





Memo

Date?

St Benedict's College

Examiner: Mr. A. Hlekani

Moderator: Ms. L French

Time: 3 hour

300 marks

Name:

Surname:

Key:

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

- ✱ 1. THIS QUESTION PAPER CONSISTS OF 21 PAGES. Please check that your question paper is complete. 26
2. Read the questions carefully.
3. All questions are **COMPULSORY**.
4. Answer ALL the questions on the question paper in the spaces provided and hand this in at the end of the examination. Remember to write your name in the space provided on this question paper.
5. Demonstrate insight, where applicable, when answering the questions. You may refer to any petrol station and their joint venture that you have studied this year.
6. You are advised to pay particular attention to the use of language and **allocation of marks**.
7. It is in your own interest to write legibly and present your work neatly.
8. Please do not **write** in pencil as work in pencil will not be marked.

Allocation of marks:

Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	Q 8	Q 9	Total



Section AQuestion 1

(20)

1.1	A ~~d~~ //	1.2	C //	1.3	B ~~a~~ //	1.4	~~C~~ ~~d~~ //	1.5	A //
1.6	A //	1.7	B //	1.8	B ~~c~~ //	1.9	D //	1.10	C //

2 marks each.

Question 2

20)

2.1	Organising //
2.2	Environmental Scanning //
2.3	Strategy //
2.4	Ultrapreneur //
2.5	Secondary Research //
2.6	Public Company //
2.7	Private company //
2.8	Creativity //
2.9	Deontology. //
2.10	Delegate //

2 Marks each

Question 3

3.1	// T	3.2	~~F~~ F //	3.3	// F	3.4	// T	3.5	// F
3.6	// T	3.7	// F	3.8	// F	3.9	// F	3.10	// F

2 marks.

(20)

Question 4

4.1	// H	4.2	// I	4.3	// G	4.4	~~A~~ //	4.5	~~B~~ //
4.6	// J	4.7	// C	4.8	// E	4.9	~~D~~ //	4.10	~~F~~ //

2 marks.

(20)



Question 5

5.1	CSI ✓✓
5.2	Socio-preneur ✓✓
5.3	Primary ✓✓
5.4	Funnel ✓✓
5.5	Human Resources
5.6	Plagiarism ✓✓
5.7	Laissez faire ✓ free - reign.
5.8	Patent ✓✓
5.9	Motivation ✓✓
5.10	Adam's Equity Theory ✓✓

2 marks each

(20)

Total marks 100

Section BQuestion 6

6.1.1 What is the difference between a crises and a trend? (4)

- A quick and expected change is a crisis.
- Changes that occur over a period of time can be identified as trends.
- **2 marks each. Consider AORA.**

6.1.2 List and evaluate five factors that Engine will have to considered before a location is chosen for a business. (10)

- Foot traffic: the location should be easily accessible to the target market. Transport: sometimes it is better to establish the business close to the source of raw materials.
- Complimentary business: may be seen as a strength if they are in close proximity.
- Customers: must have an easy access to the business.
- Security: to ensure customers feel safe.
- Future developments: find out about what the future developments in the area.
- Trading hours: if the business wants to locate at a mall the trading hours will be an important factor.
- Competitor: consider other business surrounding the business that may be direct competitors.
- **Any 5, 2 marks each. Consider AORA**



6.2.1 Porter's six forces model looks at the market environment and describes how businesses need to look at the different forces that may hamper their success. Identify the six forces and describe in brief how each force could have a negative impact on the business.

Porter's forces	Why is this force a potential threat?
Threat of new entrants ✓	When there are many competitors in the market place and they are all competing for the same market share, profits will decline.
Rivalry amongst existing competitors ✓	In a competitive market, a business would have to compete aggressively to gain and maintain its market share and this could potentially result in lower profit for the business.
Threat of substitutes ✓	When a buyer is easily able to find a substitute product at a better price or better quality. If the buyer could switch to substitute products at a little or no cost.
Bargaining power of suppliers ✓	When the bargaining power of the supplier is high, it allows the supplier to sell products or raw materials for higher prices or to offer lower quality products/materials to the business. The business would be paying more for the goods (it would also have a negative impact on the quality of the product or service being offered in the market place and therefore maybe the overall image of the business selling to the consumer.
Bargaining power of buyers ✓	Satisfying more consumer demands would mean lower profits for the business. Not meeting the demands however may mean no profits if consumers switch to competitors.

