KOD / NAMA KURSUS : BKAL3063/KAJIAN KES INTEGRASI
COURSE CODE / NAME : BKAL3063/INTEGRATED CASE STUDY
TARIKH : 22 APRIL 2010 (THURSDAY)
DATE : 
MASA : 9.00 AM - 12.00 PM (3 HOURS)
TIME : 
TEMPAT : DP 2/4
VENUE : 

ARAHAN :
1. Buku soalan ini disediakan dalam Bahasa Inggeris.
2. Buku soalan ini mengandungi DUA (2) soalan dan Lampiran 1 di dalam ENAM (6) muka surat bercetak tidak termasuk kulit hadapan.
3. Sila jawab SEMUA soalan di dalam kertas jawapan disediakan.

INSTRUCTION
1. This book script is prepared in English.
2. This book script contains TWO (2) questions and Appendix 1 in SIX (6) printed pages excluding the cover page.
3. Please answer ALL questions in the answer sheets provided.

NO. MATRIK : ____________________________
MATRIC NO. ( dengan perkataan /in word )

NO. KAD PENGENALAN :
IDENTIFICATION CARD NO.

PENSYARAH :
LECTURER

KUMPULAN GROUP : TABLE NO.
 : NO.MEJA

JANGAN BUKA KERTAS PEPERIKSAAN INI SEHINGGA DIBERI ARAHAN
DO NOT OPEN THIS EXAMINATION PAPER UNTIL INSTRUCTED
QUESTION 1 (20 MARKS: 70 MINUTES)

Lilac, a plant manager, was upset when she found materials lying on the floor, and taking up a lot of space of the warehouse. The materials may take months to be consumed and there is no space left for some other materials recently purchased. An investigation shows that the materials were bought in bulk by a purchasing manager, Dino. What frustrates Lilac more is that she had rewarded Dino with a handsome amount of bonus for his excellent performance last year, particularly for being able to beat the price standard. Now she is considering firing Dino for the unacceptable behaviour. Lilac has made a policy to give pay increase and bonus to her managers based among others, on variance analysis.

An interview with Dino did not make the situation any better. Dino was defensive of his behaviour claiming that he had no other alternative but to purchase in large quantity in order to meet or beat the price standard or in other words, to avoid an unfavourable price variance. To him, the means of achieving the objective is not important. Furthermore, there was no policy that prohibits bulk purchasing in the company. Feeling confused and more frustrated, Lilac sought your advice on this matter.

REQUIRED:

a. Explain why Dino purchased the materials in large quantity. Is behaviour the objective of the price standard? If not, what is the objective?

(5 Marks)

b. Is the behaviour portrayed by Dino acceptable?

(2 Marks)

c. Should Dino be fired?

(1 Marks)

d. As an expert in standard costing, what would you advise Lilac in order to overcome this problem in the future?

(12 Marks)
QUESTION 2 (30 MARKS: 110 MINUTES)

Please read the case study of Vodafone: Stakeholders in recycling and re-use at Vodafone as in Appendix 1.

REQUIRED:

a. One of Vodafone’s goals is to be a leader in Corporate Responsibility. What is meant by Corporate Responsibility?  
   (3 Marks)

b. Identify THREE actions that show Vodafone is acting in a responsible way.  
   (6 Marks)

c. Customers and recycling partners have an external stake in Vodafone’s recycling activity. Describe what this stake is and show how it works. In what way could Vodafone be said to also have a stake in its recycling partners?  
   (7 Marks)

d. Who are the key internal stakeholders in Vodafone? Evaluate the acceptability of the phone recycling scheme to:
   i) shareholders and  
   ii) employees of Vodafone.  
   (14 Marks)
Appendix 1

Stakeholders in recycling and re-use at Vodafone

Introduction

Vodafone is a mobile network operator headquartered in Newbury, Berkshire. In 2006 its income was just over £5 billion. This made it the largest telecommunications network company in the world by turnover.

Most of the UK's biggest companies have been in existence for a hundred years or more - Shell, BP the Bank of Scotland (now part of HSBC), Barclays and Rolls-Royce for example. Vodafone is an exception to this rule. It is a new company set up in 1985 to provide a new service - mobile communication links - to support new products - mobile phones.

Vodafone's goal is to be the UK's communications leader. Leadership is not just about selling more products than rivals. It involves ensuring the brand is reliable and trustworthy. Vodafone achieves this by giving high priority to Corporate Responsibility (CR). CR involves being aware of the issues facing a business and acting responsibly in all areas of its activity. Vodafone's commitment to CR is set out in its vision statement which describes the kind of company it is. The vision statement links closely with its mission statement.

