



GRADE 12

BUSINESS STUDIES

MODULE 1: IMPACT OF LEGISLATION



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UNIT 1: INTRODUCTION

LEARNING OBJECTIVES

At the end of this unit, you should be able to:

- Have a clear understanding of the outlay of the examination papers you will be expected to complete successfully.
- Have a broad outlay of the topics that will be covered in the next 12 modules.
- Understand the topic and spectrum of businesses in the sense of macro and micro-environments.



You should spend more or less 2 hours on this unit.

1. SUMMARY OUTLINE OF MAIN TOPICS AND QUESTION PAPERS

1.1. SUMMARY OUTLINE OF THE EXAMINATION QUESTION PAPER

You will have 1 question paper of 3 hours which will consist of 300 marks.

SECTION A:

Total 40 marks. This section is compulsory and covers all topics. Here you will receive 20 short questions to answer. You spend approximately 30 minutes on this section. The questions are based on levels 1 and 2 (Understanding and remembering)

SECTION B:

Total 180 marks. This section consists out of five set question of which three must be answered. Each question will cover a main topic and the fifth question will cover all four main topics. You should spend 90 minutes on this section. Answers should be in point form or paragraph style. Levels 1 – 6 type of questions will be covered. (Analysing, applying, creating and evaluating.)

SECTION C:

Total 80 marks. Four questions, each covering one of the four main topics, will be provided, of which two questions must be answered. These are essay type questions requiring insight and interpretation of theoretical knowledge. Time spend on this section should be 60 minutes. This covers Levels 3 – 6 questions. (Analysing, applying, creating and evaluating.)

TOTAL: 300 Marks

1.2. THE DISTRIBUTION OF COGNITIVE LEVELS

Level 1 and 2 Questions	30%
Level 3 and 4 Questions	50%
Level 5 and 6 Questions	20%

1.3. MAIN TOPICS AND SUBTOPICS

1.3.1. Business Environments

Macro Environment: Impact of recent legislation on businesses.

Macro Environment: Business Strategies

Business Sectors and their environments

1.3.2. Business Ventures

Management and leadership

Investment: Securities and Opportunities

Investment: Insurance and assurance

Forms of ownership

Presentation and data response

1.3.3. Business Roles

Ethics and professionalism

Creative thinking

Social responsibility and corporate citizenship

Corporate Social Responsibility (CSR)

Corporate Social Investment (CSI)

Human rights, inclusivity and environmental issues

Team performance, assessment, conflict management and problem solving



1.3.4. Business Operations

Human resources function

Quality of performance

2. INTRODUCTION TO BUSINESS STUDIES

The subject Business Studies deals with the knowledge, skills, attitudes and values critical for informed, productive, ethical and responsible participation in the formal and informal economic sectors. The subject encompasses business principles, theory and practice that underpin the development of entrepreneurial initiatives, sustainable enterprises and economic growth.

2.1. Business Studies Principles

Business studies principles are the essential, underlying factors that form the foundations of the subject. They focus on the theoretical and practical aspects of business activities. The principle provides a framework for the study of Business Studies.

The principles give coverage of the core principles of business and management. They provide learners or aspiring managers with a clear and concise text that covers all aspects of the business creation and management. It considers strategic implications of economic theories and principles on business decisions and organisations.

2.1.1. The Business Environment

- Internal - Micro - Environment
- Market Environment
- External - Macro Environment including Strategic planning

2.1.2. Organisational Principles

- The Nature or form of Business
- Establishing a business or Entrepreneurship
- Business sectors

2.1.3. Business Functions

- For example:
- Marketing principles, e.g. 4 Ps or 7 Ps. 1.



2.1.4. Principles of Management

Management principles are statements of fundamental truth. These principles serve as guidelines for decisions and actions of managers. They are derived through observation and analysis of events which managers have to face in practice.

2.1.4.1. Division of Work

The specialization of the workforce according to the skills a person, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.

2.1.4.2. Authority and Responsibility

The issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give order to his subordinates; responsibility means obligation for performance. This principle suggests that there must be parity between authority and responsibility. They are coexistent and go together and are two sides of the same coin.

2.1.4.3. Discipline

Discipline refers to obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.

2.1.4.4. Unity of Command

This principle states that every subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict. Unity of Command also makes it easier to fix responsibility for mistakes.

2.1.4.5. Unity of Direction

All those working in the same line of activity must understand and pursue the same objectives. All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager. It seeks to ensure unity of action, focusing of efforts and coordination of strength.

2.1.4.6. Subordination of Individual Interest

The management must put aside personal considerations and put company objectives first. Therefore, the interests of goals of the organization must prevail over the personal interests of individuals.

2.1.4.7. Remuneration

Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity.

2.1.4.8. The Degree of Centralisation and Decentralisation

The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision-making authority at the top management. Sharing of authority with lower levels is called decentralisation.



2.1.4.9. Scalar Chain

Scalar Chain refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.

2.1.4.10. Order

Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace.

2.1.4.11. Equity

Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers should be fair and impartial when dealing with employees.

2.1.4.12. Stability of Tenure of Personnel

The period of service should not be too short, and employees should not be moved from positions frequently. An employee cannot render useful service if he is removed before he becomes accustomed to the work assigned to him.

2.1.4.13. Initiative

Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for the organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organisation.

2.1.4.14. Spirit of Co-operation (Esprit de Corps)

This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. These can be used to initiate and aid the processes of change, organization, decision making, skill management and the overall view of the management function.

2.2. Business Environment

A business is an open system, which interact in two main ways with its environment. It takes in resources from the environment, converts them into goods and/or services, and returns outputs to the environment in order to satisfy needs.



