

2016 Prelim Paper 2_SAQ_Suggested Answers

- 1) What does the word 'trumpet' (line 5) tell you about the efforts of large companies? **Use your own words as far as possible.** (1m)

From the passage	Suggested answer_IYOWAFAP
But the idea that companies have a responsibility to act in the public interest ... is fundamentally flawed...Large companies now routinely claim that ... they are also intent on serving some larger social purpose. They trumpet their efforts to ... make the world a better place (line 1-6)	The word suggests that 1. large companies may boast about/ proclaim/ exaggerate/declare loudly/amplify/extensively/greatly advertised their intentions to improve society

- 2) Explain what the author means by 'you can have your cake and eat it too'? (line 8-9) **Use your own words as far as possible.** (2m)

From the passage	Suggested answer_Inference
<i>companies have a responsibility to act in the public interest and will profit from doing so... (line 1-2)/ serve some larger purpose...</i> It is not surprising that this idea has won over so many people—you can have your cake and eat it too! (line 7-8)	The author means that 1. Companies can not only provide for the needs of society , [1m] 2. they can also benefit financially [1m] Allow lifts for profit and public interest <i>0 or 2 marks</i>

- 3) According to paragraph 2, why does the author believe that corporate social responsibility is 'an illusion'? (line 9) (3m)

From the passage	Suggested answer_IYOWAFAP
<ol style="list-style-type: none"> In cases where private profits and public interests are aligned profits and social welfare are in direct opposition, an appeal [subject matter] to corporate social responsibility will almost always be ineffective (lines 10--11) executives are unlikely to act voluntarily in the <u>public</u> interest and (line 13) against shareholder interests. 	<p>This is because...</p> <ol style="list-style-type: none"> when profits and social welfare match/are similar/ the same/ alike/ conjunct (it CSR becomes irrelevant) profits and social welfare are in conflict/contradictory/have different agenda/motives an <u>appeal</u> to corporate social responsibility is counterproductive executives will not/willingly help the masses and disadvantage/will not benefit shareholders.// the management of the firms are essentially profit driven) <p><i>1pt-1m 2-3pts-2m</i></p>

	4-5pts-3m Underlined words means needed component
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- 4) From paragraph 3, identify the sentence that hints at the author's disapproval of companies that profit while benefitting society. (1m)

From the passage	Suggested answer_Inference
'Social welfare is improved; everybody wins.' (lines 20-21)	The sentence is 'Social welfare is improved; everybody wins.' [1m]

- 5) Why does the author believe that 'social welfare is not the driving force' (line 26) behind corporate social responsibility? **Use your own words as far as possible.** (3m)

From the passage	Suggested answer_IYOWAFAP
1. (a). '...did not become so common (effect) 2. (b) until they became profitable (cause)...' (line 27) 6. 'These companies are benefiting society while acting in their own interests ' (line 27) 7. ' social activists urging them to change their ways had little impact ' (line 27-28)	1. (a) It was not widely practised/mainstream (effect) 2. (b) until it became lucrative/money-maker/marketable/ beneficial / reaping much revenue (cause) 3. Improving the welfare of the masses is only/merely an incidental/ secondary result of pursuing financial gains OR not an intended goal/aim. 4. Advocates of change/ calls for change / protesters... imploring/compelling/exhorting them to review their methods saw hardly any/ limited positive results. 1m each. Any 3 points for full marks

- 6) Why are the movements for corporate social responsibility and better corporate governance in direct opposition? (line 48-49) **Use your own words as far as possible.** (3m)

From the passage	Suggested answer_IYOWAFAP
1. Executives are hired to maximise profits; that is their responsibility to their company's shareholders. 2. <u>Even if</u> executives wanted to forgo some profit to benefit society, 3. they could <u>expect</u> to lose their jobs if they tried—	1. Executives are accountable/have a duty to/ hired/ employed/tasked to benefit their shareholders 2. <u>Although/even if/ when</u> they are willing to sacrifice/give up monetary gains for the wellbeing of the greater public. // held liable Credit as long as conditionality is implied. 3. They would be fired/retrenched/forced out

<p>OR</p> <p>and be replaced by managers who would</p> <p>4. restore profit as the top priority. (line 46-49)</p>	<p>OR</p> <p>And be substituted/taken over by</p> <p>4. Managers who are willing to replenish/regain financial edge</p> <p><i>1 point – 1 mark</i> <i>2-3 points – 2 marks</i> 4 points – 3 marks</p> <p><i>Answer has to show contrast/tension and consequences of forgoing profits (point 2)</i></p>
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7) In paragraph 11, what does the author think are the definite ways to influence business decisions? (2m)

