JENN
Training and Consultancy
The path to enlightened education

SUBJECT: BUSINESS STUDIES

GRADE 12

2026 AUTUMN CLASSES

TEACHER AND LEARNER CONTENT MANUAL

Topics

Impact of recent Legislation, Business strategies, Human resources, Ethics/Professionalism and Creative thinking/Problem Solving

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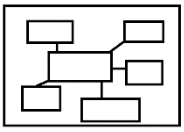
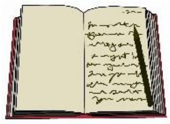
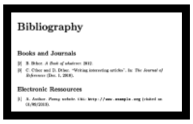
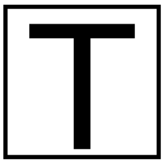
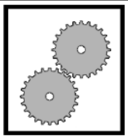
ICON DESCRIPTION

 MIND MAP	 EXAMINATION GUIDELINE	 CONTENTS	 ACTIVITIES
 BIBLIOGRAPHY	 TERMINOLOGY	 WORKED EXAMPLES	 STEPS

ETHICS & PROFESSIONALISM • Meaning of ethical behaviour and professional behaviour • Difference between ethical & professional behaviour • Types of unethical business practice • Types of unprofessional business practice • Unethical business practice, challenges and strategies • Ways in which businesses can apply King Code Principle	33
PROBLEM SOLIVING & CREATIVE THINKING • Meaning of problem solving • Decision making & problem solving • Problem solving techniques • Meaning of creative thinking • Ways to create an environment that stimulates creative thinking	44

AT THE END OF THE PROGRAMME, LEARNERS SHOULD BE ABLE TO:

- Outline /Describe/ Explain/Discuss the purpose of all EIGHT Acts.
- Discuss/Explain/Evaluate the impact (positives/advantages and/or negatives/ disadvantages) of the Acts on businesses.
- Outline/Explain/Discuss actions regarded as non-compliance by the various Acts
- Outline/Explain/Discuss penalties/consequences of non-compliance to the various Acts.
- Suggest/Recommend ways in which businesses can comply with the Acts.
- Outline/ Explain/Discuss the role/functions of SETAs in supporting the Skills Development Act (SDA),1998 (Act 97 of 1998).
- Explain how SETA's are funded.
- Define/Elaborate on the meaning of learnerships.
- Explain the National Skills Development Strategy and the Human Resource Development Strategy (i.e. Sector Education and Training Authorities)

ALSO focus on the following regarding the Broad- Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) (BBBEE):

- Distinguish/Differentiate between Black Economic Empowerment (BEE) and the BBBEE Act.
- Explain/Discuss the implications of the following revised FIVE pillars of BBBEE on businesses.
    - Management control
    - Ownership
    - Enterprise and supplier development (ESD)
    - Skills development
    - Socio-economic development/Social responsibility
- Name/Identify BBBEE pillars from scenarios/case studies

- Recommend/Suggest ways in which businesses could apply the revised FIVE pillars of BBBEE in the workplace.

NOT ALL ACTS WILL BE COVERED IN THIS MATERIAL. IT IS STILL IMPORTANT FOR ALL ACTS AS OUTLINED IN THE EXAMINATION GUIDELINE TO BE COVERED.

- **SDA**
- **EEA**
- **BBBEE**

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TERM	DEFINITION
Skills Development Act/SDA	The main aim of this Act is to improve the skill levels of people who are already employed in the business.
Skills Development Levy/SDL	It was introduced to ensure that businesses contribute to the development of skills of employees.
PDI's	Previously Disadvantaged Individuals or designated group.
SETAs	SETAs were established to implement and monitor the implementation of the Skills Development Act.
Collective bargaining	Negotiations between employers' association and trade unions on matters such as wages/conditions of employment.
Collective agreement	Agreement between the employer organisations and trade unions.
Dispute	A disagreement between the employer and the employee
Bargain councils	It is formed by registered trade unions and employer organisations in order to prevent/resolve labour disputes.
Employment Equity Act/EEA	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.
Affirmative Action	It was designed to ensure that suitable and qualified previously disadvantaged individuals are given equal job opportunities. Affirmative action forms part of the Employment Equity Act.

Broad-Based Black Economic Empowerment Act/BBBEE	The Act was introduced to ensure full economic participation of previously disadvantaged individuals.
Compliance	Acting according to a set of rules

SKILLS DEVELOPMENT ACT(SDA) (No. 97 of 1998)

INTRODUCTION

The SDA plays a significant role in ensuring that the South African workforce is skilled and contributes to the productivity and economic growth of the country. The SDA aims to enable more South Africans to gain access to skills training opportunities that have long-term benefits for the population and society.

Purpose of the Skills Development Act

- Invests in education and training of workers.
- Encourages workers to participate in learning programmes.
- Encourages businesses to improve the skills of new and existing workers.
- Improves the job prospects of previously disadvantaged people.
- Redresses imbalances of the past through education and training.
- Develops the skills of people in South Africa to improve productivity.

Impact of SDA on business

Positives/Advantages	Negatives/Disadvantages
• Trains employees to improve productivity in the workplace.	• Increases cost as the process requires a large amount of paperwork.
• Promotes self-employment and black entrepreneurship	• Implementation of the SDA can be difficult to monitor and control.
• Increases the return on investment in education and training	• Skills programmes may not always address training needs of employees
• Business becomes globally competitive	• Costly for a business to implement, manage and control learnerships.

Role/functions of SETAs

- Promote and establishes learnerships.
- Report to the Director General
- Register various learnerships and learning programmes.
- Collect levies and pays out grants as required
- Register learnership agreements/learning programmes.
- Approve workplace skills plans and annual training reports.
- Monitor/Evaluate the actual training by service providers.
- Allocate grants to employers, education and training providers.

Funding of SETAs

- Surplus funds from government institutions.
- Donations received from the public/businesses
- Funds received from rendering their services
- Skills Development levies are paid by employers to SARS as a collecting agency for the government.
- Employers who have a salary bill that exceeds R500 000 per annum, should pay one percent (1%) of their annual salaries as a levy.

Meaning of learnership

- Agreement between a learner / trainee, employer and training provider.
- Theoretical / practical training opportunities that can lead to a recognised qualification.

