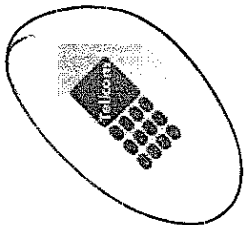


PAPER 1



No memo

Telkom is Africa's largest integrated communications company, providing integrated communications solutions to an entire range of customers. Telkom's passion is to become world-class.

Leaders for the next generation

Future generations of Telkom leaders are being developed through succession planning, aimed at preparing high-potential employees for future senior management positions. Succession planning centres on four talent pools: young talent (under 30 years), critical skills, global and business development talent and top executive and executive succession talent. So effective is succession planning at Telkom that we are able to fill 60% of vacancies in senior management positions from within the company. Outside appointments for the remaining 40% of positions refresh and expand our skills pool.

Proudly South African people

In 1993, several years before South Africa's Employment Equity Act came into effect, Telkom introduced the employment equity programme to ensure that our workforce reflects the country's demographics. As a result of this early start, Telkom is one of the most transformed organisations in the ICT sector.

- As at 31 March 2007, 59% of our employees were black and 26% were women.
- At management level, 40% were black and 22% female.
- Of all outside appointments made in the 12-month period, 83% were black and 41% female.
- In the case of internal appointments, 69% of employees promoted were black and 47% female.

Disability is also an important part of our employment equity programme, particularly "reasonable accommodation", which is intended to remove barriers to the performance of employees with disabilities.

The modern corporate environment is demanding and, together with personal, lifestyle and social factors, can take its toll on the health and wellbeing of employees and their families, as well as on business performance and productivity. Telkom has developed an integrated profile of our employees' physical, psychological and socioeconomic health so that we can identify health trends and potential risks, and act on them before they escalate. For example, a number of our field staff has been victims of hijackings, robberies and other criminal activities. In response, Telkom's Thuso employee assistance programme developed a trauma and crisis kit for line and operations managers. Already, more than 100 line managers have been trained in basic counselling and facilitation techniques and many more will be trained in the 2008 financial year.

Telkom was one of the first companies in South Africa to recognise the potential threat of HIV/AIDS and has been running an active HIV/AIDS workplace programme for more than 10 years. It includes voluntary counselling and testing (VCT), in which more than 59% of our employees have participated since September 2004. Where employees or their family members test HIV-positive, they receive confidential access to treatment through Telkom's chronic disease management programme.

Dialogue starts with disclosure

The starting point for healthy dialogue with stakeholders is accurate, reliable information about our business and finances. In July 2007, the quality of Telkom's financial reporting was confirmed when we achieved full compliance with the Sarbanes-Oxley Act (SOAX) in the United States. 2007 was the first year in which Telkom, listed as a foreign private issuer on the New York Stock Exchange, was required to achieve full SOAX compliance. That we succeeded in our first attempt is all the more significant considering that compliance has eluded approximately 580 American listed companies. This

achievement was followed by the JSE Limited's announcement in November 2007 that Telkom has qualified for the JSE's 2007 Socially Responsible Investment (SRI) index. The SRI is a means of measuring the triple bottom line performance of companies in the FTSE/JSE All Share Index, using environment, society and governance indicators. Companies that qualify for inclusion are regarded as role models in incorporating sustainability principles into their everyday business practices. Telkom was also included in the first SRI in May 2005. Also in 2007, Telkom was named the winner in three categories of the Investor Relations (IR) Global Rankings for Africa. We won the categories for best IR website, best corporate governance practices and best financial disclosure procedures.

Empowerment builds sustainable markets

Telkom sees Black Economic Empowerment (BEE) as a vehicle for contributing to the socio-economic stability close to our stakeholders' 25 development of South Africa and to create a sustainable marketplace for our products and services. The current focus areas of our BEE programme, which has been running for 11 years, are preferential procurement and enterprise development. In the 2007 financial year, we directed a total of R8.8 billion to BEE suppliers, including suppliers with significant BEE programmes. Of this, R1.5 billion was spent with large black suppliers and R1.5 billion with black small, medium and micro enterprises (SMMEs). SMMEs also benefit from shorter payment cycles, exclusive participation in certain tenders and preferential prices when bidding. Enterprise development revolves around assisting black suppliers, especially SMMEs, to enhance their quality management processes, health and safety practices and entrepreneurial capacity. In 2007 alone, 1,700 suppliers participated in Telkom-run training in health and safety, building entrepreneurial capacity, business process management and Flagship Training DC Power. A further 28 black suppliers received assistance in Process Control Release (PCR), which is Telkom's abridged ISO 9001 quality management programme. These suppliers go through a period of between six and nine months of development, after which they are audited and, if successful, certified as being compliant with Telkom's PCR requirements.

