

Learner's Book

**BUSINESS
STUDIES**

10



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

Foreword from Absa

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How to use this book

Welcome to the Business Studies Grade 10 Learner's Book. Please read the information below about the book before you start using it. This book provides you with all the information you need to cover the Grade 10 curriculum. It will also help you develop skills, attitudes and values required to excel in Business Studies.

Each chapter in the book has the following features, which are meant to help you learn:

Topic Overview

This is an overview of the contents and the units of the chapter



TOPIC OVERVIEW

- Unit 1.1 Components and features of the micro (internal) business environment
- Unit 1.2 The eight business functions

Learning objectives

These are the objectives that are addressed in the topic. It states what you should be able to do by the end of the topic. In addition, it gives you an idea of what will be expected of you as a learner. After completing each topic, ask yourself, 'Am I able to do everything stated in the learning objectives?'. If not, you should revisit the content covered in the topic.



Learning objectives

At the end of this topic, learners should be able to:

- ❖ explain/describe the link/relationship between the features/components of the micro-environment
- ❖ explain the reasons why competition poses a challenge to businesses
- ❖ explain the interrelation between micro (internal) and market environments
- ❖ give examples of the relationship between the business and consumers, suppliers, intermediaries and competitors
- ❖ explain/discuss the relationship between micro, market and macro environments.



PLAYLIST

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Introduction

The introduction is a brief summary of why you will be learning the content that is covered in the topic. Sometimes it will give you a brief background of how far you have come with your content knowledge, while at other times it will just give you a short summary that introduces the content that will follow in the chapter.

Introduction

Teamwork is when two or more people come together to reach a common goal. Teamwork can be applied in many everyday activities. Some examples of where teamwork is applied include sports teams, personal relationships (that is, husband and wife, and so on), project teams and teams in businesses. Successful teams communicate frequently and openly, team members can engage with one another, and they are flexible to ensure the overall success of the team.

A New words

bankruptcy an actual court order that depicts how an insolvent person or business will pay off their creditors

director a person who is in charge of an activity, department or organisation

New words

These are new/difficult words that you may not have encountered before. A brief explanation for these words are given.

Activities

These cover questions you have to answer, which are based on the content presented before them. Activities will help you check whether you have understood the content presented in the book or not.

Activity 2.1 General management

- 1.1** Name the business function that is responsible for setting the organisational policies. (2)
- 1.2** Outline the differences between leadership and management. (8)

2.1 Read the scenario below and answer the questions that follow.

BERTRAMS CASH AND CARRY (BCC)

Solly, the CEO of Bertrams Cash and Carry, has appointed Mandy to manage the sales department. Mandy was given a task to carry out instructions given by Mandy to the sales team.

- 2.1.1** Identify the level of management represented by Solly, Mandy and Mandy. Motivate your answer by quoting from the scenario above. (9)
- Use the table below as a GUIDE to answer QUESTION 2.1.1.

		LEVELS OF MANAGEMENT	MOTIVATION
a.	Solly		
b.	Mandy		
c.	Mandla		

- 2.1.2** Explain the role of EACH level of management identified in QUESTION 2.1.1. (6)
- 2.2** Discuss any THREE management tasks. (9)

Did you know boxes

These boxes provide extra, interesting content or give you additional information on particular sections of the curriculum. Note that the content of the 'Did you know?' boxes are not examinable.

? Did you know

In South Africa there have been three interesting cases of **privatisation** – the privatisation of Steel manufacturer Iscor in 1989, the privatisation of petrochemicals company Sasol in 2000 and the partial privatisation of Telecoms company, Telkom in 2002.

Take note boxes

These boxes require you to pay special attention to certain aspects of the curriculum/content/activities/assessment. They add value to the content that is presented.

Take note

During the past few years, the government has sold some state-owned businesses and state-owned assets to the private sector. This process is known as **privatisation**.

QR Codes, videos and Screen captures

These will link you to online content. When you are in the eBook, you can easily access the links.

The process for scanning QR Codes depends on the model of your phone. Newer phone models can scan QR Codes with the camera, and older models might require a QR Code app. Find the correct QR scanner for your phone and download it accordingly. Note that you might have to try a few scanners before you find the most suitable scanner for your phone.

Tip

- Question 1 includes the following types of questions:
 - » multiple-choice questions
 - » complete sentences questions
 - » matching type questions.
- All sub-topics in business functions will be equally assessed.
- You must be well conversant with all the sub-topics to answer all the questions in this section.
- Some questions will be indirect and you will be required to apply your knowledge.

Tip boxes

These boxes provide tips that you could use when writing your exams and completing your formal assessment tasks.

QR CODE

Organisational structure



<https://m.youtube.com/watch?v=zWy65DdbadE>



CASE STUDY

Creating jobs, reducing poverty: Why the informal sector should be taken seriously and enabled properly

The informal sector is a significant component of the economy that provides employment, livelihoods and income for millions of workers and business owners. Across the country the informal sector in South Africa is a significant source of employment.

The informal sector mostly comprises very small enterprises (frequently fewer than five individuals) that often are based in neighbourhoods and generates quite low earnings for enterprises and individuals.

Approximately 2,3 million people worked in the non-agricultural informal sector in 2013. In 2018 it reached 2,9 million people. At about 17% of total employment, one in every six South Africans who work, work in the informal sector. In the National Development Plan (NDP) the sector (together with domestic work) is projected to generate almost two million new jobs by 2030.

Almost 80% of the approximately 1,4 million informal enterprises are one-person firms. Yet 1,1 million people – about half of the people working in the sector – work in enterprises that have employees (that is, they are multi-person firms).

[Source: Adapted from <https://www.polity.org.za/article/creating-jobs-reducing-poverty-i-why-the-informal-sector-should-be-taken-seriously-and-enabled-properly-2018-07-26>]

Most of these employing enterprises are in construction, retail trade, and services, but also in manufacturing and communication. The proportion of employing firms has been growing steadily since 2000, as has the propensity to employ. In 2013 the employing firms provided about 850 000 paid jobs for owner-operators and employees. What is striking is that the number of paid jobs in the informal sector (850 000) is almost double the direct employment in the formal mining sector (approximately 450 000 in 2013).

Working in and running enterprises in the informal sector is anything but easy. Working hours are long, working conditions are often difficult. Earning and returns are very low for all but a few.

Given the high levels of unemployment and poverty – and the NDP objective of almost 2 million more jobs in the informal sector – the policy goal, at least in the short to medium term, should not be to shrink or eliminate the informal sector, but to grow and strengthen it – to create a larger, more dynamic informal sector with more viable, self-reliant enterprises and addition, better-quality employment.

Case Study

The case studies provide a very good way of keeping the subject up to date and relevant by using real-life situations, a problem or an incident related to the topic. You can draw on your own experiences, the experience of peers or prior learning to interpret, analyse and solve the problems presented in the questions.

- 1 Quote the importance of the informal sector from the case study above.
- 2 Identify THREE types of industries that provides employment in the informal sector.
- 3 Compare the employment in the informal sector and the formal sector.

Consolidation activities

This is a revision activity based on what you have covered in the chapter. Take time to answer the questions on your own. You teacher may also use these to assess your performance during class.

Consolidation

Business environments

QUESTION 1

- 1.1 List any FOUR components of the micro environment. (4)
- 1.2 Identify the components of the market environment represented in each of the following statements.
 - 1.2.1 People or other businesses who buy the products and services of a business to satisfy their needs.
 - 1.2.2 People or businesses that play a major role in getting goods from where they are produced to consumers all over the country.
 - 1.2.3 A supermarket discovers that another grocery store has opened at a nearby location. (6)

QUESTION 2

- 2.1 Read the case study below and answer the questions that follow.

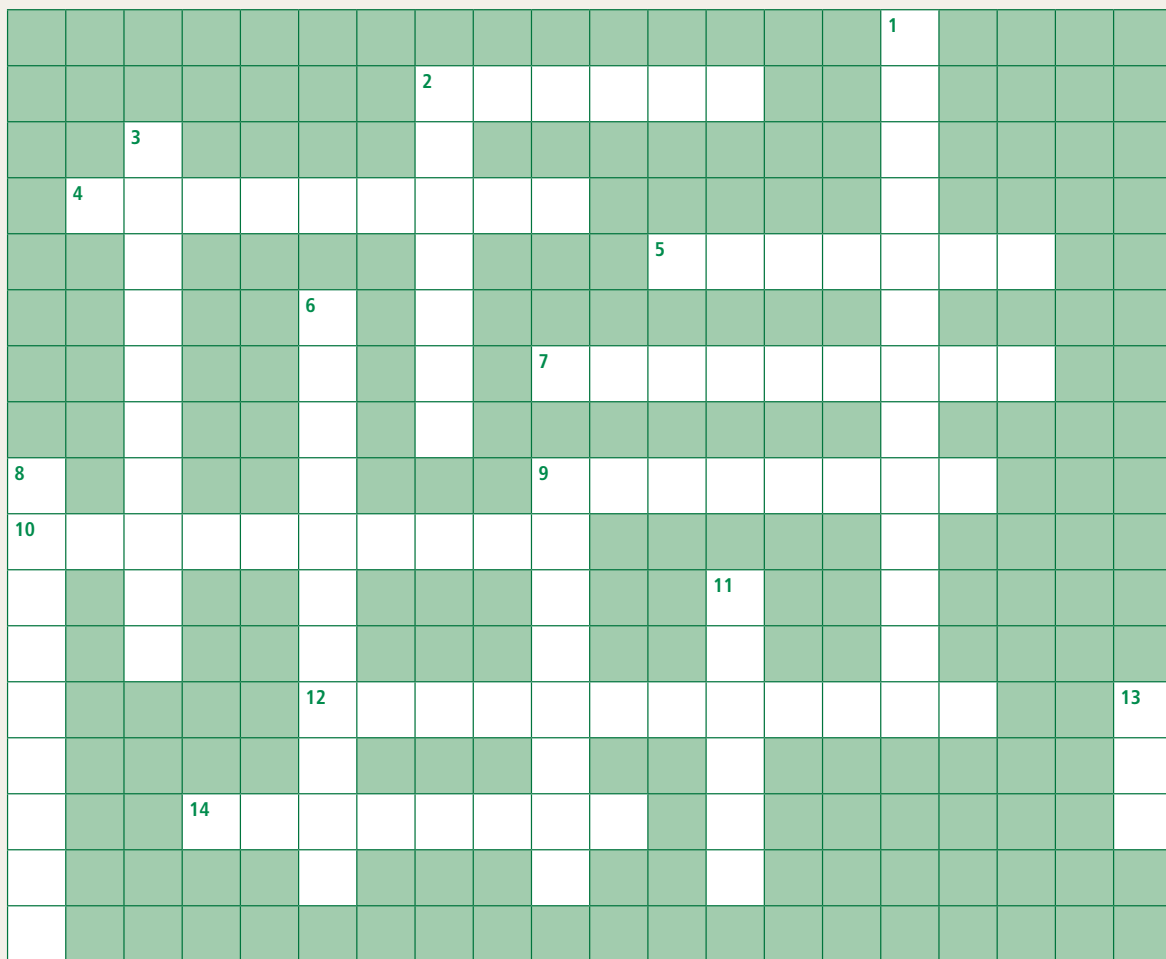
Zipho owns a large industrial window cleaning company. He buys his machines in the USA and will only be able to buy one machine as the South African currency has dropped dramatically.

How to answer crossword puzzles

Clues are provided for terms that may be written **down** or **across**. The **dark shaded** blocks indicated a space for the terms that consist of more than ONE word.

Consolidation

PUZZLE: BUSINESS SECTORS



Across

2. The sector where goods and services are provided by the government.
4. An example of an industry in the secondary sector.
5. The sector that deals with the extraction of raw materials.
7. An example of an industry in the tertiary sector.
9. The sector where businesses are not registered.
10. Activity of the primary sector.
12. Activity of the secondary sector.
14. The sector that refers to services.

Down

1. Refers to the sale of state-owned businesses.
2. The sector that consists of businesses owned by individuals.
3. Give another name for state-owned company.
6. An example of a primary sector.
8. The sector that involves the process of transforming raw materials.
9. A specific group of businesses that produce a particular kind of good or service.
11. The sector where businesses are registered.
13. A contract between the public sector and private sector.

Overview of topics per term

GRADE 10	
Term	Topic
1	Components of the micro environment Business functions and the activities of the business The market environment The macro environment The interrelationship of the micro, market and macro environments Business sectors
2	Contemporary socioeconomic issues Social responsibility Entrepreneurship qualities Forms of ownership The concept of quality
3	Creative thinking and problem solving Business opportunities and related factors Business location decisions Contracts Presentation of Business Information Understanding business plans and implications
4	Self-management Relationships and team performance

TERM 1

1

Micro environment



TOPIC OVERVIEW

- Unit 1.1 The meaning of the micro environment
- Unit 1.2 The eight business functions



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/elaborate on the meaning of the micro environment
- ❖ outline/describe/explain/discuss the various components of the micro (internal) business environment
- ❖ identify a vision/mission statement, goals and objectives from given scenarios
- ❖ formulate/evaluate a vision/mission statement, goals and objectives of any business
- ❖ outline/explain/discuss the purpose of the organisational culture
- ❖ name/identify/outline the organisational resources from given statements/scenarios
- ❖ outline/explain/describe/discuss the purpose/importance of a business organisational structure with specific reference to an organogram
- ❖ explain the differences between leadership and management
- ❖ briefly explain the purpose of the eight business functions.



Key concepts

- **Vision:** refers to what the business wants to achieve in the long-term. That is, the dream of the business.
- **Mission statement:** describes what the business provides or produces.
- **Goals:** the long-term plans of what the business wants to achieve.
- **Objectives:** describes how goals will be achieved.
- **Organisational culture:** refers to the way the business goes about doing business. For example, their dress code, norms, values, and beliefs that are shared by the people in the business.
- **Organisational resources:** refer to the people, equipment and machinery that a business uses to produce its goods and services.
- **Management:** the way the business is managed. This entails planning, leading, organising and controlling the people in the business.
- **Leadership:** the way in which an individual can influence the behaviour of others towards achieving the objectives of the business.



Key concepts

- **Organisational structure:** refers to the different levels of authority in an organisation. That is who does which tasks in the organisation.
- **Business functions:** the tasks requiring specific knowledge and skills that are carried out by the various departments to achieve the goals of the business.

? Did you know

The micro environment of a business is also known as the **internal operating system**.

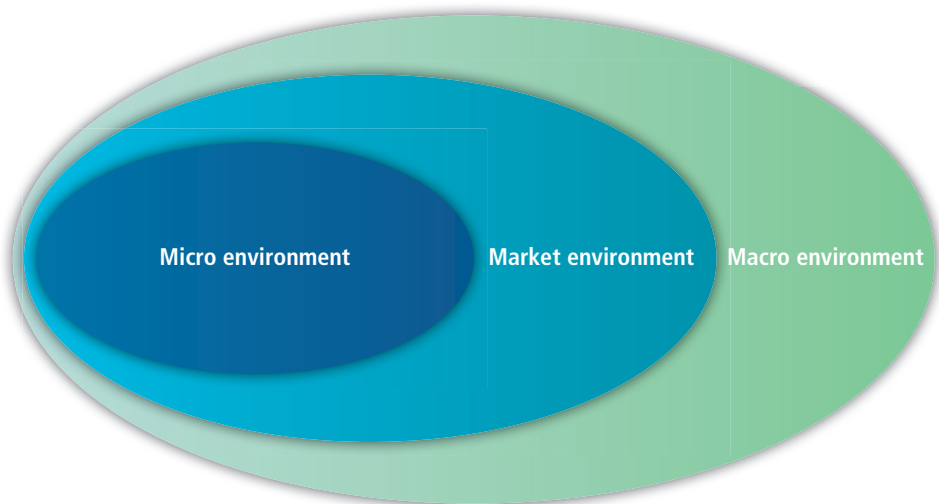
Introduction

All businesses, whether big or small, have their own internal environment. This internal environment is known as the **micro environment**. In this topic, we will learn about the different components that make up the micro environment.

1.1 The meaning of the micro environment

The micro environment of a business includes everything inside the business. All the **internal affairs** of the business are managed by the directors or the owners of the business. The business has full/complete control over its micro environment.

The three business environments can be represented in a concentric circle, as shown below.



? Did you know

Every business has its own unique micro environment. However, there are certain basic components of an internal environment that are common to most businesses.

A New words

internal affairs all the activities that are carried out within the business

? Did you know

Many businesses fail during their first year of operation because of the lack of good management skills.

■ The three business environments

Businesses are also influenced by two **external environments**. These are the **market environment** and the **macro environment**. These three business environments are interrelated and influence one another. They can also influence the success or failure of a business. We will learn about the market environment in Topic 3, and the macro environment in Topic 4.

The components of the micro environment

The components of the micro environment include the:

- vision, mission statement, goals and objectives
- organisational culture
- organisational resources
- management and leadership
- organisational structure
- eight business functions.

Vision, mission statement, goals and objectives

The vision of a business describes its long-term goal, that is, where the business sees itself in the future.

For example: Olwethu Beauty Salon (OBS) wants to become globally competitive.

The mission statement describes what the business provides or produces, and why the business exists. It explains clearly the aims and values of the business.

For example: Olwethu Beauty Salon (OBS) wants to provide professional services in hairdressing and also supply the beauty products.

Goals are the long-term plans that the business wants to accomplish. They serve as guidelines to help businesses achieve what they set out to do.

For example: To open five more branches in the next five years.

Objectives describe how goals will be achieved. They are the short-term steps that will guide the business owner on how their set goals can be accomplished/achieved.

For example: In order to open up five more branches in the next five years:

- we will upskill our current employees by offering specific and targeted employee training
- we will increase our efforts to reduce carbon emissions
- we will set up specific marketing campaigns to gain greater market share and increase our profit margins.

The purpose of organisational culture

Organisational **culture** refers to how things are done in the business, for example, how the employees communicate among themselves, their dress code and their administration policy. Organisational culture also includes the **values**, **beliefs**, **norms and standards** that are shared among the employees and management.

- The purpose of the organisational culture is to define the business' internal and external identity as well as its core values.
- A strong business culture has the power to turn employees into ambassadors of the business.
- It helps businesses to retain its employees and clients.
- It breaks down boundaries between teams, guides decision-making, and improves productivity.



A New words

culture refers to the beliefs, values, norms and ideologies of a group of people or a society

values the morals that are shared by the employees in an organisation

beliefs what a business feels is true

norms rules or expectations that are enforced by a business

standards something used as a model to achieve a particular goal.



Organisational resources

The resources of a business can be classified into FOUR main groups. These are:

- human resources
- physical resources
- financial resources
- technological resources.

Human resources

Human resources is a set of people who make up the workforce of the business..

A New words

overdraft when a bank allows a person with a cheque account to withdraw more than he/she has in the account and charges interest on the extra amount used

long-term loans money that is borrowed and repayable over a number of years. For example, bonds, debentures, and so on

short-term loans money that is borrowed and repayable within a period of less than a year. For example, bank overdraft, credit cards, and so on

competitive advantage factors that allow businesses to produce goods or services better or cheaper than its rivals

Physical resources

Physical resources are tangible items that are used in the operation of the business, for example, raw materials, building machinery and vehicles.



Financial resources

Financial resources refers to the capital that the business owns or has borrowed from a financial institute. It includes all the funds that are available to the business, for example, bank **overdraft**, credit cards, **long-term** and **short-term loans**.

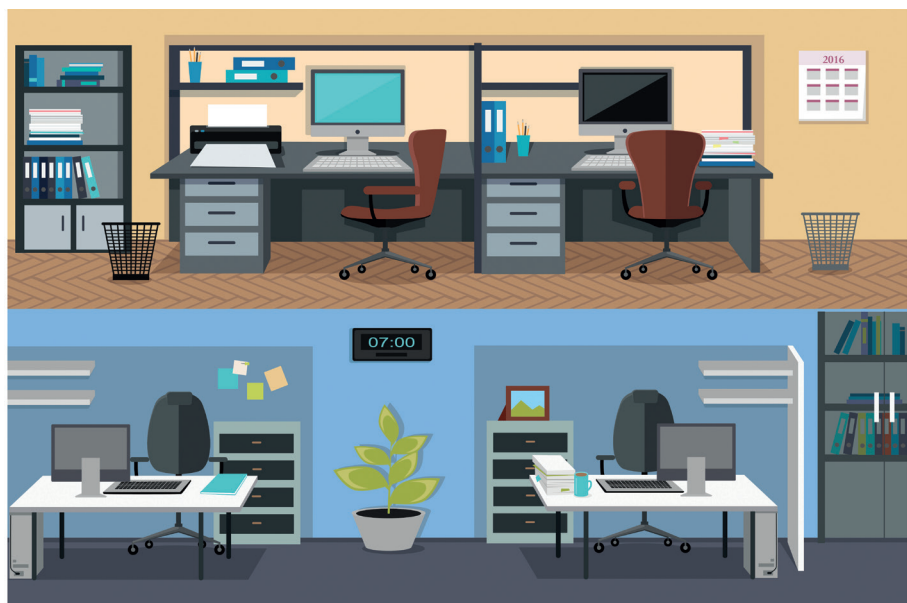
Technological resources

Technological resources are intangible resources such as software licences and patents, that can help improve performance of an organisation.

Examples include computer software, laptops, computers, websites, internet facilities, cell phones, photocopy machines, and so on.

? Did you know

Businesses that use the latest technology have a **competitive advantage** over those that are struggling with the latest technology.



Activity 1.1 Components of the micro environments

Work on your own

- 1.1 State any THREE components of the micro environments. (3)
- 1.2 Outline the purpose of the organisational culture. (4)
- 1.3 Formulate a vision, mission statement, goals and objectives for a cell phone provider.
 - 1.3.1 vision
 - 1.3.2 mission statement
 - 1.3.3 goals
 - 1.3.4 objectives (8)

Management and leadership

Management

The management of a business is the process whereby an individual or individuals guide and direct the organisation to achieve its goals and objectives. Good managers are able to plan properly, organise, lead, and control all the resources in the business.

Leadership

Leadership is the ability of an individual to inspire, influence or motivate their **subordinates** to achieve the goals and objectives of the business.

The purpose of the organisational structure

The organisational structure shows the different departments in the organisation and how they are organised. The organisational structure is also known as an organogram.

An organogram shows the level of authority, responsibility and tasks of the various departments in the business. An organogram shows the hierarchical structure of the business.

The purpose of the organisational structure includes:

- Helping to ensure the smooth and efficient functioning of the business.
- Ensuring that work happens with precise co-ordination and minimum wastage of resources.
- Helping the business to work towards its goals.
- Show the connections between various positions and tasks in the business.
- It describes the coordination between various departments in the business.

A New words

subordinate a person under the authority or control of another within an organisation

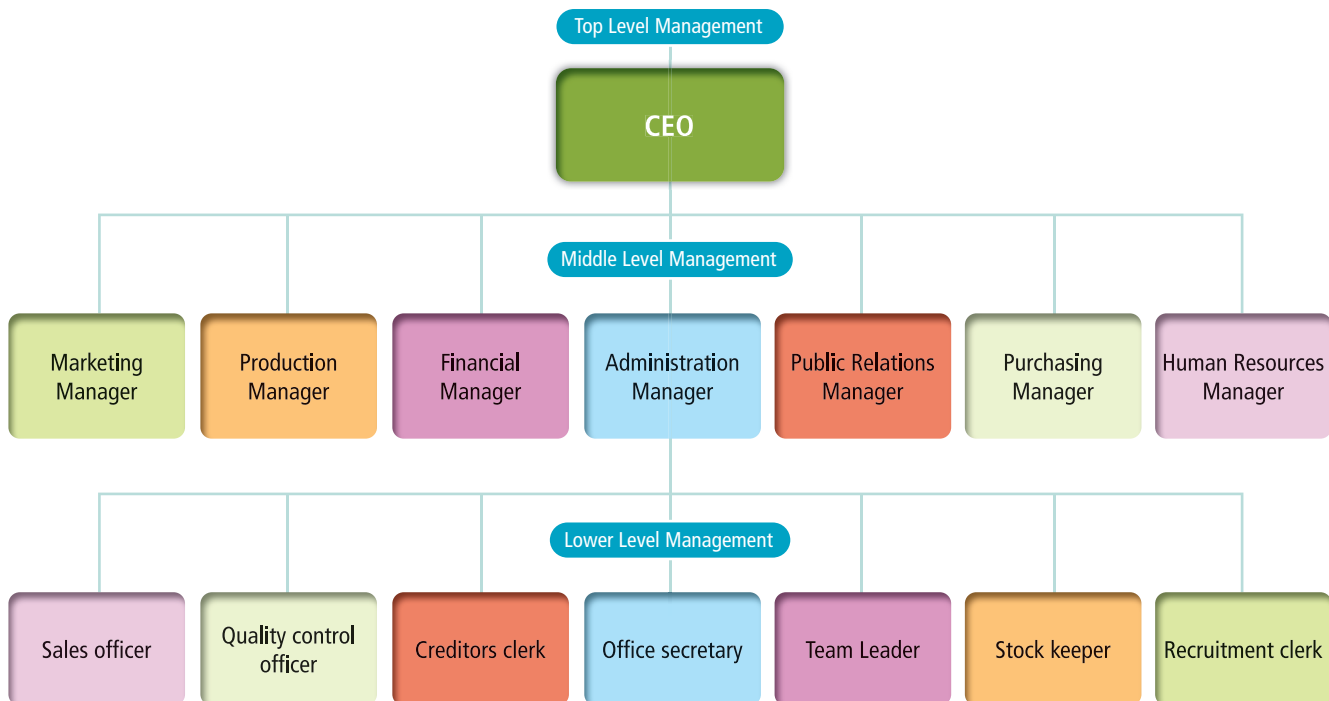
QR CODE

Organisational structure



<https://m.youtube.com/watch?v=zWy65DdbadE>

Below is an example of an organogram showing the three levels of management.



■ An organisational organogram

Activity 1.2 Organisational resources

Work on your own

Read the scenario below and answer the questions that follow.

SARAH'S BAKERY (SB)

Sarah's Bakery (SB) produces freshly baked pastries. Sarah employed five employees to help her. She bought a small building where she does all her baking and packaging.

Sarah had to take out a loan from FastBank to cover the cost of setting up her business. She uses an online ordering system to make ordering easier for her customers.

- 1.1** Identify THREE organisational resources used by SB. Motivate your answer by quoting from the scenario above. Use the table below as a GUIDE to answer Question 1.1.

ORGANISATIONAL RESOURCES	MOTIVATIONS
1.1.1	
1.1.2	
1.1.3	

(9)

Tip

Read the scenario carefully before answering questions. You must be able to identify key statements/words that would help you to answer the question.

1.2 The eight business functions



■ The eight business functions

The eight business functions are all important components of a business. In large businesses these functions may operate as separate departments but in smaller businesses some of these functions may be combined. Some businesses may not have all of the functions – it will depend on the nature and the size of the business.

The eight business functions are:

- general management
- purchasing
- production
- marketing
- public relations
- human resources
- administration
- financial

A New words

coordinates to bring the different functions to work together

stakeholder any party that has an interest in a company and either affect or be affected by the business. For example, employees, customers, shareholders, suppliers, trade unions

financial assets non-physical asset whose value is derived from a contractual claim, such as bank deposits, bonds and shares

General management

The general management in a business **coordinates** the other business functions to achieve the goals and objectives of the business. The general management function plans, organises, leads and controls resources in the business.

Purchasing function

The purchasing function is responsible for buying all the resources that the business needs in order to produce its goods and services.

Production function

The production function is responsible for changing/processing raw materials into finished or semi-finished products. It ensures that the business creates quality products to meet the demands of the target market.

Marketing function

The marketing function undertakes market research to determine the real needs of the target market. It is also responsible for the advertising/promotion of goods and services to customers.

Public relations

The public relations function is responsible for creating a good public image for the business. It ensures that there is proper communication between the business and all its **stakeholders**.

Take note

Each of the eight functions within the business has its specific role to perform, but these functions are all closely related in order to achieve the main objectives of the business. The success of a business depends on how effectively and efficiently these functions are coordinated and managed. For example, if the marketing function fails to attract the target market, then the main objective of the business in terms of making a profit will not be realised even if the other remaining functions are doing their best.

Human resources function

The human resources function is responsible for attracting new employees into the business. It also has to manage all the people in the business by providing education and training for their employees.

Administration function

The administration function is responsible for collecting, processing and storing all the data and information required by the business. The administration function has to be up to date with the latest information technology.

Financial function

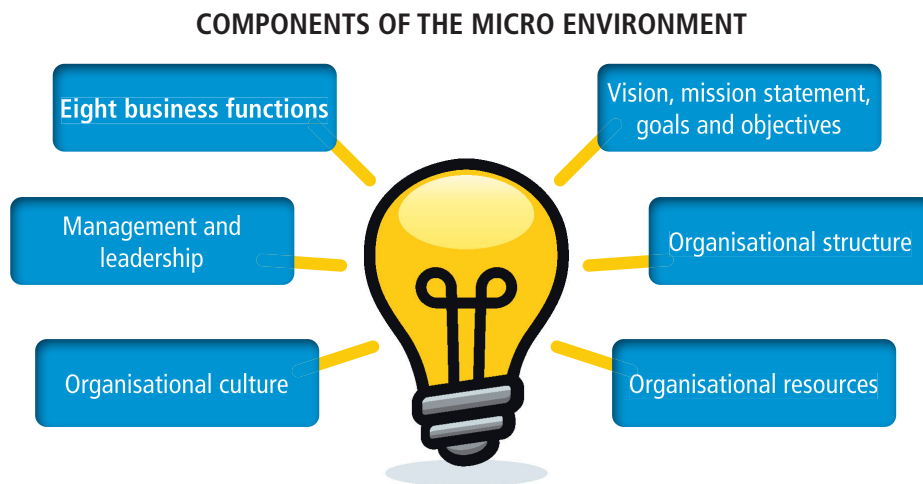
The financial function is responsible for determining all the financial needs of the business. It ensures that the business's funds are used efficiently. It manages all the funds and **financial assets** of the business.

Activity 1.3

- 1.1** Identify the business function that Mzobe Traders has applied in EACH statement below:
- 1.1.1** Mzobe Traders used an effective recruitment method to attract the best candidates. (2)
 - 1.1.2** Mr Masina the CEO, included the vision and mission statement of the business during his planning. (2)
 - 1.1.3** They advertised their product online to attract more customers.. (2)
 - 1.2** Explain the purpose of the organisational structure. (6)

Mind map: Topic 1 – Components of the micro environment

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



Consolidation

					1				2	
	3									
			4							
					5					
6										



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Across

- 1. Moral characteristics that define an organisation.
- 3. Describes how goals will be achieved.
- 6. Process of planning, organising, leading and controlling.

Down

- 2. People who work in the business.
- 3. The structure of the business.
- 4. Something used as a model to achieve a particular goal.
- 5. Inspires and motivates people to achieve the goals of the business.

2

Business functions and the activities of the business



TOPIC OVERVIEW

- Unit 2.1 Understanding business functions
- Unit 2.2 The differences between management and leadership
- Unit 2.3 The eight business functions



Learning objectives

At the end of this topic, learners should be able to:

- ❖ outline/explain/discuss the differences between management and leadership
- ❖ outline/describe/explain/discuss the importance of the eight business functions
- ❖ identify business functions from given statements/scenarios/case studies
- ❖ state/outline/explain/discuss/describe the three levels of general management
- ❖ explain/discuss/describe management tasks
- ❖ identify management tasks from scenarios/case studies/statements
- ❖ identify the levels of management from given scenarios/statement
- ❖ define/elaborate on the meaning of a business organisational structure
- ❖ outline/explain/discuss/describe the responsibilities of various levels of management
- ❖ name factors that influence the organisation structure, for example, the size of the company, technology, resources, and strategic goals of the company
- ❖ name/explain/discuss/describe three types of organisational structures, for example, functional, project, and matrix structures
- ❖ discuss/explain/describe/mention/outline the activities of the administration function
- ❖ identify these activities from given statements/scenarios/case studies
- ❖ define/explain/describe the types and sources of financing from given scenarios/case studies/statements/pictures/cartoons
- ❖ state/name/explain/discuss the types of capital
- ❖ explain the differences between fixed and working capital, and between own and borrowed capital
- ❖ explain/describe/discuss the purchasing procedure
- ❖ explain the differences between cash and credit payment
- ❖ explain/discuss the importance of stock control
- ❖ outline/explain/describe/discuss the purpose/nature of the National Credit Act (NCA) (No. 34 of 2005) and the Consumer Protection Act (CPA) (No. 68 of 2008)
- ❖ outline/explain/describe/discuss the responsibilities of credit providers
- ❖ outline/discuss the remedies of the NCA, for example, the consumer tribunal, national consumer commission, consumer court, and an appropriate ombudsman
- ❖ discuss/evaluate/analyse the impact (positives/negatives) of the NCA and CPA on businesses
- ❖ discuss/explain the implication of the CPA on the marketing function
- ❖ discuss the importance of public relations:
 - differentiate between external and internal public relations
 - outline/mention/explain/discuss the methods of carrying out public relations
 - identify these methods from given scenarios/case studies/statements/pictures/cartoons.



Key concepts

- **General management:** overseeing everything that goes on in a company, and making sure that all departments are working together to turn a profit.
- **Administration function:** the process of collecting and storing information that will be used by management in decision making.
- **Financial function:** involves the acquiring and utilisation of funds necessary for efficient operations.
- **Purchasing function:** the act of buying the goods and services that a company needs to operate and manufacture products.
- **Organising:** the process of identifying and grouping work that needs to be done, defining and delegating responsibility and authority.
- **Leadership (business):** providing direction or guidance.
- **Controlling:** a function that helps to measure the progress towards organisational goals, highlights any deviations, and indicates corrective actions.
- **Production function:** the action of making or manufacturing a complete product.
- **Marketing function:** the act of promoting and selling product or services.
- **Public relations:** the continuous maintenance of a public image by the business.
- **Human resources:** the department of a business that deals with the hiring and training of staff.
- **Top management:** responsible for controlling and overseeing the entire organisation.
- **Middle management:** responsible for executing organisational plans, which comply with the company's policies and lower management.
- **Planning:** is the process of thinking about the activities required to achieve a desired goal.
- **Directing:** activities which are designed to encourage the subordinates to work effectively and efficiently.
- **Risk management:** the process of identifying, assessing and controlling threats to a business.
- **Information:** facts that are provided to learn about something.
- **Data:** facts and statistics collected together for reference and analysis.
- **Consumer Tribunal:** an independent entity who's mandate is to hear and decide on cases involving consumers.
- **National Consumer Commission:** promotes compliance with the Consumer Protection Act through advocacy and enforcement.
- **Consumer Court:** court that deals with cases regarding consumer disputes, conflicts and grievances.
- **Ombudsman:** an official appointed to investigate individuals' complaints against a company.

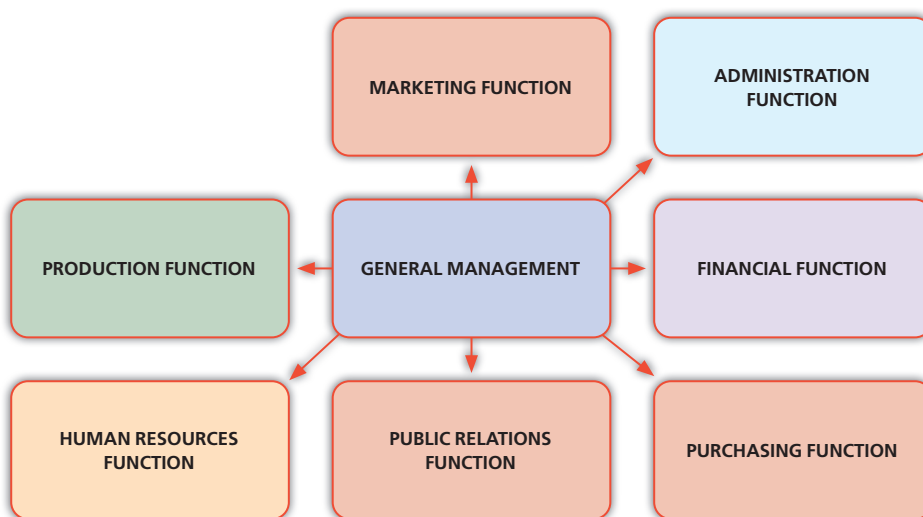
Introduction

In this topic we will learn about the business functions that contribute to the success of a business. Business functions are the activities carried out by an enterprise. These can be split into core and support functions.

Core business functions are activities of an enterprise that generates income. This includes functions such as the production function that makes the final goods or services intended for distribution to customers. Support business functions are carried out to facilitate the production of goods and services. This includes functions such as the marketing function.

2.1 Understanding business functions

The eight business functions are illustrated in the diagram below:



? Did you know

The eight business functions are all different but they work together to contribute to the success of the business. General management usually oversees all other business functions.

The purpose of the eight business functions

The eight business functions depend on each other to achieve the business goals. These functions work together to ensure the survival and sustainability of the business.

Specific functions are responsible for supporting specific types of aims and objectives, for example, the marketing function is involved in achieving targets linked to developing new markets or increasing sales. Each business function carries out a task that relates to each particular area.

In a large business, it is usually easier to identify separate business functions because people work together in departments, for example, the marketing department, and the finance department. Roles and tasks may change – but this is dependent on the size/type/stage of growth of the business.

Tip

Do not confuse the purpose of business functions with the importance of each business function. The former provides a general overview while the latter focuses on the importance of each business function.

The relationship between the business functions

The eight business functions depend on one another. We say that they are interrelated. These functions work together as a team for the business to be successful.

- The general management function is directly linked to all seven business functions.
- The financial and administration functions are responsible for gathering, storing, and processing information and financial records.
- The purchasing, production, and marketing functions are responsible for the delivery of goods. The purchasing function buys raw material for the production function to process into finished goods. The marketing function promotes and sells the product that the production function has produced. The public relations function promotes the business and ensures that there is a good relationship between the business and the public/consumers.
- Skilled staff are sourced and appointed by the human resources function.

2.2 The differences between management and leadership

The differences between leadership and management

Leaders and managers play a vital role in contributing to the success of a business. In Grade 12 we will learn about different leadership styles and leadership theories, which impacts a business.

? Did you know

Leadership and management are both necessary competencies that add value into the business. Neither is superior or inferior, they are just different.

A New words

charisma charm that can inspire devotion in others
instinctive done without conscious thought

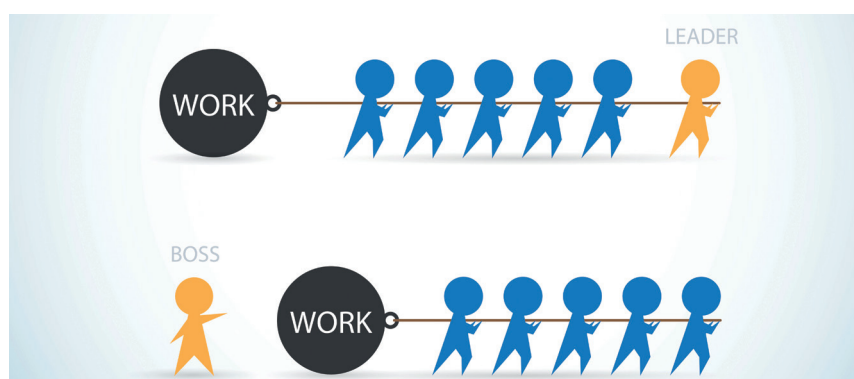
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Leadership vs. management, what's the difference?



<https://m.youtube.com/watch?v=to6dPqKQan0>

LEADERSHIP	MANAGEMENT
<ul style="list-style-type: none"> • A leader creates a vision/sets direction. 	<ul style="list-style-type: none"> • A manager understands the goals of the business.
<ul style="list-style-type: none"> • Leaders create the team and inspire the subordinates. 	<ul style="list-style-type: none"> • Managers ensure that tasks given to subordinates are completed.
<ul style="list-style-type: none"> • He/she influences human behaviour. 	<ul style="list-style-type: none"> • He/she guides human behaviour.
<ul style="list-style-type: none"> • A leader communicates using vision/charisma. 	<ul style="list-style-type: none"> • A manager communicates through management functions, for example, line function.
<ul style="list-style-type: none"> • Leaders are born with natural/instinctive leadership skills. 	<ul style="list-style-type: none"> • A person becomes a manager because he/she is appointed to the position.



2.3 The eight business functions

There are eight business functions. In Grade 10 we will focus on the following five functions: General Management, Administration, Financial, Purchasing and Public Relations.

The general management function

The meaning of general management

The general management function sets the overall direction or strategy for the business. This function leads, organises, and controls all the other functions. It has three different levels – each with its own roles and responsibilities – which ensure that there is coordination among the seven different functions of the business.

The levels of management

The meaning of the levels of management

The level of management determines a chain of command, the amount of authority, and status enjoyed by any managerial position. Let's look at the three levels of management in more detail.

Top level management

- **Oversees** the activities of the other functions so that the business can achieve its objectives.
- Comprises of the CEO and directors.
- Develop long-term goals, **strategic** plans, and business policies.
- Determine the vision/mission/objectives/strategy of the business.
- Ensure that people work together to accomplish certain goals.

Middle level management

- Responsible for specific departments within the business.
- Take medium-term **tactical** decisions.
- Execute the organisational plans in conformance with the companies policies.
- Responsible for achieving the goals and objectives set for specific departments.
- Implement plans made by top-level management.
- Implement the vision and plans of the top management.
- Work with managers in other departments and acquire resources needed in their departments.

Lower level management

- Act as role models for employees because they provide supervision, performance feedback, and so on.
- Focus on controlling and directing.
- Responsible for a high level of productivity, technical assistance, and motivating employees.
- Take short-term routine/operational decisions.
- **Implement** instructions given by middle management
- Called the first management level because it is the first management level to which subordinates can be promoted.

A New words




oversees to watch or organise a job or an activity to make certain that it is being done correctly

strategic relating to the gaining of overall or long-term advantage

tactical constituting actions carefully planned to achieve desired objectives

implement putting a plan into effect

Example of levels of management and their decisions in an organisation

Level of management	Type of decision	Responsibilities of levels of management
Top-level management 	<p>They make long-term strategic decisions to achieve long-term goals.</p> <p>Examples CEOs, directors, Owner of a sole trader, partners in a partnership</p>	<ul style="list-style-type: none"> • To manage changes in the business environment. • Plan the activities of the business. • To give direction to the vision, mission, goals and objectives.
Middle-level management 	<p>This level make medium-term tactical decisions (organise the activities needed to carry out a plan).</p> <p>Examples Departmental managers, for example, purchasing manager, production manager, and so on.</p>	<ul style="list-style-type: none"> • Controls the people and processes in the business. • It is the link between top management and lower level management. • Passes information from top management to lower management.
Lower level management 	<p>The lower level management make short-term operational decisions.</p> <p>Examples Foreman, supervisor, team leaders.</p>	<ul style="list-style-type: none"> • Offers feedback and suggestions to middle management. • Implements the objectives of the middle management. • Motivates and guides workers.

Tip

You must be able to identify the levels of management from given statements and scenarios.



The management tasks

The meaning of the management tasks

The management tasks are tools used by an organisation to help complete projects more efficiently by organising and prioritising related tasks. These tasks address a general need to organise, prioritise and visualise work. Part of being organised includes setting priorities for tasks, visualising the progress of tasks as they pass through stages of completion, and compiling analysis or reports to direct future tasks and workflows. There are five basic management tasks.

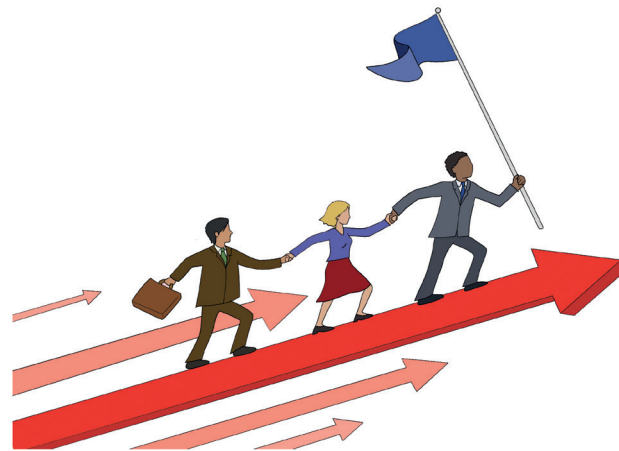
These are:

- planning
- organising
- leadership
- controlling
- risk management.

These tasks should be carried out at different levels of the business, and are carried out to ensure that the vision, mission, and goals of the business are met. Let's look at each of these management tasks.

Planning

- This task evaluates the existing activities and goals.
- This includes scheduled activities that will lead to achieving those goals.
- The top management formulates strategic plans.
- The middle management formulates tactical plans.
- It includes getting all the information you need for planning.
- The lower management formulates operational plans.
- Different plans are considered to achieve set goals.
- Backup plan/s are put in place if the chosen plan becomes impossible.
- The chosen plan is implemented.



Organising

- This task brings resources together to achieve the set goals.
- Resources include materials, human and financial resources.
- It is the mechanism used to execute the plan.
- Involves breaking a plan into actions.
- The activities are assigned/delegated to specific individuals.
- Training is included to ensure that the job/s are carried out successfully.
- The tasks are coordinated to keep resources moving efficiently toward set goals.
- Resources are prioritised to essential areas at any given time.
- Organise the jobs within specific functions or departments.

Leading/Directing/Activating

- Letting staff know what needs to be done, and by when it needs to be done.
- The employees are motivated to contribute to the success of the business.
- Supervise staff while motivating teams through guided leadership communicated in clear ways.
- Inspire employees to carry out their tasks to the best of their abilities.
- Establish a productive working climate.
- Motivate employees to achieve set goals/targets.
- Guide employees in the right direction so that the business can achieve its goals.
- Motivate workers to use their skills and resources to their best ability.

Controlling

- Establish performance standards and ensure that those standards are met.
- Ensure that the business achieves its goals.
- Ensure activities are carried out as planned.
- Enable the business to take corrective measures if the objectives are not achieved.
- The risk can be identified during control.
- Compares actual results with goals set by management
- Corrective measures must be taken if there is a difference between actual results and the goals sets out by the business.
- Continuous control ensures that the business runs smoothly.

Risk management

- Identify possible risk by finding risk-bearing activities (that is, activities which could go wrong) within the organisation.
- Assist businesses to analyse each possible risk and how likely it is that the risk will happen.
- Evaluate the potential impact of risks in terms of financial liability.
- Controls/monitors the risk by studying reports and trends in the environment so that measures can be taken to prevent it from happening.
- Handle the risk by determining what actions to take should the event happen using available resources and **contingency plan** and communication with stakeholders.



QR CODE

Management tasks



<https://m.youtube.com/watch?v=AeHuH39M4QQ>



New words

contingency plan a plan designed to take account of a possible future event or circumstance

Tip

- When the verb "identify" is used, you will be awarded 2 marks for identifying the concept from given scenarios/statements.
- TWO marks will be awarded for identifying the level of management and ONE mark will be awarded for motivation refer to QUESTION 2 above.
- ONE mark will only be awarded for motivation if the level of management is correctly identified.



Activity 2.1

General management

- 1.1** Name the business function that is responsible for setting the organisational policies. (2)
- 1.2** Outline the differences between leadership and management. (8)

2.1 Read the scenario below and answer the questions that follow.

BERTRAMS CASH AND CARRY (BCC)

Solly, the CEO of Bertrams Cash and Carry, has appointed Mandy to manage the sales department. Mandla was given a task to carry out instructions given by Mandy to the sales team.

- 2.1.1** Identify the level of management represented by Solly, Mandy and Mandy. Motivate your answer by quoting from the scenario above. (9)
Use the table below as a GUIDE to answer QUESTION 2.1.1.

		LEVELS OF MANAGEMENT	MOTIVATION
a.	Solly		
b.	Mandy		
c.	Mandla		

- 2.1.2** Explain the responsibilities of EACH level of management identified in QUESTION 2.1.1. (6)
- 2.2** Discuss any THREE management tasks. (9)

Organisational structure

The meaning of the organisational structure

- An organisational structure is a system that outlines how certain activities are directed to achieve the goals of an organisation.
- These activities can include rules, roles, and responsibilities.
- The organisational structure also determines how information flows between levels within the company.

Factors that influence the organisation structure

- Size of the organisation
- Strategy
- Technology
- Resources

Types of organisational structure

Functional organisational structure

- Employees get instructions from more than one manager.
- The plans to be executed determines who will be giving instructions.
- This structure confuses employees because they report to more than one manager.

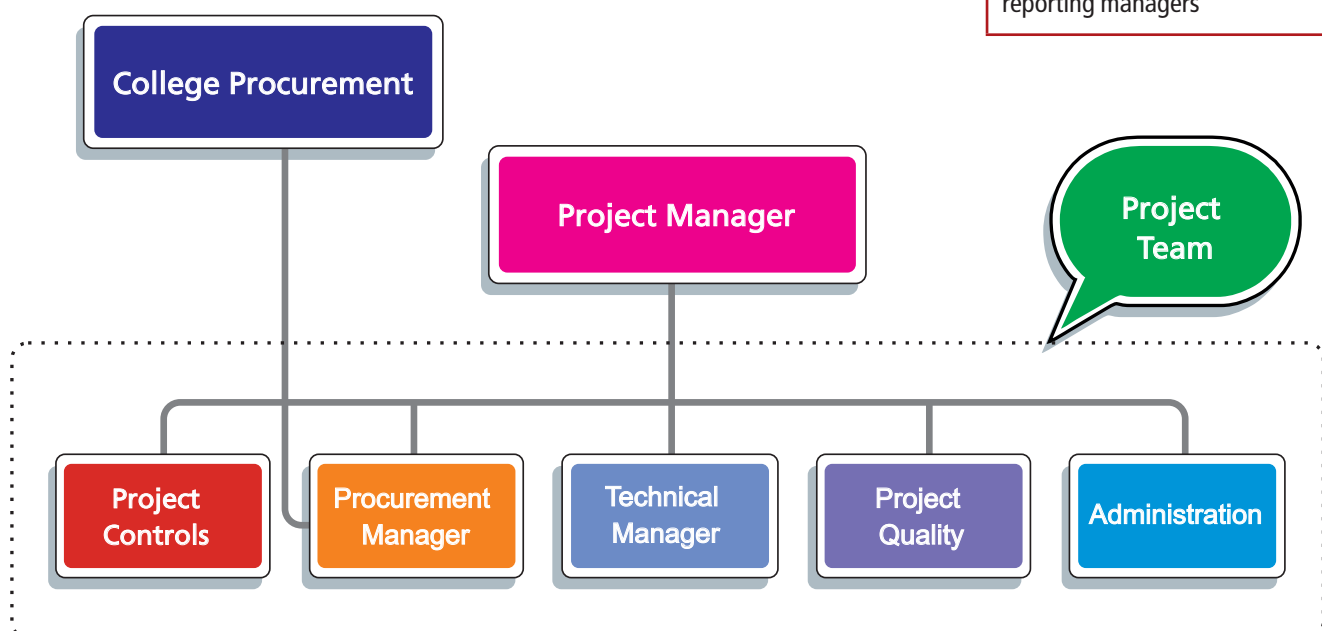
Project organisational structure

- Structured around **project** teams.
- It is a temporary structure because employees are drawn from different departments.
- Employees are then grouped to form a project team that will carry out a particular project.

A New words

project a planned piece of work that has a specific purpose

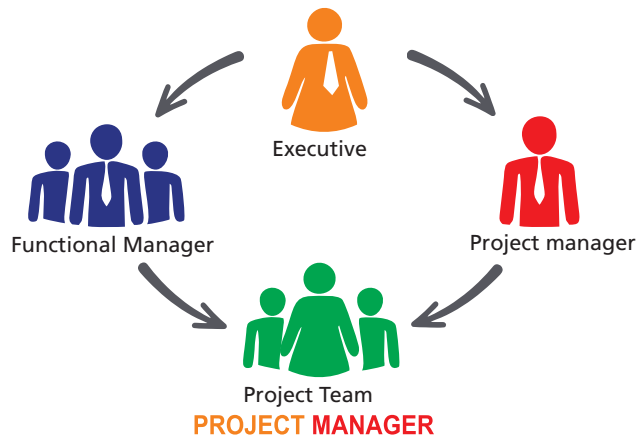
matrix a structure in which there is more than one line of reporting managers



Matrix organisational structure

- Structured around projects but employees remain in their departments.
- A project must be completed up to a certain point.
- The project is then passed on to the next team that will carry out the next phase of the project.

MATRIX ORGANISATIONAL STRUCTURE



Activity 2.2

- 1.1 Name any TWO factors that influence the organisation structure. (2)
- 1.2 Discuss THREE types of organisational structures. (9)

The administration function

The meaning of the administration function

The administration is responsible for collecting, processing, and distributing information that is used for decision-making by management. It stores/records information by using recent technology, and performs general office work such as filing and storing of information.

Activities of the administration function

Management of information

- The administrative staff need to handle information correctly to avoid making the incorrect decisions based on incorrect information.
- The administration function is responsible for dealing with the following types of information:
 - accounting records, which can be used to draw up financial statements and reports
 - keeping all business transactions up-to-date
 - **cost accounting** to determine whether a product can be sold at a competitive price while considering the manufacturing or production costs
 - **budgets**, which is a plan of estimated expenses and income for a specific period
 - collecting and classifying numerical data and **statistics**.

A New words

cost accounting the recording of all the costs incurred in a business in a way that can be used to improve its management

budget an estimate of income and expenditure for a set period of time

statistics the practice or science of collecting and analysing numerical data in large quantities

Handling of information

- Information is collected from both outside and inside the business.
- Correct and reliable information should be available for meaningful decision-making and to run the business successfully.

Office practise

- Office practice refers to how the administrative staff should handle their duties.
- It covers matters such as the dress code for employees/proper filing of documents/telephone etiquette/internet usage by staff, and so on.

Collection of information

- Information is collected from both outside and inside the business.
- Correct and reliable information should be available for meaningful decision making and to run the business successfully.
- Any other relevant answer related to collection of information as an activity of the administration function that could be applied by FED.

Information technology (IT)

- IT is the use of electronic equipment to assist with various administrative tasks.
- Technology is used to communicate and handle information and is referred to as ICT (information and communication technology).



The differences between data and information

Data

- Refers to raw/unprocessed facts found in graphs/tables.
- Data can be collected from other business functions within the business.
- Data needs to be processed before it can be used as information.
- Data can be processed manually or using by technology such as computers.

Tip

The action verbs “Differentiate/Distinguish” means that the difference/distinction does not have to link but they must be clear.



Information

- Refers to processed data that provides information to managers in order to make decisions.
- Information can be stored manually in files/computers, and so on.
- It is important to have a backup of all information that is stored on computers or other electronic devices in case they are damaged.
- Most businesses use electronic devices such as memory sticks, external hard drives, and CDs to store information.

Activity 2.3

1.1 Elaborate on the meaning of the administration function. (4)

1.2 Read the scenario below and answer the question that follows:

LANE SUPERMARKET (LS)

Deshen has been appointed as an administrator at Lane Supermarket. Deshen ensures that reliable information is available for meaningful decision-making. He also uses electronic equipment to assist with various administrative tasks.

1.2.1 Identify the activities of the administration function applied by LS. Motivate your answer by quoting from the scenario above. Use the table below as a GUIDE to answering QUESTION 1.2.1 (6)

ACTIVITIES OF THE ADMINISTRATION FUNCTION	MOTIVATIONS
1	
2	

1.2.2 Explain any other TWO activities of the administration function. (6)

The financial function

Meaning of the financial function

The financial function involves the acquiring and utilisation of funds necessary for efficient operations. Businesses need a regular stream of income to pay their expenses. The financial function is responsible for planning and managing all the funds and assets of the business.



The purpose of the financial function

- Determines how much capital the business needs.
- Establishes the sources for acquiring the capital.
- Decides how to invest/allocate the capital funds in the business.

- Ensures that the business can generate enough income to cover the cost of raising capital.
- Prepares financial statements to present to the bank/**investors** to convince them that the business is financially healthy.

Reasons why businesses may need finance

- Money for starting up a business – borrowing money in order to start a business
- Money to cover the running costs of a business while waiting for outstanding payments
- Money to replace machinery, equipment and computers
- Money for expansion, to grow a successful business.

Sources of financing

Bank loans

- This is money borrowed from the bank, which will be repaid an agreed upon timeframe.
- Bank **loans** are usually used for long-term financing.
- The money is repaid with an interest.
- An entrepreneur who borrows money may attach his/her fixed asset as surety to the value of the loan.

Bank overdraft

- A bank overdraft is the short-term loan added onto the account of an entrepreneur/business.
- It is repaid with a set interest rate over an agreed upon timeframe.

Asset-based loan

- Money is lent to successful businesses that want to expand their operations.
- The loan is used to purchase an asset and that asset belongs to the lender until it is fully paid off.
- If the money is not paid back, then the lender will take that asset.

Grants

- This is money provided by the government to small businesses that are in their development phase.
- The money does not have to be paid back if it benefits the community.
- The government wants to see small developing businesses benefiting the community and the environment in some way.

Receivable finance

- This is a loan provided to businesses while they are waiting for payment of the goods/service provided to avoid a cash flow shortage.
- The loan is equal to the outstanding invoices that are due.

A New words

investors person/persons or business that puts money into financial schemes, property, and so on, with the expectation of achieving a profit



A New words

loan a sum of money that is expected to be paid back with interest

Tip

You must be able to identify the sources of financing from given scenarios.



Angel funding

- This is money offered by wealthy entrepreneurs to other businesses in exchange for a share in that business.
- This is usually used when a business is still in its start-up phase, and it carries a high risk for the investor.

Venture capital

- This is money offered by individuals or organisations to start up or expand a business.
- This is done in exchange for a share in the business.
- The investor usually requires a management position, or to be a board member in the business.

Budgeting

Budgeting is a planning tool to estimate the money that will be received (income) and how it will be used (expenditure). Once a budget is drawn, it should be compared to the actual income and expenditure. Budgets enable businesses to keep track of their finances and ensure better profitability. Each department within the business should have its own budget.

Types of budgets

Capital budget

- Determines whether an organisation's long-term investment plans are worth pursuing.
- Estimates the fixed capital.
- Plans the purchasing, upgrading, and changing of the fixed assets such as buildings, machinery, equipment, and so on.

Cash budget

- Determines whether income will be sufficient to cover expenses.
- Estimates the working capital.
- Assesses whether the business will be able to buy all the needs for its operation.

Investments

Businesses invest some money from their profit to generate wealth and income. Invested money increases without labour or effort. Businesses can choose to invest in financial institutions, government bonds, or public companies. Investments options are available to include property investment/unit trust investments/Government Retail Saving bonds/fixed deposits, and so on.

Types of capital

Fixed capital

- Is the capital that people invest in fixed assets, for example, land and buildings, and so on.
- It finances the long term capital needs of the business.
- Examples: capital market, selling shares, mortgage bonds, and so on.

Working capital/operating capital

- The capital of the business which is used for day-to-day activities, for example, trading stock, raw materials, and so on.
- It finances the short-term capital needs of the business.
- Examples: money market, the credit allowed by suppliers, short terms loans, and so on.

Own capital

- This type of capital is provided by the owners of the business.
- It could come from their savings, the sale of their assets, or investors.
- Examples: personal savings and venture capital.

Borrowed capital

- This type of capital is money borrowed from financial institutions like banks or persons.
- The money should be paid back with interest
- Example: bank loan, bank overdraft.

Differences between fixed and working capital

FIXED CAPITAL	WORKING CAPITAL
<ul style="list-style-type: none"> • Money pays fixed assets, for example, land and buildings, and so on. 	<ul style="list-style-type: none"> • Money pays for day-to-day activity, for example, trading stock, raw materials, and so on.
<ul style="list-style-type: none"> • Finances the long-term capital needs of the business. 	<ul style="list-style-type: none"> • Finance the short term capital needs of the business.
<ul style="list-style-type: none"> • Examples: capital market, selling shares, mortgage bonds, and so on. 	<ul style="list-style-type: none"> • Examples: money market, the credit allowed by suppliers, short terms loans, and so on.

Differences between own and borrowed capital

OWN CAPITAL	BORROWED CAPITAL
<ul style="list-style-type: none"> • Owner provides capital. 	<ul style="list-style-type: none"> • Obtained from financial institutions.
<ul style="list-style-type: none"> • Permanent capital as the company is not under obligation to repay the amount. 	<ul style="list-style-type: none"> • Temporary capital that need to be repaid after a fixed period.
<ul style="list-style-type: none"> • It is not a liability for a business. 	<ul style="list-style-type: none"> • It is a liability for a company.
<ul style="list-style-type: none"> • Return on capital is on profits. 	<ul style="list-style-type: none"> • Return on capital is paid in the form of interest.

Activity 2.4 Financial function

- 1.1** State FOUR types of capital. (4)
- 1.2** Elaborate on the meaning of the financial function. (4)
- 2.1** Identify the sources of financing used by Jane Manufacturers in EACH statement below.
- 2.1.1** Jane Manufacturers received money from the government without having to pay it back. (6)
- 2.1.2** They used the loan to purchase equipment that will belong to the lender until the loan is fully paid. (6)
- 2.1.3** They received the start-up cash from Peter, and they gave Peter shares in return. (6)
- 2.2** Discuss any other TWO sources of finance for businesses. (6)
- 2.2** Explain the differences between *fixed* and *working capital*. (8)

**Tip**

The verb “elaborate” requires you to explain a little bit further. You must be able to write in full sentences as ticks will be split when responses are marked.

The purchasing function

The meaning of the purchasing function

The purchasing function is responsible for buying quality raw materials and services for the business. It should continuously look for suitable, new, and better suppliers. It should place orders with suppliers and follow up on them to ensure that the ordered products are delivered on time. It should ensure that ordered goods are delivered at the agreed price, right quantities, and right quality.

A New words

reputable supplier the supplier who is meeting current regulatory requirements and industry standards

The purpose of the purchasing function

- Manage stock to ensure sufficient levels of stock to carry out business operations.
- Continuously looking for the best/**reputable suppliers**.
- Regularly contacts other business departments to determine their needs.
- Returns damaged goods to suppliers and ensures that it is replaced.
- Receives confirmation that all delivered goods were according to specifications, and that the price invoiced is the same as of the quoted price.
- Negotiates the best possible terms for payment with suppliers.

Activities of the purchasing function

- The purchasers should have expert knowledge of the product/s they need to buy and about the market in which they operate.
- The purchasing manager should find out the needs of other departments.
- They look for suitable, new and better suppliers.
- They ensure that there is enough stock available for continuous production and sales.
- Make follow up on orders placed with suppliers.
- Ensure that ordered products are delivered on time.
- Keep the correct stock levels for stock on hand.
- Record the cost prices and selling prices of stock.

A New words

requisition an official order laying claim to the use of property or materials

raw materials the basic material from which a product is made

Purchasing procedure

The following purchasing procedure should be followed:

- **Determine the need for the product/Requisition.**
 - Liaise with the financial department to establish the budget for purchasing goods and services.
 - Determine the product/material/resource needs of the businesses.
 - Find the right quality/quantity of goods and services at the right price and at the right time.
- **Determine the price of the product.**
 - Find the best price by obtaining quotes/tenders or making enquiries.
- **Select/Choose a suitable supplier.**
 - The purchasing department should choose reliable suppliers for its **raw materials**/products.
 - Evaluation criteria based on the quality of raw material/prices/delivery time should be used to select the best suitable supplier.
 - The purchasing department should conduct a thorough investigation about potential suppliers, their reputation and reliability.

- **Place an order.**
 - The purchasing function should place an order in writing so that goods delivered can be compared with the order.
 - Confirm the prices of the products to avoid unexpected surprises when payments are made.
- **Collect or receive the order.**
 - The purchasing department should ensure that the right orders are received and recorded.
 - The quality and quantity of stock received should be checked against the order.
 - The purchasing department should keep a copy of a delivery note for records keeping purposes.
- **Pay the supplier.**
 - The purchasing department instructs the financial department to pay the supplier after delivery of the order.
 - The supplier must provide copies of the requisition form to the purchasing department.
 - The purchasing department must provide a delivery note to the financial department.
 - The supplier then sends an invoice to the financial department for final payment after satisfactory delivery.
- **Distribute stock.**
 - The purchasing department should ensure the proper distribution of stock/raw materials to all relevant departments.
 - Distribution of stock should be in line with pre-requisite orders from each department to avoid stock loss.
- **Complete the order.**
 - The purchasing department ensures that all the correct documentation is in place and filed for future reference.

**QR CODE**

Watch this Video on the purchasing function



https://www.youtube.com/watch?v=Ph4tr_RtoJM



The importance of stock control

- Enables businesses to determine the amount/value of stock.
- Businesses can check the cost and selling price of products.
- Ensures that there is enough stock to meet the normal demand of customers.
- Keeps the correct levels of stock on hand.
- Records the cost prices and selling prices of stock.
- Identifies theft in the business when the physical stock count is compared with the electronic stock control system.

Cash and credit payments

Differences between cash and credit payments

CASH PAYMENTS	CREDIT PAYMENTS
<ul style="list-style-type: none"> Cash payment refers to all payments made by cash/cheque for business purchases immediately. 	<ul style="list-style-type: none"> Credit payment refers to all payments on a future date.
<ul style="list-style-type: none"> Cash payments have an immediate effect on the cashflow of the business. 	<ul style="list-style-type: none"> Credit payments results in the creation of assets (receivable)/liabilities of the business (payable).
<ul style="list-style-type: none"> Cash payments can qualify for cash discounts. 	<ul style="list-style-type: none"> The credit payer can pay more for goods because of the interest added onto credit payments.

A New words

credit providers companies that offer a range of financial solutions to consumers. These solutions include loans

reckless without consideration for the consequences of ones actions

The National Credit Act/NCA

Definition of the NCA

The NCA was introduced to provide both **credit providers** and credit applicants with clear guidelines regarding their rights and responsibilities. This act applies to all businesses that sell on credit.

Purpose of the NCA

- Promotes the development of a credit market that is accessible to all South Africans.
- Encourages responsible buying.
- Avoids over-indebtedness and fulfilment of credit providers and consumers.
- Addresses and corrects imbalances in negotiating power between consumers and credit providers.
- Discourages **reckless** credit granting by credit providers.
- Educates consumers on making the right choice when applying for credit.
- Gives guidelines within which the different kinds of credit transactions must take place in South Africa.

