

Suggested Answers

Question 01

- | | | | | | | |
|-------|-------|--------|-------|-------|-------|-------|
| 1.1 D | 1.2 B | 1.3 C | 1.4 D | 1.5 A | 1.6 A | 1.7 D |
| 1.8 B | 1.9 A | 1.10 C | | | | |

Question 02

- | | | | | | | |
|-----------|------------|------------|------------|-----------|------------|------------|
| 2.1 false | 2.2 true | 2.3 true | 2.4 false | 2.5 true | 2.6 false | 2.7 true |
| 2.8 true | 2.9 false | 2.10 false | 2.11 false | 2.12 true | 2.13 true | 2.14 false |
| 2.15 true | 2.16 false | 2.17 true | 2.18 true | 2.19 true | 2.20 false | |

Question 03

- | | | |
|----------------------------|---------------------------|-----------------------|
| 3.1 strategy | 3.2 collective bargaining | 3.3 workplace forum |
| 3.4 arbitration | 3.5 induction | 3.6 outsourcing |
| 3.7 workmen's compensation | 3.8 fidelity insurance | 3.9 share certificate |
| 3.10 salary | | |

Question 04

- 4.1 close corporation
- 4.2
- 4.2.1 A CC has unlimited existence (continuity) and the continuity of a CC is not limited by the death or retirement of a member
- 4.2.2 The members of a CC has limited liability. Members can severally and jointly liable for debts of the business if certain regulations of the law are trespassed.
- 4.2.3 A CC pays tax on its profits at the same rate as a company.
- 4.2.4 Founding Statement which has to be registered with the registrar of close corporations.
- 4.2.5 Minimum : 1
Maximum : 10
- 4.3 Yes. Can have up to ten members and thus has the potential to attract more capital and furthermore their liabilities are unlimited.
- 4.4 * private company can have up to fifty shareholders whereas the CC can have up to ten members
* the name of private company must end in the words (Pty) Ltd while the name of a close corporation must contain the letters CC.
- 4.5 * memorandum of association
* articles of association

Question 05

- 5.1 * business is not registered with SARS for tax purposes
* involved in piracy
* workers are not treated in terms of the labour relations act
- 5.2 * DVD piracy
* trademark piracy
- 5.3 Piracy robs artists and creators of music, films, videos and other works of art of an income
- 5.4 UIF
- 5.4.1 Unemployment Insurance Fund
- 5.4.2 UIF was created to provide support to workers for a short period if they lose their jobs or cannot work.
- 5.4.3 Workers who do not qualify for UIF benefits are :
- * people employed for less than 24 hours a month by a specific employer
 - * employers and employees who work for national and provincial government
 - * people who are on contract, apprenticeship or learnership in South Africa, and will leave the country at the end of the contract period

5.4.4 Employers contribute 1% of the employees gross salary to the fund and employees also contribute 1% of their gross salary to the fund

5.4 No. This business is involved in an illegal activity. The business also treats its workers unfairly and robs artists of their income.

Question 06

6.1 Sketch A : primary sector

Sketch B : secondary sector

6.2

6.2.1 primary

6.2.2 secondary

6.3 * prevent pollution

* protect plant and animal life

* promote the care for the environment

* educate communities on environmental issues

Question 07

7.1 * fire

* storm damage

* theft & burglary

* money in transit

7.2 insurance premium

7.3

Whole Life - provides for the payment of the face amount of the policy on the death of the insured.

Endowment Insurance policies are paid on the death of the insured or on specified maturity date if the insured is still alive.

7.4 Need for Insurance

* Insurance protects the business person against financial losses.

* It gives the business person peace of mind because he has transferred the risk to the insurer.

* The business person may give his full attention to running the business.

* Policies may be used as security for loans, insurer against certain policies e.g. life policy.

* Insurance enables the employee to make provision for :

a. a pension for his retirement

b. the risk of losing his job and being without a source of income. (UIF)

c. his dependants when he dies (life assurance)

d. medical expenses if he is injured at work (workmen's compensation)

7.5 Non-Insurable Interest :

a. the time that elapses between the placing of an order for goods and the delivery of the goods

b. Different price levels at different places.

c. Changes in fashion.

d. New machinery, inventions and techniques

7.6

7.6.1 Over Insurance If property is insured for more than its actual value, only the amount of the actual damage will be paid out irrespective of the amount it was insured.

