NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION MARCH 2016

BUSINESS STUDIES: PAPER I

MARKING GUIDELINES

Time: 2 hours | 200 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

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SECTION A

QUESTION 1 MULTIPLE CHOICE

1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10
D	A	B	D	C	A	B	C	A	A

[20]

QUESTION 2 BUSINESS STUDIES DICTIONARY

2.1 Workload analysis
2.2 Benchmarking
2.3 Price
2.4 Misconduct
2.5 Environmental Scanning
2.6 Indemnification

[12]

QUESTION 3 TRUE/ FALSE STATEMENTS

3.1 False. When Famous Brands borrows money from Nedbank they will need to pay interest to the bank. OR When Famous Brands invests in shares they will receive dividends on their investment. OR When Famous Brands sells shares, they will pay dividends as remuneration to shareholders.
3.2 True
3.3 False. Broad-Based Black Economic Empowerment aims to address the shortcomings of the Employment Equity Act, BEE and Affirmative Action as a whole. OR The Skills Development Levies Act encourages funding for training in a specific sector. OR SETAs monitor the quality of training programmes in a specific sector.
3.4 False The CCMA is an independent organisation that acts as a dispute resolution body that promotes co-operation between employers and employees. OR The Global Reporting Initiative (GRI) is responsible for developing acceptable guidelines on sustainable reporting.
3.5 True
3.6 True
3.7 False. Arbitration is a process where a dispute is referred to a third, neutral party who makes a binding decision about who is right and wrong. OR Mediation is a process where a third party does get involved in resolving the dispute – but the mediator only gives advice – the ultimate decision is still up to the original parties.

[18]

50 marks

SECTION B

QUESTION 4

4.1 The Pillars of Broad-based Black Economic Empowerment

Pillar	Discussion
1. **Ownership**	Black persons owning shares in the company.
2. **Management, control and employment equity**	Black persons being part of the management team of the company, i.e. being part of the Board of Directors of the company. The company reaching its employment equity targets as set out in the BBBEE Act.
3. **Skills development**	The company must offer appropriate skills development programmes to develop the skills of black persons (previously disadvantaged). The company could use SETA-approved courses as a means of skills development.
4. **Preferential procurement**	With regards to the tendering process and in particular any government tenders – black persons will be given preferential treatment based on certain criteria.
5. **Enterprise development and socio-economic development**	The company must invest money in developing the entrepreneurial businesses of black persons. This could be done through supplier negotiation and signing up contracts with black-owned businesses. The company must be seen to be developing the well-being of previously disadvantaged people. This could be done through their CSR programmes – but the main focus must be aimed at black persons.

(Consider any other relevant point in the discussion)
(1 mark for mentioning the pillar element)
(1 mark for the discussion)
(Any 3 pillars × 2 marks each = 6 marks)

4.2 **List FOUR topics that could be included in an induction programme at Wimpy.**

- Relevant and immediate information, e.g. appropriate dress code and company policies, e.g. dismissal/disciplinary and grievance procedures.
- Knowledge of what supervisors want, e.g. quality of service; turnaround time for delivery of ordered food.
- Introduction to fellow workers and people with whom they work, e.g. a small function/informal meeting to introduce the new worker.
- Knowledge of products and service, e.g. what is on the menu; specials being offered; delivery services; special occasions.
- Appointment of a mentor, e.g. a colleague or supervisor to guide the new worker.

(Consider any other relevant contents of an induction programme)
(Any 4 topics × 1 mark each = 4 marks)

4.3

Macro Issues	Possible Challenge	Possible Strategy
4.3.1 **Environmental**	1. Effective recycling program. 2. Load shedding/ access to renewable resources. 3. Reducing the carbon footprint on the environment. **(Any other relevant environmental challenge)** **(Any 1 × 2 = 2 marks)**	1. A recycling program that is cost-effective and addresses the issue of waste reduction at Wimpy. 2. Make use of alternative energy sources (e.g. gas) as opposed to electricity or have generators. 3. Have an active environmental programme that rewards Wimpy managers who show a positive change/attitude to environmental issues. **(Any other relevant strategy to overcome challenge)** **(Any 1 × 2 = 2 marks)**
4.3.2 **Social**	1. Cultural, ethical and religious challenges. 2. Norms and expectations of society. 3. Increase in stress. 4. Challenges faced by Community Development programmes. 5. Consumer threats. 6. High rate of HIV. 7. Societal attitudes towards fast foods. 8. The emphasis on healthy alternatives. **(Any other relevant social challenge)** **(Any 1 × 2 = 2 marks)**	1. Programmes that encourage community spirit/development. 2. Acceptance of other cultures or religions by celebrating diversity. 3. Have workshops that teach stakeholders about other cultures. 4. Have CSR programme to focus on feeding poor in disadvantaged communities. 5. Targeting your product range at other segments of the market. 6. Educational programmes promoting tolerance of HIV. 7. Having appropriate advertising campaigns. 8. Changing attitudes towards healthier alternatives on the Wimpy menu, e.g. vegetarian options by having consumer focus groups input on change. **(Any other relevant strategy to overcome challenge)** **(Any 1 × 2 = 2 marks)**

4.3.3 **Technological**	1. Changes in technology (hardware and software). 2. Access to information: legal (passwords) and illegal (hacking, spyware; computer viruses; phishing). 3. Challenges relating to the access of information on Wimpy (cellphones, tablets). **(Any other relevant technological challenge)** **(Any 1 × 2 = 2 marks)**	1. Safe, reliable use of technology through appropriate training/ workshops for employers, employees and consumers; Live website. 2. Having a dedicated IT department that is up to date with the latest developments in technology. 3. Call centres that are effectively dealing with customer issues/concerns/ queries linked to technology. **(Any other relevant strategy to overcome challenge)** **(Any 1 × 2 = 2 marks)**	(12)

POSSIBLE STRATEGIES THAT COULD APPLY TO QUESTION 4.2
Give credit if the candidates mention the following strategies in their answers (where appropriate)

- Growth strategies (e.g. internal growth such as organic growth, external growth such as alliances, acquisitions and merges).
- Decline strategies (e.g. divesture strategy, harvest strategy, liquidation strategy).
- Corporate Combination Strategies (e.g. joint ventures, mergers, takeovers).
- Generic Strategies (e.g. low cost strategy, differentiation strategy, focus strategy).
- Intensive Strategies (e.g. market penetration strategy, product development, market development).
- Other strategies (e.g. Revision of the Wimpy's mission statement, establish or revise objectives or allocate resources effectively/differently).

