

TEACHERS WITHOUT BORDERS PROGRAMME

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In Bill Gates words, at the Mandela Day 'Living Together' address: "Maintaining the quality of this country's higher education system while expanding access to more students will not be easy. But it's critical to South Africa's future" – working together, we can help achieve this."

Contributing schools to date:

Clifton School	Milnerton High	Rustenburg Girls' High	St Peter's
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Fairmont High	Roedean	St John's DSG	Wynberg Boys' High
Herzlia High	Rondebosch Boys'	St Mary's DSG Kloof	Wynberg Secondary

BUSINESS STUDIES

NAME:

MEMO

Time: 2 hours

175 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:


1. This question paper consists of 17 pages. Please check that your question paper is complete.
2. Read the questions carefully.
3. There are three sections (A, B and C) and all questions are **COMPULSORY**.
4. Answer ALL the questions on the question paper for Section A and B. Section C must be written on lined paper. Remember to write **your name** in the space provided on the question paper as well as on the lined paper.
5. Demonstrate insight, where applicable, when answering the questions. You may refer to any business in the **fuel and gas industry** that you have studied this year, as well as related food outlets where applicable.
6. You are advised to pay particular attention to the use of language and the **allocation of marks**.
7. It is in your own interest to write legibly and to present your work neatly.

FOR MARKERS ONLY: Allocation of marks

Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	Total
20	10	20	25	25	25	50	175
							%

SECTION A**50 Marks****QUESTION 1****20 Marks**

Indicate the most correct answer by writing the letter next to the corresponding number in the space provided.

- 1.1 Triple bottom line reporting refers to...? (2)
- A. People, profit, planet
 - B. Environmental, sustainability, economy
 - C. Profit, purpose, people
 - D. None of the above
- 1.2 Which of the following is not a business function? (2)
- A. Financial
 - B. Human Resources
 - C. Marketing
 - D. General Relations
- 1.3 The micro environment of Shell SA is influenced by the ... (2)
- A. Managing Director
 - B. Quality of products
 - C. Employees
 - D. All of the above
- 1.4 The Caltex brand that houses the logo  represents a: (2)
- A. The Common Trademark
 - B. The Dealer's Trademark
 - C. The Individual Trademark
 - D. No Trademark
- 1.5 If Mugg & Bean on the Go sold a take away salad bowl together with salad servers; this packaging would be known as ... (2)
- A. Kaleidoscope
 - B. Combination
 - C. Specialty
 - D. Unit

(2)

1.6 Sasol sponsors the Sharks rugby team; this form of promotion would be considered as?

- A. Sales Promotion
- B. Publicity
- C. Personal sales
- D. All of the above.

1.7 When BP conducts business in an ethical manner, it is known as: (2)

- A. Corporate Citizenship
- B. Social Investment
- C. Social Responsibility
- D. Corporate involvement

1.8 Total operates as a sustainable business practice, this means: (2)

- A. Assessing how present business practice affects the future
- B. Involving employees in business decisions
- C. Considering the benefits of stakeholder over shareholder practices
- D. Developing Employment Equity policies

1.9 The potential audience of Public Relations is: (2)

- A. Local Authorities
- B. Financial groups
- C. Suppliers
- D. All of the above

1.10 Inflation is an element found in which environment: (2)

- A. Micro
- B. Primary
- C. Market
- D. Macro

1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	1.10
A	D	D	A	B	B	A	A	D	D



QUESTION 2**10 Marks**

Each statement below is **False**. Change the **highlighted** word or phrase to make the statement **True**. Enter just the corrected word/phrase next to the number in the space provided.

- 2.1 **Speciality packaging** is continuously changing depending on the latest trends. (2)
- 2.2 Making operations **socially** sustainable is when a business operates with greater global awareness regarding pollution and depletion of natural resources. (2)
- 2.3 A **Value Chain Analysis** is used to analyse challenges from the macro environment. (2)
- 2.4 **Conflict of interest** is the ability of consumers to put pressure on businesses to act in a certain ethical manner. (2)
- 2.5 The **Financial Function** is about the management of communication between the business and stakeholders. (2)

2.1 Kaleidoscope

2.2 Environmentally

2.3 PESTLE

2.4 Consumerism

2.5 Public Relations Function

QUESTION 3**20 Marks**

Write the corresponding letter of the most correct answer from Column B next to the number in Column A in the space provided. Each answer from column B may only be used **ONCE**.

