Western Cape Government

Education

CURRICULUM: FET

2020

BUSINESS STUDIES

CORE NOTES

GRADE 12

Paper 1	
Business Environments	Business Operations

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GR 12 BUSINESS STUDIES – QP 1 TOPICS								
	TOPICS	**MAIN TOPIC**	**Weeks**	**Question Paper 1**	**Question Paper 2**	**TERM 1**	**TERM 2**	**TERM 3**
1	Impact of recent legislation on business	Business Environments	3	X		X		
2	Developing of Business Strategies	Business Environments	3	X		X		
3	Business Sectors	Business Environments	1	X			X	
4	Human Resources Function	Business Operations	2	X		X		
5	Quality of Performance	Business Operations	1	X			X	

2020 June Exams; Trial Exams & Final NSC Exams Structure of QP

Paper 1 **Time 2 Hrs** **Marks 150**

Section A [Compulsory]

Question 1: MCQs; Matching Column: Choose correct answer – Bus Environments & Business Operations: 30 Marks

Section B [Answer 2 questions]

Question 2: Bus Environments: 40 Marks
Question 3: Bus Operations: 40 Marks
Question 4: Environments & Operations 40 Marks

Section C: [Answer One question]

Question 5: Bus Environments: 40 Marks
Question 6: Bus Operations: 40 Marks

Date Started

Date Ended

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Recent Legislation

Date Started

Date Ended

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BUSINESS ENVIRONMENTS

Concepts

C	O	L	L	E	C	T	I	V	E	A	G	R	E	E	M	E	N	T	E	M	R	H	A
U	R	Q	C	C	O	L	L	E	C	T	I	V	E	B	A	R	G	A	I	N	I	N	G
Y	T	B	D	M	K	M	V	L	R	D	Y	R	X	C	V	L	E	A	V	E	O	J	I
L	L	J	O	V	E	R	T	I	M	E	P	V	H	B	H	U	D	K	N	B	F	Y	K
R	O	T	A	L	U	G	E	R	T	I	D	E	R	C	L	A	N	O	I	T	A	N	B
X	J	C	B	S	T	C	A	Y	R	O	T	A	N	I	M	I	R	C	S	I	D	W	Y
Y	P	C	P	E	N	A	L	T	I	E	S	R	Q	O	P	W	L	O	D	V	L	A	I
Q	Y	M	T	C	A	N	O	I	T	C	E	T	O	R	P	R	E	M	U	S	N	O	C
W	J	A	K	R	O	W	F	O	S	R	U	O	H	E	N	Y	N	Z	P	U	L	P	C
N	V	J	P	A	P	C	I	U	Y	M	E	C	N	A	I	L	P	M	O	C	N	O	N
B	F	C	R	M	A	N	A	G	E	M	E	N	T	C	O	N	T	R	O	L	J	S	R
F	C	S	A	B	A	R	G	A	I	N	I	N	G	C	O	U	N	C	I	L	S	E	H
L	A	N	U	B	I	R	T	R	E	M	U	S	N	O	C	L	A	N	O	I	T	A	N
D	V	Z	T	C	A	T	N	E	M	P	O	L	E	V	E	D	S	L	L	I	K	S	B
G	S	F	X	F	B	C	E	A	A	I	R	B	Z	R	Z	S	B	E	Q	L	M	G	W
A	C	I	D	E	E	S	U	Q	C	H	J	L	B	R	D	J	S	C	S	W	K	W	E
D	G	V	A	G	V	G	Y	X	E	S	V	O	T	V	D	A	L	N	B	Q	M	G	B
I	N	V	P	I	L	L	A	R	S	R	G	X	F	G	T	M	O	A	F	Z	A	S	F
O	F	G	K	B	V	V	O	Q	L	E	V	C	M	E	H	G	D	I	E	K	F	Y	I
C	K	C	F	J	F	A	Z	G	F	N	Y	U	S	N	P	G	O	L	B	Y	G	T	A
H	J	M	J	I	H	D	O	B	L	W	T	Q	D	M	Y	J	T	P	W	B	N	V	C
B	D	S	I	D	P	F	S	X	P	O	Z	E	Q	Y	R	J	G	M	L	L	B	S	M
L	E	V	Y	T	C	A	S	N	O	I	T	A	L	E	R	R	U	O	B	A	L	E	P
N	A	T	I	O	N	A	L	C	R	E	D	I	T	A	C	T	Z	C	Z	M	M	M	E

Ownership	Management Control	CCMA
Bargaining Councils	Collective Agreement	Collective Bargaining
PDIs	levy	Pillars
SETAs	Non-compliance	Penalties
Discriminatory Acts	Compliance	Overtime
Leave	Hours of work	National Consumer Tribunal
National Credit Regulator	Consumer Protection Act	National Credit Act
BBBEE	COIDA	BCEA
Labour Relations Act	Skills Development Act	

Date Started

Date Ended

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IMPACT OF RECENT LEGISLATION ON BUSINESSES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

- Explain/Outline the purpose of each Act
- Outline/Discuss/Recommend the rights of the LRA on employers and employees/rights of consumer rights according to the NCA and CPA.
- Explain the National Skills Development Strategy and the Human Resource Development Strategy (i.e. Sector Education and Training Authorities).
- Outline/Explain the role of SETA's
- Explain how SETA's are funded.
- Discuss the impact of each Act on businesses.
- Outline the BBBEE pillars
- Explain the implications of BBBEE pillars on businesses.
- Explain penalties/consequences for non-compliance with the Acts.
- Outline/Explain actions regarded as discriminatory by the various Acts.
- Suggest/Recommend ways in which businesses can comply with the Acts.

1 THE SKILLS DEVELOPMENT ACT

Purpose of the Skills Development Act

- Develops the skills of people in South Africa in order to improve productivity.
- Invests in education and training of workers.
- Improves the chances of getting a job for previously disadvantaged people
- Encourages workers to participate in learning programmes.
- Redresses imbalances of the past through education and training

Impact of the SDA on business

Positives/Advantages

- Trains employees to improve productivity in the workplace.
- Promotes self-employment and black entrepreneurship
- Increases the return on investment in education and training.
- Business could become globally more competitive.
- Increases the number of skilled employees in areas where these skills are scarce.

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Negative/Disadvantages

- Increases cost as the process requires a large amount of paper work.
- Implementation of the SDA can be difficult to monitor and control.
- Skills programmes may not always address training needs of employees.
- Skills Development Levy could be an extra burden to financially struggling businesses.
- It may be monitored and controlled by government departments that do not have education and training as their key priorities.

Discriminatory actions according to the SDA

- Preventing employees from signing for a learnership due to their age or position in the workplace.
- Unfair promotion of skills and development/training to certain employees.
- Providing employment services for gain without being registered as an employer.
- Furnishing false information in any prescribed document.

Penalties for non-compliance

- Businesses that do not pay the Skills Development Levy may not offer learnerships/claim grants from the SDA.
- A labour inspector could order the business to stop operating should the business be found guilty of illegal practices.

Ways in which businesses can comply with the SDA

- Employers who collect PAYE should register with SETAs.
- One per cent of an employer's payroll has to be paid over to the SETA.
- Businesses should register with SARS in the area in which their business is classified (in terms of the SETA).
- Employers should submit a workplace skills plan and provide evidence that it was implemented.
- Businesses with more than 50 employees must appoint a skills development facilitator.

Role/functions of SETAs

- Report to the Director General.
- Promote and establishes learnerships.
- Collect levies and pays out grants as required.
- Provide accreditation for skills development facilitators.
- Register learnership agreements/learning programmes.
- Approve workplace skills plans and annual training reports

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Funding of SETAs

- Skills Development levies paid by employers e.g. 80% is distributed to the different SETA and 20% is paid into the National Skills Fund.
- Donations and grants from the public
- Surplus funds from government institutions
- Funds received from rendering their services.

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National Skills Development Strategy and the Human Resource Development Strategy

National Skills Development Strategy	Human Resources Development Strategy
• Encourages good quality training in the workplace to ensure on-going development of skills.	- • Addresses skills shortages in the South African workforce.
- • Provides for the participation of government, organised business and labour.	- • Aims at achieving faster economic growth/higher employment levels and reduced levels of poverty.
- • Improves social development • through economic development.	- • Promotes social development/social justice and helps to alleviate • poverty.
- • Indicates how SETAs should use the money allocated from the Skills Development Levy.	- • Develops short term and long term workforce skills.
- • Increases/Improves access to training programmes.	- • Improves the supply of skills.
- • Builds/Provides career/vocational • guidance/training centres.	- • Increases employee participation in lifelong learning.

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2 LABOUR RELATIONS ACT/LRA

Purpose of the Labour Relations

- Provides a framework/structure for labour relations between employers and employees.
- Promotes collective bargaining at the workplace.
- Promotes workplace forums to accommodate employees in decision making.
- Establishes Labour Courts and Labour Appeal Courts.
- Promotes simple procedures for the registration of trade unions and employer organisations.

Impact of the LRA on business

Positives/Advantages

- Promotes a healthy relationship between the employer and employees
- Protects the rights of businesses in labour related issues.
- Labour disputes are settled quicker and are less expensive.
- Protect employers who embark on lawful lock-outs when negotiations between parties fail.
- LRA provides for the principles of collective bargaining and puts structures in place with which disputes in the workplace can be settled.
- Provides specific guidelines for employers on correct and fair disciplinary procedures.

Negatives/Disadvantages

- Productivity may decrease if employees are allowed to participate in the activities of trade unions during work time.
- Costs of labour increases because of legal strikes
- Reduced global competitiveness due to lower productivity
- Employers may have to disclose information about workplace issues to union representatives that could be the core of their competitive advantage.
- Employers may not dismiss employees at will, as procedures have to be followed.

Discriminatory actions according to the LRA

- Unfair/Illegal dismissal of employees.
- Cancellation of employees' contracts by a new employer when a business is sold
- Refusing the establishment of workplace forums.
- Refusing to give workplace forum members paid time off for attending meetings during working hours.
- Forcing employees to give up trade union membership.
- Preventing employees from joining trade unions.

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Penalties for non-compliance with the LRA

- The employer may be forced to enter into a dispute resolution process.
- Businesses will be fined if they fail to comply with the agreements reached during the dispute resolution process.
- Businesses that fail to comply with this Act may risk financial costs e.g. legal/CCMA fees and fines.

Ways in which businesses can comply with the LRA

- Businesses must allow employees to form trade unions/participate in union activities/legal strikes.
- Allow/Support the establishment of workplace forums.
- Employees should not be unfairly/illegally dismissed
- Employers should not breach/ignore any collective agreement
- Disclose all relevant information required by trade union representatives to do their jobs effectively.

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3 EMPLOYMENT EQUITY ACT /EEA

Purpose of the EEA

- This Act states that employees who do the same work (work of equal value) must be paid equally (equal pay).
- No discrimination on grounds of gender in the workplace.
- Promotes equal opportunity and fair treatment in the workplace.
- Provides for employees to refer unresolved disputes to the CCMA.
- Protects employees from victimisation if they exercise the rights given to them by the EEA.

Impact of the EEA on business

Positives/Advantages

- Promotes equal opportunity and fair treatment in the workplace.
- Provides all employees with an equal opportunity to be selected/appointed/ promoted in a position.
- Provides employees with legal recourse if they believe they have been unfairly discriminated against.
- Motivates employees because the workforce is more diverse/representative/inclusive
- Encourages diversity in business by employing people from various racial backgrounds.
- Encourages consultation between employer and employees.

Negatives/Disadvantages

- Increased administration burden, as businesses must compile/submit employment equity reports every two years.
- Expensive to train/employ someone who knows little about the Act.
- Fines/Penalties for non-compliant businesses may be expensive for the business.
- Employers have to appoint one or more senior managers to ensure the implementation of the plan, which increases salary expenditure
- Businesses must submit a compliance certificate before they can conduct business with state businesses

Penalties for non-compliance with the EEA

- Businesses may be taken to the Labour Court for prosecution.
- Fines may be imposed on businesses that fail to comply with its reporting obligations.
- The Department of Labour may block non-compliant companies from doing business with the government.

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Discriminatory actions according to the EEA

- Not employing a young woman because she would want to have children in future.
- Refusing to employ a person because he/she has strong religious beliefs/has a disability
- Doing HIV testing unless justified by the Labour Court.
- Denying people access to the workforce based on gender/race/culture/etc. and treating them unfairly.

Ways in which businesses can comply with the EEA

- Businesses must guard against discriminatory appointments.
- Promote equal opportunities and fair treatment
- Reasonable accommodation of people from designated groups
- Ensure that there is equal representation of all racial groups in every level of employment.
- Submit the employment equity plan to the Department of Labour
- Retain designated groups, including skills development of such groups.

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4 Basic Conditions of Employment Act/BCEA

Purpose of the BCEA

- Provides clear terms and conditions of employment for employers and employees.
- Set minimum requirements/standards for the employment contract.
- Regulates the right to fair labour practices as set out in the Constitution.
- Adheres to the rules and regulations set out by the International Labour Organisation

Impact of the BCEA

Positives/Advantages

- Creates a framework of acceptable employment practices e.g., work hours, leave, etc.
- Promotes fair treatment of employees in business.
- Encourages consultation between employers and employees.
- Outlines minimum requirements that form the basis of employment contracts.
- Work hours are specified so that the employer cannot exploit employees.