4.4

Reason for conflict	Example linked to Wimpy	Possible strategy to deal with conflict
4.4.1 **Resource Allocation**	1. When Wimpy runs out of sauces or ingredients/products, items on their menus cannot satisfy their customers' demands. 2. There is a shortage of workers (waiters serving customers); cashiers or workers in the kitchen, i.e. shortage of human resources. 3. Shortage of funds due to financial mismanagement resulting in the inability to meet current running expenses. **(Any other relevant example linked to resource allocation)** **(Any 1 × 2 = 2 marks)**	1. Make sure you have back-up plans in cases where you run out of ingredients or any physical resources that are critical to the running of your business. 2. Have training workshops so that your waiters know exactly how to deal with difficult customers when they are in this situation. OR Make sure that you regularly monitor your shift/rotations to ensure that you are adequately staffed. You don't want conflict with staff that are stressed and over-worked. 3. Negotiate with your franchisor to assist with shortages of items such as computers, cash registers, mini electronic devices used to take customer orders and even kitchen equipment. **(Any other relevant strategy to deal with the conflict)** **(Any 1 × 2 = 2 marks)**
4.4.2 **Inner Conflict**	1. This type of conflict is linked to the different personalities of the workers and management of the franchise. 2. There could be jealousy of someone who is promoted to a managerial position. 3. A worker could have inner conflict because he/she is financially stressed. 4. Management could have inner conflict when they are required to retrench or dismiss a worker. **(Any other relevant example linked to inner conflict)** **(Any 1 × 2 = 2 marks)**	1. Have regular meetings with your workers where you create a safe environment for them to discuss issues that frustrate them at work. 2. Give feedback to workers who have applied for promotion, but were unsuccessful. 3. Continue to positively motivate your workforce and praise them when targets and objectives are successfully met. 4. Encourage your workers to form informal teams that develop team spirit and loyalty to Wimpy. **(Any other relevant strategy to deal with the conflict)** **(Any 1 × 2 = 2 marks)**

(8)

4.5 **Explain, by means of a separate example for each, how the following characteristics of good governance could apply to Famous Brands:**

4.5.1 **Transparency:**

- This is a principle that allows those affected by a particular decision or business transactions to not only have the facts and figures but also to understand the mechanisms and process involved.
- It is the duty of key stakeholders to act in a visible and understandable manner. Companies that are more transparent in real time, have stakeholders who are more confident in management.
- Research shows that these companies have stakeholders who are more willing to invest in the company, and thereby reducing costs of capital acquisition.
- Transparency in a company also ensures that fraud is avoided by putting measures in place to avoid this. All these factors put together help with the company's productivity.

Possible examples of transparency:

- In the disclosure of the net profit/net loss of the company the directors must give a clear indication of what they did to arrive at the net profit/ net loss.
- In the selection procedure for members of the Board of Directors the company must be transparent regarding the reasons for choosing a particular board member.
- The directors must be transparent as to what their fees are for being on the board of Famous Brands.

4.5.2 **Integrity:**

- It is a fundamental principle of any code of ethics.
- It is an essential way to measure how those involved in companies are accountable to those that are affected (positively and negatively) by their decisions.
- It is about doing business in a manner that is honest and truthful.

Possible examples of integrity:

- When a director takes a salary cut, instead of retrenching workers – especially during a period of recession or low economic activity.
- When management makes promises and keeps them, even if it means they suffer financially.
- When management takes a strong stand on issues of racism, nepotism, sexual harassment and they take concrete steps to combat these issues in the workplace.

4.5.3 **Fairness:**

- To be treated with equality and avoiding any bias towards a particular group or entity as compared to others.
- For a company being fair is often very difficult as there are big decisions and choices that need to be made and it often has a financial or other impact on the success of the company.
- With major transactions such as mergers and acquisitions it is a hard task to be fair, particularly for a member of the board of directors, if there is a potential conflict of interest.

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Possible examples of fairness:

- Having an independent body audit the annual financial statements of the company.
- Allowing workers to have their say and witnesses during disciplinary procedures.
- Having more than one performance appraisal during the course of the year.

(Consider any other relevant points and examples related to corporate governance)

(1 mark for explanation + 1 mark for example)
(Total: 3 characteristics × 2 marks each = 6 marks)

4.6 **Explain each of the following activities that could occur during industrial action at Wimpy.**

4.6.1 **Protected strike**

During a protected strike:

- Employees may not be dismissed for going on strike. Employees may, however, be dismissed for misconduct during the strike, such as intimidation or violence.
- The employer cannot apply for a court interdict to stop the strike, but may apply for a court interdict to prevent unlawful action, such as damage to property or intimidation of working employees.
- The refusal to work is not seen as a breach of contract and the employer cannot claim damages for loss of production from striking workers.
- An employer does not have to pay employees participating in a protected strike, i.e. the 'No work, no pay-rule' can be enforced.

(Consider any relevant fact about a protected strike)

(Any 2 facts × 1 mark each = 2 marks)

4.6.2 **Picketing**

- Usually a group of employees demonstrating outside the place of work to show their dissatisfaction with a certain issue.

(Consider any relevant fact about picketing)

(Any 2 facts × 1 mark each = 2 marks)

4.6.3 **Lock-out**

- Is a refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer.

(Consider any relevant fact about a lock-out)

(Any 2 facts × 1 mark each = 2 marks)

4.6.4 **Sympathy strike**

- Secondary action refers to employees striking in support of a strike by other employees.
- Secondary action will be protected if:
  - The main strike is protected;
  - The secondary strikers give seven days' notice to their employer.

