



BUSINESS STUDIES: PAPER II

Time: 2 hours

100 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 4 pages. Please check that your question paper is complete.
2. Read the questions carefully and plan the length of your answers in relation to the sections being covered in each question.
3. Answer **both Question 1 and Question 2**.
4. Number your answers exactly as the questions are numbered. Each question must be answered on a **new page**.
5. Candidates are advised to pay special attention to the use of language.
6. It is in your own interest to write legibly and present your work neatly.
7. Answers must be completed in the Answer Book provided.

The following aspects will be considered when marks are allocated in this paper:

- Format:
 - The **CORRECT** format for each question must be used, i.e. Business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.

Absa Group Limited

- 1 The Absa Group Limited (Absa), listed on the JSE Limited, is one of South Africa's largest financial services groups. Absa offers a complete range of retail, business, investment banking and insurance products and services.
- 2 A part of Absa's *mission* is to be the leading practitioner in Corporate Social Responsibility (CSR) as informed by global trends. However, Absa recognises that social giving is not enough in its own right. For Corporate Social Responsibility to be truly effective, it needs to be well-managed and sustainable. For this reason, Absa adopts an integrated sustainability approach that incorporates all the Group's stakeholders.
- 3 Absa is committed to creating value for all their stakeholders:
 - **Employees:** *Ensuring that employees are highly capable, empowered and motivated.*
 - **The Community:** Helping to empower and uplift the communities in which Absa operates.
 - **Government and Regulators:** Supporting government by adhering to legislation.
- 4 Absa believes in several core values, including: Value their people and treat them with fairness; Demonstrate integrity in all their actions; Strive to exceed the needs of their customers; *Take responsibility for the quality of our work* and display leadership in all they do.
- 5 When Absa's transformation strategy was developed, they were mindful to approach it in a tactful and non-offensive manner. Absa took into *consideration inclusivity and environmental issues.*
- 6 Absa's growth is partly linked to their ability to identify and address the requirements of the emerging market. At the same time shareholder value is growing. This implies using appropriate techniques like *Value Chain Analysis* and the *Balanced Scorecard.*
- 7 In addition to Absa's all-inclusive insurance packages, they offer a range of stand-alone insurance options. These options range from life assurance and medical insurance through to household contents insurance.
- 8 Working at Absa means that you will work with talented professionals who are leaders in their fields. These individuals strive to satisfy the needs of their customers on a daily basis. You can expect to be challenged by the work that you do. You are given the opportunity to grow and develop professionally and personally. *Absa's Talent Referral Programme (TRP)* recognises that an organisation's employees are a valuable source of referrals of talent. Absa rewards employees for referring prospective candidates who are appointed to the Absa Group.
- 9 In conclusion the Absa Group Limited remains a force in the South African banking community. This is true even when the sector is facing constraints from a prolonged world economic recession.

[Adapted from <<http://www.absa.co.za>>, downloaded July 2012]

QUESTION 1 LO 2 AND LO 3

You are employed by Absa as a business consultant. As part of your duties, you assist entrepreneurs to start and manage their small businesses. One of your clients, Jack, wants to start a micro lending business, but has some concerns.

One of Jack's major concerns is his lack of experience as an entrepreneur. He is not sure if a micro lender is a good type of business to start and which form of ownership would be most suitable for a micro lending business. He is considering a sole trader or partnership, but indicated that he is open to other suggestions as well.

In addition to these two issues, Jack also voiced some concerns about the following incident that took place when he applied for his registration to act as a Micro Lender:

When submitting his application form to act as a Micro Lender, the official told him 'a small fee as a smoothing payment will make his life as a businessman easier'. When Jack asked if this was a bribe, he was told it was to speed up the process to get his license or else he may have to wait six months to a year for the license. Jack was quite shocked by the official's lack of integrity and walked away after handing in his application for the license, but without paying the bribe.

REQUIRED

Write a business report giving Jack the following information on a new business undertaking:

- Explain to Jack which entrepreneurial qualities will help him to succeed as a business person and give him advice on the most suitable form of ownership that will improve his chances of succeeding in his business venture;
- Explain to Jack some of the ethical issues and theories he may encounter in the business world and how the different situations should be handled to increase the success of his new business.

[50]

QUESTION 2 LO 1 AND LO 4

Jack's Micro Lender has now been running successfully for a year. Jack has been approached by the shop steward/trade union representative to inform him that the workers had a meeting during lunch time and are planning to go on strike as from the next day.

The following is a list of their grievances:

- It is frowned upon by Jack if employees belong to a trade union and he has often told employees if they want to work at *Jack's Micro Lender* it is best for them to not join a trade union. The workers believe this is a contravention of the Labour Relations Act.
- Jack does not allow workers to have a lunch hour on very busy days.
- One of the employees fell at home and broke his ankle. He had an operation and Jack only allowed him 10 days sick leave as he had only been working for the business for a year. When the worker protested that this was unfair, Jack terminated the worker's contract.
- One of the female employees went on maternity leave and when she wanted to come back after three months, Jack told her that he had replaced her and that she no longer had a job.
- Jack deducts 1% from their salaries to pay for the Skills Development Levy, but they are never sent on any training courses.
- One of the employees did not meet his sales target two months ago and disciplinary action was taken. This month the same employee once again did not meet his target and he has been dismissed. The rest of the workers feel this is unfair.

REQUIRED

Jack contacted you as his business consultant to assist him. He admits that he has a limited knowledge on the laws that affect the labour force in his business. Write a business report to Jack to advise him on:

- the relevant Labour legislation (Acts) as it applies to the above mentioned grievances,
- different types of strikes, the legality of the possible strike action, other types of industrial action that workers may consider as well as how these issues could probably be resolved with the help of the CCMA or trade unions.

[50]

Total: 100 marks