

SECTION 3 : BUSINESS OPERATIONS.

Introduction :

In the previous section (Section 2) you learnt about setting up business and the decisions that needed to be made.

Now that you have decided where you want to establish yourself and completed all the necessary planning, we look at getting the business moving. This entails getting on with the actual mission of the business, doing what you planned to do, for example if you decided to make furniture, there are a number of actions that need to take place, like identifying raw materials you will need (wood, glue, machinery vehicles and so on), locating suppliers of these products, placing orders, receiving the goods, begin with the actual process of converting them into finished products, then making them available to customers through one of the distribution channels you have researched.

We have described many *functions* in the paragraph above all of which are necessary to achieve one's objective. Here, we are glossing over all the functions, then we are choosing only THREE of them to discuss in detail, that is Marketing and Human Resources and Administration (Accounting). It does not mean that the others are not important- they all are equally important and contribute to the final objective. The choice is made because of time constraints.

Included in the discussion is a brief explanation of CSI (Corporate Social Investment), which focuses on a slightly different aspect.

The material is set out as follows:

Topic Heading	Topic (with Approximate Instructional Time)
Unit 1 Functions of a business 4 hours	1.1 Functions of a business – overview
Unit 2 CSI 4 hours	2.1 Purpose and examples of CSI
Unit 3 Specific Business Functions 106 hours	3.1 Marketing <i>20 hours</i> 3.2 Human Resources <i>20 hours</i> 3.3 Accounting and Information Management <i>66 hours</i>

UNIT 1 : FUNCTIONS OF A BUSINESS : OVERVIEW

Introduction:

The purpose of this section is to give you an idea of ALL the functions of a business. You will appreciate we cannot expand on all the functions because of the time constraints, yet they are all equally important. We shall later be concentrating on three of the functions:

- Marketing
- Human resources and
- Administration (Accounting and Information management).

These functions have been chosen so that you are able to identify opportunities for yourself and then apply what you learnt in the previous section (Establishing a Business).

1.1 Functions:

All businesses engage in different types of activities to be successful. In a small business the one man owner may have to perform all the functions himself or he may employ a manager to assist him with these functions. Large businesses have specialised departments to handle each function separately and each department may have its own manager, for example, the *Financial Manager* is in charge of all aspects of *Finance*.

After completing this section you will have an understanding of the following functions:

- 1.1.1 Marketing
- 1.1.2 Human resources
- 1.1.3 Finance
- 1.1.4 Administration
- 1,1,5 Public Relations
- 1.1.6 General Management
- 1.1.7 Procurement
- 1.1.8 Production
- 1.1.9 Risk Management
- 1.1.10 Information Technology.

Note: Previously the focus fell on eight functions only. Now with growth and specialisation, the last two functions (Risk and IT) have become specialised enough to stand on their own.

Let us examine each one of these functions:

1.1.1. Marketing

This function will be studied later in detail. Here we will mention the important points only.

The marketing function is one of the larger functions in any enterprise. This function decides on the way the business will sell its goods or services. It is itself broken down into four *policies* which we will also be studying. They are:

- The product policy – deciding on the physical product or service.
- The pricing policy – determining the price at which it will be made available.
- Distribution policy- determining how it will reach the consumer – wholesaler retailer, etc.
- Promotion policy – informing consumers about the product (e.g. advertising)



Since we will be dealing with it later, we will not go into more detail here.

1.1.2 Human Resource function:

Also called the “personnel” function.

This function is concerned mainly with :

- Sourcing (finding) workers by recruiting them (Provision)
- Appointing them and training them(if necessary) to ensure they are competent (development)
- Keeping them in the organisation by offering suitable benefits (wages, incentives etc) (maintenance)

This function also, will be dealt with in detail later..



1.1.3 Financial Function:

This function deals with all the financial aspects of the business that is:

- Getting money for the business – capital and loans etc to finance the production process.
- Handling money through the business – making sure it is accounted for properly and used wisely as well as investing it .

- Ensuring the business is profitable and also not in danger of becoming insolvent.

1.1.4 Administration

This function deals with all the office work, keeping proper records, financial information, and generally making sure that there is information available when needed. Information is needed to make proper decisions and this information needs to be accurate and available when needed. It is therefore concerned with the *receiving, recording, processing, storing and communicating* information.

In this regard, we shall be discussing *Accounting* as a source of information to base decisions on.

1.1.5 Public Relations

This function ensures that the business maintains good relations with all the publics it comes into contact with, for example, the customers, workers, community etc. It does this by sending out positive messages about the business's operations. Effective communication is the key. This is necessary to obtain loyalty from the customers and also instil confidence in the community. It does this by, for example, supporting the community in sponsoring events, assisting the community in some health issue like pollution and so on.

(see CSI later)

1.1.6 General Management

This is an overseeing function and ensures that the business is operating properly. It is broken down into:

- Planning
- Organising
- Activating
- Control

as well as others :

- Coordinating
- Decision making
- Motivating
- Disciplining
- Delegating

1.1.7 Procurement

This function (also known as the Purchasing) deals with all aspects of buying. It starts with placing orders, receiving goods, storing goods and financing the purchase.

Stock control is one of the important aspects.

To be successful the business needs to purchase:

- The right quantity
- Of the right quality
- From the right supplier
- At the right price
- At the right time.

1.1.8 Production

Production management refers to *goods* that are produced to distinguish it from *services*, where we use the term *operation management*. This function ensures that

- Goods are of the correct quality
- They are produced using the most efficient production method
- They are produced in the right quantities
- They are produced at competitive prices.

1.1.9 Risk Management

All businesses face risks. There are many risks like:

- Loss of business (customers)
- Loss through burglary, fire, storm etc.
- Loss through lack of safety.

Some of the risks can be insured against. Insurance companies take care of that. Others cannot be insured against and needs to be handled internally

The process involves:

- Identify property that is exposed to risk
- Investigate the possible cause of the risk
- Evaluate solutions to reduce the risk
- Devise a safety policy and inform all persons involved of this.
- Negotiate insurance terms

1.1.10 Information Technology.

Information has drastically changed the lives of individuals and organisations. This is the age of innovation, which means *doing things differently* and more smartly so that it makes a difference. Examples are:

- Online shopping
- Digital marketing
- Digital computing.

A business needs to choose the right type of technology to suit its purposes. It will assist in:

- Planning, by making information available to make decisions
- Marketing
- Customer support
- Managing resources.

SUMMARY OF LEARNING UNIT 1

In this unit you learnt that there are many functions that are performed in a business. In small businesses they may be performed by one person, but larger businesses have specialised persons and departments to perform the same work. All the functions are necessary for the business to perform profitably. You discussed each one of these functions very briefly :

Marketing - all the activities required to dispose of the produced goods or services

Human resources – finding suitable people to perform work and compensating them

Finance- finding sources of finance and managing the flow of money through the organisation

Administration- takes care of all the recording to make accurate information available

Public Relations – making sure that the business projects a positive image of itself to society

General Management – an overseeing function of planning, organising, activating and control that ensures that all functions are performed well.

Procurement – takes care of buying all it needs, in the most efficient way

Production – ensures that raw materials are converted into finished products for sale.

Risk Management- reducing the possibility of the business facing losses

Information Technology – taking advantage of improved technology to suit business needs

ASSESSMENT UNIT 1

Question 1.

- | | |
|---|---|
| 1.1. Which do you consider to be the most important business function and why? | 4 |
| 1.2. What is meant by “online shopping” | 6 |
| 1.3. How does technology assist customer support? Give three examples. | 6 |
| 1.4. How does an insurance company assist in risk management? Name three insurance companies you are familiar with. | 8 |
| 1.5. Distinguish between Public Relations and Advertising. | 6 |

Question 2

From the descriptions below Column A, match the business function that is most closely being referred to in Column B . Write the letter and number only

e.g. K 4

A	B
A. Bringing new goods to the attention of customers	1. Human resources
	2. Marketing
B. Controlling all the activities of the enterprise	3. Public relations
C. Investing monies inside and outside the business	4. General management
D. Finding the right person for the job	5. Procurement
E. Facilitate customer support	6. Risk management
F. Reducing the possibility of loss	7. Information technology
G. Buying at the right price	8. Administration
	9. Finance
	10. Production

UNIT 2

CSI : CORPORATE SOCIAL INVESTMENT

CSR : CORPORATE SOCIAL RESPONSIBILITY

Introduction:

So far, and even hereafter, you will be focussing on the business as a means of earning an income, in other words you establish the business to make profit. This we refer to as the **profit principle**.

While this is true of all businesses, we will be focussing here, in this unit, on another important aspect of business which does not relate to profit, but rather to a responsibility, *not to do wrong*, which we call **Corporate Social Responsibility**. This will then lead us to **Corporate Social Investment**

CSR: Where a business voluntarily ensures the well being of the community and society

After studying this section you will be able to :

2.1.1 Discuss the purpose and reasons for CSR/CSI Projects

2.1.2 Research one CSI project and evaluate the success or otherwise.

CSI : the commitment (financial) by business to ensure the CSR programme is realised.

2.1.1 Corporate Social Responsibility

This means that while the business is established to make profits for its founders, it has another responsibility and that is to maintain a balance between the economy and the environment, and ensuring the well being of communities.

Simply put this means that, in our business operations, we do not, for example, damage the environment. An example would be the damage caused to the natural habitat when land is excavated for the building of a hotel along the coastline.

Can you think of other examples?

How does a business achieve this?

- Manufacture *safe* products – this ensures that your product which they buy will not be harmful to their health.
- Using labour from the surrounding areas – this will provide employment for the local residents.
- Investing in the well being of the community by paying fair wages, developing skills and creating special projects (we will deal with this in the next section).
- Refrain from illegal practices like employing children, manufacturing illegal products etc.
- Making contribution to community projects

- Building facilities like schools and clinics

Activity 3.1

1. List some illegal practices you are aware of
2. What can make a product unsafe? Give any two examples.
3. How serious is the unemployment situation in this country?

Benefits of CSR:

How does this exercise benefit a business? Because of the effort, businesses benefit as follows:

- It develops loyalty – the community will support the business because it can see the benefits of it being there
- It is easier to attract good quality staff
- It serves as a model of business **ethics**
- Promotes a “green environment”

Ethics : professional, based on morality, that is, the *right and wrong* principle.

How does the community benefit?

- Receives goods and services
- Benefits from sponsorships
- A “green” environment promotes health.

2.1.2 Corporate Social Investment:

In the previous section we dealt with the *responsibility* of businesses to conduct their business ethically. CSI on the other hand is the actual commitment, financially or otherwise to ensure that this does in fact happen.

Business can do this by investing:

- **Money** – for example a food manufacturer can donate food to a school; they can sponsor a special event like sports day
- **Skills** - a business can offer skills training and in this way promote entrepreneurship
- **Time** – staff can engage with communities in one of their projects, for example, cleaning up the environment.

What are the benefits of CSI?

- Improves business image
- Consumers are loyal to the business – improves profitability
- Helps in marketing
- Assists the community in one of the socio economic ills like pollution
- There are tax advantages.

Activity 3.2

1. What do you understand by “green environment”?
2. Give two examples of “unethical” behaviour by business.

2.1.3 Research a CSI project

This is a practical exercise. You will need to consult your local newspapers or magazines or local business.

The purpose of this section is to find evidence of the previous discussions and to evaluate the success or not. Here you will have to be critical, that is, decide whether this project has achieved *what it intended to do*.

You could look at things like:

- How many people have benefitted from the effort?
- How has it helped in improving the skills of the community? To what extent has it improved their employability?
- Is there evidence of the green environment?
- What suggestions can you make to improve the situation?

Examine the case study below taken from **Nedbank sustainability review 2015**

Case Study – Nedbank. (Adapted)

ENABLING SUSTAINABILITY THROUGH OUR PRODUCTS AND SERVICES

Responsible banking is a cornerstone of our sustainability commitment. As such, we strive to design and deliver products and services that enable our clients to achieve the outcomes and objectives they desire, while at the same time respecting environmental limits and helping to meet societal needs.

A Fair Share 2030 In Action

Long-term Goal

Good educational outcomes are consistently being achieved.

Deal description

Proactive investment to meet the critical shortage of student housing in SA .Less than a fifth of the country’s approximately 580 000 tertiary-level students have access to quality

accommodation within easy reach of our major universities and this impacts the student's time and ability to study, which in turn impacts academic results.

Government estimates that it will cost about R147bn over the next 15 years to adequately address this student housing shortage. As part of its commitment to helping deliver quality education outcomes for all, Nedbank's Property Finance Division partnered with a number of developers to focus on developing innovative solutions to the student housing shortage, including a set of lending criteria unique to this distinctive asset class. In 2015 loans amounting to more than R1,3bn were approved for student accommodation developments across the country at major universities.

Enabling S.A. Farmers To Move To Solar

Long-term Goals

- Atmospheric greenhouse gases are stabilised.
- Affordable access to modern energy services.
- Cobenefit: improved food security.

Deal description

Nedbank's financing offer to help farmers implement renewable-energy projects in their agribusinesses. Escalating electricity costs and ongoing energy insecurity are making sustainable farming practices very difficult for SA farmers. As part of its ongoing partnership with, and support of, SA farmers, Nedbank introduced a commercial renewable-energy finance solution.

The 2015 offering included free energy audits and longer-than-usual payback periods. For some clients a 7% rebate from the French Development Agency was also secured. Farmers also receive the support of Nedbank Business Baking's teams of regional agricultural specialists.

