

SENIOR SECONDARY INTERVENTION PROGRAMME 2013



GRADE 12

BUSINESS STUDIES

TEACHER NOTES

The SSIP is supported by



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TEACHER NOTES

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SESSION 1: TOPIC 1 : DEVELOP STRATEGIES IN RESPONSE TO CHALLENGES IN THE THREE BUSINESS ENVIRONMENTS.

Teacher Note: Please ensure that learners are able to identify the three environments and the elements of each environment. They should also be able to read a case study and know to which environment the challenges belong. Learning the notes provided on strategies is essential in order to answer the exam based questions.

LESSON OVERVIEW

1. Briefly introduce the THREE environments and their elements:. 5 min.
2. Learners to answer questions: 40 min.
3. Go through solutions and hints with learners: 10 min.

Teacher Note:

1. Explain the formulation, implementation and evaluation of strategies.
2. Discuss the format of the SWOT analysis.
3. Discuss the format of the essay question.

SECTION A: TYPICAL EXAM QUESTIONS

QUESTION 1: 5 minutes

Match the factors of the macro environment in column A with the situations in column B

A	B
1.1 Political	A. The dumping of poisonous chemicals in a river.
1.2 Economic	B. The implementation of the National Credit Act in 2007.
1.3 Social	C. The Reserve Bank increasing the repo rate.
1.4 Technological	D. Governments role in dealing with unemployment.
1.5 Legal	E. New software used in business
1.6 Environmental	F. Competing against cheap imports
	G. The high rate of Hiv n South Africa

(6 x 2) [12]

HINTS

Learners should use elimination technique if unsure when matching answers.

They should be trained not to write the full answer as this only wastes time. Question number and alphabet is sufficient.

QUESTION 2: 35 minute

(Taken from DOE Nov. 2009)

GOOD LUCK GLASS RECYCLING

Consol Glass advertised on radio that the company wanted to increase its recycling volumes. Cato and Dominic, two school friends, decided to take this opportunity and launched their business, GOOD LUCK GLASS RECYCLING, in KwaZulu-Natal. Cato studied Business Studies up to Grade 12 level and he is currently doing a course in Business Management at Unisa. Dominic is responsible for the daily operation of the business. They approached their former school, Umlazi High School, with a recycling proposal. The business will supply a container at no cost. Once the container is full, they will collect it from the school and in turn give the school a cash incentive. The project was launched in March 2008, and by the end of the year, they had 23 schools involved in the project. GOOD LUCK GLASS RECYCLING have three permanent staff members and one casual employee.

The following are some of the challenges of their business operation:

- Three of their delivery vehicles are not in a good running condition.
- Convincing banks to finance the business operation.
- Changing learner attitudes towards glass recycling.
- Getting to grips with the tender processes to secure tenders.

Cato and Dominic have a vision of establishing five buy-back centres in KwaZulu-Natal. They want to sell recycled bottles to several other manufacturers. They also receive waste glass from various glass manufacturers in the province.

Develop a detailed SWOT analysis for GOOD LUCK GLASS RECYCLING.

Formulate strategies to overcome their challenges and state how the strategies could be evaluated.

[40]

HINTS

Hint 1: This is an essay question. Structure is important. Introduction, body and conclusion.

Hint 2: Learners should not write in paragraph style. Use full sentences but in point form.

Hint 3: Strategies should be given for the challenges in swot analysis.

Hint 4: Do not forget the evaluation of strategies.

TOPIC 2: DEVELOP STRATEGIES IN RESPONSE TO CHALLENGES IN THE THREE BUSINESS ENVIRONMENTS – TYPES OF STRATEGIES

QUESTION 1: 15 minutes

(Various sources)

Identify the type of strategy that is being implemented by Crazy Stores from those given in the block below.

**Backward integration Liquidation Market penetration Retrenchment
Divestiture**

Horizontal integration Conglomerate diversification Product development

Concentric diversification Market development

- 1.1 Crazy stores decides to buy a supplier of theirs. This will enable them to ensure a continuous supply of products at the most reasonable prices.
- 1.2 Crazy Stores sales manager decides to reduce the mark-up on ladies cosmetics so as to increase sales.
- 1.3 Crazy Stores sales manager decides to sell out the ladies cosmetic department because of poor performance.
- 1.4 New products are going to be introduced to replace the slow lines.
- 1.5 The business adds new products or services that are unrelated to existing products, but which may appeal to new groups of customers.
- 1.6 Crazy Stores marketing team are looking at the possibility of exporting some lines to European markets.
- 1.7 Buying out a competitor to reduce the threat from the competition.
- 1.8 Crazy Stores wants to add new products which are related to existing products and which will appeal to new customers.
- 1.9 Due to poor business the Human Resource department will have to cut jobs.
- 1.10 If the recession continues and business does not improve assets will have to be sold off so as to meet debts. (10 x 2) [20]

QUESTION 2: 10 minutes*(Various sources)*

Discuss the FIVE steps that should be used when evaluating whether strategies should be kept or changed.

(5 x 2) [10]**QUESTION 3: 15 minutes***(Various sources)*

Briefly outline when it would be best for a business to utilise the following strategies:

- | | | |
|-----|---------------------------------------|-------------|
| 3.1 | The replacement of employees | (8) |
| 3.2 | Revising the mission of a business | (2) |
| 3.3 | Issuing stock to raise capital | (2) |
| 3.4 | Adding additional sales staff | (2) |
| 3.5 | Developing new performance incentives | (2) |
| | | [16] |

HINT:

These type of question requires that the learner should learn the work as per notes.

SECTION B: SOLUTIONS TO TOPIC 1 QUESTIONS**QUESTION 1**

- 1.1 D√√
- 1.2 C√√
- 1.3 G√√
- 1.4 E√√
- 1.5 B√√
- 1.6 A√√

(6 x 2) [12]**QUESTION 2**

Introduction

- A strategy is a creative plan for success. √
- The strategic plan outlines the strategy. √
- The top management team is responsible for the drawing up of a strategic plan. √
- Scanning the internal and external environment. √
- Understanding the nature and impact of the business environment. √
- Any other relevant introduction based on the case study.