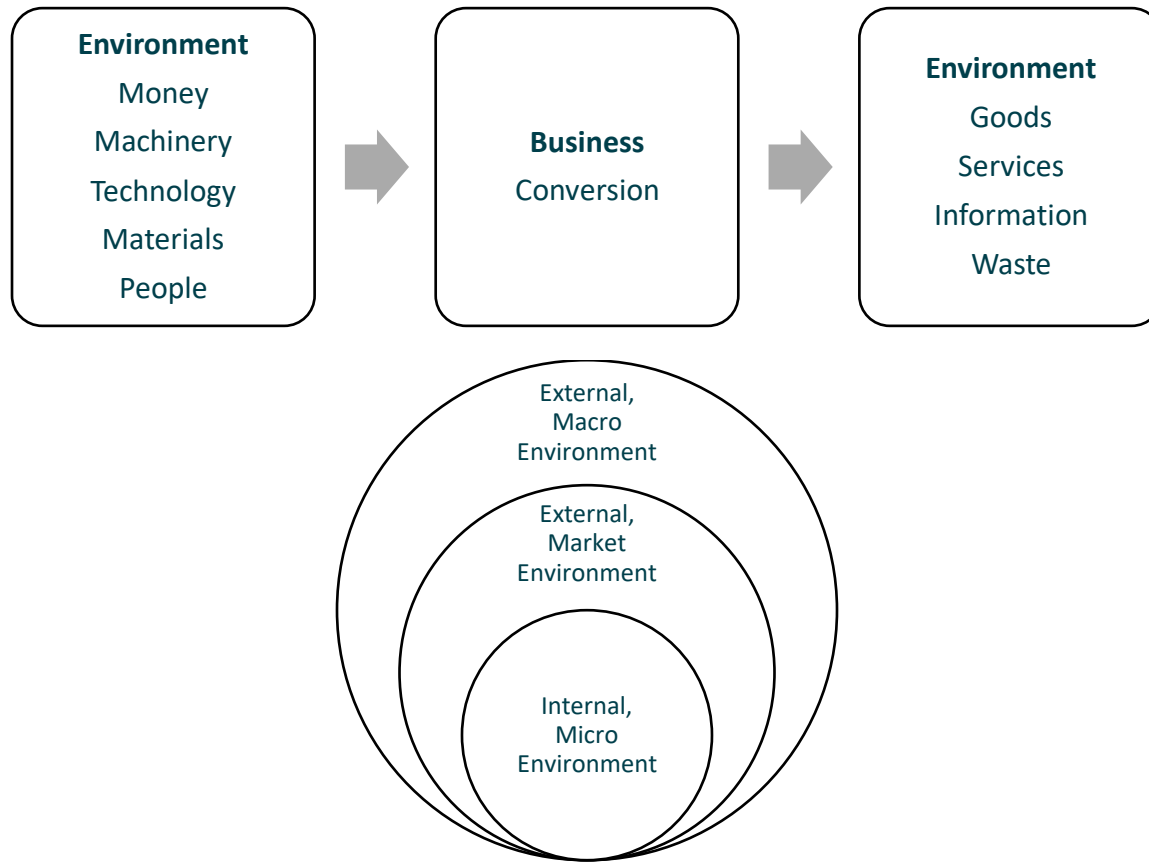


Fig. 1 Schematic representation of the business environment

It is important to understand the environment where the business operates. We will look at the macro environment, the market environment (both external) and the micro - environment (internal).

Both the macro and market environments form part of the external environment. The business has no control over events taking place in the external environment, but it needs to consider these events and must design strategies (plans of action) to adapt to situations in the external environment.

It is also important to keep in mind that the events occurring within the business (internal environment or micro - environment) may in turn impact on events in the macro environment, as illustrated by the following examples:





Example:

- In the event of a strike, an individual business or group of businesses (industry) may have an effect on the economy.
- A business employing or retrenching workers contributes to the employment or unemployment rate of the country.
- The way the business operates may directly influence the physical environment in which it operates, etc.

Various tools are used to analyse the events in the macro environment in order to:



Example:

- Determine how the business should react to eliminate any threats
- Capitalise on opportunities to achieve a competitive advantage

It is clear from the above that all the different business environments are co-dependent on each other.

2.3. Terminology



Keyword & Concept	Meaning
Entrepreneur	A person who runs and owns his/her own business. This is a person who takes initiative for establishing a business unit and recognises the need for a product or service.
Micro business environment	The internal environment is the environment within the business. This includes employees, the equipment and technology and the systems that were developed to manage the work.
Market or Task environment	These are the major external factors that influence an organisation's decision making and that affect the organisation's performance and strategies. The organisation cannot control these factors. These factors are the natural or physical environment (global warming and environmental awareness), economic environment (rates, taxes, inflation, exchange rates), social, cultural and demographic environment, the political and legal (subsidising, infrastructure of transport, health, legislation),



	<p>the technological (online shopping, bar coding and other advances) and the international (foreign subsidised competition, government subsidies to foreign businesses). Government regulations, disastrous weather, changes in interest rate all have an uncontrollable influence on an organisation.</p>
<p>Strategic planning</p>	<p>This is a management tool that assists an organisation to focus its energy and that all employees are working toward the same goals. It is used to assess and redirect a business' goals in response to a changing environment. This is an effort to produce fundamental decisions and actions that shape and guide the functions and goals of a business. This strategic planning includes the mission statement and objectives of a business.</p>



UNIT 2: IMPACT OF LEGISLATION

LEARNING OBJECTIVES

At the end of this unit, you should be able to:

- Discuss the nature and purpose of the acts governing good business practice.
- Discuss the impact of the acts on business operations.
- Discuss the necessary compliance and penalties for the business environment regarding legislation.
- Discuss the role of government in compliance or promoting legislation.
- Discuss the function of SETAs with regard to skills levies and learnerships.
- Discuss the impact of funding through the SETAs and the impact of this on business operations.



You should spend more or less 6 hours on this unit.



Legislation has always played an important role in business in South Africa.

During the apartheid era, apartheid legislation determined where people were allowed to live and work. It controlled the kinds of positions that people could fill in businesses and was designed to keep economic power in the hands of minority white businesspeople and industrialists. Foreign countries which had invested in South Africa disinvested in protest against apartheid policies and legislation.



NB!

Disinvestment is when businesses or countries remove all of their investments from a country to create an economic incentive for that country to change its policies.

Disinvestment in South Africa resulted in capital flight.



NB!

Capital flight is when money flows out of a country's economy very quickly because of a political event.

The country loses wealth and its currency loses value. This makes investors even more reluctant to invest in the country, which leads in its turn to the economy further weakening.

With the dismantlement of apartheid, especially after South Africa's first democratic elections in 1994, foreign countries were eager to reinvest in the country and welcome the country back into the world economy. However, the benefits of this reinvestment needed to be shared equally among all South Africans. Everyone now had the same political power, but the minority still had the economic power. To deal with economic imbalances, the government introduced legislation that had far-reaching effects on how businesses operated in democratic South Africa.

These legislations have an impact on both small- and large-scale business operations and the functions of the legislation are to redress unfair business practice and to promote equity. All legislation is compulsory. Businesses do not have the option of non-compliance but can develop strategies to accommodate legislation.



1. SKILLS DEVELOPMENT ACT, 1998 (Act 97 of 1998):

This Act was put into place to improve the knowledge and skills of all people in South Africa.

The government provided three Acts:

1. Skills Development Act
2. Skills Development Levies Act
3. National Qualifications Framework Act.

These Acts form part of the Development Strategy to develop skills and learning capacity of employees. This aids in more productive and competitive business, reversal of Apartheid imbalances and to create a more inclusive and cohesive society.