The offering has been very well received by Nedbank agriclients across SA and is proving effective in empowering farmers to green their operations, reduce the impact of annual energy increases and achieve some independence from the national grid.

B A glimpse of their commitments:

CHANNEL	DESCRIPTION	INVESTMENT 2015
Nedbank foundation	Long term cost to education, job creation and skills development	R32,5m
Eyethu Community Trust	Assistance to students of Higher education	R 21,3m
Private Wealth Foundation	Learnerships and entrepreneurial skills	R7m p.a
External Bursary fund	External Bursaries	R11,2 m to 111 students
Nedbank Business Units	Individual Business Units	13,3m in 50 projects
Affinities Programme	Donations on behalf of clients	R44,9m
Staff Volunteerism	Offer skills towards helping others	Support estimated at 5,5m

Activity 3.3

Questions:

Examine the case study above.

1. Who is the Sponsor?
2. Examine the two initiatives chosen (Fair Share and SA Farmers). Who are the targets in each? What do you think of their efforts?
3. Examine the abbreviated list of initiatives listed in B above. Which one do you consider most valuable and why.

SUMMARY OF LEARNING UNIT 2

In this unit you learnt that there are other important aspects to a business other than making profit. This section focussed on the responsibility of business to ensure it is operating ethically and takes the environment into account in its quest for profits.

Corporate social responsibility described the obligation that businesses have to uplift the community in which they operate and thereby gain the loyalty of the public. They benefit from such exercises.

Corporate social investment describes the actual financial (or otherwise) commitment that businesses make to give effect to this responsibility. There are ways they can achieve this.

Thereafter you were encouraged to do some research on a project in your neighbourhood to see how the CSI exercise played out and whether they were successful.

ASSESSMENT UNIT 2

This is a practical exercise.

Find a CSI project that is active in your neighbourhood. Find out who the sponsors are and pay a visit to them.

From your own knowledge in this unit do an assessment of the project to identify the target beneficiaries. If possible interview the envisaged beneficiaries and get their input on how well the initiative is working. From your observations, you may be able to identify where the initiative is falling short.

If possible, have a discussion with the sponsors and inform them of your findings.

UNIT 3 : SPECIFIC BUSINESS FUNCTIONS

Introduction:

You are already aware that there are *many* business functions. You have already dealt with this in Unit 1. We mentioned that we will be selecting and discussing some of these functions in detail . This does not mean that others are less important. They are ALL equally important and are necessary to support each other.

In this unit we will be looking at the following:

3.1 Marketing *12 hours*

3.2 Human Resources *14 hours*

3.3 Accounting and Information Management *66 hours*

3.1 Marketing :

After this section you will be able to:

3.1.1 Describe the 7 P,s of Marketing

3.1.2 Describe the Product Policy

3.1.3 Distinguish between types of consumer goods

- Convenience goods
- Select goods
- Specialty goods

3.1.4 Describe the purpose of packaging

3.1.5 Describe the types of packaging

3.1.6 List the requirements for good packaging

3.1.7 Describe the pricing policy

3.1.8 Describe the Distribution Policy

3.1.9 Discuss direct and indirect channels

- Reasons for indirect marketing

- Reasons for direct marketing
- Activities involved in marketing

3.1.10 Describe the trade mark policy

3.1.11 Discuss the importance of trade marks

3.1.12 Describe the requirements of a good trade mark

3.1.13 Describe the Promotion Policy (Marketing communication policy)

AIDA

- Ethics of advertising
- Advantages of advertising
- Activities involved in marketing
- The ASA – functions
- Advertising media

3.1.14 Explain:

- People
- Process
- Physical environment in the marketing process

Introduction:

Activities Involved in Marketing

Marketing is the function that finally gets the produced goods/services to the customer. In order to do this, a number of functions need to be performed. They are:

- **Locating the customer**- identifying who your target market is
- **Standardisation and grading**- conforming to specifications , *grading* for agricultural products and *standardisation* for manufactured goods
- **Storage** - keeping the products until they are needed.
- **Transport** - transporting the goods to where they are needed
- **Financing** - sourcing funds to have the products marketed

- **Insurance** - ensuring products are safe from risks
- **Buying and selling** – sourcing raw materials for processing, or finished goods for resale.

• **Activity 3.4**

1. Distinguish between *standardisation* and *grading*. Give examples of each.
2. List any five types of risks. Are you able to distinguish between those that are insurable and those that are not insurable?
3. In the description above, for *buying and selling*, what does this tell you about the type of business we are dealing with?

3.1.1 Marketing Policies:

Previously, we used to discuss FOUR policies (four P's). They were (and still are)

- Product policy
- Pricing policy
- Promotion Policy
- Place (Distribution) policy.

Now we have added another three P's

- People
- Process
- Physical Evidence

3.1.2 The Product policy:

This policy describes exactly what is being produced by the business. It is either a product (physical product) like, for example *rice* or *furniture*, or it can be a service for example *medical services* of a doctor, *a motor mechanic* and so on.

Activity 3.5

In the table below, identify the most important product/ service you associate with each one:

The first one is one for you.

Organisation	Goods	Services
Joko	Tea	
Standard Bank		

Independent Newspapers		
SABC		
Parker		
Mercer		
Toyota		
Levis		
Laila's Salon		
Chanel		
Samsung		
Bata		
Suncoast Cinemas		

The Product policy will detail other important aspects related to the product for example:

3.1.3. Types of Consumer Goods'

We distinguish between the following types of goods:

- Convenience goods
- Shopping goods
- Speciality goods

Convenience goods are those goods that:

- Are usually low in price
- Can be purchased with little effort, without shopping around
- Have similar prices everywhere'
- Are easily available everywhere
- Several brand are usually available
- Can be purchased without the need for a sales assistant
- Consumers have a good knowledge of

Activity 3.6

Find an example of a **convenience good** in your home.

Look at the characteristics above and apply them to the product you have chosen.

Shopping goods.

- Consumers need to compare prices, quality, styles etc. before buying
- Consumers do not have sufficient knowledge of them- need a sales assistant to help
- These goods are bought after careful consideration
- Not as easily available as convenience goods
- Prices are higher than that of convenience goods

Activity 3.7

1. Find three examples of shopping goods
2. Match the description above to the goods you have chosen

Speciality goods:

- Products have unique characteristics
- Normally expensive
- Available at selected outlets only
- Consumers have their own preferences and will wait if necessary for them
- Consumers require much more information before buying
- Not purchased often

Activity: 3.8

1. List three speciality goods you have in your home
2. Match the descriptions above to the goods you have chosen.

3.1.4 Packaging policy : -

This refers to the choices you will be offering for example:

Milk may be purchased in bottles, (different sizes, like 2-litre, 1- litre, 500ml, 250 ml) in sachets, in carry packs , in plastic bottles and so on. .

Coffee can be obtained in bottles, (different sizes), packets, sachets and so on. .

Packaging plays an important part as it:

- Protects the product

- Supplies information on the use of the product
- Promotes the marketing of the product
- Makes the product reusable

Activity 3.9

Choose a product from home.

Examine the product carefully and answer the following questions:

1. Does the packaging offer protection? Explain.
2. What information is supplied with the product on the usage? Does this help? Explain.
3. Is the package reusable? Explain.

3.1.5 Types of Packaging:

We distinguish between the following types of packaging:

Speciality packaging:

- Packed in a special way to enhance the image
- Emphasizes certain characteristics of the product.

Activity 3.10

Take an item (example jewellery) and examine it carefully.

1. How does the packaging enhance the qualities of the product?
2. Which quality does it enhance?

Packaging for double use:

- The package can be used again for another use.
- Example : plastic containers for food items.

Reusable packaging:

- Can be used for the same purpose again
- Example – refills for spices, detergents

Combination Packaging

- Related articles are packed together
- Example : car wash shampoo and chamois and polish

Kaleidoscope Packaging:

- A theme is chosen
- The theme changes after a while
- Collectibles are enclosed in the product
- Examples: wild life cards, sports heroes, actors' pictures in cereals

Packaging for Immediate use:

- Consumers can use the contents easily after opening it
- Examples – cold drink ; juice (packaging with straw)

3.1.6 Good Packaging:

What are the requirements of good packaging?

- It must attract the customer
- It must be different from that of competitors
- It must suit the product
- It must suit the target market
- It must be strong enough for handling and storage
- It must be suitable for display purposes.

Activity 3.11

Choose one of the items targeted at children, for example, the breakfast cereal.

1. Look at each one of the characteristics described above and comment on this product;
2. To what extent does it satisfy the requirements of good packaging?
3. Can you suggest another type of packaging that could have been used?

3.1.7 Pricing Policy

A consumer will choose and buy a product depending on the value this product has for him/her. The product may be useful to the consumer, but if the price is not right, then it will not sell.

Price represents a compromise between the highest price that the manufacturer is asking and the lowest price that the consumer is willing to pay. Determining the correct price can be a difficult task since the business wants a price as *high* as possible, while the consumer wants the price as *low* as possible.

Some simple pricing techniques:

Cost based pricing – is used when the cost price is used as a starting point and a mark-up (for example cost plus 40%) .. The 40% is the profit margin.

Demand based Pricing – refers to determining the demand for the product at different prices.

Competition based Pricing- this takes into account the current prices of competing products.

Why is it important to take the ruling market price into account?

What influences Prices?

Consumers needs- if the price is right the consumer will buy. If it is too expensive, and the consumer can do without it, he will not buy it.

Demand for the product- if the good is price sensitive, then it will present problems when trying to increase prices.

Competition – if there are competing products, then it will make price adjustments difficult.

Substitutes – if the product has substitutes, it will also make it difficult to change the price of it.

Production and other costs – if the producer is to recover these costs, then it gives him little room especially if there are competing products.

Type of market –this refers to the different types of markets for example –

- **Free competition** – many buyers and many sellers; both are involved in determining the final price
- **Monopoly** – where there is only one supplier and he will determine the price

Note: there are other types of markets in between these two extremes. We will not discuss this here, since you touched on it in Economics.

Activity 3.12:

1. What factors influence price determination?
2. Distinguish between the types of pricing techniques.
3. What does “price sensitive” mean?

3.1.8 Distribution policy

Businesses produce goods and services that are meant to reach the consumer. The path that these goods take to reach the consumer is referred to as the Distribution Channel.

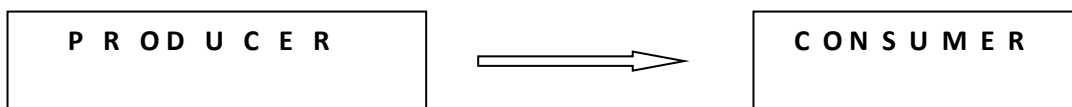
Basically the manufacturer has to decide whether he would prefer direct distribution or indirect distribution.

Direct Channel: Selling to the consumer yourself

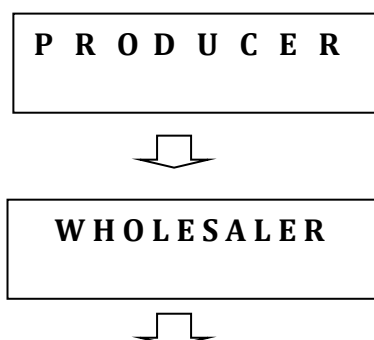
Indirect Channel: Make use of intermediaries and middlemen

3.1.9 Distribution Channels:

Direct distribution refers to the channel where the goods go direct from the manufacturer to the consumer without passing through any middleman (wholesaler, retailer) or intermediaries.



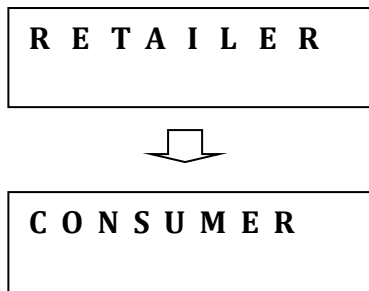
Indirect distribution, on the other hand, refers to the goods passing through middlemen before reaching the consumer.



NOTE:

Middlemen, that is wholesalers and retailers **buy** the goods and thereby accept the risk and ownership.

Intermediaries, in the other hand are, for example, *agents factors, brokers* who pass the goods on from the seller to the buyer for a fee (commission)



Why would a producer choose *direct* marketing?

- Middlemen are unwilling to keep stock
- Their (middlemen) marketing efforts are not aggressive enough
- There is need for demonstration of the product (e.g. Fridges, Hi- Fi)
- Middlemen may not be able to provide other services like transport, storage etc.
- Middlemen may demand too high profit margins, and price goods too high.

Why would a producer choose *indirect* marketing?

- **Services:** middlemen are able to provide many services that the producer may not be able to, for example advertising, warehousing, transport etc.
- **Customer care:** middlemen may be able to provide the customer with services like advice, repair services etc. which the manufacturer may not be able to do.
- **Financial resources** – small manufacturers may not be able to handle all the marketing functions as well as middlemen can
- **Market position** – if the market is scattered, it would not be advisable for the manufacturer to take on marketing.

Activity 3.13

1. What are the factors that influence indirect marketing?
2. Distinguish between middlemen and intermediaries.

3.1.10 Trade Marks Policy

A trade mark is a special mark (image), design, or value on manufactured goods that distinguishes it from other goods of competitors.



