

CONTEMPORARY SOCIO-ECONOMIC ISSUES



PAPER



TOPIC

List/Name/Give examples of contemporary socio-economic issues that pose a challenge to businesses.

- low income levels (gate)
- inflation (lion)
- social, cultural and demographic issues (front office)
- economic crime (bursars)
- ethical misconduct (printing room)
- population growth (Mr Stander's class)
- illiteracy (library)
- unavailability of natural resources (computer labs)
- inefficiency in the use of resources (The Heart)
- dumping (rugby field)
- lack of skills (swimming pool)
- exhaustion of natural resources (astroturf)
- strikes (tennis courts)

Identify socio-economic issues from scenarios/case studies/statements.

Explain/Discuss the negative impact of contemporary socio-economic issues on businesses.

The impact of low income levels on businesses

- Many South Africans live in poverty, which limit their buying power.
- Because of this limited consumer spending, businesses are unable to grow and prosper.
- Consumers opt to spend money on cheaper goods and products.

The impact of inflation on businesses

- Businesses sales will decrease because of reduced consumer spending on goods and services.
- Businesses will have less money to spend on producing goods if the cost of raw materials increases.
- Reduced sales figures could lead to the businesses implementing cost saving models.

The impact of social, cultural and demographic issues on businesses

- The diverse nature of the population of the country impacts on businesses because consumers spend their money differently, and on goods and services that they deem important.
- Businesses need to try and accommodate the preferences of the diverse consumer body so that it could lead to an increase in sales for the business.
- Businesses are also encouraged to keep track of the latest trends in the different industries so that they can grow their market share.

The impact of economic crime on businesses

- Theft of business profits through fraud and deception lead to a decrease in profits for the business.
- Businesses need to spend money on installing additional security features in offices or on their premises. This may result in additional costs.
- Cyber security poses a huge challenge, especially for businesses who advertise their products on the internet

Ethical misconduct

- Ethical misconduct happens inside a business and poses various threats and challenges.

Types of ethical misconduct

1. Sexual harassment

- Sexual harassment in the workplace involves unwelcome or unwanted conduct of a sexual nature from someone at work.

2. Corruption

- Corruption refers to any act of dishonesty such as **bribery**/theft/collusion/ kickbacks, and so on.

3. Mismanagement of funds

- Mismanagement of funds refers to the wrongful use of funds – for example irregular expenditure – that does not belong to a person/employee.

The impact of ethical misconduct on businesses

- An employee may abuse his or her position of trust for monetary gain.
- It negatively affects the image of the business and may result in disinvestment or no new investments from new shareholders.
- Businesses may face lawsuits from employees who feel that not enough was done to protect them from unethical behaviour in the workplace.

The impact of population growth on businesses

- Business growth may lead to the creation of jobs for some people.
- A high population growth may put strain on the natural resources of the country.
- The economy may also be put under strain because of an increasing number of individuals who require support from the government.

The impact of illiteracy on businesses

- Businesses may find it difficult to enter into written contracts with illiterate individuals.
- Little to no literacy skills puts people at a disadvantage when trying to find employment or when trying to learn a new skill.
- There is a strong link between unemployment and illiteracy as businesses cannot employ people who cannot read or write.

The impact of lack of skills on businesses

- Unskilled employees could spend considerable time seeking assistance to perform their work.
- They may perform tasks without the appropriate knowledge and expertise which could lead to poor performance.
- The time spent on assisting unskilled workers can reduce productivity levels in the workplace

The impact of unavailability of natural resources

- Businesses will not be able to produce goods due to shortages of natural resources that are used as raw material.
- Oil and coal are examples of natural resources that are not renewable. Once depleted, they cannot be recovered.
- Businesses need to find alternative sources of natural resources to sustain the production of goods. However, this may lead to additional operational costs.

The impact of inefficiency in the use of resources on business

- Businesses cannot produce at optimum levels if resources are not adequately used.
- Reduced production levels may lead to a drop in sales and profitability.
- Unused stock can become obsolete, increasing losses for businesses.