Consumer rights outlined in the NCA

Consumers have a right to:

- apply for credit
- receive information in their official language
- be protected from unfair discrimination in granting credit
- be given reasons why a credit application is refused
- be informed about the interest rate and any other costs of the proposed credit transaction
- receive a copy of a credit contract and a replacement copy when the consumer asks for one
- apply for **debt counselling** if a customer has too much debt.

A New words

debt counselling the activity of giving people financial help and advice about managing debt, for example, helping them on a new repayment plan

Responsibilities of credit providers

- Credit providers should conduct a credit assessment to ensure that consumers can afford the debt.
- Check the most recent payslip or bank statement to ensure the consumer has an income.
- Check the consumer's monthly debt-repayment obligations in terms of credit agreements.
- Consider other expenses of the consumers.
- Consider the consumer's debt repayment history.

Remedies of the NCA

The Consumer Tribunal

- The Consumer Tribunal is responsible for reviewing decisions made by the National Credit Regulator (NCR), and the National Consumer Commission (NCC).

National Consumer Commission

- The National Consumer Commission is responsible for promoting compliance with the NCA and CPA through **advocacy** and enforcement.
- Protects the economic welfare of consumers.

Ombudsman

- An ombudsman is an independent person with authority and responsibility to receive/investigate/formally address complaints from consumers.

A New words

advocacy public support for or recommendation of a particular cause or policy

The impact of the National Credit Act on businesses

Positives/Advantages

- Lowers bad debts resulting in better cash flow.
- Protects business against non-paying consumers.
- Increases cash sales as credit can only be granted to qualifying customers.
- Prevents reckless lending by financial institutions.
- Ensures that businesses settle their debts on time so that they can obtain good credit scores.
- Ensures that credit process is transparent, for example, both businesses and customers know their responsibilities.

AND/OR

Negatives/Disadvantages

- Businesses are forced to budget to keep more cash/have enough cash on hand for stock purchases.
- Businesses can no longer take the risk of selling poor-quality goods at high prices.
- Businesses can no longer carry out credit marketing.
- Leads to loss of sales as many businesses may no longer qualify to buy on credit.
- Businesses can only buy limited stock as credit is not available resulting in loss of customers.
- Complicates the purchasing process because of too much administrative work in the credit providing process.

- The purchasing department must know the terms and conditions of credit granting and the NCA.
- It may take longer to purchase goods, and this could influence the overall efficiency of the business.
- The Act compels businesses to sell quality products, or they may be forced to reimburse consumers.

The Consumer Protection Act/CPA

Definition

The CPA was introduced to prevent consumers from exploitation by businesses. It ensures the full participation of previously disadvantaged individuals in the economy. It applies to all businesses that sell goods and services to consumers.

A New words

hazardous products
substances that could harm human health or the environment

disputes a disagreement or argument

The purpose of the CPA

- Promotes responsible consumer behaviour.
- Strengthens a culture of consumer rights and responsibilities.
- Establishes national standards to protect consumers.
- Establishes a National Consumer Commission (NCC).
- Ensures that consumers have access to information they need to make informed choices.
- Provides guidelines for better consumer information and prohibits unfair business practices.
- Empowers consumers to take legal action if their rights are not upheld.
- Promotes consumer safety by protecting them from **hazardous products**/services.
- Promotes fair/accessible and sustainable places for people to sell their products.
- Protects consumers against contracts that include unfair terms which limit the liability of suppliers.

The impact of the Consumer Protection Act on businesses

Positives/Advantages

- Businesses may be safeguarded from dishonest competitors.
- Businesses may be protected if they are regarded as consumers.
- Prevents larger businesses from undermining smaller ones.
- May gain consumer loyalty if they comply with CPA.
- Enables businesses to resolve **disputes** fairly through the National Consumer Commission/Consumer Court/Industrial ombudsmen.
- Businesses may build a good image if they ensure that they do not violate consumer rights.

AND/OR

Negatives/Disadvantages

- Confidential business information may become available to competitors.
- Penalties for non-compliance may be very high.
- Businesses may feel unnecessarily burdened by legal processes.

- They have to disclose more information about their products and processes/services
- Staff need to be trained/Legal experts need to be consulted, which can increase costs.

Activity 2.5 Purchasing function

- 1.1 Name the Act that was introduced to prevent consumers from being exploited by businesses. (2)
- 1.2 Outline the responsibility of credit providers. (6)
- 1.3 Read the scenario below and answer the questions that follow.

HUSSEN BUIDERS LTD (HBL)

Hussen Builders Ltd allows their customers to buy their products on credit. The management of HBL does not discriminate against customers. They also ensure that all contracts are written in plain and understandable language. They also give customers reasons why a credit application is refused.

- 1.3.1 Quote THREE consumer rights according to the National Credit Act from the scenario above. (3)
- 1.3.2 Evaluate the impact of the National Credit Act on businesses. (8)
- 1.4 Explain the purpose of the Consumer Protection Act. (6)

The public relations functions

Meaning of the public relations function

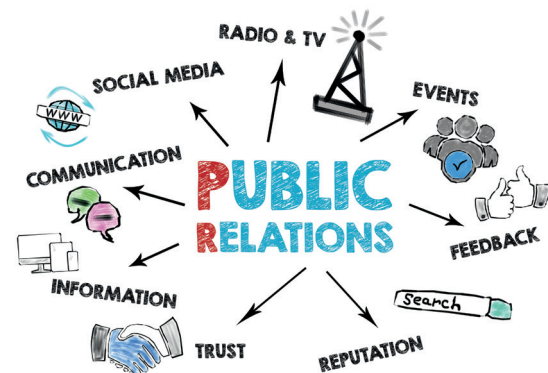
The public relations function is responsible for keeping all stakeholders of the business happy. It ensures that there is good communication between the business and all its stakeholders.

The importance of public relations

- Businesses get publicity for promotional events and information through media.
- News conferences may be called to release information, which will ensure the survival of the business.
- Employees may volunteer to spend time with people in need, for example, volunteering at orphanages/hospitals/schools, and so on.
- Businesses could sponsor community events.
- Businesses should produce Annual Reports in which they review the activities and achievements of the business.
- Brochures can also be used to distribute information about the company.

Networking as a popular form of public relations.

- Clients/customers can have direct contact with employees or they can communicate telephonically.
- Business representatives should attend networking events and promote the product/s of the business.
- Business could use corporate social responsibility involving communities as a public relations activity. This will promote businesses and ensure positive exposure.



QR CODE

What is Public Relations?



<https://www.youtube.com/watch?v=7ptiYPcleM8>

Differences between external and internal public relations

EXTERNAL PUBLIC RELATIONS	INTERNAL PUBLIC RELATIONS
<ul style="list-style-type: none"> Creates a good company image and awareness to those outside of the company. 	<ul style="list-style-type: none"> Creates a good company image and awareness to employees inside the company.

Methods of carrying out public relations

Media

- Businesses get publicity for promotional events and information through media.
- Includes advertising and the distribution of the business.

Direct contact

- Information about the business is passed on to the members of the public who have been clients/consumers of the business before.
- Direct contact with employees or telephonic communication is a popular form of public relations.

Brochures

- Brochures are an excellent way of distributing information cost-effectively.

Exhibitions

- The business is introduced to the public and meet existing and new customers in shopping centres.

Social responsibility

- The business uplifts the community because the community supports the business by buying their product/s.

Transit advertising

- Advertising on vehicles such as taxis, busses, vans, and so on.

Use of the telephone

- A potential customer phones the business to enquire about something, the person answering the phone is perceived as the business.
- If the potential customer is pleased with information, that person opt to become a permanent customer.

Activity 2.6

- 1.1 Name the function that communicates the information between the business and its stakeholders. (2)
- 1.2 Explain the importance of the public relations. (6)
- 1.3 Discuss TWO methods of carrying out public relations. (6)

Mind map: Topic 2 – Business functions and the activities of the business

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

1.1 Various options are provided as possible answers to the following questions, choose the answer and write only the letter (A – D) next to the question number (1.1.1 to 1.1.5).

1.1.1 The ... ensures that ordered goods are delivered at the agreed price, right quantities, and right quality.

- A marketing
- B public relations
- C purchasing
- D administration

1.1.2 This function communicates the information between the business and its stakeholders.

- A marketing
- B public relations
- C management
- D financial

1.1.3 Zama is the production manager of Eben Manufacturers. Zama represents the... level of management.

- A top
- B lower
- C middle
- D central

1.1.4 The process of setting goals and developing strategies is known as ...

- A organising
- B controlling
- C planning
- D leading

1.1.5 The ... is responsible for finding the suitably qualified employees.

- A marketing
- B human resources function
- C general management
- D public relations

(2 × 5) (10)

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number.

cash payment purchasing Consumer Tribunal
capital budget brochures marketing credit payment
media National Consumer Commission cash budget

1.2.1 An excellent way of distributing information cost-effectively is known as

1.2.2 The... is responsible for promoting compliance with the NCA and CPA through advocacy and enforcement.

1.2.3 Mason Traders made a ... allowing them to make immediate settlement of stock purchases.

1.2.4 Mzamo Manufactures drew up a ...to plan the purchase of machinery and motor vehicles.

1.2.5 It is the purpose of the ... function to ensure a good relationship with suppliers.

(5 × 2) (10)

Tip

- Question 1 includes the following types of questions:
 - » multiple-choice questions
 - » complete sentences questions
 - » matching type questions.
- All sub-topics in business functions will be equally assessed.
- You must be well conversant with all the sub-topics to answer all the questions in this section.
- Some questions will be indirect and you will be required to apply your knowledge.



Consolidation

QUESTION 2

- 2.1 Name any TWO factors that influence the organisational structure. (2)
- 2.2 Identify the types of organisational structures applicable to EACH statement below:
- 2.2.1 Employees are drawn from different departments to work on a temporary structure.
- 2.2.2 Employees get instructions from more than one manager.
- 2.2.3 Employees perform the task while working in their own departments. (6)
- 2.3 Explain the purpose of the financial function. (4)
- 2.4 Read the scenario below and answer the questions that follow:

BUILDON WAREHOUSE (BW)

BuildOn Warehouse specialises in warehouse storage services for big businesses. BW received money from Station Bank, which will be paid back with interest every month. They also received capital from the government.

- 2.4.1 Identify the TWO sources of capital applicable to BW. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answering QUESTION 2.4.1.

SOURCES OF FINANCING	MOTIVATIONS
1.	
2.	

- 2.5 Discuss any THREE methods of carrying out public relations. (9)
- 2.6 Discuss any TWO management tasks. (6)
- [35]

QUESTION 3

The purchasing function plays an important role in buying quality raw materials and services for the business. The purchasing manager uses the purchasing procedure to place an order. The purchasing manager needs to be well conversant with the importance of stock control in a business.

Write an essay on the purchasing function in which you include the following aspects:

- Outline the purpose of the purchasing function.
- Explain the activities of the purchasing function.
- Discuss any FOUR steps of the purchasing procedure.
- Advise businesses on the importance of stock control.

[40]

Consolidation

Tip

Tips on writing an essay question

- Write the word 'introduction' for Layout.
- The introduction should reflect any one OR two sub-questions of the essay.
- Refrain from repeating words/statements that were used in the preamble/question paper.
- Don't write the word BODY on the essay. You will forfeit marks if you do.
- Write the FOUR sub-headings of the essay question so that you can at least obtain ONE mark for analysis.
- You need to score a minimum of 16 marks in order to obtain the second mark for analysis.
- The conclusion should consist of a meaningful fact and should not repeat facts that were written in either the introduction or body.
- You will be awarded 2 marks for one complete fact in the conclusion.

The maximum marks that can be obtained for facts are 32. This includes the introduction and the conclusion. The other 8 marks are allocated for LASO. The total mark for the essay is 40



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

3

The market environment



TOPIC OVERVIEW

- Unit 3.1 Defining the market environment
- Unit 3.2 Other organisations that form part of the market
- Unit 3.3 Opportunities and threats faced by businesses in the external environment



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/elaborate on the meaning of the market-environment
- ❖ outline/describe/explain/discuss the components of the market environment
- ❖ identify the components of the market environment from a given scenarios/statements/case studies /cartoons/pictures and motivate your answer
- ❖ explain/outline/give examples of other organisations/civil society
- ❖ explain the meaning of opportunities and threats in a business context and give practical examples of each
- ❖ identify opportunities and threats from given scenarios/case studies/statements
- ❖ conduct a research on opportunities and threats faced by businesses. make recommendations for improvement.



Key concepts

- **Market:** any transaction that brings buyers and sellers together to exchange goods/services for money.
- **Consumers/customers:** individuals or other businesses that buy goods and services from another business.
- **Suppliers:** individuals or businesses that provide a business with inputs (raw materials) that it needs in order for it to produce its goods/services.
- **Intermediaries:** these are agents or businesses that distribute and sell the goods and services of other businesses. They are the link between a producer and a consumer.



Key concepts

- **Competitors:** these are business that sell more or less the same goods and services.
- **CBOs:** these are community-based organisations that provide certain essential goods/services to the members of the community.
- **NGOs:** these are non-governmental organisations that are established to provide for certain needs of the people in the community without the aim of making a profit.
- **Regulators:** government bodies/institutions that make rules and regulations to monitors the operations of businesses, for example, SABS, ACSA, and so on.
- **Strategic allies:** businesses that join their resources together to undertake a project that will benefit all the members in the alliance.
- **Unions:** an organised group of workers that protect the interest of their members in a particular industry.
- **Opportunities:** all the things within the business that will contribute to the success of the business.
- **Threats:** anything within the business that will prevent the business from achieving its goals/objectives.

Introduction

In Topic 1, we learned about the micro environment of a business. Remember that the micro environment is the internal environment of a business.

All businesses – whether big or small – are also influenced by two external environments. These are the market environment, and the macro environment – which we will learn about in Topic 4. The components of these two external environments influence the success or failure of the business.

In this topic, we will discuss the components of the market environment.

3.1 Defining the market environment

The market environment refers to the immediate external components that directly affect the ability of the business to operate. For the business to be successful it must be able to influence the components in this environment.

The components of the market environment

The components of the market environment include:



Consumers/customers/market

- Consumers/customers refer to individuals or other businesses that purchase products and services from a business.
- Consumers are the final users of the product/service
- The market is the new and old customers who have money to buy goods/services.
- Customer's preferences and taste does change as time goes by, so it is essential for businesses to conduct market research to ensure that their target market's changing needs are continuously met.
- If customers are not happy with the products or services of a business, they will turn to a competitor.



A New words

wholesalers buy goods in bulk from producers and sell them in smaller quantities to retailers

retailers buy their stock from wholesalers and then sell them to consumers

agents individuals or businesses that sell the products of other businesses for a commission

brokers buys and sells goods or assets for others

Suppliers

- Suppliers are individuals or other businesses that provide/supply businesses with the inputs or resources that they need in order to produce/manufacture their product or services.
- If suppliers fail to provide businesses with quality resources/inputs or if the suppliers don't deliver these resources/inputs on time or at the right prices, then the businesses will not be able to meet their goals/objectives.
- Businesses need to ensure that they identify reliable suppliers in the market.
- Businesses can establish a good relationship with their suppliers by signing long-term contracts for their raw materials at fixed prices.

Intermediaries

- These are individuals or businesses that distribute and sell the products/services of a business.
- Intermediaries bridge the gap between producers and consumers.
- Intermediaries include: **wholesalers**, **retailers**, **agents**, **brokers**, transportation services, etc.
- Some intermediaries assist businesses with packaging and advertising of their products and services.
- Examples of intermediaries include stores like Spar, Pick 'n Pay, Big Daddy, Woolworths, and CNA.

Competitors

- Competitors refer to businesses/organisations that provide or sell more or less the same goods/services.
- Businesses will be forced to offer quality products or services at the lowest possible prices or else they will lose their customers to their competitors.
- Businesses should monitor the activities of their competitors so that they could produce goods or services that are of better quality than their competitors.
- Examples of competitors in the retail market include: Spar and Shoprite, Woolworths and Truworths, MTN and Vodacom, etc.
- New entrants to the market.
- Power of suppliers: The following Porter's Five Forces influence competition:
 - Power of consumers.
 - Threats of substitute products/services.
 - Competitive rivalry.
 - Competition is beneficial to customers because it keeps prices down.



Activity 3.1 Components of the market environment

- 1.1 Elaborate on the meaning of the market environment. (2)
 1.2 Read the scenario below and then answer the questions that follow.

SIPHO'S GARDENING SERVICES (SGS)

Sipho, the owner of Sipho's Gardening Services (SGS), provides goods and services to clients in his hometown. Sipho buys gardening materials from Jan Garden Accessories (JGA) at a reasonable price. Zane has opened gardening services in the same area as Sipho at very lower prices.

Identify THREE components of the market environment applicable to SGS. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer this QUESTION 1.2.

Components of the market environment	Motivation
1.2.1	
1.2.2	
1.2.3	

(9)

3.2 Other organisations that form part of the market environment

Other organisations that form part of the market environment include all the organisations or institutions that have been formed by individuals or members of the community who have mobilised their resources to provide some essential goods/services to the community without charging for these goods or services.

These organisations or institutions play a key role in the community, especially in areas where the public sector has failed to provide these goods/services.

Other organisations/civil society

Other organisations/civil society include:



Let's have a look at these organisations in more detail.



QR CODE

Activities of CBO in South Africa



<https://www.youtube.com/watch?v=pPqwlQcpjtw>

Community-based organisations (CBOs)

- Community-based organisations (CBOs) are established to assist the community with job creation, socio-economic development, and becoming self-sufficient.
- They are local organisations that operate in the community to provide social services with aim of social upliftment.
- They focus on socio-economic issues such as:
 - HIV/AIDS
 - unemployment
 - crime
 - illiteracy.



Did you know

CBOs and NGOs share a similar motive - that is helping people and fighting bad influences in society.

Non-governmental organisations (NGOs)

- Non-governmental organisations (NGOs) are non-profit organisations that operate separately from the government. They are established to fulfil important needs in the community by addressing some socio-economic issues.
- They are part of the market environment because they supply consumer goods and services and they are concerned about the welfare of others.



QR CODE

What is an NGO?



<https://www.youtube.com/watch?v=D4dC0gxFkDs>

Regulators

- Regulators are government bodies that make rules and regulations to control the activities of businesses.
- These rules and regulations are put in place to ensure that businesses do not exploit their customers or employees.
- Examples of these government bodies/organisations include the South African Bureau of Standards (SABS), Airports Company South Africa (ACSA), etc.



A New words

strike refers to the situation whereby workers refuse to work in order for their demands to be met

go-slow when workers go to work but deliberately work at a slower pace

Unions

- Unions are established bodies that protect the interest of workers. They have the right to call for industrial actions such **strikes** or **go-slows** if their demands are not met by organisations or the government.
- They constantly negotiate for better wages and salaries for their members and also safeguard their members against unfair dismissal.
- They also negotiate for better working conditions for their members and may represent them during disciplinary hearings.



QR CODE

Protest march by Trade Unions members



<http://youtube.com/watch?v=ASJGP8YsmPY>

Strategic allies

- Strategic allies are businesses that combine their resources to undertake a project that will benefit all of them. They may share their expertise and information to benefit all their members.
- These relationships help businesses to explore new markets and also gain competitive advantage.

Activity 3.2

- | | |
|--|-----|
| 1.1 Outline the differences between CBOs and NGOs. | (8) |
| 1.2 Discuss any other TWO organisation of the market environment except CBOs and NGOs. | (6) |

3.3 Opportunities and threats faced by businesses in the external environment

Businesses are faced with both opportunities and threats in the market environment in which they operate. Businesses do not have any control over these however, they can influence them to some extent.

Meaning of opportunities

- Opportunities are any factors in the external environment that will contribute or is already contributing to the success of the business.
- Businesses need to constantly seek opportunities in their external environment in order to remain competitive.

A New words

taxes a compulsory contribution to the state revenue made by businesses and individuals from their income

legislation the process of making laws of the country

Examples of opportunities

- Decrease in **taxes**, closing down of a competitor's business, decline in interest rate and favourable **legislation** by the government.

Meaning of threats

- Threats are any factors in the external environment that will stand in the way or is already standing in the way of businesses achieving their goals.
- Businesses have a challenge of constantly identifying threats in the external environment and devising strategies to turn them into opportunities otherwise they will not be successful.

Examples of threats

- Increase in taxes, new businesses entering the market, increase in interest rate, and changes in government legislation.

Businesses need to identify the opportunities and threats in their environment by conducting a SWOT analysis.

OPPORTUNITIES – These are factors in the external environment that will contribute or are already contributing to the success of a business. Example, decrease competition, reliable suppliers, decrease taxes, favourable government legislation etc.

THREATS – Factors in the external environment that will stand in the way of the business achieving its goals or objectives. Example, new business entering the market, shortage of suppliers, **industrial actions**, increase taxations and **inflation**.

Thinking strategically in this way will help a business to remain successful.

Below is an example of a SWOT analysis.



A New words

industrial action action taken by employees at a protest, for example, strikes

inflation a general increase in prices a decrease in the purchasing power of money

Activity 3.3

QUESTION 1

- 1.1 Explain the meaning of 'opportunities'. (2)
- 1.2 Name THREE practical examples of threats in a business. (3)

Consolidation

QUESTION 1

- 1.1 Name FOUR socio – economic issues that CBO’s most focus on. (4)
- 1.2 Read the scenario below and answer questions that follow:

MAZZARS SUPPLIERS (MS)

Mazzars Suppliers specialises in the supplying of generators in Orange Farm. MS identified the need for generators because of the load shedding. Mazzars Suppliers also discovered that Kay Electronics also supplies generators in Orange Farm. They have identified the need for their generators in other townships of Johannesburg. MS is situated in an area with a high crime rate.

- 1.2.1 Name the business environment in which MS operates. (2)
- 1.2.2 Identify opportunities and threats for MS’s business from the scenario above. Use the table below as a guide to answer QUESTION 1.2. (4)

OPPORTUNITIES	THREATS

- 1.3 Explain to MS the reasons why NGO’s and CBO’S form part of the market environment. (4)
- 1.4 Describe the intermediaries as a component of the market environment. (4)

Mind map: Topic 3 – The market environment

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

4

The macro environment



TOPIC OVERVIEW

- Unit 4.1 The meaning of the macro environment
- Unit 4.2 Components of the macro environment and examples of each component/feature



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/elaborate on the meaning of the macro environment
- ❖ briefly explain the reasons why the macro environment can be a challenge to businesses
- ❖ define/give practical examples of each component/feature of the macro environment
- ❖ briefly explain the reason why each component/feature poses a challenge to businesses
- ❖ identify the components of the macro environment from given scenarios/statements/case studies/cartoons/pictures
- ❖ conduct research on the impact of the macro environment on businesses (for enrichment purposes).



Key concepts

- **Physical/Natural environment:** refers to natural and man-made variables that surround businesses.
- **Economic environment:** refers to all the external economic factors that influence buying habits of consumers and businesses.
- **Social environment:** refers to the immediate physical and social setting in which people live and the society in which businesses operate.
- **Cultural environment:** the cultural environment affecting businesses includes religion, customs, and traditions, which influence actions and decisions.
- **Demographic environment:** refers to the socio-economic characteristics of a population, which businesses use to identify the product preferences and purchasing behaviours of customers.
- **Technological environment:** refers to development in the field of technology with new and innovative knowledge, new inventions, and other improvements in techniques that affect businesses.



Key concepts

- **Legal environment:** the laws passed by the government in which businesses operate.
- **Political environment:** the government and its institutions, and the public and private stakeholders that influence businesses.
- **International/global environment:** refers to the international interactions that influence how businesses operate.
- **Institutional environment:** refers to the three levels of government in South Africa, that puts laws and rules that regulate how businesses operate in place.

Introduction

Businesses operate within the context of three business environments. These are the micro, which we learned about in Topic 1, the market environment, which we learned about in Topic 3, and macro environment, which we will learn about in this topic.

Each business environment is characterised by its features/components. The picture below gives a brief overview of the components of macro environment.



4.1 The meaning of the macro environment

The macro environment is a condition that exists in the economy as a whole, rather than in a particular sector or region.

- It refers to the **interaction** of businesses with forces outside of themselves.
- The macro environment is also known as the external environment.
- The external environment presents both opportunities and threats.
- It is always changing and developing.
- Businesses have no control over this environment.

A New words

interaction communication or direct involvement with someone or business

Reasons why the macro environment can be a challenge to businesses

Businesses have no control over the macro environment. This environment is always changing and therefore leads to challenges for businesses. A change in one of the environments in the macro environment can affect any of the other environments, which will then impact on businesses. For example, the deadly Corona virus affected the entire world and had a negative impact on the social environment as well as the economic environment.



- Businesses have no control over the macro environment

Activity 4.1

Macro environment

Work in on your own

- 1.1 Define the meaning of the macro environment. (4)
- 1.2 Briefly explain TWO reasons why the macro environment can be challenging for businesses. (4)

Tip

Only the first TWO answers will be marked if more than the stated number of facts are given.

4.2 Components of the macro environment and examples of each component/feature

A New words

acronym an abbreviation formed from the initial letters of other words and pronounced as a word, for example, LOL

QR CODE

Watch the video on PESTLE by clicking on this link.



<https://www.youtube.com/watch?v=VrmZLaFY3YE>

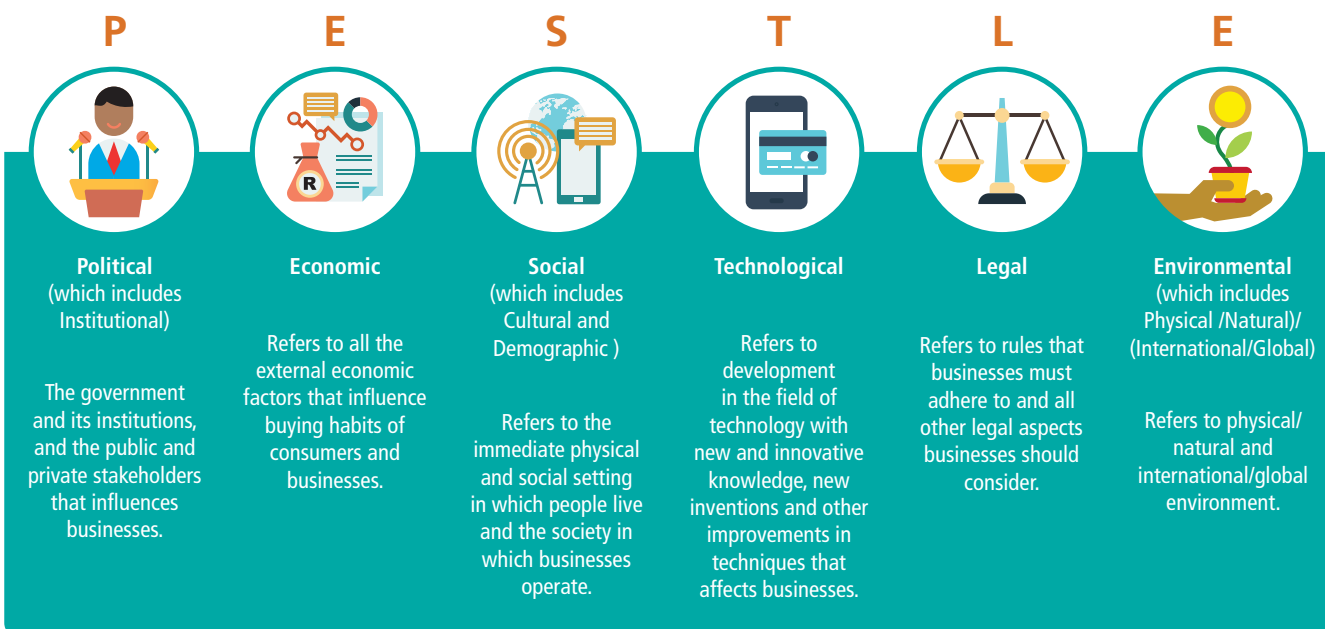
The macro environment has ten features/components. These are the:

- physical/natural environment
- economic environment
- social environment
- cultural environment
- demographic environment
- technological environment
- legal environment
- political environment
- international/global environment
- institutional environment.

To make it easier to remember these features/components of the macro environment, we have grouped some of them together. We use the **acronym**, PESTLE. Each letter in the acronym denotes a set of factors that directly or indirectly affects businesses.

PESTLE stands for the following:

- **P**olitical environment (which includes the institutional environment)
- **E**conomic environment
- **S**ocial (which includes the cultural and demographic environment)
- **T**echnological environment
- **L**egal environment
- **E**nvironmental (which includes the physical/natural environment or the international/global environment)



PESTLE is used for identifying and evaluating factors in the external environment that affects businesses. It gives businesses a better understanding of the external environment and the industry in which it competes. Let's look at each component/feature of the macro environment, examples of each component/feature, and reasons why each component/feature poses a challenge to businesses.

Political environment (including the institutional environment)



The **political environment** represents the government and its institutions, and the public and private stakeholders that influence businesses. The political environment refers to the actions taken by the government that affects daily business activities.

The institutional environment refers to the three levels of government in South Africa, that puts in place laws and rules that regulate how businesses operate. All influences that a government has on businesses could be classified under this environment.

? Did you know

Examples of private stakeholders include:

- investors
- communities
- trade associations

EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> • Government policy: Policies and laws made by the government influence the way businesses operate. 	<ul style="list-style-type: none"> • Changes in government often result in policy changes that may affect businesses.
<ul style="list-style-type: none"> • Political instability: Strikes/protests impact on investment, consumption, and economic growth. 	<ul style="list-style-type: none"> • Strikes/protests cause political instability and delays in productivity.
<ul style="list-style-type: none"> • Tax policy: Tax rates decided by the government impact businesses. 	<ul style="list-style-type: none"> • Increased taxation has the same effect as an increase in costs.
<ul style="list-style-type: none"> • Corruption: Corruption impacts the implementation of the rule of law and democratic values. 	<ul style="list-style-type: none"> • Reports of corruption in businesses can cause shareholders and investors to lose trust and confidence in a business.
<ul style="list-style-type: none"> • Consumer rights organisations: Consumer rights organisations may prevent businesses from selling products if they do not meet certain requirements. 	<ul style="list-style-type: none"> • Consumers may be called upon to boycott certain products and/or businesses.

A New words

impact the effect or influence of a decision or activity on the business/community/employees

productivity the rate at which goods are produced or services provided

Economic environment

The **economic environment** refers to all the external economic factors that influence buying habits of consumers and businesses. It, therefore, affects the performance of businesses.

The economic environment relates to all the economic factors that affect commercial and consumer behaviour. The economic environment consists of all external factors in the immediate marketplace and the broader economy, which includes inflation, petrol price, interest rates and exchange rates.

A New words

exchange rate the value of one currency for conversion to another

inflation a general increase in prices and a fall in the purchasing value of money

interest the extra money that you pay back when you borrow money or that you receive when you invest money

EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> Inflation/petrol price: Inflation decreases the value of money. 	<ul style="list-style-type: none"> Rising costs due to inflation/petrol price could affect business sales and profitability.
<ul style="list-style-type: none"> Interest rates: Interest rates influence the cost of capital of businesses. 	<ul style="list-style-type: none"> High interest rates mean that loans will become more expensive.
<ul style="list-style-type: none"> Conditions of credit: Banks will balance their risk and expected return. 	<ul style="list-style-type: none"> The price of credit impacts the willingness and ability of banks to lend money.
<ul style="list-style-type: none"> Exchange rates: The price of the Rand in terms of another currency/imports and exports. 	<ul style="list-style-type: none"> Fluctuations in foreign currency may restrict imports.
<ul style="list-style-type: none"> Economic growth: Upswing/downswing economic activity of business cycles. 	<ul style="list-style-type: none"> Recession restricts businesses with adequate support to continue operating.

Social environment (including cultural and demographic environment)

Social aspects include changes in culture and demographics. The

social environment refers to the immediate physical and social setting in which people live, and the society in which businesses operate.



The cultural environment affecting businesses includes religion, customs, and traditions that influence actions and decisions.

The demographic environment refers to the socio-economic characteristics of a population that businesses use to identify the product preferences and purchasing behaviours of customers.

EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> • Social issues: Includes issues such as poverty, unemployment and crime. 	<ul style="list-style-type: none"> • Social issues affect consumer spending and business profitability.
<ul style="list-style-type: none"> • Health issues: Includes issues such as HIV/AIDS and TB. 	<ul style="list-style-type: none"> • Serious health issues have a negative effect on employee productivity.
<ul style="list-style-type: none"> • Low levels of literacy: Large numbers of people in South Africa are poorly educated and are therefore unskilled. 	<ul style="list-style-type: none"> • Customers may not be able to afford products because of low income levels.
<ul style="list-style-type: none"> • Social and cultural diversity: Different cultural norms, preferences, beliefs and values. 	<ul style="list-style-type: none"> • Problems may arise because of the different cultural backgrounds/may create conflict in the workplace.
<ul style="list-style-type: none"> • Language: The constitution recognises eleven official languages. 	<ul style="list-style-type: none"> • Businesses may not be conversant with the local language of their customers.



QR CODE

What is the Fourth Industrial Revolution?



<https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab>

Technological environment

The **technological environment** refers to development in the field of technology with new and innovative knowledge, new inventions, and other improvements in techniques that affect businesses.

It refers to external factors in technology that impact business operations. It relates to factors that create new technologies and thereby provide opportunities and threats to businesses. Changes in technology affect how businesses operate.

The technological environment shows the fastest changes in the macro-environment. Such new technologies have started the Fourth Industrial Revolution (4IR).



EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> • Technological developments: Include wireless communication, business techniques, and smartphone applications. 	<ul style="list-style-type: none"> • Businesses may not be able to keep up with/be aware of the latest technology.
<ul style="list-style-type: none"> • Technical skills: A skilled technical workforce is needed, and this requires training and retaining employees. 	<ul style="list-style-type: none"> • Employees may not be skilled to operate/maintain new technology/equipment.
<ul style="list-style-type: none"> • High maintenance costs: It is expensive to buy new technology, but it is also costly to maintain it. 	<ul style="list-style-type: none"> • Staying up to date with the latest and greatest technology can be expensive.
<ul style="list-style-type: none"> • Technological dependence: Results in communication breakdowns, disruptions, or delays. 	<ul style="list-style-type: none"> • Businesses experiencing systems failure will be rendered paralysed, which will cause businesses to lose capital due to stalling in operations.
<ul style="list-style-type: none"> • Security in cryptography: The risk of cyberattacks include stealing/erasing/changing data. 	<ul style="list-style-type: none"> • Business's IT systems may be hacked by fraudsters, and this could expose its confidential information/be damaging to the business.



QR CODE

Legal influences on businesses



<https://www.youtube.com/watch?v=AFsJk-mvNZ0>

Legal environment

The **legal environment** refers to the laws passed by the government, which affect businesses. Legal elements refer to rules that businesses must adhere to, and all other legal aspects businesses should consider.

Laws and regulations have been introduced to ensure that there is a framework of legal systems for businesses to trade and operate. Legal factors are external factors that refer to how the law affects the way businesses operate and customers behave.



EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> Business law: Skills Development Act (SDA), Broad-Based Black Economic Empowerment (BBBEE), Employment Equity Act (EEA). 	<ul style="list-style-type: none"> Consider certain acts that may have a direct impact on businesses.
<ul style="list-style-type: none"> Labour law: Labour Relations Act (LRA), Basic Conditions of Employment Act (BCEA), Compensation for Occupational Injuries and Diseases Act (COIDA) dictates how employees should be treated. 	<ul style="list-style-type: none"> Legal requirements for businesses to operate are time-consuming to implement.
<ul style="list-style-type: none"> Consumer law: National Credit Act (NCA), Consumer Protection Act (CPA) to protect consumers. 	<ul style="list-style-type: none"> NCA – the business must do background checks on clients, which may be costly and time-consuming. CPA – the business must give information on the ingredients of the product.
<ul style="list-style-type: none"> Competition laws: A law that promotes market competition by regulating anti-competitive conduct by companies. 	<ul style="list-style-type: none"> Businesses may be liable to paying fines for the non-adherence to various acts (laws).
<ul style="list-style-type: none"> Municipal by-laws: A law passed by the local government such as zoning ordinances, business hours, permits and licences. 	<ul style="list-style-type: none"> Businesses have to apply for a trading licence before they are able to legally trade.

Environmental (including physical/natural and international/global environment)

Environmental refers to the physical/natural and the international/global environment.

The physical/natural environment

The **physical environment** refers to natural and man-made variables that surround businesses. It also refers to the availability of natural resources and **sustainability** of mineral resources.

It includes the physical location, space, and any other thing that physically impacts businesses.



EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> Ecological aspects: Weather and climate influence the availability of natural resources. 	<ul style="list-style-type: none"> Unpredictable weather may cause significant disruption to businesses.
<ul style="list-style-type: none"> Non-renewable resources: Depletion of non-renewable resources 	<ul style="list-style-type: none"> Some natural resources, such as oil/coal, are scarce and expensive.
<ul style="list-style-type: none"> Pollution: Air, water, noise pollution 	<ul style="list-style-type: none"> Pollution poses a threat to the sustainability of a business. Measures to dispose of waste material may also be expensive.

A New words

sustainability the use of natural products and energy in a way that does not harm the environment

multinational corporation usually a large corporation incorporated in one country, which produces or sells goods or services in various countries

The international/global environment

The global environment refers to the uncontrollable local and international interactions that influence how businesses operate. International businesses also increase competition in domestic markets and introduce new opportunities to foreign markets. The global competition encourages businesses to become more innovative and efficient in their use of resources.

EXAMPLES	CHALLENGES
<ul style="list-style-type: none"> Globalisation: International trade 	<ul style="list-style-type: none"> The exploitative nature of large multinational corporations.
<ul style="list-style-type: none"> Health issues: Such as the COVID-19 pandemic, Ebola virus, and so on 	<ul style="list-style-type: none"> Businesses are unable to import and export goods during lockdown periods. Many businesses are unable to operate efficiently and faces liquidation.
<ul style="list-style-type: none"> Civil wars Political instability 	<ul style="list-style-type: none"> International problems impact businesses across the world.

QR CODE

Understanding the Economic Shock of the Covid-19 Crisis

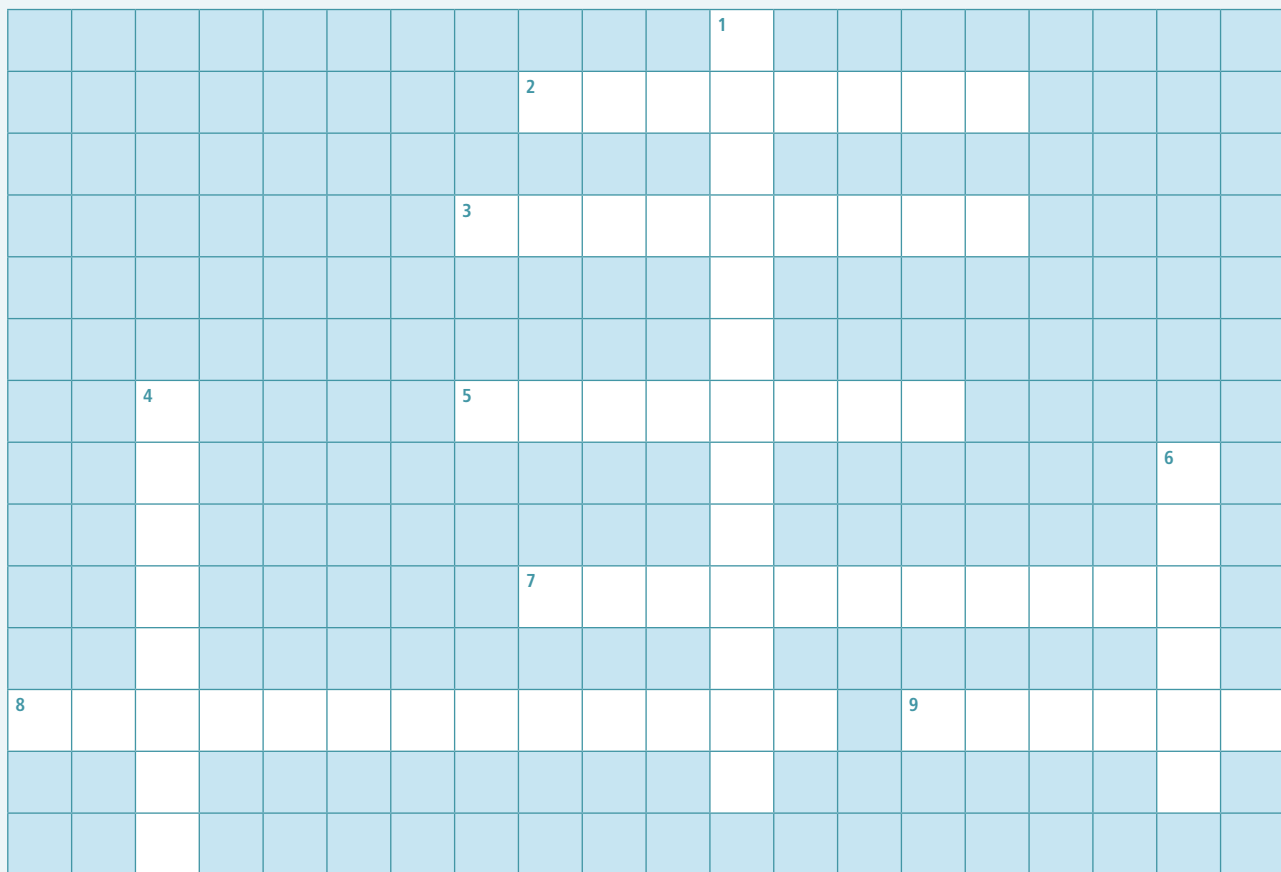


<https://hbr.org/2020/03/understanding-the-economic-shock-of-coronavirus>



Activity 4.2

PUZZLE: COMPONENTS OF THE THREE ENVIRONMENTS



Across

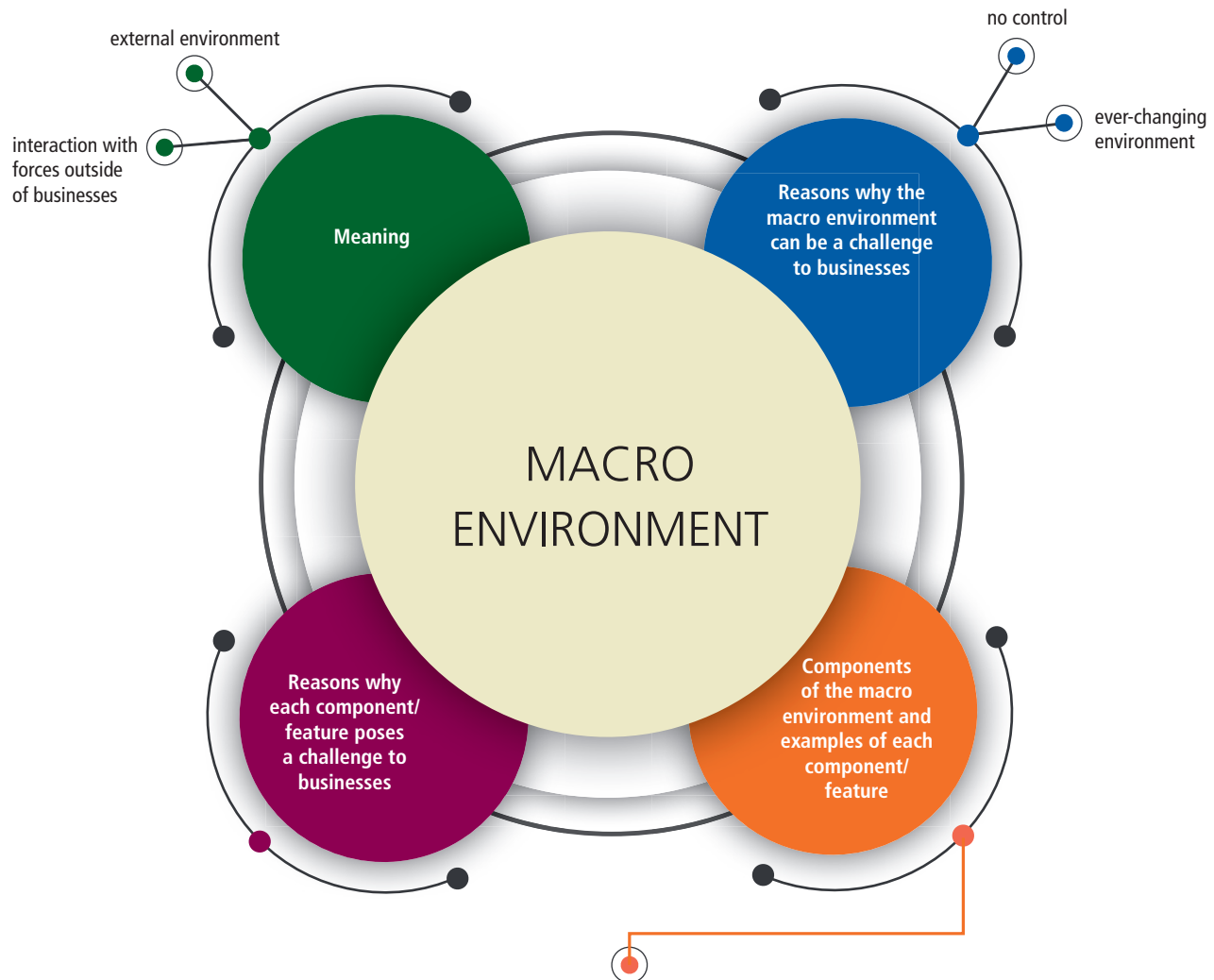
2. This environment refers to all the external economic factors that influence buying habits of consumers and businesses.
3. This environment is the government and its institutions and the public and private stakeholders that influence businesses.
5. This environment affecting businesses includes religion, customs, and traditions that influence actions and decisions.
7. This environment refers to the socio-economic characteristics of a population that businesses use to identify the product preferences and purchasing behaviours of customers.
8. This environment refers to development in the field of technology with new and innovative knowledge, new inventions, and other improvements in techniques that affect businesses.
9. This environment refers to the uncontrollable local and international interactions that influence how businesses operate.

Down

1. This environment refers to the three levels of government in South Africa, that puts in place laws and rules that regulate how businesses operate.
4. This environment refers to natural and man-made variables that surround businesses.
6. This environment refers to the immediate physical and social setting in which people live and the society in which businesses operate.

Mind map: Topic 4 – The macro environment

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



PESTLE ANALYSIS CHEAT SHEET

P	E	S	T	L	E
POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
<ul style="list-style-type: none"> government policy political instability tax policy corruption consumer rights organisations 	<ul style="list-style-type: none"> inflation/petrol price interest rates conditions of credit exchange rates economic growth 	<ul style="list-style-type: none"> social issues health issues low levels of literacy social and cultural diversity language 	<ul style="list-style-type: none"> technological developments technical skills high maintenance costs technological dependence security in cryptography 	<ul style="list-style-type: none"> business law labour law consumer law competition laws 	<ul style="list-style-type: none"> ecological aspects non-renewable resources pollution

Consolidation

SECTION A

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 -1.1.2) in the ANSWER BOOK, for example 1.1.3 D.

1.1.1 The ... environment refers to the immediate physical and social setting in which people live and the society in which businesses operate.

- A cultural
- B economic
- C natural
- D social

1.1.2 This Act requires businesses to give information about the ingredients of a product:

- A National Credit Act
- B Consumer Protection Act
- C Broad-based Black Economic Empowerment
- D Compensation for Occupational Injuries and Diseases Act

(2 x 2) (4)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – F) next to the question number (1.2.1 – 1.2.3) in the ANSWER BOOK, for example, 1.2.4.

Column A		Column B	
1.2.1	Institutional environment	A	affecting businesses includes religion, customs and traditions which influences actions and decisions.
1.2.2	Political environment	B	the laws passed by the government in which businesses operate.
1.2.3	Demographic environment	C	refers to the international interactions that influence how businesses operate.
		D	refers to the three levels of government in South Africa.
		E	refers to the socio-economic characteristics of a population to identify customer behaviour.
		F	the government and its institutions, and the public and private stakeholders that influence businesses.

(3 x 2) (6)

SECTION B

QUESTION 2

2.1 Name TWO components/features in the macro environment according to PESTLE.

(2)

2.2 Define the legal environment.

(2)

2.3 Read the scenario below and answer the questions that follow:

DUKAAN BICYCLE REPAIRS (DBR)

Kayvaan Dukaan owns a bicycle repair shop in Ritzfontein where the unemployment level is quite high. Residents in the area are always protesting against poor service delivery. Some businesses in the area dump waste material on the nearby field.

2.3.1 Identify THREE components/features of the macro environment applicable to the scenario. Motivate your answer by quoting from the scenario above.

Consolidation

Use the table below as a GUIDE to answer 2.3.1

COMPONENTS/FEATURES	MOTIVATION
1.	
2.	
3.	

(9)

2.4 Explain the reasons why the following components of the macro environment pose challenges to businesses:

2.4.1 Economic

(4)

2.4.2 Technological

(4)

**QR CODE**

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Case study

MARKS: 50

TIME: 2 HOURS

INSTRUCTIONS TO THE LEARNER & EDUCATOR:

- a) The case study covers the following Term 1 topics:
 - Micro environment
 - Market environment
 - Macro environment
 - Business functions
- b) This assessment task must be completed during class time under controlled conditions within the given time indicated.
- c) Learners may not take this assessment task home to complete.
- d) Learners may use their textbooks and / or notes during the completion of this assessment task.
- e) Write only with a blue or black pen and writing should be neat and legible.

Read the scenario below and answer the questions that follow:

UKUTYA FOOD STORES (UFS)

Abongile started his own business, Ukutya Food Stores (UFS) after he completed a management course at a business college. He saw a need for frozen food in the community as a convenient way for households to enjoy nutritious meals after a long day's work.

UFS wants to improve people's lives by offering frozen foods healthily and conveniently. Abongile sees the business expanding to the rest of the African continent. When this happens UFS will have to adapt to a different organization structure and will require financing.

Abongile purchases products for his business from various suppliers. He believes that by sponsoring the local orphanage and by offering donations, his business will gain the support from the community. UFS offers free masks to pensioners who buy from his store.

UFS has recently noticed a decrease in sales since the price of petrol increased. The profitability of the business is negatively affected because consumer spending has decreased due to high unemployment rate. Abongile has introduced online shopping with delivery service to boost sales. He also considers negotiating with his suppliers to make credit payments.

UFS is trading for cash sales only. The business needs more capital to expand to other areas and improve on the organisational structure.

[Source: FP untitled 05/07/21]

1. Identify TWO components of the micro environment from the scenario. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 1.

MICRO ENVIRONMENT COMPONENTS	MOTIVATIONS
1.	
2.	

(6)

2. Elaborate on the meaning of the *micro environment*. (2)
3. List the components of the market environment from the scenario above. (2)
4. Explain TWO other components of the market environment, besides other organisations/civil societies. (6)
5. Describe the meaning of opportunities and threats to businesses. (4)

6. Identify TWO components of the macro environment from the scenario. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 6.

COMPONENTS OF MACRO ENVIRONMENT	MOTIVATIONS
1.	
2.	

(6)

7. Identify TWO business functions from the scenario above. Motivate your answer by quoting from the above scenario.

Use the table below as a GUIDE to answer QUESTION 7.

BUSINESS FUNCTIONS	MOTIVATIONS
1.	
2.	

(6)

8. Differentiate between cash and credit payment.

(4)

9. Describe any TWO types of organisational structures that will suit UFS when expanding.

(6)

10. Explain any THREE sources of financing available for expanding businesses.

(8)

TOTAL: 50 MARKS

Controlled Test

MARKS: 100

TIME: 1,5 HOURS

Instructions and information

This paper consists of 5 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.
SECTION A: COMPULSORY
SECTION B: Consists of THREE questions.
Answer any TWO of the three questions in this section.
SECTION C: Consists of TWO questions.
Answer any ONE of the two questions in this section.
2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	20	20 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO.)	2	20	20 minutes
	3	20	20 minutes
	4	20	20 minutes
C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	30 minutes
TOTAL		100	90 minutes

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A

QUESTION 1 (COMPULSORY)

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 – 1.1.5) in the ANSWER BOOK, for example, 1.1.6 D.
 - 1.1.1 Management and the business functions are components of the ... environment.
 - A external
 - B macro
 - C market
 - D micro

- 1.1.2** The role of trade unions is to ...
A give the business a competitive advantage.
B implement rules to ensure fair business practice.
C protect the interests of its members.
D provide guidelines on how to run a business ethically and responsibly.
- 1.1.3** An example of the economic environment.
A changes in weather patterns
B increase in interest rates
C machines taking over many routine jobs
D new machines and technology developed to decrease pollution
- 1.1.4** The level of management that makes strategic decisions.
A lower level management
B medium level management
C middle level management
D top level management
- 1.1.5** Information ... is the use of electronic equipment to assist with filing and storing information.
A administration
B data
C management
D technology (5 × 2) (10)

- 1.2.** Complete the following sentence by using the words in the list below write only the word(s) next to the question number (1.2.1 to 1.2.5)

capital	suppliers	formal	purchasing	political
intermediaries	public relations	cash	informal	legal

- 1.2.1** Businesses are affected by the ... factor of the macro environment when the government passes laws and regulations.
- 1.2.2** Wholesalers and retailers serves as ... to bridge the gap between producers and consumers.
- 1.2.3** Businesses operating in the ... sector are registered and pay taxes.
- 1.2.4** The financial manager at Mcgee Stores presented a... budget that estimates the working capital.
- 1.2.5** The ... function ensures that existing customers remain loyal. (5 × 2) (10)

TOTAL SECTION A

[20]

SECTION B

Answer ANY TWO questions in this section.

NOTE: Indicate the QUESTION NUMBER of each question that you choose.

The answer to EACH question must start on a NEW page, for example, QUESTION 2 on a NEW page, QUESTION 3 on a NEW page.

QUESTION 2 BUSINESS ENVIRONMENTS

- 2.1** Define the meaning of the market environment. (2)
- 2.2** Outline the following components of the market environment:
- 2.2.1** consumers/customers
- 2.2.2** suppliers (4)
- 2.3** Read the scenario below and answer the question that follows:

DIDI'S HAIRSTYLIST (DH)

Didi specialises in cutting and styling hair. Her business does not have sufficient capital to buy equipment to cater for a large intake of clients. Businesses in the same industry as DH are relocating to other areas. Didi is located in a high-crime area.

- 2.3.1** Identify ONE opportunity and ONE threat from the scenario above. (4)
Use the table below as a GUIDE to answering QUESTION 2.3.1.

OPPORTUNITY	THREAT

- 2.4** Explain following macro environment features. (2)
- 2.4.1** Economic (2)
- 2.4.2** Social (2)
- 2.4.3** Political (2)
- 2.5** Suggest reasons why the macro environment can be a challenge to businesses. (4)
- [20]**

QUESTION 3 BUSINESS OPERATIONS

- 3.1** Name TWO factors that influence the organisational structure. (2)
- 3.2** Read the scenario below and answer the question that follows:

DAVE'S FURNISHERS (DF)

Dave manages the different business functions in a manner that will provide maximum benefit to all departments involved. Lutho ensures the efficient capturing and processing of data and information.

- 3.2.1** Name TWO business functions that are applied by DF. Motivate your answer by quoting from the scenario above. (6)

Use the table below as a GUIDE to answer QUESTION 3.2.1.

BUSINESS FUNCTIONS	MOTIVATIONS
1.	
2.	

- 3.3** Explain the following activities of the administration function: (2)
- 3.3.1** handling of information (2)
- 3.3.2** office practice (2)
- 3.4** Explain the differences between management and leadership. (4)
Use the table below as a GUIDE to answering QUESTION 3.3.

MANAGEMENT	LEADERSHIP

- 3.5** Suggest the purpose of the financial function to the business. (4)
- [20]**

QUESTION 4 MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

- 4.1** List FOUR examples of intermediaries. (4)
- 4.2** Identify the business sector applicable to EACH statement below:
- 4.2.1** Thando bought a bakkie to start a removal and delivery service.

- 4.2.2** Mr Brown started his own vegetable garden in his backyard.
- 4.2.3** Lelethu turned her home into a mini factory to manufacture uniforms for the schools in the area. (6)

BUSINESS OPERATIONS

- 4.3** Describe the following management tasks:
- 4.3.1** planning (2)
- 4.3.2** organising (2)
- 4.4** Describe TWO methods of carrying out public relations. (6)
- [20]**
- TOTAL SECTION B [40]**

SECTION C

Answer ONE question in this section.

NOTE: Indicate the QUESTION NUMBER of each question chosen. The answer to EACH question must start on a NEW page, for example, QUESTION 5 on a NEW page or QUESTION 6 on a NEW page.

QUESTION 5 BUSINESS ENVIRONMENTS (MICRO ENVIRONMENT)

Organisational culture is an important part of every business. The success of each business depends on the availability of necessary resources. Vision, mission statement, goals and objectives are the road maps to achieving business growth. The size and type of ownership can predict the type of the organisational structure.

Write an essay on the micro environment in which you include the following aspects:

- Outline the purpose of the organisational culture.
- Explain FOUR organisational resources.
- Discuss the vision, mission statement, goals and objectives of any business.
- Advise a business on the importance of a business organisational structure. [40]

QUESTION 6 BUSINESS OPERATIONS (PURCHASING FUNCTION)

The purchasing function is one of the fundamentals of a business concern. The Consumer Protection Act and the National Credit Act have a direct impact on the purchasing function. The business should be aware of the consumer rights as stipulated in the NCA.

Write an essay on the purchasing function in which you include the following aspects:

- Outline the activities of the purchasing function.
- Describe the purpose of the Consumer Protection Act (CPA).
- Analyse the impact of National Credit Act (NCA) on business.
- Advise business on the consumer rights as outlined in the NCA. [40]

TOTAL SECTION C 40

GRAND TOTAL 100

TERM 2

5

The interrelationship of the micro, market and macro environments



TOPIC OVERVIEW

- Unit 5.1 Relationship between the features/components of the micro-environment
- Unit 5.2 The interrelationship between micro (internal business) and market environments
- Unit 5.3 The relationship between the micro, market and macro environments



Learning objectives

At the end of this topic, learners should be able to:

- ❖ explain/describe the link/relationship between the components and features of the micro-environment
- ❖ explain the reasons why competition poses a challenge to businesses
- ❖ explain the interrelation between micro (internal) and market environments
- ❖ give examples of the relationship between the business and consumers, suppliers, intermediaries and competitors
- ❖ explain/discuss the relationship between micro, market and macro environments.



Key concepts

- **Interrelatedness:** relate or connect one another, that is, a relationship exists between the three business environments.

A New words

interrelated there is a connection or relationship between the components

legislation laws which have been enacted/passed by the government, for example, the Employment Equity Act (No. 55 of 1998)

Introduction

The micro, market and macro business environments do not exist in isolation. They are **interrelated** and influence each other. Each environment has its own set of threats and opportunities that business owners need to be aware of.

However, the macro environment has the biggest control and influence over both the market and micro environments. The market and micro environments have very little control over the macro environment but they can adapt to the challenges in the macro environment. For example, if businesses come together to form a strategic alliance, they could influence certain aspects of government **legislation**, but a single business has no control over government legislations.

5.1 Relationship between the features/components of the micro-environment

The features/components within the micro environment depend on and also influence each other.

The relationships between the features/components of the micro (internal) environment



- **The interrelationship between the functions**

The eight functions within the business depend on each to achieve their goals and objectives. For example, the general management function **consults** the administration function to obtain the relevant information that it requires to run the affairs of the business.

The general management function coordinates all the other functions in the business in an efficient and effective way to achieve the mission and vision of the business. It constantly seeks information and advice from all the departmental heads to make decisions and develop strategies for the business.

A New words

consult to seek information or input from other departments

- **The interrelationship between departments**

The departments within the business depend on and influence each other when they perform their duties and responsibilities. For example, the production department will have to inform the purchasing department about the type, quality and quantity of resources they need to purchase or order for them to produce the goods or services required.



The marketing department also provides the production department with feedback from customers so that the production department could produce goods and services that will meet consumers expectations.

The human resources department will consult the other department to determine the type of skills and experience that they need in their department before recruiting employees into the business.

All the other departments in the business are also interrelated in one way or another. Some departments depend on other departments in the same business for their resources, to complete their final products. For example, in a car manufacturing company, the different parts of the car are created by different departments before it is combined to become a complete car.

- **The interrelationship between employer and employee**

The employer (business) depends on the employees (workers) to perform certain duties and responsibilities for the business and the employers also **remunerate** employees for offering their services to the business. Employers also consult their employees when it comes to **devising**



strategies to achieve the goals and objectives of the business. Some employers provide their employees with education and training resources to improve the skills of their workers.

A New words

remunerate payment that a worker receives for performing a job for the business

devising plan or come up with procedure or systems

Activity 5.1

Interrelationship between the business environments

Work in group or on your own.

All the components of the micro environment are interrelated. They have positive and negative influences on each other. A change in one feature/component will influence all of the other components.

In view of the above statement, evaluate the interrelationships within the micro environment.

A New words

customer base the group of customers a business has in the market

market research the action or activity of gathering information about customers' needs and preferences

raw materials materials that have not been processed

goods things that are produced, bought or sold, then finally consumed

services work done by businesses, which is not tangible

5.2 The interrelationship between micro (internal business) and market environment

The features of the market environment have an influence on the business.

Below are examples of the interrelationship that exist between the business and components of the market environment.

The businesses and consumers

Consumers depend on businesses for their goods and services to satisfy their needs and wants and businesses also depend on consumers for their income when they buy from them.

Without consumers a business cannot survive, businesses need to ensure that they produce goods of consistently high quality to maintain or increase their **customer base**.

The public relations department must ensure that the business always maintains a positive image so that its customers remain loyal.

The marketing department must constantly conduct **market research** to identify the needs of their target market so that they are able to always satisfy the changing needs of their consumers.

The business and suppliers

Businesses depend on suppliers for their **raw materials** and other inputs. Without raw materials from suppliers a business cannot produce its **goods** or **services**.



A New words

supply shortage a situation whereby businesses find it difficult to identify suppliers who offer raw material in the right quality, right quantities and in the right place

long-term contracts a long-term agreement that has been signed

bulk buying in large quantities

Businesses need to identify reliable suppliers so that they can be assured of constant supplies. Reliable suppliers are those suppliers that offer raw materials of the right quality, the right quantity, the right prices and deliver them at the right time.

Supply shortage is one of the challenges in the market environment. Businesses need to honor their commitments to their suppliers by paying for their supplies on time, so that they maintain a good relationship with their suppliers.

Businesses can also maintain a good relationship with their suppliers by signing **long-term contracts** for their raw materials at fixed prices or buy in **bulk** to get discount on their raw materials.



A New words

intermediaries businesses that distribute and sell the goods or services of other businesses. They buy from producers and sell to consumers or customers

reliable something that can be trusted or that you can depend on; or something that is consistently good in quality or performance

efficient achieving maximum productivity with minimum wasted effort or expense

accessibility easily reached

The business and intermediaries

- **Intermediaries** distribute and sell the goods or services of a business: they are the link between the business and the consumers.
- Businesses need to maintain a good relationship with their intermediaries so that they could check their activities. Intermediaries need to be **reliable** and **efficient**, as their activities affect the quality and price of the goods and services.
- Intermediaries are also the customers of the business and so businesses need to always treat them with care. Examples of intermediaries are wholesales, retailers, agents, transport services and brokers.
- Agents are individuals or businesses that distribute and sell the goods or services of another business for a commission.
- Some agents depend on other agents to perform their functions. For example, a delivery agent may look for another agent in a particular destination where **accessibility** is restricted to assist its company to deliver its goods in that destination so that its services will not be limited.
- Some agents may network to share ideas and information to deliver efficient services to their customers.



A New words

alliance two or more businesses that work together in a joint venture

The business and competitors

Competitors refer to businesses that sell more or less the same goods or services. Increased competition will lead to lower prices of goods and services hence, lower profits for the businesses.

- Some businesses may form **alliances** to control the prices of goods and services. Businesses in an alliance sometimes share information or join their resources to undertake projects or programmes that will benefit all their members.

- Businesses will normally study the activities of their competitors before determining their **pricing strategies**. For example, if a one cell phone company offers promotional sales in the market, the other cell phone companies in the market will also try to react by offering something similar or else they might risk losing their consumers.
- The business needs to study the activities of its competitors and be able to devise strategies to provide goods or services that are better than those offered by their competitors.
- Increased competition will lead to lower prices of goods and services. Businesses that offer the best quality and sell at the right prices will attract and maintain loyal customers.
- Businesses must be up to date with the current trends and the latest technology to remain competitive in the market.



A New words

pricing strategies methods businesses use to price their products or services

Reasons why competition poses a challenge to businesses

- Competition as one of the components of the market environment poses a challenge to businesses because it is not within the control of the business.
- Consumers will buy from the business where they get the most value for money and they could choose the competitor.
- Business could find that they are unable to make sufficient profit when the demand is not high enough.
- Businesses could find it hard to differentiate itself from its competitors to gain a competitive advantage.
- New entrants with better products can also enter the market and divide the market even more thus decreasing the businesses market share.

? Did you know

Businesses do not only compete for customers, but they also compete for the other factors of production, such as, land, labour and entrepreneurship.

Activity 5.2

The interrelationship between micro (internal business) and market environments

- 1.1 Identify the interrelationship between TEBO Ltd and the market environment in each statement below:
 - 1.1.1 They use the services of Malo Distributors to supply products to the customers.
 - 1.1.2 Their customers buy products from Zane LTD who recently opened a new business next to Malo LTD.
 - 1.1.3 TEBO Ltd makes use of individuals to sell their goods for a commission.
 - 1.1.4 TEBO Ltd purchases raw materials in bulk from Birchwood Ltd. (8)
- 1.2 Explain reasons why competition poses a challenge to businesses. (10)
- 1.3 Discuss the interrelationship between businesses and its consumers. (4)

5.3 Relationship between micro, market and macro environments

- Changes in the macro environment may affect the micro environment which may then affect the market environment.
- For example; an increase in the interest rate may lead to an increase in the production cost, hence increase in the prices of goods/services, which will in turn decrease consumer spending.
- Businesses (the micro environment) are in constant interaction with components of the market and macro environment.
- Businesses are challenged by changes in the market and macro environment which cannot be controlled by the business.
- Changes in the market environment may affect the micro environment. E.g., new competitors entering the market might force businesses to decrease their prices.
- Businesses must adapt to challenges from the macro-environment by formulating strategies to cope with these challenges.