Coca-Cola



3.1.11 We use a trade mark because:

- It makes it easy for the consumer to identify the product
- The manufacturer is easily identified
- It ensures a certain standard (quality)
- It makes sourcing spares and service easier
- It ensures that the manufacturer makes the best product.
- The manufacturer can use this mark for advertising
- It creates loyalty for consumers
- New products can easily be added to the range.

Here are some terms you should know:

- *Manufacturers trade mark* is created by the manufacturer e.g. Philips
- *A dealers mark* is created by the dealer e.g. Spar
- *Individual trade mark* – each product has its own mark e.g. beer
- *Family mark* – all the products have the same mark – e.g. Eveready

Trade marks are registered for protection under the Trademarks Act. (194 of 1993)

Activity 3.14

Take a product from the home.

Examine it thoroughly and decide to what extent the above (use of trade marks) is true.

3.1.12 Requirements of a good Trade Mark

When deciding on a trade mark for your business, keep the following in mind:

- It must be different from those of other manufacturers so that it stands out
- Must reflect the good points of a product – quality and usefulness

- Must have been accepted by the general public
- Must be able to adapt to packaging requirements
- Must use suitable language to remember and pronounce it

3.1.13 Market Communication Policy (Promotion Policy)

The benefits of a good product are of no use unless this can be communicated to the market. This is done through **market communication** which comprises the following:

Advertising	Communication through mass media, the firm will usually pay for this type of communication.
Public Relations	Developing a positive relationship between the organisation and the media and the public. Good public relationships involves not only creating favourable publicity through the media but also involves minimising the impact of negative situations.
Sales Promotion	Promotions designed to create a short term increase in sales. Examples of sales promotion include money off coupons, discount codes and "flash sales".
Personal Selling	Sales interaction between the firm's representative and a consumer on a one to one basis.
Direct Mail (post and e-mail)	This involves sending marketing to a named individual or organisation. Firms often buy lists of names, e-mails and postal addresses for this purpose. This can be highly effective when the direct mail recipients are within the firm's target market.
Internet Marketing	Placing adverts on internet pages through programmes such as Google's AdWords.
Social Media	Firms place daily messages on social media such as Facebook and Twitter to keep customers interested in their organisation. They may even run promotions, flash sales and discounts just for their social media readers.
Sponsorship	An organisation or event is paid to use your branding and logos. Sponsorship is commonly used in sporting events; Player's clothing and stadiums will be covered in the firm's branding Even the tournament may be named after the firm. Although effective sponsorship requires a large audience you may get smaller firms interested in local business sponsoring small events in their area e.g. school fairs.

www.learnmarketing.net

For our purposes, we shall concentrate on **Advertising**:

The AIDA technique:

For an advert to be successful it has to do the following: (AIDA)

- Attract **attention**
- Arouse **Interest**
- Create **Demand** for the product
- Lead to **Action** (buying)

Ethics of Advertising:

There are simple rules to follow if you want to be ethical:

- Do not mislead consumers (false advertising)
- Do not make comparisons (pick out competitors by name)
- Do not offend - compete fairly
- Act responsibly
- Claim only what you can prove

Advantages of advertising

How do you benefit from advertising?

- Increase in sales could support mass production – reduces cost of production
- Satisfies needs of consumers
- Brings new goods to the attention of consumers
- Consumers are better informed – makes selling easier
- Competitors are aware of what is being offered- leads to product improvement.

Activities involved in advertising:

- **Research** – to find out the target market, competitors, product prices
- **Budget** – determine the budget for advertising and how it will be spent
- **Medium** – select the advertising medium – radio, TV, press magazine etc.
- **Design** the advert – use advertising practitioners if possible
- **Launch** the campaign

Activity 3.15

1. List the activities involved in advertising
2. How does advertising benefit consumers?
3. List the ethics of advertising.

The ASA (Advertising Standards Authority)

The Advertising Standards Authority of South Africa is an independent body set up by the marketing and communications industry. It ensures that its system for self-regulation works in the public interest. It enforces a Code of Advertising Practice, providing the basis for settling disputes within the industry or between advertisers and consumers.

If anyone has a complaint against any advertisement, for example it may be offending their religious beliefs or it may be offend women, then they are entitled to complain to the ASA, who will conduct an investigation, and act against the advertisers to have the advertisement withdrawn.

Activity 3.16

Do some research and identify at least three advertisements that were withdrawn in the last months because it was considered offensive.

Where can I complain?

Any person can lodge a complaint with the ASA regarding the content of an advertisement. The ASA will deal with complaints about advertising content but not with complaints about contractual matters or service standards.

When do I complain?

If a person believes that the content of an advertisement is untruthful, misleading or harmful in any way, a complaint may be lodged.



All complaints lodged with the ASA must meet the following criteria:

- The complaint must be in writing.
- The identity of the complainant(s) must be disclosed.
- The contact details of the complainant(s) should be clearly stated.
- The grounds on which the complaint is based must be clearly stated.
- Where the complaint relates to advertising on broadcast media (e.g. television, radio or on cinema) information should be furnished on where and when the advertisement was screened / transmitted.
- Where signs, posters or any form of outdoor advertising is involved, the nature of the advertisement and the wording should be specified.
- When the complaint is about print advertising, the relevant advertisement should be attached.

- www.asasa.org.za

Advertising Media

The following types of media are common for advertising

- Newspapers
- Magazines
- Mail
- Radio
- Outdoor
- TV
- Internet
- Transit advertising
- Handbills

Activity 3.17

1. Look at the illustrations below.

Identify the type of medium illustrated.

Suggest one advertisement that this medium can be used for.

2. What medium will you select for each of the following:

- New cellphone

- New beauty soap
- Fresh fruit and vegetable specials at a greengrocer.



Source : *professional academy.com*

3.1.14 The extended 3 P's:

In the late 70's it was widely acknowledged by Marketers that the Marketing Mix should be updated. This led to the creation of the Extended Marketing Mix in 1981 , which added 3 new elements to the 4 P's Principle. This now allowed the extended Marketing Mix *to include products that are services and not just physical things.*

- **People** – All companies are reliant on the people who run them from front line Sales staff to the Managing Director. Having the right people is essential because they are as much a part of your business offering as the products/services you are offering.
- **Processes** –The delivery of your service is usually done with the customer present so how the service is delivered is once again part of what the consumer is paying for.
- **Physical Evidence** – Almost all services include some physical elements even if the bulk of what the consumer is paying for is intangible. For example a hair salon would provide their client with a completed hairdo and an insurance company would give their customers some form of printed material. Even if the material is not physically printed, they are still receiving a “physical product” by this definition



3.2 Human Resource Function

Introduction:

Factors of production that you studied in Section 1, are listed as:

- Natural resources
- Labour
- Capital
- Entrepreneurship

In this section we are focussing on the second factor above, that is, labour. Labour is the human contribution in the process of production of goods and services.

Finding the right person(s) to complete this function is the task of *Human Resources*, previously known as the *Personnel Function*.

This task is ongoing because:

- Workers leave for other jobs and create a vacancy which needs to be filled
- Workers are promoted and thereby create a vacancy
- Workers retire after reaching a certain age (65)
- Workers die while actively engaged in work

In this section you will be studying the following:

- The Human Resource function
- Recruitment
- Employee benefits
- Labour relations

After studying this section you will be able to:

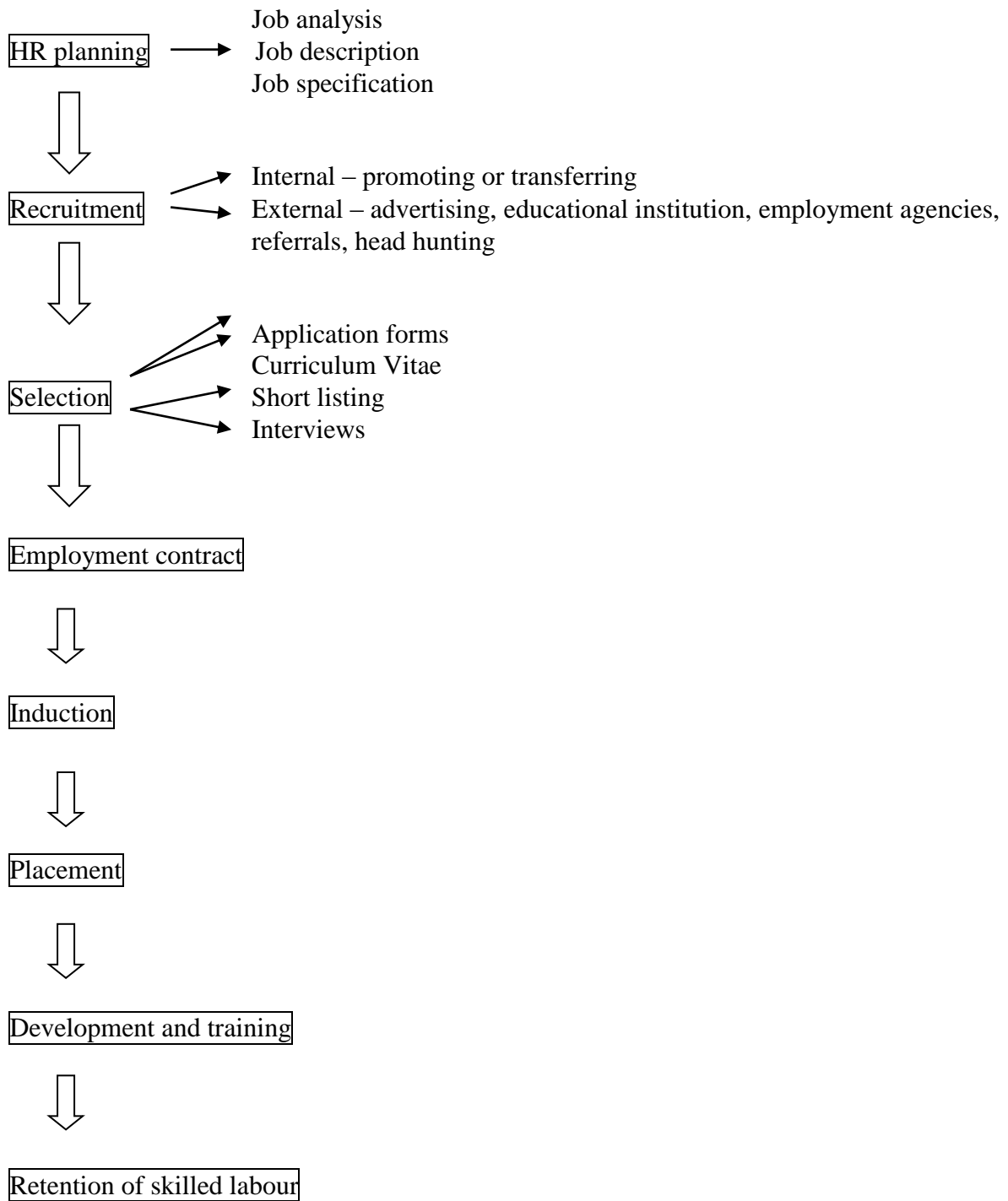
3.2.1 Explain the importance of the Human Resource function

3.2.2 Explain the processes of:

- Recruitment,
 - Sources (Internal and External)
 - Job analysis
- Job specifications
- Process:
 - Screening
 - Testing
 - Interviewing
 - Selecting
- Selection
- Placement
- Interviews
 - How to prepare for an interview as the interviewer

- How to prepare for an interview as the interviewee
- 3.2.3 Distinguish between different types of training
 - On the job
 - Mentoring
 - Job rotation
 - Institutions
- 3.2.4 Describe the purpose of a CV
- 3.2.5 Draw up a CV
- 3.2.6 Briefly discuss Employee Benefits
 - Remuneration
 - Other benefits
 - Pension
 - Medical
 - Travelling
- 3.2.7. Explain the nature and purpose of Labour Relations
- 3.2.8. Explain the functions of the trade unions
- 3.2.9 Discuss the future of labour unions
- 3.2.10 Briefly describe the purpose of the following Acts:
 - EEA (Employment equity)
 - COIDA (Compensation for Occupational Injuries and Diseases)
 - Skills Development Act
 - Basic Conditions of Employment Act (include catering for the disabled)
 - LRA (Labour Relations Act)
 - BBBEE (Broad Based Black Economic Empowerment)

The employment process



3.2.1 The importance of the Human Resource function

This function provides the human capital investment. The function can be summarized as follows:

- Recruitment - Finding the right person for the job
- Development - Training the person if necessary
- Maintenance - Compensating him with benefits (salary, and other benefits) so he remains with you.

3.2.2 The Recruitment processes :

- Job analysis
- Sources (Internal and External)

Recruitment is the process of attracting suitably qualified and experienced people to fill vacancies in a business. In order to succeed with this task, we need to proceed as follows:

Complete a job analysis- this means get the *details* of the job like the *tasks* involves and the *skills* that are required to complete them. We describe them as follows:

Job Description:

- Details tasks, duties and responsibilities
- The performance required e.g. *capturing the data from*
- The title attached to the job for example *Shift Foreman*

Job specification :

- Describes the person needed
- Qualifications required
- Skills and experience required

Sources available:

Internal sources:

Using people *from the organization* (who are already working for you)

Adverts are placed inside, for example on Notice Boards

This usually means promotions and transfers.

External recruitment:

This refers to recruiting people for outside the organization , those not as yet working for you. They can be obtained from various sources like recruitment agencies, educational institutions, referrals and so on.