(Consider any relevant fact about a sympathy strike)

(Any 2 facts × 1 mark each = 2 marks)
(Total: 8 marks)

4.7

Factor influencing a buying decision	Example linked to Wimpy
4.7.1 **Psychological**	• Through the use of advertising techniques that stimulate the areas of the brain to react to colour and sound. • By using psychological pricing, e.g. R12,99 for a burger. • By creating a warm, family atmosphere in the Wimpy store – the colour of the décor, the seating arrangements, placements of the menu, etc. • The friendliness of the staff – their willingness to assist and help. **(Consider any other relevant psychological examples)** **(Any 2 facts × 1 mark each = 2 marks)**
4.7.2 **Socio-cultural**	• Wimpy creates the impression that it is family orientated – they have special kiddies menus. • The menu may have items that are unique to a particular region, e.g. boerewors rolls or macon instead of bacon. • During certain cultural events Wimpy will make special allowances, e.g. sesame seeds on buns for the visually impaired or special teats for Women's day or other public holidays. **(Consider any other relevant socio-cultural examples)** **(Any 2 facts × 1 mark each = 2 marks)**
4.7.3 **Economic**	• Items on the menu that are inflation beaters. • Affordable breakfast and lunch items. **(Consider any other relevant economic examples)** **(Any 2 facts × 1 mark each = 2 marks)**

Total: 6 marks
[50]

Take note: Questions 5 and 6

If candidate writes more than the stipulated facts – mark the required number, e.g. State FIVE facts – Only the first FIVE are marked.

QUESTION 5

5.1 5.1.1 **Explain why it is important for Famous Brands to have a vision statement.**

- Having a vision statement gives a company direction.
- It allows management to align their strategies to the vision.
- Workers in the organisation know what the focus is and will work towards this focus.
- Policies and procedures in the organisation will be formulated around the vision statement.
- The vision statement will give the business a purpose in dealing with the challenges that it faces from the micro, market and macro environment.

(Consider any other relevant answer)

(Any 2 facts × 1 mark each = 2 marks)

5.1.2 **Describe one drawback of Famous Brands's vision statement.**

- One could argue that the vision statement is over ambitious in the competitive environment in which Famous Brands operates.
- The vision statement could be difficult to implement on the ground – expansion into Africa looks simple on paper – but in reality there are many challenges.
- The vision does not have sustainability.

(Consider any other relevant point in the description)

(Any 2 facts × 1 mark each = 2 marks)

5.1.3 **Discuss THREE advantages associated with Famous Brands having franchised brands.**

- Entrepreneurial and managerial assistance is part and parcel of the franchise bought. The product or service is marketed by the franchiser. Help is provided in choosing a location and promotions and expert assistance is offered in all phases of operations. The franchisee owns the business and is backed up by the full-time advisors of the franchiser.
- Personal ownership is guaranteed in terms of the franchise agreement. The owner enjoys the freedom, incentives and profits of any sole trader.
- A nationally recognised name, product or service is at the immediate disposal of the franchisee. The owner gets immediate recognition and support from a product or service group with an established customer base.
- Financial advice and assistance is available. Franchisees learn how to keep proper financial records and get valuable periodic advice from experts.

(Consider any other relevant advantages of franchising as a marketing expansion option)

(Any 3 advantages × 2 marks each = 6 marks)

5.1.4 **The level of competitive rivalry will increase as Famous Brands expands into Africa and the selected international markets. Describe TWO other challenges that Famous Brands will face as a result of the expansion. In each case suggest a suitable strategy that Famous Brands could implement to overcome the challenge.**

NB – Candidates may not discuss LEVEL OF COMPETITIVE RIVALRY.

1. **Threat of new entrants**

It is not only current competitors that can 'steal' our customers, but also new businesses that see an opportunity to make money by entering the market.

As an existing business any potential new business is seen as a threat to our market share and profit and therefore the business tries to build 'barriers' (more strategies) that will prevent new businesses from entering the market successfully.

- The bigger franchisors in shopping malls will for example negotiate with centre management to prevent too many competitors getting space in the same centre.
- Or a business may register a patent to try to stop a potential new business from selling a similar product.
- And think how the government puts legislation in place to make it difficult for new businesses to supply electricity to consumers.
- Even large sums of money spent on advertising and having promotions where products or services are sold at a lower price make it difficult for a new business to enter the market.
- Taxes on imported goods is a barrier that government puts in place in certain industries to try to protect the local market from cheap, mass-produced goods from overseas.

2. **Availability of substitute products**

A substitute product does NOT refer to a different brand of product.

A substitute product is a different product that satisfies the same need. To illustrate substitute products sold by Famous Brands:

- Burger vs chicken wrap.
- Sugar vs artificial sweeteners.

The more substitute products available, the more 'indirect competitors' have to be considered in order to outperform them to make a good profit.

3. **The power of suppliers**

Any business that does not have a reliable supplier is going to encounter problems more often than not.

In order to be successful, the business depends on the supplier to supply a good **quality** product when needed **(timing)**, deliver it to the **place** where it is needed in the correct **quantity** and at a reasonable **price**.

Large suppliers, e.g. Amalgamated Beverage Industries (ABI – suppliers of Coke, Fanta, Sprite, etc.), Cadbury, Simba, etc. supply their products to Famous Brands AND a large number of wholesalers and retailers. It is important that the business keeps in mind that if the supplier sells to a competitor at a lower price or provides the stock to the competitor when there is limited stock, (e.g. during a strike), your business will be in a weaker competitive position and therefore probably be less successful.

The following are costs associated with no availability of stock:

- If there is no material, a manufacturer cannot produce (no sales = no profit)
- If there is no material, machines and labour cannot be utilised to their full capacity as the production or selling process grinds to a halt.
- Administration and opportunity costs are incurred when dealing with a stock out. If a business has run out of stock, it becomes very difficult to negotiate discounts when placing orders.
- Customer goodwill may be lost if customers have to go to competitors.

For this reason it is important to build strong and long-term relationships with suppliers as your success is to some extent determined by the suppliers of your products.

4. **The power of buyers**

The buyer may be a wholesaler buying from a manufacturer, or a retailer buying the products for his/her shop or even the consumer who has to spend his or her hard-earned money at your business. If you do not respect the buyer and offer them good value for money, he/she may decide to support a different franchise.

When a retailer sells to the final consumer, the following aspects may need some consideration:

- Brand loyalty or is the consumer prepared to swop brands if they can get a better deal? E.g. will the consumer eat at McDonald's even though Wimpy is closer to him/her?
- Price sensitivity – in some instances buyers may be happy to pay more for a product or service if it is delivered, has a guarantee, is conveniently available, etc.
- What type of product/service is being offered? E.g. a consumer may be prepared to travel a bit further to enjoy a high quality dining experience, e.g. Tashas restaurant as opposed to a Mugg & Bean eating experience.
- 'Snob-value' or the image associated with the product or service will also often determine where the consumer makes the purchase.

