

BUSINESS STUDIES: PAPER II

MARKING GUIDELINES

Time: 2 hours

100 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

The following aspects will be considered when marks are allocated in this paper:

- Format:
 - The CORRECT format for each question must be used, i.e. business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: correct business terminology should be used.
- Content: must be sufficient to cover all aspects of the question.
- Substantiation: justification for statements made.
- Application to case study/context/theme.
- Creative problem-solving rather than just giving theoretical facts.
- Synthesis and sequencing.

QUESTION 1

Fact marks are allocated as per the rubric for:

- ***Naming***
- ***Explaining/justifying/motivating***
- ***Examples***
- ***Strategies to solve problems***
- ***Current affairs***
- ***10 additional facts – must add value to the discussion/argument(s)***

It is important to understand the risks associated with the various environments businesses operate in.

- Macro environment
- Market environment (external)
- Micro environment (internal)

The macro environment

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.

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

- 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/unemployment rate of the country.
- The way the business operates may directly influence the physical environment in which it operates, etc.

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

- determine how the business should react to eliminate any threats.
- capitalise on opportunities to achieve a competitive advantage.

Some of the tools that may be used to analyse the macro environment include:

- an environmental scan
- a SWOT analysis, and
- a PESTLE analysis or more accurately, a PE²STLE analysis.

An environmental scan

It is important to do an environmental scan to identify factors that may impact on the business and then adjust existing plans or develop new plans to deal with these factors/ events.

An environmental scan is not limited only to the macro environment, but can be used as a tool when looking at the market environment and the micro environment as well. However, when an environmental scan is used in the macro environment, the following process is applied:

- The business will scan (look at) the macro environment in order to identify issues which need to be addressed.
- Although a SWOT analysis may be used to evaluate factors in both the external and internal environments, in the **macro environment**, only **OPPORTUNITIES and THREATS** are considered.
- **PE²STLE** is a useful tool to identify specific opportunities and threats in the **macro environment**.

A SWOT analysis (only O and T)

The O (opportunities) and T (threats) refer to issues in the macro and/or market environments. In the macro environment, the exchange rate may deteriorate and if raw materials are imported, it may threaten the profitability of the business.

A PE²STLE analysis:

Each of the letters in PE²STLE represents a factor in the macro environment that could potentially **threaten** the business or that the business may use as an **opportunity** to create or strengthen the competitive advantage.

Note to which **word** each letter of the PE²STLE refers, but be mindful of how the terms are connected and interrelated.

Political factors

This factor is important in relation to:

- The local political situation of the country in which the business operates.
- The political situation of other countries in which the business may operate,
- but also including world politics in general.

Political factors and LEGAL factors are closely related, as the political party running the country, will make the laws (legislation) that determine what is acceptable and what is not allowed, for example:

When one reviews the political factors that may impact on the business, the following aspects should be considered:

- The likelihood of government interference in the economic functioning of the country (and therefore, the running of businesses), as with a free market vs. socialism vs. communism.
- The degree of political stability in the country and its impact on business confidence.
- Political ties with other countries as this may, for instance, influence trade agreements.
- Degree of media freedom/freedom of speech, which may be used to criticise the political parties in the country when government officials make themselves guilty of corruption.

Economic factors

Economic factors that may affect the business and which ought to be analysed to assess what the implications may be, include:

- Economic growth and development rates in the country, and the direct consequence of these factors: the improvement (or deterioration) of the standard of living of the people of the country.
- Inflation rates: inflation is the continuous and significant increase in the general price level of goods and services. The higher the inflation rate, the lower the purchasing power of the monetary unit will be.
- Interest rates: the rate at which people or businesses borrow money from the bank or the percentage return on investment when saving money in the bank. High interest rates make it difficult for businesses to borrow money to expand.
- Exchange rates, i.e. the strength of the local currency vs. the currencies of other countries. If the rand depreciates against another currency, it will become more expensive to import from that country.
- High unemployment rates mean people do not have money and as a result, businesses suffer lower profits.
- Taxes such as income tax, VAT, import duties, etc.

Ethical factors

Ethics refers to the principles and/or values that will determine if decisions and actions are acceptable. Ethics provide a guideline for the person/business to evaluate how to act in the "right" way when faced with a moral dilemma or difficult situation.

Elements that the business has to consider when looking at ethics as part of a PE²STLE analysis include:

- What is the difference between ethical and legal? Something may be legal, but not ethical in a particular situation. A person or business' set of principles may be ethical, but it may not be legal in terms of a country's trade regulations.
- Fair trade refers to respect and transparency in business dealings, acknowledging that one party will not attempt to exploit the other.
- Corporate social responsibility: it is the responsibility towards the shareholders to make a profit vs. the responsibility towards giving back to the community.
- An employee's privacy regarding the use of the internet vs. the rights of the business to expect responsible behaviour from employees. Employers must be able to access computers to ensure employees are not contravening the company's regulations.

Social/Socio-economic factors

Socio-economic factors refer to the impact that social trends have on the economy and the role players in the economy, such as businesses and consumers' behaviour and their lifestyles.

The business has to adapt to changes in social trends. Think about the impact that social media has on the world around you and how businesses have to adapt their marketing and sales tactics to utilise opportunities related to the use of mobile devices.

Apart from social media, other factors for the business to consider in this regard include:

- The average age of the population, the life expectancy and people becoming more health conscious.
- The number of single parents providing for a family.
- HIV/Aids infection and diseases such as TB and malaria.
- Levels of literacy/education.
- Unemployment rates.
- Personal safety and crime.
- Awareness of the issue of pollution and recycling (also refer to environmental factors).
- Distribution of wealth/poverty.
- The changing role of women in society in certain cultures.

Technological factors

Technology refers to the equipment the business uses to buy (or make), advertise or sell their products or services.

Think of how the following factors impact on the business that you use as your case study this year:

- We have already referred to the rapid development of issues surrounding social media.
- Automation of different processes, requiring less use of lower-skilled (and thus cheaper manual labour).
- Advances in online money transfers (internet banking, electronic fund transfers).
- Online shopping.
- Quicker sales transactions through EPOSSE (Electronic Point of Sales Scanning Equipment as opposed to manual pricing) at pay points.
- Product innovation through Research and Development (R & D).

Legal environment

The legal environment refers to all laws that impact on the business. This may include:

- Laws that protect the environment against exploitation and pollution.
- Criminal justice that protects the business against piracy and rip-offs.
- Laws relating to paying tax, registering the business, health and safety and specifications for dealing with food (to name but a few).

Physical environment and other environmental factors

- Environmental factors are important if one thinks of the growing awareness to protect the environment and to prevent negative consequences such as global warming and changes in weather patterns.
- Think about the general move towards more environmentally friendly products, the emphasis placed on recycling, hybrid cars, higher taxes on air travel and efforts to reduce the carbon footprint.

The market environment:

The market (environment) is any place (physical or electronic) where goods and services are bought and sold. A variety of tools can be used to investigate forces in the market environment, which may include:

- An environmental scan
- A SWOT analysis (O and T only)
- The use of the six forces as identified by Porter

When an environmental scan is used in the market environment, the following process ensues:

- The business scans (looks at) the market environment in order to identify issues that need to be addressed.
- Although a SWOT analysis can be used to consider factors in both the external and internal environments, in the **market environment**, only the **OPPORTUNITIES and THREATS** will be considered.
- **Porter's Six Forces Model** is a useful tool to identify specific opportunities and threats in the **market environment**.

Porter's Six Forces Model

Michael Porter's model is a popular and an easy to understand tool often used to analyse the **market environment**. Porter's Six Forces model investigates the following in the market environment:

- Competitors: which businesses sell the **same** product.
- Competitors: which businesses sell a **similar** (substitute) product.
- Competitors: which businesses may try to enter the market in the **future**.
- Suppliers of the products.
- Buyers that must be convinced to spend their limited money to buy the product or service.
- The impact of complementary products.

