

Via Afrika Business Studies



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Our Teachers. Our Future.

Grade 10 Study Guide

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T. Kotze

Study Guide

Business Studies

Grade 10



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Introduction to Business Studies

Introduction

Why Business Studies?

Business Studies is an important subject to study when you would like to follow a career in business management, finance, administration or marketing. Business Studies will also help you with many areas of your life and with whatever career you would like to pursue.

Business Studies will help you to:

- analyse the impact of **changing and challenging environments** on business practices, e.g. the increasing fuel price and the impact it has on businesses worldwide; devising **strategies** to cope with these challenges
- design and use a **research instrument** to assess needs and wants
- encourage **creative thinking** to generate entrepreneurial opportunities, e.g. opening an ice cream stall on Margate beach during peak season
- process and **analyse data** for decision making
- develop a **business plan**
- understand the **legal** implications of **contracts**
- understand the implementation of the **employment equity** act and **labour laws**
- demonstrate and apply a range of **management skills** in all eight management functions: purchasing, production, financial, marketing, public relations, human resource management, information management and general management

It is an exciting subject – focused on your future! Business Studies will help you to plan ahead and to maintain a good work ethic. This means that you are going to have to work quite hard but not without rewards.

This Study Guide eBook was designed to help you to reach your goals for Business Studies. It is summarised in point form to make it easier for you to memorise. An effective way to use the Study Guide is by using it together with the SQ3R study method:

S Study	Use this Study Guide to get to know your work. Study small sections at a time and then continue to the next section. Use mind-maps and other visuals to make it easier for you to remember your work.
Q Questions	After every topic, there are questions that you can use to test your knowledge. Make sure that you can answer all of these questions.
R Read	Off course there will be questions that you will not be able to answer immediately. Go back to these sections and read them again.
R Recall	Check to see if you can recall the answers of questions you were unable to recall before.
R Revise	It is important for you to revise. Have a look at your summaries again. This can be done early the morning before you write your exam or test.

We hope you will enjoy this Study Guide and that it will help you to pass exams.

Aim for success!

The Author

Micro environment

Overview

Micro environment	Market environment	Macro environment
Vision, mission, goals and objectives Organisational culture Organisational resources Management and leadership Business organisational structure Eight business functions Finance Administration General Management Human Resources (Personnel) Marketing Production Purchasing Public Relations Make a rhyme to remember the eight functions: Fun And Games Have Made Production Pure Pleasure.	The target market (customers, consumers, clients) Suppliers Intermediaries Competitors Other organisations	Technological International Economic Social, cultural, demographic Legal Institutional Political Make an acronym such as TIESLIP to remember the components of the macro environment.
Internal (All activities inside the business that can be controlled by management.)		External (All activities outside the business that cannot be controlled by management.)



The components of the business environment relate to each other and can affect each other. Components of the same environment such as the functions of the business in the micro environment can also influence each other and are interrelated.

Micro environment

Introduction

- There are THREE components of the business environment.
- These are the micro, market and macro environments.
- The components are interrelated and can have an effect on each other.

Unit 1 Components of the micro environment

1.1 Vision, Mission, Goals and Objectives

Vision	Mission
Vision should be clear and concise, giving an idea of a desired image. It reflects: the dream of the business what it wants to become in the future	The mission will: <ul style="list-style-type: none"> • describe the purpose and basic activities of the business • explain why the business exists • explain how it aims to achieve its vision.
Goals	Objectives
Goals are long term aims that the business expects to achieve: <ul style="list-style-type: none"> • It gives the business a sense of direction. 	Objectives explain how a goal will be reached: <ul style="list-style-type: none"> • Short-term steps of how a goal will be reached.

1.2 Organisational culture

- Organisational culture is the personality of the organisation.
- Culture is made up of different beliefs, values, norms and expectations of employees and management.
- It influences people's actions and attitude.
- Positive culture helps staff to be motivated and productive.
- A negative culture makes workers feel discouraged, disinterested and could lead to conflict.

1.3 Organisational resources

Physical Resources	Financial Resources
Timber, fruit, fish, factory machinery, trucks, machinery and equipment, land and buildings, computers, telephone	<ul style="list-style-type: none"> • Capital – own and borrowed
Information and Technological Resources	Human Resources
Books, statistics, websites, emails, research articles	Employees

Micro environment

1.4 Management and leadership

- Managers have FOUR main tasks or basic activities (POLC):

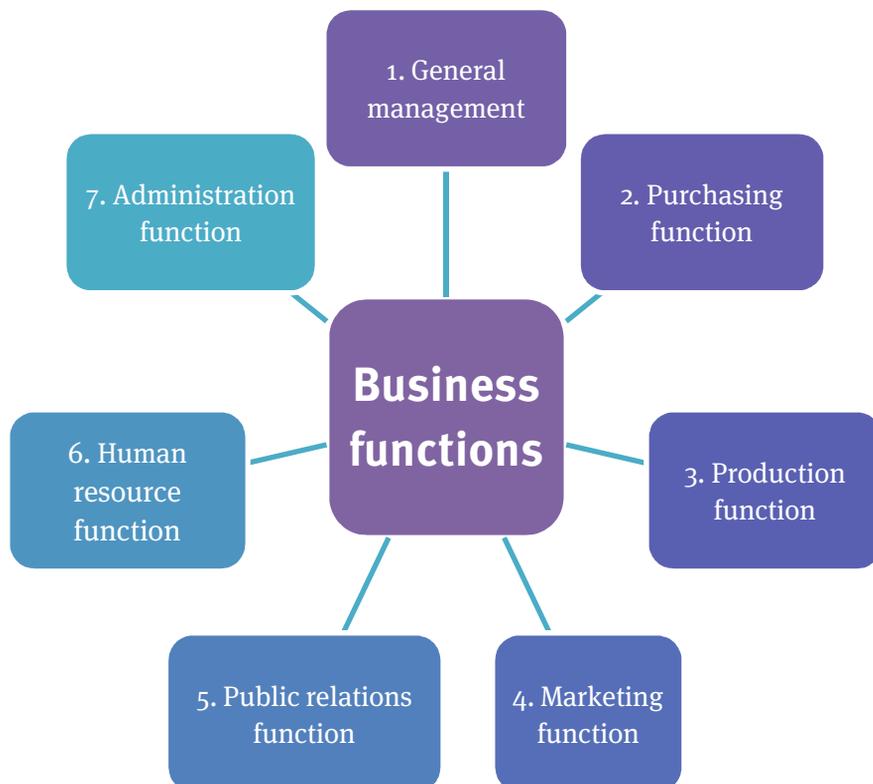
Planning	Organising	Leading	Control
Look at what you need to do. Decide how to do it.	Use all resources in the business to achieve goals.	Guide and motivate people to carry out plans of business. Give direction.	Check that business activities are carried out as planned.

- All managers need to carry out these tasks for their areas of responsibility.
- The balance of the FOUR main tasks will differ from business to business and from one level to another.

1.5 Business organisational structure (organisational chart / organogram)

- Every business must be organised into a basic structure that shows:
 - tasks
 - level of authority
 - responsibility.
- Structure shows flow of instructions and feedback.

1.6 Eight functions and activities of the business



Micro environment

1.6.1 General management

Manage and oversees the other seven business function by planning, organising, leading and control, so that business goals can be achieved.

1.6.2 Purchasing function

Buys goods and services needed by other functions. Goods and services must be bought at the right price and time, in the right quantities and of the right quality.

1.6.3 Production function

Changes raw materials into finish products by combining raw materials with labour, capital and entrepreneurial skill.

1.6.4 Marketing function

Responsible for sale of goods and services to meet needs of consumers. The right product must be sold at the right price in the right place and using the best promotion.

1.6.5 Public relations function

Responsible for creating a positive image of the business to the public.

1.6.6 Human resource function

Responsible for finding the correctly qualified employees as well as training, evaluating and remunerating them.

1.6.7 Administration function

Responsible for collecting and processing information used for decision-making as well as general office work such as filing and storing of information.

1.6.8 Financial function

Responsible for planning an managing all the funds and assets in the business as well as investments.

Micro environment

Unit 2 Eight business functions

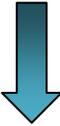
1 General management

- General management must create a vision and mission for the business, and ensure these are achieved through goals and objectives.
- Effective planning, organising, activating, leading, directing and controlling of resources and functions is necessary.
- If these tasks are too much for one person, they can be delegated to other members of staff.

1.1 Levels of management

Top-level managers		
Responsibilities	Alignment between levels	Examples of organisational positioning
Plan the future by setting goals, objectives. They make long-term strategic (what the business will do and why) decisions.	Holds the most authority and communicates instructions to middle-level managers 	Chief Executive Officer (CEO), Chairperson of the Board, Managing Director (MD)

Micro environment

Middle-level managers		
Responsibilities	Alignment between levels	Examples of organisational positioning
<p>Also called functional level managers, responsible for functions.</p> <p>Make medium-term tactical (how the business will carry out strategic decisions) decisions.</p> <p>Turn tactical decisions into action.</p> <p>Monitor activities in departments to give suggestions and feedback.</p>	<p>Second level of authority; interprets instructions of top-level managers and communicates instructions to lower-level managers.</p> <p style="text-align: center;"></p>	<p>Marketing Manager, Production Manager, Financial Manager, Human Resource Manager</p>
Lower-level managers		
Responsibilities	Alignment between levels	Examples of organisational positioning
<p>Responsible for smaller work areas, more specialised for teams of workers.</p> <p>Implement objectives of middle-level by making routine decisions and day-to-day activities.</p> <p>Short-term planning, setting individual objectives for workers, allocating tasks on daily basis.</p> <p>Feedback to middle management.</p>	<p>Interprets instructions of middle-level managers to activate strategic planning of top-level managers and tactical planning of middle-level managers.</p>	<p>Foreman in production department, supervisor in sales department</p>

1.2 Management tasks

1.2.1 Planning

- Process in which manager considers future, sets goals and objectives.
- Decides how to carry out activities in business to achieve goals and objectives.

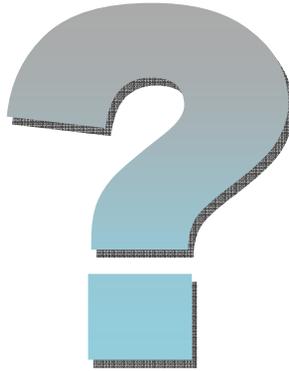
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Manager must ask the following questions when planning:

WHY is the plan necessary?

WHERE must the planned activities take place?

WHO will carry out the activities?



WHAT activities are needed to carry out the plan?

WHEN will the activities start?

HOW should the plan be carried out?

The following steps can be used to plan:

- Step 1: Obtain all information.
- Step 2: Analyse information and set long-term goals.
- Step 3: Consider different plans to achieve goals.
- Step 4: Choose best plan.
- Step 5: Decide on a back-up plan (contingency plan).
- Step 6: Implement chosen plan.
- Step 7: Follow up to make sure plan is successful.

1.2.2 Organising

Organising is the process of:

- looking at what needs to be done
- organising resources (including people) in such a way that you meet your goals and objectives
- organising the jobs within specific functions or departments.

1.2.3 Leading

- The process of leading is to guide, motivate and inspire others.
- A leader provides people with direction.
- A leader activates workers and inspires them to take action and to do their jobs well.
- Leaders must set up proper communication channels.

1.2.4 Control

- Control is about making sure (checking) that activities are carried out according to plan.
- This is done through careful observation and by asking people for feedback.
- Management must investigate reasons for failure.

2 Administration

Responsible for all tasks and activities in the office such as:

- handling of information
- management of information
- office practice and information technology.

2.1 Handling information

- Collect data.
- Process data into information.
- Store information.

2.2 Management of information

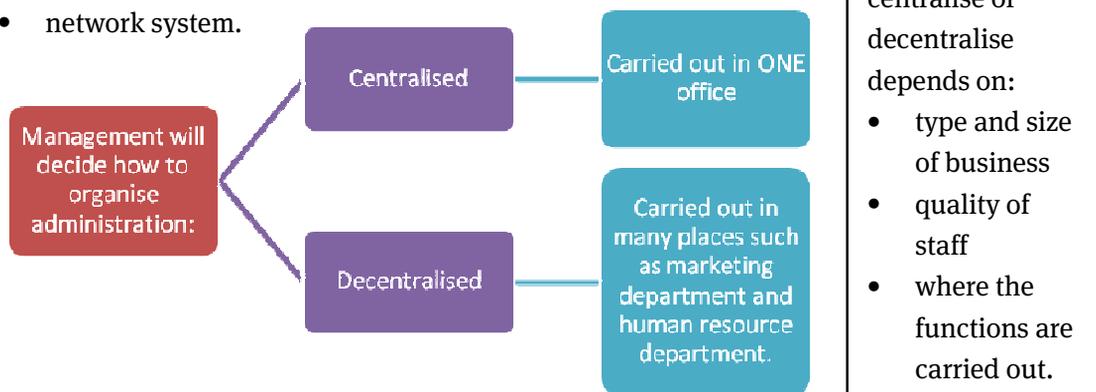
Information needs to be updated regularly, be correct and complete. The following information would be important for decision-making:

- accounting records (financial statements)
- budgets (estimated income and estimated expenses)
- statistics (trends and calculations such as arithmetic mean, frequency distribution, mode, median, range)
- cost accounting (calculating how much it costs to make a product, keeping in mind the raw-materials, labour and other costs involved)

2.3 Office practice and information technology

2.3.1 Office practice includes:

- handling of mail
- copying documents
- filing
- network system.



2.3.2 Information technology includes the use of computers to create, store and communicate information. The advantages of information technology include:

- improved communication in the business amongst departments
- improved communication with customers, suppliers and other external stakeholders
- automatic capturing and processing of data through programmes such as PASTEL, QUICKBOOKS, OMNI-ACCOUNTS.

Micro environment

- improved financial systems with recording of sales through scanning devices and computerised Point of Sale (POS) systems where stock and debtors are updated immediately
- scanning documents to be used in the business
- computerised storage devices such as memory sticks, CDs, DVDs and external hard-drives.

3 Financing

Financial activities include:

- planning how much money is needed
- obtaining money
- managing money in all departments
- planning and overseeing investments.

3.1 Types and sources of financing

3.1.1 Own funds

- Money that owners supply as capital, or profit from operations
- The number of owners who contribute depends on the form of ownership
- No interest to be paid

3.1.2 Borrowed funds

- Borrowed money is debt
- Can borrow from individuals, financial institutions, buy on credit
- Can be long-term or short-term
- Interest needs to be paid

3.2 Sources of financing

Sources of own funds:

- Personal savings
- Retained profits
- Selling of assets

Sources of borrowed funds:

- Friends and family
- Term loans
- Bank overdrafts
- Trade credit
- Instalment sale
- Lease
- Debentures

3.3 Budgeting

A budget is a written document showing planned income and estimated expenses for a specific period of time. This can be:

- short-term (one month to less than a year)
- medium-term (a year)
- long-term (a number of years).

Micro environment

The purpose of drawing up a budget is to:

- plan ahead
- compare actual income and expenditure to the amounts budgeted
- control expenditure
- check income
- show possible future financial problems.

Business sources of income and expenditure include:

- income: from sales or services, interest, rent, commission
- expenses: capital expenses, operating expenses and financing expenses.

3.4 Investments

- Investments are money set aside for future use.
- Surplus money must be invested to gain interest.

3.4.1 Short-term investments:

- savings accounts
- notice accounts
- money market accounts.

3.4.2 Long-term investments:

- fixed deposits
- debentures
- government bonds
- property
- shares.
- High risk investments offer high return on investment; low risk investments are stable but offer lower returns.

3.5 Types of capital

3.5.1 Fixed capital (Long-term)	3.5.2 Working Capital
<p>Large amounts of money are needed to buy fixed assets such as land and buildings, vehicles, equipment. Amount of fixed capital depends on:</p> <ul style="list-style-type: none"> • nature of the business (manufacturing is expensive) • size of the business (larger business needs more capital) • stage of the business (start-up capital is more than capital for an existing business). 	<p>Working capital is money needed to run a business on a daily basis, such as buying trading stock, raw materials, paying salaries. The amount of working capital needed depends on:</p> <ul style="list-style-type: none"> • nature of the business (supermarket needs more stock than a service business) • size of the business (large business has more operating expenses like rent and salaries) • stage of development (a new and growing business needs more working capital as there are no savings) • time of production process (a long production process will need more working capital before product is sold)

Micro environment

	<ul style="list-style-type: none"> • rate of stock turnover (food products sell faster than car parts) • buying and selling terms (selling cash or credit) • seasonal consumption (air conditioners only needed when it is summer) • seasonal production (crops grown and harvested)
--	--

4 Purchasing

The aim of the purchasing function is to make sure that the business has all the necessary goods and services needed to run the business efficiently.

Purchasing could be for:

- resale
- conversion into semi-finished or finished products
- own use such as cleaning materials, transport.

4.1 Purchasing procedures or processes

- Step 1 Purchasing requisition
- Step 2 Gather information
- Step 3 Choose a suitable supplier
- Step 4 Place order
- Step 5 Follow up
- Step 6 Receive stock ordered
- Step 7 Distribute goods
- Step 8 Pay supplier and file documents

4.2 Activities of the purchasing function

- The right quality
- The right quantity
- The right supplier
- The right price

4.3 Stock control

- Have a system to check how much stock is available.
- Keep records of changes in stock.
- This can be done electronically.
- Electronic systems keep record of cost and sales prices and help to keep the right levels of stock.
- Poor stock control can affect cash flow negatively.
- For better cash flow the business must buy on credit from suppliers and sell for cash.
- Buying stock for cash and selling on credit results in a cash flow problem.

Micro environment

4.4 The National Credit Act (NCA) 34 of 2005

The Act gives rights to consumers and helps them to be informed to make the right decisions.

4.4.1 The NCA introduced new rights for consumers:

- Right to fair credit marketing practices.
- Right to apply for credit.
- Right to be protected from unfair discrimination in granting credit.
- Right to be given a reason why an application for credit is refused.
- Right to be informed about the interest rate and other costs of the proposed credit transaction before the consumer enters into a credit agreement.
- Right to receive a credit contract in plain understandable language.
- Right to receive a copy of a credit contract and a replacement copy when the consumer asks for one.
- Right to apply for debt counselling if customers have too much debt.

4.4.2 The NCA also introduced responsibilities of credit providers:

- Lend money in a responsible manner.
- Make sure customers don't borrow more than they cannot afford.
- Ensure that the full cost of the credit purchase is shown.
- Ensure that customers understand the costs, risks and obligations of the credit agreement.
- Ensure documents are written in plain, understandable language.

Credit providers are prohibited by the NCA from:

- making use of misleading or deceptive advertising
- harassing customers to apply for credit
- increasing customer's credit limit without their permission
- charging customers more than the specified service fees and charges required.

4.4.3 Remedies

- The National Consumer Tribunal acts as an informal court by listening to consumers' complaints about credit agreements or credit providers.
- The Tribunal aims to solve problems that customers experience.
- The Tribunal can order a credit provider to comply with the stipulations of the NCA.

4.4.4 The impact of the NCA on the purchasing function

- The NCA has a positive impact on credit purchases of businesses.
- Every business is now protected against misleading credit suppliers that charge high costs and interest rates on credit agreements.

Micro environment

4.5 The National Consumer Protection Act 68 of 2008 (CPA)

The Act gives consumers far more rights to hold suppliers accountable and its purpose includes:

- protecting consumers from misleading marketers
- offering consumers protection
- helping historically disadvantaged people to know their rights.

The purpose will be achieved by:

- promoting and protecting the social and economic interest of consumers
- making sure consumers understand marketing-related terminology
- making it possible for consumers to get the right quality information to make the right choices
- promoting the well-being of consumers by protecting them from dangers to their own safety
- developing effective ways for consumers to address problems
- providing and promoting consumer education.
- make sure consumers have the freedom to form groups to support their common interests
- promoting consumers to participate in decision-making processes in the marketplace.

4.5.1 The Act specifies consumer rights.

- right to equality in terms of marketing
- right to privacy by limiting unwanted direct marketing
- right to choose and authorise the purchase of goods and services
- right to disclosure and information which means that information about the product or service must be in plain, understandable language
- right to fair and responsible marketing so that consumers are not misled by false marketing
- right to honest dealing and fair agreements
- right to fair, just and reasonable terms and conditions to protect consumers from dishonest marketers
- right to fair value, good quality and safety of goods and services.

4.5.2 Remedies

If consumers feel that their rights have being violated by suppliers, complaints can be taken to:

- the Consumer Tribunal
- the National Consumer Commission
- a Consumer Court or any other Court who can rule over the dispute
- an applicable ombudsman.

Micro environment

4.6 Impact of National Credit Act and the National Consumer Protection Act on the purchasing function

The purchasing function will have to make sure that they purchase quality products from responsible suppliers because consumers are protected by the CPA.

5 Public relations

5.1 Importance of public relations

- Public relations need to create a good name and positive image.
- Good relationships with stakeholders (employees, suppliers, consumers, government, trade unions and media) are needed.
- Some important aspects are:
 - making sure employees are happy and treat customers well
 - supporting environmental projects
 - supporting community projects
 - building positive relationships with trade unions
 - acting ethically – be responsible, complying with legislation to avoid bad publicity.

5.2 Methods of public relations

- The media
- Direct contact and communication
- Brochures and pamphlets
- Shows and exhibitions

Unit 3 Functions in the business

1 Role and importance of the functions within the business

- The eight business functions are necessary for the business to achieve its goals and objectives.
- The balance between the functions depends on the mission, vision, goals and objectives and is determined by the owners.
- How the functions are organised depends on:

1.1 The size of the business

In a small business the functions may be combined. In a medium sized to large business they can appoint one or many people to work in each function.

Micro environment

1.2 The nature of the business

- Manufacturing – manufacturers need large production departments because the work is physical.
- Retail – business does not need a large production department because they produce a service of selling to customers. Production may therefore combine with marketing.
- Service business – does not need a production department but needs someone to oversee the service.

2 The relationship between the business functions

All eight functions depend on each other and are interrelated. Examples of functions that relate closely to one another are:

- Financial and Administration – both functions gather, record, process and store data and information necessary for running a business.
- Purchasing and Production – both responsible for delivery of goods and services. Purchasing buys raw materials needed by production.
- Marketing and Production – marketing sells the product production makes. Functions work together to make sure the right product is made.
- Marketing and Public relations – marketing promotes products and public relations promote the business. Both communicate with customers.
- Human resources and all other functions – all functions need staff and human resources provide staff with the right skills.

3 Interrelation of business functions

A decision made in one function will impact on other functions.

Unit 4 General management

Management operates on three levels:

1.1 Top management

The names given to top management depends on the form of ownership. In a sole proprietorship or partnership top management will be referred to as the manager whilst in companies it will be the board of directors, president, managing director or chief executive officer. Their tasks include:

- Control and oversee other departments.
- Develop goals, strategic plans and policies for the long term.

Micro environment

1.2 Middle management

These managers are in charge of a business function, for example the marketing manager, the administration manager. Their tasks include:

- Putting plans of top management into action.
- Act as a link between top management and lower management.
- Guide and inspire lower-level management.

1.3 Lower-level management (first-level managers)

These are supervisors or foremen. Their tasks include:

- Controlling and directing of day-to-day activities of workers.
- Responsible for quality and quantity of production.
- Motivate workforce and give performance feedback to workers.

Unit 5 The concept of quality

1 Quality

1.1 Quality in the human resources function

It is important that employees have knowledge and skills to keep customers happy. The human resource function ensures the business employs the right people and can improve through:

- maintaining healthy relationships between employees and employer
- good working conditions
- proper discipline
- motivation and rewards
- understanding goals and objectives
- understanding interrelatedness of different departments

1.2 Quality products

Methods used to indicate quality include:

- trademarks – special signs, marks or names used by manufacturers
- samples – a small portion of product given to consumers to test quality
- grades – agricultural products are classified according to quality
- commercial standards – the SABS approves commercial standards of products.

1.3 Quality administration processes

- The quality of administration is measured by how smoothly the system runs.
- Information must be useful and available to management when needed.
- The following criteria regarding information must be met:
correct and complete; available at the right time; meaningful; cost effective; meet legal requirements.

Micro environment

1.4 Quality in financial function

- Owners expect a return on the money they invested into the business.
- The financial function makes sure that the business makes profit and can pay its debts.
- This is done by:
 - drawing up financial statements
 - drawing up budgets for all other departments
 - analysing and evaluating the performance of the business.

1.5 Quality management

- Success of the business and relationships between business functions will depend on planning, leading, organising and control of the management function.
- Management has to maximise profits by producing good quality products and services.

1.6 Quality promotion

The public relations function should promote a good image of the business, resulting in:

- an increase in sales and profit
- growth as more investors are attracted
- happy employees.

In a small business the owner does the public relations and in a large business a specific person can be appointed as a public relations officer (PRO). It can also be outsourced by giving the task to an outside agency.

Unit 6 Management and the success of the business

- The manager must assess the success of the business in achieving its objectives.
- Strengths are all the positive aspects linked to the internal business environment. Weaknesses are all the negative aspects linked to the internal business environment.
- Strengths and weaknesses can be contrasted and strategies devised to overcome weaknesses.

Micro environment

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

- 1.1 The 'dream' of the business is known as the:
- A mission
 - B vision
 - C goals
 - D objectives.
- 1.2 The 'personality' of the business is known as the:
- A organisational resources
 - B organisational structure
 - C organisational culture
 - D functions of management.
- 1.3 Organisational resources include:
- A mission, vision, goals and objectives
 - B financial, human, information and technological and owners
 - C human, information and technological, financial and human resources
 - D product, price, place and promotion.
- 1.4 The business has full control over the components of the environment:
- A market
 - B macro
 - C external
 - D micro
- 1.5 The basic tasks of management are:
- A production, organisation, marketing and administration
 - B motivation, communication, delegation and activating
 - C leading, communicating, organising and control
 - D control, organising, leading and planning.
- 1.6 The level of management involved in medium-term tactical decision-making is:
- A top-level management
 - B middle-level management
 - C lower-level management
 - D employees.

Micro environment

- 1.7 Who is responsible for the selection of a suitable sales manager of a large company?
- A Chief Executive Officer
 - B Managing Director
 - C Human Resource Manager
 - D Marketing Manager.
- 1.8 An example of a manager operating on the top-level of management is the:
- A Chief Executive Officer
 - B Marketing Manager
 - C Human Resource Manager
 - D Supervisor.
- 1.9 An example of 'own funds' in the business is:
- A personal savings
 - B retained profits
 - C selling of assets
 - D all of the above.
- 1.10 The Act that protects consumers from unfair discrimination when credit is granted is the:
- A EEA (Employment Equity Act 55 of 1998)
 - B CPA (Consumer Protection Act 68 of 2008)
 - C NCA (National Credit Act 34 of 2005)
 - D OHS Act (Occupational Health and Safety Act 85 of 1993).

10 × 2 = (20)

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 2.1 Physical resources in a business include assets. (2)
- 2.2 Capital, own and borrowed, are information and technological resources. (2)
- 2.3 A positive organisational structure helps staff to be motivated and productive. (2)
- 2.4 An organogram of the levels of management may include their tasks, level of authority and responsibility. (2)
- 2.5 The task of organising involves giving guidance and motivation to employees. (2)
- 2.6 Top-level managers turn tactical decisions into action. (2)
- 2.7 Foremen in the production department function on the lower-level of management. (2)
- 2.8 Lower-level managers monitor activities in all business departments. (2)
- 2.9 When managers plan, they need to ask themselves questions such as suggested by the 5W1H technique. (2)
- 2.10 A factor management needs to keep in mind when considering the amount of working capital needed is the size of the business. (2)

10 × 2 = (20)

Micro environment

Question 3: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
3.1 Money needed to run business on a daily basis such as buying trading stock, raw materials, paying salaries	A planning B fixed capital C public relations function D working capital E leading F marketing G financial function H organising I administration function J purchasing function K production function L personnel function M control
3.2 The process of activating workers to do their job well	
3.3 Responsible for creating a positive image of the business to the public	
3.4 Process in which a manager considers the future and sets goals and objectives	
3.5 Responsible for collecting and processing information used for decision-making	
3.6 Large amounts of money needed to buy fixed assets	
3.7 Responsible for the sales of goods and services to meet needs of customers	
3.8 Buys goods and services needed by other functions	
3.9 Synonym for the human resources function	
3.10 Discipline in the workplace will form a part of this basic task of management	

10 × 2 = (20)

Question 4: Short questions

- 4.1 Jabulani Mgwebi is the administration and financial manager at Lucky Supermarket. He cannot understand why he needs to go on a course to learn how to use PASTEL Accounting. Explain FOUR advantages of information technology for Lucky Supermarket. (8)
- 4.2 Explain the difference between centralising and decentralising administration. (4)
- 4.3 List SEVEN steps that can be used by management to plan. (7)
- 4.4 Give an example for each level of management in an organisation. (3)
- 4.5 Explain the purpose of a budget. (6)
- 4.6 List FOUR factors to consider concerning the amount of working capital needed in a business. (4)
- 4.7 Discuss the importance of the public relations function. (8)
- 4.8 Explain by means of TWO examples how the business functions interrelate with one another. (10)
- 4.9 Discuss the basic activities of management, 'leading' and 'control'. (10)

(60)

Micro environment

Question 5: Essay questions

Always Nu is a business that designs and sells fashionable, affordable clothing and accessories to teenage boys and girls. It is owned by Phiwe Mabaso who is also the general manager. She realised that there was a strong demand for teenage clothing that would keep up with fashion trends. The business owns a factory where the clothes are manufactured and rents a retail shop in a busy shopping mall where the clothes are sold. Phiwe employs three fashion designers who design the clothing and accessories and ten employees who work in the clothing factory. One of the designers is also the production manager. A factory supervisor oversees the factory workers. In her shop she employs four shop assistants and an accountant who also handles general administrative duties. Phiwe has employed a marketing manager who promotes her products and also carries out the public relations function. Phiwe oversees the purchasing function of the business.

- 5.1 Phiwe heard that there is a new Consumer Protection Act and a National Credit Act. She needs to know how these Acts will affect the purchasing department. Discuss the National Consumer Protection Act and the National Credit Act and how they will affect the purchasing function. (40)
- 5.2 Identify and discuss any FIVE business functions. Discuss how the quality of performance of these functions will impact on the success or failure of Always Nu. (40)

(80)

[200]

Micro environment

ANSWERS

Question 1: Multiple choice

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

Question 2: True/false

- 2.1 True ✓✓
- 2.2 False ✓✓
- 2.3 False ✓✓
- 2.4 True ✓✓
- 2.5 False ✓✓
- 2.6 False ✓✓
- 2.7 True ✓✓
- 2.8 False ✓✓
- 2.9 True ✓✓
- 2.10 True ✓✓

Question 3: Match terms

- 3.1 D ✓✓
- 3.2 E ✓✓
- 3.3 C ✓✓
- 3.4 A ✓✓
- 3.5 I ✓✓
- 3.6 B ✓✓
- 3.7 F ✓✓
- 3.8 J ✓✓
- 3.9 L ✓✓
- 3.10 M ✓✓

Micro environment

Question 4: Short answers

4.1 Advantages include: (any four)

- Improved communication in the business amongst departments. ✓✓
- Improved communication with customers, suppliers and other external stakeholders. ✓✓
- Automatic capturing and processing of data through programs such as PASTEL, QUICKBOOKS, OMNI-ACCOUNTS. ✓✓
- Improved financial systems with recording of sales through scanning devices and computerised Point of Sale (POS) systems where stock and debtors are updated immediately. ✓✓
- Documents can be scanned with a scanner to be used in the business. ✓✓
- Computerised storage devices such as memory sticks, CDs, DVDs and external hard-drives save space and time. ✓✓

4.2 Centralised – carried out in one office. ✓✓ Decentralised – carried out in many places. ✓✓

4.3 7 Steps used by management to plan:

- Step 1: Obtain all information. ✓
- Step 2: Analyse information and set long-term goals. ✓
- Step 3: Consider different plans to achieve goal. ✓
- Step 4: Choose best plan. ✓
- Step 5: Decide on a back-up plan (contingency plan). ✓
- Step 6: Implement chosen plan. ✓
- Step 7: Follow up to make sure plan is successful. ✓

4.4 Top-level: CEO, MD, general manager ✓

Middle-level: Any functional manager, e.g. financial manager ✓

Lower-level: foreman, supervisor ✓

4.5 Purpose of budget: (Expand on following points - any three.)

- Plan ahead ✓✓
- Compare actual income and expenditure to the amounts budgeted ✓✓
- Control expenditure ✓✓
- Check income ✓✓
- Show possible future financial problems ✓✓

4.6 Amount of working capital depends on: (any four)

- Nature of the business ✓ Size of the business ✓
- Stage of development ✓ Time of production process ✓
- Rate of stock turnover ✓ Buying and selling terms ✓
- Seasonal consumption ✓ Seasonal production ✓

Micro environment

4.7 Importance of public relations function:

- Public relations need to create a good name and positive image. ✓✓
- Good relationships with stakeholders (employees, suppliers, consumers, government, trade unions and media) are needed. ✓✓
- Some important aspects are: (any two)
 - Making sure employees are happy and treat customers well ✓✓
 - Supporting environmental projects in order to obtain publicity and good image ✓✓
 - Supporting community projects to obtain publicity and a good image ✓✓
 - Building positive relationships with trade unions ✓✓
 - Act ethically, be responsible, complying with legislation to avoid bad publicity ✓✓

4.8 Marking discretion ($5 \times 2 = 10$) Two examples need to be discussed in detail – 5 marks each. Rating for each example: 1-poor example; 2-adequate example; 3-good example; 4-very good example; 5-outstanding and creative example.

4.9 Leading: (max. 10 for both together)

- The process of leading is to guide, motivate and inspire others. ✓✓
- A leader provides people with direction. ✓✓
- A leader activates workers – inspires them to take action and to do their jobs well. ✓✓
- Leaders must set up proper communication channels. ✓✓

Control:

- Control is about making sure (checking) that activities are carried out according to plan. ✓✓
- This is done through careful observation and by asking people for feedback. ✓✓
- Management must investigate reasons for failure. ✓✓

Micro environment

Questions: Essay questions

5.1 Discuss CPA and NCA:

Rubric to use:			
Introduction		3	Convert to 32
Facts:	14 max. 14 max. 4 max.	30 max.	
CPA			
NPC			
Effect on Purchasing function			
Conclusion		2	
Insight			
Layout Structure		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL 40			40

The following headings should form part of the discussion: (1 mark per fact allocated.)

CPA:

- Nature and purpose
- Consumer rights
- Remedies
- Impact on the purchasing function

NCA:

- Nature and purpose
- Consumer rights
- Responsibilities of credit providers
- Credit providers are prohibited by the NCA
- Remedies
- Impact on the purchasing function

(See summary or textbook for more information.)

Micro environment

5.2 Business functions:

Rubric to use:			
Introduction		3	Convert to 32
Facts:			
Identify business functions	5	30 max.	
Discuss business functions	20 max. (max. 6 each)		
Discuss quality of performance	12 max.		
Effect on purchasing function	4 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Any 5 of the following 8 functions can be discussed: (1 mark per fact allocated.)

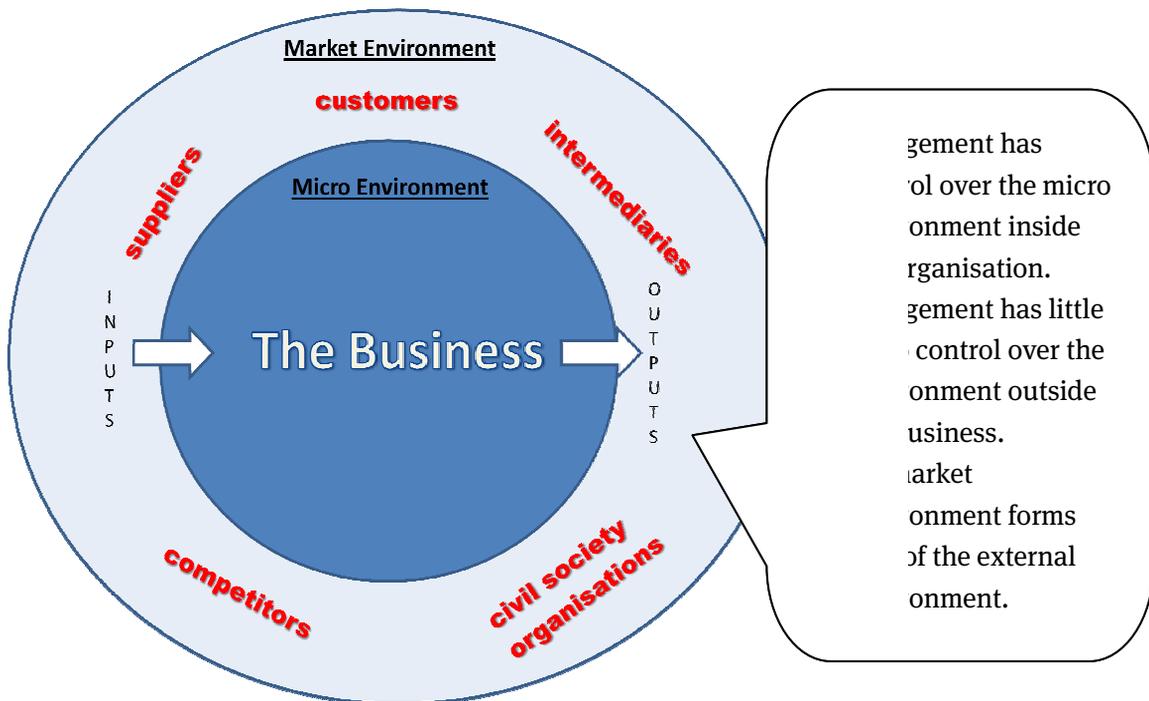
- Financial function, Administration function, Purchasing function, Marketing function, Production function, Public relations function, Human resource function, General management function

See mark allocation as per rubric for:

- Identifying function
- Discussion
- Quality of performance
- Effect on purchasing function

(For factual content of each function refer to summary or textbook.)