THE EMPLOYMENT EQUITY ACT (EEA) (NO. 55 OF 1998)

INTRODUCTION

The EEA creates an enabling framework for acceptable employment practices. It was primarily established to promote affirmative action in the workplace. It allows for improved and greater transformation processes in the workplace. Through the EEA, people are treated equally, regardless of race, culture, age, language, gender, sexual orientation, disability and religion. The EEA also compels businesses to compile employment equity plans.

Purpose of the EEA

- The EEA allows employees who do the same work to be paid equally.
- Eliminates discrimination on grounds of gender/race/disability in the workplace.
- Promotes equal opportunity and fair treatment in the workplace.
- Promotes diversity in the workplace by ensuring that people of diverse backgrounds are appointed.

- Protects employees from victimisation if they exercise the rights given to them by the EEA.

Impact of the EEA on business

Positives/Advantages	Negatives/Disadvantages
• Encourages consultation between employer and employees.	• Expensive to train/employ someone who knows little about the Act.
• Promotes equal opportunity and fair treatment in the workplace.	• Penalties for non-compliant businesses may be expensive for the business.
• Impacts positively on BEE ratings for businesses.	• Diversity in the workplace may lead to conflict/unhappiness.

Ways in which businesses can comply with the EEA

- Promote equal opportunities and fair treatment.
- Implement an employment equity plan.
- Implement affirmative action measures to redress disadvantages experienced by designated groups.
- Reasonable accommodation of people from designated groups.
- Ensure that there is equal representation of all racial groups in every level of employment

THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (BBBEE) (NO. 53 OF 2003, AS AMENDED IN 2013)

INTRODUCTION

BBBEE was promulgated/established to bring the majority of South Africans into the mainstream of the economy, to significantly accelerate economic growth, provide opportunities for previously disadvantaged people, and to spread wealth more broadly across all population groups. The implementation of BBBEE has increased the number of black people that manage/own/control the South African economy. A BBBEE scorecard is used to determine the BBBEE statuses of businesses. BBBEE aims to integrate all citizens of South Africa meaningfully into the economy.

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.

Differences between Black Economic Empowerment (BEE) and Broad Based Black Economic Empowerment (BBBEE)

BLACK ECONOMIC EMPOWERMENT(BEE)	BROAD BASED BLACK ECONOMIC EMPOWERMENT(BBBEE)
• A government policy that may not always be enforced.	• An Act that is enforced/must be complied with by businesses
• Benefitted only a few previously disadvantaged people in the economy.	• Encourages a wider group of previously disadvantaged people – which includes black women, people who are physically challenged, youth, and people in rural areas – to participate in the economy.
• This resulted in a few previously disadvantaged individuals sharing in the wealth of the economy.	• Aims to distribute the country's wealth across a broader spectrum of society.
• Focused only on three pillars that did not include all previously disadvantaged people.	• Focuses on five pillars – which include all sectors of the society – especially the previously disadvantaged people and previously disadvantaged communities.

BBBEE PILLARS

- Management control.
- Skills development.
- Ownership.
- Enterprise and supplier development (ESD).
- Socio-economic development/social responsibility

Application of the revised BBBEE pillars on businesses

Management control

Ways in which businesses could apply management control in the workplace

- 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.

Skills development

Ways in which businesses could apply skills development in the workplace

- 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

Ownership

Ways in which businesses could apply ownership in the workplace

- Business should include black people in shareholding/partnerships/franchises.
- Encourage small black investors to invest in big companies and share ownership.
- More opportunities are created for black people to become owners/ entrepreneurs.
- Large businesses should form joint ventures with small black owned businesses and share business risks.

Enterprise and supplier development (ESD)

Ways in which businesses could apply ESD in the workplace

- Business must create jobs as ESD promotes local manufacturing.
- Identify black owned suppliers that can supply goods and services.
- Outsource services to suppliers that are BBBEE compliant.
- Businesses are encouraged to invest/support black owned SMMEs.

Social responsibility/Socio-economic development

Implications of social responsibility/socio-economic development on businesses

- Businesses should 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.

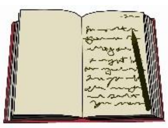
Impact of the BBBEE on businesses

Positives/Advantages	Negatives/Disadvantages
• Encourage businesses to address the demands for redress/equity directly. • Provides a variety of business codes to improve employment equity. • Provides for human resources Encourages businesses to development through training and development. • A good BEE rating improves the image of the business. • Fronting is discouraged, as it may lead to the disqualification of a business's entire scorecard/BBBEE status.	• Businesses could experience large financial implications/penalties if they do not comply with BBBEE. • Processes may lead to corruption/nepotism if not monitored properly. • Processes and procedures may be costly for a business as there are many legal requirements for scoring enough points to be compliant. • Investment/Ownership issues can cause unhappiness amongst existing shareholders/owners. • Provides for preferential procurement, so certain businesses may be excluded from supplying goods/services.

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.
- Develop small business /SMME's through ESD.
- Improve the standard of living of the communities in which they operate.

SDA



Activity 1

1.1 Explain how SETA's are funded. (6)

1.2 Elaborate on the meaning of learnerships. (4)

1.3 Outline the role of SETA's in supporting the Skills Development Act. (6)

1.2 Read the scenario below and answer the questions that follow:

TIRE TRADERS (TT)
Tire Traders employs 50 workers who are responsible for producing its products. All employees are expected to produce quality products, although only employees in management positions are given the opportunity to learn new skills. Females and younger employees are excluded from attending training. The management of TT acknowledge their non- compliance with the Act and decided to encourage employees to participate in learnerships and to register with the relevant SETA.

1.2.1 Name the Act that makes provision for employees to improve their work performance (2)

1.2.2 Quote actions in the scenario above that may be regarded as discriminatory by this particular Act. (2)

1.2.3 Evaluate the impact of the Act mentioned in QUESTION 2.4.1 on Tire Traders as a business. (6)

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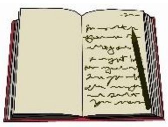
TOTAL QUESTION 1: 26MARKS

BBBEE



Activity 2

2.1 Read the scenario below and answer the questions that follow:

MEAT MARKET LTD
Meat Market Ltd specialises in supplying fresh meat to customers. The company gave some of its shares to their previously disadvantaged employees. They were also offered learnership programmes.