Convenience products ✓

(12)

6.2.2 Comment on the attractiveness of a petrol station industry market and give any 3 characteristics of that market. (6)

- Attractive market.
- High Barriers to entries.
- Few substitute products/services.
- Weak supplier bargaining power. *petrol station*
- Weak buyer bargaining power. *strong customer*
- **Any 3 2 marks each.**



6.3.1 Engine is putting a huge emphasis of team work this year. Discuss each of the five stages of team development. (10)

- Forming stage: Roles that the different individuals will perform in the team are often not clear to the new team members. ✓
- Team members get to know each other and set boundaries. ✓ max 2
- Storming stage: Team members have decided with whom they want to form personal relationships and these friendships may result in cliques in the team. Team members compete for positions in the group and may openly challenge one another and even the team leader. ✓ max 2
- Norming: The team members will settle into their roles and are committed to working together. There is more open communication based on constructive criticism and the group cohesion becomes stronger. ✓ max 2
- Performing: There is awareness in the team regarding what needs to be done, who needs to do it and that members support one another as they cooperate to achieve their common goal. ✓
- Roles are more flexible and team members take responsibility for their individual and team contributions. ✓ max 2
- Adjourning: When the task is completed the team will be terminated. ✓ max 2
- Even if the task is on-going some members may decide to move on and find other positions. ✓ max 2
- **1 mark for naming, 1 mark explaining. Consider AORA.**

6.3.2 It is extremely important that conflict situations are managed, otherwise there would be negative consequences for the individual, the team and the overall business. Explain three different reasons for conflict in the work situation. (6)

- Lack of or poor communication leads to misunderstanding.
- Resource allocation: if someone needs to do his/her job, but does not have the required resources, it may lead to a low morale and unhappiness.
- People not respecting rules and policies: people breaking rules contributes to conflict situations.
- There could be a power struggle between staff members if there is competition for a promotion.
- If team members are unsure of their respective roles or who bears responsibility for a particular task, there is bound to be conflict.
- If there is prejudice or ignorance of cultural practices and members do not at the very least respect or acknowledge these differences, this may become constant source of friction.
- Difference between people: think of the many differences in personalities.
- Members of the same team may differ about the ranking order of the priorities and may approach the situation from different angles.



- If one staff member is not performing well, it will impact on the overall performance of the team.
- **2 marks for any 3 answers. Consider AORA.**

6.3 Define the concept of team dynamics. (2)

~~X~~ — Answer?

[50]

Question 7

7.1.1 Give a definition of the term Business Communication. (2)

- ~~X~~
- All communication that takes place in any business context, be it internal or external communication.
 - **2 marks. Consider AORA.**

7.1.2 Give five examples of communication that takes place in a business. (10)

- A letter that the manager's Personal Assistant (PA) sends out to staff members.
- The Annual Report that the Board of Directors issues to shareholders.
- the advertisements on TV or
- in the newspaper or
- the sms/email sent to customers advertising the business or its products or service.
- The email between colleagues sharing ideas or confirming a meeting.
- **2 marks per answer. Consider AORA.**

7.1.3 Explain how language barriers may hamper effective communication. (4)

- ~~X~~
- Too Often people use jargon, slang or acronyms specific to a certain group of people and they assume everybody will understand the conversation.

- In south Africa we have 11 official languages, business communication often takes place in English. But because English is not everybody's mother tongue misunderstandings do occur.
- **2 marks per answer. Consider AORA.**

7.2.1 Tabulate the FIVE differences between a Partnership and a Company.
(10)

Partnership	Company
Has no legal persona	Has legal persona
Has unlimited liability for the debts of the business.	Has limited liability for the debts of the business.
Has no continuance of existence	Has no continuance of existence
Has 2 to 20 Partners	Has 1 or more Shareholders.
Has little to no formation procedures which or not costly.	It is more complicated and expensive to form.

1 mark for each answer. Consider AORA.

7.2.2 What does it mean to "float a company"? (2)

- Regular shares that a company has issued to the public that are available for investors to trade.
- **2 marks. Consider AORA.**

7.2.3 What are the advantages of a partnership. (10)

- If there is no partnership agreement, it may complicate issues if there is a disagreement and the matter needs to be settled in court.
- The owners are the legal entities and they enter into contracts in their own name.  This means they carry all the risks.
- The business has no continuity of existence.
- Partners have unlimited liability.
- If profit is high, owners will be taxed greater than 28%
- More people have to be consulted when the decision is made.
- **2 marks each for any 5 answers. Consider AORA.**

7.3.1 Use the table below to indicate with a **X** in which category each scenario fits

Scenario	Plagiarism	Unethical Research	Poor research design
Copy homework from a friend	X		
Not asking permission to observe people when conducting research.		X	
Asking ambiguous questions to determine people's opinions on a topic.			X
Not acknowledging a source in the text of the assignment.	X		
Getting your parents to do your research	X		
Complete all the research questionnaires yourself instead of getting real research subjects to give their opinions.		X	

2 marks per answer.

(12)

[50]

Question 8

8.1.1 Define the term indigenous thinking and provide an example. (4)

- Is about local knowledge and way of thinking that is unique to a culture or to a particular society. *max 2 facts*
- *max 2 example* **2 marks for the answer, 2 marks for the example. Consider AORA.**

8.1.2 South African petrol stations have new joint ventures with many retailers and restaurants and this has proven to be a success. What are the 4 pillar approach to creativity would they have used to seize this opportunity? (8)

- **Fluency:** looks at the ability to produce several different ideas, which can be developed through the use of creative thinking. *OR*
- **Flexibility:** being able to look at concepts from different points of view and to consider the implications of small changes made to current products. *OR*
- **Originality:** ability to generate unique ideas that have the edge of newness and creativeness. *OR*
- **Elaboration:** adding detail and depth to different solutions.

