



NATIONAL SENIOR CERTIFICATE EXAMINATION  
SUPPLEMENTARY PAPER 2014

**BUSINESS STUDIES: PAPER I**

Time: 2 hours

200 marks

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**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This question paper consists of 11 pages and an Answer Booklet of 7 pages (i to vii). Please make sure 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 on 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. Candidates 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.
  11. Please hand in this question paper.
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**The following case study applies to many of the questions in the examination paper:**

### **Nedbank Group Limited**

- 1 Nedbank is one of the largest banks in South Africa. Nedbank has its headquarters in Johannesburg. Market capitalization i.e. the total value of Nedbank's publicly traded shares, stands at R66 billion as of 31 December 2011. Through fluctuating economic cycles Nedbank has delivered sustainable returns on equity. These returns are well above the much larger banks in the United States and the European Union. Nedbank has delivered to South African infrastructure programmes (as part of its Corporate Social Responsibility). Nedbank plans to expand into the rest of Africa. This clearly shows that Nedbank is a major player in the South African banking sector.
- 2 Nedbank is committed to good governance. The bank complies with and recognises best-practice codes and legislation. Nedbank believes that their conduct should be underscored by sound governance practices. This includes transparency and accountability to all stakeholders, including employees, clients and shareholders. The Nedbank Group Limited is committed to the highest ethical standards in conducting its business. These ethical standards reflect Nedbank's belief that business should be conducted honestly, fairly and legally.
- 3 In achieving sustainability, the Nedbank Group Limited takes a highly collaborative approach, i.e. a synergetic teamwork approach. This approach ensures maximum interaction with, and input by all its stakeholders and compliance with the King Code.
- 4 Over the past 12 years Nedbank has trained and developed a growing number of Chartered Accountants. These accountants are highly regarded wherever they make their mark. This is not only because they are inherently talented, but also due to the 'finishing' they receive in becoming young professionals. These professionals have been groomed in a Human Resource programme referred to as The Centre of Excellence Model. This model has a line and staff organisational structure with the following objectives: organisational development, Labour law compliance, Rewards Management, Industrial Relations and development of appropriate leadership styles.
- 5 One of the greatest challenges faced by the banking sector is the drastically changing nature of technology. Nedbank has kept up to speed by launching the Nedbank App Suite. This innovative app is now available to consumers using Android tablets, iPhones and iPads. Clients who have a primary account with Nedbank have the additional benefit of carrying out balance enquiries, payments and transfers.
- 6 Nedbank Group Limited is committed to the purchase of goods and services from black entrepreneurial companies. Nedbank has seen an increase in the number of BEE accredited suppliers. Apart from a focus on BEE in its purchasing division, Nedbank is also committed to working with BEE suppliers that promote social and environmental responsibility in their operations.
- 7 Nedbank's top management recognizes that South Africa is going through a unique period in its history. The relationships between government, labour and society are being remoulded and adapted to meet the challenges of the 21<sup>st</sup> century. Nedbank views this changing business environment to present both risks and opportunities. Through the implementation of a Skills Development programme, Nedbank can successfully handle any of the skills shortages in the banking sector.

[Adapted from <<http://en.wikipedia.org/wiki/Nedbank>> and <<http://www.nedbankgroup.co.za>>]

**SECTION A**

**Answer all 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 Nedbank's development of the Nedbank App Suite is in response to challenges from the ... environment(s).
- A micro
  - B market
  - C macro
  - D all of the above
- 1.2 When (in a teamwork activity) there is a lack of clarity between the roles that members are expected to play, this often leads to ...
- A role overload.
  - B role conflict.
  - C role ambiguity.
  - D all of the above
- 1.3 The Centre of Excellence Model used by the HR department at Nedbank makes use of the ... organisational structure in its micro environment.
- A functional
  - B line and staff
  - C project
  - D matrix
- 1.4 When Nedbank's management measures the ratio between total assets to total liabilities, they are referring to the ... of Nedbank.
- A profitability
  - B liquidity
  - C gearing
  - D solvency
- 1.5 A situation where an employee at Nedbank reports unethical behaviour to management is referred to as ...
- A unethical advertising.
  - B whistle-blowing.
  - C playing Devil's advocate.
  - D diversification.