2.1.1 Name the Act that Meat Market Ltd is complying with in the scenario above.(2)

2.1.2 Identify TWO pillars of the Act identified in QUESTION 1.1.1 that Meat Market

Ltd implemented. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 1.1.2.

PILLARS	MOTIVATION
1.	
2 .	

(6)

2.2 Identify the pillar of the Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003) that Mpho Auditors has complied with in EACH statement below:

2.2.1 Mpho Auditors uses Themba Shuttle services to transport their employees.

2.2.2 They have donated laptops to schools in rural areas.

2.2.3 A learnership programme has been offered to all their employees.

2.2.4 Mpho Auditors has promoted two black females as heads of various departments.

2.2.5 They have invited the Bakwena community to buy shares in their company. (10)

[18]

TOTAL QUESTION 2: 18 MARKS

BUSINESS STRATEGIES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Learners must be able to:

- Outline/Explain/Describe/Discuss the strategic management process.
- Apply the strategic management process to solve business-related problems.

INDUSTRIAL ANALYSIS TOOLS

- Compile a SWOT analysis of a particular business from a given scenario.
- Name and identify Porter's Five forces model from given statements/scenarios.
- Explain/Advise businesses on how they could apply Porter's Five Forces model to analyse their position in the market.
- Name and apply PESTLE analysis factors from given scenarios/statements.
    - Explain how PESTLE factors pose challenges to businesses.

- Recommend ways in which businesses can deal with the challenges that are posed by PESTLE factors.
- Explain/describe/discuss the following types of business strategies:
- Integration strategies ○ Intensive strategies ○ Diversification strategies ○ Defensive strategies
- Outline/Explain/Discuss the advantages of intensive and diversification strategies.
- Outline/Explain/Recommend/Advise businesses on the steps in strategy evaluation:

T

TERMS	DEFINITION
Formulation of strategies	To devise/develop a strategy.
Implementation of strategies	This takes place after the formulation of the strategy and involves all the activities that are required for putting the strategy into action.
Evaluation of strategies	This takes place after the implementation of the strategy and determines whether the implemented strategy resolved the challenge.
Industry analysis tools	SWOT, Porter's Five Forces and PESTLE analysis models are used to analyse the challenges posed by business environments.
Suppliers	Include factories/providers of goods/services that businesses would obtain/buy from in order to operate their business.
Buyers	The final users of the product/services.
Competitors	All other businesses selling the same/similar products/services
Substitute product or service	Different products/services that satisfy the same needs of consumers and can be used to replace one another.
New Entrants	New businesses that are selling the same/similar products entering the market for the first time.

INTRODUCTION

Effective business strategies are crucial in helping the business reach its goals. Business strategies require adequate time and development before they are put into effect. Understanding why they are essential for a business can contribute immensely towards business growth. The main purpose of a business strategy is to help businesses maximise profits and find ways to map progress. Business strategies help to identify opportunities and trends that can inform decisions for the future. They are also instrumental in analysing changes in the market or consumer behaviour so that businesses can develop tactics or modify them to generate positive outcomes.

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.

The strategic management processes

Option 1

- Have a clear vision, a mission statement and measurable/realistic objectives in place.
- Identify opportunities/weaknesses/strengths/threats by conducting environmental 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)

  NOTE: The steps may be in any order.

INDUSTRIAL TOOLS ANALYSIS

PORTERS' FIVE FORCES MODEL

- Power of suppliers
- Power of buyers
- Power of competitors/Competitive rivalry
- Threat of substitution/substitutes
- Threat/Barriers of new entrants to the market

NOTE: Ensure that you can correctly name the above-mentioned Porter's Five Forces model to avoid losing marks.

APPLICATION OF PORTERS' FIVE FORCES MODEL

Power of suppliers

- Assess the power of the suppliers in influencing prices
- Suppliers that deliver high quality product may have power over the business.
- 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.

Power of buyers

- Assess how easy it is for buyers/customers to drive prices down.
- Determine the number of buyers/the importance of each buyer to the business and the cost of switching to other products.
- A few powerful buyers are often able to dictate their terms to the business.
- Buyers buying in bulk can bargain for prices in their favour.
- Conduct market research to gather more information about buyers.

Power of competitors/Competitive rivalry

- 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.
- Draw up a competitor's profile so that they can determine their own strength as well as that of competitors.
- Some businesses have necessary resources to start price wars and continue selling at a loss until some/all competitors leave the market.

Threat of substitution/substitutes

- If the business's product can be easily substituted, it weakens the power of the business in the market.
- Establish whether the sellers of substitute products have improved their product/sell lower quality goods at lower prices.

- If the business sells unique products, it will not be threatened by substitute products.
- Assess if customers are using substitute products/services and determine reasons for using substitutes.

Threat/Barriers of new entrants to the market

- If the barriers to enter the market are low, then it is easy for new businesses to enter the market/industry.
- 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.
- New competitors can quickly/easily enter the market if it takes little time/ money to enter the market.

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 form part of an analysis. You must also be able to identify Porter's Five forces model from given statements and scenarios.

PESTLE ANALYSIS

- Political factors
- Economic factors
- Social factors
- Technological factors
- Legal factors
- Environmental factors

NOTE: Ensure that you can name and identify the PESTLE factors from given statements/scenarios.

CHALLENGES POSED BY THE PESTLE FACTORS AND RECOMMENDATIONS

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

FACTOR	CHALLENGES	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/high unemployment. • Businesses may not be conversant with the language of their customers. • Some customers may prefer to spend their money on medical bills for the treatment of chronic illnesses. • High crime rate may affect the trading hours of businesses resulting in decreased profit.	• Sell substitute/generic products at lower prices. • Learn local languages/Hire employees who are well conversant with the local language.

Technological	• Businesses 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	• Certain Acts may have a direct impact on a business, e.g. the CPA/BCEA. • Legal requirements for operating certain types of businesses time-consuming. • High legal costs involved in obtaining a licence/trademark/patent may prevent some establishments. • Legalities of business contracts may limit business operations	• Comply with all relevant legislation that may impact on businesses. • Comply with the legal requirements for operating businesses, e.g. licence/trademark registration/patents. • 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

These are strategies used when there is a need for an alliance, merger or takeover.