POSSIBLE STRATEGIES THAT COULD APPLY TO QUESTION 5.1.4
Give credit if the candidates mention the following strategies in their answers (where appropriate)

- Growth strategies (e.g. internal growth such as organic growth, external growth such as alliances, acquisitions and merges)
- Decline strategies (e.g. divesture strategy, harvest strategy, liquidation strategy)
- Corporate Combination Strategies (e.g. joint ventures, mergers, takeovers)
- Generic Strategies (e.g. low cost strategy, differentiation strategy, focus strategy)
- Intensive Strategies (e.g. market penetration strategy, product development, market development)
- Other strategies e.g. Revision of the Wimpy's mission statement, establish or revise objectives or allocate resources effectively/differently.

(Consider any other points in the answer)

(2 marks for the discussion of the challenge)
(2 marks for the suggestion of the strategy to deal with the challenge)
(Any 2 challenges × 4 marks each = 8 marks)

5.2 5.2.1 **List FOUR non-insurable risks that Steers could face in its daily operations.**

Normal operational risks, for example:

- Inflationary factors. This refers especially to price fluctuations in foreign trade where exchange rate fluctuations can lead to major price fluctuations.
- Changes in tastes, i.e. if stock becomes outdated and it cannot be sold, the risk is not covered by insurance.
- Improvements in machinery, production processes and technology are not covered by insurance. Franchises with old machines are at risk and should at best make sure that machines are leased rather than bought (risk transferred).
- Illegal activities or activities that are against public interest are not insurable, e.g. taking out insurance against being fined for an illegal act.

(Four non-insurable risks × 1 mark each = 4 marks)

5.2.2 **Discuss the impact of the Compensation for Occupational Injuries and Disease Act on Steers.**

- The Compensation for Occupational Injuries and Diseases Act (COIDA) requires that employers take out compensation on behalf of their employees to protect employees against injuries or death at work.
- COIDA protects the employer from claims made against him/her by the employee.
- Compensation is provided to the employee or his/her family in the case of the employee being unable to work due to an accident whilst being at work.
- Medical expenses and loss of earnings are also covered.
- Should it be a serious accident and the employee is disabled, he/she may also claim benefits and if he/she dies, his/her dependents will qualify for compensation.
- COIDA does not apply to military staff, the Police Force, domestic workers or casual workers.
- The fee is paid to the Compensation Commission annually and is based on the employee earnings and the risk associated to their profession.

(Consider any other relevant point on COIDA)

(Any 4 facts × 1 mark each = 4 marks)

5.2.3 **Describe THREE advantages of life assurance.**

- Life assurance provides security to families because breadwinners can make provision for their dependents by taking out life assurance.
- Life assurance policies can be ceded to a bank or other financial institutions as security for a loan.
- Life assurance protects creditors, i.e. if the debtor dies before the loan is repaid, the life assurance will cover the amount outstanding on the loan.
- Assurance provides security by making provision for the payment of medical and hospital expenses and compensation in the event of accidents and unemployment.

(Consider any other relevant points that relate to life assurance)

(Any 3 facts × 2 marks each = 6 marks)

5.3 5.3.1 **List and discuss, with the use of relevant examples, TWO management competencies that Mr Hedderwick should have in order to continue the success of Famous Brands.**

1. **Strategic-Action Competency:**
   - The strategic-action competency involves understanding the strategic direction of the business (mission and vision) and ensuring that all goals and objectives are aligned to the overall performance of the business.
   - This involves understanding the environments which the business operates in and how these environments can influence the overall performance of the business.
   - It is important that managers are able to think strategically; they will need to shift the business objectives as the different environments have an impact on the way the business is performing (both positively and negatively).
   - In some cases it will be expected that managers are able to anticipate strategic trends and accurately prepare for the future of the business.
   - Out-of-the-box thinking and flexibility is of great importance here.

2. **Planning Competency:**
   - This competency involves the skills and knowledge to plan for tasks effectively; deciding what resources are needed and determining how these resources will be used effectively. This involves:
     – Information gathering and problem-solving
     – Planning and organising of project and activities
     – Time management
     – Budgeting and financial management
     – Resource allocation
   - It also involves the monitoring of the progress to ensure that all projects (plans) are running according to plan.

3. **Global Awareness Competency:**
   - In order to be an effective manager it is important that the manager is able to draw effectively on the human, information, materials and other resources of the business.
   - This often means obtaining the necessary resources from multiple countries – which requires global awareness competency.
   - This competency also involves having a sensitive and open approach to culture and having the necessary knowledge and sensitivity to deal with cultural differences in the business world.
   - It requires an understanding of the way in which people behave and react in different situations, and the ability to avoid making general assumptions regarding how people interpret decisions, situations and the way problems are resolved.
   - An understanding and sensitivity towards cultural differences is critical to the success of business today.
   - Many businesses have developed mentorship and training programmes in order to accelerate the understanding of cultural differences in the workplace and thus ensuring a sound working environment.
   - Even within South African borders we represent a 'Rainbow Nation' and this awareness needs to be extended to our local colleagues as well.

4. **Teamwork Competency:**
   - Teams have become prominent in the way work is achieved in modern businesses. This is reflected in the structure, performance goals, compensation, training and all other systems associated with people management in organisations, and thus the importance of effective teamwork competency and the management of team dynamics.
   - Managers who use teamwork in their businesses could be more effective by:
     - Managing the dynamics of teams appropriately;
     - Creating a support structure for teams;
     - Designing teams properly;
     - Empowering teams to work effectively; and
     - Learning conflict management skills in order to avert disasters.

5. **Communication Competency:**
   - Communication is a process by which information is exchanged between individuals through a common system of symbols, signs, body-language and behaviour.
   - Communication competency is best understood as the ability to communicate realistic and appropriate goals/objectives and expectations to subordinates through informal communication, formal communication and negotiations.
   - It is also an inherent part of conflict management as problems cannot be sorted out without effective communication.

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6. **Self-management Competency:**
   - Self-management is both an attitude about yourself and a quality that others infer about you based on your behaviour, your work and the way you treat others.
   - Self-management is about having a high level of integrity and following ethical codes set by the business, as well as having a personal drive for success and ensuring that you work for the better good of yourself, others and the business.
   - It is about living a balanced lifestyle in order to maintain an optimal standard of living and level of efficiency for both the business and family

7. **Organisational awareness**
   - No organisation operates in a vacuum. Organisational awareness requires management to be aware of **internal**, as well as **external factors** that may have an impact on the success of the business.