(any 3 x 1) (3)

Development of strategies

Vision Statement √√

- Good Luck Glass Recycling wants to be the leading glass-recycling business in KwaZulu-Natal. √√
- To establish five buy-back centres in future. √√
- Any other relevant answer related to vision statement. (Max. 2)

Setting up the goals or objectives. √√

- To involve more schools in their project of glass recycling. √√
- To be a highly profitable business. √√ (Max. 2)

STRENGTHS √	WEAKNESSES √
Connection with Consol Glass √√ Cato has Business Studies up to Grade 12 level √√ Cato is obtaining skills in Business Management √√ There are 23 schools √√	Delivery vehicles not in good condition √√ Convincing financial institutions to give them funding √√ Changing attitudes to glass recycling √√ Getting to grips with the tender process √√
OPPORTUNITIES √	THREATS √
Establishing five buy-back centres √√ To approach more schools √√ More contacts from glass manufacturers √√ Getting to grips with the tender process √√ Changing attitudes to glass recycling √√	Other glass recycling businesses. √√ Trade unions' demands of higher salaries and wages √√ Casual worker can leave at any time √√ Getting to grips with the tender process √√ Convincing financial institutions to give them funding √√

- Any other relevant answer related to goals and objectives. (Max. 2)
- (Max. 20)**

Note:

1. If the learner repeats a response in more than one column allocate marks once only.
2. If a learner did not present a swot analysis but identified the challenges allocate a maximum of 10 marks.

Formulation of strategies in response to the above challenges/weaknesses/threats and implementation.

- Arrange a contract with a mechanic in the nearby vicinity to repair the
- vehicles on a permanent basis. √√
- Approach an institution which understand the unique needs of small
- businesses e.g. Business Partners to obtain a loan from them √√
- Distribute pamphlets through schools and post offices regarding benefits of recycling of glass. √√
- Attend courses through a SETA on correct procedures with the tender process √√
- Advertise the business in the newspaper √√
- Retrenching the workers √√
- Motivate and train the workers to obtain higher productivity √√
- Give the worker benefits to keep him/her as a worker. √√

Note: If a learner did not identify challenges using the swot analysis allocate a maximum of 6 marks only.

(Max. 10)

Evaluation of strategies

- After the above-mentioned strategies are implemented, the strategies must be
- evaluated to determine whether the strategies were successful or not. √√
- Those strategies that were not successful, must be reviewed by implementing
- alternatives. √√
- Set specific dates for control and follow up. √√
- Examine the underlying basis of business strategy. √√
- Compare expected performance and take corrective action. √√
- Conduct market research and prepare report. √√

(Max. 10)

Conclusion

- Strategic planning and implementation is a continuous process and needs to be
- revised on a ongoing basis. √√
- Top management must do the revision regularly to ensure success and sustainability of the business. √√
- Any appropriate conclusion. √√

(1 x 2) (2)

Max (32)

INSIGHT

Layout	2
Analysis, interpretation	2
Synthesis	2
Originality, examples	2
TOTAL MARKS	[40]

SECTION B: SOLUTIONS TO TOPIC 2 QUESTIONS
--

QUESTION 1

- 1.1.1 Backward integration √√
- 1.1.2 Market penetration √√
- 1.1.3 Divestiture √√
- 1.1.4 Product development √√
- 1.1.5 Conglomerate diversification √√
- 1.1.6 Market development √√
- 1.1.7 Horizontal integration √√
- 1.1.8 Concentric diversification √√
- 1.1.9 Retrenchment √√
- 1.1.10 Liquidation √√ (10 x 2) [20]

QUESTION 2

- Determine the results the business wants to create and measure the final results against it.√√
- Compare expecting performance with actual performance to determine deviations.√√
- Determine the reasons for deviations and analyse the reasons for these deviations.√√
- Determine affirmative actions to prevent these deviations in the future.√√
- Take corrective action.√√ (5 x 2) [10]

QUESTION 3

- 3.1 The replacement of employees is used in the following cases:
- When employees do not fit into the business √√
 - When employees show resistance to change √√
 - When employees retire or resign √√
 - When employees who are promoted and vacancies arise √√
 - When employees cannot cope with the work √√ (Any 4 x 2) (8)
- 3.2 As the business expands, it will be necessary to revise the mission to adapt to changing business environments. √√ (2)
- 3.3 When a company wants to expand its operations it may issue stock/shares to raise capital. √√ (2)
- 3.4 A business employs additional sales staff in an effort to increase sales. √√ (2)
- 3.5 Performance incentives can be used as a strategy to expand the business. √√ (2)
- [16]**

SECTION C: HOMEWORK**QUESTION 1: 10 minutes**

Four possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number, e.g. 1.7 B

- 1.1 Wholesalers who purchase goods from a clothing manufacturer would be part of the clothing manufacturers environment:
- A micro
 - B market
 - C macro
 - D technological
- 1.2 In order to meet the challenge of changing technology, businesses must ...
- A create more working days.
 - B produce more products.
 - C regularly train staff members.
 - D employ more workers.
- 1.3 The business environment over which the business has the most amount of control:
- A Micro
 - B Market
 - C Macro
 - D External
- 1.4 Firms which supply advertising and cleaning services to a business would be part of the business _____ environment.
- A Micro
 - B Market
 - C Macro
 - D External
- 1.5 Which statement regarding a SWOT analysis is correct?
- A External strengths and internal weaknesses
 - B Internal threats and internal weaknesses
 - C Internal strengths and external opportunities
 - D Internal weaknesses and internal opportunities

(5 x 2) [10]

QUESTION 2: 5 minutes

Name any FIVE factors of the market environment.

(5 x 2) [10]

QUESTION 3: 15 minutes

Prepare a SWOT analysis for a business idea which you have.