Vodafone's vision is:
To be the world's mobile communications leader. Corporate Responsibility (CR) is critical to achieving this. By being responsible, we will strengthen our reputation with customers, employees, government and all other important stakeholders. This commitment is about making more money in a way that maintains our ongoing success and maximizes the positive benefits of our business on people and the planet.

Vodafone has many different stakeholders. Stakeholders are individuals, groups or organisations that have an interest in the activities and behaviour of a business. They can be internal stakeholders, like employees and partners, or external, such as customers, suppliers, government or the media for example. All stakeholders can influence as well as be influenced by Vodafone.

This case study focuses on one area of all of these stakeholders groups are interested in – the recycling and re-use of old mobile phones to reduce the carbon footprint of the company and its users. In the UK, there are over 50 million mobile phones in circulation. It is important to consider what happens to the phone at the end of its lifecycle – can it be re-used or recycled?

Cool Fact: in the UK, a typical consumer replaces his/her mobile phone on average every eighteen months. Approximately 85% of the UK population have at least one mobile phone.
External Stakeholders

External stakeholders exist outside the organisation but have a direct interest in what it does. Vodafone’s main external stakeholders interested in the recycling of phones are customers and partner charities.

i. Customers
Vodafone’s customers can be businesses or individuals (consumers).

Vodafone has 10% of the world market for mobile telephony – around 421 million customers – and has a significant share of the business customer market. Providing better mobile connections can reduce a business’ carbon footprint. Vodafone’s business travel by car and plane led to emissions of 15,800 tonnes of CO₂ in the UK in 2006/07. Modern mobiles reduce the need for business journeys, allowing instant communications and electronic data exchange on a global, national and local scale.

With the right technology, people can work effectively and securely from anywhere – they don’t have to be in an office. The benefits of using mobile phones include:
- reducing the environmental impact of business travel
- allowing companies to be more productive and to reduce costs
- providing better work/life balance for employees
- keeping people closer to their families and friends.

Mobile phones support families and households in a variety of ways. They help in:
- checking that you have bought the right items when visiting a supermarket
- exchanging the latest information about how to research a school homework topic
- meeting a friend in a busy shopping centre or other location.

Vodafone promotes recycling old phones when businesses and individuals buy new phones. Older phones contain potentially dangerous materials which could pose a threat to the environment if not recycled responsibly. Some old batteries contain cadmium, a toxic substance. The effects of cadmium leaching into the surrounding soil in a landfill site could cause considerable contamination. Many of the materials in a phone, such as plastic, take decades to break down and degrade.

Cool Fact: If everyone in the UK who owns a mobile phone delayed upgrading by a year, it would save the same amount of CO₂ as taking 213,000 cars off the road for a year.

Vodafone has been running recycling initiatives in its UK stores since 2002. The aim is to reduce the impact of its products by promoting the benefits of delaying upgrades to phones, as well as recycling and re-using old phones. By participating in these schemes, consumers and organisations can make a positive difference to the environment.

ii. Partner Charities
Vodafone has partnered with Global Cool Foundation UK, a registered charity, which has a mission to save a million tonnes of CO₂ in the UK. Today climate change is one of the most urgent global issues on which everyone has to act. Climate change refers to changes in the climate which have been caused in part by human action, for example, increased CO₂ emissions from use of fossil fuels, like oil and coal. The effects include rising land and sea temperatures and extreme weather conditions. These may result in the loss of plant and animal species around the world.

The money generated by the recycled phones supports two worthwhile global-reaching initiatives – Solar Aid, and The Million Superheroes Campaign.

Solar Aid operates in the sunny but poor African country, Zambia. It helps small enterprises sell solar technology devices to people on the poverty line. One third of Zambia’s income is spent on energy. By using solar power, people in Zambia have reduced their energy costs. This gives them more income to spend on other things.

The Million Superheroes Campaign seeks to persuade one million people in the UK to sign up to become a Superhero and reduce their carbon emissions. The campaign encourages people to take practical steps like changing to energy-efficient light bulbs or turning down heating by one degree.
Recycling agents and the supply chain

Suppliers are also external stakeholders. As part of a business’ supply chain, it is important that suppliers maintain a close relationship with a company to ensure they support its principles. The supply chain consists of all the stages involved in transporting a product to the final consumer.

Today, we need to take a more comprehensive view of the supply chain. We need to look at the total life cycle of a product or service in the supply chain, including end-of-life. Vodafone’s supply chain includes customers as part of its recycling loop, as well as recycling service providers. It is important for customers to realize that many mobile phones can have a longer life and further use if they are refurbished.

