

Read the following Case Study that pertains to most of the questions of the exam paper.

Cashbuild



Company profile

Cashbuild is the largest retailer of building materials and associated products, selling directly to cash-paying customers through its 181 (and growing) stores in South Africa, Namibia, Lesotho, Botswana, Swaziland and Malawi.

Cashbuild is the first choice retailer in its chosen field in all the regions in which it operates. It achieves this by carrying a focused in-depth quality product range at the most competitive prices, to meet the needs of the local market for homebuilders, home improvers, contractors, farmers, traders and any persons wanting to purchase our quality building materials for cash.

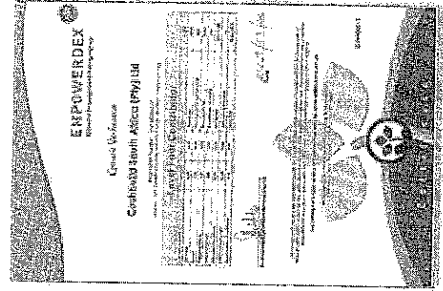
Cashbuild shares have been listed on the JSE Securities Exchange since 1986.

Vision

Our vision is to be the first-choice retailer of building materials and associated products and services in every region of Southern Africa and selected regions in African countries, and to make a positive contribution in every community in which we trade.

BBBEE

Broad-Based Black Economic Empowerment



Cashbuild wishes to introduce a broad-based empowerment shareholder in line with the principles preserved in the Broad-based Black Economic Empowerment Act. Cashbuild will achieve this by introducing its employee base of approximately 2,000 employees, of which more than 90% qualify as historically disadvantaged South Africans ("HDSA") as the broad-based black economic empowerment shareholder.

The Rationale for the transaction is that Cashbuild wishes to embrace empowerment and believes that by embarking on the proposed transaction it is aligning the interests of employees and shareholders. This will enable Cashbuild to remain competitive and to preserve its leadership position as the largest retailer of building materials in Southern Africa.

BUSINESS STUDIES Grade 12

JULY EXAM 2009 (Paper 1)

Examiner: D Botha & S Smit

Moderator: Cluster & V Downing

Time: 2 hours
Marks: 200

This exam covers the following Learning Outcomes for Business Studies:

- LO1 – Business Environments
- LO2 – Business Ventures
- LO3 – Business Roles
- LO4 – Business Operations

Instructions:

1. This paper consists of 11 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 marks allocated for each question.
3. You are required to answer **all** the questions in this question paper. Section A must be answered on the Answer Sheet supplied. Section B comprises of **THREE** shorter answer type questions to be answered in your Answer Book. **Answer each question on a separate double sheet of paper!**
4. Refer to the case study when required.
5. Where applicable, demonstrate insight when answering questions.
6. Number your answers exactly as the questions are numbered on the question paper. You are advised to pay particular attention to the use of language and the allocation of marks.
7. It is in your own interest to write legibly and to present your work neatly.
God bless you as you give your best.

Jos 1:9: "I command you-be strong and courageous! Do not be afraid or discouraged. For the LORD your God is with you wherever you go."

Social Responsibility

Cashbuild's Art-@-Heart Community Project was borne out of Cashbuild's realisation that "community" is a cornerstone not only of Cashbuild, but Southern Africa as a whole.

This spirit of community, together with Cashbuild's store development programme provided the foundation from which Cashbuild's Art-@-Heart Community project was launched.

Cashbuild views the Art-@-Heart community project as an investment in each local community in which it trades. This concept together with the physical store opening / refurbishment / revamp of relocation proved the platform form which Cashbuild's three fundamental principles of community are realised:

1. The Art-@-Heart community project provides an interactive tool and communication channel between Cashbuild, local schools, local educators and most importantly local earners and their families.
2. The store itself provides employment for the community, both at store level and also by means of services that the store provides.
3. Cashbuild's product and price offering ensures that quality fit-for-purpose building material is available to communities at guaranteed lowest prices.

Since the Art-@-Heart campaign was launched in 2001, Cashbuild has helped more than 750 schools with over R7.5 million worth of building materials.



Source: Adapted from <http://www.cashbuild.co.za>

PLEASE TURN OVER

SECTION A

Question 1 (LO 1.2, 3 & 4)

Multiple choice

Indicate the most correct answer with a cross (X) in the column over the corresponding letter for each question on your answer sheet.