The impact of dumping on businesses

- Local businesses lose profits as they cannot compete with cheaper prices.
- They may also lose income and be forced to close their operations.
- This may lead to a decrease in local production and a loss of jobs.

The impact of exhaustion of natural resources on businesses

- Exhaustion of natural resources can be devastating for businesses whose operations solely depend on their existence.
- Over time, the depletion of these resources will lead to an energy crisis, which government will then need to address.
- Businesses may be forced to substitute exhausted natural resources with chemicals and become a strong contributor to climate change.

The impact of strikes on businesses

- Strike actions have a potential of jeopardising relations between the employer and employees.
- It can also affect teamwork in the workplace in instances where not all workers are in support of such industrial action.
- Businesses suffer financial losses due to low levels of productivity and consumer confidence is adversely affected.

PIRACY

Discuss/Analyse the negative impact of piracy on businesses.

- Businesses suffer substantial losses in revenue because of the illegal reproduction of artists', music, movies and branded clothing.
- Unlawful copying and streaming of movies and television series lead to a decline in the sales and profits for the business.
- Artists may see no value in producing a new set of music or movies because of the reduced sales. This may affect the artist's and producer's productivity levels

Define /Elaborate on the meaning of the following solutions to piracy:

Copyright

- Copyright refers to an exclusive legal right assigned to the author, artist or producer of artistic work to print, publish, perform or record the work.
- Laws relating to copyright protect authors and allow them to sell their works to make a profit

Patent

- A patent gives the creator of the product the right to prohibit other people from making or using their invention.
- This right is granted by government for a limited period of up to twenty years for the exclusive right to an invention.
- If any person or business uses the invention without permission, the creator may take legal action against them.

Trademark

- A trademark refers to a sign, character or word that is protected by law to represent a product or company.
- These are used by businesses so that their products or the business itself is easily identifiable.

Identify the above-mentioned solutions to piracy from scenarios/case studies/statements.

INDUSTRIAL RELATIONS

Define/ Elaborate on the meaning of industrial relations.

- Industrial relations refer to the relations between management and workers in the industry.
- The term “industrial relations” explains the relationship between employees and the management that stems directly or indirectly from union versus the employer relationship.

INDUSTRIAL ACTION

Go-slows

- Go-slows are a form of industrial action in which work or progress is deliberately delayed or slowed down as a form of protest.

Lockouts

- Lockouts occurs when the employer prevents striking employees from entering the business premises.

Discuss/Explain/Describe the purpose of the Labour Relations Act.

- The act provides the structure for governing the relations between an employer and their employees.
- It encourages collective bargaining processes to take place in the workplace.
- It also encourages the establishment of workplace forums to support employees in decision-making.
- The act further encourages fair labour practices between the employer and its employees.

Define/Elaborate on the meaning of trade unions

- A trade union is an association formed by workers to represent and protect their rights in the workplace.
- Members of a trade union pay membership fees on monthly, quarterly or annual basis to fund union programmes and activities.

Outline/Mention/Discuss/Explain/Describe the ROLES of trade unions, e.g. addressing poverty reduction, job creation challenges etc.

- The main role of trade unions is to represent staff members in the workplace.
- Trade unions advocate that the economy should support the working class and the poor.
- Hold discussions on poverty reduction programmes, reasonable income levels and job creation strategies with employers.
- They highlight the need for job creation in the country.

Outline/Discuss/Explain the FUNCTIONS of trade unions.

- Trade unions represent and protect their members against unfair labour practices in the workplace.
- They empower employees about their rights in the workplace and how to apply these rights.
- Trade unions negotiate for better working conditions, salary or wages and other benefits to improve the standard of living for workers.
- Employees are protected from unfair dismissals and labour practices.
- They may take legal action on behalf of their members when necessary.

Evaluate the functions of trade unions from scenarios/case studies and make recommendations for improvement.