**Grade 12 Business Studies**

**Paper I**

Read the following case study and answer the questions that follow.

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| [SPAR](http://www.spar.co.za/Default.aspx)  With the 1960's emergence of grocery chains in South Africa, a group of 8 wholesalers was given the exclusive rights to the SPAR name in 1963, to service 500 small retailers.  SPAR operates under "voluntary trading" principles which means that while we encourage our retailers to take advantage of SPAR's trading power, our retailers can source goods from local traders. That is why each store has its own regional personality. Today the SPAR Group Ltd operates 6 distribution centres, supplies goods and services to almost 800 SPAR stores in South Africa. The SPAR Group listed on the Johannesburg Stock Exchange in 2005.  The SPAR Brand products are a special offer of leading quality at more competitive prices from us to you. With quality being our top priority, we offer a **'Double Your Money Back Quality Guarantee'** on all SPAR Brand products. We also keep ahead of brand standards by having our products tested on a monthly basis by an independent laboratory.  For many years, SPAR has played an active and meaningful role in socio-economic development with a special focus on health, hunger, crime prevention and more specifically AIDS related projects.  Together with our range of sponsorships and donations we continue to reach underprivileged people with various initiatives. These include Self-help projects, feeding schemes, education, care for the aged, skills training for the care of the terminally ill, etc.   **Some Campaigns include:**   * [Unite Against Hunger](http://www.spar.co.za/468.aspx): A social responsiblity programme that focuses specifically on food security and hunger relief within South Africa. Spar have raised **R1,325,486** in this year's Unite Against Hunger campaign. * Gozololo project: Provides support in the form of groceries, creche facilities, education and recreational support and trauma therapy to Aids orphans. SPAR supports this project in the form of dry and perishable groceries which are parcelled and distributed by Gozololo. SPAR currently donates R20,000 worth of groceries per month. * JASA - Junior Achievement South Africa: An innovative program to provide business and entrepreneurial skills to children. * “Cotlands House”: A residential care project accommodating children who are clinically well and receiving antiretroviral therapy - and who have embarked on formal schooling.   SPAR supports Cotlands with cash donations as well as food and household goods  *Adapted from:* [*www.spar.co.za*](http://www.spar.co.za)*. Retrieved on 17/02/10* |

**SECTION A**

Question 1 [20]

Indicate the most correct answer by writing only the letter next to the correct number.

* 1. Which of the following is not a primary stakeholder of SPAR?

A Employees

B Competitors

C Shareholders

D Local community

* 1. The SPAR CEO granted his brother in law’s company a contract to supply

plastic packets to SPAR outlets. This unethical behavior is known as:

A Insider Trading

B Nepotism

C Favouritism

D Industrial Espionage

* 1. Triple Bottom Line Reporting includes:

A Economic, Social and Global aspects

B Economic, Environmental and Financial aspects

C Economic, Environmental and Social aspects

D Financial, Economic and Social aspects.

* 1. The team role that ensures proper allocation and management of time

and resources:

A Coordinator

B Initiator

C Leader

D Activator

* 1. At SPAR the employees are submitted to a code of conduct. A code of conduct

is…

A a document indicating the professional responsibility to society

B a document defining the morals, principles, values and believes under which

an organization operates such as honesty, integrity, etc.

C a set of rules and regulations regarding religion in an organization.

D a document regulating the expected behaviour for proper business practice

such as employee rights and responsibilities, disciplinary procedures,

respectful treatment of customers and fellow employees.

* 1. The marketing department of SPAR needs to work together in order to launch a

new advertising campaign successfully. In order to do so, the team dynamics process that needs to take place is:

A Performing, Norming, Adjourning, Forming, Storming

B Forming, Storming, Norming, Performing, Adjourning

C Forming, Storming, Performing, Norming, Adjourning

D Forming, Peforming, Storming, Norming, Adjourning

* 1. Facts that are influenced by personal feelings and opinions

A objective

B subjective

C emotional conflict

D common knowledge

* 1. A written report that is aimed at giving updates on the status of a project

A minutes

B agenda

C post-event analysis report

D progress report

* 1. If the Financial Manager of SPAR makes legitimate tax deductions in their tax returns.