Overview



Unit 1 The market: customers and consumers

- Customers form the 'market' of the business.
- Customers pay for goods and services to satisfy their needs.
- Maslow classified these needs in a hierarchy:
 - Level 1 Biological and physiological needs (air, food, drink, shelter, warmth, sleep)
 - Level 2 Safety needs (protection, security, order, law, limits, stability)
 - Level 3 Belongingness and love (family, affection, relationships, work)
 - Level 4 Esteem needs (achievement, status, responsibility, reputation)
 - Level 5 Self-actualisation (personal growth and fulfilment).
- Consumers identify products or services they would like to buy.
- They consider prices
- Consumer behaviour and choices are influenced by cultural, social, personal and psychological factors.

1.1 Cultural factors

- Cultural factors differ from country to country and can be based on religion, geographical region, race, favourite hobbies, sport.
- Family wealth, levels of education, income, tradition and occupation form separate classes in society

Market environment

1.2 Social factors

- Social factors include reference groups (group of people to which individuals believe they belong), family role (father, mother, single parent), role and status in the community (clubs, groups, organisations).

1.3 Personal factors

- Personal factors such as age, occupation, lifestyle, economic situation, personality and self-concept (characteristics).

1.4 Psychological factors

Four psychological factors or needs that affect buying behaviour: motivation, perception, learning, belief and attitude.

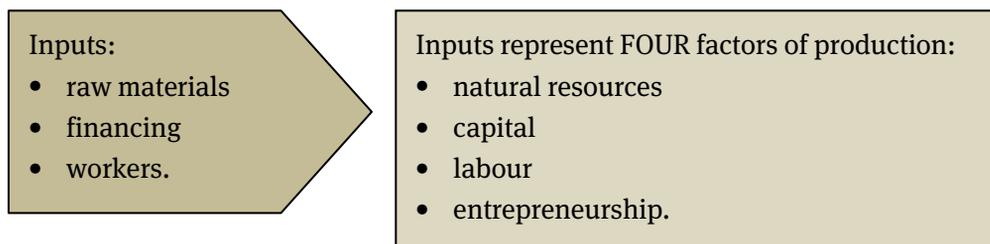
Businesses classify customers according to demographic and lifestyle characteristics.

- Demographic characteristics include ethnic background, age, income, education, gender, location, occupation, number of people per family and children's ages.
- Lifestyle characteristics include cultural background, religious beliefs, political beliefs, value systems, recreation and hobbies, music preferences, food preferences, eating preferences, entertainment preferences, travel preferences, social interaction patterns and media habits.
- Managers do market research on these factors to identify sales opportunities.

Unit 2 Suppliers and intermediaries

1 Suppliers

The business needs inputs to produce goods and services:



Inputs come from suppliers and must be available:

- at the right time
- for the right price
- of the right quality
- of the right quantity.

The business must:

- maintain good relationships with suppliers
- compare costs, quality and service of new suppliers.

Market environment

Examples of suppliers:

- Banks and shareholders are suppliers of capital.
- Trade unions negotiate on behalf of workers and are seen as suppliers of human resources.
- Producers and manufacturers supply raw materials.

2 Intermediaries

The intermediaries of a business are all those businesses that play a role in distributing and promoting the goods and services to customers.

Intermediaries are special type of suppliers and include:

- wholesalers
- retailers
- agents
- spaza shops
- banks
- insurance brokers
- micro-lenders
- advertising agencies
- telecommunication providers
- transport firms
- e-commerce websites.

2.1 Functions of intermediaries

Intermediaries add value to the product.	
2.1.1 Place value	Intermediaries get the product to the consumer where the consumer wants it and therefore add place value to the product.
2.1.2 Time value	An intermediary that stays open when the manufacturer is closed adds time value to the product.
2.1.3 Ownership value	Banks supply finance by means of loans or credit cards to make it possible to buy items and so add ownership value to products.

Market environment

Unit 3 Competitors

Competitors are all the businesses that provide a similar product or service and compete for the support of the same customers. Strategies to keep the support of the market include:

- Monitor the target market.
- Promote customer loyalty.
- Keep an eye on competitors.

1 Three categories of competitors

Category 1	Products are seen as similar, for instance, different kinds of tea.
Category 2	Competitors offer similar products but in a different kind of business, for instance, a hardware store and Game could sell similar products.
Category 3	Stores that are completely different can also compete with each other, for instance, a hardware store and garden centre.

Unit 4 Civil society

Civil society is all the groups that have an actual or potential interest in or impact on an organisation's ability to achieve its objectives.

1 Categories of civil society

Financial	Credit bureaux, large stokvels
Media	Local radio and newspapers
Citizen action	Environmental activists questioning acts of business
Local community	Neighbourhood residents and community organisations
General public	Community as a whole

2 Examples of formal organisations in civil society

Different formal organisations play a role in the market environment – some are community-based (CBOs) and others are non-governmental (NGOs).

- SANCU is dedicated to promote and protect consumer rights.
- Commission for Conciliation, Mediation and Arbitration (CCMA) helps employers and employees to maintain fair labour practices.
- Trade unions such as COSATU, SADTU, NUI and others negotiate on behalf of their members (employees) for better working conditions and pay.

Market environment

3 Regulators

- The government creates a number of regulators that have to oversee the operations of parts of civil society.
- The rules of these regulators will impact directly on what businesses may and may not do, for example:

Advertising Standards Authority of South Africa (ASA)

ASA keeps an eye on the content and truthfulness of advertisements in South Africa.

South African Bureau of Standards (SABS)

The SABS tests products to make sure that they comply with the prescribed standards.

The South African Civil Aviation Authority (SACAA)

SACAA regulates all civil aviation in South Africa. They test pilots and other aviation personnel regularly to check that they can do their jobs.

The Liquor Board of South Africa

The Liquor Board decides where and to whom to issue licenses to sell liquor.

4 Strategic allies

- Part of the market environment of a business is the strategic allies of the business.
- The first allies of any business are other businesses in the vicinity.
- Most towns and cities have one or more business associations, usually called a Chamber of Commerce.
- Many business owners join these groups, because such a group can lobby the authorities for more business-friendly regulations.
- Businesses can also join a trade organisation for their type of business.

Opportunities and threats in the market environment

Opportunities and threats	
The market (customers and consumers)	
Opportunity	Threat
<ul style="list-style-type: none"> • Market research for new markets 	<ul style="list-style-type: none"> • Consumer Protection Act • Decrease in buying power • Change in consumer behaviour
Suppliers	
Opportunity	Threat
<ul style="list-style-type: none"> • Negotiate trade discount 	<ul style="list-style-type: none"> • Banks and insurance companies can increase fees and premiums. • Increase in cost of raw-materials • Strikes

Market environment

Intermediaries	
Opportunity	Threat
<ul style="list-style-type: none"> Intermediaries can broaden the market. 	<ul style="list-style-type: none"> May influence pricing and marketing strategies
Competitors	
Opportunity	Threat
<ul style="list-style-type: none"> Business can come up with new ideas to gain advantage. 	<ul style="list-style-type: none"> Competitors can 'steal' customers. Competitors can steal or copy ideas. Competitors can drop their price and make it impossible to compete.
Civil society	
Opportunity	Threat
<ul style="list-style-type: none"> Good relationships can create positive image. 	<ul style="list-style-type: none"> Poor relationships can destroy image.

Market environment

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

- 1.1 A task related to self-esteem needs is to:
- A be responsible for completing homework well
 - B protect your sister from harassment
 - C making food for the whole family
 - D buying chocolates for all your friends.
- 1.2 Personal factors influencing consumer behaviour include:
- A motivation, perception, belief and attitude
 - B reference groups, family, role and status
 - C race, religion, hobbies, level of education
 - D age, occupation, self-concept and lifestyle.
- 1.3 The four factors of production are:
- A product, price, place and promotion
 - B natural resources, entrepreneurship, capital and labour
 - C price, quality, quantity and time
 - D consumers, competitors, employees and owners.
- 1.4 Suppliers of capital are:
- A banks
 - B shareholders
 - C micro-lenders
 - D all of the above.
- 1.5 Intermediaries get the product to the consumer where the consumer wants it. This adds value to the product:
- A time
 - B ownership
 - C place
 - D monetary.

5 × 2 = (10)

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. If the statement is False, write down the correct statement.

- 2.1 Competitors are businesses that sell exactly the same products. (2)
- 2.2 The CCMA helps to maintain fair labour practices.(2)
- 2.3 SANCU negotiates for better working conditions and pay for employees. (2)
- 2.4 ASA stands for Advertising South Africa. (2)
- (10)

Market environment

Question 3: One word answers

Write down one word or term for the following:

- 3.1 The regulator for standards in South Africa (2)
- 3.2 All the groups that have an interest on an organisation's ability to achieve its objectives (2)
- 3.3 All the businesses that play a role in distributing and promoting goods and services to customers (2)
- 3.4 Businesses that provide raw materials and financing to the organisation (2)
- 3.5 The business environment including consumers, competitors, intermediaries and trade unions (2)
- 3.6 Intermediaries whose task it is to limit the risk of the business (2)
- 3.7 A regulator testing pilots and aviation personnel regularly (2)
- 3.8 A favourable possibility related to the market environment (2)
- 3.9 A market related activity that can create a negative perception (2)
- 3.10 Local radio and newspapers (2)

10 × 2 = (20)

Question 4: Short answers

- 4.1 List THREE strategies a business can put in place to keep the support of the market. (6)
- 4.2 Supply an example related to medicine sold for each category of competitors. (6)
- 4.3 List FIVE intermediaries. (5)
- 4.5 Contrast ONE opportunity and ONE threat for a business of your choice, in terms of:
 - the customers / consumers
 - suppliers
 - competitors. (12)
- 4.6 How does an intermediary give 'time value' to a product? (1)

(30)

Question 5: Essay question

Businesses cannot do well if they do not keep an eye on their markets. Identify the components of the market environment. Analyse and discuss the components and the impact that they have on a businesses. Identify factors that could be turned into an opportunity and factors that can have a negative effect (threats) on the operations of the business. (40)

(40)

[110]

Market environment

ANSWERS

Question 1: Multiple choice

- 1.1 A ✓✓
- 1.2 C ✓✓
- 1.3 B ✓✓
- 1.4 D ✓✓
- 1.5 B ✓✓

Question 2: True/false

- 2.1 FALSE ✓ Could also be businesses that sell similar products. ✓✓
- 2.2 TRUE ✓
- 2.3 FALSE ✓ SANCU is dedicated to promote and protect consumer rights. ✓✓
- 2.4 FALSE ✓ ASA stands for Advertising Standards Authority of South Africa. ✓✓

Question 3: One word answers

- 3.1 South African Bureau of Standards ✓✓
- 3.2 civil society / stakeholders ✓✓
- 3.3 intermediaries ✓✓
- 3.4 suppliers ✓✓
- 3.5 market environment ✓✓
- 3.6 insurance brokers ✓✓
- 3.7 The South African Civil Aviation Authority ✓✓
- 3.8 opportunity ✓✓
- 3.9 threat ✓✓
- 3.10 media ✓✓

Question 4: Short answers

- 4.1 Monitor the target market ✓✓ promote customer loyalty ✓✓ keep an eye on competitors ✓✓
- 4.2 Category 1: Pharmacies selling medicine are seen as similar and compete. ✓✓
 Category 2: Pharmacies and retail stores like Shoprite compete. ✓✓
 Category 3: Pharmacies compete with sports shops for related medication. ✓✓
- 4.3 Wholesalers ✓, Retailers ✓, Agents ✓, Spaza shops ✓, Banks ✓, Insurance brokers ✓, Micro-lenders ✓, Advertising agencies ✓, Telecommunication providers ✓, Transport firms ✓, E-commerce websites ✓ (any five)
- 4.4 Marking discretion. Important is that opportunity and threat relate to the external environment of the business. Allocate 2 marks for each opportunity ($2 \times 3 = 6$).
 Allocate 2 marks for each threat ($2 \times 3 = 6$).
- 4.5 Time value is given by intermediaries in that they stay open later than manufacturers and are open on public holidays and weekends. ✓

Market environment

Question 5: Essay question

Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Identify components (1 × 5)	6 max.		
Analyse and discuss(6 × 5)	20 max. (max. 6 each)		
Impact on business(2 × 5)	10 max.		
Opportunity	4 max.		
Threat	4 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Identify: customers, intermediaries, suppliers, competitors, civil society organisations.

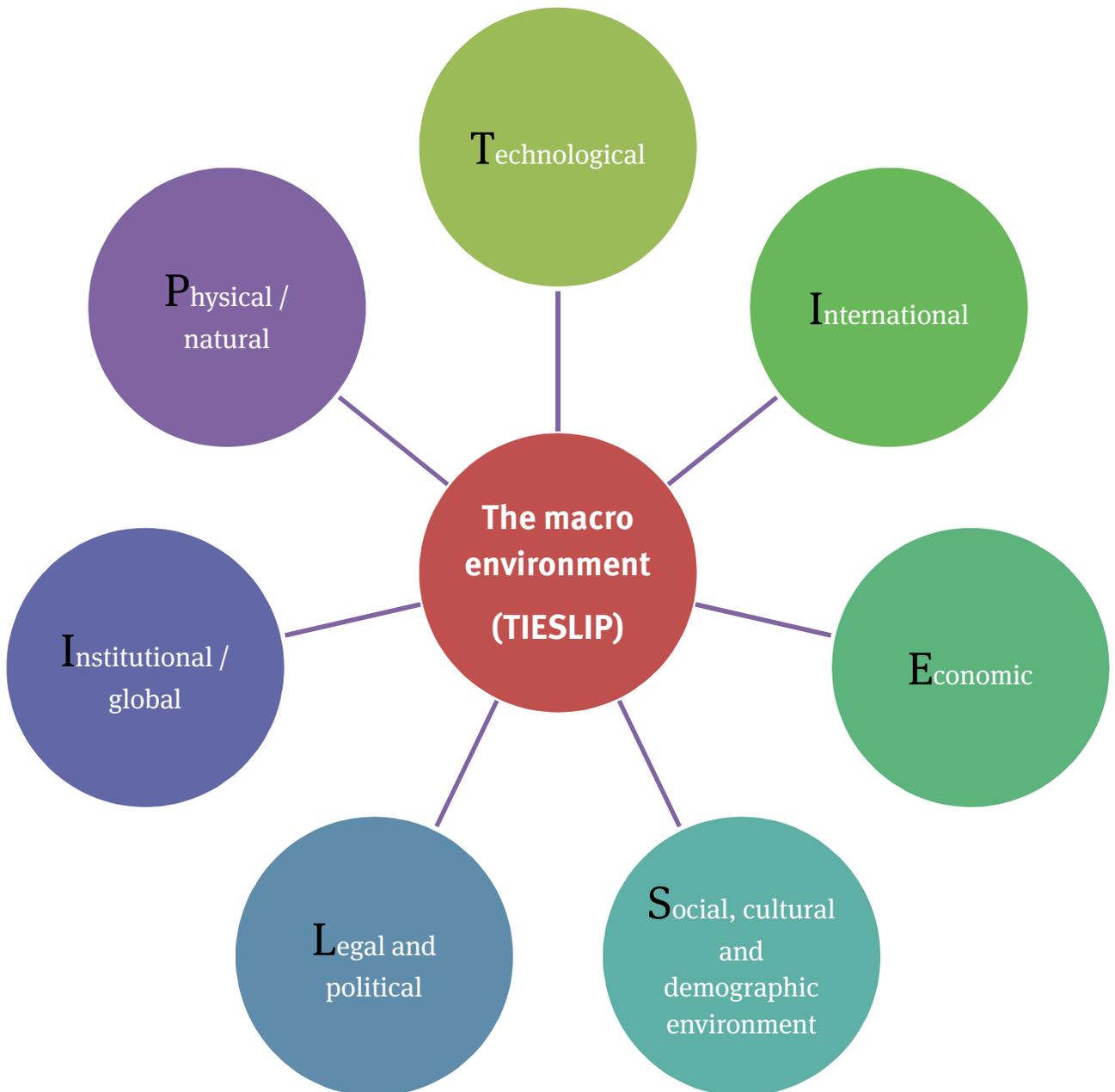
Analyse and discuss:

- Impact on business
- Opportunity
- Threat

(For factual content of each component, refer to summary or textbook.)

Macro environment

Overview



Macro environment

Unit 1 The physical/natural environment

The physical environment includes everything related to the immediate environment of the business, for instance:

- landscape, site and buildings
- local weather and weather changes
- availability, cost and sustainability of resources (water and electricity)
- Infrastructure (roads, transport and telecommunication)
- Environmental factors like air, water, noise pollution.

Unit 2 Economic environment

South Africa makes use of a free-market economic system. The following factors are important.

1 Balance of payments of the country

- More imports (products coming into the country) than exports (products going out of the country) causes a negative balance of payments.
- This makes the Rand weaker against other currencies.
- In return imported goods become more expensive.

Stages of the business cycle

Economies of countries move through four stages of the business cycle:

- Stage 1: Expansion
- Stage 2: Peak
- Stage 3: Recovery
- Stage 4: Recession

2 Income distribution

- Income distribution between the rich, middle class and poor will impact on the business.
- It will impact on the size of the market for products.
- Many poor people lead to a small market for luxury goods as only basics can be afforded.

2.1 Redistribution of income

- Transfer payments or redistribution of income come from sources such as social grants.
- It allows individuals in the lower income brackets to buy products and services they otherwise could not afford.

Macro environment

2.2 Unemployment

- Higher unemployment leads to fewer products and services.
- In return potential workers are not earning income.
- This leads to a smaller market to sell products and services.

2.3 HIV/Aids

- Many economically active people are infected with HIV/Aids.
- Skilled people become ill.
- Illness causes absenteeism from work and therefore lower productivity.
- Aids lead to death of skilled people.
- Others need to be trained for their positions which lead to higher training costs.
- The productivity of the country as a whole suffers.

2.4 Other economic factors

- Inflation
- Tax

Unit 3 The social, cultural and demographic environment

- Social and cultural aspects cover the customs, religion, languages, lifestyles and values (attitude towards right and wrong) of the society.
- Demographics refer to age, gender, education, skills and racial groups in society.
- If the type of people who live in a community changes, the business also have to change.

The business need to be aware and adapt to changes such as:

Demographics, education levels, people's norms and values, attitudes towards health and lifestyle.

Unit 4 The technological environment

Technology refers to all the ways in which people use tools or machines to make work easier. Technological advances affect all aspects of businesses and can be classified as follows:

Production processes	Daily business operations
<ul style="list-style-type: none"> • use of machinery • automated equipment / robots 	<ul style="list-style-type: none"> • use of computers • faxes, phones (cell and landline), copiers • marketing of products and services • managing finances on computer programmes (PASTEL, Omni-accounts, Quickbooks, etc.) • administration of data capturing

Macro environment

- management information in the form of graphs for decision-making
- Internet for online banking
- Internet for information
- emails
- computer networking
- electronic point of sale (EPOS)

1 Technology changes business

As technology changes, it changes all aspects of business. Examples are agricultural machinery, computers, air transport, stock control and ordering with EPOS.

2 Online shopping

- Online shopping expanded the market for some businesses and created new opportunities.
- The availability of online shopping decreased the demand for some products from conventional street stores and service businesses.

3 New materials

New materials are produced to replace harmful products for example new insulation materials replaced asbestos.

4 Robotics technology

- Automated equipment in factories led to less employment opportunities for some categories of jobs, yet also replaced people in jobs that were dangerous.
- Higher levels of technology and increased production also created new opportunities for more skilled workers.

5 Computer technology in the office

- Computers took away jobs of typists, but created jobs for data capturers.
- Many people who had to employ secretaries or draughtsmen now do their work themselves.
- Accountants, designers, photographers, musicians, engineers and writers can develop and record ideas on computers.
- Education courses are also run using computers. Communication takes place between lecturers and students.
- Postal services, faxes, messengers and couriers have in various degrees been replaced by emails.
- Computers and software need support of technicians to keep running smoothly.

Macro environment

5.1 Bar codes

EPOS (Electronic point of sale) supplies information which marketing can use.

- The laser checkout reads a bar code.
- This can be linked to other computer software and updates stock count automatically.
- Sales can be analysed and stock levels can be controlled.
- Consumers get a printed slip with details of purchased, the date and payment.
- This meant that manufacturers had to add bar codes to products.

Unit 5 Legal and political environment

1 Political environment

- A good relationship between a stable government and business creates a positive political environment.
- An unstable government and poor relationship between the government and the business creates a negative political environment.
- Some political decisions that influence businesses are:
 - How the government levies tax
 - How the government spends tax
 - Interest rates and inflation
- Other political factors are strike action, legal and illegal immigration, civil revolution and terrorism.
- The political party in power can influence legal, economic and social developments.

2 Legal environment

- Laws are rules passed by parliament to control the behaviour of a country's citizens
- Legislation is enforced to exercise control. This is done through the legal system and courts.
- South African courts are divided into three categories:

Three categories of courts in South Africa

Superior Courts	Magistrates' Courts	Special Courts
<ul style="list-style-type: none"> • Constitutional court • Supreme court of Appeal • Various High Courts 		<ul style="list-style-type: none"> • Labour Court • Income Tax Court • Small Claims Court

- The legal system through the courts, has jurisdiction to oversee:
 - employment, tax
 - trade mark rights, patent rights, intellectual property rights
 - sale of goods between sellers and buyer
 - property rights and ownership rights
 - consumerism

Macro environment

fair competition
protecting the environment.

- Some important Acts (rules) that are passed by parliament to control behaviour and to protect citizens in the country are:

OHSA (1993)	BCEA (1997)	Companies Act (2008)	Consumer Protection Act (2008)
Occupational Health and Safety Act lays down rules for safety in the business, especially for factories and helps to reduce the risk of hazards and poor health.	Basic Conditions of Employment Act stipulates aspects such as working hours, leave and minimum wages.	Different forms of ownership and their requirements are specified.	The rights of consumers are made clear.
EEA (1998)	SDA (1998)	LRA (1995)	
Employment Equity Act sets standards for equal treatment regarding race, culture, gender, language, people with disabilities.	Skills development Act requires equal opportunities for further training in the workplace.	Labour Relations Act sets a framework for negotiation between the employer (boss) and the employee (worker).	

Unit 6 The international environment

- Events that take place elsewhere in the world and outside the borders of South Africa can have an impact on the economy, for example:
Political unrest in Zimbabwe leads to illegal immigrants moving to South Africa, pushing up local unemployment.
- Events that take place outside the borders of South Africa can impact local businesses, for example:
Earthquakes elsewhere, such as in Japan, cause a shortage of imported goods.
Policies control South African imports (bringing products from elsewhere in the world into South Africa) and exports (taking products from South Africa elsewhere in the world).
A fluctuating demand for export commodities, such as gold, diamonds, platinum, other minerals, machinery and equipment.

Macro environment

Fluctuating prices of import commodities such as machinery and equipment, chemicals, petroleum, scientific instruments and food from mainly Germany, China, USA, Saudi Arabia, Japan and the UK.

Unit 7 The institutional environment

This environment refers to the official and non-official procedures to do business and the institutions involved in this procedure.

Starting a company (company formation procedure):

- Reserving a name and registration of a company with the Registrar of Companies.
- Registering with SARS for income tax, VAT (value added tax) and PAYE (pay as you earn tax for employees).
- Registering with the Department of Labour for UIF (unemployment insurance fund) and workman's compensation fund.

Examples of non-official procedures:

- getting to know customs and traditions of people in the area of trade
- belonging to a chamber of commerce.

Macro environment

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

- 1.1 The costs of resources is a component of the ... environment:
- A economic
 - B legal
 - C physical
 - D international
- 1.2 Inflation is factor related to the ... environment of the business:
- A economic
 - B legal
 - C physical
 - D international
- 1.3 Economies of countries move through four stages of the business cycle:
- A expansion, peak, recovery and recession
 - B recession, expansion, growth, peak
 - C peak, recovery, growth, recession
 - D none of the above.
- 1.4 This act lays down rules for safety to reduce risks of poor health and injuries in the workplace.
- A BCEA
 - B Companies Act
 - C Consumer Act
 - D OHSA.
- 1.5 Tax deducted from employee salaries by the employer on behalf of SARS:
- A value added tax
 - B provisional tax
 - C pay as you earn tax
 - D unemployment insurance.
- 1.6 The amount of working hours, leave and minimum wages are stipulated in the:
- A Employment Equity Act
 - B Basic Conditions of Employment Act
 - C Skills Development Act
 - D Labour Relations Act.
- $6 \times 2 = (12)$

Macro environment

Question 2: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
2.1 An Act that requires equal opportunities for further training in the workplace	A BCEA B Special courts
2.2 Different forms of ownership and their requirements are specified here	C Companies Act D Productivity
2.3 The Labour Court, Income Tax Court and Small Claims Court fall under this type of court	E Redistribution F Imports
2.4 An act by consumers to lobby against a specific issue such as deforestation or animal abuse	G Consumer Protection Act H Magistrate's courts
2.5 This refers to the age, gender, education, skills and racial groups in society	I Employment Equity Act J Consumerism
2.6 HIV/Aids lead to loss of production and therefore has an effect on the of the country	K Demographics L Economy M Exports
2.7 Through this act income is taken from some people and given to others where it is more needed	
2.8 Products coming into the country from other countries	
2.9 Products going out of the country into markets of other countries	

9 × 2 = (18)

Question 3: Short questions

- 3.1 List SEVEN components that form a part of the Macro Environment of the business. (7)
- 3.2 You are a manager at Kai Zen motors in Japan. Explain the effect that the Tsunami had on your business operations to your friend in South Africa. Highlight THREE negatives for the business and the community. (9)
- 3.3 You want buy a business premises to start a business. During which stage of the business cycle will it be best to start? Motivate your answer. (4)
- 3.4 Discuss the effect of HIV/ Aids on the business. (8)
- 3.5 Define recession. (2)

(30)

Question 4: Essay question

Discuss the components of the macro environment. Analyse the impact of this environment on businesses by including examples into your response. (40)

(40)

[100]

Macro environment

ANSWERS

Question 1: Multiple choice

- 1.1 C ✓✓
 1.2 A ✓✓
 1.3 A ✓✓
 1.4 D ✓✓
 1.5 C ✓✓
 1.6 B ✓✓

Question 2: Match terms

- 2.1 I ✓✓
 2.2 C ✓✓
 2.3 B ✓✓
 2.4 J ✓✓
 2.5 K ✓✓
 2.6 L ✓✓
 2.7 E ✓✓
 2.8 F ✓✓
 2.9 M ✓✓

Question 3: Short questions

3.1 Macro components:

- T Technological environment ✓
 I International environment ✓
 E Economic environment ✓
 S Social environment ✓
 L Legal environment ✓
 I Institutional environment ✓
 P Physical/ natural environment ✓

3.2 Marking discretion. Possibilities include: (any three)

- Factory had to close, so a lot of workers are temporary unemployed with no means of income. ✓✓✓
- Will take a lot of money to repair the damages, so therefore the price of vehicles will have to go up. ✓✓✓
- Many people are affected by the Tsunami and will not have the finance to buy new cars.
- No electricity due to nuclear power plant damage, therefore no means of repairing damage. ✓✓✓
- The economy of the country suffered, which will result in higher taxes. ✓✓✓

(Any other valid point. Remember that the factory does not really exist, so it could have also been seen as one that did not get damaged. Effects of the tsunami would then be more indirect).

Macro environment

3.3 Marking discretion. Motivation is important. Possible answer:
 End of recession. ✓ The selling price of property drops during a recession, because people do not have money for much else than satisfying their needs. ✓ Towards the end of a recession one would get cheap properties and then face expansion in the next stage, ✓ when consumers will have money to support the business. ✓

3.4 Effects of HIV/ Aids on business:

- Illness causes absenteeism from work and therefore lower productivity. ✓✓
- Aids leads to death of skilled people. ✓✓
- Others need to be trained for their positions which lead to higher training costs. ✓✓
- The productivity of the country as a whole suffers. ✓✓

3.5 Recession is a period of economic decline when income tends to fall and unemployment and poverty levels increase. ✓✓

Question 4: Essay question

Macro environment:

Rubric to use:			
Introduction		3	Convert to 32
Facts:			
Identify components (1 × 7)	7 max.	30 max.	
Discuss (4 × 7)	28 max. (max. 7 each)		
Impact on business (3 × 7)	21 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Identify: Technological, International, Economic, Social, Legal, Institutional, Physical

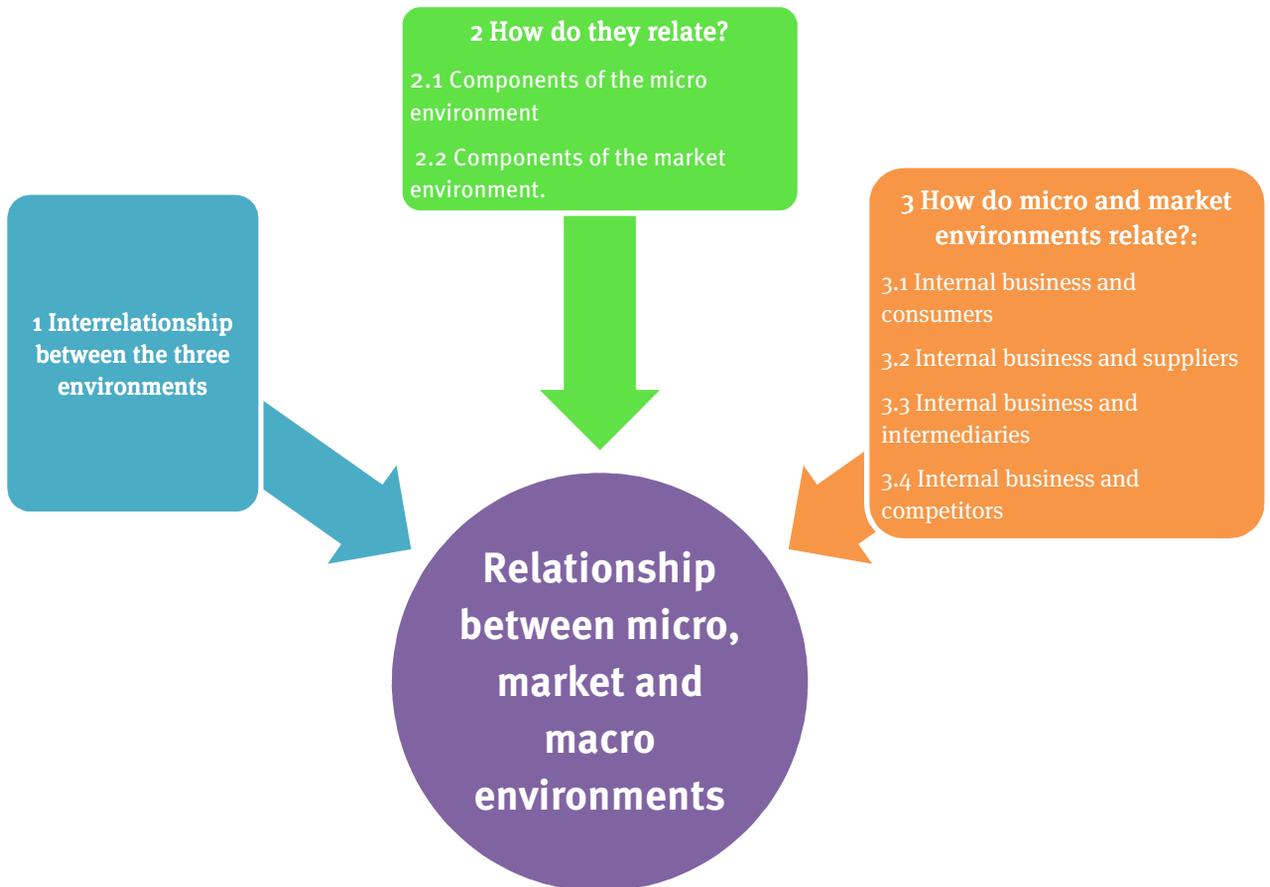
Discuss:

- Impact on business
- Examples

(For factual content of each component, refer to summary or textbook.)

Interrelationship between environments

Overview



Interrelationship between environments

Unit 1 The relationship of the three environments

Summary of the THREE business environments

Micro environment	Market environment	Macro environment
<p>Micro environment is internal and can be controlled by management.</p> <p>Factors are:</p> <ul style="list-style-type: none"> • mission and objectives • management and management functions • resources of the business. 	<p>Market environment exists immediately outside the business; can be influenced but not controlled by management.</p> <p>Factors are:</p> <ul style="list-style-type: none"> • consumers • suppliers • agents • competition • opportunities and threats. 	<p>Macro environment exists outside the business and cannot be controlled by management.</p> <p>Factors are:</p> <ul style="list-style-type: none"> • technological environment • international environment • economic environment • social environment • legal / political environment • institutional environment • physical / natural environment.

Each of the three environments influences one another.

- The micro-environment influences the market environment through its strategies.
- In return the micro-environment is influenced by the market environment, for example competitors cutting prices or change in consumer behaviour.
- The macro environment influences the business indirectly through the market environment such as effect of tax or recession on consumer spending.
- The macro environment effects the business indirectly through interest rates on loans or legislation (New Consumer Act, New Companies Act ...)
- The business has little to no control over the macro environment.

Interrelationship between environments

Unit 2 How do they relate?

2.1 Components of the micro environment

The eight business functions:

Remembering a rhyme makes it easier to remember the eight functions:
Fun And Games Have Made Production Pure Pleasure.

- **F**inance
- **A**dministration
- **G**eneral Management
- **H**uman Resources (Personnel)
- **M**arketing
- **P**roduction
- **P**ublic Relations.

2.1.1 Direct influence of management functions on each other

Examples are:

- If the purchasing department does not purchase the materials needed to manufacture a product or service at the best possible price, the marketing department will not be able to sell it at a good price.
- General management is responsible for running the business. If they don't motivate employees, production and profit will suffer.

2.1.2 Influence of the other factors of the micro environment on each other

Organisational culture

- How employees are treated by management and how they treat each other establishes the organisational culture of the business.
- A positive organisational culture will lead to a higher level of production, leading to increased profits.

Mission, vision and objectives

- This describes what the business wants to do.
- If the mission, vision, goals and objectives are not clear, management will not be able to plan or organise properly.
- All other business functions will not know what to do.

Resources

- Resources include human resources, equipment, capital and raw materials.
- A problem with any of the resources will influence the business.
- Increase in wages, prices of equipment and raw materials are examples of problems which the business may face.

Interrelationship between environments

2.2 Interrelatedness between components of the market environment

The various components of the market environment also influence one another directly, for example, your supplier might also supply goods to your competitor at a lower price than what they supply at to you.

Unit 3 How do micro-and market environments relate?

3.1 Internal business and consumers

The behaviour of the consumer will influence the micro environment to a large extent. As the buying power of consumers decreases, the business will have to put marketing strategies in place to attract consumers.

3.2 Internal business and suppliers

If a supplier goes out of business it can have a serious effect on the business. It will have to find a new supplier, willing to supply at the same price. This puts strain on the purchasing department.

3.3 Internal business and intermediaries

If an intermediary negotiates a new market in another country it will have an impact on a few departments (purchasing, finance, marketing and administration) in the business because the production of the company will have to increase.

3.4 Internal business and competitors

Competitors bringing a new product onto the market can cause business sales to drop. Competitors dropping their prices because they found a cheaper supplier will hinder products from being sold.

