



Western Cape
Government

Education

Directorate: Curriculum FET

TELEMATICS 2015

BUSINESS STUDIES

Grade 12 (Term 1)

Term 1				
February and March (Grade 12)				
Day	Date	Time	Subject	Topic
Thursday	19 February	15:00 – 16:00	Business Studies	Human Resources
Friday	27 March	15:00 – 16:00	Business Studies	Devise strategies by business in response to challenges of the macro environment

Session 1

The relevant legislations and activities of the Human Resources function:

1.1... Meaning of the term “Human Resources”.

The division of a company that is focused on activities relating to employees. These activities normally include recruiting and hiring of new employees, orientation and training of current employees, employee benefits, and retention.

1.2 Distinguish between job description and job specification.

Job description	<ul style="list-style-type: none"> Describes the duties and responsibilities that an employee must perform 	Example: Bookkeeper <ul style="list-style-type: none"> Maintains records of financial transactions by establishing accounts; posting transactions.
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Job specification	<ul style="list-style-type: none"> Identifies the skills, knowledge and experiences a person must have to perform the tasks described in the job description 	Example: Bookkeeper <ul style="list-style-type: none"> Developing Standards, Analyzing Information Data Entry Skills Accounting, Attention to Detail,
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1.3 Human Resources Activities

1) Recruitment	4) Induction	Retrenchment
2) Selection	5) Placement	Employment contracts
3) Interviews	6) Training & Skills Development	Salary determination

1.3.1 Recruitment

Definition: Process of finding and appointing new employees for a vacant position in the business

Two types

- | | |
|---|--|
| <ul style="list-style-type: none"> • Internal sources - within the business - via email or poster | <ul style="list-style-type: none"> • External sources - outside the business - advertisement or internet |
|---|--|

Types / Methods	Advantages	Disadvantages
Internal sources	<ul style="list-style-type: none"> • Promotion opportunities • Familiar with the business • Retain the skill of employee 	<ul style="list-style-type: none"> • No new ideas • Resentment • Applications are limited
External sources	<ul style="list-style-type: none"> • New ideas • Prevent unhappiness • Large pool of applicants 	<ul style="list-style-type: none"> • Expensive • In-service training • Resentment if outsider gets the post

1.3.2 Selection

Selection process

- | | | |
|---------------|--|---|
| Step 1 | <ul style="list-style-type: none"> • Preliminary screening | <ul style="list-style-type: none"> • CV / Letters of application |
| Step 2 | <ul style="list-style-type: none"> • Screen & shortlist | <ul style="list-style-type: none"> • Evaluate applicants / Draw up a shortlist [5] |
| Step 3 | <ul style="list-style-type: none"> • Inform applicants | <ul style="list-style-type: none"> • Contact short listed candidates |
| Step 4 | <ul style="list-style-type: none"> • Conduct interview | <ul style="list-style-type: none"> • Identify the best candidate |
| Step 5 | <ul style="list-style-type: none"> • Test candidates | <ul style="list-style-type: none"> • Conduct competency test |
| Step 6 | <ul style="list-style-type: none"> • Contact references | <ul style="list-style-type: none"> • Confirm background information |

Step 7

- Notify successful candidate
- Mail offer of employment letter
- Candidate must confirm in writing

1.3.3 Interviews

Purposes

- Determine the suitability for the job
- Verify the information on CV and application form
- Meet the applicant personally
- Provide an opportunity for applicant to ask questions

Role of the Interviewer

- Put the interviewee at ease
- Give interviewee time to answer
- Explain the purpose of the interview
- Let the interviewee do most of the talking
- Keep 'n record of key points

Role of the Interviewee

- Try to be confident and at ease
- Think before you speak
- Do not dodge difficult questions
- Give as balanced a picture as possible of yourself
- Don't be over-familiar or over-formal

1.3.4 Induction

Meaning of the term: Process whereby an employee is first introduced to the business

Purposes

- Introduce to co-workers & managers
- Give an overview of the business
- Idea of the different departments
- Explain the safety regulations & rules
- Provide information about the products and services

Importance / Benefits

- Increases quality and productivity
- Increases motivation
- Allows new employees to work effectively
- Ensures that the rules and procedure are understood by everyone
- Minimise the need for ongoing training and development