Activity 3.18

1. What do you think are the advantages of internal recruitment?
2. What are the advantages of sourcing externally?

Gledhow Sugar Company

Gledhow Sugar Company , on the North Coast, has a vacancy for a Boiler Panel Operator in the Engineering Department.

BOILER PANEL OPERATOR

Reporting to the Shift Supervisor, the incumbent will be responsible for the following:

- Operating and controlling a series of 5 boilers to required standards on a shift basis
- Assisting the shift supervisor as required
- Ensuring the boilers are raised during start up
- Perform the duties of a maintenance worker

Requirements:

- Matric
- A ITC Boiler Modules of Boiler Regulations
- Computer literate
- Understanding of boiler operations
- Training in Safety Regulations

Applications accompanied by a detailed CV and proof of qualifications may be forwarded to the Human Resource Manager

Department Fax XXXXXXXX or

e mail:XXXXX @gledhow.co.za

CLOSING DATE FOR APPLICATIONS : 5 September 2016

Use “Boiler Panel Operator” as a reference.

Activity 3.19

Examine the advertisement above and answer the following questions:

1. What is the Job Title?
2. What is the closing date?
3. Who is the employer?
4. What are the Job Specifications?
5. What is the Job Description?

The Recruitment Process:

Screening

When the job vacancy is advertised, applicants are invited to apply for the vacancy and submit supporting documents with it.

Some of the documents required are:

- Completed application form
- CV (Curriculum Vitae *see later 3.2.4*)
- Work experience references
- Any references from previous employers, colleagues, educators etc.
- Certified copy of educational qualifications
- Certified copy of ID
- Proof of residence
- Any other proof specific to the industry e.g. membership to a professional body, union etc.

From all the applications received, a screening process is conducted where those applicants who do not meet the minimum criteria are eliminated.

Testing;

Sometimes the applicant may be required to write a test. These are usually competence tests that will test the applicants knowledge of the subject/ work situation and ability to deal with possible challenges should they arise. Other tests may be included for example, intelligence tests, personality test etc.

Achievement Tests:

These are proficiency tests to measure one's skill or acquired knowledge. The paper and pencil tests seek to test a person's knowledge about a particular subject. But there is no guarantee that a person who knows most also performs the best. Work sample tests or performance tests using actual task and working conditions provide measures to assess ability. Work sample tests are most appropriate for testing abilities in such skills as typing, stenography and technical trades.

PIP Tests:

PIP tests are those which measure one's personality, interests and preferences. These tests are designed to understand the relationship between any one of these and certain jobs.

www.chrmglobal.com

Interviewing

From the CV's submitted as well as the results of these tests, possible candidates are identified. They will be informed of their being shortlisted and be invited to an interview.

Interviews are held so that one can meet the prospective employee face to face and interact with him, rather than relying on all the written evidence submitted by him so far. This is an opportunity for the applicant to find out more about the job and the people he will be working for and with.

Some simple rules for the interview:

Tips for the applicant:

- Do not be late for the interview
- Dress appropriately, be courteous and professional
- Switch off cell phones before the interview
- Thank the interviewer for the interview opportunity
- Do your research about the company – about their activities
- Answer the questions concisely and honestly within reasonable time. Sell yourself but not oversell
- Ask for clarification if you are not sure of the question
- Be positive; do not focus on the negatives of the present job.
- Prepare a few success stories beforehand and use them if the opportunity arises.
- Do not show any frustration during the interview
- Ask questions relative to the job; this will indicate your thorough knowledge of the job requirements.

The interviewer should:

- Choose a suitable venue away from distractions
- Explain the format the interview will take
- Mention how long the interview should take
- Keep the questions in context
- Avoid questions that are not permitted e.g. religion, disabilities etc.
- Not become agitated; remain professional.

[wwwmanagementhelp.org](http://www.managementhelp.org)

Selecting

Interviews are usually conducted by a panel. This means each member of the panel will be scoring (rating) a candidate according to a rating scale, previously decided on by the members of the panel.

By comparing the scores, the panel comes to an agreement of a score for each candidate. At the end of the interview, the best candidate is chosen – the one who obtained the highest score. It is important to keep the scores in order that is the first second and third at least. This is done in case the chosen candidate decides, later on, to decline the appointment.

Appointment letter:

The successful candidate is informed of his success with his application and confirmed in writing with a letter of appointment. The unsuccessful candidates are also informed of the outcome.

Placement and Induction:

Placement refers to giving the applicant responsibilities that identifies him with a particular job. If the person adjusts to the job and continues to perform per expectations, it means that the candidate is properly placed. However, if the candidate is seen to have problems in adjusting himself to the job, the supervisor must find out whether the person is properly placed according to his aptitude. Usually, placement problems arise out of wrong selection or improper placement or both. Organisations need to review cases of employees performing below expectation and employee related problems such as absenteeism, accidents etc., and assess how far they are related to wrong placement.

Induction:

Induction refers to the introduction of a person to the job and the organisation. The purpose is to make the employee feel at home and develop a sense of pride in the organisation and commitment to the job.

The Induction training during the first few weeks after a person joins service in the organisation is to:

- introduce him to his new colleagues
- make him aware of the companies policies
- answer any questions/ doubts that he may have
- check to see if he needs further help.

www.chrm.global.com

Activity 3.20

1. List the steps in recruitment
2. Explain the tests involved in the process
3. Draw up a set of rules for your interview (as interviewee)
4. Explain the term CV. What items would you include in a CV.

3.2.3 Distinguish between different types of training

On-The-Job Training

Jumping right into work from day one can sometimes be the most effective type of training.

On-the-job training gives employees motivation to start the job. Some people learn more efficiently if they learn hands-on, rather than listening to an instructor. However, this method might not be for everyone, as it could be very stressful.

Here are a few examples of on-the-job training:

- Read the manual - a rather boring, but thorough way of gaining knowledge of about a task.
- A combination of observation, explanation and practice.
- Trainers go through the job description to explain duties and answer questions.

.Example: New trucking employees could ride with experienced drivers. They could ask questions about truck weigh stations, proper highway speeds, picking up hitchhikers, or any other issues that may arise.

Coaching/Mentoring

Coaching/mentoring gives employees a chance to receive training one-on-one from an experienced professional. This usually takes place after another more formal process has taken place to expand on what trainees have already learned.

Here are three examples of coaching/mentoring:

- Hire professional coaches for managers
- Set up a formal mentoring program between senior and junior managers
- Encourage the more experienced employees to coach the less experienced.

Coaching/mentoring gives trainees the chance to ask questions and receive thorough and honest answers - something they might not receive in a classroom with a group of people.

Example: Again, truck drivers could gain valuable knowledge from more experienced drivers using this method.

Lectures

Lectures usually take place in a classroom-format.

It seems the only advantage to a lecture is the ability to get a huge amount of information to a lot of people in a short amount of time. It has been said to be the least effective of all training methods. In many cases, lectures contain no form of interaction

from the trainer to the trainee and can be quite boring. Studies show that people only retain 20 percent of what they are taught in a lecture.

Example: Truck drivers could receive lectures on issues such as company policies and safety.

Group Discussions & Tutorials

These most likely take place in a classroom where a group of people discuss issues.

For example, if an unfamiliar program is to be implemented, a group discussion on the new program would allow employees to ask questions and provide ideas on how the program would work best.

A better form of training than lectures, it allows all trainees to discuss issues concerning the new program. It also enables every attendee to voice different ideas and bounce them off one another.

Example: Truck drivers could have group discussions and tutorials on safety issues they face on the road. This is a good way to gain feedback and suggestions from other drivers.

Role Playing

Role playing allows employees to act out issues that could occur in the workplace. Key skills often touched upon are negotiating and teamwork.

A role play could take place between two people simulating an issue that could arise in the workplace. This could occur with a group of people split into pairs, or whereby two people role play in front of the classroom.

Role playing can be effective in connecting theory and practice, but may not be popular with people who don't feel comfortable performing in front of a group of people.

Example: Truck drivers could role play an issue such as a large line-up of trucks is found at the weighing station and one driver tells another that he might as well go ahead and skip the whole thing. Or role play a driver who gets pulled over by a police officer and doesn't agree with the speeding charge.

Outdoor Training

A nice break from regular classroom or computer-based training, the usual purpose of outdoor training is to develop teamwork skills.

Some examples include:

- Wilderness or adventure training - participants live outdoors and engage in activities like white water rafting, sailing, and mountain climbing.

Outgoing and active participants may get the most out of this form of training

Job rotation

Job rotation is a well-planned practice to reduce the boredom of doing same type of job everyday and explore the hidden potential of an employee. The process serves the purpose of both the management and the employees. It helps management in discovering the talent of employees and determining what he or she is best at. On the other hand, it gives an individual a chance to explore his or her own interests and gain experience in different fields or operations.

Job Rotation Objectives

- Reducing Monotony of the Job:

The first and foremost objective of job rotation is to reduce the monotony and repetitiveness involved in a job. It allows employees to experience different type of jobs and motivates them to perform well at each stage of job replacement.

- Succession Planning

The main function of job rotation is to develop a pool of employees who can be placed at a senior level when someone gets retired or leaves the organization. The idea is to create an immediate replacement of a high-worth employee from within the organization.

- Creating Right-Employee Job Fit:

The success of an organization depends on the on-job productivity of its employees. If they're rightly placed, they will be able to give the maximum output. In case, they are not assigned the job that they are good at, it creates a real big problem for both employee as well as organization. Therefore, fitting a right person in right vacancy is one of the main objectives of job rotation.

- Exposing Workers to All Verticals of the Company:

Another function of job rotation process is to exposing workers to all operations of the organization in order to make them aware how company operates and how tasks are performed. It gives them a chance to understand the working of the organization and different issues that crop up while working.

- Testing Employee Skills and Competencies:

Testing and analyzing employee skills and competencies and then assigning them the work that they excel at is one of the major functions of job rotation process. It is done by moving them to different jobs and assignments and determining their aptitude. Placing them *what they are best at* increases their on-job productivity.

- Developing a Wider Range of Work Experience: Employees, usually don't want to change their area of operations. Once they start performing a specific task, they

don't want to shift from their comfort zone. Through job rotation, managers prepare them in advance to have a wider range of work experience and develop different skills and competencies. Along with this, they understand the problems of various departments and try to adjust or adapt accordingly.

wwwmanagementstudyguide.com

Institutions:

There are a number of institutions offering training in a variety of fields.

A list of these institutions can be found at:

www.rainbownation.com/directiry/index

3.2.4 The Curriculum Vitae (CV).

What is a Curriculum Vitae?

Curriculum Vitae (CV) is a document submitted by the applicant that includes the applicants' details, educational qualification, work experience, interests, hobbies, achievements and references.]

3.2.5 How to write a CV

You want your CV to show your potential employer the skills and experience you can offer them to improve their organisation. To do that, you need to include the right information

Your CV Checklist

When looking at the best possible employee's CV lookout for the following:

You are looking for 'no' answers to these questions:

- Are there any unexplained gaps in the work history?
- Are there spelling or grammar mistakes on the CV?

You are looking for 'yes' answers to these:

- Are there references for all of their previous employers?
- Do they have the relevant qualifications?
- Has the person stayed at the majority of their jobs for more than two years?
- Is this a logical career move for the jobseeker?
- Is the CV well organised and informative?

If there are too many answers that don't fit then discard the CV.

Guide to Business Studies : TESS Panel 2008.

Your CV should include the following information

Your personal details
A personal statement
Details of your education and training
Details of your employment history
Any additional skills you offer
Relevant personal interests
Professional references

Personal details

- Name
- Address
- Telephones
- E mail address
- Marital status
- Children
- Drivers licence code

Make sure the address, telephone number, and email address you provide are up to date
Make sure your name is spelt correctly, and that your email address is appropriately professional.

If you've got a website that will add extra value, then include that as well.

Education and training

In this section, you need to include any relevant education or training you have achieved at this point in your career.

The detail you go into for each point will depend on your level of education, and the relevance of each level to the position.

For example, if you've just graduated from university, include a description of your degree and the skills it helped you develop – remembering to keep it relevant to the job you're applying for.

Below that, you should still include your results, but just as a brief list of your grades.

For this section, you should include your education information in reverse chronological order – i.e. putting your most recent qualifications first.

Employment training and experience

Next, you need to include your work experience, beginning with your most recent position. When writing your employment history, bear in mind the following:

- Include the job title, company name, start and finish dates as headings
- List relevant responsibilities and achievements, using concrete examples relevant to the job description to back up your points
- Explain any gaps in employment – show your employer what you were doing with that time, for example travelling might have allowed you to learn new languages, or volunteering may have given you a new set of skills

Additional skills

There are plenty of skills we develop outside of work that can help us in our jobs. In this section of your CV, include anything that you think will help you in the role you are applying for.

For example:

- Foreign languages
- Technological skills – e.g. experience with specific software
- Driving licence
- Vocational training
-

Interests

Next, include any interests you have that will be relevant to the position.

Don't go overboard here – stick to hobbies and interests that give an employer who you are, but avoid completely irrelevant information that won't make a positive difference to your application.

However, don't be afraid to think out of the box: you might be surprised what your hobbies say about you.

For example, if you're a member of an amateur dramatics society, that will show your potential employer that you're confident, a good public speaker and comfortable around other people.

Personal statement

Your personal statement is your chance to sell yourself. These three or four lines are your opportunity to grab your potential employer's attention and make them want to find out more about you.