Level of rivalry (current competitors)

It is important for any business to know what competitors are doing. If one can find a sector where a competitor is not performing well, it may present an **opportunity** for the business to make more profit. By identifying the areas where competitors are achieving success, it may be an indicator of a **threat** to the business, requiring the implementation of a tactic to avoid losses. For example, if a competitor has a superior marketing strategy; it poses a threat to one's business because customers may be lost to the competitor.

When the business is compared to its competitors, the following factors require reviewing:

- Size and financial resources of the business.
- Market share.
- The quality of products/service.
- Consumer brand loyalty.
- Pricing of products or service.
- Convenience of location and distribution channels.
- Trading hours.

The business needs to develop strategies to improve and outperform competitors in the above mentioned factors, as competitors have the power to "lure away" customers and thus profits.

Examples of such strategies:

- Customer loyalty programs may be introduced to make the business more attractive than those of competitors.
- A business reduces the price of certain products/services to make sure the business is a more attractive option than the competitors.

Threat of new entrants

Not only current competitors "steal" customers, there may be a challenge from a new business that sees an opportunity to make money by entering the market.

An existing business will see any potential new business as a threat to its market share and profits. The business therefore, tries to build "barriers" (strategies) to prevent new businesses from entering the market successfully.

Examples of barriers to keep new entrants out of the market:

- The bigger retailers in shopping malls will, for example, negotiate with centre management to prevent too many competitors from acquiring space in the same centre.
- A business may also register a patent to deter a potential new business from selling a similar product.
- Large sums of money may be spent on advertising and having promotions where products or services are sold at a lower price, making it difficult for a new business to enter the market.
- Consider that even the government puts legislation in place to make it difficult for new businesses to supply electricity to consumers.
- A tax on imported goods is a deterrent the government imposes on certain industries to protect the local market from cheap, mass-produced goods from overseas. In the case of the fast food business this could be cheap packaging.

Availability of substitute products

A substitute product does **NOT** refer to a different brand. This issue of different brands has been discussed under the heading of Rivalry/Competitors in the market.

A substitute product is a different product that satisfies the same need, namely:

- Pizza vs. Burgers
- Pasta vs. a take away sandwich from Checkers

Increasing availability of substitute products generates more "indirect competitors" which a business must consider in order to outperform the competition.

The power of suppliers

Any business that does not have a reliable supplier is certain to encounter problems more often than not.

In order to be successful, the business depends on the supplier to provide a good **quality** product when needed (**timing**) and to deliver the correct **quantity** to the **place** needed at a reasonable **price**.

- Imagine a fast food retailer sells products at a large athletics meeting in the middle of summer and the supplier is unable to deliver additional water and cool drinks.

Large suppliers, e.g. Amalgamated Beverage Industries (ABI – suppliers of Coke, Fanta, Sprite, etc.) supply their products to a large number of wholesalers and fast food businesses. It is important that the business keeps in mind that if the supplier sells to a competitor at a lower price or provides the stock to the competitor when there is limited stock (e.g. during a strike), that your business will be in a weaker competitive position and consequently less successful. Consequently, it is critical that the business develops and maintains good relationships with suppliers.

The following are possible costs associated with the unavailability of stock:

- If there is no material, a manufacturer cannot produce (no sales = no profit).
- If there is no material, the machines and labour cannot be utilised to their full capacity, because the production or selling process will grind to a halt.
- Administrative and opportunity costs are incurred when dealing with a stock-out. If a business has run out of stock, it becomes very difficult to negotiate discounts when placing orders.
- Customer goodwill may be lost if they have to go to competitors.

For this reason it is important to build strong and long-term relationships with suppliers, as the success of the business to a large extent, is determined by the suppliers of the products.

The power of buyers

The buyer may be a wholesaler ordering from a manufacturer, or a retailer buying the products for his shop or even the consumer who has to spend his or her hard earned money at your business. If the buyers are not respected, and offered good value for money, they may decide to support a different business.

When a retailer sells to the final consumer, the following aspects may need some consideration:

- What type of product/service is being offered? A consumer, for example, may be prepared to travel a greater distance to buy speciality goods such as cars, jewellery and expensive household appliances in order to get exactly what he/she wants. Convenience goods (such as groceries) and select goods (such as clothes) do not justify travelling longer distances, and the consumer may be happy to settle for a different brand or a substitute product.
- Is the consumer brand-loyal, or is the consumer prepared to swop brands if he/she can get a better deal? E.g., two pizzas for the price of one.
- Price sensitivity – in some instances buyers may be happy to pay more for a product or service if it is delivered, has a guarantee or is conveniently available, etc.

- "Snob-value" or the image associated with the product or service often may influence where the consumer makes the purchase. E.g.: luxury pizza vs. traditional pizza or gourmet burgers vs. cheap burgers.

The power of complementary products

A complementary product is a product where the use of one product is interrelated with the use of another product. The two products are in other words "paired together".

Examples of complementary products:

- Coffee and sugar.
- Fish and chips.
- Burgers and milkshake.
- Fast foods and Mr Delivery.

Suppose a business sells fast food, but it does not deliver the food to consumers and it relies on Mr Delivery to deliver to customers that wants it delivered to their homes. What will happen to the sales of the fast foods if Mr Delivery decides to increase their delivery charges substantially? Or what will the impact on Mr Delivery be if a few new fast food businesses open in a specific area and none of them have the capacity to deliver their own products?

The micro environment: Business operations (functions within the business)

When the micro environment is analysed, the focus is on the internal business functions. In order to perform the internal analysis, different tools may be used:

- An environmental scan: look at the internal departments/functions in the business.
- A SWOT analysis (S and W only): review the internal departments/functions in the business.
- A resource-based analysis: consider both tangible and intangible resources and how these are utilised in the organisation.
- A value-chain analysis: examine the value created (or not) in a chain of activities performed within the business.

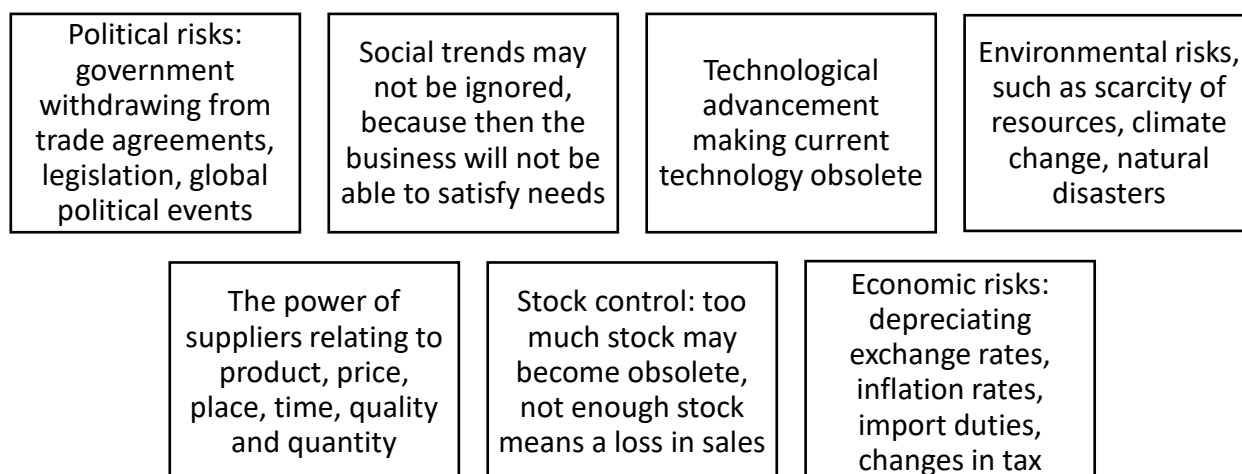
A brief outline of the EIGHT different business functions follows:

Purchasing function

- The purchasing function buys goods and services needed by **all** departments in the business. This includes three types of purchases:
 - Goods bought for own use, e.g. Steers will buy a fridge to keep the Cokes cold.
 - Goods bought in order to resell them, e.g. Steers will buy trading stock (Coke and chips) to sell at a profit.
 - Goods bought for processing, e.g. Steers will buy raw materials or semi-finished goods that are processed into goods to satisfy needs. An example is the purchasing of flour and meat to make pies.
- Goods and services will be bought from different suppliers. The most suitable suppliers to supply these goods and services must be found.