1.3.5 Placement

Meaning of the term: Process whereby a new employee is placed in a vacant position

- Matches the ideal candidate to a specific position
- Crucial to the success of a business
- Must be placed in a position where they will add the most value
- HR and line managers must support the placement process during the probation period
- Incorrect placement can result in a business losing skilled workers

1.3.6 Training / Skills Development

- Refers to the acquisition of new skills and knowledge
- Investment by the employer in the employees
- Development needs of the employees must be determined
- Acquire a suitable service provider
- HR Determine if the training needs has been met
- Increase the efficiency of the workforce

1.3.7 Retrenchment

Meaning of the term :Process whereby an organisation reduces the number of employees for operational reasons.

- Influenced by worsening of economic conditions
- Mechanisation of the production process
- Competition from foreign suppliers
- Employers must be transparent with employees regarding the actual reasons
- Employees must be part of the discussions regarding retrenchments
- Must be used as a last resort

1.3.8 Employment contract

Meaning of the term: Oral or written, express or implied, agreement specifying terms and conditions under which a person consents to perform certain duties as directed and controlled by an employer in return for an agreed upon wage or salary.

Legalities

- Signed contract is a legal & binding document on both parties
- Employee undertakes to place his service and time at the disposal of the employer
- The employer undertakes to pay the employee a fixed wage and agreed benefits
- Labour law requires that an employee must be given a contract when he starts working.
- Labour legislation makes provision for: permanent employees; temporary employees and part-time employees

Details of the contract

- Names and addresses of the employer and employee
- Job description and job title
- Normal Working hours
- Leave conditions
- Salary package
- Termination of contract
- Starting date

Reasons for termination of contract

Resignation	Occurs when an employee chooses to leave the organisation
Dismissal	Occurs when the employee is asked to leave the organisation due to bad conduct, breach of contract or illegal behaviour
Retirement	Occurs when an employee reaches a certain age and do not have to work any longer
Retrenchment	Occurs when an organisation is forced to reduce the number of employees for operational reasons.

Salary determination

- Salaries are normally mutually agreed between the employer and employee
- The Wage Board however sets minimum wages for all trades in SA
- The Wage Board undertakes investigations into the wages
- Minister of labour will make a wage determination for a particular sector
- Two types, namely Piece meal and Time rate
 - **Piece-meal**
 - Paid for the amount of work produced
 - Example: number of shirts manufactured
 - Increase productivity
 - Quality may be inferior
 - Greater need for quality control

- **Time related**
 - Paid for the amount of time spent at work
 - Work needs supervision
 - Employees know in advance the amount they will earn
 - Earn extra money by working over-time

- **Personal tax**
 - Compulsory deduction made from the salary / wage by the employer and paid over to the SARS
 - Income tax is deducted in two ways:
 - i) SITE [Standard Income Tax on Employees]
[phased out with effect from 1.04.2014]
 - ii) PAYE [Pay as you Earn]
 - High income earners are taxed at a high rate and low income earners are taxed at a low rate

2. THE IMPLICATION OF LEGISLATION ON HUMAN RESOURCES

LRA

BCEA

EEA

SDA

2.1 Labour Relations Act [LRA]

- LRA was established to ensure fairness in the workplace.
- Terms and conditions applies to both the employer and the employee
- Impact for HR
 - Fair processes for employing workers.
 - Fair process for dismissal of workers
 - Rights and responsibilities of trade unions are protected
 - Procedure for strikes and dispute resolution
 - No unfair treatment in the workplace
 - Encourage working participation in decision making

2.2 Basic Condition of Employment Act [BCEA]

- Protect employees against unfair labour practices
- Determines the minimum conditions of employment
- Implications for HR
 - Worker must not work more than 45 hours a week
 - Maximum number of over-time is 3 hours per day and 10 hours per week
 - Female employees are entitled to four months maternity leave
 - Employees are entitled to 21 days consecutive leave per year

- An employee is entitled to 30 days sick leave in a three year cycle.
- Meal interval for employees of 1 hour after 5 hours of work
- Employee must give 4 weeks' notice to end an employment contract if he worked for one year or more.