8.3 In the table below, differentiate between a manager and an entrepreneur. (8)

	<u>Manager</u>	<u>Entrepreneur</u>
Status	Employee of a business	Owner of the business
Risk	Manager doesn't bear any financial risk apart from job security.	The entrepreneur assumes all the risk involved in the business.
Rewards	A manager is rewarded for a job done with a salary and sometimes a bonus.	The entrepreneur receives profits from the business.
Innovation	A manager is involved with the execution of the plans.	An Entrepreneur is the person who innovates through creative thinking and creative problem solving.



8.4 South African has many big franchises of petrol stations. As Evolve-Fuel South Africa, you are looking at an opportunity to expand in the market. Explain the force field analysis and the steps involved to creatively solve this problem. (10)

and how they could change their image

- Step 1: Define the problem. The business needs to look at what/who in the current situation has to change to help the business reach its objectives.
- Step 2: Define the change objective. The business will define and describe the desired outcome or the goal that it will be working towards.
- Step 3: Identify the driving forces. The business has to identify the factors that support the change by stipulating what the strengths of these are and how change would add value to the business.
- Step 4: Identify restraining forces. The factors which are resisting the change must now be considered.
- Step 5: Develop a change strategy. Arrows will be close to the line if they are strong forces and further away from the line if they are weak forces. This will give the business a clear indication of whether or not change is good.
- **1 mark for naming, 1 mark for explaining. Consider AORA.**

2 mark max for example of how they can change
8.5 Discuss 5 obstacles to creativity? (10)

- Often people believe there is only one correct answer and are then too scared to volunteer an answer in case it is not the correct one.
- Lack of sleep limits thought processes and this, combined with stress may limit creativity.
- Routine thinking or logical thinking is important when a decision is made about which idea to implement.
- A mind-set of "this works well, why change?" will stifle creative and new ideas from being considered.
- An attitude of "I don't have time to be creative" may mean that you avoid making time to think of a better way to do the job.
- **2 marks for each answer. Consider AORA.**

8.6 Investigate the importance of creative thinking in a business. (6)

- Change and being creative about the ways in which problems are dealt with is the only way in which businesses will survive and prosper.
- Responding to challenges in creative ways.
- Meeting the ever changing needs of consumers.
- Staying up to date with the ever changing world of technology and trends.
- **2 marks for each answer. Consider AORA.**

8.7 Differentiate between a code of conduct and a code of ethics. (4)

- A code of Conduct will prevent negative behaviour such as sexual harassment, abuse of company property for personal gain, distributing inappropriate emails or being racist.
- A code of ethics will describe the principles that the business considers as important when decisions are made.
- **2 marks per answer. Consider AORA.**

[50]

Section B total 150 Marks

Section C

Question 9

REQUIRED:

Compose a business report as the Public Relations Manager John Wick, to the CEO (Mr. Mazenod) of Engine explaining CSR in the business.

(50)

Total 300 marks.

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CHAPTER 2

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR is about the relationship between the business (corporate) and (society) (social) and the degree to which the business impacts on society. The idea is that the business should not just focus on its own profits, but that it has a responsibility towards the people and the environment as well.

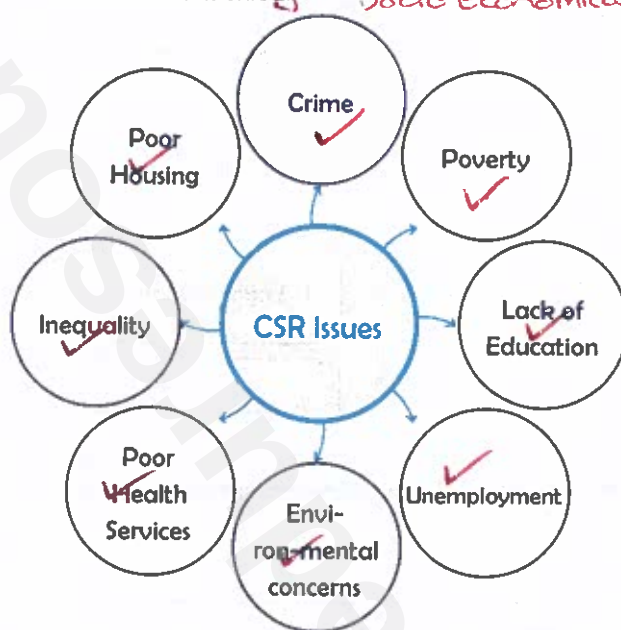
Corporate Social Responsibility as a concept and the expectations stakeholders have regarding the social responsibility of the business, is constantly evolving over time. For the business to create a common understanding of how it plans to meet this responsibility, it has to formulate policies and procedures dealing with the concept of CSR. (Policies and procedures that are merely on paper and not implemented mean the business is well-intentioned, but good intentions have to translate into practical projects.)