1.1. Purpose of the Act

- Develop the skills of the South African workforce.
- Encourage employers to:
 - use the workplace as an active learning environment.
 - provide employees with the opportunities to acquire new skills.
 - provide opportunities for new entrants to the labour market to gain work experience
- Employ persons who find it difficult to be employed.
- Encourage workers to participate in learnerships and other training programmes.
- Ensure quality of education and training in the workplace.
- Assist work seekers to find employment, retrenched workers to re-enter the labour.
- Market and employers to find qualified employees.
- Improve the employment prospects of persons previously disadvantaged by unfair discrimination, and to redress those disadvantages through education and training.
- Improve the quality of life of workers as well as career possibilities.
- Improve productivity in the workplace and the competitiveness of employees.
- Promote self-employment.
- Improve the creation of social services.
- Increase the levels of investment in education and training in the labour market and to improve the return on that investment.
- Provide and regulate employment services.



1.2. National Skills Authority (NSA)

The NSA advises the Minister of Labour. It also liaises with the Sector Education and Training Authorities (SETAs).

SETAs are important for the following reasons:

- It identifies skills development needs in each sector. This is in line with the National Skills Development Strategy.
- It facilitates the development and implementation of a strategic sector skills development plan. They approve the workplace skills plans submitted by businesses in their sector.
- It approves learnerships. (An agreement between the learner, an employer and a training provider for a specific period leading to an acquisition of a National Qualification.)
- It meets the agreed standards for education and training within an agreed national framework to control quality.
- It pays out grants if the business submitted workplace skills plans and implementation reports.
 - 15% of the levy is paid out if the business has an appointed and registered skills development facilitator.
 - 10% of the levy is paid out when a business prepares, submit and get approval for a work skills plan.
 - 20% of the levy is paid out when a business prepares an annual training report based on the approved workplace skills plan.

1.3. Paying the Skills Development Levy

An employer must pay a skills development levy of 1% of the total amount paid in salaries to employees every month, if:

- The employer has registered the employees with SARS.
- The employer pays over a certain threshold per annum (R500 000 as of June 2010) in salaries and wages to their employees.
- The levies paid to SARS are put in a special fund.
- 20% of this fund will be paid into the National Skills Fund.

1.4. Implication for Businesses

The benefits are great for all business for a motivated and well-trained work-force.

All HR managers, line managers and staff managers must know the requirements and implications of the legislation.



Employers may be fined or imprisoned if any of the following occur:

- Fails to submit or deliver any statement or document.
- Fails to pay any levy on the date determined for payment thereof.
- Provides any false information in a statement or other document knowing the information to be false.
- Fails to apply for registration for the purposes of the levy.

All documentation must be kept for a period of five years.

2. THE NATIONAL SKILLS DEVELOPMENT STRATEGY AND THE HUMAN RESOURCE DEVELOPMENT STRATEGY

The South African Labour Department and the Department for Higher Education and Training (DHET) are involved in these strategies. NSDS III are important in the strategy plans.

NSDS III regards the priority given to strengthening the partnerships between FET Colleges, universities and the SETAs as well as with employers. Better use of the workplace skills is encouraged.

NSDS III is informed by the following government programmes:

- Human Resources Development Strategy for South Africa
- New Growth Path
- Industrial Policy Action Plan
- Rural Development Strategy
- Environment Strategy
- Reducing poverty and inequalities through targeted interventions
- Creating commitment between FET colleges and universities.

The aims of NSDS III:

- To improve the effectiveness and efficiency of the skills development system.
- To make a link with skills development and career paths and career development.
- To promote a skills development system that effectively responds to the demands of the market.



- Establish and promote links between employers, training institutions and the SETAs.
- Enable trainees to enter the workforce or to create a livelihood for themselves.
- Assist and enable those with no relevant technical skills or adequate reading, writing and numeracy skills to gain access to employment.

The two HRDS commitments with relation to business:

The government will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.

The government will improve the technological and innovation capacity and outcomes within the public and private sectors to enhance our competitiveness in the global economy and to meet our human development priorities.

2.1. Principles of The National Skills Development Strategy

- Support economic growth through employment creation and poverty eradication.
- Promote productive citizenship.
- Accelerate BBBEE and Employment Equity (85% Black, 54% women and 4% people with disabilities).
- Support, monitor and evaluate the quality assurance systems necessary to implement NSDS.
- Advance the culture of excellence in skills development and lifelong learning.

2.2. Objectives of The National Skills Development Strategy

- Prioritizing and communicating critical skills for sustainable growth, development and equity.
- Improving the quality and relevance of provision of training and education and skills development.
- Promoting and accelerating quality training for all in the workplace.
- Assisting designated groups to acquire critical skills to enter the labour market and self-employment.
- Promoting employability and sustainable livelihoods through skills development.



2.3. The Human Resource Development Strategy

Key mission - To implement a plan

- To maximize the potential of all South Africans through the acquisition of knowledge and skills.
- To work productively and competitively to a rising quality of life for all.

Objectives of the Human Resource Development Strategy

- Improving the foundation for human development
- Improving the supply of skills
- Increasing employer participation in lifelong learning
- Supporting employment growth through innovation and research
- Ensuring that the four objectives are linked

3. LABOUR RELATIONS ACT, 1995 (Act 66 of 1995)

This Act provides employees with the means to improve their working conditions and negotiate higher wages through collective bargaining (negotiation between employer and union) facilitated by their unions.

The government's role is to provide legislation that keeps the relationship between employer and employee positive. The LRA applies to any employment situation, regardless the size of the business.

This Act also prescribes rules on the dismissal of employees. It also promotes economic development, social justice, labour peace and democratisation of the workplace.



The following are enacted:

Freedom of association	Employees may join or form a trade union of their choice. They may also form or join an employers' organisation
Organizational Rights	Trade unions may gain access to the workplace to recruit members and hold meetings after work hours. Unpaid time off to participate in union activities and the right that union fees may be deducted off salaries.
Bargaining and statutory councils	Consists out of the union and employer organization to conclude and enforce collective agreement and prevent labour disputes.
Commission for conciliation, mediation and arbitration	Provision is made for the CCMA to deal with individual workplace cases. Conciliation is to assist two parties to find their own solution. Mediation to help parties to find a solution by the commissioner giving an opinion. Arbitration where both parties are heard, and a final decision is given.
Labour Court and Labour Appeal Court	These two courts are established by the LRA to deal with labour disputes. A judge is appointed, and all appeals are heard through the Labour Appeal Court.
Strikes and lockouts	Certain conditions are put into place regarding strikes and lockouts. If conditions are not adhered to, the Labour Court will hear the case and give verdict.
Workplace forums	To solve labour related problems in an environment with more than 100 employees. Only registered trade unions may apply to the CCMA for the establishment of a workplace forum.
Unfair Dismissal	All dismissed workers have the right to be heard. The employee must receive the opportunity to state why they should not be dismissed.