[20]

SECTION D: SOLUTIONS TO HOMEWORK

QUESTION 1

1.1 B√√

1.2 C√√

1.3 A√√

1.4 B√√

1.5 C√√

[10]

QUESTION 2

- Consumers√√
- Competitors√√
- Suppliers√√
- Civil society√√
- Intermediaries√√

[10]

QUESTION 3

STRENGTHS ✓	WEAKNESSES ✓
<ul style="list-style-type: none"> • Efficient managers✓✓ • Motivated employees✓✓ • The business can find new customers✓✓ • Change to a better supplier✓✓ • Skilled employees <p>Any other correct strenght✓✓</p> <p style="text-align: right;">Max (5)</p>	<ul style="list-style-type: none"> • Difficult employees✓✓ • Lack of vision and mission✓✓ • Lack of adequate management skills✓✓ • Poor employee work ethics✓✓ • Business has no control over factors like suppliers, competitors, regulators, strategic allies and unions✓✓ <p>Any other correct strenght✓✓</p> <p style="text-align: right;">Max (5)</p>
OPPORTUNITIES ✓	THREATS ✓
<ul style="list-style-type: none"> • Expansion✓✓ • Forming strategic alliances✓✓ • Integration✓✓ • Expanding to overseas markets✓✓ • E-commerce/Internet✓✓ <p>Any other correct strenght✓✓</p> <p style="text-align: right;">Max (5)</p>	<ul style="list-style-type: none"> • Labour action✓✓ • Competition✓✓ • Shortages of supply✓✓ • Changes in consumer tastes and habits✓✓ • Loss of employees due to HIV/AIDS✓✓ • Legislation✓✓ • Labour restrictions • HIV/AIDS • Interest rates <p>Any other correct strenght✓✓</p> <p style="text-align: right;">Max (5)</p>

SESSION 2: TOPIC 1: CORPORATE CITIZENSHIP

Teacher Note: Learning the notes provided are essential for learners in order to answer the questions. Learners should be encouraged to keep up to date with corporates who are currently involved in CSI. Use of newspaper articles is suggested.

LESSON OVERVIEW

- | | |
|--|---------|
| 4. Discuss the importance of CSI. | 5 min. |
| 5. Learners to answer questions. | 40 min. |
| 6. Go through solutions and hints with learners. | 10 min. |

Teacher Note:

- Learners should be made aware of current CSI programmes.
- Discuss the format of the essay question as learners have an essay question for homework.

SECTION A: TYPICAL EXAM QUESTIONS: TOPIC 1**QUESTION 1: 5 minutes 4 marks***(DOE Nov. 2009)*

Describe the term Corporate Social Responsibility (CSR).

[4]

HINTS: Learners should be encouraged to use examples when definitions are required and the mark allocation is more than 2 marks.

QUESTION 2: 20 minutes 12 marks*(DOE Nov. 2008)*

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

Grinaker-LTA's contribution to the community.

Grinaker-LTA strives to ensure that its work benefits as many people as possible while providing stability and security for future generations. The Group has committed itself to spending 1% of annual earnings on Corporate Social Investment (CSI).

Significant funds have been committed to the National Business Initiative (NBI), an organisation created to enhance a business's contribution to South Africa's success. The NBI's three main pillars to improve the status of ordinary South Africans are education, economic growth and effective governance.

The group has recently allocated funding for educational material for the Maths Centre for Professional Teachers and the SAICE Schools Bridge-building competition which aims to increase awareness and interest in the civil engineering profession amongst secondary school learners.

This is in addition to the assistance given to upgrading existing schools, and building new schools in both urban and rural areas.

[Adapted from: www.grinaker-lta.com]

- 2.1 Identify TWO social responsibility programmes implemented by Grinaker-LTA for the community. (4)
- 2.2 Justify Grinaker LTA's decision to spend 1% of their annual earnings on CSI, with regard to both the company and the community. (8)
- [12]

HINTS: Learners should be made aware that when answering case studies, all answers will not be in the case study. 2.1 answers are in the case study while for 2.2 answers learners would have to have studied the notes.

QUESTION 3: 15 minutes 12 marks (DOE Mar. 2010)

Richards Bay Minerals is a mining company situated in Richards Bay. Explain how the company can improve the following challenges faced by the local community. Use examples to motivate your answer.

- 3.1 Poor education facilities (4)
- 3.2 High crime rate (4)
- 3.3 Limited housing infrastructure (4)
- [12]

HINTS: The answer to this question would not only apply to Richards Bay but to any locality. Learners should think of how these issues could be improved in their own localities.

TOPIC 2: SOCIO ECONOMIC ISSUES AND CORPORATE CITIZENSHIP

QUESTION 1: 15 minutes 12 marks (DOE Nov. 2009)

Identify any THREE socio-economic issues that may pose challenges to businesses and explain how they could address them. [12]

HINT: Learners should not get confused by writing down the causes and the impacts of these issues. The question is asking for the role of business in solving these issues. Answers should not include the role of government as this is not asked. Remember that mark allocation is their guide. $3 \times 4 = (12)$

QUESTION 2: 15 minutes 12 marks (Various sources)

South Africa has been ravaged by unemployment and HIV/Aids. Discuss the impact that each one of these socio-economic issues has had on business and the economy of the country. [12]

HINT: In this question learners must discuss the negative impact that these two issues are having on business and the economy. Remember that mark allocation is their guide. $2 \times 6 = (12)$

QUESTION 3: 10 minutes 8 marks*(Various sources)*

Identify and explain any four causes of unemployment in South Africa.