Our top tips for creating a powerful personal statement are as follows:

- Keep it simple
- Tailor it for each job you are applying for – for example, "Proficient user of Microsoft Word and advanced user of Microsoft Excel" will be applicable to most office jobs, while this might not be as important for a field sales position
- Always write it yourself – and read it out loud to check it reads well
- Avoid clichés that don't mean anything – for example, "I have a thirst for knowledge"
- Summarise who you are, your education, the relevant skills and experience you can offer your potential employer, plus your career goals – all in less than 200 words

Here's an example of a good personal statement:

"I am a highly organised Business Management graduate and excellent communicator with two years' experience in the marketing industry. Looking to build upon the specific marketing and valuable transferable skills I have developed, I hope to continue to pursue a career in this fast-paced sector."

References

Finally, finish your CV off with at least two references, (be aware that some employers may ask for more). Include their name, job title, company, company address, telephone number and email address.

Make sure one of these references is your current or most recent employer.

www.office-angels.com

Now that you know what to include in a CV, are there any items you should **not** include?

- Private information – like religious beliefs or sexual orientation
- Self praising statements
- Reasons for leaving present job
- Colourful text and decorative font.
- Language/grammar errors

A **CV** is more detailed than a **resume**. A resume focuses primarily on work experience.

Activity 3.21

1. Assume you are applying for any one of the following jobs:

- A clerk in a bank
- A clerk in a fashion boutique
- A clerk in a travel agency.

How do you think the skills required for these jobs differ?

2. Draw up you own CV.

3.2.6 Employee Benefits

Remuneration

Remuneration is one of the main factors that will influence a worker to remain with the organization. If this is not attractive enough, he will easily be persuaded to leave the organization and find work elsewhere.

The following are types of remuneration:

Direct: the salary you receive

Indirect: the fringe benefits you receive like *pension fund, housing, medical aid* and other.

Can you think of other benefits beside those mentioned above?

Salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is commonly paid in fixed intervals, for example, monthly payments of one-twelfth of the annual salary.

Annual salary: when salaries are disclosed in a job advertisement, it is usually indicated as an **annual salary**. This figure is divided by twelve to obtain the monthly salary.

Find an advertisement to confirm this.

An employee who is paid monthly receives a **salary**, while one paid weekly is paid a **wage**.

Employees are paid according to different systems:

Time wages:

Workers are paid for the time they spend of the job and not according to what they complete.

Piece work :

Here the employee is paid for every *piece* he completes. The more pieces he completes, the more he will earn.

Gross salary/wage and Net salary/wage:

The amount a worker takes home (take home pay) is less than the wage he is promised. This is because deductions are made from his gross , and he receives the balance.

Activity 3.22

1. Supply suitable figures to complete the calculations below:

Gross salary	12 000
Less:	
PAYE	xxx
Pension fund contributions	xxx
Medical aid	xxx
Union fees	xxx
Net salary	???

2. What formula can you derive from this?

Other benefits

Pension

This is a saving for the time when the employee will retire and stop earning. Regular deductions are made from the employees salary and invested. The employer also contributes to the deduction according to a percentage.

When the employee retires, the money is paid usually in a lump sum (1/3 for pension funds) and the balance in monthly instalments.

Employees who retire usually take their benefits or they can transfer it to another fund.

: www.investopedia.com

Medical Aid

Most businesses operate a medical scheme. Employees pay an amount each month (subscriptions) to be part of the scheme. Contributions will determine the benefits the member will receive. He will determine this according to his family circumstances. Contributions will be determined according to the number of members, that is the main member and the dependents. Benefits are paid according to certain rules

Activity 3.23

1. Who are “dependents?”
2. Can you name three medical schemes?
3. Would you recommend joining a medical scheme? Motivate your answer.

Travelling

Sometimes employees receive a travelling allowance especially if they use their transport to perform work for the business. The employee must maintain a log book to record all the details especially for tax purposes.

Employees are usually paid a rate (X cents per km.)

3.2.7. Labour Relations

The term labour relations, (also known as industrial relations,) refers to the system in which employers, workers and their representatives and, directly or indirectly, the government interact to set the ground rules for the governance of work relationships.

A labour relations system reflects the interaction between the main actors in it: the state, the employer (or employers or an employers’ association), trade unions and employees (who may participate or not in unions and other bodies affording workers’ representation).

The phrases “labour relations” and “industrial relations” are also used in connection with various forms of workers’ participation. There is some variation in the use of the terms, and this reflects the changing nature of the field over time and place.

The field includes

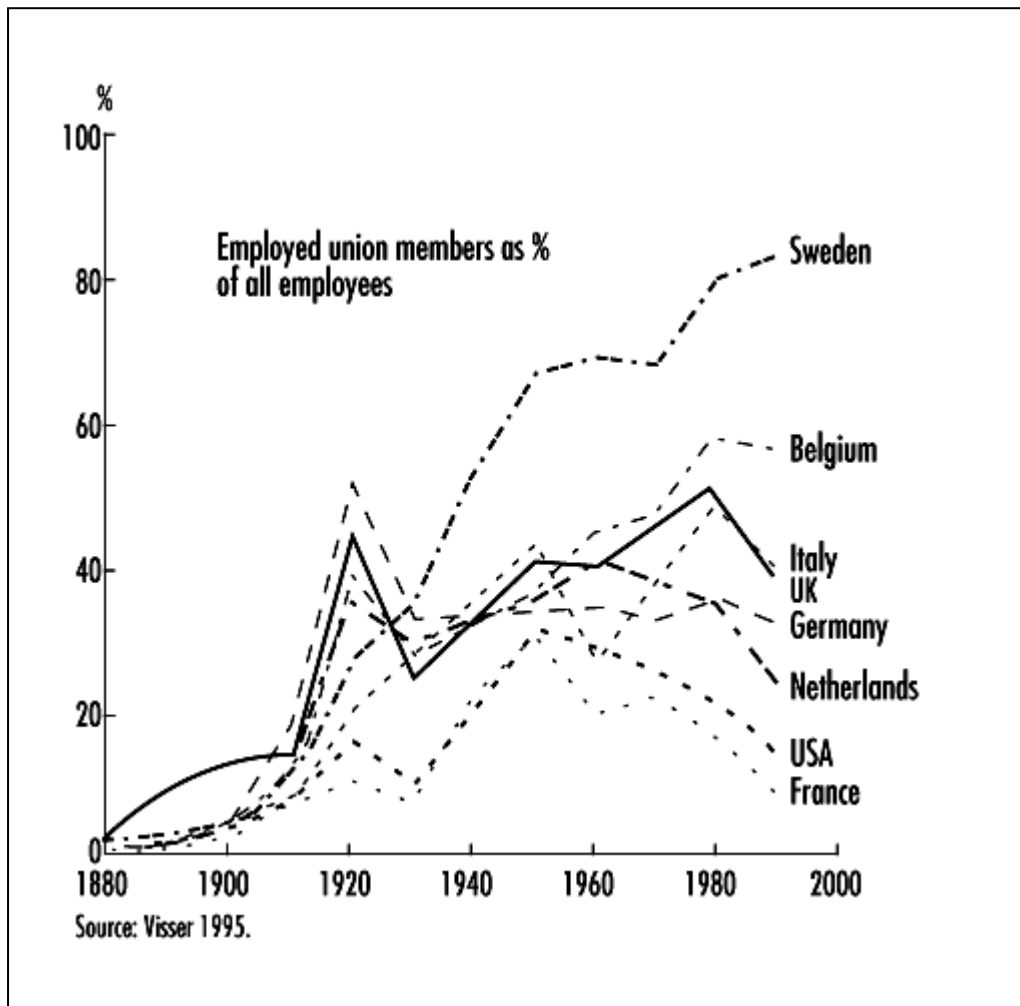
- collective bargaining,
- various forms of workers’ participation (such as workplace forums, and joint health and safety committees)
- mechanisms for resolving disputes.

Exploitation : taking advantage of a situation ; in this case of the worker by not giving him what he deserves.

The employer has a duty to pay fair remuneration and to provide acceptable working conditions. If this is the case then good labour relations exist. However, when there is exploitation, then employees need to protect themselves. They do this by joining a labour union.

A labour union (trade union) is an association of employees in a particular industry (for example the leather workers) paid for, and controlled by members, to represent them at negotiations with the employer. This implies there is an issue on which the employer and employee disagree. This disagreement is called a **grievance**.

Grievance :The cause of a complaint; usually following a feeling of being treated unfairly



Source : Visser 1995

Activity 3.24

Examine the illustration above and answer the following questions :

1. Which country shows the highest unionisation?
2. Which country shows the least?
3. In which year did the percentage show the highest (peak) for the UK?
4. What do you notice about the general trend of unionisation form 1880 to 2000? Can you suggest a reason for this?

Some related terms:

Strike: a strike describes the situation where workers refuse to work. According to the Labour relations Act, every employee has the right to strike. A strike is called to:

- Force an employer to agree to demands (usually wage or working conditions)
- Force employers to reinstate a dismissed worker
- Force an employer not to implement an unpopular decision.

Lock out:

A lock out occurs when the employer locks workers out of the work area. This is done during a strike to ensure the safety of the premises as well as the equipment.

Go Slow:

This is the action taken by employees where they work as slowly as possible to reduce the production output. This is also industrial action taken when there is a dispute between the employer and employees.

3.2.8 Labour unions:

The Nature and Purpose of Labour Unions.

South Africa's labour laws have been influenced by the struggle against apartheid and the unequal treatment of workers as a result. There are laws passed to correct the imbalances of the past and to restore the dignity of the previously disadvantaged groups. . We shall be studying only some of these laws later.

Labour unions represent the voice of the employees during negotiations; they are the channel of communication bringing to the attention of employers their concerns and disagreements on various matters that affect them directly. It ensures that all workers are included in the negotiation process, and that they are treated fairly and justly.

The functions of a labour union.

A labour union performs the following functions:

- Inform employees about their rights
- Act as an employee representative during collective bargaining.
- Negotiate on behalf of the workers for better wages, or better working conditions or some additional benefit, for example medical aid.
- Reduce favouritism or abuse or unfair discrimination in the workplace.
- Seek legal assistance on behalf of the employees

3.2. 9 The Future of Labour Unions.

Activity 3.25

Read the extract below taken from *BBC News at bbc.com/news*, and answer the questions set:

South Africa's union movement has a long and illustrious history, but the nature of its relationship with government - as part of the tripartite alliance with the ANC and South African Communist Party (SACP) - is increasingly problematic as unemployment and inequality soar, and a growing, voiceless underclass turns towards the radical messages of populist leaders

The union movement has certainly been jolted by the turmoil sweeping through the platinum and gold mines around Johannesburg, which is being led by new, more militant unions or by the workers themselves.

Shop stewards from the giant National Union of Mineworkers (NUM) have been killed or threatened.

Populist leaders have portrayed the NUM leadership as greedy fat cats, out of touch with the struggles of ordinary workers.

But for all Mr Vavi's talk of reform, the atmosphere at the congress struck me as rather stagnant - at least on day one - preoccupied with narrow internal politics and external finger pointing.

'Use laws of the land'

The secretary general of the governing ANC, placed most of the blame for the unrest squarely at the feet of Lonmin and other mine owners.

The ANC "must avoid competing with demagogues and populists and exploiting a situation that should be returned to normal", he told me - expressing confidence in new moves by the security forces to "restore peaceful conditions" at the affected mines.

Earlier, President Jacob Zuma told the conference that "violence cannot become a culture of our labour relations. Workers and employers need to use the laws of the land".

As for the ANC - it was, he insisted, "the only force that has the interests of our people at heart... a disciplined force of the left, with a bias towards the working class and the poor. "In the long run, unions will get around the situation... people will realise that those who are championing their interests at this moment do not have their interests at heart "said Zwelinzima Vavi, Cosatu secretary general

"We should not listen to those who are making a career out of rubbishing our country and the gains of our national democratic revolution.

Questions:

1. Identify the different opinions expressed above.
2. Do you agree with the sentiments expressed above?
3. What is your opinion on the future of trade unions?

Activity 3.26

Now read one of the recent reports on the petrol strikes, below and answer the questions:

1. What was the name of the trade union?
2. What was the issue at stake?
3. What was the final outcome?
4. What is your opinion on the action of the trade union?

Analysis: Petrol strike's amicable end

Siseko Njobeni

AS WORKERS aligned to the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (Ceppwawu) return to work following the end of their strike in the petroleum sector, questions should be asked about whether the union and the employers had explored all options before the strike.

Typically a strike is a threat of last resort when all negotiations fail. It is the workers' last bullet. It is meant to move intransigent employers.

For a moment, Ceppwawu had the country on the edge when it announced that approximately 15000 of its members in the petroleum sector would down tools and disrupt

the supply of fuel from the oil refineries and fuel depots. The threat of a strike could not be taken lightly.

Government's energy security master plan for the liquid fuels industry appropriately describes energy as the blood that runs through the veins of every economy. Without fuel, key sectors of the economy come to a standstill. Those with long memories will remember the 2005 fuel shortages that resulted in shortages of jet fuel at Cape Town International Airport.

So a talk of a strike action in the petroleum value chain elicits those memories of dry service stations, cancelled flights and absolute chaos. But just as the Ceppwawu

strike started towards the end of last month, petroleum companies said they had made preparations for the strike and had put in place contingency plans.