Negative/Disadvantages

- Developing/Drafting a formal/legal employment contract may be time-consuming/costly.
- Businesses may regard employment contracts negative and may not implement it, which result in non-compliance/penalties.
- No employer may force an employee to work more than 45 hours in a week. This may result in reduced productivity.
- Hiring cheap labour is no longer possible, so businesses cannot exploit workers.
- BCEA forces businesses to comply with many legal requirements, which may increase labour costs.

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Discriminatory actions according to the BCEA

- Forbidding workers to discuss wages/salaries with co-workers.
- Preventing workers from having access to employment contracts.
- Refusing to accept a valid medical certificate of a sick worker.
- Refusing to grant a worker family responsibility leave to support a sick family member

Penalties businesses may face for not complying with the BCEA

- Labour inspectors may serve a compliance order by writing to the Department of Labour
- The Director General may agree/change/cancel the compliance order.
- Labour inspectors may investigate/inspect/ask questions about complaints and remove records as evidence.
- Businesses may be taken to the labour court for a ruling.

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Ways in which businesses can comply with the BCEA

- Workers should only work 9 hours per day in a 5-day work week. /8 hours per day in a 6-day work week. /Overtime should not exceed 10 hours per week.
- They must have a break of 60 minutes after five hours of work
- Workers can take up to six weeks paid sick leave during a 36-month cycle
- Businesses should not employ children under the age of 16.
- Workers must receive double if they work during public holidays/Sunday

Provisions of the BCEA		
1	Work hours	• Workers may not work for more than 45 hours in any week. • Workers may work nine hours a day if they work five days or less per week/eight hours a day√ if they work more than five days a week. • Night work performed after 18:00 and before 6:00 the next day by agreement, must be compensated by allowance/reduction of work hours. • Ordinary work hours may be extended by agreement√ by a maximum o 15 minutes per day/maximum of sixty minutes per week to complete duties when serving the public. • Ordinary work hours may be reduced√ to a maximum of 40 hours per week/8 hours per day.
2	**Overtime**	• Workers must agree to work overtime. • Workers cannot work more than three hours' overtime per day/10 hours per week. • Overtime must be compensated as follows: • One and half times the normal rate of pay for overtime worked on week days and Saturdays. • Double the normal rate of pay for overtime worked on Sundays and public holidays. • Overtime must be paid either at specified rate for overtime or an employee may agree to receive paid time off. • Minister of Labour may prescribe the maximum permitted working hours, including overtime, for health and safety reasons for a certain category of work.
3	**Annual leave**	Workers are entitled to: • 21 consecutive days' annual leave per year/One day for every 17 days worked√/One hour for every 17 hours worked. • An employer can only pay a worker in lieu of leave if that worker leaves the job.

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4	**Sick leave**	Workers are entitled to: • Six weeks paid sick leave in a period of 36 months/1 day paid sick leave for every 26 days worked during the first six months of employment. • A medical certificate may be required before paying an employee who is absent for more than two consecutive days/who is frequently absent.
5	**Maternity leave**	• A pregnant employee is entitled to four consecutive months' leave. • A pregnant employee may not be allowed to perform work that is hazardous to her unborn child. • The starting date is usually any time from four weeks before the expected date of birth or on advice of a doctor/midwife.
6	**Family responsibility leave**	• Three to five (3 to 5) days paid leave per year on request in the event of the death of the employee's spouse/life partner/parent/ adoptive parent/ grandparent/child/adoptive child/grandchild/sibling. • An employer may require reasonable proof, before granting this leave. • Male employees are entitled to a maximum of three/five day's paternity leave when his child is born
7	**Meal breaks and rest periods**	• Workers must have a meal break of 60 minute after five continuous hours of work. • This can be reduced to 30 minutes by written agreement, when working less than 6 hours per day. • A worker must have a daily rest period of 12 continuous hours/a weekly rest period of 36 continuous hours which must include Sundays.
8	**Public holidays**	• Workers must be paid for any public holidays that fall on a working day. • Work on public holidays is by agreement and paid at double the rate
9	**Termination of employment**	• A contract of employment may only be terminated following one week's notice, if the worker has been employed for six months or less. • A minimum of four weeks' notice must be given, if the worker has been employed for a year or longer. • The employee must be given notice in writing. • An employee who is retrenched/ dismissed for restructuring reasons is entitled to one week's severance pay for every year of service.
10	**Child and forced labour**	• It is illegal to employ a child younger than 15 years of age. • It is also illegal to force someone to work. • Businesses may employ children over the age of 15 years, if employment is not harmful to their health/well-being/education/moral and social development/ minors under 18 years of age may not do dangerous work/work meant for an adult.

Date Started _____ Date Ended _____

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5 Compensation for Occupational Injuries & Diseases Act/COIDA

Purpose of COIDA

- Provides a comprehensive protection to employees who injured in the course of performing their duties.
- COIDA applies to all casual and full-time workers who become ill/injured/ disabled/killed due to a workplace accident/disease
- It excludes workers who are guilty of wilful misconduct/workers working outside South Africa for at least twelve months/members of the SA Defence Force/Police services.
- It provides for the establishment of a Compensation Board whose function is to advise the Minister of Labour on the application/provisions of COIDA.

Impact of the COIDA on businesses

Positives/Advantages

- Promotes safety in the workplace.
- Creates a framework for acceptable employment practices and safety regulations.
- Supply administrative guidelines/mechanisms for dealing with/processing claims.
- Eliminates time and costs spent on lengthy civil court proceedings.
- Employers are protected from financial burden should an accident occur in the workplace provided that the employer was not negligent
- Claiming processes are relatively simple.

Negative/Disadvantages

- Claiming processes can be time consuming.
- Procedures required by this Act may be costly as paperwork places an extra administrative burden on businesses.
- Implementation processes/procedures required by the Act may be expensive.
- Employers have to register all their workers/make annual contributions to COIDA, which may result in cash flow problems.
- Employers may be forced to pay heavy penalties if they are found guilty of negligence/not enforcing safety measures.
- Workers who are temporarily/permanently employed in foreign countries are not covered.
- Domestic/Military workers are not covered.

Discriminatory actions according to COIDA

- Employers who bribe/prevent employees from reporting the accident/injury.
- Providing false information about previous, serious accidents/occupational diseases.
- Employers who do not contribute to the Compensation fund.
- Employers who do not allow claims for injuries, discriminates against injured employees.
- Employers that take too long to process claims/delay the claiming process.

Date Started _____ Date Ended _____

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Penalties for non-compliance with COIDA

- Businesses can be fined for refusing to lodge the claim/contravening the Act.
- Businesses can be forced to make large payments if it did not take the necessary precautions according to the Act.
- They may be forced to pay any recovery costs required by the Compensation Fund.
- Employees may take businesses to court for not registering them with the Commissioner of the Compensation Fund.
- If businesses are found guilty of any misconduct, they will have to pay large penalties/face imprisonment.

Ways in which businesses can comply with the COIDA

- Businesses should provide a healthy/safe working environment.
- Register with the Compensation Commissioner and provide the particulars of the business.
- Keep records of employees' income and details of work for four years.
- Report all incidents causing death/injury/illness of employees.
- Submit returns of earnings by no later than 1 March annually.
- Levies must be paid to the Compensation Fund.

Date Started

Date Ended

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6 Broad Based Black Economic Empowerment Act/BBBEE

Purpose of BBBEE

- Enable wealth to be spread more broadly across all population groups.
- Outline areas that would give the government a platform for bringing equitable spread of wealth.
- Allows for the development of Codes of Good Practice.
- It aims at targeting inequality in the South African economy.

Impact of the BBBEE on businesses

Positives/Advantages

- Encourages businesses to address the demands for redress/equity directly.
- Provides a variety of business codes to improve employment equity.
- A good BEE rating improves the image of the business.
- Promotes enterprise development, by developing entrepreneurial skills of PDI's.
- Businesses that comply with BBBEE regarding the pillars will be rated high on the BEE scorecard/may get government tenders/may attract other BBBEE business partners/-suppliers.
- Encourages businesses to address the demands for redress/ equity directly.
- Provides for human resources development through training and development.

Negative/Disadvantages

- Businesses that want to do business with the government must have their BEE status assessed annually.
- Processes may lead to corruption/nepotism if not monitored properly.
- Investment/Ownership issues can cause unhappiness amongst existing share-holders/owners.
- Businesses have to go through the process of having their BBBEE compliance measured/verified by an independent BEE verification agency.
- Provides for preferential procurement, so certain businesses may be excluded from supplying goods/services.

Discriminatory actions according to BBBEE

- Failing to implement affirmative action to meet BBBEE responsibilities.
- Promoting unsuitable people into a management positions at the expense of qualified PDP's.
- Refusing to award tenders to black suppliers who are BEE compliant.

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Penalties for non-compliance with the BBBEE

- Businesses may face imprisonment for non-compliance and fronting practices.
- The penalty could be a fine of up to 10% of the company's annual turnover.
- A business can be banned from participating in government contracts for a period of 10 years.
- Business licenses may not be renewed and authorisations may not be issued
- Government will cancel any contract awarded that was based on false information regarding B-BBEE status.

Ways in which businesses can comply with the BBBEE

- Businesses must appoint black people in managerial positions
- Businesses must sell shares to black employees/people.
- Send black people for black for skill development training.
- Outsource their services to BEE compliant suppliers.
- Implement affirmative action when making appointments.

BBBEE PILLARS

OLD PILLARS	REVISED PILLARS
Management	Management control
Employment Equity	
Skills development	Skills development
Ownership	Ownership
Preferential procurement/Supplier development	Enterprise and supplier development (ESD)
Enterprise development	
Social responsibility	Socio-economic development/social responsibility

Date Started

Date Ended

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IMPLICATIONS OF BBBEE PILLARS ON BUSINESSES		
2	**Management control**	• Business must ensure that transformation is implemented at all levels. • Appoint black people in senior executive positions/to management. • Involve black people in the decision-making processes. • Ensure that black females are represented in management. • Businesses are directly penalised for not implementing this pillar.
2	**Skills development**	• Business must engage black employees in skills development initiatives. • Provide learnerships and learning programmes to black employees. • Business must contribute 1% of their payroll to fund the skills development programmes. • Business benefits from the increased pool of skilled/trained workers.
3	**Ownership**	• Business should include black people in shareholding/partnerships/franchises. • Exempted Micro Enterprises (EMEs) with an ownership of 50% or more of black people are promoted to level 3 of the BEE scorecard. • More opportunities are created for black people to become owners/ entrepreneurs. • Encourage small black investors to invest in big companies and share ownership. • Large businesses should form joint ventures with small black owned businesses and share business risks.
4	**Enterprise and supplier development (ESD)**	• Business must create jobs as ESD promotes local manufacturing. • Businesses are encouraged to invest/support black owned SMMEs. • Contribution can be monetary, e.g. loans/investments/donations. • Contribution can be non-monetary, e.g. consulting services/advice/entrepreneurial programmes, etc. • Outsource services to suppliers that are BBBEE compliant. • Identify black owned suppliers that are able to supply goods and services. • Develop the business skills of small/black owned suppliers, e.g. sales techniques, legal advice, etc. • Support the cash flow of small suppliers by offering them preferential terms of payment. • Businesses should invest in/support black owned SMMEs.

Date Started _____ Date Ended _____

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5	**Social responsibility/ Socio-economic development**	• Businesses should CSI focus on critical areas which can affect growth and development in the country e.g. environmental awareness/education/ housing, poverty/unemployment etc. • They should distribute scarce CSI resources to selected beneficiaries in the community.

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7 National Credit Act

Purpose of the NCA

- Promotes the social and financial interest of consumers.
- Promote a fair but competitive credit market.
- Ensure that consumers know what is included in their credit contracts.
- Prevent discrimination and ensure credit is available to all consumers.
- Makes provision for the establishment of the NCR.
- Ensure registrations of credit bureau and debt counselling services.

Impact of the NCA on businesses

Positives/Advantages

- The whole credit process is transparent e.g. both businesses and customers know their responsibilities
- Authorised credit providers may attract more customers.
- Lower bad debts resulting in better cash flow.
- Increases cash sales as credit can only be granted to qualifying customers
- Protects businesses against non-paying consumers.

Negative/Disadvantages

- Businesses can no longer carry out credit marketing.
- Leads to loss of sales as many consumers may no longer qualify to buy on credit.
- The paperwork and administrative process required by the act are costly and time consuming.
- The business needs to appoint additional staff to deal with the extra administration.
- Should the credit agreement be declared reckless, the business could forfeit the outstanding debt and the goods that were sold.

Discriminatory actions according to the NCA

- Refusing credit to customers based on gender/race.
- Charging different interest rates to customers based on gender/race
- Blacklisting customers without making efforts to recover the debt

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Penalties/consequences for non-compliance with the NCA

- The court may declare the granting of credit by the business reckless and may order consumers not to repay the credit/or part thereof to the business.
- The business may not demand payment, sue or attach the client's/consumers salaries/assets.

Ways in which businesses can comply with the NCA

- Credit providers must be registered with the National Credit Regulator.
- Businesses must submit an annual compliance report to the National Credit Regulator.
- Conduct affordability assessment to ensure the consumer has the ability to meet his/her obligation.
- Conduct a credit check with a registered credit bureau and could also consult the National Credit Register.
- Verify the identity of clients, report suspicious transactions/train staff on their obligations in terms of FICA.
- Disclose all costs of loan/No hidden costs should be charged/added.