- 1.1 "Cashbuild wishes to *introduce a broad-based empowerment shareholder in line with the principles preserved in the Broad-based Black Economic Empowerment Act.*"
- Which one of the following indicates that a company is complying with the Broad-Based Black Economic Empowerment (BBBEE) Act 53 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 Cashbuild.
 D Ensuring that black disabled employees have physical access to all Cashbuild outlets. (2)
- 1.2 Any strike action by employees of an enterprise will be unprotected if:
- (i) the correct procedures when applying for/ engaging in strike action have not been followed;
 (ii) some of the employees chose not to strike;
 (iii) an arbitration agreement has been ignored;
 (iv) a collective agreement specifically states that workers may not strike over the issue at hand.
- Choose the correct combination:
- A (i), (ii) and (iii)
 B (ii), (iii) and (iv)
 C (i), (ii), (iii) and (iv)
 D (i), (iii) and (iv) (2)
- 1.3 "Ubuntu" reflects a culture of
- A "let's just get down to doing business" attitude
 B "whatever will be, will be"
 C "I am because we are"
 D none of the above are correct (2)

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- 1.4 A strategy employed by management at Cashbuild Ltd to uplift the community as a whole, provide employment at it's local stores and offer lower prices, is part of the _____ environment. (2)
- A physical
B technological
C social
D international
- 1.5 One of the specifications of the BCEA is that workers must receive double pay for working on _____. (2)
- A management projects
B Sundays
C dangerous projects
D Saturdays
- 1.6 The Public Relations manager of Cashbuild Ltd gives workers the opportunity to take their own initiative regarding how to perform tasks after explaining what must be done. Which one of the following styles of management has he adopted? (2)
- A Democratic
B Bureaucratic
C Autocratic
D Laissez-faire
- 1.7 Cashbuild has a comprehensive staff induction programme. This implies that (2)
- A existing employees are given preferential consideration when filling managerial positions.
B all new recruits are required to attend a seminar on the mission, vision and goals of the organisation.
C employees must undergo an annual job appraisal completed by top management.
D external sources will be used to fill vacant posts in Cashbuild's operations department.
- 1.8 Primary research will include ... (2)
- A raw facts.
B data from an original source e.g. interviews.
C research from Wikipedia.
D publications which are not protected by law..
- 1.9 Triple Bottom Line reporting includes: (2)
- A economic, environmental and global aspects
B environmental, global and financial aspects
C economic, environmental and social aspects
D environmental, social and global aspects

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- 1.10 Place the following steps in the correct order before a management strategy is implemented:

- (i) Analyse the viability of each option.
(ii) Define the business's vision and mission.
(iii) Plan the implementation of the chosen strategy.
(iv) Analyse the different business environments.
(v) Identify the various strategic options available and prepare them.

Choose the correct option:

- A (v), (i), (ii), (iii) and (iv)
B (iv), (ii), (i), (v) and (iii)
C (ii), (iv), (v), (i) and (iii)
D (ii), (v), (iii), (iv) and (i)

(2)

(10 x 2 = 20)

Question 2 (LO 1.2 & 4)**True or False**

Indicate whether the following statements are TRUE or FALSE. If FALSE, correct the statement.

- 2.1 At Cashbuild Ltd, Black Empowerment is implemented as required by law.
- 2.2 The HR manager of Cashbuild compiled a Job Analysis in which he specified the minimum ability a worker must possess in terms of experience, education and physical requirements.
- 2.3 At Cashbuild Ltd, the management of the business is delegated to the shareholders, thus having a critical impact on the success of the business.
- 2.4 Intrapreneurs at Cashbuild Ltd are creative thinkers who challenge conventional ways of dealing with day to day problems.
- 2.5 The Unemployment Insurance Fund covers employers against injuries or death caused during their duties at work at the Cashbuild branch on the West Rand.
- 2.6 Screening is the process of eliminating applicants who are unlikely to be successful in the job.