(4 x 2) [8]

SECTION B: SOLUTIONS AND HINTS TO SECTION A: TOPIC 1**QUESTION 1**

- Corporate social responsibility refers to the role played by corporate enterprises in providing for the urgent needs of the community in which they operate. √√
 - This programme includes poverty alleviation, education and training, and HIV/AIDS clinic, recreational facilities, etc. √√
- Make sure alternative answers are related to the question.
- Any other relevant description of corporate social responsibility that illustrates a full understanding of the concept.
- An example without an explanation to illustrate the concept – no marks. **[4]**

QUESTION 2

2.1

- Upgrading existing schools. √√
 - Building new schools in urban and rural areas. √√
 - Allocation of funds for SAICE Schools Bridge-building Competition. √√
 - Allocation of funds for educational material for the Maths Centre for Professional Teachers. √√
 - The National Business Initiative enhances education, economic growth and effective governance. √√
- Any relevant social responsibility program relating to the case study. (any 2 x 2) (4)

2.2

Benefits to the Company

- Improves the image of the company. √√
- The company enjoys goodwill/customer patronage. √√
- Highly skilled workers can be attracted, e.g. engineers. √√
- Serves as a marketing strategy to increase sales. √√
- Increase productivity through greater commitment of employees. √√
- Tax benefits for the company. √√
- Sets a trend for other companies to follow. √√

Any relevant answer relating to benefits to company. √√

(any 3 x 2) (6)

Benefits to the Community

- Job creation. ✓✓
- Poverty alleviation. ✓✓
- The standard of living of the community is uplifted. ✓✓
- Uplift the education and educational facilities of the community. ✓✓

Any relevant answer relating to benefits to the community ✓✓

(any 3 x 2) (6)

Max: [8]

NOTE: If a candidate gives a combined response (no separation), then there must be a submax of (3 x 2) = 6 marks for each relevant benefit to the Company/Community. The maximum is 8.

QUESTION 3

3.1

Poor education facilities.

- Building new schools with technical subjects. ✓✓
- Providing resources. ✓✓
- Supporting School Governing Bodies (SGB's) by funding the appointment of additional educators. ✓✓

- Any other relevant answer related to poor education facilities.

(2 x 2) (4)

3.2

High crime rate.

- Create jobs for the local people. ✓✓
- Support crime prevention structures, e.g. Sponsor cars to patrol the crime hot spots. ✓✓

Any other relevant answer related to high crime rate.

(2 x 2) (4)

3.3

Limited housing infrastructure.

- Building houses for poor families. ✓✓
- Renovation of dilapidated houses. ✓✓

Any other relevant answer related to limited housing infrastructure.

(2 x 2) (4)

[12]

SECTION B: SOLUTIONS AND HINTS TO SECTION A: TOPIC 2
QUESTION 1: 15 minutes 12 marks
(DOE Nov. 2009)
HIV/AIDS (Accept any communicable disease e.g. TB.) √√

- Build clinics and health centres for the communities. √√
- Train counsellors to provide assistance to affected persons. √√
- Supply affected employees with anti-retroviral medication (ARV) √√
- Any other relevant answer related to HIV.

Issue/Heading

(2)

Strategies/ Explanation

 (1 x 2 = 2) **(Max. 4)**
Unemployment √√

- Skills development programme through learnerships. √√
- Offer bursaries to students. √√
- Provide casual jobs to members of the community. √√
- Retraining. √√
- Any other relevant answer related to unemployment.

Issue/Heading

(2)

Strategies/ Explanation

 (1 x 2 = 2) **(Max. 4)**
Poverty √√

- Provide housing subsidies to employees. √√
- Pay higher wages to employees. √√
- Sponsor orphans with food, clothing, education. √√
- Canteen facilities. √√
- Any other relevant answer related to poverty.

Issue/Heading

(2)

Strategies/ Explanation

 (1 x 2 = 2) **(Max. 4)**
Human Rights √√

- Provision of healthy working conditions. √√
- Allow employees the freedom to practise their own religion. √√
- Treat all stakeholders with dignity and respect. √√
- Any other relevant answer related to human rights.
- Accept any other relevant socio-economic issue e.g. crime, security, gambling, human trafficking, piracy, xenophobia, over-population, prostitution, etc.

Issue/Heading

(2)

Strategies/ Explanation

 (1 x 2 = 2) **(Max. 4)**
If the heading/issue/strategy is in one sentence, e.g. one issue and many strategies allocate only 4 marks.
(Any 3 x 4) [12]

QUESTION 2: 15 minutes 12 marks*(Various sources)*

UNEMPLOYMENT

- Rigid labour legislation has been a major reason why businesses are less keen to appoint workers. ✓✓
- The recession or slow economic growth also contributes to this problem.
- The strengthening of the rand has caused many gold mines to close resulting in many job losses.
- Unemployment leads to poverty, crime and other social and welfare problems.
- Cheap imports have lead to local manufacturers closing as they are unable to compete.
- Pressure from trade unions also causes businesses to reduce staff. **(Any 3 x 2) (6)**

HIV/Aids

- People dying of this illness, reduces the labour force. ✓✓
- Many of these workers are skilled persons who fulfill key positions.
- Workers with this illness, stay away from work, and their absence has a negative influence on productivity.
- People dying of HIV/Aids, means that the consumer spending is less, which has a negative influence on business.
- Business has to contribute more towards medical aid schemes.
- Children of parents who have died because of this illness, became a burden to the community because of housing, education and care of these children. **(Any 3x2) (6)**
[12]

QUESTION 3: 10 minutes 8 marks*(Various sources)*

POSSIBLE SOLUTIONS FOR THE UNEMPLOYMENT PROBLEM

- Business can be socially responsible by providing education and training for disadvantaged people through skills development. ✓✓
- Developing of entrepreneurial skills to give persons the opportunity to create jobs for themselves as well as for other people.
- Encourage learners to qualify themselves in a career field where jobs are available.
- Learnership projects which give persons the opportunity to earn a salary, while they are being trained for a specific career.
- Job creation projects by local municipalities and other institutions.
- Implementation of the Skills Development Act and the expanding of SETAs. **(Any 4 x 2) [8]**

SECTION C: HOMEWORK**QUESTION 1: 5 minutes***(DOE Exemplar 2008 and Nov. 2010)*

Four possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number in your book, for example 1.7 B

- 1.1 Which ONE of the following is an example of a social responsibility programme implemented by a business?
- A Increase in manager's salary
 - B Sponsoring an HIV/Aids orphanage
 - C Increasing profits
 - D Discounting the prices of its products
- 1.2 The monitoring of best business practice includes economical, environmental and social issues. This is largely due to ...
- A SWOT analysis.
 - B King's Code
 - C general management.
 - D problem-solving techniques.

