GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

2024 REVISED NOTES

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TERM: 1 - 4

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PAPER	CONTENT	DURATION	TOTAL MARKS
PAPER 1	**BUSINESS ENVIRONMENTS** **BUSINESS OPERATIONS**	**2 HOURS**	**150**
PAPER 2	**BUSINESS VENTURES** **BUSINESS ROLES**	**2 HOURS**	**150**

PAPER 1	**PAPER 2**	**MARKS**
TIME: 2 HOURS	TIME: 2 HOURS	
MARKS 150	MARKS 150	
SECTION A COMPULSORY TYPES OF QUESTIONS: QUESTION 1.1 Multiple Choice Question 1.2 Matching item 1.3 Choose the correct word(s)	SECTION A COMPULSORY TYPES OF QUESTIONS: QUESTION 1.1Multiple Choice Question 1.2Matching item 1.3Choose the correct word(s)	30 marks
Section B Question 2 Business Environments	Section B Question 2 Business Ventures	40 marks
Question 3 Business Operations	Question 3 Business Roles	40 marks
Question 4 Miscellaneous Question Business Environment and Business Operations	Question 4 Miscellaneous Question Business Ventures and Business Roles	40 marks 20 marks 20marks
Section C Question 5: Business Environment Question 6: Business Operations	Section C Question 5: Business Ventures Question 6: Business Roles	40 marks

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TOPICS PER PAPER: MID-YEAR QUESTION PAPER.

PAPER 1	**BUSINESS ENVIRONMENT**	**BUSINESS OPERATIONS**
SUB-TOPICS	- Influences of the business environment - Challenges of the business environment - Adapting to the challenges of the business environment - Impact and challenges of contemporary socio-economic issues on business operations - Business sectors	- Marketing function - Production function
PAPER 2	**BUSINESS VENTURES**	**BUSINESS ROLES**
SUB-TOPICS	- Benefits of a company versus other forms of ownership - Avenues of acquiring a business	- Creative thinking and problem-solving - Stress, crisis, and change management - Professionalism and ethics

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GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

PAPER 1

TERM 1

CHAPTER 1

INFLUENCES ON, AND CONTROL FACTORS RELATING TO THE BUSINESS ENVIRONMENTS

REVISED NOTES

2025

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This chapter consists of 6 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

INFLUENCES AND CHALLENGES OF THE BUSINESS ENVIRONMENTS
Learners must be able to:

- Name the components of the micro, market & macro environments. (Recap)
- Explain the reasons why businesses have more control over the micro-environment/less control over market environment and less control over macro environment.
- Identify the challenges of the business environments from scenarios/case studies/statements and examine the extent of control a business has over these environments.
- Recommend/Suggest ways in which businesses can be involved in the macro environment.
- Discuss/Explain the benefits/advantages of businesses that are involved in the macro environment.
- Outline/Name/Discuss/Explain the challenges of the micro-environment.
- Outline/Name/Discuss/Explain the challenges of the market environment.
- Recommend ways in which businesses can overcome competition in the market
- Outline/Name/Discuss/Explain the challenges of the macro environment.
- Give examples of contemporary legislation that may affect business operations.
- Identify the challenges of the THREE Business Environments from given scenarios/statements. Motivate your answer by quoting from scenarios/statements

Terms and Definitions

TERM	DEFINITION
Control	The power to influence or direct people's behaviour or the course of events.
Organisational structure	Framework for managers which shows the division of responsibilities and roles played by each stakeholder.
Organisational culture	Controls and influences the way in which the business is conducted
Vision	Reflects or predicts what the future will look like.
Mission statement	Shows what one does best every day in the business and how one should go about doing it.
Human resources	The personnel of a business organization regarded as a significant asset in terms of skills and abilities.
Suppliers	Factories/providers of goods/services that businesses would obtain/buy from in order to operate their businesses.
Competitors	Businesses which sell the same/similar products/services
Deforestation	Removal of trees to clear land to be used for another purpose, e.g. industrialization
Redressing	To make amends or to set right
Nepotism	The practise of showing favouritism towards one's family or friends in economic or employment terms
Retrenchment	Involuntary ending of a service contract of an employee by the employer due to operational requirements.
Go- slows	When employees work more slowly and with less effort than usual to try to persuade an employer to agree to higher pay
Trade union	An organized association of workers in a trade , group of trades, or profession formed to protect their rights and interest

