



BUSINESS STUDIES: PAPER I

Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 11 pages and an Answer Booklet of 5 pages (i – v). Please check that your question paper is complete.
 2. Detach the Answer Booklet from the centre of the question paper and ensure that it is handed in. Also ensure that your examination number is entered in the space provided on the Answer Booklet.
 3. Read the questions carefully.
 4. All questions are compulsory.
Section A (Questions 1 – 3) must be answered on the **supplied Answer Booklet**.
Section B (Questions 4 – 6) comprises **THREE** shorter answer type questions to be answered in your Answer Book. **In this section, Question 4 must be answered in the supplied Answer Booklet.** This is clearly indicated in the question.
 5. Refer to the case study when required.
 6. Demonstrate insight, where applicable, when answering questions.
 7. Answer each **new question** on a **new page**.
 8. Number your answers as the questions are numbered on the question paper.
 9. You are advised to pay particular attention to the use of language and the **allocation of marks**.
 10. It is in your own interest to write legibly and present your work neatly.
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The following case study applies to many of the questions in the examination paper:

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]

SECTION A **Answer all the questions in this section in the supplied Answer Booklet.****QUESTION 1**

Indicate the **most correct** answer by making a cross (X) in the column over the corresponding letter for each question in the supplied **Answer Booklet**.

- 1.1 In teamwork analysis, the interaction of two or more forces so that the combined effect is greater than the sum of their individual effects is referred to as ...
- A empowerment.
 - B team briefing.
 - C team dynamics.
 - D synergy.
- 1.2 The World economic crisis can be seen as a challenge from the ... environment affecting the South African banking sector.
- A macro
 - B micro
 - C local
 - D internal
- 1.3 When a team player assumes the role of Devil's Advocate this implies that he/she ...
- A takes control of the group activity.
 - B makes a final binding decision to resolve team conflict.
 - C criticises the plan of action in order to encourage analytical thinking.
 - D assigns roles to team members.
- 1.4 An Absa employee who analyses Internet articles on the banking sector is conducting ... research.
- A primary
 - B field
 - C clinical
 - D secondary
- 1.5 Which one of the following is a perspective of the original Balanced Scorecard?
- A Performance-gap
 - B Learning and Growth
 - C Business Process Re-engineering
 - D Leverage
- 1.6 The following tool(s) could be applied by Absa in manpower (Human Capital) planning:
- A Manning table
 - B Job analysis
 - C Work-load analysis
 - D All of the above

- 1.7 Which Act requires employers to take out insurance on behalf of their employees to protect employees against death at the workplace?
- A Compensation for Occupational Injuries and Diseases Act
 - B Unemployment Insurance Act
 - C Labour Relations Act
 - D Basic Conditions of Employment Act
- 1.8 A process where Absa Group Limited analyses its entire organisation to plan and control the standards of all operations in order to deliver the best customer service is known as ...
- A proximate clause.
 - B total quality management.
 - C lobbying.
 - D tax evasion.
- 1.9 The return offered to an investor who has invested funds in a fixed deposit would be ...
- A dividends.
 - B interest.
 - C shares.
 - D depreciation.
- 1.10 Which one of the following may NOT be seen as part of performance appraisals?
- A To give feedback to employees on past performances.
 - B To provide an opportunity where employment issues, e.g. salary progression can be discussed.
 - C To comply with the requirements of the Employment Equity Act.
 - D To identify areas of weakness on the job and to suggest improvements through training programmes.

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QUESTION 2

Each of the following statements is **FALSE**.

Change the **underlined word(s)** in each statement so as to make the statement **TRUE**.
Write only the **correct word/term** in the supplied **Answer Booklet**.

- 2.1 The **line** organisation structure makes use of advisors in its structure.
- 2.2 **Cession** is a process where the business formulates its own methodologies to perform a task and then compares it to methods used elsewhere.
- 2.3 A **rebalancing** investment strategy suggests that there is a specific price at which you will sell a particular share so as to stop any further loss.
- 2.4 The **Delphi technique** analyses the cost of component parts in a product with the ultimate aim of reducing these costs, thereby increasing the value of the product.
- 2.5 A refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer is referred to as a **go-slow**.
- 2.6 Staff **recruitment** is a process where management tries to keep existing employees on the payroll without having to replace them with new inexperienced employees.
- 2.7 The availability of substitute products is a challenge from the **micro** environment.
- 2.8 Investors buy and sell shares listed on the **South African Reserve Bank**.