(12)

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Question 3 (LO 1.2, 3 & 4)

Match the columns

Column A	Column B
3.1 King Code	A One of the cashiers at Cashbuild Ltd repeatedly arrives late for work.
3.2 Sustainability	B A complex decision-making tool, which is used by management to graphically compare the different options available when making a decision.
3.3 NAPE	C A democratic style of handling conflict found where there are opposing opinions, but both parties have equal power.
3.4 DRIVE creative-thinking technique	D Many CSI initiatives produce excellent short term results, but do not last for the long term.
3.5 Misconduct	E A tool that can be used to manipulate elements in the macro environment.
3.6 Compromise	F Evaluation of Cashbuild Ltd in terms of corporate governance, as well as economic, environmental and social sustainability
3.7 Porter's Five Forces	G One of the cashiers at Cashbuild Ltd constantly makes mistakes and often needs to be told to correct his work.
3.8 Consequences	H Affirmative Action placements are as a result of an Act.
3.9 Employment Equity	I A process whereby complex problems are broken down into manageable chunks.
	J A way of handling conflict by pretending the problem is not there or ignoring it.
	K A tool that can be used to manipulate elements in the market environment.
	L Provides members with an Industrial Relations expert when required / or on a contractual basis of one or two days per week.
	M The ethical theory that is based on the idea that the end justifies the means.
	N A technique used when the problem is more complex and where the real problem first needs to be identified, before one can look at solutions.

(9 x 2 =18)

[SECTION A: 50 MARKS]

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SECTION B

Question 4 (LO1 AS 1.2 LO2 AS 1 LO3 AS 2)

- 4.1 You are required to prepare a PESTLE analysis for Cashbuild. Using the PESTLE method as a tool, analyse and identify the possible challenges that affect the macro environment of Cashbuild, prepare possible strategies to overcome the challenges. (6 x 3 = 18)

Draw the table below in your answer book to answer the question:

Macro environmental factors	Possible challenges	Possible strategies
	Bullets line up to link challenges with strategies.	
P		
E		
S		
T		
L		
E		

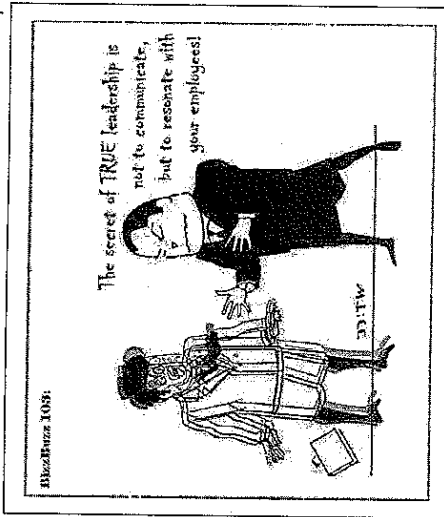
- 4.2 "The vision of Cashbuild's CSR is to 'make a positive contribution in every community in which we trade.'" (8)
- 4.2.1 What principles were taken into account when the Art@Heart programme was designed. (4)
- 4.2.2 Evaluate FOUR arguments against social responsibility programmes in the context of Cashbuild's Art@Heart initiative. (8)
- 4.3 Consider the following scenario: "...The Board of Directors of Cashbuild Ltd signed a contract to donate building materials to an organisation that builds low-cost housing. One of the Board member's daughters works for the organization and used some of the funds for the building of her own home." (8)
- 4.3.1 Evaluate whether it would be ethically appropriate for Cashbuild Ltd to continue with the contract. (6)
- 4.3.2 Which ethical approach (theory) would most suit the above scenario. (4)
- 4.4 If initiation of the Art@Heart campaign began by an employee of the Marketing Department identifying a need for recreation in a disadvantaged community.... (2)
- 4.4.1 Decide whether the employee would be seen as an entrepreneur or an intreprenuer? (2)
- 4.4.2 Differentiate between a non-entrepreneurial and an entrepreneurial venture. (8)

(50 Marks)

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Question 5 (LO3 AS 4.5.7 LO2 AS 3.5)

- 5.1 Study the following cartoon and then answer the questions that follow:



Source: http://www.toonpool.com/user/2605/files/the_secret_of_true_leadership_420545.jpg