QUESTION 2: 35 minutes 40 marks*(DOE Mar 2009)*

Analyse the nature and process of corporate social investment (CSI). Illustrate how it works and discuss the benefits and problems of CSI for both business and communities. Use current examples to illustrate your answer. [40]

SECTION D: SOLUTIONS TO HOMEWORK SESSION 2
QUESTION 1

- 1.1 B√√ (2)
 1.2 B√√ (2)
[4]

QUESTION 2
Introduction

- Corporate social investment refers to the contribution that the company makes to uplift or develop and solve problems in the community. √
- Generally, most of the employees of the company come from the local community. √
- Therefore, the company deems it fit to invest some of its funds to projects that are much needed by the community. √
- The government cannot solve problems of the country, therefore, encourages big business to foster partnerships with the local community. √
- The community in response buys the product of that company. √ **ANY (3 x 1) (3) max. 3**

Social Responsibility Programmes (nature)

- Corporate business engages the local community with, amongst others, the following programs:
 - HIV/Aids awareness √ - by sponsoring NGO's √
 - Education and training √ - by providing bursaries to learners √
 - Conservation of the environment and pollution √ - by sponsoring projects that preserve the environment √
 - Poverty alleviation √ - by job creation √
 - Pensioners, deprived children and orphans √ - by sponsoring housing projects √
 - Empowerment of women √ - by sponsoring conferences √
 - Rural development √ - by forming partnerships √

(1 mark for fact and 1 mark for example) Max. 6

Characteristics/Features of Corporate Social Investment (process)

- CSI (Corporate social investment) is mainly implemented by big business. √√
- CSI is enforced by legislation. √√
- CSI is seen as a political expectation. √√
- CSI is seen as part of the business operations and is sustainable. √√
- Business organisations choose the programmes for the community, e.g. support for education. √√
- Business organisations support the community with the product that they manufacture, e.g. a paper manufacturing company may donate duplicating paper to the local schools in the community. √√
- Partnerships are formed with local communities, the government and non profit organisations. √√
- In South Africa BEE (Black Economic Empowerment) companies play a vital role in CSI. √√

Max. 8

How it works

- Corporate social responsibility is influenced by various factors:
- Companies identify a particular need in the community and fund the project, e.g. the building of a community hall. √√
- Ethics has a decisive influence in the business, and, management and employees have an important role to play in the community. √√
- Government legislation encourages companies to engage in social investment programmes. √√
- Competitors force a company to engage in social responsibility programs. √√

Max. 6**Benefits of CSI for the business**

- Improved health for its workers. √√
- Sustained conservation of the environment may lead to reduction in costs which could be channelled elsewhere. √√
- May attract experienced employees which could benefit the enterprise in terms of increased productivity. √√
- The community supports the business by purchasing its products and, thereby, contributing to the business profitability. √√
- The business enjoys goodwill. √√
- Improves the image of the company. √√
- Any other relevant benefit for the business. √√

Max. 6**Benefits of CSI for the community**

- The community provides the labour, customers and suppliers to the business enterprise. √ √
- Provision of bursaries. √√
- Improves the welfare of society. √√
- The standard of living of the community is uplifted. √√
- The business needs to give something back in the form of money, products, services etc. √√
- Improved health for the community and customers. √√
- Any other relevant benefit for the community. √√

Max. 6**NOTE : Benefits of CSI for the business and the community (Max 12)****Problems of CSI for the business**

- The community may not support the enterprise, i.e. does not buy the product of the enterprise. √√
- Difficulty in adherence to legislation governing the CSI. √√
- Small and medium enterprises find it difficult to implement CSI programmes. √√
- Distribution of scarce CSI resources to selected beneficiaries in the community may cause problems such as discrimination. √√

Max. 6**Problems of CSI for the community**

- The benefits of the programme may not filter to the intended persons within the community. √√
- Insufficient provisioning that does not satisfy all the needs of the community. √√
- May be rejected by the community. √√

Max. 6

Problems of CSI for the business and the community.**Max. 12****Conclusion**

- From the above discussion it can be concluded that many communities have benefited from CSI initiatives. $\sqrt{\sqrt{}}$
- Corporate Businesses in South Africa have come to the rescue of many poor communities by building schools, crèches, clinics, etc.

(2)**Sub total 49: Max 32****INSIGHT**

Layout

2

Analysis, interpretation

2

Synthesis

2

Originality, examples

2

TOTAL MARKS**[40]**

SESSION 2 SELF STUDY**TOPIC 1: LEGISLATION (EMPLOYMENT EQUITY AND BROAD BASED BLACK ECONOMIC EMPOWERMENT)**

Teacher Note: Learners have to be informed that businesses have to comply with all relevant legislation or face the consequences of the law. Let them see the link of legislation to the macro environment, as a business has no control over it. They should also see the link between CSI and the Employment Equity Act and BBBEE. Learning the notes provided on strategies is essential in order to answer the exam based questions.