3.1. Implication for businesses

- Structures provided for disputes in the workplace have advantages for both employer and employee.
- The Act allow for legal strikes, go-slows and downing of tools which have a direct influence on the continued existence of the business.
- With regard to non-compliance, the employer risks financial costs and also imprisonment.
- Human Resource Departments will have to be restructured.
- Training and workshop for managers with regard to the legislation.

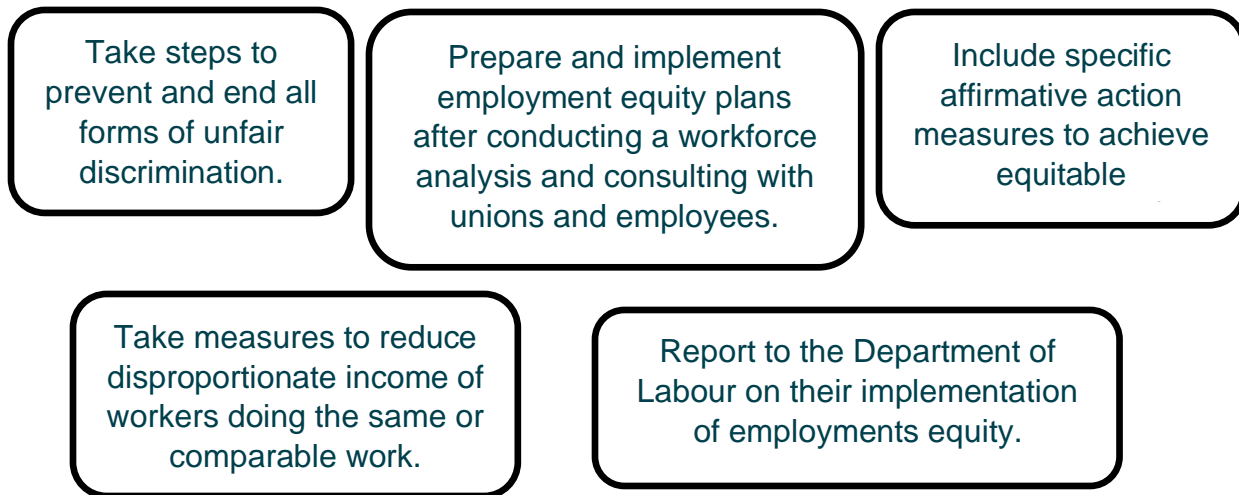
4. EMPLOYMENT EQUITY ACT, 1998 (ACT 55 OF 1998)

4.1. Purpose of the Act

- To get rid of unfair discrimination according to race, gender and disability.
- To promote equal opportunities and fair treatment for all employees.
- To implementing affirmative action measures by giving preference to Previously Disadvantaged Individuals when appointing new candidates.
- To ensuring equal representation by appointing candidates of all races.
- To ensure that business enterprises that employ more than 50 employees, comply with the principles of affirmative action.
- To ensure that a business which employs more than 50 workers and has a turnover of R10 million, submits an equity plan to the Department of Labour once every two years.
- To allow businesses that comply with employment equity requirements to transact with government – this serves as motivation for small businesses to be EE compliant (even if it is not enforceable by law for small business enterprises).
- To make it compulsory for large business enterprises to comply with employment equity principles.



4.2. Implications of the Act for the Employer



4.3. Advantages of this Act

- Prevents employers of discriminating against race, gender, disability and sexual preference when persons for vacant posts are considered.
- Brings redress to people who have experienced suffering and inequality in the past.
- Promotes equal opportunities for all people in the workplace.
- Provides all candidates with an equal opportunity of being selected.
- Provides all candidates with an equal opportunity to be considered for promotion.

4.4. Problems resulting from this Act

- The Act remedies one set of discrimination with another set of discrimination.
- The people, who are currently benefiting from the Act, are often not the same people who were discriminated against in the past (because they are too young).
- Qualified, skilled and experienced workers are retrenched to make space for not qualified persons.
- Capable persons emigrate to get better opportunities abroad causing the economy to suffer.



5. BASIC CONDITIONS OF EMPLOYMENT ACT, 1997 (ACT 75 OF 1997)

5.1. AIM/PURPOSE OF THE ACT

The whole purpose of the act is to advance economic development and social justice. This Act provides the right to fair labour practices to both employer and employee.

There were certain problems that the workers in South Africa faced and these were:

- Vulnerable workers such as part-time, domestic and farm workers were inadequately protected
- There was a lack of mechanisms to set minimum wages
- Child labour
- Working hours that were just too long

So, what does this Act cover?

1. Working hours
 1. Max 45 hours a week
 2. Meal interval after every 5 hours of work
2. Leave
 1. 21 consecutive days paid leave after every 12 months
 2. Can't be converted into cash
3. Maternity leave
 1. 4 consecutive months
4. Sick leave
 1. 30 days per every 36 months
5. Family responsibility
 1. 3 days per year
6. Public holidays
 1. Must be paid for any public holiday that falls on a working day
 2. If working overtime, they must be paid at a double rate or get time off
7. Notice of termination of employment
 1. 1 week if worked there for less than a month
 2. 2 weeks if less than a year
 3. 1 month if a year has been completed
8. Deductions
 1. May deduct unemployment insurance (UIF), income tax, union fees
 2. Only amounts agreed upon by the employee

The implication of this Act binds both the employer and the employee. Non-compliance creates a real risk for employers as employees have access to an effective and free recourse in the form of the CCMA and the Department of Labour.



6. COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT, 1997 (Act 61 of 1997)

The purpose of the Act is to provide for compensation for disablement caused in the work environment or diseases that were contracted by employees in the course of their employment. This also covers the deaths resulted from such injuries or diseases.

All businesses have the following responsibilities:

- The working environment must be made safe for workers and there must be no risk to their safety.
- Workers must receive information, instruction, training and supervision to ensure the health and safety of all workers.

All employers must contribute to a central fund each month from which loss of wages or medical expenses of workers injured at work are paid out. The amount payable depends on how dangerous the industry environment is. This fund is called the Compensation Fund.

6.1. Implication for Businesses

- All businesses must register with the commissioner of the Compensation Fund.
- All information regarding number of employees, salaries and the time they worked must be submitted at the end of the year. These records must be kept for a period of four years.
- Employing someone to do this record keeping leads to an additional expense.
- Employer must pay the Compensation Fund within 30 days of receipt.
- In the event of an injury or death, the commissioner must be notified within seven days. The employee must submit the claim within 12 months of the injury.
- If the Compensation fund is not paid, the employer will be held liable for the medical expenses of the employee.
- The employee may be booked off for three days or less – no compensation payment.
- If the employee is booked off four days or more but less than 3 months, the employer must pay 75% of the basic wages from the first day to the day the employee is back at work.
- If the employee is booked off more than three months, the employer must pay out 75% of the basic wages for three months and the rest will be paid out through a claim to the Compensation Fund.



