment Equity. Disabled candidates are also encouraged to apply and an indication in this regard will be appreciated.

Ref.SMS 003-010

- 5.1 This remuneration package may be structured as “basic plus benefits’ or on a “cost to company” structure. Describe the differences of these two structures. (4)
- 5.2 Inclusivity is one of the basic rights in the constitution. How do you know that Clicks are adhering to this legislation? (2)
- 5.3 Explain how diversification can cause conflict in the workplace. (3)
- 5.4 Conflict can be resolved through third party interventions. Give three examples of such parties. (3)
- 5.5 Tabulate, using full sentences, THREE differences between the Employment Equity act and the Black economic empowerment Act. (6)
- 5.6 Study the given diagram and answer the questions that follow.

THE NATIONAL QUALIFICATIONS FRAMEWORK

Established by the South African Qualifications Authority Act



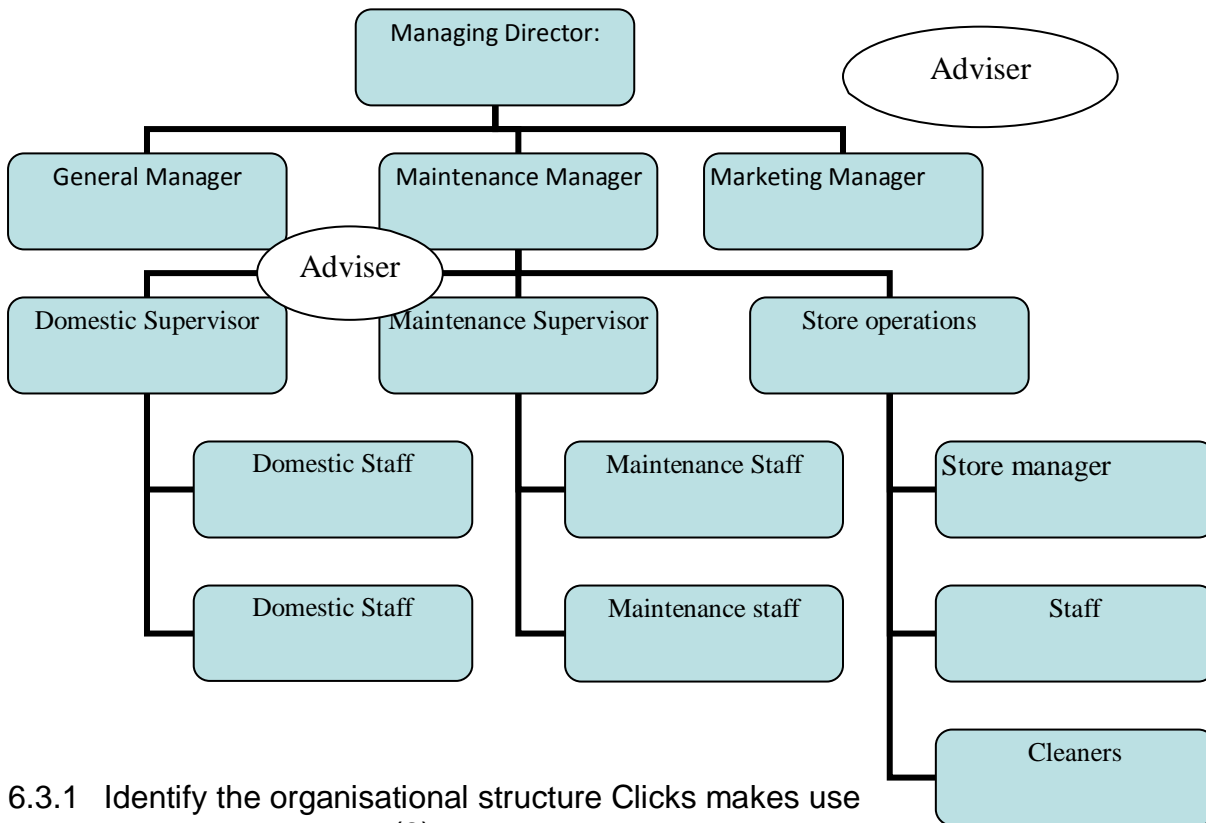
- 5.6.1 List THREE aims which the Skills Development act wishes to achieve in South Africa. (3)
- 5.6.2 What is the responsibility of SAQA (South African Qualification Authority) (2)
- 5.6.3 SETAS is the Sector Education and Training Authority which prepare training programmes, promote learnerships and control funds in that sector
- a) How does SETA raise funds in order to complete their duties? (2)
- b) Give ONE example of a SETA body. (1)
- 5.6.4 Training is an extremely costly operation and it is important to have a well planned training process. **BRIEFLY** explain the steps of planning a successful training program. (8)

- 5.7 Explain each of the following aspects which the Clicks HR department could be involved in:
- 5.7.1 Induction (2)
 - 5.7.2 Screening (2)
 - 5.7.3 Manpower planning (2)
- 5.8 An Employee at Clicks says that performance appraisals are a waste of company resources. Give TWO advantages of performance appraisals. (2)
- 5.9 Explain the Transformational leadership style and describe how Clicks can benefit from this leadership style. (5)
- 5.10 List THREE functions of a leader. (3)

50 marks

Question 6

- 6.1 Clicks would like to expand its operation as it has shown rapid growth. In order to qualify for a loan, the management of Clicks has to amend their business plan by redrafting a SWOT analysis for the current situation in S.A. and for the business.
- 6.1.1 Mention TWO weaknesses from the micro-environment company could possibly face. In each case, propose/ recommend a strategy the investors could use to overcome the weakness. (8)
 - 6.1.2 Would you recommend to Clicks that they should expand their business operations taking into account the current economic situation worldwide and in South Africa. Substantiate your answer. (3)
- 6.2 Clicks seem to take their responsibility towards stakeholders seriously.
- 6.2.1 Evaluate their compliance to Triple Bottom Line Reporting. (9)
 - 6.2.2 Evaluate whether projects undertaken by Clicks are sustainable. (6)
 - 6.2.3 Explain THREE guidelines that Clicks should be aware of when setting up Business Policies on Social Responsibility. (6)
- 6.3 **Organisational Structure of Clicks**



6.3.1 Identify the organisational structure Clicks makes use of. (2)

6.3.2 Explain ONE advantage, as well as the lines of authority and responsibility inherent in this structure. (6)

6.3.3 Give ONE example of an appropriate “Advisor” in the above context. (1)

6.4 By using examples, discuss how the following ethical issues could affect Clicks:

6.4.1 Whistle-Blowing

6.4.2 Unauthorised payments

6.4.3 Conflict of interest

(9)

50 marks

Total: 200 marks