Interrelationship between environments

Questions

Question 1: One word answers

Write one word or term for the following:

- 1.1 the internal environment of the business (2)
- 1.2 the social environment forms a part of this environment (2)
- 1.3 the personality of the organisation (2)
- 1.4 staff, equipment, capital and raw materials (2)
- 1.5 businesses selling more or less the same product (2)
- 1.6 businesses selling raw materials to your organisation (2)
- 1.7 people who purchase products from the business (2)
- 1.8 the environment containing cell phones, emails, MP4 players, Skype, Twitter and Facebook (2)
- 1.9 a period of economic decline where income tends to fall and poverty and unemployment increase (2)
- 1.10 fluctuating (changing) currencies form a part of this environment. (2)

10 × 2 = (20)

Question 2: Short questions

- 2.1 Discuss a challenge in the business functions below and explain how the challenge will impact on another business function: (12)
 - marketing
 - financial
 - purchasing
- 2.2 Discuss how a wage increase for employees will influence the rest of the business? (6)
- 2.3 Olwethu Cele started businesses that sell frames of all sizes. Explain the implication of a supplier selling goods to a competitor at a lower price than to Olwethu's business. (4)
- 2.4 Explain how a business can influence its consumers. (3)

(25)

[45]

Interrelationship between environments

ANSWERS

Question 1: Multiple choice

- 1.1 micro environment ✓✓
- 1.2 macro environment ✓✓
- 1.3 organisational culture ✓✓
- 1.4 resources ✓✓
- 1.5 competitor ✓✓
- 1.6 suppliers ✓✓
- 1.7 consumers/ customers ✓✓
- 1.8 technological environment ✓✓
- 1.9 recession ✓✓
- 1.10 economic environment ✓✓

Question 2: Short questions

2.1 Marking discretion. Possible answers:

- Marketing: A challenge could be that the marketing manager's forecast costs as in a projected income statement or budget were incorrect and marketing campaign cost a lot more than allowance. ✓✓
- It impacts on the financial function in that their budget allocations to different departments will be incorrect. ✓✓
- Financial: A challenge could be that sales figures were incorrect and therefore income and profit will be incorrect. ✓✓
- It impacts on all other departments as figures and budgets will have to be adjusted according to real sales, income and profit. ✓✓
- Purchasing function: Challenge could be that raw materials purchased are of a low (inferior) quality. ✓✓
- Impacts on the production department as they cannot produce quality products with low quality raw materials. ✓✓

2.2 Effect of wage increase: (Any other valid point.)

- A wage increase will mean higher expenses for the business and therefore will affect budgets in the financial function. ✓✓
- The human resource function will have to adjust their payroll and could be forced to retrench some workers. ✓✓
- Employees will be generally happy about a wage increase, so it could result in higher productivity in the production department. ✓✓
- Financial department and administration department will have to adjust their salary statements and tax deductions. ✓✓
- Marketing department would have to consider a price increase on products to compensate for higher expenses because of wage increase.

Interrelationship between environments

2.3 Implication:

- Olwethu's raw materials will be more expensive and therefore increase the cost of producing his fames. ✓✓
- This means that he will have to charge a higher price for his product which could discourage sales. ✓✓

2.4 A business could influence consumers why advertising their products, giving a sale, or by providing a friendly service. ✓✓✓ (any other valid point)

Business sectors

Overview

1 Primary, secondary and tertiary sectors of industry (also known as sectors of economy)

- **Primary sector** relates to harvesting, collecting and extracting natural resources from nature.
- **Secondary sector** relates to the use of natural resources in the production of a product.
- **Tertiary sector** relates to all activities involved in bringing the product to the consumer and includes auxiliary (assisting) services such as transport.

2 The formal and informal sectors

- **Formal sector** includes businesses that form a part of the country's GDP as they are registered to pay tax.
- **Informal sector** includes businesses that do not form a part of the GDP and do not pay tax.

Business sectors

3 Public and private sectors

- **Public** - All businesses or institutions owned and managed by the state
- **Private** - All businesses owned by private individuals or a group of individuals not linked to the state

Business sectors

Unit 1 Primary, secondary and tertiary sectors

1 What is meant by primary, secondary and tertiary sectors?

1.1.1 Primary sector

- Activities include harvesting, collecting or extraction of raw materials from the natural environment – from the ground, the sea, fresh water or plant sources.
- Can be classified into agricultural products, fisheries, forestry and mining.

1.1.2 Secondary sector

- Processes raw materials from the primary sector and supplies it to the tertiary sector.
- Input is used to manufacture products by means of a production process. The result is called the output.
- Manufacturing can include manufacturing of semi-finished products that are sold to manufacturers or the consumer.
- Semi-finished products can be used in further production of goods or finished products, such as metal sheets used to make tin cans.

1.1.3 Tertiary sector

Activities include bringing the products from the secondary sector to the end consumers, transport of people, communications, and many other services such as education, health, banking and administration.

2 Classification of various industries (nature of industries and production)

2.1 Primary sector

2.1.1 Agriculture

Animal husbandry

- In South Africa the most common animals for animal husbandry are cattle, sheep, goats and chickens.
- Others include ostrich and other poultry.
- Crocodile farming has also become popular on the coast as crocodile skin can be exported to other countries and used in the manufacturing of leather items.

Crop farming

- Crop farming is dependent on the climate of the area as well as the season.
- Harvesting of a variety of fruit, vegetables, nuts, rooibos tea, herbs and spice take place.

2.1.2 Fishery

- Fishing from the ocean as well as fresh water fishing takes place.
- Produce includes mussels, oysters, lobsters, sardines, calamari, tuna and hake.
- Fishing licenses are needed.
- As part of environmental conservation, fish are classified as endangered or not.

Business sectors

2.1.3 Forestry

- In some provinces there are large plantations of trees.
- Some plantations belong to Mondi, Sappi and Bison Board.
- The most popular trees are blue gum, pine, and wattle used in production of furniture and paper.

2.1.4 Mining

- South Africa is rich in mineral resources.
- The sector includes major mineral categories, namely precious metals and minerals, energy minerals, ferrous metals, non-ferrous metals and industrial minerals.
- We are the world's largest producer of platinum and one of the leading producers of gold, diamonds, base metals and coal.
- Examples of mines include Harmony Gold Mine, Anglo American Corporation of South Africa Limited (AAC), Avgold, Durban Roodepoort Deep, Impala Platinum Holdings Ltd (Implats).

2.2 Secondary sector

- Manufacturing concerns use the natural resources produced in the primary sector to manufacture products in the secondary sector.
- Inputs are processed into outputs.
- Examples of manufacturers include:
 - Using agricultural resources - canned meat and vegetables. Well-known manufacturers include Tiger Brands, Pioneer Foods, Premier Food, National Brands, Clover, Orange Grove.
 - Using fishery resources - Frozen and fresh ocean and fresh water products such as packed fish in boxes, canned fish. Examples are I&J, Tightline fisheries.
 - Using forestry resources - Trees are debarked and used to manufacture furniture and paper. Paper manufacturers such as Mondi and Sappi are the largest producers.
 - Using mining resources - Metal processed by manufacturers such as ISCOR and ALUSAF.

2.3 Tertiary sector

- Businesses which provide all services that make it possible to deliver products from the secondary sector producers to the end consumers.
- Includes wholesalers, retailers, suppliers of electricity, professional services (such as doctors) and restaurants.
- Auxiliary services are that part of the tertiary sector which provides services, but to other businesses rather than to the end consumer. Auxiliary services bridge a 'gap'.

Business sectors

Auxiliary services	
Service	Gap bridged
Transport	Bridges the special gap and therefore the distance between the producer and the end consumer.
Storage	Storage bridges the time gap- the gap between the time of production and the time of consumption.
Sorting	Goods are collected and sorted for redistribution and bridge the quantity and variety gap.
Grading and standardisation	Certain goods such as agricultural produce need to be classified into grades to indicate quality. Products of manufacturers are standardised for quality by institutions such as the SABS. Grading and standardisation bridges the quality gap.
Financing	Money can be borrowed from banks or other suppliers of credit to bridge the possession gap.
Insurance	Insurance can be taken out on something of value such as expensive assets and bridges the risk gap.
Actual sales	The possession gap is bridged by selling products to the consumers.

Unit 2 The difference between the formal and informal sectors

1 Formal sector

The formal business sector is all businesses which are formally registered to operate under an acknowledged form of business ownership. Forms of ownership include companies, partnerships, close corporations (CCs) or sole proprietors.

- The purpose of businesses in this sector is to make profit.
- Businesses in the formal sector are registered with SARS for tax and contribute to the GDP (Gross Domestic Product) of the country.
- They are registered with the Department of Labour to pay UIF (to the unemployment insurance fund).
- Most businesses need to have their books audited.
- Businesses in this sector have fixed premises and offer employment to more than one worker.

2 Informal sector

- The purpose of businesses in the informal sector is survival.
- These businesses are not registered and do not contribute to the GDP of the country.
- Examples are hawkers, street vendors, house-sitters, handyman services.
- Illegal activities such as drug dealing and illegal shebeens also fall into this category.
- Informal businesses should by law declare income for tax and register employees.
- It is difficult to get loans or credit facilities because there is no official record of income. This limits growth.

Business sectors

Unit 3 The difference between public and private sectors

1 Public sector

- The public sector includes all businesses and institutions governed and owned by the state, on one of three levels:
 - national government (for example South African Airways)
 - provincial government (for example Wesgro)
 - local government (for example Golden Arrow Bus Services).
- Some departments do not operate as businesses.
- The departments in this sector exist to meet the demand of social and civil rights such as healthcare, education and protection.
- More examples include public schools, public clinics and hospitals, public museums and libraries, the South African police force.
- The motive of the public sector businesses is not to make profit but offer a service.
- Funding is generated by tax.

2 Private sector

- The private sector includes all businesses that are privately owned.
- Examples include businesses owned privately as sole traders, partnerships or companies with a profit motive.
- The businesses are focused to meet the demand of consumers.
- Businesses in this sector that do not operate to make profit are NGOs (non-government organisations) and NPOs (non-profit organisations).
- Some services from the public sector are repeated in this sector, such as education, healthcare and housing, and could be of better quality than the government service.

Business sectors

Questions

Question 1: Match columns

Choose from the terms in column B to match the description in column A. Write only the letter next to the question number. One letter may be used more than once.

COLUMN A		COLUMN B
1.1	Fishing charters contracted by I&J form a part of the ... sector of the economy.	A primary
1.2	Manufacturers form part of the ... sector of the economy.	B secondary
1.3	A spaza shop is an example of a business from this sector of industry.	C tertiary
1.4	Harmony Gold is an example of a business in the ... sector of the economy.	
1.5	Ruby and Ruddy Attorneys are part of this sector of industry.	
1.6	A forestry farmer in Piet Retief, Mpumalanga, forms part of the ... sector of the economy.	
1.7	Supermarkets form part of this sector of the economy.	
1.8	Margate Stationers is an example of a business in the ... sector of the economy.	
1.9	Transport is a service provided in the ... sector of the economy.	
1.10	A sugar mill is an example of a business in the ... sector of the economy.	

10 × 2 = (20)

Question 2: Short questions

- 2.1 Draw a diagram to explain the route a chocolate bar of your choice follows from the producer to the final consumer. Include the different types of manufacturers for the main ingredients in your diagram. (15)
- 2.2 Explain the difference between:
 - the formal and informal sectors
 - the private and public sectors. (16)
- 2.3 Explain the difference between the primary, secondary and tertiary sectors of economy. (6)
- 2.4 Which business would need the largest amount of capital to start up; a business in the primary, secondary or tertiary sector? Motivate your answer. (4)
- 2.5 List FOUR classifications of industries that form a part of the primary sector of economy. (4)

(35)

[65]

Business sectors

ANSWERS

Question 1: Match columns

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

Question 2: Short questions

2.1 Marking discretion as per rubric:

Criteria:	3	2	1	0
Neatness of diagram	Extremely neat	Very neat	Average / untidy	Very untidy
Sectors:	4	3	2	0-1
Primary	Diagram includes a variety of producers such as sugar cane farmer, cocoa bean farmer, mining for foil, forestry for paper.	Diagram includes three producers such as sugar cane farmer, cocoa bean farmer, mining for foil, forestry for paper.	Diagram includes two producers such as sugar cane farmer, cocoa bean farmer, mining for foil, forestry for paper	Diagram includes one or no producer.
Secondary	Diagram includes a variety of manufacturers such as Hulets, Illovo sugar, cocoa bean manufacturer, foil manufacturer, paper manufacturer, chocolate manufacturer.	Diagram includes a three manufacturers such as Hulets, Illovo sugar, cocoa bean manufacturer, foil manufacturer, paper manufacturer, chocolate manufacturer.	Diagram includes two manufacturers such as Hulets, Illovo sugar, cocoa bean manufacturer, foil manufacturer, paper manufacturer, chocolate manufacturer.	Diagram includes one or no manufacturer such as Hulets, Illovo sugar, cocoa bean manufacturer, foil manufacturer, paper manufacturer, chocolate manufacturer.

Business sectors

Tertiary	Includes a variety of wholesalers, retailers, spaza shops	Includes three wholesalers, retailers or spaza shops	Includes two wholesalers, retailers or spaza shops	Includes one or no wholesalers, retailers or spaza shops
----------	---	--	--	--

2.2 Formal sector: (any four)

- The formal business sector is all businesses which are formally registered to operate under an acknowledged form of business ownership. ✓
- Forms of ownership include companies, partnerships, close corporations (cc's) or sole proprietors. ✓
- The purpose of businesses in this sector is to make profit. ✓
- Businesses in the formal sector are registered with SARS for tax and contribute to the GDP (Gross Domestic Product) of the country. ✓
- Registered with Department of Labour to pay UIF (unemployment insurance fund). ✓
- Most businesses need to have their books audited. ✓
- Businesses in this sector have fixed premises and offer employment to more than one worker. ✓

Informal sector: (any four)

- The purpose of businesses in the formal sector is survival. ✓
- These businesses are not registered and do not contribute to the GDP of the country. ✓
- Examples are hawkers, street vendors, house-sitters, handyman services. ✓
- Illegal activities such as drug dealing and illegal shebeens fall into this category. ✓
- Informal businesses should by law declare income for tax and register employees. ✓
- It is difficult to get loans or credit facilities because there is no official record of income. This limits growth. ✓

Public sector: (any four)

- The public sector includes all businesses and institutions governed and owned by the state on one of three levels: ✓
National government (for example South African Airways) ✓
Provincial government (for example Wesgro) ✓
Local government (for example Golden Arrow Bus Services) ✓
- Some departments do not operate as businesses. ✓
- The departments in this sector exist to meet the demand of social and civil rights such as healthcare, education and protection. ✓
- More examples include public schools, public clinics and hospitals, public museums and libraries, the South African police force. ✓
- The motive of the public sector businesses is not to make profit but to provide services. ✓
- Funding is generated mainly by tax. ✓

Business sectors

Private sector:

- The private sector includes all businesses that are privately owned such as sole traders, partnerships or companies with a profit motive. ✓
- The businesses are focused to meet the demand of consumers. ✓
- Businesses in this sector that do not operate to make profit are NGOs (non-government organisations) and NPOs (non-profit organisations). ✓
- Some services from the public sector are repeated in this sector such as education, healthcare and housing. ✓

2.3 Primary, secondary and tertiary sectors:

- Primary sector: Activities include harvesting, collecting or extraction of raw materials from the natural environment – from the ground, the sea, fresh water or plant sources. ✓✓
- Secondary sector: Processes raw materials from primary sector and supplies to tertiary sector. ✓✓
- Tertiary sector: Activities include bringing the products from the secondary sector to the end consumers, transport of people, communications, and many other services such as education, health, banking and administration. ✓✓

2.4 Largest capital investment:

- Business in the secondary sector. ✓
- Large machinery is needed in the manufacturing process. ✓
- Factory sites are a large investment as premises are large. ✓
- Some manufacturers employ many workers, resulting in high costs for salaries and wages. ✓

2.5 Industries:

- agriculture ✓ forestry ✓ mining ✓ fisheries ✓

Contemporary socio-economic issues

Overview



Contemporary socio-economic issues

Unit 1 Poverty, inequality, inclusivity, unemployment and HIV/ Aids

1 Inequality and poverty

1.1 Inequality and poverty

- Inequality is the degree to which people do not have the same opportunities and are treated differently because of their social status.
- Inequality leads to the rich becoming richer and the poor becoming poorer.
- Poverty is the state in which people have little or no money to buy their basic needs, including lack of proper housing, clean water, proper sanitation, electricity, transport and a shortage of cash.
- People in poverty usually have poor living conditions, hunger and increased susceptibility disease.

1.2 Impact of poverty and inequality on business

- People do not have enough to live on and cannot participate fully in the economy.
- Poverty and inequality create a cycle where parents cannot afford to supply their children with good education, which means that they will grow up in poverty and remain in poverty because of a lack of education, skills, job opportunities and finance.
- This ultimately leads to a culture of crime and violence.
- As a result of poverty, businesses are targets of shoplifting, theft, burglary and corruption.
- This gives rise to industries such as security services, increasing business expenses.

2 Inclusivity

2.1 Definition

Inclusivity means giving everyone opportunities without discriminating on the basis of age, race, gender, sexual orientation, disabilities or HIV status.

2.2 Aims of inclusivity

- To make the best use of all human resources in the organisation.
- To make use of people's different talents and skills.
- To decrease inequality.
- To increase education and training.
- To decrease poverty.
- To increase the number of middle-class people participating in the economy.

Contemporary socio-economic issues

2.3 Efforts to create an inclusive workforce

- The client base of organisations increases and becomes representative of the wider community.
- Organisations need to appoint people who can talk to and serve clients.
- Through this a more inclusive workforce is created.
- To speed up this process, the government approved the Employment Equity Act, which requires that employees must represent the wider community in terms of race, gender and disabilities.

3 Unemployment

3.1 Definition

- Unemployment is the condition where people want to work and can work, but cannot find work. Unemployment is the result of a lack of skills, the wrong skills, or a downturn in the economy.
- An unproductive labour force produces less than it should. This is the result of too little or poor training and leads to tension between employer and employees, low profits and stress for the employee.

3.2 Impact

- Unemployment lowers the standard of living.
- It also causes an increase in corruption, poverty, crime and suicide rates in society.

4 HIV and Aids

4.1 Definition

HIV and Aids is an incurable disease transferred by means of body fluids such as blood and semen.

4.2 The impact of HIV/Aids on business

- The young and economically active people become HIV positive.
- Treatment is possible, but people take long to recover, leading to high absenteeism from the workplace.
- An HIV-positive person does not get well completely and slowly becomes weaker. This causes:
 - The productivity of the business to be lower as people with HIV/Aids work slower because of a lack of energy.
 - The skilled labour force to be reduced due to loss of lives.
 - The business to spend more money on skills training to replace the employees they lost.

Contemporary socio-economic issues

Unit 2 Piracy, counterfeiting and bootlegging

1 Piracy, counterfeiting and bootlegging

1.1 Definitions

Piracy

- Illegal act of copying or reproducing someone else's work and producing it as your own.
- Theft of ideas or intellectual property.

Counterfeiting/ Imitations

- Copies of products made without the consent of the creator and with the intent of passing them off as the real product.

Bootlegging

- The production and illegal selling of alcohol produced informally.
- Technological bootlegging is recorded music on CDs and DVDs.

1.2 The relationship between piracy and copyright

- Content of publications or recordings are the intellectual property of the people who created them.
- Strict laws protect property rights – punishment for transgression is severe.
- Patent laws protect new inventions and intellectual property. Protection for seven years (usually) to allow recouping investments.
- Trademarks are used by businesses to identify themselves and their products. A trademark name has the sign TM after it as evidence that the name is trademarked.
- Copyright is the exclusive rights given to a creator of original work, including the right to change, copy or distribute the work and applies to books, music, maps, drama productions, photographs, drawings, paintings and computer programmes.

2 How do piracy, counterfeiting and bootlegging affect business operations?

2.1 Business will not invent or invest if they are not protected

- Businesses and individuals lose out on profit.
- If businesses are not protected by law, they will not invest in new business and product ideas.

2.2 Consumers are protected

- Anti-piracy laws protect consumers from counterfeit products.
- Anti-piracy laws mean consumers can trust what they buy and pay is what name suggests.
- Counterfeit medicine and food can pose a risk to customers, who are unable to identify ingredients.
- Criminals selling counterfeits are stealing investment and ideas from the original maker.

Contemporary socio-economic issues

- Pirate products reduce the value of genuine articles.
- Bootlegging is similar, with added danger as bootleg liquor can be poisonous.

Unit 3 Gambling, violence, crime

1 Gambling

1.1 Definition

- Gambling is being involved in a game of chance in which a person risks losing or gaining money or other possessions.
- Examples include lottery tickets, scratch cards, slot machines, horse racing, Internet gambling.

1.2 Illegal gambling

Includes all gambling operations not allowed by law:

- Internet gambling, as it is sometimes linked to organised crime
- animal fighting.
- unlicensed operations offering gambling to the public.

2 Pyramid schemes

- Deposit-taking business promising high interest returns to convince people to place money on the scheme.
- People at the top of the scheme make money illegally.
- People who want to join pay an entrance fee to join in the opportunity to make money.
- Promoters offer high returns.

3 Money laundering

- Criminals invest 'dirty' undeclared profits from crimes in illegal businesses so that the money becomes 'clean'.
- It hides criminal activities.
- It reduces productivity as it encourages crime and corruption.

4 Violence and crime

Violence includes domestic violence, emotional violence or abuse, violence during robberies and assault, murder, rape and violence in the workplace.

4.1 Domestic violence

- An extreme form of aggression; the use of physical force with intention to cause injury, damage or death
- Employees call in sick and miss work because of injuries.
- Employees, who fear violence against their family, stay off work.

Contemporary socio-economic issues

4.2 Emotional violence

- This includes treating other employees in ways that make them afraid, threatened, ashamed or not able to control what is done to them.
- An employee who is subjected to emotional violence at home may lose concentration.
- Employees subjected to emotional violence lack self-confidence, become timid and are less able to develop fully at work.

4.3 Violence in the workplace

- Theft, assault, bribery and corruption can lead to violence in the workplace.
- Stress in the workplace to meet deadlines, theft, bribery and corruption can cause violence.
- Another example is xenophobic attacks on immigrant workers.
- Violence is a dismissible offence.

5 Crime

5.1 Definition

- Any unlawful and harmful act related to loss of goods in a business due to burglaries, robberies, theft, corruption and hijackings.
- Theft is the unlawful taking of someone else's property to make it your own.
- Loss of goods in a business can happen as a result of burglaries, shoplifting, customer theft and employee theft.
- Corruption is the abuse of power to use or take resources from the government or business for personal gain.
- Hijacking is taking a vehicle from the owner or driver through a possible act of violence.
- Burglary differs from theft in that it includes the breaking of property to enter a building.

5.2 Impact of crime on business

- Employees fear to be robbed on pay-day and take off early leading to loss of productivity.
- The crime of murder takes away skilled labour causes mourning and therefore a slower production rate.
- Rape leads to time taken off work for counselling, hospitalisation and court cases.
- Businesses try to protect themselves against crime by having secure premises, installing burglar bars, security systems and security guards.
- Businesses take out insurance to cover themselves against possible risks of losing assets such as stock and fixed assets.
- All of the above increases cost for the business, which affect profits.
- Crime disrupts business activities and productivity.

Contemporary socio-economic issues

Unit 4 Strikes, labour disputes and political disturbances

1 Strikes

- A strike is a collective refusal of employees to work because of an issue in the workplace, aimed at forcing the employer to give in to demands.
- Employers lose on production, but can enforce the 'no work, no pay' rule.
- Employers fear for survival of their businesses.
- Strikes often turn violent when strikers attack workers who are not taking part, yet gaining in the benefits of the strike (known as 'free-riders').
- Striking workers often intimidate other workers who are not striking.
- Employees can get in other workers to continue production (called 'scab labour').
- Strikers often attack such workers.

2 Lock-out

- Action by the employer to prevent striking workers from coming into the workplace to prevent damage.

3 Go-slows

- Form of industrial action where employees work at a much slower pace than usual.
- Because they work slower it affects productivity.
- Employees use this to force the employer to listen to demands.

Contemporary socio-economic issues

Questions

Question 1: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 1.1 Money invested on the money market that was stolen from a business through an act of corruption, is an example of a pyramid scheme.
- 1.2 Gambling is a game of chance by which a person risks losing or gaining money or other possessions.
- 1.3 Aids is a curable disease transferred by means of body fluids.
- 1.4 A riot is a violent and chaotic protest generated by unrest.
- 1.5 An action by an employer to prevent strikers from coming into the workplace is a strike action.
- 1.6 A trademark is a law protecting new inventions.
- 1.7 An imitation is a copy of a product made with the consent of the creator.
- 1.8 Theft is the forced entry of a building with the intention to take someone else's belongings as your own.
- 1.9 Employees subject to emotional violence lack self-confidence.
- 1.10 Stress in the workplace to meet deadlines, theft, bribery and corruption can result in violence.

10 × 2 = (20)

Question 2: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
2.1 The state of living where people have little or no money to supply their basic needs	A burglary B inclusivity
2.2 An action whereby employees decrease their working speed and so force the employer to give in to demands usually related to salary increase	C hijacking D go-slow E poverty
2.3 Deposit-taking business promising high interest returns to convince people to place money on the scheme	F theft G pyramid scheme
2.4 An extreme form of aggression using physical force to cause injury	H inequality I dirty profits
2.5 A collective refusal of employees to work because of an issue in the workplace to force the employer to give in to demands	J corruption K violence L strike
2.6 Copies of products made without permission of the original creator	M counterfeit

Contemporary socio-economic issues

2.7	The degree to which people do not have the same opportunities and are treated differently because of their social status	
2.8	Giving everyone opportunities without discriminating on the basis of age, race, gender, sexual orientation, disabilities or HIV status	
2.9	Money associated with money laundering, gained in an illegal manner	
2.10	Taking a vehicle from the owner or driver through a possible act of violence	

10 × 2 = (20)

Question 3: Short answers

- 3.1 Discuss the effect of poverty and inequality on business and the South African community. (8)
- 3.2 Lavender Coco is a victim of domestic violence. Discuss the physical and emotional impact that violence has on business and its workers. (6)
- 3.3 Draw a table to analyse the 'pros' and the 'cons' of a strike. Evaluate your analysis to conclude whether there are more positives or more negatives.(12)
- 3.4 Define 'patent' and 'trademark'. (4)

Question 4: Essay question

Barnie Brummer just finished grade 12. His parents cannot afford to pay for tertiary studies as they barely have enough to make ends meet. Besides that, both his parents are HIV positive. Barnie needs to find a job so that he can have an income. His plan is to save up some money to study through correspondence. Barnie has tried for six months, but in vain. He cannot find a job.

There are many people like Barnie who live in poverty, are unemployed and have family members who are HIV positive. Discuss poverty and inequality, unemployment and HIV/Aids as socio-economic issues. (40)

(40)

[110]

Contemporary socio-economic issues

ANSWERS

Question 1: True/false

- 1.1 F ✓✓
- 1.2 T ✓✓
- 1.3 F ✓✓
- 1.4 T ✓✓
- 1.5 F ✓✓
- 1.6 F ✓✓
- 1.7 F ✓✓
- 1.8 F ✓✓
- 1.9 T ✓✓
- 1.10 T ✓✓

Question 2: Match terms

- 2.1 E ✓✓
- 2.2 D ✓✓
- 2.3 G ✓✓
- 2.4 K ✓✓
- 2.5 L ✓✓
- 2.6 M ✓✓
- 2.7 H ✓✓
- 2.8 B ✓✓
- 2.9 I ✓✓
- 2.10 C ✓✓

Question 3: Short answers

3.1 Poverty and inequality: (any four)

- People do not have enough to live on and cannot participate fully in the economy. ✓✓
- Poverty and inequality create a cycle where parents cannot afford to supply their children with good education. These children will grow up in poverty and remain in poverty because of a lack of education, skills, job opportunities and finance. ✓✓
- This ultimately leads to a culture of crime and violence. ✓✓
- Businesses are targets of shoplifting, theft, burglary and corruption. ✓✓
- This gives rise to industries such as security services, increasing business expenses. ✓✓

Contemporary socio-economic issues

3.2 Violence: (any three)

- Employees call in sick and miss work because of injuries. ✓✓
- Employees, who fear violence against their family, stay off work. ✓✓
- Employees subjected to emotional violence lack self-confidence and are less able to develop fully at work. ✓✓
- Employees fear to be robbed on pay-day and take off early leading to loss of productivity. ✓✓
- The crime of murder takes away skilled labour causes mourning and therefore a slower production rate. ✓✓
- Rape leads to time taken off work for counselling, hospitalisation and court cases. ✓✓
- Stress in the workplace to meet deadlines, theft, bribery and corruption can cause violence. ✓✓

3.3 Strikes:

Positives	Negatives (any four)
If labour demands are met, it increases employees' standard of living. ✓✓	<p>A strike is a collective refusal of employees to work because of an issue in the workplace to force the employer to give in to demands. ✓✓</p> <p>Employers lose on production, but can enforce the 'no work, no pay' rule. ✓✓</p> <p>Employers fear for survival of their businesses. ✓✓</p> <p>Strikes often turn violent when strikers attack workers who are not taking part, yet gaining in the benefits of the strike. ✓✓</p> <p>Striking workers often intimidate other workers who are not striking. ✓✓</p> <p>Employees can get in other workers to continue production. ✓✓</p> <p>Strikers often attack such workers. ✓✓</p>

Evaluation: Strikes have more negatives than positives and can therefore not be the answer to labour disputes. ✓✓

3.4 Define:

- Patent – Laws protect new inventions and intellectual property. ✓✓
- Trademark – Trademarks are used by businesses to identify themselves and their products. ✓✓

Contemporary socio-economic issues

Question 4: Essay question

Rubric to use:			
Introduction		3	Convert to 32
Facts: Poverty (4 × 7) Inequality (1 × 7) HIV/Aids (3 × 7)	28 max. (max. 7 each) 7 max. 21 max.	30 max.	
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

(For factual content, refer to summary or textbook.)

Social responsibility

Overview



Social responsibility

Unit 1 What is social responsibility?

1 What is social responsibility?

1.1 Definition of social responsibility

Social responsibility is the moral obligation to address socio-economic issues and challenges and so give back to society.

1.2 Definition of Corporate Social Responsibility

CSR is the willingness of a business to carry out social duties to improve the quality of life for the employees, owners or shareholders and the community (stakeholders).

Why CSR?

- The business cannot make a large profit in a poor community.
- If a business helps to improve the standard of living of its stakeholders, it will also make more profit in the long run.

1.3 Who are stakeholders in the business?

- Community – a richer community will lead to more profits.
- Suppliers – this includes suppliers of raw materials, stock, finance and labour.
- Trade unions – they negotiate with the employer on behalf of the workforce.
- Employees – including fair salaries and wages as well as other benefits as part of their payment.
- Competitors – can be used as an advantage because they open up new methods.
- Government – places limits on what businesses are allowed to do and protect businesses against crime and unfair competition.
- Consumers – buys from the business and the business therefore need to make sure that products are of quality, safe and sold at reasonable prices.

Unit 2 What can businesses do?

1 How do businesses address socio-economic issues?

1.1 Unemployment, inequality and poverty

- People who are poor cannot afford much and therefore it will be in the interest of the business to help to increase their disposable income.
- This can be done by creating employment.
- Business also needs to make a profit and offer investment opportunities, such as pension funds.
- Businesses can allow young volunteers to get work experience that will help them get jobs in the future.

Social responsibility

1.2 Unproductive labour force

Many workers are poorly trained or not trained at all. Businesses can:

- give in-service training to employees, especially in new technologies
- give bursaries to employees for further study
- give bursaries to prospective students.

1.3 HIV/Aids

HIV-positive employees often are unable to perform their duties well. Businesses can:

- formulate a clear HIV/Aids policy
- initiate an HIV/Aids awareness campaign
- distribute condoms to employees
- give financial support to NGOs that work with people who live with the disease
- supply anti-retroviral medicines and counselling to HIV-positive employees.

Social responsibility

Questions

Question 1: Short answers

1.1 Distinguish between 'social responsibility' and 'corporate social responsibility'. (4)

1.2 Discuss three stakeholders in the business. (6)

(10)

Question 2: Essay question

Zola Zulu started a factory producing herbal remedies from natural ingredients. There is a great demand for her remedies. She decides to turn her small business into a company. As part of her plan, she decides to set up a social responsibility plan so that she will be able to tender for government contracts.

Discuss social responsibility and identify initiatives Zola can get involved in to address socio-economic issues in South Africa. (40)

(40)

[50]

Social responsibility

Answers

Question 1: Short answers

1.1 'Social Responsibility' and 'corporate social responsibility':

- Social responsibility – A theory that businesses, government or individuals should operate morally towards everyone connected to them and the society at large. ✓✓
- Corporate social responsibility – The willingness of a business to carry out social duties to improve the quality of life for its employees, owners, shareholders and community. ✓✓

1.2 Stakeholders: (any three)

- The community – people who form part of the area in which a business operates. ✓✓
- Suppliers – businesses supplying raw materials, stock, finance and labour. ✓✓
- Trade unions – negotiate with the employer on behalf of the workforce. ✓✓
- Employees – people who work for the business for fair salaries and wages as well as other benefits. ✓✓
- Competitors – other businesses offering more or less the same product/ service. ✓✓
- Government – places limits on what businesses are allowed to do and protects businesses against crime and unfair competition. ✓✓

Question 2: Essay question

Social responsibility and socio-economic issues:

Rubric to use:			
Introduction		3	Convert to 32
Facts: Social responsibility Initiatives to address socio-economic issues	10 max. 20 max.	30 max.	
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

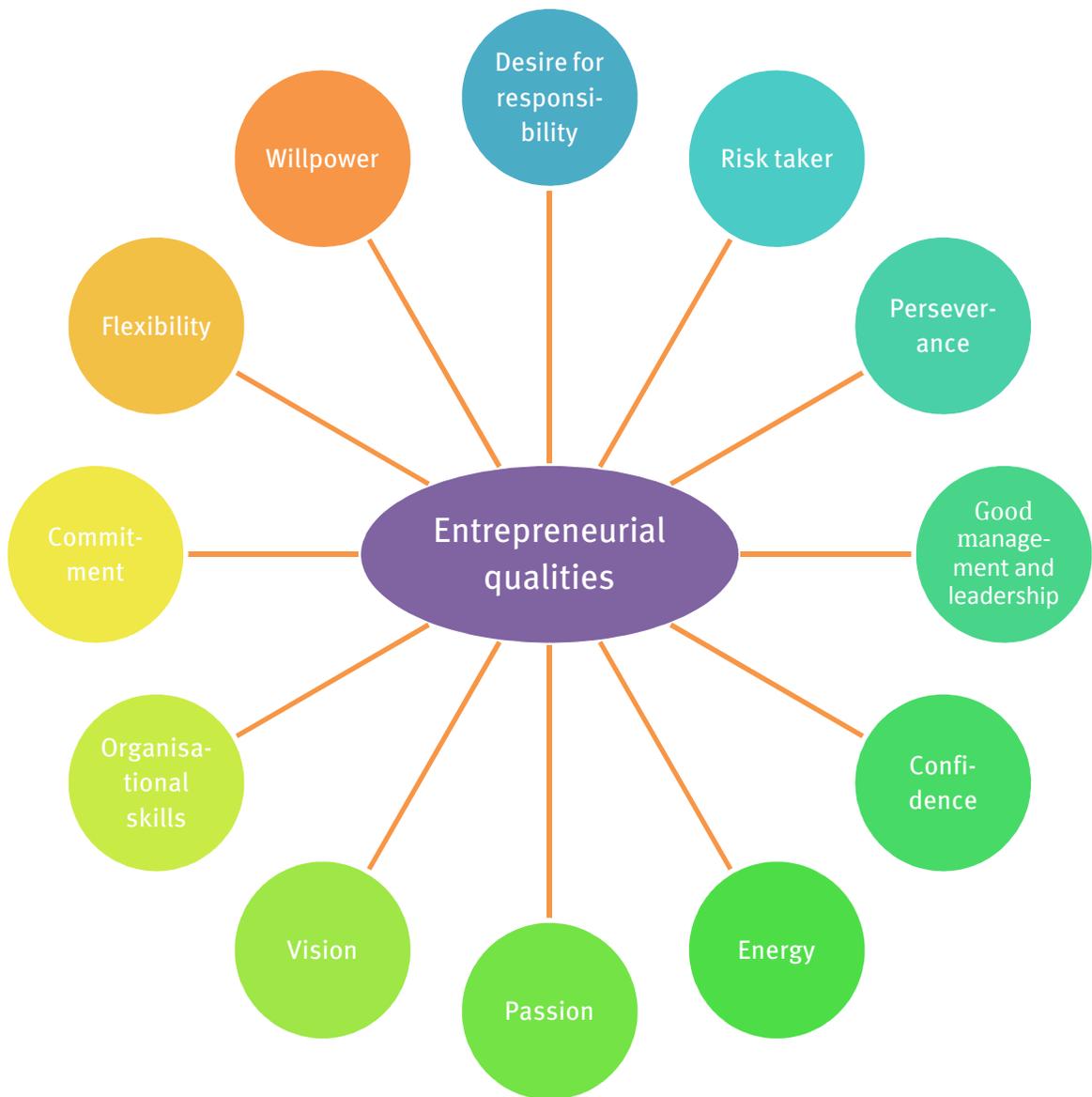
Social responsibility under the following headings:

- Definition
- Why CSR?
- Who are the stakeholders?
- Socio-economic issues and initiatives

(For factual content of each component, refer to summary or textbook.)

Entrepreneurial qualities

Overview



Entrepreneurial qualities

Unit 1 What is an entrepreneur?

An entrepreneur is someone who:

- starts their own business
- manages or organises the management of their own business
- identifies new business opportunities
- has creativity and insight to produce, sell and finance a service or product
- organises or controls financial resources (capital), human resources (labour) and materials in order to make a profit
- has the finance or can get financing for their business
- is willing to take calculated risks
- employs other people.