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QUESTION 3

Match the concepts in Column A with the explanations in Column B. Write only the correct letter from Column B next to the appropriate question number of Column A in the space provided in the supplied **Answer Booklet**.

Column A		Column B	
3.1	Role ambiguity	A	Managers inform workers on what must be done, but do not get involved in telling workers how these objectives should be achieved.
3.2	Functional conflict	B	An investment plan where money from a fund will be paid after a specified time period.
3.3	Social Responsibility Index	C	Spreading your investment portfolio over different classes of assets.
3.4	Laissez faire	D	A lack of clarity between what a team leader and other team members are expected to do.
3.5	Fringe Benefit	E	Recognising the contributions of companies to social and economic reform in South Africa.
3.6	Endowment policy	F	When the insured is able to prove that he/she stands to lose financially if the object that has been insured is destroyed or damaged.
3.7	Insurable interest	G	When people disagree, but still work together to find a solution to a problem.
		H	An allowance that is part of an employees' salary package.
		I	Insuring against the possible dishonest acts of employees.

[14]

50 marks



SECTION B

QUESTION 4

Answer Question 4 in the supplied Answer Booklet.

4.1 Complete the missing information in the following table by writing the answers in the space provided in your **supplied Answer Booklet**.

Technique/tool used to gather information from the environment	Environment to which the technique/tool best lends itself to be used
Value Chain Analysis	4.1 (a)
Balanced Scorecard	4.1 (b)

(4)

4.2 Identify **TWO** challenges from Absa Group Limited's market environment. For each challenge, give a separate strategy to overcome the challenge. Use **Porter's Five Forces** model by completing the following table in your **supplied Answer Booklet**, with the following headings:

Two of Porter's Five Forces Model	Challenge being faced	Strategy to overcome challenge
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(8)

4.3 Explain the difference between a **vision** and a **mission** statement as it may apply to the Absa Group Limited.

(4)

4.4 Using a **PESTLE analysis**, where you will only focus on **social, technological** and **legal** factors of the analysis, you are required to:

- Identify a **challenge** that the management of the Absa Group Limited could face for each of the mentioned factors; and
- Devise a separate **strategy** on how the management of the Absa Group Limited could respond to each of the challenges.

Answer this question **in the table provided in the supplied Answer Booklet**, with the following headings:

PESTLE Factor	Challenge being faced	Strategy to overcome challenge
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(12)

4.5 4.5.1 Explain how the following factors could lead to conflict at an Absa branch:

- (a) Change in Absa's management structure;
- (b) Poor communication between Head Office and the Absa branch; and
- (c) Lack of resources.

(6)

4.5.2 Discuss, using an example, how dysfunctional conflict could have an impact on Absa's corporate image.

(4)

4.5.3 Consider the following scenario: All Absa branches are smoke-free zones. An Absa employee is found smoking outside the entrance to an Absa branch. Customers entering the branch have complained to management about the actions of the employee.

How should an Absa branch manager deal with the potentially conflicting situation? Motivate your answer. (4)

4.5.4 Give an **example** of when it would be appropriate for an Absa branch manager to use each of the following leadership styles:

- (a) Democratic
 - (b) Autocratic
 - (c) Transformational
 - (d) Situational
- (8)
[50]

**Answer Question 5 and 6 in your Answer Book.
Use the mark allocation as a guide to the length of your answers.**

QUESTION 5

5.1 Refer to **paragraph 2** of the case study.

5.1.1 Explain what is meant by the term **Corporate Social Responsibility (CSR)**. (2)

5.1.2 Name and discuss **THREE** factors that have contributed to the need for Absa Group Limited to commit themselves to CSR in South Africa. (9)