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Strike	A work stoppage as a form of protest or to strengthen one's bargaining position situation whereby workers refuse to work until their complaints/ demands are addressed by their employers.
Industrial action	These are actions that include strikes or go slows
Open market	A market where there is no control over who may provide goods and services or over the prices that can be charged
Demographics	Statistical data relating to the population and particular groups within it. Often includes age, gender, income groups and occupation.
Psychographics	The classification of people according to their attitudes, aspirations, and other psychological criteria.
Globalisation	Greater trade and collaboration between businesses or people in different countries which is enabled by technological advances and communication.
Physical environment	This is an environment that is comprising of the ecological elements such as natural disasters, air pollution, water pollution, deforestation, waste products or natural resources
Institutional environment	These are private-public partnerships which are formed between government and private enterprise
Redressing	To make amends or to set right
Nepotism	The practise of showing favouritism towards one's family or friends in economic or employment terms
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1 COMPONENTS OF THE MICRO, MARKET & MACRO ENVIRONMENTS. (RECAP)

Components of the micro environment	**Components of the market environment**	**Components of the macro environment**
• The business vision, mission statement • goal and objectives • organisational structure • organisational resources • organisational culture • management and leadership. • eight business functions	• Customers/ Consumers/ Buyers; are the final users of the product/services. • Suppliers: include factories/providers of goods/services that businesses would obtain/buy from in order to operate their businesses. • Intermediaries/Agents, who help to promote, sell and distribute products to consumers. • Competitors, which sell the same/similar	• Physical/Natural environment • Economic environment • Social/Cultural/Demographic environment • Technological environment • Legal/Political • Environmental/Global environment • Institutional environment

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	products/services may have a greater impact on the market of the business. ● A regulator: is a person/organisation with official power to control an activity and make sure that it is done in a satisfactory way/make rules by which enterprises in the different industries must abide. ● Strategic allies: refer to two or more businesses that work together to allow them to obtain the expertise they lack from another business. ● Unions: are the employee organisations that aim to improve working conditions of the labour force. ● other organisations/civil society such as CBOs, NGOs, regulators, strategic allies, and unions.	

1 Reasons why businesses have more control over the micro environment/less control over market environment and less control over macro environment

1.1 Reasons why businesses have full control over the micro environment

- Business owners and managers have a great deal of control over the internal/micro environment of business, which covers day-to-day decisions.
- They choose the suppliers they purchase/which employees they hire/the products they sell, and where they sell those products.
- They use their skills and resources to create goods and services that will satisfy existing and prospective customers.
- Establish and revising its vision, mission statement, goals and objectives in line with current trends.

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- Engages strategic management systems and ensures that plans are implement and revised when necessary.
- Establish policies, procedures and management structures that could move the business in the right direction.
- Ensuring that all the business resources are used efficiently and effectively to the benefits of the business.
- Ensuring that all employees understand the culture of the business, and are working towards the agreed goals and values that accommodate all the stakeholders of the business.
- Leading employees, organising and directing that activities, and controlling their action to achieve the goals and objectives of the business.

1.2 Reasons why businesses have influence/limited control over the market environment

A business only has limited control over the market environment but, in some cases, it is possible to influence and shape some components in this environment. Some components of the market environment may be easier to influence than others. Below are examples of how entrepreneurs could influence some aspects of the market environment.

Customers

- Entrepreneurs can influence the decisions of consumers/customers by using a well-considered and well-executed marketing strategy. A marketing strategy is a plan of action that describes the marketing objectives of the business and the strategies and activities that will be used to achieve these objectives.
- The entrepreneur could conduct market research to identify the needs/wants of the target market and the devise strategy to provide goods or services that will be required by consumers/customers to satisfy those needs/wants.
- A business could attract and influence customers' decisions through good marketing campaign such as promotional sales, discount prices, extended working hours, persuasive advertisement and so on.