1. Corporate Social Responsibility in a business context

- Corporate Social Responsibility in practice means the business is managed in a way that ensures its commercial sustainability (profitability) while acting in a manner that will meet society's expectations of the business by contributing to society and the environment.
- This idea that the business has to give back to society and the environment is by no means a new concept. The founders of both Kellogg and Ford have spoken about the business's responsibility to add value to society over and above selling goods and/or services to them.
- For many years there has been an on-going debate about the extent of the responsibility of the business and how the business should act in a socially responsible way without overburdening itself.
- The King Code which will be discussed in great detail in grade 12, talks about the business being a good Corporate Citizen and that its actions show that it cares about society and the environment.
 - An ethical citizen will engage with all relevant stakeholders to ensure the sustainability of society and the environment. These stakeholders may include, but are not limited to employees, shareholders, customers, the government

and lobby groups; they all place pressure on the business and demand that the business acts in their interest.

- Some cynics argue that the business will only pretend to be a responsible citizen as long as it improves the brand image of the business to gain customers, thereby ultimately increasing its profits.
- Blowfield and Murray in their book *Corporate Responsibility: A critical introduction*, suggest that CSR is viewed as an umbrella concept that helps the business to understand its stakeholders, and to react to neutralise any negative effects on the stakeholders with sound, proactive solutions.
- When the business thinks about its stakeholders and how to contribute positively to them, difficult issues as shown below will need to be tackled.



- If one looks at the above issues, CSR becomes a daunting task and obligation placed on business. Some of the questions the business will need to answer include:
 - What is the business's level of responsibility to address the above-mentioned issues?
 - To whom will the business be responsible?
 - For how long will the business be responsible? Is it an on-going level of responsibility?
 - How will this responsibility affect my

Chapter 2: Corporate Social Responsibility (CSR)

businesses and the day-to-day operations of my business?

- ◊ What is the responsibility of each stakeholder?
- Most of the experts on CSR will agree that the business has two levels of responsibility namely: Primary responsibility and Secondary/ Broader responsibility.
- ◊ The **Primary responsibility** is the business's obligation to look after the

interest of stakeholders which are directly affected by the success of the business. (This will include employees and shareholders.)

- ◊ The **Secondary or Broader responsibility** is towards stakeholders who are indirectly affected by the business's activities, e.g. the community, government and the environment.

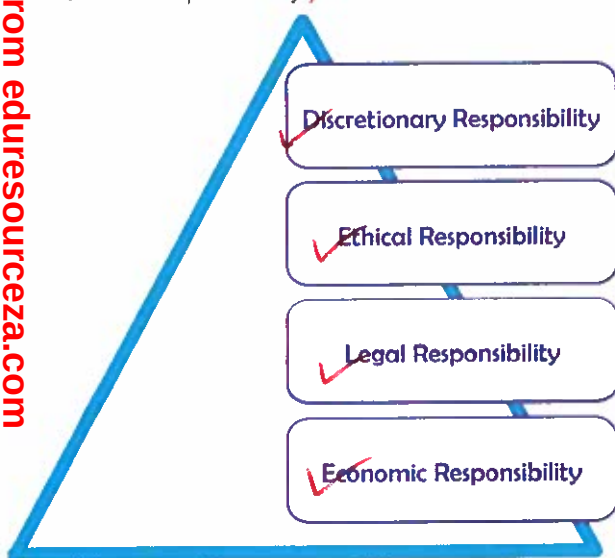
Only award marks if these stakeholders have not been indicated
Only award mark if not marked before as stakeholders



Activity 1

Identify a business you are familiar with. Do some research about the business and its CSR programme. Present your findings to the class for the purpose of discussing common grounds of CSR between businesses.

A different approach to measure the level of responsibility of the business is suggested by two pioneers in the field of CSR, namely Blowfield and Murray. They suggest that businesses use a pyramid to determine its level of responsibility:



- ◊ **Economic Responsibility:** At the most basic level, a business is responsible to ensure that it is economically active, i.e. it produces goods / services that can be sold at a profit and from which employees and shareholders will benefit.
- ◊ **Legal Responsibility:** All businesses have the responsibility to ensure it is respecting the laws of the country in which it operates. By obeying the laws of the country, the business is a responsible citizen in the broader society.
- ◊ **Ethical Responsibility:** At this level the business has to ensure it is making ethically sound business decisions that will not have a negative impact on stakeholders and the sustainable future of society and the environment.
- ◊ **Discretionary Responsibility:** It is a higher level of responsibility than simply not harming others. The business should consider how or what, and to whom or what, the business will give back. It is about building a brand with values and ensuring that these values are being practised by the business in all its business activities both internally and externally.



Activity 2

Use the same business that you used in Activity 1. Assess your business's level of responsibility according to the elements discussed in the pyramid above. Make sure you have facts available to justify your findings regarding the level of responsibility for the business.