The diagram below illustrates the relationship between the three business environments.

A change in the macro environment may cause a change in the micro environment which may in turn, create a change in the market environment e.g. an increase in the rate of interest may lead to an increase in the production cost which may reduce consumer spending.



Mind map: Topic 5 – The interrelationship of the micro, market and macro environments

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Consolidation

Business environments

QUESTION 1

- 1.1 List any FOUR components of the micro environment. (4)
- 1.2 Identify the components of the market environment represented in each of the following statements. (4)
 - 1.2.1 People or other businesses who buy the products and services of a business to satisfy their needs.
 - 1.2.2 People or businesses that play a major role in getting goods from where they are produced to consumers all over the country.
 - 1.2.3 A supermarket discovers that another grocery store has opened at a nearby location. (6)

QUESTION 2

- 2.1 Read the scenario below and answer the questions that follow.

Zipho owns a large industrial window cleaning company. He buys his machines in the USA and will only be able to buy one machine as the South African currency has depreciated dramatically.

- 2.1.1 Identify the economic factor of the macro environment that may have a direct influence on Zipho's business. Motivate your answer by quoting from the scenario. (3)
- 2.1.2 Outline any other TWO components of the macro environment. (8)
- 2.2 Explain THREE reasons why competition may pose a challenge to businesses. (6)
- 2.3 Briefly explain the interrelationship between the micro (internal), market and macro environment. (10)

Tip

When quoting from a scenario please make sure to start from the beginning of the sentence until the end of that sentence. Do not add or change anything to your quote.

TERM 2

6

Business sectors



TOPIC OVERVIEW

- Unit 6.1 Primary, secondary and tertiary sectors
- Unit 6.2 The differences between formal and informal sectors
- Unit 6.3 The differences between public and private sectors



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/explain the meaning of the primary, secondary and tertiary sectors
- ❖ give examples of each sector
- ❖ explain/describe/discuss the relationship between these sectors
- ❖ make a collage showing the relationship between the primary, secondary and tertiary sectors
- ❖ define/elaborate on the meaning of the formal and informal sectors. Give practical examples of each
- ❖ conduct research on the importance of the formal and informal sector
- ❖ explain/differentiate/distinguish between the formal and informal sectors
- ❖ define/elaborate on the meaning of the public and private sector
- ❖ explain the main purpose of the public and private sector
- ❖ explain/differentiate/distinguish between the public and private sectors.



Key concepts

- **Primary sector:** deals with the extraction of raw materials and natural resources.
- **Secondary sector:** involves the process of transforming raw materials into finished or unfinished products.
- **Tertiary sector:** refers to industries that offer services to other businesses and consumers.
- **Formal sector:** businesses in the formal sector are **registered businesses** who pay taxes to the government.

A New words

registered businesses in South Africa, businesses must **register** with the **South Africa Revenue Service (SARS)** for purposes of tax



Key concepts

- **Informal sector:** businesses in the informal sector refer to businesses that are not registered and do not pay tax on the profits of the business.
- **Private sector:** consists of businesses owned, managed and controlled by individuals and organisations seeking to generate profit.
- **Public sector:** is the part of the economy, where goods and services are provided by the government or local authorities carrying out the task instead.

Introduction

In Grade 9 Economic and Management Sciences (EMS) you learned about the Sectors of the Economy in Entrepreneurship. We will continue learning about these sectors but focus on:

- the meaning and relationship between the three business sectors
- the meaning and importance of the formal and informal sectors
- the meaning and purpose of the public and private sector.

In Grade 11 we will link the three sectors and in Grade 12 we will focus on identifying the business sectors and the classification of the challenges according to the three business environments.

6.1 Primary, secondary and tertiary sectors

The meaning of the primary, secondary and tertiary sectors

Business sectors consist of businesses that are grouped together and classified into primary, secondary or tertiary sectors. How the business is classified depends on the nature of its product or service.

The purpose of the classification is to determine the contribution of each sector and **industry** to the South African economy. Businesses play a huge role in making a meaningful contribution within the different sectors.



Take note

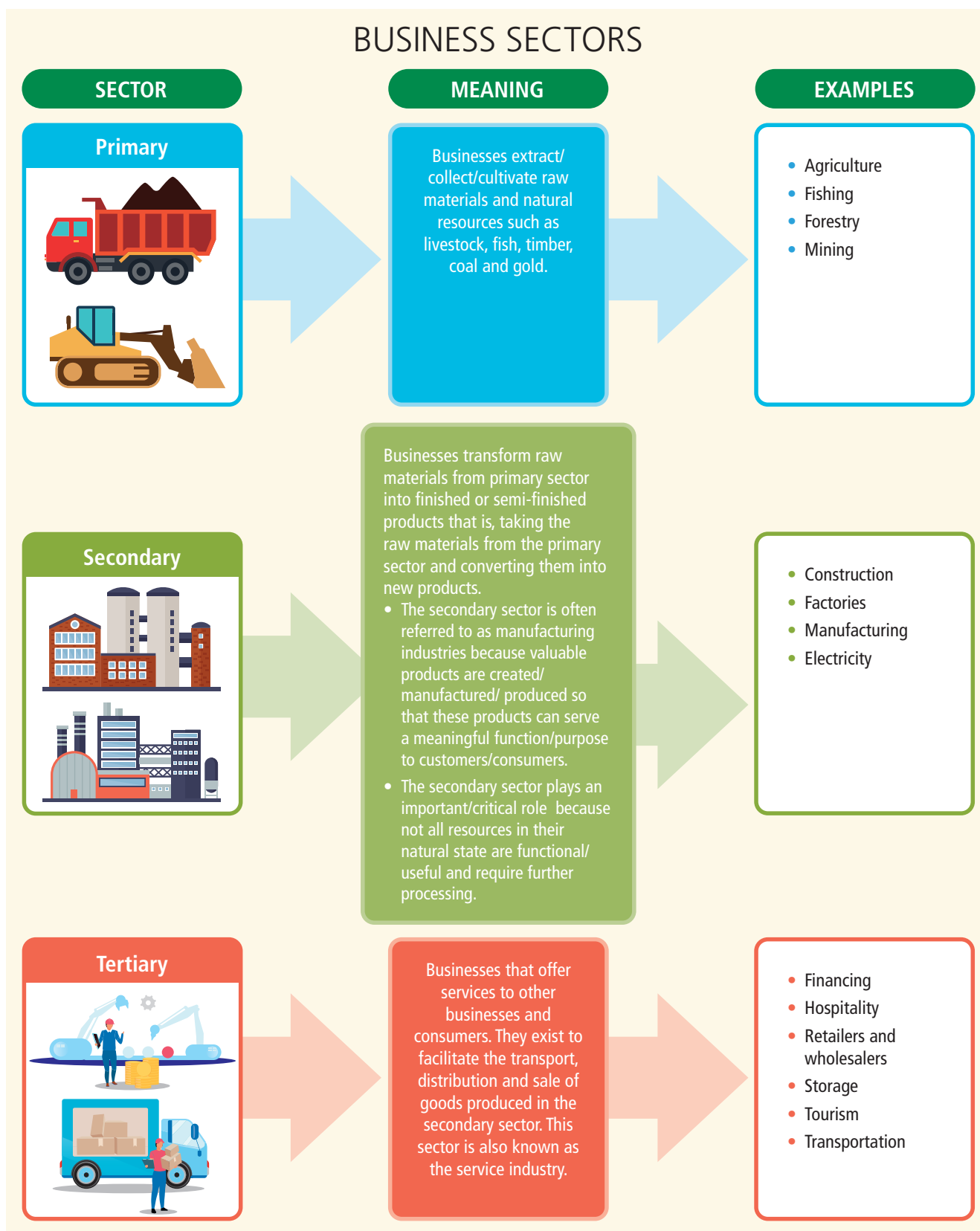
The terms **sector** and **industry** are often used interchangeably. However, an industry refers to a specific group of businesses that produce a particular kind of good or service in a particular field. For example, the tourism industry includes travel services, hotels, shared accommodation, tourist attractions, recreation and entertainment, and conferences.



New words

industry refers to a specific group of businesses that produce a particular kind of good or service in a particular field

The sectors can be classified as follows:



- The secondary sector is often referred to as manufacturing industries because valuable products are created/manufactured/ produced so that these products can serve a meaningful function/purpose to customers/consumers.
- The secondary sector plays an important/critical role because not all resources in their natural state are functional/useful and require further processing.

The relationship between the primary, secondary and tertiary sectors

The sectors work together to create an economic chain of production. The primary sector gathers the raw materials, the secondary sector transforms the raw materials into useful goods. The tertiary sector sells the goods or services and supports the activities of the primary and secondary sectors.

Let us have a look at how a product such as **BREAD** reaches the table of a consumer.



? Did you know

The contribution of the top sectors to the GDP on 3 September 2020 were:

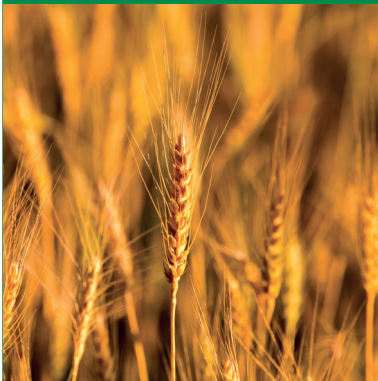
Primary sector: Mining 14,4%

Secondary sector: Electricity 3,2%

Tertiary sector: Finance, Real estate & business services 4,1%

[Source: <https://www.southafricanmi.com/south-africas-gdp.html>]

Primary sector



Wheat needed for bread is grown on a farm, the farm sells the wheat grains to a bread company, for example Sasko Bakery

Secondary sector



Sasko Bakery processes the wheat into flour at the flour mill the flour is used to produce bread the bread is packaged and sold to retailers, for example, Shoprite/Checkers and Pick 'n Pay

Tertiary sector



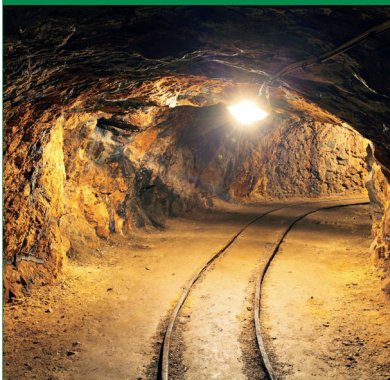
The final product, bread, is transported to retailers retailers sell the bread to consumers

However, the relationship between the three sectors is not a linear one. The primary sector also depends on the secondary sector for manufactured goods such as machinery and equipment.

? Did you know

Sasko Bakery also sells flour as a final product to retailers that consumers can buy to bake their own bread.

Primary sector



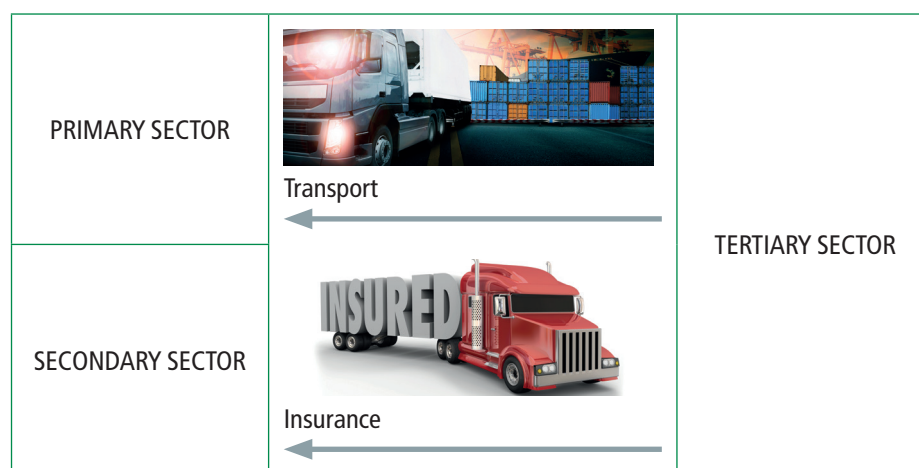
Mining

Secondary sector



Mining drill machinery

The primary and secondary sector also depends on the tertiary sector to provide services such as insurance and transport.



Tip

Only the first TWO answers will be marked if more than the stated number of facts are given.



Activity 6.1

Business sectors

- 1.1 State the THREE business sectors. (3)
- 1.2 Explain the relationship between the three business sectors. (6)

Tip

When required to quote from the scenario, rewrite the applicable sentence in full, directly from the scenario.



Did you know

The official unemployment rate in South Africa ranks as one of the highest in the world. In the fourth quarter in 2020, the unemployment rate increased to 32,5%.

[Source: <https://www.enca.com/business/unemployment-rate-rises-325-percent>]

6.2 The differences between the formal and informal sectors

Businesses operating in South Africa are divided into the formal and informal sector.

The formal sector is mainly characterised by small, micro, medium and large businesses with specific working hours and monthly salaries or weekly wages. These businesses have a specific aim of making a profit. Examples of businesses in the formal sector include mines, farms, manufacturers, construction, retailers, and insurance companies.

The informal sector consists of small businesses with long working hours and irregular income. These small businesses are mostly started by the unemployed people who need to earn an income to buy necessities or pay for things such as water and electricity. Examples of businesses in the informal sector include food and flea markets, street vendors, and spaza shops.

With increasing unemployment in South Africa, the informal sector is growing bigger since many people are using their entrepreneurial skills to generate some form of income to survive.

Meaning and differences of the formal and informal sectors and examples of each

Meaning of formal sector

Businesses in the formal sector are registered and pay taxes. These businesses are required to register with the Companies and Intellectual Property Commission (CIPC). Businesses have to register with the South African Revenue Services (SARS) and be liable to pay tax on turnover and profits at **prescribed threshold**.

Meaning of informal sector

Businesses in the informal sector are not registered with CIPC and do not pay tax on profits to SARS.

The informal sector refers to those workers who are **self-employed**. Owners of businesses in the informal sector take responsibility for the success and failure of their businesses.

Differences between formal and informal sectors

FORMAL SECTOR	INFORMAL SECTOR
	
Businesses in the formal sector are registered with CIPC. Businesses pay tax to SARS on turnover and profit made.	Businesses in the informal sector are not registered with CIPC. Businesses do not pay tax on the profits of the business.
Formal sector activities are monitored by the government.	These businesses are not monitored by the government.
These businesses are controlled by the laws and regulations of the government.	Government laws and regulations pertaining to businesses do not apply to the informal sector, but must adhere to municipal regulations.
All contributions of these businesses are recorded in the total value of the goods and services produced in a country.	It is difficult to calculate its contribution to the total value of the goods and services produced in a country.
Employees are protected by legislation such as Basic Conditions of Employment Act, No. 75 of 1997 (BCEA), Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993 (COIDA), Unemployment Insurance Fund (UIF), and so on.	Employees are not protected by any legislation and can easily be exploited.

Did you know

You must register your business if the total value of taxable goods or services is more than R1 million in a 12-month period, or is expected to exceed this amount.

A business may also register voluntarily if the income earned in the past 12-month period exceeded R50 000.

New words

prescribed threshold refers to predetermined amount

self-employed refers to people working for themselves

TIP

Remember that the differences between the formal and informal sectors need to be clearly stated.



FORMAL SECTOR	INFORMAL SECTOR
Income is regular weekly/monthly earnings.	Income earned is irregular and inconsistent.
Employees work specific working hours.	Employees work long hours.
Consists of small, micro, medium and large businesses.	Consists of small-scale home-based operations.
Examples include companies such as mining, manufacturing, retail and banking.	Examples include spaza shops, street vendors, hairdressers, gardening services, car wash services and other home-based activities.

The importance of the formal and informal sector



New words

gross domestic product (GDP) a measurement that captures a country's economic output

The importance of the formal sector

- Business activities are included in the **GDP** figures of the country.
- Companies pay taxes on their profits.
- People who are employed at companies pay personal income tax.
- Provides employment to highly skilled, semi-skilled and unskilled labourers.
- People working in the formal sector gain the necessary skills to start their own businesses.
- Provides a large variety of goods and services to satisfy consumers.



QR CODE

Interesting information on South Africa's Formal Business Sector:



<https://www.southafricanmi.com/south-africas-formal-business-sector.html>

The importance of the informal sector

- Encourages entrepreneurship and self-employment.
- Provides employment opportunities for communities and contributes to poverty alleviation.
- People working in the informal sector gain work experience, which enables them to apply for jobs in the formal sector.
- People start informal businesses to supplement their income earned in the formal sector.
- It is easy to enter this sector and serves the needs of individuals.

The following article describes why the informal sector is important to growing the economy in South Africa .



CASE STUDY

Creating jobs, reducing poverty: Why the informal sector should be taken seriously and enabled properly

The informal sector is a significant component of the economy that provides employment, livelihoods and income for millions of workers and business owners. Across the country the informal sector in South Africa is a significant source of employment.

The informal sector mostly comprises very small enterprises (frequently fewer than five individuals) that often are based in neighbourhoods and generates quite low earnings for enterprises and individuals.

Approximately 2,3 million people worked in the non-agricultural informal sector in 2013. In 2018 it reached 2,9 million people. At about 17% of total employment, one in every six South Africans who work, work in the informal sector. In the National Development Plan (NDP) the sector (together with domestic work) is projected to generate almost two million new jobs by 2030.

Almost 80% of the approximately 1,4 million informal enterprises are one-person firms. Yet 1,1 million people – about half of the people working in the sector – work in enterprises that have employees (that is, they are multi-person firms).

Most of these employing enterprises are in construction, retail trade, and services, but also in manufacturing and communication. The proportion of employing firms has been growing steadily since 2000, as has the propensity to employ. In 2013 the employing firms provided about 850 000 paid jobs for owner-operators and employees. What is striking is that the number of paid jobs in the informal sector (850 000) is almost double the direct employment in the formal mining sector (approximately 450 000 in 2013).

Working in and running enterprises in the informal sector is anything but easy. Working hours are long, working conditions are often difficult. Earning and returns are very low for all but a few.

Given the high levels of unemployment and poverty – and the NDP objective of almost 2 million more jobs in the informal sector – the policy goal, at least in the short to medium term, should not be to shrink or eliminate the informal sector, but to grow and strengthen it – to create a larger, more dynamic informal sector with more viable, self-reliant enterprises and addition, better-quality employment.

[Source: Adapted from <https://www.polity.org.za/article/creating-jobs-reducing-poverty-i-why-the-informal-sector-should-be-taken-seriously-and-enabled-properly-2018-07-26>]

- 1 Quote the importance of the informal sector from the case study above.
- 2 Identify THREE types of industries that provides employment in the informal sector.
- 3 Compare the employment in the informal sector and the formal sector.

Activity 6.2 Formal and informal sectors

1.1 List TWO examples of businesses in the informal sector. (2)



PICTURE A



PICTURE B

1.2 Classify Picture A and B as businesses forming part of the formal and informal sectors respectively. (2)

1.3 Differentiate between the formal and informal sectors. (4)

1.4 Advise businesses on the importance of the formal sector. (4)

A New words

mixed economy consists of both private and state-owned companies that share control of owning, making, selling, and exchanging goods in the country

state-owned companies /enterprises (SOCs/ SOEs) refers to a business that is owned and controlled by the government

6.3 The differences between the public and private sectors

In South Africa's **mixed economy**, most businesses are privately owned and some businesses are state-owned. The privately owned businesses form the private sector and the state-owned businesses form part of the public sector.

The meaning and difference of the public and private sectors and examples of each

QR CODE

Here is a link to the Public Entities in South Africa:



<https://nationalgovernment.co.za/units/type/6/public-entity>

The meaning of the public sector

The public sector comprises of various business enterprises owned and managed by the government.

- It is composed of all levels of government and government-controlled enterprises. Also known as **state-owned companies/enterprises (SOCs/SOEs)**. These refer to businesses that are owned and controlled by the government.
- It does not include private companies, voluntary organisations and households.

The meaning of the private sector

The private sector consists of business activity that is owned, financed and run by private individuals.

- Businesses in the private sector are privately owned by sole traders, partnerships, close corporations or profit companies. Their main aim is to make a profit.
- Some of these businesses exist in the formal or informal sectors.

The purpose of the public and private sector

The purpose of the public sector

The public sector plays an important role in South Africa's economy. It:

- provides public goods and services such as water and electricity to meet the needs of its people
- improves the general standard of living of all its citizens
- ensures equal distribution of wealth
- provides infrastructure that supports private sector development
- provides various kinds of job opportunities
- intervenes in the economy to limit anti-competitive behaviour.

The purpose of the private sector

The private sector in South Africa's economy:

- offers a large variety of goods and services to meet the demands of consumers
- give back by uplifting the community with **Corporate Social Responsibility (CSR)** programs. CSR relates to businesses that take responsibility for its impact on society and the environment
- provide businesses with the opportunity to create wealth for growth
- support public sector with a **public-private-partnership** agreement
- provide job opportunities for people who have different skills in all sectors
- provide employment and contributes to tax revenues.

TIP

The public sector provides services to the public, and the aim of the private sector is to make a profit.

The differences between the public and private sector

PUBLIC SECTOR	PRIVATE SECTOR
The public sector comprises of various business enterprises and institutions owned and managed by the government.	The private sector consists of businesses that are owned, financed and run by private individuals.
It is the part of the economy, where goods and services of public interest are provided by the government.	These businesses are privately owned and provide goods and services with the aim of making a profit.
Businesses in the public sector consist of parastatals and state-owned companies or enterprises (SOCs/SOEs).	They are privately owned by sole traders, partnerships, close corporations or profit companies.
They provide public goods and services such as water and electricity to meet the needs of its people.	They offer a large variety of goods and services to meet the demands of consumers.
They are tasked with improving the general standard of living of all citizens.	These companies also give back to the people by uplifting the community through corporate social responsibility programs.
These companies should ensure the equal distribution of wealth among the rich and poor.	They provide opportunities for other businesses to create wealth for growth.
They are also tasked with providing infrastructure that supports private sector development.	They also support the public sector through public-private-partnership agreements.
Examples include Eskom, Denel, SABC, South African Airways (SAA), Transnet.	Examples include banks, hotels, insurance companies, restaurants and retailers.

A New words

corporate social responsibility (CSR) relates to businesses that take responsibility for its impact on society and the environment

public-private-partnership (PPP) is a contract between a public-sector institution and private sector, where the private sector performs a function that is usually provided by the public-sector and/or uses state property in terms of the PPP agreement

parastatal is a state-owned company / enterprise (SOCs/SOEs)

? Did you know

Public-private partnerships are typically found in transport infrastructure such as highways, airports, railroads, bridges, and tunnels. Examples of municipal and environmental infrastructure include water and wastewater facilities.

TIP

Remember that the difference between the public and private sectors need to be clearly stated.



Activity 6.3

Public sector and private sector

Work on your own

- 1.1 Elaborate on the meaning of the private sector. (4)
- 1.2 Distinguish between the public and private sector. (8)
- 1.3 Discuss the purpose of the public sector. (6)



QR CODE

Read the news article on the future of the uncertainty of SOE's with arguments against privatisation.



<https://www.news24.com/news24/columnists/guestcolumn/opinion-soes-must-stay-state-controlled-and-out-of-the-hands-of-business-20200128>



QR CODE

Read the news article on Sasol partnering with local government.



<https://infrastructurenews.co.za/2014/08/12/sasol-partnering-with-local-government/>



New words

privatisation refers to the sale of state-owned businesses and assets to the private sector

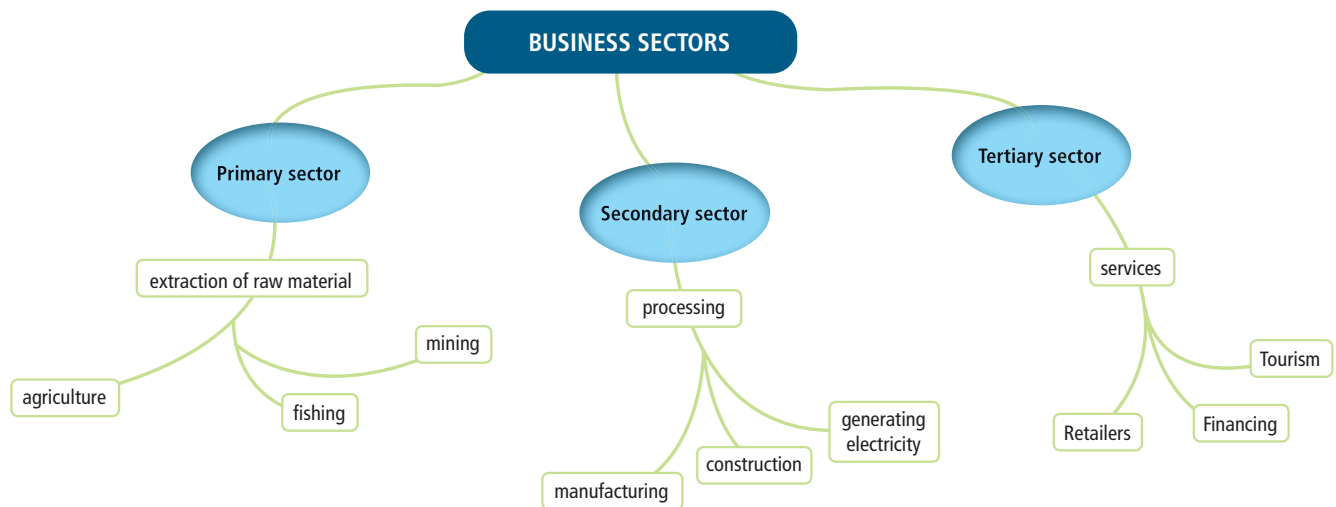


Did you know

In South Africa there have been three interesting cases of **privatisation** – the privatisation of Steel manufacturer Iscor in 1989, the privatisation of petrochemicals company Sasol in 2000 and the partial privatisation of Telecoms company, Telkom in 2002.

Mind map: Topic 6 – Business sectors

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.

**Consolidation****SECTION A
QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 -1.1.2) in the ANSWER BOOK, for example 1.1.3 D.

1.1.1 The ... sector refers to industries that offer services.

- A economic
- B primary
- C secondary
- D tertiary

1.1.2 Businesses in the ... sector do not pay tax on the profits of the business.

- A business
- B formal
- C informal
- D public

1.1.3 The role of the private sector is to ...

- A ensure equal distribution of wealth.
- B improve the general standard of living of all its citizens.
- C intervene in the economy to limit anti-competitive behaviour.
- D offers a large variety of goods and services to meet the demands of consumers.

(3 × 2) (6)

Consolidation

1.2 Complete the following sentence by using the words in the list below. Write only the word(s) next to the question number (1.2.1 – 1.2.3) in the ANSWER BOOK.

primary; informal; private; formal; public; secondary;

1.2.1 Mr Yokwakha's construction business is an example of the ... sector.

1.2.2 Examples of businesses in the ... sector include spaza shops found in the township.

1.2.3 Denel, a business owned and controlled by the government is an example of the ... sector.

(3 × 2) (6)

SECTION B

QUESTION 2

2.1 List any TWO examples of industries in the primary sector.

(2)

2.2 Elaborate on the meaning of the informal sector.

(4)

2.3 Read the scenario below and answer the questions that follow.

Cool Manufacturers (CM)

Cool Manufacturers specialises in the manufacturing of steel products.
The steel products of CM are sold at Builders Paradise.

2.3.1 Identify TWO business sectors in the scenario above. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.3.1

BUSINESS SECTORS	MOTIVATIONS
1.	
2.	

(6)

2.3.2 Explain the relationship between the TWO sectors identified in QUESTION 2.3.1

(4)



QR CODE

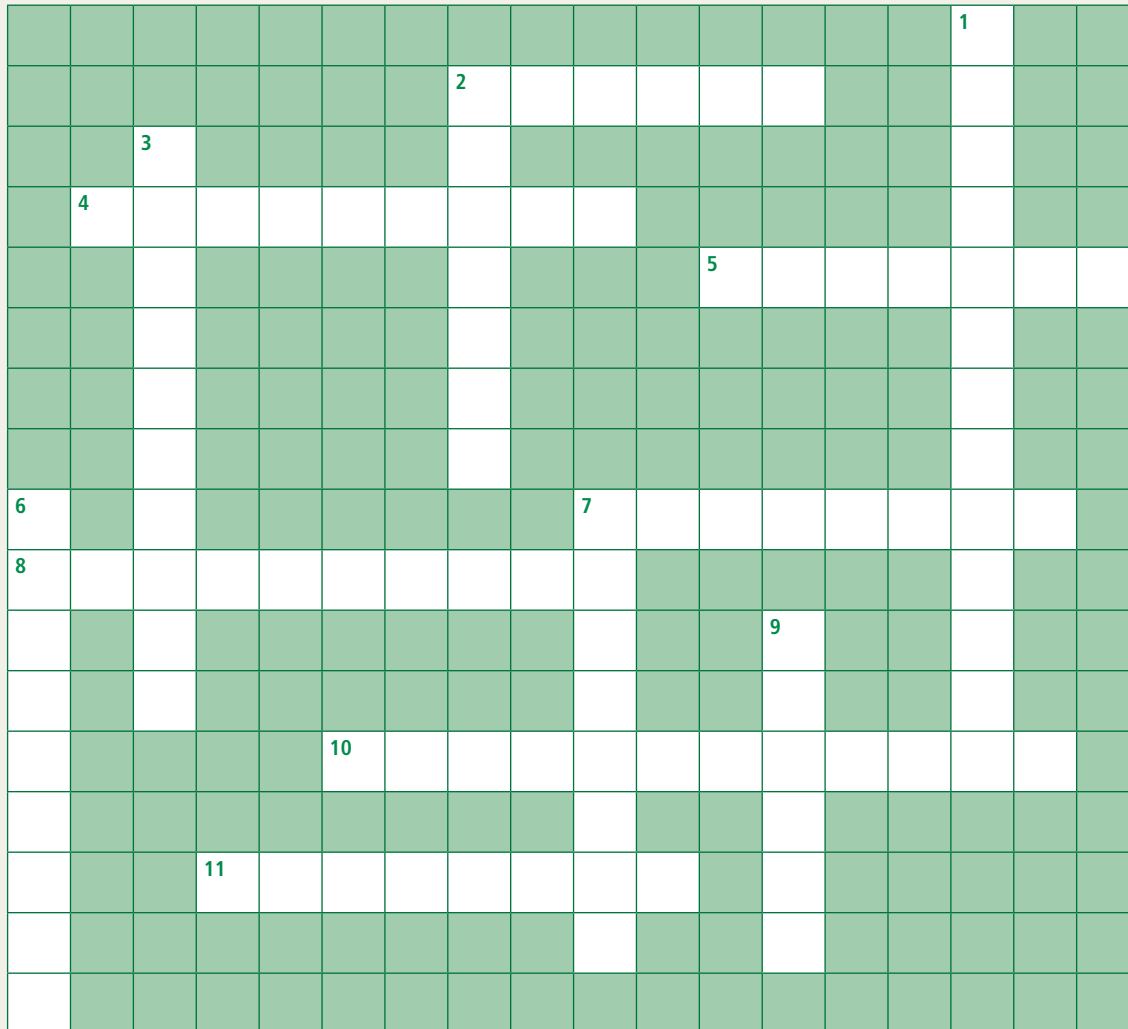
Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Consolidation

PUZZLE: BUSINESS SECTORS



Across

2. The sector where goods and services are provided by the government.
4. An example of an industry in the secondary sector.
5. The sector that deals with the extraction of raw materials.
7. The sector where businesses are not registered.
8. Activity of the primary sector.
10. Activity of the secondary sector.
11. The sector that refers to services.

Down

1. Refers to the sale of state-owned businesses.
2. The sector that consists of businesses owned by individuals.
3. Give another name for state-owned company.
6. The sector that involves the process of transforming raw materials.
9. The sector where businesses are registered.

TERM 2

7

Contemporary socio-economic issues



TOPIC OVERVIEW

- Unit 7.1 Defining and understanding socio-economic issues
- Unit 7.2 The negative impacts of HIV/AIDS on businesses
- Unit 7.3 Outlining the different types of gambling and their impact on businesses
- Unit 7.4 Defining piracy and discussing its impact on businesses
- Unit 7.5 Explaining the meaning of counterfeiting, bootlegging, strikes, political disturbance, violence and crime and its impact on socio-economic issues



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/elaborate on the meaning of socio-economic issues
- ❖ explain the reasons 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, for example, copyright, patent and trademarks
- ❖ explain the meaning of counterfeiting/bootlegging/strikes/political disturbance/violence and crime
- ❖ explain/discuss the impact of the socio-economic issues on businesses.



Key concepts

- **Inequality:** refers to the difference in income levels and wealth between groups of people.
- **Poverty:** defined as the lack of resources to meet basic human needs.
- **Inclusivity:** meaning all designated race groups should have access to the same opportunities despite their colour, creed or gender.
- **Gambling:** a risk that people take by taking a chance with money in the hope to win money or a prize.
- **Counterfeiting/imitations:** the process of fraudulently manufacturing, altering, or distributing a product that is of lesser value than the original product.
- **Bootlegging:** referred to as the illegal production of counterfeit goods for sale.
- **Piracy:** illegal copying of somebody's product that affects businesses operations.
- **Strikes:** a form of industrial action where workers refuse to work.
- **Political disturbances:** occurs when a group of people protest to show their disapproval of the handling of a situation in the country.
- **Labour disputes:** when the employer and employee disagree on important issues, for example yearly salary or wage increases.
- **Go slows:** a form of industrial action where workers go to work but perform their daily tasks very slowly, restricting the rate of production.
- **Lockouts:** when the business owners do not allow the workers to work and prevent them from entering the workplace in order to prevent damage.
- **Crime:** any illegal act or activity that is punishable by law.

Introduction

Socio-economic issues are issues that involve both social and economic factors that affect people and communities. These social and economic factors influence society and businesses in a negative manner. In present day South Africa, homeless people living on the street, unemployed people waiting alongside the road for work or standing at traffic lights asking for assistance to support themselves and their families, is a daily occurrence.



A New words

HIV Human Immune Deficiency Virus

AIDS Acquired Immune Deficiency Syndrome

productivity is defined as the rate at which work is done

disparity a difference in the income levels between rich and poor people

7.1 Defining and understanding socio-economic issues

Meaning of socio-economic issues

Socio-economic issues are aspects that have a negative effect on the individual, communities and business. These issues are societal and economic factors in the macro environment.

Some of the socio-economic issues that South Africans face include inequality, poverty, inclusivity, **HIV/AIDS**, gambling, counterfeiting, bootlegging, strikes, political disturbances and crime.

Why socio-economic issues pose a challenge to businesses

Socio-economic issues can cause challenges for businesses. These challenges include:

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

Understanding inequality and poverty

Inequality and poverty are terms that remind us that there is a **disparity** in the income levels and opportunities to better oneself between the rich and poor people in the country. Many people feel excluded from opportunities to access good jobs and live a good quality standard of living. For example, when two people who have similar qualifications but from different educational institutions apply for the same promotion post in an organisation, but only one of the two applicants are shortlisted and successfully appointed in the position.

Inequality

- Inequality arises when some individuals are more prosperous than others or are given better opportunities than other individuals in society.
- Some people have more money than others and can therefore access education, basic health care and social services.
- Inequality contributes to poverty in the country.



Poverty

- Poverty is defined as the lack of resources to meet basic human needs.
- People are not able to meet their basic human needs when they become unemployed or are retrenched. This leads to poverty in families and society.
- Some people have a low level of education and limited skills. Therefore, they only qualify for low paying jobs. Due to the high cost of living, these people cannot afford to pay their bills and struggle to provide for all their basic needs.
- Poverty often gives rise to crime.

The impact of inequality and poverty on businesses

- Individuals and customers have less or no money to spend to buy basic goods and services which will influence the profitability of business.
- Poverty results in the continuation of the cycle of **unemployment** and homelessness which can lead to an increase in crime affecting businesses negatively.
- Some people do not have the financial means to buy goods as they have little to no disposable income leading to limited profitability of the business as a result of limited or no customer spending.
- Limited customer spending means that businesses record lower sales figures.
- Businesses may not grow because of reduced sales figures.
- Businesses are pressurised by the media attention to poverty into investing in poor communities.

? Did you know

The SAPS and Statistics SA released criminal statistics, which left many divided on opinions about what may be the cause of crime increasing immensely. According to the stats report, murder rates increased during the year quite significantly and shooting went up by 7%, which gives South Africa a rather alarming 57 murders a day at a rate of 35,7 people murdered per 100 000 people.

Donovan Ponnann said that it is the unemployment rate that has led to crime increasing, saying: "Unemployment leads to poverty, poverty leads to crime because people who aren't working find a way to provide for themselves through committing crime."

He suggested that if job opportunities can be created, maybe crime will decrease. "Also, the unemployed need to take what they are being offered because every person has to start somewhere to achieve their goals in life," he said.

However, South African Community Crime Watch founder, Steven King, said that he believes that the unemployment rate has a part to play in increased crime, alongside other socioeconomic factors, saying: "I also believe that poor discipline has a role to play, along with the fact that many punishments don't fit the crime. We need to be unified – crime knows no age, gender or race; it only knows the colour of money."

[Source: Adapted from <https://www.news24.com/news24/southafrica/local/hillcrest-fever/is-the-unemployment-rate-to-blame-for-crime-stats-20180918>]



A New words

unemployment the situation that individuals find themselves in when they are willing and able to work but are not able to find work

WATCH THIS!

Poverty and (Economic) Inequality Defined, Explained and Compared in One Minute:



<https://www.youtube.com/watch?v=rmF7uJaf1ho>

Take note

Statistics do not stay the same from quarter to quarter during the year. It changes with time as the year progresses.

Defining inclusivity in the workplace

Inclusivity in business is based on a policy that is meant to assist all employees to feel welcome and part of the business.

This means that staff will be willing to share their thoughts and ideas with their managers.

The meaning of inclusivity

- Inclusivity means that everyone should have access to equal opportunities irrespective of their race, gender, sexual orientation, disabilities, religion and education.
- It aims to address imbalances such as businesses only employing male staff members in management and top positions – a practice that was prevalent before the onset of democracy.
- It also aims to address **discrimination** of persons based on gender and disability.



A New words

discrimination the unfair treatment of someone because of their race, gender or religion

The purpose of inclusivity in the workplace

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

WATCH THIS!

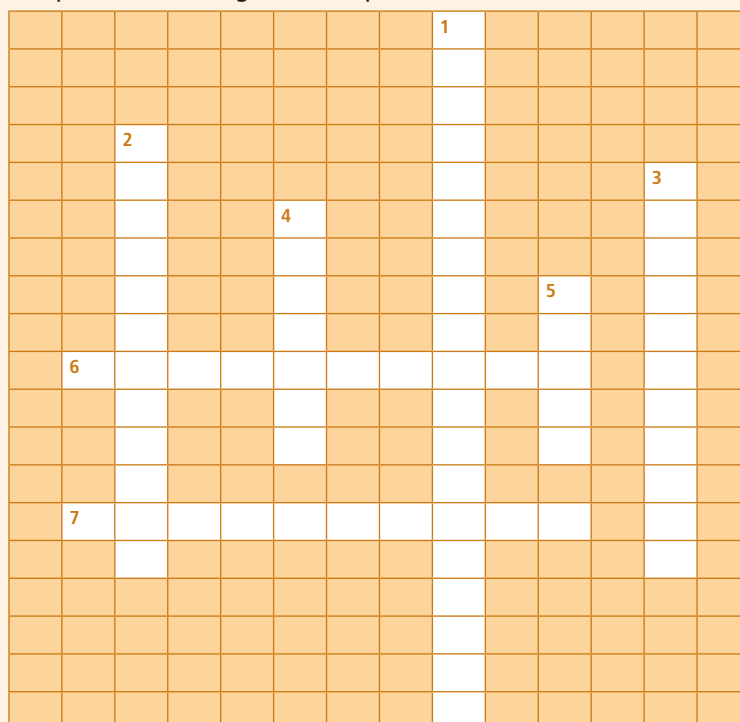
Building a Culture of Inclusion



<https://www.youtube.com/watch?v=laYrI8RjZ6I>

Activity 7.1 Socio-economic issues

1.1 Complete the following crossword puzzle.



Activity 7.1

Socio-economic issues

Across

6. Business experience this when customers do not have money to spend on goods.
7. The difference in income levels between rich and poor people.

Down

1. Issues that negatively affect an individual's ability to support him/herself.
2. This occurs when someone is actively looking for a job but cannot find one.
3. Equal access to opportunities irrespective of race, gender, religion or disability.
4. The lack of resources to meet one's basic human need.
5. An example of socio-economic issue affected by high unemployment.

- 2 Scan the QR Code and read the article.

7.2 The negative impacts of HIV/AIDS on businesses

The Human Immuno-deficiency Virus (HIV) is a virus that attacks the body's immune system. The virus weakens the body's immune system, which can then lead to infection or diseases such as tuberculosis (TB). At this stage a person is said to have Acquired Immune Deficiency Syndrome (AIDS).

The economic and social impact of HIV/AIDS on businesses is noticeable as staff members who may be infected are not able to contribute to the success of the business.



The negative impact of HIV/AIDS on businesses

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

TIPS

Consider the following when answering multiple choice questions:

- 1 Read through the statement and all the options.
- 2 The FOUR options from which you must select the correct answer has the following elements:
 - TWO obviously incorrect answers
 - ONE distractor that is very close to the correct answer
 - ONE correct answer.
- 3 Underline the key words in the statement.
- 4 Cross out the TWO obviously incorrect answers.
- 5 Read through the statement and remaining options again.
- 6 Choose the correct answer from the remaining options.
- 7 Do not leave any answers blank.



Activity 7.2

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK, for example 1.1.6 D.

- 1.1.1** Aspects that have a negative effect on individual, communities and businesses.
 A social responsibility
 B profitability
 C socio-economic issues
 D employment (2)
- 1.1.2** Employees who are affected by ... are always absent because of medical doctor's appointment.
 A inequality
 B HIV/AIDS
 C unemployment
 D poverty (2)
- 1.1.3** Workplaces are created where people of different races, genders and religions can work together to the benefit of the business.
 A inclusivity
 B productivity
 C pyramid scheme
 D education (2)
- 1.1.4** People who are mostly affected by ... are those who have a low level of education and skills.
 A information
 B Human Immune Diciency
 C piracy
 D poverty (2)
- 1.1.5** A situation where some people are more prosperous and given better opportunities than others individuals in the society is known as ...
 A inequality
 B discrimination
 C affirmative action
 D crime (2)



7.3 Types of gambling and their impact on businesses

Gambling is a risk that individuals take by taking their money and placing bets hoping that they will win more money or a prize.

People often risk losing their money they bet and could even lose their belongings.

Types of gambling

Pyramid Schemes

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



Illegal gambling

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

Money laundering

- Money laundering is the process by which unlawful profits from crimes are invested in valid businesses to cover up their wrongdoing.
- The source of money is camouflaged and made to seem as if it was lawfully gained.
- An example of money laundering is when the proceeds from illicitly earned money through drug trading is invested in a restaurant or laundry business.



The impact of gambling on businesses

- Employees who gamble themselves into financial difficulties may be absent from work regularly.
- Employees who gamble compulsively may adhere strictly to their working hours only and be unwilling to work overtime hours when required.
- The consequences of regular gambling may disrupt the work setting due to staff absenteeism and potentially unproductive employees.
- Individuals losing cash can display lower morale levels at work and this will influence their work relationships and responsibilities.
- The employees may suffer from depression and thereby not be able to focus on their work tasks and responsibilities.
- Gambling, such as money laundering, promotes corruption in businesses.



QR CODE

How to spot a pyramid scheme



<https://www.youtube.com/watch?v=SBGfHk91Vrk>

7.4 Piracy

Piracy is an unlawful activity that has become popular in some communities as people try to find the easiest and cheapest way to acquire goods that would normally be very expensive.

The meaning of piracy

- Illegal copying or reproduction of somebody's product that affects businesses operations.
- Piracy is also illegal copying of music, videos, movies or computer programs and trademarks registered by another company.

The negative impact of piracy on businesses

- Businesses may experience a decline in sales due to copied or **imitation** products being distributed.
- Businesses may be forced to implement price adjustment strategies to reduce the impact that this has on its sales figures.
- Businesses will spend money if they need to take legal action against people who copy their products or music.

Methods of dealing with piracy

Copyright

- Businesses can sue someone who infringes the copyright.
- They can also sue someone who sells or distributes work that they knew were infringements of copyright.
- Businesses can take legal action against people who copy their products.

Patent

- Businesses can take out a patent for new inventions and include a sample of their invention with application.
- Businesses must register a patent with the patents office in South Africa.
- The invention must comply with the Patent Act No. 57 of 1978.
- A patent prevents other businesses/people from producing or selling the same product/specific service.
- They can bring legal proceedings against anyone who uses their invention.

Trademarks

- Businesses can use trademarks to identify themselves and their products.
- They must register their trademarks with the register of trademarks at the companies and intellectual property registration.
- A registered trademark is protected forever, provided it is renewed every ten years and a renewal fee is paid.
- A registered trademark may not be used by another person/business.
- Damages may be claimed from someone who infringes the trademark.

A New words

imitation when a product is replicated for sale

A New words

imitation when a product is replicated for sale




A New words

imitation when a product is replicated for sale

A New words

imitation when a product is replicated for sale

Solutions to piracy

	Definition	In relation to piracy
Copyright 	Copyright is legal protection given to the original inventor of an idea so that it cannot be reproduced without his/her permission.	It is illegal to use, or reproduce music, computer software, products that have been copyrighted. Businesses who made the original product lose out on profits when the music, software, videos or art are illegally downloaded or copied.
Patent 	A patent is a right granted to the owner or inventor to prevent anyone from producing, using or importing the invention for a limited period of twenty years.	The illegal use of the owner's idea or creation is regarded as piracy or stealing the idea.
Trademarks 	A trademark is a name, representation or design used by a company for its products, so that it cannot be used by anybody else. It must be registered with CIPC . A trademarked name has the sign TM after it to show it has been trademarked.	The illegal use of another trademark or slogan, for example, Nestle or Adidas.

Activity 7.3

Read the scenario below and answer the questions that follow:

SAM MANUFACTURERS (SM)

Sam Manufacturers produce clothing and accessories at their factory. Some of the workers at SM have difficulty in getting time off work to collect their monthly anti-retroviral medication. Some of their customers and workers spend most of their pay at the local casino. Many informal traders are selling replicas of the products that SM produces and this has a negative impact on SM.

- 1.1** Identify THREE socio-economic issues that are applicable to SM. Motivate your answer by quoting from the scenario. (9)

Use the table below as a GUIDE to answering this question.

Socio-economic issue	Motivations
1.	
2.	
3.	

- 1.2** Discuss the negative impact of EACH socio-economic issue identified in QUESTION 1.1 on SM. (12)

A New words

CIPC Companies and Intellectual Property Commission

QR CODE

Is copying or downloading a song without paying for it or downloading a movie from Pirate Bay really wrong or considered to be piracy?



<https://www.itweb.co.za/content/p6GxRKqYXOrMb3Wj>

7.5 The meaning of counterfeiting, bootlegging, strikes, political disturbance, violence and crime and its impact on business

Counterfeiting

- The process of fraudulently manufacturing, altering, or distributing a product that is of lesser value than the original product.
- Losses are incurred by businesses of the original product leading to an increase of prices.
- Example of counterfeited goods: branded clothing, shoes and soccer jerseys from the English league.



The negative impact of counterfeiting on businesses

- Due to the circulation of counterfeited products a decline in sales may be experienced by businesses.
- Legal costs will increase businesses expenses if legal action is taken against those involved in illegal activities.
- Businesses may be forced to increase their prices to reduce the impact that illegal products may have.
- Business profits will be reduced because of customers buying cheaper products.

Bootlegging

- Bootlegging refers to unlawfully manufacturing fake goods for sale.
- It also refers to the recording of live or broadcast performances without the permission of the performers and copyright holders.
- Examples of bootlegging include fake Nike sneakers or fake Ray Ban sunglasses sold by vendors at the beach.

The negative impact of bootlegging on businesses

- Businesses will be affected negatively due to loss of sales.
- The business will sell fewer authentic products, which will lead to lower profits for the business.
- Businesses expenditure may be increased due to legal costs if legal action needs to be implemented.

Activity 7.4

Read the scenario below and answer the questions that follow:

Bongi is an unemployed youth trying to support his family. He sells imitation English Premier League soccer jerseys at a street market near his home. He has many soccer fans who support his illegal business.

- 1.1 Identify the socio-economic issue stated in the scenario above. Motivate your answer by quoting from the scenario. (3)
- 1.2 Discuss the negative impact of counterfeiting on business. (4)

TIPS

When you are required to quote from a scenario, your answer must be directly from the scenario. Do not use your own words in the quotation.

Industrial action is used by employees to ensure that the employer recognises and takes cognisance of employees demands in the workplace. There are different forms of actions that may occur.

Strikes

- A strike occurs when employees refuse to work, usually to petition a specific issue.
- A strike is usually the result of a dispute, such as employee grievances or the fear of being retrenched in the workplace.
- The most common reason workers usually go on strike are for higher wages or better working conditions.
- The trade union must give notice to the employer when planning a strike.
- There are different types of strikes, for example, go-slows and lockouts.

The negative impact of strikes on business

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

Political disturbances

- Political disturbance occurs when groups of people voice their objection to show their disapproval of the handling of different situations in the country.
- People may protest because of the lack of service delivery in a specific area where they live and they may feel that government is not doing enough to solve, for example, the issue of unemployment in the country.
- Protests at universities about the slow rate of transformation and the exclusion of poor deserving students is an example of political disturbances that can occur.

Take note

Go-slows are a form of industrial action where workers go to work but perform their daily tasks very slowly, restricting the rate of production.

Lockouts occurs when the business owners do not allow the workers to work and stop them from entering the workplace so that no damage to the premises can occur.

Protected strikes refers to strike action that is a lawful strike and follows the requirements of the law.

The negative impact of political disturbances on businesses

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



Violence

- Violence may be defined as an extreme physical force exercised over someone to cause severe injury and grievous bodily harm or damage to property.
- Violence may be caused by misunderstandings and frustrations of people due to living in poverty.
- It poses a threat to individuals, businesses and communities because of injuries to people and damages to business premises that may occur.
- Individuals, families and communities will suffer from fear of attacks, for example, looting, xenophobic attacks, cash in transit heists and car hijackings.
- In order to protect their families, property and businesses, people respond to the threat of violence by taking extreme security measures.
- Violence may occur during or as a result of a strike action, a march or demonstration when some protesters become unruly and loot businesses.

The negative impact of violence on business

- Violence has a negative effect on the workforce as it impacts on the safety and security of workers in the workplace.
- The trauma that workers experience could result in a lack of productivity of the employee.
- Employee absenteeism may increase due to illness like depression as a result of the trauma experienced.
- The business will spend money on employees that require counselling.
- This may become costly as security measures such as installing security gates and burglar alarms are expensive to install and maintain.

Crime

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

The negative impact of crime on businesses

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

Activity 7.5

Essay type question

Socio-economic issues have a negative impact on business operations within the business. Some people resort to gambling to supplement their income. Strikes impact on business operations negatively and may lead to business closure. Poverty often gives rise to crime.

Write an essay on socio-economic issues in which you include the following aspects:

- Outline why socio-economic issues pose a challenge to business.
- Explain THREE types of gambling.
- Discuss the negative impact of poverty and strikes on businesses.
- Advise businesses on the impact of crime.

[40]

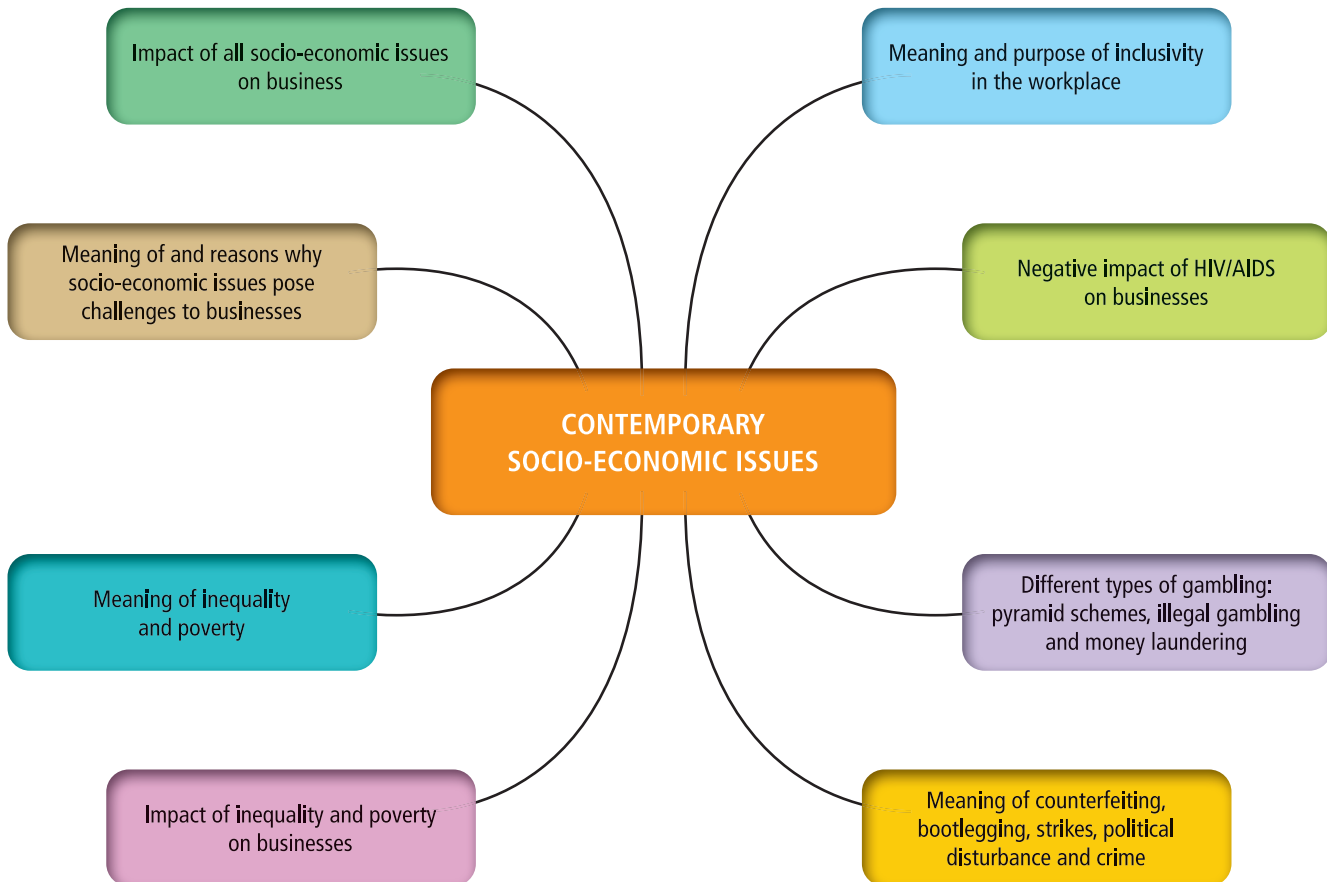
TIPS

Essay type question

Introduction	Paragraphs
<ul style="list-style-type: none"> • Start with the word "Introduction" as a heading. • Write an opening statement that links to the instructions of the essay question. • One general statement of two of the subheadings/or two general statements of one subheading. • Give TWO meaningful facts to obtain maximum marks: $(2 \times 1) = (2)$. • Do not repeat/use the words that are in the scenario/case study. 	<ul style="list-style-type: none"> • Do not write the word "Body" as a heading. • Use information in the bullet points below the scenario as headings in the body. • Break up the information into logical parts, making use of heading and sub-headings. • The maximum marks obtained for the body = 32 marks. • Don't repeat facts, get to the point. • Responses must be bulleted and in full sentences. • Put your statements in context.
Conclusion	LASO
<ul style="list-style-type: none"> • Start with the word "Conclusion" as a heading. • End your essay with ONE meaningful fact – not repeating what was said in the introduction/body: $(1 \times 2) = (2)$. 	<ul style="list-style-type: none"> • Write the words Introduction and Conclusion to obtain full marks for layout. • Write sub-headings that appear in the question paper to obtain ONE mark for analysis. • Ensure that you write as many correct facts as you can that amount to at least 16 marks/more in the body to obtain another ONE mark for analysis. • Write only responses relevant to the questions asked to obtain two marks for synthesis. • Use at least TWO current examples to elaborate on facts to obtain two marks for originality.

Mind map: Topic 7 – Contemporary socio-economic issues

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK, for example 1.1.6 D.

- 1.1.1** The situation that individuals find themselves in when they are willing and able to work but are not able to find work.
- A employment
 - B poverty
 - C money Laundering
 - D unemployment
- 1.1.2** The socio-economic issue when people lack resources to fulfil their basic human needs is known as ...
- A crime
 - B poverty
 - C discrimination
 - D inclusivity
- 1.1.3** The difference in income levels and wealth between groups of people is known as ...
- A poverty
 - B socio-economic issues
 - C inequality
 - D unemployment

Consolidation

1.1.4 Individuals invest in ... but often only the people at the top receive large sum of money.

- A piracy
- B bootlegging
- C pyramid schemes
- D copyright

1.1.5 The workers at Deep Mines participated in this form of industrial action when workers refused to work due to bad working conditions.

- A labour dispute
- B go-slow
- C strike
- D lock out

5 × 2 (10)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g. 1.3.6 K.

Column A		Column B	
1.2.1	Money laundering	A	illegal manufacturing of fake goods for sale.
1.2.2	Gambling	B	process where unlawful profit from crime are invested in valid business to cover up wrongdoing.
1.2.3	Crime	C	the illegal copying of books or movies.
		D	illegal activities committed by some people that is punishable by law
		E	groups of people voice their objection to show disapproval of the handling of different situations in the country.
		F	the risk that individuals take by betting money in the hope of winning.

3 × 2 (6)

QUESTION 2

- 2.1** Explain the negative impact of inequality on business.
- 2.2** Discuss the impact of crime on business.
- 2.3** Explain to businesses solutions to piracy.

(6)
(6)
(6)



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

QUESTION 3

Read the statement below and answer the essay question that follows:

Piracy is an unlawful activity affecting many industries as people try to find easy and cheap ways to acquire expensive goods. Socio-economic issues involve both social and economic factors that have a negative impact on businesses. Businesses should employ people from different designated groups.

Write an essay on socio-economic issues, in which you include the following aspects:

- Outline the solutions to piracy.
- Explain the meaning of the following socio-economic issues:
 - » strikes
 - » political disturbance
 - » violence.
- Discuss the impact of the socio-economic issues above
- Advise businesses on the purpose of inclusivity in the workplace.

(40)

TERM 2

8

Social responsibility



TOPIC OVERVIEW

- Unit 8.1 Social responsibility
- Unit 8.2 Initiatives taken by businesses in addressing the socio-economic issues



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define the term “social responsibility” and give practical examples
- ❖ recommend/suggest initiatives businesses can take to address socio-economic issues
- ❖ interview local businesses on the initiatives taken to address socio-economic issues
- ❖ evaluate the extent to which these initiatives have addressed the socio-economic issue.



Key concepts

- **Social responsibility:** means that individuals have a duty to act in the best interests of their environment and society as a whole.
- **Corporate Social Responsibility (CSR):** a company’s commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations.

Introduction

This topic is an extension of topic 7, contemporary socio-economic issues and will focus on social responsibility and how businesses can address socio-economic issues.

In grade 11 we look at the role of citizens as well as the role of the different kind of stakeholders in developing the community.

In grade 12 we look at further understanding social responsibility as well as understanding corporate social responsibility (CSR) and corporate social investment (CSI).

Therefore you have to ensure that you understand this topic thoroughly in Grade 10.

Social is defined as relating to society or its organisation. Responsibility is defined as having a duty to deal with something, or of having control over someone. We all have a social responsibility to behave **morally** and **ethically** in all aspects of everyday life and in all business practices. In this topic, we will define the term social responsibility and then look at how people and businesses can implement initiatives to become socially responsible citizens.

8.1 Social responsibility

The meaning of social responsibility

Being socially responsible means that individuals take responsibility for the effects of their behaviour and lifestyle on the environment and on others. Social responsibility means:

- that each person has a duty to act in the best interests of their environment and society as a whole
- that every individual and organisation can contribute towards the well-being of the community and the environment in which they live.

Some of the most common examples of social responsibility include:

- **reducing our carbon footprints:** a carbon footprint refers to how much carbon dioxide the activities a person or company emits. These could include direct emissions from fossil-fuel combustion, for example in manufacturing, heating, transportation, electricity, and the consumption of goods and services.
- **donations to charities:** When you help others, it will empower you. You will also feel happier and more fulfilled.
- **volunteering in the community:** this is a way in which a person or group of people in a community take part in voluntary social, charitable and environmental activities towards the betterment of a community.

A New words

morally refers to the principle of right and wrong behaviour

ethically is being in accordance with the rules or standards for right conduct or practice

QR CODE

South Africa Uses Biogas to Turn Waste Into Power



<https://www.youtube.com/watch?v=ps2L1yg8wN4>

QR CODE

Learn about MoveOneMillion, a group trying to bring about change in communities across South Africa



<https://www.backabuddy.co.za/champion/project/move-one-million-24-oct>



QR CODE

Ambassadors for Good 2020



<https://www.youtube.com/watch?v=oEkHUHJw1C8>



QR CODE

South Africa's Most Generous Companies may be viewed in the CSR HUB Overview



<https://icsd.org.za/csr-hub/>

Tip

Only the first TWO answers will be marked if more than the stated number of facts are given.



Corporate Social Responsibility (CSR)

Businesses are corporate citizens. CSR therefore means that businesses have social, cultural and environmental responsibilities to the community in which it operates.

The meaning of CSR

Corporate social responsibility:

- is about businesses taking responsibility for their impact on society and the environment
- is also the way in which a business conducts its operations ethically and morally – that is, how they use human, physical and financial resources.

The purpose and goal of CSR [For enrichment purposes only.]

- The purpose of CSR is to give back to the community and provide positive social value. This means that organisations make a conscious effort to make a positive impact and contribute to the long-term wellbeing and resilience of individuals and communities in which they operate, and to society as a whole.
- The goal of CSR is to have a positive impact on communities, consumers, employees, the environment and stakeholders. Businesses are increasingly turning to CSR to make a difference and to build a positive brand around their enterprise.



Activity 8.1

Corporate social responsibility

1.1 Read the scenario below and answer the questions that follow:

MINKE SUPERMARKET (MS)

Minke, the owner at Minke Supermarket takes her social responsibility very seriously. She recycles all her waste management and assists at the local soup kitchen.

- | | | |
|-------|---|-----|
| 1.1.1 | Name TWO examples of social responsibility from the scenario above. | (2) |
| 1.1.2 | Elaborate on the meaning of social responsibility. | (4) |

8.2 Initiatives taken by businesses in addressing the socio-economic issues

Socio-economic issues were discussed in Topic 7. In this topic, we will look at initiatives business can focus on to address those socio-economic issues.

There is a wide divide between the rich and the poor in South Africa. Businesses should not only focus on profits but should also focus on the wellbeing of the community in which they operate. Careful consideration needs to be given to human rights, the community, environment, and society in which they operate. Businesses can implement CSR programmes that are relevant to the needs of communities in which they operate and address socio-economic issues that affect their business operations.

How businesses can address socio-economic issues

Initiatives to address inequality and poverty	Extent to which inequality and poverty has been addressed
<ul style="list-style-type: none"> Businesses can support poverty alleviation programmes that are offered by the government. They can also donate things such as money or food parcels to local NGOs. For example: The Shoprite Group helps fight hunger in vulnerable communities through its surplus food donation programme and mobile soup kitchens. Woolworths donates more than R1.5 million every month on behalf of customers to schools and charitable organisations. Some businesses may invest in young startups that could potentially be a competitor, buyer or supplier. Business could also organise and encourage entrepreneurial programmes for startups. In this way, they can stimulate growth in the economy. For example: Entrepreneurial initiatives offered by Investec include a start up school, finance readiness and market readiness programmes. Businesses can provide bursaries to matriculants for furthering their studies or offer learnerships/apprenticeships for scarce skills within their organisations. For example: ABSA offers learnerships to people who want to work in the Banking branch. Employees could offer their time and/or services through volunteer programs. Businesses could also upskill their employees through targeted training in the workplace. 	<ul style="list-style-type: none"> Income inequality and poverty in South Africa has deepened. According to the World Inequality Database, the top 1% of South African earners take home almost 20% of all the income in the country, while the top 10% take home 65%. The remaining 90% of South African earners get only 35% of total income (2019). Shoprite provides immediate relief to address poverty through their mobile soup kitchens. Woolworths' donations to schools and charitable organisations provides sustainable monthly contributions to address inequality and poverty. Learnerships offered by ABSA addresses unemployment in the fight against poverty and inequality. South Africa is making slow progress in reducing poverty.



A New words

poverty alleviation is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty

A New words

diversity means having a range of people with various racial, ethnic, socioeconomic, and cultural backgrounds and various lifestyles, experience, and interests.

segregate means the separation or isolation of a race, class, or ethnic group by discriminatory means.

Initiatives to address inclusivity

- Businesses should educate managers and employees on the benefits of **diversity** in the workplace.
- They should create new policies or amending current ones – from recruitment to performance evaluations and promotions.
- Businesses should also value individual differences in the workforce, and make employees feel welcome and accepted.
- They should design the workplace so that it is not segregating any employees based on their special requirements and needs.
- Businesses can also create mentorship programmes to ensure that every employee has the opportunity to advance.
- For example: Coaches and Mentors of South Africa (COMENSA) is an exclusive professional association for individual and corporate providers, buyers and trainers of coaching and mentoring services.

Extent to which inclusivity has been addressed

- Progress remains inadequate. Many businesses continue struggling to diversify their workforces. (Source: Deloitte, 2020, The right mind-set: Approaching diversity and inclusion in South Africa, Designed and produced by Creative Services at Deloitte, Johannesburg, viewed 30 April 2021, <ZA-Deloitte-Approaching-diversity-and-inclusion-in-South-Africa.pdf >.]



Initiatives to address HIV/AIDS

- Businesses should conduct regular workshops and information sessions on the effects of HIV/AIDS on the employees and their peers.
- They should initiate and develop counselling programmes for infected/affected persons/employees.
- Businesses should also develop strategies to deal with the issues around "stigma" and "discrimination".
- For example: The Volkswagen Group has committed itself to protecting HIV-positive employees from discrimination and to promoting an open and respectful coexistence.
- They should offer voluntary HIV/AIDS testing and counselling in the workplace and encourage employees to join HIV/AIDS support groups.
- Businesses should roll out or support HIV/AIDS prevention programmes in the community and provide counselling programmes/train counsellors to provide support to infected and affected persons/employees.