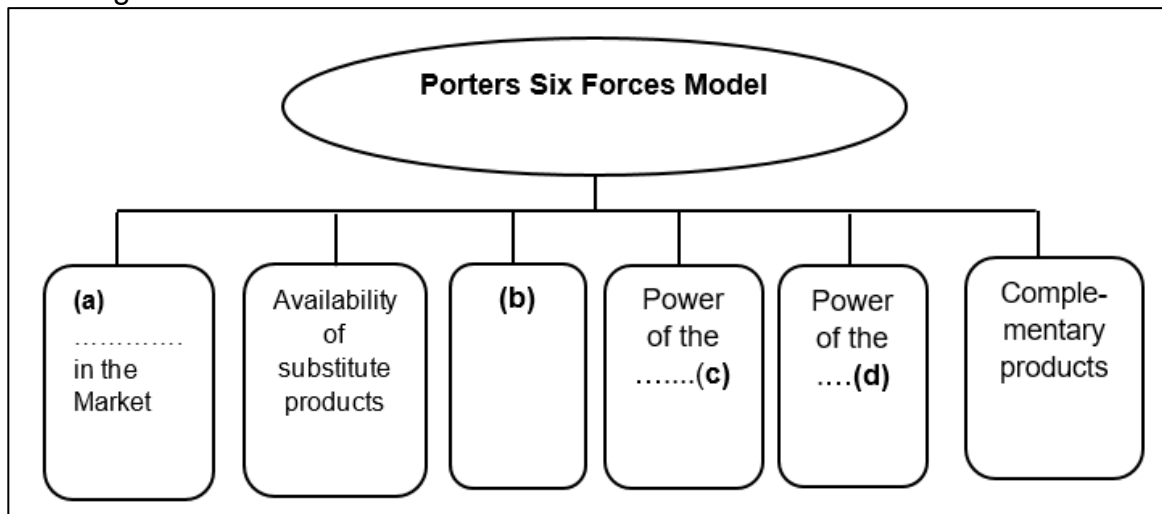
Column A		Column B	
3.1	Using odd even pricing to make travelling snacks cheaper. (R19-99 instead of R20-00).	A	Intellectual property theft
3.2	All activities required to get the fuel from the oil refineries to the customers.	B	Environmental scanning
3.3	Items are set at a very low artificial price to encourage market share.	C	Strengths
3.4	Stealing another company's idea or design.	D	Creativity
3.5	The process of obtaining information about possible current and future events that may have an impact on the performance of the business.	E	Promotional pricing
3.6	Factors within the business which add value to the performance of the business and gives the business the competitive advantage.	F	Marketing
3.7	An issue with no specific solution because none of the available alternatives will work.	G	Contingency plans
3.8	Showing imagination and originality.	H	Penetration pricing
3.9	When unexpected problems arise, you will need to have _____ in place.	I	Barrier
3.10	When high capital is required to enter the market, it is referred to as a _____.	J	Psychological pricing
		K	Copy right
		L	Advertising
		M	Price skimming
		N	Dilemma

3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.10
J	F	H	A	B	C	N	D	G	I

SECTION B**Marks 75****QUESTION 4****25 Marks**

- 4.1.1 Supply the **missing information** in the diagram by writing a – d in the space provided. (4)

A technique used by Caltex to analyse their market environment includes the following:



- a) Rivalry
- b) Threat of new entrants
- c) Buyer or Supplier
- d) Supplier or Buyer

- 4.1.2 Discuss the impact that any TWO elements of Porter's Six Forces model that you labelled in 4.1.1 (a, b, c or d) will have on Caltex near the Midlands Mall (opposite side of the N3). (6)