2. Arguments for and Arguments against CSR

- As CSR has developed and companies have taken on the challenges of society and the environment, debates have raged regarding CSR and whether the business bears any responsibility to implement CSR values.

Arguments for CSR

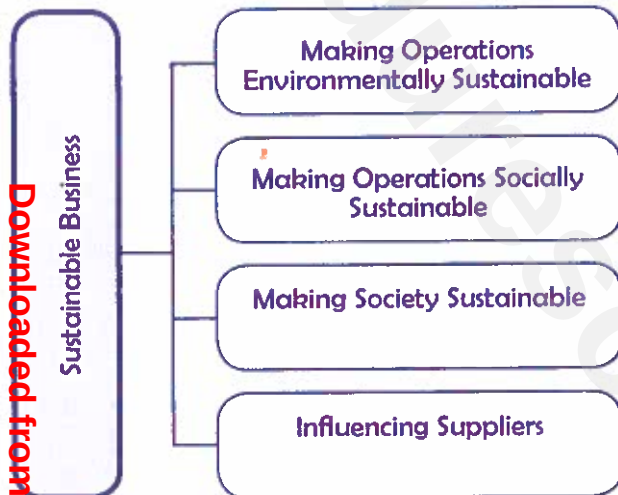
- Businesses that are assisting the community in which they operate through CSR programmes, receive greater support from the community. People see these businesses / brands as having a reputation for caring; the community in turn supports the business and becomes brand loyal.
- It is argued that businesses need to act on social issues in their communities or else customers will move away. For example: Increased levels of poverty will lead to an increase in crime which could result in customers avoiding the area. An increase in crime also results in the community having less money to spend at businesses.
- There are people debating the issue of whether government should enforce the King Code as a law. It is argued that if businesses are doing CSR voluntarily there will be no need for the added pressure for a law to enforce compliance, not to mention the red tape of policing it.
- If business assists the community to increase its standard of living through education and health programmes, it will benefit from a community that has a higher standard of living and a higher level of disposable income.
- By giving back to the environment through sustainability programmes, businesses are ensuring that future generations will have resources needed to prosper.
- Businesses that operate in sustainable ways are usually also innovative enough to identify additional avenues of income.
- Businesses that implement CSR initiatives are generally speaking, concerned about the impact that they have on stakeholders and this in turn promotes more ethical business practice.
- In many cases the business may already have suitable programmes in place to deal with social issues in the community. For example, the business could have programmes in place that deal with leadership and entrepreneurship that are used to empower its own employees. These programmes can then easily be expanded to include the broader community.

Arguments against CSR

- Many businesses have argued that CSR detracts from their core business activities.
- Businesses and often shareholders as well, see the money spent on CSR as less profit in their pockets.
- It is difficult to measure the benefits of CSR and as such it is difficult to measure if the business gains anything from CSR.
- Many businesses feel the pressure from the communities which have been helped via a CSR programme, puts additional strain on them to keep on giving. If however, the business is not able to meet all the needs of these communities, some communities may view the business in a negative light.
- Some people argue that not all CSR projects are sustainable and that businesses are wasting time and valuable resources on "hit and run" programmes.
- CSR sometimes leads to businesses misleading stakeholders regarding their environmental practices. This is called Greenwashing.
- Some critics argue that CSR is allowing the State to shift its responsibility.

3. CSR and Sustainable Business Practice

- Few people would argue that there is not a need for CSR programmes in South Africa.
- It is, however, important that programmes should be sustainable, where the focus and impact should be long-term for positive change to occur in people's lives.



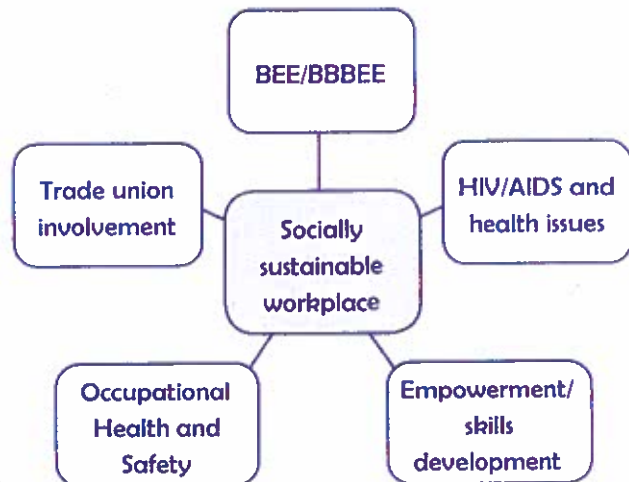
The diagram above illustrates what the criteria are to measure whether a business has a focus on sustainability. A sustainable business will:

♦ **Make its own operations environmentally sustainable:**

- » With greater global awareness and the concern regarding the impact of pollution, the depletion of natural resources and the destruction of ecosystems increasing, the business has to ensure it acts in a responsible manner.
- » Businesses are not only looking at ways to cut back on wastage, but also looking at ways to ensure that non-renewable resources are treated with respect. One such example is the drive to find and utilise alternative energy sources.
- » Businesses are being held accountable for their environmental practices. Think about the introduction of CO2 tax to force businesses to act responsibly. The business also needs to look at issues such as the use of harmful materials vs. recycled materials for packaging.