2.3 Employment Equity Act [EEA]

- Promotes equal opportunity
 - Eliminates unfair discrimination
 - Implements affirmative action [AA] measures to redress past discrimination to designated groups
 - Implications for HR
- Job vacancies must be made known to everybody who is eligible to apply.
 - Elimination of unfair discrimination in recruitment, selection, placement etc.
 - Fair testing and assessment of applicants
 - Identify employees that fit in the category of AA
 - Draft an Employment Equity Plan as a code of good practice

2.4 Skills Development Act [SDA]

- Provide an overall framework for training in South Africa
 - SETAs coordinates training and development in 23 identified sectors
 - Implications for HR
- Training needs of workers must be identified
 - SETAS must be approached for accredited service providers to train and assess employees at their workplace.
 - Service providers must assist workers to acquire the required skills needed to complete works tasks effectively and efficiently

3. DISTINGUISH BETWEEN LEGAL AND ILLEGAL STRIKES

Meaning of the term "strike": Occurs when two or more employees withdraw their labour from the production process or from rendering a service.

Legal strike

- The Labour Relations Act (LRA) affords striking employees the strike action that, when regarded as
- **procedural**,
- Provide striking workers with some form of protection.
- Employees may not be dismissed
- No work no pay principle is applied

Illegal strike

- Refers to striking workers participating in action that
- is regarded as **unprocedural**.
- Provides workers with no protection
- May be regarded as a form of misconduct justifying dismissal
- No work no pay principle is applied

4. EMPLOYEE BENEFITS ON BUSINESS

Fringe Benefits

Compulsory

4.1 Fringe Benefits

Meaning: Compensation beyond a regular wage or salary an employer, which are exempt from taxation as long as certain conditions is met.

Medical Aid

- Fund that is maintained from monthly contributions by employees and a subsidy by employers.
- The fund is accessed when a member or its dependent require medical attention.
- The fund will pay the medical service provider the full amount or a portion of the expense

Pension

- Long term savings for retirement
- Fund that is maintained from monthly contributions by the employee and employer.
- Money is invested by the fund administrators to allow I to pay the member a lump sum and monthly pension on retirement

Provident Fund

- Long term savings for retirement
- Fund that is maintained from monthly contributions by the employee and employer
- Money is invested by the fund administrators to allow it to pay the member a lump sum on retirement or resignation

Allowances

- Amount of money paid by the employer to the employee for a specific expenses to allow the employee to render a more effective service.
- Examples: Car, Cell-phone, Tablet & Travel
- Employees are taxed to the extent that they use these allowances for personal reasons

4.2 Compulsory Benefits

Meaning of the term: Refers to benefits that businesses are legally required to offer its employees

Unemployment Insurance Fund [UIF]

- Employers must pay unemployment insurance contributions of 2% of the value of each worker's pay per month.
- The employer and the worker each contribute 1%.
- Contributions are paid to the Unemployment Insurance Fund (UIF) or the South African Revenue Services (SARS).
- UIF apply to all employers and workers
- Exclusions:
 - workers working less than 24 hours a month for an employer;
 - learners;
 - public servants;
 - foreigners working on contract who are going to be repatriated at the end of the contract

COIDA

- Employer pays monthly contributions into a fund based on the total wage bill of the employees
- Employee is entitled to claim compensation if he/she is injured whilst on duty
- Dependents of an employee is entitled to compensation if the employee dies whilst on duty

Other compulsory benefits

- Vacation Leave
- Maternity Leave
- Adoption Leave
- Sick Leave
- Family Responsibility Leave
- Paid Public Holidays

4.3 Advantages / Positives of Fringe Benefits to the business

- Boost employee's morale and pride in the company.
- Helps attract and retain better qualified employees.
- Provides high risk coverage at low costs easing the company's financial burden.
- Improves efficiency and productivity as employees are assured of security for themselves and their families.
- Premiums are tax deductible as corporation expense, which means savings with quality coverage.

4.4 Disadvantages / Negatives of Fringe Benefits to the business

Disadvantages for the business

- The organisation has to pay the cost of the benefit itself
- Reduces the profitability of the organisation
- Has to pay employees or an outside contractor to administer the program.
- They also have to ensure that their benefits conform to all applicable laws.