Integration strategies

Forward vertical integration

- A business combines with or takes over its distributors down the supply chain/production chain/The business merges with businesses that were once their customers, while still maintaining control of the initial/primary business activity.
- Involves expansion of business activities to gain control over the direct distribution of the products/services.
- The business takes over the distribution system and sells products/services directly to consumers/customers.
- Increases profitability as the intermediary/distributor/middleman is excluded/eliminated.

Backward vertical integration

- The business combines with/merges/takes over its suppliers up the supply chain/production chain/The business expands its role to fulfil activities/tasks that were formerly/previously completed by suppliers.
- Aims at decreasing the business's dependency on the supplier.
- Enables businesses to cut costs and have influence over the prices/quality/ quantity of raw materials.

Horizontal integration

- A business takes control of/incorporates other businesses in the same industry/which produce/sell the same/similar goods/services. /It is the acquisition /takeover of a related business that operates at the same level of supply chain in the industry.
- The aim is to reduce the threat of competition/substitute products/services.
- Increases the market share/sales/profits and enhance production/distribution.
- Suitable for businesses that operate in multiple geographical areas through joint ventures/licencing/franchising.

Intensive strategies

Refers to the strategies aimed at increasing sales and market share through intensive efforts to improve long term growth.

Market penetration

- New products penetrate the existing market at a low price, until it is well known to the customers and then price increases.

- Businesses use market research on existing clients to decide how to improve their marketing mix.
- Embark on an intensive marketing campaign to increase awareness and customer loyalty.
- Employ more sales staff to improve sales /services

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
- Businesses conduct test marketing/ market research to establish whether new products will be accepted by existing customers
- New products may be different / of a higher quality than those of competitors

Advantages of intensive strategies

- Increase in sales/income and profitability.
- Regular sales to existing customers may increase.
- Gain customer loyalty through effective promotion campaigns.
- Improved service delivery may positively impact/increase sales.
- Eliminate competitors and dominate market prices.
- Decrease in price could influence customers to buy more products.
- Enables the business to focus on markets/well researched quality products that satisfy the needs of consumers.
- Increased market share reduces the business's vulnerability to actions of competitors.

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.

Advantages of diversification strategies

- Increase sales and business growth.
- Improves the business brand and image.
- Reduces the risk of relying only on one product for sales/revenue/income.
- More products can be sold to existing customers, and additional more new markets can be established.
- Businesses gain more technological capabilities through product modification
- Diversification into several industries or product line can help create a balance during economic fluctuations.
- Businesses produce more output using less inputs as one factory may be used to manufacture more products.

Defensive strategies

Marketing tools that management uses to defend business from potential competitors

Divestiture

- 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 to pay all liabilities/close down business.
- Companies in financial difficulty may apply for business rescue to avoid liquidation.
- Creditors may apply for forced liquidation to have their claims settled.

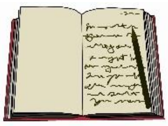
NOTE: You must be able to identify the types of business strategies from given scenarios/statement.

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 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 as envisaged when strategies were implemented.
- Consider the impact of the strategic implementation in the internal and external environments of the business.
- Decide on the desired outcome as envisaged when strategies were implemented.

NOTE: The steps can be in any order.

Business strategies



Activity 3

3.1Read the scenario and answer the questions that follow.

Bokang Designers (BD)
Bokang Designer specializes in selling clothing for teenagers. BD decided to add a new clothing line for toddlers to attract new customers.

3.1.1 Identify the type of diversification strategy applied by BD. Motivate your answer by quoting from the scenario. (3)

3.1.2 Explain TWO other types of diversification strategies that could be applied by BD. (3)

3.1.3 Discuss the advantages of diversification strategies. (6)

3.2

NEW PHOTOGRAPHY (NP)
New photography applied for a loan to cover operational costs. The employment contracts of certain employees were terminated due to a decrease in the number of product lines. Some of NP's assets that were no longer functional were sold. NP finally decided to sell their assets to repay creditors.

3.2.1 Identify THREE types of defensive strategies applied by NP. Motivate your answer by quoting from the scenario above. Use the table below to answer question 3.2.1

DEFENSIVE STRATEGIES	MOTIVATIONS
1.	
2.	
3.	

(9)

[21]

HUMAN RESOURCES

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

RECRUITMENT

- Explain/Elaborate on the meaning of recruitment.
- Outline/Discuss/Explain the recruitment procedure.
- Explain the meaning of job analysis.

- Differentiate/Distinguish between job description and job specification as components of a job analysis.
- Identify job description and job specification from given statements/scenarios.
- Identify methods of recruitment (internal/external recruitment) from given scenarios/statements.
- Explain/Discuss/Analyse the impact (positives/advantages and/or negatives/disadvantages) of the above stated methods of recruitment.
- Identify/Give examples of sources of internal/external recruitment from given scenarios/statements.

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.
  Name/Outline/State the details/aspects/contents of an employment contract.
- Outline/Explain/Discuss the legal requirements legalities of the employment contract.
- Analyse an employment contract from given scenarios and make recommendations for improvement.
- Name/Outline/Explain/Discuss the reasons for the termination of an employment contract.

PLACEMENT

- Elaborate on the meaning of placement.
- Outline/Explain/Discuss the placement procedure.
- Explain/Discuss/the importance of training/skills development in HR.

SALARY DETERMINATION

- Explain/Differentiate/Distinguish between piece meal and time-related salary determination methods.
- Explain the link between salary determination and the Basic Conditions of Employment Act.

LEGISLATION

- Discuss the implications of the LRA/BCEA/EEA/SDA on the human resources function.

T

TERM	DEFINITION
Job analysis	The term "job analysis" refers to the components of job description and job specification as it relates to employees within an organisation.
Job description	Describes the duties and responsibilities of a specific job.
Job specification	Describes the minimum acceptable personal qualities/skills/ qualifications needed for the job.
Recruitment	Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for it.
Internal recruitment	Refers to the use of internal sources to advertise vacancies within an organisation.
External recruitment	Refers to the use of external sources to advertise vacancies within an organisation.
Interview	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.
Placement	Process whereby a new employee is placed in a vacant position.