7.6.2 Cession

Transferring the rights in a policy to another person. E.g. a policy on a house may be ceded to the bondholder or a policy against a person's life may be ceded to the bank as security for a loan.

7.6.3 Average Clause :

This clause stipulates that if the insured property is not insured for its full (real) value all damages suffered by the insured will not be paid out.

7.7 RAF (Road Accident Fund)

a. Income is collected from levy on fuel.

b. Purpose :

- * Compensate only for bodily injuries
- * Protects negligent drivers against claim

c. Does not cover property.

d. Some drivers may not be covered e.g.. Driver under the influence of alcohol, car is stolen and driven negligently, when car is taken without consent, when driver does not have a valid licence.

7.8 UIF

- * Unemployment Insurance Fund
- * UIF was created to provide support to workers for a short period if they lose their jobs or cannot work.

Question 08

8.1 January

8.2 15 000

8.3 Decline in sales

8.4 As the colder months of the year approaches sales gradually decline

8.5 * competitors

- * directors of the company
- * shareholders
- * employees

8.6 Sales is likely to increase

8.7 * aggressive advertising

- * run competitions
- * offer discounts

8.8 Private Company : Name ends in (Pty) Ltd

8.9 Articles of Association

Question 09

Introduction

- A trade union is an organised association of employees that protects and promotes the rights and interests of its members.
- Trade unions exist in all sectors of the economy including the manufacturing, retail, public service, energy and transport sector.

Role of Trade Unions

- Main role is to engage in collective bargaining with employers or employers' associations on behalf of their members.
- Trade unions also represent their members in grievance and disciplinary matters, advising members on labour relations issues and making sure that employers observe the country's employment laws.
- A trade union may legally represent its members in the civil and labour courts.

Functions of Trade Unions

The main functions of trade unions include:

- Negotiating with employers on behalf of and in the interests of its members.
- Improving the physical work environment.
- Bargaining for wage increases.
- Instituting and improving pension schemes.
- Obtaining medical aid benefits for workers.
- The promotion of job security.
- Assisting members to develop their skills and knowledge.
- The provision of legal support to members.

- Obtaining favourable overtime rates, paid holidays, leave and sick benefits.
- Ensuring the length of the working day is favourable to workers.
- Influencing government to create laws that favour workers.
- Influencing management decisions that could benefit workers .
- Improve public and social services.
- Achieve industrial democracy.

Benefits of Joining Trade Unions

Power and Influence

- Trade unions offer strength in numbers
- They improve communications with employers.
- Use of skilled negotiators is made when bargaining needs to be done.
- When a trade union wins a higher increase than offered by the employer it is exercising power and influence.

Economic Needs

- Workers obtain economic benefits when they join a trade union.
- They also fight for better working conditions e.g. better ventilation.

Job Security

- The main reason workers join trade unions so as to secure their jobs against dismissal and retrenchment.
- Workers are represented by trade unions if they have been unfairly dismissed or retrenched.

Social Welfare

- Members are offered welfare benefits such as accidents, death and pension benefits.
- Trade unions represent their members on pension fund committees in order to prevent the misuse of funds by the society.
- Trade unions also invest their income so that members can benefit.

Political Reasons

- Workers may join unions in order to influence labour legislation as well as government policy on poverty and wealth distribution.

Trade Unions in South Africa

The three largest trade unions in South Africa are :

- COSATU (Congress of South African Trade Unions)
- FEDUSA (Federation of Unions of South Africa)
- NACTU (National Council of Trade Unions)

Methods used by Trade Unions to achieve their Goals

In order for trade unions to achieve their aims they use a number of methods. These may include Collective bargaining; representation; consumer boycott; strike action ; go-slows; work-to-rule; legal action etc.

Conclusion

- Trade unions have to be managed to reach their goals.
- They have to be carefully structured.

Question 10

Distinguish between management and leadership and differentiate between FIVE types of leadership styles that are possible in business. Briefly explain how each of these leadership styles will manage conflict between employees in the business.

Introduction

- An individual can be a manager, a leader, both or neither.
- For success in the increasingly changing and challenging business environment it is necessary that the manager shall also be a leader.

2. Description of the Concept

Management is the process of getting things done by exercising the responsibility resulting from a particular position. It is a complex process in which managers are engaged in certain interrelated tasks to attain their desired goals for the business enterprise .

Leadership is about inspiring people to become achievers .

