



Grade 12 Business Studies Exam
April 2008

Marks: 150

Time: 2 hours

Examiner: Mr D Musto

Moderators: Mesdames A.Jew and D.P.rinsloo

LO1/AS1.2.4; LO2/AS3; LO3/AS2.7.8

Instructions

1. This paper consists of 6 pages. Please check that your question paper is complete.
2. Answer ALL the questions.
3. Number your questions exactly as the questions are numbered on the question paper. Each question is to be answered on a new page.
4. Neatness and a systematic presentation of facts is essential. Answer all questions in POINT FORMAT!!
5. Marks will be deducted for untidy and illegible writing. It is therefore in your own interest to write legibly and to present your work neatly.

Read the case study and refer to it when indicated.
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NO to the 'African handshake'!

by Vinbal Tsopotsa, Managing Director, Verdure Communications

Over the next few years many more South African companies will cross-border ambitious new businesses and become major players within numerous African markets in fields as diverse as construction, financial services, technology, telecoms, retailing and logistics.

What sort of partnerships do we wish to become in these countries? Do we simply provide modern solutions and technical expertise or do we raise the bar and do all of the above while adding further value through ethical examples? To put it crudely, do we pay bribes or don't we? Those of us who say no to the African handshake will certainly often feel frustrated when competitors then win the business or a project solely because 'facilitation fees' were not advanced and one delay follows another. However, the cost of bribes accounts a heavy price in more ways than one.

The US outlawed bribery of foreign officials more than 20 years ago and is still one of the few countries to have criminalised backhanders, but a game of ethical catch-up seems to be under way

many resources as possible from outside the country. It may take longer, but shipping in an entire package in one lot avoids the necessity for local clearances and paperwork on every conceivable item. In turn, the locals realise that competition costs jobs and cripples business.

Getting the message across takes time. But every little victory is the source of great satisfaction. Experience confirms that business is possible without the African handshake. Profits can be made, costs curtailed and repeat-business won. But the crucial issue is that of long-term support. African clients are not stupid, nor are their relatives in the civil service. The legislation has deemed that the bribepaying company is usually looking for a quick profit and a fast exit. Support then becomes a problem. The company with the greatest resistance to bribes is the company with the deepest commitment to Africa because once you start, you can't stop. Over the long-term, bribes bleed you dry. Bribery is not sustainable and is high risk in an era in which international agencies and local reformers are gunning for the corrupters of Africa.

around the world. Some major companies previously tainted by bribery allegations now reportedly support a clean-up. Critics question their motives as costs are rising in the bribery business. One observer notes that "Mr Ten Percent is becoming Mr. Thirty Percent". Whatever the motivation, we see a strong trend toward improved governance, and major institutions include the WTO, IMF and World Bank - organisations who strong messages over African ethics. In addition, many African nations are running anti-corruption campaigns. Some may simply be 'window-dressing', but other efforts are sincere and courageous.

Chronically under-paid officials can and do respond when they see that a no-bribes policy is not merely the first stage of your negotiating position. On-the-ground education is vital and can be underlined by reference to costs. To be meaningful, cost has to be put into terms local people understand. An ethical business response when bribes are demanded (but are not going to be paid) may be to seek alternative solutions. Instead of buying local materials and employing local people, the project leader brings in as

QUESTION 1

You need to refer to the case study for some of these.

Indicate whether the statement is True or False. If it is false, you need to correct the statement.

- 1.1 Consequence based theories states that it is the outcome of an action that determines whether the action is right or wrong.
- 1.2 Moral Absolutism states that there are many ethical solutions to a problem.
- 1.3 "The US outlawed bribery" looks at ethics according to a principle based theories.
- 1.4 Bribery is sustainable.
- 1.5 Competitors fall in the macro environment.
- 1.6 WTO stands for World Trading Output.
- 1.7 Tax evasion is not disclosing all income.
- 1.8 Primary research is using material produced by someone else.
- 1.9 The King II Report states that businesses should focus on "Bottom Line Reporting".

QUESTION 2

Give one word/phrase for the definitions below

- 2.1 The practice of giving employees the right to control their own activities. (2)
- 2.2 This stage is indicative of unrelated members either through election or spontaneously coming together. (2)
- 2.3 More than one member wants to play a certain role. (2)
- 2.4 Working together to produce greater results. (2)
- 2.5 The personality of an industry. (2)
- 2.6 Publications which are not subject to copyright, and are freely available for general use e.g. Government Publications. (2)
- 2.7 The state of having little or no money and few or no material possessions. (2)
- 2.8 Groups of people or individuals that have an interest in or that will be affected by a business. (2)
- 2.9 Businesses put money into projects that will improve the living standards and conditions of the community, and indirectly their workers and families. (2)
- 2.10 Social responsibility programmes initiated by companies where a process is set up to ensure that the programme/project continues. (10)

QUESTION 3

Imagine you are the manager of a company.

- (a) What would you do in the following cases? (2)
 - (b) Indicate whether you have used moral absolutism or moral relativism. (4)
- 3.1 A member of your sales team is exploiting people living in rural areas, claiming that he/she has to spend more money on transport to get goods to them. (3)
 - 3.2 A customer gives you an expensive car as a present. (3)

QUESTION 4

Refer to the case study "NO to African Handshakes" to answer the questions below.

- 4.1 Define bribery. (2)
- 4.2 What is meant by "crossborder" ambitions? (2)
- 4.3 Explain why the African handshake may cause frustration. (4)
- 4.4 Explain what is meant by, "In time, the locals realise that corruption costs jobs and cripples business." (4)
- 4.5 Name and explain one disadvantage that businesses face when they accept the African Handshake. (2)
- 4.6 Name the two levels at which this activity (African Handshake) is taking place. (2)
- 4.7 Your employees are feeling frustrated as they are not being offered any promotions or salary increases. As a democratic leader you want your employees to empower themselves. Explain in point form how you will do this. (5 x 2 = 10)
- 4.8 List FIVE examples of social responsibility projects/investments the broader community expects businesses to contribute to. (5)

QUESTION 5

5.1 Identify the *direction of communication* in the following scenarios:

- A. The CEO of Zuma Land Ltd delegates the responsibility of planning a golf day to his marketing manager.
- B. The marketing manager queries the budget he has to spend with the financial manager.
- C. The marketing manager provides feedback to the CEO on the number of entrants he has had for the golf day.
- D. The marketing manager send out invitations for the golf day to prospective clients. (8)

5.2 Discuss formality of communication in terms of the golf day in question 5.1. Use examples. (2 x 3 = 6)

5.3 What type of report must the marketing manager supply the CEO with after the event has taken place? (1)

5.4 In preparing presentations, irrespective of the type of presentation, certain 'ground rules' are critical. Name them. (5 x 1 = 5)

5.5 Design a slide using the following information. (10)

Cool-Stuff is a new clothing company selling beach and surf wear. Their target market consists of teenagers throughout South Africa as they feel that the style of clothing is so popular that teens in non-coastal regions will also purchase the product. They have conquered 47% of the market. The summer sales figure for 2007 was R1 000 000, while the winter figures came to a total of R780 000. The projected figure for 2008 is R1,2 million for summer sales and R850 000 for winter sales. This has not been confirmed. A total of 1 211 workers are employed by **Cool-Stuff**

5.6 Name and briefly explain THREE different types of corporate strategies to gain competitive advantage in the market. (8)