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Consumer rights in term of the NCA

Consumers have a right to:

- Apply for credit and to be free from discrimination.
- Obtain reasons for credit being refused
- Receive pre-agreement documentation before concluding any credit transaction.
- Fair and responsible marketing.
- Choose which goods they will buy and return such goods if they are not satisfied.
- Receive Information in plain and understandable language.
- Receive documents as required by the Act.
- Access and challenge credit records and information.

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8 Consumer Protection Act

Purpose of the Consumer Protection Act

- Promote and protect the economic interests of consumers by providing access to information.
- Promotes fair/accessible and sustainable places for people to sell their products
- Establishes national standards to protect consumers
- Provides guidelines for better consumer information and to prohibit unfair business practices
- Promotes responsible consumer behaviour
- Promotes consistent laws relating to consumer transaction and agreement
- Establishes a National Consumer Commission (NCC)

Impact of the CPA on businesses

Positives/Advantages

- Enables businesses to resolve disputes fairly through the National Consumer Commission/Consumer Court/Industrial ombudsmen
- Businesses may build a good image if they ensure that they do not violate consumer rights.
- May gain consumer loyalty, if they comply with CPA.
- Businesses may be safeguarded from dishonest competitors.
- Businesses may be protected if they are regarded as consumers
- Prevents larger businesses from undermining smaller ones.

Negatives/Disadvantages

- Confidential business information may become available to competitors
- They have to disclose more information about their products and processes/services
- Businesses may feel unnecessarily burdened by legal processes
- Penalties for non-compliance may be very high
- Staff need to be trained /Legal experts need to be consulted, which can increase costs
- Many business documents need to be simplified /revamped at extra cost as consumers have a right to receive contracts in simple/understandable language.

Discriminatory actions according to the CPA

- Denying customers proper information about the product/services.
- Varying the quality of goods when selling in different areas.
- Prioritising any consumer group over another when marketing/selling
- Charging unfair prices for the same goods and services.
- Treating customers differently based on gender/age/race.

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Ways in which businesses can comply with the CPA

- Disclose prices of all products on sale.
- Provide adequate training to staff on the CPA.
- Ensure that goods/services offered are standardised/of the same quality.
- Comply with the requirements regarding promotional competitions.
- Display the name of the business on all business documents, e.g. invoices/contracts.
- All agreements must provide for a five-day cooling off period.

Consumer rights of the Consumer Protection Act		
	Right to choose	Consumers have the right to: • choose suppliers and/or goods. • shop around for the best prices. • reject goods that are unsafe/defective for a full refund. • cancel/renew fixed term agreements. • request written quotations and cost estimates.
	Right to privacy and confidentiality	• Consumers have the right to stop/restrict unwanted direct marketing. • They can object to unwanted promotional e-mails/telesales. • They have the right to stop/lodge complaints about the sharing of their personal details.
	Right to fair and honest dealings	• Suppliers may not use physical force or harass customers. • Suppliers may not give misleading/false information. • Businesses may not promote pyramid schemes and/or chain-letter schemes • Businesses may not overbook/oversell goods/services and then not honour the agreement.
	Right to information about products and agreements/Right to disclosure and information	• Contracts and agreements should be in plain language and easy to understand. • Businesses should display prices which are fully inclusive disclosing all costs. • for the same product are displayed, consumers should pay the lower price.
	Right to fair/responsible marketing/promotion	• Businesses should not mislead consumers on pricing, benefits/uses of goods. • Consumers may cancel purchases made through direct marketing within five working days/cooling off-period. • All information related to the country of origin/expiry dates/ingredients of the products should be disclosed/clearly labelled.

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	Right to accountability from suppliers	• Consumers have the right to be protected in lay-bye agreements. • Businesses should honour credit vouchers and prepaid services.
	Right to fair/just/reasonable terms and conditions	• Businesses should provide consumers with written notices of clauses that may limit consumer rights. • Businesses may not market/sell goods at unfair prices.
	Right to equality in the consumer market place	• Businesses should not limit access to goods and services. • Quality of goods may not vary when supplied to different consumers. • Businesses may not charge different prices for the same goods/services. • No discrimination should occur when businesses market products and services in different areas/places.
	Right to return goods/have goods replaced/claim a refund	• Goods that are unsafe/ defective may be replaced by the supplier. • Faulty items may be returned for a full refund. • They may return faulty items if the fault occurs within six months after purchasing the item.
	Right to complain	• Consumers may use various methods/channels to complain about poor quality goods/services. • They can complain via customer care desks/consumer hotlines/ombudsman etc.
	Right to fair value/good quality/safety	• Consumers may demand quality services/goods. • They may receive an implied/written warranty. • Cancel /renew fixed term agreements. • To be informed about hazardous/dangerous products • Reject goods that are not the same as the sample marketed • Return faulty items if the fault occurs within six months after purchasing the item

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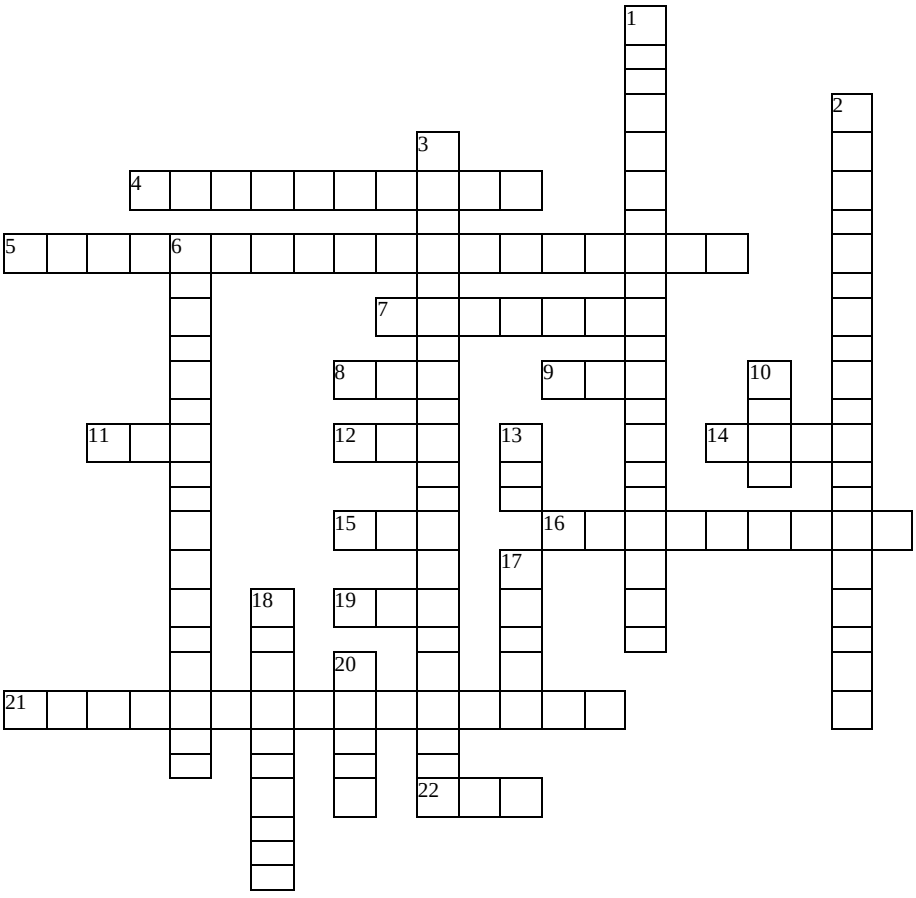
CONSOLIDATION



Across

4 This is a debt solution targeted at South African consumers who are over indebted and struggling to manage their finances
5 It is formed by registered trade unions and employer organisations in order to prevent/resolve labour disputes
7 A disagreement between the employer and the employee
8 Previously Disadvantaged Individuals or designated group
9 This Act was introduced to promote simple procedures for the resolution of labour disputes in the workplace
11 This Act was introduced to protect consumers against unfair and reckless credit granting by businesses
12 The main aim of this Act is to promote/protect the economic interests of

Down

1 Negotiations between employers' association and trade unions on matters such as wages/conditions of employment
2 Agreement between the employer organisations and trade unions
3 Treating a person/people differently, from the way in which you treat other people
6 It was designed to ensure that suitable and qualified previously disadvantaged individuals are given equal job opportunities
10 This Act sets the minimum standard for employment in order to promote fair labour practice
13 The main aim of this Act is to ensure that equal job opportunities are given to all people regardless of race/culture/language/age/religion/disability etc.
17 The Act was introduced in order to ensure full economic participation of previously disadvantaged individuals
18 Acting according to a set of rules
20 The Act gives employees who are injured or contract diseases while on duty the right to claim compensation

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consumers by providing them information so that they make informed choices
14 The body that was established in order to implement and monitor the implementation of the Skills Development Act
15 All businesses that offer good and services on credit must be registered with the ...
16 Punishment for doing something that is against a law
19 The main aim of this Act is to improve the skill levels of people who are already employed in the business
21 All businesses that offer goods and services on credit
22 It was introduced to ensure that businesses contribute to the development of skills of employees

BUSINESS ENVIRONMENTS

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Development of Strategies

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Concepts

U	D	Y	R	A	C	B	P	L	A	N	O	F	A	C	T	I	O	N	O	F	L	S	S
T	Q	G	Q	M	I	S	S	I	O	N	S	T	A	T	E	M	E	N	T	O	P	R	X
N	N	E	S	S	R	F	N	V	Z	E	E	O	I	S	Q	A	T	P	R	R	E	X	M
E	O	T	T	T	T	B	O	K	W	G	L	V	K	T	R	H	F	J	T	W	S	V	A
M	I	A	C	N	N	Z	I	E	Z	C	F	B	I	A	I	E	S	T	W	A	T	R	R
P	T	R	U	A	E	D	T	O	S	W	G	D	F	S	E	F	Y	L	G	R	L	Z	K
O	A	T	D	R	C	K	C	F	A	X	L	T	C	Z	N	G	O	U	B	D	E	W	E
L	R	S	O	T	N	V	A	N	W	I	J	T	O	U	I	E	D	R	B	V	O	Y	T
E	G	E	R	N	O	R	E	L	Q	M	D	B	F	W	L	A	F	T	V	E	K	J	P
V	E	T	P	E	C	B	V	U	I	M	P	Q	P	K	S	Q	K	E	O	R	G	U	E
E	T	A	E	W	M	S	I	L	M	S	S	T	R	A	T	E	G	Y	D	T	A	U	N
D	N	L	T	E	M	D	T	N	E	M	E	T	A	T	S	N	O	I	S	I	V	Q	E
T	I	U	U	N	A	L	C	R	E	H	O	R	I	Z	O	N	T	A	L	C	O	N	T
C	L	M	T	T	G	B	E	M	I	N	T	E	G	R	A	T	I	O	N	A	I	S	R
U	A	R	I	E	F	X	R	P	S	R	E	I	L	P	P	U	S	L	J	L	P	R	A
D	T	O	T	V	H	M	R	O	V	C	H	A	L	L	E	N	G	E	S	A	R	O	T
O	N	F	S	I	L	V	O	I	R	E	T	R	E	N	C	H	M	E	N	T	F	T	I
R	O	F	B	S	L	A	C	I	T	R	E	V	D	R	A	W	K	C	A	B	A	I	O
P	Z	Z	U	N	S	E	C	R	O	F	E	V	I	F	S	R	E	T	R	O	P	T	N
I	I	M	S	E	W	U	E	C	O	N	G	L	O	M	E	R	A	T	E	Q	B	E	F
O	R	A	R	T	M	A	R	K	E	T	D	E	V	E	L	O	P	M	E	N	T	P	K
Y	O	Z	A	N	S	F	Y	G	E	T	A	R	T	S	T	N	E	M	E	L	P	M	I
Q	H	O	S	I	M	N	O	I	T	A	C	I	F	I	S	R	E	V	I	D	Y	O	P
B	S	T	R	A	T	E	G	Y	E	V	A	L	U	A	T	I	O	N	U	N	F	C	B

Strategy Evaluation	Liquidation	Retrenchment
Defensive	Horizontal integration	Backward Vertical
Forward Vertical	Integration	Conglomerate
Horizontal	Concentric	Diversification
Product development	Market development	Market penetration
Intensive	Porter's Five Forces	PESTLE
SWOT	New entrants	Substitute products
Competitors	Buyers	Suppliers

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Corrective action	Implement strategy	Formulate strategy
Mission statement	Vision statement	Challenge
Plan of Action	Strategy	

Learners must know the following:

- Define a strategy
- Outline/Describe/Explain/Discuss the strategic management process.
- Apply the strategic management process to solve business-related problems.
- Identify business challenges from given case studies.
- Identify and describe/explain/discuss the different types of business strategies.
- Devise/Develop/Analyse/Formulate strategies to overcome challenges from given scenarios of businesses and make recommendations for improvement.
- Explain how/when businesses can apply each type of business strategy.
- Evaluate the effectiveness (positives) of each type of business strategy.
- Analyse case studies and apply the following industrial analysis tools to analyse the challenges of the business environment:
  - SWOT analysis
  - Porter's Five Forces
  - PESTLE analysis
- Recommend business strategies to address challenges identified from given case studies/scenarios.
- Outline/Explain/Recommend activities/steps in strategy evaluation.