   Internal:
   - The manager should understand the capabilities (strengths) and constraints (weaknesses) of the business.
   - In order for management (at all levels) to be successful, it is important for them to have an understanding of what happens in the entire business, because the actions of the different functions or departments in the business have an impact on each other (interdependent).
   - The manager should also have empathy and consider the pressures that different departments experience, and should aim to accommodate people where possible in order to ensure the entire business (rather than just that one department) is successful.
   - Management must also understand the organisational culture of the business. If there is something within the culture that is not desirable, a proactive plan has to be implemented to change the organisational culture to something that is in line with the vision and mission of the business. This is important in order to enhance the overall functioning of the business.

   External:
   - Management should demonstrate an understanding of the opportunities and/or threats that the business may face when viewed in the context of the external environment.
   - When one thinks of the external environment, it should be borne in mind that aspects such as national and international trends may have an impact on the business, but that the business could also affect events in the external environment by taking a stand for or against something.

8. **Analysis**
   - In order to develop both a global and organisational awareness, the manager should be able to identify important sources of information, gather the relevant information, interpret the influence that different events may have on one another and then compare alternative plans of action. This is the ability to analyse and draw conclusions.

- When information is analysed, potential problems should be identified and solutions pre-empted in order to make sure risks are managed.
- Management needs to understand that analysis is a difficult task and where possible, decisions should not be made impulsively, but only after consideration of all relevant facts.

9. **Empowerment and talent development**
   - The manager has to understand that empowerment and talent development is important, because it means the business is investing time and resources to assist with employees' development to achieve the goals and objectives of the business. When employees are empowered, and they have benefited from the development process, this is conducive to better morale and higher levels of motivation.
   - Empowerment and talent development can be done in a number of ways:
     – By giving an employee new skills through training.
     – By giving an employee new responsibilities and authority to perform a challenging new task, requiring him/her to think more broadly than before.
     – By giving an employee the freedom to choose how to do a task, provided certain pre-determined standards are met.
     – By monitoring performance and then giving constructive feedback.

10. **Initiative**
    - Showing initiative means the manager is not waiting for other people to think of new ways to improve his/her department or the overall business.
    - By demonstrating initiative, the manager will question the conventional methodology, but also encourage subordinates to think of new ideas and innovations before the situation demands it.
    - Initiative means being proactive and pre-empting issues before they arise in order to create a competitive advantage.

11. **Judgement/decision-making**
    - The manager continuously has to make judgement calls in different situations. This can only be done once all the relevant facts have been evaluated in an objective manner.
    - Although the ideal would be for the manager to be able to evaluate his decisions clearly before taking action, in some instances it is not possible. Sometimes an immediate decision is required to capitalise on an opportunity; the manager cannot hesitate to make that crucial decision. One of the most important skills a manager can utilise in such a situation is to apply **logical reasoning**.
    - It is important for the manager to employ integrity when making judgement calls/decisions. This demonstrates leadership and a willingness to acknowledge accountability for his/her decisions.

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12. **Negotiation**
    - A successful negotiator is able to convey his/her opinions in a clear and accurate manner to the audience (employees, trade unions, suppliers, etc.) and then to use these skills to persuade the audience to understand his/her point of view.
    - It is important that people have an understanding of all the relevant opinions. A manager who is a skilled negotiator will try to facilitate a win-win situation, using compromise to resolve problems.
    - It is important to obtain buy-in from the most influential role players – especially in sensitive or high-pressure situations, because these informal leaders may influence others in the negotiation process.
    - It is a myth to think people are born good negotiators. It is a skill most people can acquire. This expertise is especially relevant for managers at all levels to develop.

13. **Customer service orientation**
    - In a successful business, customers and their needs are the primary focus areas and should be considered in all business decisions.
    - It is crucial that the manager listens and responds to customer's questions, problems and feedback, as it is an important way for the business to give the customer what he/she expects and requires from the business.
    - A productive customer relationship based on trust and credibility will ensure that existing customers keep coming back to buy from the business.

    [Give credit if candidates have used information from **extract** given in question]
    (Consider any other relevant points in the answer: theoretical or taken from the case study)

(1 mark for mentioning the competency)
(2 facts × 1 mark each for the discussion of competency)
(Total: Any 2 competencies × 3 marks each = 6 marks)

5.3.2 **Mr Hedderwick is also a successful intrapreneur. Describe FOUR intrapreneurial characteristics that Mr Hedderwick has that have added to the success of Famous Brands.**

- A successful intrapreneur/leader will be **results driven**. These desired results may differ widely, but unless the manager has clarity in his/her own mind about what the outcome should be, the desired result will not be achieved.
- A **vision** of what should be achieved must be formulated, while at the same time being aware that in a world where we experience fast and ever-changing influences, the vision may have to be adapted to stay relevant and realistic. **Flexibility** is therefore crucial.
- An intrapreneur has to realise that he/she will never achieve long-term success unless he/she builds his/her success on **teamwork**. This does not imply that he/she exploits his/her followers, but rather that he/she 'energises' them through his/her own creativity but also by encouraging them to be creative.
- The **desire (drive) to achieve**, ambition and a constant strive for improvement.
- Influencing followers will be determined by the leader's ability to inspire, to gain trust and to motivate without striving for popularity but rather through gaining respect.

- In order to achieve this, the intrapreneur will have to display **honesty and integrity** by leading through example, sharing both risks and rewards with followers and ensuring he/she practises what he/she preaches.
- **Instilling confidence** in followers is very important. This is not possible, however, unless the leader has the self-confidence to make decisions in uncertain circumstances and to overcome unavoidable obstacles. Unless the leader has confidence in his/her own abilities, he/ she may be reluctant to allow and encourage followers to grow and develop their own potential. This will in the long term lead to low morale and dissatisfaction.
- Intrapreneurs possess what is called '**emotional intelligence**'/ '**EQ**'. This refers to the person's ability to control their emotions and deal with problems in a mature manner.
- **Communications skills**, including active listening, are of the utmost importance if the leader wants to transfer his/her ideas but also obtain input from others.
- All of the abovementioned will still be utterly useless unless the intrapreneur has the ability and self-motivation to **follow through and implement** plans to reach the desired outcomes.
- Without 'follow-through' the best leader will fall flat on his/her face, but more than this, a lack of implementation may make followers cynical and lower their morale.
- Also give credit if candidates mention having the necessary management skills, i.e. planning, organising, leading, controlling, coordinating, communicating, delegating, disciplining, motivating and decision-making.