LESSON OVERVIEW

- | | |
|--|---------|
| 1. Introduce recent labour legislation and why it was necessary: | 5 min. |
| 2. Learners to answer questions: | 40 min. |
| 3. Go through solutions and hints with learners: | 10 min. |

SECTION A: TYPICAL EXAM QUESTIONS: TOPIC 1

QUESTION 1: **20 minutes** **18 marks** *(DOE Various papers)*

Four possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A – D) next to the question number, for example 1.7 B

1. Prevents unfair discrimination against employees in the workplace: *(Nov. 2010)*
 - A Employment Equity Act, 1998 (Act 55 of 1998)
 - B Skills Development Act, 1998 (Act 97 of 1998)
 - C Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
 - D Broad-Based Black Economic Empowerment Act, 2005 (Act 53 of 2003)

2. A business which employs more than 50 workers and has a turnover of R10 million, must submit this document to the Department of Labour once every two years: *(Mar. 2010)*
 - A Equity plan
 - B Marketing strategy
 - C Business plan
 - D Code of conduct

3. Which ONE of the following methods is implemented by government to stimulate overall economic growth? *(Mar. 2009)*
 - A Implementing a new medical aid fund
 - B Sponsoring an Aids orphanage
 - C Increasing the interest rate
 - D Introducing the Broad-Based Black Economic Empowerment Act

4. This legislation was created to ensure that qualified people from designated groups have equal opportunities in the workplace. *(Sunday Times Avusa Exemplars)*
- Affirmative action
 - Unemployment Insurance Act
 - Skills Development Act
 - Black Empowerment Act
5. The South African government introduced this Act in 2003 as a method of growing the country's economy, eradicating poverty, creating jobs and enforcing the concept of transformation in the workplace: *(Exemplar 2008)*
- Industry Charter
 - Broad-Based Black Economic Empowerment (BBBEE)
 - National Credit Act
 - BBBEE Codes of Good Practice
6. Businesses complying with this Act are awarded government contracts based on points obtained on a scorecard: *(Prelim. 2008)*
- South African Qualification Authority Act
 - Skills Development Act
 - Black Economic Empowerment Act
 - Employment Equity Act
7. This Act was introduced in 2003 with the following objectives: *(Sunday Times Avusa Exemplars)*
- to grow the country's economy
 - to eradicate poverty
 - to create jobs
 - to enforce transformation in the workplace
- Industry Charter
 - Broad-Based Black Economic Empowerment (BBBEE)
 - National Credit Act
 - BBBEE Codes of Good Practice
8. This legislation ensures that qualified people from designated groups have equal opportunities in the workplace: *(Exemplar 2008)*
- Affirmative action
 - Unemployment Insurance Act
 - Skills Development Act
 - Black Empowerment Act
9. Which ONE of the following laws in South Africa promotes inclusivity? *(Nov. 2009)*
- Skills Development Act, 1998 (Act 97 of 1998)
 - South African Qualifications Authority Act, 1995 (Act 58 of 1995)
 - Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
 - Employment Equity Act, 1998 (Act 55 of 1998)
- (9 x 2) [18]*

QUESTION 2: 10 minutes 12 marks*(DOE Nov. 2009)*

The following questions are based on BBBEE.

- 2.1 Write down the full term for the abbreviation BBBEE. (2)
- 2.2 Justify the introduction of the BBBEE Act by explaining any TWO examples. (6)
- 2.3 Suggest TWO ways in which the BBBEE Act can be applied to a company that has a large sugar plantation. (4)
- [12]

HINTS: Question 2.2 requires examples. 2 marks for fact and 1 mark for example.

QUESTION 3: 10 minutes 10 marks*(DOE Nov. 2008)*

HINTS: 2 marks per fact. 2 x 2 = (4)

Answer the following questions based on the Employment Equity Act, (Act 55 of 1998).

- 3.1 State the main purpose of the Employment Equity Act. (2)
- 3.2 Evaluate the impact of this Act on business operations. (4)
- 3.3 Propose TWO ways in which government can contribute to the successful implementation of this Act. (4)
- [10]

SECTION D: SOLUTIONS AND HINTS – TOPIC 1**QUESTION 1**

- 1.1 A ✓✓
- 1.2 A
- 1.3 D
- 1.4 A
- 1.5 B
- 1.6 C
- 1.7 B
- 1.8 B
- 1.9 D

(9 x 2) [18]

QUESTION 2

2.1 Broad Based Black Economic Empowerment. √√ (2)

2.2

- Ownership and management by Black people of existing or new businesses √√
e.g. Black South Africans having a majority shareholding in African Rainbow Minerals. √
- To promote equal employment opportunities to disadvantaged people √√
e.g. Khumba Resources employs a large number of black women. √
Examples/illustrations should indicate understanding of the Act.
If the learner mentions the other pillars with an explanation, marks can be allocated.
- Employment equity
- Skills Development
- Preferential Procurement
- Enterprise development
- Corporate Social Investment (CSI)
Examples only – no marks allocated.
- Any relevant answer related to BBBEE implementation.

Fact: Max 2

Example: Max 1 (Any 2 x 3) (6)

2.3

- The sugar company may have its own transport business and it may outsource this function to its black employees, e.g. owner driver. √√
- Selling part of its shares to its black employees so that they can share in the profits of the company. √√
- If a Black person has a direct interest in the business. √√
- Any other business that relates to the sugar plantation and BBBEE.

(Any 2 x 2) (4)

[12]

QUESTION 3**3.1 State the main purpose of the Employment Equity Act.**

- To implement the affirmative action plan of the government. √√
- Businesses must create equal job opportunities for all people in the country. √√
- Eliminate unfair discrimination. √√
- Achieve diversity in the workplace. √√
- Address historical imbalances of the past. √√
- Equal representation in the workplace. √√

(Any 1 x 2) (2)

3.2 Evaluate the impact of this Act on business operations.

- Employers must create opportunities for previously disadvantaged /career mobility of people. ✓✓
- Employers are prohibited from discriminating against anyone on the basis of race, gender, age or disabilities. ✓✓
- Employers must transform their workplaces so that barriers to employment equity are eliminated. ✓✓
- Cost implications for implementing the Act. ✓✓
- Implementing the Act is time consuming. ✓✓
- Staff turnover is affected. ✓✓
- Could lead to loss of qualified workers. ✓✓
- Could lead to conflict in the workplace. ✓✓
- Any other relevant answer relating to the impact of the Employment Equity Act. (Any 2 x 2) (4)