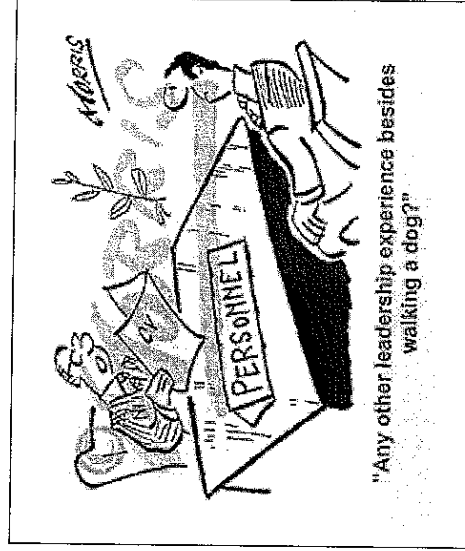
- 5.1.1 What type of leadership style would the manager above represent? (1)
- 5.1.2 Do you think it is ever a good idea to act like the manager above? Explain your answer by referring to specific situations. (5)
- 5.1.3 What qualities do you think are characteristic of a true leader? (6)
- 5.1.4 Explain the difference between a leader and a manager. (4)
- 5.1.5 What would be a probable way of dealing with conflict, if the manager above continues to act as the picture depicts? (3)
- 5.2 "Whenever there are more than two people working together, the task becomes complex due to the different personalities, beliefs, experiences and ideas that each brings to the table". Evaluate the statement, by explaining FIVE issues that can influence the productivity of a team. Provide possible solutions on how team members could address these issues. (10)
- 5.3 Cashbuild Ltd is one of the leading suppliers of building materials in South Africa. Describe the impact of the following factors on the success of Cashbuild Ltd
- 5.3.1 Management aspects (8)
- 5.3.2 Legal personality (4)
- 5.3.3 Capital acquisition (12)

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- 5.4 "Management of Cashbuild Ltd considered a range of investment opportunities in order to maximise the return on capital contribution of shareholders."
- 5.4.1 Explain the term diversification. (2)
- 5.4.2 Cashbuild decided on a moderate to high risk investment option in the form of unit trusts. Explain this investment option and the parties involved. (7)
- (50 Marks)**

Question 6 (LO2 AS2 LO4 AS 1,2,3)

- 6.1 Study the following cartoon and then answer the questions that follow:



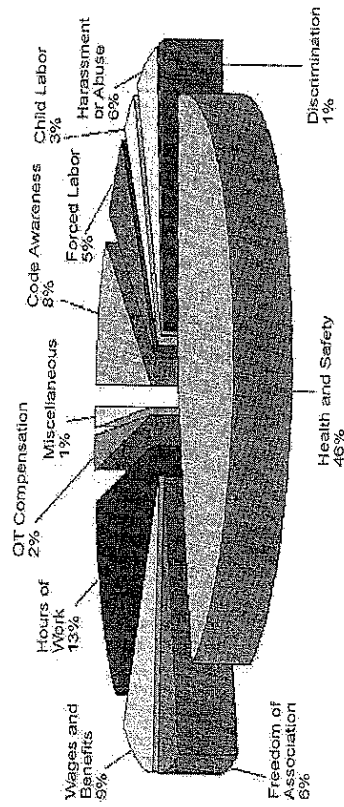
Source: <http://www.businesscartoons.co.uk/shopt/images/uploads/1069bwc.gif>

- 6.1.1 Assuming that the candidate above went for an interview for a management position, judge whether the selection process has been completed correctly. Motivate your answer by giving a comprehensive evaluation. (10)
- 6.1.2 Explain the following terms as they relate to the Human Resource function: (Explain the following concepts that management would look at when deciding on an appropriate organisational structure)
- Range of control
 - Authority
 - Responsibility
 - Delegation
- (8)
- 6.1.3 Refer to the cartoon and explain the limitation clause with regards to human rights. (4)

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- 6.1.4 If the advertisement for the above-mentioned job was for an EE position, do you think he is being discriminated against? (4)
- 6.2 "Cashbuild Ltd Supports Black Economic Empowerment and continues to make significant contributions to the Economic Empowerment of disadvantaged communities." Tabulate, using full sentences, THREE differences between Employment Equity and Black Economic Empowerment. (6)
- 6.3 The Black Economic Empowerment Act is an extension of the Employment Equity Act. List TWO positive outcomes from the implementation of the BEE Act. (4)
- 6.4 Study the following chart and then answer the questions that follow:

An overview of issues dealt with by the CCMA in 2003 – 2004



- 6.4.1 What does the abbreviation CCMA stand for? (2)
- 6.4.2 Give examples of health and safety issues which the CCMA could have dealt with on behalf of the employees of Cashbuild. (6)
- 6.4.3 The Labour Relations Act provides for a basic two step procedure in settlements of labour disputes. Discuss the steps involved. (6)

(50 Marks)

[SECTION B: 50 MARKS]