(Consider any other relevant attitude/characteristic that an intrapreneur can display any information given in extract)

(1 mark for mentioning attitude/characteristic) + (1 mark for discussion)

(Any 4 qualities × 2 marks each = 8 marks)

5.3.3 **Explain, with the use of relevant examples, when it is appropriate for management to use a situational leadership style.**

- It can be argued that all leadership styles are situational, i.e. democratic, autocratic, laissez faire, transactional, and transformational.
- This approach states that effective leadership varies from situation to situation and it is believed that different leadership styles would be appropriate in different situations.
- The leadership style applied in a specific situation may be influenced by:
  - The organisational culture, which in turn will be a reflection of the leader's as well as the followers' value systems and beliefs.
  - The abilities of the leader as well as those of the followers will also impact on the chosen leadership style.
  - A third factor may be the relationship between the leader and the followers. The leader will for example consider the likelihood of the follower accepting the instruction. When it appears unlikely that the follower will willingly accept the instruction, the leader may resort to an autocratic style while highly motivated followers with the required skills may allow for a different approach.

(Consider any other relevant points in the answer)

(Any 4 facts × 1 mark each = 4 marks)

[50]

QUESTION 6

6.1 6.1.1 **List and discuss THREE factors that could have contributed to Debonairs building a strong brand.**

QUALITY: is a vital part of a brand, it represents the core benefit, the things the consumer expects from the brand. Quality can be subjective in the mind of the consumer – so the marketer has to appeal to those psychological elements that ensure that the quality is foremost to enhance the brand. The expectation of the consumer is also linked to quality.

POSITIONING: is about the position in the market space that the brand occupies in the minds of the consumer.
Strong brands have clear and often unique positions in the target market.
Positioning is achieved through:

- Brand name
- Image
- Service standards
- Product guarantees
- Packaging
- Delivery

Positioning normally requires a combination of the above elements, and how it fits into the greater market.
Whether a brand is positioned as a luxury provider or an essential service is governed by, and governs, the above elements.

REPOSITIONING: occurs when a brand tries to change its market position to reflect the change in customer tastes. It could be that the brand has become old and tired, and perhaps no longer appeals to a particular market group, i.e. the original market group have matured. A new approach needs to be taken to create a new position with the current or new market. E.g. Marmite recently changed their market position from an 'old staple' to 'cool and trendy' with some clever digital and social campaigns.

COMMUNICATION: this element is critical for the brand development as it ensures that all the elements of the marketing mix have been clearly thought through and developed, with the customers' perceptions in mind. It has to build awareness and help build a personality and to reinforce the perceptions.

LONG-TERM PERSPECTIVE: this speaks to developing and investing in a brand over time and looking particularly at how customer loyalty is to be created and maintained. The brand should also be sustainable in the long-run if the option of re-inventing itself, especially in a highly competitive market environment, exists.

INTERNAL MARKETING: looking at how the brand is developed internally as well as externally, by focusing on the whole business's understanding of the brand values and positioning with relation to the business mission and vision. Getting the employees to live the brand, and essentially become the brand ambassadors.

CREDIBILITY: this is the business's promise to deliver what it has said it would. By delivering at the right quality, time, price and place the business builds a positive reputation with consumers.
(Consider any other relevant points)

(1 mark for mentioning factor)
(3 facts × 1 mark each for explanation of factor)
(Total: Any 3 factors × 4 marks each = 12 marks)

6.1.2 **Explain why it is important for Debonairs to have an innovative, creative advertising campaign.**

- In the advertising game it is all about being ahead of the competition.
- The level of rivalry in the pizza industry is high. (Dominos/Pizza Hut/ other businesses offering pizzas on the menu.)
- They are trying to do all they can to attract customers to their market – advertising is key.
- Your advertising has to be fresh, innovative in order to attract the customer that is extremely fickle in the pizza service industry.
- Consumers are spoilt for choice – there needs to be reasons/mechanisms in the market that encourage them to choose pizzas as their meal choice.
- Debonairs wants to maintain its niche market of customers.

(Consider any other relevant point in the answer)

(Any 3 facts × 1 mark each = 3 marks)

6.1.3 **Describe THREE of the aims of the Consumer Protection Act.**

- Promotion of a fair, accessible and sustainable marketplace for consumer products and services – ensuring that the marketplace is ethical.
- Norms and standards to protect the consumer. Consistency with regards to the protection of the consumer and that there is uniformity when approaching the rights of the consumer.
- Prohibits the use of unfair marketing practices in the market place. Implementation of penalties if there are transgressions.
- Promotes responsible consumer behaviour, i.e. ethical consumerism on the part of the consumer – re-consideration of purchasing habits, access to information in the market/product information, etc. …
- Lays down laws relating to transactions and agreements. The rights and responsibilities of the buyer and seller are spelt out.
- It brings into being the National Consumer Commission and National Consumer Tribunal to enforce the protection of consumers. The legal protocols are detailed.

(Consider any other relevant aim of the CPA)

(Any 3 aims × 2 marks each = 6 marks)

6.1.4 **Describe how 'Processes' as one of the elements of Debonairs's service marketing strategy could contribute to the success of the business.**

- The process of giving a service is crucial to the level of customer satisfaction received.
- Issues such as waiting times, information given and helpfulness of staff is vital for the success of any business.
- Customers are not interested in the running of the business; what matters to them is that the correct systems are in place and that they are working.

- Process in the business should not be overlooked, a customer trying to reach the business by phone is a vital source of income and has the possibility of being a repeat customer, but often consumers are left holding before they get through to the correct person, or the wrong information is being given by employees not trained correctly.
- Many consumers will give up because of a poor business process and will be left with a negative impression.
- It is important to keep in mind when designing systems to not only concentrate on what makes the business more effective in its running, but how the consumer will experience that system too as this is the first experience the consumer will have of the business.
- There is no value in ensuring the rest of the business runs perfectly if the process is faulty.
- This policy could be the greatest contributor to the business's competitive advantage.

(Consider any other relevant impact of 'Processes' on Debonairs)

(Any 6 facts × 1 mark each = 6 marks)

6.2 **Evaluate how Debonairs complies with the Skills Development Act from an employee point of view.**

Candidates must discuss the extent to which Debonairs is meeting the following aims:

- Using the workplace as a place of learning.
- Improving the level of investment in education and training.
- Ensuring that quality training (accredited programmes) is offered.
- Improving employment opportunities for disadvantaged people.
- Encouraging workers to get involved in training programmes.
- Encouraging entrepreneurship by providing training where necessary.