Suppliers

- Entrepreneurs could also influence the decisions and actions of their suppliers by signing long-term contacts for their inputs (raw materials) at fixed prices, or by forming strategic alliance with them.
- Businesses could also buy in bulk to get discounts from their suppliers, and in this way ensure that they have adequate raw material at all times.

Competitors

- Although businesses have little or no influence over their competitors, they might form a strategic alliance, join a community business forum, or form a consortium with other business owners to share ideas and resources to undertake a project that will benefit all the members of the group.

Regulators

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- A single business cannot influence the decisions of its regulators, Regulators are government bodies that make rules and regulations to check the activities of the business.
- However, when businesses join together, they could influence regulators to some extent. For example, a representative for the businesses can lobby with their regulators to take away or pass legislation that will help them to achieve their goals.

Unions

- Business can also influence the decisions of unions if they try to maintain a good relationship with them.
- Businesses can achieve this by engaging in a collective bargaining session with trade union to explain certain concerning issues to the leader to try to persuade them to side with their point of view

1.3 Reasons why businesses have no control over the macro environment

Businesses have no control over the macro environment. The following factors are not within the control of the business:

- Political factors such as government policies and political stability.
- Economic factors such as inflation rate and fluctuation in prices of foreign currency.
- Social factors such as low-income levels of consumers and unemployment.
- Technological factors such as changes in new technology and internet infrastructure.
- Legal factors such as a recent legislation and labour laws.
- Environmental factors such as climate change and environmental sustainability.

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1.4 Ways in which businesses can be involved in the macro environment

- Influencing suppliers by signing long term contracts.
- Create job opportunity for the people in their communities
- Undertake social responsibility programmes to improve the welfare of people in the community
- Improve exports markets by expanding into new African markets.
- Undertake scientific research to improve traditional medicines
- Enter into Private Public partnership to provide infrastructure in the country.
- Provide education and training programmes for workers to improve service delivery.
- Creating new uses for a product by finding new customers.
- Influencing regulators through lobbying and bargaining.
- Initiating bargaining sessions between management and unions.
- Influencing its owners using information contained in annual reports.
- Negotiating strategic alliance agreement through contractual processes.
- Knowing government regulations and operating within them.
- Keeping up with new technologies to improve production and marketing.
- Lowering its impact on the environment.
- Entering the global market by using the internet to source suppliers and customers.
- Working within the law to set up contracts.
- Taking advantage of economic changes such as exchange rate, tax breaks.
- The business can stay informed about the challenges and developments in the macro environment and can adapt to challenges quickly.
- Entering the global market by using the internet to source suppliers and customers
- Working within the law can assist the business to set up contracts.
- Getting involved in research/development so that they can continue to operate.

1.5 Benefits/advantages of businesses that are involvement in macro environment

- Businesses will gain good publicity and so attract and retain loyal customers
- They will attract and retain skilful employees in their communities
- Government tenders and contracts are normally given to businesses that are involved in the macro environment.
- Businesses that support their communities normally get some tax rebates.
- Businesses that get involved in the macro environment can anticipate likely challenges and devise strategies to turn them into opportunities.
- Top investors are attracted to businesses that are involved in the macro environment.
- It prevents environment damage by decreasing the business carbon footprint

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- Knowing peoples age, customs, traditions, and preferences will make it easier for businesses to appeal to customers.
- The business can more accurately predict future events, threats and opportunities that may arise
- The business can contribute to a healthier, more skilled and productive workforce
- It can protect natural resources and meet consumer needs in a sustainable way
- The business can contribute to wealthier consumers.
- Reduced industrial conflict and increase productivity.
- The business can accurately promote a cause that is a concern to the society.
- The business can contribute its expertise and resources that can influence the public opinion. This is called advocacy.