- One of the most important goals of the purchasing function is to ensure the best possible return on investment (ROI) or profitability. Capital is invested in the business and in return the business aims to make a profit. The cost price of goods purchased must be kept as low as possible, i.e. negotiate discounts, because the lower the cost, the greater the opportunity to make a profit.
- Orders must be placed and confirmed to ensure the delivery of the correct goods. When delivery occurs, it must be checked to verify the quality of the goods, precise and adequate quantities, the goods are undamaged.
- One of the most important functions of the purchasing department is to develop a system to control inventory (trading stock) to maintain optimum stock levels. As far as possible, stock shortages must be prevented. If the business runs out of stock, it gives competitors an opportunity to "steal" customers.
- Backward integration is a strategy to improve the performance of the business. Integrating backwards in the distribution channel means the business takes over the role of the supplier in order to become its own supplier and by doing so, gain control over material needed.
- Supply Chain Management (SCM) links to the purchasing function.
 - The term supply chain is often used in the context of procurement, but it includes all activities that are performed to deliver the right product or service to the right customer, at the right time, at the right place and the most reasonable cost.
 - SCM refers to sourcing, processing, manufacturing, transporting, storing and distributing products and services; from the time that the raw materials are extracted, until the final product or service is sold to the final consumer.
 - The aim of SCM is to oversee the flow of materials and information from the supplier to his customer (to the final consumer). Keep in mind that one business is often a customer of another business. Think about Steers buying chips from McCain or a restaurant buying supplies from various suppliers to process and sell to customers.
 - The more effective the control of the material or products needed in the business, the less capital has to be invested in stock.
 - Effective SCM requires that information is accurately and timeously shared in the network of businesses that buy from and sell to each other.
 - Ethical supply chain management is becoming more important. Businesses expect their suppliers to make sure that their suppliers in turn are acting ethically by not using child labour or unfair business practices.

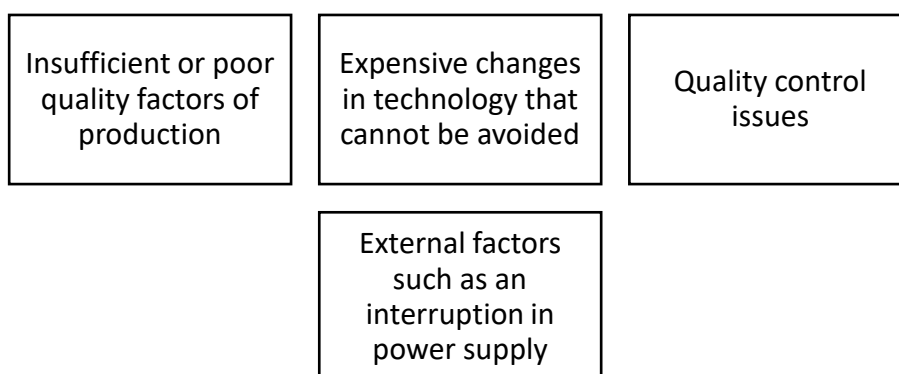
Possible risk factors relating to the purchasing function:



Production function

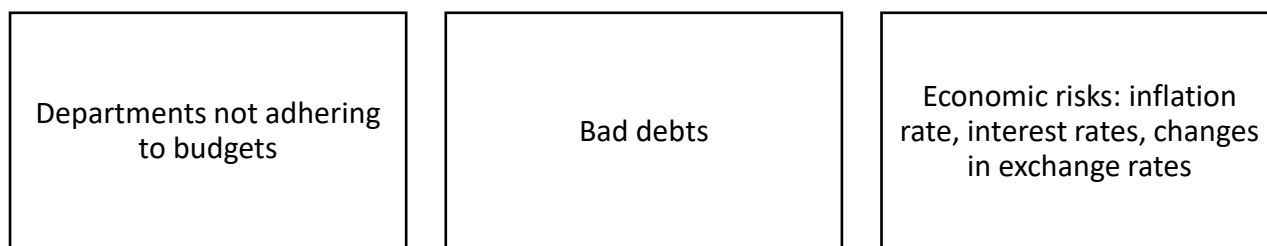
- Production is the combination of the factors of production (natural resources, labour, capital and entrepreneurial skill) in order to provide the right **product** at the right **place** and **time** in the **quantity** demanded and at the **price** the consumer is prepared to pay for the product.
- The production function has as its aim to create utility of form to transform raw materials into a product that can be used to satisfy needs.
- It is important to keep manufacturing cost as low as possible, while maintaining quality and standards.
- Continuous product design is important to satisfy the needs of consumers. The production and marketing departments should combine efforts to design the product and packaging in such a way that it will attract customers to buy the product.
- **Automation** is becoming more and more important in the production process, but also in other functions in the business. Automation refers to a situation where activities that were performed by hand are now performed by machines. As with any decision that may impact on the profitability of the business, both the advantages and disadvantages should be considered before a decision is made regarding automation as an option. For example, automated partly coding.

Possible risk factors relating to the production function:

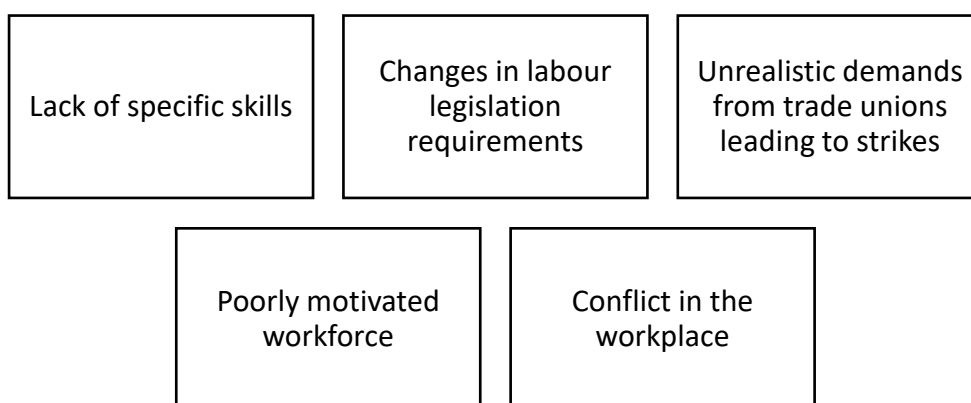


Financial function

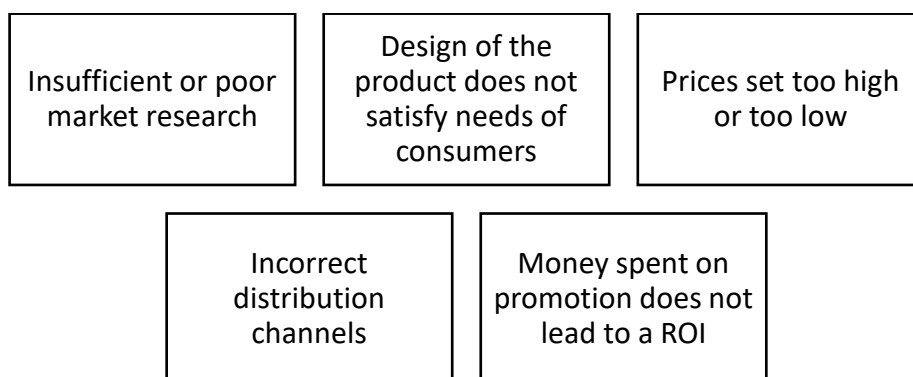
- In order to start a business, the business needs capital. Capital is either contributed by the owners or borrowed and used to buy and/or to produce goods and services.
 - The **four main objectives of the financial function**:
 - Maximise profits.
 - Increase profitability.
 - Ensure liquidity.
 - Remain solvent.
- To **maximise profit** is to keep expenses or the cost of the products as low as possible.
- Cost of sales could be reduced. One method to achieve this is by negotiating with suppliers for better prices (discounts) or by finding a cheaper supplier, without sacrificing the quality of the product.
 - The operating expenses can also be reduced in order to make more profit. Each individual item should be considered to decide how it can be reduced without hampering productivity, i.e. where wastage can be reduced.
 - It is also possible to increase the selling price (sales) to make more profit, but the business should be careful not to "price itself out of the market", i.e. make prices too high in comparison with competitors and consequently lose customers.
- To **increase profitability** means Return on Investment (ROI). ROI will only be increased if profits are maximised.