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Definition of a strategy

- A strategy is a long term plan of action to achieve a goal.
- A strategy is a plan of action to address an opportunity or to solve a problem.
- The business needs a strategy to achieve its vision and mission.

Steps in developing a strategy

- Application of SWOT analysis/PESTLE/Porter's Five Forces/environmental scanning of the business environments.
- Formulate strategies to meet objectives/Develop measurable strategic goals/ objectives.
- Implement strategies using action plans, etc.
- Evaluation of strategies/Compare the expected performance with the actual performance/ Measure business performance in order to determine the reasons for deviations and analyse these reasons, etc.

The strategic management process

- Have a clear vision, a mission statement and measurable/realistic objectives in place.
- Identify opportunities/weaknesses/strengths/threats by conducting environ-mental scanning/situational analysis.
- Tools available for environmental scanning may include a SWOT analysis/Porter's Five Forces model/PESTLE analysis/industrial analysis tools.
- Formulate alternative strategies to respond to the challenges. (**This involves different types of business strategies)**
- Develop (an) action plan(s), including the tasks to be done/deadlines to be met/resources to be procured, etc.
- Implement selected strategies by communicating it to all stakeholders/organising the business's resources/motivating staff.
- Continuously evaluate/monitor/measure strategies in order to take corrective action. (**This involves steps in evaluating a strategy)**

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SWOT ANALYSIS

Example of a scenario that requires learners to compile a SWOT analysis

DAVE DIGITAL SOUND (DDS)

DDS specialises in selling radios and car sound systems. They employ qualified sound engineers. The business does not have sufficient capital to buy and sell sound systems that cater for large events. Businesses in the same industry are closing down due to ineffective marketing campaigns. DDS is located in a high crime area.

SWOT analysis of Dave Digital Sound DDS

STRENGTHS	WEAKNESSES
• DDS employs qualified sound engineers. • DDS specialises in selling radios and car sound systems.	• The business does not have sufficient capital to buy/sell sound systems that cater for large events.
OPPORTUNITIES	**THREATS**
• Businesses in the same industry are closing down due to ineffective marketing campaigns.	• DDS is located in a high crime area.

NOTE: You need to quote verbatim (as is) from the scenario, otherwise you will lose marks for writing incomplete quotes or for writing a summary of the scenario.

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PORTERS' FIVE FORCES MODEL		
	Five Forces	**Explanation**
	Power of suppliers	• A business must assess the power of suppliers to influence prices. • The more powerful the suppliers, the less control the business has over them. • The smaller the number of suppliers, the more powerful they may be as the choice of suppliers may be limited. • The business should identify the kind of power its suppliers have in terms of the quality of products/services/reliability/ability to make prompt deliveries.
	Power of buyers	• Buyers buying in bulk can bargain for prices in their favour. • If a business is dealing with a few powerful buyers, they are often able to dictate their terms to the business. • If buyers can do without the business's products, then they have more power to determine the prices and terms of sale • The business must assess how easy it is for buyers/customers to drive prices down. • This will depend on the number of buyers/the importance of each buyer to the business and the cost of switching to other products.
	Power of competitors/ Competitive rivalry	• Competitive rivalry refers to the number of competitors and their ability to influence/control the market. • If competitors have a unique product/service, then they will have greater power. • A business with many competitors in the same market has very little power in their market. • Businesses must draw up a competitor's profile so that they can determine their own strength as well as that of competitors.
	Threat of substitution/substitutes	• Substitute products or services are different products/services that satisfy the same needs of consumers and can be used to replace one another. • If the business's product can be easily substituted, it weakens the power of the business in the market. • Substitute products may cause the business to completely lose its market share. • Unique products will not be threatened by substitute products.

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	Threat/Barriers of new entrants to the market	• New entrants are other businesses that are selling the same/similar products in the existing market for the first time. • The power will depend on how easy it is for new businesses to enter the market. • New competitors can quickly/easily enter the market, if it takes little time/ money to enter the market. • If there are a few suppliers of a product/service but many buyers, it may be easy to enter the market. • If the business is highly profitable, it will attract potential competitors that want to benefit from high profits. • If the barriers to enter the market are low, then it is easy for new businesses to enter the market/industry.

NOTE: The main aim of Porter's Five Forces model is to analyse the business position in the market. This is more of a research study done by businesses. Do not focus on recommendations as this is not required at this stage

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2 PESTLE ANALYSIS

NOTE: You need to name the PESTLE factor, identify challenges of each factor and make recommend ways businesses can deal with the identified challenges as explained in the table below:

FACTOR	CHALLENGE	RECOMMENDATIONS
Political	• Some government policies may affect businesses • Consumer rights organisations may prevent businesses from selling products if they do not meet certain requirements. • Trade agreements may prevent businesses from importing some medicine/products.	• Research recent government policies • Network and lobby with the NGOs and all consumer rights organisations. • Trade only with countries that have favourable trade agreements with the government.
Economic	• Inflation/Interest rates may negatively impact on business. • Loans may be expensive due to high interest rates. • Fluctuations in foreign currency may restrict import.	• Consider decreasing profit margins rather than increasing product prices. • Borrow money from financial institutions when interest rates are favourable. • Consider exchange rates when trading with other countries
Social	• Customers may not be able to afford products due to low income levels. • Businesses may not be conversant with the local language of their customers.	• Sell substitute/generic products at lower prices. • Learn local languages/Hire employees who are well conversant with the local language.
Technological	• May not keep up with/be aware of the latest technology. • Employees may not be skilled to operate/maintain new technology/ equipment. • Businesses may not be able to afford new technology. • May not be able to cater for/ afford online transactions/e-commerce.	• Continuous research on the latest available technology/equipment in the market. • Train existing/appoint new employees to maintain/use new equipment. • Compare prices/Select suitable suppliers for new equipment at reasonable prices. • Businesses must be geared for online trading/e-commerce
Legal	• Consider certain Acts that may have a direct impact on a business, e.g. the CPA/BCEA. • Legal requirements for operating certain types of businesses time-consuming.	• Comply with all relevant legislation that may impact on businesses. • Comply with the legal requirements for operating businesses, e.g. licence/trade mark registration/patents.

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	• High legal costs involved in obtaining a licence/trade mark/patent may prevent some establishments. • Legalities of business contracts may limit business operations	• Budget for high legal establishment costs. • Businesses must know the legalities of business contracts so that they comply with all the requirements.
Environmental	• Chemicals/Ingredients in business' products may be harmful to customers. • Measures to dispose of business waste may be expensive. • Packaging of some products may not be environmentally friendly may not be recyclable.	• Chemicals/Ingredients should be clearly indicated on labels/packaging to inform customers about possible side effects/correct use of products. • Implement cost effective measures to dispose of medical waste. • Implement recycling measures to prevent pollution of the environment/Use packaging that is re-usable/recyclable.

Types of business strategies

Integration strategies

Forward integration

- The business combines business with or take over its distributors.
- Involves expansion of business activities to gain control over the direct distribution of the products.

Backward integration

- The business combines business with or take over its suppliers.
- The aim is to decrease the business's dependency on the supplier

Horizontal integration

- A business takes control of/ incorporates other businesses in the same industry/which produce/sell the same goods/services.
- The aim is to reduce the threat of competition /substitute products/services.

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Intensive strategies

Market penetration

- New products penetrate an existing market at a low price, until it is well known to the customers and then the prices increases.
- It is a growth strategy where businesses focus on selling existing products to existing markets.
- Focuses on gaining a larger share of the market by reducing prices to increase sales/increasing advertising and promotion.

Market Development

- It is a growth strategy where businesses aim to sell its existing products in new markets.
- This strategy involves finding new markets and new ways to distribute product.

Product Development

- It is a growth strategy where businesses aim to introduce new products into existing markets/modifies an existing product.
- Businesses generate new ideas and develop new products/services

Diversification strategies

Concentric diversification

- The business adds a new product or service that is related to existing products and which will appeal to new customers.
- Occurs when a business wants to increase its product range and markets.

Horizontal diversification

- The business adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers.
- Occurs when a business acquires or merges with a business that is at the same production stage, but it may offer a different product

Conglomerate diversification

- The business adds new products or services that are unrelated to existing products which may appeal to new groups of customers.
- Conglomerate diversification means that a business grows into new products, services and markets.
- Occurs when a business wants to increase its product range and markets.

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Types of defensive strategies

Divestiture/ Divestment

- The business disposes/sells some assets/divisions that are no longer profitable/ productive.
- Businesses may sell off divisions/product lines with slow growth potential.
- The business sells ownership by decreasing the number of shareholders.
- Unproductive assets are sold to pay off debts.
- Process used to withdraw its investment in another business (divesting).

Retrenchment

- Terminating the employment contracts of employees for operational reasons.
- Decreasing the number of product lines/Closing certain departments may result in some workers becoming redundant.

Liquidation

- All assets are sold to pay creditors due to a lack of capital/cash flow.
- Selling the entire business in order to pay all liabilities/close down the business.
- Companies in financial difficulty may apply for business rescue to avoid liquidation.
- Creditors may apply for forced liquidation in order to have their claims settled.

Advantages of intensive strategies

- Increased market share reduces the business's vulnerability to actions of competitors.
- Increase in sales/income and profitability.
- Improved service delivery may improve business image.
- Businesses may have more control over the prices of products/services.
- Gain loyal customers through effective promotion campaigns.
- Decrease in prices may influence customers to buy more products.

Advantages of diversification strategies

- Increase sales and business growth.
- Diversification into a number of industries or product line can help create a balance during economic fluctuations.
- More products can be sold to existing customers and additional more new markets can be established.
- Businesses gain more technological capabilities through product modification.
- Improves the business brand and image.
- Reduces the risk of relying only on one product.

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Steps in evaluating a strategy

- Examine the underlying basis of a business strategy.
- Look forward and backwards into the implementation process.
- Compare the expected results in order to determine the reasons for deviations and analyse these reasons.
- Take corrective action so that deviations may be corrected.
- Set specific dates for control and follow up.
- Draw up a table of the advantages and disadvantages of a strategy.
- Decide on the desired outcome.
- Consider the impact of the strategic implementation in the internal and external environments of the business.

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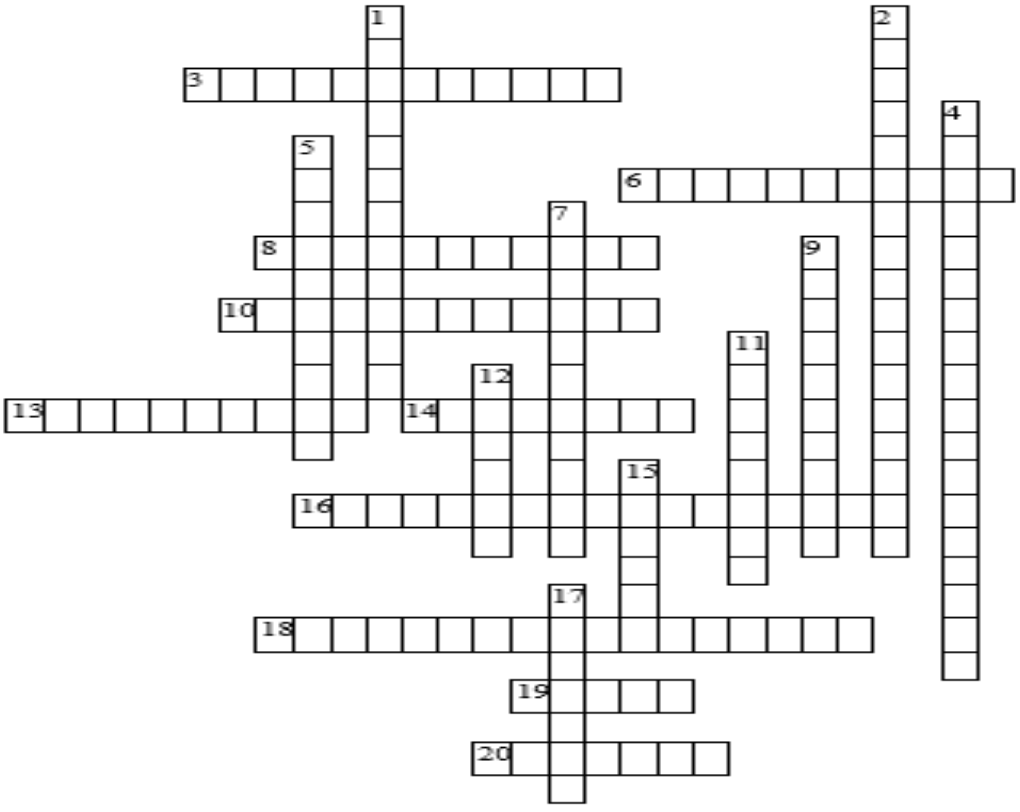
Consolidation



Across

3 Terminating the employment contracts of employees for operational reasons.
6 Selling the entire business in order to pay all liabilities/close down the business.
8 The business disposes/sells some assets/divisions that are no longer profitable/ productive.
10 Industrial tool used to analyse the micro environment
13 The diversification strategy where the business adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers
14 A long term plan of action to achieve a goal.
16 A growth strategy where businesses focus on selling existing products to existing markets.
18 Industrial tool used to analyse the market environment

Down

1 The diversification strategy where the business adds new products or services that are unrelated to existing products which may appeal to new groups of customers
2 It is a growth strategy where businesses aim to sell its existing products in new markets
4 It is a growth strategy where businesses aim to introduce new products into existing markets/modifies an existing product.
5 The integration strategy where a business takes control of/ incorporates other businesses in the same industry/which produce/sell the same goods/services.
7 different products/services that satisfy the same needs of consumers and can be used to replace one another.