Training/Skills development	Refers to the acquisition of new skills and knowledge.by employees.
Retrenchment	Process whereby an organisation reduces the number of employees for operational reasons.
Employment contract	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.
Piece-meal salary determination	Workers are paid according to the number of items/units produced.
Time-related salary determination	Workers are paid for time they spend at work/on a task.
Fringe benefits	Compensation beyond a regular wage or salary to an employee, which are exempt from taxation if certain conditions are met.
Compulsory benefits	Refers to benefits that businesses are legally required to offer its employees.
UIF	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.
BCEA	This Act regulates labour practices and sets out the rights and duties of employees and employer.
LRA	Ensures social justice by establishing the rights and duties of employers and employees in the workplace.
EEA	Requires employers to engage in proactive employment practices to increase the representation of designated groups in the workplace.
SDA	This act regulates the improvement of the skills of workers by promoting education and training in the workplace.

INTRODUCTION

A human resources (HR) department performs human resource management functions, such as finding, screening, recruiting, training, and supporting new employees. In effect, HR departments are specifically responsible for managing a company's entire employee experience, from the moment an individual applies to a position to when they begin working, and, finally, when they leave the workplace. The HR department also responsible for keeping track of employee information and ensuring a company complies with labour laws and employment standards. A well-managed HR department finds the right people for the job and does what it takes to keep them content and productive.

HUMAN RESOURCES ACTIVITIES

RECRUITMENT

Meaning of recruitment

- Recruitment is the process used by businesses 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 should evaluate the job/prepare a job analysis, that includes the job specification/job description/in order to identify recruitment needs.
- The human resource manager (HRM) should prepare the job description to identify recruitment needs.
- HRM should indicate the job specification/description/key performance areas to attract suitable candidates.
- Choose the method of recruitment, e.g. internal/external, to reach/target the suitable applicants/candidates.
- Vacancies can be internally advertised via internal email/word of mouth/ posters/staff notices.
- If the external recruitment is chosen, the relevant recruitment sources should be selected, e.g.
- recruitment agencies/tertiary institutions/ newspapers, etc
- 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.

NOTE: The procedure can be in any order

SELECTION

Selection procedure

Option 1

- Determine fair assessment criteria on which selection will be based.
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications, etc.
- Sort the received documents/CVs according to the assessment/selection criteria.
- Screen/Determine which applications meet the minimum job requirements and separate these from the rest.
- Preliminary interviews are conducted if many suitable applications were received.
- Reference checks should be made to verify the contents of CV's, e.g. contact previous employers to check work experience.
- Compile a shortlist of potential candidates identified.
- Shortlisted candidates may be subjected to various types of selection tests e.g. skills tests, etc.
- Invite shortlisted candidates for an interview.
- A written offer is made to the selected candidate.
- Inform unsuccessful applicants about the outcome of their application. /Some adverts indicate the deadline for informing only successful candidates.

  NOTE: The procedure can be in any order

Option 2

- Receive documentation, eg. 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 checks of applicants who qualify for the job.
- Prepare a shortlist of suitable candidates after screening.

PLACEMENT

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.

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.

SALARY DETERMINATION METHODS

DISTINCTION BETWEEN PIECEMEAL AND TIME-RELATED SALARY DETERMINATION

PIECEMEAL	TIME-RELATED
• Workers are paid according to the number of items/ units produced /action performed.	• Workers are paid for 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

- BCEA outlines legalities, such as the employment contract, which may affect salary determination.
- Payment of salaries should be based on whether the employee is permanent or employed on a fixed contract
- 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.
- Businesses are supposed to deduct income tax (PAYE) from the employees' taxable salaries

IMPLICATIONS OF ACTS ON THE HUMAN RESOURCES FUNCTION

Implications of Labour Relations act (LRA) on the human resource function

- Promotes resolution of labour disputes.
- Protects the rights of employees/employers as outlined in the Constitution.
- Advances economic development/social justice/labour peace.
- Provides for unresolved disputes to be referred to Labour Courts/Labour Appeal Courts.
- Promotes orderly negotiations and employee participation in decision making in the workplace.
- Workers cannot be easily dismissed as bargaining council/Commission for Conciliation, Mediation and Arbitration (CCMA) processes need to be followed.

Implications of the Employment Equity Act (EEA) on the Human Resources function

- Equal pay for work of equal value.
- Ensure that affirmative action promotes diversity in the workplace.
- The human resource manager must treat employees fairly and promote/provide equal opportunities in the workplace.
- Retrain/Develop/Train designated groups through skills development programmes.
- Define the appointment process clearly to ensure all parties are well informed.
- 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.
- Display a summary of the Act where employees can clearly see it/have access to it.

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

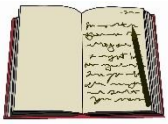
- Contribute 1% of their salary bill to the Skills Development Levy/SDL.
- Ensure training in the workplace is formalised /structured
- Appoint a full/part time consultant as a Skills Development Facilitator.
- Assist managers in identifying skills/training needs to help them to introduce learnerships.
- 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.

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

- Workers must receive double if they work during public holidays/Sunday.
- They must have a break of 60 minutes after five hours of work.
- Businesses should not employ children under the age of 16.
- Workers can take up to six weeks paid sick leave during a 36-month cycle
- 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.

<u>Human Resource Management</u>

Activity 4



4.1. Outline the recruitment process. (6)

4.2 Explain screening as part of the selection procedure. (4)

4.3 Read the scenario below and answer the questions that follow.

EASTVILLE PHARMACY (EP)
Okuhle and Junaid are both employed at Eastville Pharmacy. Okuhle is remunerated according to the number of health plans sold. Junaid the cashier, is paid for the number of hours he spends at work. The remuneration paid to both Okuhle and Junaid is in line with the Basic Conditions of employment Act (BCEA).