Two weeks into the Ceppwawu strike, it became clear that, indeed, the effect on fuel supply was limited. With the strike well under way, the SA Petroleum Industry Association, the industry body representing major petroleum companies, said deliveries to fuel stations were continuing without disruptions.

It is important to look at what irked the workers to the point of a strike action. The union and the National Petroleum Employers' Association (NPEA) – representing the em-

ployers – could not agree on a wage deal. The workers wanted a 9 percent increase while NPEA offered a 7 percent increase in the first year and an increase linked to the April 2017 CPI (consumer price index) plus 1.5 percent in year two.

Not much has changed from what we were offering. So we are very happy with the agreement.

Significantly, the union wanted a one-year deal while the employers insisted on a

two-year deal.

Through deputy chairman Zmizele Majemane the NPEA ruled out a one-year deal as a short-term agreement would cause instability as annual wage negotiations would be disruptive.

There were other demands on the table but the wage increase percentage and the length of the deal were the most prominent.

A Commission on Conciliation, Mediation and Arbitration conciliation process commenced on Friday last week and within days the parties had agreed on a deal.

In fact the union and NPEA signed their agreement on Wednesday and some of the workers started going back to

their posts.

The workers have until tomorrow to return to work. The elusive agreement was not materially different from what the workers had previously rejected. It included a 7 percent increase in the first year starting on July 1 and an April CPI plus 1.5 percent increase. And it is a two-year deal.

Attempts to get comment from Ceppwawu on Friday were not successful, but the union's representative was on Thursday quoted saying its members were happy with the deal.

NPEA was also pleased with the outcome. "Not much has changed from what we were offering. So we are very happy with the agreement," said Majemane on Friday.

[insert article] reinsert.

3.2.10 Some Labour Laws:

We will be briefly looking at the following Acts:

1. **Employment equity**
2. **Compensation for Occupational Injuries and Diseases**
3. **Skills development**
4. **Basic Conditions of employment (and disabled)**
5. **Labour Relations**
6. **BBBEE (Broad Based Black Economic Empowerment)**



Employment Equity:

The Employment Equity Act 55 of 1998

Key guiding principles (source : www.saflii.org.za)

- Human rights and the respect for inherent dignity;
- Independence and autonomy of individuals;
- Non-discrimination;
- Effective participation and inclusion in society;
- Respect for difference and diversity;
- Equality of opportunity; including equitable representation;
- Accessibility;
- Gender equality;
- Mainstreaming; and
- Health and safety.

The act requires businesses to employ people from all race groups in South Africa.

This is done by:

- Ensuring that all people are aware of vacancies
- Requirements for the job must be reasonable
- Education, training and work experience should inform the choice of applicant.

Some important aspects covered by the act include:

- The establishment of the EE Commission (from 14 May 1999)
- Policy must accommodate persons with disabilities
- Skills and abilities must be clearly described
- Unfair discrimination must be eliminated
- There must be an Employment Equity plan
- Employers must take **affirmative action** measures
- Medical testing is generally prohibited unless justifiable

Affirmative action:

Policy to address past discrimination through measures to promote equal opportunity.

- Psychometric testing must be valid and reliable and not biased
- Dispute resolution procedure to be followed
- Record of employment equity plan must be kept and monitored
- Enforcing legal procedures.

Compensation for Occupational Injuries and Diseases Act

Note: This act was as previously known as the *Workmen's' Compensation Act*.

This act requires employers to pay compensation to employees who suffer disability as a result of occupational injury.

Employers contribute to the fund which is controlled by the commissioner. It covers temporary disability like fractures, or permanent disability

Some of the important provisions contained in the Act are:

The Compensation Board and its functions

The Commissioner and his powers

Compensation:

- Rights of employees
- Accidents
- Liability for compensation

Claims

- Notice of Accidents
- Lodging claims

Calculation of Compensation:

- Total and partial disability
- Provisional settlements

Occupational diseases

Advisory panels

Medical aid

First Aid

Medical expenses

Employers obligations:

- Keep records
- Submit returns
- Employers contributions

Legal Procedures

Skills development

(Skills Development Act 97 of 1998 and amendments)

Purpose of the Act:

- Improve the quality of labour
- Improve productivity in the workplace
- Promote self employment
- Invest i education and training
- Employers are encouraged to:
 - Us the workplace as a learning environment
 - Provide opportunities for learning new skills
 - Allow new workers to gain experience
- Encourage participation in learnership programmes and
- Improve prospects of previously disadvantages groups , work seekers, retrenched workers

This is achieved by:

- Establishing the National Skills Authority, Skills Development Fund, Skills Development levy
- Establishing SETAS
- Developing a Skills Development Plan

National Skills Authority :

- Advises the minister on skills development strategy
- Allocates subsidies
- Advises on regulations needed

SETAS: (Sectoral Education and Training Authorities)

- SETA'S are established for specific industries e.g. Education, Insurance etc.
- They develop and implement a skills development plan
- Identify workplaces and assist in the implementation of the plan
- Promote learnerships ; register learnership agreements
- Liaise with National Skills Authority
- Apply for accreditation from the SAQA
- Allocate grants
- Monitor education and training

A SETA receives its funding from 80% of skills development levies, grants and donations.

Learnership Agreements

- This is an agreement entered into by the learner, employer and a training service provider.
- The learner is employed for a specific period
- He obtains work experience
- He also attends education and training sessions.

Skills Programmes:

- These are provided by skills providers
- On completion, a credit is obtained towards a qualification
- The skills provider may apply for a grant.

The institutions involved in this exercise are the Skills Development Planning Unit and Labour Centres.

The National Skills Fund is strictly controlled and the Director General is the accounting Officer. Proper records are kept.

Basic Conditions of Employment Act

This act protects employees against unfair labour practices or exploitation. It lays down the minimum conditions of employment.

A brief summary of the Act:

Working time:

Normal time:

- 45 hours per week
- 9 hours in a 5 day working week
- 8 hours in a week more than 5 days

Overtime:

- 3 hours in any one day or 10 hours in any one week
- Paid at 1.5 time normal wage.

Meal breaks

- 60 minutes after 5 hours of work

Sunday work:

- Worker must get double pay for Sunday work

Leave:

- Workers are entitled to 21 days continuous annual leave

Sick Leave :

- Workers are entitled to six weeks in a 36 month cycle
- Medical certificate required for more than two days sick leave

Family responsibility Leave:

- 3 days per year on request
- Taken when a child is born, or sick
- Death of spouse, parent, grandparent, grandchild
- Female workers are entitled to 4 months maternity leave

Worker Particulars:

- Job Information records need to be kept (workers details, payments payslip information approved deductions)

Termination

- Notice must be given as follows:
 - 1 week if the worker is working for less than 4 weeks
 - 2 weeks if the worker is working for up to a year
 - 4 weeks if the worker is working for more than one year.
- Notices must be in writing.

Severance Pay:

- Paid to a dismissed worker
- Calculated at 1 week for every year of continuous service.
- Certificate of service must be issued on termination.

Child labour:

- It is illegal to employ children less than 15 years
- Children less than 18 years may not do dangerous work
- It is against the law to force someone to work.

Variations:

Variations are allowed by collective agreements as long as it does not:

- Lower the employee protection

- Lower annual leave
- Lower maternity leave
- Lower sick leave
- Allow child labour

Sectoral determinations:

These may be made for workers in a particular sector.

Monitoring and Legal Proceedings:

- Labour inspectors inform workers and employers of their rights
- Inspectors investigate complaints and inspect records
- The decisions can be challenged in a court of law.

Catering for the Disabled.

Introduction

People with disabilities, like the majority of people in this country during the apartheid era, were denied fundamental human rights. However, people with disabilities as a group experience further discrimination on the basis of their disability. Changing this means that society as a whole needs to change its attitudes towards disabled people both at an individual and systemic level.

People with disabilities are marginalised and excluded from many aspects of life. Under the new Constitution, people with disabilities are entitled to substantive equality, which includes the right to corrective (affirmative) action to overcome the effects of past discrimination.

Equality and dignity are enshrined in the Constitution. However, in order for this to happen, legislation needs to be enacted and sometimes amended

Legislation

There is, at present, no coherent or comprehensive legislation pertaining to people with disabilities and their rights.

One of the legacies of apartheid is an inheritance of many pieces of fragmented legislation. It has also not been possible to use the common law to promote the rights of disabled people.

Legislation, if correctly administered, can be used to promote the rights of people with disabilities. It provides an important reference point for redress and offers enforceable support.

Legislation must be based on the principles enshrined in the Constitution. It must ensure equality, non-discrimination and protection for people with disabilities. Existing legislation must be scrutinised for compliance with the constitutional principles.

Hence, all new and amended legislation should not only aim at ending discrimination faced by many disabled people, but should also promote the fundamental rights enshrined in the Constitution.

Mechanisms

All legislation should be framed within the context of the agreed policy objectives relating to disability. In line with these objectives, it should:

- involve the disabled sector in discussions with regard to proposed legislation, and
- seek inter-sectoral co-operation amongst all public and private sector stakeholders.

Scope

Particular groups include:

1. Women and girls with, particularly, intellectual disabilities;
2. Disabled elderly people;
3. Disabled women and rural disabled persons in the workplace;
4. Abused children in institutes for disabled children;
5. Parents with disabled children;
6. Disability groups with specific needs.

South African Human Rights Commission (SAHRC)

The SAHRC, in terms of its mandate, is the body responsible for the monitoring of human rights violations in South Africa.

Progress to Date

Office on The Status of Disabled Persons, Office of The Deputy President An Office on the Status of Disabled Persons was established as a directorate in the Office of the Deputy President in June 1997.

Some other government and parastatal initiatives include:

- **Commission on gender equality** - An important first step has been taken in highlighting and redressing the problems faced by women with disabilities

through the inclusion of a disabled woman on the Commission on Gender Equality.

- **Department Of Health: Rehabilitation Policy** The Department of Health has established a Technical Committee on Rehabilitation Policy whose purpose is to work with all interested parties to develop a comprehensive policy on rehabilitation.
- **Department Of Labour: New Employment Services Division** The Department of Labour is restructuring traditional career guidance and placement services into a more coordinated New Employment Services Division. One of its many functions is to assist, among others, people with disabilities to acquire the basic capabilities required to take advantage of other support services: for example, to equip people with disabilities with interview skills, job search skills, time management, communication skills, etc.
- **Government Departments: Funding Allocations** The successful integration of people with disabilities in the mainstream of society is dependent on the optimal rehabilitation of people with disabilities. It is noted that very few departments make provision for specific disability related programmes. Those which do include the Departments of Health, Welfare and Population Development, Education, Labour, Environmental Affairs and Tourism, and Public Works.
- **People with mental and/or intellectual disabilities** The Declaration of Rights for Persons affected by Mental Handicap provide clear guidelines for the protection and promotion of the human rights of people with mental and/or intellectual disabilities.
- **The South African Human Rights Commission** The South African Human Rights Commission has proposed a special unit to monitor human rights violations against people with disabilities. A disabled commissioner is appointed to the Commission.
- **South African Qualifications Authority** The South African Qualifications Authority includes a representative from the South African Federal Council on Disability.

www.independent.org

Labour Relations Act 86 Of 1995

The relationship is between the state, employer and the employee. Relevant legislation is used to control these relationships, to ensure just treatment, no exploitation, or discrimination.

The purpose of the LRA:

- Give effect to international LRA requirements
- Promote employee participation
- Promote collective bargaining at the workplace
- Regulate the right to strike
- Provide procedures for the resolution of disputes

- Establish labour courts and labour appeal courts
- Amend/repeal certain laws relating to labour relations

The LRA applies to everyone except:

- National Defence force
- National Intelligence Agency
- SA Secret service

The main sections deal with:

Freedom of Association :

- Employees right to freedom of association
- Employers right to freedom of association
- Rights of trade unions
- Procedure for disputes

Collective bargaining:

- Trade unions and representatives
- Subs and fees payable
- Rights of trade unions
- Organisational rights in collective agreements
- Disputes
- Effect of collective agreements
- Agency Shop/ Closed Shop Agreements
- Bargaining councils

Strikes and lockouts:

- Right to strike/ picket
- Limitations of rights
- Essential services
- Replacement labour

Workplace forums:

- Establishing workplace forums
- Meetings
- Consultation

Trade Unions and employer Organisations

- Registration and regulation
- Federation of trade unions

- Registrar of Labour relations
- Appeals

Dispute resolution

- CCMA and its functions
- Resolution of disputes
- Labour Court
- Labour Appeal Court

Unfair Dismissal

- Employees rights
- Disputes and remedies
- Compensation
- Severance pay

The main benefits of the LRA are the following:

- Organisational rights
- Procedure for recruiting, appointing and dismissing workers
- Dispute resolution

BBBEE (Broad Based Black Economic Empowerment)

Introduction:

Broad based Black Economic empowerment is a government initiative to address the exclusion of the majority of South Africans from participating fully in the economy.

The use of race was critical in excluding the majority of black persons; this resulted in the underdevelopment of black communities and reduced them to suppliers of cheap labour.

- In addition limited access to technical and science teaching made the situation worse and it resulted in a landless black majority.
- Black people were confined to homelands with poor living conditions, lacking infrastructure.
- The Group Areas Act uprooted millions of people
- Denial of property ownership made it impossible for black people to acquire assets

- An inferior education system led to them being left behind especially in the technical and scientific skills
- Millions were inadequately equipped to participate in the modernised economy and this led to a total distortion of the South African Economy.
- South Africa had its first democratic elections in 1994 with the government receiving the mandate to address the injustice; economic transformation is underway.