Session 2

Devise/Formulate strategies of how a business can respond to the challenges of the macro business environment,

1. Strategies

Meaning of the term: **Plan of action to achieve certain desired goals**

1.1 The strategic management process.

Involves:

- Goal setting
 - This stage consists of identifying three key facets: First, define both short- and long-term objectives.
 - Second, identify the process of how to accomplish your objective.
 - Finally, customize the process for your staff, give each person a task with which he can succeed
- Analysis
 - In this stage, gather as much information and data relevant to accomplishing your vision.
 - The focus of the analysis should be on understanding the needs of the business as a sustainable entity, its strategic direction and identifying initiatives that will help your business grow
- Strategy formulation
 - The first step in forming a strategy is to review the information gleaned from completing the analysis.
 - Determine what resources the business currently has that can help reach the defined goals and objectives
 - The issues facing the company should be prioritized by their importance to your success. Once prioritized, begin formulating the strategy
- Strategy Implementation
 - Successful strategy implementation is critical to the success of the business venture.
 - This is the action stage of the strategic management process.
 - Once the funding is in place and the employees are ready, execute the plan.
- Strategy monitoring & evaluation
 - Strategy evaluation and control actions include performance measurements, consistent review of internal and external issues and making corrective actions when necessary.
 - Any successful evaluation of the strategy begins with defining the parameters to be measured
 - Determine your progress by measuring the actual results versus the actual plan

1.2 Apply the strategic management process to solve business-related problems.

- Use any creative-thinking technique to devise business strategies
- Generate business ideas
- Resolve conflict
- Solve any business-related problems

2.2 Challenges

Meaning of the term: Tasks or situations that test the organisation’s abilities to successfully resolve the tasks or Situation

2.2.1 SWOT analysis

- Tool to analyse factors within the Micro Environmental
- Focus on the strengths, weaknesses, opportunities and threats that the business could face
- Useful for setting goals and for strategic planning

2.2.2 Apply PESTLE

- Tool used to analyse factors within the Macro Environment
- Used to determine the impact of external factors on the business
- Components of PESTLE: **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal & **E**nvironmental factors

2.2.3 Formulate strategies

- Refers to the process of choosing the most appropriate course of action that will enable the business to achieve its goals and objectives.
- Strategic plan provides employees with a clear vision of the purpose and objective of the business.
- Formulating strategy is part of the business planning process

	STEPS	
1	Set objectives	<ul style="list-style-type: none"> • Objectives define the destination of the organisation • Strategy will show what must be done to achieve the objective
2	Evaluate the environments	<ul style="list-style-type: none"> • Evaluate the general economic and industrial environment in which the organization operates. • Micro, Market and Macro Environment must be evaluated • Tools that could be used are the SWOT analysis, PESTLE and Porters Five Forces
3	Set targets	<ul style="list-style-type: none"> • Determine target values for some of the organizational objectives. • Allow the organisation to compare and evaluate the contribution

		that might be made by various product zones or operating departments.
4	Use contexts	<ul style="list-style-type: none"> The contributions made by each department within the organization are identified. Strategic planning is done for each department
5	Analyse performance	<ul style="list-style-type: none"> Analysis is made of the gap between the planned performance and the actual performance of the business. Critical evaluation must be done of past performance, present conditions and desired future outcomes
6	Choose strategy	<ul style="list-style-type: none"> Organisation must choose the best course of action to achieve its desired goals. Strategy is then implemented by taking specific steps.

2.2.4 Implement strategies

- Involves putting the strategy that was formulated into action.
- The correct implementation of the strategy is essential for the organisation to achieve its objectives and desired goals

	STEPS	
1	Allocate resources	<ul style="list-style-type: none"> Plan for appropriate implementation of the budget Ensure that resources are used efficiently and effectively
2	Ensure that organisation structure is in place	<ul style="list-style-type: none"> Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization
3	Motivate staff	<ul style="list-style-type: none"> Staff must be motivated to carry out the plan effectively and efficiently.
4	Organisational policies	<ul style="list-style-type: none"> Develop and follow organisational policies that support the implementation strategy
5	Management involvement	<ul style="list-style-type: none"> Manage sub-ordinates through creative leadership Management must be fully supportive of the implementation plan
6	Solve on-going problems	<ul style="list-style-type: none"> Give immediate attention to problems that might arise Use creative thinking to solve problems and challenges
7	Adapt	<ul style="list-style-type: none"> Adapt the strategy, if necessary when it becomes clear that the current strategy is not going to achieve the desired outcomes