- They are usually born with special innate characteristics or personality traits .
- It involves taking the lead to bridge the gap between formulating plans and attaining goals .

3. Different types of leadership and how they will manage conflict between employees:

3.1 Charismatic Leadership Style

Characteristic / Explanation

- This leader uses personality and charm rather than any form of external power of authority . .
- Any other relevant characteristic.

Conflict Management

- He/She will manage conflict by paying a great deal of attention in scanning/reading the environment and the turn their actions/words to suit the situation . .
- He/She will encourage communication with employees .
- Any other fact related to conflict management.

3.2 Participative Leadership Style

Characteristic / Explanation

- This leader believes in involvement in decision-making, as it will make subordinates understand the issue they have to deal with . .
- When participating in decision-making, the role-players are committed to each other and increase the commitment to the decision .
- Any other relevant characteristic.

Conflict Management

- He/She will manage conflict by getting the parties together and motivate them to solve the problem to the benefit of the business enterprise .
- He/She will encourage communication with employees .
- Any other fact related to conflict management.

3.3 Situational Leadership

Characteristic / Explanation

- The situation will influence by the leader, e.g. motivation and capabilities of the followers, the situation itself, arguments .
- Any other relevant characteristic.

Conflict management

- He/She will manage conflict by evaluating the situation and can either take a hard line approach when the subordinates are not co-operating or just facilitating if the subordinates know how to solve the problem .
- He/She will clarify the facts and listen to responses .
- Any other fact related to conflict management.

3.4 Transactional leadership style:

Characteristic / Explanation

- This leader works through creating clear structures whereby it is clear what is required from the subordinate . .
- The leader will remunerates (or punishes) the subordinate according to the outcome of the task . .
- Any other relevant characteristic.

Conflict management

- In case of conflict, the transactional leader will tell the subordinates what to *do* . .
- He/She will give instructions on how to solve the problem . .
- He/She will point out inappropriate behaviour and state what he/she expects . .
- Any other fact related to conflict management.

3.5 Transformational leadership

Characteristic / Explanation

- This type of leader is passionate and enthusiastic about his goals . .
- He/She has a clear vision of what should happen and work towards a clear goal . .
- He/She can motivate subordinates to join him/her in achieving the goals . .
- He/She takes care of the subordinate and make sure that they stay motivated . .
- Any other relevant characteristic.

Conflict management

- In case of conflict, they will look after the big picture and not the details. This can lead to misunderstanding and subordinates who give up . ././
- He/She will clarify facts, assess the facts carefully and state what is expected . .
- Any other fact related to conflict management

3.6 Quiet Leadership Style

Characteristic / Explanation

- This leader is task focused and persuades people through rational argument.
- They put the well-being of others before their own personal needs . .
- Any other relevant characteristic.

Conflict management

In case of conflict, they will use values to persuade others and strive to uphold peace and harmony .

- He/She will listen to the problem and find a positive conclusion where both parties feel like winners .
- Any other fact related to conflict management.

3.7 Servant Leadership

Characteristic / Explanation

- This leader serves others putting the well-being of others before other goals .
- They expect the members of their group to make sacrifices in order to achieve the goal. .
- They are example of working in the public sector and religious groups .
- Any other relevant characteristic

Conflict management

In case of conflict, they will first look at themselves as causing the problem before they will accuse someone else

- Any other fact related to conflict management

4. Conclusion

Management and leadership must compliment each other in order for a business to be successful../

- A manager and leader can make or break a business in his/her handling of conflict in the business . ./
- The manager/leader is able to consult employees. motivate them and enlisting their cooperation to achieve a specific goal.

Question 11

- 11.1 A micro-environment
- B market environment
- C macro-environment

11.2 Market Environment

11.2.1 management has limited influence over the elements that make up this environment.

11.2.2 external

11.2.3 * customers

- * suppliers

- * intermediaries

- * consumerism

11.3 Micro-environment

11.3.1 Management has direct control and responsibility over the elements in this environment.

11.3.2 Internal

11.3.3 * the goals of the enterprise

- * internal organisation

- * organisational structure

- * management style

- * choice and utilisation of resources

11.4 external

11.5 external

11.6 Management has little or no control or influence on how the macro-environment affects a business.

11.7 macro-environment

11.8 No. there is a constant interaction between the three environments

11.9

11.9.1 market

11.9.2 micro-environment

11.9.3 macro-environment

11.9.4 market

Question 12

Delphi Techniques Steps: c e b d f a