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BUSINESS ENVIRONMENTS

Business Sectors

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Concepts

T	Q	I	S	L	N	T	Y	H	S	A	A	T	Q	J	D	T	M	E	S	M	G	F	X
O	A	F	S	A	O	X	R	L	V	B	G	E	F	Y	J	F	M	N	I	H	N	W	A
R	G	Z	E	C	C	E	A	N	M	A	J	R	I	D	G	J	X	S	X	F	I	E	L
G	X	M	C	I	O	U	I	I	O	X	A	U	S	C	K	V	S	T	B	S	R	E	O
A	Q	Z	R	G	N	C	T	A	I	C	D	T	H	I	Z	I	H	C	T	E	U	B	E
N	O	S	U	O	T	K	R	S	T	S	O	C	E	M	O	I	G	U	R	C	T	A	P
I	K	E	O	L	R	N	E	L	R	W	C	U	R	N	G	J	F	D	A	R	C	N	A
S	N	C	S	O	O	O	T	E	E	P	I	R	I	P	A	K	M	O	N	U	A	K	G
A	O	I	E	N	L	I	E	V	V	H	N	T	E	M	O	C	A	R	S	O	F	I	R
T	I	V	R	H	M	T	C	E	N	P	T	S	S	M	C	C	R	P	P	S	U	N	I
I	S	R	L	C	R	A	N	L	O	Y	E	L	G	F	Z	H	K	D	O	E	N	G	C
O	I	E	A	E	J	R	C	T	C	O	R	A	R	O	D	C	E	E	R	R	A	Q	U
N	V	S	N	T	S	E	O	N	Q	L	M	N	A	R	O	I	T	H	T	L	M	M	L
A	Q	I	O	D	E	N	N	E	E	O	E	O	W	E	K	V	S	S	V	A	J	W	T
L	M	N	I	L	C	E	S	M	C	R	D	I	M	S	Z	I	M	I	C	R	O	X	U
C	P	S	T	E	O	G	T	E	N	T	I	T	A	T	P	L	V	N	R	U	G	M	R
U	R	U	A	G	N	Y	R	G	E	N	A	A	T	R	O	S	W	I	X	T	W	F	E
L	I	R	S	A	D	G	U	A	U	O	R	S	E	Y	L	O	L	F	M	A	C	R	O
T	M	A	I	L	A	R	C	N	L	C	I	I	R	P	I	C	D	A	O	N	M	Y	H
U	A	N	N	F	R	E	T	A	F	L	E	N	I	I	T	I	N	W	I	Y	U	C	N
R	R	C	A	Z	Y	N	I	M	N	L	S	A	A	A	I	E	Z	X	L	C	W	E	H
E	Y	E	G	Y	O	E	O	A	I	U	V	G	L	B	C	T	J	P	L	E	O	B	R
W	V	S	R	O	A	L	N	Q	X	F	N	R	S	S	A	Y	R	G	F	J	W	S	I
V	R	D	O	C	K	K	T	W	D	Q	D	O	U	I	L	K	C	O	C	H	I	X	W

Legal	Technological	Social
Political	Civil Society	Intermediaries
Organisational resources	Management levels	Organisational structure
Organisational culture	Mission	Vision
Influence	No control	Full control
Market	Macro	Micro
Fisheries	Forestry	Agriculture
Insurance	Banking	Transport
Services	Energy generation	Construction

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Manufacturing	Convert	Finished products
Natural resources	Raw materials	Secondary
Tertiary	Primary	

The learner must know the following:

- Name THREE types of business sectors
- Identify/Name a business sector from given scenarios/ statements
- Identify the business environment from given scenarios/ statements and state the extent to which a business may control each of these environments
- Classify a business challenge according to the THREE business environments from given scenarios
- State the extent of control businesses has over each environment e.g. micro: full control, market: little control, macro: no control.

Introduction

Learners are supposed to select a business from each sector and describe the three environments related to these sectors and the extent to which a business can control these environments.

They are supposed to describe the three business environments related to the three business economic sectors and give an explanation of the extent to which a business can control these environments.

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Business sectors

Business sectors are sub divisions/subsets of economic activities, e.g. primary, secondary and tertiary.

Types of business sectors

Primary sector

- This sector deals with extraction of raw materials and natural resources
- Natural resources which are not man made like coal, gold, fish and livestock are extracted from this sector
- Examples the primary sector industries; mining, mining, fishing, agriculture, forestry and farming

Secondary sector

- This business sector is responsible for changing the raw materials acquired from the primary sector into useful products.
- It includes the manufacturing factories, construction and energy generation
- Examples of the secondary sector industries; manufacturing, clothing, food processing, building and construction are found in this sector.

Tertiary sector

- This sector renders services to the public and businesses.
- It includes services from transport, banking, legal and health.
- Examples of the tertiary sector industries; distribution, banking, insurance, tourism, transportation, entertainment, retail and legal services.

Business environments, possible challenges and the extent of control

Business environment	Possible challenges	Extent of control
Micro	• Difficult employees • Lack of vision and mission • Lack of adequate management skills • Unions, strikes and go-slows	Full control
Market	• Competition • Shortages of supply • Demographics and psychographics • Socio-cultural factors	Little/partial/limited control
Macro	• Change in income levels • Contemporary legislation • Labour restrictions	No control

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	• Political changes • Interest rates • Socio-economic issues • HIV and AIDS • Globalisation and International challenges	

NOTE: You will only be able to identify the business sectors and environments from given scenarios and statements if you understand the meaning and examples of each business sector and business environment.

Examples of how the business sectors and their business environments can be assessed

Example 1: Business in the primary sector

Read the scenario below and answer the questions that follow:

DUKA MINES (DM)

Duka Mines specialises in the extraction of platinum. Their suppliers of mining equipment have increased their prices by more than 20%. The supervisor does not have a good working relationship with his employees. DM can no longer export their products due to an increase in the exchange rate.

You need to identify the business sector in which Duka Mines operates and motivate your answer by quoting from the scenario.

Duka Mines is operating in the primary sector because the business specialises in the extraction of mines.

You need to quote challenges from the above scenario, classify EACH challenge according to business environment and state the extent of control DM has over EACH business environment

CHALLENGES	BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
1. Their suppliers of mining equipment have increased their prices by more than 20%.	- Market environment	- Partial/Limited/ Little control/No control, but can influence
2. The supervisor does not have a good working relationship with his employees.	- Micro environment	- Full control

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3. DM can no longer export their products due to an increase in the exchange rate.	- Macro environment	- No control

NOTE THE FOLLOWING MARKING PRINCIPLES THAT WILL BE USED TO MARK THIS TOPIC:

- You will not be awarded marks for challenges that are not fully quoted from the scenario
- You will not be awarded marks for business environments if it is not linked to the challenges.
- You will not be awarded marks for the extent of control if it is not linked to the business environment.
- You will not be awarded marks for the extent of control if the business environment is not mentioned.

Example 2: Business in the secondary sector

Read the scenario below and answer the questions that follow:

SUPER ENERGY ENTERPRISE (SEE)

Super Energy Enterprise produces maize meal and instant soft porridge. They buy their raw material from Early Bird Maize Farm which is out of stock sometimes. SEE employees are regularly absent from work. The local government has instructed the management of SEE to register their products with the South African Bureau for Standards.

Name the business sector in which Super Energy Enterprise is operating
Secondary sector

Identify THREE challenges for SEE's business and classify EACH challenge according to the business environment.

CHALLENGE	BUSINESS ENVIRONMENT
(a) SEE employees are regularly absent from work	Micro
(b) They buy their raw material from Early Bird Maize Farm which is out of stock sometimes.	Market
(c) The local government has instructed the management of SEE to register their products with the South African Bureau of Standards.	Macro

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Example 3: Business in the tertiary sector

Read the scenario below and answer the questions that follow:

TIMOTHY LEGAL SERVICES (TLS)

Timothy Legal Services (TLS) is situated at the Pretoria CBD. TLS's assistant lawyers are not trained to handle criminal cases. Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS. TLS can no longer pay their bank loan due to an increase in interest rates.

Name the business sector in which TLS is operating. Motivate your answer by quoting from the scenario above.

Business sector: Tertiary sector
Motivation: Timothy Legal Services (TLS) is situated at the Pretoria CBD

Identify THREE challenges for TLS business and classify EACH challenge according to the business environment. State the extent of control TLS has over EACH business environment

CHALLENGE	BUSINESS ENVIRONMENT	EXTENT OF CONTROL
TLS's assistant lawyers are not trained to handle criminal cases.	Micro	Full control
Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS.	Market	Partial/Limited/ Little control/No control, but can influence
TLS can no longer service their bank loan due to an increase in interest rates.	Macro	No control

NOTE: Sometimes the examiner may ask you to just name three business environments and explain the extent of control businesses have over EACH business environment e.g.

BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
Micro environment	Full control
Market environment	Partial/Limited/ Little control/No control, but can influence
Macro environment	No control

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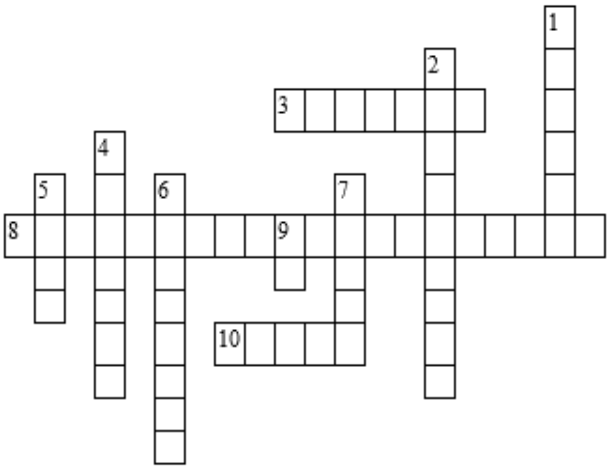
CONSOLIDATION ACTIVITY



Down

1 This environment exists immediately outside the business.
2 This sector processes raw materials into finished goods.
4 This sector deals with extraction of raw materials and natural resources
5 Business has ... control over the micro environment
6 This sector renders services to other businesses/provides auxiliary services.
7 Environment which is in direct contact with the business organization and can affect the routine activities of business
9 Business has ... control over the macro environment

Across

3 Business ... control over the market environment
8 All the internal and external factors that affect the functioning of a business
10 The environment that exists in the economy as a whole, rather than in a particular sector or region

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BUSINESS OPERATIONS

Human Resources Function

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Concepts

P	L	P	E	X	T	E	R	N	A	L	R	E	C	R	U	I	T	M	E	N	T	J	H
P	H	L	R	V	X	E	Y	F	J	F	O	X	U	S	T	U	E	T	S	E	E	O	U
X	U	A	W	X	N	M	Y	R	I	L	P	N	T	M	Y	G	E	M	J	Y	M	B	M
E	T	C	N	P	O	P	M	P	N	P	S	O	F	E	G	B	L	V	X	B	V	S	A
R	C	E	E	M	I	L	N	R	T	L	R	I	X	V	X	E	N	L	A	B	C	P	N
U	A	M	M	V	T	O	H	R	E	V	J	T	N	G	G	P	O	C	D	G	D	E	R
D	R	E	P	E	P	Y	P	O	R	G	A	A	X	A	A	V	L	J	B	T	H	C	E
E	T	N	L	I	I	E	S	F	N	T	E	N	L	W	S	H	C	W	F	H	G	I	S
C	N	T	O	M	R	E	I	V	A	R	I	I	X	H	U	V	T	T	N	L	N	F	O
O	O	P	Y	R	C	B	T	R	L	J	T	M	P	X	P	L	E	R	C	N	I	I	U
R	C	R	M	R	S	E	N	C	R	I	T	R	E	E	N	V	W	R	J	F	N	C	R
P	F	O	E	F	E	N	X	U	E	U	F	E	I	R	N	O	L	A	F	O	I	A	C
N	O	C	N	I	D	E	J	S	C	W	F	T	D	T	E	S	I	C	J	B	A	T	E
O	N	E	T	N	B	F	X	C	R	N	L	E	O	J	F	L	I	T	E	C	R	I	A
I	O	D	C	T	O	I	D	C	U	V	O	D	N	N	Y	P	A	O	C	S	T	O	C
T	I	U	O	E	J	T	R	T	I	O	I	Y	J	F	B	X	M	T	N	U	U	N	T
C	T	R	N	R	C	S	D	S	T	J	C	R	S	C	X	W	G	N	E	I	D	J	I
E	A	E	T	V	N	M	A	H	M	L	T	A	D	J	T	S	S	B	Y	D	D	N	V
L	N	X	R	I	G	T	T	W	E	W	F	L	A	P	S	H	X	W	A	H	X	G	I
E	I	A	A	E	J	J	S	W	N	J	N	A	J	W	E	E	C	N	L	D	U	P	T
S	M	W	C	W	U	D	O	X	T	H	H	S	X	F	Y	N	S	R	H	T	V	X	I
S	R	C	T	X	A	A	X	D	X	I	N	T	E	R	V	I	E	W	E	R	M	T	E
L	E	C	S	X	A	L	G	P	W	Y	H	X	U	O	C	E	H	P	V	I	S	W	S
R	T	C	X	R	U	Y	I	D	V	J	O	B	A	N	A	L	Y	S	I	S	X	P	X