- 1.6 Which one of the following characteristics does **not** apply to the Nedbank Group Ltd as a form of ownership?
- A The Memorandum of Incorporation of the Nedbank Group Ltd sets out the rights, duties and responsibilities of shareholders and directors.
  - B The shareholders of the Nedbank Group Ltd are jointly and severally liable for the debts of the company.
  - C The Nedbank Group Ltd is responsible for the payment of tax at a fixed percentage.
  - D The management of the Nedbank Group Ltd is delegated to a Board of Directors.
- 1.7 A Nedbank employee has a probation period mentioned in his employment contract. This would imply that ...
- A the provisions of the Labour Relations Act (66 of 1995) as amended does not apply to the employee.
  - B the employee may not belong to a registered trade union.
  - C only after the successful completion of a specified period would the employee become permanently employed.
  - D during the probation period the employee is not entitled to any fringe benefits.
- 1.8 Which one of the following could be regarded as a form of dysfunctional conflict in a Nedbank branch?
- A Increasing the rate of interest offered on a fixed deposit investment account.
  - B Using legal means to pay less tax to the revenue authorities.
  - C A go-slow by the tellers of the bank.
  - D A Nedbank shareholder exercising his voting right at an AGM.
- 1.9 A Nedbank Group Ltd stakeholder could be referred to as ...
- A a person, group, organisation, member or system who affects or can be affected by Nedbank's actions.
  - B a diagrammatical representation of the different functional divisions within the Nedbank Group.
  - C a procedure that needs to be followed when a Nedbank employee is retrenched.
  - D an umbrella concept defining the morals, principles and values under which the Nedbank Group Ltd operates.
- 1.10 The excess clause in an insurance contract refers to the ...
- A option that the insurer has to either restore or rebuild the insured property.
  - B amount on each claim that is not covered by the insurance policy.
  - C possibility of the insurance policy being transferred to a third party.
  - D contractual capacity of the insured party.

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**QUESTION 2**

Choose the **most correct answer** from the possible terms/words provided in the 'Business Studies Dictionary' below for the statements/explanations that follow. Write down the **most correct answer** next to the number on the **supplied Answer Booklet**. **Note: There is only one correct answer for each statement.**

**Business Studies Dictionary**

Lock-out	Balanced Scorecard
Staff retention	Value Chain Analysis
Transformational	Unlimited continuity
Staff induction	Picketing
Delegation	Limited liability
Autocratic	Span of control

- 2.1 A process conducted by Nedbank where it is seen as a series of activities where inputs needed to be converted into outputs which supply a benefit to the consumer.
- 2.2 The number of workers under the supervision of the Human Resources manager.
- 2.3 A management style where only one person is responsible for decisionmaking.
- 2.4 The ability of a business to continue operating independently from the well-being of the owner.
- 2.5 An orientation process where new staff are told about general rules applicable to working in a Nedbank branch.
- 2.6 A refusal on the part of an employer to allow employees to continue to work unless they accept certain conditions of the employer.

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**QUESTION 3**

Indicate whether the following statements are **TRUE** or **FALSE**. If **FALSE**, correct the statement.

- 3.1 Fidelity insurance covers losses sustained due to the dishonesty of employees.
- 3.2 Collective bargaining refers to a process where a bank uses its own methodologies to perform a task and then compares it to methods used elsewhere.
- 3.3 An equity based investment receives interest as part of the return on the investment.
- 3.4 The BANKSETA is responsible for preparing training programmes, promoting learnerships and controlling funds allocated to training in the banking sector.
- 3.5 Conciliation is a process where parties in conflict get together with a third neutral party that facilitates the conflict resolution process.
- 3.6 Reinsurance refers to spreading your investment risk between various asset classes.
- 3.7 A company's shares acquire the status of being blue-chip shares if the prescribed requirements on environmental issues are met.

[18]

