



BUSINESS STUDIES
GRADE 10
TERM TWO
CHAPTER 6
CONTEMPORARY SOCIO-ECONOMIC ISSUES
2020

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This chapter consists of 8 pages

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

- Explain the meaning of socio-economic issues and the reason why they pose a challenge to businesses.
- Define/Give the meaning of inequality and poverty.
- Explain/Discuss/Describe the impact of inequality and poverty on businesses.
- Define the term “inclusivity” and explain the purpose of inclusivity in the workplace.
- Evaluate the negative impact of HIV/Aids on businesses.
- Outline the different types of gambling and explain their impact on businesses
- Define/Elaborate on the meaning of piracy
- Discuss the impact of piracy on businesses.
- Recommend solutions to piracy, e.g. copyright, patent and trademarks.
- Explain the meaning of counterfeiting /bootlegging/strikes /political disturbance &crime
- Explain/Discuss the impact of the above-mentioned socio-economic issues on businesses.
- Identify socio-economic issues from given scenario/statements. Support your answer by quoting from the scenario.
- Explain the impact of socio-economic issues identified in scenarios/statements on businesses.

1.1 Meaning of socio-economic issues

- Socio-economic challenges are issues that affect people and the economy in a negative way.
- They are problems that come from social/people and economic/money circumstances.

1.2 Reason why they pose a challenge to businesses

- Socio-economic issues affect consumer spending due to poverty and unemployment.
- These issues place extra burdens and expenditure on businesses as they have to develop policies/support systems/ informative programs to address them.
- Businesses are expected to create as many job opportunities as possible to assist government address these issues which places a financial burden on them.
- They must also educate employees on social issues and how to become involved in the community to address these social issues.

1.3 Types of socio-economic issues

- Inequality and poverty
- Inclusivity
- HIV/Aids
- Gambling
- Piracy
- Counterfeiting
- Bootlegging
- Strikes /political disturbance
- Crime

2 Inequality and poverty

2.1 Meaning of inequality

- Inequality is the degree to which people do not have the same opportunities and are treated differently because of their social status.
- It means that people are not equal e.g. some have lots of money/access to education, while others are desperately poor.

2.2 Meaning of poverty

- Poverty is the state in which people have little or no money to buy their basic needs.
- People in poverty usually have poor living conditions, hunger and increased susceptibility disease.

2.3 Impact of inequality and poverty on businesses

- People cannot participate fully in the economy.
- Businesses spend more money on social responsibility programmes to address inequality and poverty.
- Poverty shrink the market because people cannot afford to buy luxuries.
- Poverty lead to crime such as shoplifting and robberies on businesses.
- Increases violence as groups scramble for better status and social positions.
- Businesses spend money on improving security due to robberies and shoplifting.
- More money is spent on relieving poverty through their social responsibility programmes.
- Inequality results in lack of skills and job opportunities.

3 Inclusivity

3.1 Meaning of inclusivity

- Inclusivity means giving everyone opportunities without discriminating based on age, race, gender, sexual orientation, disabilities/HIV status etc.
- Inclusivity means valuing the differences between people and consciously encouraging diversity in the workplace.

3.2 Purpose of inclusivity in the workplace

- Inclusivity enables businesses to make the best use of all human resources.
- Promotes equal opportunity for every employee to obtain skills that will lead to promotion and career path.
- Promotes respect for each person and their contributions in the workplace.
- Promotes healthy/happy working environments, which in turn increase job satisfaction and productivity.
- Increase tolerance of each other's ideas and beliefs.
- Increase communication in the workplace so that business goals/objectives are achieved.
- Businesses are able to use a variety of talents and skills.
- Inclusivity increases education and training resulting to a decrease in poverty.
- Increases the number of middle-class people participating in the economy.

4 HIV/Aids

4.1 Meaning of HIV/Aids

- Aids is a disease caused by a virus called HIV.
- When HIV gets into a person's body, it attacks the immune system / lowering the body's natural ability to fight infections.