(Consider any other point in the evaluation)

(Any 5 relevant facts × 1 mark each = 5 marks)

6.3 **Suppose Famous Brands has R2 million surplus funds to invest. Suggest TWO investment opportunities that the management could consider and give reasons for your suggestions.**

Candidates can argue their suggestion using any one of the FOUR major asset classes.

CASH – LOW RISK

Cash is the one investment from which investors can never hope to make a fortune, although it can safeguard them against losing one. Cash investments, including bank deposits and money market accounts, offer investors the assurance of a regular interest income and the knowledge that their capital will not be subject to huge external fluctuations. But cash also carries risk. There is no guarantee that the capital sum will be protected against inflation, as this investment does not have capital growth potential, i.e. it is essentially an income-generating investment and the initial investment will only grow if the income generated is reinvested.

PROPERTY – MODERATE TO HIGH RISK
Property is often the biggest asset in a person's investment portfolio. Property can keep up with inflation and can be a very effective way of gearing (the ratio of borrowed to own capital) your investment. This means that by using external financing, investors can increase the return on their investment (make a profit out of the borrowed money, which is referred to as a positive leverage effect). Debt in the form of a mortgage bond can help investors acquire an asset – and a return on this asset – that they would not otherwise be able to afford. This risk of property, however, is moderate to high. Much depends on the location of the property and the political and economic environment. Contrary to the traditional theory on returns, the South African economic environment in recent years has been such that the property market has achieved greater returns than equities due to the property boom. One big drawback of this asset class is its lack of liquidity, i.e. the fact that investors cannot sell property as quickly as investments in other asset classes. For that reason the safest option is to own a home, but to leave property speculation to the experts.

BONDS – MODERATE RISK
Bonds or gilts can be defined as interest-bearing securities issued by government or companies in order to borrow money. In essence it is an 'IOU' in which they promise to pay the lender interest and to pay back the lender's capital sum on a specific date. This asset class offers a moderate risk. The capital sum that is invested can fluctuate, while the interest payment can be higher than on cash.

EQUITIES – HIGH RISK
An investment in equities (shares or stocks) means that investors have obtained part-ownership in the company whose shares they have bought and become shareholders. Some companies are listed on a stock exchange, which means that shares can be traded freely on that stock exchange, e.g. JSE Ltd in South Africa. Although equities are a high-risk asset class, they have the best chance of beating inflation over the longer term if investors have invested in blue chip shares (major, stable companies). Investors with high-risk profiles should keep a significant proportion of their portfolio in equities. Basically, the longer the time before retirement, the more you should invest in equities. Apart from the capital growth when the value of the shares increases, a shareholder may share in the profit of the company by receiving a dividend.
(Consider any other relevant asset class as part of the answer)

(1 mark for mentioning the asset class)
(3 marks for the discussion of the asset class)
(Total: 2 asset classes × 4 marks each = 8 marks)

6.4 **Famous Brands could encounter a similar problem in its organisation. Suggest with the use of a problem-solving technique, how Famous Brands could effectively deal with the potential problem.**

There are a variety of techniques that candidates could use to answer this question.

Possible techniques:

1. **Pros and Cons Chart:**
   In order to solve the problem, you need to weigh up the options using the more detailed information you now have. It is not as easy as looking at which option has the most pros or the fewest cons. It is therefore necessary first to prioritise the issues and then decide. In order to analyse the chart more intelligently, you could use some sort of weighting technique.

Suggestions for weighting a pros and cons chart:

- Allocate a ranking of importance (most important A, least important F) and then see in which section the most As and Bs occur; or
- Score each aspect on a scale of 1 to 5, where 5 is a more important aspect, and then adding each sub-section up to see where the highest score is.

Either way, you will still have to look at it logically and make a decision; these methods just provide some guidelines.

2. **SWOT Analysis**

This is used to identify the Strengths and Weaknesses (Internal Factors which the business has control over) as well as Opportunities and Threats (External factors that the business has no control over) in both the micro and market environments. Once the individual issues have been identified, problem-solving or decision-making can then focus on the real issues. This analysis is also widely used for identifying the 'SWOT' components in a team, or for a potential entrepreneurial business.

3. **P^2E^2STLE Analysis**

The PESTLE approach (Political, Economic, Social, Technology, Legal and Environmental – depending on the business involved, Physical and Ethical factors may also be included) identifies and analyses the challenges affecting the macro environment, which the business has no control over.

4. **Decision-tree Technique**

A decision tree is a complex decision-making tool that is used by management to graphically compare the different options available when making a decision. Its aim is to promote rational decision-making and clarify available options. Its benefit lies in the fact that the possible options are quantified, so each decision process can be calculated and a value reached that shows the probability of success of each option. Likely scenarios are brainstormed with possible decisions noted. In the case of a crisis arising, the decision tree is then used to apply to the specific situation. Because the possibilities were analysed in a calm way when there was no actual crisis, it eliminates the possibility of overlooking an important option

5. **Scenario Analysis**

Scenario Analysis is the process of analysing possible future events by considering alternative possible outcomes (scenarios). The analysis is designed to allow improved decision-making by allowing more complete consideration of outcomes and their implications.

6. **Delphi Technique**

The Delphi Technique is a problem-solving technique whereby participants do not have to be physically present in the same room. With the premium on time in our modern business world, and the fact that corporations are spread across the world, it is a useful way to harness brainpower from across the globe. A panel or single expert is used to make forecasts based on their superior knowledge about a topic. It can be done in (anonymous) interviews or by using questionnaires. The identity of the expert(s) is often kept anonymous to prevent the halo effect, or to keep all participants from jumping on the same bandwagon (group think).