**50 marks**

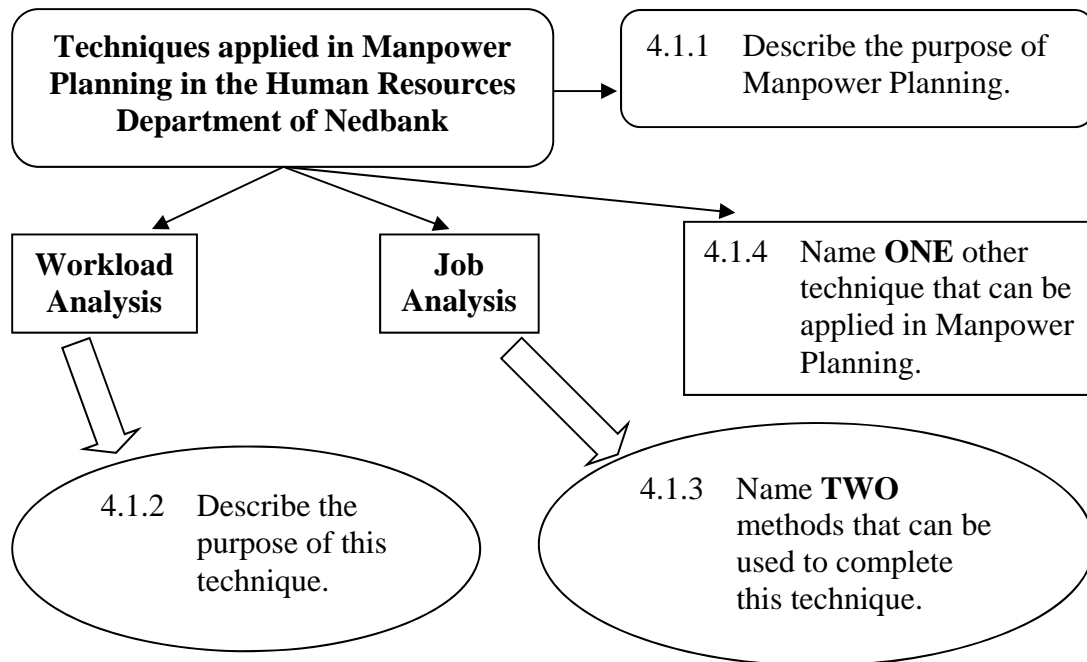


**SECTION B**

**QUESTION 4**

**Answer this question in the supplied Answer Booklet.**

- 4.1 You have been supplied with a schematic diagram that is incomplete. Supply the **missing information** in the diagram by writing your answer next to the question number on the **supplied Answer Booklet**. (7)



- 4.2 Explain, in the space provided in the **supplied Answer Booklet**, how the following issues impact on the working relationships in a Nedbank management team: (6)
- 4.2.1 The organisational culture of Nedbank;
  - 4.2.2 The diversity of the management team; and
  - 4.2.3 The past experiences of the team.

- 4.3 On the **supplied Answer Booklet**, suggest a strategy on how a Nedbank branch manager could effectively prevent **each** of the following unethical situations: (6)
- 4.3.1 A bank teller makes unauthorised electronic fund transfers (EFTs) into her private bank account;
  - 4.3.2 The branch manager receives a gift from a company that is one of three companies bidding to take over the computer support contract for Nedbank; and
  - 4.3.3 A senior manager has access to confidential information which he uses in recruitment interviews.

4.4 Refer to paragraph 5 of the case study.

Through market research it has come to light that one of the problems associated with the launch of the Nedbank App suite is the low number of downloads by cellphone users in the 60 – 70 year age group.

By means of a **Drill Down Analysis**, assist the management of Nedbank in breaking the complex problem down into manageable chunks for processing. Use the template given in the **supplied Answer Booklet**. (8)

4.5 Nedbank is faced with the following challenges from its business environment.

4.5.1 The South African Reserve Bank increases the rate at which banks may borrow money.

4.5.2 The Centre for Excellence Model (*paragraph 4 of the case study*) is facing a funding crisis.

4.5.3 A number of Nedbank clients have used their fixed deposit funds to buy shares in offshore companies.

**You are required to:**

- Identify the environment (micro, market or macro) that the challenge would form part of;
- Give a reason for your choice of environment; and
- Describe a strategy on how Nedbank could respond to each of the challenges. (15)

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

Challenge being faced	Applicable environment	Reason for choice of environment	Strategy in response to challenge
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4.6 Nedbank has a fire insurance contract with a local insurance company. Explain, in the space provided in the **supplied Answer Booklet**, how each of the following terms would relate to the fire insurance contract:

4.6.1 Premium charged

4.6.2 The 'iron-safe' clause

4.6.3 Insurable interest

4.6.4 Average clause

(8)  
[50]