THREAT OF NEW ENTRANTS TO THE MARKET

- This aspect assesses **how easy or difficult it is for a new competitor** to enter the current market, based on the number of entry barriers to the market.
- A particular market is seen to be profitable if **only a few entry barriers** exist. However, this may lead to a high level of rivalry arising in the market place when other businesses also see the opportunity for profits. The following are **possible barriers** that will make it **difficult** to enter the market:
 - The **capital required** to enter the market is **high**, i.e. expensive research and development, pricy equipment, etc.
 - **Existing businesses** have **strong trademarks** or **patents** protecting their products/services.
 - There is **strict government legislation** that makes it difficult to enter the market.
 - **Customer-switching costs** to change to a new type of product are **high**.
 - There is a **high level of customer loyalty**.
 - **Economies of scale** are **not easily achievable**.
- It is important to remember that when there are **many competitors** in the market place and they are all competing for the same market share, **profits will decline**.
- It is thus vital that **existing businesses** look at ways to **create high entry-level barriers** to the market to deter possible new entrants to the market.

3.2 RIVALRY AMONGST EXISTING COMPETITORS

- The **number of current competitors** in the market is an important factor to consider when assessing the competitiveness or profitability of a particular market place.
- 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.
- **Rivalry** amongst competitors is usually **high when**:
 - There are **many competitors** in the market.
 - Competitors are more or less of **equal size**.
 - **Exit barriers are high** (it is expensive to stop selling a particular product, because a large capital investment was made).
 - There is **limited potential for the market to grow** and all competitors have to compete for the same market share.
 - When the **products** in the market are **not differentiated** (homogeneous/similar)
 - Goods can **easily be substituted** for another product.
 - There is **low level of customer loyalty**.

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.
- This would have a **negative impact** on the business, as 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.
- Suppliers have **strong bargaining power** when:
 - There are **few suppliers** in the market place.

- The supplier is **large enough** to make it **difficult to achieve forward integration** in the distribution channel.
- There are **limited options** to substitute raw materials.
- The **cost of switching** to a different material is **high** or it is a **complicated** process.

3.5 BARGAINING POWER OF BUYERS

- The buyer has the power to **demand a lower price**, a **higher level of quality**, longer **trading hours**, **delivery** of products, a **wider variety** of goods, etc.
- If the buyer demands any of the above or other demands, the business will have to decide if it is **worthwhile to meet these demands**. 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.
- Remember the buyer **does not have to be an individual consumer**. **Another business may also buy** the products to resell or manufacture something.
- **Buyers have strong bargaining power** when:
 - The buyer is buying in **bulk**.
 - There are **many suppliers** selling the same or similar products/services.
 - **Only a few buyers exist** (seller "has to sell" to this buyer).
 - It is **easy and not expensive** for the buyer to **switch** to another supplier.
 - When a buyer has the **ability to integrate backwards** in the distribution channel.

4.1.3 Provide a strategy that you would put in place to minimise the threat for ONE of the elements discussed in 4.1.2. (4)
Teacher's discretion

4.1.4 With the aid of an example, explain what is meant by "complementary products" in the technique used above. (3)

COMPLEMENTARY PRODUCTS

- Porter later included a sixth force called complements or complementary products.
- Complements look at the **potential within the market place to increase the demand for the original product**, by introducing a complementary product.
- An example of a complementary product is **Apple that created iTunes** to complement the iPod. This **added great value to both products** and has created a customer base which is loyal to Apple products.

4.2 Caltex has decided to launch its own Pizza brand. They have gone to great expense, training chefs on how to make authentic pizzas and installing pizza ovens throughout their Caltex outlets in South Africa. Their marketing function did not do sufficient market research, and the whole launch has been a complete flop.

4.2.1 Discuss the interrelatedness and impact that this poor decision could have on at least FOUR functions within Caltex. (8)
Teacher's discretion

QUESTION 5**25 Marks**

5.1 NXTHINKING (AN INITIATIVE BY SHELL SA)

NXthinking offers a way to explore real-world problems and generate potential solutions. It encourages young people to:

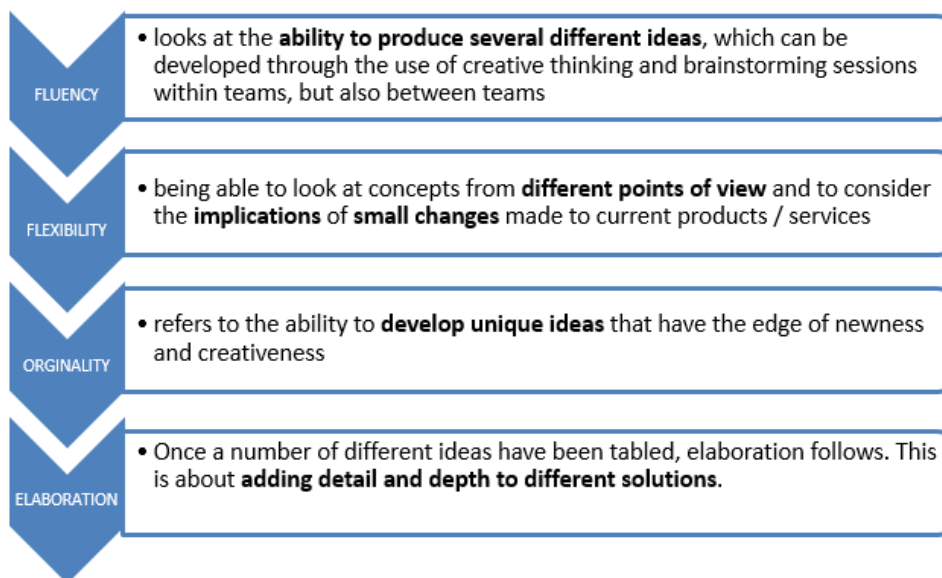
- be analytical and creative
- dig beneath the surface
- appreciate complexity and interrelated possible and preferred futures
- think about what could be done differently to bring about positive change

NXthinking takes many of its ideas from the disciplines of systems thinking, scenario planning and theory of change.

Extract adapted from: <https://nxplorers.com/en/nxthinking>

5.1.1 Evaluate how the above initiative relates to each of the FOUR pillars in the four pillar approach to creativity. (8)

3.1 THE FOUR PILLAR APPROACH TO CREATIVITY:



5.2 KwaZulu Natal – There has been strong social media backlash about a post made by BP Cascades regarding one of their employees. The employee who has worked for BP Cascades as a petrol attendant was being honoured for her loyal service to the Company. However, many people are questioning how a woman had remained in the same position, with no advancement, for 25 years. The franchise owner, Justine Magudulela could not be reached for comment on Saturday.

Extract adjusted from: www.news24.com/SouthAfrica/News/social-media-backlash-post-20171007

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5.2.1 Complete the acronym **RACE**. (4)

Research Action Communication Evaluation

5.2.2 Using the above acronym, discuss the key elements that Justine Magudulela should follow to ensure a sound public relations process to address the above mentioned issue. **Teacher's discretion** (8)

R	A
C	E

5.3 Imagine you are the CEO of Shell SA. You have decided that it is time to expand the Shell SA brand and open more Shell Ultra City's along the N3 between Durban and Johannesburg. Many of your managers are not in favour of this idea.

5.3.1 Complete a Force Field Analysis for this proposed expansion. Give at least TWO forces for and against the idea. **Teacher's discretion** (4)

<u>Forces for the expansion:</u>	<u>Forces against the expansion:</u>
<ul style="list-style-type: none"> • _____ _____ • _____ _____ 	<ul style="list-style-type: none"> • _____ _____ • _____ _____

5.3.2 Provide a strategy of how you suggest you will overcome ONE of the forces against (listed in 5.3.1) this proposed idea. **Teacher's discretion** (1)

QUESTION 6**25 Marks**

6.1 Pick 'n Pay Express is considering the possibility of introducing a new gourmet chicken burger range called Burger Delish which will be available at all BP petrol stations that have a Pick 'n Pay Express outlet.

6.1.1 Describe any TWO steps that would be involved in the design of the new gourmet chicken burger range. Use examples specific to Pick 'n Pay Express in your answer. (4)

STEP 1**Generate Ideas**

In order to generate ideas about possible new products/services, **input** may be obtained from a variety of sources such as **employees**, the **sales department**, **competitors** and **customers**

STEP 2**Research/filter different ideas**

The business will **research resources** needed to make the product. This may include **capital**, **skills** and **raw materials**. The ideas not aligned with the business's brand and current operations are **eliminated**.

STEP 3**Perform feasibility and viability studies**

Assess all the remaining ideas to determine which of these concepts would be both **feasible and viable**.