Possible risk factors relating to the financial function:**Human Capital (HC) function/Human Resources (HR) function**

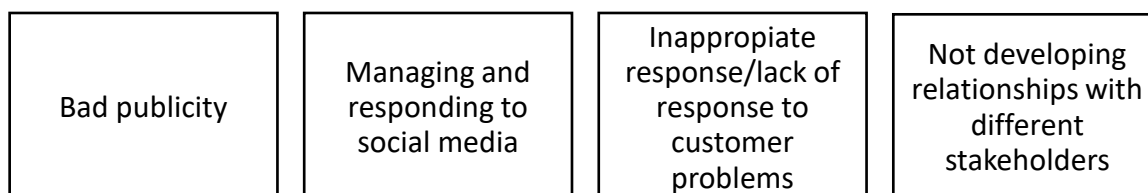
- Labour is an important factor of production. The other three factors of production are capital, raw materials and the entrepreneur.
- Management and labour (trade unions) must have a good relationship to ensure the business reaches the goal of maximising profitability.
- Unless workers are happy and motivated, productivity and therefore also profitability will suffer.

Possible risk factors relating to the human capital function:**Marketing function**

- A **product** must satisfy the needs of consumers. This product must be sold at a **price** that the consumer is prepared to pay. Goods must be **distributed** to a place that is convenient for the consumer and the consumer must be informed (**marketing communication**) about the availability of the product.
- In order to determine what **product** is in demand, what **price** consumers are prepared to pay, **where (place)** the product must be sold and what the best method is to **communicate** with the **target market**, the business will do **market research**.
- Market research helps the marketing function to identify the **target market** based on variables such as age, income, gender, marital status, hobbies/interests and occupation.

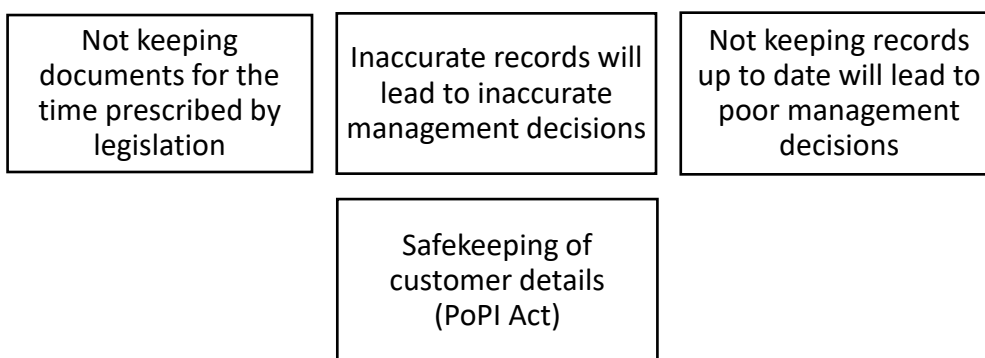
Possible risk factors relating to the marketing function:**Public relations function**

- Public relations involve all the activities that influence the opinions of the public.
- Public relations management is a continuous, long-term interaction between the business and external stakeholders. It can only be successful if conducted honestly, and with integrity.
- The primary aim of the public relations department is to create and maintain a favourable image of the business with all relevant interest groups and stakeholders.
- Issues that may be handled by the public relations department may include:
 - A crisis involving bad publicity.
 - A positive situation, e.g. the launch of a new product or service or a new corporate social responsibility program.

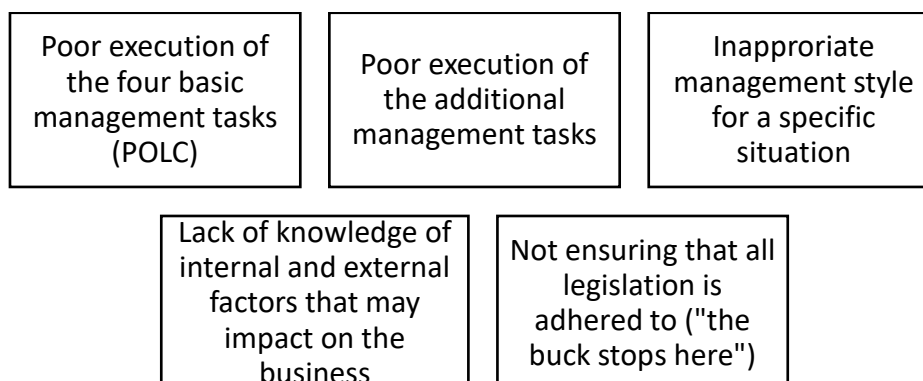
Possible risk factors relating to the public relations function:**Administrative function**

The administrative function is responsible for collecting all data in the business and the business environment. The data will then be processed into information. The information is stored and made available to management as and when needed. In short, the administrative function handles all the paperwork and record-keeping in the business.

One of the most important aspects of keeping administrative records up to date is to comply with legislation. For example, SARS requires that tax records and financial information are kept for a period of five years. Ignorance is no excuse in the eyes of the law, so the administration department must ensure they meet all legal requirements in this respect.

Possible risk factors relating to the administrative function:**General management function**

- The basic tasks of management are:
 - **To Plan** for the future of the business, **organise** to get all staff and materials (resources) needed in the business, **lead** workers to make sure they are working to help the business to make a good profit and to **control** all activities in the business to make sure operations are proceeding according to plan.
- Additional management tasks include:
 - The coordination of the different functions in the business, communication with employees and customers, delegating tasks to subordinates, disciplinary action (if and when required), decision making and motivating workers.
- In order to plan for the future of the business the manager must formulate a vision, mission, goals, objectives and strategies for the business.
- Managers often have a preferred leadership style. This may vary from autocratic to democratic, laissez-faire, transactional leadership, transformational leadership or even a situational leadership style.
- As is the case with all the other business functions, general management or top management must also be familiar with legislative issues impacting on their operations. One of these prominent concepts is corporate governance where management must be aware of issues such as transparency, independence, accountability, integrity, social issues, and fairness in dealing with stakeholders, as well as fiduciary duties, and the responsibilities of the directors.

Possible risk factors relating to the general management function:

QUESTION 2

Fact marks are allocated as per the rubric for:

- **Naming**
- **Explaining/justifying/motivating**
- **Examples**
- **Strategies to solve problems**
- **Current affairs**
- **10 additional facts – must add value to the discussion/argument(s)**

Conflict management: functional vs. dysfunctional conflict

Conflict can be defined as the negative differences of opinion or the varied emotions people experience often due to a dispute over a particular issue.