SDA	Pension	Employee benefits
Time related	Salary determination	Termination of contract
Legalities	Employment contracts	Training
Placement procedure	Induction	Interviewer
Interview	Selection procedure	External recruitment
Internal recruitment	Job analysis	Job specification
Job description	Human resource activities	

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The learner must know the following:		
	RECRUITMENT	• Explain/Elaborate on the meaning of recruitment. • Outline/Discuss/Explain the recruitment procedure. • Explain the meaning of a job analysis • Distinguish/Explain the differences between job description and job specification as components of a job analysis • Identify job description and job specification from given statements/scenarios • Discuss/Explain the impact of internal and external recruitment. (Recruitment methods/types) • Identify methods/types of recruitment from given scenarios/state • Give examples of sources of internal and external recruitment.
	SELECTION	• Outline/Discuss/Explain the selection procedure. • Explain the meaning of screening as part of the selection procedure. • Discuss/Explain the purpose of an interview. • Outline/Explain/Discuss the role of the interviewer before and during the interview. • Outline/Explain/Discuss the role of the interviewee during the interview. • Define/Elaborate on the meaning of an employment contract. • Outline/Explain/Discuss the legal requirements/legalities of the employment contract. • Evaluate an employment contract from given scenario and make recommendations for improvement. • Outline/Discuss the details/aspects/contents of an employment contract. • Outline/Discuss/Explain the reasons for the termination of an employment contract.
	INDUCTION	• Define/Elaborate on the meaning of induction • Discuss/Explain the purpose of induction. • Discuss/Explain the advantages/benefits of induction. • Outline aspects that must be included in the induction programme. • Evaluate an induction programme from given scenarios and make recommendations for improvement.
	PLACEMENT	• Outline/Explain the placement procedure • Discuss/explain the importance of training/skills development in HRM
	FRINGE	• Distinguish/Explain the differences between piece meal and time-related.

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	BENEFITS	• Explain the link between salary determination and the Basic Conditions of Employment Act.

	COMPULSORY BENEFITS	• Outline/Give examples of employee benefits e.g.
		  ○ Pension
		  ○ Medical aid
		  ○ Provident fund
		  ○ Allowances
		• Compulsory benefits:
		• Benefits required by law, e.g. UIF, etc.
		• Explain/Discuss/Evaluate advantages/positives and/or disadvantages/negatives of fringe benefits to business.

	ACTS	• Discuss the implication of Acts like the LRA/ BCEA/EEA/SDA on the human resources function.

2 HUMAN RESOURCES ACTIVITIES

Meaning of recruitment

- Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for it.
- It aims at finding candidates who have the necessary knowledge/ experience/ qualification to fill the vacancy.

Recruitment procedure

- The human resource manager (HRM) should prepare the job description in order to identify recruitment needs.
- HRM should indicate the job specification/description/key performance areas to attract suitable candidates.
- Prepare a job analysis, which includes job specification and job description.
- A decision whether to recruit internally should be made to identify suitable candidates from within the business.
- If internal recruitment is unsuccessful, external recruitment should be considered.
- If the external recruitment is done, the relevant recruitment source should be selected, e.g. recruitment agencies, tertiary institutions, newspapers,
- The advertisement should be prepared with the relevant information, e.g. the name of the company, contact details, contact person, etc.
- Place the advertisement in the appropriate media that will ensure that the best candidates apply.

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Differences between job description and job-specification

Job Description	Job Specification
• Describes duties/responsibilities of a specific job/summary of the nature /type of the job.	• Specifies the minimum acceptable personal qualities/ skills/ qualifications needed for the job.
• Written description of the job and its requirements	• Written description of specific qualifications/ skills/ experience needed for the job.
• Describes key performance areas/ tasks for a specific job, e.g. job title/working conditions/relationship of the job with other jobs in the business, etc.	• Describes key requirements of the person who will fill the position, e.g. formal qualifications/willingness to travel/work unusual hours, etc.

TYPES/METHODS OF RECRUITMENT

Internal Recruitment

- Refers to the use of internal sources to advertise vacancies inside the business. The following **SOURCES of internal recruitment** can be used:

Sources of Internal recruitment

- Internal e-mails/Intranet/web sites to staff
- Word of mouth
- Business newsletter/circulars
- Internal/management referrals
- Notice board of the business
- Internal bulletins
- Recommendation of current employees
- Head hunting within the business/organisational database

External Recruitment

- Refers to the use of external sources to advertise vacancies outside the business. The following **SOURCES of external recruitment** can be used:

Sources of external recruitment

- Recruitment agencies
- Bill boards
- Printed media, e.g. newspapers/flyers
- Electronic media, e.g. radio/TV
- Social media/Social networks/Internet/Business websites
- Recruitment agencies
- Walk-ins
- Head hunting
- Professional associations
- Networking
- Educational/Training institutions
- Posters/Bill boards just outside the business

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Impact of Internal Recruitment

Positives/Advantages

- Cheaper/Quicker to fill the post.
- Placement is easy, as management knows the employees' skills/personality/ experience/strengths.
- Provides opportunities for career paths within the business.
- The employee already has an understanding of how the business operates. / Induction/Training is not always necessary.

Negative/Disadvantages

- The promotion of an employee could cause resentment among other employees.
- The number of applicants from which to choose is limited to existing staff only.
- It may close the door to new ideas from outsiders.
- The business has to spend more money on training/developing existing employees on the new position.
- Employees who are not promoted may feel demotivated.

Impact of External Recruitment

Positives/Advantages

- New candidates bring new talents/ideas/experiences/skills into the business.
- There is a larger pool of candidates to choose from.
- It may help the business to meet affirmative action and BBBEE targets.
- Minimises unhappiness/conflict amongst current employees who may have applied for the post.

Negatives/Disadvantages

- External sources can be expensive, e.g. recruitment agencies' fees/advertisements in newspapers/magazines.
- The selection process may not be effective and an incompetent candidate may be chosen.
- Information on CV's/referees may not be reliable.
- Recruitment process takes longer/is more expensive as background checks must be conducted.
- New candidates generally take longer to adjust to a new work environment.

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Selection procedure

- Receive documentation, e.g. application forms and sort it according to the criteria of the job.
- Evaluate CVs and create a shortlist/Screen the applicants.
- Check information in the CVs and contact references.
- Conduct preliminary sifting interviews to identify applicants who are not suitable for the job, although they meet all requirements.
- Assess/Test candidates who have applied for senior positions/to ensure the best candidate is chosen.
- Conduct interviews with shortlisted candidates.
- Offer employment in writing to the selected candidate(s)

Screening as part of the selection procedure

- Check application documents against the requirements of the job.
- Candidates who meet the minimum requirements are separated from others.
- Do background/credit/reference check of applicants who qualify for the job.
- Prepare a shortlist of suitable candidates after screening.

Purpose of an interview

- Obtains information about the strengths and weaknesses of each candidate.
- Helps the employer in choosing/making an informed decision about the most suitable candidate.
- Matches information provided by the applicant to the job requirements.
- Creates an opportunity where information about the business and applicant can be exchanged.
- To determine a candidate's suitability for the job.
- Evaluate the skills and personal characteristics of the applicant

Role of the interviewer BEFORE the interview

- The interviewer should develop a core set of questions based on the skills/knowledge/ ability required.
- Check/read the application/verify the CV of every candidate for anything that may need to be explained.
- Book and prepare the venue for the interview.
- Set the interview date and ensure that all interviews take place on the same date, if possible.
- Inform all shortlisted candidates about the date and place of the interview.
- Plan the programme for the interview and determine the time that should be allocated to each candidate.
- Notify all panel members conducting the interview about the date and place of the interview.

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Role of the interviewer and interviewee DURING the interview

Role of the INTERVIEWER during the interview	Role of the INTERVIEWEE during the interview
• Allocate the same amount of time to each candidate. • Introduce members of the interviewing panel to each candidate/interviewee. • Make the interviewee feel at ease. • Explain the purpose of the interview to the panel and the interviewee. • Record interviewees' responses for future reference. • Do not misinform/mislead the interviewee. • Provide an opportunity for the interviewee to ask questions. • Close the interview by thanking the interviewee for attending the interview	• Greet the interviewer by name with a solid handshake and a friendly smile. • Listen carefully to the questions before responding. • Make eye contact and have good posture/body language. • Show confidence and have a positive attitude/be assertive. • Ask clarity seeking questions. • Show respect and treat the interview with its due importance. • Be honest about mistakes and explain how you dealt with it.

Meaning of an employment contract

- Employment contract is an agreement between the employer and the employee and is legally binding.

Aspects that should be included in an employment contract

- Personal details of the employee.
- Details of the business/employer e.g. name/address, etc.
- Job title/Position
- Job description e.g. duties/ working conditions
- Job specification e.g. formal qualifications/willingness to travel.
- Date of employment/commencement of employment.
- Place where employee will spend most of his/her working time.
- Hours of work, e.g. normal time/overtime.
- Remuneration, e.g. weekly or monthly pay.
- Benefits/Fringe benefits/Perks/Allowances.
- Leave, e.g. sick/maternity/annual/adoption leave.
- Employee deductions (compulsory/non-compulsory).
- Period of contract/Details of termination.
- Probation period.
- Signatures of both the employer and employee.

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Legal requirements of the employment contract

- Employment contract is an agreement between the employer and the employee and is legally binding.
- Employer and employee must agree to any changes to the contract.
- Aspects of the employment contract can be renegotiated during the course of employment.
- No party may unilaterally change aspects of the employment contract.
- The employer and employee must both sign the contract.
- The employment contract should include a code of conduct and code of ethics.
- The employer must explain the terms and conditions of the employment contract to the employee.
- It may not contain any requirements that are in conflict with the BCEA.

Reasons for terminating an employment contract

- The employer may dismiss an employee for valid reason(s), e.g. unsatisfactory job performance, misconduct, etc.
- Employer) may no longer have work for redundant employees/cannot fulfil the contract/is restructuring.
- The employer may retrench some employees due to insolvency/may not be able to pay the employees.
- Employees decided to leave and resign voluntarily.
- An employee may have reached the pre-determined age for retirement.

Meaning of induction

- New employees should be familiarised with their new physical work environment/organisational culture/products and services.
- Employees should be informed about the processes/procedures of the business.
- They should have a basic knowledge of what is expected in the job. /Understand his role and responsibilities in his new job.
- Ensure that employees are well conversant with the business safety regulations and rules.

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Purpose of induction

- Introduce new employees to management/colleagues to establish relationships with fellow colleagues at different levels.
- Make new employees feel welcome by introducing them to their physical work space.
- Give new employees a tour/information about the layout of the building/office.
- Familiarise new employees with the organisational structure/their supervisors
- Allow new employees the opportunity to ask questions that will put them at ease/reduce insecurity/anxiety/fear.

Aspects to be included in an induction programme

- Introduction to key people and immediate colleagues.
- Safety regulations and rules.
- Overview of the business.
- Tour of the premises.
- Discussion of the employment contract and conditions of service.
- Discussion of employee benefits
- Information about the business products/services.

Benefits of induction

- Allows new employees to settle in quickly and work effectively.
- Ensures that new employees understand rules and restrictions in the business.
- New employees may establish relationships with fellow employees at different Levels
- Make new employees feel at ease in the workplace, which reduces anxiety/ insecurity/fear.
- The results obtained during the induction process provide a base for focussed training.
- Increases quality of performance/productivity.

Meaning of placement

- Selected candidates are placed where they will function optimally and add value to the business.
- A specific job is assigned to the selected candidate.
- The qualifications/skills/personality of the selected candidate is matched√ with the requirements of the job.

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Placement procedure

- Employer should outline specific responsibilities/expectations of the employee new position.
- The employer should determine the relationship/similarities between the expectations of the position and the competencies of the employee.
- Determine the employee's strengths/weaknesses/skills/ interests by subjecting him to various psychometric tests.

The importance of training/skills development in HRM

- The employee who receives the necessary training is abler to perform in their job.
- The investment in training that a company makes shows employees that they are valued.
- An effective training program allows employees to strengthen their skills.
- Productivity usually increases when the human resources function implements training courses.
- Ongoing training and upskilling of the workforce, encourages creativity.

SALARY DETERMINATION METHODS

PIECEMEAL	TIME-RELATED
• Workers are paid according to the number of items/ units produced /action performed.	• Workers are paid for the amount of time they spend at work/on a task.
• Workers are not remunerated for the number of hours worked, regardless of how long it takes them to make the items	• Workers with the same experience/qualifications are paid on salary scales regardless of the amount of work done.
• Mostly used in factories particularly in the textile/technology industries.	• Many private and public sector businesses use this method

LINK BETWEEN SALARY DETERMINATION AND THE BCEA

- The BCEA sets out conditions that ensure fair labour and human resources practices.
- According to the BCEA, businesses may use different remuneration methods to pay their employees.
- Payment of salaries should be based on whether the employee is permanent or employed on a fixed contract.
- Businesses are supposed to deduct income tax (PAYE) from the employees' taxable salaries.
- BCEA outlines legalities, such as the employment contract, which may affect salary determination.