♦ **Make its own operations socially sustainable:**

- » This means that business will take responsibility for ensuring that important issues such as the following are addressed in the workplace:



♦ **Make society sustainable:**

- » It is important for the business to focus on the impact that its activities may have on the community, because businesses function better in a strong, happy and stable community.
- » The business should develop capacity by addressing social issues in the community through programmes aimed at quality education and health care.

♦ **Influence suppliers:**

- » To ensure that business operations do not have negative consequences for the environment and society, it is important that the business monitors the supply chain / value chain. This means the business will be actively aware of any possible negative effect that its suppliers may have on society and the environment.
- » The business has to put pressure on suppliers to ensure that their business activities are sustainable; otherwise the business should seek alternative suppliers.
- » A business that is taking all the necessary precautions to ensure sustainable business practice cannot be seen to be dealing with unethical suppliers who do not care about the consequences of their actions.

Activity 3

With a partner and brainstorm the question "does it pay to be good?" Once you have brainstormed the question formulate an official response by referring to a minimum of two businesses and their CSR programmes, detailing possible benefits / negative consequences.

Interest Groups
(Stakeholders)

- All businesses form part of a community or an online network in which it operates. The members of these communities or networks are the stakeholders of the business who, in one way or another, are affected by the activities of the business.
- The difficulty for a business is to weigh up the demands from the individual stakeholders and then to prioritise the order in which demands should be met. It is not possible to meet all stakeholders' demands, because all businesses have limited resources available.
- To use a practical example: The diagram below shows possible stakeholders that may be affected on a social, economic and/or environmental level.

- According to Blowfield and Murray stakeholders should be plotted on a graph such as the one below to help the business to understand the stakeholder's interest in the business and the business's responsibility towards it.

		Business Influence	
		LOW	HIGH
Stakeholders' interest	Insignificant	Low priority for attention	Medium priority for attention
	Significant	Medium priority for attention	High priority for attention

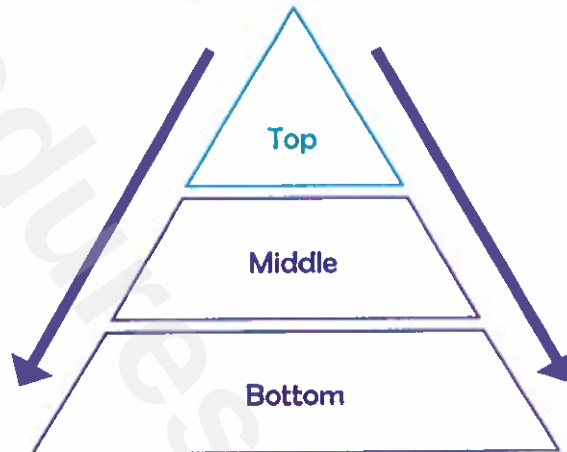


Activity 4

Use the same business as in Activity 1 and 2. Identify the different stakeholders for your business and plot them on the graph above. Motivate why you have plotted each stakeholder in a particular position on the graph.

5. Designing, implementing and reporting on a CSR Programme

- A Corporate Social Responsibility programme should form part of the business's strategic plan. Buy-in is critical – from top management to all employees. Buy-in at all levels will only take place if internal stakeholders are aware of the value of CSR.