Unit 2 The qualities of an entrepreneur

Entrepreneurial qualities can be divided into three groups, namely achievement, planning and power.

Achievement group of entrepreneurial qualities

1.1 Opportunity-seeking

- Successful entrepreneurs see business opportunities where other people see nothing.
- Entrepreneurs look for opportunities to do things faster, better and cheaper.
- They look for opportunities to get hold of the necessary resources such as finance, equipment, workspace, and technical assistance.
- They get ahead of competitors.
- They make more profits and capture or hold on to a growing market share.

1.2 High degree of commitment

- Entrepreneurs continuously work hard.
- They try their best to build something they can be proud of.

1.3 Perseverance

- Perseverance is the quality that drives a successful entrepreneur to keep on until the job is done.
- Entrepreneurs keep on working towards the goals that they set for themselves.

Entrepreneurial qualities

1.4 Risk taker

- Successful entrepreneurs will only take careful and calculated risks.
- They try to minimise their risks by getting others to share the risk.
- They will not take more risk than is necessary and they will also not run away from unavoidable risks.
- Entrepreneurs take financial, career, emotional, family and social risks.
- High risks often lead to big profits.
- Successful entrepreneurs will usually only take on those risks that they can manage.

The planning group of entrepreneurial qualities

1.5 Big dreams with a clear vision

- Entrepreneurs have big dreams and turn them into ideas that make profit.
- They set clear and specific goals and objectives for themselves and their business.
- If their goals are realistic they will have a feeling of being in control of achieving their goals and dreams.

1.6 Flexibility and adaptability

- Entrepreneurs can make free choices of whether, when and what they respond to.
- They look for information so that they can make informed decisions with regard to their customers, suppliers and competitors.
- They constantly develop plans that are used to monitor and evaluate the progress of their business.
- When things do not go according to plan they develop alternative plans to achieve their goals.

The power group of entrepreneurial qualities includes

1.7 Desire for responsibility

- Entrepreneurs accept full responsibility for their business.
- They believe they are morally, legally and financially accountable for the business.
- They accept responsibility for meeting their contractual commitments or completing jobs for their customers.

1.8 Good management and leadership

- Entrepreneurs are often accountable to many people, such as customers, suppliers, investors, employees, creditors, families and their communities.
- Entrepreneurs therefore must have good leadership skills.
- They have the ability to persuade others to maintain business contacts.
- Entrepreneurs should be good managers themselves or employ good managers to help them.

Entrepreneurial qualities

1.9 Confidence in the ability to succeed

- Many successful entrepreneurs have a strong belief in themselves, are confident and can complete difficult tasks.

1.10 High levels of energy

- High energy levels can help to be successful.
- Many older people do not have high energy levels, but succeed because of their knowledge, skills, experience and contacts.

1.11 Passion

- Many successful entrepreneurs are driven by passion and their will to succeed in the things they believe in.
- They are driven to achieve their goals.
- Goals may include financial goals, respect and recognition.

1.12 Exceptional organisational skills

- Entrepreneurs are good at combining the other three factors of production: physical resources (land), human resources (labour) and financial resources (capital).
- Entrepreneurs are people who have exceptional organisational skills.

1.13 Willpower to overcome obstacles

- Entrepreneurs have the desire and drive to solve problems and to establish a successful business.

Entrepreneurial qualities

Questions

Question 1: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A		COLUMN B	
1.1	Looking for an opportunity to turn a hopeless situation into a business possibility by identifying a gap in the market	A	willpower
1.2	A person who takes a chance, not knowing what the outcome will be	B	flexibility
1.3	Wanting to be accountable and to answer for one's conduct and obligations	C	commitment
1.4	Quality that drives the entrepreneur to carry on until the job is done	D	organisational skills
1.5	Ability to adapt to changing circumstances	E	vision
1.6	The ability to motivate others to follow	F	passion
1.7	Continuously working hard	G	energy
1.8	A dream of what could be	H	confidence
1.9	Intense feeling towards	I	leadership
1.10	To persist in spite of	J	perseverance
1.11	Zest to continue with vigorous exertion of power	K	risk taker
1.12	The ability to put resources and activities in order	L	desire for responsibility
1.13	The desire to drive forward	M	opportunity-seeking

13 × 2 = (26)

Question 2: Essay question

Entrepreneurship is important in South Africa where there is such a high level of unemployment and poverty. Discuss the meaning and importance of entrepreneurship. Highlight the most important qualities needed to be a successful entrepreneur. (40)

(40)

[66]

Entrepreneurial qualities

Answers

Question 1: Match terms

- 1.1 M ✓✓
 1.2 K ✓✓
 1.3 L ✓✓
 1.4 J ✓✓
 1.5 B ✓✓
 1.6 I ✓✓
 1.7 C ✓✓
 1.8 E ✓✓
 1.9 F ✓✓
 1.10 J ✓✓
 1.11 G ✓✓
 1.12 D ✓✓
 1.13 A ✓✓

Question 2: Essay question

Entrepreneurship:

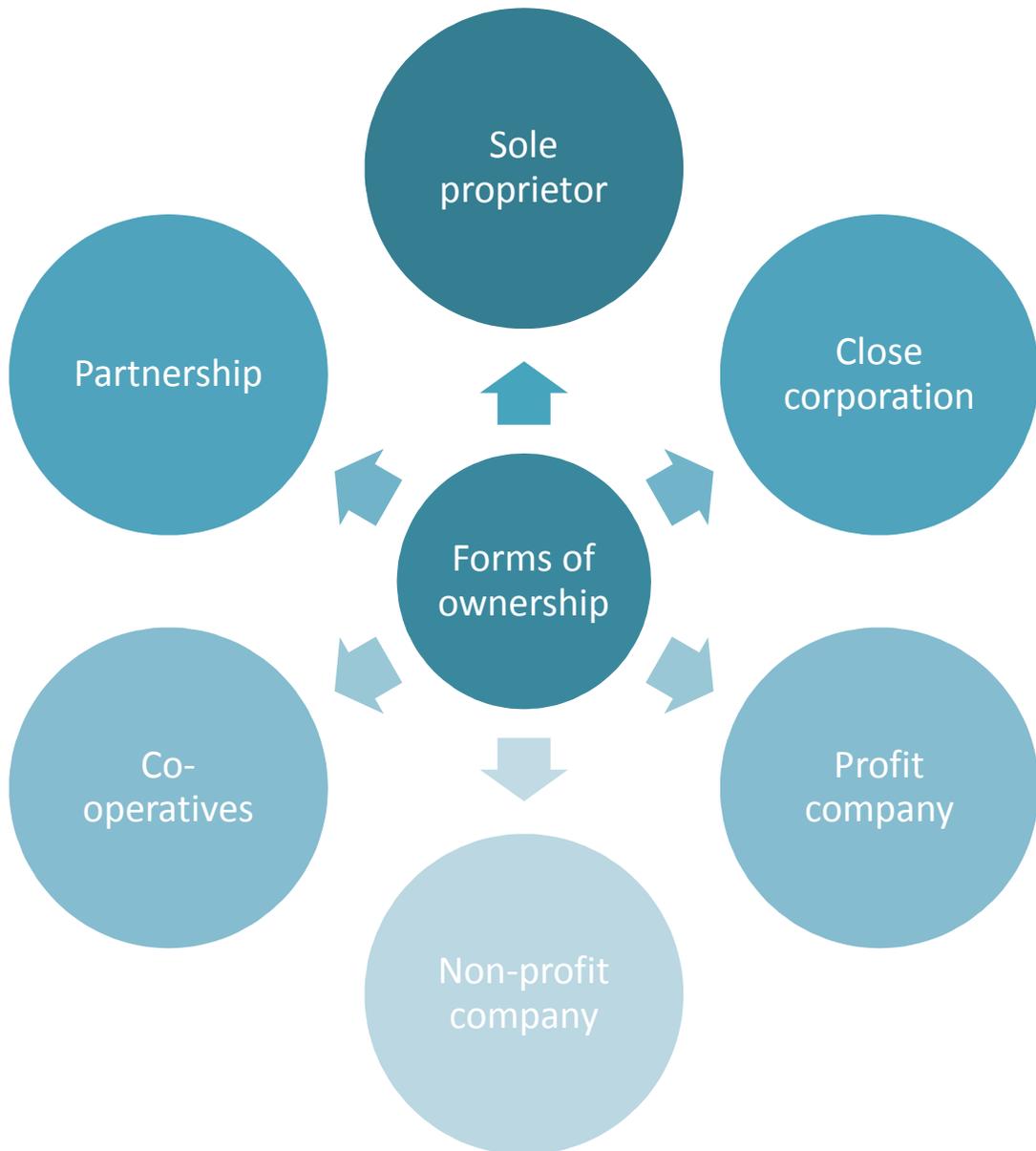
Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Definition	2		
Qualities of entrepreneur	30 max.		
Importance of entrepreneurship	4 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Discuss entrepreneurship under the following headings:

- Definition
- Qualities of entrepreneur
- Importance of entrepreneurship (Not parts of notes – own thinking)
 An answer to high unemployment and poverty levels; creates employment; leads to economic growth; increases the standard of living
 (For factual content of each component, refer to summary or textbook.)

Forms of ownership

Overview



Forms of ownership

Introduction

It is important to know the characteristics, advantages, disadvantages and differences between the various forms of ownership.

The forms of ownership discussed below include:

- Sole Proprietor
- Partnership
- Close Corporation
- Non-profit Company
- Profit Company (Private Company, Personal Liability Company, Public Company, State-owned Company)
- Co-operatives

The information on all forms of ownership is summarised in the form of tables below so that the different forms of ownership can be compared with each other. It is important to study the characteristics very well as this can help you to think of advantages and disadvantages of the different forms of ownership.

Unit 1 Forms of ownership vocabulary

Capital

Money or assets provided by the owners to set up the business.

Legal personality

Companies and CCs have legal personality. This means that they are seen as legally separate from their owners. Partnerships and sole proprietors do not have legal personality and are seen as one with their owners. Businesses with legal personality may accept contracts in their own name, can sue and be sued separately from their owners.

Continuity

The ability of the business to carry on operating after the death or retirement of the owner or more than one of the owners.

Forms of ownership

Liability

- Liability refers to the responsibility of the owner for the debt of the business.
- Limited responsibility means that the owner/s (could be shareholders or members) only lose their investment in the business in the case of a business declared insolvent (bankrupt). The owners will not lose their personal belongings.
- Unlimited responsibility means that the owner/s could lose their personal belongings when the business has been declared insolvent as they have to take full responsibility to clear the business debt.

Tax

Tax depends on the legal persona of the business. Sole Proprietors and Partnerships pay tax according to the progressive tax system up to a maximum of 40%, depending on the amount of income of their owners. Close corporations and companies are legal entities and pay 28% tax on their profits and a further secondary tax of 10% on profits paid out to members or shareholders. The tax amounts may vary every year and should be adapted to the amounts set in the national budget by the minister of finance.

Formation procedure

The legal route a business has to follow before it may start trading.

Jointly and severally

This refers to businesses with more than one owner involved and means that all the owners are responsible for each other's actions and for the debt of the business.

Forms of ownership

Unit 2 Characteristics

The characteristics of each form of ownership can be summarised by looking at:



Forms of ownership

Characteristics									
Form of ownership	Name of business	Number of owners	Who are the owners?	Continuity of existence	Personal liability and legal personality	Who shares in the profit?	Who manages the business?	Formation procedure	Other
Sole Proprietor	No requirements. Can be chosen by owners	1	Sole trader	No	Fully liable for business debts and no legal personality	Owner shares in all profits and suffers all losses	Owner or manager	Easy and cheap to start. Only trading license(s) needed Must register with SARS for tax	
Partnership	No requirements. Some partners like to link name to their surnames	2-20	Partners	No	Jointly and severally liable for business debts and no legal personality	Partners share in all profits and suffer all losses	Some or all of the partners	Easy and cheap to start. Only trading license(s) needed Must register with SARS for tax Verbal/written partnership agreement needed	

Forms of ownership

Close Corporation	Letters 'CC' must appear after the name of the business on all legal documents	1-10	Members	Yes	Limited liability and has legal personality	Members share in all profits and suffers all losses	Some or all of the members	Name must be reserved with CK7 Founding statement registered with registrar CK1, any amendments are easily done with a CK2	No annual general meetings required
Non-profit Company	Must end with NPO	N/A	Members and directors	Yes	Limited liability	Money or property may not be distributed to members or staff other than wages and salaries	Minimum of 3 directors	Procedure is more expensive and lengthy. A Notice to incorporate and MOI (memorandum of	Must appoint official auditors
Profit Company/ Private Company	Must end with (Pty) Ltd	1- the amount of shares issued by the company	Shareholders	Yes	Limited liability and has legal personality	Shareholders get dividends on shares	Minimum of 1 director	incorporation) needs to be filed with the Registrar of	Must appoint audit committee and social and

Forms of ownership

Profit Company/ Personal Liability Company	Must end with Inc	1- the amount of shares issued by the company.	Members	Yes	Directors are fully liable for business debt	Directors and past directors are liable for the debts of the business, owners share in profits	Minimum of 1 director	Companies (The same for profit and non-profit companies)	ethics committee Must appoint auditor and have financial statements independently reviewed
Profit Company/ Public Company	Must end with Ltd	1-the amount of shares issued by the company	Share-holders	Yes	Limited liability and has legal personality	Shareholders get dividends on shares	Minimum of 3 directors	Public companies need to bring out a prospectus to invite the public to buy shares.	Must appoint a company secretary
Profit Company/ State-owned Company	Must end with SOC	1-the amount of shares issued by the company	Share-holders	Yes	Limited liability and has legal personality	Must generate own income. Profit belongs to the state	State manages company through directors. Minimum of 3 directors needed	(Same as other companies)	(The same for all profit companies)

Forms of ownership

Co-operative	Must end with Co-operative	Minimum of 7 for agricultural and minimum of 25 for trading	Members	Yes	Limited liability and legal personality	Members share in profit	Board of directors chosen by members	Many legal formalities involved	Books must be audited
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Forms of ownership

Unit 3 Advantages and disadvantages of different forms of ownership

Advantages and disadvantages of different forms of ownership	
Sole Proprietor	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Easy and cheap • Quick decision-making • Owner gets all profits • Owner is eager to succeed • Gains all-round experience • Close contact with customers, suppliers and employees • No formal documentation needed 	<ul style="list-style-type: none"> • Owner focuses on some areas and neglects others • Owner is overworked • No continuity • Unlimited liability • Capital is limited • No job security • May not be able to buy in bulk to negotiate discounts
Partnership	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Easy, quick and cheap • More capital than sole trader • Expenses, responsibilities and tasks are shared • Easier to get credit • Each partner is motivated to make business a success • All benefit from profits 	<ul style="list-style-type: none"> • Partners may disagree • Decisions take time • Capital limited to number of partners allowed • Unlimited liability • One partner's dishonesty and deals affect the rest • No continuity
Close Corporation	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Easy and cheap • Easy to change Founding statement • Has continuity • Limited liability • No annual general meeting required • Financial statements don't have to be audited 	<ul style="list-style-type: none"> • Capital limited to 10 members • If a member acts without skill and care, the member is liable for losses • Banks require financial audit for loans • Decision-making takes time as all members are involved • Can lead to conflict

Forms of ownership

Non-profit Company (NPO)	
Advantages	Disadvantages
<ul style="list-style-type: none"> Publicly responsible which creates trust Can get funding from National Lotteries Trust and other agencies Exemption of tax from SARS Has continuity Limited liability 	<ul style="list-style-type: none"> Difficult to set up Assets must be transferred to company with similar purpose when company dissolves Must keep financial and accounting records May make some profit but may not distribute property or profit to members Must hold annual general meeting

Private Company (Pty) Ltd	
Advantages	Disadvantages
<ul style="list-style-type: none"> Limited liability Legal personality Has continuity Number of shareholders allow more capital No annual general meetings required 	<ul style="list-style-type: none"> Complicated formation procedure Cannot get money from general public for capital Can only rely on capital contributed by members

Personal liability company-PLC (Incorporated / Inc after name)	
Advantages	Disadvantages
<ul style="list-style-type: none"> No maximum number of owners Can raise a lot of capital as there is no limit to the number of owners 	<ul style="list-style-type: none"> Directors liable for debts of the business

Forms of ownership

Public Company (Limited or Ltd)	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Can raise large amounts of capital • Has continuity • Limited liability • Legal personality • Can be involved in large projects to benefit country • Attract skilled staff as they can pay them well • Offer job security • Shares are open to members of the public on the JSE 	<ul style="list-style-type: none"> • Complicated formation procedure • Failure can lead to large-scale unemployment • Certain information needs to be published by law • Annual general meetings need to be held • Many other requirements such as social and ethical committees

State-owned company (SOC)	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Limited liability • Government support • Greater power negotiating contracts 	<ul style="list-style-type: none"> • Not a true form of ownership as government controls all decisions • Many other legal requirements and strict regulations • Regulated by PFMA before it may obtain a loan • Difficult to raise capital as shares are restricted

Co-operatives	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Able to control and stabilise prices of produce • Share facilities • Extra income/profit shared by members • Limited liability • Has continuity • Better production due to loyal and committed members 	<ul style="list-style-type: none"> • Competition is tight • Cannot pay high salaries • Success depends on loyalty, commitment and support of members • Shares are not freely transferable • Compulsory to audit books

Forms of ownership

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

- 1.1 The form of ownership with (Pty) Ltd as part of the business name:
- A public company
 - B private company
 - C state-owned company
 - D close corporation.
- 1.2 A form of ownership with 1-10 members:
- A partnership
 - B private company
 - C close corporation
 - D public company.
- 1.3 A form of ownership with unlimited liability:
- A close corporation
 - B state owned company
 - C sole trader
 - D private company.
- 1.4 The owners in a private company:
- A 1
 - B 1-20
 - C 2-20
 - D no limit.
- 1.5 A form of ownership with limited liability:
- A close corporation
 - B private company
 - C public company
 - D all of the above.
- 1.6 A document needed in the formation procedure of a company according to the new Companies Act (2008):
- A partnership articles
 - B memorandum of association
 - C founding statement
 - D articles of association.

Forms of ownership

1.7 This refers to the ability of the business to carry on after the death or retirement of one or more owner.

- A legal personality
- B liability
- C continuity
- D all of the above.

1.8 Who manages a company?

- A Board of Directors
- B shareholders
- C owners
- D supervisor.

1.9 How many directors does a public company need?

- A 0
- B 1
- C 2
- D 3.

1.10 How many directors does a private company need?

- A 0
- B 1
- C 2
- D 3.

10 × 2 = (20)

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 2.1 Partners share in all profits and suffer all losses. (2)
- 2.2 In a non-profit company, the profit may not be distributed to staff members or owners. (2)
- 2.3 A CK7 is used to make changes on the founding statement of a CC. (2)
- 2.4 A personal liability company needs a minimum of three directors. (2)
- 2.5 A non-profit company must appoint official auditors. (2)
- 2.6 A public company must appoint an audit committee and social and ethics committees. (2)
- 2.7 In a personal liability company, the directors are liable for the debt of the business, even after they have retired. (2)
- 2.8 An advantage of a sole proprietor is that the owner has limited liability. (2)
- 2.9 Banks may require a CC to have financial audits for loans. (2)
- 2.10 The name of a public company ends with (Pty) Ltd. (2)

10 × 2 = (20)

Forms of ownership

Question 3: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
3.1 A compulsory meeting for a public company held once a year	A non-profit organisation B public company
3.2 A person authorised to examine and verify accounts	C CK2 D annual general meeting E CK7
3. A company controlled by the government	F state-owned company (SOC)
3.4 A form of ownership where, when the business ceases to operate, its assets need to be transferred to a business with a similar purpose	G close corporation H auditor
3.5 A form of ownership where a founding statement forms part of the formation procedure	I memorandum of incorporation
3.6 A form of ownership that my register on the JSE to attract investors	J personal liability company
3.7 A form by which a founding statement may be amended	K cooperative
3.8 A form of ownership where directors are liable for losses suffered by the organisation	
3.9 A form of ownership enabling members to control and stabilise prices of produce	
3.1 A document needed in the registration procedure of companies	

10 × 2 = (20)

Question 4: Short answers

- 4.1 If you had to open a business, what would it be and which form of ownership would you choose? Motivate your answer. (4)
- 4.2 Contrast TWO advantages and disadvantages of a public company and a private company. (16)
- 4.3 Contrast TWO advantages and disadvantages of a sole proprietor and a partnership. (16)
- 4.4 List THREE committees required of profit companies. (3)
- 4.5 Which document is needed by a public company to invite the public to buy shares? (1)

(40)

Forms of ownership

Question 5: Essay question

Tulip Mjali makes handbags, purses, picnic baskets, pencil bags and other carry bags. She started painting and designing bags as a hobby. Her friends wanted to buy her bags and Tulip then decided to turn her hobby into a business. Tulip just finished school. She does not know what to study, so she decided rather to open her own business.

Which form of ownership do you suggest Tulip should make use of? Discuss some of the characteristics, advantages and disadvantages of this form of ownership. Motivate why you recommend this form of ownership to be used. (40)

(40)

[140]

Forms of ownership

Answers

Question 1: Multiple choice

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

Question 2: True/false

- 2.1 T ✓✓
- 2.2 T ✓✓
- 2.3 F ✓✓
- 2.4 F ✓✓
- 2.5 T ✓✓
- 2.6 T ✓✓
- 2.7 T ✓✓
- 2.8 F ✓✓
- 2.9 T ✓✓
- 2.10 F ✓✓

Question 3: Match terms

- 3.1 D ✓✓
- 3.2 H ✓✓
- 3.3 F ✓✓
- 3.4 A ✓✓
- 3.5 G ✓✓
- 3.6 B ✓✓
- 3.7 C ✓✓
- 3.8 J ✓✓
- 3.9 K ✓✓
- 3.10 I ✓✓

Forms of ownership

Question 4: Short answers

4.1 Form of ownership:

Marking discretion. Choose any form of ownership. Motivation is important.

Form of ownership – 1 mark ✓

Motivation – 3 marks ✓✓✓

1 – poor motivation 2 – good motivation 3 – outstanding motivation

4.2 Advantages and disadvantages: (any eight)

Private company	Public company
Advantages	
Limited liability meaning that owners are not liable for the business debt ✓✓ Legal personality meaning the business is seen as separate from its owners ✓✓ Has continuity ✓✓ Number of shareholders allow for more capital ✓✓ No annual general meetings required ✓✓	Can raise large amounts of capital ✓✓ Has continuity meaning the business will continue to exist after the death or retirement of its owners ✓✓ Limited liability ✓✓ Legal personality ✓✓ Can be involved in large projects to benefit country ✓✓ Attract skilled staff as they can pay them well ✓✓ Offer job security ✓✓ Shares are open to members of the public on the JSE ✓✓
Disadvantages	
Complicated formation procedure ✓✓ Cannot get money from general public for capital ✓✓ Can only rely on capital contributed by members ✓✓	Complicated formation procedure ✓✓ Failure can lead to large-scale unemployment ✓✓ Certain information needs to be published by law ✓✓ Annual general meetings need to be held ✓✓ Many other requirements such as social and ethical committees ✓✓

Forms of ownership

4.3 Advantages and disadvantages:

Partnership	Sole Proprietor
Advantages	
<ul style="list-style-type: none"> • Easy, quick and cheap ✓✓ • More capital than sole trader ✓✓ • Expenses, responsibilities and tasks are shared ✓✓ • Easier to get credit ✓✓ • Each partner is motivated to make business a success ✓✓ • All benefit from profits ✓✓ 	<ul style="list-style-type: none"> • Easy and cheap, no formalities such as companies – only basic trading licenses required ✓✓ • Quick decision-making as decisions are taken by one owner ✓✓ • Owner gets all profit ✓✓ • Owner is eager to succeed ✓✓ • Gains all-round experience ✓✓ • Close contact with customers, suppliers and employees ✓✓ • No formal documentation needed ✓✓
Disadvantages	
<ul style="list-style-type: none"> • Partners may disagree ✓✓ • Decisions take time ✓✓ • Capital limited to number of partners allowed ✓✓ • Unlimited liability ✓✓ • One partner's dishonesty and deals affect the rest ✓✓ • No continuity ✓✓ 	<ul style="list-style-type: none"> • Owner focuses on some areas and neglects others ✓✓ • Owner is overworked ✓✓ • No continuity ✓✓ • Unlimited liability ✓✓ • Capital is limited ✓✓ • No job security ✓✓ • May not be able to buy in bulk to negotiate discounts ✓✓

4.4 audit ✓, social ✓ and ethics ✓ committees

4.5 prospectus ✓

Forms of ownership

Question 5: Essay question

Form of ownership:

Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Characteristics	2 max.		
Advantages	12 max.		
Disadvantages	12max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

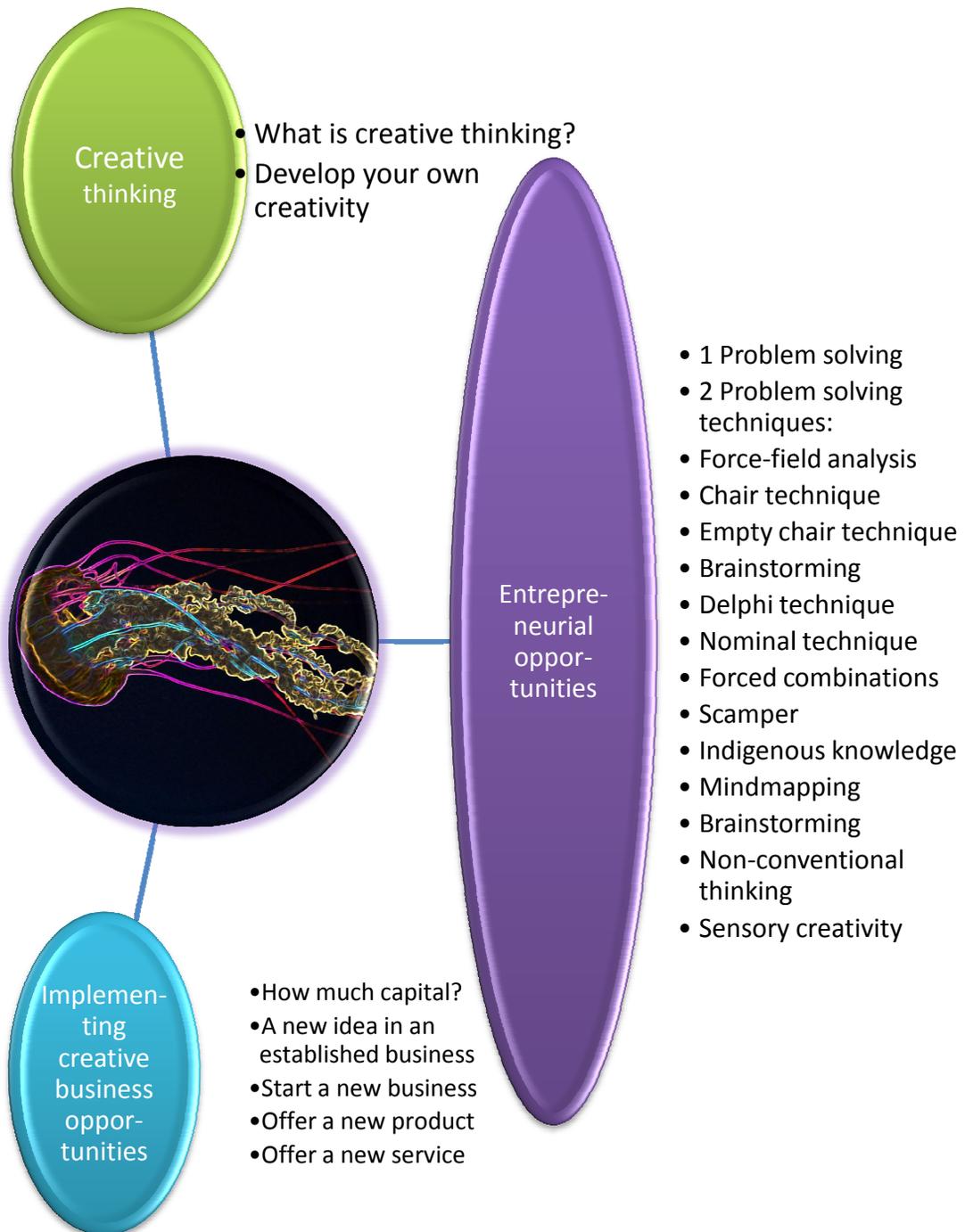
Sole Trader best for the situation, but other forms may be acceptable.

Include:

- Characteristics
- Advantages and disadvantages

(For factual content of each component, refer to summary or textbook.)

Overview



Creative thinking and problem-solving

Unit 1 Creative thinking

1 What is creative thinking?

- 'Creative' means to be able to think of something new and original.
- Creativity in business can help you to:
 - think of a completely new business idea
 - improve an existing product in an unique way
 - think of better ways to serve your customers
 - attract new customers
 - solve problems that your customers might experience.

2 Develop your own creativity

There are several things you can do to maintain and to develop creative abilities.

2.1 Think, think, think

- Develop the habit of thinking about what is happening around you.
- Question everything.

2.2 Write it down

- Write down ideas as they come into your head.
- Revise your ideas.
- Compare one idea with another.
- Combine one idea with another.

2.3 Ask questions

- Ask questions about something that you have always just accepted.
- Do not stop asking questions when you come up with an answer; continue to find a better answer.

2.4 Break the rules

- People create habits and fall into a rut.
- If you do things differently for only one day, it can help to stimulate your thought processes.

2.5 Banish fear

- Do not be afraid of making mistakes.
- Support friends if they think of something new, instead of suggesting reasons why it would not work.
- If you have a business, encourage new ideas.

Creative thinking and problem-solving

Unit 2 Entrepreneurial opportunities

1 Problem solving

- A problem occurs when things are not going as they should.
- Some problems, such as natural disasters, we cannot predict.
- Other problems develop over a period of time and are predictable.
- Monitoring the performance of business helps to recognise problems.

1.1 Research skills

There are numerous ways in which you can find information to help you recognise when there is a problem. These include:

- quality control of production
- sales reports indicating a sudden drop in sales figures
- consumer feedback and complaints
- magazines and business newspapers with financial information.
- monitoring your own organisation for problems such as staff turnover due to unhappy staff.

1.2 Problem-solving versus decision-making

- Problem-solving is the process of analysing a situation in a systematic, step-by-step way, and then generating solutions, implementing the solutions, and evaluating the results.
- Decision-making is part of the process of problem-solving and takes place at every step of problem-solving.

1.3 Problem-solving cycle

The steps of the problem-solving cycle are:

- 1.3.1 identify the problem – recognise the problem by asking questions.
- 1.3.2 define the problem – give the problem a label to make it easier to find a solution.
- 1.3.3 formulate the strategy – think of various solutions to the problem.
- 1.3.4 allocate resources – allocate and get more money, staff, time, equipment if needed.
- 1.3.5 implement the strategy – implement according to carefully thought through plan.
- 1.3.6 monitor the problem-solving – keep a careful watch on the process.
- 1.3.7 evaluate the problem-solving process – evaluate so that you can see what was done right and where it can be improved.

Creative thinking and problem-solving

2 Problem solving techniques

2.1 Force-field Analysis

- Force-field analysis is used to plan a change in product or service.
- Negative forces are identified and steps taken to limit them. (restraining forces)
- Positive forces are identified and strengthened. (driving forces)

2.2 Chair Technique

- Chair Technique: Explain the problem aloud to an imaginary person sitting in a chair. It encourages clear thinking.

2.3 Empty Chair Technique

- Empty Chair Technique: Some people find it easier to talk when there is 'nobody' to hear them. Somebody who has a problem can talk to an empty chair to voice frustrations. Another person writes down the problems and possible solutions.

2.4 Brainstorming

Steps for brainstorming

- Write down all the thoughts about a problem.
- The group will evaluate the ideas in the last step.
- Take the ideas one by one and list the advantages and the disadvantages.
- Evaluate each idea and choose the best one.

Guidelines for brainstorming

- Do not criticise any ideas during the first step.
- Do not judge any idea before evaluation time.
- Accept all ideas, even if they seem 'silly' at the time.
- Generate as many ideas as possible.
- You can extend some of the ideas, or combine ideas.

2.5 Delphi Technique

The Delphi technique involves the use of a series of confidential questionnaires to solve a problem. **Experts** in a field are asked for their opinion independently from one another.

These are the steps involved:

Step 1: Identify the problem and ask the group members to write down five possible solutions to the problem on a specially designed questionnaire.

Step 2: Each group member completes the questionnaire, independently and anonymously.

Step 3: The results are analysed in a central place.

Step 4: Give a copy of the results to each group member.

Step 5: Ask group members to give new or revised solutions, after they have studied the results of the questionnaire.

Steps 3, 4 and 5 can be repeated until all members in the group agree.

Creative thinking and problem-solving

2.6 Nominal Group Technique

The nominal group technique (NGT) encourages thinking, because contributions are anonymous. NGT uses the following steps:

- Start with a clear, open-ended question.
- Each person spends a few minutes in silence to brainstorm all the possible ideas.
- Each person contributes one idea in turn.
- Record all the ideas on a flip chart.
- A number or letter to each idea.
- Each person in the group then votes and the idea with the most votes wins.

2.7 Forced Combinations

Combine two seemingly unrelated ideas to come up with a new idea. For example:

- Write down a number of words on separate scraps of paper.
- Put all of these into a hat.
- Draw two scraps of paper, read the two words, and think of something that would combine the two words.

2.8 SCAMPER

Start off with an existing product or service, then follow these steps:

- S Substitute (Can we use something/someone else for this purpose?)
 C Combine (Can we combine this resource with something else?)
 A Adapt (Can we use this differently?)
 M Modify (How can we rearrange this product? Can we change the packaging, shape, size or texture?)
 P Put to another use (Can we use this for something else?)
 E Eliminate (Can we remove a component or a part of it?)
 R Reverse (What if we did it the other way around?)

2.9 Indigenous knowledge

- Indigenous people are the people who were born in a particular place.
- In South Africa we have a number of indigenous groups, each with their own culture and traditions.
- In the past people were thought to be intelligent only if they were schooled in the Western way.
- Today people acknowledge the diversity of knowledge systems that help people to understand their world and solve their problems.
- Indigenous knowledge in South Africa refers to the knowledge that is part of African philosophical thought and social practices, developed over thousands of years.

Creative thinking and problem-solving

- Some of these are already part of our modern life, for example: the practice of 'stokvels' to encourage saving herbal cures for problems, such as citronella candles to keep mosquitoes away, instead of harmful pesticides.
- This knowledge may help us to solve problems where Western thinking fails.

2.10 Mind-mapping, brainstorming

2.10.1 Mind-mapping

- Some people think more creatively if they can draw 'pictures' of their thinking processes.
- Ideas or thoughts can be changed into a diagram or a mind-map.
Write down the main idea in the centre of a sheet of paper.
Think of things that are connected to this main thought, and write down key words.
Draw lines to connect these phrases or words to your main idea.
As you continue working, other ideas might pop into your head. Continue adding them to your mind map.

2.10.2 Brainstorming

Brainstorming of ideas as discussed above can also be used to identify business opportunities. The same steps must be followed as discussed under 'Problem-solving techniques'.

2.10.3 Creative thinking/ idea generation

This starts off with familiar concepts and then develops them into something completely different. Use the following three steps:

Step 1: Make a list of existing products or services.

Step 2: Make a second list of ways in which these products or services can be changed.

Step 3: Apply the changes (on the second list) to each product and service on the first list.

2.11 Use of non-conventional thinking

The SCAMPER method is an example of non-conventional thinking. Another method is lateral thinking (Designed by Robert de Bono). Lateral thinking is a way of solving problems by using methods that do not seem logical at first.

2.11.1 Lateral thinking - The six 'thinking hats' technique

- Each thinking hat has a colour and everybody mentally wears the same hat at the same time and thinks from that specific point of view.
- When you have generated enough ideas from that particular hat, move to the next hat.
- This method of creative thinking enables you to generate many ideas within a short space of time.

Creative thinking and problem-solving

The yellow hat

Only the most optimistic point of view is considered.

The purple hat

The purple hat is the judgmental and critical hat.

The white hat

This hat is the factual hat, where you look at data and information.

The red hat

This hat symbolises emotion and feelings. If you wear this hat, you are allowed to express your instinctive or 'gut' feel about the product or service.

The green hat

This hat symbolises true creativity and is used to generate new ideas.

The blue hat

The blue hat is different in that only one person wears it at a time. The blue hat has to control the process and enforce certain rules.

2.12 Sensory creativity

- Our senses help us to experience the environment around us.
- Sensory creativity brainstorms all the ideas that involve the senses.

3 Implementing creative business opportunities

There are various ways of implementing creative business opportunities.

- The best way will depend on how much capital you have
- think of a new idea in an established business
- start a new business
- offer a new product
- offer a new service.

