

TUESDAY: 22 April 2025. Afternoon Paper.

Time Allowed: 3 hours.

Read the case study below and answer the questions that follow. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

BEST STORES

Best Stores, a subsidiary of the multinational retail chain Best Plus, entered the local market when major retailers were struggling or failing. Many well-established retail stores were exiting the market due to poor supply chain leadership, characterised by a lack of proactive strategies to build flexible and adaptable supply chains. These retailers failed to address disruptions caused by the growing dominance of online shopping platforms and customers' evolving needs. Additionally, some retailers lacked effective succession planning, leading to a scenario where key strategic visions disappeared with their founders.

Best Stores capitalised on this market gap by adopting a dual retail approach. While maintaining traditional self-service stores, the company invested heavily in digital transformation by developing online shopping applications. These applications enabled customers to shop conveniently from their smartphones and have their orders delivered directly to their doorsteps. The company quickly gained significant market share, leveraging its parent company's extensive global supply chain network to offer competitive pricing that disrupted the retail landscape.

Despite its market success, Best Stores has faced criticism and legal challenges due to unethical business practices. Recently, the company was found guilty of abusing its buyer power in the marketplace. Specific violations included forcing suppliers to pay listing fees and compelling them to provide their employees to work in Best Stores without proper compensation. These practices unfairly strengthened Best Stores' competitive position, allowing the retailer to achieve superior profits while squeezing suppliers' margins and passing cost savings to customers through lower prices.

An audit by the Competition Authority revealed that while Best Stores had developed an efficient and adaptable supply chain, it had fallen short of its ethical responsibilities. Key ethical breaches included neglecting worker health and safety, failing to implement an equality and diversity policy, victimising employees who protested against excessive working hours and intimidating suppliers to maintain a market advantage.

Currently, Best Stores is embroiled in a legal dispute with a group of local suppliers who took the company to court and exposed its unethical business practices. As a result, the retailer was fined by the Competition Authority. The suppliers fear potential blacklisting or denial of future business opportunities by Best Stores, given its dominant market position.

Meanwhile, Best Stores is working to restore its damaged reputation by strengthening its corporate governance structures. To demonstrate its commitment to ethical business practices, the company has created a new position; Head of Compliance and Corporate Social Impact. Through public statements, Best Stores has assured stakeholders that it is investing in a corporate framework that will anchor multi-directional supply chain leadership, ensuring sustainable and responsible supply chain practices across all its operations, both locally and globally.

(Disclaimer: This case study is solely for educational and examination purposes and does not reflect the position of KISEB)

QUESTION ONE

- (a) Assess **FIVE** ways a multi-directional leadership approach can help Best Stores overcome its current crisis. (10 marks)
- (b) Analyse **FIVE** steps Best Stores can take to ensure ethical supply chain practices are entrenched in its operations. (10 marks)
- (c) Point out **FIVE** actions the Competition Authority can take to enforce ethical trading practices in the retail market. (5 marks)

(Total: 25 marks)

QUESTION TWO

- (a) Evaluate **FIVE** objectives of Best Stores that may conflict with investment in corporate governance. (10 marks)
 - (b) Examine **FIVE** ways adopting a transformational leadership style could have contributed to Best Stores' survival, whereas other local retailers have failed. (10 marks)
 - (c) Discuss **FIVE** potential risks associated with ineffective succession planning in retail organisations. (5 marks)
- (Total: 25 marks)**

QUESTION THREE

- (a) Appraise **FIVE** consequences of power imbalances between large retailers and their suppliers in competitive markets like the one in which Best Stores operates. (10 marks)
 - (b) Advise Best Stores' management on **FIVE** ways to promote inclusivity within the organisation. (10 marks)
 - (c) Outline **FIVE** mechanisms Best Stores should establish to handle disputes with employees and suppliers fairly and transparently. (5 marks)
- (Total: 25 marks)**

QUESTION FOUR

- (a) Describe **FIVE** staff empowerment strategies Best Stores can use to boost employee morale. (10 marks)
 - (b) Appraise **FIVE** ways the newly created Head of Compliance and Corporate Social Impact position can reinforce corporate governance at Best Stores. (10 marks)
 - (c) Suggest **FIVE** measures Best Stores should implement to ensure successful organisational change while minimising resistance from employees and suppliers. (5 marks)
- (Total: 25 marks)**
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