Making a difference to communities

Telkom's corporate social investment activities are managed by the Telkom Foundation, a registered public benefit organisation that is recognised by the Department of Education and has consistently been rated as one of South Africa's leading social responsibility organisations. In the 2007 financial year, the Foundation had a budget of approximately R51 million. Traditionally, the Telkom Foundation invested mainly in ICT-related initiatives such as school and community computer centres, as well as mathematics, science and technology education and training. Moving into the future, the focus will be more on education and knowledge, sustainability, food production and ICT.

Three current projects demonstrate the shift in investment focus:

ICT empowered communities: This project takes a holistic view of CSI by incorporating ICT, skills development, entrepreneurial projects, food gardens and agricultural technologies. There are now nine ICT empowered communities in some of the poorest and remotest areas of the Free State, Eastern Cape, Northern Cape, Mpumalanga and Limpopo provinces. At the community of Villiers in the Free State, for example, the Telkom Foundation has introduced sewing, baking and wire craft projects for women. The Foundation also assisted by introducing food gardens and basic training in sustainable crop production in schools.

Beacon of Hope: This is a new initiative designed to invest in the development of future leaders, particularly in the areas of Maths and Science, by assisting top Grade 7 learners from disadvantaged backgrounds and under resourced schools. These learners are placed in better-resourced schools, with the Telkom Foundation paying all costs for their education and extra mural activities. So far, 105 learners have benefited.

Giving from the Heart: Through this programme, Telkom employees volunteer their time and money to community projects. So far, more than 5,000 of our employees have signed up and donate a portion of their monthly salary to Giving from the Heart initiatives. Employees also have the option of participating in Telkom Foundation projects. Alternatively, they can identify their own charity to which they give time and money, with the Telkom Foundation then matching their donations Rand for Rand.

SECTION A - This section is compulsory. Answer ALL the questions.

QUESTION 1

Various possible answers are provided for each of the following questions. Write the **letter only** of the correct answer next to the corresponding number.

- 1.1 Suggest which one of the following is an example of responsible management in a global environment? (02)
- A Considering the employment practices of potential overseas suppliers.
 - B Clearing rainforests to grow crops for fast-food outlets.
 - C Creating a tax-avoidance scheme to increase profits for shareholders. (02)
 - D Establishing production processes to increase employment without safety training.
- 1.2 Barries is a supervisor in the production department of a small engineering company. His normal working hours are from 07:00 to 19:00 and from 19:00 to 07:00 on alternative weeks. He also works every second weekend from 07:00 to 07:00. He receives no overtime for these hours. Which Act is violated? (02)
- A Occupational Health and Safety Act
 - B Basic Conditions of Employment Act
 - C Employment Equity Act
 - D Skills Development Act
- 1.3 In an attempt to resolve a dispute between an employee and an employer, the union has recommended a confidential discussion of issues in the presence of a neutral third party. Which dispute resolution process has the union recommended? (02)
- A Arbitration
 - B Common law action
 - C Conciliation
 - D Mediation
- 1.4 Brain-storming is an example of: (02)
- A a social responsibility
 - B presenting business information
 - C a training programme to encourage creativity
 - D a way to improve job design

- 1.5 The new General Manager of 1StopSports is determined to consult with stakeholders to achieve specific production targets. What is her leadership style? (02)
- A Autocratic
 - B Free-reign
 - C Participative
 - D Boss-centred
- 1.6 Which of the following is necessary for effective teamwork in the workplace? (02)
- A Asserting individual preferences, listening, co-operating, having clear guidelines
 - B Having clear guidelines, listening, co-operating, having a shared decision-making process
 - C Listening, having a shared decision-making process, withholding information
 - D Having clear guidelines, co-operating, dominating discussion
- 1.7 Riaan is the owner of a butchery in Cape Town's city centre. He is an entrepreneur and his main aim should be to ... (02)
- A strive to a make a profit.
 - B initiate innovation.
 - C establish change.
 - D make decisions that would influence both the economy as well as prosperity of the entire community.
- 1.8 The staff of a South African-based company has a range of ethnic backgrounds. The company has a programme to educate its managers about the lifestyles of each nationality in its workforce. What is the company aiming to achieve through this program? (02)
- A The development of a global company
 - B Management of cultural diversity
 - C Training of unskilled staff
 - D Schooling of the illiterate

1.9 The _____ comes into effect when property is not insured for its full value.

- A proximate cause
- B iron safe clause
- C average clause
- D insurable interest

(02)

1.10 This Act makes provision for employees to strike legally.

- A The Labour Relations Act
- B Basic Conditions of Employment Act
- C Employment Equity Act
- D Black Economic Empowerment Act

(02)

[20]

QUESTION 2

State whether the following statements are **TRUE** or **FALSE**. If a statement is **FALSE**, justify your answer by correcting the false statement.