**Answer Question 5 and 6 in your Answer Book.**

**Remember to use the mark allocation as a guide to the length of your answers.**

### QUESTION 5

- 5.1 5.1.1 Describe the impact of the following factors on the success/failure of Nedbank Group Limited:
- (a) Capital requirements
- (b) Management/Control aspects (8)
- 5.1.2 One of Nedbank's clients has a partnership as a form of ownership and is requesting capital funding in order to expand his business. Describe the impact of the liability for debts on the success/failure of the partnership. (4)
- 5.2 *Refer to paragraph 3 of the case study.*
- 5.2.1 Explain what is meant by the term **synergetic teamwork approach**. (2)
- 5.2.2 Give an example of how teamwork can assist Nedbank to comply with the requirements of Triple Bottom Line Reporting or Integrated Reporting. (2)
- 5.3 The following recruitment advertisement was posted by the HR department of Nedbank. Study the details in the advert and then answer the questions that follow:

**Permanent skilled level position in the Financial (Banking) industry**

Nedbank is one of the five largest banking groups in South Africa measured by assets. Our clients are looking for a Creditors Payment Clerk.

**Duties will include:**

- System Integrity between Accpac and Vendor On-boarding
- Clear duplicates and reconcile payments before processing run

**Applicant should have:**

- Teamwork, Analytical thinking, Excellent verbal and written communication
- Knowledge of Nedbank online systems will be an advantage
- Strong work ethic, Professionalism, Good interpersonal skills

**Remuneration package:**

The package will be industry related on a cost to company basis.

The successful applicant would be required to accept new challenges once he or she has become proficient in this position. The applicant must be prepared to complete off the job training at an accredited tertiary institution.

Apply online before 18/04/2013.

[Posted by SET Recruitment Consultants on 19 March 2013 Ref #5074]

- 5.3.1 Evaluate the effectiveness of this recruitment method. (3)
  - 5.3.2 Explain why 'knowledge of Nedbank online systems' would be a worthwhile skill for the potential applicant to have. (2)
  - 5.3.3 Name the HR activity that would come **after** the recruitment of new candidates. (1)
  - 5.3.4 Explain what is meant by a 'cost to company' remuneration package. (2)
  - 5.3.5 Give TWO reasons why is it important to have training done at an accredited educational institution. (2)
  - 5.3.6 Describe a method by which the HR department could evaluate the quality of the employee performance after receiving 'off the job' training. (2)
  - 5.3.7 Describe the level of rivalry in the banking sector and suggest an appropriate strategy that Nedbank could use to overcome this challenge. (8)
  - 5.4 Refer to the Centre of Excellence Model referred to in *paragraph 4 of the case study*.
    - 5.4.1 Discuss ONE advantage of the Centre of Excellence Model. (2)
    - 5.4.2 Describe ONE distinguishing feature of the line and staff organisational structure. (2)
    - 5.4.3 Describe TWO appropriate leadership styles that could be developed in this model and in each case identify a disadvantage associated with the leadership style. (10)
- [50]**



**QUESTION 6**

6.1 *Refer to paragraph 6 and 7 of the case study.*

6.1.1 Describe FIVE critical entrepreneurial qualities that ensure the success of the accredited BEE suppliers. (10)

6.1.2 Explain why there is a need for the Broad Based Black Economic Empowerment Act (BBBEE), when the Black Economic Empowerment Act (BEE) already addressed issues of employment equity. (8)

6.1.3 Give THREE reasons why Nedbank contributes to a Skills Development Levy. (3)

6.2 Discuss the purpose of the Compensation for Occupational Injuries and Diseases Act. (3)

6.3 A Nedbank branch manager has received several complaints from clients that one of its employees (a personal banker) has been rude and inappropriate with clients. A trade union representative has been asked to assist the personal banker in a disciplinary hearing.

6.3.1 Give advice to the branch manager on what needs to be covered so that the dismissal of the personal banker would be substantively fair. (5)

6.3.2 Motivate whether it is a good idea to have a trade union representative in the disciplinary hearing. (4)

6.3.3 Suggest, with motivation, TWO other ways in which conflict between the clients and the personal banker could effectively be dealt with. (8)

6.3.4 A number of colleagues of the personal banker have gone on a go-slow, because they feel that she is being unfairly treated. Describe ONE advantage and ONE disadvantage of this action. (4)

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

One could argue that being 'committed to the highest ethical standards' is only achievable if there are concrete ethical practices in place. One cannot just say that there is a commitment, but rather there must be evidence that ethics is being applied in all areas of the business.

Do you agree with this statement? Motivate your answer. (5)  
[50]

<b>150 marks</b>
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**Total: 200 marks**