Extent to which HIV/AIDS has been addressed

- In 2019, 38 million people globally were living with HIV.
- As of the end of June 2020, 26 million people were accessing ART.
- In 2019, 1,7 million people became newly infected with HIV.
- Since the start of the TAC campaign in 1998, there has been greater awareness and support for HIV/Aids which has contributed to the decrease in the numbers of people dying of Aids and/or being affected by HIV/Aids.



Initiatives to address HIV/AIDS

- Business should encourage and support the roll out of antiretroviral (ARV) treatment programmes (ART) for infected employees.
- They should also support non-governmental/community-based organisations that work with people infected/affected by HIV/AIDS in the community.

Extent to which HIV/AIDS has been addressed

- The Treatment Action Campaign (TAC) is one of the most successful civil society organisations in the world, advocating for access to quality healthcare for all who live and work in South Africa. TAC produces Equal Treatment, a magazine dedicated to HIV and health issues.

Initiatives to address gambling

- Businesses could conduct awareness programmes on dangers of gambling for their employees.
- They could also offer financial literacy education to them.
- They could refer employees to Gamblers Anonymous and the National Council on Problem Gambling to help gamblers fight their addiction.
- For example: Casinos have a very strict policy that persons must be 18 years and older to gamble and children are not allowed to enter the gambling area.

Extent to which gambling has been addressed

- The number of people who never gambled was 25.6% and in 2020 it was 20.1%.



Initiatives to address piracy

- Businesses must raise awareness of piracy.
- They can protect their **intellectual property** and electronic inventions through copyright and patents.
- **Software product keys** decrease end-user piracy. For example, free file-sharing sites often transmit viruses.
- Tamper-proof software is designed to protect the software against modification and **reverse engineering**.
- Software owners can also include a **watermark** within the source code. This is hidden within the software and can prove ownership of the program when extracted.

Extent to which piracy has been addressed

- Piracy is taking place in virtually all industries.
- The internet provides pirates with a new and powerful means to sell products via auction sites, **stand-alone e-commerce sites** and mail.



A New words

intellectual property is any product of the human intellect that the law protects from unauthorised use by others.

software product keys is a specific software-based key for a computer program. It certifies that the copy of the program is original.

reverse engineering is a process in which products are deconstructed (taken apart) to extract design information from them by putting them back together again.

watermark is a faint design made in some paper during manufacture or digital information that is visible when held against the light and typically identifies the maker.

stand-alone e-commerce sites is a website built by you, where only your products and services are available.



QR CODE

Watch video on anti-counterfeiting devices



<https://www.stopfakes.gov/Consumer-Guide-to-Counterfeits--Pirated-Goods>



QR CODE

Read more on anti-counterfeiting solutions



<https://www.neurotags.com/blog/anti-counterfeiting-solutions/>

Initiatives to address counterfeiting/imitations and bootlegging

- Businesses must raise awareness of counterfeiting.
- They should secure a patent, trademark or copyright, and register these in other countries where counterfeit products may originate.
- For example: Nike now owns the basic design of an Air Jordan 1 which means that bootleggers that do not alter the design of the shoe risk being found guilty of trademark infringement.
- Businesses must use technology to make it easier to identify and stop counterfeiters by creating distinctive patterns using special devices to uncover fakes. Examples such as holograms, smart cards, biometric markers and inks, can be employed to protect and authenticate genuine products.
- Retailers must invest in stopping the problem before it happens or before it becomes more difficult to regulate. Example: educate customers from buying from unauthorised sources; businesses should implement monitoring software that help detect where counterfeit versions of their products are living online.
- They should also track down and prosecute counterfeiters by monitoring the market.
- Example: To find counterfeiters, you may need to go searching for them. Having the capability to do this can start with monitoring the market. As an example, you may have someone who crawls online stores looking for unauthorized sellers.
- Businesses should find easy ways for their customers to identify and report fake products.
- Facebook provides a demo video to learn how to take down counterfeits on Facebook. Consumers may also call the hotline or send an email to reportillicit@cgcsa.co.za

Extent to which counterfeiting/imitations & bootlegging has been addressed

- The global scale for counterfeit goods is large, and it has grown since previous estimates. This growth is expected to continue.



Initiatives to address strikes and political disturbances

- Businesses should continually strive to address challenges through improved relationships with their employees.
- For example: In December 2020, Toyota South Africa Motors reached an agreement that striking employees could return to work with no dismissals.

Extent to which strikes and political disturbances has been addressed

- The number of riots and protests between 2018 and 2020 was high and businesses suffered significant losses.
- Civil unrest continues to soar, as it is driven by protests on issues ranging from economic hardship to police brutality, which has affected citizens and businesses.



Initiatives to address violence

- Businesses should offer their employees an Employee Assistance Programme (EAP) that will enable them to seek help if they are experiencing personal problems.
- Businesses could also provide counselling facilities or refer employees to private counsellors.
- POWA is a "feminist, women's rights organisation that provides both services, and engages in advocacy in order to ensure the realisation of women's rights and thereby improve women's quality of life".
- Example: Joko gives women the strength to speak out against domestic violence in South Africa by donating R1 from every pack to POWA to help create safe spaces where women who are victims of domestic abuse can end the silence, and end the violence.

Extent to which violence has been addressed

- Five main categories of violence are prevalent in South Africa. These are:
 - » the number of violent crimes
 - » the number of violent protests
 - » the number of murders
 - » easy access to weapons
 - » an overall perception of criminality.
- South Africa ranks as the 10th worst country in the world for violence reduction.



? Did you know

Businesses that are involved in CSR programmes usually get more support from their customers. Their employees also become more loyal to the business as their involvement in uplifting the community and being socially responsible increases their sales and raises the business's reputation.

Initiatives to address crime

- Businesses should encourage their employees to participate in community policing forums.
- For example: The Shoprite Group says it has seen continued success from an in-house security team that helps make hundreds of criminal arrests a year.
- They should also become involved in sustainable projects within the local community .
- Businesses could sponsor special sports programmes by providing finance (for example, prize money) for special community events.

Extent to which crime has been addressed

- During the 2019/20 period, overall crime levels were down when compared to the prior year.



Other examples of corporate social responsibility initiatives

- Reducing carbon footprints
- Donations to charities.
- Volunteering in the community.

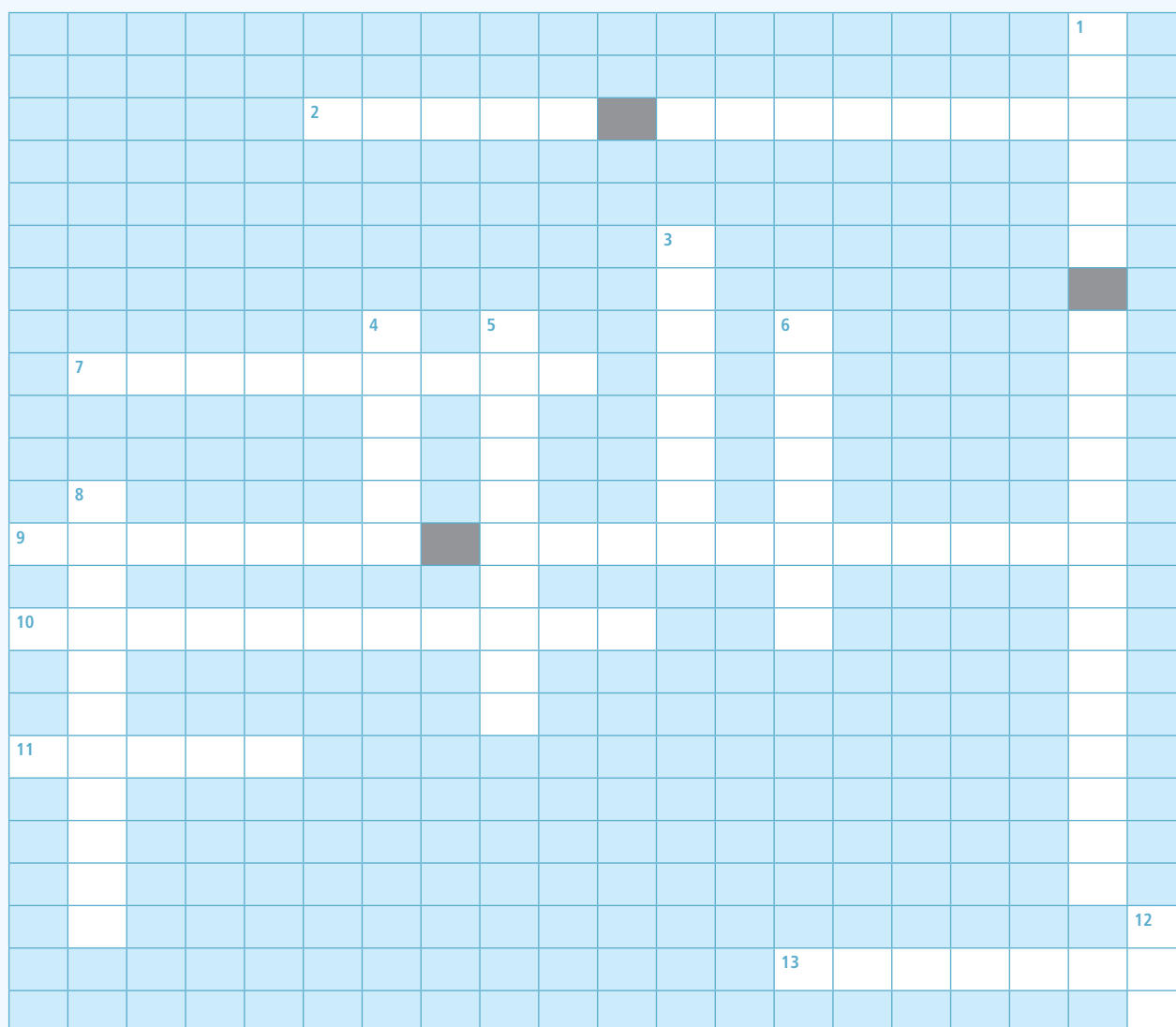
Extent to which these initiatives have been addressed

- Some retailers have replaced plastic shopping bags with paper bags.
- Shoprite Group have assisted feeding schemes by donating surplus foods worth R53 million.
- Volunteers from Primedia Broadcasting have come together to build classrooms in Khayelitsha.

Activity 8.2

Crossword Puzzle

PUZZLE: SOCIAL RESPONSIBILITY



Across

2. Aspects that have a negative effect on individuals, communities and businesses. (2 words)
7. A CSR initiative.
9. Lifting people out of poverty. (2 words)
10. Refers to people from diverse backgrounds.
11. Community policing forums help address this socio-economic issue.
13. Antiretroviral (ARV) treatment programmes (ART) for people affected with this disease.

Down

1. Individuals have a duty to act in the best interests of their environment and society as a whole. (2 words)
3. Extreme physical force exercised over someone to cause severe injury.
4. The difference in income levels and wealth between groups of people.
5. The divide between rich and poor.
6. A socio-economic issue that includes a game of chance for money.
8. Fake products.
12. Businesses that take responsibility for their impact on society and the environment.



Activity 8.3

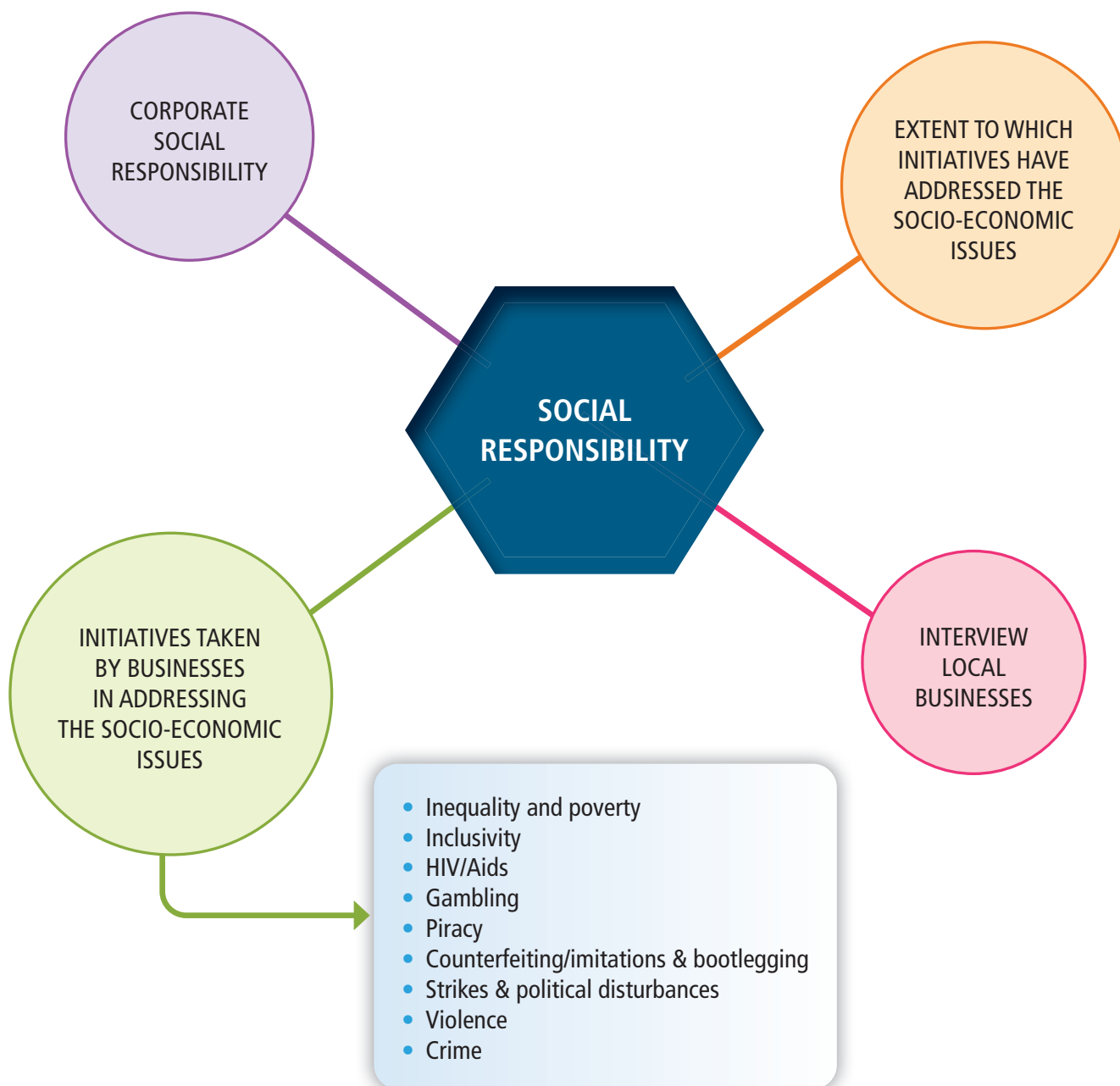
Enrichment activity – Research

- Interview local businesses on initiatives taken to address socio-economic issues.
- Evaluate the extent to which these initiatives have addressed socio-economic issues.
- Compile a short report on your findings to share with the class.

Socio-economic issue	How it has affected the business	To what extent have the initiatives been addressed
Inequality and poverty		
Inclusivity		
HIV/Aids		
Gambling		
Piracy		
Counterfeiting/imitations & bootlegging		
Strikes & political disturbances		
Violence		
Crime		

Mind map: Topic 8 – Social Responsibility

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers (1.1.1 – 1.1.3) in the ANSWER BOOK, for example, 1.1.4 D.
- 1.1.1 This refers to individuals that have a duty to act in the best interests of their environment and society.
 A Corporate social responsibility
 B Environmental responsibility
 C Social responsibility
 D Socio-economic issues
- 1.1.2 Businesses should create distinctive patterns using special devices to uncover fake products as an initiative that addresses ...
 A bootlegging.
 B inclusivity.
 C piracy.
 D political disturbances.
- 1.1.3 The following initiative may be taken by businesses to address violence.
 A Businesses should encourage their employees to participate in community policing forums.
 B Businesses should continually strive to address challenges through improved relationships with their employees.
 C Businesses must raise awareness of piracy.
 D Businesses could provide counselling facilities or refer employees to private counsellors. (3 × 2) (6)

QUESTION 2

- 2.1 Read the scenario below and answer the questions that follow:

THABO MANUFACTURERS (TM)

Many of the employees at Thabo Manufacturers are HIV positive. TM encourages them to join an HIV/AIDS support programmes. TM also offers voluntary HIV/AIDS testing and counselling in the workplace.

- 2.1.1 Identify TWO initiatives that Thabo Manufacturers implemented to address HIV/AIDS as a socio-economic issue. (2)
- 2.1.2 Explain other initiatives that TM can take to address HIV/AIDS. (6)
- 2.2 Recommend initiatives businesses can take to address the following socio-economic issues:
- 2.2.1 crime (4)
- 2.2.2 gambling (4)
- 2.2.3 inequality and poverty (4)



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

TERM 2

9

Entrepreneurial qualities



TOPIC OVERVIEW

- Unit 9.1 The meaning of the entrepreneur
- Unit 9.2 The qualities of an entrepreneur



Learning objectives

At the end of this topic, learners should be able to:

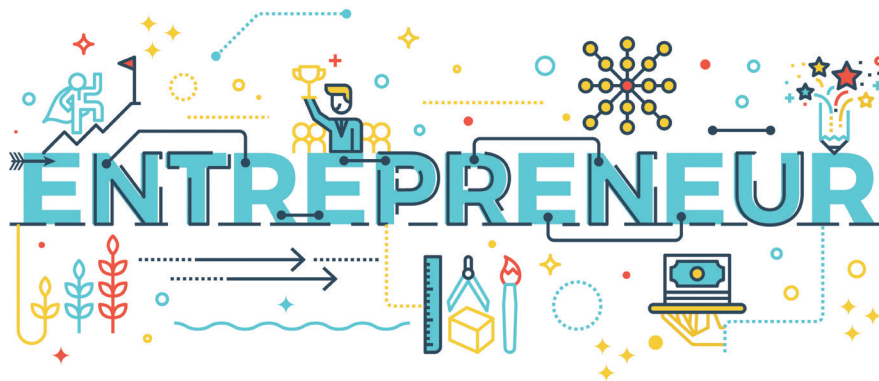
- ❖ define the meaning of an entrepreneur
- ❖ outline/Explain/Discuss the qualities of the entrepreneur
- ❖ identify the qualities of the entrepreneur from given case studies/scenarios/cartoons/pictures
- ❖ evaluate the qualities of the entrepreneur from given case studies/scenarios/cartoons/pictures and make recommendations for improvement.



Key concepts

- **Flexible:** able to change to adapt to different circumstances.
- **Ambition:** a strong desire to achieve something.
- **Innovator:** a person who introduces a new method, ideas, or products.
- **Risk-taker:** a person who is willing to do things that involve risk to achieve a goal.
- **Perseverance:** persistence in doing something despite difficulty or delay in achieving success.
- **Confidence:** feeling confident in oneself or one's abilities or qualities.
- **Passion:** showing, or caused by strong feelings or beliefs.
- **Organisational skills:** the abilities to stay focused on different tasks, and use time effectively to achieve the desired outcome.
- **Commitment:** the state or quality of being dedicated to a cause/activity, etc.

Introduction



A New words

entrepreneurship the activity of setting up a business/es, taking on financial risks in the hope of making a profit

entrepreneur a person who starts a business, taking on financial risks to make a profit

Entrepreneurship is the art of starting a business, basically a start-up company, offering a creative product, process or service. We can say that it is an activity full of creativity. An **entrepreneur** is an innovator or a creator who introduces something new to the firm/economy.

QR CODE

How to be an Entrepreneur



<https://www.youtube.com/watch?v=IJjILQu2xM8>

9.1 The meaning of the entrepreneur

An entrepreneur is a person who can look at the environment and identify opportunities/invents new ways of making the product. An entrepreneur produces goods and services which he/she then sells intending to make money.



An entrepreneur is a person with knowledge and the skills to combine and coordinate the factors of production to make a profit. It is an individual who organises, owns, manages, and takes the risks of a business. Individuals identify new business opportunities by gathering resources to take advantage of the opportunities and start businesses.

The qualities of an entrepreneur



Flexibility/Ability to adapt quickly

- Entrepreneurs are able to adapt quickly to changing circumstances because they are open to change.
- They are willing to listen to other ideas and use the ideas to correct their mistakes.
- They continuously update their skills and knowledge for the latest technology or **market trends**.
- They are always ready to expand their businesses by seeking new opportunities.

Desire for responsibility

- Entrepreneurs like to be self-employed as they find it difficult to take instructions from other people.
- They strive for **autonomy** and like to make their own decisions.
- They prefer to build their future.

Willpower to overcome obstacles

- Entrepreneurs can solve problems and establish a successful business.
- They are ambitious, set their goals, and work to achieve them.
- They set their working schedules to achieve their goals.
- They are motivated to keep going even when things are not working in their favour.
- Their hard work ensures success can be achieved.

Ambition and self-confidence

- Entrepreneurs always strive to reach their future dreams.
- They are self-driven to achieve their goals.
- They have a high level of enthusiasm and a willingness to learn from mistakes.

? Did you know

The number of SMEs in South Africa rose by 3%, from 2,18 million in the first quarter of 2008 to 2,25 million in the second quarter of 2015 (BER, 2016). Of the 2,25 million SMEs, 1,5 million were informal, concentrated in the trade (wholesale and retail) and accommodation sector.

Tip

You might be asked to identify the qualities of an entrepreneur from the given scenario.

QR CODE

Qualities of an entrepreneur



<https://www.youtube.com/watch?v=uclWnw5mPpA>

A New words

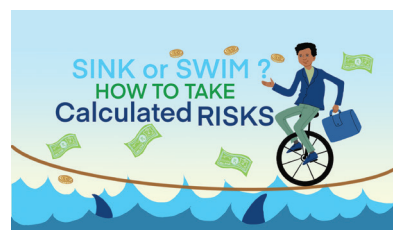
market trends a perceived tendency of financial markets to move in a particular direction over time

autonomy independent in one's thoughts and actions

obstacles a thing that blocks one's way or prevents/hinders progress

Risk takers

- Entrepreneurs are willing to take risks to achieve their goals.
- They measure risks carefully and once a decision is made, they dare to see it through.
- They risk by putting capital together to start their business.
- They are flexible in their decisions, even when it turns out to be a wrong one.



Perseverance

- Entrepreneurs keep on going even if things are difficult/failing.
- They do not give up easily and have motivation that keeps them going.
- They are goal-driven and cannot tolerate failure.

Management and leadership skills

- The entrepreneurs' management skills enable them to plan, lead, organise and control the activities of the business.
- They are good leaders who always listen to other people and also inspire them to do their best.
- They are good communicators, skilled at resolving conflict and generating enthusiasm in others.
- They know what they are not good at and get others to complement their strengths.

High motivation/energy levels

- Entrepreneurs are self-motivated.
- They have great physical stamina and commitment to work hard for long hours and to deal with demanding customers.
- They have a high tolerance for the stress involved in running one's own business and making difficult decisions.
- They have the emotional and personal strength to think clearly and deal with problems calmly.

A high degree of commitment

- Entrepreneurs are not afraid to make sacrifices to realise their dreams.
- They are open-minded towards learning about people and the future.
- They have high standards and cannot tolerate **mediocrity**.
- They are committed to their business idea and work hard to achieve their goals.

A New words

mediocrity the quality of something that is not very good

Activity 9.1

- | | |
|---|-----|
| 1.1 Explain the meaning of an entrepreneur. | (4) |
| 1.2 Discuss any TWO qualities of an entrepreneur. | (6) |

Consolidation

The qualities of an entrepreneur

QUESTION 1

1.1 Read the case study below and answer the questions that follow:

(6)

Basetsana Kumalo: An entrepreneur who used every avenue available to achieve success



It may surprise you to know that a former Miss South Africa winner was once a very shy child. One thing that stood out from a very young age is her natural entrepreneurial instinct.

Kumalo would spend weekends with her siblings making and selling sandwiches for local soccer matches. Growing up may have been tough for Kumalo but it taught

her the importance of persistence and staying motivated.

At the tender age of 16, Kumalo won Miss Black South Africa and Miss Soweto. Four years later, Kumalo won Miss South Africa.

Using this opportunity, she networked and connected with as many local and international people as she could. She knew that her reign would only be for a year, but she wanted to make sure she would be able to accomplish both her long-term and short-term goals.

Ever the entrepreneur, Kumalo approached Zwelake Sisulu, the CEO of SABC to suggest that they make Top Billing an independent production, instead of it being produced by SABC. It was a gutsy move – but one that would pay off in a big way when she successfully negotiated a six-month contract to produce Top Billing under her own production company.

Kumalo has since produced shows like Our Perfect Wedding, Diski Divas, and Date My Family. M-net commissioned her company, Connect TV, to create local content for both the Mzansi Magic and Mzansi Wethu channels.

[Source: Adapted from https://www.guestspeaker.co.za/speaker_detail.php?speakerID=432]

1.1.1 Identify any FOUR qualities of an entrepreneur applicable to Kumalo. Motivate your answer by quoting from the case study above.

(12)

Consolidation

The qualities of an entrepreneur

cont.

Use the table below as a GUIDE to answer QUESTION 1.1.1

QUALITIES OF AN ENTREPRENEUR		MOTIVATIONS
1		
2		
3		
4		

QUESTION 2

In a group of FIVE learners, conduct research on any successful entrepreneur of your choice.

2.1 Analyse the success of his/her business using one of the following qualities:

2.1.1 Flexibility and willingness to take the risk.

2.1.2 Self-Discipline and ambition

(10)

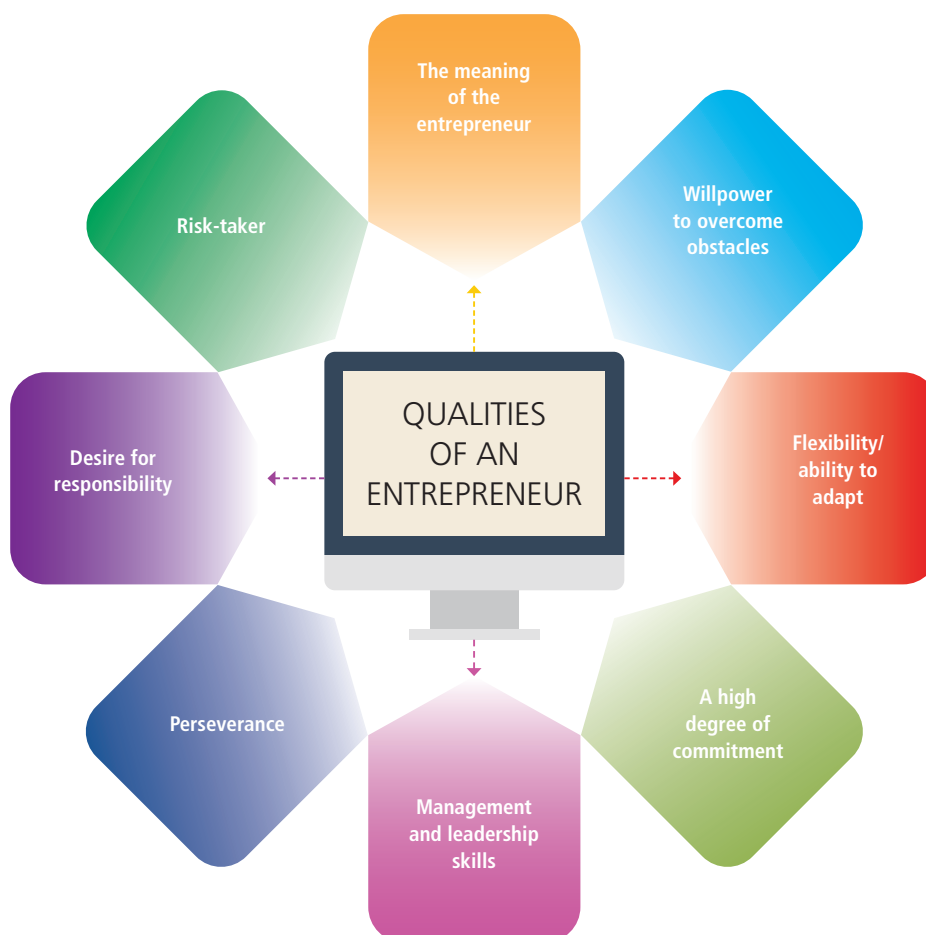
2.2 Suggest TWO areas for improvement on any entrepreneurial quality that you feel can be done better.

(2 × 2) (4)

2.3 Present your findings in class.

Mind map: Topic 9 – Entrepreneurial qualities

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

TERM 2

10

Forms of ownership



TOPIC OVERVIEW

- Unit 10.1 Forms of ownership
- Unit 10.2 Characteristics, advantages and disadvantages of different types of business ownership
- Unit 10.3 Different types of co-operatives



Learning objectives

At the end of this topic, learners should be able to:

- ❖ outline/explain the differences between profit and non-profit organisations/companies
- ❖ outline the forms of ownership and classify them into profit and non-profit organisations
- ❖ define the meaning of different forms of ownership
- ❖ outline/explain/describe/discuss the characteristics/advantages/disadvantages of each form of ownership
- ❖ distinguish/differentiate between different forms of ownership.
- ❖ identify forms of ownership from given case studies/scenarios/cartoons/pictures
- ❖ name the different types of co-operatives
- ❖ outline/explain/describe/discuss the advantages and disadvantages of co-operatives
- ❖ select the best form of ownership and justify the reasons for selection.



Key concepts

- **Form of ownership:** the legal position of a business and the way it is owned.
- **Continuity:** continue to exist even if a change of ownership takes place, for example, a member or shareholder dies or retires.
- **Securities:** shares and bonds issued by a company.
- **Limited liability:** a legal status where a person's financial liability is limited to an amount invested in the business.
- **Unlimited liability:** business owners are responsible for all the business debts.
- **Memorandum of Incorporation (MOI):** a document that sets out the rights, duties and responsibilities of shareholders, directors and other stakeholders within the business.
- **Proprietor:** the owner of a business.



Key concepts

- **Partnership:** an agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals.
- **Co-operative society:** a voluntary association started with the aim to meet their common economic/social needs/aspirations through a jointly-owned and democratically-controlled enterprise.
- **Company:** a type of business structure that has a separate legal entity from its owners.
- **Profit companies:** a business entity whose aim is to generate profit from the regular operations.
- **Non-profit company:** a company incorporated for public benefit.
- **Public company:** a company whose shares are traded freely on a stock exchange.
- **Private company:** a company whose shares may not be offered to the public for sale.
- **State-owned company:** a legal entity that is created by the government to participate in commercial activities on its behalf.
- **Prospectus:** a document inviting the public to buy securities/shares.
- **Annual General Meeting (AGM):** a meeting is held once a year where the shareholders receive a report stating how well or poorly the company has done.
- **Directors:** people elected to the board of a company by the shareholders to represent the shareholders' interests.
- **Audit:** a process where financial statements of the business are checked to confirm that they are correct.

Introduction

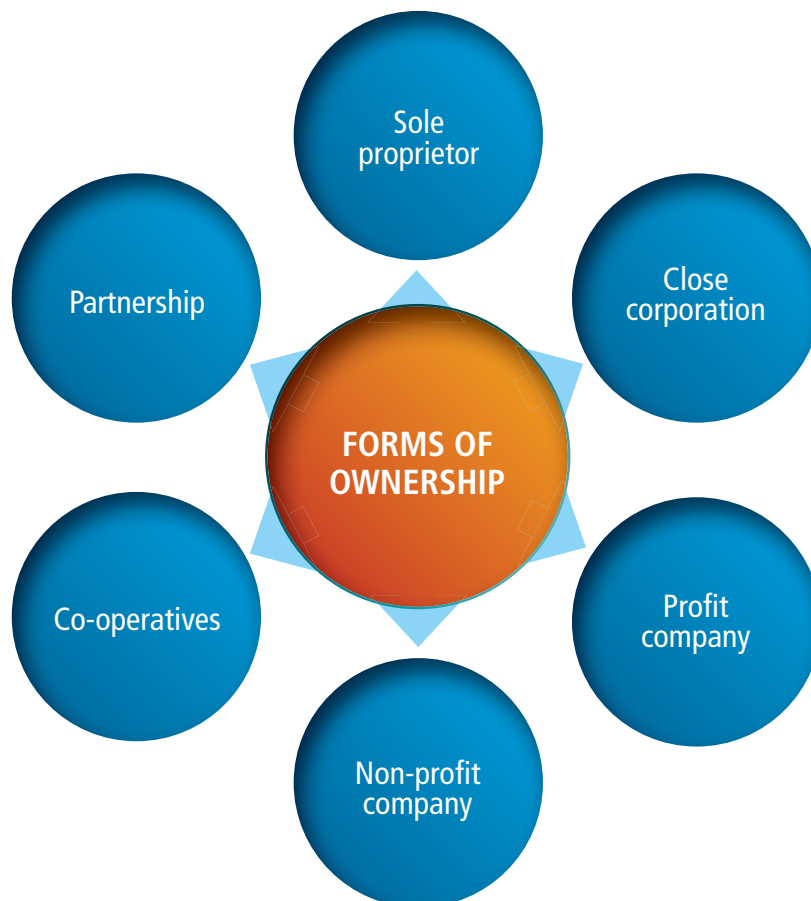
In this topic, we will look at the different forms of ownership and learn about the characteristics, advantages and disadvantages of these forms of ownership.

In grade 11, we will also learn about the different forms of ownership including benefits and challenges of establishing a company versus other forms of ownership. In grade 12 we will again look at forms of ownership, but the focus will be on how certain factors will can contribute to the success and/or failure of each form of ownership.

10.1 Forms of ownership

Forms of ownership refers to the legal position of the business and the way it is owned.

An entrepreneur may decide which of the forms of ownership will best suit their type of business. The forms of ownership are shown in the diagram below..



Factors that need to be considered when choosing a form of ownership

New business owners need to consider the following factors when they choose the form of ownership their business will take:

- the start-up cost and the future **capital**
- the size and nature of the business
- tax implications
- how the business will be controlled and managed/management structure
- the risk involved
- how capital will be contributed
- how profits and losses will be shared
- who is responsible for any **debts** made by the business/**liability**
- the life span of the business/**continuity**
- the **vulnerability** of the business in terms of lawsuits/legal persons.

New business owners will also need to consider whether the business will be a profit-making company or a non-profit company.

A New words

capital wealth in the form of money/other assets owned by a person/organisation/available for a purpose such as starting a company or investing

debts a sum of money that is owed or due

liability the state of being legally responsible for something

vulnerability the quality or state of being exposed to the possibility of being economically compromised

continuity the existence or operation of a business over time

The differences between profit and non-profit organisations/companies

Profit companies	Non-profit companies
<ul style="list-style-type: none"> This company is formed with one aim of making a profit. A company incorporated for financial gain for its shareholders. Profit organisations are responsible for paying taxes based on their profit. 	<ul style="list-style-type: none"> This company is formed for charity purposes or to promote social and cultural activities. A non-profit company is an association incorporated not for gain. Non-profit organisations are not required to pay taxes on net income.

? Did you know

State-owned enterprises (SOEs) play an important role in South Africa. Government policies rely on state-owned enterprises as vehicles to support the economy.

Classification of the forms of ownership into profit and non-profit

Profit	Non-profit
<ul style="list-style-type: none"> Private companies: are reflected as Proprietary Limited or (Pty) Ltd Personal liability companies: are reflected as Incorporated or Inc. Public companies: are reflected as Limited or Ltd State-owned companies: are reflected as SOC Ltd 	<ul style="list-style-type: none"> Non-profit companies: are reflected as NPC

•• Activity 10.1 Forms of ownership

- 1.1 List THREE forms of ownership that are classified as profit companies. (3)
- 1.2 Explain the differences between profit and non-profit companies. (8)

10.2 Characteristics, advantages and disadvantages of different types of business ownership

? Did you know

A sole trader is the oldest and most commonly used form of business. In sole trade, a person makes all the investment.

Sole trader/Proprietor

Defining a sole trader/proprietor

A sole trader is a business that is owned and managed by one person.

The owner is responsible for the activities and decisions of the business. The sole trader mainly depends on his own resources/the business is generally a small scale business.

Characteristics of a sole trader/ proprietorship

- There are no legal requirements regarding the name of the business.
- Legally, the sole trader and the business are not separate entities.
- A sole trader may be started without performing any legal formalities/registration.
- There may be some persons to help but ultimate control lies with the owner.
- The owner has a personal interest in the management and the services that are rendered.
- The owner has unlimited liability.
- The business dissolves when the owner dies.



Advantages of a sole trader/proprietorship

- It is easy and quick to form a sole trade as there is less capital needed.
- The owner can take quick decisions as and when required and has full control.
- The owner can take steps to eliminate wastages of any kind.
- All the assets of the business belong to the owner personally.
- The owner takes all of the profits made by the business and is entitled to the ownership of assets.
- There is personal encouragement and personal contact between the owner and customers.
- Sole traders are generally closer to their customers and offer a more personalised approach and improved customer service.

Disadvantages of a Sole trader/proprietorship

- Since all decisions are taken by the owner, the area of the business will be limited to the management abilities of the owner.
- It is not always possible to attract highly skilled workers because the capital is limited to one person.
- The owner has unlimited liability for debts, which means the owner is personally liable for the debts of the business.
- They cannot expand the business operations because of limited capital.
- The owner is responsible for providing all the capital needed, which may make it difficult to raise big amounts of capital when needed.
- If the owner does not have enough knowledge/experience the business may fail.
- A sole trader lacks continuity especially in the event of death or illness.
- The risk of unlimited liability forces many sole traders not to expand operations beyond a certain point.
- Tax is calculated according to a **progressive income** system, which can be up to a maximum of 40%.

A New words

progressive income imposes a greater percentage of taxation on higher income levels

Partnership

Defining a partnership

A partnership is an arrangement where parties, known as business partners, agree to form a business for their mutual interest. It is an agreement between two or more people who combine labour, capital, and resources towards a common goal. The partners may be individuals, businesses, or combinations. Partners share the responsibility of the business and they share the financial and management decision of the business.

A New words

partnership agreement
a contract between two or more individuals who would like to manage and operate a business together in order to make a profit

auditing an independent examination of data, statements, records, operations and performances of an enterprise for a stated purpose

Characteristics of a partnership

- There should be at least a minimum of two people in a partnership.
- The **partnership agreement** becomes the basis of the association between the partners.
- Partners combine capital and may also borrow capital from financial institutions.
- They share the profit according to the partnership agreement.
- Partners share responsibilities and they are all involved in making business decisions.
- Every partner in the business has unlimited liability and are jointly and severally liable for the debts of the business.
- There are no legal requirements regarding the name of the business.
- Partners share profits made and they are therefore motivated to work harder.
- The partnership has no legal personality and therefore has no continuity.
- The partnership does not pay income tax, only the partners in their personal capacities.
- **Auditing** of financial statements is optional.

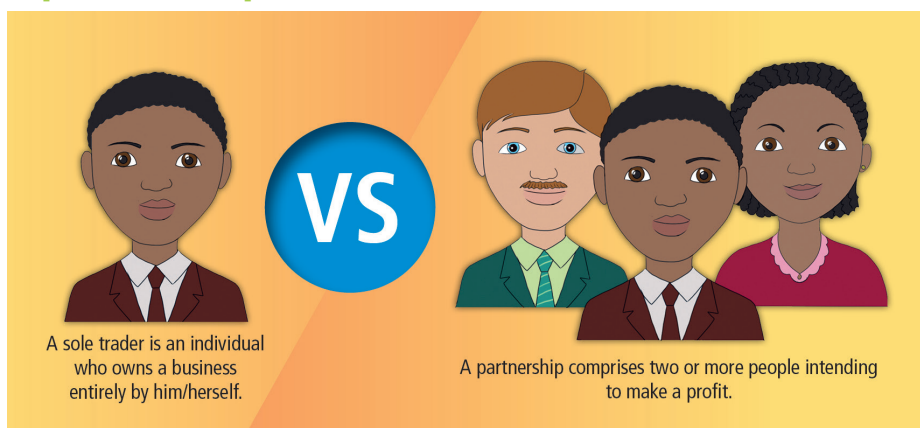
Advantages of a partnership

- Each partner will bring their knowledge, skills, experience, and contacts to the business thus giving the business a better chance to succeed.
- All partners have a personal interest in the business.
- The workload and responsibility are shared between partners and each partner can focus on their strengths.
- Partners invest new capital into the business to finance expansion.
- Partners share responsibilities for decision-making and managing the business.
- Partnerships are not compelled by law to prepare audited financial statements.
- Partners are taxed in their capacities, which could lead to lower taxation – this will be dependent on the level of income of each individual.
- Partners share profits made and they are therefore motivated to work harder.

Disadvantages of a partnership

- Partners might still find it difficult to raise capital as not all partners contribute cash.
- Partners are jointly and severally liable for the actions of the other partners.
- The partnership has no independent legal existence distinct from the partners, it will be dissolved upon registration or death of one of the partners.
- Partners do not have a separate legal personality – the partners are personally liable for debts and losses incurred.
- Different personalities and options of partners can lead to conflict and disagreements.
- Each business partner is legally responsible for the joint liability of the partnership.
- A partnership has unlimited liability, which means that partners risk losing their personal possessions.
- Discussion between partners can slow down decision-making, and they may disagree on important business decisions.
- In a large partnership, the partners may struggle to agree on business issues.
- Partnership lacks continuity, if one of the partners dies/retires, the partnership needs to dissolve and a new agreement has to be drawn up.

The differences between a sole trade and a partnership



SOLE TRADER	PARTNERSHIP
<ul style="list-style-type: none"> • A sole trader is an individual who owns a business entirely by him/herself. 	<ul style="list-style-type: none"> • A partnership comprises two or more people intending to make a profit.
<ul style="list-style-type: none"> • Decisions can be taken quickly since it is being taken by one person. 	<ul style="list-style-type: none"> • There may be a delay in decision-making since the input of all partners is needed.
<ul style="list-style-type: none"> • The profit goes to the owner. 	<ul style="list-style-type: none"> • Profit is shared amongst the partners according to the partnership agreement.

Tip

The differences/distinctions do not have to link but they must be clear.

Activity 10.2 Sole trader vs partnership

- 1.1 Outline the characteristics of a sole trader. (6)
 1.2 Read the scenario below and answer the questions that follow.

MERCY DRESSMAKER (MD)

Mercy Dressmaker specialises in the latest ladies' styles. Mercy is the owner of the business. Matome, the owner of a gents outfitters requested Mercy to form a joint business venture that will be named M & M Boutique.

- 1.2.1 Identify TWO forms of ownership that are mentioned in the scenario above. Motivate your answer by quoting from the scenario. Use the table below as a GUIDE to answer QUESTION 1.2

FORMS OF OWNERSHIP	MOTIVATION
1.	
2.	

- (6)
 1.3 Explain the differences between the TWO forms of ownership identified in QUESTION 1.2. (8)
 [20]

Close corporation (CC)

Defining a close corporation (CC)

A close corporation (CC) is a legal entity with a legal personality. It is a business that is owned by members and can have between one and ten members. The CC can be owned by individuals and/or other entities. The word 'close' means that all members are involved and participate in its management.

Did you know

After the implementation of the new Companies Act (No. 71 of 2008) no CC can be registered and no conversions from Companies to CCs will be allowed. However, existing CCs will be maintained. This content is still part of the curriculum because there are many close corporations still in existence.

Characteristics of a CC

- The CC has a minimum of one and a maximum of ten members who share a common goal.
- The name must end with the letters CC.
- Members of the CC both own and control the business.
- Profits are shared in proportion to the member's interest in the CC.
- A CC has its own legal personality and therefore has unlimited continuity.
- Each member contributes some assets/services towards the corporation.
- Audited financial statements are not required for CCs, they only need to appoint an accounting officer to check and monitor their financials.
- Transfer of a member's interest must be approved by all other members.

Advantages of a CC

- A CC is a legal entity and has continuity of existence.
- There are fewer legal requirements in the formation of a CC than for a company.
- A CC is not required to hold annual general meetings (AGM).
- Meetings are not compulsory and can be held on an ad hoc basis.
- Members have limited liability, which means they can only lose their investment in the business if the business fails.
- A CC can be converted to a private company and members may become shareholders.
- A CC can invest in a company and become a shareholder.
- Transfer of ownership is easy as it can be transferred to an individual if all members agree.
- CCs may be exempted by CIPC from auditing its financial statements.



Disadvantages of a CC

- There are no directors, therefore members run the business on their own.
- Limited growth and expansion since a CC cannot have more than ten members
- A member of a CC can be held personally liable for the losses of CC if the member's acts are found to be negligent.
- Audited financial statements may be required when applying for financial assistance.
- All members must agree to transfer of a member's interest. This could make it difficult for members to leave the CC or to pay a member their portion.
- Every member acts as an agent of the CC and the CC is bound by the member's actions.
- It is not possible to sell a CC to a company because companies cannot be converted into CCs.
- Most CCs faced double taxation as the business is taxed on their income as well as the dividends.

Private company

Defining a private company

A private company is a company whose shares may not be offered to the public for sale. It is a legal entity and its operations are less strict than those for a public company. A private company is a company that is privately held for small businesses. It has to register as a taxpayer in its own right.

Characteristics of a private company

- A private company can have an unlimited number of shareholders, however, a minimum of one director and one shareholder is required.
- The liability of shareholders is limited to the number of shares held by them.
- Raises capital by issuing shares privately to its shareholders.
- The name of a private company must end with the words ' (Proprietary) Limited' or ' (Pty) Ltd'.



A New words

bankruptcy an actual court order that depicts how an insolvent person or business will pay off their creditors

director a person who is in charge of an activity, department or organisation

- The company has a legal personality therefore it has unlimited continuity even in the case of death, insolvency, the **bankruptcy** of any of its shareholders.
- A private company is not allowed to sell shares to the public.
- Profits are shared in the form of dividends in proportion to the number of shares held.
- It needs to be registered with the registrar of companies by drawing up a Memorandum of Incorporation.
- The Companies Act (No. 71 of 2008) imposes personal liability on directors who are knowingly part of the carrying on of the business recklessly or fraudulently.
- A private company must prepare annual financial statements.
- Annual financial statements need not be either audited or independently reviewed.

Advantages of a private company

- A company can continue to trade even if one shareholder dies/resigns.
- It is managed at least by one competent highly skilled **director**.
- Shareholders must agree to the sale or transfer of shares.
- Shareholder's liability is restricted to the number of shares they own.
- Information in a private company is only available to shareholders.
- Not required to file annual financial statements with the commission.
- Shareholders can appoint the most capable directors to manage their company.
- The company has its own legal identity and shareholders have no direct legal implications/limited liability.
- A large amount of capital can be raised since there is no limit on the number of shareholders.
- It is possible to sell a private company as it is a legal entity in its own right.
- The management of the company can improve since directors are appointed by shareholders.
- The company can access long-term capital and therefore has good long-term growth opportunities.
- The company is a separate legal person so it may purchase assets in its name.

? Did you know

There is no need to issue a prospectus in a private company, because, the public is not invited to invest in shares of the company

A New words

double taxation a tax principle referring to income taxes paid twice on the same source of income

Disadvantages of a private company

- Private companies are subject to many legal requirements and regulations which can be onerous.
- Decision-making takes time because of the large number of people in management.
- The private company cannot be listed on the stock exchange, therefore, it cannot sell shares to the public.
- Directors may sometimes act in their own interest, not in the company's best interest.
- Annual financial statements must be reviewed by a qualified person, which is an extra expense to the company.
- Difficult and expensive to establish as the company is subjected to many legal requirements.
- The Private company pays tax on the profits of the business and on declared dividends and are therefore subject to **double taxation**.
- Directors may sometimes be held liable for debts if it can be proven that they committed fraud.
- Some shareholders may not exercise their voting rights resulting in choosing the wrong person as a director.

Personal liability company

Defining a personal liability company

A personal liability company is mainly used by associations such as lawyers and accountants. The name of the personal liability company ends with INC. Directors of the company, as well as previous directors, will be responsible for the debts of the company.

Characteristics of a personal liability company

- A personal liability company is required to have a minimum of one director on the board of directors.
- The Memorandum of Incorporation can be altered to require more than one director on the board.
- Directors have unlimited liability and they are jointly liable for the debts of the business even if they are no longer active in the office.
- The Memorandum of Incorporation should state that it is a personal liability company.

Tip

Characteristics of a personal liability company are the same as those of a private company as listed on page xx.

Advantages and disadvantages

- NOTE: The advantages of a personal liability company are the same as those for a private company.
- The disadvantages of a personal liability company are also the same as those for a private company, except that the directors of the personal liability company have unlimited liability.

Public company

Defining a public company

The public company is a company that is registered to offer shares and stock to the general public. Public companies are trading in a open market called the Johannesburg Stock Exchange in order to raise capital. Ownership of a public company is distributed among shareholders through the free trade of shares and stock.

CALEB TRADERS PTY LTD

- Types of public companies



QR CODE

Personal Liability company



<https://www.youtube.com/watch?v=WxoUBMVMUTE>

Characteristics of a public company

- A minimum of one person is required to start a public company.
- The company name ends with the letters Ltd.
- Shareholders have limited liability and are not personally liable for the debts of the business.
- Individuals can own shares in this company and these shares are freely transferable.
- A prospectus is issued to the public to invite the public to invest in the company to raise capital. A public company has a separate legal personality and therefore has unlimited continuity.
- A public company has a separate legal personality.
- Requires three or more directors and three or more shareholders.
- Profits are shared in the form of dividends in proportion to the shares held.
- A public company is required to hold an AGM where shareholders vote to elect a new board of directors.
- Must register with the Registrar of Companies by drawing up a Memorandum of Incorporation.
- Raises capital by issuing shares to the public and borrowing capital by issuing debentures.
- Auditing of financial statements is compulsory and audited statements are made available to shareholders and the public.

Advantages of a public company

- Public companies enjoy the ability to raise funds through the sale of the company's stock to the public.
- The business has its own legal identity and can own assets/property.
- Managed by at least three competent, highly skilled directors.
- Directors bring creative ideas which encourage innovation/high productivity.
- Shareholders can sell/transfer their shares freely.
- The ability to raise large amounts of capital in public exchanges enables the company to carry out capital-intensive activities.
- Strict regulatory requirements protect shareholders.
- Easy to raise funds for growth through the sale of shares.
- Additional shares can be raised by issuing more shares or debentures.
- No limitation on the number of shareholders, so growth/expansion is not limited.
- Shareholders have limited liability for the debt of the company and may lose only the amount invested in the business.
- The management of the company can improve since directors are accountable to shareholders.
- The public has access to information and this could motivate them to buy shares from a company.

A New words

Generally Accepted Accounting Principles (GAAP) a set of rules that encompass the details, complexities and legalities of business and corporate accounting

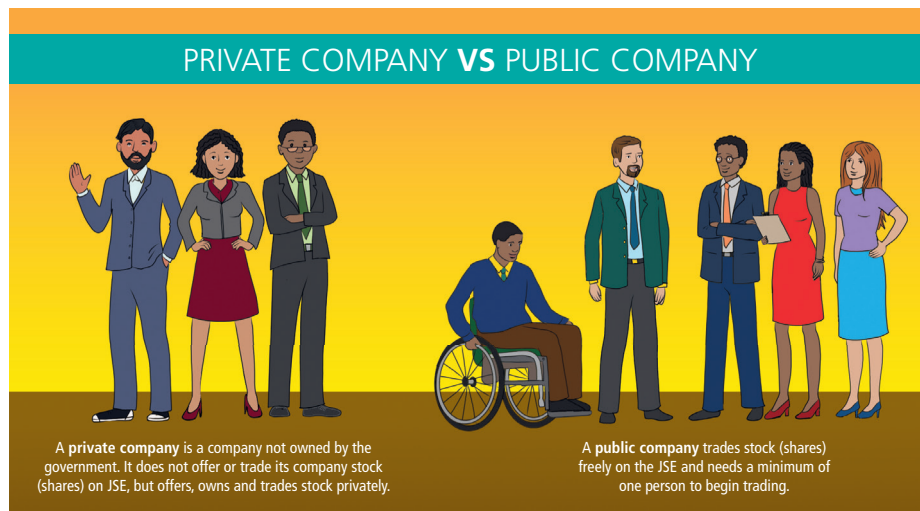
Disadvantages of a public company

- Public companies are vulnerable to increased scrutiny from the government and the public.
- Difficult and expensive to establish as the company is subjected to many legal requirements.
- They must prepare their financial reports in accordance with the **Generally Accepted Accounting Principles (GAAP)**.

- Directors may not be motivated to work very hard because shareholders decide on the **directors' remuneration**.
- Directors may not have a direct interest in the company, which slows down the growth and profit.
- Increased director's fees, will increase expenses which will reduce net profit.
- Some shareholders may not exercise their voting rights resulting in choosing the wrong person as a director.
- A full financial report must be submitted to the major shareholders each year.
- A large management structure can result in longer timeframes for decision-making.
- Auditing of financial statements are compulsory.

A New words

directors' remuneration
fees paid to directors for services rendered by them to or on behalf of a company



The differences between a private company and a public company

PRIVATE COMPANY	PUBLIC COMPANY
<ul style="list-style-type: none"> • May not offer shares to the general public. 	<ul style="list-style-type: none"> • Trades its shares publicly on the Johannesburg Securities Exchange (JSE).
<ul style="list-style-type: none"> • Shares are not freely transferable. 	<ul style="list-style-type: none"> • Shares are freely transferable.
<ul style="list-style-type: none"> • Minimum of one director. 	<ul style="list-style-type: none"> • Minimum of three directors.
<ul style="list-style-type: none"> • Name must end with Proprietary Limited/(Pty) Ltd. 	<ul style="list-style-type: none"> • Name must end with Limited/Ltd.
<ul style="list-style-type: none"> • Annual financial statements need not be audited and published. 	<ul style="list-style-type: none"> • Annual financial statements need to be audited and published.
<ul style="list-style-type: none"> • Does not need to publish a prospectus as it cannot trade its shares publicly. 	<ul style="list-style-type: none"> • Have to register and publish a prospectus with the Companies and Intellectual Property Commission/CIPC.
<ul style="list-style-type: none"> • The company is not required to raise the minimum subscription/issue minimum shares. 	<ul style="list-style-type: none"> • Must raise a minimum subscription before the commencement of the company.

Tip

When asked to list differences, the answer does not have to be in tabular format, but the differences must be clear.

Activity 10.3 Private, Personal liability and Public company

1.1 Read the scenario below and answer the questions that follow

MALO MANUFACTURER (PTY) LTD (MML)

Malo Manufacturer (Pty) Ltd specialises in the production of office and household cleaning equipment. The management of MML want to convert the company into a form of ownership that will enable them to sell shares to the public. This will enable them to raise sufficient capital for expansion.

- 1.1.1 Identify the form of ownership represented by MML. Motivate your answer by quoting from the scenario. (3)
- 1.1.2 Name the form of ownership that will enable MML to sell shares to the public. (2)
- 1.1.3 Discuss the advantages and disadvantages of the form of ownership mentioned in QUESTION 1.1.2 (12)
- 1.2 Explain the meaning of limited and unlimited liability. (4)

Tip

- Read the above scenario carefully before answering questions.
- You should be able to identify key statements/words that would help you answer the question.
- The action verb "identify" requires you to apply your mind to identify a concept in the scenario.
- "Motivate the answer by quoting from the scenario" means that your responses must be quoted verbatim from the scenario. Otherwise, they will not be awarded marks for incomplete quotes or rephrasing of words from the scenario.
- Discuss the advantages and disadvantages of a form of ownership. Marks will be allocated objectively for example, split ticks.

State-owned company (SOC)

Defining a state-owned company (SOC)

In a state-owned company, the government is a major shareholder, and it falls under the Department of Public Enterprise. These companies perform specific functions and operate in accordance with a particular Act. They take on the role of commercial enterprise on behalf of the government.

Examples of state-owned companies in South Africa include Armscor, Alexkor, SAA, Eskom, Transnet.



■ State owned companies

Characteristics of an SOC

- The state-owned company is financed by the government.
- The name ends with the letters SOC.
- The SOC is listed as a public company.
- These enterprises are managed by the government not by individuals.
- Requires three or more directors and one or more shareholders.
- SOC's are registered with the Registrar of Companies by drawing up a Memorandum of Incorporation.
- The Act imposes personal liability on directors who knowingly participate in reckless or fraudulent business.
- The state-owned company must have its financial statements audited.
- A state-owned company is compelled to hold an AGM.
- A state-owned company has a separate legal personality and its shareholders have limited liability.

Advantages of an SOC

- SOC's help eliminate economic **exploitation** and oppression.
- They offer essential services which may not be offered by the private sector.
- Shareholders have limited liability.
- Profits may be used to finance other state departments.
- Wasteful duplication of services is eliminated.
- Jobs are created for all skill levels.
- Generates income to finance social programmes.
- Prices are kept reasonable to make services affordable to more citizens.
- Provides healthy competition to private sector companies because of government contributions.
- Most of SOC's run on sound business lines as they have their surpluses to run their projects.
- An SOC company has a separate legal personality.

Disadvantages of an SOC

- SOC's usually suffer from inefficiencies in management.
- Management of SOC's does not implement new ideas and innovations.
- Losses must be covered by the taxpayers.
- Government can lose money if the business fails.
- Shares are not freely tradable making it difficult to raise capital.
- A lack of incentive for employees to perform if there is no share in the profit.
- Often rely on government subsidies, which may not cover all the company's expenses.
- SOC's must follow strict regulations for operations to raise capital.
- The management of the SOC's must attend an AGM.
- An SOC is compelled to have its financial statements audited.

Tip

Learners must not confuse the advantages of a SOC with the advantages of the government. SOC's form part of profit companies even though the prices of their goods and services are reasonable. The establishment procedure of SOC's is also the same as for a public company.

A New words

exploitation the action of making use of and benefiting from resources

Non-profit company (NPC)

Defining a non-profit company (NPC)

A non-profit company is a legal entity organised and operated for a collective, public or social benefit. They include churches, charity organisations, and cultural organisations. The primary objective of an NPC is to benefit the public, not to make a profit.



A New words

foreign funding type of fund that invests in companies that are based internationally, or outside the investor's country of residence

tax exempt refers to income or transactions that are free from tax at national or local government level

QR CODE

Benefits of Starting a Non-profit Organisation



<https://www.youtube.com/watch?v=WcSmJofw6Q>

Characteristics of NPCs

- The main aim is to provide a service and not to make a profit.
- They are funded by donations and **foreign funding**.
- The name of the company must end in NPC.
- All profits must be used for the primary objective of the NPC.
- It must prepare a Memorandum of Incorporation.
- Qualifying NPCs are granted **tax-exempt** status.
- The board of an NPC must comprise of at least three directors (three or more directors).
- NPCs do not have share capital and cannot distribute shares or pay a dividend to their members.

Advantages of an NPC

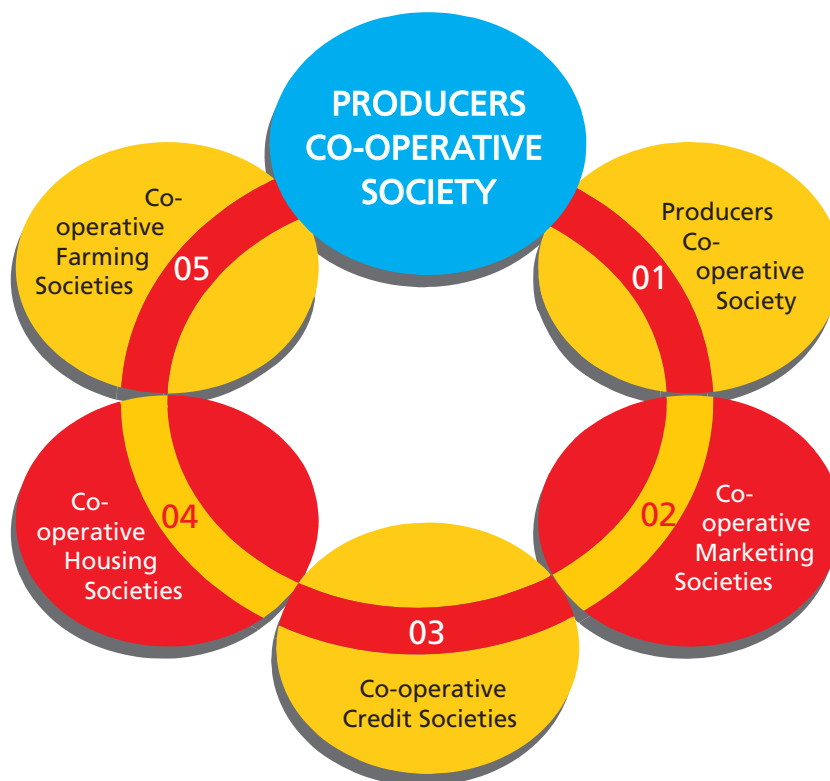
- Profits are used solely for the primary objective of the organisation.
- The company does not pay tax, so all earnings can be cycled back into the organisation to improve it.
- Donations made by donors are tax-deductible, therefore it motivates people to donate to the organisation.
- Employees of non-profits are not personally liable for the debts of the non-profit./The liability of the members is limited.
- An NPC's existence can last long after the founders leave the business.
- Can receive grants/aid from the government.
- A surplus of income is retained to further the goals of the business.
- Must prepare the financial statements at the end of the year and is not compelled to audit the financial statements.
- NPCs are not compelled to hold an AGM.

Disadvantages of an NPC

- Need professional assistance to set up this organisation.
- Does not generate enough capital to cover their expenses.
- Donations may not always be enough to finance the company's expenses.
- Assets are not distributed to the members upon closing down.
- Creating an NPC takes time/effort/money.
- Obtaining grants can be a slow and tiring process.
- Incorporators cannot take along the assets accumulated by the NPC if they decide to leave.
- They are not allowed to pay bonuses to members.
- They are compelled to prepare annual financial statements.

10.3 Different types of co-operatives

A co-operative society is a voluntary association that is established with the aim of service to its members. It is a form of business whereby people with similar interests link for promotion of common goals. A co-operative is a traditional way for a group of interested parties to get together and share resources/infrastructures and costs to achieve a better outcome.



■ Types of co-operative societies

Types of co-operatives

- housing co-operative
- worker co-operative
- social co-operative
- agricultural co-operative

- co-operative burial society
- financial services co-operative
- consumer co-operative
- transport co-operative

A New words

democratic structure

a co-operative, owned by members who each have an equal say in how the co-operative is run

registrar an official responsible for keeping a register

co-operative involving mutual assistance in working towards a common goal

Characteristics of co-operatives

- A minimum of five members is required to start a co-operative.
- The words 'Co-operative Limited' must appear at the end of its name.
- They have a **democratic structure**, with each member having one vote.
- They are motivated by service rather than profit.
- They are managed by a minimum of three directors.
- Members own and run the business together and share equally in its profits.
- It is a legal entity and can own land and open bank accounts.
- Must register with the **Registrar** of Co-operatives Societies.
- The objective of a co-operative is to create mutual benefits for its members.

Advantages of co-operatives

- Access to resources and funding.
- Decision-making is done by a group.
- Members have limited liability.
- The decisions are democratic and fair.
- Co-operatives have continuity of existence.
- Profits are shared equally amongst members.
- Each member has an equal share in the business.
- A **co-operative** can appoint its management.
- Members are motivated because they are working for themselves.
- Can gain extra capital by asking its members to buy shares.
- Resources of many people are pooled together to achieve common objectives.

Disadvantages of co-operatives

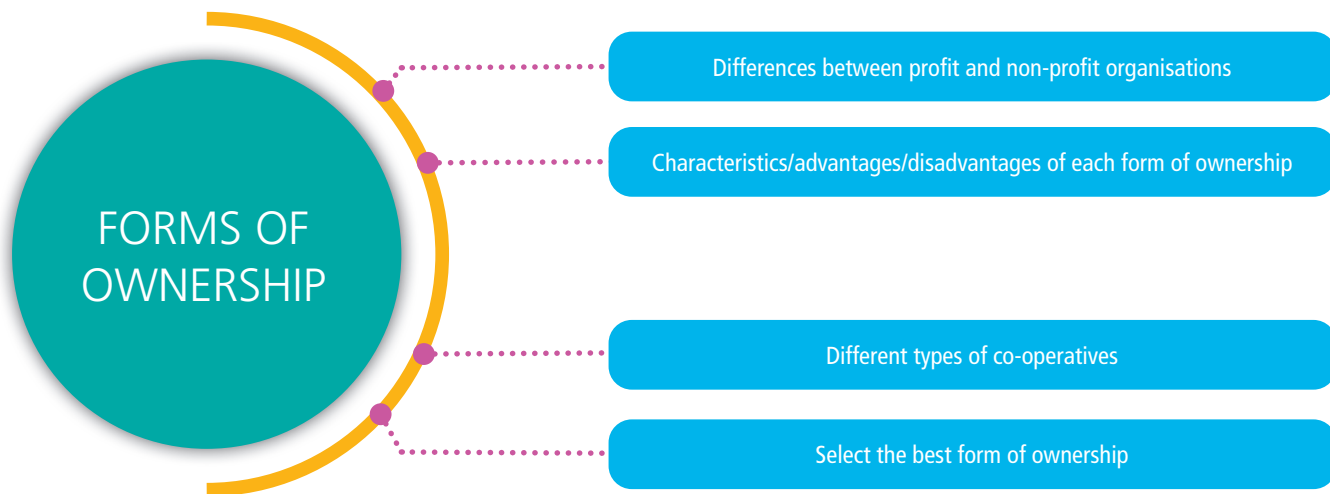
- Difficult to grow a co-operative.
- Shares are not freely transferable.
- Very few promotion positions for staff.
- Decisions are often difficult to reach and time-consuming.
- It can be difficult to get a loan because their main objective is not always to make a profit.
- The success of co-operatives depends on the support of the members.
- All members have one vote regardless of the number of shares held.