Creative thinking and problem-solving

Questions

Question 1: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A		COLUMN B	
1.1	Experiencing the environment through our senses	A	Indigenous knowledge
1.2	Main idea in the centre of a sheet of paper, with other ideas linked to the topic surrounding it	B	Delphi technique
1.3	A technique where the contribution of group members is anonymous and ideas voted for	C	SCAMPER
1.4	All thoughts about a problem are written down and its advantages and disadvantages compared	D	Empty chair technique
1.5	Confidential questionnaires are completed by making use of five steps which include identifying the problem, completing a questionnaire, analysing results, copying results, asking group members new solutions	E	Mind-map
1.6	Steps are followed including substitution, combination, adapting, and modification, putting to another use, elimination and reversing of the process	F	Nominal group technique
1.7	Grievances, frustrations or problems are shared without someone 'hearing'	G	Brainstorming
1.8	Driving and restraining forces are listed to make a final decision	H	Lateral thinking
1.9	Information gathered over a long period of time and passed on from generation to generation	I	Sensory creativity
1.10	A way of solving problems by using methods that do not seem logical	J	Force-field analysis

10 × 2 = (20)

Creative thinking and problem-solving

Question 2: Short answers

- 2.1 In 1948, George de Mestral took his dog for a walk in the woods. As usual, burrs stuck to his pants and socks. Instead of being irritated by the burrs, he started to think about what was happening and then came up with the idea of Velcro. Use the SCAMPER technique to analyse and discuss the effectiveness of Velcro. ($7 \times 3 = 21$)
- 2.2 Suggest THREE activities people can perform to think more creatively. (6)
- 2.3 List SEVEN steps of the problem-solving cycle. (7)
- 2.4 List SIX problem-solving techniques. (6)
- 2.5 It is Thembi Mpepu's dream to study at Stellenbosch University. She wants to study a business management course. Her other option is to study through the post. Use a force-field analysis to demonstrate briefly five driving and five restraining forces for Thembi's situation. (10)

(50)

[70]

Creative thinking and problem-solving

Answers

Question 1: Match terms

- 1.1 I ✓✓
- 1.2 E ✓✓
- 1.3 F ✓✓
- 1.4 G ✓✓
- 1.5 B ✓✓
- 1.6 C ✓✓
- 1.7 D ✓✓
- 1.8 J ✓✓
- 1.9 A ✓✓
- 1.10 H ✓✓

Question 2: Short answers

2.1 SCAMPER:

- S – Substitute (Can we use something else instead of Velcro for this purpose? Yes, but it is not as quick and easy to fasten as Velcro.) ✓✓✓
- C – Combine (Can we combine Velcro with something else? Yes, buttons and Velcro can be used on the same clothing item.) ✓✓✓
- A – Adapt (Can we use this differently? Not really – one part needs to cling and the other part needs to be of a material that can be clung to.) ✓✓✓
- M – Modify (Can we change the texture or colour? Velcro available in different colours would be nice, and can be done.) ✓✓✓
- P – Put to another use (Can we use Velcro for something else? No, its basic use is to stick together.) ✓✓✓
- E – Eliminate (Can we remove a component or a part of it? No, because then it will not stick.) ✓✓✓
- R – Reverse (What if we did it the other way around? The effect would still be the same. Velcro needs to stick onto something.) ✓✓✓

2.2 Thinking creatively: (any three)

- Think about what is happening around you. ✓✓
- Write down ideas that come into your head. ✓✓
- Ask questions about things you have always just accepted. ✓✓
- Do not fall into a habit, but do things differently. ✓✓
- Do not be afraid to make mistakes. ✓✓

2.3 Problem-solving cycle:

- identify the problem ✓
- define the problem ✓
- formulate the strategy ✓
- implement the strategy ✓

Creative thinking and problem-solving

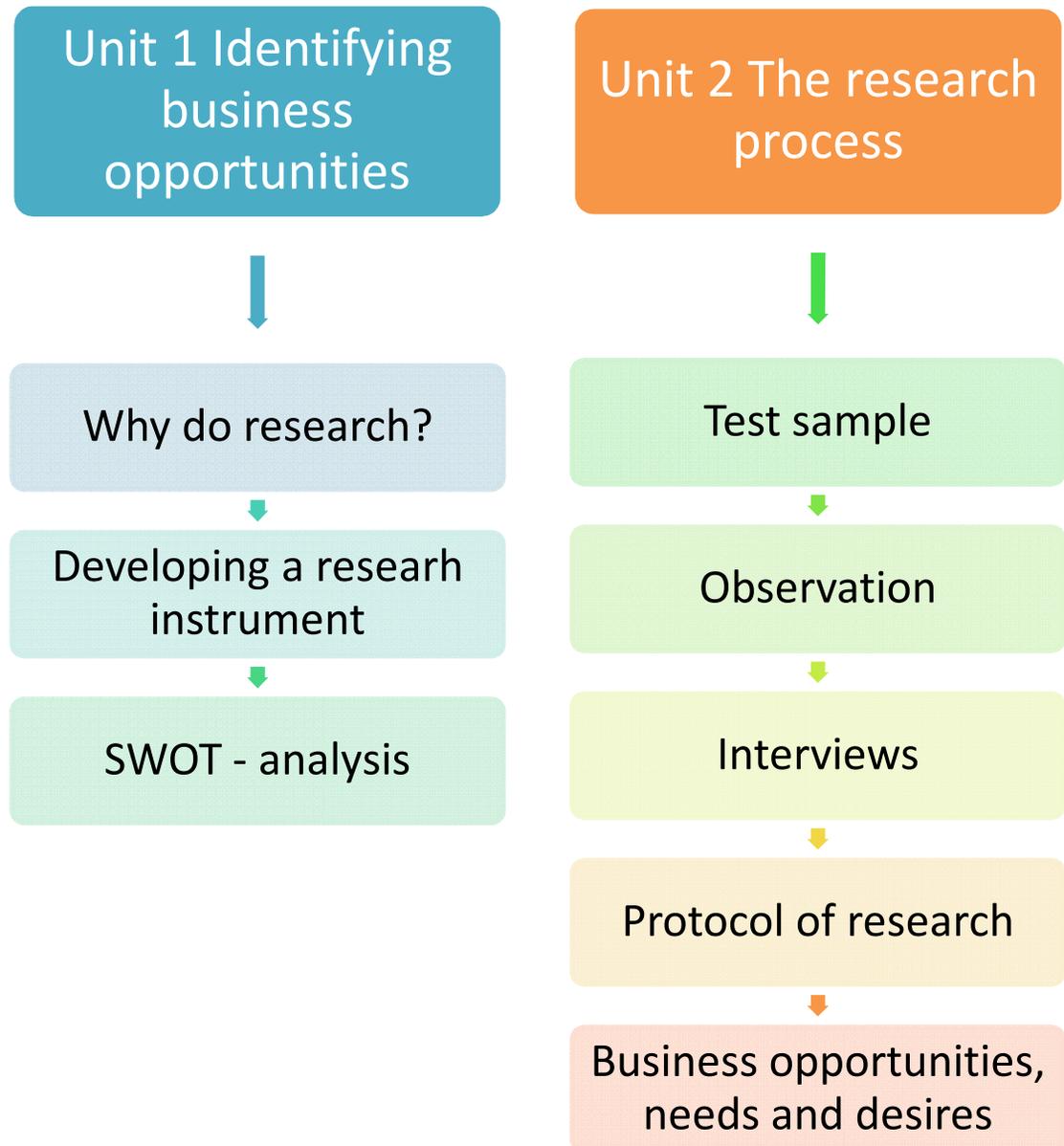
- allocate resources ✓
- monitor the problem-solving ✓
- evaluate the problem-solving process ✓

2.4 Problem-solving techniques: (any six)

- Force-Field Analysis ✓
- Chair Technique / Empty Chair Technique ✓
- Delphi Technique ✓
- Nominal Technique ✓
- Brainstorming ✓
- Forced Combinations ✓
- SCAMPER ✓
- Indigenous Knowledge ✓
- Mind-mapping ✓
- Brainstorming ✓
- Six thinking hats ✓

2.4 Force-field analysis:

Driving forces	Restraining forces
<ul style="list-style-type: none"> • Studying through the post is cheaper. ✓ • Studying through the post will mean no ✓ accommodation problems – can stay with parents. ✓ • Studying through the post will mean she can start to earn an income. ✓ • Studying at the university will mean that she will have friends in the same situation. ✓ • At university she will be able to be a part of student life they have to offer, for example sport participation. ✓ 	<ul style="list-style-type: none"> • She will not have the benefit of lecturers if studying through the post. ✓ • If she lacks self-discipline it will be difficult to complete studies through self-study. ✓ • Social life at university will take focus off studies. ✓ • It will cost a lot at a university, for the course and accommodation. ✓ • There are other costs at university besides study and accommodation fees. ✓



Business opportunities

Unit 1 Identifying business opportunities

1 Why do research?

The business must know what information they want to collect before they decide on a research instrument or method. When we do research, we ask:

What, when, where and how do customers want the product or service?

2 Developing a research instrument

Typical information an entrepreneur will have to collect includes:

- the potential market for a new product or service
- clients' satisfaction levels with products or services that are being offered currently
- the possible geographical position of a potential new business
- the demography of a community
- the average level of income in a particular community.

Entrepreneurs need to collect primary and secondary data about prospective customers.

2.1 Primary data

- Primary data is the information an entrepreneur has to collect. An entrepreneur can also appoint other people to collect the data.
- The following are examples of primary data:
 - the potential market for a new product or service
 - clients' satisfaction levels with products or services that are being offered currently
 - the possible geographical position of a potential new business.

2.2 Secondary data

Secondary data is information that has been collected by organisations such as banks, government departments, the South African Reserve Bank and the Department of Trade and Industry. Examples of secondary data is the demography of a community or the average level of income in a community.

3 SWOT-analysis

- SWOT is an acronym for 'Strengths, Weaknesses, Opportunities and Threats'.
- Think of all the strengths and weaknesses of a new business idea, as well as all the opportunities and threats posed by competitors and the market.
- Determine whether you are in a position to fulfil the needs and wants of prospective customers you identified.

Business opportunities

Strengths	The factors that make a product or service unique, giving competitive advantage
Weaknesses	Factors or characteristics of a product or service that could be a disadvantage
Opportunities	External factors that could place a business idea at an advantage
Threats	External factors that could place a business idea at a disadvantage

Unit 2 The research process

- Primary data can be collected by the entrepreneur.
- Primary data are collected by means of:
 - observation, by watching consumer behaviour and buying patterns
 - interviews that can take several forms, for example personal face-to-face interviews
 - telephonic interviews and postal surveys

1 Test sample

Before collecting data it is important to decide on your test sample. The test sample refers to which people and how many people from whom to collect primary data.

1.1 Who?

- Decide who makes up your target population by thinking about the product or service you are going to offer.

1.2 How many?

- This is known as the sample size and is influenced by how much time you have and your budget.
- All the households in an area do not need to be interviewed to determine the need for a product or service, but enough need to be interviewed to establish the need.

1.3 Avoid bias

- Bias means your sampling is not valid and not completely objective.
- Do not interview only known positive or negative customers; interview a wide range of people.

2 Observation

Collecting information by means of observation does not include interaction with the sample population, but only watching what they do.

Business opportunities

3 Interviews

There are several interview methods you can use, including:

- personal interviews
- telephonic interview
- postal surveys
- direct computer interviews
- email interviews.

The choice of interview method depends on various factors, such as:

- how soon you need the answers
- your available budget
- the literacy levels of the target population
- the personal sensitivity of the questions.

3.1 Designing the questionnaire

- The questions should be clear and unambiguous.
- Do not ask too many questions. Start off with easy questions, working towards more difficult ones.
- Work on a layout that is easy to complete.

3.2 Testing the questionnaire

Test the questionnaire on a small number of people, to make sure that people understand all the questions, and that your questions are clear.

4 Protocol of conducting research

- The research protocol is the set of 'rules' you should keep in mind when doing research.
- The appropriate way of approaching businesses or individual people need to be used when doing interviews.
- This depends on the type of information you need.

4.1 Consent

The interviewee gives his or her permission that you can go ahead with the interview. This is particularly important when children are interviewed.

Remember the following:

- Always start off by introducing yourself.
- State the purpose of the interview.
- Make sure the interviewee knows that his or her name will not be mentioned.
- If people do not want to answer questions, politely thank them and move on.

Business opportunities

When conducting interviews at a company, remember the following:

- Approach management before you interview employees.
- Make appointments with staff members you want to interview, and keep to the appointments.

4.2 Basic ethics in research

- 'Ethics' refers to the morally right way to do something.
- It is unacceptable to spy on people who do not know that you are collecting information from them.
- Sometimes people display the information that you need for all to see (like wearing branded clothing) and if so you are permitted to use it.

Unit 3 Business opportunities – needs and desires

Before an entrepreneur can establish a new business, he or she needs to:

- identify a gap in the market
- decide which products or services can be provided
- identify the target market
- identify the competition
- identify the suppliers.

Business opportunities

Questions

Question 1: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 1.1 Entrepreneurs need to collect data for a new product or service. (2)
 - 1.2 Collecting information by means of observation means that one has to interact with the target market. (2)
 - 1.3 Telephonic questioning is also an interview method. (2)
 - 1.4 It is not important to have permission to interview children. (2)
 - 1.5 It is important always to introduce yourself before conducting an interview. (2)
- 5 × 2 = (10)

Question 2: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A		COLUMN B	
2.1	Gathering of data by the entrepreneur, for example the amount of sales during 2009 and 2010	A	consent
2.2	Rules to keep in mind	B	secondary research
2.3	Permission to go ahead	C	prospective
2.4	Gathering of information from other sources such as statistics from the Internet	D	primary research
2.5	Something that is not completely objective	E	bias
		F	protocol
		G	observation

5 × 2 = (10)

Question 3: Short answers

- 3.1 Design a questionnaire of FIVE questions for a new breakfast cereal you want to market. (10)
- 3.2 Explain what is meant by 'protocol' when conducting research? (6)
- 3.3 What does an entrepreneur have to research before he or she can establish a new business? (5)
- 3.4 List THREE interview methods. (3)
- 3.5 Give THREE examples of primary data. (6)

Question 4: Essay question

Think of a new business idea. Discuss the research process involved in turning the idea into a reality. Perform a SWOT analysis for your idea. (40)

(40)

[90]

Business opportunities

Answers

Question 1: True/false

- 1.1 T ✓✓
- 1.2 F ✓✓
- 1.3 T ✓✓
- 1.4 F ✓✓
- 1.5 T ✓✓

Question 2: Match terms

- 2.1 D ✓✓
- 2.2 F ✓✓
- 2.3 A ✓✓
- 2.4 B ✓✓
- 2.5 E ✓✓

Question 3: Short answers

3.1 1 mark per question if it is a good question; 2 marks for question if it is a very good or outstanding question

Example of question:

What is your age?

1-13 14-21 22-30 31-40 41-100

3.2 Protocol:

- The research protocol is the set of 'rules' you should keep in mind when doing research. ✓✓
- The appropriate way of approaching businesses or individual people need to be used when doing interviews. ✓✓
- This depends on the type of information you need. ✓✓

3.3 Research:

- the potential market for a new product or service ✓
- clients' satisfaction levels with products or services that are currently being offered ✓
- the possible geographical position of a potential new business ✓
- the demography of a community ✓
- the average level of income in a particular community. ✓

3.4 Interview methods: (any three)

- personal interviews ✓
- telephonic interview ✓
- postal survey ✓
- direct computer interview ✓
- email interviews ✓

Business opportunities

3.5 Primary data: (any other valid point)

- the potential market for a new product or service ✓✓
- clients' satisfaction levels with products or services that are currently being offered ✓✓
- the possible geographical position of a potential new business ✓✓

Question 4: Essay question

Research process, SWOT:

Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Process	30		
SWOT	8		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Include:

- Research instruments and data collection
- Protocol of conducting research
- Opportunities and strengths
- Application of SWOT for opportunities
- Analysis to determine viable business venture
- Identification of opportunities.

(For factual content of each component, refer to summary or textbook.)

Business location decisions

Overview

-



Factors determining where to place a business are important and will contribute to the success or failure. The factors are known as location factors or establishment factors.

Business location decisions

Unit 1 Where to position your business

1 Labour regulations

The government puts laws in place to regulate labour. Three important labour laws in South Africa are:

- The Labour Relations Act 66 of 1995 provides basic rules for communication and negotiations between employers and employees.
- The Basic Conditions of Employment Act 77 of 1997 aims to improve the working conditions of employees by regulating working hours, leave, pay, notice of termination, health and safety issues.
- The Employment Equity Act 55 of 1998 provides for affirmative action in the areas of employment, training, promotion and pay.
- These labour regulations can help to decide where to locate the business, choosing one country over another.

2 Environmental factors

The environmental impact of a business can determine the location. If a business is likely to cause a lot of pollution, the authorities may prohibit it in some areas, or insist that a detailed environmental impact assessment (EIA) must be done before a decision is made.

- Air or water pollution - A factory that causes air or water pollution should be situated in an industrial area, away from residential areas.
- Noise pollution - Some businesses are noisy and therefore not allowed to be located in a residential area.
- Toxic waste - If a factory produces toxic waste products, it should follow regulations as to how to dump these and will locate close to where they are allowed to get rid of waste.
- Most factories in S.A. are in the four main industrial regions:
 - Gauteng (Pretoria-Witwatersrand-Vaal Triangle) area
 - Durban-Pinetown area
 - Port Elizabeth-Uitenhage area
 - Western Cape area.
- Access to the business and enough parking spaces play a role in the location of businesses in residential areas.

Business location decisions

3 Transport

An important factor is the availability of transport.

- Transport of goods from suppliers by rail, road, air, water or pipeline must be cost-effective and reliable.
- Transport of goods to customers, should keep costs such as fuel, toll and maintenance on vehicles as low as possible.
- Transport for employees (busses, trains or taxis) to get to work should be reliable and cost-effective.

4 Infrastructure and availability of electricity and water

- Infrastructure is all the basic facilities a business will need to operate, including access to running water, electricity, cellular networks and other telecommunication services, railway lines, roads, harbours and airports.
- Businesses such as mines and factories need a lot of electricity and water.

5 Potential markets

- The demand for the product or service creates a market.
- A business in the tertiary sector must try to locate close to its target market. A business in the secondary sector should be located in a industrial area close to suppliers.
- The business must assess the current demand for the product and predict the future demand.
- Businesses must look at characteristics of consumers such as age, gender, culture and income.

6 Raw materials

- Raw materials are needed to make a final product.
- If the manufacturer can keep related costs low it means higher profits for the business.
- It may be cheaper to be close to the source of the raw materials, especially if:
 - the transport costs are high
 - the product is very big or heavy
 - the product does not keep fresh for long and needs to be refrigerated.

7 Labour markets

Owners who want to set up businesses need to think about:

- How many and what type of workers the business will need.
- Businesses that employ many workers are labour intensive businesses and need to locate close to where many workers live.
- Other businesses, using mainly machinery, may need only a few workers.
- Some businesses need skilled or highly skilled workers and need to locate where people with these skills live.

Business location decisions

8 Climate

- Agricultural products depend on the right climate.
- Some climates may attract tourists.
- Very hot or very cold weather will affect the productivity of workers as most people prefer moderate climates.

9 Government, local regulations and taxes

- Owners choose places where costs will be lowest to maximise profits.
- Businesses pay for municipal service and rates and taxes on property.
- The government or municipalities encourage businesses in specific industries to locate in certain towns by charging lower rates and taxes for services or cheap business sites.

10 Competition

- Competition is any other businesses that offer the same or similar types of products or services.
- Owners have to consider present and future competition.
- If there are too many businesses offering the same products or services in the same area, it might be difficult for all of them to survive.

11 Crime

- The crime rate in an area will influence the choice of location for a business.
- It is costly to install security systems to safeguard property.
- Employees and customers also want to feel safe.
- Transporting cash to and from the bank in an area with a high crime rate is risky.
- Parking in high-crime areas is also a risk for workers, customers and suppliers.

Business location decisions

Questions

Question 1: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A		COLUMN B	
1.1	Any businesses offering the same or similar types of products or services	A	competition
1.2	Natural input needed in the production process	B	infrastructure
1.3	The possible future customers of the business	C	raw materials
1.4	Weather affecting the productivity of workers	D	potential market
1.5	All the basic facilities a business will need to operate, including access to running water, electricity, roads and communication lines	E	climate
		F	labour market
		G	transport
		H	labour regulation

5 × 2 = (10)

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 2.1 The Labour Relations Act provides basic rules for communication and negotiation between employers and employees. (2)
- 2.2 The Basic Conditions of Employment Act provides for affirmative action in areas of employment, training, promotion and pay. (2)
- 2.3 Environmental factors will not have an impact on the decision for location for the business. (2)
- 2.4 Transport needs to be available, reliable and cost-effective for the workers and the business. (2)
- 2.5 A business needs to locate close to the target market to reduce complication and costs. (2)
- 2.6 Rates and taxes on property are calculated at the same rate in all areas. (2)
- 2.7 Some businesses like bakeries use more electricity and therefore need to be located at a site with 3-phase electricity. (2)
- 2.8 Employees without the necessary skill to do the business's books can be trained for the position and the therefore business can employ anyone in the area for this position. (2)

8 × 2 = (16)

Business location decisions

Question 3: Short answers

- 3.1 Discuss the environmental factors that need to be considered when looking at the establishment of a factory producing plastic. (8)
- 3.2 Explain why it is important for a business to consider the availability of transport as a location factor. (6)
- 3.3 Define the term 'infrastructure' and supply THREE examples of factors that relate to this concept. (5)
- 3.4 Mr Sputnik wants to open an accounting firm. He will need the services of five chartered accountants. Other large businesses will outsource their accounting audits to his firm. Where do you suggest Mr Sputnik should open his business? Motivate your answer. (3)
- 3.5 Mr and Mrs Lambert want to open a DVD store in town close to where you live. They want to rent out DVDs, videos and play-station games to the public. Evaluate whether this is a good idea or not. Supply THREE reasons for your answer. (7)
- 3.6 Why would a business install security systems such as CCTV cameras? (2)
- 3.7 If you had to open a business, which location factor would you regard as the most important? Motivate your choice. (3)

(34)

Question 4: Essay question

Prenushka Perumal relocated to the South Coast (KZN) from Kokstad because her husband was transferred to the ABSA bank branch close to Shelly Mall. She had a bakery in Kokstad where she supplied the community with fresh bread and other freshly baked products and is familiar with all the requirements and challenges a bakery could face. She wants to start a bakery on the South Coast and started looking around for a business premises. One requirement for her bakery is that she needs a shop with 3-phase electricity.

Identify and discuss the factors that Prenushka will have to consider when choosing an appropriate location for her new bakery.(40)

(40)

[100]

Business location decisions

Answers

Question 1: Match terms

- 1.1 A ✓✓
 1.2 C ✓✓
 1.3 D ✓✓
 1.4 E ✓✓
 1.5 B ✓✓

Question 2: True/false

- 2.1 T ✓✓
 2.2 F ✓✓
 2.3 F ✓✓
 2.4 T ✓✓
 2.5 T ✓✓
 2.6 F ✓✓
 2.7 T ✓✓
 2.8 F ✓✓

Question 3: Short answers

3.1 Environmental factors: (any four)

- A factory that causes air or water pollution should be in an industrial area, away from residential areas. ✓✓
- Some businesses are noisy and therefore not be allowed to be located in a residential area. ✓✓
- If a factory produces toxic waste products, it should follow regulations as to how to dump these and will locate close to where they are allowed to get rid of waste. ✓✓
- Most factories in S.A. are in the four main industrial regions: ✓✓
 Gauteng (Pretoria-Witwatersrand-Vaal Triangle) area
 Durban-Pinetown area
 Port Elizabeth-Uitenhage area
 Western Cape area.
- Access to the business and enough parking spaces play a role in the location of businesses in residential areas. ✓✓

3.2 Transport:

- transport of goods from suppliers by rail, road, air, water or pipeline must be cost-effective and reliable ✓✓
- transport of goods to customers, keeping costs such as fuel, toll and maintenance on vehicles as low as possible ✓✓
- transport for employees (busses, trains or taxis) to get to work should be reliable and cost-effective ✓✓

Business location decisions

3.3 Infrastructure: (definition two marks, any other three)

Infrastructure is all the basic facilities a business will need to operate ✓✓, including access to running water ✓, electricity ✓, cellular networks and other telecommunication services ✓, railway lines ✓, roads ✓, harbours ✓ and airports ✓.

3.4 In a city ✓ because his employees need to be skilled ✓ and he will need many businesses that would like to make use of his services. ✓

3.5 Marking discretion:

Yes/no ✓

3 reasons × 2 marks each

Reasons for yes:

- There is a potential target market ✓✓
- The infrastructure is adequate with running water, electricity and telecommunication services. ✓✓
- There is not a high crime rate in the area. ✓✓
- Any other valid reason linked to factors of establishment. ✓✓

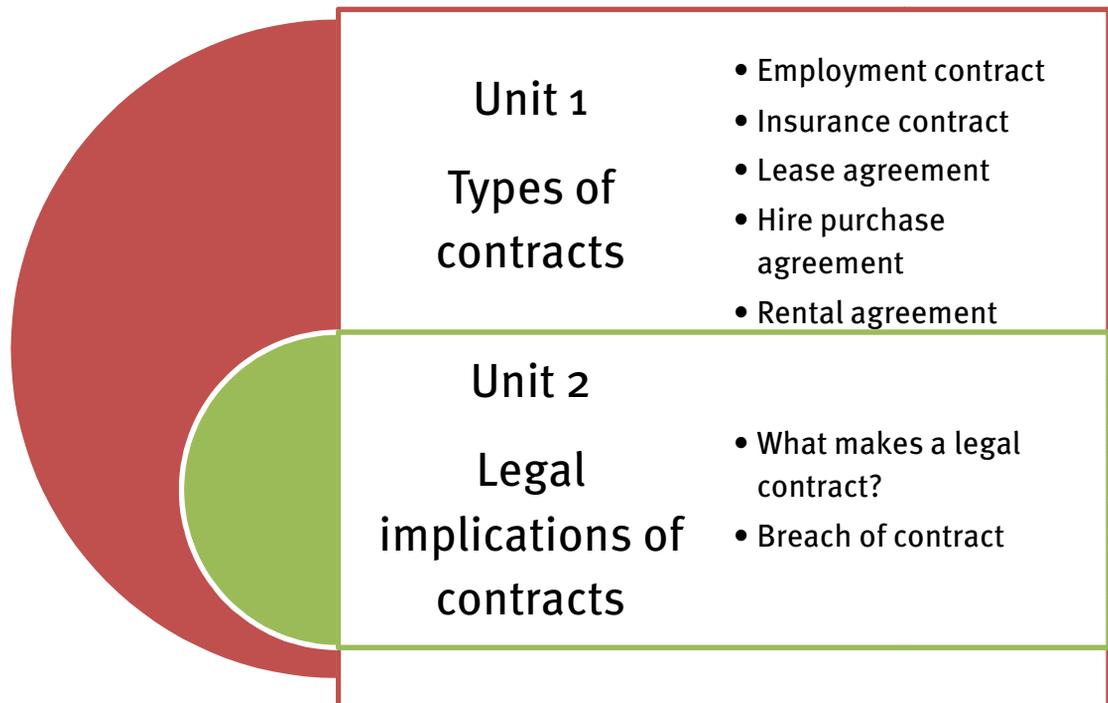
Reasons for no:

- There is a high crime rate in the area. ✓✓
- There are many competitors in the same industry. ✓✓
- There is only a small market for this as most people go to the movies or don't have the money for DVDs. ✓✓
- Any other valid reason linked to factors of establishment. ✓✓

3.6 to discourage crime, shoplifting and stealing by employees ✓✓

3.7 Marking discretion. 1 mark for factor ✓ 2 marks for motivation ✓✓

Overview



Unit 1 Types of contracts

- A contract is an agreement between two or more people and is binding by law.
- One party makes an offer and another accepts.
- It can be verbal or in writing.
- Some contracts are only legal in writing, as a written contract provides proof of agreement.

1 Employment contract (between employer and employee)

- An employment contract is an agreement between an employer and an employee where the employer promises to pay the worker for specific work which the worker promises to do.
- The contract has to follow the stipulations of the Basic Conditions of Employment Act 75 of 1997 (BCEA).
- The Act specifies:
 - minimum payment
 - maximum working hours
 - minimum leave
 - deductions from salaries or wages
 - minimum period of notice for ending the contract and should be included in the contract.

Contracts

- Other information that should appear on the contract includes the employer details and employee details, (name, ID, contract details, tax number of employee) as well as any other matter of importance such as benefits offered.

2 Insurance (between insurer and insured)

- A business needs to protect itself from risks that could result in a loss.
- Insurance policies cover them against losses.
- An insurance contract is an agreement between the business that needs insurance and the insurance company.
- The insured promises to pay the insurer a fixed amount per month (called a premium) and the insurer in return promises to cover the insured for any losses suffered from specific events or risks.
- The insurer will replace the losses or pay an amount to cover the losses.
- There are two types of insurance:
 - Life or long-term (lives of important people in the business can be insured. Should these people die, money will be paid out by the insurance company to cover loss.)
 - Short-term (covers loss of assets due to accidents or crime).
- The contract must include:
 - Insurer details (name and address of insurance company that offer insurance)
 - Insured details (name and address of business that wants insurance)
 - Terms and conditions (explanation of what it covers, duration of cover, conditions for cover)
 - Description of goods insured or details of life insured
 - The sum insured
 - Monthly premiums
 - Excess (a specific amount the insured has to pay every time a claim is made).

3 Lease agreement (between lessor and lessee)

- Contract where one business leases goods to another business.
- It involves the lessor (business that owns goods) and lessee (business that rents goods such as equipment, copiers, and computers).
- The lessee uses the goods and never becomes the owner.
- The lessor agrees that the lessee will use the asset for a period of time.
- Lessee agrees to pay lessor a specific sum of money.

Advantages for the lessee:

- A large capital outlay is not required.
- Goods never become outdate.
- The lessee can deduct leasing expense for tax purposes.

Contracts

4 Hire purchase (between seller and buyer)

- One business sells goods to another person or business and allows them to take the goods immediately.
- Payment is done in instalments over a specified period.
- A hire purchase transaction is a credit transaction.
- Maximum interest charged and maximum period to repay is laid down by law.
- The National Credit Act and the Hire Purchase Act regulate credit transactions and hire purchase agreements.
- The buyer only owns the goods once last instalment has been paid.
- The seller can take the goods back if the buyer does not honour the agreement.
- The types of goods that can be bought on hire purchase include things such as furniture, equipment and vehicles.

5 Rental agreement (between landlord and tenant)

- The Rental Housing Act 50 of 1999 regulates all rental contracts.
- A rental agreement is drawn up to rent premises.
- The rented property never becomes the property of the tenant.
- The rental agreement specifies:
 - the period of agreement
 - deposit paid by the tenant
 - amount of rent payable each month and date of payment
 - percentage increase every year
 - rights and responsibilities of the landlord and tenant
 - other terms and conditions like payment of water and electricity and maintenance.

Unit 2 Legal implications of contracts

1 What makes a contract legal?

- All parties that enter into the contract must have 'contractual capacity'. The person must be of legal age (18 years and older) and of sound mind.
- The contract must be legal, covering activities regarded as legal by law.
- The contract must be reasonable and all parties must understand what they must do under the contract and agree with the rights and responsibilities.
- It must be possible to carry out the contract.
- Some oral agreements can be enforced by law but most contracts must be in writing to be considered legal.

If a contract does not answer to any of these conditions, the contract is null and void. This means that the 'contract' does not exist.

Contracts

2 Breach of contract

When either party fails to carry out responsibilities it is called breach of contract. A contract is broken for one or more of the following reasons:

- There are mistakes in the contract such as the wrong date, spelling errors with names, etc.
- One of the parties was forced to sign the contract and did not really agree to conditions.
- The requirements and responsibilities of parties in the contract are unclear.
- The requirements and responsibilities of parties are physically impossible to carry out.
- One of the parties lied about some information in the contract or withheld important information.

Contracts

Questions

Question 1: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
1.1 A contract between the employer and employee	A Insurer
1.2 A party in a lease agreement that owns an asset it would like to rent out	B Contractual capacity
1.3 The party in a lease contract that rents an asset to use in their business operations	C Breach of contract
1.4 The party in an insurance contract that needs to carry the risk of losses on behalf of the other party	D Premium
1.5 This type of insurance covers loss of assets due to accidents or crime	E Null and void
1.6 The parties to a contract must be of legal age and of a sound mind	F Insured
1.7 A fixed monthly payment towards insurance	G Long-term insurance
1.8 This means that the contract does not exist	H Employment contract
1.9 An agreement between two or more parties that is binding by law	I Short-term insurance
1.10 When a party fails to carry out responsibilities	J Lessor
	K Lessee
	L Contract

10 × 2 = (20)

Question 2: Short answers

Provide ONE word or term for the following:

- 2.1 A specific amount the insured has to pay every time a claim is made. (2)
- 2.2 A contract between a seller and a buyer. (2)
- 2.3 The Act that specifies minimum payment, working hours, leave, deductions and period of notice. (2)
- 2.4 Copiers, machinery, equipment and vehicles that can be hired from a lessor. (2)
- 2.5 Insurance taken out on the lives of important people in the business such as the owners or managers. (2)

5 × 2 = (10)

Contracts

Question 3: Short answers

Arnie du Randt did market research and realised a need for a construction business in Durban. He called his business 'Arnie's Construction'. The services he wants to provide include landscaping, building and alterations. For these services he needs expensive equipment including graders and other earth moving equipment, and premises to operate from. Because the machinery is so expensive, he decides to rent it. He needs to employ five foremen to assist him with all the work and a secretary to deal with administration and clients. He cannot afford expensive office equipment, but needs a photocopier, a couch, chairs and a table for clients who have to wait. He also needs a desk, chair and a computer for his secretary.

- 3.1 Identify FIVE contracts that Arnie has to enter into. Supply a reason for the need for each contract. (10)
- 3.2 Identify the parties to each of these contracts. (10)
- 3.3 What contract do you suggest Arnie should enter into to protect his business from possible losses due to theft and accidents? (2)
- 3.4 Identify the parties involved in the contract stipulated in 3.3 above. (2)
- 3.5 Give THREE circumstances under which any of the contracts Arnie enters into possibly could be regarded as breached. (6)

(30)

Question 4: Essay question

Pen and Paper is a stationery shop in a shopping mall. They have five permanent workers who work in the shop. The business recently has purchased a delivery van which they are paying off monthly. The business owner is worried about theft in his shop as other businesses in the shopping mall are complaining about theft and one business has been affected by an armed robbery. Pen and Paper also want to offer photocopy services to its clients but the business does not have the capital to buy two colour photocopiers.

Identify and discuss all the contracts Pen and Paper entered into and identify the parties involved for each contract. Also mention the other contracts Pen and Paper could enter into to improve their business operations and to reduce risks of losses. (40)

(40)

[100]

Contracts

Answers

Question 1: Match terms

- 1.1 H ✓✓
- 1.2 J ✓✓
- 1.3 K ✓✓
- 1.4 A ✓✓
- 1.5 I ✓✓
- 1.6 B ✓✓
- 1.7 D ✓✓
- 1.8 E ✓✓
- 1.9 L ✓✓
- 1.10 C ✓✓

Question 2: Short answers

- 2.1 excess ✓✓
- 2.2 hire purchase ✓✓
- 2.3 BCEA / Basic Conditions of Employment Act ✓✓
- 2.4 assets / fixed capital / capital goods ✓✓
- 2.5 long-term insurance ✓✓

Question 3: Short answers

- 3.1 Contracts:
 - Employment contract for all his staff ✓✓
 - Insurance contract for his building, office equipment and vehicles ✓✓
 - Lease agreement for copiers, equipment ✓✓
 - Hire purchase for office furniture ✓✓
 - Rental agreement for premises ✓✓
- 3.2 Parties to contracts:
 - Employment contract between employer and employee ✓✓
 - Insurance contract between insurer and insured ✓✓
 - Lease agreement between lessor and lessee ✓✓
 - Hire purchase for office furniture between seller and buyer ✓✓
 - Rental agreement for premises between landlord and tenant ✓✓
- 3.3 Insurance contract for short-term insurance ✓✓
- 3.4 Insurer and insured ✓✓

Contracts

3.5 Breached: (any three)

- There are mistakes in the contract such as the wrong date, spelling errors with names, etc. ✓✓
- One of the parties was forced to sign the contract and did not agree to conditions. ✓✓
- The requirements and responsibilities of parties in the contract are unclear. ✓✓
- The requirements and responsibilities of parties are physically impossible to carry out. ✓✓
- One of the parties lied about some information in the contract or withheld important information. ✓✓

Question 4: Essay question

Contracts:

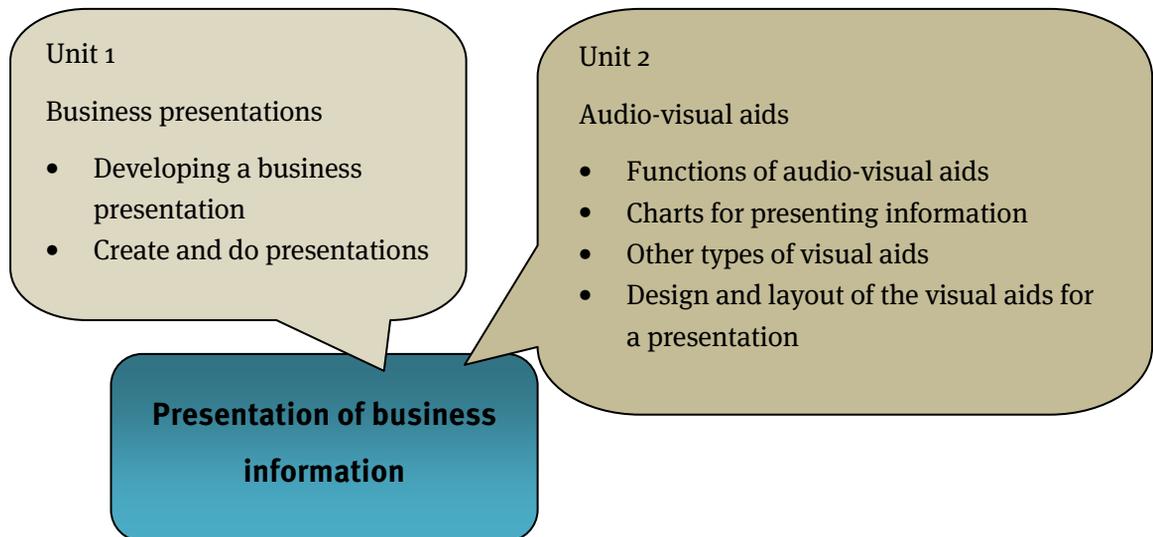
Rubric to use:			
Introduction		3	Convert to 32
Facts: Types of contracts (max. 8 marks for each contract)	30 max.	30 max.	
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

All types of contracts mentioned in chapter to be discussed.