- If an employer does not submit an annual return, civil lawsuits may be brought against the employer by an injured employee.

7. BLACK ECONOMIC EMPOWERMENT (BEE) AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

7.1. Difference between BBBEE and BEE

BBBEE = Broad Based Black Economic Empowerment

Refers to the 7 pillars of empowerment.

(This is not about affirmative action, but is a growth strategy that targets inequality by encouraging more black management, promoting employment equity, encouraging skills development, etc.)

BEE = Black Economic Empowerment

Refers to inclusion of black people in a business.

(This Act had bearing on a few Black African, Coloured or Indian individuals that received enrichment.)

7.2. Purpose

- The purpose is to act as a mechanism of transformation for all business in South Africa.
- BBBEE aims to distribute wealth amongst all South Africans by encouraging businesses to employ black South Africans.
- Ownership and senior management positions.
- BBBEE is the economic empowerment of all black people including women, workers, youth, people with disabilities, and people living in rural areas.



7.3. Pillars

Companies are ranked according to a total score achieved on the seven pillars of BBBEE.

1	Ownership	Selling of shares to black employees to share in the profit of the company. Outsourcing of certain business functions to black employees.
2	Management	The number of people from different race groups included in the management team, specific in executive positions.
3	Employment Equity	Equal employment opportunities to previous advantage people. Principles of affirmative action.
4	Skill development	Points are awarded for the number of employees undergoing skill development.
5	Procurements	Businesses will score points if they support suppliers with a diversity in their ownership.
6	Business development	Businesses score points according to their support to other BBBEE / BEE businesses.
7	Social responsibility	Businesses will be assessed on their annually social investments projects amongst the PDIs'.



7.4. Implications for Businesses

- Business must go through a BBBEE verification process.
- Businesses must possess enough attributes in the seven key BBBEE. Smaller businesses (micro enterprise with a turnover of less than 5 million) may apply for an exemption certificate.
- Businesses must spend an additional 7% of its net profit to maintain a good BBBEE rating: 3% on skills development and 1% on donations and 3% on enterprise development.

7.5. Benefits of BBBEE

- Businesses will have a good overview on its performance regarding the national requirements of the country.
- Better leverage to negotiate better discounts and deals with suppliers.
- A good rating will improve the image of the business.
- Businesses will show commitments to social, educational and economic development in their communities.
- Fair and advanced employment practices, skills development that will boost staff morale.
- Development of BBBEE strategy will lead to an increased rating on an annual basis.
- May be used as a marketing tool.

8. NATIONAL CREDIT ACT, 2005 (ACT 34 OF 2005)

This Act was developed to protect both lenders and borrowers from negligent lending practices that resulted in over-indebtedness for consumers.

8.1. Purpose of the NCA

- This Act provides for all types of credit agreements according to goods and services rendered where a levy is applicable because payment will be in the future.
- It promotes the development of a credit market that is accessible to all South Africans.
- It promotes equity in the credit market by balancing the rights and responsibilities of credit providers and consumers.



- The Act addresses and corrects imbalances in negotiating power between consumers and credit providers.
- It encourages responsible borrowing, avoidance of over-indebtedness and fulfilment of financial obligations by consumers.
- Reckless credit granting by credit providers and contractual default by consumers is discouraged.
- Consumers are protected against careless gaining of credit, unfair interest rates in comparison with the prime rate and place greater responsibilities on credit suppliers.
- It replaces the previous legislation on credit supplying.

8.2. Implications for businesses

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

8.3. Disadvantages of the Act

- Restricts access to credit at a time of an economic slowdown.
- Many business enterprises are struggling to survive, because they depend on customers who have access to credit, especially in the motor and real estate industries.
- The standard of living of consumers is lowered as it becomes more difficult to obtain credit.
- Because of the credit policy more pressure is on the credit supplier.

8.4. Consumer rights

- They have the right to know the reasons if credit is not granted.
- They have the right to access and challenge credit records and information.
- They have the right not to be discriminated against unfairly.
- They have the right to information in an official language.



- They have the right to information in plain and understandable language.
- Information on credit granting must be in writing and in an official language of the choice of the consumer.
- Credit granting information must be free of charge.
- Credit suppliers must provide a quotation, valued for 5 days, before the agreement.
- Credit suppliers must ensure that the consumer understands the nature of the credit agreement and that the consumer will be able to repay the debt.
- Consumers are entitled to receive a monthly statement from the credit supplier including the following: outstanding balance, amount paid already, amount in arrear, and amount to be paid in the following month.
- Consumers handed over to a credit bureau, have the right to check annually on their records with the bureau, without paying for the information.
- Debtors have the right to apply for a debt councillor to reconstruct their debts if they struggle to repay their debts.
- All costs must be clearly stipulated.
- Consumers handed over to a credit bureau, have the right to check annually on their records with the bureau, without paying for the information.
- Debtors have the right to apply for a debt councillor to reconstruct their debts if they struggle to repay their debts.

9. CONSUMER PROTECTION ACT, 2009 (ACT 68 OF 2009)

The purpose of the Consumer Protection Act is to promote and advance the social and economic welfare of consumers in South Africa.

The following are a set of consumers' rights:

- Equality in the consumer market
- Privacy
- Choice
- Disclosure and information
- Fair and responsible marketing
- Fair and honest dealing
- Fair, just and reasonable terms and conditions
- Fair value, good quality and safety

9.1. Impact of the Act on different aspects of business

- This Act prohibits discriminating marketing, bait marketing (advertise at a very low price with no stock at that price). It also deals with general marketing



standards in negative option marketing, direct marketing, catalogue marketing, trade coupons, customer loyalty programmes, alternative work schemes and referral selling.

- The consumer's right to select suppliers, expiry and renewal of fixed-term agreements, pre-authorization of repairs and maintenance, estimates, the right to choose or examine goods, the right to return goods.
- Consumers are allowed to cancel advance reservation at a predetermined cancellation fee. No cancellation fee due to death or hospitalization.
- Consumers are entitled to information in plain and understandable language. The display of prices, product labelling and trade description must be clear.
- Deals extensively with unacceptable conduct, false or misleading representations, fraudulent schemes and pyramid schemes.
- Suppliers may not accept payment for goods / services that they have no intention of providing.
- Consumers have the right to demand quality service, safe quality goods, warranties of quality and repaired goods and warnings regarding the risks relating to the use of the product or goods.
- Producer's liability for damaged caused by goods.
- Business names must be registered and the consumer's full name according to the ID book must be used.
- Class action is allowed in the form of accredited consumer protection groups.
- Requirements for promotional competitions are regulated.