4.3.1Identify TWO salary determination methods that EP used to pay Okuhle and Junaid. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer question 4.3.1

EMPLOYEE	METHODS OF SALARY DETERMINTION	MOTIVATION
Okuhle		
Junaid		

(6)

4.3.2 Discuss the link between salary determination and BCEA (6)

Max [22]

ETHICS & PROFESSIONALISM

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Define/Elaborate on the meaning of ethical behaviour.
- Give practical examples of ethical and unethical behaviour, e.g., using fair vs. unfair advertising techniques, etc.
- Define/Elaborate on the meaning of professional behaviour.
- Give practical examples of professional and unprofessional behaviour, e.g., good use of work time and abuse of work time, etc.
- Outline the differences/Differentiate/Distinguish between ethical and professional behaviour.

- Explain how businesses can apply the King Code principles of transparency, accountability and responsibility for good corporate governance to improve ethical business conduct.
- Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g., payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.
- Identify the following types of unethical business practices from given scenarios/statements:
- Unfair advertising.
- Pricing of goods in rural areas.
- Taxation/ Tax evasion.
- Explain how the above-mentioned types of unethical business practices pose challenges to businesses.
- Recommend/Suggest ways in which businesses could deal with the above-mentioned types of unethical businesses practices.
- Identify the following types of unprofessional business practices from given scenarios/ statements:
- Sexual harassment
- Unauthorised use of workplace funds and resources
- Abuse of work time
- Explain how the above-mentioned types of unprofessional business practices pose challenges to businesses.
- Recommend/Suggest ways in which businesses could deal with the above-mentioned types of unprofessional business practices.

TERM	DEFINITION
Business ethics	Ideas about what is morally correct or not applied in a business situation.

Ethical behaviour	Acting in ways consistent with what society and individuals think are good values.
Business practice	A procedure/rule employed or followed by a business in the pursuit of its objectives.
Professionalism	Describes the internationally accepted standards/expectations that society has of people's conduct and levels of competence in the workplace.
Tax evasion	When a business does not declare all their income to SARS with the aim of paying less tax.
Corporate governance	The exercise of ethical and effective leadership by the board of governors of a business towards achieving good performance/ effective control/sustainability and profitability.
Accountability	Holding directors and officials responsible to stakeholders for their decisions and action.
Transparency	Directors and managers are expected to operate in a manner that is easy for stakeholders to understand what actions are performed.
Responsibility	The legal and moral obligation of the business in relation to the economic, social and natural environment within which it operates.

INTRODUCTION

Many businesses create specific ethical codes that guide their operations and how their processes impact stakeholders overall. These ethics may help businesses to maintain specific standards of accountability, responsibility, professionalism and more as they navigate through challenges and different day-to-day circumstances. By maintaining these guidelines in their workplace, often experience a variety of significant benefits that can improve the lives of employees, customers, leaders and the public.

Meaning of ethical behaviour

- Refers to acting in ways consistent with what society and individuals think are good values.
- Ethical behaviour is expected from every employee in the business.
- It means that the highest legal and moral standards are upheld when dealing with stakeholders.

Meaning of professional behaviour

- Professionalism is the term used to describe a certain standard of behaviour/ a specific level of competence and adherence to an ethical code of conduct.
- It is a behaviour suitable for a job/profession done for payment.
- It includes showing respect for others/take responsibility for your work/performing according to a job description etc.

Differences between ethical behaviour and professional behaviour

Ethical behaviour	Professional behaviour
• Refers to the principles of right and wrong/acceptable in society.	• Refers to what is right/wrong/acceptable in a business.
• Conforms to a set of values that are morally acceptable.	• Professional behaviour is a certain standard of behaviour/specific level of competence that adheres to an ethical code of conduct.
• Forms part of a code of conduct to guide employees to act ethically.	• Applying a code of conduct of a profession or business.
• Focuses on developing a moral compass for decision making.	• Focuses on upholding the reputation of a business/profession.

Types of unethical business practices and examples

Type of unethical/business practices	Examples

Unfair advertising	• Giving goods deceptive names/False labelling. • Selling second-hand goods as new goods. • Exaggerating the merits of the product/False promises • Using fine print to conceal important information. • Criticising competitor's goods.
Pricing of goods in rural areas	• Inflating prices • Charging higher for goods of inferior quality in rural areas.
Taxation/Tax evasion	• Businesses that do not declare all their income to SARS. • Falsifying the business financial statements.

NOTE: You must be able to identify the above-mentioned types of unethical business practices from given statements and scenarios

Type of unprofessional business practices and examples

Type of unprofessional business practices	**Examples**
Sexual harassment	Manages who promise employees promotions if they agree to have a relationship with them.
Unauthorised use of workplace funds and resources	Employees who download music and movies using the business's resources. An employee who uses business resources for his/her own personal gain.

Abuse of work time	Making personal calls during work hours. Taking extended lunch breaks. Doing personal business during work hours.

UNETHICAL BUSINESS PRACTICES, CHALLENGES AND STRATEGIES

UNETHICAL BUSINESS PRACTICE	CHALLENGES	STRATEGY/RECOMMENDATION
1. Unfair Advertising	• Unfair advertisements could be harmful to consumers. • The use of false or misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers. • Businesses can make unwise advertising choices when they are under pressure to increase their profits. • Some advertisements may be regarded as discriminatory because they exclude/target some sections of the population. • Deceptive advertising can violate the trust of consumers and destroy business relationships	• Business should be encouraged to keep their advertising fair and in line with the constitution. • Businesses must know and understand the Code of Advertising as determined by the Advertising Standard Authority (ASA) and apply its regulations. • Advertisements should be honest/legal and not abuse consumer's trust/lack of knowledge. • Advertisements should not contain anything that is discriminatory/likely to cause offence/support act of violence.

2. Pricing of goods in rural areas	• Some businesses in the rural areas exploit their customers by adding much more than necessary to their prices. • Business may form monopolies in rural areas and increase their prices unilaterally. • It may be common practice to pay higher prices for goods of inferior quality in rural areas. • Businesses may experience a decline in sales due to high costs added to the price of the final product. • Some stock may become obsolete due to low rate of stock turnover/reduced number of customers. • Charging high prices may impact negatively on the business image which may result in reduced number of customers.	• Work together with suppliers to share delivery costs to remote rural areas. • Businesses can buy in bulk to get a discount to avoid charging high prices. • Charge fair market related /fair/affordable prices for goods and services. • Avoid unethical business practices to attract customer loyalty. • A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area • Investigate cost-effective ways of transporting products/Hire a large truck to combine deliveries to shop owners in the same area.