Cool Fact: Between 65% and 80% of the material content of a mobile can be recycled and re-used. Even some of the non-recyclable plastics can be used in other ways, bringing the total up to about 90%.

This new view of the supply chain involves a much longer life cycle for the product. Customers bring back their old handsets to Vodafone stores or send them to FREEPOST. Recycling Vodafone handsets sends the handsets to Telefonaktiebolaget LM Ericsson. All handsets and accessories are reused or recycled. None are sent to landfill. For each handset returned, Vodafone gives an average of £3 to Global Cool Foundation UK.

Handsets in good condition are refurbished for re-sale in lower-income countries. Refurbished handsets cost less than new phones. This makes them more affordable for people in parts of Africa, Asia and Eastern Europe where telephone lines are less accessible. In Romania, for example, a new phone costs about 75% of an average monthly income. That would be equal to about £1,200 in the UK. Most phones are re-used rather than recycled.

Internal stakeholders

The most obvious internal stakeholders are Vodafone’s employees. Other examples may be individuals and groups who are members of the organization, for example, Board members.

Everything that Vodafone does is directed at achieving six strategic goals. Two of these goals are to be:

1. the UK’s communications leader
2. a leader in corporate responsibility

These goals are clearly relevant to employees who wish to work for a great company. Employees can feel proud that their company is not only the industry leader in providing a communications network, but also a leader in corporate responsibility.
Vodafone employees play an important part in supporting corporate responsibility. This is demonstrated by working practices. Wherever possible, employees reduce waste, for example, by communicating electronically and by turning off equipment to save energy. Employees can support Vodafone's recycling policy, for example, by returning their unwanted mobile phones through the Foneback system.

Glossary

Shareholders: part owners of a company. The shareholder is entitled to a share in the profits of the company.

Ethical: relates to moral principles or rules of conduct and behaviour that are accepted by members of society.

Corporate Responsibility Report: reporting on how a company has performed in relation to relevant issues such as environmental performance, social performance, within a given period. The report should also look forward to identify new targets and goals for the future.

Shareholders

Shareholders are another group of stakeholders. A shareholder is someone who has a financial stake in a company. Shareholders provide finance for the company by buying shares. They then receive a share of the profit that the company makes. Shareholders may be internal stakeholders (for example, employees who have purchased or been given shares in the company). They may also be external stakeholders (for example, members of the public who buy shares through a stockbroker).

Shareholders support Vodafone’s commitment to recycling. Through its emphasis on recycling and other initiatives, it is becoming a Corporate Responsibility leader.

Vodafone’s ethical stance is illustrated in the way that it reports to shareholders and other stakeholders. The company produces an annual Corporate Responsibility Report. The report not only sets out financial performance data. It also includes a summary of data relating to environmental and social performance. A brief summary of recent reporting is shown below, with comparison to the previous year to show changes in performance.

<table>
<thead>
<tr>
<th>FINANCIAL</th>
<th>2006/7</th>
<th>2005/6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (E$)</td>
<td>5,100</td>
<td>5,048</td>
</tr>
<tr>
<td>Operating profit (E$)</td>
<td>510</td>
<td>696</td>
</tr>
<tr>
<td>Number of customers (million)</td>
<td>17.4</td>
<td>16.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENVIRONMENT</th>
<th>2006/7</th>
<th>2005/6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy use – gas and electricity (GW/h)</td>
<td>483</td>
<td>439</td>
</tr>
<tr>
<td>CO₂ emissions from offices, stores and network (1,000 tonnes)</td>
<td>41.7</td>
<td>73.4</td>
</tr>
<tr>
<td>Handsets sold (million)</td>
<td>5.6</td>
<td>6.8</td>
</tr>
<tr>
<td>Handsets returned by retail customers (thousands)</td>
<td>226</td>
<td>203</td>
</tr>
</tbody>
</table>

Like employees and other internal stakeholders, shareholders want to know that they are part of a leading company. As a result, they are interested not only in figures for sales and profit. They also want to know how the company behaves in other areas. They are interested, for example, in how effective the company is in recycling handsets and reducing the impact Vodafone has on the environment.

Conclusion

Leading companies like Vodafone seek to work with their customers to behave responsibly and do the right thing. In a fast changing world of innovation, old mobile phones quickly become out-of-date. Vodafone has taken steps to make a positive difference by supporting recycling campaigns.

By focusing on corporate responsibility, Vodafone is able to create a ‘win-win-win’ situation for shareholders, employees and the environment. This improves relationships between stakeholders and helps to ensure Vodafone’s future growth.