9.2. Implication for businesses

The Act increases the risk for insurance companies in protecting businesses against claims related to:

- Supplying unsafe goods.
- A product failure, defect or hazardous goods.
- Inadequate warnings provided to consumers.

Business functions and operations that might be influenced:

- Supply chain management in stock levels will have to managed as defected goods must be replaced within six months.
- Legal contracts must be worded in plain language.
- Information technology systems must be improved as providers need to keep more detailed records for reporting purposes.



Penalties for non-compliance are severe with fines up to R 1 000 000 or 10% of turn over per offence.

Advantages:

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

10. SETAs

Who is exempt from payment of Skills Development Levies?

- Public service institutions
- Religious or charity organisations
- Public entities that get more than 80% of their money from Parliament
- Employers:

Whose total pay to all its workers is less than R500 000 per 12-month period.

Who do not have to register according to the Income Tax Act?



10.1. Sectorial Education and Training Authority – SETA

- This is an organisational institution which implements the skills plan in that specific sector, in collaboration with the trade unions of that sector.
- They are active in all economic sectors.
- Each economic sector has one SETA.
- There are 27 SETAs which cover all work sectors in South Africa.
- SETAs are responsible for developing and implementing skills development plans.
- They must control the education standards of the labour force in that specific sector.
- SETAs determine, in collaboration with businesses in that sector, the needs for certain skills that must be developed.
- SETAs do the selection and appointment of service providers who will develop the skills programmes, in that specific sector.
- They control the quality of education and training to meet the specific skills to be developed.

10.2. Financing of SETAs

- The SETAs' receive 80% of the funds collected from the skills development levies.
- Money paid to the SETA from the National Skills Fund.
- Grants, donations and bequests made to the SETA.
- Income earned on surplus money deposited or invested.
- Income earned on services rendered.
- Money received from any other source.
- These funds are administered by the Director-General and must be audited.

10.3. Functions of SETAs, Aim of SETAs and the Role of SETAs

- Develop a skill plan for that specific sector within the framework of the National Skills Development Strategy.
- Implement its sector skills plan by:
 - establishing learnerships
 - approving workplace skills plans
 - allocating grants in the prescribed manner to employers, education and training providers
 - monitoring education and training in the sector
- Promote learnerships by:



- identifying workplaces for practical work experience
- improving the facilitation for learning
- assisting in the conclusion of learnership agreements
- Liaise with the National Skills Authority on:
 - the national skills development policy
 - the national skills development strategy
 - the skill plan for that sector
- Supporting the development of training materials
- Responsible for quality control in training
- Ensuring that required skills are available
- Registration of learnership agreements
- Within a week from its establishment, apply to the SAQA for accreditation. Must be accredited within 18 months of application.
- Collect and disburse the skills development levies in its sector.

Businesses who make use of training programmes through the SETAs, may claim a grant from the SETA after auditing the number of workers trained, as well as their race, gender, etc. Report to the Director-General on:

- Its income and expenditure.
- The implementation of its sector skills plan.
- Appoint staff needed for the performance of its functions.

10.4. Examples of SETAs

W&RSETA	Wholesale and Retail Sector Education and Training Authority
BANKSETA	Banking Sector Education and Training Authority
THETA	Tourism and Hospitality Education and Training Authority
CHIETA	Chemical Industry Education and Training Authority
ESETA	Energy Sector Education and Training Authority

10.5. Learnerships

- An approved institution providing a skills programme for workers in a specific sector.
- This programme must give workers the opportunity to learn a specific occupation while they are employed in that specific sector.
- Their quality of work must be assessed by the specific SETA.



10.6. Conditions under which a learnership may be established

- The learnership consists of a structured learning component
- This should include practical work experience of a specific nature and duration.
- The learnership would lead to a qualification registered by SAQA and related to an occupation.
- The intended learnership is registered with the Director-General in the prescribed manner.

10.7. Procedure to follow when disputes arise between the SETA, employer and employee

- Any party who wants to declare a dispute, must refer in writing to the CCMA.
- The party who declares the dispute, must satisfy the Commission that a copy of the referral has been served on all the other parties involved in the dispute.
- The Commission must attempt to resolve the dispute through conciliation.
- If the dispute remains unsolved, any party may request that the dispute be resolved through arbitration as soon as possible.
- Legislation related to the lawfulness and unfair dismissal must be applied.

10.8. Problems resulting from this Act

- It is difficult to assess the contribution of the SETAs towards skills development.
- Difficult to assess the performance of the various SETAs.
- Many businesses who contribute cannot afford to send employees on training due to work and time constraints.
- To claim back from relevant SETA involves administrative work.
- Leads to increased costs and paperwork for business enterprises that contribute towards the National Skills Fund.
- Workers need regular training to meet the demand of a dynamic working environment and this will influence continuity in the workplace.

10.9. Advantages of this Act

- Developing skills of employees that are required by employers.
- Improving employment opportunities for workers.
- Giving workers opportunities in the marketplace by equipping them with useful skills.
- Promoting overall efficiency in the workplace.
- Trained employees are more productive.
- Addresses discrimination through training.



10.10. South African Qualifications Authority Act, 1995 (SAQA)

Purpose:

- Control training delivered through the service providers of the different SETAs.
- Registration of SETAs.
- Keep a register of qualifications by learners achieved through the different SETAs to prevent fraud of qualifications.



UNIT 3: YOUR TURN

LEARNING OBJECTIVES

At the end of this unit, you should be able to:

- Apply the knowledge you gained from Module 1.
- Complete different levels of questions on the topics covered in Module 1.



You should spend more or less 6 hours on this unit.



1. EXERCISE 1

QUESTION 1

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

1.1. Prevents unfair discrimination against employees in the workplace: *(Nov. 2010)*

- A Employment Equity Act, 1998 (Act 55 of 1998)
- B Skills Development Act, 1998 (Act 97 of 1998)
- C Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- D Broad-based Black Economic Empowerment Act, 2005 (Act 53 of 2003)

1.2. A business which employs more than 50 workers and has a turnover of R10 million, must submit this document to the Department of Labour once every two years: *(Mar. 2010)*

- A Equity plan
- B Marketing strategy
- C Business plan
- D Code of conduct

1.3. Which ONE of the following methods is implemented by government to stimulate overall economic growth? *(Mar. 2009)*

- A Implementing a new medical aid fund
- B Sponsoring an Aids orphanage
- C Increasing the interest rate
- D Introducing the Broad-based Black Economic Empowerment Act

1.4. This legislation was created to ensure that qualified people from designated groups have equal opportunities in the workplace. *(Sunday Times Avusa Exemplars)*

- Affirmative action
- Unemployment Insurance Act
- Skills Development Act
- Black Empowerment Act

1.5. The South African government introduced this Act in 2003 as a method of growing the country's economy, eradicating poverty, creating jobs and enforcing the concept of transformation in the workplace: *(Exemplar 2008)*