From the passage	Suggested answer_IYOWAFAP
<p>1. ...to impose an</p> <p>// regulatory mandates</p> <p>2. unacceptable</p> <p>3. cost/ taxes, punitive fines</p> <p>4. public embarrassment</p>	<p>1. When governments enforce/ make it compulsory // Government-enforced decrees/ laws/rules</p> <p>(Do not accept 'implement')</p> <p>2. Unwanted/objectionable/unrealistic/ unfavourable / ludicrous / punishing</p> <p>3. expenditure/<u>monetary</u> penalties/tariffs/liabilities/penalties</p> <p>4. Public shame/ humiliation</p> <p>1-2 pt – 1m >= 3 – 2m</p>

8) Explain why pleas for corporate social responsibility may be 'needless' (line 93) **Use your own words as far as possible** (2m)?

From the passage	Suggested answer_IYOWAFAP
<p>1. ... smart enough to see that doing the right thing</p> <p>2. is a by-product of their pursuit of profit. (line 88-91)</p>	<p>1. Companies are sufficiently intelligent/wise to realise that making the correct choice</p> <p>2. Is the secondary/incidental/unforeseen/unintended outcome of their chase/hunt/search for monetary gains</p> <p>Other acceptable answers This is because for directors who are able to realise that by appeasing the public by carrying out what is socially acceptable, they get less complaints about their practise</p>

	<p>and thus are able to <u>increase their earnings in the long run with less troubles</u></p> <p>The <u>knowledge that society benefits</u> are <u>indirectly caused</u> by monetary-driven causes will enable people to be aware that corporate soc. Resp. is being fulfilled. This renders the need for such to be nullified</p> <p>Smart enough to realise <u>that they can earn profits while helping people.</u></p> <p>.... Intellectual and they are <u>align their business profits with societal gains</u>,</p> <p>Being socially responsible is the <u>only way to maximise revenue</u> after the government implements policies. Thus the government does not have to go around encouraging firms to be socially responsible</p> <p>1pt – 1mark</p>
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9) Using material from paragraphs 8 and 10 of the passage, summarise what the author has to say about the limitations and difficulties of government regulation and self-regulation in striking a balance between profits and public good.

Write your summary in **no more than 120 words** not counting the opening words which are printed below. **Use your own words as far as possible.**

Government regulation is not perfect because..... [8]

Lifted Points		Paraphrased points
<i>Limitations of government regulation</i>		
1.	can even end up reducing public welfare (line 58, 59)	Can possibly decrease public welfare
2.	its cost or (line 59)	Because of the expenses
3.	Inefficiency (line 59)	weak/slow in allocation...distribution <i>(Do NOT credit for 'ineffective' unless it is accompanied by a method of production like allocation/distribution etc Inefficient (process) vs. Ineffective (result))</i>
4.	The government also may lack the resources (line 59, 60)	The authorities may not have sufficient reserves/supplies/support/wealth/means
5.	competence to design (line 60)	Capability/ability/proficiency/knowledge
6.	Administer	Manage/oversee/govern/implement/enforce/take charge/impose
7.	appropriate regulations (line 60)	Suitable//necessary/correct/proper rules/systems/procedures/policies Do not accept 'measures'

8.	particularly for complex industries requiring much specialised knowledge (line 61)	Especially/Specifically for complicated businesses needing a lot of focused/dedicated/expertise/acumen <i>Ensure both keywords are paraphrased</i>
9.	Industry groups might find ways to influence regulation (line 61, 62)	Business groups might look for alternatives to manipulate/sway/impact rules/systems <i>For 'industry groups' – BOD for 'firms/companies'</i>
10	to the point where it is ineffective	to the point it is useless/unproductive/undermines goal/weakens/ reduces ability
11	even ends up benefiting the industry at the expense of the general population (line 62, 63)	Even winds up helping the business at the cost/ at the detriment of/while sacrificing the public
12	Outright corruption can make the situation even worse (Line 64)	Blatant dishonesty/fraud/bribery can make the circumstances/conditions poorer
13	weak and often corrupt governments. (line 65)	Fragile/incompetent/unstable authorities
14.	all the problems of government failure are exacerbated in <u>developing countries</u> (line 64, 65)	All the problems/glitches/difficulties of government breakdown/malfunction are worsened/aggravated/made worse in <u>developing countries</u>
<i>Difficulties of self-regulation</i>		
15	Companies are unlikely to voluntarily act <u>in the public interest</u>	Businesses/Industries are unwilling to do good/work for the benefit/represent the population <i>The unwillingness to do good should be implied in the answer, rather than simply the lack of will</i>
16	<u>public interest</u> at the expense of shareholder interests (line 76, 77)	at the cost of the stakeholders/investors/ <u>firms</u> /shareholder. Pressure from the shareholders As the wants of society and <u>firms</u> <u>stakeholders</u> clash
17	The challenge is to design self-regulation in a manner that emphasizes transparency (line 82)	It is hard to achieve clarity/openness/honesty
18	Accountability (line 83)	Responsibility/ answerable/ dependable/ trustworthy
19	consistent with what the public expects from government regulation (line 83)	Coherent with what the population anticipates/demands from the rules by authority <i>Do NOT accept 'what the people think/perceive of govt rules...'</i>
20	is up to the government to ensure that any self-regulation meets that standard . (line 83, 84)	Is up to the authority to guarantee that any ability to control our behaviour meets that criteria/benchmark