(For factual content of each component, refer to summary or textbook.)

Presentation of business information

Overview



Unit 1 Business presentations

- Managers often have to present business reports to stakeholders.
- Reports can be about the financial position of the firm, sales, marketing, production or turnaround strategies.
- The information is necessary for the internal stakeholders.
- The internal business stakeholders are the shareholders, employees, executive directors and Board of Directors.
- All these stakeholders have an interest in how the business is doing.
- It is necessary to report to main stakeholders about how the business is doing.
- Business reports are also important to the bank that lends money to the business.

1 Developing a business presentation

The following questions need to be answered:

- What is the purpose?
- What information is important?
- Who is the audience?
- How long should the presentation last?
- What will be covered?
- What resources are necessary?
- What are the possible questions that the audience can ask?

Presentation of business information

2 Create and do presentations – a step-by-step summary

2.1 Step 1: Define the purpose

What do you want to achieve with your presentation?

- Do you want to provide information?
- Do you want something (such as money) from the audience?
- Do you want the audience to do something, such as buy your products?

The purpose of the presentation will determine the language you use and how you choose to organise your content.

2.2 Step 2: Gather content and presentation ideas

- Decide what to say and what not to say.
- Make sure that reliable sources are used.
- Choose how to present the information. Remember the KISS principle: **Keep it Short and Simple**.

2.3 Step 3: Organise the subject matter

- The title of a presentation should include the purpose.
- This could be in the form of a question.
- Present the information gathered after the problem statement.
- The answer needs to be included or a solution to the problem statement.
- List any disadvantages or dangers and how to deal with them.
- Give a summary of the presentation.
- Remember to ask again for what you want or what the audience needs to do.

2.4 Step 4: Decide how to present it

- The nature of information will determine the presentation.
- Remember to keep it simple.

2.5 Step 5: Prepare the presentation

- Include graphs and diagrams.
- List the objectives.
- Ask questions.
- Put it together.

2.6 Step 6: Practise, practise, practise

- Practise – do not just read through the presentation.
- Dress up in work clothes or school uniform.
- Stand up and do the presentation aloud.
- Ask members of your family to listen to the presentation.
- This will give you a good idea of how long the presentation is going to last and what questions the audience is likely to ask.

Presentation of business information

2.7 Step 7: Plan, experience and control the environment

- Inspect the room where the presentation is going to take place.
- Check how the furniture is arranged.
- Decide whether the arrangement is suitable. If not, change it.
- If electrical equipment such as an overhead projector is going to be used, check where the power points are in the room.
- Check to see that of equipment can reach the power points.
- If not, arrange for enough extension cords.
- Tape down any electrical cords.
- Check to see that all equipment works and that you know how to operate it.
- If refreshments are served, make sure that people will enjoy the refreshments away from electrical equipment.

Unit 2 Audio-visual aids

- Audio-visual aids include any device that uses sound or sight to communicate ideas.
- Visual aids are useful in presentations for several reasons:
People learn in different ways, engaging eyes and ears helps to get the message across. Visual aids also help to keep an audience engaged during the presentation. Good visual aids are interesting, relevant and support the presentation, but never overshadow it. Visual aids may include computer slide shows, transparencies, handouts, motion picture and video clips.

1 Functions of audio-visual aids

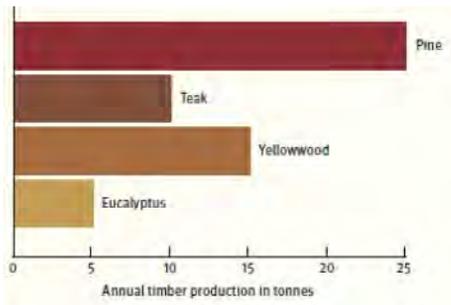
- To enhance a presentation.
- To create excitement.
- To engage the audience.
- To help the audience to remember the presentation.

2 Visual aids – different types of charts

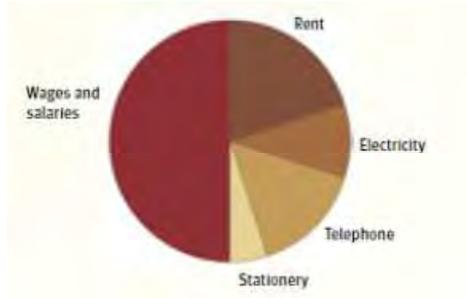
- Bar charts (quantitative information displayed in comparative parallel bars)
- Pie charts (classes or groups of data in proportion to a set of data)
- Run charts (line graphs)
- Scatter diagrams (show how closely two variables are related)
- Histograms (individual data points grouped together in classes)
- Diagrams (Used to show processes or relationships)
- Illustrations (pictures of what something will look like)
- Maps (Useful to orientate)

Presentation of business information

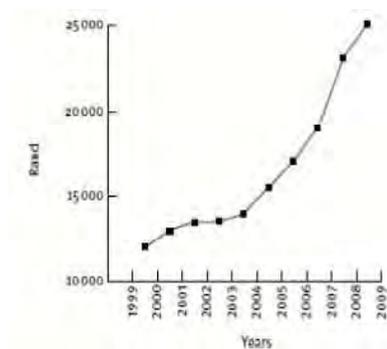
Bar charts



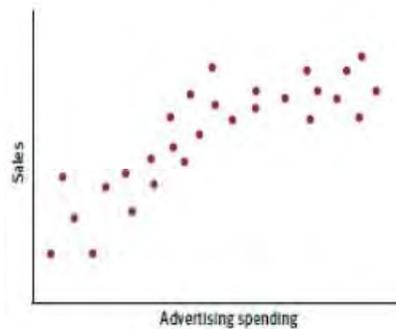
Pie charts



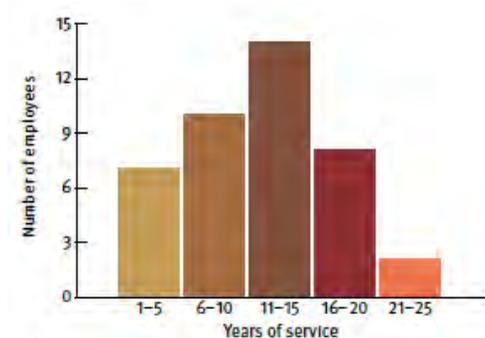
Run chart (line graph)



Scatter diagram



Histogram



3 Other types of visual aids

3.1 Transparencies

- These are pieces of plastic film on which one can write, draw or copy to view on an overhead projector (OHP).
- Transparencies are easy and cheap to make and use.
- Disadvantages are:
 - the OHP needs a special screen mounted at an angle to the wall
 - the OHP sometimes can be difficult to focus.

Presentation of business information

3.2 Slides and PowerPoint slides

- Slides can be used in the form of photographic slides which can be shown with a slide projector.
- Presenters often use PowerPoint slides. PowerPoint is a Microsoft program one can use to create slides on a computer.
- The computer connects to a data projector and projects anything on the computer screen onto a wall or a screen.
- Advantages of using PowerPoint are:
It is relatively easy to do.
Information can be re-arranged easily and adapted while the presentation is happening.
Printed slides can be given to listeners as a hand-out.
A data projector also can be used to show video clips or information from the Internet during a presentation.
- The disadvantage is that data projectors are still relatively expensive.

3.3 Models

A model is a smaller, scaled-down three dimensional representation of a larger body.

3.4 Diagrams

- We use a diagram to show processes or relationships.
- It could be used to show relationships within an organisation.
- We call such a diagram an organogram.
- A diagram that shows processes is often called a flow chart.

3.5 Illustrations and maps

- A presenter can use illustrations to explain a new idea.
- Maps are useful to help listeners orientate themselves.

4 Design and layout of the visual aids for a presentation

The design of a presentation is vital for the success of the presentation. If visual aids are going to be used consider the following points:

- How formal or informal do you want to make the presentation?
- Which type of visuals will attract the audience and will they be able to understand?
- Which heading should be used in your presentation?
- Should sub-headings be used?
- Plan how to create a good first impression.
- Keep language ability of your audience in mind.

Presentation of business information

Keep the following principles in mind to create the best layout:

- keep it simple; the simpler, the better
- avoid full sentences or paragraphs; just give a potent summary
- make sure that people at the back of the room can read the text
- avoid fancy decorations
- use black text on a light background; this is easier to read than white on black.

Use basic design principles when you design the layout of your visual aids. Here are the most important issues where layout is concerned.

- Use strong, simple lines for the maximum impact.
- Shape is the two-dimensional design of visuals. Make sure that the shapes suit the message.
- Make sure that the colours chosen are easy to see and read, using contrast.
- Allow for enough empty space in the layout.
- Texture is a visual technique which will make it look as if the shape is relatively smooth or rough. Use texture to increase contrast.
- Spread information evenly across the space so that it is balanced and in proportion. Use different letter sizes to convey the relative importance of the different pieces of information.

Presentation of business information

Questions

Question 1: One word answers

Supply ONE word or term for following.

- 1.1 Support material using sound or sight (2)
- 1.2 A graphic presentation of quantitative information by means of drawing parallel bars proportional to data compared (2)
- 1.3 A synonym for a run chart (2)
- 1.4 A chart showing classes or groups of data in proportion to the whole set of data (2)
- 1.5 A diagram used to investigate the possible relationship between two variables (2)
- 1.6 Individual data points grouped together in classes, so that a presenter can get an idea of how frequently data in each class occur in the data set (2)
- 1.7 A smaller, scaled-down representation of a larger body (2)
- 1.8 A diagram showing the structure of an organisation (2)
- 1.9 A diagram showing a process (2)
- 1.10 An electronic device used to show video clips or information from the internet during a presentation (2)
- 1.11 A Microsoft program used to create slides on computer (2)
- 1.12 Plastic film on which one can write, draw or copy to view on an overhead projector (2)
- 1.13 A technique used to make a shape look smooth or rough (2)
- 1.14 Aids used in a presentation for an audience to view (2)
- 1.15 The act of repeating something several times until you are confident with the progress (2)

15 × 2 = (30)

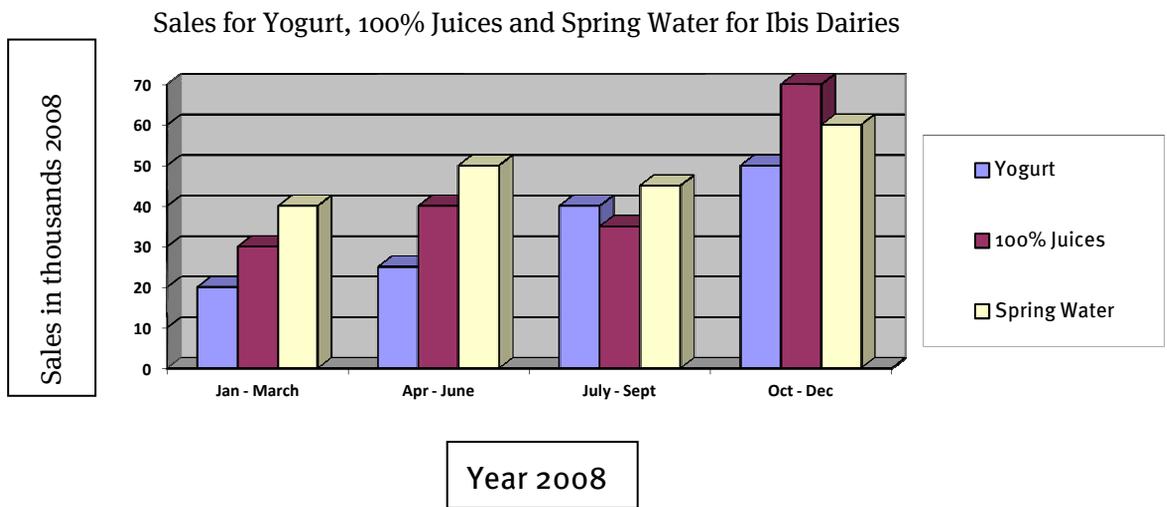
Question 2: Short answers

- 2.1 List EIGHT steps you can follow to create a successful presentation. (8)
- 2.2 Discuss FOUR functions of audio-visual aids. (8)
- 2.3 List and discuss FOUR types of visual aids that can be used by the presenter in an audio-visual presentation (12)
- 2.4 Stipulate FIVE principles to keep in mind when creating text. (5)
- 2.5 Stipulate FIVE design principles to keep in mind when creating the layout. (5)
- 2.6 Give TWO examples of reports that need to be presented in a business. (2)

(40)

Question 3: Short answers

The bar graph below depicts figures of sales for Yogurt, 100% Juices and Spring Water of Ibis Dairies for 2008.



- 3.1 Suggest a reason why the management of Ibis Dairies Dairy would be interested in sales figures in the form of a graph. (2)
- 3.2 Are the sales generally showing an upward or a downward trend? (4)
- 3.3 Suggest a reason(s) for the trend of sales in July-September and October-December. (4)
- 3.4 Which products show the greatest increase in sales over the time period January-December 2008? (2)
- 3.5 Which other method of presenting the data could have been more effective? Explain your choice. (3)

(15)

Question 4: Essay question

discuss the advantages and disadvantages of using a bar chart to present data. Refer to your notes on the use of bar charts in the presentation of data. (40)

You are one of the students trained by Vuyo. Discuss what you have learnt, referring to the following:

- How to create and do presentations.
- Support material that can be used. (40)

(40)

[125]

Presentation of business information

Answers

Question 1: One word answers

- 1.1 audio-visual aids ✓✓
- 1.2 bar graph/ bar chart ✓✓
- 1.3 line graph ✓✓
- 1.4 pie chart / pie graph ✓✓
- 1.5 scatter diagram ✓✓
- 1.6 histogram ✓✓
- 1.7 model ✓✓
- 1.8 organogram ✓✓
- 1.9 flow chart ✓✓
- 1.10 data projector ✓✓
- 1.11 PowerPoint ✓✓
- 1.12 transparency ✓✓
- 1.13 texture ✓✓
- 1.14 visual aids ✓✓
- 1.15 practise ✓✓

Question 2: Short answers

2.1 Steps for presentation:

- Step 1 Define the purpose. ✓
- Step 2 Gather content and presentation ideas. ✓
- Step 3 Organise the subject matter. ✓
- Step 4 Decide how to present it. ✓
- Step 5 Prepare the presentation. ✓
- Step 6 Find out about your audience. ✓
- Step 7 Practise. ✓
- Step 8 Plan, experience and control the environment. ✓

2.2 Audio-visual aids.

- To enhance a presentation ✓✓
- To create excitement ✓✓
- To engage the audience ✓✓
- To help the audience to remember the presentation ✓✓

2.3 Visual aids: (12) (any four: 1 mark for visual aid. 2 marks for discussion)

Charts: ✓✓✓

- Bar chart (quantitative information displayed in comparative parallel bars)
- Pie charts (classes or groups of data in proportion to a set of data)
- Run charts (line graphs)
- Scatter diagrams (show how closely two variables are related)
- Histograms (individual data points grouped together in classes)

Presentation of business information

Transparencies: ✓✓✓

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Diagrams: ✓✓✓

- We use a diagram to show processes or relationships.
- It could be used to show relationships within an organisation.
- We call such a diagram an organogram.
- A diagram that shows processes is often called a flow chart.

Illustrations, maps and models: ✓✓✓

- A presenter can use illustrations to explain a new idea.
- Maps are useful to help listeners orientate themselves.
- Models can illustrate a product.

2.4 Text:

- keep it simple; the simpler, the better ✓
- avoid full sentences or paragraphs; just give a potent summary ✓
- make sure that people at the back of the room can read the text ✓
- avoid fancy decorations ✓
- use black text on a light background; this is easier to read than white on black ✓

2.5 Design principles:

- Use strong, simple lines for the maximum impact. ✓
- Shape is the two-dimensional design of visuals. Make sure that the shapes suit the message. ✓
- Make sure that the colours chosen are easy to see and read, using contrast. ✓

Presentation of business information

- Allow for enough empty space in the layout. ✓
 - Texture is a visual technique which will make it look as if the shape is relatively smooth or rough. Use texture to increase contrast. ✓
 - Spread information evenly across the space so that it is balanced and in proportion. Use different letter sizes to convey the relative importance of the different pieces of information. ✓
- 2.6 The financial position of the firm, sales, marketing, production or turnaround strategies. ✓

Question 3: Short answers

- 3.1 It is easy to see a trend – sales that go up and down, growth in popularity. ✓✓
- 3.2 Upward. ✓ All sales increased throughout the year, ✓ except in the winter season when 100% fruit juices and spring water showed a decline ✓. Sales picked up again in October-December. ✓
- 3.3 July-September there was a decline because of winter. People do not want to drink cold drinks during the winter season. ✓✓ October-December it starts to get warmer, therefore sales increase again. ✓✓
- 3.4 100% juices ✓✓
- 3.5 A line graph/run chart ✓. One would be able to see a trend better on a line graph/run chart. ✓✓

Question 4: Essay question

Presentations:

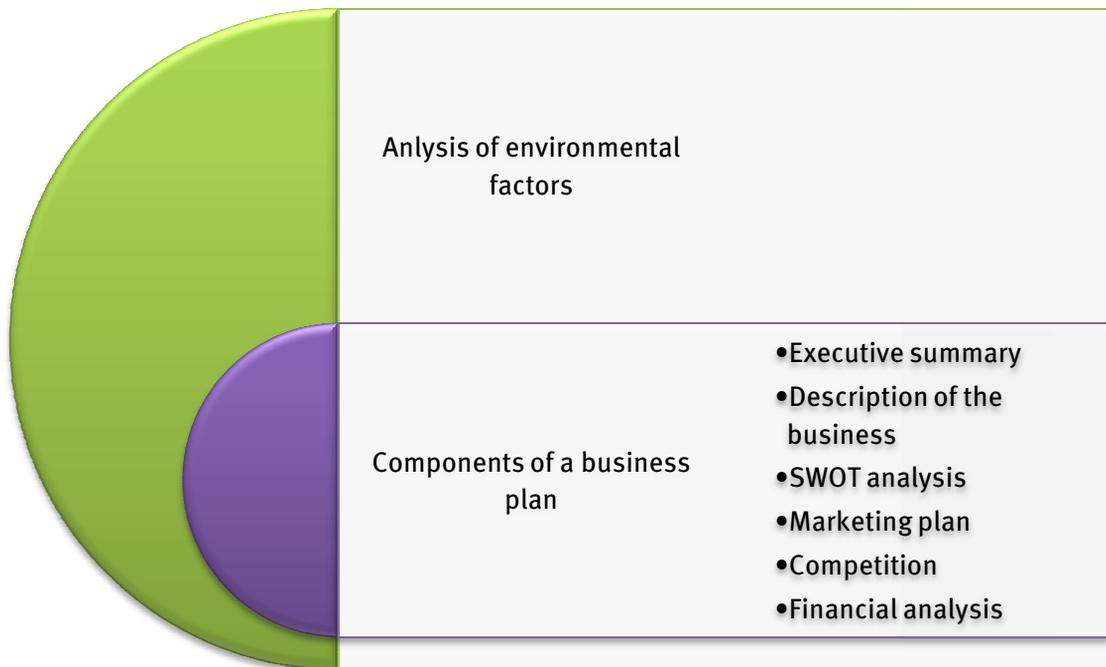
Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
How to create and do presentations	20max		
Support material	20max		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Include:

- How to create and do presentations.
- Support material that can be used.

(For factual content of each component, refer to summary or textbook.)

Overview



Unit 1 What is a business plan?

The entrepreneur identifies a business opportunity, and then needs to gather the following information from the external environment:

- Will potential customers be interested in the product or service?
- Is there an existing market for this product or service?
- Who will supply the business with all the resources needed?
- Are there other competitors in the market and how strong are they?
- How will my business impact the environment?
- What are the legal requirements that my business must stick to?

1 Analysis of environmental factors

The type of business activities and the type of product or service will determine the impact on the environment. Be sensitive to:

- Pollution – air, water, soil or noise
- Natural resources such as electricity, water, fuel, mineral, agricultural land
- Waste and management or the disposal of it
- Impact of business activities on plants and animals
- Managing use of dangerous materials or chemicals such as oils, grease, fuel, pesticides
- Impact of business activities on the community
- Methods to lessen the impact of business activities on the environment.

Business Plan

2 Components of the business plan

2.1 Cover page

The cover page has to make a positive impression. It lists business details and contact numbers:

- name of the business
- name(s) of owner(s) / entrepreneur(s)
- address and contact details of the business
- a picture of your business logo
- the date that the plan was prepared.

2.2 Contents page/ index

The index lists the headings of different sections with corresponding page numbers that will help the reader to find information quickly.

3 Executive summary

- The executive summary must get the attention of the reader.
- It summarises your reason for writing the business plan.

4 Description of the business

4.1 Vision, mission and long-term objectives

- The vision of the business will be what the business wants to achieve.
- The mission statement is how the business is going to achieve its vision.
- Use smart objectives to set long-term objectives.

4.2 The structure of the business

- It is important to explain what form of ownership you decide on: sole proprietorship, partnership, close corporation, private company, public company.
- This will depend on the following factors:
 - number of owners involved
 - size and type of business
 - how much control the owners want
 - how much legal protection the owners want.
- If the business is producing or selling a product, the business plan should include:
 - a description of the product, what it looks like and what it can be used for.
 - a picture, drawing or photograph of what the product looks like.
 - an explanation of the manufacturing process if the product is made, including where the business will get the raw materials or ingredients from.
- If the business is providing a service, the business plan should include:
 - an explanation of the service
 - who will be using the service
 - where you plan to provide the service.

Business Plan

4.3 The product / service

4.3.1 Industrial goods such as machinery used in the production process

4.3.2 Consumer goods

- convenience goods (such as bread and milk)
- shopping goods (clothing and furniture)
- speciality / select goods (cars).

4.3.3 Services

- personal (hairdressing)
- professional (doctor, lawyer, teacher)
- commercial or auxiliary (transport, insurance, grading, standardisation, storage).

4.4 Legal requirements of the business

- Most businesses need one or more permits and licenses to operate legally.
- Sometimes businesses need only a basic business or occupational license, while others, like a restaurant, may need several.

5 SWOT analysis (strengths, weakness, opportunity, threats)

- A SWOT analysis examines internal and external environments facing a business.
- Strengths and weaknesses occur in the internal environment and include the owners, products, services, brands and all other internal operations.
- Opportunities and threats occur in the external environment and are issues that the business cannot control such as economic factors, social factors, demographic factors, cultural factors, competition, and political trends.

6 Marketing plan

- The marketing plan explains how you will market your product or service.
- A study of customers and potential customers is necessary.
- The business needs to know how to advertise its products or services, as this will tell the market about the new business and its products and services.

6.1 Market research

- The business needs to know who they are going to sell to.
- The target market is the people who are most likely to buy the products or services.
- The business needs to describe its target market by looking at age group, personality profile, gender, income, education and specific preferences.

6.2 Marketing mix

- Once the target market is identified, the marketer works out a marketing mix that best satisfies the needs of the target market.
- This is a combination of the 7 Ps: Product, Price, Place, Promotion, People, Physical environment, Process.

Business Plan

6.2.1 Product

The business needs to ask the following questions:

- What are you selling?
- How will it be packaged?
- What is your product's design?
- Are you selling a physical product or a service?
- At this point, make all of the decisions relating to your product or service:
design and style
packaging
trademarks (brands).

6.2.2 Price

A product is only worth what customers are prepared to pay for it.

- Make sure the price you set is high enough to pay all costs and still leave enough to make a profit.
- The price must not be so high as to stop potential customers from buying.
- The price of a product can be the reason for success or failure of a business.
- Calculate the average cost of making the product and add on a profit.
- This is known as mark-up pricing.
- The business needs to know what the customer is willing to pay for the product.
- Pricing must be competitive.

6.2.3 Place (distribution)

Place refers to the place where the customers can buy the product.

- The product must be available in the right place, at the right time and in the right quantity.
- Decide if the product will be sold by using the following methods:
direct selling
door-to-door sales
mail order
telephonic selling
the Internet.
- The way in which a business gets its product to the customer is known as the channels of distribution.
Manufacturer → Consumer
Manufacturer → Retailer → Consumer
Manufacturer → Wholesaler → Retailer → Consumer (Traditional Channel)
Manufacturer → Agent → Retailer → Consumer
Manufacturer → Agent → Wholesaler → Retailer → Consumer

Business Plan

6.2.4 Promotion

Promotion is making customers aware of the product or services that the business is selling.

- Promotion must get attention, be attractive, tell a reliable message to give the customer a reason to choose the product.
- Before promoting the product, establish the target customers.
- The business can use a variety of different advertising media:

Print	newspapers, magazines, brochures, pamphlets
Sound	radio
Sight and sound	television, cinema
Outdoor	billboards, taxis buses
Direct mail	data base
Computer	Internet, web sites

The requirements of a good advertisement (AIDA):

- must attract the **attention** of the target audience
- must hold their interest
- must stimulate a desire for the product
- must encourage the **action** of actually buying the product.

6.2.5 People

Recruiting the right staff and training them in delivery of their service is important for customer satisfaction and competitive advantage.

- Staff should have the right interpersonal skills, ability, and service knowledge to give the service that customers are paying for.

6.2.6 Physical environment (evidence)

A service is intangible and seen as risky by the customer.

- Help customers to not feel insecure by providing them with proof that the business keeps its promises.
- Facilities such as a clean, tidy and well-decorated reception area can help to reassure customers.
- It is important that you help customer to see what she is buying by having brochures and pamphlets available.

6.2.7 Process

Process refers to the system used to help the business in delivering a service effectively.

- The behaviour of those who deliver is important for customer approval.
- Issues such as waiting time, information given to customers and helpfulness of staff are important.

Business Plan

7 Competition

- Businesses selling the same or a similar product satisfying the same need are competitors.
- Customers want value for money and will shop around to find the right product at the best price with the best quality.
- To ensure competitive advantage, it is important to make a study of competitors to find out what their weak and strong points are.
- Offer something extra or slightly better than they do.
- To be able to compete one does not always have to lower the price.
- The following can be done:
 - use clever advertising slogans
 - make your product unique
 - provide attractive product displays
 - offer an improved service.

8 Financial analysis

- The financial analysis describes financial needs of the business venture and shows how funds will be used in the business.
- This information is important for financial institutions and potential investors because they don't want to lose their money.
- The financial analysis will show:
 - the sources of capital (own and borrowed money)
 - a budget, projected income statement and projected balance sheet of how the business plans to use the funds.
- A budget is a plan showing how money received is to be spent. It helps with successful cash flow.
- A projected income statement shows the predicted profit or loss calculated by taking into account income and expenditure.
- A projected balance sheet shows the predicted worth of the business by calculating the possessions (assets like land and buildings, equipment, vehicles, money in the bank) and money the business owes (liabilities like loans, buying on account or bank overdrafts).

Business Plan

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

1.1 An example of a convenience product:

- A milk
- B clothing
- C jewellery
- D A, B and C

1.2 An example of a shopping product:

- A milk
- B clothing
- C jewellery
- D A, B and C

1.3 An example of a select product:

- A milk
- B clothing
- C jewellery
- D A, B and C

1.4 An example of a personal service:

- A doctor
- B hairdresser
- C insurance
- D A, B and C

1.5 An example of a professional service:

- A doctor
- C hairdresser
- B insurance
- D A, B and C

1.6 An example of an auxiliary service:

- A doctor
- B hairdresser
- C insurance
- D A, B and C

Business Plan

1.7 The average cost of making the product and adding on a profit is referred to as:

- A average cost
- B mark-up pricing
- C costing
- D price fixing

1.8 Making customers aware of the product or service:

- A pricing
- B direct selling
- C promotion
- D purchasing

1.9 A system used to help a business deliver a service effectively.

- A budget
- B customer care
- C production system
- D process

9 × 2 = (18)

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 2.1 The traditional distribution channel includes the flow of the product from the manufacturer to the wholesaler, retailer and the consumer. (2)
- 2.2 The requirements of a good advertisement is known as AIDA: attention, intelligence, desire and action. (2)
- 2.3 It is illegal to make a study of competitors. (2)
- 2.4 A service is a tangible asset. (2)
- 2.5 Recruitment means to employ the right staff to do work. (2)
- 2.6 A bank may require a business plan when a business applies for a loan. (2)

6 × 2 = (12)

Question 3: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
3.1 A plan on how money received is to be spent	A print media
3.2 Describes the financial needs of the business and shows how funds are used	B projected income statement
3.3 Shows the predicted profit or loss calculated	C cash flow statement
3.4 Newspapers, magazines, brochures and pamphlets	D budget
3.5 Shows the predicted worth of the business by calculated possessions and liabilities	E financial analysis
	F projected balance sheet
	G business plan

5 × 2 = (10)

Business Plan

Question 4: Short answers

- 4.1 List EIGHT components of a business plan. (8)
- 4.2 Which factors are important when considering a form of ownership for the business? (4)
- 4.3 What is an executive summary? (2)
- 4.4 List the 7 Ps of the marketing mix. (7)
- 4.5 Discuss THREE important environmental issues to be sensitive to when deciding on the type of business activities. (6)
- 4.6 Suggest information an entrepreneur will have to gather from the external environment after identifying the business opportunity. (3)

(30)

Question 5: Essay question

Discuss all the important factors that need to be presented in a business plan. (40)

(40)

[110]

Business Plan

Answers

Question 1: Multiple choice

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

Question 2: True/false

- 2.1 T ✓✓
- 2.2 F ✓✓
- 2.3 F ✓✓
- 2.4 F ✓✓
- 2.5 T ✓✓
- 2.6 T ✓✓

Question 3: Match terms

- 3.1 D ✓✓
- 3.2 E ✓✓
- 3.3 B ✓✓
- 3.4 A ✓✓
- 3.5 F ✓✓

Question 4: Short answers

4.1 Business plan:

- Cover page and index ✓
- Index ✓
- Executive summary ✓
- Description of business ✓
- SWOT analysis ✓
- Marketing plan ✓
- Competition ✓
- Financial analysis. ✓

Business Plan

4.2 Form of ownership:

- number of owners involved
- size and type of business
- how much control the owners want
- how much legal protection the owners want.

4.3 Executive summary:

The executive summary must get the attention of the reader by summarising the reason for writing the business plan. ✓✓

4.4 Ps of the marketing mix:

product ✓, price ✓, place ✓, promotion ✓, people ✓, physical environment ✓, process ✓

4.5 Environmental issues: (any three)

- Pollution – air, water, soil or noise ✓✓
- Use natural resources such as electricity, water, fuel, mineral, agricultural land responsibly ✓✓
- Waste and management of the disposal of it ✓✓
- Impact of business activities on plants and animals ✓✓
- Managing use of dangerous materials or chemicals such as oils, grease, fuel, pesticides ✓✓
- Impact of business activities on the community ✓✓
- Methods to lessen the impact of business activities on the environment ✓✓

4.6 Entrepreneur and external environment: (any three)

- Will potential customers be interested in the product or service? ✓
- Is there an existing market for this product or service? ✓
- Who will supply the business with all the resources needed? ✓
- Are there other competitors in the market and how strong are they? ✓
- How will the business impact the environment? ✓
- What are the legal requirements that the business must stick to? ✓

Business Plan

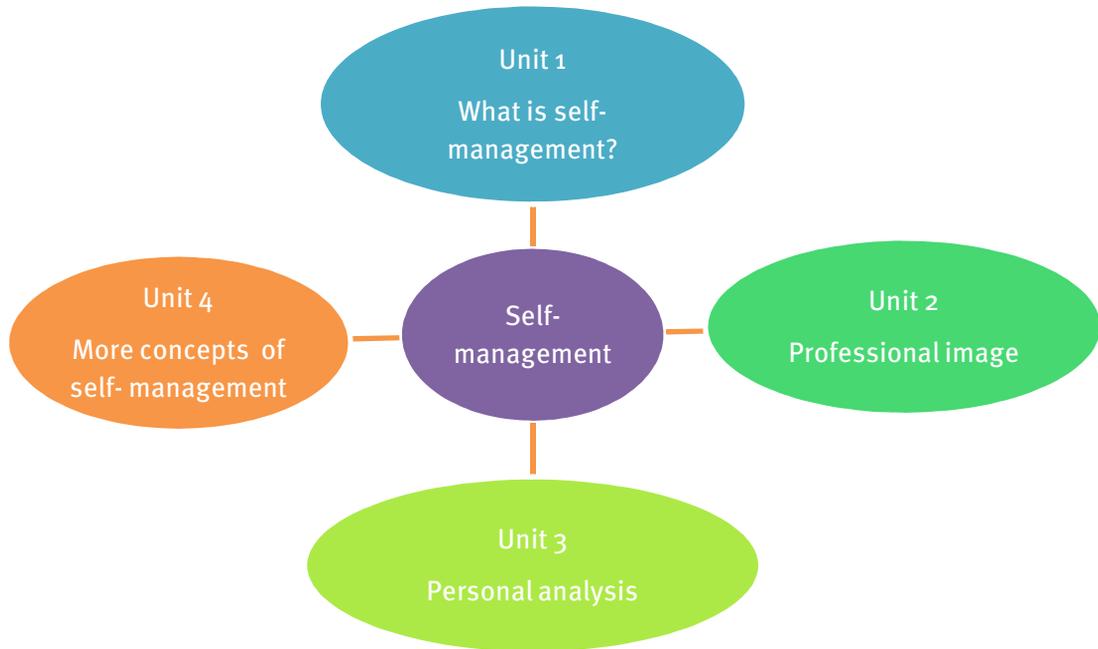
5 Business plan:

Rubric to use:			
Introduction		3	Convert to 32
Facts: Business Plan (8 Components - marks depend on depth of component.)	30 max.	30 max.	
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

5 All factors discussed in chapter. Some will be more detailed than others.
(For factual content of each component, refer to summary or textbook.)

Self-management

Overview



Unit 1 What is self-management?

Self-management is a skill that helps you to:

- take control of your day and life
- plan ahead
- adapt to changes in your life
- present yourself in a positive way to others, including employers
- helps you to know yourself, your talents and strengths
- helps you to improve in areas of weakness, so you can be successful.

Factors that play a role in effective self-management include:

- time management
- setting personal goals
- self-knowledge (what does 'success' mean to you, as well as your own strengths, weaknesses, talents and interests)
- making the most of yourself
- leading a balanced life and managing stress.

Self-management

1 Why is self-management important?

Self-management helps you to:

- know yourself to make the most use of talents and strengths
- improve in areas where you are weak

2 Time management

- Time management is the skill to use your time in the best way possible to complete tasks in the given time.
- Time is a resource that must be used wisely.

2.1 Planning ahead

- Manage time by planning ahead.
- Use a diary or other planner.
- Make a list of all activities and allocate time for each.

2.2 Know your personal style

- Know what you prefer, in order to plan more realistically.
- Do you prefer studying early in the morning or late at night, working under pressure or having plenty of time?

2.3 Symptoms of poor time management

- postponing important things, and so missing important deadlines
- having too much to do
- an attitude of 'tomorrow is another day'
- being a perfectionist
- not setting priorities
- not able to say 'no' to less important things
- always busy solving problems, because of incorrect planning.

2.4 Time to think

- Make time to think.
- This helps to get fresh, new ideas and helps to solve problems.
- Include 'thinking time' into your weekly programme.

3 Personal goals

- Planned steps to reach your dream will turn your dream into becoming a goal.
- Short-term goals are goals you want to achieve in a few weeks' time.
- Medium-term goals will take a few months or even a year to reach.
- Long-term goals are goals you want to achieve in a few years' time.
- Goals, especially long-term goals, take self-motivation, perseverance and commitment.
- Set goals for different areas of your life.