5.1.3 List **FOUR** principles that should be taken into account when a CSR programme is designed and implemented. (4)

5.1.4 Explain why it is important to ensure that CSR programmes are sustainable. (3)

5.2 Refer to **paragraph 3** of the case study.

5.2.1 Define the term **stakeholder**. (2)

5.2.2 Critically evaluate the demands of each of the following Absa stakeholders:

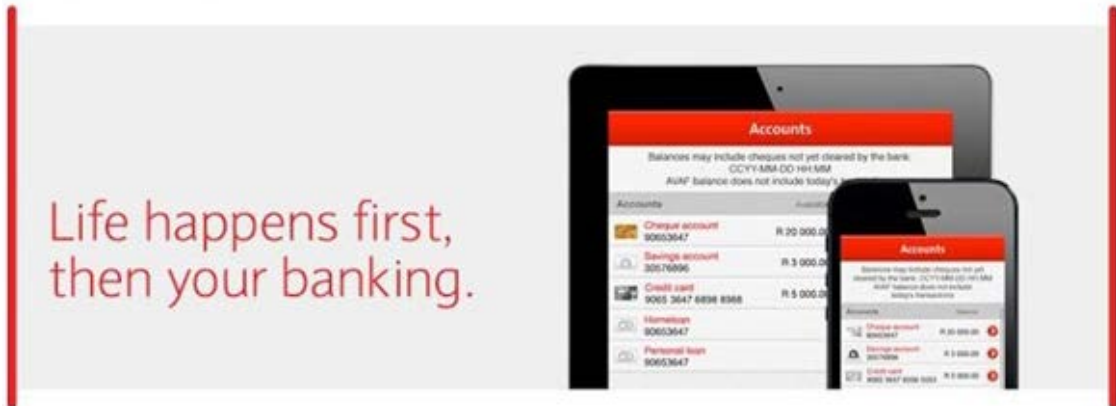
- (a) Owners (3)
- (b) Government (3)

5.3 Refer to **line 2 of paragraph 3** of the case study.

5.3.1 Why is this consideration towards employees important for the Absa Group Limited? Motivate your answer. (2)

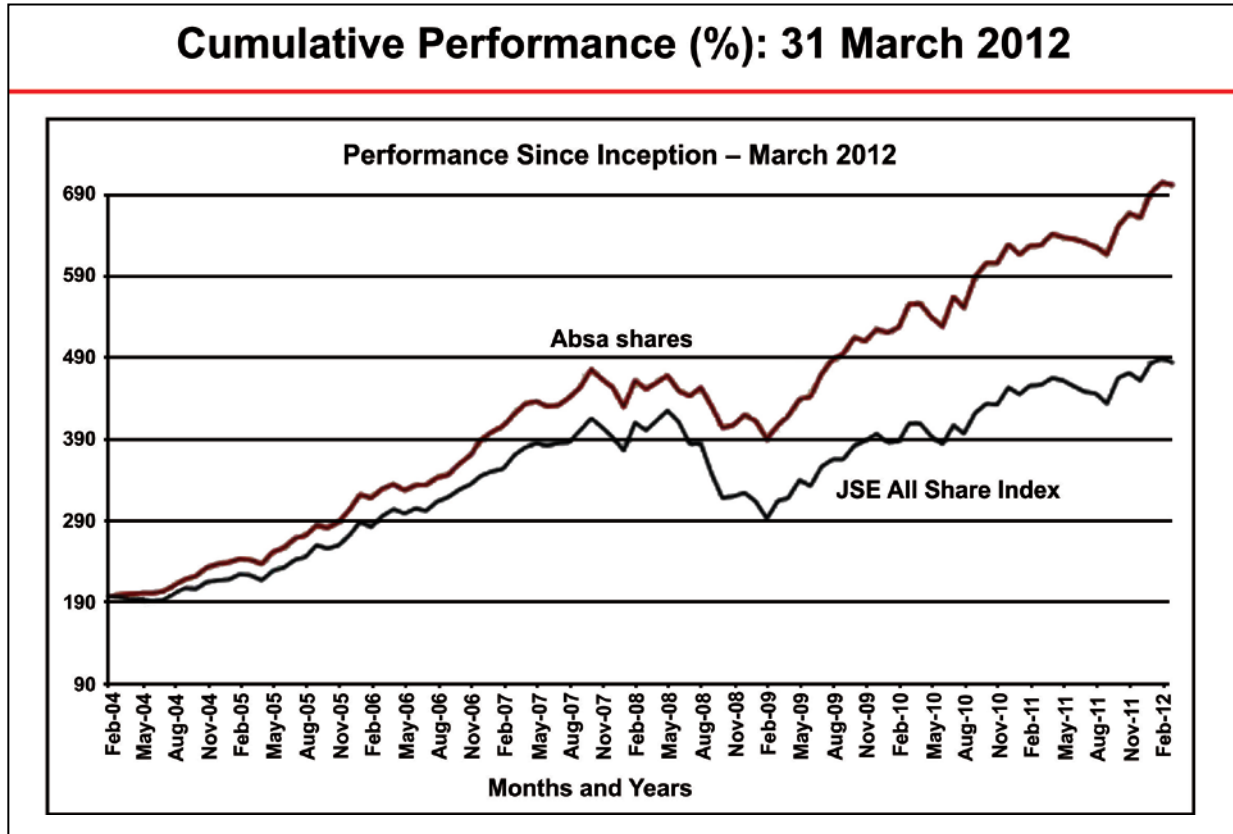
5.3.2 Describe **TWO** aspects that will ensure that the Absa Group Limited complies with the BBBEE Act when it empowers its employees. (4)