When we hear the word conflict, it is usually associated with undesirable emotions, and understandably so, because it suggests that someone does not agree with an opinion/situation. It is, however, possible that conflict may lead to a positive outcome, as when someone who is unfamiliar with the Jewish religion offers his new Jewish colleague a piece of his ham sandwich. For the Jewish person that may be a sign of disrespect and may very well lead to conflict between the two colleagues. If, on the other hand, the Jewish person explains why he would not share the sandwich, it may lead to a better understanding between the two colleagues, and ultimately even more respect for each other's culture and religious beliefs.

Functional conflict refers to a situation where the different parties deal with the conflict in a manner that is healthy and where they respect each other's opinions. The outcome of functional conflict is positive, and sometimes it may lead to more innovation, creativity and higher productivity.

Without **respect** shown by both parties, functional conflict (a positive outcome) will prove impossible. It is important that both parties **listen to the other's point of view** and then **acknowledge** that there may be merit in the opposing point of view, and that a **compromise** in resolving the conflict will probably lead to a **win-win situation**.

An interesting concept is that the manager may sometimes deliberately play devil's advocate to create conflict, as it may lead to the group "bonding" because they have to defend their common interest. If your school has a healthy and well-planned induction program for the grade 8s, this may be a good example to illustrate this concept. At the end of the induction period the grade 8 group will have bonded, with cohesion within the group probably much stronger than before.

Possible outcomes of functional conflict:

- Conflict may create awareness that there is a problem, which can then be solved.
- Team members may start to consider a wider range of ideas, which may result in increased participation by people who were not interested before (no more "group-think"); creativity and even higher productivity may be stimulated.
- Perceptions that may not be accurate are discussed and misconceptions cleared.
- Clarification of individuals' views occurs and cooperation ensues.

When conflict leads to a decline in productivity, it is known as **dysfunctional conflict**. Dysfunctional conflict is often the result of people's misperceptions, their ambitions and egos and/or an unwillingness to compromise. Misunderstandings and a lack of communication are central to dysfunctional conflict. The manager has to step in if the conflict situation has a negative impact on productivity to ensure that the conflict situation is resolved; dysfunctional conflict may continue to hinder group performance, waste resources, be counterproductive, and undermine group cohesiveness. If a compromise cannot be reached between the conflicted parties, the manager may have to force employees to set aside their differences and cooperate to achieve the goals of the organisation.

Possible outcomes of dysfunctional conflict:

- A climate of mistrust that has a negative impact on teamwork and cooperation.
- Blaming each other, backstabbing and gossip.
- Higher levels of stress and anxiety which contribute to lower levels of job satisfaction.
- Lower morale and increased staff turnover (which result in higher costs).
- Waste of time and other resources.
- Sometimes even violence.

Reasons for conflict

- In the workplace there are people with different personalities, who not only have to work together to achieve the overall goal of the business, but also to realise their personal goals in terms of their ambitions. Egos often get in the way when people do not want to compromise and insist on their way of doing things.
 - The manager should assess the situation. If the conflicted parties are not able to resolve the situation, he/she should intervene to get people to focus first on the business at hand, before trying to promote their own agendas.
- Differences in backgrounds, cultures and values often ruffle feathers and lead to irritations and lower productivity.
 - It is important to address these types of issues as soon as they become a problem. Employees should be reminded that sensitivity is required when dealing with these often complex differences especially in a country like South Africa, with people from so many backgrounds. Sensitivity training and developing skills such as time keeping, respecting interpersonal space and emotional intelligence will go a long way towards managing this type of conflict.
- Poor communication leads to misunderstanding, because facts are interpreted in different ways. This may lead to role overload (where one person has to do more than he can cope with), role conflict (where team members all want to perform a certain task) or role ambiguity (team members are not sure of the roles each has to play). Poor communication may also contribute to people not meeting deadlines, or not informing someone in time of a problem meeting a specific deadline, so that contingency plans can be put in place.
 - All barriers to communication should be removed. This may include issues such as poorly phrased messages, poor use of language, distorting the message, and disturbances such as noise or interruptions.

- Change brings uncertainty and this may lead to conflict as there is often resistance to change. It is much more comforting to keep doing things the way they have "always been done". Unfortunately, any business that stagnates and fails to adapt to changes in the macro environment or to new demands from consumers will not be successful.
 - Change management is crucial to the success of any manager. Employees need to understand what the changes are and why changing certain things are important to the success of the business, and how the necessity for change is important to them too. In order to achieve this, change must be managed in a way that enables people to face challenges effectively. A two way communication strategy makes employees feel valued and contributes to higher levels of buy-in. Training employees in the new strategy is also important, as it will empower the people to remain competent and enable them to cope. It is also useful to identify the leader in the group (not necessarily the manager) and achieve buy-in from him/her so the rest of the group will follow his/her lead and accept the change.
- Limited resources and competition between team members for these resources may lead to conflict. The conflict may be functional if it inspires team members to work harder (e.g. working on a commission basis), but it could also contribute to people feeling there can only be one winner, which may provoke anti-productive behaviour.
 - The manager must constantly remind team members that although they may sometimes have to compete with one another, ultimately each one will contribute to the overall success of the business. Similarly, individual success contributes to the success of the whole team.
- Previously unresolved issues may "erupt" in conflict in the future. Sometimes the easiest way to deal with conflict, is not dealing with it at all. The manager may hope that by ignoring the conflict situation, it will disappear. For a short while, it may very well appear to be the case. But unresolved issues will remain an issue for as long as both parties are required to work together. This unresolved conflict may even escalate and become a more serious problem if the manager thinks the solution is to put his/her head in the sand and ignore the issue.
 - The manager must deal with any conflict situation as soon as it arises. Ignoring the issue or becoming too involved in the situation may hinder his/her capacity to think logically and to act decisively.

Recommendations regarding the management of conflict in the business

The requirements of the specific situation and the skill of the manager, will determine which conflict-handling approach will work best.

- When an **accommodating** approach is followed, the person will be cooperative and not assertive. He/she will probably neglect his/her own interests and even sacrifice some of his/her beliefs when yielding to the other's point of view.
- A person opting to **avoid** the conflict situation ignores the conflict by withdrawing from the situation or postpones dealing with it till a later stage or avoids the situation by getting someone else to deal with the conflict situation. If it is not an important issue, this approach may very well work – almost like the saying "pick your battles carefully".
- When **collaborating/cooperating**, the parties try to work with each other in a situation that fully satisfies everybody involved. When collaborating, the parties attempt to find a solution that fully satisfies everyone's concerns. This will usually take time, as the underlying differences must be uncovered and addressed.

- **Competing** means an individual is not prepared to give in, instead he/she will do everything in his/her power to win. People will follow this approach if the conflict is over a principle or value that cannot be relinquished.
- **Compromising** means the parties are trying to find an acceptable solution to the mutual (although sometimes only partial) satisfaction of both parties by seeking a common middle ground.

After 1994 it became a priority for the newly elected government to repeal (remove) some of these laws, in order to redress (correct) the economic imbalances of the past.

The following laws require a discussion regarding the law, as well as the **implications** of each when referring to the process of **redress and equity**:

- Constitution of South Africa
- The Labour Relations Act
- The Employment Equity Act
- Broad Based Black Economic Empowerment
- The Skills Development Act
- The Basic Conditions of Employment Act

Constitution 108 of 1996 as amended:

The South African Constitution was promulgated on 18 December 1996 and came into effect on 4 February 1997. It is the fundamental law of South Africa and no other law or contract may supersede (override) the Constitution.

The principle of human rights is one of the core values of the Constitution and the Preamble of the Constitution clearly states the intention of establishing "a society based on democratic values, social justice and fundamental human rights". This helps to redress inequalities of the past when the gross abuse of the human rights of certain groups of people in South Africa occurred.