2.2.5 Evaluate strategies

- Process of monitoring business activities and performance results.
- Actual performance can be compared with the desired performance
- Evaluation and feedback provides the foundation for successful future strategy formulation
- Steps in strategy evaluation:
 - Identify goals and measure achievement against the goals
 - Compare expected results with the actual results
 - Determine the deviations and reasons therefore
 - Develop actions that can be implemented to prevent similar deviations
 - Implement the actions to correct the deviations

2.4 Industrial tools to analyse the challenges of the business environment

2.3.1 SWOT Analysis

STRENGTH [INTERNAL]	WEAKNESSES [INTERNAL]
<ul style="list-style-type: none"> Refers to those factors that exist within a business that contributes to the business achieving its objectives Example: Skilled workers 	<ul style="list-style-type: none"> Includes characteristics within the business that will prevent the business from achieving its objectives Example: Insufficient capital
OPPORTUNITIES [EXTERNAL]	THREATS [EXTERNAL]
<ul style="list-style-type: none"> Refers to factors outside the business that could improve the chances of the business being successful Example: New technology 	<ul style="list-style-type: none"> Refers to factors outside the business that could prevent the business from achieving its objectives Example: High interest rates

2.3.2 Porters Five Forces

- Strategic management tool that assist a business having a competitive advantage over its competitors.
- Useful tool to analyse factors within the Market Environment
- Informs the business about trends in the industry
- Profitability of the business will be influenced by the FIVE competitive forces
- PORTERS FIVE FORCES are: Threat of new entrants; Threat of substitution, Power of buyers; Power of suppliers & Competitive Rivalry

	PORTERS FIVE FORCES	
1	Threat of new entrants	<ul style="list-style-type: none"> New entrants bring more competition into the market New competitors can quickly enter your market and weaken your position. Strong and durable barriers to entry limits the number of new entrants.
2	Threat of substitution	<ul style="list-style-type: none"> Occurs when a competitor offers a different product with the same quality and performance at a lower price. Businesses are always looking at ways of imitating products of competitors that are industry innovators. If substitution is easy and substitution is viable, it weakens the power position of the business
3	Power of buyers	<ul style="list-style-type: none"> Refers to the power of buyers to compel the business to offer lower prices. A few powerful buyers can dictate terms to the business Example: Buyers buying in large quantities can negotiate discounts
4	Power of suppliers	<ul style="list-style-type: none"> Refers to the ability of suppliers to increase the input cost of the business The fewer suppliers in the industry the greater their ability to drive prices upwards The more unique the product of the supplier the more control the supplier have over your business

5	Competitive rivalry	<ul style="list-style-type: none"> • Important here is the number and capability of your competitors. • If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation. • Suppliers and buyers will go elsewhere if they don't get a good deal from you • The less intense the rivalry amongst competitors, the more attractive is the market.
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2.3.3 PESTLE

FACTORS	IMPACT ON EACH FACTOR
Political	Changes in government; Political instability; Affirmative Action
Economic	Inflation; Interest: Exchange rates
Social	Poverty; Unemployment; Crime; Government grants
Technological	New technology; Social networking; Communication technology
Legal	Labour laws; Competition laws: CPA; NCA:
Environmental	Pollution; Recycling; Green taxes;

3. Determine the nature, effectiveness and use of the following strategies:

3.1 Integration

- Integration takes place when companies merge or one company buys another

TYPES		
Vertical	Forward	<ul style="list-style-type: none"> • Occurs when a business gains control over its distribution and retailers • Downstream buyers • Example: Farmer taking control over Fruit & Veg
	Backward	<ul style="list-style-type: none"> • Occurs when a business takes control over its supplier in order to reduce the risk of dependency • Upstream suppliers • Ensure a reliable flow of raw materials at an affordable price • Example: Fruit & Veg gains control over a Farm
Horizontal		<ul style="list-style-type: none"> • Occurs when a business gains control over a competitor in the same industry and the same stage of production • Reduces the threat of competition • Acquire businesses with substitute or complementary products • Example: Macro taking over Game