A insider trading

B tax avoidance

C tax evasion

D conflict of interest

1.10 Only one ethical solution to any problem.

A consequence based theory

B narrative based theory

C moral relativism

D moral abolutism

Question 2 [20]

Match the description in column A with the term in column B. Write only the number and the letter of your choice.

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| --- | --- | --- | --- |
|  | **Column A** |  | **Column B** |
| 2.1 | Someone who struggles to survive and cannot access education. | A | Ubuntu |
| 2.2 | This activity is done at the end and  during the team process | B | Organisation culture |
| 2.3 | A member of the marketing team is taking on too much responsibility and doing all the work herself. | C | Conflict of interest |
| 2.4 | Reporting on unethical behavior | D | Insider trading |
| 2.5 | Research where data is gathered through interviews | E | Desk research |
| 2.6 | Government officials acting in their own best interest rather than those of the country. | F | Proactive strategies |
| 2.7 | Businesses operating across national boundaries. | G | Role overload |
| 2.8 | A description of the overall purpose of an organisation. | H | Review |
| 2.9 | Promoting the interest of all stakeholders. | I | Whistle blowing |
| 2.10 | Aiming to address issues that may present problems in the future. | J | Primary research |
|  | | K | Extreme poverty |
| L | Mission |
| M | Globalisation |
| N | Role ambiguity |
| O | Deregulation |
| P | Adjourning |
| Q | Subsistence poverty |
| R | Reactive strategies |

Question 3 [21]

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| The financial manager of SPAR was caught allegedly colluding (plotting) with the CEO of Shoprite Checkers. Some employees assumed that he was sharing information with the CEO which is confidential to the SPAR group. The accusations were dismissed as the CEO had been with SPAR for 10 years and had never acted unethically in any manner. |

3.1 Name **and** briefly explain the ethical theory that was applied in the above

situation. (3)

3.2 Choose any other ethical theory and create a business related situation to

describe the application of this theory. (4)

3.3 Explain to the CEO of SPAR why he should implement ethical programs,

focusing on acting as a responsible citizen and the well being of employees. (8)

3.4 Write out the following two acronyms in full **and** provide a brief description for

each term. (6)

3.4.1 SRI

3.4.2 PRO

Question 4 [39]

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| The Competition Commission is going after the big 4 chains, Pick n Pay, Shoprite/Checkers, Woolworths, Spar, Massmart and Metcash as they believe that these retailers are guilty of unethical buying practices, squeezing suppliers, tying up exclusive contracts, then cutting back on orders whilst preventing producers selling to competitors.  [*http://x2in5.com*](http://x2in5.com) *Retrieved on 18/02/10* |

4.1 Assuming that SPAR is found guilty by the Competitions Commission, identify

any two interest groups **and** briefly discuss how these groups will be affected

by SPAR’s unethical behavior. (6)

4.2 During the investigation the Competitions Commission would had to write a

report of what was discussed and decided at this meeting.

4.2.1 What is this report called? (1)

4.2.2 List SIX criteria of importance that needs to be documented in this

report. (6)

4.3 Identify the level at which unethical business practice is taking place in each of

the following scenarios **and** justify your answer. (12)

4.3.1 The CEO’s of Shoprite/Checkers, Woolworths, Spar, Massmart and Metcash

meeting to discuss the fixing of prices on certain products.

4.3.2 If the marketing manager asks an employee to overlook a false statement

made in one of the advertisements.

4.3.3 If one of their employees accepts a bribe from a supplier

4.3.4 All General Retailers are now allowed to sell liquor on a Sunday.

4.4 A CEO of a big chain store argues that the only real social responsibility is to

provide consumers with goods and services and that by spending money on any

other CSR project means the business has to recover it somehow leading to

higher prices and inflation. Explain how you would counteract these arguments. (6)

4.5 Choose **any two** of the CSR campaigns of SPAR, given in the case study, **and**

comment on the sustainability of these campaigns. (8)