Self-management

3.1 How to set goals

Step 1: Do not set too many goals or too few goals.

Step 2: Set at least three goals for personal development (music, public speaking, etc).

Step 3: Set at least two goals for personal finances.

Step 4: Set at least one goal to help you doing better at school.

Step 5: Make sure that your goals are realistic and achievable.

Step 6: Determine a specific period of time for the achievement of your goal.

Step 7: Decide on how you will measure whether or not you have achieved your goal.

4 Success

- Different people have different ideas of what it means to be successful.
- Be flexible to adapt to the management's view of success.

5 A balanced lifestyle

- Time is a resource that must be managed wisely.
- Divide your time between work or study, recreational activities, as well as family and friends in a balanced way.
- Sometimes it is necessary to allow a lot of time to complete a task such as a project.
- If work becomes addictive it leads to isolation, stress and depression.

Unit 2 Development of a professional image

It is very important to project the image you want, because first impressions last.

1 Dress the part

- Different job types have different 'dress codes' or ways in which workers dress.
- Different companies within the same 'job type' also can have different dress codes.
- Some companies have a more informal culture than others.
- When going for a job interview, always dress neatly and formally to project a professional image.

2 Body language

- The way in which you walk or sit, as well as mannerisms such as fidgeting, convey a message.
- This is called body language or non-verbal behaviour.

Self-management

3 Social skills

- Good social skills are also very important.
- Nobody will make use of your services if you are rude, ill-mannered or treat people without respect.
- The way that you greet a person is very important. Introducing yourself and others with a smile.

5 More than just an image

- Apart from projecting a professional image, you must also pay attention to neatness, punctuality, reliability, accuracy and presentations to a client.

6 Improving your professional image

There are various ways to improve your image. These include:

- Image consultants – people who can help you with planning a wardrobe, personal grooming and social etiquette.
- Books – bookshops and libraries have books that can help with improving your image.
- Friends and family – ask a good friend or family member to give you an honest opinion.

Unit 3 Personal analysis

1 Talents, skills and interests

- Talents are the natural gifts we were born with. Some people have a natural talent for sport or music.
- Interests are those things that we enjoy doing, for example, reading.
- Skills are natural talents that have been developed.

2 Strengths and weaknesses

- Strengths are the things we are particularly good at.
- It is the result of developing natural gifts or talents so that they turn into skills.
- Weaknesses are the things we do not enjoy and for which we have no gift or talent.
- One needs to work at improving weaknesses.
- This will improve self-image.

Self-management

Unit 4 More concepts of self-management

1 Self-knowledge

- Self-knowledge is what you know about yourself – your likes, dislikes, strengths and weaknesses.
- Assess yourself, think about the results of your assessment and understand the reasons for the results.

1.1 Self-assessment

- Self-assessment is when you judge yourself or your work objectively and learn from it.
- Self-assessment is important for growth in your personal life.

1.2 Self-reflection

- Think about why you do certain things and understand your feelings about them.
- Think whether there was anything you could have done differently.
- Think back to identify exactly what the reason for the success or failure was.

2 Self-confidence

- Self-confidence is trusting your own abilities to do something and knowing your own worth.
- Self-confidence leads to healthy relationships with family, friends and colleagues.
- Self-confidence comes from self-knowledge.
- Positive and negative experiences from the past can influence self-confidence.

3 Stress management

- Stress is the body's reaction to a real or imaginary threat.
- Your body releases stress hormones, particularly adrenaline, which cause your heart to beat faster.
- A little bit of stress is good, because it helps us to perform at our best.
- Stress becomes negative if you experience too much of it.
- Too much stress can cause health problems, such as headaches or stomach ulcers, and even depression.
- Regular physical exercise, taking up a hobby, leading a balanced life, eating healthily and sleeping enough can help you to cope with stress.

4 Adaptability

- Sometimes things do not go according to plan, circumstances change.
- Re-evaluate plans and change them according to new circumstances.
- Part of being successful is the ability to be flexible and think creatively about various alternatives.

Self-management

Questions

Question 1: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 1.1 Self-confidence comes from self-knowledge. (2)
- 1.2 Physical exercise can help you to cope with stress. (2)
- 1.3 Part of being successful is thinking creatively. (2)
- 1.4 Talents are natural gifts, such as the love for reading books. (2)
- 1.5 Skills are natural talents that have developed. (2)
- 1.6 A quality product is worth more than a friendly service. (2)
- 1.7 Dress code forms part of a professional image. (2)
- 1.8 Time is a resource not to be wasted. (2)
- 1.9 Being a perfectionist is not a symptom of poor time management. (2)
- 1.10 It is always better to study early in the morning. (2)

10 × 2 = (20)

Question 2: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
2.1 Natural gifts we were born with	A Self-knowledge
2.2 Too much stress over deadlines not reached with result in this type of stress	B Self-assessment
2.3 Adrenaline rush just before a 100 m race results in this kind of stress	C Self-reflection
2.4 Re-evaluating plans and changing them according to new circumstances	D Self-confidence
2.5 Neatness, punctuality, reliability, accuracy and presentations to a client all form a part of this	E Stress
2.6 Thinking about why you do certain things and understanding your feelings about them	F Adaptability
2.7 Judging yourself objectively and learning from it	G Negative stress
2.8 The body's reaction to a real or imaginary threat	H Positive stress
2.9 What you know about yourself	I Image
2.10 Trusting in your own abilities to do something	J Talents

10 × 2 = (20)

Self-management

Question 3: Short answers

Donald Dlamini is 20 kg overweight and has a very poor self-image. He signed a gym contract for a year and visits the gym on a regular basis.

- 3.1 Define 'success' for Donald. (2)
- 3.2 Distinguish between short-term, medium-term and long-term goals by using Donald's situation to illustrate the difference. (6)
- 3.3 Discuss THREE ways Donald can improve his image. (6)
- 3.4 List SEVEN steps Donald can follow to set goals for himself so that he can reach his target. (7)
- 3.5 Donald needs to plan his day well so that he has time to go to the gym. List FOUR symptoms of poor time management. (4)

(25)

Question 4: Essay question

Estrelita Lila is an image consultant. She started her own business and called it Inner Vision. Estrelita requires four sessions with her clients. During the sessions, she assists them with planning a physical make-over. She also gives them a 'spiritual' make-over by empowering them with knowledge about themselves to improve their professional image.

Discuss time management, personal goals, success, leading a balanced lifestyle and how to develop a professional image. (40)

(40)

[105]

Self-management

Answers

Question 1: True/false

- 1.1 T ✓✓
- 1.2 T ✓✓
- 1.3 T ✓✓
- 1.4 F ✓✓
- 1.5 T ✓✓
- 1.6 F ✓✓
- 1.7 T ✓✓
- 1.8 T ✓✓
- 1.9 F ✓✓
- 1.10 F ✓✓

Question 2: Match terms

- 2.1 J ✓✓
- 2.2 G ✓✓
- 2.3 H ✓✓
- 2.4 F ✓✓
- 2.5 I ✓✓
- 2.6 C ✓✓
- 2.7 B ✓✓
- 2.8 E ✓✓
- 2.9 A ✓✓
- 2.10 D ✓✓

Question 3: Short answers

- 3.1 Success for Donald would be to lose weight so that he reaches his target weight. ✓✓
- 3.2 Short-term – Donald would like to lose 4-8 kg in 6 weeks. ✓✓
 Medium-term – Donald would like to lose 20 kg in 6-8 months. ✓✓
 Long-term – Donald would like to maintain his target weight for the rest of his life. ✓✓
- 3.3 Image:
 - Image consultants – people who can help you with planning a wardrobe, personal grooming and social etiquette. ✓✓
 - Books – bookshops and libraries have books that can help to improve your image. ✓✓
 - Friends and family – ask a good friend or family member to give an honest opinion. ✓✓

Self-management

3.4 Seven steps:

- Step 1: Do not set too many goals or too few goals. ✓
- Step 2: Set at least three goals for personal development. ✓
- Step 3: Set at least two goals for personal finances. ✓
- Step 4: Set at least one goal to help you doing better at school. ✓
- Step 5: Make sure that your goals are realistic and achievable. ✓
- Step 6: Determine a specific period of time for the achievement of your goal. ✓
- Step 7: Decide on how you will measure whether or not you have achieved your goal. ✓

3.5 Poor time management: (any four)

- postponing important things, and so missing important deadlines ✓
- having too much to do ✓
- an attitude of ‘tomorrow is another day’ ✓
- being a perfectionist ✓
- not setting priorities ✓
- not able to say ‘no’ to less important things ✓
- always busy solving problems, because of incorrect planning ✓

Question 4: Essay question

Time management:

Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Time management	6 max.		
Personal goals	10 max.		
Success	4 max.		
Leading a balanced lifestyle	8 max.		
How to develop a professional image	14 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

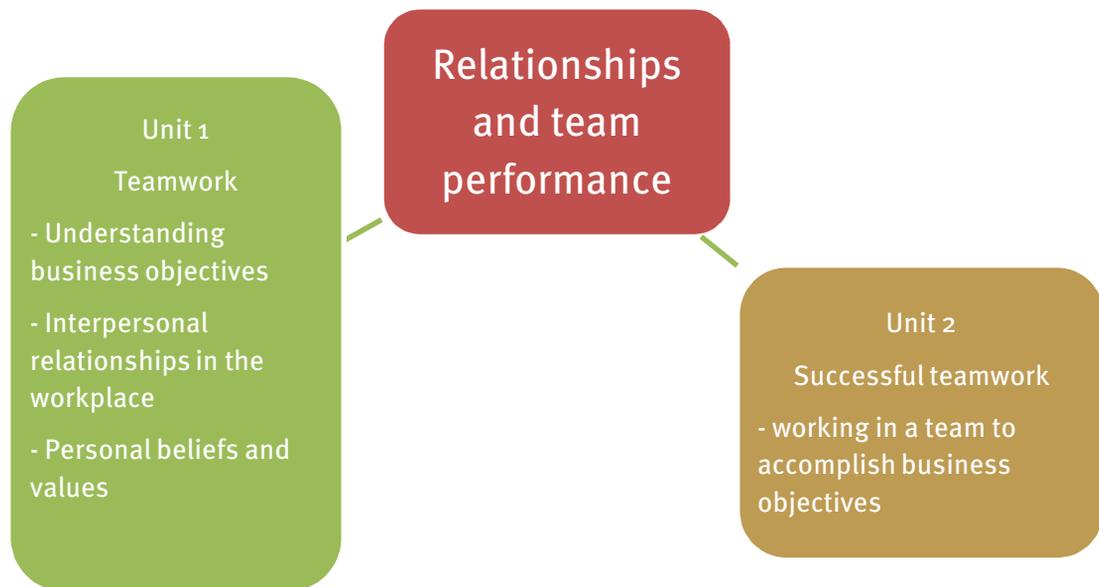
Must include:

- Time management, personal goals, success, leading a balanced lifestyle and how to develop a professional image.

(For factual content of each component, refer to summary or textbook.)

Relationships and team performance

Overview



Unit 1 Understanding business objectives

- Most people think a business only has one objective – profit.
- Most businesses actually have THREE common objectives:
 - survival
 - sales
 - maximum profit.
- Other objectives may include:
 - expansion – to grow into a bigger business
 - providing charitable/public services
 - working in an environmentally friendly way.
- Make use of SMART objectives to make sure objectives are met.

S	Specific	Set out clearly what you are trying to achieve
M	Measurable	So that you know when it has been achieved
A	Greedy	Must involve everyone
R	Realistic	It must be possible
T	Time frame	When must goals be achieved

Relationships and team performance

1.1 Accomplishing business objectives

Team members will operate effectively in achieving business objectives when members:

- support one another in their working relationships
- understand the business's goals
- are committed to achieving the shared goals
- have resources and skills available to complete the task.

2 Interpersonal relationships in the workplace

2.1 Different hierarchies

- All organisations have structures that describe the different levels of responsibility and who needs to make which decisions.
- People need to know what their responsibilities are, who has power over them, and to whom they report.
- There are three levels of management: top-level, middle-level and lower- level.

2.2 Management levels

- Top-level managers are normally a small group of senior people who are responsible for what happens in the business (the Board of Directors, chief executive, and managing director).
- Middle-level managers run departments according to their different functions.
- Lower-level management is the supervisory level of management.

The roles of different levels of management		
Top-level management	Middle-level management	Lower-level management
<ul style="list-style-type: none"> • decide on the objectives and policies of the enterprise • give instructions to departments • prepare strategic plans and policies for the enterprise • appoint departmental managers • control and coordinate the activities of all the departments • make contact with the outside world • provide guidance and direction 	<ul style="list-style-type: none"> • carry out the plans of the organisation in agreement with the policies and orders from the top managers • take part in the appointment and training of lower-level management • interpret and explain policies from top-level management to lower-level management • co-ordinating the activities within the department 	<ul style="list-style-type: none"> • manage quality as well as quantity of production • maintain good relations in the organisation • communicate workers' problems or suggestions to higher levels and communicate higher levels goals and objectives to the workers • help to solve complaints of the workers • train the workers

Relationships and team performance

<ul style="list-style-type: none"> inform shareholders on the performance of the business 	<ul style="list-style-type: none"> send important reports and data to top-level management evaluate the performance of junior managers 	<ul style="list-style-type: none"> to arrange for the necessary material, machines and tools to get the job done to motivate workers
--	--	--

2.3 Importance of each individual working towards achieving the business objectives

- Teamwork becomes important for a successful business.
- Team members can work together if they are able to accommodate other people.
- Different people have different ideas, personalities and beliefs and this can lead to conflict if it is not managed well.
- Teams consist of different role players such as:
 - Leader – Someone who is in charge of a team and provides guidance, instruction, direction and leadership to achieving results.
 - Doer – Gets most of the work done and makes sure the leader's instructions are carried out.
 - Thinker – Creative and innovative to come up with good ideas.
 - Carer – Motivates team and helps team to get along.

3 Personal beliefs and values and how they influence business relationships

The following factors will influence whether or not people who work together will reach synergy.

3.1 Prejudice

- When people judge other people because of certain qualities such as skin colour, gender, religion or a social group they are prejudiced.
- This creates conflict and team will not accomplish business objectives.

3.2 Discrimination

- It is illegal to discriminate against people based on their age, race, disability, gender, sexual orientation, religion or belief and it could lead to labour action.

3.3 Equity

- The Employment Equity Act requires employers to take steps to do away with workplace discrimination by employing people from different races, beliefs and religions so as to mirror the broader community.

3.4 Diversity

- Workplace diversity refers to the variety of people in an organisation.
- This includes people of different genders, ethnic groups, ages, religions, personalities, levels of education, physical appearances and backgrounds.
- Organisations employing a diverse workforce can supply a greater variety of solutions to a problem.
- Values and beliefs influence our working relationships.
- Work towards accepting differences.
- Some beliefs have a positive influence and will empower you, and others can limit you.
- Use beliefs to create positive business relationships.

Relationships and team performance

Values

- Our values are those things that we believe are important.
- Values include concepts such as fairness, honesty, education, effort, perseverance, loyalty, faithfulness and protection of the environment.
- People value different things.
- Accept one another.

Beliefs

- Our beliefs grow from what we see, hear, experience, read and think about and accept as true.
- Respect the beliefs of other people so that the team can co-operate.

Unit 2 Successful teamwork

1 Working in a team to accomplish business objectives

1.1 Clear goals for direction

- Team members must know what they want to achieve.
- Team members who agree to the goals will be more committed.

1.2 Openness, mutual respect, opportunities for individual development

- An effective team will allow team members to develop new skills and allow them to grow and learn.
- Team members must be able to share their feelings, thoughts, and ideas openly with one another. In this way different opinions can be evaluated and the best action taken.
- Team members who do not respect one another will cause conflict. Individuals need to be adaptable and flexible to work together.

1.3 Support and mutual trust

- 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.

1.4 Members must all be committed to achieve

- A team that has members who are passionate about their work is more likely to be successful and get positive results.

1.5 Sound inter-team relations

- The team needs a conscious effort to get groups of individuals working together as a team.

1.6 Review the team progress

- It is important to check the progress of the team against their goals on a regular basis.
- The team can learn from mistakes to avoid future problems.

Relationships and team performance

Questions

Question 1: Multiple choice

Choose the correct answer. Only write the letter of the answer you select.

- 1.1 The captain of the hockey / rugby team would normally fulfil this role in the team:
- A carer
 - B leader
 - C doer
 - D thinker
- 1.2 The people in a team who does most of the work and ensures that leader's instructions are carried out.
- A carer
 - B leader
 - C doer
 - D thinker
- 1.3 When planning an event such as the matric farewell, this type of a role player would come up with creative ideas.
- A carer
 - B leader
 - C doer
 - D thinker
- 1.4 The teacher motivates the team of learners and helps them to get along.
- A carer
 - B leader
 - C doer
 - D thinker
- 1.5 An example of a middle-level manager is:
- A supervisor
 - B Managing Director
 - C financial manager
 - D Chief Executive Officer

5 × 2 = (10)

Relationships and team performance

Question 2: True/false

Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number.

- 2.1 A role of the lower-level managers is to maintain good relations in the organisation. (2)
- 2.2 A role of the middle-level management is to inform shareholders of the performance of the business at an AGM. (2)
- 2.3 All organisations have structures that describe the different levels of responsibility. (2)
- 2.4 Values and beliefs do not influence working relationships. (2)
- 2.5 Beliefs can be a limiting factor or a factor that can empower. (2)
- 2.6 Team members do not have to share feelings, thoughts and ideas about their work openly with one another. (2)
- 2.7 Differences in the workplace should be accepted. (2)
- 2.8 Top-level managers need to arrange for the necessary material, machines and tools to get the job done. (2)

8 × 2 = (16)

Question 3: Match terms

Choose a term from column B that matches a description in column A. Write only the letter next to the question number.

COLUMN A	COLUMN B
3.1 The variety of people in an organisation	A prejudice
3.2 Structure in the organisation to describe the level of responsibility of the levels of management	B beliefs
3.3 Treating people differently because of race, gender, disability, religion or belief	C diversity
3.4 When people judge other people because of certain qualities such as skin colour, gender, religion or social group	D equity
3.5 The things we believe are important, such as fairness and honesty	E values
3.6 This is influenced by what we see, hear, experience, think about and accept as true	F discrimination
3.7 Promoting equal opportunities for all in the workplace regardless of race, culture, language, gender and religion	G hierarchy

6 × 2 = (14)

Relationships and team performance

Question 4: Short answers

- 4.1 Say in each case which level of management should perform each of these tasks:
- 4.1.1 Eddies Electrical wants to open another branch. Who would decide? (2)
 - 4.1.2 Computer Solutions has only two Lenovo computers left in stock. Who should take action? (2)
 - 4.1.3 Belgium Wafflehouse needs to employ more waiters for the holiday season. Who should appoint the waiters? (2)
- 4.2 When will the members of a team operate effectively in achieving business objectives? (4)
- 4.3 Explain the statement, 'A team must have synergy.' (2)
- 4.4 Identify THREE important criteria for a successful team performance. (6)
- 4.5 Contrast the role of each level of management by highlighting two important roles for each level. (12)

(30)

Question 5: Essay question

Discuss how businesses should adapt to working in teams to accomplish the objectives of the organisation. (40)

(40)

[110]

Relationships and team performance

Answers

Question 1: Multiple choice

- 1.1 B ✓✓
 1.2 C ✓✓
 1.3 D ✓✓
 1.4 A ✓✓
 1.5 C ✓✓

Question 2: True/false

- 2.1 T ✓✓
 2.2 F ✓✓
 2.3 T ✓✓
 2.4 F ✓✓
 2.5 T ✓✓
 2.6 F ✓✓
 2.7 T ✓✓
 2.8 F ✓✓

Question 3: Match terms

- 3.1 C ✓✓
 3.2 G ✓✓
 3.3 C ✓✓
 3.4 A ✓✓
 3.5 E ✓✓
 3.6 B ✓✓
 3.7 E ✓✓

Question 4: Short answers

4.1 Levels of management:

4.1.1 Top-level manager ✓✓

4.1.2 Middle-level management (Purchasing department) ✓✓

4.1.3 Middle-level management (Human resource department) ✓✓

4.2 Team supporting one another in the working relationships: (any two)

- understand the business's goals ✓✓
- are committed to achieving the shared goals ✓✓
- have resources and skills available to complete the task ✓✓

4.3 Synergy:

A team must have good relationships without prejudice and work together so well that the result of the task is better than what it would have been if only one person worked on it. ✓✓

Relationships and team performance

4.4 Successful team performance: (any three)

- Clear goals for direction – Team members must know what they want to achieve. ✓✓
- Agreed goals – Team members who agree to the goals will be more committed. ✓✓
- Openness – Team members must be able to share their feelings, thoughts, and ideas openly with one another. In this way different opinions can be evaluated and the best action taken. ✓✓
- Mutual respect – Team members who do not respect one another will cause conflict. Individuals need to be adaptable and flexible to work together. ✓✓
- Support and mutual trust – 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. ✓✓
- Members must all be committed to achieve – A team that has members who are passionate about their work is more likely to be successful and get positive results. ✓✓
- Sound inter-team relations – The team needs a conscious effort to get groups of individuals work together as a team. ✓✓
- Individual development opportunities – An effective team will allow team members to develop new skills and allow them to grow and learn. ✓✓
- Review the team progress – It is important to check the progress of the team against their goals on a regular basis. The team can learn from mistakes to avoid future problems. ✓✓

4.5 Management roles:

The roles of different levels of management		
Top-level management	Middle-level management	Lower-level management
<ul style="list-style-type: none"> • decide on the objectives and policies of the enterprise • give instructions to departments • prepare strategic plans and policies for the enterprise • appoint departmental managers • control and coordinate the activities of all the departments • make contact with the outside world • provide guidance and direction • inform shareholders on the performance of the business 	<ul style="list-style-type: none"> • carry out the plans of the organisation in agreement with the policies and orders from the top managers • take part in the appointment and training of lower-level management • interpret and explain policies from top-level management to lower-level management • co-ordinating the activities within the department • send important reports and data to top-level management 	<ul style="list-style-type: none"> • manage quality as well as quantity of production • maintain good relations in the organisation • communicate workers' problems or suggestions to higher levels and communicate higher levels goals and objectives to the workers • help to solve complaints of the workers • train the workers • to arrange for the necessary material, machines and tools to get the job done • to motivate workers

Relationships and team performance

	<ul style="list-style-type: none"> evaluate the performance of junior managers 	
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Question 5: Essay question

Team objectives:

Rubric to use:			
Introduction		3	Convert to 32
Facts:		30 max.	
Teamwork	30 max.		
Conclusion		2	
Insight			
Layout Structure:		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks if no requirements met			
TOTAL			40

Include:

- Interpersonal relationships in the workplace
- Personal beliefs and values and how they influence business relationships
- Criteria for successful team performance.

(For factual content on teamwork, refer to summary or textbook.)

Sample mid-year examination

Sample mid-year examination

TIME: 2 HOURS

MARKS: 200

SECTION A

QUESTION 1

- 1.1 Four possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number (1.1.1-1.1.10) on your answer paper.
- 1.1.1 The level of management responsible for certain functions of the business.
- A lower level management
 - B middle level management
 - C top level management
 - D none of the above (2)
- 1.1.2 A deposit-taking business that promises people a high return on their investment or high income on goods or services they sell.
- A gambling
 - B banks
 - C pyramid schemes
 - D money laundering (2)
- 1.1.3 The employees, owners, competitors, trade unions and the government are referred to as:
- A shareholders
 - B stakeholders
 - C the community
 - D all of the above (2)
- 1.1.4 Population characteristics such as the numbers in various age groups, gender balance, education levels, skills and racial groups in the society.
- A social statistics
 - B infrastructure
 - C organisational culture
 - D demographics (2)
- 1.1.5 The sector of industry which includes the transport and storage of products.
- A primary sector
 - B secondary sector
 - C tertiary sector
 - D public sector (2)

Sample mid-year examination

1.1.6 A quality of entrepreneurship that drives successful entrepreneurs to continue until the job is done.

- A perseverance
- B commitment
- C passion
- D willpower (2)

1.1.7 A form of ownership that may have between 2-20 owners.

- A sole proprietor
- B private company
- C co-operative
- D partnership (2)

1.1.8 An act that gives rights to consumers, providing them with information to make the right decisions before debt is made:

- A The National Credit Act
- B The National Consumer Protection Act
- C The National Consumer Commission
- D none of the above (2)

8 × 2= (16)

1.2 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A-I) next to the question number (1.2.1-1.2.5) on your answer paper.

COLUMN A	COLUMN B
1.2.1 Information and technical resources, human resources, financial resources and physical resources.	A Fixed deposit B Acts C Public company D Organisational resources
1.2.2 A long-term investment requiring a fairly large sum of money to be saved for a period of 12 to 60 months to gain interest.	E Redistribution of income F Inclusivity G Equity H Liability
1.2.3 The responsibility of the owners of the business to pay back the debt of the business.	I Organisational culture J Money market K Private company
1.2.4 The name of this form of ownership needs to end with (Pty) Ltd.	
1.2.5 Equal opportunities for all in the workplace, regardless of gender, race, religion, culture and disability.	
1.2.6 Transfer payments by means of social grants such as old-age pension and child support grants.	
1.2.7 Rules passed by government.	

7 × 2= (14)

Sample mid-year examination

1.3 Indicate whether the following statements are true or false by writing a “T” if a statement is true and an “F” if a statement is false.

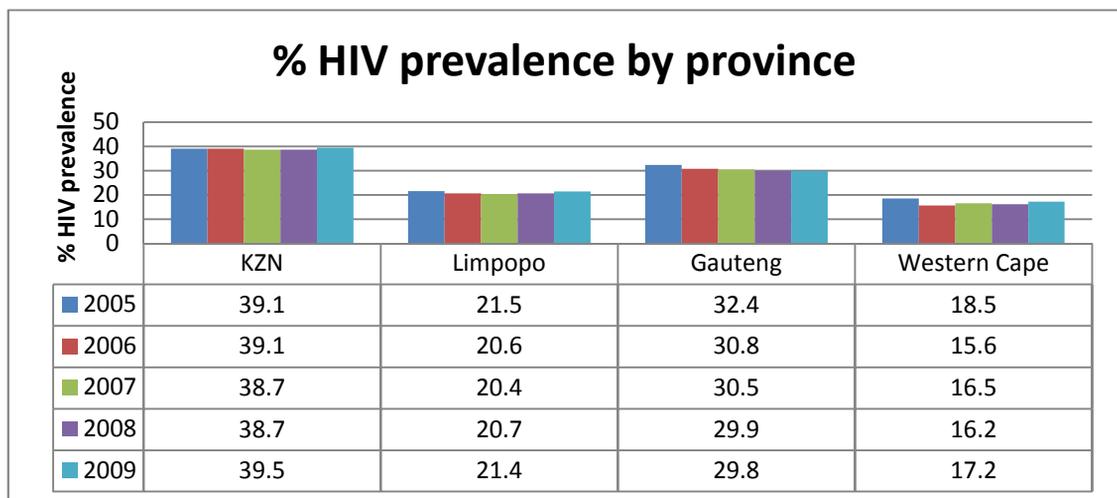
- 1.3.1 Information is data that has been processed to be ready for decision-making by management.
- 1.3.2 The mission statement of the business reflects the “dream” of the business and what the business wants to achieve in the future.
- 1.3.3 A strike is a type of industrial action where workers refuse to work.
- 1.3.4 A sole proprietor and partnership has continuity of existence.
- 1.3.5 A co-operative have unlimited liability.

5 × 2= (10)
[40]

SECTION B

QUESTION 2

2.1 The graph below reflects an estimated percentage of HIV prevalence for pregnant women who visit antenatal clinics by province. Study the graph to answer the questions that follow:



[Adapted from www.avert.org/africastats.htm; downloaded 29/06/2011]

- 2.1.1 HIV/ Aids is classified as a contemporary socio-economic issue. Explain why. (4)
- 2.1.2 What are the implications of HIV/Aids for the business? (6)
- 2.1.3 Compare the statistics of KZN to that of the Western Cape. Suggest reasons for the difference in the percentage of HIV/Aids prevalence for these provinces. (6)
- 2.1.4 Analyse the prevalence of HIV/Aids for the years 2005 – 2006 for the Western Cape. Identify factors that might have contributed to the trend. (5)
- 2.1.5 What can businesses do to address the problem of HIV/Aids in the workplace? (4)

Sample mid-year examination

2.2

Mr S. Singh's started a herb and spice business ten years ago as a Close Corporation. His business expanded far beyond the orders of his province. Because of his success, he wanted to expand his business operations. In order to do so, he needs more people who would contribute capital to his business. He decided that it might be worth his while to register his business as a public company on the JSE so that anyone could invest in shares. He found out that, in order to list on the JSE, he will have to be socially responsible.

- 2.2.1 Define Social Responsibility. (2)
 - 2.2.2 Suggest TWO issues Mr Singh needs to focus on for Social Responsibility. Give ONE reason for each issue you have chosen. (6)
 - 2.2.3 Contrast TWO advantages and disadvantages for a public company as a form of ownership. (8)
 - 2.2.4 Compare TWO differences and stipulate TWO similarities between a Close Corporation and a Public Company as a form of ownership. (8)
 - 2.2.5 Who will manage and control Mr Singh's business if he turns it into a public company? (2)
 - 2.2.6 Would you recommend Mr Singh to change the form of ownership of his business? Motivate your answer. (3)
- 2.3 If Mr Singh's labourers go on strike, he could lock them out of his business. Explain the following terminology related to industrial action:
- 2.3.1 free-riders (2)
 - 2.3.2 lock-out (2)
 - 2.3.3 scab labour (2)

[60]

QUESTION 3

- 3.1 In the large cities and towns of South-Africa there are hawkers on the pavement and on street corners selling a variety of products. Examples of such products include pirated CD's and DVD's as well as counterfeit products.
- 3.1.1 Explain why piracy and counterfeiting is seen as unethical. (2)
 - 3.1.2 What is the difference between piracy and counterfeiting? (4)
 - 3.1.3 Give ONE example of a product that is pirated and ONE example of a counterfeit. (2)
 - 3.1.4 Explain how piracy and counterfeiting affect business operations. (4)
 - 3.1.5 Do you consider hawkers as entrepreneurs? Substantiate your answer. (3)
 - 3.1.6 Hawkers form part of the informal sector of South Africa. Identify TWO differences between the formal and informal sector. (8)

Sample mid-year examination

3.2

From the year 2000 the global economies started to experience a downward trend. One reason for this trend was that banks borrowed money to clients in the form of mortgage bonds and other loans which the clients could not or chose not to pay back. The property market experienced a downward trend. House owners realised that they will not be able to sell their houses at a profit. They rather foreclosed (proved themselves bankrupt). In doing so, banks had to repossess houses and had to sell them at a loss. Credit policies were not strict enough when loans were granted which resulted in substantial losses for banks. Some of the largest banks in the United States and United Kingdom had to close, resulting in rising unemployment, currency fluctuations and contributing to a global recession.

- 3.2.1 List the FOUR stages of the business cycle. (4)
- 3.2.2 Explain what is meant by an economic recession. (2)
- 3.2.3 Which business environment will an economic recession be part of? (2)
- 3.2.4 Discuss the level of control a business has over the business environment mentioned in 3.2.3. (2)
- 3.2.5 Explain the difference between 'own funds' and 'borrowed funds' by means of examples. (4)
- 3.2.6 Before the global recession had an impact on South Africa, the National Credit Act 34 of 2005 was put in place. Discuss THREE responsibilities of credit providers. (6)
- 3.2.7 When the recession hit South Africa, many businesses could not generate enough money for their working capital and had to close down. Identify and discuss THREE factors that would have had an effect on the amount of working capital needed for the businesses that had to close down. (9)
- 3.2.8 Suggest a way in which banks could make more income. (2)
- 3.2.9 Besides the economic environment, discuss TWO other macro environmental components that can have an effect on business operations. (6)

[60]

Sample mid-year examination

SECTION C

QUESTION 4

4 Read the Case Study below to answer the questions that follow:

Olwe's Traditional Curio

Olwethu Mpumsa's parents did not have the financial means to assist her with her studies. She was therefore compelled to start her own business when she completed grade 12. Olwethu took Consumer Studies, Business Studies and Accounting as part of her subject package. She decided to put all the knowledge she gained into practise and to start a small business called *Olwe's Traditional Curio*. Olwethu sells all sorts of products including traditional medicine, wire art, paintings, clothing, cakes, tarts and a variety of other little treasures. Olwethu makes a lot of the products herself, but also offers opportunities to her friends to sell their self-made products at her store. Unfortunately Olwethu finds that her suppliers (mostly her friends) don't always deliver on time. She decided to appoint another manager working under her. This manager will deal with the administration and purchasing function of *Olwe's Traditional Curio*.

Olwethu does not know how to explain what the administration and purchasing function involves. She asks you, her friend, to write it out for her. Compile an essay in which you discuss the following points:

- Administration function (Definition, Handling of information, Information management, Office practice and information technology.)
- Purchasing function (Definition, Purchasing procedures and process, Activities, Stock control)
- Advice on how to deal with suppliers.

[40]

TOTAL: 200

Sample final examination

Sample final examination

TIME: 3 HOURS

MARKS: 300

SECTION A

QUESTION 1

1.1 Four possible options are provided as 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) on your answer paper.

1.1.1 A contract set up to protect the business from risk:

- A Lease agreement
- B Insurance contract
- C Hire purchase agreement
- D Rental agreement (2)

1.1.2 A form of ownership where the minimum amount of members are 25.

- A Close corporation
- B Agricultural co-operative
- C Trading co-operative
- D Partnership (2)

1.1.3 A creative thinking technique whereby two ideas not related to each other are combined to form one.

- A Forced combinations
- B Nominal technique
- C Delphi technique
- D Brainstorming (2)

1.1.4 The person in a team who provides guidance to the rest of the team.

- A Thinker
- B Carer
- C Doer
- D Leader (2)

1.1.5 Taking into account the age, gender, race, disability, HIV status and religion of the labour force when promotions are given.

- A Diversity
- B Discrimination
- C Equity
- D Inclusivity (2)

Sample final examination

- 1.1.6 Land and buildings, vehicles and equipment is known as Capital.
- A Financial capital
 - B Industrial capital
 - C Fixed capital
 - D Working capital (2)
- 1.1.7 A long-term investment where the business invests money by borrowing it to another company.
- A Debenture
 - B Government bond
 - C Shares
 - D Fixed deposit (2)
- 1.1.8 The process of analysing what is needed in a business and using it in such a way that it best suits the needs of the business.
- A Planning
 - B Activating
 - C Control
 - D Organising (2)

8 × 2 = (16)

- 1.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.2.1–1.2.5) on your answer paper.
- 1.2.1 (Stock control; stock take) is knowing how much stock there is in the business at all times.
- 1.2.2 (Diversity; inclusivity) means giving everyone equal opportunities regardless of race, gender, culture, religion, HIV status, sexual orientation or disability.
- 1.2.3 (Patent; copyright) is the exclusive rights given to a creator of original work, including the right to change, copy or distribute the work.
- 1.2.4 An action taken by an employer to prevent striking workers to come into the workplace, is known as a (lock-out; go-slow).
- 1.2.5 As part of the six thinking hats creativity technique, the (yellow hat; blue hat) is used to control the team and to enforce certain rules to ensure order.

5 × 2 = (10)

Sample final examination

1.3 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A-I) next to the question number (1.2.1-1.2.5) on your answer paper.

COLUMN A	COLUMN B
1.3.1 When people judge others because of certain characteristics such as skin colour, gender, religion or social background.	A Middle level management B Basic needs C Infrastructure D Self-knowledge E Unproductive workforce F Counterfeit G Self-assessment H Prejudice I Lower level management J Bootlegging K Indigenous knowledge
1.3.2 The supervisory level of management.	
1.3.3 Labourers that produce less than what they should.	
1.3.4 Making goods that intentionally look like other goods.	
1.3.5 Knowledge that is part of Africa philosophical thought and social practices.	
1.3.6 All the basic facilities that a business needs in order to operate.	
1.3.7 Judging yourself on your work and learning from it.	

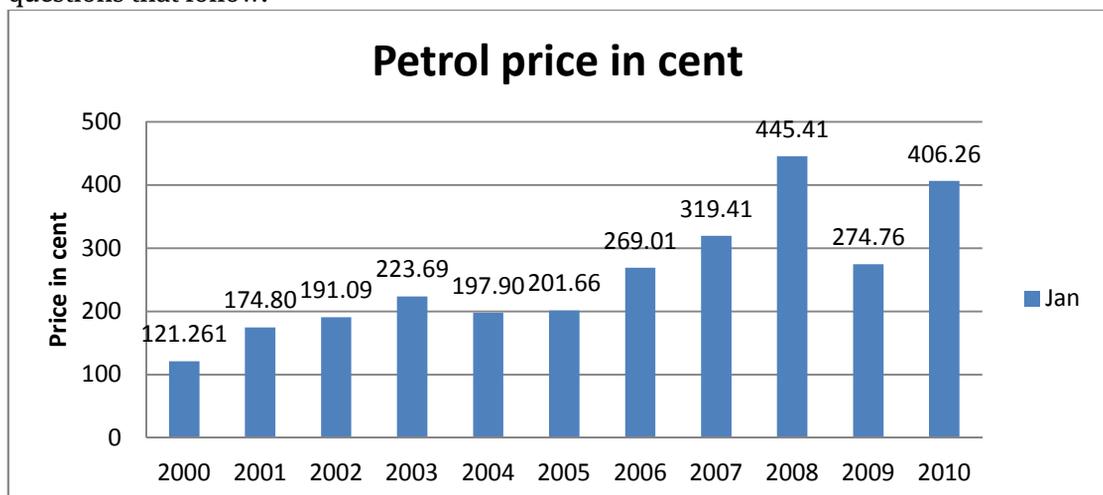
$7 \times 2 = (14)$

[40]

SECTION B

QUESTION 2

2.1 Study the following graph depicting the fuel price of Petrol 95 Unleaded and answer the questions that follow.



Note: The petrol prices reflected are the prices at the beginning of January for every year.