3.2 Intensive strategy

- Aims to increase sales and market share through INTENSIVE efforts to improve long-term growth
- Directed at internal growth within the business

TYPES	
Market penetration	<ul style="list-style-type: none"> • Business focus on selling existing products in existing markets • Do research on current consumer base and use the information to make adjustments and improvements • Example: Decrease the prices of products to ensure higher sales levels • Example: Run an aggressive marketing campaign aimed at existing customers
Market development	<ul style="list-style-type: none"> • Focus is on selling existing products in new markets • Product remains the same, with the emphasis on increasing its market share • Example: Exporting products • Example: MTN providing cell-phone services in Nigeria
Product development	<ul style="list-style-type: none"> • Focus is on introducing new products into existing markets • Customer base remains the same, but new products are introduced to current customers • Example: Modifying packaging of a product to appeal to current customers • Example: Packing cooking oil in retail pouches for household consumption

3.3 Diversification

- Involves changing both the product and the market
- Business market new products in new markets
- Used to increase sales, market share and ensure the growth of the organisation

TYPES	
Concentric	<ul style="list-style-type: none"> • Adding new products or services that are related to existing products and will appeal to new customers • Example: A business selling fried chicken may add fried chip to the chicken and sell a new product fried chicken & chips
Horizontal	<ul style="list-style-type: none"> • Adding a new product or service that are unrelated to existing products to appeal to existing customers • Example: A Car dealer selling cars and offering financing of the car services or insurance of the car to the customer
Conglomerate	<ul style="list-style-type: none"> • Adding new products or services that are unrelated to existing products that may appeal to new customers • Example: General Electric known for its electrical appliances are also engaged in oil drilling and computer manufacturing

3.4 Defensive

- Used by businesses when they are under severe pressure and have very few other options
- Used business to defend themselves against attacks from their competitors

TYPES	
Divestiture	<ul style="list-style-type: none"> Occurs when a business starts selling divisions within the business that are not profitable or assets that are not productive. Aim is to either acquire additional capital or to reduce the cost of running the business Example; Clothing store selling the children's toy section that is running at a loss
Retrenchment	<ul style="list-style-type: none"> Occurs when business reduces the number of employees for operational reasons Aim is to decrease the running cost of the business by reducing the salary bill of the business. Example: Telkom reducing its workforce by 3000 employees
Liquidation	<ul style="list-style-type: none"> Applied by businesses that faces bankruptcy Occurs when a business stops operating and sell the assets of the business. The cash raised will be used to pay creditors & money owing to employees

5. Other Business Strategies

<ol style="list-style-type: none"> The company repositions itself by replacing one or more individuals <ul style="list-style-type: none"> Business must ensure that the correct individuals are employed in the right positions Replacing an employee takes place when they don't fit in; cannot cope; resign; retire or are promoted Revising a business mission <ul style="list-style-type: none"> As the business grows it will be necessary to revise its mission so it can adapt to the changing environment As trends changes, the business must be aware of it and adapt its mission to the latest trends Establishing or revising objectives <ul style="list-style-type: none"> Short-term objectives must be constantly evaluated to ensure that all the stakeholders are working towards the same goal. Devising new policies <ul style="list-style-type: none"> Business policies need to be revised regularly to ensure that the business keeps up with the latest developments and trends Involving all employees in this process will ensure that they take ownership of the policies and the implementation thereof. Issuing stock to raise capital <ul style="list-style-type: none"> Additional shares could be made available to the public to ensure that the business has sufficient capital to finance any expansion or growth of the business. Adding additional salespersons <ul style="list-style-type: none"> Additional staff could be employed to increase sales figures and to service any new customers that the business may have acquired Allocating resources differently <ul style="list-style-type: none"> Strategies should be in place to ensure that resources are optimally used in the business Where this is not happening the resources must be allocated to departments where it will be used effectively and efficiently Developing new performance incentives. <ul style="list-style-type: none"> The more motivated the staff, the more productive they will be, thereby increasing productivity and profit levels of the business Developing new methods to incentivise the staff will encourage staff members to be more motivated and more productive.