3.3 Propose TWO ways in which government can contribute to it successful implementation of this Act.

- Transforming the workplace through SETAs / Learnerships.
 - Employers are fined if they do not implement the provisions of the Employment Equity Act. ✓✓
 - Employers must furnish regular reports to the Department of Labour on their Employment Equity plans. ✓✓
 - Sending out inspectors to monitor the implementation of the Act. ✓✓
 - Those companies who comply with the Act be given certificates / recognition ✓✓
 - Provide incentives to companies who comply with the Act. ✓✓
 - Any other relevant answer relating to government's contribution (Any 2 x 2) (4)
- [10]**

TOPIC 2: LEGISLATION (NATIONAL CREDIT ACT) (Act 34 of 2005)

Teacher Note: Important is that learners are informed of the economic crisis, and that the main reason for this was irresponsible credit by both suppliers and consumers.

LESSON OVERVIEW

- | | |
|---|---------|
| 1. Talk about the need for the National Credit Act to be revised: | 5 min. |
| 2. Learners to answer questions: | 40 min. |
| 3. Go through solutions and hints with learners: | 10 min. |

SECTION A: TYPICAL EXAM QUESTIONS

QUESTION 1: **5 minutes** **6 marks** *(DOE Nov. 2010)*

Read the scenario below and answer the question that follows.

MY FIRST WHEELS

Suvarshni Naicker completed her studies at the University of KwaZulu-Natal and wanted to buy a new Toyota Yaris valued at R180 000. She applied for credit and after two days received an SMS from the sales person with the following message: 'CREDIT APPLICATION UNSUCCESSFUL.' She was very disappointed.

Explain Suvarshni's rights regarding her rejected credit application and the manner in which she was informed. [6]

HINTS: This question is referring to credit and consumer rights. The answer will not be found in the case study but in the learners' notes. However, they should link the answer to the case study.

QUESTION 2: **10 minutes** **8 marks** *(DOE Mar. 2010)*

The National Credit Act, 2005 (Act 34 of 2005) protects both the credit provider and the consumer. Do you agree with the statement? Motivate your answer. [8]

HINTS: After stating whether they agree or not, a motivation has to be provided or else no marks are awarded.

QUESTION 3: **5 minutes** **6 marks** *(DOE Nov. 2009)*

HINTS: This question is referring to credit and consumer rights.

Explain the National Credit Act, 2005 (Act 34 of 2005) (NCA) in terms of its benefits to consumers. [6]

QUESTION 4: **10 minutes** **10 marks** *(Various sources)*

Discuss any FIVE implications of the National Credit Act for any business who intends selling goods on credit. (5 x 2) [10]

QUESTION 5: **10 minutes** **10 marks** *(Various sources)*

As business consultant, a client of yours has asked you to explain what the purpose of the government was when it introduced the National Credit Act, 2005 (Act 34 of 2005). Discuss. [10]

SECTION B: SOLUTIONS AND HINTS – TOPIC 2
QUESTION 1**Rights**

- Protected by NCA √√
- She must obtain reasons why her credit application was unsuccessful in terms of the National Credit Act. √√
- Her right to dispute. √√
- Consider relevant answers from the Consumer Protection Act.
- Any other relevant rights regarding credit application. (Any (2 x 2) (4))

Manner/Methods

- Depends on medium of communication in application form, e.g. in writing. √√
 - Communicate via electronic mail. √√
 - Any other relevant comments regarding the 'SMS'. (Any (2 x 2) (4))
- Max. [6]**

QUESTION 2

Yes. √√ (2)

Motivation : Credit Provider

- Protects the credit provider against bad debts. √√
- Allowed to charge interest and other fees for the provision of credit. √√
- Credit providers will be controlled by a regulatory body. √√
- The credit agreement must be in writing. √√
- Any other relevant answer related to benefits of the NCA to credit providers. (Any 3 x 2) (6)

OR

Motivation: Consumer

- Right not to be discriminated against by credit providers when deciding to provide credit or not. √√
- Consumers are entitled to be given reasons for credit refusal. √√
- Consumers have right to information in any official language. √√
- Consumers have rights to receive information free of charge. √√
- They have rights to receive monthly statements of accounts. √√
- All costs of credit such as documentation fees, administration fees must be disclosed to the consumer. √√
- Any other relevant answer related to benefits of the NCA to consumers. (Any 3 x 2) (6)

OR

No. √√ (2)

Motivation: Credit provider

- Loss of business. √√
- Must be NCA compliant. √√
- Proper credit vetting (approval procedures) must be in place.
- Retrenchment of workers. √√
- In the event of non payment by the consumer the credit provider could also bear the loss. √√
- Must provide the credit agreement in the preferred language of the client. √√
- Any other relevant answer related to disadvantages of NCA to the credit provider.

(Any 3 x 2) (6)

OR

Motivation: Consumer

- Cannot access credit easily. √√
- May affect (lower) his standard of living. √√
- Credit limit is based on net income and the ability to repay his debt (affordability) √√
- Any other relevant answer related to disadvantages of NCA to the consumer. Yes/No (2)

Yes or No without motivation – No marks must be allocated

(Any 3 x 2) (6)

Max. [8]

QUESTION 3

- Financial institutions and other credit providers are not allowed to discriminate against consumers when deciding on whether to grant credit or not. √√
- The consumers must be provided with reasons for the credit application being unsuccessful. √√
- The consumer enjoys the right to receive feedback from the institution without any costs being incurred by him/her. √√
- The consumer has the right to receive feedback in his/her designated official language. √√
- All costs must be clearly stated. √√
- Responsible access to credit/protect the consumer against unfair credit practices. √√
- Avoid excess credit granted to consumers. √√
- Apply for debt counselling. √√
- Any other relevant benefit to consumers regarding the NCA.