Summary of the characteristics of the forms of ownership

FORM OF OWNERSHIP	NAME OF BUSINESS	FORMATION PROCEDURE	NUMBER OF OWNERS	CONTINUITY OF EXISTENCE	PERSONAL LIABILITY	PROFIT SHARING
Sole trader	None	Easy and cheap	One	Lacks continuity in the event of death or illness.	No legal personality	All to the owner
Partnership	None	Partnership agreement is needed	Minimum two	Dissolved upon death of one of the partners	No legal personality	Shares amongst partners as per the agreement
Close Corporation	Ends with letters CC	Founding statement registered with registrar CK1	One to ten members	Unlimited continuity	Separate legal personality	Share amongst owners
Private company	Ends with letters PTY (LTD)	Register by drawing up Memorandum of Incorporation.	Minimum one	Unlimited continuity	Separate legal personality	Profits are shared in the form of dividends
Public company	Ends with letters LTD	Register by drawing up Memorandum of Incorporation.	Minimum one	Unlimited continuity	Separate legal personality	Profits are shared in the form of dividends
State-owned Company	Ends with the letters SOC	register by drawing up Memorandum of Incorporation.	One or more shareholders	unlimited continuity	Separate legal personality	No share in the profit
Non-profit company	Ends with NPC	register by drawing up Memorandum of Incorporation.	One or more shareholders	unlimited continuity	Separate legal personality	All profits used for the primary objective of the NPC.
Personal Liability Company	Ends with INC	Register by drawing up memorandum of incorporation	One or more shareholders	unlimited continuity	No Separate legal personality	Profits are shared in the form of dividends
Co-operative	Ends with Co-operative Limited'	Register with the registrar of Co-operatives Societies	Minimum of five members	Unlimited continuity	Separate legal personality	Profits are shared equally amongst members

Mind map: Topic 10 – Forms of ownership

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

- 1.1 Define the meaning of the partnership. (4)
 1.2 Outline the characteristics of a sole trader. (6)
 1.3 Read the scenario below and answer the questions that follow.

Manda and Sabian completed their Bachelor of Business Management. They want to register a business that will make the directors liable for the debts of the business.

- 1.3.1 Identify the form of ownership. (2)
 1.3.1 Name the document that will enable Manda and Sabian to register the form of ownership identified in QUESTION 1.3.1 (2)
 1.3.2 Discuss the characteristics of the form of ownership mentioned in QUESTION 1.3.1. (6)
 1.4 Explain the characteristics of a state-owned company. (6)

QUESTION 2

- 2.1 Read the scenario below and answer the questions that follow.

THUBELIHLE CHILDCARE (TC)

Thubelihle Childcare is situated in Germiston. TC is a company which aims to render a service that will benefit the community and not to make a profit.

- 2.1.1 Identify the form of ownership represented by TC. Motivate your answer by quoting from the scenario above. (3)
 2.1.2 Explain the advantages and disadvantages of the form of ownership identified in QUESTION 2.1.1 (6)



Tip

- Give TWO facts for the introduction and ONE fact for the conclusion.
- The facts may either be based only on one or two of the four sub-questions as an introduction.
- The words "Introduction" and "Conclusion" must be written with content below each heading to avoid losing marks for the layout.
- When the number of facts is specified in the question, only those responses on the factors to be considered when choosing the form of ownership will be marked.
- Write all four headings according to the essay question.
- Attempt answering essay questions as they will be awarded marks for INSIGHT.
- The conclusion must be relevant to the essay question and responses must not be the same as the body or introduction.

Consolidation

QUESTION 3

3.1 Essay question on forms of ownership.

An entrepreneur needs to consider various factors to determine the best form of ownership. The operation of a private company is less strict than those of a public company. A partnership is an arrangement where parties agree to form a business for their mutual interest. The primary objective of an NPC is to benefit the public and not to make a profit.

As an expert in the different forms of ownership, write an essay which includes the following aspects:

- Outline factors that should be considered when choosing a form of ownership.
- Distinguish between a private company and a public company.
- Explain the characteristics of a partnership.
- Advise them on the advantages of the non-profit company.

(40)



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

11

The concept of quality



TOPIC OVERVIEW

- Unit 11.1 The meaning of quality, quality control, and quality assurance
- Unit 11.2 Quality indicators of the eight business functions



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define/elaborate on the meaning of quality, quality control, and quality assurance
- ❖ explain/distinguish the difference between quality control and quality assurance
- ❖ outline/explain/discuss the importance of quality for businesses
- ❖ explain how quality relates to the following business functions:
 - human resources function
 - administration function
 - financial function
 - general management
- ❖ outline/explain/suggest quality indicators of the business function
- ❖ explain/discuss the correlation between management and the success of the business
- ❖ identify the strength and weaknesses of a business from given scenarios/case studies
- ❖ evaluate the strengths and weaknesses of a business and make recommendations for improvement.



Key concepts

- **Quality:** refers to how goods/services satisfy the specific needs of customers.
- **Quality control:** a system to maintain standards in manufacturing by testing the output against the specifications.
- **Quality assurance:** the continuous maintaining of the required level of quality in a service/product.
- **Business functions:** activities carried out by the enterprise, for example, marketing, production, administration, financial, human resources, purchasing, and so on.
- **Quality management:** the act of overseeing all activities and tasks needed to maintain a desired level of excellence.

Introduction

Quality is **critical** to satisfying customers and retaining their loyalty to ensure that they continue buying in the future. Quality products make an important contribution to long-term revenue and profitability. The quality indicators in a business function work together to contribute to the quality of the final product.

A New words

critical involves analysing the merits and faults of a work

11.1 The meaning of quality, quality control, and quality assurance

The meaning of quality

Quality refers to how goods/services satisfy customer's needs and expectations continuously. It refers to the characteristics of a product/service that meets the customer's requirements. Quality guarantees the degree of excellence to which a product or service meets the required needs of customers.

The meaning of quality control

Quality control involves the inspection of a final product to ensure that it meets the required standards. It includes setting targets/measuring performance, and taking corrective measures. Raw materials/employees/machinery/workmanship/production are checked to ensure that high quality standards are maintained.

The illustration below shows the process of quality control.





QR CODE

Quality & Business Functions



<https://www.youtube.com/watch?v=0F4SQmpNsGw>

Tip

The action verb "Differentiate/Distinguish" means that the difference/distinction does not have to link but they must be clear.



The meaning of quality assurance

The inspection of products/services should be carried out during and after the production process. This will ensure that the required standards that were set out for the product/service have been adhered to at every stage of the process. It also ensures that every process is aimed at getting the product/service right the first time, and enables teams to prevent mistakes from happening.

The differences between quality control and quality assurance

QUALITY CONTROL	QUALITY ASSURANCE
<ul style="list-style-type: none"> Inspection of the final product to ensure that it meets the required standards. 	<ul style="list-style-type: none"> Inspection is carried out during and after the production process to ensure required standards are met at every stage of the process.
<ul style="list-style-type: none"> Includes setting targets/measuring performance and taking corrective measures. 	<ul style="list-style-type: none"> Ensures that every process is aimed at getting the product right the first time and prevents mistakes from happening again.

Importance of quality for the business

- The quality enables businesses to have a good reputation and promotes brand awareness.
- Consumers associate the image of the business with the quality of the product.
- Quality products increase sales, profits, business growth and attracts prospective investors.
- The business gains goodwill and support from the community.

Quality in products

Methods used to indicate quality include the following:

- Trademarks: brand names, a slogan, or a logo used by manufacturers.
- Samples: a small sample product intended to show the customers how the real product will look.
- Grades: a particular level that is used to rank the quality of the product.
- Commercial Standards: the South African Bureau of Standards (SABS) approves commercial standards of products.



Activity 11.1

QUESTION 1

- 1.1 Elaborate on the meaning of quality. (4)
- 1.2 Explain the difference between quality control and quality assurance. (4)
- [8]

11.2 Quality indicators of the eight business functions

Quality indicators of the human resources function

- The **recruitment policy** should attract the best candidates for available post within a business.
- HR should follow a fair and equitable selection process.
- A low rate of staff turnover in the business.
- A healthy relationship between employees and employers is maintained.
- Market-related salaries should be offered.
- Fair remuneration packages that are aligned to the industry should be provided.
- Performance incentives for staff should be offered to increase productivity.
- The HR manager should work towards building a good relationship with employees.
- Ensures that employee understand the goals and objectives of the business.
- Understands the interrelatedness of different departments.



? Did you know

The eight business functions enable a business to deliver quality goods and services.

Quality indicators of the administration function

- The administration function should collect **data** that can be used in decision-making, and store it safely.
- All documentation should be kept neatly and orderly in a safe place.
- Financial documents should be kept up to date and recorded accurately.
- Vital information should be available to management when needed.
- The relevant information should be available to make a quick decision.
- All systems and processes should be documented. This is a vital part of the administration function.
- The latest technology should be used.
- Complaints should be handled quickly and effectively.

A New words

recruitment policy
a statement of principles describing how an organisation should conduct its recruitment process

data facts and statistics collected together for reference or analysis

Quality indicators of the financial function

- The financial function has to obtained capital from the most suitable sources.
- They should negotiate a lower/better interest rate to keep financial costs as low as possible.
- They should draw a budget to ensure sufficient allocation of cash to prevent wastage.
- The financial records should be kept up to date at all times and should be accurate in order for the business to be tax compliant.
- Accurate financial statements should be drawn up so that management can see the performance of the business.
- Surplus funds should be invested to save for future projects/expansion/growth.



Quality indicators of the general management function

- The general management function should develop and monitor effective strategic plans.
- They should:
 - continuously learn and understand changes in the business environment.
 - take responsibility for setting direction and prioritising responsibilities.
 - communicate and share vision and values effectively.
 - set an example of the expected behaviour in terms of ethics and professionalism.
 - ensure that employees have the necessary resource to do the work and allocate resources effectively.

A New words

accreditation the action or process of officially recognising someone as having a particular status or being qualified to perform a particular activity

jobbing involves producing custom work, such as a one-off product for a specific customer

? Did you know

The South African Bureau of Standards (SABS) is a South African statutory body that was established in terms of the Standards Act, 1945.

Quality indicators of the production function

- The calculation of production costs should be accurate to ensure accurate pricing.
- **Accreditation** from SABS should be sourced to ensure that quality products are produced.
- Machines and equipment should be used optimally.
- The correct production system, for example, mass/batch/**jobbing**, should be chosen.
- The product and services should be produced at the lowest possible costs to maximise profit.
- Employees should be empowered so that they can take pride in their workmanship.
- Production problems should be identified by closely monitoring systems and processes.
- Quality control systems should be implemented to consistently produce a quality product.



A New words

pricing techniques refer to methods companies use to price their products or services

aggressive advertising campaigns a strategy that uses provocative tactics to generate a response from an audience

Quality indicators of the marketing function

- The marketing function should differentiate products to attract more customers by giving real value to the product on offer.
- Market share should be increased by satisfying customers' needs and wants.
- Effective communication with customers should be fostered to get clear feedback with regards to products/services.
- Values in which businesses operate should constantly be reviewed.
- Effective **pricing techniques**/strategies should be used to ensure that the company gets a competitive advantage over competitors.
- **Aggressive advertising campaigns** should be used to sustain the market share.

Quality indicators of the public relations function

- The public relations officer should deal quickly with negative publicity.
- They should provide regular/positive press releases.
- Sustainable **Corporate Social Investment (CSI)** projects should be implemented.
- Positive feedback from public surveys regarding the business image should be obtained.
- A high standard of internal publicity/appearance of buildings/professional telephone etiquette, and so on, should be maintained.
- Quality goods/services that promote the brand/image with key stakeholders/customers/suppliers/government/service providers should be provided.

A New words

Corporate Social Investment (CSI) a strategy companies use to improve the social, environmental and economic well-being of the community in which they operate, or society at large

Quality indicators of the purchasing function

- The purchasing manager should buy raw materials in bulk and negotiate for discounts to reduce the production cost.
- They must choose reliable suppliers who render quality goods at a reasonable price.
- They must place orders timeously and conduct regular follow-ups to ensure that goods are delivered on time.
- Ordered quantities should be delivered at the right time and place.
- Good stock control measures should be implemented, and securing stock against theft should be prioritised.
- Average stock levels should be maintained to avoid overstocking/running out of stock.
- Ensure that there is no break in production due to stock shortages.



The correlation between management and the success of a business in achieving its objectives, strengths, and weaknesses

Management plays an important role in making the correct decisions and motivating employees to be productive. Poor management can result in **ineffective employees** and loss of productivity.

Businesses require ongoing decision-making and problem-solving. Problems that cannot be solved and decisions that are not made appropriately can lead to a decrease in productivity.

A New words

ineffective employees constant complaining suggests the employee is a generally unhappy person who does not want to be there

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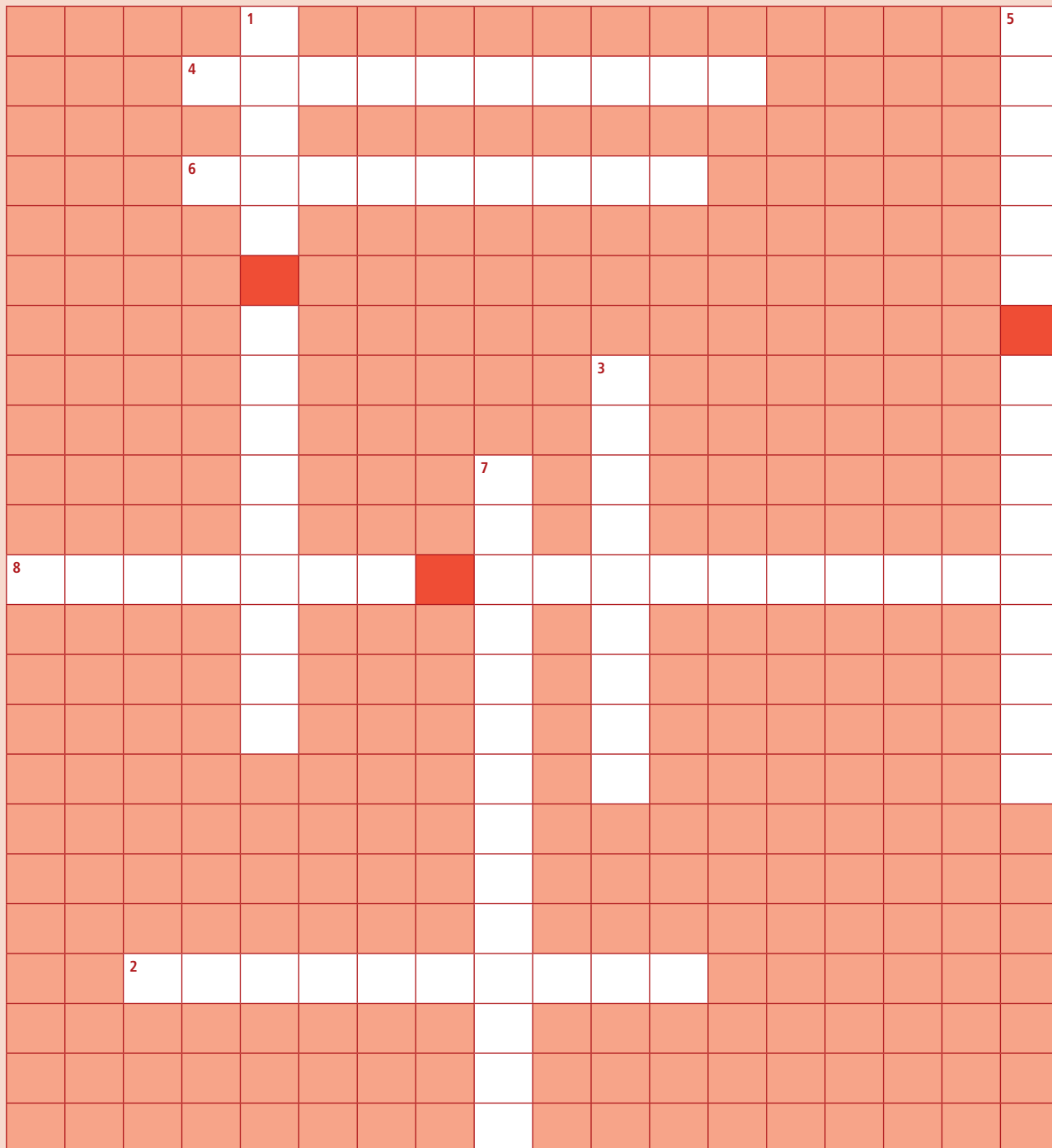
Watch the video on quality indicators in business functions.



<https://www.youtube.com/watch?v=0F4SQmpNsGw>



CROSSWORD PUZZLE



Across

2. Machines and equipment should be used optimally.
4. Required quantities should be delivered at the right time and place.
6. Using pricing techniques to ensure a competitive advantage.
8. Developing and monitoring effective strategic plans.

Down

1. Offer performance incentives for staff to enhance productivity.
3. Surplus funds should be invested to save for future projects.
5. High standard of internal publicity and appearance of buildings.
7. All systems and processes are documented.

Consolidation

QUESTION 1

- 1.1 Name any TWO methods used to indicate quality in products. (2)
- 1.2 Outline the quality indicators of the general management function. (4)
- 1.3 Read the scenario below and answer all questions that follow:

Thelma Bag Designers (TBD)

Thelma Bag Designers manufactures designer bags for ladies. TBD prepares a budget to spend their cash. They respond immediately to customer complaints. TBD advertises their bags in the national newspaper to increase their market share.

- 1.3.1 Identify FOUR business functions applicable to TBD. Motivate your answer by quoting from the scenario above. (12)
- Use the table below as a GUIDE to answering QUESTION 1.2.1

BUSINESS FUNCTIONS	MOTIVATIONS
1.	
2.	
3.	
4.	

Tip

You will not be awarded marks for motivation if the business functions were incorrectly identified.

QUESTION 2

- 2.1 Explain how the quality of performance of the following business functions can contribute to the success of a business:
- 2.1.1 Human Resources (4)
- 2.1.2 Administrative (4)
- 2.2 Discuss the correlation between management and the success of the business. (4)
- [30]

Tip

Questions can be direct or indirect. These include source-based questions and scenarios.



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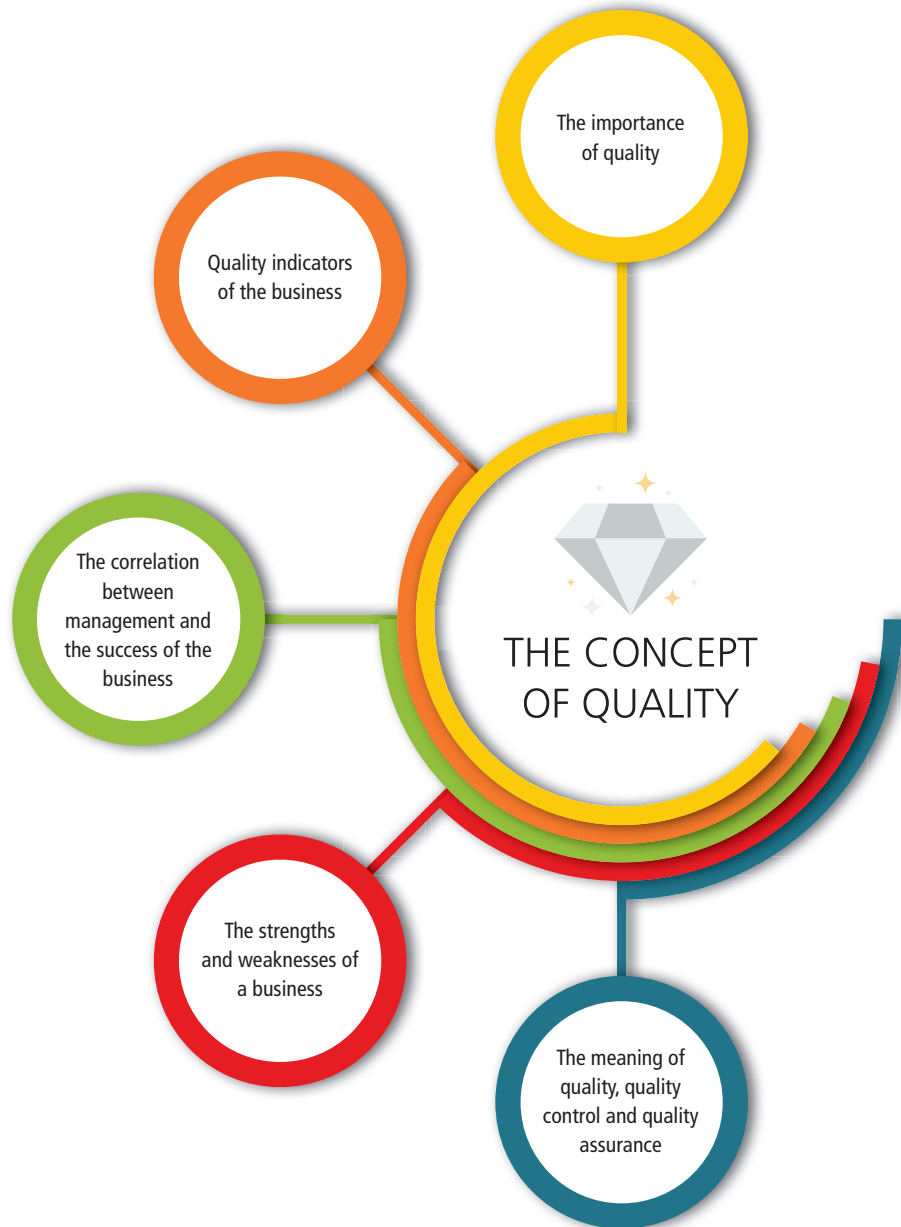
Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Mind map: Topic 11 – The concept of quality

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



Presentation

MARKS: 40 (Written) 10 (Oral)

Instructions and information

This Formal Assessment Task consists of TWO sections:

SECTION A: WRITTEN PRESENTATION

SECTION B: ORAL PRESENTATION

Oral presentation will be conducted in class.

This FAT consists of 2 pages

1. Complete this task to indicate your understanding of the impact of socio-economic issues on businesses, Social Responsibility, Entrepreneurial Qualities, and Forms of ownership.
2. Read the instructions of each question and respond appropriately.
3. Collect resources relevant to each activity below to support your presentation.
4. Extra relevant articles collected will earn you more marks.
5. You are required to submit your completed written task to your teacher for assessment.
6. Adhere to the submission date to avoid unnecessary penalties.

SECTION A: WRITTEN PRESENTATION

QUESTION 1

- 1.1 Visit any local business and interview the owner/manager and use the following interview questions:
 - 1.1.1 Name any TWO socio-economic issues that affect the identified business. (2)
 - 1.1.2 Discuss the negative impact of the identified socio-economic issues on the businesses. (4)

- 1.2 Read the scenario below and answer the questions that follow:

RICHARD RECORDING COMPANY (RRC)

Richard Malik is the founder of Richard Recording Company (RRC). RRC produces local quality music that appeals to everybody. RRC has recently released a popular wedding song that has gained popularity locally and abroad. Some people decided to download the song from internet without RRC's permission.

Zama and Ann, Malik's daughters, has established a small business called ZA Care givers. The business was established for charity purpose not for gain.

Malik, the managing director of RRC, has good communication skills in resolving conflict and generating enthusiasm in others. RRC employees are always motivated and inspired to do their best.

- 1.2.1 Name the socio-economic issue that is represented by the scenario above. Motivate your answer by quoting from the scenario. (3)
 - 1.2.2 Recommend TWO solutions to deal with socio-economic issue mention in QUESTION 1.2.1. (6)
- 1.3 Elaborate on the meaning of Corporate Social Responsibility. (CSR) (4)
- 1.4 Answer the following questions on ZA Care givers.
 - 1.4.1 Identify the form of ownership of Zama and Ann's business, ZA Care givers. (3)
 - 1.4.2 Discuss the advantages of the type of company mention in QUESTION 1.4.1. (4)
- 1.5 Name TWO factors that must be considered when choosing a form of ownership. (2)

1.6 Suggest the advantages of a partnership. (6)

1.7 Answer the following questions on leadership and management:

1.7.1 Quote TWO leadership and management skills of an entrepreneur from the above scenario. (2)

1.7.2 Discuss the risk taking and perseverance as qualities of an entrepreneur. (4)

[40]

SECTION B: ORAL PRESENTATION

Give feedback from the interview in QUESTION 1.1 as an oral presentation.

- You may use audio-video/PowerPoint/poster/Q-cards/notes/ media resources to support the presentation.
- A maximum of five (5) minutes will be allowed to present your topic.
- Study the rubric to see how marks will be awarded.
- This page must be submitted along with your oral presentation and filed into your portfolio.

RUBRIC TO ASSESS THE GRADE 10 PRESENTATION

ASSESSMENT CRITERIA	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	TOTAL
1.1 Socio-economic issues	Learner did not mention any socio-economic issues affecting businesses and did not discuss the negative impact of the issues on businesses.	Learner mentioned INCORRECT issues affecting businesses OR Learner did not discuss any negative impact the identified socio-economic issues.	Learner mentioned ONE CORRECT socio-economic issue affecting businesses OR Learner discussed negative impact socio-economic issues which do not correlate with identified socio-economic issues.	Learner mentioned TWO socio-economic issues affecting businesses OR Learner discussed the negative impact of socio-economic issues which correlate with TWO identified socio-economic issue.	Learner mentioned TWO socio-economic issues affecting businesses AND Learner discussed negative impact of socio-economic issues which correlate with TWO identified socio-economic issue.	Learner mentioned MORE THAN TWO socio-economic issues affecting businesses with practical examples. AND EXCEPTIONALLY discussed the negative impact of socio-economic issues which correlate with TWO identified socio-economic issues and included practical and relevant examples.	5
1.2 Naming the socio-economic issue affecting RRC, quoting motivation and recommending solutions to deal with socio-economic issues.	Learner did not name the socio-economic issues affecting RRC and did not quote a motivation from the scenario and did not recommend solutions to deal with the socio-economic issues.	Learner named the incorrect socio-economic issues and quoted motivation that is NOT from the scenario. OR Learner did not recommend solutions to deal with the socio-economic issues.	Learner named the INCORRECT socio-economic issue and quoted the CORRECT motivation from the scenario. OR Learner recommended ONLY ONE solution to deal with the socio-economic issues.	Learner named the CORRECT socio-economic issue and quoted the CORRECT motivation from the scenario. OR Learner recommend TWO solutions to deal with correct socio-economic issues identified.	Learner named the CORRECT socio-economic issue and quoted the CORRECT motivation from the scenario. OR Learner recommend THREE solutions to deal with correct socio-economic issues identified with practical examples	Learner named the CORRECT socio-economic issues and quoted the CORRECT motivation from the scenario AND EXCEPTIONALLY Recommended THREE solutions to deal with correct socio-economic issues identified with practical examples	5
1.3 Elaboration on the meaning of corporate social responsibility	Learner did not elaborate on the meaning of corporate social responsibility.	Learner indicated only ONE part of a sentence to give the meaning of corporate social responsibility.	Learner indicated TWO parts of the sentence/point to give the meaning of corporate social responsibility.	Learner indicated ONE and a half complete sentences/points to give the meaning of corporate social responsibility.	Learner indicated TWO complete sentences/points to give the meaning of corporate social responsibility.	Learner indicated TWO complete sentences/points to give the meaning of corporate social responsibility with practical examples.	5
1.4 Identification of the form of ownership and discussion of form of ownership.	Learner did not identify and discuss the form of ownership from the scenario	Learner identified the INCORRECT form of ownership from the scenario. OR Learner did not discuss the form of ownership.	Learner identified the CORRECT form of ownership from the scenario. OR Learner did not discuss the form of ownership	Learner identified the CORRECT form of ownership from the scenario. OR Learner discussed only ONE advantage of the form of ownership identified.	Learner identified the CORRECT form of ownership from the scenario. OR Learner discussed only TWO advantages of the form of ownership identified.	Learner identified the CORRECT form of ownership from the scenario. AND EXCEPTIONALLY discussed MORE THAN TWO advantages of the form of ownership identified with practical examples.	5
1.5 Factors to be considered when choosing the form of ownership.	Learner did not name factors to be considered when choosing the form of ownership.	Learner named INCORRECT/IRRELEVANT factor to be considered when choosing the form of ownership.	Learner named ONE CORRECT factor to be considered when choosing the form of ownership.	Learner named TWO CORRECT factors to be considered when choosing the form of ownership.	Learner named THREE CORRECT factors to be considered when choosing the form of ownership.	Learner EXCEPTIONALLY named MORE THAN THREE factors to be considered when choosing the form of ownership with practical examples.	5

ASSESSMENT CRITERIA	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	TOTAL
1.6 Advantages of partnership.	Learner did not suggest advantages of partnership.	Learner suggested the INCORRECT/IRRELEVANT advantages of partnership. OR Learner suggested the CORRECT/RELEVANT advantages of OTHER FORMS OF OWNERSHIP either than the partnership.	Learner suggested ONE CORRECT advantage of partnership.	Learner suggested TWO CORRECT advantages of partnership.	Learner suggested THREE CORRECT advantages of partnership.	Learner EXCEPTIONALLY suggested MORE THAN THREE advantages of partnership with practical examples.	5
1.7.1 Quoting leadership and management skills from the scenario	Learner did not quote any leadership and management skills from the scenario.	Learner quoted the INCORRECT leadership and management skills which are not from the scenario.	Learner quoted the INCORRECT issues that are neither leadership or management skills from the scenario.	Learner quoted ONLY ONE leadership OR ONE management skill from the scenario.	Learner quoted the TWO leadership skills OR ONE management skill from the scenario.	Learner EXCEPTIONALLY quoted the TWO leadership skills and management skill from the scenario.	5
1.7.2 Discussing the risk and perseverance as qualities of an entrepreneur.	Learner did not discuss the risk and perseverance as qualities of an entrepreneur.	Learner wrote the INCORRECT discussion about the risk and perseverance as qualities of an entrepreneur.	Learner discussed ONLY ONE CORRECT fact about the risk OR perseverance as qualities of an entrepreneur.	Learner discussed ONLY ONE CORRECT fact about the risk AND ONE INCORRECT fact about perseverance as qualities of an entrepreneur.	Learner discussed TWO facts about the risk AND ONE fact about perseverance as qualities of an entrepreneur.	Learner EXCEPTIONALLY discussed TWO CORRECT facts about the risk AND perseverance as qualities of an entrepreneur with practical examples.	5
SUB TOTAL FOR WRITTEN WORK							40

ORAL PRESENTATION

ASSESSMENT CRITERIA	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	TOTAL
Insight/mastery of topic	No understanding of sub topics	Very little understanding of the sub topic.	Understanding of SOME sub topics.	Understanding of MOST sub topics.	MOST sub topics understood and conveyed satisfactorily.	Proper planning and preparations. Excellently demonstrated mastery and insight into sub topic.	5
Presentation skills	No effort made	Can only maintain eye contact and finds it difficult to handle feedback.	Can maintain GOOD eye contact but finds it difficult to handle feedback.	Can maintain GOOD eye contact but dominates the discussion. (NO feedback.)	Maintains good eye contact, highlights important aspects of the topic but does not handle feedback effectively.	Maintains good eye contact, highlights important aspects of the topic, handle questions in a professional manner and does not dominate the discussion.	5
SUB TOTAL FOR ORAL PRESENTATION							10
GRAND TOTAL							[50]

JUNE PAPER 1

MARKS: 100

TIME: 1,5 HOURS

Instructions and information

This paper consists of 5 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	20	20 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO.)	2	20	40 minutes
	3	20	
	4	20	
C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	
TOTAL		100	90 minutes

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A (COMPULSORY)

SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write the letter (A – D) next to the question (1.1.1 – 1.1.5) in the ANSWER BOOK for example 1.1.6 B.

1.1.1 A/an/the ... outlines the core purpose of a business and explains why the business exists.

- A. mission statement
- B. vision
- C. goals
- D. objectivities

1.1.2 Competition is affected by

- A. substitutes that threatens to replace old products.
- B. unions negotiating better wages.
- C. interest rates going down.
- D. a decrease in unemployment.

1.1.3. The business organisation has complete control over the ... environment.

- A. market
- B. macro
- C. global
- D. micro

1.1.4 Managers are responsible for developing tactical decisions.

- A. top
- B. middle
- C. low
- D. upper

1.1.5 Peter obtained a loan from KNC Bank to start his engineering business:

- A. fixed capital
- B. working capital
- C. borrowed capital
- D. own capital

5 × 2 (10)

1.2. Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK. Each word should only be used ONCE.

quality assurance	public relations	leading
controlling	quality control	production

1.2.1 Managers engage in the ... task as they guide employees in the right direction to achieve goals.

1.2.2 Inspection of the final product is known ...

2 × 2 (4)

- 1.3.** Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – J) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK, for example, 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Quality assurance	A organised group of workers that protect interest of their members
1.3.2 Public sector	B organised businesses who join their resources to undertake a project to benefit all its members
1.3.3 Strategic alliances	C inspection of a final product to ensure that it meets the required standards
	D privately owned by sole traders or profit companies
	E inspection of a product is carried out during and after the production process
	F consists of parastatals and state-owned companies

3 × 2 (6)

TOTAL SECTION A

[20]

SECTION B

Answer ANY TWO questions in this section.

QUESTION 2: BUSINESS ENVIRONMENT

- 2.1** List THREE business sectors. (3)
- 2.2** Explain the meaning of the market environment. (4)
- 2.3** Read the scenario below and answer the questions that follow.

LUCKY CANNED FOOD (LCF)

Lucky Canned Food (LCF) is a factory that manufactures canned fruits and vegetable in the Northern Cape region. Severe rainfall damaged agricultural products in the region. Solly Farmers also delayed to deliver fruits and vegetables to LCF. The business is negatively affected by the high rate of employee absenteeism on rainy days.

- 2.3.1** Name the sector in which LCF operates. Motivate your answer by quoting from the scenario above. (3)
- 2.3.2** Identify THREE challenges faced by LCM and classify each according to the THREE business environments.
Use the table below as a GUIDE to answer QUESTION 2.3.2.

CHALLENGE	BUSINESS ENVIRONMENT

(6)

- 2.4** Outline the differences between management and leadership. (4)

[20]

QUESTION 3: BUSINESS OPERATIONS

3.1. Identify business functions applicable to EACH statement below:

3.1.1 Molemo carries out market research to assess the demand from the consumers. (2)

3.1.2 Nati looks for possible ways to expand the business when dealing with debts and payments. (2)

3.1.3 Thoni makes the decisions, sets goals and mission of the business. (2)

3.2 Read the scenario below and answer the questions that follow

Businesses need employees to perform certain duties. Goals are also met by setting aside money for buying raw materials, infrastructure and machinery. The business enterprise must have access to information for business functions to operate effectively.

3.2.1 Identify FOUR organisational resources mentioned above. (4)

3.2.2 Explain TWO reasons why a business may need financing. (4)

3.3 Justify the quality of performance in the administration function. (6)

[20]

QUESTION 4: MISCELLANEOUS TOPICS BUSINESS ENVIRONMENTS

4.1 Read the scenario below and answer question that follows: (6)

JANSAM PLAZA (JP)

Jansam Plaza consists of well-known registered clothing and grocery shops in Sasolburg. There is a number of unregistered stalls and spanza shops selling vegetables and fruits next to the mall.

4.1.1 Identify TWO sectors of economy applicable to the scenario. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 4.1.1

SECTOR OF ECONOMY	MOTIVATIONS

(6)

4.2 Justify with reasons why NGOs and CBOs form part of the market environment. (4)

BUSINESS OPERATIONS

4.3 Explain the differences between own capital and borrowed capital. (4)

4.4 Discuss the following levels of management

4.4.1 Top level management (2)

4.4.2 Middle level management (2)

4.4.3 Lower-level management (2)

[20]

TOTAL SECTION B

[40]

SECTION C

SECTION C

QUESTION 5: BUSINESS ENVIRONMENT

Businesses are affected by different components of the macro environment. Business managers should be aware that the three business environment are interrelated. The market environment has a potential of posing a challenge to the business.

Write an essay on the business environments in which you include the following aspects:

- Outline the meaning of the macro environment.
- Describe any SIX components of the macro environment and give practical example of each components.
- Discuss the interrelationship between the micro, market and macro environments.
- Suggest reasons why the macro environment can be a challenge to the businesses.

[40]

QUESTION 6: BUSINESS OPERATIONS

The purchasing function is responsible to carry out some important activities. Purchasing of goods and services can be done for cash or on credit. Legislations such as the National Credit Act (no.35 of 2005) stipulates the rights of the consumers and impacts on businesses.

Write an essay on the purchasing function in which you include the following aspects:

- Outline the activities of the purchasing function.
- Distinguish between credit payments and cash payments.
- Evaluate the impact of NCA on the businesses.
- Advise businesses on the consumer rights in terms of the National Credit Act (NCA).

[40]

TOTAL SECTION C

[40]

GRAND TOTAL

[100]

JUNE PAPER 2

MARKS: 100

TIME: 1,5 HOURS

Instructions and information

This paper consists of 7 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.
SECTION A: COMPULSORY
SECTION B: Consists of THREE questions.
Answer any TWO of the three questions in this section.
SECTION C: Consists of TWO questions.
Answer any ONE of the two questions in this section.
2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	20	20 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO.)	2	20	40 minutes
	3	20	
	4	20	
C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	
TOTAL		100	90 minutes

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A (COMPULSORY)

SECTION A (COMPULSORY)

QUESTION 1

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A - D) next to the question number (1.1.1 - 1.1.5) in the ANSWER BOOK, for example 1.1.5B.
 - 1.1.1 The music industry is negatively effected by ... whereby public duplicate music, books and computer software without authorisation.
 - A Crime
 - B Imitation
 - C Piracy
 - D Bootlegging

(2)

- 1.1.2** Businesses are expected to engage in one of the following as an example of a social responsibility programme
- A** Increase in the manager's salary
 - B** Increase in profits
 - C** Sponsoring an orphanage the cares for children infected/affected by AIDS
 - D** Discounting prices of its products (2)
- 1.1.3** Companies has to draft a ... that set out the rights and responsibilities of shareholders and directors.
- A** Article of Association
 - B** Prospectus
 - C** Memorandum of Incorporation
 - D** Partnership agreement (2)
- 1.1.4** A sustainable business is one that:
- A** does not have a negative impact on the environment or society.
 - B** keeps operating for many years.
 - C** does not use local products.
 - D** does not use up natural resources. (2)
- 1.1.5** The owner(s) of the following form of ownership have limited liability.
- A** Sole proprietor
 - B** Close corporation
 - C** Partnership
 - D** LBJ & Son (2)
- (5 × 2) (10)

- 1.2** Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number (1.2.1- 1.2.2) in the ANSWER BOOK.

inclusivity ; proprietor ; poverty ; directors

- 1.2.1** Shareholders of Bicco Ltd elected ... as representatives to the board of the company.
- 1.2.2** Businesses donates money and food parcels to their immediate communities to deal with ... as a socio-economic issue. 2 × 2 (4)
- 1.3** Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question numbers (1.3.1 to 1.3.3) in the ANSWER BOOK, e.g. 1.3.6 K.

COLUMN A		COLUMN B	
1.3.1	Inclusivity	A	a legal status where an investor's financial obligation is limited to the amount invested in the business
1.3.2	Patent	B	when some people are given better opportunities than others in the same society
1.3.3	Limited liability	C	giving the owner exclusive rights to make, use or sell the product or process
		D	a legal status where business owners are responsible for all the debts of the business
		E	protecting the original expression of a particular idea
		F	when everyone have access to equal opportunity irrespective of race, gender or disability

(3 × 2) (6)

SECTION B

Answer any TWO questions in this section.

QUESTION 2: BUSINESS VENTURES

- 2.1** Name any TWO types of co-operative (2)
- 2.2** Outline factors to be considered when choosing a form of ownership. (4)
- 2.3** Read the scenario below and answer question that follows.

TGF SUPERMARKET

Tambo, George and Fatima have started a business, they are jointly and severally liable for the debts of the business. They want to convert their business which will enable them to invite the public to buy shares to raise more capital.

- 2.3.1** Identify the forms of ownership applicable in the scenario. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 2.3.1.

FORM OF OWNERSHIP	MOTIVATIONS
1.	
2.	

- (6)
- 2.4** Explain the differences between profit-company and non-profit company. (4)
- 2.5** Advise businesses on the characteristics of a sole trader. (4)

[20]

QUESTION 3: BUSINESS ROLES

- 3.1** Name TWO different types of gambling (2)
- 3.2** Explain how businesses can address crime. (4)
- 3.3** Read the scenario below and answer questions that follow:

BOOITY CONSTRUCTORS(BC)

Booity Constructors is contracted by Elias Mofage local municipality to install bulk water in the community. The community is complaining that a certain minority racial group is employed by BC. The high level of riots and protest made businesses suffer significant losses.

- 3.3.1** Identify TWO socio-economic issues applicable to BC. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.3.1.

SOCIO-ECONOMIC ISSUES	MOTIVATIONS
1.	
2.	

- (6)
- 3.3.2** Explain ways in which businesses can address any ONE socio-economic issue identified in QUESTION 3.3.1. (4)
- 3.4** Suggest initiatives businesses can take to address gambling as a socio-economic issue. (4)

[20]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS VENTURES

- 4.1** Identify the form of ownership applicable to EACH statement below:
- 4.1.1** Bathandwa's Tours CC is offering school transport in Umtata. (2)
- 4.1.2** Kaitlin & Kalylene's Outfitters is well known for the best sport attire. (2)
- 4.2** Explain TWO qualities of the entrepreneur (6)

BUSINESS ROLES

- 4.3** Elaborate on the meaning of social responsibility. (2)
- 4.4** Read the scenario below and answer questions that follows:

During May 2018, bus drivers country-wide embarked on a prolonged strike. Bus companies later decided to implement a lock-down as a counter-action.

- 4.4.1** Differentiate between strike and lock-out. (4)
- 4.4.2** Suggest the negative impact of strike on businesses. (4)

[20]

SECTION C

QUESTION 5: BUSINESS VENTURES

Individuals need information about different types of companies. Knowledge about the characteristics of close corporation is essential to inform establishment of a business. Non-profit organisation also has a role in the economy of the country. The government is a major shareholder in the state-owned companies.

Write an essay on the forms of ownership in which you include the following aspects:

- Outline the differences between private company and public company.
 - Explain the characteristics of close corporation.
 - Evaluate the impact of a non-profit organisation.
 - Advise businesses on the advantages of the state-owned company.
- (40)**

QUESTION 6: BUSINESS ROLES

South Africa is facing a huge gap between rich and poor. Labour regulations expect businesses to employ people across races and gender. HIV/AIDS and gambling are having a negative impact on businesses. Businesses need to develop strategies to deal with poverty stricken communities.

Write an essay on the socio-economic issues in which you include the following aspects:

- Elaborate on the meaning of inequality and poverty.
- Explain the purpose of inclusivity in the workplace.
- Discuss the negative impact of the following socio-economic issues on businesses
 - HIV/AIDS
 - Gambling

Suggest initiatives which businesses can do to address poverty. **(40)**

TOTAL SECTION C [40]

GRAND TOTAL [100]

12

Creative thinking
and problem solving

TOPIC OVERVIEW

- Unit 12.1 The meaning of creative thinking
- Unit 12.2 The meaning of problem-solving
- Unit 12.3 Problem-solving techniques



Learning objectives

At the end of this topic, learners should be able to:

- ❖ elaborate on the meaning of creative thinking
- ❖ outline/explain/describe/discuss the advantages/benefits of creative thinking in the workplace
- ❖ explain how businesses can use creative thinking to generate entrepreneurial opportunities, for example, designing environments that stimulate creative thinking
- ❖ define/elaborate on the meaning of problem-solving
- ❖ outline/explain/distinguish the differences between decision making and problem-solving
- ❖ outline/explain/discuss/describe the problem-solving cycle
- ❖ name/explain/discuss problem-solving techniques
- ❖ explain/describe how businesses can apply problem-solving techniques to solve business problems
- ❖ identify problem-solving techniques from given scenarios/case studies
- ❖ recap the meaning of a business opportunity
- ❖ explain/describe how businesses can use mind mapping, brainstorming to identify innovative and entrepreneurial business opportunities
- ❖ recommend/suggest ways in which creative business opportunities can realistically be implemented..



Key concepts

- **Creative thinking:** involves the process of generating innovative and imaginative ideas.
- **Sustainable business practice:** a business practice that is economically viable, socially responsible, and environmentally friendly is usually regarded as being sustainable.
- **Indigenous knowledge:** the local knowledge that is unique to a given culture or society.
- **Non-conventional thinking:** refers to thinking differently and looking at something in a new way.
- **Mind mapping:** diagrams that represent ideas that are connected to a central theme.
- **Force Field Analysis:** a technique used to determine the forces that are for and against a decision.
- **Empty Chair Technique:** a role-play exercise that places a person across from an empty chair.
- **Nominal Group Technique:** a structured method for group brainstorming that allows every member to come up with ideas on their own.
- **Brainstorming:** a group activity to find a solution for a specific problem by gathering a list of ideas spontaneously.
- **Forced combinations:** a technique involving the practice of combining new ideas that don't appear to be related in any way.
- **SCAMPER:** the name **SCAMPER** is an acronym that helps teams explore ideas from seven different perspectives. It involves lateral thinking which helps explore new possibilities.
- **Delphi Technique:** a method that relies on a panel of experts to find solutions to a problem.
- **Problem solving:** the process of finding solutions to difficult or complex issues.

Introduction

Creative thinking is one of the most important processes that add to the success of a business. It helps businesses keep up with the latest trends, and to always stay ahead of their competitors.

In addition to generating new ideas, businesses also need to be able to effectively solve problems. Whether it is dealing with customer dissatisfaction or a financial issue, there will always be unforeseen issues that arise – which would require problem-solving.

This topic will also be covered in Grade 11 where we will focus on Creative thinking addressing problems to improve business practice and assessing creative solutions to business problems against the reality of the business environment. In Grade 12 will focus on *Applying creative thinking to respond to challenges in dynamic and complex business contexts*.

12.1 The meaning of creative thinking

Creative thinking involves the process of generating innovative and imaginative ideas. It is the ability to see something in a new way. It is also about being able to think of unique ideas or new approaches to solve problems.

Whether businesses consider making changes to a product or creating a new advertisement in an ever-changing world, creative thinking at the workplace can have a positive impact.



Creative thinking can help to solve business problems successfully.

The advantages/benefits of creative thinking in the workplace

- New, innovative, and better ideas and solutions are generated.
- Creativity is key to staying one step ahead of competitors.
- Complex business problems may be solved.
- It leads to increased productivity of the entire business.
- It leads to more positive attitudes as managers and employees feel that they have contributed towards problem-solving.
- It improves motivation amongst staff members.
- Creativity may lead to new inventions that will improve the general standard of living.
- Management and employees may keep up with fast-changing technology.

Ways in which businesses use creative thinking to generate entrepreneurial opportunities

- Design environments that stimulate creative thinking.
- Encourage staff to come up with new ideas and solutions.
- Encourage alternative ways of doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Make time for brainstorming sessions to generate new ideas, for example, holding regular workshops.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Train staff in innovative techniques, creative problem-solving skills, mind-mapping and lateral thinking.
- Emphasise the importance of creative thinking to ensure that all staff know that management wants to hear their ideas.
- Encourage job swaps within the organisation and study how other businesses are doing things.
- Regard indigenous knowledge as a valuable resource when solving problems or identifying opportunities.

Activity 12.1

- 1.1 Elaborate on the meaning of creative thinking. (4)
 1.2 Read the scenario below and answer the questions that follow:

TOY STORES (TS)

Toy Stores (TS) sells toys to both the young and old. The toy sales have been declining for the past few months. The management of TS requested their employees to come up with new ideas on how this problem could be solved. Workshops were held to train staff about the different creative thinking techniques.

- 1.2.1 Quote TWO ways in which TS uses creative thinking to generate entrepreneurial opportunities. (2)
 1.2.2 Explain other ways in which businesses can use creative thinking to generate entrepreneurial opportunities (6)
 1.2.3 Advise the management of TS about the advantages of creative thinking in the workplace. (6)

Tip

When required to quote from the scenario, rewrite the applicable sentence in full, directly from the scenario.

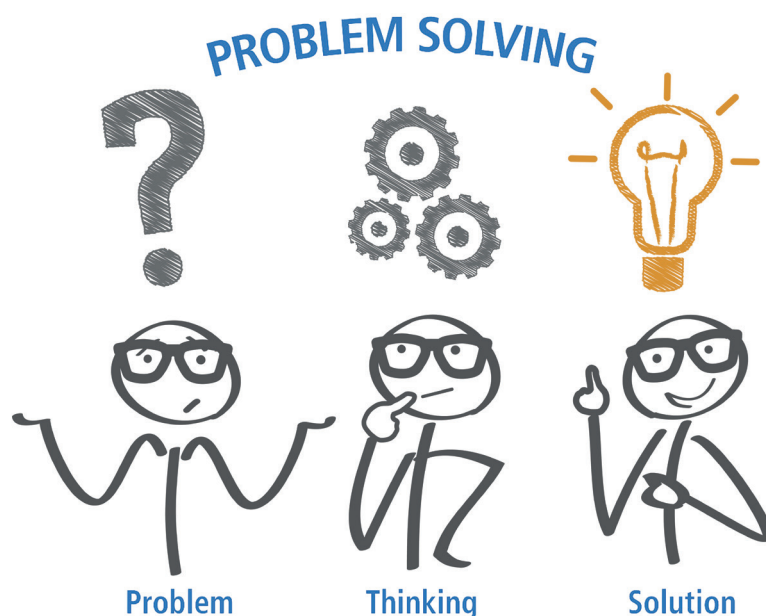
Tip

Only the first TWO answers will be marked if more than the stated number of facts are given.

12.2 The meaning of problem solving

Problem solving is the process of finding solutions to difficult or complex issues. It is a process that requires creative thinking. Alternative solutions are identified and critically evaluated. Effective problem solving results in good decision-making.

Problems can be solved by a group/team or an individual. Various techniques may be used.



Enrichment

Discuss how businesses can use creative thinking to solve business problems

Creative thinking and problem-solving are necessary components of sustainable business practice. Solving problems are at the centre of what many people do at work every day. Businesses are required to apply creative and critical thinking skills to solve problems. A fundamental part of the role of every manager is finding ways to solve problems:

- Management can come up with creative solutions for the business.
- Management can be creative when managing and motivating employees.
- Employees can come up with creative strategies for problems.
- New products can be designed to meet changing preferences and demands.
- Existing goods and services can be adapted to meet ever-changing needs.
- Goods and services can be marketed in creative ways.
- Public relations can design and implement creative strategies.



QR CODE

Watch the video on the problem-solving cycle with the following link:

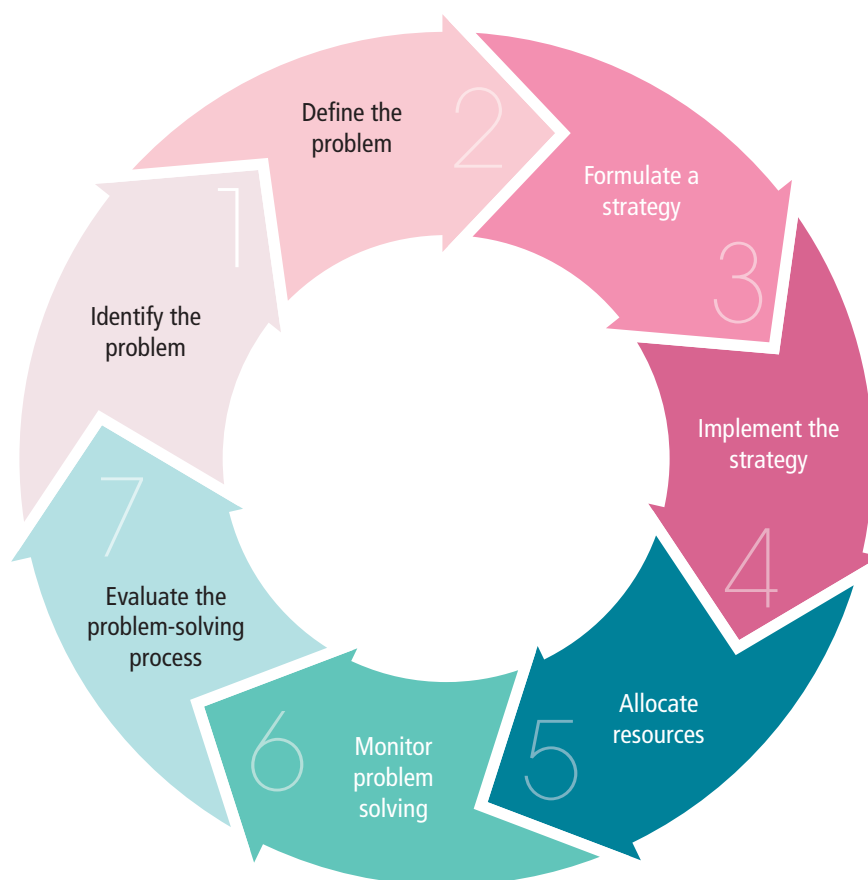


<https://www.youtube.com/watch?v=BrfkIn0BPB0>

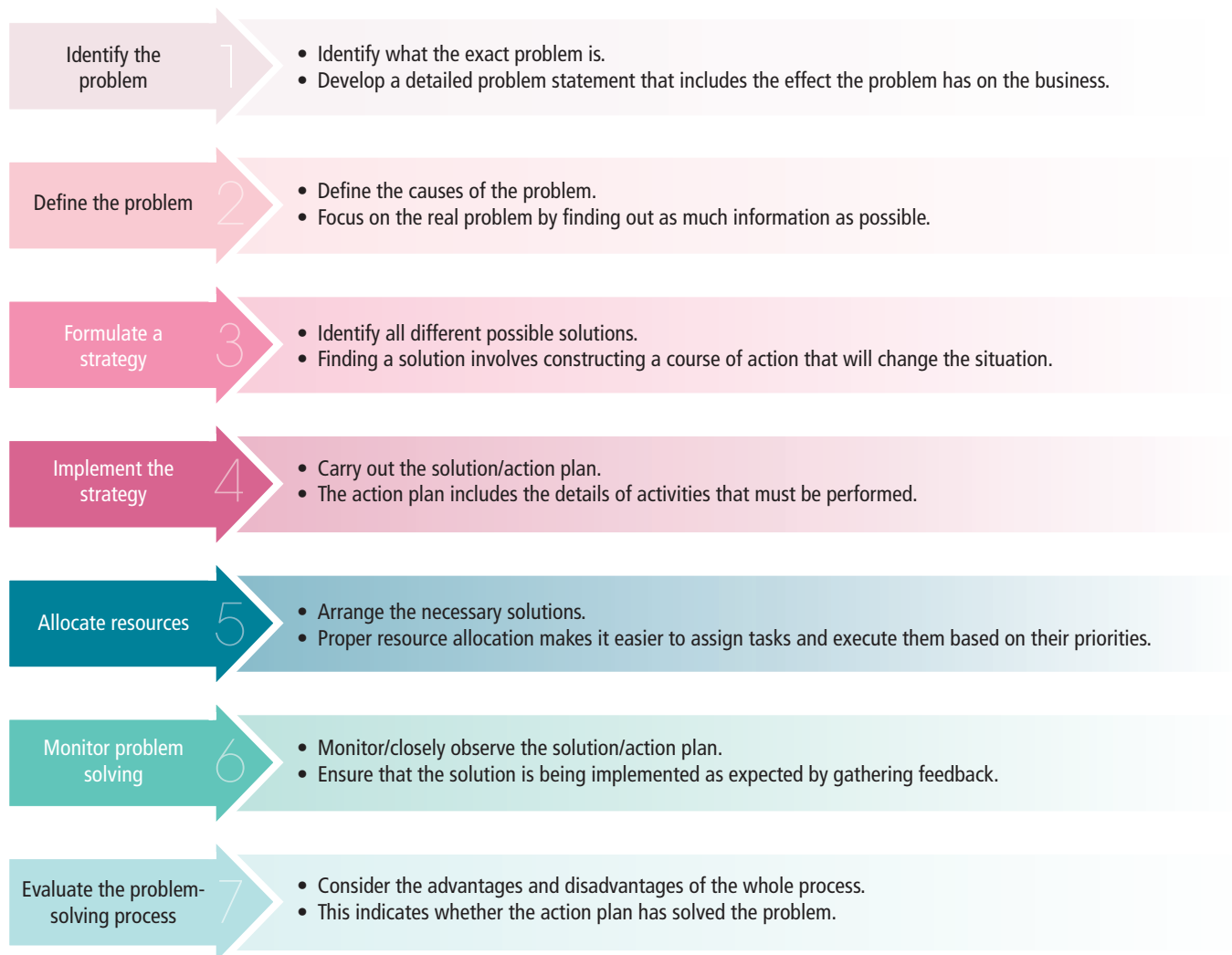
The problem-solving cycle

A problem-solving cycle is a valuable tool that businesses can use to solve problems. The illustration below shows an example of a problem-solving cycle.

Problem-solving cycle

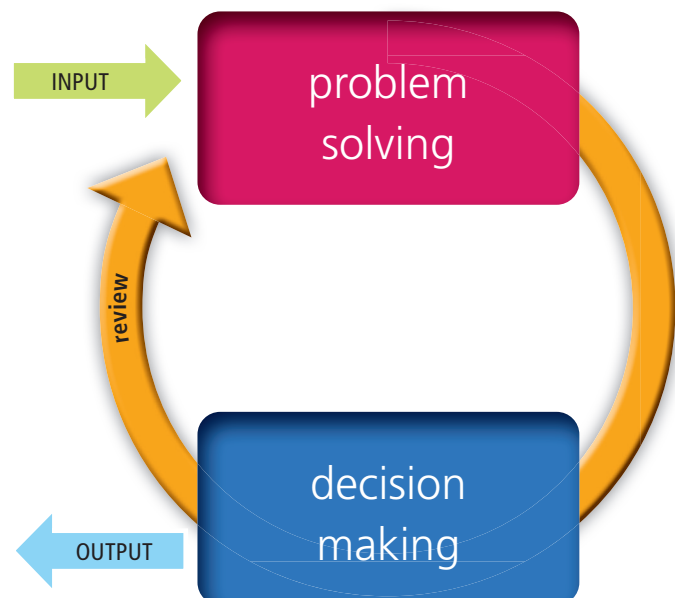


Let's look at the steps in more detail.



The differences between decision making and problem-solving

DECISION MAKING	PROBLEM-SOLVING
Decision-making is the process of choosing from several alternatives.	Problem-solving is the process of finding a solution to a problem.
Various alternatives are considered before deciding on the best one.	Alternative solutions are identified and evaluated.
It is part of the problem-solving process where a solution is chosen.	It involves analysing the problem to identify solutions.
Decisions are usually made by one person.	Problem-solving usually involves a group/team.



Activity 12.2

- | | |
|--|-----|
| 1.1 Elaborate on the meaning of problem solving. | (4) |
| 1.2 Explain problem solving steps that businesses can apply. | (6) |

12.3 Problem-solving techniques

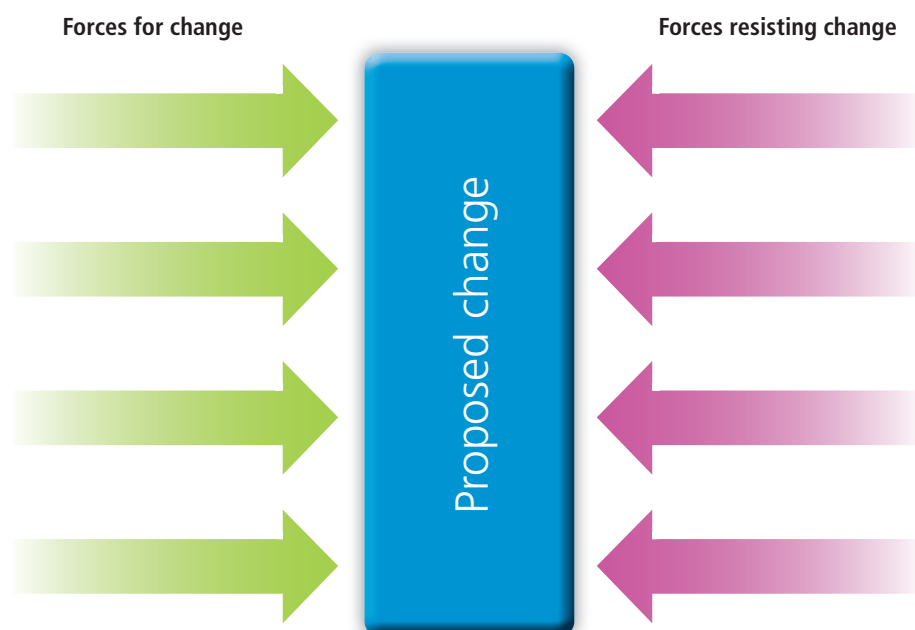
Businesses are often faced with making difficult decisions. The following problem-solving techniques can be used for good decision making:

- Force Field Analysis
- Empty Chair Technique
- Delphi Technique
- Nominal Group Technique
- Mind mapping
- Brainstorming
- Forced combinations
- SCAMPER

Let's have a closer look at each one of these techniques.

Force Field Analysis

The Force Field Analysis is a technique used to compare the driving and restraining forces to create an informed decision. This technique will improve the quality of decisions and increase the chances of success.



Application of the Force Field Analysis technique

- Describe the current situation/problem and the desired situation.
- List all the driving forces and restraining forces that will support and resist change.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.
- Identify priorities and develop an action plan.

Example of the application of the Force Field Analysis technique

Due to the pandemic lockdown, many supermarkets' sales dropped because of fewer customers visiting the store. Management used the Force Field Analysis to solve the problem by proposing a delivery service to their customers.

Current problem: Fewer customers/sales dropped

Forces for change	Score		Proposal		Score	Forces against change
Sales will increase	5	➡	Delivery service	⬅	3	Additional staff
More customers	4				3	Delivery vehicle
Satisfied customers	4	➡		⬅	5	Additional costs
Total	13	➡		⬅	11	Total

The force for change has the highest score, therefore it would be a viable decision to offer a delivery service to their customers.

The Empty Chair Technique

The Empty Chair Technique is a role-play exercise that places a person across from an empty chair. He/she is asked to imagine that someone (such as a boss or co-worker), or a part of themselves is sitting in the chair. This simple approach is designed to allow a person to see the situation from a different perspective and to gain insight into the problem.



Application of the Empty Chair Technique

- Sit across an empty chair.
- Imagine someone sitting in a chair.
- Explain the problem in detail to the imaginary person.
- Describe the position/response of the imaginary person.
- This helps in understanding a different point of view.



QR CODE

Watch the video on force-field analysis with the following link:



https://www.mindtools.com/pages/article/newTED_06.htm



QR CODE

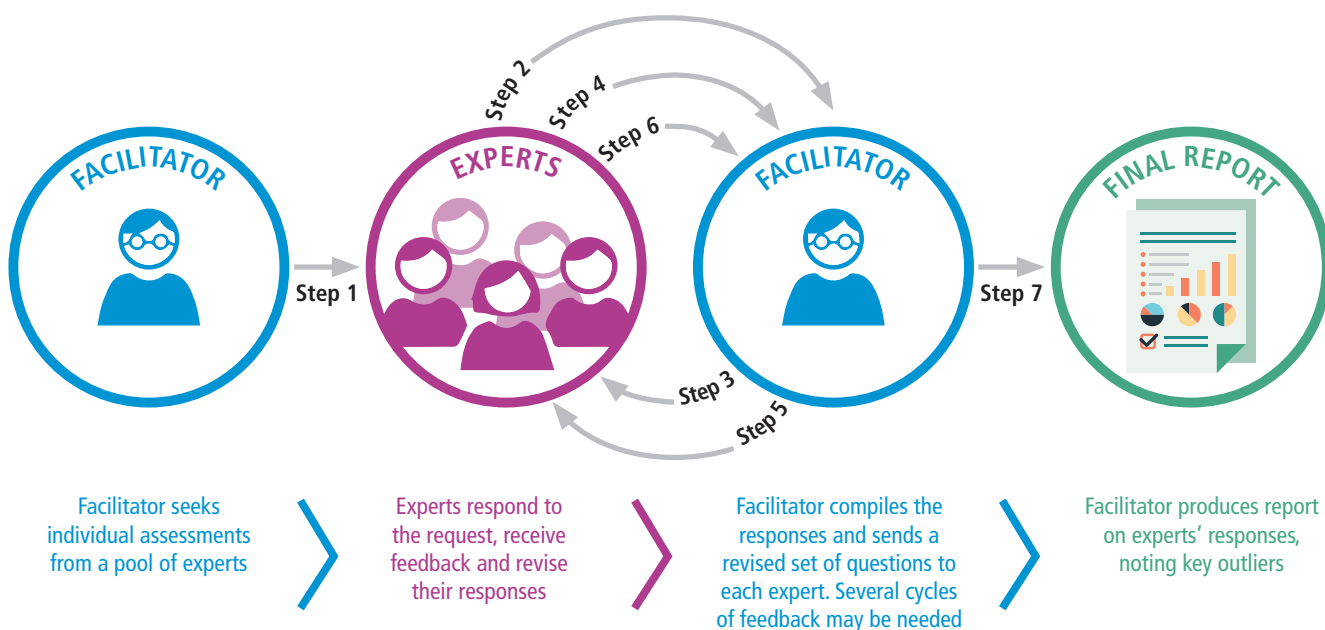
Watch the video on the Empty Chair Technique with the following link:



Empty Chair Technique, brainstorming and mind mapping - YouTube

The Delphi Technique

The Delphi Technique is a method that relies on a panel of experts to find solutions to a problem. Experts do not have to be in the same place. This technique uses a series of questionnaires to obtain feedback from experts. The questionnaires are summarised to bring about the agreement from the different views.



QR CODE

Watch the video on Delphi Technique with the following link:



<https://www.youtube.com/watch?v=4oY-wefvXjbU>

Application of the Delphi Technique

- Businesses must invite a panel of experts to solve a complex problem.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to solve the problem and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest solutions to the problem and return it to the business.
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and the second set of questions/questionnaire based on the feedback report to the panel members.
- Request panel members to provide further input/ideas on how to solve the problem after they have studied the results/documentation.
- Distribute a third questionnaire based on previous feedback from the second round.
- Prepare a final summary/feedback report with all the methods to solve the problem.
- The business should choose the best solution/proposal after reaching a consensus.

The Nominal Group Technique

Nominal Group technique requests each employee to silently brainstorm and generate many ideas on their own and to write them down. A voting process is added to rank the ideas that are generated. Everyone in the group is expected to participate in silence.