5. Evaluation [advantages & disadvantages] of strategies and making recommendations for their improvement

STRATEGY	ADVANTAGES	DISADVANTAGES
Integration	<ul style="list-style-type: none"> • Can significantly reduce cost and competition • Increase the growth potential of the business 	<ul style="list-style-type: none"> • Legal process of franchising and buyout can be time consuming • Can be an expensive process and could involve large amounts of capital
Intensive	<ul style="list-style-type: none"> • Variety of ways in which intensive strategies can be implemented • Some strategies can have a large impact with a limited amount of capital 	<ul style="list-style-type: none"> • Research & development of new products could be expensive • Could be labour intensive and place extra strain on staff
Diversification	<ul style="list-style-type: none"> • Exciting and motivating for staff • Potential new mission, visions and goals 	<ul style="list-style-type: none"> • Requires skilled resources • May remove the focus from the main objective of the business
Defensive	<ul style="list-style-type: none"> • Can save cost • Get rid of departments that are not profitable 	<ul style="list-style-type: none"> • Demotivating to the staff • Time consuming process

Make recommendations for improvements of strategies

- Develop strategies for reaching target customers.
- Devising strategies for selling additional products or services to existing customers, thereby growing the organisation.
- Thoroughly reviewing the company's operations to find ways of saving money.
- Set aside time for long-range strategy development
- Having strategies in place to deal with challenges that could arise, as a result of risks the organisation could be exposed to.

6. **Activities for strategy evaluation**

- 1) Examine the underlying base of an organisations strategy
 - Essential to understand why the business chose the strategy that it did.
 - This will provide more detail and information on the actual effectiveness of the strategy
- 2) Compare expected results with actual results
 - All businesses should set measurable targets
 - Essential for the business to measure the actual results against the expected performance
 - Elements of the success of the strategy could be measured in this way
- 3) Taking corrective actions where necessary

- If the actual performance is consistently below the expected performance, the business must complete a detailed analysis of the reasons for the deviation
- Corrective actions must be implemented to ensure that targets are met
- This includes, making sure that realistic targets are set

SESSION 1: CONSOLIDATION ACTIVITIES

1. Read the case study below and then answer the questions that follow.

As the new human resources manager of the company, you have identified that the company lacks the skills and suitably qualified employees to perform the functions required by the company. You have been asked by the CEO to improve the productivity and the sales of the company and have been given specific targets.

You realise that the only way to reach your targets, is to improve the skills of the current employees and to set up a good recruitment and selection process for new employees.

1.1 Job description and job specification are crucial aspects of the human resources function.

1.1.1 Differentiate between the terms job description and job specification. (4)

1.1.2 Briefly explain FOUR benefits of induction. (8)

1.1.3 Name ANY FOUR aspects that should be included in an employment contract. (8)

1.2 Contracts may be terminated for various reasons. Name and discuss three reasons why a contract may be terminated. (9)

2. Essay Type Question

You are the human resource manager of Saints Financial Solutions. Anton has been appointed as the new Financial Director.

In view of the above statement:

- Describe the contents of the contract of employment for Anton.
- Discuss in detail the induction process Anton has to undertake as a newly appointed employee of Saints Financial Solutions.
- Explain the impact of the Employment Equity Act on the human resource function. (40)

SESSION 2: CONSOLIDATION ACTIVITIES

1 Identify the type of strategy that is being implemented by Charlie's Pizza Den from those given below:

- 1.1 Management decides to buy a cheese factory. (2)
- 1.2 The sales manager decides to reduce the mark-up on all large pizzas. (2)
- 1.3 A decision is taken to stop the delivery service and sell the motorbike delivery fleet. (2)
- 1.4 The restaurant adds strawberries and ice-cream as a new product to its menu. (2)
- 1.5 Frozen pizzas are to be exported to Namibia and Botswana. (2)

2. Essay Type Question

Business can use different types of strategies to respond to the challenges of the macro environment.

Describe the steps to be followed in the formulation of strategies.

Discuss using examples the various types of integration and Intensive strategies that a business can use to increase turn over. Outline the steps to be followed in the evaluation and control process of implementation. (40)