[Adapted from: <http://www.energy.gov.za> 2010, downloaded 30/06/2011]

- 2.1.1 During which year was the largest increase in the price of fuel? Supply a possible reason for this trend. (3)
- 2.1.2 During which year was the largest decline in the price of fuel? Supply a possible reason for this trend. (3)

Sample final examination

- 2.1.3 How will an increase in the price of fuel impact on:
- Businesses (2)
 - The community (2)
- 2.1.4 Under which business environment will you classify a rise or fall in the fuel price? Motivate your answer. (3)
- 2.1.5 Use the fluctuation in fuel price to illustrate the interrelatedness of the micro-, market- and macro environments of the business. (10)
- 2.2 Businesses need to monitor their market environment constantly. Discuss this statement by expanding on THREE market components. (9)

2.3

ZanSa Interior Design

Zandile Cele and her brother, Sandile started a crafty home-based business. Zandile manages the **finances, administration and human resources** function of the business whilst Sandile manages the **marketing, purchasing, production and public relation** function. Both of them are involved with the general management function.

Zandile designs stickers used to paste on walls for interior decorating. PVA paint is used to paint onto the stickers. The stickers are pulled off and only the beautiful design remains. She supervises two labourers who help her with interior decorating. Zandile makes curtains, bed spreads, feather pillows, cushions and duvets. Sandile restores furniture. He has three labourers who help him. When he is not there, Andile his trusted friend supervises the labourers.

- 2.3.1 Draw a diagram to illustrate the levels of management for ZanSa Interior Design. Clearly indicate who is responsible for tasks on each level and outline their responsibilities. (9)
- 2.3.2 Discuss how the functions of management performed by Sandile interrelate with one another. (6)
- 2.3.3 It is Sandile's task to build public relations. Discuss the importance of the Public relations function. (4)
- 2.3.4 Recommend and discuss TWO methods Sandile can use to build the image of their business. (6)
- 2.3.5 List TWO important aspects of public relations. (2)
- 2.3.6 Supply a synonym for the human resources function. (1)

[60]

Sample final examination

QUESTION 3

3.1 Read the following case study and answer the questions that follow.

Wire Art

No-one is exactly certain how wire art came about. For many years, due to a lack of resources to buy proper toys, young herd boys have been fashioning their own out of discarded coat hanger wire, tin cans and whatever else they can get their hands on. Their ingenuity is quite amazing, and it is not an uncommon sight to see one of these boys steering a fully functional, made-to-scale model car crafted solely from discarded materials, complete with independent axles, fully functional steering column and a keen attention paid to details such as licence plates, headlights and in some cases, optional extras like mag wheels and free-flow exhausts. Today, this genre is a thriving and legitimate art form in its own right, with many 'wiremasters' supporting their families by selling their creations on street corners, at craft markets, in shops and selected art galleries.

[Adapted from: <http://www.streetwires.co.za>; downloaded 30/06/2011]

- 3.1.1 List THREE examples of useful products made of wire and used in homes. (3)
 - 3.1.2 Suppose you have to open a business selling wire art. Discuss which THREE factors you would consider as the most important ones when deciding on a location for your business. (9)
 - 3.1.3 If you open a business selling wire art, you will have to draw up a business plan in order to obtain a loan from the bank. List FIVE main aspects that form a part of a business plan. (5)
 - 3.1.4 In order to compile a business plan, data needs to be gathered. Distinguish between primary and secondary data. (4)
 - 3.1.5 How can a force-field analysis be used to solve the problem of which form of ownership to choose for a business? (4)
 - 3.1.6 Would you classify the origins of wire art as indigenous knowledge? Motivate your answer. (3)
 - 3.1.7 Perform a SWOT analysis in the form of a table for a wire art craft shop operating in a busy mall in a large city. (10)
- 3.2 Give TWO reasons why a contract may be breached. (4)
- 3.3 List FOUR requirements for a contract to be valid. (8)
- 3.4 Draw a table in which you identify, discuss the purpose and list the parties involved for the following contracts:
- a) An agreement to use a photocopy machine, but never become the owner. (5)
 - b) An agreement between a labourer and the business. (5)

E.g.

Type of contract	What is the purpose of the contract?	Which parties are involved?

[60]

Sample final examination

QUESTION 4

4.1 Read the following case study and answer the questions that follow.

On his way from town back to his farm, Adrian Vorster saw a hitchhiker. He felt sorry for the man, picked him up and offered him a place to sleep. The hitchhiker (named Hilton) convinced Adrian to invest all his pension money and to open a milkshake factory in town. Unfortunately Adrian opened his business as a partnership together with the hitchhiker. Adrian trusted the hitchhiker because the man was a qualified food technologist and so entered into a verbal partnership agreement. He also trusted the man with the finance of the business. After a while, Adrian started to get phone calls from suppliers regarding debt that the business made. Before Adrian could confront Hilton, he disappeared.

- 4.1.1 Why is it unfortunate that Adrian chose a partnership as a form of ownership? (4)
- 4.1.2 Which other form of ownership would you recommend? Motivate your answer. (3)
- 4.1.3 Contrast THREE characteristics of a partnership and a private company. (12)
- 4.1.4 If Adrian invested his pension into the local agricultural co-operative, would this have been a better investment? Motivate your answer. (3)
- 4.1.5 As which sector of industry will you classify the following:
- a) Adrian's farm (2)
 - b) The milkshake factory (2)
- 4.1.6 Did Adrian's business operations fall into the public or private sector of enterprise? (2)
- 4.2 List FIVE components that form a part of the marketing mix. (5)
- 4.3 Explain and give an example of a "doer" and "thinker" as role players in a team (8)
- 4.4 Name and discuss TWO factors that can influence whether or not people who work together will reach synergy. (6)
- 4.5 List FIVE factors that will help a team to be successful in accomplishing business objectives. (10)
- 4.6 Give THREE symptoms of poor time management. (3)

[60]

[180]

Sample final examination

SECTION C

QUESTION 5

5 Read the following case study and answer the question that follows.

Young South African Entrepreneurs

Menzis Sithole is 22 years old and already knows exactly what he wants to do with his life. He's one of the "Born Frees" - the generation of South Africans that have grown up in the country's fledgling democracy. For the older generation of South Africans, the freedom has failed to deliver on expectations.

The gap between rich and poor has widened, unemployment has risen to around 40% and HIV/Aids affects about one in nine of the population.

But in the post-apartheid era, young people like Mr Sithole have big dreams.

"I'm looking at introducing a restaurant into the township," he says.

"We're looking at reinstating black African culture in terms of how we eat as black people and how we celebrate and meet every day."

[Adapted from: <http://news.bbc.co.uk/2/hi/business/3652201.stm>, 30/06/2011]

Discuss socio-economic issues in South Africa and analyse the roll of entrepreneurs and their qualities to help alleviate these issues. Also evaluate Mr Sithole's entrepreneurial idea and conclude whether it is a viable idea or not. (40)

QUESTION 6

Read the following case study and answer the question that follows.

Bedazzled Image Consultancy

Bedazzled Image Consultancy specializes in Fashion Styling, Personal Shopping, Wardrobe Planning and Make-Up either for individual customers or corporate clients. It is their goal to advise clients on purchasing the best quality clothes, accessories and shoes while staying within their budget. Their passion for fashion and people is combined to make every individual feel, look and be stylish, sophisticated and absolutely gorgeous no matter her age, weight, body shape or budget.

[Adapted from: <http://www.ifashion.co.za>, 30/06/2011]

You are an image consultant. Part of your job includes educating individuals on how to develop a professional image. Write down your educational plan by referring to the following:

- The importance of a professional image
- Dress the part
- Body language
- Social skills
- More than just an image
- Improving your professional image

Give suitable examples to give meaning to your discussion. (40)

[80]

TOTAL: 300

Sample mid-year examination model answers

Sample mid-year examination model answers

TIME: 2 HOURS

MARKS: 200

SECTION A

QUESTION 1

- 1.1 B ✓✓
- 1.2 C ✓✓
- 1.3 B ✓✓
- 1.4 D ✓✓
- 1.5 C ✓✓
- 1.6 A ✓✓
- 1.7 D ✓✓
- 1.8 A ✓✓
- 2.1 D ✓✓
- 2.2 A ✓✓
- 2.3 H ✓✓
- 2.4 K ✓✓
- 2.5 F ✓✓
- 2.6 E ✓✓
- 2.7 B ✓✓
- 3.1 T ✓✓
- 3.2 F ✓✓
- 3.3 T ✓✓
- 3.4 F ✓✓
- 3.5 F ✓✓

[40]

SECTION B

QUESTION 2

2.1.1 Contemporary means “of these times” and socio-economics the study of the interaction between economic and social factors. ✓✓

HIV/Aids is an issue of these times and a social problem which has an effect on the economy. ✓✓

2.1.2 Implication of HIV/Aids for the business:

- Young, economically active people who are HIV positive become ill with Aids. ✓✓
- When an HIV positive individual becomes ill with another infection it takes them longer to recover. ✓✓
- An HIV positive person often do not recover completely after an illness and become weaker. ✓✓
- Aids therefore shrinks our economically active labour force when people die.
- Costs a lot of money for medicine from taxes.

Sample mid-year examination model answers

- Cost business a lot for training and replacing employees.
- Lower productivity due to physical weakness.
- High levels of absenteeism.

2.1.3 Comparison between KZN and Western Cape:

- KZN statistics for HIV/ Aids is much higher than in the Western Cape. ✓✓
- HIV/ Aids prevalence for both provinces are increasing. ✓✓
- Reasons for the difference could be that KZN is more densely populated. ✓✓
- Western Cape could have had more Aids campaigns.
- Any other valid point.

2.1.4 The trend in the Western Cape:

- There was a decline in the prevalence of HIV/Aids. ✓
- Factors that might have contributed is HIV/Aids campaigns. ✓✓
- Businesses got more involved by training employees and handing out condoms. ✓✓
- Any other valid point.

2.1.5 Businesses can:

- Train employees, give them more knowledge about the disease. ✓✓
- Distribute condoms. ✓✓
- Distribute anti-retroviral
- Counselling for those who have HIV/Aids.

2.2.1 Social responsibility is the moral obligation of the business to give something back to the society in which it operates. ✓✓

2.2.2 Possible issues he could focus on include:

- HIV/Aids ✓ Reason: Aids is a huge problem and statistics show an increase in HIV prevalence. ✓✓
- Poverty ✓ Reason: There are many people in South Africa who still live in poverty and cannot afford their basic needs. ✓✓
- Education Reason: Many South Africans are still illiterate and do not have the necessary skills.
- Unemployment Reason: If business offers employment, it will get people off the street and therefore reduce crime.
- Any other valid point.

Sample mid-year examination model answers

2.2.3

Public Company (Limited or Ltd)	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Can raise large amounts of capital ✓✓ • Has continuity of existence ✓✓ • Limited liability which means that owners are not liable for the debt of the business • Legal personality which gives the business the right to operate on its own behalf, e.g. legal action - sue and be sued. • Can be involved in large projects to benefit country • Attract skilled staff as they can pay them well • Offer job security • Shares are open to members of the public on the JSE 	<ul style="list-style-type: none"> • Complicated formation procedure which includes registration of name, issuing prospectus. ✓✓ • Failure can lead to large-scale unemployment ✓✓ • Certain information needs to be published by law • Annual general meetings need to be held • Many other requirements such as social and ethical committees

2.2.4

Close Corporation	Public Company
Differences	
1-10 members are allowed as part of ownership ✓	Ownership is limited to amount of shares in issue. ✓
Name must end with CC ✓	Name must end with Ltd ✓
Formation procedure is not expensive and simple	Formation procedure is complicated and expensive
No directors needed to manage business	Needs 3 directors to manage the business
No special committees needed	Needs ethical and social committee
Any other valid point	
Similarities	
Continuity of existence ✓✓	
Limited liability of owners to be responsible for the debt of the business ✓✓	
Legal personality of the business is separate of that of the owners	
Any other valid point.	

2.2.5 A board of directors (3) will have to manage Mr Singh's business. ✓

2.2.6 Yes/ No ✓

Teacher's discretion with motivation. ✓✓

Sample mid-year examination model answers

- 2.3.1 free-riders are the workers who do not take part in the strike, yet also benefit through the negotiations between the trade unions and employers ✓✓
- 2.3.2 a lock-out is an action by an employer to prevent striking workers to enter the workplace to avoid damage to the workplace. (Vandalism) ✓✓
- 2.3.3 scab labour is the worker who does the work of someone who is striking ✓✓

[60]

QUESTION 3

3.1.1 It is seen as unethical because it takes away profit from the original creators. ✓✓

3.1.2 Piracy is the illegal act of making copies or reproducing someone else's work without permission ✓✓ whilst counterfeit products are non-original copies of inventions and other products that serve the same purpose and looks the same as the original. ✓✓

3.1.3 Examples need to be specific. Any examples of CD's, DVD's or copying computer software can be accepted for pirated products. Any copy of an original product can be accepted for examples of counterfeit products. E.g.

Piracy - An illegal copy of the movie Spiderman. ✓

Counterfeit – clothing not made by the original manufacturer with the Nike logo on. ✓

3.1.4 Piracy and counterfeiting affect business operations in that:

- Businesses lose out profit because of piracy and counterfeiting. ✓✓
- This will cause original creators to stop creating because it is not profitable. ✓✓
- It could lead to creation of products of inferior quality as original creators are not making enough profit to offer a quality product.
- Consumers do not know the difference between pirated copies, counterfeits and the original product and therefore purchase products of an inferior quality.

3.1.5 Yes/ No ✓

Teacher's discretion for motivation. ✓✓

Possibilities include:

- No. Hawkers do not sell original products. Some examples include selling handbags, towels, fruit and vegetables, chips, sweets.
- Yes. Some hawkers sell original creations such as wire art products, wood craft, baskets and other items they produce themselves.

3.1.6

Formal sector	Informal sector
Business is registered for tax. ✓✓	Business is not registered for tax. ✓✓
Business registers as a particular form of ownership. ✓✓	Business does not have a formal form of ownership. ✓✓
Business operates from rented or owned premises.	Business operates from anywhere, even the side of the road.

Sample mid-year examination model answers

3.2.1 The four stages of the business cycle are expansion✓, peak✓, recession✓, recovery✓.

3.2.2 An economic recession is when there is a downturn in economic activities which causes the economy of a country to slow down, resulting in lower profits and therefore possibly retrenchments. ✓✓

3.2.3 Macro environment ✓✓

3.2.4 The business has no control over this environment as it cannot be influenced by the business. ✓✓

3.2.5 Examples are important and may include the following:

Own funds include money contributed by the owner in the form of capital that the owner owned. ✓✓

Borrowed funds include money borrowed from a financial institution, a bank or another source of finance. ✓✓

3.2.6 Credit provider need to:

- Lend money in a responsible manner. ✓✓
- Make sure customers don't borrow more than they cannot afford. ✓✓
- Ensure that the full cost of the credit purchase is shown. ✓✓
- Ensure that customers understand the costs, risks and obligations of the credit agreement.
- Ensure documents are written in plain, understandable language.

3.2.7 Teacher's discretion regarding discussion of the following. Learners may use other valid examples in discussion.

- nature of the business✓✓ (supermarket needs more stock than a service business) ✓✓
- size of the business✓ (large business has more operating expenses like rent and salaries) ✓✓
- stage of development✓ (a new and growing business needs more working capital as there are no savings) ✓✓
- time of production process (a long production process will need more working capital before product is sold)
- rate of stock turnover (food products sell faster than car parts)
- buying and selling terms (selling for cash or on credit)
- seasonal consumption (air conditioners only needed when it is summer)
- seasonal production (crops grown and harvested)

3.2.8 Banks could make more income by:

- Charging higher interest ✓✓
- Increasing bank charges
- Any other valid point

Sample mid-year examination model answers

3.2.9 Any TWO other macro components may be discussed:

- The physical / natural environment ✓
The physical environment includes everything related to the immediate environment of the business, for instance:
landscape, site and buildings ✓
local weather and weather changes ✓
availability, cost and sustainability of resources (water and electricity)
Infrastructure (roads, transport and telecommunication)
Environmental factors like air, water, noise pollution.
- The technological environment ✓
Technological advances affect all aspects of businesses, including production processes (machinery/ automated equipment) and technology for daily operations (computers, faxes, phones, computer software, internet use, computer networking etc). ✓ ✓
- Legal and political environment ✓
The political party in power can influence legal, economic and social developments. ✓
Aspects as part of this environment includes employment, tax, trade mark rights, patent rights, intellectual property rights, sale of goods between sellers and buyer, property rights and ownership rights, consumerism, fair competition, protecting the environment.
Some important Acts (rules) that are passed by parliament to control behaviour and to protect citizens in the country are the OHSA, BCEA, Companies Act, Consumer Protection Act, EEA, SDA and LRA. (Any mentioned points to be discussed.) ✓
- The international environment ✓
Events that take place elsewhere in the world and outside the borders of South Africa can have an impact on the economy. ✓
Some examples are:
Political unrest in Zimbabwe leads to illegal immigrants moving to South Africa, pushing up local unemployment. ✓
Earthquakes elsewhere, such as in Japan, cause a shortage of imported goods.
Policies control South African imports (bringing products from elsewhere in the world into South Africa) and exports (taking products from South Africa elsewhere in the world).
Fluctuating demand for export commodities, such as gold, diamonds, platinum, other minerals, machinery and equipment.
- The Institutional environment ✓
This environment refers to the official and non-official procedures to do business and the institutions involved in this procedure. ✓
Official: Starting a company (company formation procedure): ✓
Reserving a name and registration of a company with the Registrar of Companies.
Registering with SARS for income tax, VAT (value added tax) and PAYE (pay as you earn tax for employees).
Registering with the Department of Labour for UIF (unemployment insurance fund) and workman's compensation fund.
Non-official procedures: getting to know customs and traditions of people in the area of trade, belonging to a Chamber of Commerce. [60]

Sample mid-year examination model answers

SECTION C

QUESTION 4

4 The following rubric is to be used.

Introduction		3	Convert to 32
Facts: <ul style="list-style-type: none"> • Definition admin and purchasing • Admin function • Purchasing function • Advice - suppliers 	6max 16max 16max 8max	30max.	
Conclusion		2	
Insight:			
Layout Structure		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (Current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks			
TOTAL 40			40

Factual content:

Please refer to Term 1 Topic 1 in the Learner’s Book for the factual content on the Administration and Purchasing function.

The following pointers can be used:

Administration:

- Administration Definition
- Handling information
- Information management
- Office practice and information technology
 - Office practice
 - Information technology

Purchasing

- Purchasing Definition
- Purchasing procedures
 - Purchasing requisition
 - Gather information
 - Choose suitable supplier
 - Place order
 - Follow-up
 - Receive stock ordered
 - Distribution of goods
 - Pay supplier and file documents

Sample mid-year examination model answers

- What activities must the purchasing function do?
 - The right quality
 - The right quantity
 - The right supplier
 - The right price
- Stock control

Advice on how to deal with suppliers:

- This will include learner's own recommendations.
- Give marks for sensible recommendations.
- Possibilities could include:
 - Set up contracts.
 - Build good relationships, but be firm.
 - Get more than one supplier.
 - Make sure orders are in on time.
 - Any other valid point.

[40]

TOTAL: 200

Sample final examination model answers

Sample final examination model answers

TIME: 3 HOURS

MARKS: 300

SECTION A

QUESTION 1

- 1.1.1 B ✓✓
- 1.1.2 C ✓✓
- 1.1.3 A ✓✓
- 1.1.4 D ✓✓
- 1.1.5 B ✓✓
- 1.1.6 C ✓✓
- 1.1.7 A ✓✓
- 1.1.8 D ✓✓
- 1.2.1 stock control ✓✓
- 1.2.2 inclusivity ✓✓
- 1.2.3 copyright ✓✓
- 1.2.4 lock-out ✓✓
- 1.2.5 blue hat ✓✓
- 1.3.1 H ✓✓
- 1.3.2 I ✓✓
- 1.3.3 E ✓✓
- 1.3.4 F ✓✓
- 1.3.5 K ✓✓
- 1.3.6 C ✓✓
- 1.3.7 G ✓✓

[40]

SECTION B

QUESTION 2

2.1.1 During 2007 ✓

A reason could be that the demand for fuel exceeded the supply. ✓✓

America's war, also known as the second gulf war, with Arab countries (oil producing country) started in 2007. This restricted the availability of oil.

Any other valid reason.

2.1.2 During 2008 ✓

A reason could be that fuel became more available because of negotiations with other countries such as Venezuela in Latin America. ✓✓

Government could have subsidised fuel to limit the effect of the global recession as so control inflation. ✓✓

Sample final examination model answers

2.1.3 The impact of the fuel price on:

Businesses – business will pay more for transportation of products and therefore the selling price of products will increase. ✓✓

Community – because of the increase in the price of products and transport, the community will have less money to spend on luxury items. ✓✓

2.1.4 Macro environment. ✓ Fuel price cannot be controlled by businesses. ✓✓

Fuel price forms a part of the economic environment which is a part of the macro environment.

Any other valid point.

2.1.5 A fluctuation of the fuel price in the macro environment will have an effect on all the other environments. For example, if the fuel price increased, this will have an effect on the suppliers of the business, which forms a part of the market environment. ✓ Suppliers will

increase their prices to compensate for the rise in fuel price. ✓ The fuel price will also have an effect on consumers ✓ as they will pay more for transport and for the final product.

✓ This means that they will rather satisfy their needs ✓ and will cut on luxury items.

Competitors will also be affected and will put strategies in place. ✓ Trade Unions will negotiate for better salaries, because higher prices will mean that labourers will need

higher salaries to afford their needs. ✓ The market environment will affect the internal business operations as consumers will purchase less, causing a drop in profit. ✓

Suppliers will charge more, resulting in a further drop in profit. ✓ This will effect more than one business function as general management for example will have to put strategies

in place to deal with this problem ✓, the financial function will have to budget more

carefully ✓, the purchasing function will have to look for cheaper suppliers or negotiate

better deals, the marketing function will have to launch an aggressive advertising

campaign, the human resource function could retrench. Any other valid point.

2.2 Three market components:

- market ✓ – customers and consumers pay for goods to satisfy their needs by considering the price and quality of the product. ✓✓

- suppliers ✓ - supply products or services at the right time, price, quality and quantity. Suppliers could include suppliers of raw-materials, finance and labour. ✓✓

- intermediaries ✓ - play a role in distribution and promotion of goods and services to customers and include wholesalers, retailers, agents etc. ✓✓ They add place value, time value and in some cases (banks) ownership value to a product.

- Competitor ✓ - all the businesses that provide a similar product or service and compete for the support of the same customers. ✓✓ Three categories of competitors are category 1 where products are similar, category 2 where products are similar but part of a different kind of business like hardware at Mica and Game, category 3 where stores are completely different such as a hardware store and a garden centre.

- Civil society ✓ - all the groups that have an actual or potential interest in or impact on an organisation's ability to achieve its objectives. ✓✓ Examples are large stokvels, radio and newspapers, environmental activists, local community, regulatory institutions, strategic allies.

Sample final examination model answers

2.3.1

Top ✓	<ul style="list-style-type: none"> Zandile and Sandile has to manage the business, set the mission, vision, goals and directions and make decisions. ✓✓
Middle ✓	<ul style="list-style-type: none"> Zandile and Sandile has to perform the tasks related to the business function they are responsible for. ✓✓ Zandile's responsibilities include: the finances, administration and human resources Sandile's responsibilities include: marketing, purchasing, production and public relation
Lower ✓	<ul style="list-style-type: none"> Andile supervises the labourers when Sandile is not there to do it. ✓✓

2.3.2 Interrelation of Sandile's management functions.

- Marketing and production

Marketing sells the product production makes and they therefore need to work closely together. ✓✓

- Purchasing and production

The purchasing function buys the raw materials the production function need and production can therefore not happen without the purchasing function. ✓✓

- Marketing and public relations

Marketing promotes the product and public relations promote the business. A positive image helps the marketing of the product and marketing builds relationships with customers. ✓✓

2.3.3 Importance of public relations:

- The public relations function creates a good name and a positive image for the business. ✓✓
- Public relations maintain good relationships with stakeholders (employees, customers, suppliers, consumers, government, trade unions and the media) ✓✓

2.3.4 Teacher's discretion

- The media ✓✓ – Newspapers and magazines can be used to advertise and the business can sponsor a community event to gain publicity. ✓✓
- Direct contact and communication ✓ – employees are in contact with stakeholders and need to be trained how to communicate with them. ✓✓
- Brochures and pamphlets – this can be developed to give specific information about the business.
- Shows and exhibitions- This draws large numbers of people and can be used to expand the market of the business.

Sample final examination model answers

2.3.5 Aspects of public relations:

- making sure employees are happy and treat customers well✓
- supporting environmental projects✓
- supporting community projects
- building positive relationships with trade unions
- acting ethically – be responsible, complying with legislation to avoid bad publicity.

2.3.6 Personnel function ✓

[60]

QUESTION 3

3.1.1 Any examples. Wire lamp✓, photo frames✓, wall art✓, bathroom décor (toothpaste holder)

3.1.2 Any of the following:

- Labour regulation ✓

The government puts laws in place to regulate labour. Three important labour laws in South Africa are the LRA (Labour Relations Act), BCEA (Basic Conditions of Employment Act), EEA (Employment Equity Act). These labour regulations can help to decide where to locate the business, choosing one country over another. ✓✓

- Environmental factors✓

The environmental impact of a business can determine the location. If a business is likely to cause a lot of pollution, the authorities may prohibit it in some areas. ✓✓ Access to the business and enough parking spaces play a role in the location of businesses in residential areas.

- Transport✓

Transport of goods from suppliers by rail, road, air, water or pipeline must be cost-effective and reliable. ✓✓

Transport of goods to customers, should keep costs such as fuel, toll and maintenance on vehicles as low as possible.

Transport for employees (busses, trains or taxis) to get to work should be reliable and cost-effective.

- Infrastructure

Infrastructure is all the basic facilities a business will need to operate, including access to running water, electricity, cellular networks and other telecommunication services, railway lines, roads, harbours and airports.

Businesses such as mines and factories need a lot of electricity and water.

Sample final examination model answers

- Potential market

The demand for the product or service creates a market. A business in the tertiary sector must try to locate close to its target market. A business in the secondary sector should be located in an industrial area close to suppliers. The business must assess the current demand for the product and predict the future demand. Businesses must look at characteristics of consumers such as age, gender, culture and income.

- Raw materials

Raw materials are needed to make a final product.

If the manufacturer can keep related costs low it means higher profits for the business.

- Labour market

Owners who want to set up businesses need to think about:

How many and what type of workers the business will need; do they need to be skilled; do they live in the area or have transport available to get to the business.

- Climate

Very hot or very cold weather will affect the productivity of workers as most people prefer moderate climates.

- Government, local regulations and taxes

Owners choose places where costs will be lowest to maximise profits.

Businesses pay for municipal service and rates and taxes on property.

The government or some municipalities encourage businesses in specific industries to locate in certain towns by charging lower rates and taxes for services or cheap business sites.

- Competition

Competition is any other businesses that offer the same or similar types of products or services. Owners have to consider present and future competition.

If there are too many businesses offering the same products or services in the same area, it might be difficult for all of them to survive.

- Crime

The crime rate in an area will influence the choice of location for a business.

It is costly to install security systems to safeguard property.

Employees and customers also want to feel safe.

Transporting cash to and from the bank in an area with a high crime rate, is risky.

Parking in high-crime areas is also a risk for workers, customers and suppliers.

3.1.3 Any FIVE:

Cover page✓, index✓, Executive summary✓, Description of the business✓, SWOT analysis✓, Marketing plan, Competition, Financial analysis.

Sample final examination model answers

3.1.4 Primary data is data collected from original sources by means of questionnaires or interviews. ✓✓

Secondary data is data collected from sources that is not original and has been done by someone else. Examples are internet websites, magazines and newspapers. In order to compile your business plan, you will have to gather data. ✓✓

3.1.5 How can a force-field analysis be used to solve the problem of which form of ownership to choose for your business? (4)

In a force-field analysis the restraining and positive forces are listed. ✓ This can be used to list the positives and negatives of all the possibilities for forms of ownership. ✓ The positives and negatives of each can be compared ✓ and the one selected that best suits the need of the entrepreneur. ✓

3.1.6 Yes ✓ The idea originates from herd boys who used wire and other waste materials to make wire cars. ✓✓

3.1.7 Marks for listing strength, weakness, opportunities, threats ✓✓

Strength	Weakness
<ul style="list-style-type: none"> Raw materials are fairly cheap and freely available ✓✓ Business operates on a small scale and is easy to control Any other valid point focussing on the micro environment of such as business 	<ul style="list-style-type: none"> Raw materials are freely available and it is therefore easy for anyone else to create imitations. ✓✓ Skilled labour is not always available Any other valid point focussing on the micro environment of such as business
Opportunities	Threats
<ul style="list-style-type: none"> Business could negotiate better prices with suppliers ✓✓ There is a large target market in a busy mall Any other valid point focussing on the market and macro environment of such as business 	<ul style="list-style-type: none"> Other categories of competitors in the same mall such as Game ✓✓ Consumers tastes and preferences change Any other valid point focussing on the market and macro environment of such as business

3.2 A contract may be breached because:

- There are mistakes in the contract such as the wrong date, spelling errors with names. ✓✓
- One of the parties was forced to sign the contract and did not really agree to conditions. ✓✓
- The requirements and responsibilities of parties in the contract are unclear.
- The requirements and responsibilities of parties are physically impossible to carry out.
- One of the parties lied about information in the contract or withheld important information.

Sample final examination model answers

3.3 Requirements for a contract to be valid:

- Parties must have contractual capacity. ✓✓
- Contract must be reasonable and parties must understand what is expected of them. ✓✓
- Activities must be legal. ✓✓
- Contract must be physically possible to carry out. ✓✓
- Most contracts must be in writing.

3.4

Type of contract	What is the purpose of the contract?	Which parties are involved?
a) Lease agreement✓	The purpose is to agree on a price which will be paid monthly for the use of an asset that will never become the business' possession. ✓✓	Lessor ✓ and lessee✓
b) Employment contract✓	The purpose is to serve as an agreement between the employer and employee regarding duties and remuneration for duties performed. ✓✓	Employer✓ and employee✓

[60]

QUESTION 4

4.1.1 Why is it unfortunate that Adrian chose a partnership as a form of ownership? (4)

- A partnership is not a legal entity and therefore has unlimited liability. ✓✓
- This means that Adrian and his partner will have to pay back all debt and may lose their personal possessions when the business goes bankrupt. ✓✓
- A partnership also does not have continuity of existence.

4.1.2 Any other form of ownership. ✓

Correct motivation for the choice of form of ownership. ✓✓

4.1.3 Contrast THREE characteristics of a partnership and a private company. (12)

Partnership	Private company
Unlimited liability which means that the partners are jointly and severally liable for the business debt and may lose their personal possessions when the business goes bankrupt ✓✓	Limited liability which means that the shareholders are not liable for the debt of the business and will only lose their investment in the business if the business goes bankrupt ✓✓
No continuity of existence which means that the business will cease to exist when the owner(s) die or retire ✓✓	Continuity of existence after death or retirement of a shareholder ✓✓
2-20 owners can open a partnership ✓✓	The amount of owners for a private company depends on the amount of shareholders that have been invited to participate in buying shares ✓✓
Formation procedure is economical and easy	Formation procedure is expensive and complicated
One or all partners may manage the business	Directors have to manage the business

Sample final examination model answers

4.1.4 Yes ✓ Although profit is not the aim of the business, it would have brought in more money and opportunities for Adrian. ✓✓

4.1.5 Adrian's farm - Primary sector ✓✓
The milkshake factory - Secondary sector ✓✓

4.1.6 Private sector ✓✓

4.2 Product ✓, price ✓, place ✓, promotion ✓, people ✓, physical evidence ✓, process ✓

4.3 A 'doer' is a person who pushes for the team to get on with the specific task. ✓✓
E.g. If a project is given, the doer will be the person who will start working and who will tell the others to get on with the work and will make sure the instructions of the leader is followed until the project is done. ✓✓

Any other relevant example.

A 'thinker' is someone in a team who comes up with good ideas. ✓✓

E.g. If the marketing department needs to launch a new marketing campaign, the thinker will be the person who will come up with new and creative ways to do the marketing campaign. ✓✓

Any other relevant example.

4.4 1. Factors influencing synergy:

- Prejudice ✓ - When people judge other people because of certain qualities such as skin colour, gender, religion or a social group they are prejudiced. Being prejudice can cause conflict. ✓✓
- Values ✓ - Our values are those things that we believe are important. Values include concepts such as fairness, honesty, education, effort, perseverance, loyalty, faithfulness and protection of the environment. ✓✓
- Beliefs - Our beliefs grow from what we see, hear, experience, read and think about and accept as true. Respect the beliefs of other people so that the team can co-operate.
- Diversity - Workplace diversity refers to the variety of people in an organisation. This includes people of different genders, ethnic groups, ages, religions, personalities, levels of education, physical appearances and backgrounds. Organisations employing a diverse workforce can supply a greater variety of solutions to a problem.

4.5 Factors that will help a team to be successful in accomplishing business objectives.

- Set clear objectives and agreed goals ✓✓
- Openness, mutual respect and opportunities for individual development ✓✓
- Support and mutual trust ✓✓
- Members must all be committed to achieve success ✓✓
- Sound inter-team relations ✓✓
- Reviewing team progress

Sample final examination model answers

4.6 Symptoms of poor time management. (3)

- Postponing important things so you miss important deadlines ✓
- Having too much to do ✓
- An attitude of ‘tomorrow is another day’ ✓
- To be a perfectionist
- Not setting priorities
- Not able to say ‘no’, so you end up feeling overwhelmed
- Always busy solving problems, because of insufficient planning

[60]
[180]

SECTION C

QUESTION 5

5 The following rubric is to be used:

Rubric to use:			
Introduction		3	Convert to 32
Facts:			
Socio-economic issues	20 max	30 max.	
Roll of entrepreneurs	6 max		
Entrepreneurial qualities	16 max		
Evaluation of entrepreneurial idea	6 max		
Conclusion		2	
Insight:			
Layout Structure		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (Current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks			
TOTAL			40

Factual content:

Please refer to the Learner’s Book for more detailed factual content in term 2 topic 1 and term 2 topic 3:

Socio-economic issues: (Term 2 Topic 1)

- Poverty and inequality
- Unemployment
- HIV/Aids
- Piracy, counterfeiting and bootlegging
- Copyright, patent and trade marks
- Gambling, violence, crime

Sample final examination model answers

- Strikes, labour disputes and political disturbances
Roll of entrepreneurs: (Term 2 Topic 3)
- Entrepreneurs think of new ideas and open new businesses.
- This leads to employment.
- If more people have jobs, it will reduce the crime rate, unemployment, poverty and the need for piracy and counterfeit products.
- Any other valid points
Entrepreneurial qualities:
- Opportunity-seeking, Commitment, Perseverance, Risk taker, Big dreams and clear vision, Flexibility, Desire for responsibility, Good management and leadership, Confidence in the ability to succeed, High levels of energy, Passion, Exceptional organisational skills, Willpower to overcome obstacles
- Evaluate Mr Sithole's entrepreneurial idea and conclude whether it is a viable idea or not:
- Teacher's discretion – could go both ways

(40)

QUESTION 6

6 The following rubric is to be used:

Rubric to use:			
Introduction		3	Convert to 32
Facts:			
• The importance of a professional image	6 max	30 max	
• Dress the part	6 max		
• Body language	6 max		
• Social skills	6 max		
• More than just an image	6 max		
• Improving your professional image	6 max		
• Give suitable examples to give meaning to your discussion.	10 max		
Conclusion		2	
Insight:			
Layout Structure		2	Layout structure (LASO) 8 marks
Analysis and interpretation		2	
Synthesis		2	
Originality (Current examples, developments)		2	
LASO – For each component:			
2 marks if all requirements met			
1 mark if some requirements met			
0 marks			
TOTAL			40

Facts:

Please refer to the Learner's Book for more detailed factual content in term 4 topic 1.

- The importance of a professional image
- Dress the part

Sample final examination model answers

- Body language
- Social skills
- More than just an image
- Improving your professional image
- Examples to give meaning to discussion.

(40)

[80]

[300]