The issues detailed in the Bill of Rights in the Constitution form the cornerstone of our democracy and include aspects such as:

- The right to **just administrative action** which gives citizens the right to challenge government regarding the way in which they are treated if they feel it is unfair. This has been and will continue to be tested when citizens take matters to the constitutional court. Being able to do this is something that should give citizens peace of mind, knowing they have the right to challenge the government on certain issues, if need be.
- The right to **citizenship** and **freedom of movement** in and out of the country.
- People have **political rights** which mean they can form a political party, run for office and support any political party by voting for that party in elections. This is a sign of a true democracy as this occurs every time there is an election and new political parties are registered.
- People have the right to **housing, food and water, health care and social security**. The question, nevertheless, arises whether the current government is honouring its promises in this regard or, at the very least, if there is evidence of these rights being achieved quickly enough.
- **Children** under the age of 18 have special rights such as protection from abuse and exploitation.
- People have a right to basic **education**, but unfortunately too often we hear about schools being mismanaged, non-delivery of textbooks to schools, and teachers striking.

- People may **not be unfairly discriminated against** on the grounds of gender, race, religion, marital status, disability, pregnancy, language, culture, age, etc. This refers to the concept of ***inclusivity***. However, something like affirmative action is seen as *fair* discrimination due to the ***limitation clause***.
- People may do whatever work they choose, because citizens are entitled to **freedom of trade, occupation and profession**.
- People have **freedom of association** which means workers may belong to the trade union of their choice and may even strike if the correct procedures are followed. Employers also have the right to belong to employer organisations to further their aims.
- People have the right to **assemble peacefully, demonstrate and protest**, provided the correct procedures have been followed.
- Citizens have the right to live in an **environment** that is not harmful to their health or well-being. The Constitution also guarantees future generations' rights by demanding that people become more aware of environmental issues, that conservation is promoted, that businesses focus on sustainable development and that technology is used in such a manner, that where possible, pollution is prevented.

Labour Relations Act 66 of 1995 as amended (LRA)

The Labour Relations Act has as its **main aims** to:

- enforce the fundamental rights relating to labour issues that are guaranteed in the Constitution.
- promote economic development, labour peace, social justice and democracy in the workplace by providing a framework for collective bargaining to solve labour disputes.

The LRA applies to all employers, employers' organisations, employees and trade unions, but does not apply to members of the National Defence Force, National Intelligence Agency and the South African Secret Service.

If a business does not comply with the LRA, the trade union representative or any employee may refer to the issue to the CCMA and/or the Department of Labour.

The importance of discipline, disciplinary procedures and grievance procedures in the workplace

- The purpose of discipline in the workplace (or anywhere else) is not to punish or embarrass people, but rather to ensure the correct behaviour by all parties, i.e. that employees are adhering to the company rules and, if this is not the case, to correct this behaviour immediately, but also to prevent it from happening in the future.
- Not all infringements are equally serious. Some are minor infringements, while others may be so serious that it may endanger the person or other people's lives. When the manager decides on the most appropriate form of discipline, it is usually best to implement the "softest" disciplinary measure appropriate for that specific situation. If this does not correct the problem, more serious disciplinary action may be taken. This is known as a progressive approach to discipline. From least serious to most serious, the following steps may be taken to correct behaviour:
 - Coaching and counselling where the manager will determine what can be done to ensure appropriate behaviour. A plan of action follows (with support from the manager) to ensure the employee complies with what is expected from him/her. The employee needs to understand that if behaviour does not change, more serious steps may be instigated.

- Correction refers to a more formal approach to intervention and may include verbal warnings, written warnings, suspension, demotion or even dismissal. There is a common misconception that the manager always has to issue three warnings before an employee may be dismissed. This is not true. When the problem is not serious, the manager may use numerous (informal and formal) verbal warnings, before a written warning is given. If however it is a serious problem, the consequence may be immediate dismissal, provided the correct procedures (discussed later) were followed.
- It is important for employers to have a disciplinary policy and a grievance procedure in place. The purpose of these two documents is to ensure employees meet the required work standards and that they act in a manner that promotes improved job performance. The difference between the two documents is:
 - A disciplinary policy provides guidelines and informs the employee on what is acceptable behaviour and what the expected standards are that should be met, as well as what consequences will ensue if behaviour is unacceptable.
 - A grievance procedure allows the employee the opportunity to resolve a grievance (problem) related to his/her employment by communicating with the employer about the problems via a predetermined procedure and structure. The employee will usually take his/her grievance to the supervisor. If it is not resolved it will be taken to the line manager (functional or departmental manager). Should the problem still persist, it is usually referred to the human capital manager. The CCMA, labour court and labour appeal court are the external bodies that may be consulted if the grievance is not resolved internally.

Substantive and procedural fairness

The Labour Relations Act is very clear on the **procedure** that needs to be followed, as well as the three acceptable reasons to be implemented by an employer dismissing an employee. The three reasons that constitute **substantive fairness** when an employee is dismissed are:

- Dismissal due to incapacity (inability to meet the required standards)
- Dismissal based on misconduct (not adhering to the rules)
- Dismissal due to operational reasons (retrenching workers)

Each of these reasons will be discussed, followed by an examination of **procedural fairness**. It is important to keep in mind that regardless of the reason for an employee's dismissal, the correct procedure has to be followed otherwise the dismissal may be seen as unfair.

Dismissal due to incapacity (inability to meet the required standards)

Dismissal due to incapacity can be sub-divided into two categories:

- **Poor work performance:**
 - Examples may include incomplete or inaccurate work, work of a poor standard, carelessness regarding output or failure to meet deadlines.
 - The employer has to prove that the required work standard was fair, that the employee was aware of the required standard and that he/she was given sufficient support (e.g. training) to improve performance.
 - Demotion or a transfer to another job should be considered before an employee is dismissed (if this may solve the problem).

- **Poor health** preventing the employee from meeting the required standards:
 - The employer should try to modify or adapt the employee's tasks, if possible, to enable the employee to meet the required standards.
 - Extended unpaid leave should be considered if this will enable the employee to recover and thereby return to perform his/her duties to the required standard.
 - A transfer, to another more suitable position, should be considered before dismissal based on ill health occurs.

Dismissal based on misconduct (not adhering to the rules)

- The disciplinary code of the business should stipulate which offences are seen as more serious than others and what the disciplinary action associated with each offence will be. An employee may be dismissed for a less serious offence if all other methods to correct the behaviour have failed. Some offences, however, are serious enough that they may warrant immediate dismissal.
- Forms of misconduct may include, but are not limited to:
 - Abuse or unauthorised possession of company property.
 - Actions that are a threat to the safety of the employee or others.
 - Being under the influence of alcohol or any illegal substance.
 - Bribery and corruption.
 - Failure to adhere to rules.
 - Fighting.
 - Illegal industrial action.
- Before the employee is disciplined for misconduct, it should be established that:
 - The employee contravened a rule or standard in the workplace.
 - The rule or work standard that was contravened, was a valid rule or reasonable standard.
 - The employee was aware or could reasonably be expected to have been aware of the rule or standard.
 - The rule or standard is consistently applied by the employer.
 - The appropriate sanction for the contravention of the rule or standard is implemented (verbal warning, written warning or dismissal – whichever is appropriate).

Procedural fairness for incapacity and/or misconduct:

- The complaint should be put in writing and fully investigated, with the investigation process recorded in writing. This may include taking statements from the complainant and all witnesses.
- The accused should be advised of the full nature and details of the charge(s) against him/her and given full access to all written statements collected.
- The date, time and venue of the disciplinary hearing should be given to the accused in writing.
- The accused should be given reasonable time in which to prepare and to appoint his representative for the disciplinary hearing, but it is important to not delay the disciplinary hearing unnecessarily.
- The accused is entitled to have an interpreter if he/she is not comfortable with the language in which the disciplinary hearing will be held.
- The complainant presents his/her case first by giving evidence and calling witnesses to testify. The accused is given an opportunity to cross-examine witnesses.
- The accused then presents his/her defence and calls his/her own witnesses. The complainant will have the opportunity to cross-examine the accused's witnesses.