Feasible: Is it a **workable** idea which can be practically implemented?

Viable: Can **sustainable profits** be generated from this idea?

In order to perform these studies, the business will assess the **potential market share** and look at **break-even points**.

STEP 4**Build a prototype**

When a prototype is built, the business **manufactures the product** or **tests the service** in order to identify and deal with any problems identified. Where possible the business will use **computer simulations** as part of the prototype process to identify and deal with any defects.

STEP 5**Test the product in the market**

6.1.2 Discuss TWO pricing strategies that you would suggest the marketing manager could implement to ensure that the new burger range makes enough sales at the initial stages of launching it. (4)

Penetration pricing

When business **enters a market** and it **sets its price lower** than that of its **competitors**, hoping that this would attract customers to try the product/service. Business **hopes to gain loyalty** based on the low price; when the price eventually is increased, customers

nevertheless will continue to use the product/service

Compe-titive Pricing

This strategy involves looking at **what competitors are charging** for the products and then **setting the price at a similar level**.

Psychological Pricing

Different strategies can be used:

- **Odd pricing:** Create the **impression** that the product is “**better priced**”.
- **Prestige pricing:** **Charge a very high price** for a particular product/service, with the aim of **creating a status symbol**.
- Retailers may also employ **bundle pricing** where several items are packaged as one unit.

Charging R199.99 instead of R200.00 is using odd pricing.

6.2 Pick 'n Pay Express sells their food in packaging that needs to be suitable for the food being sold.

6.2.1 Briefly discuss the purpose of packaging.

(3)

The importance of packaging as part of the product:

Packaging refers to the **way the product is presented** to the customer and it is important to pay close attention to the packaging for the following reasons:

- It **protects** the product against breakage or from becoming damaged.
- In some cases it makes it **easier to handle** the product, e.g. a handle on a bag of dog food makes it easier to carry.
- In some cases it is designed to **use the product more easily:** A milk carton spout is angled/round which enables easy pouring of the milk.
- It helps with **transportation and stacking** of products in boxes/containers.
- It can be used as part of advertising campaign to **promote the product** by ensuring the product looks appealing to the customer.
- It helps to ensure that the **brand image** is **reinforced**.

Labels on the packaging contain **important information** about the product, such as ingredients and warnings.

6.3 Pick 'n Pay Express is thinking about rebranding themselves. Identify TWO reasons why branding is important

(2)

- It is important that manufacturers or retailers develop unique features that can be added to the product to make it **easy** for the customer to **recognise the product**. The business itself will portray certain values (image). If the **unique features** of the **products** and the **image of the business** are **combined**, it is known as the **brand**.
- The **marketing message** will **use the brand** as the **central theme** to convince the customer to associate with the product and the (image of) the business.
- The **Brand is a name, logo and/or slogan** added to the product to assist the **customer to recognise** it.
- The brand helps to **distinguish individual products/makes**. The customer recognises the brand, as the brand represents the qualities the business

represents, thus a brand is able to **persuade a customer** to purchase a product.

- Businesses use branded products to **gain customer loyalty** by creating a particular status associated with the brand.
- A branded product is a **guarantee** from the business that the product represents a **particular quality** and this makes the customer confident about the product being purchased. **Well-known** brands are normally sold at **higher prices**, due to the promise they hold for the customer.

6.4 Suggest TWO Strategies Pick 'n Pay Express could implement to ensure sales do not diminish. Your answer must be specific to Pick 'n Pay Express. (4)

- **How is the Life Cycle of a product/service extended?**
 - **Variation:** The Business could offer the **same product in different sizes, colours, flavours**, etc. with the aim of increasing sales.
 - **New markets:** Business wants to create a "new demand" for the product to increase sales. This can either be done by entering a **new geographical market** where the product has not been sold before, or the business could try to appeal to a **different market segment**.
 - **Development:** The business could **redesign the product** to make it more modern or to **improve the functionality** of the product. The aim is to ensure that the product is attractive to customers whose needs and wants may have changed.
 - **Distribution channels:** are **improved or expanded** to make the **product accessible to customers** or to get the product to customers in a faster and more effective manner.
 - **Promotion:** The business could use **different promotional strategies**, such as "buy one get one free", to promote sales.
 - **Price** The business could use **different pricing strategies** such as discounting to generate greater demand.