APPLICATION OF NOMINAL GROUP TECHNIQUE

- The team is divided into smaller groups seated around a table.
- Problem(s) should be clearly defined to the groups.
- Each team member will silently brainstorm as many ideas as possible and write them down.
- Each team member gives one of their solutions/ideas with a short explanation.
- Someone writes down these ideas on a big sheet of paper.
- No one is allowed to criticise, but participants may ask questions to understand the suggested solution more clearly.
- Duplicated ideas are then eliminated.
- Individuals anonymously rank suggestions from 1 upwards.
- Ratings are captured and points are totalled.
- Solutions may also be chosen by voting to determine the best idea(s).
- Each group presents the solution with the highest votes in their particular group.



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Watch the video on Nominal Group Technique with the following link:

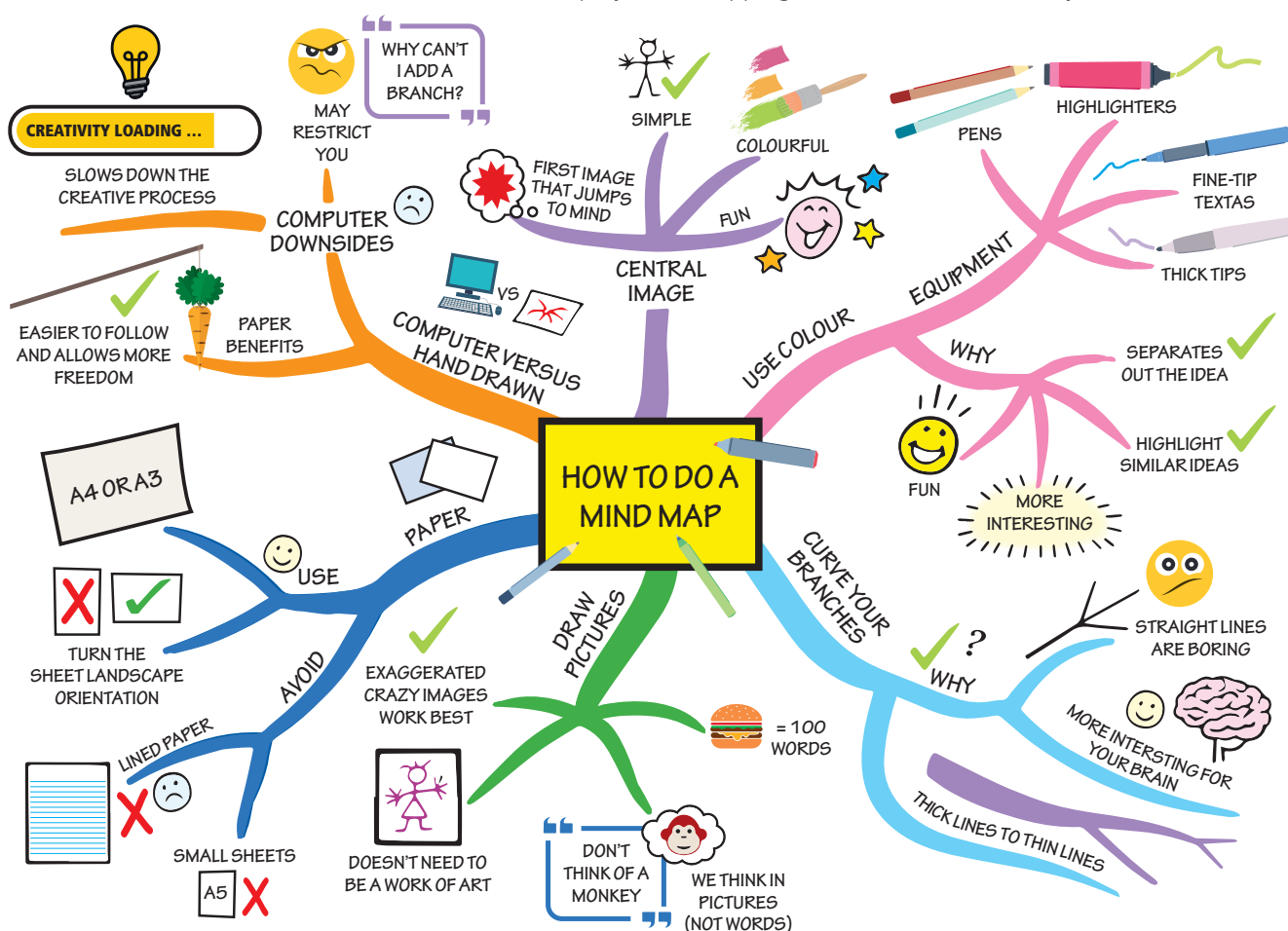


https://www.youtube.com/watch?v=q2yfS2n1n_8

Mind mapping

Mind maps are diagrams that represent ideas that are connected to a central theme. It is a way of linking key concepts using images, lines, and links. A central concept is linked via lines to other concepts, which in turn are linked with other associated ideas.

Mind mapping helps individuals to think, collect knowledge, remember, and create ideas. Simplify mind mapping so that learners can easily understand.



QR CODE

Watch the video on mind mapping with the following link:



Empty Chair Technique, brainstorming and mind mapping - YouTube

Application of mind mapping

- Create a central idea or theme.
- The central idea or theme is the starting point of the mind map and represents the topic to be explored.
- Add branches to the mind map linking key concepts to the main theme.
- Add keywords to the branched-off key concepts.
- Branches may be colour-coded.
- Images may also be included.

Brainstorming

Brainstorming is a group activity to find a solution for a specific problem by gathering a list of ideas spontaneously. It is a method for inspiring creative problem solving by encouraging group members to come up with thoughts and ideas. Some of the ideas can be crafted into original, creative solutions to a problem, while others can spark even more ideas.



Application of brainstorming

- The problem must be defined clearly.
- People in the group suggest ideas and solutions at random.
- All ideas must be written on a flip a chart.
- The facilitator must encourage everyone to participate and ensure that no-one criticises any suggestions.
- When the time is up/no one has any more ideas, the sheets with suggestions are hung around the room.
- Similar ideas are grouped together using coloured pens.
- The group evaluates the ideas and rates them according to how successful they think each idea will be.
- A plan of action is discussed to put the best ideas into practice.

Forced combinations

Forced combinations is a technique involving the practice of combining a series of random words that don't appear to be related in any way. Even if the solution may not be strictly unique, it often results in various useful combinations and fresh ideas. It's a simple method that stimulates creativity and opens minds to different ways of seeing a problem.

Application of forced combinations

- Participants must write down words and place them into a box.
- Random words are selected from the box.
- A forced connection is made – the more unrelated the words are to the creative opportunity, the better.
- Allow the group to brainstorm without any judgement or criticism.
- A list of new ideas would develop by the end of the session.

**QR CODE**

Watch the video on forced combinations with the following link:



<https://www.youtube.com/watch?v=pza3vxH9X3I>

SCAMPER

The name SCAMPER is an acronym that helps teams explore ideas from seven different perspectives. It involves lateral thinking that helps team members explore new possibilities. The SCAMPER method helps generate diverse ideas for new products and services that will help innovate and improve existing products, services, problems, and ideas.

SUBSTITUTE

Replace a part of your product, service or process with another.

ADAPT

Adapt an existing idea that might not have worked before.

PUT TO ANOTHER USE

Put current processes or products that were intended for a specific purpose to another use (when, where, how to use it).

ELIMINATE

Identify the most important parts. Eliminate or simplify others.



COMBINE

Combine ideas, processes or products into one more efficient.



MODIFY

Modify an aspect of your situation or problem. Make it larger, stronger, or smaller, lighter.



REVERSE

Reverse the orientation or direction of a process or product, do things the other way around/ against its original intention.

Application of SCAMPER

Keep in mind the principle of force-fitting. If no response is forthcoming to the SCAMPER prompt, then force a response, no matter how ridiculous it seems, and think of ways to make the non-logical response work.

The following demonstrates a random application of using SCAMPER.

ELEMENTS		EXPLANATION	EXAMPLE
S	Substitute	Remove part of the problem and replace it with other material, parts, or people.	Nutec boards are used to replace traditional pine boards on wendy houses and garden sheds.
C	Combine	Join together unrelated products to create something new.	An electronic version of a printed book that can be read on a computer to form an e-book.
A	Adapt	Change some parts of the product so that it works differently.	A cell phone with a front-facing camera for selfies.
M	Modify (Magnify/Minify)	Change the product by making the feature bigger/smaller than it is.	TV's changed from a large wooden box with a tiny screen to slim plasma TV sets.
P	Purpose (Put to other use)	Consider what else can be done with the product.	Baking soda is used in food. Other uses are a remedy for sunburns, bee stings, and upset stomachs. It can also be used as an underarm deodorant, a mouthwash, to put out a fire, and to eliminate odours.
E	Eliminate	Remove some parts of the product by trimming, simplifying, or reducing it to its core function.	Laptop and notebook computers do not come with the traditional mouse associated with desktop computers.
R	Reverse (Rearrange)	Change the direction or orientation. Turn it upside-down, inside-out, or make it go backward, against the direction it was intended to go or be used.	Rearranging the layout of a store, or just certain departments or aisles.

SCAMPER may also be applied to ONE product/idea to develop new products or services.



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Watch the video on SCAMPER with the following link:



https://www.youtube.com/watch?v=M2I4PSdt7_8

Activity 12.3

- 1.1 Identify the problem-solving technique that Fabulous Fashions applies in EACH statement below:
 - 1.1.1 Fatima engaged in a role-play conversation with an imaginary person to clarify a the proposed solution to a problem.
 - 1.1.2 Employees of Fabulous Fashions were requested to practice combining new ideas to stimulate creativity.
 - 1.1.3 Fatima requested that some experts complete a questionnaire on how to solve the business's problems. (3 × 2) (6)
- 2.1 Elaborate on the meaning of SCAMPER as a problem solving technique. (4)
- 2.2 Explain how businesses can apply mind mapping as a problem solving technique to solve complex business problems. (8)
- 3.1 Read the scenario below and answer the questions that follow.

DESIGNER FURNITURE (DF)

Designer Furniture is well known for designing quality furniture. Some of the staff were requested to suggest new ideas aloud in a large group. These ideas were used to inspire new thoughts. The rest of the staff were requested to individually and silently generate solutions.

- 3.1.1 Identify TWO problem-solving techniques used by DF. Motivate your answer by quoting from the scenario.
Use the table below as a GUIDE to answer QUESTION 3.1.1

PROBLEM-SOLVING TECHNIQUES	MOTIVATIONS
1.	
2.	

- 3.1.2 Advise DF on how to apply ONE of the problem solving techniques identified in QUESTION 3.1.1 above. (6)

Tip

When required to quote from the scenario, rewrite the applicable sentence in full, directly from the scenario.

Tip

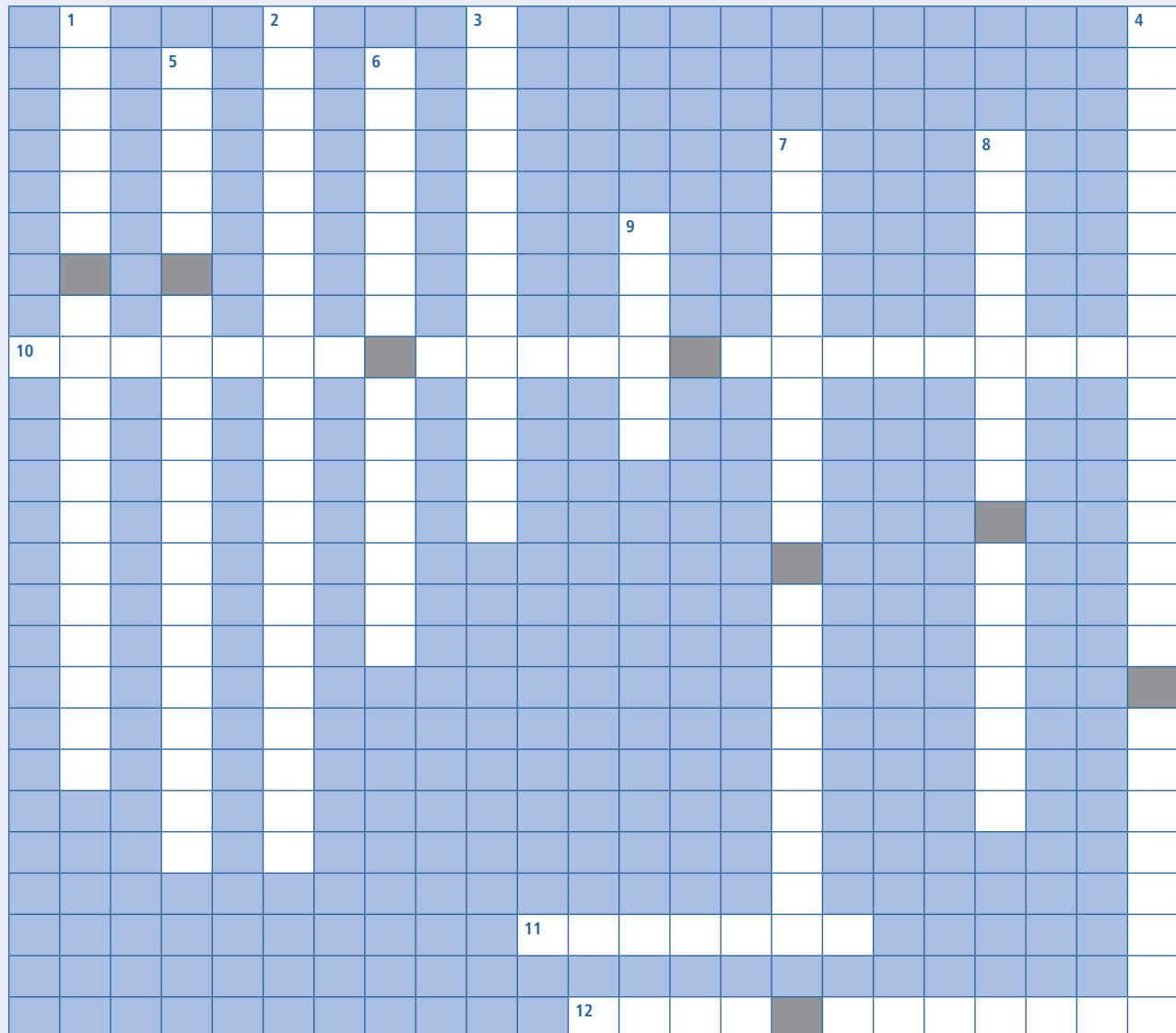
Only the first TWO answers will be marked if more than the stated number of facts are given.

Tip

Only the first answer will be marked if more than one fact is given.

Activity 12.4 CREATIVE THINKING AND PROBLEM SOLVING

CROSSWORD PUZZLE



Across

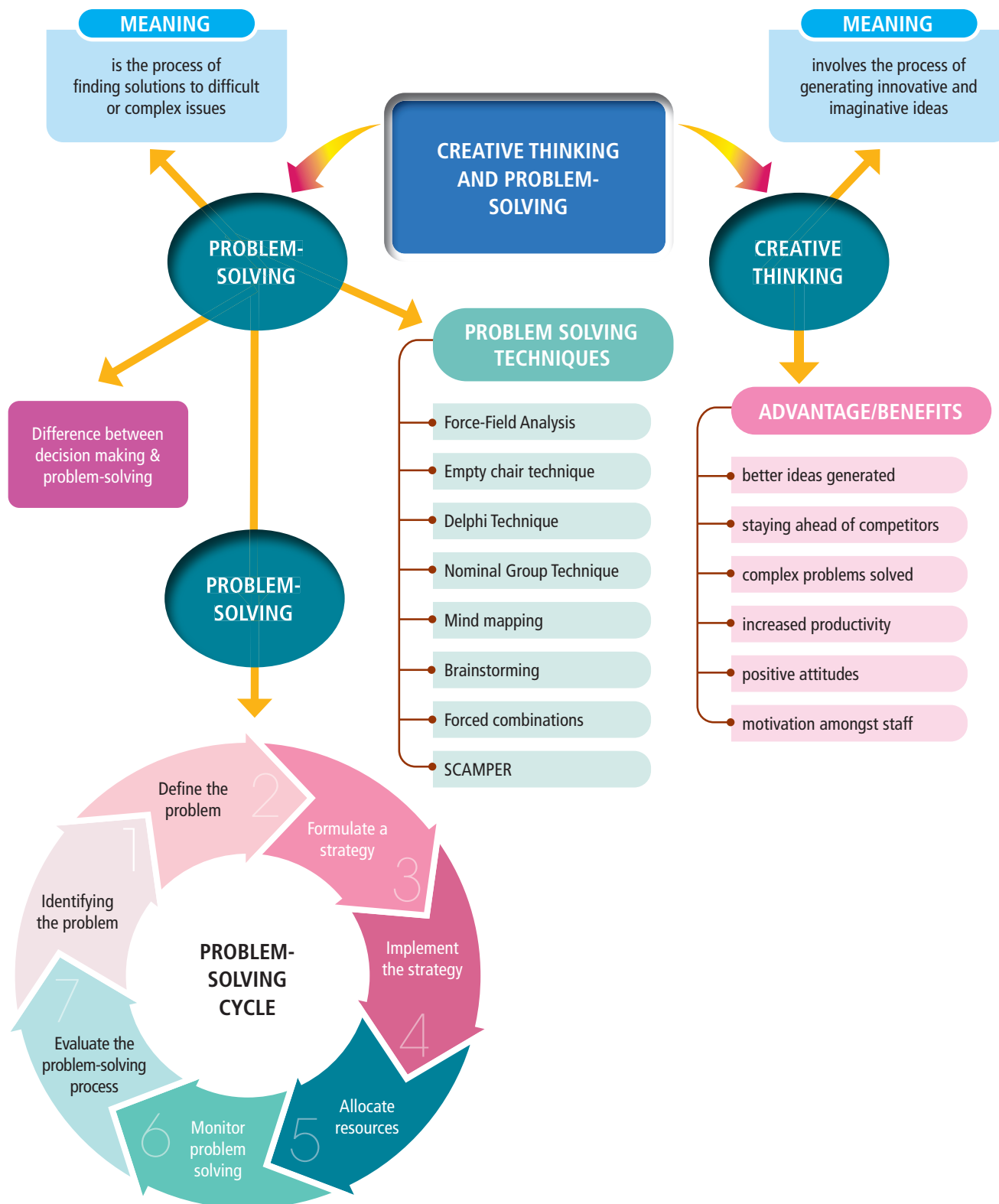
10. A structured method for group brainstorming that allows every member to silently come up with ideas on their own. (3 words)
11. An acronym that helps teams explore ideas from seven different perspectives.
12. Diagrams that represent ideas that are connected to a central theme. (2 words)

Down

1. A technique involving the practice of combining new ideas that don't appear to be related in any way. (2 words)
2. A role-play exercise that places a person across from an empty chair (3 words).
3. A group activity to find a solution for a specific problem by gathering a list of ideas spontaneously.
4. Thinking differently and looking at something in a new way. (2 words)
5. A technique used to determine the forces that are for and against a decision. (3 words)
6. The process of finding solutions to difficult or complex issues. (2 words)
7. The local knowledge that is unique to a given culture or society. (2 words)
8. The process of generating innovative and imaginative ideas. (2 words).
9. A method that relies on a panel of experts to find solutions to a problem.

Mind map: Topic 12 – Creative thinking and problem solving

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 to 1.1.5), for example, 1.1.6 D

1.1.1 The problem-solving technique where key words are displayed and put together to generate new, creative ideas is known as ...

- A. empty chair
- B. forced combination
- C. mind mapping
- D. SCAMPER

1.1.2 Helen Designs ... to generate innovative ideas to solve business problems.

- A. allowed the CEO
- B. uses creative thinking
- C. applied conventional thinking
- D. applied routine thinking

1.1.3 Busy Beeswax used the ... as a problem-solving technique when they requested a panel of experts to complete a set of questionnaires to solve a complex problem.

- A. brainstorming
- B. Delphi Technique
- C. Force Field Analysis
- D. Nominal Group Technique

1.1.4 The process of choosing the best solution from alternatives, is known as...

- A. decision-making.
- B. non-conventional thinking.
- C. problem-solving.
- D. routine thinking.

1.1.5 This problem-solving technique requires each employee to first generate his/her ideas and then share them with members:

- A. Brainstorming.
- B. Empty Chair Technique.
- C. Force Field Analysis.
- D. Nominal Group Technique.

(5 × 2) (10)



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QUESTION 2

Businesses face many challenges and need to be well conversant with the problem-solving cycle to solve their problems. The Delphi Technique and Force Field Analysis can be used by businesses to remain competitive. Management should encourage employees to apply creative thinking to solve complex business problems.

Write an essay on creative thinking and problem solving in which you include the following aspects:

- Outline the problem-solving steps
- Elaborate on the differences between decision making and problem-solving
- Explain how businesses can apply the following problem-solving techniques in the workplace:
 - » Delphi Technique
 - » Force Field Analysis
- Advise businesses on the benefits of creative thinking in the workplace.

[40]

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

13

Business opportunities and related factors



TOPIC OVERVIEW

- Unit 13.1 The meaning of a business opportunity
- Unit 13.2 Designing a research instrument to assess needs and desires
- Unit 13.3 The protocol for conducting research
- Unit 13.4 Conduct market research and identify a business opportunity
- Unit 13.5 The difference between internal and external market research
- Unit 13.6 Compile a SWOT analysis to determine a viable business venture



Learning objectives

At the end of this topic, learners should be able to:

- ❖ elaborate on the meaning of a business opportunity and give practical examples
- ❖ explain the importance of assessing needs and desires in identifying a business opportunity
- ❖ design a research instrument to assess needs and desires, for example, questionnaires, interview structure/schedule
- ❖ outline/explain/describe protocol for conducting research
- ❖ conduct market research and identify a business opportunity
- ❖ outline/explain the difference between internal and external market research
- ❖ compile a SWOT analysis to determine a viable business venture
- ❖ identify a business opportunity based on the findings from compiling a SWOT analysis
- ❖ apply a SWOT analysis from a given scenarios/case study.



Key concepts

- **Research:** the systematic process of collecting and studying data and information according to a specific methodology.
- **Research protocol:** refers to the procedure that must be followed before research is conducted. The research protocol will depend on the type of information you need.
- **Research ethics:** supplies guidelines for the responsible conduct of research.



Key concepts

- **Research instruments:** is the different methods can be used to collect data from customers, for example questionnaires, interviews, surveys, observations and experimenting
- **Internal market research:** is the gathering of information of factors within the business such as the financial spending and the return of investment on products.
- **External market research:** is the gathering of information of factors of the wider business environment that affects your business.
- **Questionnaire:** is a research instrument that consists of a set of questions or other types of prompts that aims to collect information from a respondent.
- **SWOT analysis:** is a strategic planning technique used by a business to find strengths, weaknesses, opportunities, and threats related to the business.
- **Market research:** the collecting of data and information to provide an insight into target markets
- **Data:** units of information that are collected through observation.
- **Information:** knowledge, facts, and processed data obtained from research.
- **Viable:** something that is feasible, logical or sensible.

Introduction

A business opportunity arises when there is a gap in the market. To take advantage of this gap, we conduct research to identify the opportunities and threats of this opportunity.

Research helps us to identify problems and use the information to make informed decisions about how we want to address the problems. It also helps us to understand potential customers/clients better, and to find ways of communicating with them.

13.1 The meaning of a business opportunity

A business opportunity is a idea for a person to start a business so that they can generate an income. It is a chance of improving the current operations of a business which can contribute to greater profitability. Entrepreneurs are people who constantly look at new business opportunities so that they can remain competitive.

Here are some examples of business opportunities:

- home care services for senior citizens
- online education programmes
- catering and ready-made meals.



Did you know

When considering a business opportunity, think about the following:

- Will there be any competition in the market?
- Is there actually a gap in the market that your business opportunity can fill?
- Who is your target market?
- Will you need external suppliers, and what will the cost of their services be?

Needs and desires of a target market

When identifying a business opportunity, it is important to assess the needs and desires of your target market.

- The success of a business opportunity depends on the businesses awareness of the needs of the target market and how to fulfil those needs. Businesses also need to filter their potential target market's desires. In this way they will ensure that the customers will spend money on their products.
- Businesses should create a desire for their product through well-designed advertising and marketing campaigns.



The importance of assessing needs and desires in identifying a business opportunity

- Needs and desires are the keys to a successful business opportunities.
- The success of a business opportunity depends on the awareness and fulfilment of target market.
- Business should create a desire for their product through well-designed advertising and marketing campaigns.
- Needs and desire create a guarantee for a market.
- Every need and every desire are a possible business opportunity.
- If you see a need that is not met, you have a guaranteed market.
- It is easier to find something that people want and to create a business around that since desires are unlimited.
- Sometimes an entrepreneur will invent a new product for which there is no existing desire or market.
- In such a case the entrepreneur would have to create a desire for the product through clever advertising and a good marketing campaign.



Activity 13.1

Understanding business opportunities

- | | |
|--|-----|
| 1.1 Elaborate on the meaning of a business opportunity. | (2) |
| 1.2 Explain the importance of assessing needs and desires in identifying a business opportunity. | (4) |

13.2 Designing a research instrument to assess needs and desires

A well-designed research instrument informs a business about the needs and desires of potential customers. Businesses can use this research data to reduce risk and make informed business decisions.

Different research instruments

A **research instrument** is a tool used to collect, measure and analyse data related to a business opportunity. A good research instrument will provide information about a target market, which is meaningful, that is, the **respondents** actively participated in the research.

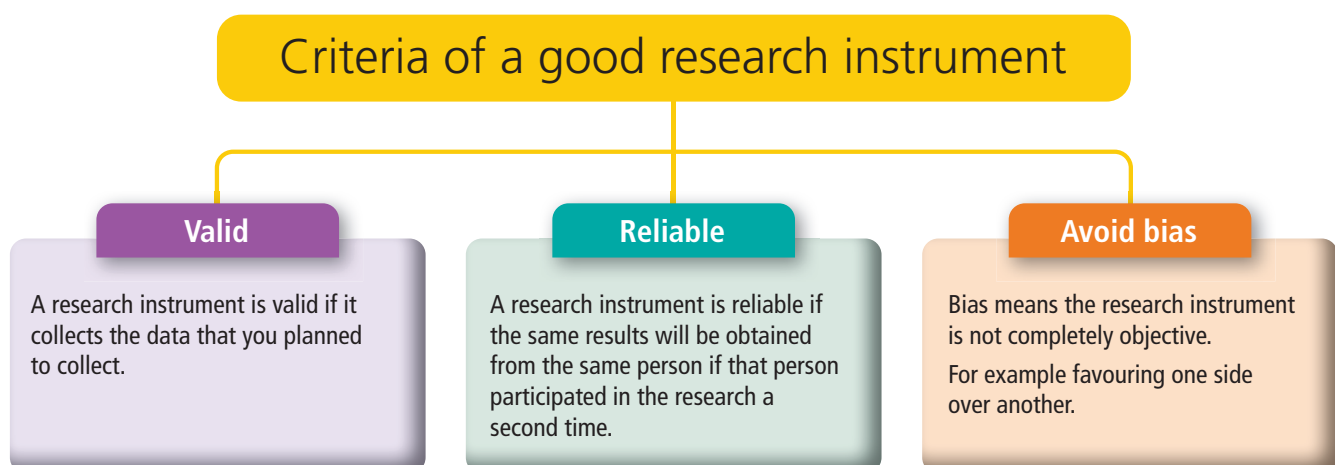
Design a good research instrument

A good research instrument will give you complete and accurate information.

The following steps must be followed:

- Decide what information you need
- Be clear about what you want to know about potential customers.
- Use a table to analyse data from the research. Ask simple and clear questions
- Have a variety of questions.
- Include some multiple choice, tick box questions, questions where things must be ranked according to scale.
- Test the questions.

Look at the diagram below. It shows the criteria that researchers need to bear in mind when they are developing a research instruments.



A New words

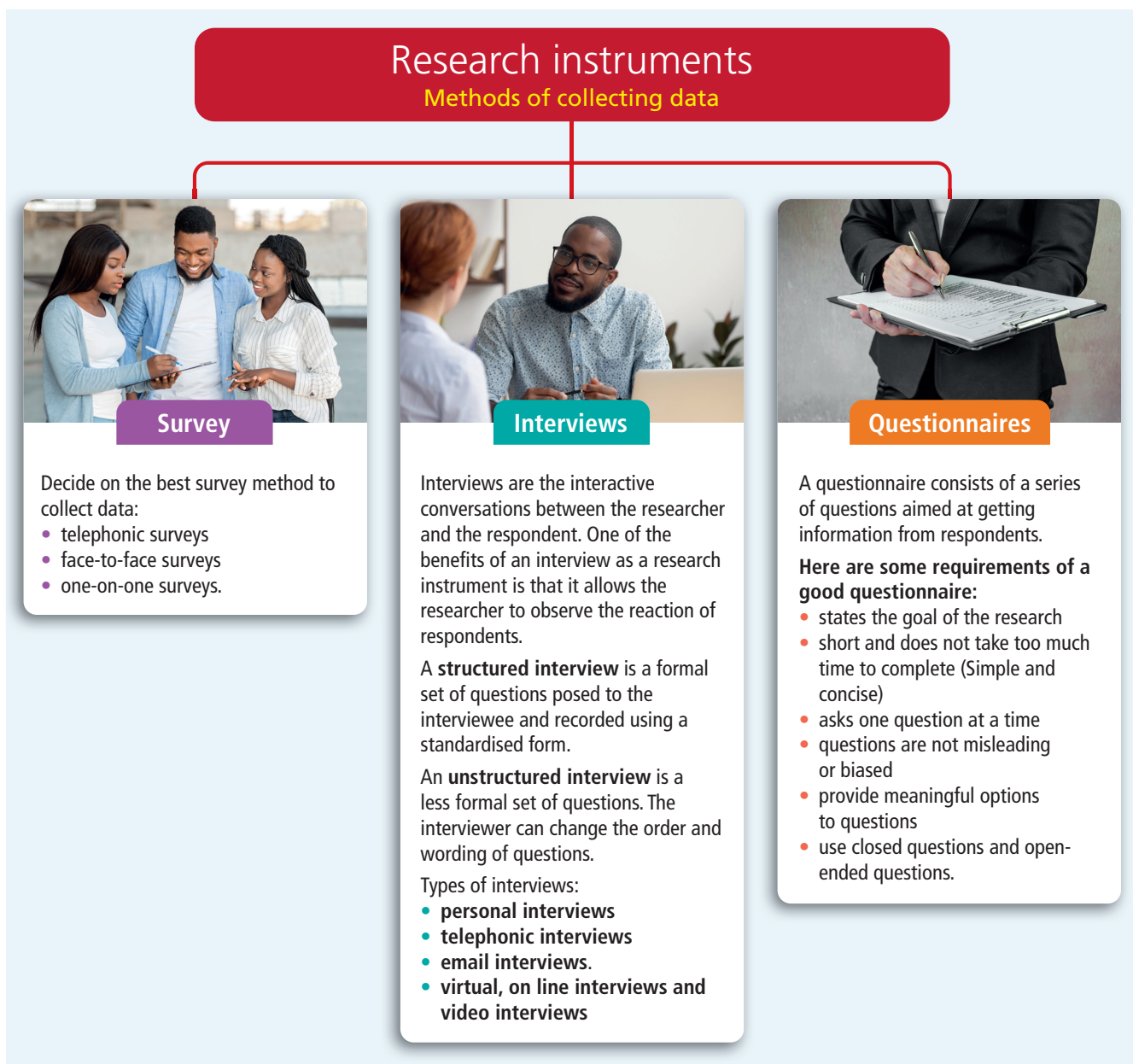
respondent people who take part in research

research instruments is the different methods can be used to collect data from customers, for example questionnaires, interviews, surveys, observations and experimenting

Different research instruments can be used to collect data from customers. Here are some examples of research instrument:

- surveys
- interviews
- questionnaires
- observations
- experimenting.

Let's look at surveys, interviews and questionnaires in more detail.



? Did you know

The choice of interview method depends on factors, such as:

- the available budget
- the literacy levels of the target population
- the sensitivity of the questions
- how soon you need the answers.

Look at this questionnaire that can be used to get information about your possible business opportunity. This is an example of a good questionnaire as it is not too complicated and will be answered in less than 5 minutes.

QUESTIONNAIRE

Thank you for participating in the survey. I am doing a research about a business opportunity to supply fast food in your area. This questionnaire should take about three minutes to complete.

✓ the boxes and answer Question 4 and 5 in your own words.

1 How often do you eat fast food?

Everyday	
Once a week	
Once a month	
Not very often	

- This is a closed-ended question with tick boxes.
- The tick boxes make it easy for the respondent to complete.

2 On average how much would you spend on a fast food meal for your family?

Less than R200	
R200	
R300	
More than R400	

- This is a close-ended question with tick boxes to make it easy for the respondent to complete.
- Closed-ended questions are easily analysed, and it makes statistical interpretation possible.

3 How do you prefer to order the take-away?

On-line ordering	
Phone ordering	
In person ordering	

- The response rate is higher with surveys that use closed-ended question than with those that use open-ended questions.

4 What is the first thing that comes to your mind when you think of the word "fast food"? (In one word.)?

This is an example of an open-ended question that allows respondent to answer in their own words and can describe their feelings. The respondent is not limited to a set of options. These words can be used to enhance the marketing of the business.

5 What improvements would you make to the take-away service delivery in your area?

- Place the open-ended question at the end of the survey to capture anything that the closed-ended questions have not covered.

Look at the example of a questionnaire that a person wants to use to determine if web development is a feasible business opportunity. This is a poorly-designed questionnaire and not user-friendly.

QUESTIONNAIRE

Answer HONESTLY.

This is not a friendly way to start the questionnaire and can be seen as intimidating.

1 Do you agree that a website must have a user interface?

- This is a leading question.
- It not a good question as the respondents may not understand the technical terminology used in the question.

2 A website must be affordable.

- This is not a clear question as the term “affordable” could mean different things to different people.
- You can improve the question by changing it to a closed-ended question with tick boxes.

3 Yes, or No? A good website must have multilingual capabilities, different user roles, analytics and tracking, SSL, envision project links, flat image files and PSD files.

- This is question is too long and uses too much technical terms.
- This is a vague question.

4 Do you agree that the government must supply free housing to all South Africans?

- This is question is not relevant to the survey.
- Only ask questions related to the survey.

5 If you drink less alcohol and smoke less, you will be able to understand web design principles.

- Respondents can be embarrassed by this question.
- This is more a statement and not a question.
- The question is not relevant to the survey.

6 Are you satisfied with your Internet Service Provider?

- This question is not specific enough and may lead to different replies that will be difficult to statistically analyse.

Activity 13.2

Designing a research instrument to assess needs and desires

- 1.1 List TWO research instruments that can be used for market research. (2)
- 1.2 Design a questionnaire of FIVE questions for a new breakfast cereal to determine the need for the product. (10)
- 1.3 Design an interview structure or schedule for a vacant management position in a newly established business in your vicinity.

13.3 The protocol for conducting research

Meaning of research protocol

A research protocol is a plan with detailed guidelines that explain the rules of the research. It will describe the objectives, design, methodology and statistical considerations of the research depending on the type of information required.

Ethical issues and protocols to be adhered to when doing research:

- The research should be conducted with the willing cooperation of participants.
- If research is taking place within an organisation, it must be approved first.
- The person conducting the research should not try to influence the opinions of the participants.

When pursuing a business opportunity, ensure that:

- It does not break any law or infringe on any copyright.
- It does not harm the environment.
- The product or service should be safe.
- The product or service should not be bad for people's health.

The **research protocol** also addresses the **integrity** of research.

- The research protocol must cover the **ethics** of the process. Ethics in research has three elements:
 - Research may not disadvantage anyone.
 - Research may not be **inhumane**.
 - Research may not **exploit** anyone.
- The research should be conducted with the willing cooperation of participants.
- The research must be approved first if it is taking place within an organisation.
- Research must comply with ethical standard of the organisation by obtaining clearance from the authorised bodies or persons.
- The person conducting the research should not try to influence the opinions of the participants.
- The research protocol should address the integrity of the research.
- The research should obtain a consent from the respondents to carry out the research.

- Information collected from the research must be kept confidentially.
- Reports finding from the research must be accurate and not misleading.

Activity 13.3 Protocol for conducting research

- | | |
|---|-----|
| 1.1 Define the term research protocol. | (2) |
| 1.2 Outline the protocol for conducting research. | (6) |

A New words

Market research is an activity of gathering information about target markets and customers.

13.4 Conduct market research and identify a business opportunity

Market research is the systematic gathering, recording, and analysing of data about the marketing of goods and services. Market research to assess needs and desires.

Importance of market research for a business

- Market research assess the needs and desires of customers
 - Entrepreneurs gain information about industry trends and the actions of their competitors
 - Helps the business in developing and enhancing the product
 - Guides business to minimise risks and identify gaps in customer expectation.
 - Can be used to identify a business opportunity.
 - Can guide a business to minimise risks
 - To identify gaps in customer expectations.
 - People's taste, habits, behaviours, and desires change constantly.
- Regular market research will inform the business about the changes



13.5 The difference between internal and external market research

Good market research can guide a business to minimise risks and to identify gaps in customer expectations. When doing **internal** and **external** market research at the same time, businesses can identify business opportunities.

The difference between internal and external market research

Internal market research	External market research
<ul style="list-style-type: none"> • Internal market research is market research usually conducted by a person within the company • Employees are familiar with both customers and products which means they are uniquely capable of generating new ideas and how to market it • Different resources with the business are used to gather information to make informed decisions • Internal market research focuses on the factors within the business 	<ul style="list-style-type: none"> • External market research is market research usually conducted by an outside specialist • The feedback is obtained by customers, potential customers, and suppliers • Information about the target market, environment, customers' needs, and desires are obtained • External market research focuses on the interaction between the business and the customers.

Advantages and disadvantages of internal and external market research

Advantages of internal marketing research	Advantages of external marketing research
<ul style="list-style-type: none"> • Lower research costs • Shared information across the company • High response rate • Can give good insight into positions of competitors. 	<ul style="list-style-type: none"> • Not influenced by company politics and regulations. • Niche expertise as market research done by market research specialists, • Zero bias. • Objective results.
Disadvantages of internal marketing research	Disadvantages of external marketing research
<ul style="list-style-type: none"> • Lack of anonymity • Not as formalised as external marketing research 	<ul style="list-style-type: none"> • Time consuming • Expensive research cost

Activity 13.4

Difference between internal and external market research

- 1 Explain the difference between internal and external market research. (4)

13.6 Compile a SWOT analysis to determine a viable business venture

A SWOT analysis is one of the components of the Business Plan. We will learn more about it in Topic 14.

SWOT analysis

A SWOT analysis is strategic tool. It summarises a large amount of data into a user-friendly diagram. SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

- Strengths and Weaknesses relate to internal factors, which are under the control of the business (micro environment).
- Opportunities and Threats relate to external factors over which the business has little (market environment) or no control (macro environment).



QR CODE

Watch the following videos about the SWOT analysis of Starbucks and Tesla:



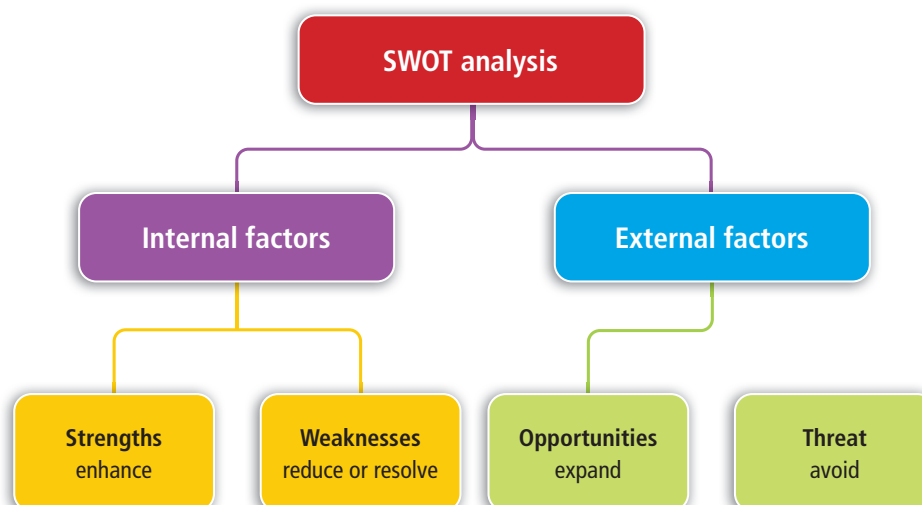
<https://www.youtube.com/watch?v=mR9eICQJLX-A&t=42s>



QR CODE



https://www.youtube.com/watch?v=I7CT80x_Gcg&t=7s



The SWOT analysis usually a four-box diagram where each of the quadrants has a statement. Look at the following example:



Take note

Reasons for compiling a SWOT analysis to determine a viable business venture

- To identify ways in which the business can grow.
- To identify potential threats.
- To devise plans to deal with threats.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Strong customer base • Well-trained staff • Adequate resources • Strong financial strength 	<ul style="list-style-type: none"> • Bad reputation • Financial problems • Lack of trained staff • Lack of capabilities • Lack of resources
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Strategic partnerships • Possibility of obtaining tenders and contracts. • New product and market development 	<ul style="list-style-type: none"> • Economic factors- e.g. high inflation rate. • Political factors like strikes and protest • Environmental factors like climate change and pollution. • Legal for example Acts that can have an impact on businesses, for example EEA, SDA, BBBEE

Benefits of SWOT analysis

- It is not expensive to perform a SWOT analysis.
- It is a planning tool that can help a business to make decisions.
- It gives a big picture of a business opportunity.
- It can help a business to focus on what is important.
- Do not take a lot of time to perform a SWOT analysis. It can be done quickly, and you have the analysis immediately available.
- Useful to find possible challenges in all three business environments.

Limitations of SWOT analysis

When you are conducting a SWOT analysis, you should keep in mind that it is only one stage of the business planning process. For complex issues, you will usually need to conduct more in-depth research. A SWOT analysis may be limited because it:

- does not prioritise issues
- does not provide solutions or offer alternative decisions
- can generate too many ideas but not help you choose which one is best
- can produce a lot of information, but not all of it is useful.
- may cause businesses to overlook certain aspects in the business.

Activity 13.5 Compile a SWOT analysis to determine a viable business venture

1.1 Read the scenario below and answer the questions that follow.



VEGGIE MARKET (VM)

Veggie Market is a well established business located near a busy taxi rank. The shop has been vandalised on numerous occasions. The business does not have insurance for the stock and property. VM entered into an alliance with Green Farms to supply vegetables for local hospitals. Hamza, the manager of VM has a good leadership style. VM lacks financial strength to keep up stock levels. Many customers prefer to buy at King Fresh Fruit and Veg at a nearby shopping mall.

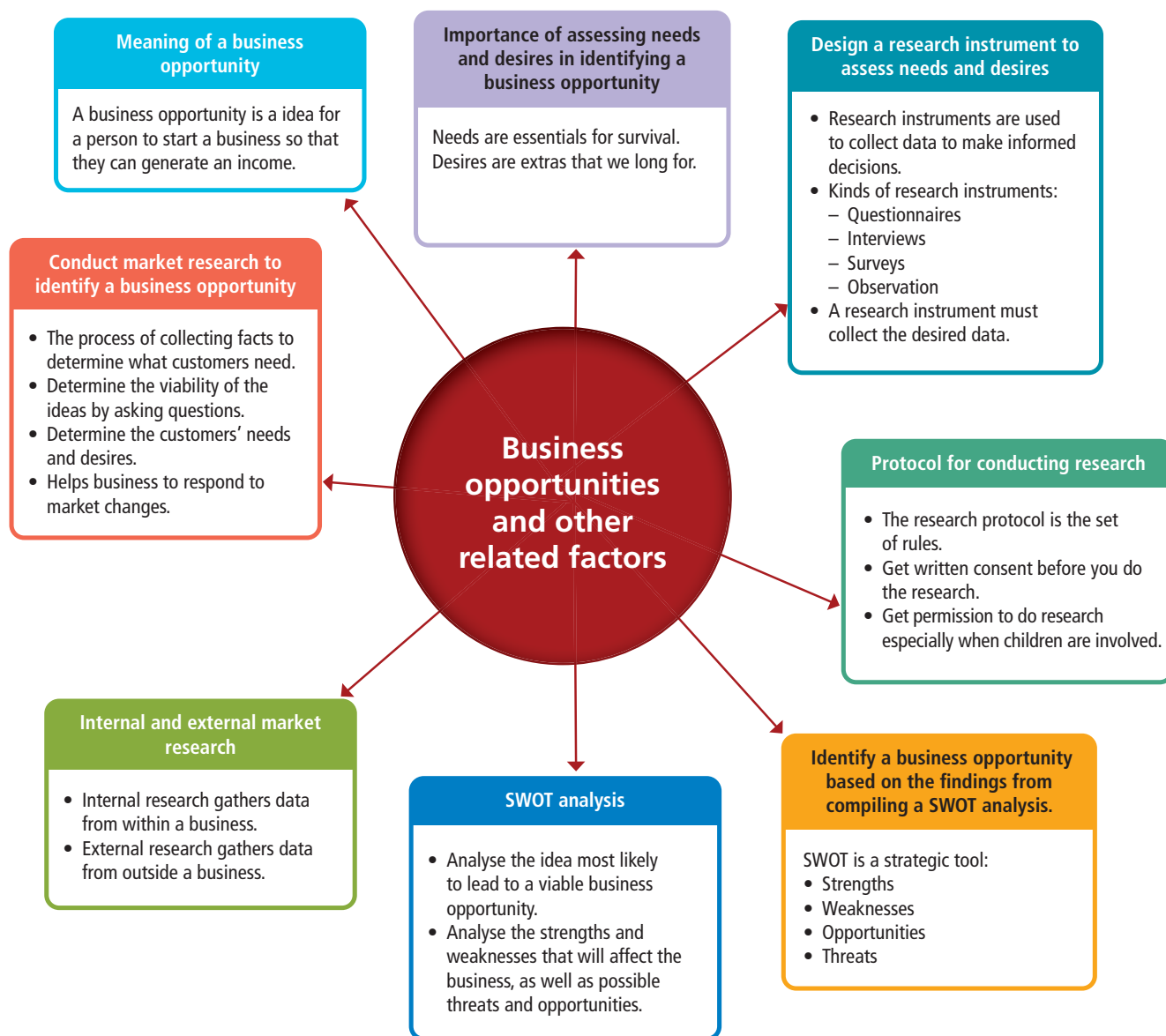
1.1.1 Compile a SWOT analysis for VM. Use the table below as a GUIDE to answer the activity.

STRENGTHS	WEAKNESSES
1.	1.
2.	2.
OPPORTUNITIES	THREATS
1.	1.
2.	2.

(8)

Mind map: Topic 13 – Business opportunities and related factors

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



Consolidation

QUESTION 1

- 1.1 Outline the differences between internal and external market research.
 1.2 Read the scenario and answer the questions that follow.

(4)

SIPHIWE GARDEN SERVICES (SGS)

Siphiwe's Garden Services wants to sell compost in addition to their normal business services. Siphiwe wants to personally interact with his biggest clients to determine if it is a good idea.



He set up appointments with the willing co-operation of his clients.

- 1.2.1 Identify the research instrument used by Siphiwe in the above scenario. (1)
 1.2.2 Quote the protocol that Siphiwe followed before conducting his research. (1)
 1.2.3 Advise Siphiwe on the ethical elements in research. (6)
- 1.3 Discuss the importance of assessing needs and desires in identifying a business opportunity. (6)

Consolidation

QUESTION 2

2.1 Read the scenario below and answer the questions that follow.

MANDISA AFTERCARE (MD)

Mandisa Aftercare offers aftercare facilities to assist children to complete their homework. MA remains open until after five. When the local school started the same service, MA children became fewer. To make up for this loss, they decide to launch a reading club to expand their market. However, some of their employees are not well-trained.

2.1.1 Compile a SWOT analysis for Mandy Aftercare
Use the table below as a GUIDE to answering the question.

(4)

STRENGTHES	WEAKNESSES
OPPORTUNITIES	THREATS



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

14

Business location decisions



TOPIC OVERVIEW

- Unit 14.1 Understanding business location decisions



Learning objectives

At the end of this topic, learners should be able to:

- ❖ explain the importance of business locations
- ❖ outline/describe/explain/discuss factors impacting the location of a business
- ❖ conduct research on the impact of business location on the success or failure of a business
- ❖ identify factors impacting a business location from given scenarios/ case studies



Key concepts

- **Infrastructure:** the basic physical and organisational structures and facilities needed for the operation of a society or enterprise.
- **Labour regulations:** laws and policies impacting on employment.
- **Raw materials:** the basic material used to make a product.
- **Government:** a group of people with the authority to run the country.
- **Local regulations:** an order or other regulations adopted by a municipality.
- **Environmental factors:** concerning the protection of the natural world of land, sea, air, plants, and animals.
- **Tax:** a compulsory contribution to state revenue, levied by the government on workers' income and business profits.
- **Labour market:** the availability of employment and labour, in terms of supply and demand.
- **Potential market:** the total population that has shown some level of interest in buying a particular product.

Introduction

Choosing a business location is a complicated strategic decision that will affect the future of the business. Various factors influence the entrepreneur to choose a certain area for the business. Location factors also depend on the nature of the business. The factors in choosing the location are explained below in this chapter.



Did you know

A location can be regional, national or even global; the choice depends on several factors.

14.1 Understanding business location decisions

The importance of business location

- A location plays a huge role in attracting
 - and retaining the best employees.
 - The location of the business has a significant impact on the establishment costs of the business.
 - It affects access to capital, resources and infrastructure.
 - Good location decision can significantly boost the business' long term performance.
 - The choice of a business location affects income, expenses and legalities of a business.
- 
- A photograph of a wooden desk setup. In the background, a silver laptop is partially visible. In the foreground, there is a white smartphone, a white tablet, and a black smartwatch, all of which are displaying map applications with red location pins. To the left of the smartphone is a white spiral-bound notebook with a hand-drawn flowchart on its cover. A grey pen lies horizontally in front of the notebook.



Factors impacting the location of a business

There are several factors that impact the location of a business. These are:

- labour regulations
- environmental factors
- transport
- infrastructure
- potential markets (customers)
- raw materials
- labour markets
- climate conditions
- government and local regulations and taxes
- crime
- competition
- economic factors
- geographical factors

Let's have a look at each of these factors in more detail.

A New words

discrimination the unjust or prejudicial treatment of different categories of people, especially on the basis of race, age or disability

Labour regulations

Labour regulations govern workforce practices such as overtime, minimum wage, employee breaks, and sick leave, as well as hiring minors and preventing **discrimination**.



- Labour regulations increase the cost of labour as they include issues such as working hours/minimum wage, and so on.
- Labour becomes expensive if the minimum wage is high.
- If labour is expensive, the price of products will increase.
- Strict labour regulations make a location less desirable.
- Employees have the right to strike and trade unions have a lot of power.
- Countries with few labour regulations have cheap labour and **exploit** their workers.

A New words

exploit the action or fact of treating someone unfairly in order to benefit from their work

Environmental factors

- Businesses should determine the environmental factors, such as depletion of natural resources, that could potentially affect the operation of the business.
- Some areas restrict the use of noisy machines and technology, or those that cause air pollution – this will directly affect the business location.
- Some areas have strict pollution and dumping laws, which may discourage businesses from operating in such areas.



Transport

- Transportation affects all functions of the business – from the employees to the management staff who need to get to work on time.
- Businesses must consider sources of reliable transport for the delivery of their supplies and the ease of access for customers.
- Locations that are far away from transport routes are less desirable.
- The nature of the transport will vary according to business type. For example, mines rely on rail transport and should be located close to the railway.
- Businesses relying on road, sea, rail, air or water, need to choose their location based on the available infrastructure.

? Did you know

Mines often rely on rail transport and should be located close to a railway.

Infrastructure

- Infrastructure refers to the availability of transport/water/electricity and communication networks.
- An entrepreneur must investigate whether the infrastructure will be upgraded before making decisions on a business location.
- There must be sufficient supply of water that is suitable to use.

Potential market

- The potential market refers to people who may be interested in the product/service sold by a particular business.
- Businesses must be located close to its potential market so that it is accessible to consumers.
- The location of a business must attract potential consumers.



Raw materials

- Some raw material like iron is heavy and can take up a lot of space.
- The proximity of the raw materials for the business will have an impact on the transport/price/availability.
- Businesses must be located close to the source of raw materials.



A New words

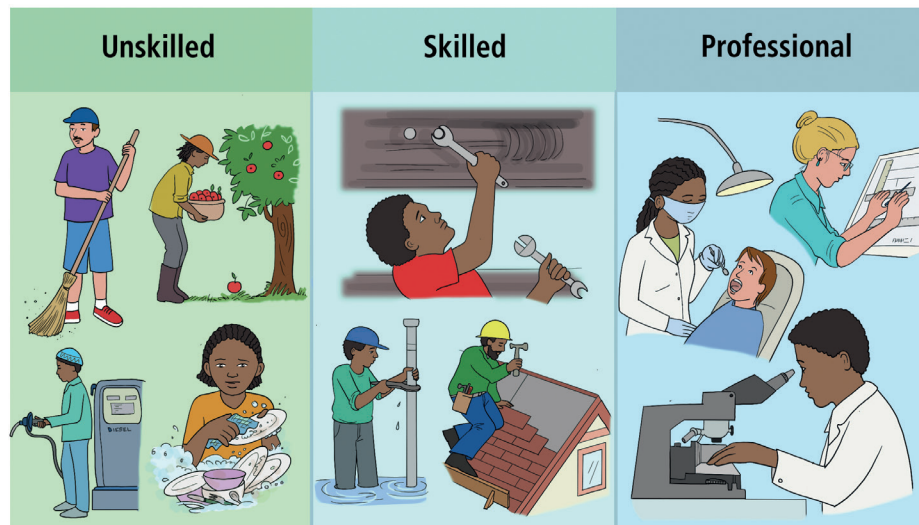
cost of labour consist of employee remuneration, for example, salaries and wages

? Did you know

In South Africa, there is a large number of unskilled labourers and skilled labourers are difficult to find.

Labour market

- The labour market refers to people who are employed by businesses and available to work.
- Businesses need to keep in my mind the **cost of labour** when deciding on a business location.
- Scarcity of labour in a chosen location means that labour will be expensive.
- Businesses must choose to locate their businesses in areas where labour is available and affordable.
- Businesses need the right number of workers, with the right skill, and at the right price.



Climate conditions

- Climate change affects crop yields causing shortages in the food supply chain, as well as losses for farmers.
- Some businesses such as agricultural and tourism industries are dependent on a particular climate.



- Many agricultural products depend on certain climatic conditions.
- Climate changes and patterns of rain, drought, harsh hot/cold conditions, snow, and wind can affect some raw material and make it impossible for businesses to survive.

A New words

tax rebates an amount by which SARS reduces the actual taxes owing

Government, local regulations and taxes

- Businesses must comply with local and government laws.
- Government uses policies and laws to regulate the location of businesses.
- Tax influences the price of products and could increase their price.
- The government can provide tax incentive or **tax rebates** to encourage people to establish businesses in other areas.
- Businesses are taxed on the profit they make.



Crime

- An area that has a high crime rate will be harmful to businesses.
- Businesses may face losses from burglaries and theft.
- A business will have to spend money on securing their premises.
- Businesses have to pay high costs for the insurance of their property, stock, and vehicles if it is located in a high crime area.
- Customers may hesitate to support businesses if they are located in unsafe areas for fear of being mugged.



Competition

- The existence of competition can be a good or bad thing – it depends on whether the business thrives on it or is destroyed by it.
- Retail shops located in shopping centres usually do well if there is competition in the same shopping centres.
- Manufacturers who are not dependent on the local market also do well in an environment with a healthy competition



Economic factors

- The purchasing power of the community will influence the location of the business
- The number of people employed in the area, the total family income, bank deposits, and the number and value of homes in the area, will also influence business location.
- These statistics indicate whether the community could afford the products/services being sold.

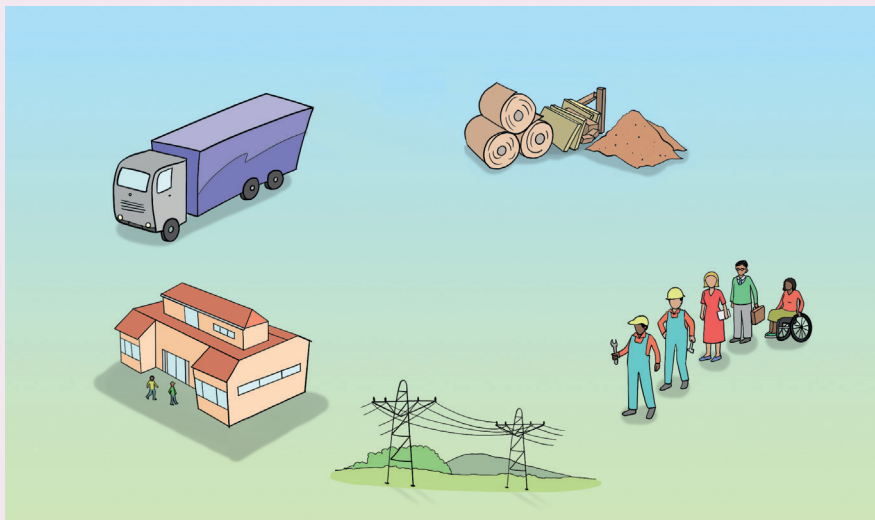
Geographical factors

- Businesses should be located near their markets for ease of access
- Some goods need be shipped to where they are sold, for example, bricks need to be manufactured close to their market because they are heavy, and it is expensive and difficult to transport them over a long distance.



Activity 14.1

Look at the picture below and answer the questions that follow:



- 1.1 Name FOUR factors impacting the business locations from the picture above. (4)
- 1.2 Explain the factors impacting business locations that are named in QUESTION 1.1. (8)

Consolidation

QUESTION 1

- 1.1 Name TWO types of transport. (2)
- 1.2 Explain the importance of a business location. (6)
- 1.3 Read the scenario below and answer the questions that follow.

MASON STEEL (MS)

Mason Steel has researched the factors that influence the location of a business. MS knows of the pollution and dumping laws for the location he has chosen. The business is also satisfied with the number of people that are interested in buying his product.

- 1.3.1 Identify TWO location factors considered by MS. Motivate your answer by quoting from the scenario above. Use the table below as a GUIDE to answering QUESTION 1.3.1 (6)

LOCATION FACTORS	MOTIVATIONS
1.	
2.	

- 1.3.2 Discuss any other TWO factors that could impact the location of a business. (6)
- [20]

Mind map: Topic 14 – Business location decisions

Use the mind map as a guide to consolidate the content covered in this topic.

Be sure to study the content relevant to each heading.



 **QR CODE**

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

15 Contracts



TOPIC OVERVIEW

- Unit 15.1 Meaning of a contract
- Unit 15.2 Legal implications of contracts



Learning objectives

At the end of this topic, learners should be able to:

- ❖ explain the meaning of a contract
- ❖ outline/explain/discuss/describe the details/content/aspects of a contract
- ❖ outline/explain/discuss/describe different types of contracts, for example, employment/insurance/hire purchase/lease agreement/rental.
- ❖ identify types of contracts from given scenarios/case studies
- ❖ support their answer by quoting from given scenarios/statements
- ❖ discuss/explain/outline the legal implications of contracts
- ❖ outline/discuss/explain the rights and responsibilities of the parties to a contract
- ❖ evaluate the contents/aspects of an employment contract from given scenarios/case studies and make recommendations for improvement.



Key concepts

- **Employer:** a person or organisation that employs people.
- **Employee:** a person employed by an organisation to perform certain tasks for wages or salaries.
- **Insurer:** the insurance company covers an individual or a business for a certain kind of risk.
- **Insured:** an individual or a business that pays premiums to an insurance company to be covered for a specific risk.
- **Lessor:** a person who owns an asset and makes it available to another person to use and receives an agreed amount of money from the person who uses it.
- **Lessee:** the person who pays to use another person's asset for an agreed period.
- **Landlord:** a person who rents out the land, a building, or accommodation.
- **Tenant:** a person who occupies land or property rented from a landlord.

Introduction

There are many different contracts that individuals and businesses enter into. These contracts serve as a mechanism to prevent future misunderstanding. A contract can be entered into by writing or verbally, and all its contents must be in line with the constitution of the country. Contracts ensure that businesses and individuals deliver their promises in a deal/transaction that has been agreed upon.

In this topic, we will learn about the importance of contracts and their legal implications in different business contexts.

15.1 Meaning of a contract

A contract can be defined as an agreement **enforceable** by law between two or more parties (people or businesses), in which they promise to fulfill certain **obligations**.

A contract is a legally binding agreement. In a legally binding contract, the people or parties that are involved are bound to perform (or not perform) a certain task, or give goods or services in return for something.



Parties to a contract

The parties to a contract are the people or businesses that have entered into an agreement. These agreements may be simple, for example, when it involves only two parties, or it could become very complicated, for example, when there are more than two parties involved.

Details/content/aspects of a contract

- The information of the parties involved in the contract and the terms and conditions of their agreement must be stipulated.
- The contract includes a proposal by one party and an acceptance of the proposal by another party.
- Additional details that could be included are payment arrangements, duration of the agreement and the date the agreement comes into effect.
- Both parties must be legally able to enter into a contract.
- The contract must be entered into voluntarily, without threat or force from another person.

Types of contracts

There are different types of contracts that entrepreneurs enter into in the business world. In this topic, we will discuss five examples of these contracts. These are:

- employment contracts
- insurance contracts
- hire purchase contracts
- lease contracts
- rental agreements.

Let's look at each one in more detail.

A New words

enforceable a written or oral agreement that can be imposed in a court of law

obligations a court may instruct a person/business to carry out its responsibility

? Did you know

Every time you buy something from a business, you are entering into a contract. Businesses make offers by pricing their products/services, and when customers pay for them, it means they have accepted the offer. Customers have the legal right to return any faulty/damaged product to the business for a refund or replacement because the business has breached the contract since all goods sold should be of reasonable quality.

Employment contracts

An employment contract is a legal agreement between an employer and an employee (worker) that sets out the terms and conditions of employment.

The contract states what the employee will be doing in the business and the reward that he or she will receive.



In addition, an employment contract describes the duties and responsibilities of both the employer and the employee.

In preparing the employment contract, businesses would have to take into consideration the labour laws, for example, the Basic Conditions of Employment Act (BCEA) (No. 75 of 1997), which provides the minimum acceptable standard for any employment contract.



QR CODE

What should be in an employment contract & consequences of not having one? explained by attorney



<https://www.youtube.com/watch?v=X46YRg-sCvQ>

An employment contract should contain the following aspects:

- details of the employer (for example, name of the business, physical address and contact details.)
- details of the employee (for example, full name, physical address and ID number.)
- details of the wages and salary package
- job title and job description
- working hours and days of work
- details of benefits
- overtime; weekends and public holidays
- meal breaks
- details of leave
- details about termination of employment.

The rights and responsibilities of the employer and employee in an employment contract

The rights and responsibilities of an employer

- Provide fair remuneration to the employee.
- An employer must provide a reasonably safe working environment to employees.
- According to the Labour Relations Act (LRA) and the Basic Conditions of Employment Act (BCEA), an employer must grant his/her employee with vocational leave, family responsibility leave and sick leave.

The rights and responsibilities of an employee

- An employee must make his/her services available to the employer within an agreed period as stipulated in the employment contract.
- An employee must act in accordance with their skills for which they were hired for..
- An employee must act in accordance with what is in the best interests of the business instead of that of his/her own interests and for that reason misappropriation, misconduct and dishonesty cannot be tolerated.
- An employee must act in accordance with what is in the best interests of the business. Misconduct and dishonesty cannot be tolerated.
- This is an employee's obligation to obey the employer's commands which is lawful and morally sound.

Insurance contracts

An insurance contract is an agreement between the insurer (insurance company) and the insured (the policyholder), in which the insured pays an agreed amount of money (monthly premiums) to the insurer so that the insured will receive compensation when a specified event happens.

Insurance transfers the risks from the individual or business to the insurance company in exchange for monthly premiums. There are different types of insurances that individuals and businesses could be covered for. These include:

- personal insurance
- business insurance.

Personal insurance

Individuals take out different types of insurance depending on the risks that they are exposed to. Below are examples of the different types of insurance for individuals:

- Life insurance – this is a long-term insurance policy that provides compensation for the dependent/s of the policyholder when he/she dies.
- Home and content insurance – this is a short-term insurance policy that compensates individuals against risks such as fire, flood, burglary, or theft.
- Vehicle insurance – this insurance compensates the policyholder against risks such as accidents, theft, or hijacking.
- Disability insurance – this insurance provides compensation for individuals who happen to suffer any form of temporary or permanent disability due to accidents or serious injuries.
- Medical insurance – this insurance compensates or covers medical expenses through a medical aid should the policyholder be hospitalised.
- Travel insurance – this compensates the policyholder against any risk associated with travelling.

Business insurance

Businesses are also exposed to different forms of risks. Owners may take insurance cover to have peace of mind. Some of the insurance taken by businesses are:

- Property insurance – this insures the business against losses or damages to the physical structures of the business.
- General liability insurance – this insures the business against being sued for negligence.
- Vehicle insurance – this insures the businesses' vehicles against risks such as accident, damage to the vehicle, or theft.
- Natural disaster insurance – it protects businesses against losses due to storm damages, floods, hail or droughts.
- Workers compensation – when workers/employees get injured or contract a disease while working.

? Did you know

The Compensation for Occupational Injuries and Diseases Fund is a compulsory insurance that provides compensation for the workplace injuries or diseases sustained or contracted by employees.

The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993 (COIDA) provides for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases.

The responsibilities of the insured and the insurer in an insurance contract

Responsibilities of the insured

The responsibilities of the insured include the following:

- The insured should read the insurance contract thoroughly and make sure that he or she understands the terms and conditions before signing it.
- The insured must adhere to all the details in the contract and must also be honest in his or her dealings with the insurance company.
- If the insurance company finds out that there was any dishonesty from the insured, the insurance company may decide not to pay out any benefits to the insured.

Responsibilities of the insurer

The insurer has the following responsibilities:

- The insurer must clearly explain the terms and conditions to the insured before he or she is made to sign the agreement.
- The insurer must honor all promises in the contract and process claims quickly and fairly.
- If the insurer fails to carry out these responsibilities, the insured has the right to refer the matter to the insurance ombudsman.