- The chairperson of the disciplinary hearing decides on the guilt or innocence based on the evidence presented by both sides. At this stage no aggravating or mitigating circumstances are considered – only the facts relating to the disciplinary issue.
- The chairperson decides on the verdict. If the accused is "not guilty", this is confirmed in writing and given to the accused, and the matter is closed. If the verdict is one of "guilty", then the chairperson considers aggravating or mitigating circumstances and decides on a fair sanction (punishment).
 - These aggravating or mitigating circumstances may include the age of the employee, employee's state of health, length of service, level of education, position in the company, remorse shown or any other valid point.
- The chairperson will advise the accused of his/her rights to appeal and to take the matter to the CCMA.

Dismissal due to operational reasons (retrenching workers)

Section 189 of the LRA prescribes the procedures to be followed when retrenchments are implemented. Retrenchments may be implemented for a number of reasons such as:

- The restructuring of the department or business.
- If the business has economic reasons such as cost reduction (or to increase profits, although trade unions may object to this).
- Technological reasons such as new machines necessitating fewer employees, and making some employees redundant.
- The business is closing.

In order for retrenchments to be **procedurally fair**, the employer must provide evidence to justify:

- Possible steps that were taken in order to prevent or minimise the retrenchments.
- The reasons for retrenchments and whether alternatives were considered.
- How much consultation with the affected employees and their representatives took place.
- Criteria used to identify employees for retrenchment.
- Notice periods given to employees affected by the retrenchment process.
- Offers of severance pay.
- Whether offers of re-employment may occur at a later stage.

Unfair treatment and unfair dismissal

If there is a dispute about any unfair labour practice, it may be taken to the CCMA. The CCMA will try to resolve the situation through conciliation, mediation and if needed, arbitration.

When one looks at what constitutes **unfair treatment**, the following types of actions are included:

- Unfair treatment regarding the allocation of benefits.
- Unreasonably long probationary periods.
- Unfair discrimination which is based on race, gender, language, religion, culture, sexual orientation, age, disability, political orientation and family responsibilities. There are, however, times when it would be fair to discriminate based on some of these factors (refer to the discussion of the limitation clause earlier). Examples may include:
 - Affirmative action to redress imbalances of the past; justifying discrimination when promotions are made or for training purposes.

- If the job requires a specific orientation such as a Christian church looking for a minister; it would be bizarre to expect the church to employ a non-Christian person in this position.
- Unfair suspension or unfairly subjecting an employee to any form of disciplinary action.
- Failing to re-employ an employee when such agreement was reached.
- Treating an employee unfairly after whistle-blowing (whistle-blowing is when the employee discloses unlawful conduct in the workplace).
- Trying to prevent an employee from belonging to a trade union.

Unfair dismissal includes any of the following:

- The employee is dismissed because he/she participated in the activities of a trade union or workplace forum.
- The employee is dismissed when he/she is taking part in a **protected strike**.
- The employee is dismissed due to pregnancy or any reason related to her pregnancy or the employer refuses to allow an employee to return to her job after her maternity leave.
- The employer ends a contract of employment without appropriate notice to the employee.
- The employee is dismissed due to arbitrary factors such as race, age (except on retirement), gender, sexual orientation, religion and/or family responsibility.
- The employer makes the working environment impossible for the employee to tolerate and thus the employer "forces" the employee to resign. This is known as *constructive dismissal*.

Remedies for unfair dismissal may include:

- Re-employment.
- Compensation (the maximum compensation will be the equivalent of 24 months' salary).
- Combination of the two.

Re-employment will not be an option if:

- The dismissal was substantively fair but only procedurally unfair.
- The employee does not want to be re-employed.
- The continued employment relationship will be intolerable for either party.
- It is impractical for the employer to re-employ the worker.

Industrial relations, collective bargaining and industrial action

Industrial relations can be defined as the relationship that exists between the employer (management), the employee (often represented by trade unions) and other institutions such as government. The aim is to establish industrial peace by ensuring high worker morale and a functional workplace where productivity is high.

Collective bargaining refers to the process that takes place when the employer and trade unions (representing the employees) negotiate the terms of employment. Issues that may be addressed during these negotiations include:

- Employment and working conditions.
- Salaries and wages, overtime pay and other benefits such as health care and retirement.
- Working hours.
- Issues relating to annual leave and sick leave.

Industrial action refers to steps that workers take to enforce their demands if the collective bargaining process fails to meet their demands. This industrial action may take the form of strikes, go-slows, work to rule or picketing which employees use to air their grievances and enforce their demands.

According to The Labour Relations Act, employees have the constitutional right to strike, provided they follow the correct procedures. Employers on the other hand have the constitutional right to implement a lock-out as recourse to the strike.

Different types of strikes and other industrial action:

- A **strike** can be defined as two or more employees that refuse to work based on a shared, work-related purpose.
- A **go-slow** takes place when workers still work, but they decrease their rate of productivity.
- **Work-to-rule** is a form of industrial action where workers do no more or no less than the minimum requirements described by the rules of a workplace.
- **Intermittent strikes** take place when employees stop and start the same strike, often extending it over a period of time.
- When employees refuse to work any overtime, it is a form of industrial action known as **overtime bans**.
- **Picketing** refers to a situation where striking workers demonstrate in a public place *outside* of the workplace. Only a registered trade union may organise a picket, and it must meet the requirements as stipulated in **Code of Good Practice on Picketing** issued by **NEDLAC**.
- **Secondary (or sympathy) strike action** takes place when employees strike in support of another strike. In order for the secondary strike to be protected (see below), the original strike has to be protected, i.e. the correct procedure has been followed.

Some of the most frequent reasons for industrial action include:

- Remuneration issues.
- To have a trade union recognised.
- If the employer made unilateral changes to working conditions.

Protected vs. unprotected strikes:

In order for a strike to be considered a protected strike, certain procedures have to be followed:

- Before the strike can take place, the issue over which workers want to strike, must be referred to the CCMA, a bargaining or a statutory council.
- The CCMA or council has 30 days during which they must aim to resolve the issue.
- If it is not possible to resolve the issue, a certificate must be issued stating this is the case.
- In the private sector there is a 48 hour notice period to inform the employer that workers are planning to strike. If the employer is the state, the notice period is seven days.

The benefits from the employee's perspective if it is a protected strike:

- During a protected strike, the employees have the security of knowing they cannot be dismissed. If, however, they engage in misconduct during the strike, they may be dismissed for the misconduct, but not for participation in the strike.
- Employers cannot get a court interdict to stop the strike.

- Employers are not allowed to seek damages because of loss of production during the strike.
- Employers have to continue to provide food and accommodation for employees if it is part of the employees' remuneration. Once the strike has ended, employers may go to the labour court as a means to reclaim the money spent on accommodation and food during the strike.

When is it not a protected strike?

- If the correct procedure has not been followed.
- If there is a collective agreement in place that states workers may not strike over a particular issue, and the matter must first be referred to the labour court.
- If workers are engaged in an essential service, the strike will not be protected. Essential services include:
 - The South African Police Service
 - A service, which if disrupted, may endanger the health or safety of a part of the population (e.g. doctors or nurses)
 - Parliament

What is a Lock-out?

- The employer prevents employees from entering the workplace in an attempt to force them to accept the employer's demands.
- During a protected lockout (the employer followed the correct procedure), the employer does not have to pay wages and employees cannot sue the employer for loss of income.

Dispute-resolution mechanisms:

The Labour Relations Act makes provision for different dispute-resolution mechanisms to be created in order to prevent and solve dysfunctional conflict in the workplace.

Collective bargaining and bargaining structures

Collective bargaining can be defined as the process where the employer (management) and employees (represented by a trade union) discuss issues of concern in order to reconcile their conflicting goals and reach an agreement on these topics.

Management is prepared to engage in the process of collective bargaining, because it enables negotiation with one set of people and not individual employees. The employees are prepared to allow the trade union to represent them, because it gives them enhanced **bargaining-power**.