3. Tax evasion	• Businesses may pay heavy fines for evading tax. • Tax evasion may negatively impact on the business image. • The accountant may charge high fees for falsifying financial statements. • Businesses may lose key stakeholders if the act of tax evasion is reported. • Some businesses submit fraudulent/incorrect returns to SARS resulting to penalties. • Businesses may not be familiar with the latest changes in tax legislation.	• VAT needs to be charged on VAT-able items. • Submit the correct tax returns to SARS on time. • All products should be correctly invoiced and recorded. • Disclose all sources of income for tax payment purposes. • Keep abreast with the latest SARS regulations and tax laws. • Businesses that have evaded tax should apply for amnesty and declare their

Challenges posed by the above-mentioned types of unprofessional business practice AND Strategies to deal with the above-mentioned types of unprofessional business practice

UNPROFESSIONAL BUSINESS PRACTICES, CHALLENGES AND STRATEGIES

<table>
<tr><th>UNPROFESSIONAL BUSINESS PRACTICE</th><th>CHALLENGES</th><th>STRATEGIES/ RECOMMENDATIONS</th></tr>
<tr><td>1.Sexual harassment</td><td>The affected party may stay away regularly from work.
Businesses could lose female employees and attract/retain fewer female applicants.
Sexual harassment causes discomfort/humiliation and negatively affects work relations in the workplace
A victim may be severely traumatised, and this may affect other employees' emotionally.</td><td>Provide a framework for corrective action.
Educate employees on sexual harassment matters.
Formulate a policy regarding sexual harassment
Implement internal complaints and disciplinary procedures.
Ensure compliance with the law/business code of conduct.</td></tr>
</table>

2.Unauthorised use of workplace funds and resources	• Fraud increases the cost of doing business and undermine the competitiveness of a business • Discourages investors as fraud and corruption increases the risk of investment. • The business can experience substantial loss if it goes unchecked	• Conduct regular audits • Identify risk areas/ vulnerable areas • Educate employees about the impact of fraud • Implement/Introduce fraud prevention strategies
3. Abuse of work time	• It may result in employees' often abusing work time. • Abuse of work time could result in losing customers or not meeting deadlines. • Wasting time costs the business money and affects productivity. • Abuse of work time results in a decline in profits which could damage the financial wealth of the business.	• Speak directly to those employees who abuse work time. • Monitor employees to ensure that tasks are completed on time. • Remind employees that profit will decrease resulting to less incentives/bonus pay-outs. • Code of conduct/ethics should contain clear rules about abuse of work time.

Ways in which businesses can apply King Code principles for good corporate governance

Transparency

- Decisions/Actions must be clear to all stakeholders.
- Staffing and other processes should be open and transparent.

- Employees/Shareholders/Directors should be aware of the employment policies of the business.
- Auditing and other reports must be accurate/ available to shareholders/employees.
- Regular audits should be done to determine the effectiveness of the business.
- Business deals should be conducted openly so that there is no hint/sign of dishonesty/corruption.
- Businesses should give details of shareholders' voting rights to them before/at the Annual General Meeting (AGM).
- The board of directors must report on both the negative and positive impact of the business on the community/environment.
- The board should ensure that the company's ethics are effectively implemented.

Accountability

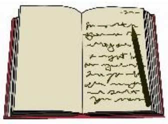
- There must be regular communication between management and stakeholders.
- Businesses should be accountable/ responsible for their decisions/actions
- Company should appoint internal and external auditors to audit financial statements.
- The board should ensure that the company's ethics are effectively implemented.
- Businesses should present accurate annual reports to shareholders at the Annual General Meeting (AGM).
- Top management should ensure that other levels of management are clear about their roles and responsibilities to improve accountability.

Responsibility

- The business/ board should develop and implement programmes that should be aimed at protecting the communities in which they operate.

- The business/ board should develop remedial programmes to protect the environment for example, reduce air and water pollution.

Ethics & Professionalism



Activity: 5

5.1 Indicate in EACH case below whether it represents an unethical or unprofessional business practice.

5.1.1 JJ Motors advertised a second-hand vehicle as new. (2)

5.1.2 The receptionist of Mano's Clothing is using the office telephone or personal calls. (2)

5.1.3 The owner of Timmy Shuttles did not keep his promise to deal with the complaints of the clients. (2)

5.1.4 Getz Manufacturers used some of the ideas of Fanon Manufacturers in the design of their new products. (2)

5.1.5 Lessing Engineers did not declare all their income to SARS. (2)

[10]

5.2 Name THREE King Code principles for good corporate governance. (3)

5.3 Explain how businesses should apply the following King Code principles:

5.3.1 Responsibility (4)

5.3.2 Accountability (4)

5.3.4 Transparency (4)

[12]

Max [25 Marks]

PROBLEM SOLVING & CREATIVE THINKING

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

PROBLEM-SOLVING

Learners must be able to:

- Define/Elaborate on the meaning of problem-solving and decision making.

- Explain/Differentiate/Distinguish between problem-solving and decision making.
- Identify/Name/Outline/Explain/Discuss the problem-solving steps.
- Apply the problem-solving steps from given scenarios/case studies.
- Identify/Name the following problem-solving techniques from given scenarios/statements:
  - ❖ Delphi technique
  - ❖ Force field analysis
  - ❖ Brainstorming
  - ❖ Nominal group technique
- Explain/Advise businesses on how they can apply the above-stated problem-solving techniques to solve complex business problems.
- Discuss/Evaluate/Analyse the impact (positives/advantages and/or negatives/ disadvantages) of the above-stated problem-solving techniques.

CREATIVE THINKING

- Define/Elaborate on the meaning of creative thinking.
- Explain the benefits/advantages of creative thinking in the workplace.
- Explain/Recommend ways businesses can create an environment that promotes creative thinking in the workplace.