6.5 Describe the target Market for Pick 'n Pay Express and justify your answer. (2)
Teacher's discretion

6.6 The traditional 4 P's are affected by who your target market is. Evaluate the impact on product and price depending on who your target market is. (6)
Teacher's discretion

QUESTION 7

50 Marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

- 1. Please note that the case study and scenarios used in this examination paper have been adapted for educational purposes and are not a reflection on the business used.**
2. Candidates are advised to pay particular attention to the use of language.
3. It is in your interest to write legibly and present your work neatly.
- 4. Answers must be completed on lined paper.**

The following aspects will 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.
- Substantiation: Justification for statements made.
- Application to case study / context.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.

SOURCE A:

STARTUPPER CHALLENGE



Because ideas need energy to become something great, Total has launched the Startupper Challenge in nearly 60 countries around the world.

This Challenge targets every young local entrepreneur with an innovative project or idea that could make things change in their country. After several selection steps, our local jury will nominate three winners and the Top Female Entrepreneur Award.

The three winners will get the 2019 STARTUPPER OF THE YEAR Award, along with financial support, exposure and coaching for their project.

Become Startupper of the Year!

Extract adapted from: <https://www.total.co.za/discover-total/total-south-africa/startupper-challenge>

SOURCE B:



Extract from: <https://za.pierest.com/pin>

The StartUpper Challenge is an initiative by Total South Africa. The board of Directors has approached you as a research analyst and project manager to assist in designing a new CSR project for Total South Africa that will support the StartUpper Challenge. As many of the stakeholders believe that CSR is not necessary and a waste of valuable company resources, you need to convince the stakeholders on the advantages and need for this CSR programme and explain step by step how it can be implemented. The stakeholders have only agreed to follow through with the CSR project if it can be guaranteed to be sustainable in all areas of the company.

Required:

Write a report to the Total South Africa stakeholders in which you would:

- Discuss the reasons for CSR initiatives and the responsibility of Total South Africa as a corporate citizen
 - Analyse the Macro Environment and highlight areas of need for a CSR programme in South Africa
 - Design a CSR programme for Total South Africa ensuring that it is sustainable and that it supports the already successful StartUpper Challenge.
-
- Corporate Social Responsibility (CSR) is about the relationship between the
 - **business (corporate)** and
 - **society (social)** and the degree to which the business impacts on society
 - The business should **not just focus** on its own **profits**, but it has a **responsibility** towards the **people** and the **environment** as well. 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 and how their **good intentions** will **translate into practical projects**.
 - CSR can be described as an **ongoing commitment** by business to behave in an **ethical manner** by **contributing** to the **economic and social development** of **employees** and the **community** at large.

1 CORPORATE SOCIAL RESPONSIBILITY IN A BUSINESS CONTEXT

- CSR in practice means the business is managed in a way that ensures its commercial sustainability (**profitability**) while acting in a way that will meet **society's expectations** of the business by contributing to **society** and the **environment**.
- The **King Code** talks about the business being a good Corporate Citizen and that its actions should show that it cares about society and the environment.

- Some **skeptics** 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 and ultimately profits.
- An **ethical citizen** will **engage** with all **relevant stakeholders** to ensure the sustainability of society and the environment. These stakeholders include (but not limited) to: employees; shareholders; customers; the government; etc.
- CSR is viewed as an **umbrella concept** that helps the business to **understand** its **stakeholders**, and to react to **counteract** any **negative effects** on the stakeholders with **proactive solutions**.
- The following **difficult issues** would need to be considered when the business thinks about its stakeholders and how to contribute positively to them: crime; poor housing; poverty; lack of education; unemployment; environmental concerns; poor health services; inequality, etc. Some of the questions the business will need to answer include:
 - What is the business's **level of responsibility** to address these issues?
 - **To whom** will the business be responsible?
 - **For how long** will business be responsible – is it ongoing?
 - **How** will this responsibility **affect** business and its day-to-day running?
- The business has **two levels of responsibility**:
 - **Primary**: stakeholders who are **directly affected** by the success of the business, e.g. employees and shareholders
 - **Secondary**: stakeholders who are **indirectly affected** by the business activities, e.g. community, government and environment.