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Examples of fringe benefits in the workplace

- Medical Aid Fund/Health Insurance Fund
- Pension Fund
- Provident Fund
- Funeral benefits
- Car/Travel/Housing/Cell phone/Clothing allowance
- Performance based incentives
- Issuing of bonus shares
- Staff discount/Free or low cost meal/Canteen facilities

COMPULSORY BENEFITS

Unemployment Insurance Fund (UIF)

- The fund offers short-term financial assistance to workers when they become unemployed or are unable to work due to illness, maternity or adoption leave.
- The fund also assists the dependants of a contributing worker who has died.
- Employers must pay unemployment insurance contributions of 2% of the value of each worker's salary per month.
- The employer and the worker each contribute 1%.
- Contributions are paid to the Unemployment Insurance Fund (UIF) or the South African Revenue Services (SARS).

IMPACT OF FRINGE BENEFITS ON BUSINESSES

Positives/Advantages

- Improves productivity\ resulting in higher profitability.
- It increases employee satisfaction/loyalty as they may be willing to go the extra mile.
- Businesses save money as benefits are tax deductible.
- Fringe benefits can be used as leverage for salary negotiations.

Negatives/Disadvantages

- Businesses who cannot offer fringe benefits fail to attract skilled workers.
- It can create conflict/lead to corruption if allocated unfairly.
- Fringe benefits are additional costs that may result in cash flow problems.
- Decreases business profits, as incentive/package/remuneration costs are higher.

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Implications of the Labour Relations Act on the Human Resources Function

- Workers cannot be easily dismissed as bargaining council/Commission for Conciliation, Mediation and Arbitration (CCMA) processes need to be followed.
- Provides a framework for bilateral meetings where employees, trade unions and employers discuss matters relating to employment.
- The human resource manager should allow workers to form workplace forums/trade unions to promote the interests of all employees.
- Promotes orderly negotiations and employee participation in decision making in the workplace.
- Protects the rights of employees/employers as outlined in the Constitution.
- Advances economic development/social justice/labour peace.

Implications of the Employment Equity Act on the Human Resources function

- The human resources manager must promote/provide equal opportunities in the workplace.
- Ensure that affirmative action promotes diversity in the workplace.
- Compile employment equity plans that indicate how they will implement affirmative action.
- Assign a manager to ensure that the employment equity plan will be implemented/ regularly monitored.
- Report to the Department of Labour on the progress in the implementation of the equity plan.

Implication of the Skills Development Act (SDA) on the Human Resources function

- The human resources manager should interpret the aims and requirements of the SDA and adapt workplace skills training programmes accordingly.
- Identify the training needs of the employees and provide them with training opportunities so that they will perform their tasks efficiently...
- Contribute 1% of their salary bill to the Skills Development Levy/SDL.
- Ensure training in the workplace is formalised /structured.
- Appoint a full/part time consultant as a Skills Development Facilitator.

Implications of the Basic Conditions of Employment Act (BCEA) on the Human Resources function

- Workers should only work 9 hours per day in a 5-day work week. /8 hours per day in a 6-day work week. /Overtime should not exceed 10 hours per week.
- They must have a break of 60 minutes after five hours of work
- Workers can take up to six weeks paid sick leave during a 36-month cycle
- Businesses should not employ children under the age of 16.
- Workers must receive double if they work during public holidays/Sunday

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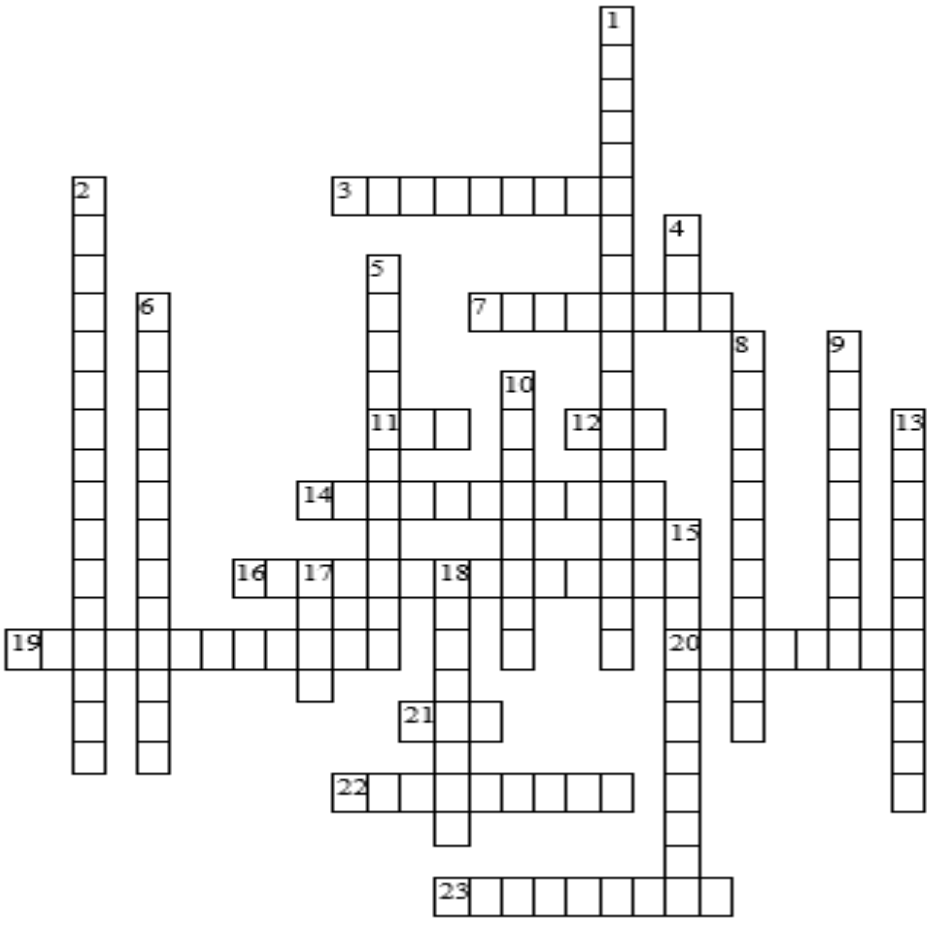

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Across

3 Workers are paid according to the number of items/units produced

7 The type of recruitment where sources within the organisation are used to advertise vacancies within an organisation

11 The fund offers short-term financial assistance to workers when they become unemployed or are unable to work because of illness, maternity or adoption leave

12 Requires employers to engage in proactive employment practices to increase the representation of designated groups in the workplace

14 Refers to the representative of an employer conducting the interview

16 Describes the duties and responsibilities of a specific job

19 Process whereby an organisation reduces the number of employees for operational reasons

20 The type of recruitment where outside sources are use to advertise vacancies within an organisation

21 Ensures social justice by establishing the rights and duties of employers and employees in the workplace

22 Process whereby a new employee is placed in a vacant position

23 Refers to a conversation between a job applicant and a representative of an employer which is conducted to assess whether the applicant should be hired for a vacancy

Down

1 Refers to benefits that businesses are legally required to offer its employees

2 Describes the minimum acceptable personal qualities/skills/ qualifications needed for the job

4 This act regulates the improvement of the skills of workers by promoting education and training in the workplace

5 Process used by business to identify vacancies in the business and attract suitable candidates for it

6 Compensation beyond a regular wage or salary to an employee, which are exempt from taxation as long as certain conditions are met

8 Workers are paid for the amount of time they spend at work/on a task

9 Refers to the process of introducing new employees to the business and its related aspects

10 Refers to the acquisition of new skills and knowledge.by employees

13 The components of job description and job specification as it relates to employees within an organisation

15 Refers to the job applicant who made himself available for the interview after being shortlisted

17 This Act regulates labour practices and sets out the rights and duties of employees and employer

18 Oral or written agreement specifying terms and conditions under which a person consents to perform certain duties in return for an agreed upon wage or salary EMPLOYMENT

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BUSINESS OPERATIONS

Quality of Performance

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Concepts

T	N	E	M	E	G	A	N	A	M	Y	T	I	L	A	U	Q	H	T	N	P	S	X	W
N	Y	V	N	O	I	T	A	R	T	S	I	N	I	M	D	A	R	O	A	H	M	Y	O
E	S	T	M	I	Z	W	B	K	D	J	D	G	D	L	U	K	S	T	Z	U	E	P	Q
M	N	N	N	H	Y	Z	C	K	V	B	H	I	J	F	R	H	U	A	A	E	T	D	N
E	O	E	O	Q	U	W	P	M	Y	J	Q	K	S	O	G	Y	A	L	X	C	S	E	L
V	I	M	I	A	N	M	T	T	X	K	S	E	W	A	U	R	L	C	Q	N	Y	C	N
L	T	E	T	V	Q	V	A	N	Q	U	A	M	Q	S	D	I	Q	L	U	A	S	N	O
O	A	G	C	B	E	D	C	N	C	Q	A	B	E	P	V	V	F	I	A	R	T	A	I
V	L	A	U	I	J	H	F	C	R	E	W	C	D	V	A	P	A	E	L	U	N	M	T
N	E	N	D	W	W	A	E	S	T	E	N	I	T	K	V	U	E	N	I	S	E	R	C
I	R	A	O	D	U	S	T	I	A	A	S	N	C	V	T	R	K	T	T	S	M	O	N
T	C	M	R	R	S	Q	U	E	N	W	E	O	I	J	X	C	X	S	Y	A	E	F	U
N	I	Y	P	L	Q	J	G	I	E	M	B	D	U	W	A	H	Y	A	C	Y	G	R	F
E	L	T	S	S	G	A	F	R	E	M	M	C	F	R	E	A	M	T	O	T	A	E	S
M	B	I	N	D	C	L	U	G	S	A	E	K	U	L	C	S	K	I	N	I	N	P	S
E	U	L	G	D	V	L	A	T	R	D	T	T	D	W	R	E	A	S	T	L	A	Y	E
G	P	A	P	V	I	N	S	K	E	L	E	M	E	N	T	S	S	F	R	A	M	T	N
A	R	U	C	A	A	X	E	G	I	I	P	T	L	H	Q	Q	I	A	O	U	Y	I	I
N	R	Q	F	M	T	T	R	F	Y	H	L	V	X	A	N	X	I	C	L	Q	T	L	S
A	C	L	A	D	I	Q	C	D	J	F	I	O	N	U	I	R	Y	T	S	H	I	A	U
M	O	A	T	N	C	U	F	B	C	P	L	A	N	N	I	N	G	I	Q	I	L	U	B
P	U	T	G	F	C	V	F	Y	O	U	N	R	U	I	M	C	R	O	M	J	A	Q	R
O	O	O	Z	Y	T	I	L	A	U	Q	Y	O	Q	Z	F	B	A	N	Q	Z	U	R	K
T	Z	T	Z	Q	U	A	L	I	T	Y	I	N	D	I	C	A	T	O	R	S	Q	O	J

Disadvantages	Planning	PDCA
Top management involvement	Total client satisfaction	Team work
Total quality management:	Elements	Quality indicators.
Human resources	Administration	Marketing
Public relations	Production	Purchases
Finances	Management	Business function
Failure	Success	Quality management systems
Quality performance	Quality management	Quality assurance

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Quality control	Quality	

The learner must know the following:

- Define the following:
  - Quality
  - Quality control
  - Quality assurance
  - Quality management
  - Quality performance
  - Quality management systems
- Explain the advantages/benefits of a good quality management system.
- Explain/Discuss how the quality of performance can contribute to success and/or failure of each business function.
- Outline quality indicators for each business function.
- Discuss the following elements of Total Quality Management(TQM):
  - Continuous skills development/ Education and training
  - Team work (including the importance of quality circles)
  - Total client/customer satisfaction
  - Top management involvement/ Commitment.
  - Involvement of all employees/ People Based Management
  - Adequate financing and capacity
  - Continuous improvement to processes and systems (including the application of the 'PDCA' model/cycle)
  - Planning
  - Monitoring and evaluation of quality processes
  - Management by facts
- Discuss/Explain/Analyse the impact of TQM elements on small and large businesses.
- Explain how TQM can impact on the reduction of the cost of quality, etc.
- Compare the impact of the elements TQM on small (sole traders) and large (big companies).
- Discuss the impact of TQM if poorly implemented by businesses.

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Definition of quality concepts		
1	**Quality**	• Quality refers to a good/service's ability to satisfy a specific need. • The efficiency of services and the ability to provide an effective outcome without too many delays. • It is measured against specific criteria such as physical appearance/reliability/durability/sustainability/after-sales services.
2	**Quality control**	• A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards. • Checking raw materials/employees/machinery/workmanship/production to ensure that high quality standards are maintained. • Includes setting targets/measuring performance and taking corrective measures.
3	**Quality assurance**	• Checks carried out during and after the production process. • Ensure that required standards have been met at every stage of the process. • Processes put in place to ensure that the quality of products/services/ systems adhere to pre-set standards with minimal defects/delays/short-comings. • Ensuring that every process is aimed to get the product 'right the first time' and prevent mistakes from happening.
4	**Quality management**	• The process of managing all activities needed to ensure a business produces goods and services of consistently high standard. • Refer to techniques/tools used to design/ improve the quality of a product. • Can be used for accountability within each of the business functions • Aims to ensure that the quality of goods/services is consistent/Focuses on the means to achieve consistency
5	**Quality performance**	• Total performance of each department measured against the specified standards. • The assessment and analysis of processes, goods and services in order to measure the performance of a business. • Can be achieved if all departments work together towards the same quality standards.