4.2 Negative impact of HIV/Aids on businesses

- Loss of skilled staff due to HIV related illnesses.
- Profits will be lower as production decreases.
- High absenteeism from illness resulting to a decrease in productivity.
- Conflict can arise among staff if they discover that a worker is HIV positive.
- Businesses find it difficult to keep up production levels and to meet deadlines because of poor staff morale.
- Businesses face increased costs of finding/recruiting/training replacements.
- The pool of available skilled workers is getting smaller due to the high rate of HIV infection.
- The costs of finding replacement employees and recruiting are high.
- Business need to invest money in programmes to educate the workers regarding AIDS.
- Decrease in the number of consumers cause a drop in the demand for goods and services.
- Costs such as insurance/retirement funds/health/safety are higher as a result of HIV for the business.
- Businesses face increased costs of paying benefits like housing subsidies, medical care, funeral care and pension funds.
- Staff morale might be low as they are concerned about their health thus lowering productivity.

5 Gambling

5.1 Meaning of gambling

- Gambling means to bet on something of which the outcome is not sure.
- It can take on form of playing games in the hope that some money could be won.
- Although gambling is legal, it gives false hope.

5.1 Types of gambling

- Pyramid schemes
- Money laundering
- Card games
- Casino
- National lottery
- Scratch cards
- Slot machines
- Horse betting
- Fafi/ Mochina
- Unofficial lottery type schemes
- Bingo halls
- Unlicensed casino's
- Internet gambling, as it is sometimes linked to organised crime- animal fighting.
- Unlicensed operations offering gambling to the public.

5.2 Impact of gambling on businesses

- Employees may not work overtime at short notice.
- High rate of employee absenteeism.
- Local businesses forced out of business.
- Gambling hides criminal activities and can lead to workplace violence.
- Compulsive gamblers cannot focus on work while preoccupied with gambling.
- Compulsive gambling puts a strain on relationships in the workplace.
- Addicted employees could also steal to get money for gambling.
- Reduces productivity as it encourages crime and corruption.
- When gamblers lose their money, they have less to spend on goods and services, which affects business negatively.
- Decrease in savings leads to a decrease in future production.
- Less buying power as people may lose their money on pyramid schemes, casino gambling etc.

6 Piracy

6.1 Meaning of piracy

- Piracy refers to the illegal copying of original music/films/books/patent rights/trade marks without the rightful owner's permission.
- It can involve physical copies/electronics copies that are downloaded illegally from the internet.
- Pirated goods are unauthorised copies of copyright material such as DVDs or CDs.

6.2 Impact of piracy on businesses

- Consumers no longer value the worth and quality of genuine products sold by businesses
- The business image and reputation can be damaged by inferior counterfeit goods.
- The businesses producing the original goods have their profits reduced if piracy occurs.
- Piracy also deprives the original artist of his/ her or income.
- People who buy pirated copies contribute to the problem for businesses

6.3 Solutions to piracy

6.3.1 Copyright

- The owner of intellectual property has the right to produce and copy the intellectual property.
- Includes literacy/musical works/artistic works etc.

6.3.2 Patent

- Exclusive right to make use of or sell the invention or a product made an invented process for a limited period of time.
- It is invention, someone who holds a patent has the sole right to produce and sell in invention.
- A discovery/scientific method/a literary etc.

6.3.3 Trade marks

- Registration of the use of a brand name/slogan/symbol or a combination to make a product or services recognisable and known.
- A unique mark that represents a business enterprise and which belongs to the business enterprise.
- Includes words/slogans/sign etc.

7 Counterfeiting

7.1 Meaning of counterfeiting

- Counterfeits goods are copies/imitations of genuine goods such as clothing/shoes that are marked with a fake logo/trade mark.
- They are products that are imitated and packed to resemble the original, high priced goods.