(Any 3 x 2) [6]

QUESTION 4

Implications for businesses

- A credit provider must provide a consumer with a quotation, showing all the relevant costs and repayment values before the credit agreement is signed. √√
- Before granting credit, a credit provider must assess the consumer's creditworthiness and ability to repay the credit. √√
- This strict credit control results in a reduction of available credit. √√
- It is, therefore, not only more difficult for enterprises to sell their products,
- But it is also more difficult for consumers to buy products. √√
- The business will have a lower turnover. √√

(Any 5 x 2) [10]

QUESTION 5

- This Act provides for all types of credit agreements according to goods and services rendered where a levy is applicable, because payment will be in the future. √√
- It promotes the development of a credit market that is accessible to all South Africans. √√
- It promotes equity in the credit market by balancing the rights and responsibilities of credit providers and consumers. √√
- The Act addresses and corrects imbalances in negotiating power between consumers and credit providers. √√
- It encourages responsible borrowing, avoidance of over-indebtedness and fulfilment of financial obligations by consumers. √√
- Reckless credit granting by credit providers and contractual default by consumers is discouraged. √√
- Consumers are protected against careless gaining of credit, unfair interest rates in comparison with the prime rate and place greater responsibilities on credit suppliers. √√
- It replaces the previous legislation on credit supplying. √√ (Any 5 x 2) [10]

SECTION C: HOMEWORK

QUESTION 1: **10 minutes** **10 marks** *(DOE Mar. 2010)*

The following questions are based on Black Economic Empowerment:

- 1.1 State THREE benefits of Broad-Based Black Economic Empowerment (BBBEE). (6)
- 1.2 Is the implementation of the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) successful? Justify your answer. (4)
- [10]

QUESTION 2: **10 minutes** **12 marks** *(DOE Nov. 2008)*

The following questions are based on BBBEE:

- 2.1 What do the letters 'BBBEE' stand for? (2)
- 2.2 Justify the introduction of the BBBEE Act by explaining any TWO examples. (6)
- 2.3 Suggest TWO ways in which the BBBEE Act can be applied to a company that has a large forestry plantation. (4)
- [12]

QUESTION 3: 10 minutes**8 marks***(DOE Mar. 2009)*

Discuss the main purpose of the Employment Equity Act (Act 55 of 1998)

[8]**QUESTION 4: 5 minutes****6 marks***(Various sources)*Explain any THREE advantages of the National Credit Act, 2005 for the consumer. (3 x 2) **[6]****SECTION D: SOLUTIONS TO HOMEWORK SESSION 3****QUESTION 1:****10 marks**

- Preferential procurement to black business entrepreneurs. ✓✓
- Investment in enterprises managed or owned by black people. ✓✓
- Black entrepreneurs are advantaged by human resource and skills development legislation as well as training. . ✓✓
- Increasing the number of black people who own, manage and control productive assets and enterprises. ✓✓
- Promote the economic unity inclusive of all population groups in business in South Africa. ✓✓
- (Any other relevant benefit related to BBBEE) (3 x 2) **(6)**

Yes ✓✓

Justification: There is an increase in the number of black people who manage and own businesses. ✓✓

No ✓✓

Justification: Not all businesses adhere to the provisions of the BBBEE Act. ✓✓

NOTE:**(a) Yes/No without any justification allocate zero marks.****(b) Accept any other relevant answer justifying the implementation of the Act.****(4)****[10]****QUESTION 2:****12 marks**2.1 Broad Based Black Economic Empowerment or Black Economic Empowerment . ✓✓ **(2)**

2.2 EXAMPLES :

- Ownership and management by Black people of existing or new businesses√√
e.g. black South Africans having a majority shareholding in African Rainbow Minerals. √
- To promote equal employment opportunities to disadvantaged people √√
e.g. Khumba Resources employs a large number of black women. √

- **Examples /illustrations should indicate understanding of Act.**
- **The pillars of management must show understanding and relevance to the Act.**
- **Examples only – no marks awarded.**

- **Any relevant answer related to BBBEE implementation.** (Any 2 x 3) (6)

Fact Max 2
Example Max 1

2.3

- This forestry company may have its own transport business and it may outsource this function to its black employees e.g. owner-driver. √√
- Selling part of its shares to its black employees so that they can share in the profits of the company. √√
- Any other business that flows out of a forestry plantation and relates to BBBEE.
- Any other black persons who have a direct interest in the business. (Any 2 x 2) (4)

[12]

QUESTION 3: 8 marks

The Employment Equity Act (Act 55 of 1998)

- Eliminate unfair discrimination and promote equal opportunity and fair treatment √√ e.g. gender balance. √
- Promote efficiency in the workforce to promote economic development, √√
e.g. provision for training. √
- To attain a diverse workforce, broadly representative of the people of South Africa, √√ e.g. proportional representation of different ethnic groups/reflecting rainbow nation. √
- Give effect to the obligations of the country as a member of the International Labour Organisation, √√ e.g. in keeping with world trends so as to eliminate discrimination of different kinds. √
- Any other relevant function relating to Employment Equity Act

(Any 3 x 3) (9)

Fact 2
Explanation(examples) 1
Max. [8]

QUESTION 4:**6 marks**

Advantages

- Prevent consumers from getting credit too easily because too much credit may lead to bankruptcy. √√
- Prevent credit suppliers to take back the goods bought on credit if consumer cannot pay. √√
- More responsible credit supplying and gaining of credit. √√
- Debtors may pay the outstanding balance, including interest and other levies, without three months notice as required previously. √√
- Credit suppliers must not pester consumers to agree to a credit agreement by telephone or visits at home. √√
- Interest rates must be clearly stipulated in advertisements for credit, before the agreement, in a format as prescribed by the National Credit Regulator. √√
- Credit suppliers must ensure that the debtor will be able to repay the debt before the agreement. √√
- The total amount of bad debt in the country will decrease. √√
- Debtors cannot be placed on a black-list for bad payers, before the credit suppliers have referred the debtor to a credit councilor. √√

(Any 3 x 2) [6]