- A Industry Charter
- B Broad-based Black Economic Empowerment (BBBEE)
- C National Credit Act
- D BBBEE Codes of Good Practice

1.6. Businesses complying with this Act are awarded government contracts based on points obtained on a scorecard: *(Prelim. 2008)*

- A South African Qualification Authority Act
- B Skills Development Act
- C Black Economic Empowerment Act
- D Employment Equity Act

1.7. This Act was introduced in 2003 with the following objectives: *(Sunday Times Avusa Exemplars)*

- to grow the country's economy
- to eradicate poverty
- to create jobs
- to enforce transformation in the workplace

- A Industry Charter
- B Broad-based Black Economic Empowerment (BBBEE)
- C National Credit Act
- D BBBEE Codes of Good Practice

1.8. This legislation ensures that qualified people from designated groups have equal opportunities in the workplace: *(Exemplar 2008)*

- A Affirmative action
- B Unemployment Insurance Act
- C Skills Development Act
- D Black Empowerment Act

1.9. Which ONE of the following laws in South Africa promotes inclusivity? *(Nov. 2009)*

- A Skills Development Act, 1998 (Act 97 of 1998)
- B South African Qualifications Authority Act, 1995 (Act 58 of 1995)
- C Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- D Employment Equity Act, 1998 (Act 55 of 1998)

(9 x 2)
[18]



QUESTION 2

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

The following questions are based on BBBEE.

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

QUESTION 3

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

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

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

QUESTION 4

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

Read the scenario below and answer the question that follows.

MY FIRST WHEELS

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

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

QUESTION 5

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

HINTS: When asked on your opinion give it as 2 marks get allocated for agreement or not provided you motivate. Remember, no motivation equals no marks.



QUESTION 6

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

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

QUESTION 7

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

QUESTION 8

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



2. MEMORANDUM OF EXERCISE 1

QUESTION 1

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

(9 x 2) [18]

QUESTION 2

2.1 Broad Based Black Economic Empowerment.

2.2

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

Examples/illustrations should indicate understanding of the Act.

If the learner mentions the other pillars with an explanation marks can be allocated.

- Employment equity
- Skills Development
- Preferential Procurement
- Enterprise development
- Corporate Social Investment (CSI)

Examples only – no marks allocated.

Any relevant answer related to BBBEE implementation. Fact: Max 2

Example: Max 1

(Any 2 x 3) (6)

2.3

The sugar company may have its own transport business and it may

- outsource this function to its black employees e.g. owner driver.
- Selling part of its shares to its black employees so that they can share in the profits of the company.



- If a Black person has a direct interest in the business. ✓✓
 - Any other business that relates to the sugar plantation and BBBEE.
- (Any 2 x 2) (4) [12]

QUESTION 3

3.1 State the main purpose of the Employment Equity Act

- To implement the affirmative action plan of the government.
 - Businesses must create equal job opportunities for all people in the country.
 - Eliminate unfair discrimination.
 - Achieve diversity in the workplace.
 - Address historical imbalances of the past.
 - Equal representation in the workplace.
- (Any 1 x 2) (2)

3.2 Evaluate the impact of this Act on business operations

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

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

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



QUESTION 4

Rights

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

(Any 2 x 2) (4)

Manner/Methods

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

QUESTION 5

Yes.

Motivation: Credit Provider

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

(Any 3 x 2) (6)

OR

Motivation: Consumer

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

(Any 3 x 2) (6)

OR

No.



Motivation: Credit provider

- Loss of business.
 - Must be NCA compliant.
 - Proper credit vetting (approval procedures) must be in place.
 - Retrenchment of workers.
 - In the event of non-payment by the consumer the credit provider could also bear the loss.
 - Must provide the credit agreement in the preferred language of the client.
 - Any other relevant answer related to disadvantages of NCA to the credit provider.
- (Any 3 x 2) (6)

OR

Motivation: Consumer

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

Yes or No without motivation – No marks must be allocated

(Any 3 x 2) (6)

Max. [8]

QUESTION 6

- Financial institutions and other credit providers are not allowed to discriminate against consumers when deciding on whether to grant credit or not.
 - The consumers must be provided with reasons for the credit application being unsuccessful.
 - The consumer enjoys the right to receive feedback from the institution without any costs being incurred by him/her.
 - All costs must be clearly stated.
 - Responsible access to credit/protect the consumer against unfair credit practices.
 - Avoid excess credit granted to consumers.
 - Apply for debt counselling.
 - Any other relevant benefit to consumers regarding the NCA.
- (Any 3 x 2) [6]

QUESTION 7

Implications for businesses

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



- The business will have a lower turnover. (Any 5 x 2) [10]

QUESTION 8

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

3. EXERCISE 2

QUESTION 1: ESSAY WRITING

This is an essay question. Structure is important: Introduction, body and conclusion. Sub-headings are important to use as they count for analysis. Do not write in paragraph style. Use full sentences but in point form.

The Skills Development Act has the potential to change the lives of millions of previously disadvantaged people who were deprived of opportunities in education during the Apartheid era.

You are a front-runner for the development of skills as the human resource manager of your company. Convince management about the aims and benefits of this Act and inform them about the purpose and roles of SETAs.

[40]

QUESTION 2

HINTS: The motivation in this question means that you should use examples. 2 marks for fact and 1 mark for motivation.



How does the National Skills Development Strategy (NSDS) deal with the shortage of skills in the labour market? Motivate your answer.

[8]

QUESTION 3

HINTS: The examples that are required are the names of any two SETAs.

The following questions are based on SETA (Sector Education and Training Authority):

3.1 Explain the contribution of SETAs towards ensuring that quality skills development takes place. Illustrate by using any TWO examples.

(8)

3.2 Describe how SETAs are funded.

(2)

[10]

QUESTION 4

HINTS: You need to know the % contribution by business towards the SDL in order to calculate the amount in Q 2.2.

Zandile was awarded a license to extract timber from the Ngodini forest near Nelspruit. She uses 100 trucks to transport the timber and has 1 500 employees. The monthly salary and wage bill of Zandile's business is R6 400 000. The factory processes the timber into semi-finished products in the form of planks which are sold to furniture manufacturers as well as the building industry.

4.1 Does Zandile's business qualify for paying the Skills Development Levy? Motivate.

(5)

4.2 Use the information above to calculate the amount that Zandile's factory will pay for skills levy every month. (Show ALL the calculations.)

(4)

4.3 Explain the procedures to be followed if a dispute arises between Zandile's business and the SETA.

(10)

4.4 To which economic sector would the extraction of timber be classified? (1)

[20]

QUESTION 5

Discuss the objectives of The National Skills Development Strategy.

[10]



4. MEMORANDUM OF EXERCISE 2

QUESTION 1: Essay

Introduction

SETA - Sector Education and Training Act.