- 5.4 According to **paragraph 4** of the case study, one of the core values of the Absa Group Limited is: **Take responsibility for the quality of our work.**
- 5.4.1 Describe TWO advantages that quality control will hold for the Absa Group Limited. (4)
- 5.4.2 Discuss how the personal goals of Absa's CEO (Chief Executive Officer) can affect the performance of Absa's top management. (4)
- 5.4.3 Explain how Absa's financial department would use a customer's solvency and liquidity in deciding whether to grant financing or not. (6)
- 5.4.4 Explain how the Human Resource (HR) manager of Absa would monitor the quality of performance of workers in the HR department. (4)
- [50]**



QUESTION 6

6.1 Study the following graph which shows the performance of Absa shares in comparison to other shares listed on the JSE (JSE All Share Index) and then answer the questions that follow:



[from <www.absainvestments.co.za>]

- 6.1.1 What is the cumulative performance percentage of Absa shares in February 2012? (1)
- 6.1.2 Give THREE reasons why an investor would decide to invest in Absa shares. (3)
- 6.1.3 Suggest, with motivation, ONE possible reason for the decline in the cumulative performance percentage of shares from May 2008 to February 2009. (2)
- 6.1.4 Define the concept diversification and explain why this would be a good investment strategy. (3)
- 6.1.5 Suggest, with motivation, an alternative investment to Absa shares that would be less risky in the short to medium term. (4)

6.2 Explain how the following principles apply to an insurance contract:

- 6.2.1 fidelity insurance;
- 6.2.2 re-insurance and
- 6.2.3 subrogation. (9)

- 6.3 Refer to **paragraph 8** of the case study.
- 6.3.1 Discuss ONE possible **advantage** and ONE possible **disadvantage** of Absa's Talent Referral Programme (TRP) as a recruitment source in Absa's Human Resources Department. (4)
- 6.3.2 The Human Resource manager at Absa suggested that it is not necessary to screen applicants for an internal promotion. Do you agree with the Human Resource manager? Motivate your answer. (3)
- 6.3.3 Describe the purpose of staff induction and mention TWO topics that could be included in the process. (4)
- 6.4 In the Human Resources department it is often said that the recruitment activity is positive, but the selection activity is negative. Explain what is meant by this statement. (4)
- 6.5 6.5.1 List TWO training objectives that Absa's Human Resource department could implement. (2)
- 6.5.2 Suggest TWO training methods that Absa's Human Resource department could use to achieve their training objectives. (2)
- 6.5.3 If the recession had forced Absa to spend less on training, what problem could this create for Absa in the long-run? Suggest, with motivation, a possible solution to the problem. (4)
- 6.6 Refer to **paragraph 5** of the case study.
- Some may argue that because big corporations, like Absa Group Limited, are focusing more and more on inclusivity and environmental issues, customer satisfaction and delivery of service is being compromised.
- Do you agree with this statement? Motivate your answer. (5)

[50]

150 marks

Total: 200 marks