2.1 The Bill of Rights in the South African Constitution also addresses environmental issues like protecting our oceans. (02)

2.2 In February each year, the Minister of Finance announces the new budget. To present this information to the public, he includes a pie chart to illustrate government expenditure. This is an example of oral information. (02)

2.3 Re-insurance is when you transfer your rights in a policy to another person. (02)

2.4 If a person is given more responsibilities and a promotion, we talk about vertical career path. (02)

2.5 An aptitude test is a process through which the new employee learns how to work efficiently within a business. (02)

2.6 The main purpose of The Employment Act is to realise and regulate the fundamental rights of employees and employers. (02)

[12]

QUESTION 3

Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A – F) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK, for example 1.2.6 G.

	Column A	Column B
3.1	DRIVE	A Is a process whereby complex problems are broken down into manageable chunks for processing.
3.2	Peril	B Occurs when one member of the team takes more on than he/she can cope with.
3.3	Misconduct	C Is a systematic method of obtaining all the relevant information about the tasks related to specific job. In order to make certain decisions.
3.4	Role overload	D If the property is not insured for the full value, the full value of the loss will not be paid out.
3.5	Job analysis	E Covering cash receipts being transported to the bank.
3.6	Contingency management	F Group of investors who "pool their capital" to invest in financial markets.
3.7	Problem solving	G This approach warns against the Silo or Tunnel Vision Syndrome of management.
3.8	Average clause	H Gives the employee the right to strike.
3.9	Drill Down Analysis	I Between people on the same level and includes coordination of tasks.
		J Edward de Bono
		K States that there is no one best answer in a particular situation.
		L A potential cause of loss e.g. theft, fire etc.
		M This technique is for when the problem is more complex, and you may need to do some work to identify the real problem.

[18]

Total for Section A: 50 marks

SECTION B - This section is compulsory. Answer ALL the questions.

QUESTION 4

4.1

"Listed Cape Town-based Sekunjalo Investments (SKJ) received the Financial Mail Top Empowerment Companies Award which is conducted in partnership with black economic empowerment rating agency, EmpowerDex" reports Shoks Mzolo on 1-Net Bridge.

"Although Telkom took fifth position overall, out of the 200 companies ranked, it fared far better than Sekunjalo in terms of pillars such as preferential procurement, skills development and black management."

- 4.1.1 In the above they mentioned three of the seven pillars of the broad based BEE. Name the other **FOUR** pillars. (04)
- 4.1.2 Who benefits from the Black Economic Empowerment Act at this stage? (04)
- 4.1.3 List four differences between Employment Equity and Black Economic Empowerment. (08)

Telkom's acting chief executive officer, Reuben September, on Thursday announced a revised top management structure which will take effect from 1 November 2007.

- 4.2.1 Team dynamics refers to the way in which a team works together. Discuss the stages of team dynamics that this new Telkom management team will have to go through. (10)
- 4.2.2 Explain to Mr. September what levels (Direction) of communication he can use in Telkom to successfully communicate his and his management teams vision and mission through to the rest of the business. (12)
- 4.2.3 Telkom's management will develop a new management strategy. Discuss two essential steps in implementing a management strategy. (04)
- 4.2.4 Part of modern business management is Triple bottom line reporting. What does triple bottom line report on? (04)

4.4

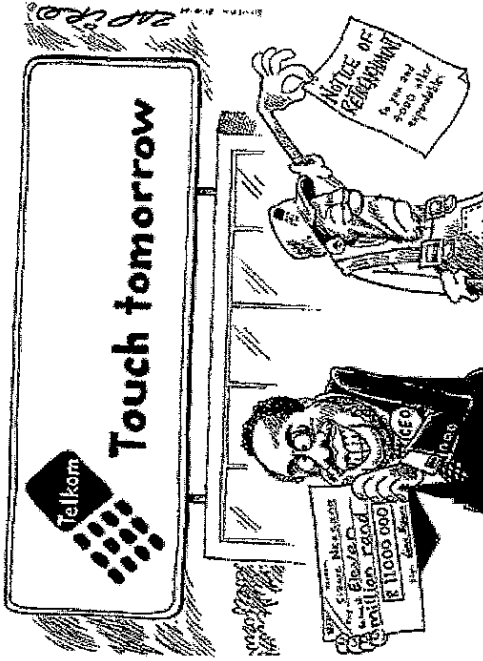
Telkom Limited is Africa's largest integrated communications company, providing integrated communications solutions to an entire range of customers. Telkom's passion is to become world-class.