SETAs are here to stay and it is only to the benefit of employers to make use of the training programmes which are offered by the various SETAs.

Any other relevant comment.

(any 1 x 3) (3)

Content / Body

The aim of the Skill Development Act no. 97

- Rectify the imbalances of the past.
- To improve the level of investment in educating and training in the workforce.
- To use the workplace as a learning environment.
- To encourage to take part in leadership.
- To improve employment opportunities of disadvantaged people.
- To ensure quality training and education in the workplace- this implies. that any training programme to be offered, must first be accredited.
- Assist job seekers to find work, retrenched workers to return to labour market.
- To provide and regulate employment services.
- To encourage employers to participate in learnerships.
- Any other relevant answer.

(any 6 x 2) (12)

Benefits of the Skills Development Act No. 97

- It ensures core levels of training to be consistent with the skill requirements of the labour market.
- It alleviates the free-rider problem thereby ensuring that all businesses contribute to the cost of training.
- It improves collection efficiency - collection of the levy by South African Revenue Services will improve compliance.
- It promotes training effectiveness and efficiency.
- It ensures multipartite participation from employers and employees in the Governance of training and education funds.
- Any other relevant answers.

(any 5 x 2) (10)

Purpose of SETAs

- SETAs were established as implementing agencies of the skill development strategies or
- to replace the Industry Training Boards.

(any 1 x 3) (3)

Roles of SETAs

- To collect funds
- To distribute the funds to the National Skill Fund and various SETAs
- To implement learnerships and skill programmes that replaced the tradition as apprenticeship



- To develop a sector skills plan.
- To report to the Director General.
- To support the development of training material.
- Any other relevant answer.

(any 5 x 2) (10)

Conclusion

The services which SETAs offer do not only benefit the employees but also the employer.

(2)

Breakdown of mark allocation for essay

Introduction 3

Content:

Aim of Skills Development Act 12

Benefits Skills Development Act 10

Purpose of SETAs 3

Role of SETAs 10

Conclusion 2

40 (max 32)

Insight:

Structure 2

Synthesis 2

Analysis and Interpretation 2

Originality, examples and recency 2

8 (max 8) (32 + 8) [40]

QUESTION 2

Option 1

- Use skills development.
Promote sustainable livelihood and employability.
- Providers of education and training.
Should comply with the minimum quality assurance standards when they offer skills programs and workshops.
- Ensures that quality training takes place in the workplace.
Requires reports.
Assist people who want to be self- employed.
Acquires the necessary skills.
- To ensure critical skills for development.
Sustainable growth and equity.
- Promote economic growth.
This leads to job creation and poverty alleviation.
- Creates a database.
Assists in identifying skills related to market demand.



- Provides for the establishment of SETAs.

Option 2

- Implementation of learnerships.
- Unlike the Manpower Act, Skills Development is now enhanced by SETAs for all sectors.
- Any other relevant answer related to the objectives/purpose/benefits of the National Skills Development Strategy.
- Consider relevant information from the Skills Development Act
- By providing skills development more people will be skilled or any rationale on NSDS.
- **Rationale:** Promotes skills development or any rationale on NSDS.

Motivation

- Use skills development.
- Providers of education and training.
- Ensures that quality training takes place in the workplace.
- Assist people who want to be self-employed.
- To ensure critical skills for development.
- Promote economic growth.
- Creates a database.
- Provides for the establishment of SETAs.
- Any other relevant answer related to the objectives/purpose/benefits of the National Skills Development Strategy.

Rationale: (2)
Motivation (Any 3 x 2) (6)
Max. [8]

QUESTION 3

3.1 Explain the contribution of SETAs towards ensuring that quality skills development takes place. Illustrate by using any TWO examples.

- Manage the learnerships and training in each SETA sector.
- Ensure that skills requirements of different sectors are identified.
- Ensure that training is of the appropriate quality.
- Responsible for skills programmes to improve skills of current workers.
- Assist unemployed people to enter the job market by providing skills programmes.
- Provide accreditation to facilitators and training providers.
- Any other relevant skills development programme.

(Any 2 x 2) (4)



EXAMPLES:

SETA

- Engineering which provides training and skills development in the engineering field e.g. Electronic engineering.
- Office Administration which provides training and skills development to Secretaries and Office Assistants in office work.
- MQA – Mining Qualifications Authority.
- INSETA – Insurance Sector.
- HWSETA – Health and Welfare Sector.
- FOODBEV – Food and Beverages Manufacturing Sector.
- FASSET – Financial and Accounting Service Sector.
- ETDP – Education Training and Development Practices.
- CTFL – Clothing, Textile, Footwear and Leather Sector.
- CETA – Construction Sector.
- PSETA – Public Sector.
- SERVICES SETA – Services Sector.
- THETA – Tourism and Hospitality and Sport Sectors.
- W & R SETA – Wholesale and Retail Sector.
- CHIETA – Chemical Industry Education Training Authority.
- ISETT- Information System, Electronic and Telecommunication Technology.
- Any other relevant SETA.

ACCEPT: Acronyms or Full details.

(Any 2 x 2) (4)
Contributions Max 4
Example Max 4

3.2 Describe how SETAs are funded

- Receive 80% of the funds collected from the Skills Development Levy that qualifying businesses must pay. ✓✓
- Employers pay a monthly levy equivalent to 1% of the total salary and wage expense of the business. ✓✓
- Increase in income from services rendered by SETAs.
- Grants, donations and bequests.
- Funding from the National Skills Development Fund.
- Income from surplus funds invested.
- **Actual percentage is not necessary.**

(Any 1 x 2) (2)
[10]



QUESTION 4

4.1 Yes

Motivation – Her monthly wage bill is R6 400 000 (5)

4.2 Monthly salary and wage bill X skills levy of 1% 6 400 000 X 1/100 =R64 000 (4)

Answer only without any calculations allocate 2.

4.3

- Any party who wants to declare a dispute, must refer in writing to the CCMA.
- The party who declares the dispute must satisfy the Commission that a copy of the referral has been served on all the other parties involved in the dispute.
- The Commission must attempt to resolve the dispute through conciliation.
- If the dispute remains unsolved, any party may request that the dispute be resolved through arbitration as soon as possible.
- Legislation related to the lawfulness and unfair dismissal must be applied. (5x2) (10)

4.4 Primary Sector

(1)

[20]

QUESTION 5

- Prioritizing and communicating critical skills for sustainable growth, development and equity.
- Improving the quality and relevance of provision of training and education and skills development.
- Promoting and accelerating quality training for all in the workplace.
- Assisting designated groups to acquire critical skills to enter the labour market and self-employment.
- Promoting employability and sustainable livelihoods through skills development.

(5 x 2)

[10]