Hire purchase contracts

A hire purchase agreement is a contract between a customer and a business in which the business allows the customer to take possession of a product and the customer agrees to pay for the product in fixed instalments over a given period.



Businesses may enter a hire purchase contract to purchase expensive assets, for example, vehicle and equipment, that they do not have the required capital to purchase.

Customers may also buy goods from businesses by entering into a hire purchase agreement. This sales transaction allows businesses to increase their market share since customers that do not have money to buy the product in one payment, could also have access to the product and then pay it off over a period of time.

A business can acquire an expensive asset without making full payment in advance. This sales transaction can lead to increased volume of sales and profitability. But in a hire purchase contract, the total amount that the customer pays for the product at the end of the instalment period will be far more than the actual price of the product.

Businesses may sometimes lose a lot of money when customers default on payments, and so may incur cash flow problems.

Lease contract

Businesses may choose not buy assets but instead lease or rent them. The assets that could be leased include immovable assets such as a building or a plot of land, or moveable assets such as a vehicle, computer, photocopying machine, equipment.

A lease agreement is a contract between the **lessee** and the **lessor**. In this type of agreement, the lessor makes an asset available to the lessee, and the lessee pays monthly premiums for using the asset.



Leasing an asset could be a good option for entrepreneurs who have a limited amount of capital or those who need equipment that must be upgraded now and then. The lessee will have access to an expensive asset that he or she cannot afford to buy. Leasing assets are much easier to obtain and more flexible terms than acquiring loans to purchase a piece of equipment.

But the lessee will never own the asset, he or she will be paying for using it, and the monthly amounts that the lessee pays to the lessor will work out to far more than the actual price of the asset.

The rights and responsibilities of the lessor and the lessee in a lease agreement

The rights and obligations of the lessor

- The lessor must make sure that the asset or property is available at the agreed date.
- The lessor must make sure that the asset is in good condition at the time of the agreement.
- The lessor must ensure that he or she fulfills all the promises in the contract.
- The lessor may be responsible for the maintenance of certain aspects of the asset.
- Lessee may be responsible for maintenance of certain aspects of the asset.

The rights and obligations of the lessee

- The lessee must pay the agreed premium on time, or else he/she has breached the contract.
- The lessee must take good care of the asset during the lease period.
- The lessee must inform the lessor should he or she want to make any improvements to the asset.
- The lessee must honour all his or her obligations in terms of the agreement.
- Lessee may be responsible for maintenance of certain aspects of the asset.

Rental contract

A rental contract is an agreement between a landlord and a tenant in which the landlord allows the tenant to occupy his or her property (house or flat), and the tenant pays monthly rent for using the property.

The Rental Housing Act (No. 50 of 1999) and the Amended Rental Housing Act, 35 of 2014 governs rental contracts. The act establishes the Rental Housing Tribunals, which are used for settling disputes between landlords and tenants.



A New words

lessee the person who pays to use the asset

lessor the owner of the asset

? Did you know

Vehicle lease contract the lessee is responsible for service and tyres, for example, in a vehicle lease contract, the lessee is responsible for service and tyres.

The rights and obligations for the landlord and tenant

Here are some of the rights and obligations of both the landlord and the tenant in a rental contract.

- The landlord must give the tenant access to the property on the agreed date.
- The landlord must make sure that the property is in good condition at the time of signing the agreement.
- The landlord will be responsible for the major maintenance of the property, for example, wear and tear.
- The landlord must not disturb the tenant unreasonably.
- The tenant must pay the rent on time.
- The tenant must only use the property for the purpose for which it was acquired.
- The tenant must leave the property in the same condition that it was when he/she took possession of it.

Activity 15.1

- 1.1 Elaborate on the meaning of a contract. (4)
 1.2 Outline aspects that should be included in a contract. (4)
 1.3 Read the scenario below and answer questions that follow.

ABEL TRADERS (AT)

Abel Traders entered into an agreement when they hired Tracy as an administrator. She was asked to sign a contract, which clearly explained the job description. AT also signed a contract with VB Insurers to protect business vehicles against possible losses or damages.

- 1.3.1 Identify TWO types of contracts applicable to AT. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 1.3.1.

TYPE OF CONTRACT	MOTIVATIONS
a.	
b.	

- 1.3.2 Explain TWO other types of contracts. (6)

15.2 Legal implications of contracts

A binding contract is legally enforceable. Several factors determine whether or not a contract is legally enforceable. These factors include:

- the parties entering into a contract must have contractual capacity
- the agreement must be reasonable
- the agreement must be legally possible
- all necessary legal formalities must be complied with
- a contract must be voidable
- terms and conditions must be certain and not vague or unclear
- there must be an intention by both parties to enter into a contract
- termination of a contract.

The illustration below provides a detailed explanation of each factor.



Rights and responsibilities of the parties to a contract

The contract should clearly describe the rights and responsibilities of the parties in it.

- It should describe the activities and the timeframe for their implementation.
- It should also state if any responsibilities could be permitted and what those are.
- The rights and responsibilities of the parties in a contract will differ from one contract to another, but the basic principles of fair practice remain the same. Below are some of the rights and responsibilities of the parties in a legal contract:
- Once an offer has been made and accepted, there is a contract. It is binding on all the parties and is enforced by law.
- Any product or asset in a contract should be in good condition.
- If any parties involved in a legal contract breaches it, the other party must be compensated for any losses they incur.
- All parties to a legal contract should act in honesty and must fulfill their obligations in the contract.

Consolidation

QUESTION 1

- 1.1 List FIVE types of contracts. (5)
- 1.2 Elaborate on the meaning of a contract. (4)
- 1.3 Explain the rights of a lessee in the lease contract. (6)
- 1.4 Read the scenario below and answer questions that follow:

BAKER MANUFACTURERS (BM)

Baker Manufacturers entered into an agreement with Bala Insurers to be protected against losses to the physical structure of the business.

- 1.4.1 Identify the type of contract that is applicable to Baker Manufacturers. Motivate your answer by quoting from the scenario above. (3)
- 1.4.2 Discuss the legal implications of a contract. (6)
- (16)

QUESTION 2

- 2.1 Advise businesses on the rights and responsibilities of the parties to a contract. (6)

Mind map: Topic 15 – Contracts

Use the mind map as a guide to consolidate the content covered in this topic.
Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

16

Presentation of business information



TOPIC OVERVIEW

- Unit 16.1 Understanding business reports
- Unit 16.2 The importance, advantages and disadvantages of graphs, diagrams, symbols, pictures
- Unit 16.3 Factors that must be considered when preparing presentations



Learning objectives

At the end of this topic, learners should be able to:

- ❖ outline/explain/discuss the importance of business reports
- ❖ outline/explain guidelines on writing an effective business report
- ❖ outline/explain/discuss the importance, advantages, and disadvantages of graphs/diagrams, symbols/pictures
- ❖ outline/explain/discuss factors that must be considered when preparing for a verbal presentation
- ❖ outline/explain/discuss factors that must be considered when designing a presentation
- ❖ explain the purpose of audio-visual aids
- ❖ identify audio-visual aids from given scenarios/case studies/pictures/cartoons
- ❖ support answers by quoting from given scenarios/case studies/pictures/cartoons.



Key concepts

- **Verbal presentation:** a presentation delivered through speech or orally.
- **Non-verbal presentation:** the transfer of information through the use of business reports, handouts, charts, and posters with the support of visual aids.
- **Business reports:** a key communication tool that provides an evaluation of a particular issue relating to the performance of the business.
- **Tables:** a data structure that organises information into rows and columns.
- **Graphs:** diagrams that show the relationship between two or more data sets or values.
- **Diagrams/flow charts:** a simplified drawing showing a graphic presentation.



Key concepts

- **Illustrations:** a picture or a drawing.
- **Handouts:** a written summary of information dealt with in a presentation.
- **Transparencies:** transparent and flexible pages used to place information and images.
- **Slides:** a single page of a presentation created with software such as PowerPoint. A presentation consists of several slides.
- **Charts (referred to as newsprint):** is used to record and visually display information that will engage and stimulate audience participation.
- **Audio-visual aids:** devices that make use of both sound (audio) and sight (visual).
- **Poster:** usually a large, printed sheet that contains pictures and is posted in a public place.

Introduction

Businesses need information relating to their products, customers, procedures, sales, employees, on basically everything relating to a business. The information is used to guide its planning and operations, and for the evaluation of its activities. It also helps in the decision-making process, or to gain a competitive advantage.

Business information is conveyed from a speaker to an audience to inform, persuade, and/or to build goodwill. The audience could be made up of business's board members, shareholders, clients, and/or other stakeholders. A good presentation promotes the image of the business/owner/management.

This topic will also be covered in Grade 11 where we will focus on accurate and concise verbal and non-verbal presentation of a variety of business-related information (including graphs), and respond professionally to questions and feedback. In Grade 12, we will recap this content and then learn about how to amend information as necessary.

16.1 Understanding business reports

The importance of business reports

A business report is a key communication tool that provides an evaluation of a particular issue relating to the business.

The following are the importance of business reports:

- A business report aims to provide a critical analysis of how the business is performing in all business functions of the organisation.
- Business reports are used to guide decision making in the business.
- It allows business owners and senior management the opportunity to investigate and solve any identified issues.
- Senior management relies on business reports to inform them of what each department is doing.
- Business reports provide important information for management that is timely and factual.

Presentations may be done verbally or non-verbally.

- Verbal presentation means a presentation is delivered through speech or orally. Delivering effective verbal presentations involves what you say (verbal), how you say it with your voice (vocal), and everything the audience can see about you (visual). One could say that it is the verbal and visual equivalent of a written report.
- Non-verbal presentation is the transfer of information through the use of business reports, handouts, charts, and posters with the support of visual aids.
- A business report is a key communication tool that provides an evaluation of a particular issue relating to the performance of the business.
- A handout is a written summary of information dealt with in a presentation.
- Charts (referred to as newsprint) are used to record and visually display information that will engage and stimulate audience participation.
- Posters are usually large, printed sheets that contain pictures and posted in a public place. .

Guidelines on writing an effective business report

Writing an effective business report is a required skill for communicating ideas in the business environment. Reports are often requested when a decision needs to be made to address a specific issue or problem.

The following guidelines may be used for writing an effective business report:

- Determine the scope of the report.
- Determine the target audience of the report.
- Determine how the report should be presented.
- Collect the necessary information.
- Prepare an overview of what the audience to know and details that should be included in the report.
- Write concisely/briefly and only include important information.
- Use regular/basic language/simple grammar and clear short sentences.
- Use accurate/meaningful visual aids such as tables, graphs, drawings etc.
- Spend time revising the report and correct spelling mistakes and grammatical errors.
- Get someone to look at the report and to make suggestions for improvement.

Activity 16.1

- 1.1 Outline the importance of business reports. (4)
 1.2 Read the scenario below and answer the questions that follow:

JOEY MANUFACTURER (JM)

Lita, the new CEO at Joey Manufacturer, is preparing a business presentation to the stakeholders. He enquired about the target market that the report is intended for. After writing the report, Lita asked Reuben to edit the report.

- 1.2.1 Quote TWO guidelines that Lita considered when writing a business report from the scenario above. (2)
 1.2.2 Explain other guidelines on writing an effective business report. (6)

16.2 The importance, advantages and disadvantages of graphs, diagrams, symbols, pictures

Graphs, diagrams and symbols/pictures are visual aids that help a reader, audience see what you are talking about in a business report or when giving a presentation.

- Graphs are more likely to be used to present data in a form that is easy for the reader/audience to understand.
- Images and diagrams are typically used to explain concepts or theories.

Take note

Graphs, diagrams and symbols, pictures are referred to as visual aids.

Visual aids

Visual aids are items such as graphs and pictures used in addition to spoken/written information. They help add context to a presentation and makes it more interesting for the audience. Graphs/diagrams and symbols/pictures help to organise information more clearly.

Types of visual aids

Tables

TABLES

- A table is a data structure that organises information into rows and columns.
- Tables are used to compare and contrast information.

Pos	Team	Pld	W	D	L	GF	GA	GAvg	Pts
1	Team A	2	1	0	1	3	1	3.000	3
2	Team B	2	1	0	1	6	3	2.000	3
3	Team C	2	1	0	1	1	6	0.167	3

Pos	Team	Pld	W	D	L	GF	GA	GD	Pts
1	Team B	2	1	0	1	6	3	+3	3
2	Team A	2	1	0	1	3	1	+2	3
3	Team C	2	1	0	1	1	6	-5	3



QR CODE

Use the link below to watch the video on interpreting bar graphs.



<https://www.khanacademy.org/math/cc-third-grade-math/represent-and-interpret-data/imp-bar-graphs/v/more-solving-problems-with-bar-graphs>



QR CODE

Use the link below to watch the video on interpreting a line graph.



<https://www.youtube.com/watch?v=0WkqfJBfXic>



QR CODE

Use the link below to watch the video on the explanation of a pie chart.

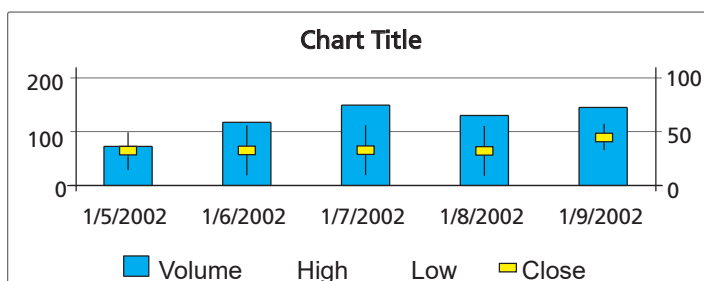


<https://m.youtube.com/watch?v=0WkqfJBfXic>

Different types of graphs

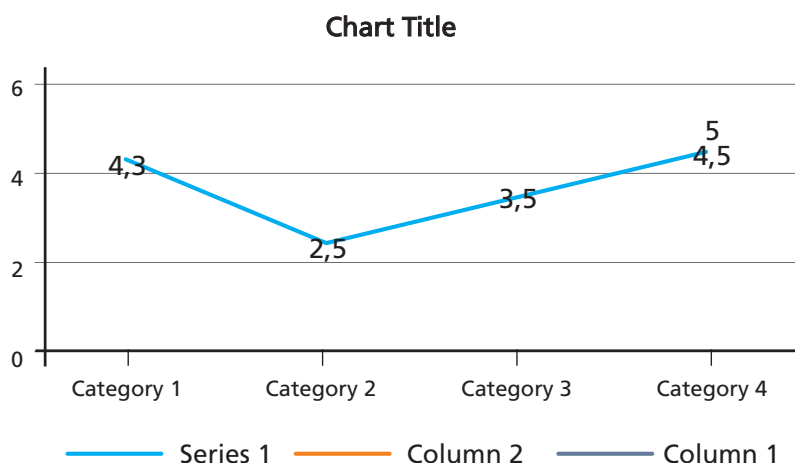
BAR GRAPHS

- A bar graph shows data using rectangular bars.
- Bar graphs are used to compare data between distinct categories.



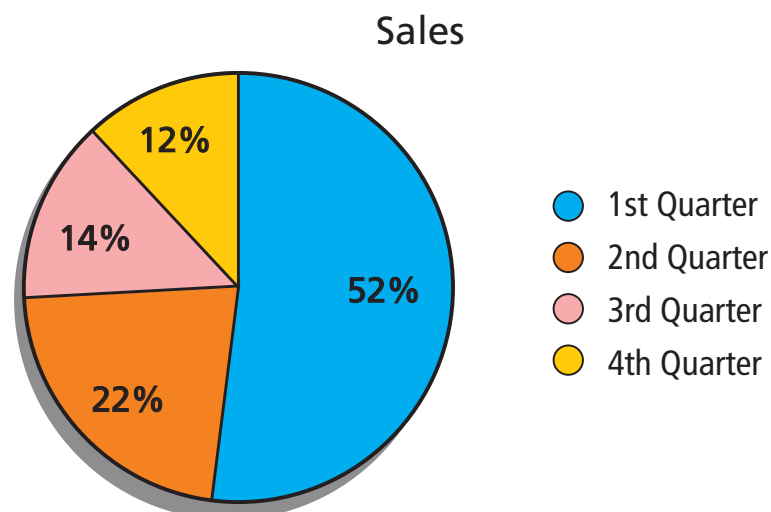
LINE GRAPHS

- A line graph consists of points and lines showing the relation between the points.
- Line graphs are used to compare changes over a specified period.



PIE CHARTS

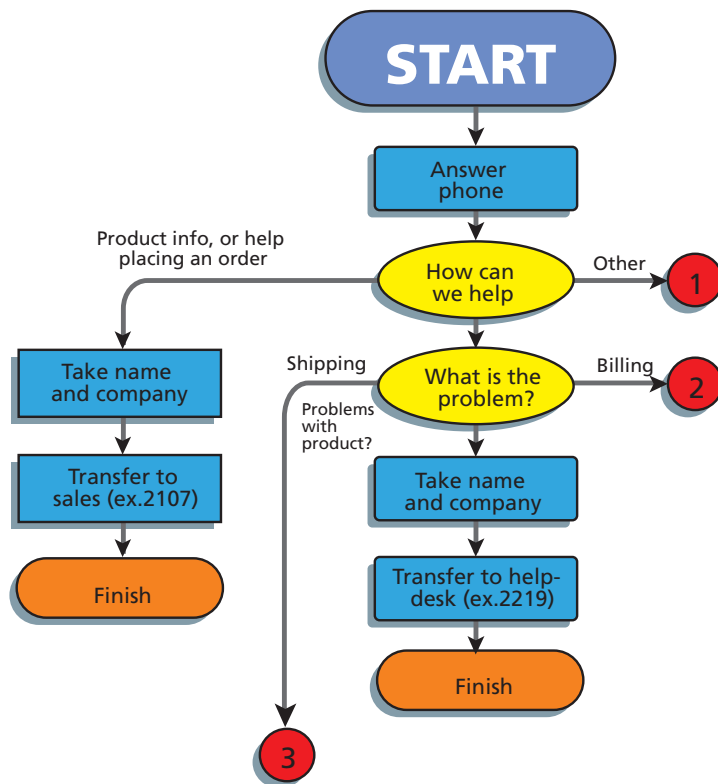
- A pie chart is a circular graph that is divided into segments (that is, slices of pie).
- A pie chart is used to show the relationship between parts or percentages of a whole.



Diagrams

DIAGRAMS/FLOW CHARTS

- Flow charts are simple diagrams that clearly show what happens at each stage and how it affects other decisions and actions.
- Flow charts are used to communicate to others how a process is done.



QR CODE

Use the link below to watch the video on how to use flow charts.



<https://www.youtube.com/watch?v=ba5duMARdMc>

Illustrations

ILLUSTRATIONS

- Illustrations are pictures or images to clarify texts.
- Illustrations are used to enhance brand messaging and help persuade, inform, and influence customers.



The importance of graphs/diagrams, symbols, pictures (visual aids)

- Diagrammatic data presentation allows understanding of data more easily.
- It helps illustrate points to the reader/audience more easily and effectively.
- It also helps maintain the audience's interest during the presentation.
- It engages the audience with the presentation, making them remember it afterward.
- Diagrams are interesting, relevant, and support the presentation.
- Visual aids will effectively help convey the message.
- It helps to clarify the message and provides a point of reference for the mind.

Advantages and disadvantages of graphs, diagrams, symbols/pictures (visual aids)

Advantages

- Graphical representation of information helps with understanding and identifying patterns and trends in data.
- It enables quick analysis of large amounts of data at one time and assists in making predictions and informed decisions.
- A lot of information can be displayed in an easy-to-understand format.
- Graphs do not require much explanation.
- Visual aids simplify the presentation when using complex information.

Disadvantages

- Too many diagrams and graphs can be confusing to the audience.
- Information can easily be manipulated, causing false interpretations.
- It may distract the audience from the speech as they pay more attention to the visual aids.
- Preparation of graphs and diagrams is time-consuming.

Tip

Only the first TWO answers will be marked if more than the stated number of facts are given.

Activity 16.2

- 1.1 Outline the importance of graphs/diagrams. (6)
- 1.2 Identify the visual aid that is applied to Wanda's Construction in EACH statement below:
 - 1.2.1 Wanda showed the client a simple drawing of the processes for each stage of the project.
 - 1.2.2 The sales manager presented a set of sales figures in a series of rectangles.
 - 1.2.3 Images were used to show the front view of the building. (3 × 2) (6)
- 1.3 Explain TWO advantages of graphs/diagrams. (4)
- 1.4 Discuss the disadvantages of graph/diagrams. (4)

16.3 Factors that must be considered when preparing presentations

Factors that must be considered when preparing a verbal presentation

The purpose of a presentation is to exchange information. It involves speaking and listening for both the presenter and the audience.

Several aspects need to be considered when preparing for a verbal presentation. These are:

- the purpose and main points of the presentation
- capturing the main aim in the introduction of the presentation
- relevant and accurate presentation of the information
- being fully conversant with the content of the presentation
- knowing the background of the audience to determine the appropriate visual aids
- preparing a rough draft of the presentation with an introduction, body, and conclusion
- summarising the key facts in the conclusion, and showing that all aspects have been addressed
- creating visual aids that will assist in getting the point across effectively
- visiting the venue and ensuring that the equipment provided is working and suitable
- considering the time frame for the presentation
- practising the presentation and note how long it takes
- practising in front of a person who will give an honest opinion of the presentation
- preparing for the feedback session by anticipating possible questions.

Factors that must be considered when designing a presentation

The main purpose of a presentation is to inform an audience about a specific topic/subject. The presentation must be well prepared, and relevant information needs to be shared with the audience.

The design of a presentation could be instrumental in enhancing the information, facilitating the understanding of the message, and provoking reactions from the audience.

The following factors must be considered when designing a presentation:

- starting with the text and headings
- using legible font and font size
- selecting a suitable background that would not distract from the content



- choosing images that may help to communicate the message
- including graphics and images related to the content
- adding special effects to support the message
- creating hyperlinks to allow quick access to other files
- keeping images and graphics simple
- making sure there are no grammatical or spelling errors
- using bright colours to increase visibility
- structuring information in a logical sequence
- limiting the information on each slide.

A New words

Data projector is a device used to project/display computer output onto a white or silver fabric screen that is wall, ceiling or tripod mounted.

Interactive/Whiteboard/Smart-board is an interactive display in the format of a whiteboard that reacts to user input either directly or through other devices.

Video conferencing is an online technology that allows users in different locations to hold face-to-face meetings without having to move to a single location together. For example Zoom, Skype and Microsoft Teams.

Video is electronic media possessing both sound and visual components such as slide-tape and presentation films, television programs, corporate conferences and theatre production.

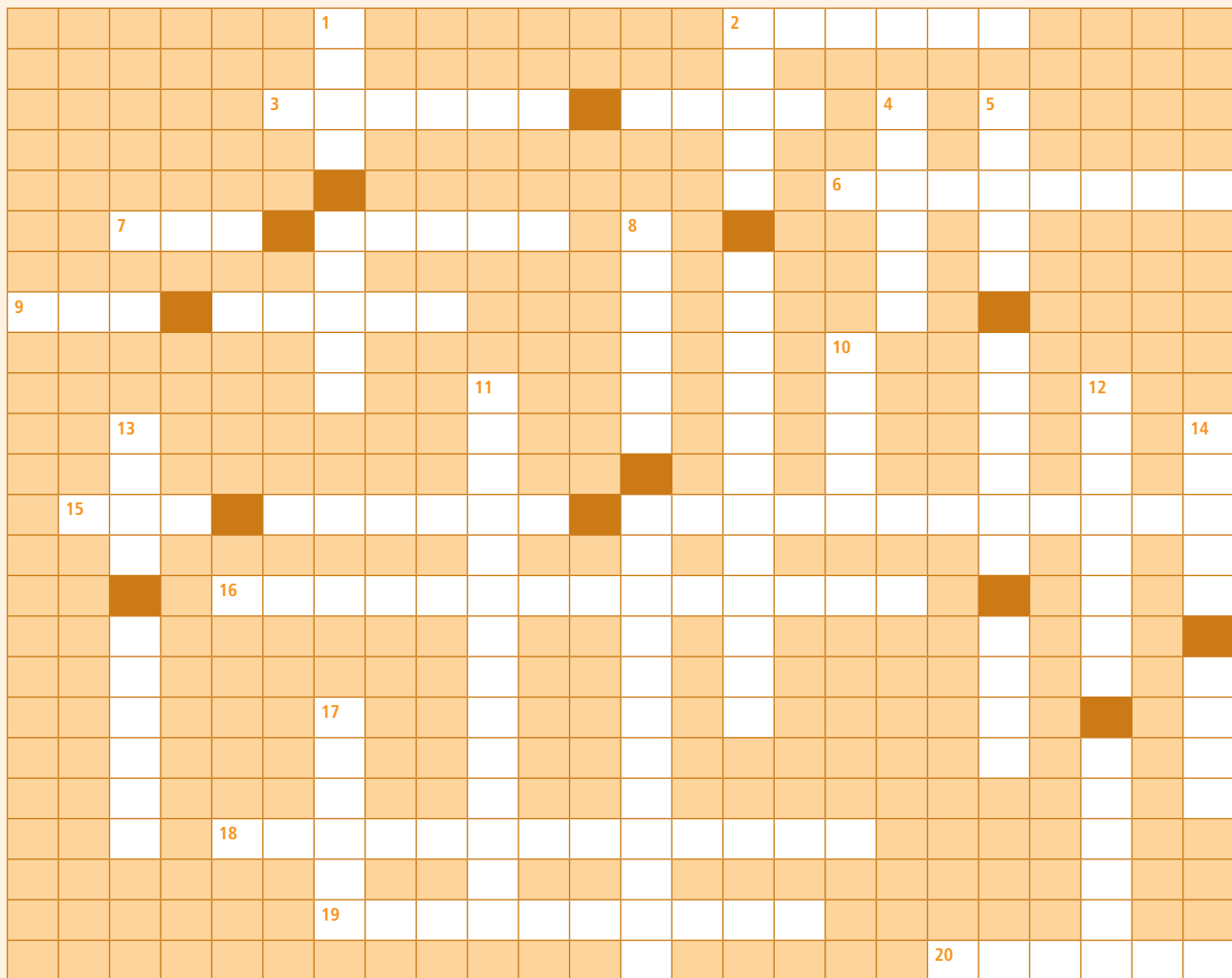
The purpose of audio-visuals aids

Audio-visual aids allow the speaker to present business information more effectively whilst appealing to the audience's sight and hearing, thereby solidifying the message.

TYPE	PURPOSE
DATA PROJECTOR	 <p>A data projector allows a large audience to see the detailed information of a presentation.</p>
INTERACTIVE WHITEBOARD/SMARTBOARD	 <p>It allows multiple people to engage in collaborative experience using a touch-screen to take notes, annotate content and offer on-board programs that helps to facilitate sharing and collaboration.</p>
VIDEO CONFERENCING/SKYPE	 <p>It enables face-to-face communication between two or more people in different locations.</p>
VIDEOS	 <p>Videos emphasize ideas through both sight and sound, and captures and holds the audience's attention.</p>

Activity 16.3

PUZZLE: PRESENTATION OF BUSINESS INFORMATION



Across

2. A device that captures an audience's attention immediately.
3. Supports presentations in a visual manner. (2 words)
6. A written summary of information dealt with in a presentation.
7. A circular graph that is divided into segments. (2 words)
9. A diagram that represents data using rectangular bars. (2 words)
15. The transfer of information through the use of business reports, handouts, charts, and posters with the support of visual aids. (3 words)
16. Transparent and flexible pages used to place information and images.
18. Pictures or drawings.
19. Referred to as an interactive whiteboard
20. A large printed sheet that often contains pictures and is posted in a public place.

Down

1. Newsprint is used to record and visually display information. (2 words)
2. Enables face-to-face communication between two or more people in different locations. (2 words)
4. Diagrams that show the relationship between two or more data sets or values.
5. Devices that make use of both sound (audio) and sight (visual). (3 words)
8. A presentation delivered through speech or orally.
10. A single page of a presentation created with software.
11. Projects images that allow a large audience to see a presentation.
12. A key communication tool that provides an evaluation of a particular issue relating to the performance of the business. (2 words)
13. A simplified drawing showing a graphic presentation. (2 words)
14. A diagram that consists of points and lines showing the relation between the points. (2 words)
17. A data structure that organises information into rows and columns.

Consolidation

SECTION A
QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A-D) next to the question numbers (1.1.1 – 1.1.3) in the ANSWER BOOK, for example, 1.1.4 D.

1.1.1 Bob uses simple diagrams as a visual aid, to show how a process is done when working on a project.

- A Bar graphs
- B Flow charts
- C Illustrations
- D Tables

1.1.2 The sales manager was requested to submit a/n ... as an evaluation to performance of the business.

- A audio-visual aid
- B business report
- C chart
- D diagram

1.1.3 The transfer of information through the use of business reports, handouts, charts and posters with the support of visual aids, is known as ...

- A non-verbal presentation.
- B presentation of business information.
- C visual aids.
- D verbal presentation.

(3 × 2) (6)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – F) next to the question number (1.2.1 – 1.2.3) in the ANSWER BOOK, for example, 1.2.4 G

Column A		Column B	
1.2.1	Charts	A	diagrams are interesting, relevant and support the presentation.
1.2.2	Graphs	B	It enables face-to-face communication between two or more people in different locations.
1.2.3	Video conferencing	C	usually used to record and visually display information that will engage and stimulate audience participation.
		D	It emphasizes ideas through both sight and sound, and captures and holds audience's attention.
		E	usually a large, printed sheet that contains pictures and posted in public places.
		F	diagrams that show the relationship between two or more data sets or values.

(3 × 2) (6)

Section B
QUESTION 2

2.1 Name TWO examples of graphs. (2)

2.2 Read the scenario and answer the question that follows:

BICCO TRADERS (BT)

Jan, a marketing manager at Bicco Traders, will be making a presentation to the board of directors. The meeting will take place online face-to-face with the directors being in their different locations. He will also use a device that will allow the participants to take and share notes using a touch screen.

2.2.1 Identify TWO audio-visual aids used in the scenario above. Motivate your answer by quoting from the scenario. (6)

Consolidation

2.3

Business information is often shared with stakeholders in the form of a verbal presentation. Effective business reports analyse business performance in different departments. Presenters use different visual aids to support their presentations. Presenters must consider all relevant information when designing a presentation.

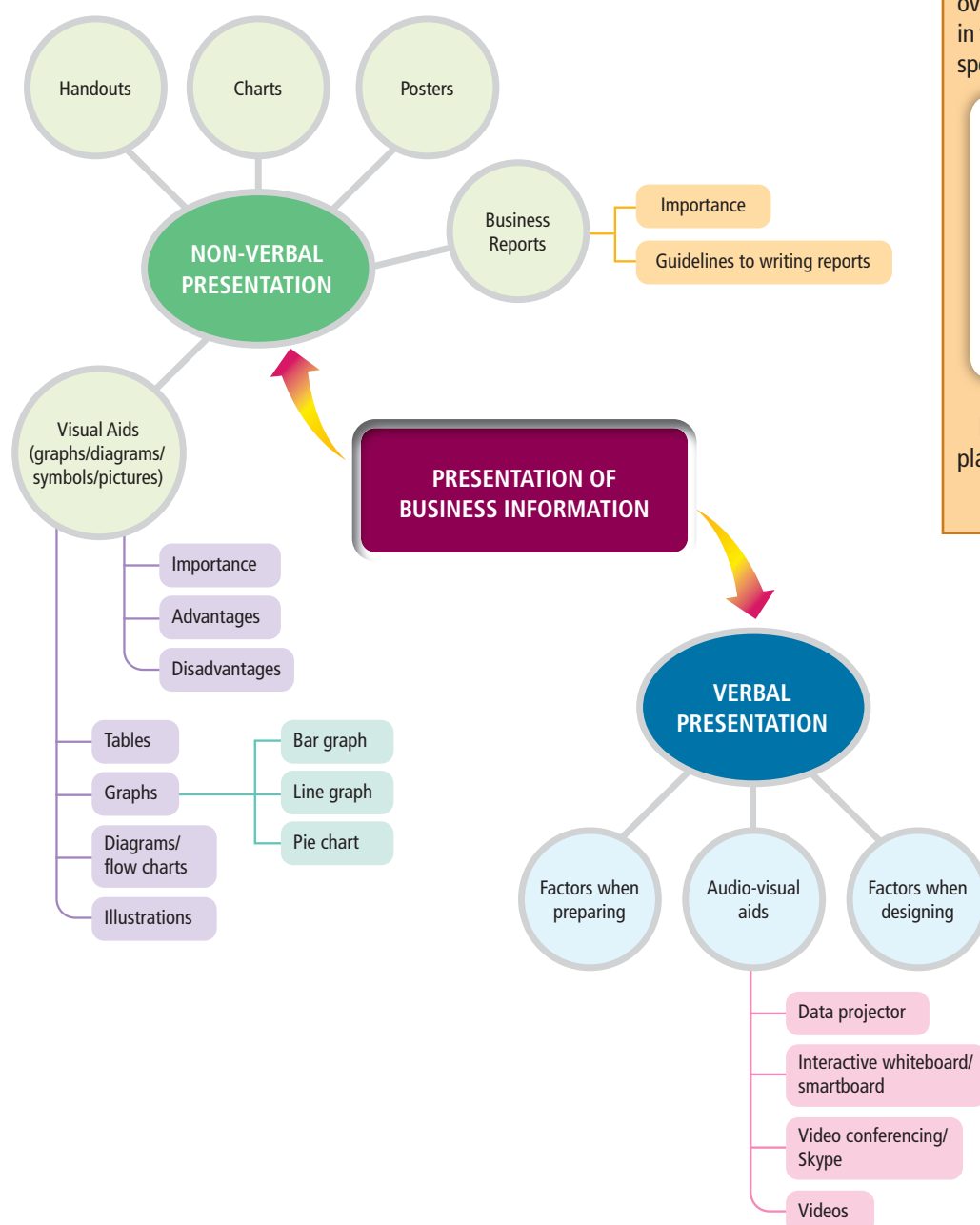
Write an essay on the presentation of business information in which you include the following aspects:

- Outline factors that must be considered when preparing for a verbal presentation.
- Explain the guidelines on writing an effective business report.
- Discuss the purpose of any TWO audio-visual aids.
- Recommend factors that must be considered when designing a presentation.

[40]

Mind map: Topic 16 – Presentation of business information

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

17

Understanding business plans and implications



TOPIC OVERVIEW

- Unit 17.1 The importance of a business plan
- Unit 17.2 The vision/mission statements/goals and objectives
- Unit 17.3 Strategies to overcome competition in the market



Learning objectives

At the end of this topic, learners should be able to:

- ❖ explain the importance of a business plan
- ❖ use pestle analysis to explain the challenges of the macro environment on a business
- ❖ state/name the components of a business plan
- ❖ explain the purpose of an executive summary
- ❖ name/state aspects that must be included in an executive summary
- ❖ formulate the vision/mission statements and goals of the envisaged business
- ❖ explain the relationship between the structure of a business and forms of ownership
- ❖ name/state different types of legal requirements of a business
- ❖ compile a SWOT analysis for the envisaged business
- ❖ explain the importance of a marketing plan and market research
- ❖ explain the meaning of a marketing mix with specific reference to the 7Ps
- ❖ identify the 7Ps from given case studies/scenarios/statements/cartoon
- ❖ identify competitors from information gathered during market research, and explain the strategies to over-come competition in the market
- ❖ formulate a financial plan for the envisaged business.



Key concepts

- **Business plan:** a document setting out a business's future objectives and strategies for achieving them.
- **Executive summary:** a short document or section of a document produced for business purposes that is, summarises the entire business plan.
- **Financial analysis:** refers to the assessment of the viability and the profitability of the business.
- **Environmental factors:** refers to external influences on the business that it has limited no control over.
- **Marketing mix:** A set of actions that the business uses to promote its brand.
- **Price:** the amount of money required as payment for goods.
- **Product:** an object that is manufactured for sale.
- **Promotion:** a method used to advertise the product.
- **Place:** a location of the business.
- **People:** refers to employees as well as the target market.
- **Physical environment:** is the environment around the business.
- **Process:** the system used to deliver the product or service.
- **Competition:** It is a rivalry between two/more businesses selling the same goods or service.
- **Marketing plan:** A strategy of how the business is going to sell its products/ service to customers.
- **Market research:** the action of gathering information about consumers' needs and preferences.

Introduction

In this topic we will consolidate the work that we learned in Topic 12 Creative thinking and problem solving, Topic 13 Business opportunities and related factors, and Topic 14 Business location decisions. We will use the knowledge from these topics to draw up a business plan.

Have you ever heard the saying: 'Failing to PLAN is planning to FAIL'? It means that if we do not plan a project before starting it, we are bound to end up being unsuccessful in the project. This also applies to a business's plan – which is often referred to as a formula for success.

Once an entrepreneur has identified a business opportunity, the next step would be to turn the business's idea into a workable plan. This plan is what we refer to as a business plan. It provides details on where the business would like to go with its idea and how you will get there.

17.1 The importance of a business plan

A business plan is a written description of a prospective business. It explains how the prospective business owner will obtain funding. It analysis potential strengths, weaknesses, opportunities and threats. It also describes how the business will deal with threats and market its goods.

A New words

investor/s a person or organisation that puts money into financial schemes, property, and so on, with the expectation of achieving a profit

viability the ability of a business to survive for a long time

The business plan includes, among others, the marketing and financial plan.

- A business plan helps entrepreneurs to set goals and objectives.
- It can be used to attract **investors** and prospective employees.
- The business plan guides the entrepreneur on the **viability** of his/her business idea.
- It also helps the entrepreneur to identify problems that may arise and helps management to take steps to avoid these problems.
- It improves processes and practices of the business operations.
- It evaluates the success of the business.
- It is essential when applying for financial assistance from investors or lenders.
- It gives direction once the business is operating.



The meaning of the PESTLE analysis

In Topic 3 we learned about the PESTLE analysis. Remember that a PESTLE analysis is a framework that analyses the challenges under the macro environment. It is made up of the external elements of the macro environment (Political, Economic, Social, Technological, Legal, and Environmental) that influence the organisation.

Challenges of the macro environment using PESTLE analysis

- Entrepreneurs should look at the factors that could have a negative impact on their businesses.
- Businesses do not have control over the elements/features of the macro environment.
- Businesses can use a PESTLE analysis to scan the external macro environment.
- A PESTLE analysis enables a business to identify challenges that are posed by these external factors.

The elements of the PESTLE analysis are illustrated in the diagram above.

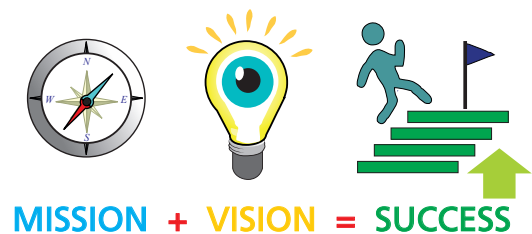


The components of a business plan

The components of the business plan are:

- cover page
- contents page/index
- executive summary
- description of the business/overview
- SWOT analysis
- legal requirements of business
- marketing plan
- operational plan
- financial plan
- management plan
- competitor analysis.

Let's look at each of these components in order to understand them.



Cover page

The cover page contains information like:

- the name of the business
- contact details of the owner(s)
- the address of the business
- the logo of the business
- a copyright disclaimer to protect the contents of the plan.

? Did you know

The cover page of a business plan is used to give an overview of all the key information of your business.

Contents page/index

- This page gives a title and page number of each subsection of the plan.
- It allows the reader to find information in the document.

Executive summary

- The executive summary is a detailed summary of the entire business plan.
- It is written after the business plan has been completed but appears at the beginning of the business plan.
- It provides users with a brief overview before reading the details of the business plan.

Elements of a Successful Business Plan

- | | |
|---|--------------------------------------|
| • Table of Contents (1 page) | • Operations Plan (~2 pages) |
| • Executive Summary (1 page) | • Development Plan (~2 pages) |
| • Company Overview (1 page) | • Management Plan (~1 page) |
| • Products and Services (1 page) | • Financial Plan (~3 pages) |
| • Industry and Market Analysis (~3 pages) | • Offering (1 page) |
| • Marketing Plan (~4 pages) | • Appendices (no more than 15 pages) |

? Did you know

The executive summary component of your business plan exists to give readers an overview of the entire business plan.

Purpose of the executive summary

- The executive summary gives a reader an overview of the entire document.
- Most lenders and investors read it first before they read the entire business plan.
- It gives readers an idea of what is contained in the business plan.
- The following aspects that must be included in the executive summary:
 - the form of business enterprise
 - the main business activity
 - information about the owner of the businesses
 - how capital will be obtained.

Description of the business/Overview

- It is usually a short description of the product/service that the business will offer.
- It also describes the long-term objectives/mission/vision of the business.
- It indicates whether the business is a sole trader, partnership.
- It also includes the legal requirements of the business.

Legal requirements

- The legal requirements provide information that the business needs to comply with before it can start operating.

SWOT analysis

An entrepreneur needs to carry out a SWOT analysis when starting a business. It helps the entrepreneur build on what he/she does well, to address what is lacking, to minimise risks, and to take the greatest possible advantage of chances for success.

- A SWOT analysis is a strategic plan used to help an organisation identify major strengths and weaknesses of the business.
- It also makes the business aware of opportunities and threats in its external environment.
- A SWOT analysis is an indication that research was conducted to support the establishment of a business.

Marketing plan

- The marketing plan is the most important component of the business plan.
- It gives details of the 7Ps of marketing.
- This plan also describes the target market, customers, and competition.

Operational plan

- This plan includes where the business will be located and includes a description of a product, how and where it will be manufactured.
- It also provides details of the equipment and suppliers.

Financial plan

- The financial plan explains the entrepreneur's financial details, gives an indication of how much capital he/she will need, and how this capital will be raised.
- It also contains projected statements of profit, loss, and cash flow.

Management plan

- The management plan considers the short- and long-term business strategies.
- It outlines who will be in charge of running the business as well as the skills of the entrepreneur and others in the business.
- It also discusses the hierarchy (organogram) and roles of the employees.

QR CODE

How to Write a Business Plan
Step by Step in 2021



<https://www.youtube.com/watch?v=n6ecdYd8T6o>

Competitor analysis

- The competitors analysis provides a description of competitors in the market and their products.
- It also provides the details of competitors' marketing strategies and its effect on the proposed business.

17.2 The vision/mission statements/goals and objectives

Defining the vision/mission statements/goals and objectives

The vision statement

- The vision statement describes how the business will achieve its purpose.
- It is the long-term goal of how entrepreneurs see their business in the future, and how they want to grow.
- It addresses profit, growth, purpose, and stability.

The mission statement

- The mission statement describes the purpose of the business and explains why the business exists.
- It addresses how entrepreneurs hope to achieve their vision.
- It focuses on business operations, and it is specific and measurable.
- The short-term objectives are specific steppingstones to reach short-term goals to achieve long-term goals.

Goals and objectives

- The long-term objectives are formulated to provide direction for the company to achieve the vision.
- They are also specific and measurable – just like the mission statement.

The relationship between the structure of the business and forms of ownership

- The business structure should have a description of the following aspects:
 - how many people the business intends to employ
 - management and staff, for example, their qualifications, experience, job description, and **remuneration**
 - administration and record-keeping
 - staff policies regarding working hours, **fringe benefits**, overtime, sick leave, and medical aid.
- The structure of the business should include the type of ownership such as sole trader/partnership/close corporation/private company/public company.
- The form of ownership will determine the following:
 - the reason for the form of ownership
 - legal requirements of the business
 - products and services offered
 - the size of the business

A New words

remuneration the pay or other financial compensation provided in exchange for an employee's services performed

fringe benefits extra benefits supplementing an employee's money wage or salary, for example, a company car, private healthcare

- the number of owners required
- how much control the owners want
- legal protection.

A New words

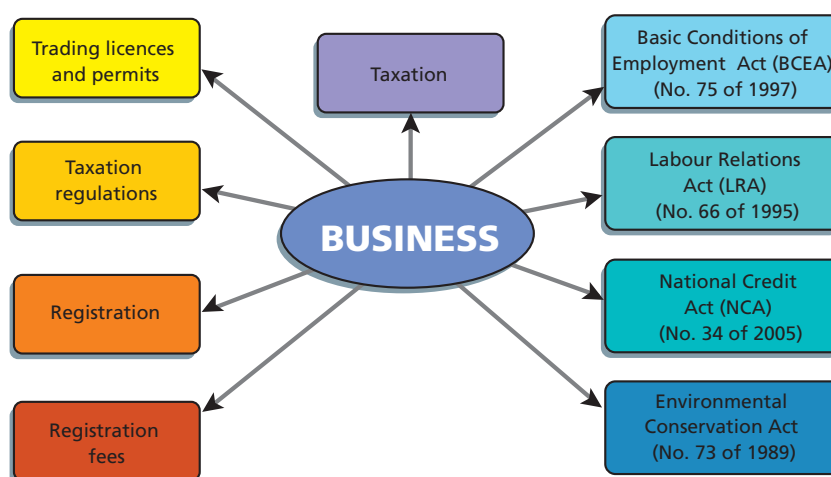
trading licences the authorisation issued by the local government to start a business

patents an exclusive right granted for an invention, which is a product or a process that provides a new way of doing something

copyrights the exclusive and assignable legal right given to the original owner for a fixed number of year, to print/publish

Different types of legal requirements of a business

- A business needs to be registered before it can obtain finance or start doing transactions.
- A business needs to comply with the following types of legal requirements:
 - **trading licenses** and permits to operate legally
 - taxation regulations
 - international trading/exporting and importing requirements/exchange rates
 - registration
 - registration fees
 - the Basic Conditions of Employment Act (BCEA) (No. 75 of 1997)
 - the Labour Relations Act (LRA) (No. 66 of 1995)
 - the National Credit Act (NCA) (No. 34 of 2005)
 - the Environmental Conservation Act (No. 73 of 1989)
 - **patents** and **copyrights**.



QR CODE

How to Create a Marketing Plan
| Step-by-Step Guide



https://www.youtube.com/watch?v=4ti_uK60nLk

The importance of a marketing plan and market research

In Topic 4 we learned about the marketing function as a business function. In this topic, we will focus on the 7Ps of marketing.

The meaning of the marketing plan

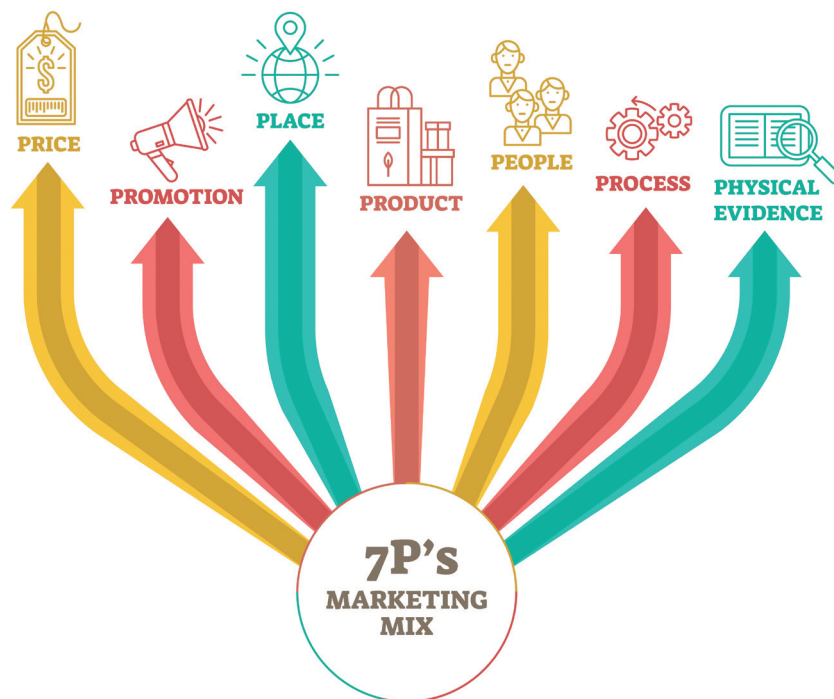
A marketing plan is an operational document than outlines an advertising strategy to generate leads and research the target market. It is a description of the market analysis, which includes the target market, and an analysis of the target market, customers and competitors. It explains the marketing mix and provides the marketing strategy of the business. It also guides businesses on how to advertise the products/services of the business.

Importance of market research

- A marketing plan helps businesses to promote products and services.
- It is a process to understand more about what the business's customers' need.
- The target market refers to the people who are likely to buy the product or service offered by the business.
- The business must conduct market research to know about the following factors of the target market: age group, gender, personality, income, and education.
- The results of the market research are important – they indicate the target market and their interest in goods and services.

The meaning of the marketing mix with specific reference to the 7Ps

The marketing plan can be explained by using seven elements, which is often referred to as the 7Ps of marketing. There are four main elements and three additional elements – it is a combination of product, price, place, people, promotion, process, and physical environment.



Once the target market has been identified, the business must work out the marketing mix that best satisfies the needs of the target market. Let's look at each element of the marketing mix.

Product/Service

- It is a description of the product, appearance, and usage that is available to customers.
- It can be a picture, drawing, or photograph of what the product looks like.
- The manufacturing process is used to make the product.
- The appearance of the product/services must be different from competitors' products
- The packaging of the product should protect and preserve the product.

? Did you know

The 4Ps were extended to 7Ps because of the growth of the service industry.

QR CODE

The Seven Ps of the Marketing Mix: Marketing Strategies



<https://www.youtube.com/watch?v=ys7zx1Vc9po>



A New words

credit facility a product offered by a bank or other financial institution to a government or business to use when they (the customer) needs funds



A New words

public relations the professional maintenance of a favourable public image by a company or other organisation, or a famous person

brand awareness the extent to which consumers are familiar with the qualities or image of a particular brand of goods or services

Price

- The price of a product refers to the amount of money that must be paid by the consumer to obtain the product.
- The proposed business must include its pricing policy in its business plan.
- The pricing policy describes how the price is used to attract customers.
- The price needs to cover all costs and must appeal to the target market.
- It must be affordable for the consumers.
- Good access to the product/service will increase sales.
- Cash or **credit facilities** may affect the customer's attitude to the price.
- Customers may be aware of other businesses/sellers who are selling the same products for less.

Place/Distribution

- This refers to the location where goods and services will be sold/the place where consumers can access the goods or services.
- The business can sell the product directly to customers itself or can market the product through other businesses.
- Businesses may use the following channels of distribution:
 - direct selling: manufacturer sell directly to consumers.
 - door to door: selling businesses employ salespeople to sell door to door and they carry stock with them.
 - mail order: large businesses print catalogues that can be used by consumers to order the products they need. Small businesses advertise in the local paper inviting consumers to buy directly from the business.
 - telephonic sales: the business employs people who phone members of the public to try and persuade them to buy their goods.
 - Internet/on-line shopping: businesses use systems on the internet to allow customers to order their shopping online and have it delivered to their door.

Promotion

- A promotion should communicate the benefits of the product to customers.
- It refers to how the business is going to make its target market aware of its product or service
- The proposed business must include details about its promotion policy.
- The promotion policy must describe how sales of products will be promoted.
- It outlines the following methods of advertisements:
 - advertising through the radio, magazines, press, television, and so on.
 - special offers
 - trial products such as free sample for testing
 - free gifts
 - direct mailing
 - online marketing
 - social media
 - **public relations**
 - **brand awareness**.

People

- This refers to employees, management, directors, and shareholders./All people involved in selling the products.
- The business plan must include detailed information of people that will be involved in the proposed business.
- They can offer the business their knowledge, skills, and attitudes.

Process

- Refers to processes that are designed and implemented to ensure a pleasant shopping experience.
- Describes how the marketing and sales processes are carried out.
- The process of giving service and the behavior of those delivering the service are important for customer approval of staff, and to keep customers happy.
- Examples of systems and processes that will ensure a good customer experience:
 - systems and processes to ensure that consumers do not wait long in queues/for goods to be delivered
 - systems and processes to make sure telephonic messages are dealt with, and deliveries are sent to the right person
 - systems and processes to ensure that e-mailed messages are read.

Physical environment

- Refers to the environment where goods and services are sold/service rendered.
- It includes the appearance of the building and the uniforms of employees.
- The physical environment must be appropriate and make the customer feel comfortable.
- Clean and functional facilities attract and retain customers.
- Well decorated reception areas also helps to reassure customers that the business offers the best services and values their customers.



Activity 17.1

1.1 Identify the 7Ps of the marketing mix that applies to Zama Zama Wholesalers in EACH statement below.

1.1.1 Zama Zama Wholesalers advertise their products on social media to increase the number of customers.

1.1.2 Zama Zama Wholesalers employed skilled workers who contribute positively to decision making.

1.1.3 Zama Zama Wholesalers keep their goods in a secure location. (6)

1.2 Explain the importance of market research. (4)

17.3 Strategies to overcome competition in the market

The business should use the following strategies to overcome competition in the market:

- sell quality products and services
- offer after-sales services
- charge reasonable prices
- conduct intensive marketing campaigns
- make use of creative advertising slogans
- make unique products
- provide attractive product displays.



TIP

Revenue – expenses = profit/ loss.

Financial planning

As we learned in Unit 17.1, a financial plan explains the entrepreneur's financial details, gives an indication of how much capital he/she will need, and how this capital will be raised. It also contains projected statements of profit, loss, and cash flow.

We can therefore say that a financial plan give is a detailed description of an entrepreneur's financial contribution, the funding requirements, and projected cash flow statements. This financial plan is usually estimated for a three-year-period. The purposes of financial analysis are to project/predict the profitability of the proposed business and also to project how long it will take before the business starts to show a profit.



A financial plan should include the following elements:

ELEMENTS	DESCRIPTION
Budget	<ul style="list-style-type: none"> A budget is an estimation of revenue and expenses over a specified future period. It helps the owner to control his/her spending of money by comparing the actual income and expenditure.
Cash flow statements over three years	<ul style="list-style-type: none"> Cash flows are the net amount of cash and cash equivalents being transferred into and out of a business's accounts. It helps the owner to identify operational difficulties the business might experience, and any need for more finance.
Income statement	<ul style="list-style-type: none"> A monthly account of sales and expenses. It shows actual profits and/or losses.
Break-even point	<ul style="list-style-type: none"> A point at which profits are equal to expenses./A business does not show profit nor loss. It shows how much the business sold to cover all expenses before making a profit.
Balance sheet	<ul style="list-style-type: none"> The balance sheet includes assets on one side and liabilities on the other. Assets include land, buildings, equipment, vehicles, and money in the business's bank account. Liabilities are monies owed to other people or businesses such as bank loans, buying on credit, bank overdrafts, and so on. Owners' equity is the difference between the total liabilities and total assets.

TIP

Assets = liabilities + equity

Consolidation

QUESTION 1

- 1.1 List any FOUR components of a business plan. (4)
- 1.2 Identify the marketing mix components applied by Harry Hardware in EACH statement below:
- 1.2.1 The business is situated in a residential area. (2)
- 1.2.2 Harry uses flyers to advertise his products. (2)

QUESTION 2

- 2.1 Read the scenario below and answer the question that follows.

BANDY COMPUTERS SERVICES (BCS)

Bandy Computer Services specialises in the repair and sale of computers at a reasonable price. The business has employed a qualified computer technician. BCS signed a three year contract with EC Electronics to supply electronic devices at reduced prices. BCS is located in a high crime area. The management of Bandy Computer Services lacks good financial planning skills. BCS does not have sufficient capital to buy the latest equipment for computer repairs. Loadshedding has affected their ability to render their services. Zanny Computers recently closed down their operations.

- 2.1.1 Compile a SWOT analysis for BCS. (8)
- 2.1.2 Advise businesses on the importance of the business plan. (6)

Mind map: Topic 17 – Understanding business plans and their implications

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Project

MARKS: 50

Instructions and information

This paper consists of 2 pages

Read the following instructions carefully before answering the questions.

INSTRUCTIONS TO LEARNERS

1. Complete this project on your own.
2. Read the instructions for each question and respond appropriately.
3. Collect resources relevant to each question in support of your project.
4. Submit your final project to your teacher for assessment.
5. You will lose MARKS if you do not adhere to the rules of the submission.

QUESTION 1

- 1.1 The following questions are based on creative thinking.
 - 1.1.1 Elaborate on the meaning of creative thinking. (5)
 - 1.1.2 Explain how entrepreneurs can use creative thinking to generate entrepreneurial opportunities. (5)
- 1.2 Explain how businesses can use brainstorming to identify innovative and entrepreneurial business opportunities. (5)
- 1.3 Develop a research instrument that can be used to assess customers' buying behaviour for any product of your choice. (5)
- 1.4 Assist your friend to develop a business plan in which you include the following aspects:
 - 1.4.1 Name the aspects that should be included on the cover page. (5)
 - 1.4.2 Elaborate on the meaning of the vision and mission statements of a business. (5)
 - 1.4.3 Describe a business overview. (5)
 - 1.4.4 Outline the elements of a SWOT analysis of a business. (5)
 - 1.4.5 Suggest strategies to overcome competition in the market. (5)
- 1.5 Business reports enable management to keep track of every activity done in each department.
 - 1.5.1 Outline the guidelines for writing effective business reports. (5)
 - 1.5.2 Advise businesses on factors to be considered when designing a presentation. (5)

[50]

RUBRIC TO ASSESS THE GRADE 10 PROJECT

ASSESSMENT CRITERIA	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5	TOTAL
Meaning of creative thinking and entrepreneurial opportunity	Learner responses are irrelevant to the question.	Learner identified only ONE aspect of: meaning of creative thinking/ entrepreneurial opportunity.	Learner identified only TWO aspects of: meaning of creative thinking/ entrepreneurial opportunity.	Learner identified only THREE aspects of: meaning of creative thinking/ entrepreneurial opportunity.	Learner identified only FOUR aspects of: meaning of creative thinking/ entrepreneurial opportunity.	Learner identified ALL aspects of: meaning of creative thinking/ entrepreneurial opportunity.	5
Using brainstorming to identify innovative and entrepreneurial business opportunities.	Learner responses are irrelevant to the question.	Learner identified only ONE aspect of using brainstorming to identify an innovative and entrepreneurial business opportunity.	Learner identified only TWO aspects of using brainstorming to identify an innovative and entrepreneurial business opportunity.	Learner identified only THREE aspects of using brainstorming to identify an innovative and entrepreneurial business opportunity.	Learner identified only FOUR aspects of using brainstorming to identify an innovative and entrepreneurial business opportunity.	Learner identified FIVE aspects of using brainstorming to identify an innovative and entrepreneurial business opportunity.	5
Steps in developing a research instrument	Learner did not explain the steps in developing the research instrument.	Learner explained ONE step in developing the research instrument.	Learner explained TWO steps in developing the research instrument.	Learner explained THREE steps in developing the research instrument.	Learner explained FOUR steps in developing the research instrument.	Learner explained ALL the steps in developing the research instrument.	5
Designing a cover page	Learner did not develop a cover.	Learner addressed ONE aspect of the cover page/ description of a product/ executive summary.	Learner addressed TWO aspects of the cover page/ description of a product/ executive summary.	Learner addressed THREE aspects of the cover page/ description of a product/ executive summary.	Learner addressed FOUR aspects of the cover page/ description of a product/ executive summary.	Learner addressed ALL of the aspects of the cover page/ description of a product/ executive summary.	5
Meaning of vision and mission statement	Learner did not elaborate on the meaning of vision and mission statement.	Learner provided ONE fact to elaborate on the meaning of vision AND/ OR ONE fact on mission statement.	Learner provided TWO facts to elaborate on the meaning of vision AND/ OR TWO facts on mission statement.	Learner provided THREE facts to elaborate on the meaning of vision AND/ OR THREE facts on mission statement.	Learner provided FOUR facts to elaborate on the meaning of vision AND/ OR FOUR facts on mission statement.	Learner excellently provided FIVE OR MORE facts to elaborate on the meaning of vision and mission statement.	5
Description of the business overview.	Learner did not give a description of the business overview.	Learner only provided ONE fact on the description of the business overview.	Learner only provided TWO facts on the description of the business overview.	Learner only provided THREE facts on the description of the business overview.	Learner only provided FOUR facts on the description of the business overview.	Learner only provided FIVE AND MORE facts on the description of the business overview.	5
SWOT analysis and comments on the findings.	The learner did not compile a SWOT analysis.	The learner included ONE aspect of the SWOT analysis and did not relate it to the business.	The learner included TWO aspects of the SWOT analysis and did not relate it to the business.	The learner included THREE aspects of the SWOT analysis and did not relate it to the business.	The learner included FOUR aspects of the SWOT analysis and did not relate it to the business.	The learner included ALL aspects of the SWOT analysis that are related to the business.	5
Strategies to overcome competition.	The learner did not suggest any strategies to overcome competition.	The learner only suggested ONE strategy to overcome competition in the market.	The learner only suggested TWO strategies to overcome competition in the market.	The learner only suggested THREE strategies to overcome competition in the market.	The learner only suggested FOUR strategies to overcome competition in the market.	The learner suggested FIVE strategies to overcome competition in the market.	5
Guidelines on writing an effective business report.	The learner did not outline any guidelines on writing an effective business report.	The learner only provided ONE guideline on writing an effective business report.	The learner only provided TWO guidelines on writing an effective business report.	The learner only provided THREE guidelines on writing an effective business report.	The learner only provided FOUR guidelines on writing an effective business report.	The learner only provided FIVE guidelines on writing an effective business report.	5
Factors to be considered when designing a verbal presentation.	Learner did not provide any facts on factors to be considered when designing a verbal presentation.	Learner provided ONE fact on factors to be considered when designing a verbal presentation.	Learner provided TWO facts on factors to be considered when designing a verbal presentation.	Learner provided THREE facts on factors to be considered when designing a verbal presentation.	Learner provided FOUR facts on factors to be considered when designing a verbal presentation.	Learner provided FIVE facts on factors to be considered when designing a verbal presentation.	5

Exemplar

Controlled Test

MARKS: 100

TIME: 1 hour 30 minutes

Instructions and information

This paper consists of 4 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	20	20 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO.)	2	20	40 minutes
	3	20	
	4	20	
C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	
TOTAL		100	90 minutes

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A

QUESTION 1 (COMPULSORY)

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.10) in the ANSWER BOOK, for example, 1.1.11 E.

- 1.1.1** Many agricultural products depend on certain ... conditions.
A market
B climatic
C economic
D geographical
- 1.1.2** Market research which is conducted by a person within the company is called ...
A internal
B external
C secondary
D primary
- 1.1.3** Mercy, an employee at Max Ltd, wants to use the to make a confidential decision by pretending to discuss it with a non-existing person.
A Empty chair
B Nominal group
C Force combination
D SCAMPER
- 1.1.4** The business structure should have a description of the following aspects:
A the location where goods and services are sold
B the packaging of the product
C the mission statement
D the administration and record-keeping
- 1.1.5** Roxy Traders complied with the ... Act when they allowed workers family responsibility leave.
A Consumer Protection
B Skills Development
C Labour Relations
D Basic conditions of employment Act (5 × 2) (10)

1.2. Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – J) next to the question number (1.2.1 – 1.2.5) in the ANSWER BOOK, for example, 1.2.6 I.

COLUMN A	COLUMN B
1.2.1 Force Field Analysis	A An agreement between an employer and an employee and is binding by law.
1.2.2 Decision making	B Create a central idea or theme.
1.2.3 Verbal presentation	C A contract taken out by a person or a business to manage risk.
1.2.4 Executive Summary	D Presentation is delivered through writing or supporting material.
1.2.5 Employment contract	E Weigh up the positives and negatives then decide if the project is viable.
	F Encourages creative thinking since it aims to find a new solution to a problem.
	G The long-term future goal of the business.
	H The presentation is delivered through word of mouth or in words.
	I Existing alternatives are considered and choosing the best solution to a problem.
	J A detailed summary of the entire business plan.

(10)

TOTAL SECTION A

[20]

SECTION B

Answer ANY TWO questions in this section.

QUESTION 2 BUSINESS VENTURES

- 2.1** State any FOUR different types of legal requirements of a business. (4)
- 2.2** Outline the aspects that should be included in the Executive Summary as a component of the business plan. (4)
- 2.3** Read the scenario below and answer the questions that follow:

NIKKO STEELS (NS)

Nikko Steels bought a welding machine and they are making a monthly payment of R5 000 over 60 months. NS is also making a monthly payment to City Properties for the use of the office space.

- 2.3.1** Identify TWO types of contracts that Nikko Steels (NS) has entered into. Motivate your answer by quoting from the scenario above. (6)
- Use the table below as a guide to answering QUESTION 2.3.1.

CONTRACT	MOTIVATION
1	
2	

- 2.4** Advise businesses on aspects that should be included in the employment contract. (6)
- [20]**

QUESTION 3 BUSINESS ROLES

- 3.1** Name any TWO steps in the problem-solving cycle. (2)
- 3.2** Outline the requirements of a good questionnaire. (4)
- 3.3** Read the scenario below and answer the questions that follow:

ZAKO TRADERS (ZT)

The management of Zako Traders divides employees into smaller groups of 5 to 6 people around a table to solve complex business problems on their own in silence. They also obtain input from experts on how to improve the quality of their products.

- 3.3.1** Identify TWO problem-solving techniques that are applied by Zako Traders. Motivate your by answer quoting from the scenario above. (6)
- Use the table below as a guide to answering QUESTION 3.3.1.

PROBLEM-SOLVING TECHNIQUES	MOTIVATION
1	
2	

- 3.3.2** Describe how ZT can apply ONE of the problem-solving techniques identified in QUESTION 3.3.1 to solve business problems. (4)
- 3.4** Suggest ways in which creative business opportunities can realistically be implemented. (4)
- [20]**

QUESTION 4 MISCELLANEOUS TOPICS

- 4.1 Name four types of contracts. (4)
- 4.2 Explain labour regulations as one of the factors impacting the location of a business. (6)
- 4.3 Compile a SWOT analysis for Choice Cash & Carry using the information given in the scenario below: (4)

CHOICE CASH & CARRY (CCC)

Choice Cash & Carry is situated in a high-crime area. CCC does not have sufficient capital to install security cameras. Badrudin Traders, the only competitor in the area, is in a process of closing down. The employees of CCC are well-experienced in customer service.

Use the table below as a guide to answering QUESTION 4.3

STRENGTH	WEAKNESS
OPPORTUNITY	THREAT

- 4.4 Advise businesses on the protocol to conduct research. (6)

TOTAL SECTION B

[20]

SECTION C

Answer ONE question in this section.