T

TERM	DEFINITION
Creative	To be original, inventive, or resourceful.
Generate	To produce or create.
Creativity/ Innovative	Ideas featuring new and original methods.
Creative thinking	The ability to think of original, varied new ideas or new approaches
Decision-making	Process of analysing a situation to identify strategies to bring about change.
Problem	Experiencing uncertainty or difficulty in achieving what we want to achieve.
Problem-solving	Gathering facts that include problem findings and problem shaping.

Problem-solving techniques	Various problem-solving techniques which businesses used to solve business related problems.

PROBLEM SOLVING

INTRODUCTION

The importance of problem-solving skills in the workplace is crucial and requires special attention. Every business and has its own unique problems that must be addressed. From entry-level to senior management, every one of your employees will face challenges. Therefore, it's important that employers must recruit leaders with excellent problem-solving skills, especially for roles that require dealing with complex business challenges, tight deadlines, and changing variables.

Meaning of Problem Solving

- It is the process of analysing a situation to identify strategies that can be used to change the situation. Problem solving requires creative thinking.
- Problem solving is a mental process that involves problem finding, which is the ability to identify the problem.
- It also involves problem shaping, which is the ability to break-down the problem in such a way that a clear solution can be found.

Meaning of Decision Making

- Decision making is a choice made by using one's judgement.
- It is also aimed at finding a solution to a problem by choosing a best solution or course of action.

Differences between Problem Solving and Decision Making

DECISION MAKING	PROBLEM SOLVING

• It is often done by one person/a member of senior management who makes it authoritarian.	• Problems can be solved by a group/ team or an individual team member.
• Various alternatives are considered before deciding on the best one.	• Alternative solutions are generated/ identified and critically evaluated.

PROBLEM SOLVING TECHNIQUES

- Delphi technique
- Force field analysis
- Brainstorming
- Nominal group technique

NOTE: You only need to focus on the above-mentioned problem-solving techniques

DELPHI TECHNIQUE

Application of the Delphi technique

- Businesses must invite a panel of experts to research the complaints from customers.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to improve the quality of their products and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to the business
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.
- Request panel members to provide further input/ideas on how to improve the quality of products after they have studied the results/documentation.
- Distribute a third questionnaire based on previous feedback from the second round.
- Prepare a final summary/feedback report with all the methods to improve the quality of the business's products

- The business should choose the best solution/proposal after reaching consensus.

FORCE FIELD ANALYSIS

Application of Force-Field Analysis

- Describe the current situation/problem and the desired situation.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.

BRAINSTORMING

Application of Brainstorming

- State/Define the business problem clearly, so that all participants/stakeholders understand the problem.
- Members state possible causes of the business problems.
- Set a time limit for each brainstorming session.
- Record/Write ideas down, where all participants can see it. /Ideas may also be shared online during an E-brainstorming session.
- Use each suggestion, to inspire new thoughts/ideas.
- Do not judge/criticise/discuss the ideas, so that many ideas could be generated as quickly as possible.
- All members of the group randomly make suggestions.
- The group rates ideas according to its usefulness/success/difficulty/cost to implement.
- The group evaluates all ideas and combines similar ones/draw up a refined list.
- Discuss a plan of action on how to implement the best ideas.

NOMINAL-GROUP TECHNIQUE

Application of Nominal-Group technique

- Encourage group to clearly define the problem/to improve the quality of their products due to various complaints so that all the small groups can work on the same problem.
- The business must divide the employees into smaller groups.
- Request each employee to silently brainstorm /generate many ideas on his/her own, on how the quality of the product can be improved and to write it down.
- Each employee in the small group can give one of his/her idea/solution with a short explanation.
- Appoint one employee to write the ideas/solutions on a large sheet of paper/ capture solutions electronically on computer for all to see.
- Allow each employee to give a second solution until all possible solutions have been recorded.
- Encourage employees to ask clarity seeking questions.
- Discourage criticism of ideas/solutions as this may prevent others from giving their solutions.
- The business must eliminate ideas that are duplicated/ similar.
- Each employee must read through all the suggestions and anonymously rate them giving the highest points for the best solution.
- Collect the ratings and calculate total points.
- Small groups must present one solution to the large group that was deemed best according to the scores/votes in their small groups.

CREATIVE THINKING

INTRODUCTION

Constant market changes and increased competition levels compel businesses to promote creative thinking in the workplace. Creative thinking is important because it allows people to be imaginative and explore all other possibilities of bringing about change in the business. Thinking creatively removes the limits and boundaries from how processes and procedures currently operate, encouraging people to continue searching for alternative ways to complete tasks or think about concepts. Creativity encourages people to examine why they do things in certain ways and inspires them to consider other ways to utilise available resources

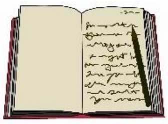
Meaning of Creative Thinking

- Creative thinking is the ability to think of original and innovative ideas.
- It focuses on exploring ideas/generating possibilities and looking for many answers.

Ways in which a business can create an environment that stimulates/promote creative thinking

- Encourage alternative ways of working/doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas
- Emphasise the importance of creative thinking to ensure that all staff know that management want to hear their ideas.
- Make time for brainstorming sessions to generate new ideas, e.g., regular workshops/ generate more ideas/build on one another's ideas.
- Train staff in innovative techniques/creative problem-solving skills/mind-mapping/ lateral thinking.
- Encourage job swops within the organisation/studying how other businesses are doing things.
- Reward creativity with reward schemes for teams/individuals that come up with creative ideas.
- Provide a working environment conducive to creativity, free from distractions.

Problem Solving and Creative Thinking



Activity 6

6.1 Elaborate on the meaning of problem solving. (2)

6..2 Differentiate between decision making and problem solving. (4)

6.3 Read the scenario below and answer the questions that follow.

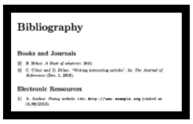
CC CREATIVE DESIGNS
CC Creative Designs is a successful graphic design business that makes use of emails or faxes to invite experts to take part in problem solving without bringing them face to face.

6.3.1 Identify the problem-solving technique from the scenario above. Motivate your answer by quoting from the scenario. (4)

6.4 Describe how businesses may apply the brainstorming technique to solve their business problems. (6)

6.5 Recommend ways in which a business can create an environment that promotes creative think (4)

Max [20]



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