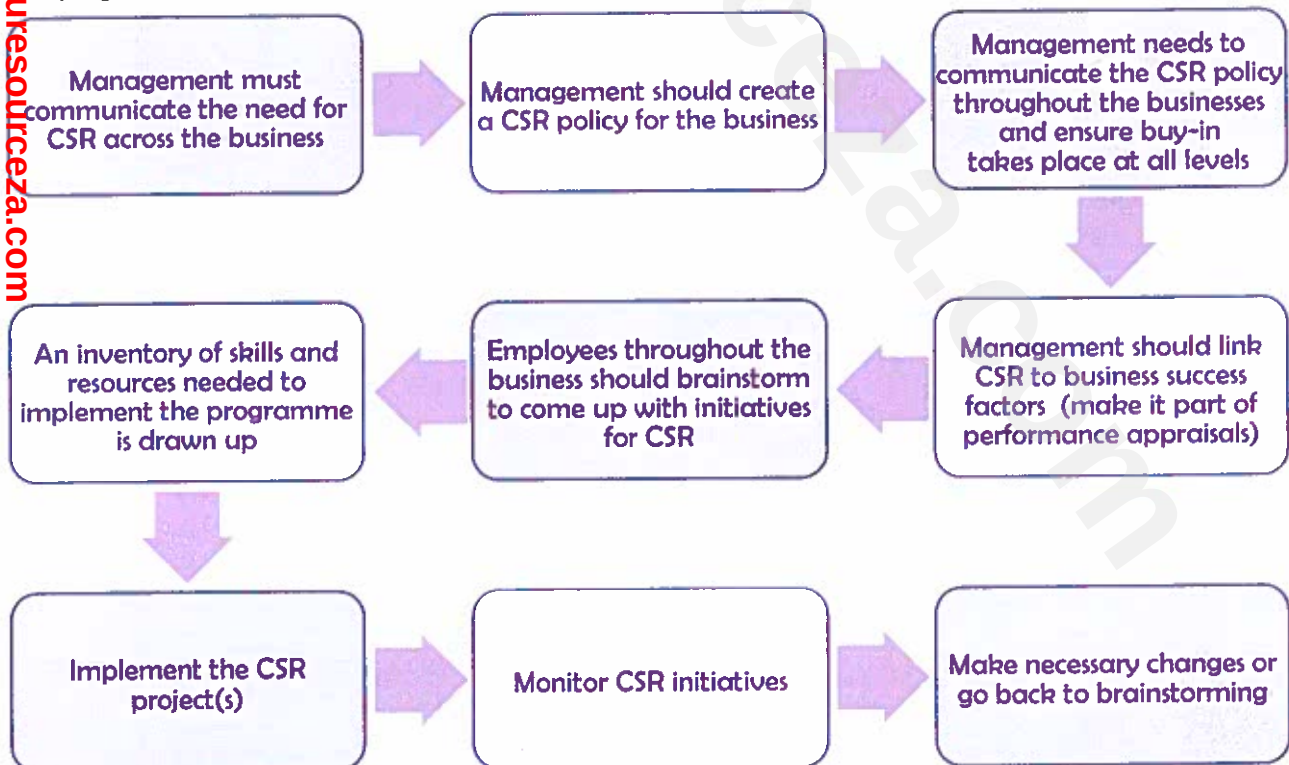


Only when CSR becomes part of the core and the identity of the business and brand, will resources be directed towards the successful implementation of a CSR programme.

Designing a CSR Programme

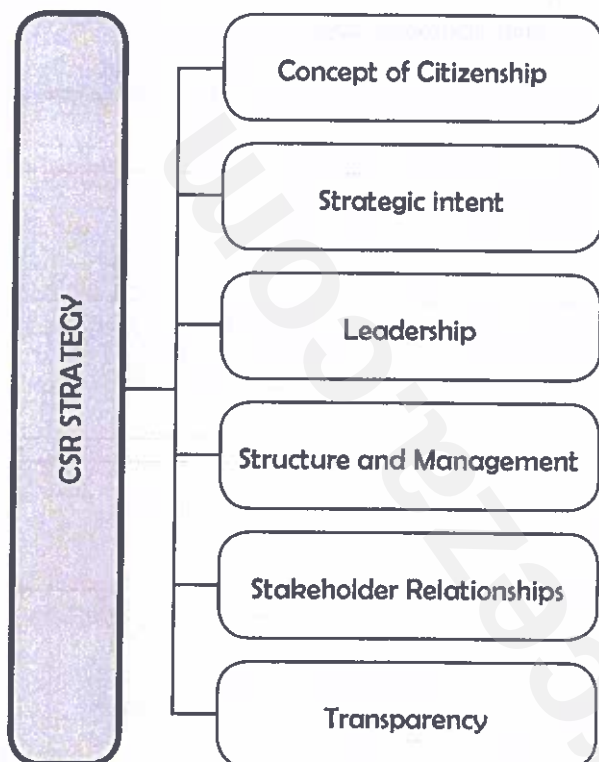
There is quick recipe to design a successful CSR programme.

Below is a step-by-step example of how a business could go about designing and setting up a CSR programme.



Implementation of a CSR strategy

The following are 6 principles (suggested by Blowfield and Murray) that a business should think about while implementing a CSR strategy in the business.



- **Concept of Citizenship:** The business has to understand its position within the community and its responsibilities towards the different stakeholders.
- **Strategic intent:** It is important to understand how CSR forms part of the core values of the businesses. In order to do this, the business

has to define what the purpose of the CSR initiative is going to be, i.e. what is it that the business aims to achieve.

- **Leadership:** Top management has to ensure that their vision of the business as a corporate citizen becomes part of "everyday life in the business". CSR initiatives could be either offensive or defensive or a combination of the two:
 - ◊ Offensive CSR will proactively tackle social and environmental issues.
 - ◊ Defensive CSR is about looking after the reputation (brand) of the business ensuring all activities fall within the law.
- **Structure:** Management has to ensure all resources are aligned with the ultimate CSR goals of the business. This means all CSR activities must be planned, organised, driven and controlled to ensure CSR goals are met.
- **Stakeholder Relationships:** The business has to maintain sound relationships with both internal and external stakeholders. This is done by ensuring communication channels are open so that the correct information will reach the correct stakeholders on time.
- **Transparency:** All relevant information about the CSR initiatives has to be communicated to stakeholders – even if it is negative. The challenge for the business then is to have contingency plans in place to overcome these negative events or failures. The business must disclose information regarding its performance.