7.2 Impact of counterfeiting on businesses

- Counterfeits often result in price increases of original goods
- Consumers are often tempted to buy counterfeits because of the considerable price differences
- Counterfeits reduce the sales and profits of businesses
- Businesses lose money that could have been used for expansion and the creation of job opportunities
- Counterfeits often result in price increases of original goods
- Consumers are often tempted to buy counterfeits because of the considerable price differences
- Counterfeits reduce the sales and profits of businesses

8 Bootlegging

8.1 Meaning of bootlegging

- It is the recording of live/broadcast performance without the permission of the performers/songwriters/ record company which are copied and sold.
- The example of bootlegging is selling of illegal copied DVDs of latest movies on street corners.
- Criminals go to great extremes to record movies with handheld devices during a live cinema screening.

8.2 Impact of bootlegging on businesses

- Businesses lose out on profit.
- Businesses may experience decline in sales due to fake/imitated distribution of products.
- Businesses may be forced to implement price adjustment strategies to minimise the impact.
- Businesses expenses will increase if legal actions are taken.

9 Strikes

9.1 Meaning of strikes

- A strike/labour dispute is a collective refusal of employees to work because of an issue in the workplace, aimed at forcing the employer to give in to demands.
- It is a collective action taken by a group of unhappy employees to accept their demands.
- Strikes may take form of a go slow, lock outs and sympathy strikes.
- It is a dispute between the employer and employees when they cannot agree on wage increases/changes in working conditions, even after negotiations.

9.2 Impact of strikes on businesses

- This could make the business to be unable to meet its contractual obligation and the business losing contracts.
- The cost of making up all the working hours is too high.
- Strikes can be violent because strikers intimidate those employees who do not want to go on a strike
- Scares off potential investors.
- May results in losses of production as employees stay absent from work during strikes.
- Strike actions may lead to production losses and decline in sales.
- Businesses may be forced to close down operations after strike actions.
- May lead unhealthy working relationships between the management and workers.
- May force businesses to retrench some of its skilled workers to recover from losses.

10 Political disturbance

10.1 Meaning of political disturbance

- It is a form of protest by a group of people showing their displeasure on lack of service delivery/proper housing/poor pay/poor work conditions/etc.
- Political disturbance reflects frustration on the part of communication who may not feel that they have an effective voice in formal political processes.
- It is when a group of people protest against a socio-economic problem and feel that the government is not doing enough to solve the issue.

10.2 Impact of political disturbance on businesses

- People in township/informal settlement areas may block roads preventing employed people from going to work due to service delivery protests.
- Scares off potential investors.
- Businesses may be forced to close especially those located in townships.
- May results in losses of production as employees stay absent from work during political disturbances.
- Many businesses suffer losses as a result of damage to property.
- Riots can result in increased unemployment if shopkeepers are forced to shut down.

11 Crime

11.1 Meaning of crime

- Any unlawful and harmful act related to loss of goods in a business due to burglaries/ robberies/theft/corruption/hijackings etc.
- Theft is the unlawful taking of someone else's property to make it your own.

11.2 Impact of crime on businesses

- Loss of staff and customers.
- Insurance/security costs become expensive.
- Loss of profits due to stolen goods from businesses.
- Business lose skilled people resulting to a decline in productivity.
- Increased medical expenses as workers are injured during the break ins
- Businesses spent money on installing effective security measures e.g. alarms, burglar proofing.
- Loss of goods in a business can happen as a result of burglaries, shoplifting, customer theft and employee theft.
- Cost of damage to property increases as businesses pay higher insurance premiums to protect themselves.
- High rate of absenteeism due to affected employees having to go for trauma counselling
- Loss of essential equipment causing temporary closure of the business
- Employees can become involved in fraud, bribery, corruption and kickbacks.
- If there is an ensuing court case it can create negative publicity for the business.
- Smaller businesses often cannot afford insurance and have to replace the stolen goods themselves at greater loss.
- Lower profits affect the decision to expand and employ more people/pay higher wages.
- Crime causes increase in health costs of employees due to injuries or stress.
- Discourages foreign investment and reduces tourism which impacts negatively on business.
- Crime brings about unfair competition from stolen goods resold at a lower price.