

SOCIO-ECONOMIC ISSUES

1 PAPER
1 TOPIC

Define/Elaborate on the meaning of socio-economic issues

Socio-economic issues are aspects that have a negative effect on the individual, communities and business.

Reason why socio-economic issues pose a challenge to businesses.

- businesses may not be well supported by customers because of their limited disposable income
- absenteeism of employees affected by HIV/AIDS will result in a decrease in **productivity** of the business
- counterfeiting, bootlegging and crime may lead to loss of profit for businesses
- businesses may feel pressurised to offer corporate social responsibility projects in disadvantaged communities. This in turn could lead to increased business costs and decreased profitability.

Inequality	Poverty	Inclusivity	HIV/AIDS	Gambling	Counterfeting
Bootlegging	Strikes	Political Disturbances	Strikes	Crime	Violence

Define/Elaborate on the meaning of inequality and poverty.

Inequality:

- Some people have more money than others and can therefore access education, basic health care and social services.
- Inequality contributes to poverty in the country.

Poverty:

- Poverty is defi ned as the lack of resources to meet basic human needs.
- Poverty often gives rise to crime.

Explain/Discuss/Describe the impact of inequality and poverty on businesses.

- Individuals and customers have less or no money to spend to buy basic goods and services which will influence the profitability of business
- Limited customer spending means that businesses record lower sales figures.
- Businesses may not grow because of reduced sales figures.
- Businesses are pressurised by the media attention to poverty into investing in poor communities.

Define the term “inclusivity”

- Inclusivity means that everyone should have access to equal opportunities irrespective of their race, gender, sexual orientation, disabilities, religion and education.
- It also aims to address discrimination of persons based on gender and disability

Explain the purpose of inclusivity in the workplace.

- The goal of inclusivity is to ensure that the business implements fair labour practices.
- It seeks to redress the inequalities of the past.
- Ensure that workplaces are created where people of different races, genders and religions can work together to the benefit of the business.
- Ensure that their workforce is representative of the demographics of the country.

Evaluate the negative impact of HIV/Aids on businesses.

- Being infected with HIV can lead to:
 - reduced productivity of affected employees
 - increased employee absenteeism because of medical appointments for doctor or clinic visits.
- Trained and experienced employees often die due to complications caused by HIV before they can grow old. This causes an increase in staff turnover for the business. This in turn creates additional expenses for businesses when they need to hire and train new employees.
- Businesses face high levels of nonattendance of employees who become ill or request to attend funerals.
- Employees may experience low morale because of sick colleagues. This could lead to a decrease in productivity as workloads increase. The business will be affected adversely and this could lead to a decline in profits.

Outline the different types of gambling

Pyramid Schemes

- Pyramid schemes refers to businesses that may potentially yield high revenues for people who invest their money in them.
- Individuals invest more and more money, but often only the individuals at the top of the pyramid receive large sums of money.

Illegal gambling

- Illegal gambling is when unlicensed businesses offer gambling to the public.
- Illegal gambling activities can also take place in poor communities such as when people play with die (dices) on street corners for money, or when individuals frequent unlicensed casinos.

Money laundering

- Money laundering is the process by which unlawful profits from crimes are invested in valid businesses to cover up their wrongdoing.
- The source of money is camouflaged and made to seem as if it was lawfully gained.

Explain the impact of different types of gambling on businesses

- Employees who gamble themselves into financial difficulties may be absent from work regularly.
- Individuals losing cash can display lower morale levels at work and this will influence their work relationships and responsibilities.
- The employees may suffer from depression and thereby not be able to focus on their work tasks and responsibilities.
- Gambling, such as money laundering, promotes corruption in businesses.

Explain the meaning of counterfeiting /bootlegging/strikes /political disturbance /violence & crime

Counterfeiting

- The process of fraudently manufacturing, altering, or distributing a product that is of lesser value than the original product.

Negative impact of counterfeiting on businesses

- Due to the circulation of counterfeited products a decline in sales may be experienced by businesses.
- Business profits will be reduced because of customers buying cheaper products.

Bootlegging

- Bootlegging refers to unlawfully manufacturing fake goods for sale

Negative impacts of bootlegging on businesses

- Businesses will be affected negatively due to loss of sales .
- Businesses expenditure may be increased due to legal costs is legal action needs to be implemented.

Political disturbances

- Political disturbance occurs when groups of people voice their objection to show their disapproval of the handling of different situations in the country.
- People may protest because of the lack of service delivery in a specific area where they live and they may feel that government is not doing enough to solve, for example, the issue of unemployment in the country.

The negative impact of political disturbances on businesses

- Businesses may not be able to operate at full capacity due to high numbers of absent staff.
- Employees may not be able to travel to work due to protest action and this may result in lower productivity for the business.
- Smaller businesses may be forced to close if roads are blocked.
- Business may incur damages to their premises due to protests or protest action.

Violence

- Violence may be defined as an extreme physical force exercised over someone to cause severe injury and grievous bodily harm or damage to property.
- Violence may be caused by misunderstandings and frustrations of people due to living in poverty.

The negative impact of violence on business

- Violence has a negative effect on the workforce as it impacts on the safety and security of workers in the workplace.
- The trauma that workers experience could result in a lack of productivity of the employee.
- Employee absenteeism may increase due to illness like depression as a result of the trauma experienced.
- The business will spend money on employees that require counselling.

Crime

- Crime is any prohibited activity that is punishable by law.
- Crime refers to the loss of goods due to theft, corruption, abuse, hijackings and burglaries.
- It can also refer to the loss of goods due to theft, corruption, abuse, hijackings and burglaries.
- High poverty levels lead to an increase in the crime rate.

The negative impact of crime on businesses

- Staff productivity is reduced at work.
- Employees may require counselling after the occurrence of an incident resulting in higher costs for the business.
- Businesses located in crime hotspot areas will be poorly supported by customers resulting in decreased profits for the business

Strikes

- A strike occurs when employees refuse to work, usually to petition a specific issue.
- A strike is usually the result of a dispute, such as employee grievances or the fear of being retrenched in the workplace.
- The most common reason workers usually go on strike are for higher wages or better working conditions.

Negative impact of strikes on business

- Strikes will result in production losses and reduction in sales.
- Businesses may be forced to close operations after a strike.
- Business may incur damages to their premises due to protests or protest action.

Identify socio-economic issues from given scenario/statements. Motivate your answer by quoting from the scenario.

PLEASE NOTE: Piracy has been removed from this chapter