Activity 5

Use any business of your choice and assess the business' compliance with / commitment to the seven principles above.

CSR Reporting:

- Traditionally businesses have been reporting to shareholders on the financial aspects of the business.
- More recently businesses have started to report to shareholders and other stakeholders on the business's social and environmental performance, as well as the economic performance.
- There is thus a more accountable and transparent approach to share information with stakeholders.

- *The Sustainable Business Handbook* suggests that a CSR report has to include the following information:

◊ Business Profile:

- » Vision and mission of the business
- » The size and operations of the business
- » The markets in which the business operates
- » The overall brand of the business
- » The areas of impact - both internally and externally

Chapter 2: Corporate Social Responsibility (CSR)

- ◊ **Board Commitment:**
 - » Statements from the CEO, key board members and employees at management levels have to commit to CSR and business sustainability.
- ◊ **Environmental and Social Business Policy:**
 - » These are statements from the business about its areas of impact.
- » This section will also look at targets the business has set to address certain social issues.
- » The business also has to indicate how performance will be measured.
- ◊ **Management Systems:**
 - » The business will discuss its audit procedures for both internal and external auditing.



Activity 6

Work with a partner. Go online and download a CSR Report (also known as sustainability report or integrated report) of the business you chose in Activity 5. Work through the document with your partner and make notes of interesting aspects that you have noted. Once you have worked through the report, comment on the CSR commitment of the business to its stakeholders regarding sustainability.



Activity 7

- Work in a group of four. Identify a business you feel which is not fully committed to CSR and motivate why this is your opinion.
- Design an internal Public Relations campaign to create complete buy-in for CSR in this business. It is important that you align your PR campaign to the BRAND of the business. Your campaign can be in any format and may use any medium (e.g. booklet, poster, promotions, and short movie).



Additional activities

1. Conducting business in an ethical manner, is known as:
 - A. Corporate citizenship
 - B. Social investment
 - C. Social responsibility
 - D. Corporate involvement
2. The three areas of social responsibility of a business are:
 - A. Political, Economic, Environmental
 - B. Environmental, Social, Technological
 - C. Economic, Social, Environmental
 - D. Economic, Environmental, Ethical
3. Sustainable business practice means:
 - A. Assessing how present business practice affects the future
 - B. Involving employees in decision making
 - C. Considering the benefits of stakeholder over shareholder practices
 - D. Developing BBBEE policies
4. Briefly explain the difference between the two concepts CSR and CSI.
5. Discuss four advantages of sound CSR practices in the business.
6. Identify two stakeholders that potentially could be against the business conducting CSR initiatives. Briefly explain why these two stakeholders would be against CSR, and suggest possible ways to convince these two stakeholders of the benefits of CSR.

BENEFITS/PROBLEMS TO COMMUNITY

ADVANTAGES	PROBLEMS
• Increase the standard of living. ✓ • Increase the moral and independence of the community. ✓ • Create job opportunities. ✓ • Provision of education and health care. ✓	• Community becomes dependant on businesses to survive. ✓ • Businesses force their policy on the community. ✓ • Uplifting programmes which are not sustainable. ✓
• Availability of recreation facilities. ✓ • Reducing of socio-economic issues. ✓ • Improve the general welfare of the community. ✓	• Communities must sometimes share the costs for uplifting programmes because businesses cannot afford all the expenses. ✓

BENEFITS/PROBLEMS TO BUSINESS

ADVANTAGES	PROBLEMS
• Increase positive publicity for the business. ✓ • Possibility to get experienced and good qualified employees and to keep them in the business. ✓ • Promote teamwork in the business (We care for other persons). ✓ • Valuable contact with other businesses. ✓ • Can be used as a marketing strategy. ✓ • Increase the productivity of workers because the workers are proud to do something for the community. ✓ • Assist in solving socio-economic issues like poverty. ✓ • Business can get tax advantages. ✓ • Promotes the image of the business positively. ✓ • Creates consumer loyalty to the business. ✓ • Cliental values of the business are extended. ✓ <i>x can be use as a marketing strategy ✓</i> <i>x Attract more investors</i>	• Shortage of funds to really become involved in uplifting programmes. ✓ • Pressure from the community to become involved, while the business can not get involved at that stage. ✓ • Lack of knowledge of the circumstances of the community. ✓ • Budget for CSI is an extra financial burden to the business. ✓ • Difficult to keep up the uplifting work during bad economic times. ✓ • Lack of skilled person in the business to manage these projects. ✓ • Some of these projects re time consuming. ✓ • Businesses already paid income tax to government and the extra costs for these projects means "double taxation". ✓ • Need for thorough planning can lead to the need for extra personnel to manage these projects. ✓ • Must prepare detailed reports on their CSI programmes. ✓

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