4 PESTLE ANALYSIS



- CSR Programmes should be **sustainable** where the **focus and impact** should be **long-term for positive change** to occur in people's lives.
- The **criteria to measure** whether a business has a **focus on sustainability** is as follow:

3.1 MAKING OPERATIONS ENVIRONMENTALLY SUSTAINABLE

- With **greater global awareness** and the concern regarding the impact of pollution, depletion of natural resources and destruction of ecosystems increasing, business has to ensure that it **acts in a responsible** manner.
- Look at ways to **cut back on wastage** as well as ways to ensure **non-renewable resources** are **treated with respect** (e.g. find and utilize alternative energy sources)
- Businesses are being held **accountable** for their **environmental practices** e.g. introduction of CO² tax and the use of harmful materials vs recycled materials for packaging.

3.2 MAKING ITS OWN OPERATIONS SOCIALLY SUSTAINABLE

The business takes responsibility for ensuring that **important issues in the workplace** are addressed, such as: BEE/BBBEE; HIV/AIDS and health issues; Empowerment/skills development; Occupational Health and Safety; Trade Union involvement.

3.3 MAKING SOCIETY SUSTAINABLE

- Important for 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.
- Business should develop capacity by **addressing social issues** in the community through programmes aimed at quality **education and health care**.

3.4 INFLUENCING SUPPLIERS

- Important for businesses to **monitor the supply chain / value chain** so that the business will be actively **aware of any possible negative effect or consequences** that its suppliers may have on the environment and society.
- The business has to **put pressure on suppliers** to ensure their business **activities are sustainable**, otherwise the business should look for alternative suppliers.
- A business that is taking all the necessary precautions to ensure sustainable business practices **cannot be seen to be dealing with unethical suppliers** who do not care about the consequences of their actions.

DESIGNING A CSR PROGRAMME

- A business and management can **designing and set up a CSR Programme** as follow:
 - **Communicate** the need for CSR across the business

- **Create** a CSR **policy** for the business
- **Communicate** the CSR **policy** throughout the business to ensure buy-in at all levels
- **Link CSR** to business **success factors** – part of performance appraisals
- **Employees** should brainstorm to **come up with initiatives** for CSR
- **Inventory of skills and resources** needed to implement the programme is drawn up
- **Implement** the CSR project
- **Monitor** CSR initiative
- Make **necessary changes** or go back to brainstorming

5.2 IMPLEMENTATION OF A CSR STRATEGY

The following **7 principles** (suggested by Blowfield and Murray) should be considered when implementing a CSR strategy in the business:

- **Concept of Citizenship**: Business should understand its position within the community and its responsibilities towards the different stakeholders.
- **Strategic intent**: **Define the purpose** of the CSR initiative (aim) to understand how CSR forms part of core values of business.
- **Leadership**: Top management must ensure that their vision of the business as a corporate citizen becomes **part of the everyday life** of the business. CSR initiatives could either be offensive or defensive or a combination of the two:
 - **Offensive CSR** – proactively tackle social and environmental issues
 - **Defensive CSR** – looking after the reputation (brand) ensuring all activities are within the law
- **Structure**: All **resources** should be **aligned** with the ultimate CSR goals of the business. All CSR activities must be planned, organized, driven and controlled to ensure goals are met.
- **Management**: All levels of management should understand and have buy in of the programme
- **Stakeholder Relationships**: Business should maintain sound relationships with both **internal and external** stakeholders through open communication channels so that correct info reaches correct stakeholders on time.
- **Transparency**: All **relevant info** about the CSR initiative has to be **communicated** to stakeholders – even if negative. Challenge for the business is to have **contingency plans** in place to overcome negative events or failures. The business must **disclose info regarding its performance**.

5.3 CSR REPORTING

- **Traditionally** businesses reported to shareholders on **financial aspects** of the business
- More recently businesses have started to report to shareholders and other stakeholders on **social** and **environmental** performance, as well as **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; size and operations; markets in which the business operates; overall brand and the areas of impact (internally and externally)
 - **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:** statements from the business about its areas of impact and targets the business has set to address certain social issues as well as an indication how performance will be measured.
 - **Management systems:** discuss its audit procedures for both internal and external auditing