

NATIONAL SENIOR CERTIFICATE EXAMINATION SUPPLEMENTARY 2014

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.
- 8. Please hand in this question paper.

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

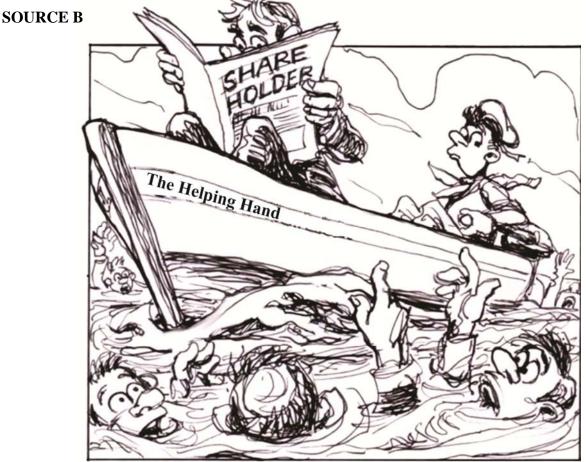
- Format:
 - The **CORRECT** format for each question must be used, i.e. Business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used.
- Content: Must be sufficient to cover 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.

SOURCE A

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 bestpractice 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 21st 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 <<u>http://en.wikipedia.org/wiki/Nedbank</u>> and <<u>http://www.nedbankgroup.co.za></u>]



[Source: <<u>http://www.google.co.za/search>]</u> [CSR vs Investment (Downloaded and adapted 19 February 2013)]

SOURCE C

The following is a conversation that took place between two Nedbank shareholders:

Shareholder 1

I am very proud to own shares in Nedbank. From their Annual Report and their media campaign, it is clear to me that they really care about the environment and people of South Africa.

Shareholder 2

That may be true, but I think the bank is wasting my money. They should spend less on CSR (Corporate Social Responsibility) and invest the profits so that I can earn higher dividends. That is after all why I am investing my money in Nedbank shares. If Nedbank does not stop this CSR nonsense, I will sell my shares and invest my money elsewhere.

QUESTION 1 LO 1 and LO 4

REQUIRED

Refer to Sources A, B and C and write a business report to the Board of Directors of Nedbank on the merits of the two shareholders' points of view. In your answer you must:

- Discuss the concept of CSR, its importance in South Africa, arguments for and against CSR and Nedbank's broader social responsibility;
- Evaluate various investment opportunities that Shareholder B may consider if she decides to sell her Nedbank shares. (Hint: Remember to refer to the advantages and the disadvantages of the different options.)
- Indicate which argument in Source C you support and give a full motivation for your opinion.

[50]

QUESTION 2 LO 2 and LO 3

In an ever-changing business environment, it is critical that a business always strives to improve its performance by constantly analysing both the internal and external environments.

REQUIRED

Write a business report to the Board of Directors in which you use a SWOT analysis to help any Commercial Bank that you are familiar with, to analyse the **micro**, **market** and **macro** environments. Based on your analysis, **formulate strategies** that will help to **improve** the functioning of the different departments and the overall performance of the bank of your choice.

[50]

Total: 100 marks