21	The government must be prepared to step in and (line 84, 85) 'prepared' is not bolded	The authority must be ready to interfere/intervene
22.	and impose its own regulations if the industry fails to police itself effectively. (line 84, 85)	and enforce its own rules if the business stops to regulate/monitor itself well/successfully

No. of Points	Marks Awarded
1-2	1
3-4	2
5-6	3
7-8	4
9	5
10-11	6
12-13	7
>14	8

10) Aneel Karnani makes the case against corporate social responsibility. How applicable are her views to you and your society? Support your answer with examples drawn from your society. [10]

<p>Agree: <u>Today's world/SG society is increasingly profit-motivated and competitive. Companies are unwilling to give up profits. Government regulation plays a huge role to keep companies in check.</u></p> <p>Examples: checks on migrant workers dormitory n sanitary needs, CO2 emissions tax, government incentives to encourage lifelong learning and skills upgrading etc. Singapore Business Federation (SBF) Act is an incentive which automatically includes all companies with a paid-up capital of \$500,000 and above as members of the SBF, the apex body of the business community in Singapore representing its interests locally and overseas. The SBF has been promoted to a "principal member" of the compact to help promote corporate sustainability in Singapore. It makes sense for all businesses who are members of SBF (currently at 21,500) to be inducted into the corporate sustainability movement, given its benefits, growing relevance in the global business landscape and Singapore's own sustainability goals.</p>	<p>Disagree - <u>However, there are certain start-up businesses that are primarily focused on effecting social change</u></p> <p>Examples: Wow Wow West, Xin Soon Huat Bak Kut Teh, Chatters Cafe Greenpac (The firm also has an inclusive hiring policy - it employs a disabled worker and subcontracts selected projects to ex-offenders under the Yellow Ribbon initiative), 80% of the companies based in Singapore claim to engage in some form of environmental conservation activity</p>
<p>Agree: <u>Profit driven companies cannot be trusted to place the public's interest ahead of their own.</u></p>	<p>Disagree: SG corporations rely a lot on image portrayed to investors and stake-holders - stakeholders such as consumers, investors,</p>

<p>Examples: <i>Corrupt Practices Investigation Bureau (CPIB) deals with corrupt practices in the private sector - Private sector cases made up 85 per cent of all registered cases for investigation in 2014 E.g. Lee Kian Hwa, a project manager of Integrated Building Construction Pte Ltd, was fined S\$10,000 after being found guilty of three charges of corruptly obtaining bribes totalling S\$10,000 from Chong Tet Foh, a director of De Fong Builder, in return for awarding a contract for the construction of a terrace house.</i></p>	<p>governments and employees know what good corporate behaviour should be. Hence, <u>SG companies are morally obliged to be responsible as it affects their image and profits too.</u></p> <p>Examples: <i>BreadTalk's dishonest repackaging of Yeo's soyamilk as 'freshly prepared' was unethical and caused it its reputation – with customers threatening to not patronise it.</i></p>
<p>Agree: <u>SG very dependent on economy and profits. Cannot rely on CSR alone as we are accountable to our stakeholders. Civil society/pressure is very important to promote social change and improve social welfare</u></p> <p>Examples: <i>Mediacorp cares: SL trips beach cleaning, school initiatives to visit and help the elderly/needy, NGOs, organising of awareness events, Macdonald's pressured to produce healthier food.</i></p>	<p>Disagree: <u>Business success is directly linked to sustainable business strategies. It is also SG's ambition to be a leading sustainable city</u></p> <p>Examples: <i>SG is part of United Nations Global Compact (UNGC), a worldwide initiative started 15 years ago to engage corporates to adopt sustainability principles such as the safeguarding of human and labour rights, environmental conservation and anti-corruption.</i></p> <p><u>Hence, consumers are increasingly buying products and services provided by sustainable companies, and the youth are flocking to them for work too.</u></p>