7. **RIMS (Rational Interaction for Moral Sensitivity) strategy**
In many businesses and especially businesses in a country such as South Africa (with its vast cultural, religious and racial diversity) differing opinion on ethical and moral stances create ethical dilemmas when conducting problem-solving. The difference between what is perceived as being right or wrong becomes unclear and this makes decision-making difficult. Jürgen Habermas, a contemporary German philosopher, developed a strategy for moral decision-making in business, known as the 'Rational Interaction for Moral Sensitivity Strategy'. He focuses on the process by which ethical decisions are made. He refers to the 'ideal speech situation' – the situation where all participants in the discourse are truly equal and in which all forms of coercion or force have been removed. The only thing of force is the most rational argument, i.e. an argument that is logical, clear and understandable. Discussions must take place within a climate of tolerance of all factually based opinions.
(Consider any other relevant technique to solve the problem)

Mark allocation:
(1 mark for mentioning the technique)
(3 marks for applying the technique)
(1 mark for coming up with a viable solution)
(Total: 5 marks)

6.5 **Refer to the following extract and then answer the questions that follow:**

> "There is a dilemma facing businesses in the 21st century i.e. the mindset that we're not at the top of a little hill called Corporate Social Responsibility, we're at the bottom of this big mountain called sustainability."

[Extract from *Screw Business as Usual* by Richard Branson 2011]

Do you agree with this statement? Motivate your answer by discussing the impact of sustainability in Famous Brands's Corporate Social Responsibility programmes.

Candidates can motivate their answer from the following perspectives:

A company is seen as an integral part of the community within which it operates. It is expected that the company will act in a responsible manner, which involves understanding the impact the company has on social, environmental and economic issues (the triple context in which companies operate).

Key stakeholders should no longer focus only on the needs of the present, but should also be concerned with the future needs of generations to come. Companies should look towards economic development that does not negatively impact on environment and social development. Sustainable development examines/measures the relationship between these three elements, referred to as the triple bottom line (TBL).

TBL accounting has taken the traditional measurement of success to a new level by including all three elements as performance criteria. TBL is also referred to as 'people, planet, and profit' or integrated reporting.

What sustainable development essentially means is that once a company has engaged in a business activity, people need to be better off, the planet must not have degraded and that the company's economic position has been strengthened.

To secure sustainable development it is important that all stakeholders are treated fairly. Companies need to design products, process and practices that do not degrade the environment, but at the same time stimulate profit-making.

Social and environmental sustainability should be placed at the core of any company looking for continuing development and improvements.

1. **The social sustainability** pillar is concerned with the fair treatment of society as a whole. Focus is on social equity, meaning, being treated with fairness. Sustainable development strives for:
   - Fair income distribution
   - Fair access to income and education
   - Fair distribution of costs and benefits of environmental protection
   - Fair trade
   - Fair access to prices between all social, gender and cultural groups
   - Similar chances of well-being between generations

   Companies need to encourage social equity in the communities in which they operate. Poverty is due to a lack of social equity, as the poor do not always have a fair access to products and services due to constraints caused by a lack of income, education and infrastructure.

2. **The environmental sustainability pillar** refers to those business activities which are concerned with the degradation of the environment; carbon emissions, soil depletion, deforestation and pollution, etc. A healthy environment is one with clean air and unpolluted water and is a basic human right.

   As businesses go in search for more resources, they may impact negatively on the environment. Businesses have found it difficult to place a value or suggest a cost on the environment, as it is difficult to determine this for something that was given for 'free'. Society has taken the environment for granted.

   Unfortunately the real value of our environment will only truly be realised once it no longer exists. It has become important that companies preserve environmental quality in their everyday activities. They can do this by considering the 4Ps of sustainable design:
   - **Product:** by looking at the products and services they produce and finding better and less harmful ways to produce these, businesses could consider the use of recycled materials or reusable materials. Cutting down on unnecessary waste.
   - **Processes:** assessing the activities that form part of the company's value chain, both internally and externally.
   - **Practices:** includes all practices that the business is involved in, from daily activities, operational activities, organisational culture and waste disposal to the effective use of energy.
   - **Premises:** assessing the way in which the building and surroundings are designed.

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The economic sustainability pillar measures both economic growth and development. Growth is seen as a physical development in size, while development is seen as improvements or the unfolding of potentials that lead to success. Companies need to grow and develop if they wish to be successful.

Companies should focus on reporting on: the profits, growth and contributions to social equity.

Companies that take into account sustainable development are more likely to succeed as they are actively involved in rethinking the way they conduct business. These companies are actively looking for strategies that work in protecting the future for the next generation.

Candidates could bring in arguments for and against CSR

Some of the arguments in favour of CSR may include:

1. If the business does not get involved in assisting in the solving of social problems, society will encounter socio-economic problems that will ultimately have a detrimental effect on the business. Businesses should thus help to improve society by taking a proactive stance.
2. Expertise and resources to deal with socio-economic problems often already exist in the organisation and it is therefore the moral duty of the business to lend a helping hand where it can. An example in this regard may be skills in the training department that could be applied in the area of Adult Education.
3. If the corporate sector gets involved in CSR, it is less likely that Government will enforce the issue through legislation. CSR can help to promote the image of the business and gain goodwill. This can, for example, be done by sponsoring sports events. Social Responsibility and Public Relations are therefore often seen as being complimentary to one another.
4. CRS is not only about 'good deeds' but also about making a difference through job creation and improving the general standard of living of the community. This will only be the case if the CSR initiatives are sustainable.

Some of the arguments against CSI may include:

1. Providing goods and services that meet the needs of consumers is, according to some, already being socially responsible.
2. Shareholders are the only real stakeholders in the organisation because they invested financially and therefore the business should only be accountable to shareholders in terms of the bottom line (profits). CSR means the business is spending money without real benefits in terms of Return on Investment (ROI). It only gains positive public exposure that is often hard to measure and quantify.
3. Employees are remunerated according to how well business targets are met and having to spend time on CSR distracts them from their real responsibilities.
4. Spending money on CSR means the business has to recover it somehow and this will lead to higher prices and inflation, which have a negative impact on the economy.

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5. When businesses get involved in CSR it may create expectations with the people of the community and this may have devastating results if their expectations are not met. This may be especially true if the business does not perform a decent needs analysis or take the trouble to learn what the community really needs in the short term AND long term.
6. One of the critiques on CSR is that it does not always lend itself to sustainable development in communities. Unfortunately this is true for many CSR programmes that are not well thought through and not aimed at long-term results in a community. Some organisations follow a hit-and-run approach of getting involved and getting out. The SRI evaluates companies' sustainable social involvement in communities in terms of aspects such as poverty relief, social upliftment, human capital development and health and safety issues.

(Consider any other argument in support of their motivation)

(Any 5 points × 1 mark each = 5 marks)

[50]

150 marks

Total: 200 marks

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