QUESTION 5 BUSINESS VENTURES (PRESENTATION OF BUSINESS INFORMATION)

Business should be well conversant in writing effective business reports. Managers are expected to present these reports verbally. Visual Aids such as graphs and pictures enhance business reports and presentations. It is important to prepare the relevant support materials to aid with the presentation.

Write an essay in which you address the following aspects:

- Outline guidelines on writing effective business reports
 - Explain the factors that must be considered when preparing a verbal presentation
 - Discuss the advantages and disadvantages of visual aids
 - Advise business on how to prepare support material for a presentation.
- [40]

QUESTION 6 BUSINESS ROLES (CREATIVE THINKING AND PROBLEM SOLVING)

Companies apply creative thinking to solve complex business problems. Managers should be aware of the difference between decision making and problem solving. Business stand to benefit from creative thinking. There are several ways in which business could use creative thinking to solve business problems.

Write an essay in which you address the following aspects:

- Elaborate on the meaning of creative thinking
 - Outline the differences between decision-making and problem solving
 - Discuss the benefits of creative thinking in solving business problems
 - Suggest ways in which business could use creative thinking to solve business problems.
- [40]

TOTAL SECTION C

40

GRAND TOTAL

100

18 Self-management



TOPIC OVERVIEW

- Unit 18.1 The meaning of time management
- Unit 18.2 The meaning of self-management/self-confidence/stress management



Learning objectives

At the end of this topic, learners should be able to:

- ❖ define the meaning of time management
- ❖ explain/describe/discuss the importance of setting goals
- ❖ recommend/suggest ways in which people can live a successful and balanced life
- ❖ explain the importance of a professional image
- ❖ suggest/recommend ways in which employees can project a professional image
- ❖ explain the importance of recognising one's strengths and weaknesses
- ❖ compile a personal analysis of own strengths, weaknesses, talents, and interests
- ❖ suggest/recommend ways to build one's strengths and weaknesses
- ❖ elaborate on the meaning of self-management/self-confidence/stress management
- ❖ suggest/recommend ways in which people can increase their self-confidence
- ❖ suggest/recommend ways to manage stress
- ❖ define the meaning of adaptability
- ❖ suggest/recommend ways in which people can adapt to change.



Key concepts

- **Time management:** using time effectively to achieve goals and objectives.
- **Self-management:** the ability to take responsibility for oneself/regulate one's actions/direct behaviour.
- **Talent:** a natural ability to be good at something – especially without being taught
- **Personal goals:** things you want to achieve for yourself in life.
- **Professional image:** an image that one projects about oneself based on appearance and reputation.
- **Self-confidence:** an attitude about a person's skills and abilities.
- **Adaptability:** the ability to accept change and to adjust to new conditions successfully.

Introduction

In this topic, we will learn about the concept of self-management and focused on ways in which an individual can manage stress and adapt to change. In grade 11 we will focus on how the business manages stress, and change in the workplace.

18.1 The meaning of time management

A New words

self-discipline the ability to control yourself and your weaknesses

? Did you know

There are only 24 hours in a day and every minute counts

- Set goals
- Prioritise work
- Define time limits
- Organise resources
- Delegate work
- Reduce redundancies
- Avoid stress
- Pre-plan tasks
- Set goals



The importance of setting goals

- When you set goals, you take control of your life, that is, you set the direction for what you want to achieve within a specified period.
- Goal setting helps entrepreneurs to organise their time and resources so that they can live a productive and satisfying life.
- It helps them to set a long-term vision, as well as short-term motivation.
- They can create an **action plan**, and even when things are not on track, they can review your action plan.
- Goals give them focus because they can spend their time and energy on achieving exactly what they want.
- They propel themselves to take more action.
- They create accountability – they are accountable to themselves not to anyone else.
- When setting goals, they connect with their **innermost desires** – these motivate them and gives them something to strive towards.
- Goals also enable them to achieve their highest potential because they set the targets.
- They help them become the best they can be.
- They make them stretch beyond their normal self, to reach heights.

Long term goal:
increase the profit
with 20%

Short term goal:
Appoint a new
accountant

A New words

action plan a detailed plan outlining activities that need to be performed

innermost desires the essential feelings that makes ones character

The process of setting personal goals

- Describe your goals accurately.
- Consider your values and responsibilities, then list all the roles in order of performance.
- Set specific/measurable/achievable/realistic and time-bound goals for each of your roles.
- Draw up a plan showing steps you must follow to meet your goals.
- Keep goals specific and focused.
- Set a time frame for each goal.
- Reflect on your goals/plans to ensure that you are on the right track.



Set them.

Be them.

Reach them.

The importance of a professional image

- It creates a good impression.
- People form ideas about who you are and what you are capable of.
- If you are aware of the image you project, you can influence how others see you.
- If you are viewed positively, there could be huge benefits for your career, work relationships, and work experiences.
- The image of a business helps build customer confidence.
- Companies providing both a professional image and quality service attract and retain customers.



QR CODE

5 Reasons Your Professional Image is Important for Your Career



<https://m.youtube.com/watch?v=aucrAJzmNf4>

Ways in which employees can project a professional image

- Employees should dress appropriately for the work they do and the place they work.
- They should work hard and be productive.
- Employees are more likely to be promoted if they do more than what they are required to do in their job description.
- They should always be punctual and enthusiastic
- They should also be friendly and accepting of their colleagues.
- Employees should treat everyone with respect – whether or not they like a person.
- They should try to avoid/manage conflict.
- Be courteous and professional on the telephone.

The importance of recognising one's strengths and weaknesses

It is important to conduct a personal SWOT analysis in order to help to use the strengths and minimise weaknesses and threats taking advantage of the opportunities.

- You can work to improve on your weaknesses once you can recognise them.
- Concentrate on your strengths as much as possible.
- Improve the weaknesses that could potentially harm your life or career.
- Build on strengths and learn to manage your weaknesses.
- Focus on transforming your weaknesses into strengths.
- Surround yourself with people who can uplift you instead of those that choose not to change.



Compile a personal analysis of your strengths, weaknesses, talents, and interests

It is not always easy to identify personal strengths and weaknesses. If you recognise them then you can easily know and manage them. We also need to be aware of our talents and **interest** and use them to build on our strengths.

Ways to build one's strengths and weaknesses

- Identify your strengths before you consider your weaknesses.
- Focus on taking full advantage of your strengths compared to your weaknesses.
- Develop skills to the maximum/push your talents as far as you can.
- Talent in a particular area should not be ignored but time should rather be spent on enhancing it.
- Break your weaknesses down into:
 - those you can change – set goals for fixing
 - those you cannot change – try to manage it.



New words

interest things that we enjoy doing

Ways in which businesses can encourage employees to live a successful and balanced life

- Businesses should always advise employees to conduct regular medical check-ups.
- They should avoid activities that could lead to stress.
- Maintain a positive attitude.
- Reflect on actions and take necessary corrective measures.
- Take responsibility for your actions.
- Engage in self-development programmes to enhance growth.
- Ensure proper hygiene and regular physical exercises.
- Physical: get enough exercise and rest, and maintain a healthy, balanced diet.
- Mental: plan your day and activities to avoid unnecessary stress.
- Spiritual: make time every day for any religion you practice.
- Social: do good deeds by giving, helping, and guiding others.
- Material: get a good education to get a good job that will enable you to be self-supporting.



QR CODE

The #1 key to live a successful life

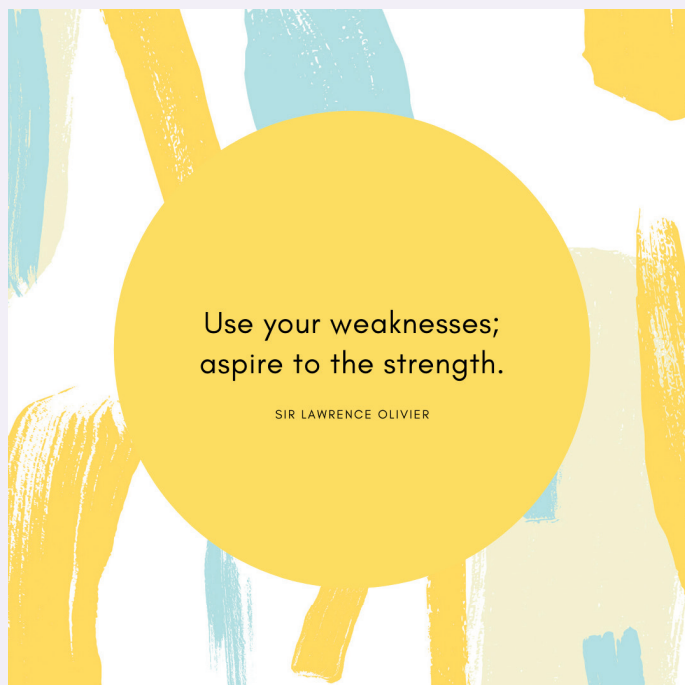


<https://www.youtube.com/watch?v=Z6f4V09piRE>

Activity 18.1

1.1 Elaborate on the meaning of time management. (4)

2.1 Read the quote below and answer the questions that follow.



2.1.1 Explain the importance of recognising one's strengths and weaknesses. (4)

2.1.2 Suggest ways to build one's strengths and weaknesses. (6)

2.2 Discuss the importance of setting goals. (4)

[18]

18.2 The meaning of self-management/ self-confidence/stress management

Self-management

Self-management skills are the abilities that allow people to control their thoughts, feelings and actions. People with strong self-management skills, can set goals independently and take the initiative to achieve them.



Self-confidence

Self-confidence means you accept and trust yourself and have a sense of control in your life. You know your strengths and weakness well and have a positive view of yourself. Feeling confident in yourself might depend on the situation. It is one of the key characteristics of successful people.

Becoming successful requires me to know myself, believe in myself and complete my task within the due date.

Ways in which you can increase your self-confidence

- Focus on your strengths rather than your weaknesses – build on what you are good at doing.
- Approach new experiences as opportunities. If you try new things and stretch yourself, you will grow and feel more positive about yourself – even if it is uncomfortable at first.
- Don't expect perfection from yourself – know that it is good enough to do your best and to strive to improve when you fail.
- Don't rely on other people's approval – rather evaluate your actions and how you feel.
- Let go of fears, **obstacles**, or personal limitations for peace of mind.
- Accept and love yourself unconditionally.
- Confront what you may find difficult to accept about yourself.
- Have **self-compassion** and acceptance of yourself, that is, the good and what you perceive to be bad.
- Accept that you always did the best you could with what you had or knew, and with what your compelling needs were at the time.
- Change your perception of yourself – change your attitude about and toward yourself.

A New words

obstacles things that prevents one's progress

self-compassion the ability to turn understanding, acceptance, and love inward

Meaning of stress management

Stress management consists of making changes to your life if you find yourself in constant stressful situations. Stress may be considered as any physical or emotional factor that causes bodily or mental harm. Effective stress management helps manage the stress in your life effectively, so you can be happier, healthier, and more productive.



Ways to manage stress

- Set aside personal time.
- Develop a healthy lifestyle.
- Spend time with people you enjoy/love.
- Have a plan so that you stay in control.
- Exercise regularly.
- Take a break.
- Listen to music.
- Reduce caffeine intake.
- Eat a well-balanced diet.
- Be assertive.
- Be optimistic.
- Have a sense of humour.

TIME TO ADAPT

Define the meaning of adaptability

We constantly change our lifestyles because our world is always changing. This is known as adaptability. It is the ability to accept change and to adjust to new conditions successfully. It also means that you are open to taking on new challenges or changing situations. Adaptability is a skill that refers to the ability of a person to change their actions, course, or approach to doing things to suit a new situation. However, it is not just about changing something or adjusting to a situation.

Ways in which people can adapt to change

- People should adapt to learning styles/skills to make the most of new learning opportunities.
- They should transfer and adapt skills/resources for new tasks/situations.
- Avoid complaining and learn to be positive about change.
- Find ways to meet the challenges that change brings and benefit from them.
- Be proactive by keeping up with changes that are taking place in the world.
- Accept that change is **inevitable**.
- Reflect on how you've handled the change in the past.
- Take responsibility to respond to change.
- Adopt a positive attitude.
- Hold yourself accountable for adapting to the new change.

A New words

inevitable certain to happen/
unavoidable

Activity 18.2

1.1 Elaborate on the meaning of self-management. (2)

1.2 Read the scenario below and answer the questions that follow:

MAZAMO TRADERS (MT)

The management at Mzamo Traders invited a motivational speaker to do a presentation at their workplace. Employees were told to accept and love themselves unconditionally, and also to confront what they find difficult to accept about themselves. MT introduces new ways to deal with different situations.

1.2.1 Quote TWO ways in which people can increase their self-confidence from the scenario above. (2)

1.2.2 Recommend ways in which people can adapt to change. (6)

[10]

Mind map: Topic 18 – Self-management

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.

**QR CODE**

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

Consolidation**QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers.

1.1.1 The ... is the ability to turn understanding, acceptance, and love inward.

- A self-compassion
- B obstacles
- C action plan
- D mediation

(2)

1.1.2 The ... skills are the abilities that allow people to control their thoughts, feelings and actions.

- A personal analysis
- B time management
- C self management
- D stress management

(2)

1.2 Outline the importance of a professional image.

(6)

QUESTION 2

2.1 Read the scenario below and answer the questions that follow:

REGGIAN LTD (RL)

Reggian Ltd has employed 50 workers who are responsible for building concrete bridges. Reggy, the manager, always advises his employees to conduct regular medical check-ups and to avoid activities that can lead to stress.

2.1.1 Quote TWO ways in which RL encourages employees to live a successful and balanced lifestyle.

(2)

2.1.2 Recommend ways to manage stress.

(4)

QUESTION 3

3.1 Explain the importance of setting goals.

(4)

3.2 Suggest THREE ways people can use to adapt to change.

(6)

[26]

19

Relationships and team performance



TOPIC OVERVIEW

- Unit 19.1 The meaning of business objectives
- Unit 19.2 Meaning of interpersonal relationships



Learning objectives

At the end of this topic, learners should be able to:

- ❖ discuss/explain ways in which people need to work together to accomplish business objectives
- ❖ discuss/explain factors that can influence team relationships (for example, prejudice, beliefs, values and diversity)
- ❖ list/understand business objectives (for example, profit, productivity, service)
- ❖ explain/define interpersonal relationships in the workplace (for example, the different management levels, and the importance of everyone in achieving business objectives)
- ❖ discuss/define personal beliefs and values and how they influence business relationships (for example, prejudice, discrimination, equity and diversity)
- ❖ list/discuss the criteria for successful and collaborative team performance in a business context and assess a team against these criteria
- ❖ explain how team members can work in a team to accomplish business objectives (for example, setting clear objectives and agreed goals, openness, mutual respect, support and mutual trust, members committing to achieving mutual goals, sound inter-team relations, individual development opportunities and reviewing the team processes).



Key concepts

- **Team:** consists of two or more people who work together in a business or organisation to achieve a common goal.
- **Relationship:** the connection between employees, colleagues, customers and suppliers.
- **Prejudice:** a preconceived opinion or judgement of something or someone. Prejudice is normally not based on reason or fact. Prejudice can lead to discrimination. Some types of prejudice include racism, xenophobia, sexism and religious prejudice.
- **Beliefs:** a feeling of being sure that a person or thing exists or is true or trustworthy.
- **Values:** the beliefs, philosophies and principles that drive a business – the core values that guide the business.
- **Diversity:** what makes people unique and includes different cultures, backgrounds, beliefs, gender, language and life experiences.
- **Productivity:** a way to measure efficiency.
- **Service:** an activity that is delivered by the business to another party like a customer, or another department.
- **Interpersonal relationships:** the relationship between two employees working at the same place.
- **Discrimination:** certain prejudices that occur when an employee is treated unfairly because of race, gender, sexuality, religion or disability.
- **Equity:** the practice of being fair or impartial in the workplace. Equity is achieved when there is no discrimination.
- **Profit:** the financial advantage or benefit
- **Management levels:** refers to a line of demarcation between various managerial positions in an organization.
- **Collaboration:** the action of working with someone to produce something.
- **Openness:** the quality of being relatively free from obstruction or relatively unoccupied:
- **Mutual respect:** underpins good relationships. To have respect for a person involves a fundamental belief in their right to exist, to be heard, and to have the same opportunities as everyone else.
- **Mutual trust:** when employees enjoy a culture of honesty, and psychological safety.

Introduction

Teamwork is when two or more people come together to reach a common goal. Successful teams communicate frequently and openly, team members can engage with one another, and they are flexible to ensure the overall success of the team.

Teamwork can be natural for some people, but difficult for others. Poor relationships amongst team members can be characterised by emotional and behavioural actions that can create **distress**, anger, and **withdrawal**. This can create a divided team, which in turn can lead to poorer team performance.

In this topic we will learn about the benefits of teamwork and the importance of everyone on a team in achieving business objectives. We will also learn about some of the factors that can influence team relationships.

A New words

distress extreme anxiety

withdrawal to stop participating in a team

19.1 The meaning of business objectives

A business objective explains in detail the steps they plan to take in order to achieve a specific goal. Types of business objectives: profit, productivity, service. A good business objective focuses on profit, productivity and service. Good business objectives are also aligned to the vision, mission and purpose of the business.

? Did you know

Business objectives can:

- provide direction to the business
- guide the decision-making process
- increase productivity and quality
- motivate and inspire the employees
- help to evaluate performance
- improve customer service.

Business objectives must be SMART:

S	Specific
M	Measurable
A	Attainable
R	Relevant
T	Timely

Examples of business objectives

Improve customer service

Decrease our customer complaints by 25% in the next six months. Good customer service will help us to retain customers and generate continued/sustained revenue.

Business survival

Grow our business by attracting and maintaining loyal customers during these difficult first three years without compromising quality.

Increase profitability

Maximise profits by increasing our profitability by 2% in the next twelve months.

Increase market share

Increase our market share by 5% in the next six months. We will do this by launching a digital marketing campaign by the end of the month.

Employee retention and human resources

We value our team and want to avoid a high employee turnover as that will have a negative impact on productivity.

Social responsibility

Use environmentally friendly materials to produce our products and packaging. Become a "green business" by December 2030.



The benefits of teamwork

Teamwork is important for achieving business objectives. Teamwork can be described as a group of individuals working together **efficiently** and **effectively** towards a common goal.

- The members of the team learn from each other and grow.
- The team achieve more than the individual.
- Good teamwork helps business to achieve its objectives.
- Gives employees more control over their jobs.
- The performance of all team members improves because they support each other's skills.
- Teamwork encourages workers to increase their range of skills to increase productivity.
- Teamwork improves effective communication.
- Teamwork can create strong relationships among employees, which in turn leads to better communication within a team.
- Teamwork promotes healthy risk-taking/Working as a team allows team members to take more risks, because they have the support of the team in case of failure.
- Teamwork promotes a wider sense of ownership when working together to achieve business objectives
- The team members feel connected to the company which builds loyalty towards the company and individual job satisfaction.
- Teamwork promotes creativity and learning: creativity thrives when people work together as a team.
- Teamwork creates synergy to maximise energy levels of employees.

A New words

effective achieving a result you want

efficient capable of producing desired results without wasting materials, time, or energy

Recommend/Suggest ways in which businesses can create an environment that enables teams to work effectively

Great results can be achieved through teamwork, so it is important that a business creates an environment that enables teams to work effectively.

- Ensure the team clearly understands the business objectives.
- Set ground rules for the team.
- Establish team values and goals
- Consider each employee's ideas as valuable.
- Be clear and specific when communicating to prevent confusion.
- Encourage listening and brainstorming.
- Encourage trust, respect, and cooperation among members of the team.
- Encourage team members to share information and resources effectively.
- Delegate problem-solving tasks to the team.
- Establish a method for arriving at a consensus to prevent conflict.
- Be aware of employees' unspoken feelings.

**Activity 19.1****Ways in which people need to work together to accomplish business objectives**

1.1 Elaborate on the meaning of business objectives. (4)

1.2 Read the scenario below and answer the questions that follow.

Burger Bash & Dash (BBD)

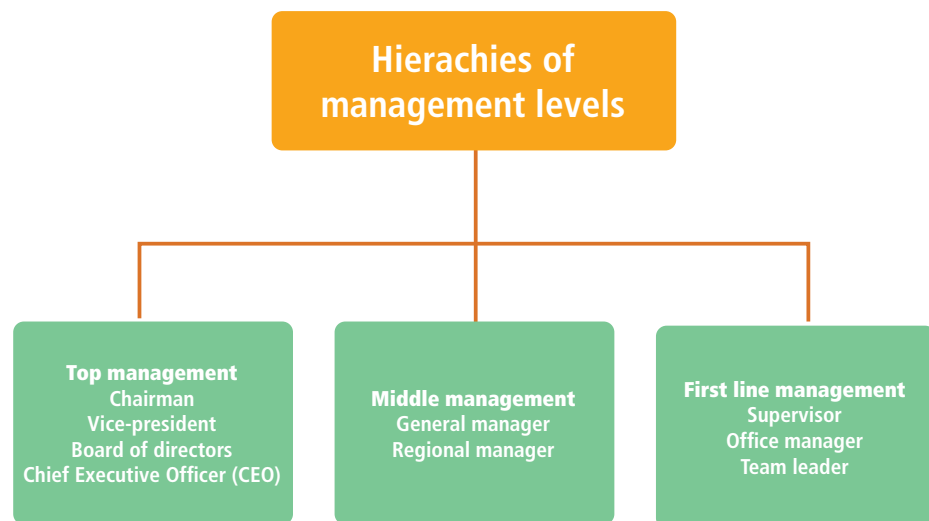
Burger Bash & Dash (BBD) encourages the employees to work together as a team. The manager observed that employees are more creative when they work with others. The employees also realised that they are communicating better.

1.2.1 Quote TWO benefits of teamwork from the scenario above. (2)

1.2.2 Outline other benefits of teamwork in the workplace. (6)

Different hierarchies and management levels

The levels in business hierarchy refer to the levels of chain of command and the, employee designations. The business hierarchy continues till the highest level consisting of the Chief Executive Officer (CEO) or the board of directors. The business hierarchy usually narrows from bottom to top.

**19.2 Meaning of interpersonal relationships**

Interpersonal relationships in the workplace refers to a strong association among individuals working together.

Interpersonal relationships in the workplace allows team members to share a special relationship. Team members build up a relationship of trust, openness, understanding and effective communication.

Everyone plays a role in achieving the business objectives.

The importance of each individual in achieving business objectives

The quality of interpersonal relationships impacts on the productivity of teams. If employees are skilled and knowledgeable, teams will be strong and efficient. Great results can be achieved through teamwork, so it is important that a business creates an environment that enables teams to work effectively. Usually, employees will take pride in their work if they are aware of how their efforts impact on achieving the business objectives. Celebrating milestones and praising team members, helps employees feel excited to be part of the team. This in turn, can lead to higher productivity.

Types of interpersonal working relationships

Great results can be achieved through teamwork and effective interpersonal relationships. It is important that a business creates an environment that enables teams to work effectively. Here are some examples of the different types of interpersonal relationships that can occur in the workplace.

Peer relationships	Peer relationships are the relationships between employees that are on the same level at the workplace. Employees are equal and the relationships are based on mutual respect.
Group relationships	Group relationships are the relationships between members of a team or group. Healthy group relationships will ensure good results, whereas poor relationships between group members may result in conflict.
Authority relationships	Authority relationships are relationships between a manager and a subordinate. This relationship is based on mutual respect.
External relationships	External relationships in a workplace refer to the relationships with people outside of the company or business. These types of relationships are usually based on service delivery or outsourcing.

Factors that can influence team relationships

There are several factors that can influence team relationships. In this section we will look at some of these factors.

Factors that can influence team relationships		Ways in which business can address factors
Prejudice	Prejudice is a negative attitude towards an individual. This attitude is usually based on the differences between individuals who may belong to a particular social group. For example, prejudice is common against people who are members of an unfamiliar cultural group.	<ul style="list-style-type: none"> • Teambuilding activities among staff members. • Awareness of cross-cultural differences.
Discrimination	Discrimination is negative action toward an individual because of their belonging to a certain gender, race, religion or sexual orientation.	<ul style="list-style-type: none"> • Human relation policy should include that discrimination will not be allowed. • Procedure to report discrimination in the business.

? Did you know

How to reduce prejudice within ourselves and in the workplace

Prejudice can be defined as negative feelings towards a person based solely on a specific group to which they belong. Common types of prejudices in the workplace are ageism, sexism, racism, xenophobia, classism, and religious discrimination. We as individuals can reduce prejudice in the workplace in the following ways:

1. Acknowledge that you have learned prejudicial information about people.
2. Confront the stereotypes you have learned.
3. Make a commitment to change and make a commitment to a process of change.

? Did you know

Read the following article about the secrets of a successful team relationships.

1. Trust yourself and trust your team members.
2. Show up and do your best.
3. Respect the efforts and ideas of others. Give credit where credit is due.
4. Accept constructive criticism and use the feedback to improve yourself.
5. Embrace the goals of the team and work toward them.
6. Communicate! Never assume a team member understands what you are planning.
7. Ensure everyone in the team has clear expectations and work towards the objectives.
8. Recognise the skills and talents of your team members.
9. Support the team and team members even if things go wrong.
10. Divide the tasks fairly among team members and do all planning proactively.

Factors that can influence team relationships		Ways in which business can address factors
Diversity	Diversity is the practice of including or involving people from a range of different social and ethnic backgrounds, and of different genders and sexual orientations.	<ul style="list-style-type: none"> Adhere to policy of equal opportunities when appointing new staff. Teambuilding activities amongst staff members.
Belief	Belief is a conviction that we generally accept to be true without evidence or proof. Beliefs are related to culture and religion. Beliefs influence our thoughts and attitudes, and we must be aware of them.	<ul style="list-style-type: none"> Awareness of moral values and integrity in the business.
Equity	<ul style="list-style-type: none"> Equity in the workplace to respectful and dignified treatment of every person in the business. Equity encourages diversity in decision making/allows job satisfaction and employee engagement. 	<ul style="list-style-type: none"> Human resource policy should promote equity through appointments, promotion and allocation of resources.

A team member's lack of self-awareness can have an impact on the productivity of a team. Individual and cultural differences may complicate the interpersonal relationships in the workplace. Discrimination, prejudice, and beliefs can also have an impact on the performance of a team.

Ways to promote healthy interpersonal relationships in the workplace

Having empathy for others is an important skill employees need to build healthy interpersonal relationships in the workplace. Empathy helps team members to consider the thoughts, feelings and needs of others. Relying on other people builds trust and teamwork establishes strong relationships. Despite occasional disagreements, an effective team enjoys working together and shares a strong bond.

Ways in which businesses can address factors that influence team relationships

A business can create an environment that enables teams to work effectively:

- The business can make sure that employees understand and believe in business objectives.
- The business should listen to employees when they share ideas.
- Important decisions should be taken through a process of teamwork.
- Good teamwork needs to be rewarded and mistakes must be viewed as opportunities to learn and grow.
- Being clear and specific when communicating to prevent confusion.
- Encouraging trust, respect, and cooperation among members of the team.
- Encouraging team members to share information and resources effectively.
- Delegating problem-solving tasks to the team.
- Establishing a method for arriving at a consensus to prevent conflict.

Activity 19.2 Team relationships

Read the scenario below and then answer the questions that follow.

OFFICE STATIONERIES (OS)

Office Stationeries formed a sales team that sells their stationery in the Free State. Some team members do not tolerate each other due to different cultural beliefs. Paul also does not like Zizi because he does not know her.

- 1.1 Identify TWO factors that influences team relationships. Motivate your answer by quoting from the scenario above. (6)

Use the table below as the guide to answer this question.

FACTORS THAT INFLUENCE TEAM RELATIONSHIPS	MOTIVATIONS

- 1.2 Discuss ways in which businesses can influence team relationships. (9)

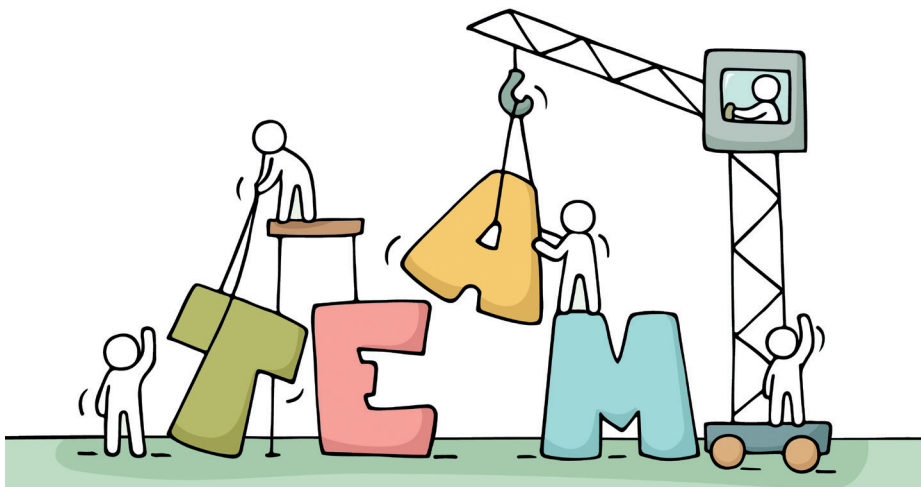
Criteria for successful and collaborative team performance in a business

Working in a team to achieve business objectives requires clear objectives, openness, mutual respect, support, and mutual trust. Team members need to be committed to the business.

In order to improve teamwork, regular review of the team processes needs to be done.

Criteria for successful team performance

Team members must know what they want to achieve.



Clear objectives and agreed goals

- Team members must agree on goals and set clear objectives.
- Team members who agree to the goals will be more committed.
- Team members will show more commitment if the objectives are understood clearly. Teams need to focus on the agreed goals essential for success.
- Team members should know what they want to achieve.
- Clear goals for direction.

Interpersonal attitudes and behaviour

- Team members have a positive attitude of support and motivation towards each other.
- Good interpersonal relationships will ensure job satisfaction and, in this way, increase the productivity of the team.
- Team members are committed and enthusiastic towards achieving a common goal.
- Team leaders give credit to members for positive contributions.

Shared values and mutual respect

- Shows respect for the knowledge or skills of other members.
- Perform team tasks with integrity meeting team deadlines with necessary commitment to team goals.
- Shows loyalty, respect and trust towards team members despite differences.
- Shows respect for the knowledge/skills of other members.
- Perform team tasks with integrity/pursuing responsibility/meeting team deadlines with necessary commitment to team goals.

Communication

- A clear set of processes and procedures for teamwork ensures that every team member understands their role.
- Efficient communication between team members may result in quick decisions.
- Quality feedback from team members will improve the morale of the team.
- Open discussions between team members will lead to effective problem solving.
- Continuous review of team progress ensures that team members can correct/minimise mistakes and can act pro-actively to ensure that goals are achieved.



Co-operation/Collaboration

- Clearly defined and realistic goals will ensure all team members know exactly what is expected of them.
- All team members should actively participate in the decision-making process.
- Show a willingness to cooperate as a unit to achieve team objectives.
- Co-operate with management to achieve team/business objectives.
- Agree on how to get a task done effectively and without wasting time on conflict resolution.
- A balanced composition of skills, knowledge, experience and expertise ensures that teams achieve their objectives.

? Did you know

When a company environment is focused on collaboration, team members naturally feel a part of something bigger than themselves.

Mutual respect, support, and trust

- Team members must not fear being laughed at or rejected for expressing concerns. This will encourage participation.
- Team members should consult with all group members.
- Team members should learn from one another.
- Team members must support and trust one another to be an effective team.
- Reliability, doing what you say you will and taking risks with others help to build mutual trust

Consolidation

QUESTION 1

1.1 Define the following concepts:

- 1.1.1 working relationship (2)
- 1.1.2 interpersonal relationships (2)

1.2 Read the scenario below and answer the questions that follow.

HAZELNUT SYSTEMS (HS)

Hazelnut Systems (HS) is an IT company that specialises in implementing accounting systems. The team members work together closely with each other. The accounting projects team has a reputation of never missing a target date or deadline. Ayanda has a reputation for not always getting along with all the team members. He never delegates tasks to younger team members because he believes that younger people do not have enough experience. This has led to discontent among the team and has caused quarrelling and fighting within the team.

- 1.2.1 Identify FOUR factors that influence team relationships from the scenario above.
- 1.2.2 Explain THREE different ways in which Hazelnut (Pty) Ltd can address factors that influence team relationships. (6)

QUESTION 2

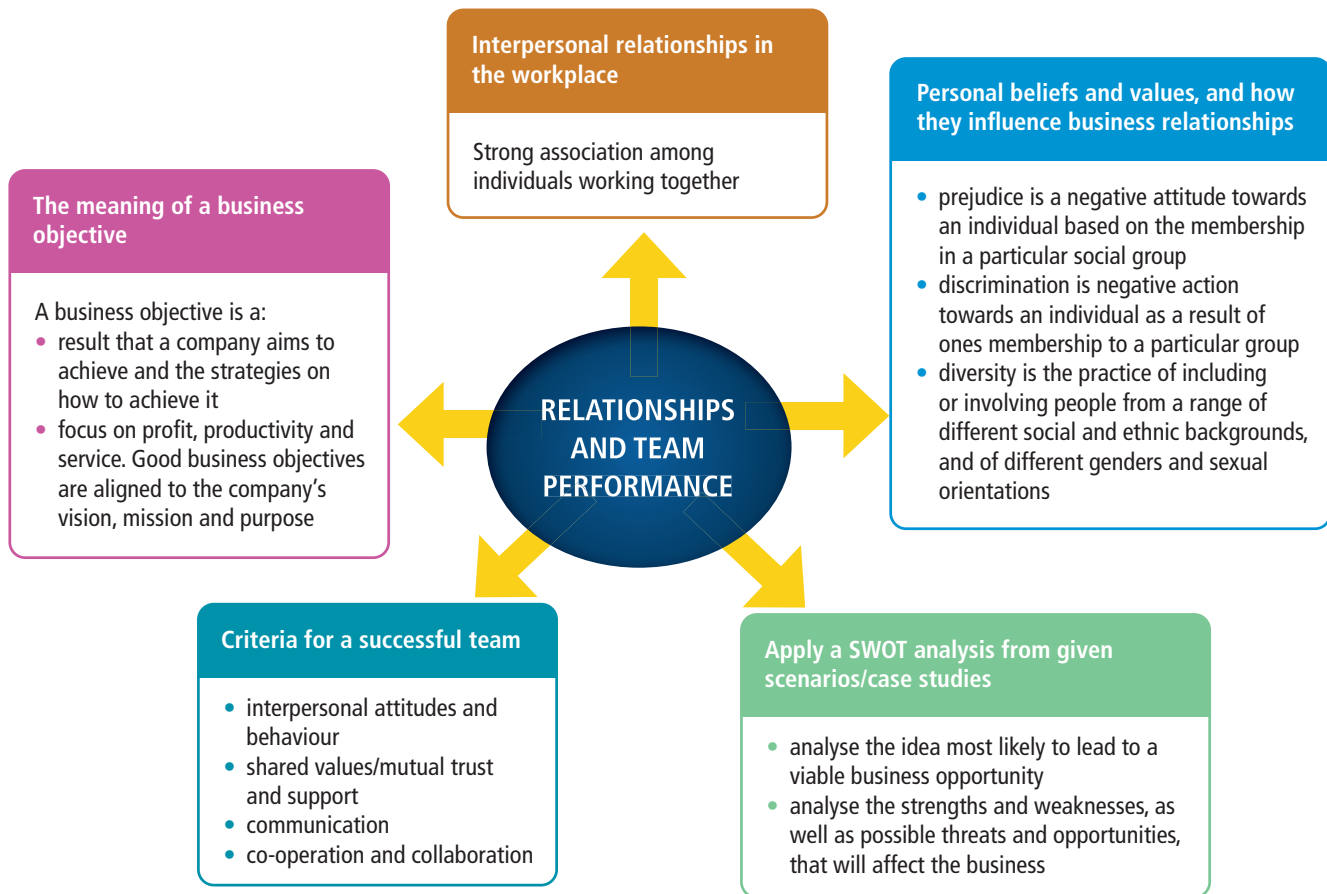
Poor relationships among team members can be influenced by emotional and behavioural actions. Teamwork plays an important role in achieving goals and objectives. Working as a team can benefit the business. Businesses must ensure that they create an environment that enables teams to work effectively.

Write an essay on relationships and team performance in which you include the following aspects:

- Outline the factors that can influence team relationships
- Explain the following criteria for successful team performance:
- Discuss benefits of teamwork
- Suggest ways in which businesses can create an environment that enables teams to work effectively. [40]

Mind map: Topic 19 – Relationships and team performance

Use the mind map as a guide to consolidate the content covered in this topic. Be sure to study the content relevant to each heading.



QR CODE

Scan this code for a summary overview of the content covered in this topic relating to the specific Key Learning Points



<https://www.youtube.com/playlist?list=PLY8n0zQCEkpoS-JuohXHcDHDsxpXbniaM6>

FINAL EXAM PAPER 1

MARKS: 150

TIME: 2 HOURS

Instructions and information

This Paper consists of 5 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.
3. Number the answers according to the numbering system used in this question paper. No marks will be awarded for answers that are numbered incorrectly.
4. Except where other instructions are given, answers must be written in full sentences.
5. Use the mark allocation and nature of each question to determine the length and depth of an answer.
6. Use the table below as a guide for mark and time allocation when answering each question.

SECTION	QUESTION	MARKS	TIME
A Objective-type questions COMPULSORY	1	30	20 minutes
B THREE direct/indirect type questions CHOICE (Answer any TWO.)	2	40	70 minutes
	3	40	
	4	40	
C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
	6	40	
TOTAL		150	120 minutes

7. Begin the answer to EACH question on a NEW page, for example QUESTION 1 – new page, QUESTION 2 – new page, and so on.
8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A (COMPULSORY)

SECTION A (COMPULSORY)

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 – 1.1.5) in the ANSWER BOOK, for example, 1.1.6 D.

- 1.1.1 The...protects the economic welfare of consumers in South Africa.

- A Consumer Tribunal
- B National Consumer Commission (NCC)
- C Industrial Ombudsmen
- D National Credit Regulator (NCR)

- 1.1.2** The money in Helen's savings account that is used to finance her new business is known as... capital.
A own
B fixed
C borrowed
D working
- 1.1.3** A challenge of the political environment for Goldman Mining is...
A decreases in consumer spending.
B fluctuations in foreign currency.
C increases in the tax rates.
D increases in the price of raw materials.
- 1.1.4** Prestige Music uses... as a form of legal protection to prevent other parties from reproducing their work without permission.
A trademarks
B patents
C licencing
D copyrights
- 1.1.5** The quality within the human resources function of Isipho Clothing Producers is depicted by...
A providing industry-aligned remuneration packages.
B low employee morale.
C decreases in loyal workers.
D high staff turnover rates. (5 × 2) (10)

- 1.2** Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question numbers (1.2.1 – 1.2.5) in the ANSWER BOOK.

public	market	production	capital budget	general management
pyramid schemes	micro	private	money laundering	cash budget

- 1.2.1** Bathandwa Property Developers has full control over components in the ... environment.
- 1.2.2** The ... function should strive to manufacture goods at the lowest possible costs to maximise profit.
- 1.2.3** Northville Banking participated in ... when unlawful profits from crimes were invested in the business to cover up wrongdoings.
- 1.2.4** The financial manager at Weltevreden Wholesalers drew up a... to assess whether the business will be able to meet all its operational needs.
- 1.2.5** Chris Hani Baragwanath Hospital is situated in Gauteng province and is classified under the ... sector. (5 × 2) (10)

- 1.3** Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – J) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK, for example, 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Non-governmental organisations	A the ability of products to satisfy the needs of customers B short-term plans to reach set goals.
1.3.2 Quality	C assist the government in addressing socio-economic issues
1.3.3 Objectives	D reproducing work of other businesses after permission was granted
1.3.4 Middle management	E oversees the entire organisation and all operations
1.3.5 Piracy	F displaying customer dissatisfaction with services G unauthorised reproduction of the work of another business H long-term plans of what the business wants to achieve I provides social grants to South African citizens J responsible for tactical decision making

(5 × 2) (10)

TOTAL SECTION A:

30

SECTION B

Answer ANY TWO questions in this section.

NOTE: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example, QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, and so on.

QUESTION 2 BUSINESS ENVIRONMENTS

- 2.1** Identify the component of the micro environment applicable to Mokopane Networking (MN) in EACH statement below.
- 2.1.1** The manner in which business activities are conducted, such as dress code, work ethics and communication policy.
- 2.1.2** Motivating and inspiring subordinates to achieve the goals and objectives of MN.
- 2.1.3** The long-term dream of MN and where MN sees itself in the future. (6)
- 2.2** Distinguish between the formal and informal business sector. (4)
- 2.3** Read the scenario below and answer the questions that follow.

BLUE LAGOON HOTELS (BLH)

Blue Lagoon Hotels have announced that it would provide free antiretroviral treatment (ARV's) to all infected employees. The initiative will assist in reducing high levels of infection amongst its employees.

- 2.3.1** Identify the socio-economic issue that is addressed by BLH from the scenario above. (2)
- 2.3.2** Explain the negative impact of the socio-economic issue identified in QUESTION 2.3.1 above on BLH. (6)
- 2.4** Discuss the relationship between the micro, market and macro environment. (6)
- 2.5** Read the scenario below and answer the questions that follow.

PERTULIA'S BEAUTY PARLOUR (PBP)

Pertulia Parlour offers a variety of beauty treatment services. Skinhealth specialises in the production of skincare product used by PBP.

- 2.5.1** Identify TWO business sectors in the scenario above. Motivate your answer by quoting from the scenario.
Use the table below as a GUIDE to answer QUESTION 2.5.1.
- | BUSINESS SECTORS | MOTIVATIONS |
|------------------|-------------|
| 1. | |
| 2. | |
- (6)
- 2.5.2** Elaborate on the meaning of the secondary sector. (4)
- 2.6** Advise businesses on the purpose of inclusivity in the workplace. (6)

[40]

QUESTION 3: BUSINESS OPERATIONS

- 3.1** Name TWO methods of carrying out public relations. (2)
- 3.2** Identify the management task applied by Khanya Ngamile Distributors (KND) in EACH statement below.
- 3.2.1** The management team of KND has analysed the various potential risks and the likelihood of the occurrence of these risks.
- 3.2.2** Activities are assigned and delegated to specific individuals at KND.
- 3.2.3** Performance standards are set and management ensures that those standards are met.
- 3.2.4** The existing activities and goals of KND have been evaluated by management. (8)

- 3.3** Read the scenario below and answer the questions that follow.

KLAASENBOSCH PASTRY PATISSERIE (KPP)

Klaassenbosch Pastry Patisserie ensures quality of performance within its marketing function to attract more customers. Regular training on improving the production process is also provided by KPP. Aggressive advertising campaigns are conducted to maintain their existing market share.

- 3.3.1** Quote TWO quality indicators of the marketing function applied by KPP. (2)
- 3.3.2** Explain THREE other quality indicators of the marketing function. (6)
- 3.3.3** Advise KPP on the importance of quality for businesses. (4)
- 3.4** Discuss the importance of stock control for businesses. (6)
- 3.5** Read the scenario below and answer the questions that follow.

ALTAAF TILE MANUFACTURERS (ATM)

Altaaf Tile Manufacturers conduct credit checks and affordability assessments for potential customers prior to the granting of credit. ATM also ensures that customers have access to information needed to make informed decisions. The business is experiencing an increase in sales.

- 3.5.1** Identify TWO Acts that are applicable to ATM. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.5.1.

LEGISLATIONS	MOTIVATIONS
1.	
2.	

(6)

- 3.5.2** Evaluate the impact of ONE of the Acts identified in QUESTION 3.5.1. (6)

[40]

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS ENVIRONMENTS

- 4.1** State FOUR types of organisational resources. (4)
- 4.2** Elaborate on the importance of the informal sector. (4)
- 4.3** Read the scenario below and answer the questions that follow.

RADEMAN RETAILERS (RR)

Rademan Retailers operates in the Gauteng Province. Confidential information has been lost because its databases were hacked. Increases in interest rates have also made loans more expensive for RR.

Use the table below as a GUIDE to answer QUESTIONS 4.3.1 and 4.3.2.

CHALLENGES (4.3.1)	COMPONENTS OF THE MACRO ENVIRONMENT (4.3.2)
1.	
2.	

- 4.3.1** Quote TWO challenges of the macro environment for RR from the scenario above. (2)
- 4.3.2** Classify RR's challenges according to the correct components of the macro environment. (4)
- 4.4** Analyse the impact of inequality and poverty on businesses. (6)

BUSINESS OPERATIONS

- 4.5** List THREE types of organisational structures. (3)
- 4.6** Describe reasons why businesses may need finance. (4)
- 4.7** Differentiate between quality control and quality assurance. (4)
- 4.8** Read the scenario below and answer the questions that follow.

FEZEKISA ENTREPRENEURIAL DEVELOPERS (FED)

Fezekisa Entrepreneurial Developers (FED) have significantly improved the entrepreneurship landscape in South Africa. Information is handled correctly by the administrative staff of FED to prevent incorrect decisions based on incorrect information.

- 4.8.1** Identify the activity of the administration function applied by FED. Motivate your answer by quoting from the scenario above. (3)
- 4.8.2** Advise FED on other activities of the administration function. (6)
- [40]**

TOTAL SECTION B: **80**

SECTION C

Answer ANY ONE question in this section.

NOTE: Clearly indicate the QUESTION NUMBER of the chosen question. The answer to EACH question must start on a NEW page, for example, QUESTION 5 on a NEW page OR QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS ENVIRONMENTS (MARKET ENVIRONMENT)

Businesses should have a sound understanding of the market environment and its components. An interrelation exists between the micro and market environment. Businesses must be aware that competition poses a challenge to businesses.

Write an essay on the market environment in which you include the following aspects:

- Elaborate on the meaning of the market environment.
 - Explain FOUR (4) components of the market environment.
 - Discuss the interrelation between the micro and market environments.
 - Advise businesses on reasons why competition poses a challenge to businesses.
- [40]**

QUESTION 6: BUSINESS OPERATIONS (BUSINESS FUNCTIONS)

The financial function and purchasing function has specific responsibilities. Cash and credit payments need to be considered by businesses for their purchasing requirements. Businesses should follow the correct steps in the purchasing procedure. There are different sources of financing available for businesses. Businesses must be aware with the purpose of the financial function.

Write an essay on the financial function and purchasing function in which you include the following aspects:

- Outline the differences between cash and credit payments.
 - Explain the correct purchasing procedure.
 - Discuss the following sources of financing:
 - bank loans
 - angel funding
 - venture capital
 - Advise businesses on the purpose of the financial function.
- [40]**

TOTAL SECTION C **[40]**

GRAND TOTAL **[150]**

FINAL EXAM PAPER 2

MARKS: 150

TIME: 2 HOURS

Instructions and information

This paper consists of 5 pages

Read the following instructions carefully before answering the questions.

1. This question paper consists of THREE sections and covers TWO main topics.

SECTION A: COMPULSORY

SECTION B: Consists of THREE questions.

Answer any TWO of the three questions in this section.

SECTION C: Consists of TWO questions.

Answer any ONE of the two questions in this section.

2. Read the instructions for each question carefully and take note of what is required.
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C TWO essay-type questions CHOICE (Answer any ONE.)	5	40	30 minutes
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8. You may use a non-programmable calculator.
9. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 – 1.1.5) in the ANSWER BOOK, for example, 1.1.6 D.

1.1.1 Market research is carried out by New Age Technologies to ...

- A ensure that it is unable to differentiate products.
- B remain competitive and relevant in the industry.
- C prioritise the needs of employees.
- D reduce its competitive advantage.

- 1.1.2** Feldman Clothing Designers utilize distinctive patterns by using special devices to uncover fake goods as an initiative to address ... as a socio-economic issue.
- A** HIV/AIDS
 - B** strikes
 - C** counterfeiting
 - D** crime
- 1.1.3** Legal entity means that ...
- A** taxation is a requirement for all registered businesses.
 - B** there is a distinction between the business and the owners.
 - C** taxation is not a requirement for unregistered businesses.
 - D** the business and their owners are regarded as one.
- 1.1.4** The main business activity of Raymond Financing Enterprises is provided in the ... of the business plan.
- A** management plan
 - B** operational plan
 - C** marketing plan
 - D** executive summary
- 1.1.5** Teamwork is required at Katlego Distributors to ensure that ...
- A** overall business objectives can be achieved.
 - B** individualism must be encouraged.
 - C** employees need to benefit at the expense of the business.
 - D** managers can allocate tasks unfairly.

(5 × 2) (10)

- 1.2** Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question numbers (1.2.1 – 1.2.5) in the ANSWER BOOK.

state-owned companies	SWOT	video conferencing	gambling
data projectors	Force-Field Analysis	PESTLE	inclusivity
Delphi Technique		closed corporations	

- 1.2.1** Davidson Catering Services used...as part of the business plan to analyse the challenges of the macro environment.
- 1.2.2** The government is the major shareholder in ...
- 1.2.3** Achmad Mubarak Transport uses ... as it enables face-to-face communication between two or more people in different geographic locations.
- 1.2.4** The supporting and restraining forces of the change are evaluated by using ... analysis.
- 1.2.5** Nontasasa Architecture addresses ... by ensuring that no one is discriminated against in the workplace.

(5 × 2) (10)

- 1.3** Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A – J) next to the question number (1.3.1 – 1.3.5) in the ANSWER BOOK, for example, 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Financial plan	A transferring of information through business reports with the support of visual aids
1.3.2 Corporate social responsibility	B using diagrams to represent ideas that are connected to a central theme
1.3.3 Verbal presentations	C established for public benefit purpose
1.3.4 Mind-mapping	D forecasts how long it will take before the business starts to show a profit
1.3.5 Non-profit company	E considering the impact of operations on human, financial and environmental resources

COLUMN A	COLUMN B
	F shareholders receive annual dividends
	G presentations delivered through speech
	H prioritising the profitability and bottom line of the business
	I explains how products will be promoted to consumers
	J gathering a list of ideas spontaneously from a group to solve a problem

(5 × 2) (10)

TOTAL SECTION A

[20]

SECTION B

Answer ANY TWO questions in this section.

NOTE: Clearly indicate the QUESTION NUMBER of each question that you choose. The answer to EACH question must start on a NEW page, for example, QUESTION 2 on a NEW page, QUESTION 3 on a NEW page, and so on.

QUESTION 2: BUSINESS VENTURES

- 2.1 List TWO types of co-operatives. (2)
- 2.2 Elaborate on the meaning of *business opportunities*. (2)
- 2.3 Differentiate between internal market research and external market research. (4)
- 2.4 Read the scenario below and answer the questions that follow.

RAMATLA MOEKETSI INSURERS (RMI)

The marketing plan of Ramatla Moeketsi Insurers (RMI) describes the elements of its marketing mix. RMI uses different methods to communicate its services to its target market. The location where consumers can purchase the services of RMI has also been considered.

- 2.4.1 Identify TWO elements of the marketing mix applied by RMI. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answering QUESTION 2.4.1.

ELEMENTS OF THE MARKETING MIX	MOTIVATIONS
1.	
2.	

(6)

- 2.4.2 Explain TWO other elements of the marketing mix that could be applied by RMI. (6)
- 2.5 Discuss the characteristics of a sole trader as a form of ownership. (6)
- 2.6 Read the scenario below and answer the questions that follow.

CATHERINE NATIONAL RETAILERS (CNR)

Catherine National Retailers uses diagrams in their presentations. Diagrams play an important role in statistical data presentation. They also help to attract the audience's interest during the presentation. CNR received positive feedback from stakeholders after the presentation.

- 2.6.1 Quote TWO ways in which the importance of diagrams is illustrated by CNR. (2)
- 2.6.2 Describe factors that must be considered when preparing a verbal presentation. (6)
- 2.7 Advise businesses on the strategies to overcome competition in the market. (6)

[40]

QUESTION 3: BUSINESS ROLES

- 3.1** Name any FIVE steps in the problem-solving. (5)
- 3.2** Distinguish between decision-making and problem-solving. (4)
- 3.3** Read the scenario below and answer the questions that follow.

UMKHOMBE SOFTWARE DEVELOPERS (USD)

Umkhombe Software Developers has raised extensive awareness of the negative effects of piracy. USD registered their software name with CIPC to protect their product from piracy.

- 3.3.1** Identify the method of dealing with piracy applied by USD. Motivate your answer by quoting from the scenario. (3)
- Use the table below as a GUIDE to answer QUESTION 3.3.1.
See the report
- 3.3.2** Explain other TWO methods of dealing with piracy. (6)
- 3.4** Explain how businesses can apply the Nominal Group Technique to solve business problems. (4)
- 3.5** Read the scenario below and answer the questions that follow.

FRANJA PROPERTY RENTALS (FPR)

The CEO of Franja Property Rentals (FPR) is in the process of reviewing the salary packages of employees. FPR has always set clearly defined goals for all team members to know exactly what should be accomplished. A culture exists at FPR where there are open discussions that lead to effective solutions for existing problems.

- 3.5.1** Identify TWO criteria for successful team performance applied by FPR. Motivate your answer by quoting from the scenario above. (6)
- Use the table below as a GUIDE to answering QUESTION 3.5.1.
- | CRITERIA FOR SUCCESSFUL TEAM PERFORMANCE | MOTIVATIONS |
|--|-------------|
| 1. | |
| 2. | |
- (6)
- 3.5.2** Discuss TWO other criteria for a successful team performance that could be applied by FPR as a business. (6)
- 3.6** Recommend how businesses can use creative thinking to generate entrepreneurial opportunities. (6)
- [40]**

QUESTION 4: MISCELLANEOUS TOPICS

BUSINESS VENTURES

- 4.1** Identify the component of the SWOT Analysis applicable to Westcoast Dealers (WD) in EACH statement below..
- 4.1.1** A new competitor is offering discounts on all items in their store.
- 4.1.2** Sound financial planning is not evident at WD.
- 4.1.3** WD understands the needs of its customers.
- 4.1.4** A state grant for start-up companies will allow access to new markets for WD. (8)
- 4.2** Read the scenario below and answer the questions that follow.

NEIL JOUBERT PARTNERSHIP (NJP)

Neil and Joubert own a successful partnership. They are considering converting their business into a new form of ownership where shares are freely transferable.

- 4.2.1** Name the new form of ownership considered by NJP from the scenario above. (2)
- 4.2.2** Explain THREE characteristics of the form of ownership named in QUESTION 4.2.1 above. (6)
- 4.3** Discuss the guidelines for writing an effective business report. (4)

BUSINESS ROLES

- 4.4** Outline the benefits of creative thinking in the workplace. (4)
- 4.5** Discuss how businesses can apply the Forced Combinations as a problem-solving technique. (4)
- 4.6** Read the scenario below and answer the questions that follow.

NTHABISENG ENGINEERING OPERATIONS (NEO)

Nthabiseng Engineering Operations (NEO) is involved in various social responsibility initiatives. A donation of R2 000 000 was provided to a local charity by NEO. NEO makes a concerted effort to reduce its carbon footprint. Neo is concerned about the high rate of HIV/Aids infection in the community.

- 4.6.1** Quote TWO examples of social responsibility applied by NEO. (2)
- 4.6.2** Explain initiatives business can take to address HIV/Aids. (4)
- 4.7** Suggest ways in which employees can project a professional image. (6)
- [40]**

TOTAL SECTION B: **80**

SECTION C

Answer ANY ONE question in this section.

NOTE: Clearly indicate the QUESTION NUMBER of the chosen question. The answer to EACH question must start on a NEW page, for example, QUESTION 5 on a NEW page OR QUESTION 6 on a NEW page.

QUESTION 5: BUSINESS VENTURES (BUSINESS PLANS AND FORMS OF OWNERSHIP)

Business plans are required before business activities can commence. The business plan provides details on the description of the business. There is a relationship between the structure of the business and forms of ownership. A private company is a popular form of ownership.

Write an essay on business plans and forms of ownership in which you include the following aspects:

- Outline the importance of a business plan.
- Explain the following aspects of the description of the business:
 - Vision
 - Mission statement
 - Objectives
- Discuss the relationship between the structure of the business and forms of ownership.
- Analyse the advantages and disadvantages of a private company as a form of ownership.

[40]

QUESTION 6: BUSINESS ROLES (RELATIONSHIPS AND TEAM PERFORMANCE)

Management and subordinates must have a clear understanding of interpersonal relationships and factors that can influence it in the workplace. Teamwork benefits businesses in various ways. Businesses need to create an environment that enables teams to work effectively.

Write an essay on relationships and team performance in the workplace in which you include the following aspects:

- Elaborate on the meaning of interpersonal relationships in the workplace.
- Explain the factors that can influence team relationships.
- Discuss the benefits of teamwork for businesses.
- Recommend ways in which businesses can create an environment that enables teams to work effectively. **[40]**

TOTAL SECTION C **[40]**

GRAND TOTAL **[150]**

GLOSSARY

A

acceptable use policy (AUP) a easily reached

accreditation the action or process of officially recognising someone as having a particular status or being qualified to perform a particular activity

acronym an abbreviation formed from the initial letters of other words and pronounced as a word, for example, LOL

advocacy public support for or recommendation of a particular cause or policy

aggressive advertising campaigns a strategy that uses provocative tactics to generate a response from an audience

AIDS Acquired Immune Deficiency Syndrome

alliance two or more businesses that work together in a joint venture

auditing an independent examination of data, statements, records, operations and performances of an enterprise for a stated purpose

autonomy independent in one's thoughts and actions

B

bankruptcy an actual court order that depicts how an insolvent person or business will pay off their creditors

beliefs what a business feels is true

brand awareness the extent to which consumers are familiar with the qualities or image of a particular brand of goods or services

budget an estimate of income and expenditure for a set period of time

bulk buying in large quantities

C

capital wealth in the form of money/other assets owned by a person/organisation/available for a purpose such as starting a company or investing

charisma charm that can inspire devotion in others

CIPC Companies and Intellectual Property Commission

consult to seek information or input from other departments

contingency plan a plan designed to take account of a possible future event or circumstance

coordinates to bring the different functions into efficient relationship/work together

copyrights the exclusive and assignable legal right given to the original owner for a fixed number of years, to print/publish

Corporate Social Investment (CSI) a strategy companies use to improve the social, environmental and economic well-being of the community in which they operate, or society at large

corporate social responsibility (CSR) relates to businesses that take responsibility for its impact on society and the environment

cost accounting the recording of all the costs incurred in a business in a way that can be used to improve its management

credit facility a product offered by a bank or another financial institution to a government or business to use when they (the customer) needs funds

credit providers companies that offer a range of financial solutions to consumers. These solutions include loans

culture refers to the beliefs, values, norms and ideologies of a group of people or a society

customer base the group of customers a business has in the market

D

data facts and statistics collected together for reference or analysis

debt counselling the activity of giving people financial help and advice about managing debt, for example, helping them on a new repayment plan

debts a sum of money that is owed or due

democratic structure a co-operative, owned by members who each have an equal say in how the co-operative is run

devising plan or come up with procedure or systems

director a person who is in charge of an activity, department or organisation

directors' remuneration fees paid to directors for services rendered by them to or on behalf of a company

discrimination the unfair treatment of someone because of their race, gender or religion

discrimination the unjust or prejudicial treatment of different categories of people, especially on the basis of race, age or disability

disparity a difference in the income levels between rich and poor people

disputes a disagreement or argument

distress extreme anxiety, sorrow, or pain

diversity means having a range of people with various racial, ethnic, socioeconomic, and cultural backgrounds and various lifestyles, experience, and interests

double taxation a tax principle referring to income taxes paid twice on the same source of income

E

effective producing a result that is wanted

efficient achieving maximum productivity with minimum wasted effort or expense

efficient capable of producing desired results without wasting materials, time, or energy

enforceable a written or oral agreement that can be imposed in a court of law

entrepreneur a person who starts a business, taking on financial risks to make a profit

entrepreneurship the activity of setting up a business/es, taking on financial risks in the hope of making a profit

ethics moral principles that govern a person's behaviour or the conducting of an activity

exchange rate the value of one currency for conversion to another

exploit use a situation in a way considered unfair

exploit the action or fact of treating someone unfairly in order to benefit from their work

F

financial assets non-physical asset whose value is derived from a contractual claim, such as bank deposits, bonds, shares, and so on

foreign funding type of fund that invests in companies that are based internationally, or outside the investor's country of residence

fringe benefits extra benefits supplementing an employee's money wage or salary, for example, a company car, private healthcare

G

Generally Accepted Accounting Principles (GAAP) a set of rules that encompass the details, complexities and legalities of business and corporate accounting

goods things that are produced, bought or sold, then finally consumed

gross domestic product (GDP) a measurement that captures a country's economic output

H

hazardous products substances that could harm human health or the environment

HIV Human Immune Deficiency Virus

I

imitation when a product is replicated for sale

impact the effect or influence of a decision or activity on the business/community/employees

implement putting a plan into effect

industry refers to a specific group of businesses that produce a particular kind of good or service in a particular field

ineffective employees constant complaining suggests the employee is a generally unhappy person who does not want to be there

inevitable certain to happen/unavoidable

inflation a general increase in prices and a fall in the purchasing value of money

inhumane without compassion for suffering

instinctive done without conscious thought

integrity the quality of being honest and having strong moral principles

intellectual property is any product of the human intellect that the law protects from unauthorised use by others

interaction communication or direct involvement with someone or business

interest money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a debt "the monthly rate of interest"

interest things that we enjoy doing

intermediaries businesses that distribute and sell the goods or services of other businesses. They buy from producers and sell to consumers or customers

internal affairs all the activities that are carried out within the business

interrelated there is a connection or relationship between the components

investor/s a person or organisation that puts money into financial schemes, property, and so on, with the expectation of achieving a profit

investors person/persons or business that puts money into financial schemes, property, and so on, with the expectation of achieving a profit

J

jobbing involves producing custom work, such as a one-off product for a specific customer

L

legislation laws which have been enacted/passed by the government, for example, the Employment Equity Act (No. 55 of 1998)

lessee the person who pays to use the asset

lessor the owner of the asset

liability the state of being legally responsible for something

loan a sum of money that is expected to be paid back with interest

long-term contracts a long-term agreement that has been signed

long-term loans money that is borrowed and repayable over a year. For example, bonds, debentures, and so on

M

market research the action or activity of gathering information about customers' needs and preferences

market trends a perceived tendency of financial markets to move in a particular direction over time

mediocrity the quality of something that is not very good

mixed economy consists of both private and state-owned companies that share control of owning, making, selling, and exchanging goods in the country

multinational corporation usually a large corporation incorporated in one country, which produces or sells goods or services in various countries

N

norms rules or expectations that are enforced by a business

O

obligations a court may instruct a person/business to carry out its responsibility

obstacles a thing that blocks one's way or prevents/hinders progress

overdraft when a bank allows a person with a cheque account to redraw more than he/she has in the account and charges interest on the extra amount used

overseeing to watch or organise a job or an activity to make certain that it is being done correctly

P

parastatal is a state-owned company / enterprise (SOCs/SOEs)

partnership agreement a contract between two or more individuals who would like to manage and operate a business together in order to make a profit

patents an exclusive right granted for an invention, which is a product or a process that provides a new way of doing something

people-oriented the individual is respected, valued and empowered. Focusing more on the people rather than the tasks

poverty alleviation is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty

pricing strategies methods businesses use to price their products or services

pricing techniques refer to methods companies use to price their products or services

privatisation refers to the sale of state-owned businesses and assets to the private sector

productivity the rate at which goods are produced or services provided

productivity is defined as the rate at which work is done

public relations the professional maintenance of a favourable public image by a company or other organisation, or a famous person

public-private-partnership (PPP) is a contract between a public-sector institution and private sector, where the private sector performs a function that is usually provided by the public-sector and/or uses state property in terms of the PPP agreement

R

raw materials the basic material from which a product is made

raw materials materials that have not been processed

reckless without consideration for the consequences of one's actions

recruitment policy a statement of principles describing how an organisation should conduct its recruitment process

registered businesses in South Africa, businesses must register with the South African Revenue Service (SARS) for purposes of tax

reliable something that can be trusted or that you can depend on; or something that is consistently good in quality or performance

remunerate payment that a worker receives for performing a job for the business

remuneration the pay or other financial compensation provided in exchange for an employee's services performed

reputable supplier the supplier who is meeting current regulatory requirements and industry standards

requisition an official order laying claim to the use of property or materials

research protocol the procedure that must be followed before research is conducted

respondent people who take part in research

reverse engineering is a process in which products are deconstructed (taken apart) to extract design information from them by putting them back together again

S

segregate means the separation or isolation of a race, class, or ethnic group by discriminatory means

self-employed refers to people working for themselves

services activities that assist businesses, for example, information technology is a business service

shared learning the process of working as a team to achieve a common goal

short-term loans money that is borrowed and repayable within a period less than a year. For example, bank overdraft, credit cards, and so on

software product keys is a specific software-based key for a computer program. It certifies that the copy of the program is original

stakeholder any party that has an interest in a company and either affect or be affected by the business. For example, employees, customers, shareholders, suppliers, trade union, and so on

stand-alone e-commerce sites is a website built by you, where only your products and services are available

standards a level of quality or attainment. Sometimes used as a measure in the business

state-owned companies/enterprises (SOCs/SOEs) refers to a business that is owned and controlled by the government

statistical considerations need to be followed by a researcher so that only the truth is reported and there is no misrepresentation of the data

statistics the practice or science of collecting and analysing numerical data in large quantities

strategic relating to the gaining of overall or long-term advantage

subordinate a person under the authority or control of another within an organisation

subordinates a person who is under the control or authority of another person within an organisation

supply shortage a situation whereby businesses find it difficult to identify suppliers who offer raw material in the right quality, right quantities and in the right place

sustainability the ability of a business to keep doing business over a long period/sustainable economic growth/sustainability of mineral resources

T

tactical constituting actions carefully planned to achieve desired objectives

tax exempt refers to income or transactions that are free from tax at national or local government level

trading licences the authorisation issued by the local government to start a business

U

unemployment the situation that individuals find themselves in when they are willing and able to work but are not able to find work

unlimited liability refers to the full legal responsibility that business owners and partners assume for all business debts

V

values the morals that are shared by the employees in an organisation

viability the ability of a business to survive for a long time

vulnerability the quality or state of being exposed to the possibility of being being attacked or harmed, either physically or emotionally

W

watermark is a faint design made in some paper during manufacture or digital information that is visible when held against the light and typically identifies the maker

withdrawal to stop participating in a team