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Differences between quality control and quality assurance

Quality control	Quality assurance
• Inspection of the final product to ensure that it meets the required standards.	• Carried out during and after the production process to ensure that required standards have been met at every stage of the process.
• Includes setting targets/measuring performance and taking corrective measures.	• Ensures that every process is aimed at getting the product right the first time and prevents mistakes from happening again.
• Checking raw materials/employees/ machinery/ workmanship/products to ensure that high standards are maintained.	• The 'building in' of quality as opposed to 'checking for' quality

Distinction between quality management and quality performance

Quality management	Quality performance
• Techniques/tools used to design/ improve the quality of a product	• Total performance of each department measured against the specified standards
• Can be used for accountability within each of the business functions	• Can be obtained if all departments work together towards the same quality standards
• Aims to ensure that the quality of goods/ services consistent/ focuses on the means to achieve consistency	• Quality is measured through physical product/ statistical output of processes/ surveys of the users and/ or buyers of goods/ services

Benefits of a good quality management system

- Effective customer services are rendered, resulting in increased customer satisfaction.
- Time and resources are used efficiently.
- Productivity increases through proper time management/using high quality resources.
- Products/Services are constantly improved resulting in increased levels of customer satisfaction.
- Vision/Mission/Business goals may be achieved.
- Business has a competitive advantage over its competitors.

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Contribution of business functions to the success of a business/ Quality indicators

	Business Function	Quality Indicator
1	**General management**	• Develop/Implement/Monitor effective strategic plans. • Efficient organisation/allocation of business resources to provide for the successful achievement of long-term and short-term plans. • Structured standards and norms should be in place so that control mechanisms can be implemented. • Learn about/understand changes in the business environment on an on-going basis. • Effectively communicate shared vision, mission and values.
2	**Production**	• Provide high quality services/products according to specifications. • The production/operating processes of a business should be done correctly through proper production planning and control. • Products and services should be produced at the lowest possible cost to allow for profit maximisation. • Businesses should clearly communicate the roles and responsibilities to the production workforce. • Products must meet customers' requirements by being safe, reliable and durable.
3	**Purchasing**	• Buy raw materials in bulk at lower prices. • Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices. • Place orders timeously and regular follow-ups to ensure that goods are delivered on time. • Effective co-ordination between purchasing and production departments so that purchasing staff understand the requirements of the production process. • Required quantities should be delivered at the right time and place.
4	**Marketing**	• Increasing their market share. • Winning customers by satisfying their needs/wants/Building positive relation-ships. • Adhering to ethical advertising practices when promoting products/services. • Differentiating products in order to attract more customers. • Constantly reviewing value issues. .

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5	**Financial**	• Obtain capital from the most suitable/available/reliable sources. • Negotiate better interest rates in order to keep financial cost down. • Analyse strategies to increase profitability. • Invest surplus funds to create sources of passive income. • Implement financial control measures/systems to prevent fraud.
6	**Public relations**	• Dealing quickly with negative publicity/less/little/no incidents of negative publicity. • Providing regular/positive press releases. • Implement sustainable Corporate Social Investment (CSI) programmes. • Good results of/Positive feedback from public surveys on business image. • High standard of internal publicity/appearance of buildings/professional telephone etiquette, etc.
7	**Administration**	• Fast and reliable data capturing and processing systems. • Make reliable information available to management on time. • Make relevant information available for quick decision-making. • Handle complaints quickly and effectively. • Use modern technology efficiently
8	**Human resources function**	• Makes sure there is a good recruitment policy that attracts best candidates. • Ensures fair and equitable selection process • Fair remuneration packages that is aligned to the industry. • Offer performance incentives for staff to enhance productivity. • Good relationship with employees. • Low rate of staff turnover in the business

NOTE: You will either be asked to explain/discuss how quality of performance can contribute to success or failure of each business functions or to outline the quality indicators of business functions.

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Total Quality Management (TQM)

Description of total quality management (TQM)

- TQM is an integrated system/methodology applied throughout the organisation, which helps to design/produce/provide quality products/services to customers.
- TQM enables businesses to continuously improve on the delivery of products/ services in order to satisfy the needs of customers.
- Management ensures that each employee is responsible for the quality of his/her work/actions.

Impact/Effectiveness of Total Quality Management elements on large business

Impact/Effectiveness of **continuous improvement to processes and systems** on large businesses

Positives/ Advantages

- Large businesses have more resources to check on quality performance in each unit.
- Enough capital resources are available for new equipment required for processes and systems.
- Large businesses have a person dedicated to the improvement of processes and systems.
- They can afford to use the services of the quality circles to stay ahead of their competitors.

Negatives/ Disadvantages

- Large scale manufacturing can complicate quality control.
- Systems and processes take time and effort to implement in large businesses as communication/buy-in may delay the process.
- Risk of changing parts of the business that are actually working well.
- Not all negative feedback from employees and customers is going to be accurate, which may result in incorrect/unnecessary changes to systems and processes.

Impact/Effectiveness of **total client/customer satisfaction** on large businesses

Positives/Advantages

- Large businesses use market research/customer surveys to measure/ monitor customer satisfaction/analyse customers' needs.
- Continuously promote a positive company image.
- May lead to higher customer retention/loyalty and businesses may be able to charge higher prices.
- Large businesses may be able to gain access to the global market.
- May lead to increased competitiveness/profitability.

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Negatives/ Disadvantages

- Employees who seldom come into contact with customers often do not have a clear idea of what will satisfy their needs.
- Monopolistic companies have an increased bargaining power√ so they do not necessarily have to please customers.
- Not all employees may be involved/ committed to total client satisfaction.

Impact/Effectiveness of **continuous skills development/Education and training** on large businesses

Positives/Advantages

- Large businesses have a human resources department dedicated to skills training and development.
- Human resources experts ensure that training programmes are relevant to increased customer satisfaction.
- Ability to afford specialised/skilled employees.
- May be able to hire qualified trainers to train employees on a regular basis.

Negatives/Disadvantages

- Poor communication systems in large businesses may prevent effective training from taking place.
- Trained employees may leave for better jobs after they gained more skills.
- De-motivates employees, if they do not receive recognition for training.
- Employees who specialise in narrowly defined jobs may become frustrated/ demotivated.
- It may be difficult to monitor/evaluate the effectiveness of training.

Impact/Effectiveness of **adequate financing and capacity** on large businesses

Positives/ Advantages

- Large businesses have sufficient financing to test everything before implementing.
- They can afford to have systems in place to prevent errors in processes/defects in raw materials/products.
- Able to afford product research/market researchers to gather information.
- Can afford to purchase quality raw materials and equipment

Negatives/ Disadvantages

- If the demand for company's product increases, orders begin coming in faster than expected, and the company lacks the capital required to fund the production of the stock to fill the orders.
- These rapidly growing companies can consume large amounts of capital as they try to balance normal operations and expansion.

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Impact of **monitoring and evaluating** quality processes on large businesses

Positives/ Advantages

- Prevents product defects and minimises wastage/customer complaints.
- May be equipped to get things done right the first time.
- Improve performance and maintain high quality standards.
- Improve current and future management of quality outputs/outcomes/impact.
- Provide clear indication about quality aspects that are contributing to the achievement of goals/targets.
- Modify interventions that may improve the efficient use of resources.

Negatives/ Disadvantages

- Large businesses are often divided and the departments work in silos. It is difficult to get everyone to communicate.
- It often takes longer to detect problems or respond to weaknesses
- It is not viable to check quality of all the products

PDCA model/cycle is part of continuous improvement to processes and systems

Plan	• The business should identify the problem. • Develop a plan for improvement to processes and systems. • Answer questions such as *'what to do'* and *'how to do it'*. • Plan the method and approach.
Do	• The business should implement the change on a small scale. • Implement the processes and systems
Check	• Use data to analyse the results of change. • Determine whether it made a difference. • Check whether the processes are working effectively. • The business should assess, plan and establish if it is working/if things are going according to plan
Act	• Institutionalise the improvement. • Devise strategies on how to continually improve. • If the change was successful, implement it on a wider scale. • Continuously revise the process

Importance of quality circles in TQM

- Solve problems related to quality and implement improvements.
- Investigate problems and suggest solutions to management.
- Ensure that there is no duplication of activities/tasks in the workplace.
- Make suggestions for improving systems and processes in the workplace.
- Improve the quality of products/services/productivity through regular reviews of quality processes.
- Monitor/Reinforce strategies to improve the smooth running of business operations.
- Reduce costs of redundancy in the long run.
- Increase employees' morale/motivation.

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NOTE: Quality circles form part of the TQM elements e.g. continuous improvement to systems and processes and team work as both elements make use of quality circles.

Impact of TQM if poorly implemented by businesses

- Setting unrealistic deadlines that may not be achieved.
- Employees may not be adequately trained resulting in poor quality products.
- Decline in productivity, because of stoppages.
- Business reputation/image may suffer because of poor quality/defective goods.
- Investors might withdraw investment, if there is a decline in profits.
- Decline in sales as more goods are returned by unhappy customers.
- High staff turnover, because of poor skills development.

Impact of TQM on the reduction of the cost of quality

- Introduce quality circles to discuss ways of improving the quality of work/ workmanship.
- Schedule activities to eliminate duplication of tasks.
- Share responsibility for quality output amongst management and workers.
- Train employees at all levels, so that everyone understands their role in quality management.
- Develop work systems that empower employees to find new ways of improving quality.
- Work closely with suppliers to improve the quality of raw materials/inputs.

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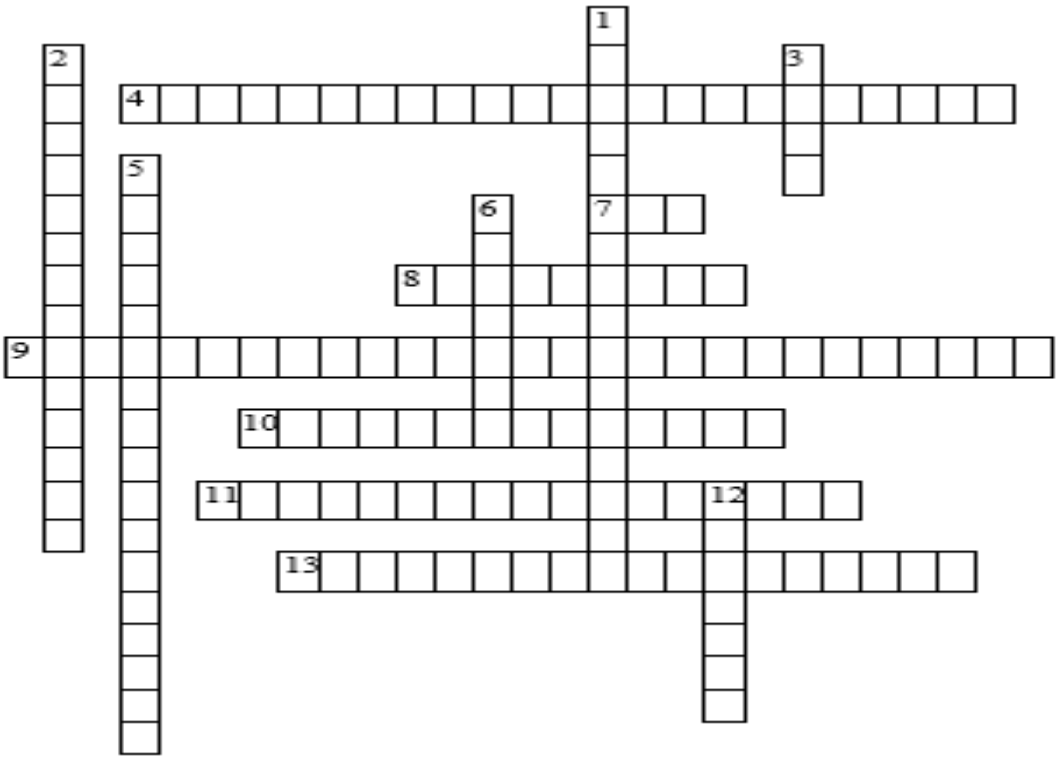

Across

4 It is a measure of how products and services supplied by a company meet or surpass customer expectation

7 Involves all levels of businesses, all functions, processes and people involved in the business

8 The specification of what is acceptable in terms of technical requirements

9 Developing employees' skills that will add value for the organisation and career development

10 A group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems

11 The various aspects of the business that perform different roles e.g. marketing, production, administration, financial, human resources, purchasing etc

13 Total performance of each department measured against the specified standards

Down

1 Checks carried out during and after the production process

2 A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards

3 The body that sets quality standards and evaluates quality of final products

5 The process of managing all activities needed to ensure a business produces goods and services of consistently high standard

6 Products and services that satisfy needs and exceeds customer expectations on a continuous basis

12 Provides the guidelines for quality management

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Acknowledgements

1. DBE Gr 12 Business Studies Notes
2. Gauteng Education Department Gr Business Studies Notes
3. WCED Gr 12 Business Studies Concepts
4. WCED Gr 12 Business Studies Crossword Puzzles

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