- Describe the impact of the following factors on the success of Telkom Ltd:
 - 4.4.1 Legal personality (04)
 - 4.4.2 Management / control aspects [50]

QUESTION 5

There are a number of reasons why people leave their jobs, and therefore recruitment is an ongoing process.

- 5.1 Give a definition for recruitment. (02)
- 5.2 Distinguish between internal and external recruitment sources. (04)
- 5.3 Read the cartoon below and answer the questions that follow.



- 5.3.1 As soon as an employer consider retrenchment, he or she must start the consultation process in writing. What does this process entail? (07)
- 5.3.2 After reading this cartoon, do you think that retrenchments at Telkom are justified and that the trade unions will accept it? (05)
- 5.4 Read the following and answer the questions that follow.

Our Centre for Learning provides Telkom SA with a capability of providing structured Learning and Development opportunities ranging from the individual to the enterprise level. A total of 110 000 delegates received training during the 2005/2006 financial year through various mediums either facilitator led or computer based training. All learning and development initiatives are delivered within the context of the requirements and compliance to the sectorial governance body, ISETT Seta.

- 5.4.1 Use full sentences to describe the aims of the Skills Development Act. (10)
- 5.4.2 Telkom's SETA is called ISETT SETA. (04)
- 5.4.3 What is the purpose of a SETA? (04)

- 5.4.4 Who must contribute to the skills development fund and to which organisation must it be paid? (04)
- 5.4.5 What's the percentage (%) contribution an employer has to make according to the Skills Development Act? (04)
- 5.5 Traditionally, the Telkom Foundation invested mainly in ICT-related initiatives such as school and community computer centres, as well as mathematics, science and technology education and training. Moving into the future, the focus will be more on education and knowledge, sustainability, food production and ICT.
- 5.5.1 Give a definition of social responsibility. (02)
- 5.5.2 Outline two arguments in favour of corporate social responsibility programmes in the context of activities at Telkom Ltd. (04)
- 5.5.3 Discuss two factors that have contributed to the need for CSR in South Africa. [50]

QUESTION 6

- 6.1 Businesses have a responsibility towards their investors by providing them with a return on their money. (02)
- 6.1.1 What are the investors/owners of a public limited company called? (02)
- 6.1.2 What is the return called that these investors/owners receive?
- 6.2
- | | | | | | | | |
|-------|-----------|------------|----------|--------|------|------------|---------|
| Open: | 68.00 | Mkt Cap: | 8.80B | P/E: | 8.58 | Dividend: | 3.40 |
| High: | 70.31 | 52Wk High: | 113.00 | F P/E: | - | DY: | 4.93 |
| Low: | 67.90 | 52Wk Low: | 64.05 | Beta: | 1.23 | Shares: | 127.57M |
| Vol: | 19,510.00 | Avg Vol: | 4,000.00 | EPS: | 8.04 | Inst. Own: | 0% |
- 6.2.1 What does the following acronyms stand for and give the formulas they will use to calculate them. (04)
- 6.2.1.1 P/E (04)
- 6.2.1.2 D/Y (04)
- 6.3
- Telkom will resume wage negotiations on Thursday with the two trade unions representing its workers.
 "Communication Workers Union (CWU) and the SA Communications Union will be responding to the company's revised offer and in return it will respond to their revised demands," said CWU in a statement.
- 6.3.1 Discuss the main functions of trade unions. (10)
- 6.3.2 Trade unions sometimes use collective bargaining to obtain better conditions for their members. When these negotiations do not produce the desired outcome, mediation and arbitration can be used. (04)
- a) Define the concept arbitration. (10)
- b) The Labour Relations Act tries to ensure that disputes are resolved as quickly as possible. It provides for the two-step procedure. Discuss this two-step procedure in detail.
- 6.4 Discuss the following insurance concepts (02)
- 6.4.1 Indemnification (02)
- 6.4.2 Subrogation (02)
- 6.4.3 Excess (02)

6.4

The Ramathe Fivaz report alleges that Auswell Mashaba, then deputy director general of the public works department, authored misrepresentations that were forwarded to his departmental tender committee and to the provincial tender board. This led to a company called Kwa Mahlaba Connect securing a R10-million contract to manage telecommunication systems at the Mpumalanga government headquarters in Nelspruit. The contract was first awarded to Telkom in 1999. When it came up for renewal in 2002, a contract was concluded with Kwa Mahlaba.

Kwa Mahlaba is part-owned by Muzi Cindi, formerly a Telkom account manager. Cindi was still employed by Telkom when the department awarded the contract to his company.

- 6.4.1 Recommend an ethical improvement to the process of granting contracts. (02)
- 6.4.2 Evaluate whether it would be ethically appropriate for Telkom to continue with the contract. (06)
[50]

Total for Section B: 150 marks