When an agreement is reached, the terms of the settlement will be recorded in a **collective agreement** and all parties sign the agreement and are then bound by that agreement.

The Labour Relations Act also makes provision for *centralised collective bargaining*. This is when employers in a particular sector join forces to negotiate with one (or more) unions representing the employees in that sector. For example, a group of car manufacturers may get together to negotiate with unions representing employees in the car manufacturing industry.

Under section 28 of the LRA, **bargaining councils** may be formed by employers' organisations and trade unions in a particular sector. NEDLAC (see below) must agree that there is enough representation of both employers and employees on the proposed bargaining council before it can be established. This level of representation is important, because agreements reached within the bargaining council will apply to all parties in that sector, regardless of whether they were part of the agreement or not. Nevertheless, if an employer in the sector feels the agreement is to his disadvantage, he may apply to be exempted from the agreement.

The functions of a bargaining council are to:

- negotiate and enforce collective agreements on issues such as wages, benefits and grievance procedures.
- design and submit proposals for policies and laws that have an impact on that sector.
- prevent and resolve labour disputes in that sector/industry.
- establish training and education schemes in that industry.

A **statutory council** is similar to a bargaining council, BUT agreements reached at the statutory council cannot be extended to other parties in the sector/industry without the approval of the Minister of Labour. The minimum requirement for the establishment of a statutory council is 30% representation of employees and employers operating in that sector.

Workplace forums may only be established if the business employs 100 employees or more. It is a mechanism whereby employees and employers can consult with one another and make joint decisions on certain issues (except wages). Some of the issues that the employer and WPF may negotiate on include:

- Health and safety measures.
- New work methods resulting in the possibility of restructuring.
- Retrenchment of workers.
- Job grading.
- Criteria for merits and bonuses.
- Education and training.

Third Party Interventions to resolve conflict

Workplace Forums (WPF)

Workplace forums are strictly speaking not a form of third party intervention, because it is a mechanism whereby employees and employers can consult and make joint decisions on certain issues (except wages). A WPF may only be established if the business employs 100 employees or more. The perception that a WPF is for small businesses is therefore incorrect.

The WPF consists of employee representatives and management (but not outsiders or third parties). A WPF comes into existence if the majority trade union (or two or more trade unions together that represent the majority of workers) applies to the CCMA to form a WPF.

Some of the issues that will be dealt with by the employer and WPF may include:

- Health and safety measures.
- New work methods that may lead to restructuring and possible retrenchment of workers.
- Job grading.
- Criteria for merits and bonuses.
- Education and training.

If there is a dispute between the WPF and the employer that cannot be resolved, the dispute should be referred to the CCMA in writing.

Trade unions and employer organisations

The rules and regulations pertaining to the establishment and management of a trade union, and an employer organisation are dealt with in the same section of the Labour Relations Act. The difference between the two is that a trade union represents the employees and aims to promote their wellbeing, while an employer organisation does the same for the employers that belong to the organisation.

Unfortunately trade unions in South Africa are not really associated with conflict resolution, but are often regarded as the reason for the conflict. Due to the historic role that trade unions played in bringing change to the country, workers often had to organise themselves into a labour movement, such as a trade union, especially when political parties were banned. Unfortunately trade unions still play a political role to some extent, though no trade union may, according to the law, take part in politics. Trade unions should only look after the welfare of the workforce and do what is in their best interest when negotiating with the employer. Unfortunately, more often than not, there are other forces driving the day to day activities of some trade unions.

COFESA is one of the largest confederations of employers organisations in South Africa and has been active since 1989. They represent about 6 500 employers and aim to assist members with challenges presented by complex legislation such as the Labour Relations Act, the Basic Conditions of Employment Act, the Skills Development Act, the Employment Equity Act, UIF and Tax Legislation, the OHS (Occupational Health and Safety) and the Companies Act to name but a few.

Employers do not always have the time, expertise or resources to deal with challenges brought on by human capital (human resources) and industrial relations issues. Employer organisations such as NAPE (National Association of Private Employers) or COFESA (Confederations of Employers in South Africa) assist members (a collective body of employers) with issues that may include:

- Implementation and maintenance of labour legislation;
- Employment contracts;
- Training and development;
- Disputes and CCMA and bargaining council negotiations;
- Trade union negotiations; and
- Disciplinary and grievance procedures.

Commission for Conciliation, Mediation and Arbitration (CCMA)

The CCMA will try to settle disputes that were referred to them. They will go through a process of:

- Conciliation where they listen to both sides, but merely act as an independent party, while both sides discuss their respective points of view. If no consensus can be reached between the two parties, the next step will be mediation.
- During mediation, the CCMA representative will make a recommendation on how the dispute should be settled, but the recommendation is not binding.
- Arbitration is the third step in the process. The arbitrator will issue an instruction on how the dispute should be settled and this instruction is binding on both parties.
- If one of the parties feels there was an oversight by the CCMA representative in dealing with the issue, it may be referred to the labour court.

The aim of the CCMA is to prevent labour disputes from escalating into labour unrest. The CCMA is not affiliated with any political party, employer organisation or trade union. Consequently, in dispute resolution, its **unbiased** opinion/position is recognised and accepted. Another important service provided by the CCMA is training on issues such as:

- The prevention of sexual harassment in the workplace.
- Disciplinary procedures.
- Workplace restructuring.
- Affirmative action programmes.

There are a large number of acts or laws that may have an impact on the business and how the business is managed. Legislation differs from country to country. The content discussed in this section may not be applicable to labour-related situations in other countries.

Prior to 1994 when the first democratic elections were held in South Africa, there were a number of laws that discriminated against certain groups of people (now known as Previously Disadvantaged Individuals or PDIs).

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)

BUSINESS STUDIES 1 AFTER III: LOWER ORDER THINKING RUBRIC (50% WEIGHTING)

CRITERIA	0		1		2		Question 1	Question 2
Format	Not meeting the correct standard		Partially correct format		Correct format			
	0	1	2	3				
Terminology	No use of business terminology	Isolated/limited use of business terminology	Good use of business terminology	Outstanding use of business terminology				
Content (number of relevant facts)			Maximum 50 facts. Divide by two to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples, expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts)					
Subtotal: (30 marks)						1A	2A	

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

If all SECTIONS have not been completed, the judgment is based on the amount of expected information. E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a "majority of statements" mark.							
CRITERIA	0	1	2	3	4	Question 1	Question 2
Substantiation (justification for statements made)	No attempt at substantiation.	Very limited substantiation.	Less than half of the statements are substantiated.	The majority of the statements are substantiated.	The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding.		
	0	1	2	3	4		
Application to context/industry	Superficial reference based on the case study/context given (Just keep mentioning the name of the business repeatedly without relevant examples).	Continuous reference is made to the case study/context given with some applicable examples given.	Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs.	Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response.		

	0	1	2	3	4	5	6		
Creative Problem Solving	No understanding of the problem and no solution given.	Identification of the problem and an incorrect/poor solution suggested.	Identification of the problem with breadth but no depth (superficial).	Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth.	Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth.	Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding.		
	0	1	2	3	4	5	6		
Synthesis	None of the criteria as listed below are met.	At least one of the criteria fulfilled.	Any two of the criteria fulfilled.	Any three of the criteria fulfilled.	Any four of the criteria fulfilled.	Any five of the criteria fulfilled.	All six of the criteria are fulfilled.		
1. Introduction – don't just re-write question, but shows an understanding of the "link" between the topics.									
2. Conclusion – this should be a logical affirmation of the points raised.									
3. Flow of thought, i.e. paragraphs leading into one another.									
4. Integration of topics given in the question.									
5. Integration of question with other business related topics to enhance the quality of the answer.									
6. Arguments are developed.									
Subtotal: (20 marks)								1B	2B
							TOTAL		