Broad-Based Black Economic Empowerment (B-BBEE) aims to ensure that the economy is structured and transformed to enable the meaningful participation of the majority of its citizens and to further create capacity at all levels through

- skills development,
- employment equity,
- socio economic development,
- preferential procurement,
- enterprise development, especially small and medium enterprises,
- promoting the entry of black entrepreneurs into the mainstream of economic activity, and
- the advancement of co-operatives.

B-BBEE needs to be implemented in an effective and sustainable manner in order to unleash and harness the full potential of black people and to foster the objectives of a growth path.

The purpose of this programme is to develop and re-shape policies to give greater effect to these objectives. In doing so, EDD will work in close co-operation with the DTI who will drive the implementation of these policies, and other departments involved in processes.

South Africa's policy of black economic empowerment (BEE) is not simply a moral initiative to redress the wrongs of the past. It is a pragmatic growth strategy that aims to realise the country's full economic potential while helping to bring the black majority into the economic mainstream.

Readmore: <http://www.southafrica.info/business/trends/empowerment/bee.htm#V8qYBPI97Z4#ixzz4J0Mk3jIN>

Through its BEE policy, the government aims to achieve the following objectives:

- Empower more black people to own and manage enterprises. Enterprises are regarded as black-owned if 51% of the enterprise is owned by black people, and black people have substantial management control of the business.

- Achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- Promote access to finance for black economic empowerment.
- Empower rural and local communities by enabling their access to economic activities, land, infrastructure, ownership and skills.
- Promote human resource development of black people through, for example, mentorships, learnerships and internships.
- Increase the extent to which communities, workers, co-operatives and other collective enterprises own and manage existing and new enterprises, and increase their access to economic activities, infrastructure and skills.
- Ensure that black-owned enterprises benefit from the government's preferential procurement policies.
- Assist in the development of the operational and financial capacity of BEE enterprises, especially small, medium and micro enterprises (SMMEs) and black-owned enterprises.
- Increase the extent to which black women own and manage existing and new enterprises, and facilitate their access to economic activities, infrastructure and skills training.

BEE codes and scorecard

The Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice emerged in 2007 to provide a standard framework for the measurement of BEE across all sectors of the economy.

The codes require that all entities operating in the South African economy make a contribution towards the objectives of BEE.

The first phase of the codes encourages all entities, public and private, to implement proper BEE initiatives through the issuing of licences, concessions, sale of assets and preferential procurement.

The second phase of the codes covers the seven components of the B-BBEE scorecard, namely: ownership;

- management control;
- employment equity;
- skills development;
- preferential procurement;
- enterprise development; and
- socioeconomic development (including industry-specific and corporate social investment initiatives).

The Strategy on B-BBEE, released in 2003, assigns points values to the seven elements of the B-BBEE scorecard as follows:

B-BBEE SCORECARD	
Element	Points
Ownership	20
Management control	10
Employment equity	10
Skills development	20
Preferential procurement	20
Enterprise development	10
Residual (sector determined)	10
TOTAL	100
Source: <i>Strategy on B- BBEE</i>	

The B-BBEE Act of 2003 makes the codes binding on all state bodies and public companies, and the government is required to apply them when making economic decisions on:

- procurement,
- licensing and concessions,
- public-private partnerships, and
- the sale of state-owned assets or businesses.

Private companies must apply the codes if they want to do business with any government enterprise or organ of state – that is, to tender for business, apply for licences and concessions, enter into public-private partnerships, or buy state-owned assets.

Companies are also encouraged to apply the codes in their interactions with one another, since preferential procurement will affect most private companies throughout the supply chain.

Readmore: <http://www.southafrica.info/business/trends/empowerment/bee.htm#.V8qYBPI97Z4#ixzz4J0hw2SyD>

B-BBEE compliance is costly to companies

THE AMENDED broad-based black economic empowerment (B-BBEE) codes of good practice have raised costs for almost two-thirds of local companies since they came into effect last year, according to Grant Thornton's international business report for 2016.

The new codes identify elements on which companies should focus: ownership, skills development and enterprise and supplier development. Firms must be compliant to tender or apply for Department of Trade and Industry (dti) grants.

[reinsert the article]

Activity 3.27

Look at the article above and answer the questions below:

1. What does "compliance" mean?
2. Why do businesses strive to be compliant?
3. What are they saying about being compliant?
4. What are your views on this?

3.3 Accounting and Information Management

TO BE INSERTED

SUMMARY OF LEARNING : UNIT 3

This unit consists of three subsections and is the only one to include Accounting.

It is divided as follows:

- Marketing
- Human resources
- Accounting and Information management.

The Business function of Marketing was done in detail. All the marketing policies were discussed in some detail :

- The product policy
- Pricing policy
- Promotion policy
- Distribution policy
- People
- Place
- Physical aspects.

Each one of the above was studied in some detail.

Thereafter we proceeded to Human Resources and discussed the following:

The process of

- Recruitment
- Interviews
- Selection
- Placement
- Training
- Preparing a CV

From this the discussion turned to employee benefits and hereunder we discussed the following;

- Pension Funds
- Medical
- Travelling

This was followed by a brief discussion of Labour unions and then the labour laws:

- Employment Equity
- Compensation for Occupational Injuries and Diseases
- Skills Development
- Basic Conditions of Employment
- Labour Relations
- BBBEE

After these two aspects have been completed, the discussion turned to Accounting.

ACCOUNTING TO BE INSERTED.

REFERENCES : Texts consulted section 3

Texts:

Bounds Et Al *Focus On Business Studies* Grades 10-12 Maskew Millar Longman 2012

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NEDBANK Group – *Sustainability Review 2015*

And the following sites:

www.learnmarketing.net

www.asasa.org.za

professional academy.com

www.chrmglobal.com

www.managementhelp.org

wwwmanagementstudyguide.com

www.office-angels.com

wwwinvestopedia.com

BBC News at bbc.com

www.independent .org.

<http://www.southafrica.info/>

[Strategy on B- BBEE](#)

ASSESSMENT UNIT 3

Question 1

Each of the following questions/statements of followed by four alternatives. Choose the correct alternative and indicate this by placing the letter nest to the number e.g.

1.9 (D)

1.1 The process of attracting suitably qualified persons to fill vacancies is called _____.

- (A) job Analysis
- (B) recruitment
- (C) placement
- (D) training

1.2 Skills and Training required for a job are included in the job _____.

- (A) rotation
- (B) enrichment
- (C) specification
- (D) extension

1.3 _____ describes the process of introducing the person to his job environment.

- (A) Induction
- (B) Introduction
- (C) Introspection
- (D) conduction

1.4 In _____, the trainee is able, on a one to one basis, ask a professional questions .

- (A) role playing
- (B) modelling
- (C) mentoring
- (D) self study

1.5 A “dependant “ in a Medical Aid is one who:

- (A) supplies the service
- (B) supplies the medication
- (C) relies on the principal member
- (D) is addicted to drugs.

Question 2

Each of the following statements are either true or false. If you consider the statement to be true, then write TRUE. If you consider the statement to be false, then write FALSE and correct the underlined word/words to make the statement true. 16

- 2.1 Cost based pricing takes into account, the current prices of competing goods.
- 2.2 Intermediaries buy the goods for resale.
- 2.3 “Eveready” mark on a torch battery is an example of a dealer’s trade mark.
- 2.4 The ASA does not deal with advertising complaints if it deals with service standards.
- 2.5 Time wages focuses more on time spent rather than work completed on a job.
- 2.6 A lockout occurs when the employees work as slowly as possible to reduce output.

Question 3

Distinguish between three types of consumer goods with examples. 15

Question 4

List any FIVE marketing functions. 10

Question 5

Distinguish between FIVE types of packaging with examples. 20

Question 6

Describe FIVE factors that determine prices. 10

Question 7

List FOUR reasons why a manufacturer may choose indirect marketing for his goods. 12

Question 8

List FIVE ethics of advertising 10

Question 9

List FIVE types of Advertising media with examples 10

Question 10

List FIVE details that you should NOT include in your CV 10

SOLUTIONS TO ACTIVITIES SECTION THREE

Activity 3.1

Answers :

1. Learners will give their own experiences, for examples medications that have not been tested and are later found to be harmful to the body, using banned substances in the production of foods (colourants, enhancers etc),
2. Mentioned above, the products are not tested by an approved body for safety
Like electrical products that are made cheaply but unsafe, medication, food etc.
3. The situation is serious and is deteriorating. It was around 26% but in 2016 it reached 27%. This is of growing concern.

Activity 3.2

Answers :

1. Green environment refers to the eco friendly environment, preserving the vegetation and wildlife. Producers and manufacturers must ensure that they do not harm the environment and, if they do, they can engage in restoration.
2. Learners will give their en experiences, for example dumping waste in open fields, hazardous waste that needs to be disposed of with care being dumped in the open, polluting rivers.

Activity 3.3

Answers :

1. The sponsor is Nedbank
2. Fair Share – the target is university students. They need accommodation. The sponsor is trying to assist in meeting accommodation needs by partnering with developers; further it is providing special loan facility designed to suit the student needs especially for this project

Farmers – this project is aimed at farmers. The sponsor is working with farmers to assist with the rising cost of energy. It has introduced a commercial renewable energy finance solution. The period is extended for farmers to repay financing costs. Agricultural specialists from the bank also are in contact with the farmers to offer advice .

3. Learners will choose what they consider to be important to them, for example, students will choose assistance with higher education, and entrepreneurs will choose learnerships etc.

Activity 3.4

Answers :

Grading is the classification of primary products after they are harvested for example potatoes. After they have been harvested, the process of grading begins. According to accepted norms for example weight (mass) they are graded. From some products, size is used e.g. potatoes while in the case of eggs, it is mass. For some, e.g. fruit the colour is also used.

Standardisation is the process that applies to secondary products. Before the production, a specification is set .e.g.

Bottles made to one litre sizes

Packs of items in 500g sizes, or 1kg or 2kg

Boxes containing 20 items or 40 items etc

Appliances having different power specifications e.g. 2000watts, 100 watts.etc.

Cars with different power outputs

Clothing made to different sizes

Furniture made to different patterns and sizes

2.

Risk of loss due to fire

Loss of business

Loss due to accidents

Health

Theft or burglary.

Any other.

Non -Insurable risks include:

Technology – redundancy due to technology

Price levels remaining same

Changes in fashion

Obsolescence political – war and strikes (if excluded.)

3.

Raw materials for processing- secondary (manufacturing)

Finished goods for resale – tertiary – wholesaling and retailing.

Activity 3.5

Answers:

Organisation	Goods	Services
Joko	Tea	
Standard Bank		Banking services
Independent Newspapers	Newspapers/magazines	
SABC		Entertainment
Parker	Pens , pencil, writing instruments	
Mercer	Computers /digital equipment	
Toyota	Cars, trucks ,bakkies	
Levis	Jeans and other clothing	
Chanel	Perfume	
Laila's Salon	Shampoos, hair care products	Hair styling
Samsung	Phones, tablets ,other equipment	
Bata	Shoes and other footwear	
Suncoast Cinemas		Entertainment

Activity 3.6

Answers :

Note: learners will choose their own product.

Example: newspaper

- Low in price
- Available everywhere
- Standard price
- Many different newspapers depending on interest
- Pick up and pay
- You will know what it contains.

Activity 3.7

Answers :

Note: Learners will apply the characteristics to any good they have chosen for example:

Clothing

Breakfast cereals

Toilet soap

Cooking oil

Small tools

Handbag

Frozen foods

Activity 3.8

Answers :

Note: Learners will apply these characteristics to the good they have chosen,

Examples:

Car

Jewellery

Cellphone

House

Fridge/freezer

Activity 3.9

Answers :

Note: Learners will apply to the product they have chosen.

Washing powder

Yes, it does offer protection

How much to use (measures are sometimes supplied), types of clothing you can use it on, washing method etc.

Depending on the packaging, the plastic containers can be used again because refills are available.

Activity 3.10

Answers :

1. It makes it much more attractive; makes it appealing and expensive .

Gives it class

2. The exclusivity (special)

Activity 3.11

Answers :

Example: Baby doll

Attractively packed in box

Colour and packaging is different from others

The paper box suits the product

Easily handled by children

Wrapping strong enough for packing

Very easily displayed.

2. It satisfies all the requirements.

3. More expensive box. Wooden and polished?

Activity 3.12

Answers :

1.

Consumers needs- if the price is right the consumer will buy. If it is too expensive, and the consumer can do without it, he will not buy it.

Demand for the product- if the good is price sensitive, then it will present problems when trying to increase prices.

Competition – if there are competing products, then it will make price adjustments difficult.

Substitutes – if the product has substitutes, it will also make it difficult to change the price of it.

Production and other costs – if the producer is to recover these costs, then it gives him little room especially if there are competing products.

Type of market –this refers to the different types of markets which affect pricing.

2.

Cost based pricing – is used when the cost price is used as a starting point and a mark-up (for example cost plus 40%) .. The 40% is the profit margin.

Demand based Pricing – refers to determining the demand for the product at different prices.

Competition based Pricing- this takes into account the current prices of competing products.

3, Price sensitivity means that consumers are very conscious of price when buying the product and slight changes in price can have great changes in the quantity demanded and sold. This happens when there are many substitutes.

Activity 3.13

Answers :

Indirect marketing refers to the use of middlemen and intermediaries to bring the goods to the consumer.

The reasons may be:

- **Services:** middlemen are able to provide many services that the producer may not be able to, for example advertising, warehousing, transport etc.
- **Customer care:** middlemen may be able to provide the customer with services like advice, repair services etc. which the manufacturer may not be able to do.
- **Financial resources** – small manufacturers may not be able to handle all the marketing functions as well as middlemen can
- **Market position** – if the market is scattered, it would not be advisable for the manufacturer to take on marketing.

Middlemen are those that buy the goods and thereby carry the risk if it remains unsold. They become the owners of the goods.

Intermediaries act as forwarding agents and find buyers for sellers and sellers for buyers. If the sale takes place, they receive a commission.

Activity 3.14

Answers :

The learner will take a product from his home of his choice.

He will compare and make his observations, for example, he may choose “eveready batteries”

- It is very easy to identify the product because of the lettering
- Eveready is the manufacturer
- The consumer believes it is of a certain quality that lasts long.
- It is used in all advertising
- Customers show their loyalty by purchasing the product.
- There are always additions to the range of batteries.

Activity 3.15

Answers :

1.

Research – to find out the target market, competitors, product prices

Budget – determine the budget for advertising and how it will be spent

Medium – select the advertising medium – radio, TV, press magazine etc.

Design the advert – use advertising practitioners if possible

Launch the campaign

2.

Increased sales could reduce cost of production

Satisfies needs of consumers

Brings new goods to the attention of consumers

Consumers are better informed – makes selling easier

Competitors are aware of what is being offered- leads to product improvement in their own product.

3.

Do not mislead consumers

Do not make comparisons (pick out competitors by name)

Do not offend - compete fairly

Act responsibility
Claim only what you can prove

Activity 3.16

Answers :

If you go to www.asasa.org.za you can get latest rulings for examples in Nov/Dec 2016 the following rulings, inter alia, were made regarding advertising by and about:

Romans Pizza

Volkswagen

Jeyes Toilet Block

BMW

Isuza

Rama Margarine

Unilever

Numerous other available.

Learners can read up the actual complaints and the rulings on the website.

Activity 3.17

Answers :

1.

Mail - special offers for a limited time

Newspaper – daily sales , weekend offers, catalogue inserts

Outdoor (Billboard) upcoming events – shows,

Magazine – products of national appeal – medical, toiletries etc.

TV – manufacturers advertising, cosmetics.

Transit – new launches, food items

Handbill – local specials, local shows

Radio – upcoming events, new products, household products.

2.

Cellphone – TV, magazine, newspaper

New soap – magazine

Greengrocer – handbill, local newspaper

Activity 3.18

Answers :

1. Internally:

Employee records are available – no references required.

Employee knows how the business operates.

The employee has been trained- skills not lost.

2. Externally:

New employees come with new ideas

More and varied classes of employees available.

Do not upset existing personnel – jealousy

Activity 3.19

Answers :

1. Boiler Panel Operator

2. 5 September 2016

3. Gledhow Sugar company

4. Specifications:

Matric

AITC Modules

Computer Literate

Understand Boiler operations

Safety training

5.

Operating and controlling 5 boilers

Assisting Shift Supervisor

Raising boilers during start up

Maintenance work.

Activity 3.20

Answers :

1. Steps in recruitment:

Screening

Testing

Interviews

Selection

Letter of appointment

Placement

Induction

2.

Skills test – to verify the skills of the applicant

Aptitude test – ability to learn new skills

Integrity tests – testing an applicants honesty and trustworthiness.

PI P tests - - personality, interests and preferences.

3. The interviewee:

- Do not be late for the interview
- Dress appropriately , be courteous and professional
- Switch off cell phones before the interview
- Thank the interviewer for the interview opportunity
- Do your research about the company – about their activities
- Answer the questions concisely and honestly within reasonable time. Sell yourself but not oversell
- Ask for clarification if you are not sure of the question

- Be positive; do not focus on the negatives of the present job.
- Prepare a few success stories beforehand and use them if the opportunity arises.
- Do not show any frustration during the interview
- Ask questions relative to the job; this will indicate your thorough knowledge of the job requirements.

4. The CV

Curriculum Vitae (CV) is a document submitted by the applicant that includes the applicants' details, educational qualification, work experience, interests, hobbies, achievements and references.

You should include;

- Your personal details
- A personal statement
- Details of your education and training
- Details of your employment history
- Any additional skills you offer
- Relevant personal interests
- Professional references

Activity 3.21

Answers :

Clerk in bank: must have knowledge of finance, computer skills, analytical skills, reporting skills, human relations skills,

Clerk in Fashion Boutique: must have knowledge of fashion industry, latest trends and styles , products on sale and advising clients on treatments.

Clerk in a travel agency: knowledge of geography, popular destinations, peak seasons, pricing. Packages to offer clients, reservation procedure.

2. Learners draw up their own CV.

(**Note:** it would be useful if there was a job in mind.)

Activity 3.22

Answers :

Learners provide their own figures but should be guided:

Don't let the deductions be so much that the net salary is too low.

Medical aid around R2-3 thousand

Union fees around R5,00

2. Gross salary minus deductions = Net salary

Activity 3.23

Answers :

1. Dependents are members of the family attached to the main member who administers the membership.
2. GEMS, DISCOVERY, PROFMED, BONITAS, ETC.
3. It depends on your medical condition, how often you require medical assistance. Even if you are in good health, this serves for expenses to cover large procedures, like operations, hospitalisation, emergencies and specialist care.

There are medical aid schemes and also hospital plans, that cover hospital stays and pay for certain items. . The member needs to decide what suits his needs.

Activity 3.24

Answers :

1. Sweden
2. France
3. 1980
4. There was a steady rise until 1980. Then most started to decline. (All except Sweden)

Activity 3.25

Answers :

1.

There are differing views. One expresses the sentiment that unions have lost their way and are “greedy fat cats” and out of touch with the ordinary worker.

The government is saying there are laws to address the differences and violence should not be used in their protests. Peaceful conditions must be restored.

2.

Learners own decision .

3.

Learners own point of view; this will depend on where he fits in, for example, as a worker, as unemployed, as a union representative etc.

Activity 3.26

Answers :

1. It was Chemical, energy, Paper, Printing, Wood and Allied Workers Union.
2. It was a wage dispute- workers wanted 9% and the employer was offering 7% in year one and another one and a half in year two. Workers wanted a one year settlement and employers insisted on a two year settlement.
3. Workers accepted 7% in year one and 1.5% in year two, and a two year settlement.
4. The workers could have avoided any loss to themselves if they accepted the offer in the beginning.

Activity 3.27

Answers :

1. Compliant means following the recommendation of the Act,
2. A good rating will allow them do business with the state, tender for work, apply for licences, enter into partnerships .
3. They are saying complying is costing them money, especially the new amendments .
4. Learner will give his personal viewpoint.

SOLUTIONS TO ASSESSMENT

SECTION THREE

UNIT 1

Question 1

1.1 Learners will give their own choice for example Finance. But they will realise that it cannot function on its own.

The idea is for them to realise that ALL the functions are important and rely on each other.

4

1.2 On line shopping refers to the placement of orders on order forms available on the internet. A catalogue is provided on the internet from which a choice has to be made. The order is then submitted to the advertiser and acknowledged and delivered to the nominated address without the need to visit a shop.

6

1.3

It can assist in the following:

- Consumer surveys – to find out what is required
- To place orders – on line shopping
- For customer queries to the manufacturer/distributor.
- For reviews – comments about products

(any 3)

6

1.4

The insurance company assesses and accepts the risk for a fee called a premium

It assists in transferring the risk. .

2

Any three (learners choice) for example

Old Mutual

Sanlam

One life

Liberty

Momentum

Etc.

any 3

6

1.5

Advertising is paid for. It spreads news about a product with the intention to make the reader buy the product. It is direct. 3

Public relations on the other hand is objective news about a business's activities, usually of community interest. It may bring loyalty towards the business and contribute to sales, indirectly. 3

Question 2

A 2 ✓✓

B 4 ✓✓

C 9 ✓✓

D 1 ✓✓

E 3 ✓✓

F 6 ✓✓

G 5 ✓✓

UNIT 2

This is a practical exercise.

The purpose of the exercise is to reinforce the principles of CSR and CSI.

If the learners is able to complete the exercise, the following should be used for assessment:

Total marks 50

Clear description of the initiative 10

Target market 5

Motivation/ research done to arrive at the decision 10

Progress to date 15 (max)

Recommendations /conclusion 10

UNIT 3

Question 1

- 1.1 B ✓✓✓
- 1.2 C
- 1.3 A
- 1.4 C
- 1.5 C

15

Question 2

- 2.1 False ✓✓ – competition based pricing. ✓
- 2.2 False ✓✓ – Middlemen. ✓
- 2.3 False ✓✓ – Manufacturers ✓
- 2.4 True ✓✓
- 2.5 True ✓✓
- 2.6 False ✓✓ – Go Slow ✓

16

Question 3

We distinguish between the following types of goods:

- Convenience goods ✓✓
- Shopping goods ✓✓
- Speciality goods ✓✓

Convenience goods are those goods that:

- Are usually low in price
- Can be purchased with little effort, without shopping around
- Have similar prices 'everywhere'
- Are easily available everywhere
- Several brand are usually available
- Can be purchased without the need for a sales assistant
- Consumers have a good knowledge of

Any 3 ✓✓✓

Shopping goods.

Consumers need to compare prices, quality, styles etc. before buying

Consumers do not have sufficient knowledge of them- need a sales assistant to help

These goods are bought after careful consideration

Not as easily available as convenience goods

Prices are higher than that of convenience goods Any 3 ✓✓✓

Speciality goods:

Products have unique characteristics

Normally expensive

Available at selected outlets only

Consumers have their own preferences and will wait if necessary for them

Consumers require much more information before buying

Not purchased often Any 3 ✓✓✓

6+9=15

Question 4

List any FIVE marketing functions.

Locating the customer- identifying who your target market is ✓✓

Standardisation and grading- conforming to specifications , grading for agricultural products and standardisation for manufactured goods

Storage - keeping the products until they are needed.

Transport - transporting the goods to where they are needed

Financing - sourcing funds to have the products marketed

Insurance - ensuring products are safe from risks

Buying and selling – sourcing raw materials for processing, or finished goods for resale.

Any 5 x 2 = 10

Question 5

Distinguish between FIVE types of packaging with examples.

20

Speciality packaging: ✓✓

- Packed in a special way to enhance the image ✓ (Any 1)
- Emphasizes certain characteristics of the product.
- Example ✓ 4 marks each

Packaging for double use: ✓✓

- The package can be used again for another use.
- Example : plastic containers for food items.

Reusable packaging: ✓ ✓

- Can be used for the same purpose again
- Example – refills for spices, detergents

Combination Packaging ✓ ✓

- Related articles are packed together
- Example : car wash shampoo and chamois and polish

Kaleidoscope Packaging: ✓ ✓

- A theme is chosen
- The theme changes after a while
- Collectibles are enclosed in the product
- Examples: wild life cards, sports heroes, actors' pictures in cereals

Packaging for Immediate use: ✓ ✓

- Consumers can use the contents easily after opening it
- Examples – cold drink ; juice (packaging with straw)

4 each x any 5 = 20

Question 6

Describe FIVE factors that determine prices.

10

Consumers needs- if the price is right the consumer will buy. If it is too expensive, and the consumer can do without it, he will not buy it. ✓ ✓

Demand for the product- if the good is price sensitive, then it will present problems when trying to increase prices. ✓ ✓

Competition – if there are competing products, then it will make price adjustments difficult.

Substitutes – if the product has substitutes, it will also make it difficult to change the price of it.

Production and other costs – if the producer is to recover these costs, then it gives him little room especially if there are competing products.

Type of market –this refers to the different types of markets for example – ✓ ✓

- Free competition – many buyers and many sellers; both are involved in determining the final price
- Monopoly – where there is only one supplier and he will determine the price (*max 2*)

1 for naming
1 for description

Question 7

List FOUR reasons why a manufacturer may choose indirect marketing for his goods.

Services: middlemen are able to provide many services that the producer may not be able to, for example advertising, warehousing, transport etc. ✓✓✓

Customer care: middlemen may be able to provide the customer with services like advice, repair services etc. which the manufacturer may not be able to do. ✓✓✓

Financial resources – small manufacturers may not be able to handle all the marketing functions as well as middlemen can ✓✓✓

Market position – if the market is scattered, it would not be advisable for the manufacturer to take on marketing. ✓✓✓

12

Question8

List FIVE ethics of advertising

10

Do not mislead consumers (false advertising) ✓✓

Do not make comparisons (pick out competitors by name) ✓✓

Do not offend - compete fairly ✓✓

Act responsibility ✓✓

Claim only what you can prove ✓✓

Question 9

List FIVE types of Advertising media

10

The following types of media are common for advertising

Newspapers ✓✓

Magazines

Mail

Radio

Outdoor

TV

Internet

Transit advertising
Handbills

Any 5 x2=10

Question 10

List FIVE details that you should NOT include in your CV

Private information – like religious beliefs or sexual orientation ✓ ✓

Self praising statements ✓ ✓

Reasons for leaving present j ✓ ✓ ob

Colourful text and decorative font ✓ ✓ .

Language/grammar errors ✓ ✓