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BUSINESS STUDIES

GRADE 11

PAPER 1

TERM 1

CHAPTER 2

REVISED NOTES

CHALLENGES OF THE BUSINESS ENVIRONMENTS

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Challenges of the business environments

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1. CHALLENGES OF THE BUSINESS ENVIRONMENTS

Challenges of the micro environment	Challenges of the market environment	Challenges of the macro environment
• Difficult employees. • Lack of vision and mission • Lack of adequate management skills • Unions • Strikes and go slows. • Skills shortages among employees • High employee turnover • Employee absenteeism	• Competition • Shortage of suppliers • Changes in consumer behaviour • Demographics and psychographics • Socio-cultural factors	• Change in income levels. • Political changes • Contemporary legal legislation • Labour restrictions • Micro lending • Globalisation/international challenges • Social values and demographics • Socio economic issues • Socio -economic challenges.

1.1 Explanation of the challenges of the business environment

1.1.1 Challenges of the micro- environment

Difficult employees

- Difficult employees may have a negative attitude on new employees.
- Employees that always complain about work systems and processes.
- They need a lot of supervision to complete their tasks satisfactory.
- Employees that are lazy and not committed to doing their work, this may cause delays and so deadlines will not be met.
- Difficult employees can do harm to the enterprise image if they say negative things about the business.
- Difficult employees are those who do not support the vision and goals of the business – their action may lead to conflict in the workplace, which could then break down the team spirit.

Lack of vision and mission statement

- Lack of vision and mission statement will hamper meaningful guidance and leadership to employees.
- When there is no mission, the business will lack focus/direction and single long-term objective.
- Lack of vision and mission means that management and staff have different ideas about the goals of the business.

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Challenges of the business environments

- It may lead to conflict and negatively affect productivity.
- Business will not be able to allocate resources efficiently and they may struggle to succeed.

Lack of adequate managerial skills

- Lack of adequate managerial skills will result in the business not achieving its objectives.
- Managers may not be able to provide meaningful guidance and leadership to employees.
- Managers have different styles of managing and leading and this can be the source of enormous conflict with other managers and with staff.
- A manager with poor management skills may struggle in dealing with subordinates which can lead to an unhappy/frustrated workforce
- If the departments are poorly managed, then resources will be wasted and the productivity and profitability will decrease.

The impact of unions

- Sometimes unions make demands that are impossible for business to meet, and this creates tension between management and employees
- Once employees have a grievance against their employers relating to payments/workers' rights/work conditions they will declare an industrial dispute.
- Unions are organisations that are established to protect the interest and rights of employees in the workplace.

Strikes and go-slows.

- Strikes and go-slows may affect the business negatively as it cannot meet its expected units of production.
- Employees may not report to work due to a complete shutdown strike.
- A go-slow means that employees report for duty as normal but deliberately work at a slower pace. The business will not meet its target and profitability may decrease.
- Strikes and go-slows are examples of industrial action that may be organised by a trade union and have a negative impact on business operations.
- When managers and employees cannot sort out their differences, employees may engage in strike or go-slow.
- Strike means employees refuse to go to work or they do not work until their complains have been addressed by the business. The business loses many hours of production time for the period of strike.

Shortage of skilled employees

- Businesses sometimes find it difficult to find suitable employees with skills and experience.
- Some businesses end up employing workers who are not qualified to do the job.
- Unqualified employees may contribute to bad decision making.
- If employees were not well trained, their performance will not meet the required standard set by the business. This could then lead to poor customer service, which will negatively impact on the image of the business. Business may lose customers to other competitors with better services.

High employee turnover

- Employee turnover means that employees resign from the frequently.
- High employee turnover affects productivity, continuity, and the recruitment process.

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Employee absenteeism

- Employees' absenteeism reduces productivity and affects profitability.

1.1.2 Challenges of the market environment

Competition

- Competition refers to business that produce or sell the same kind of goods or render similar services.
- Increased completion forcers businesses to decrease their prices and so their profit margins decrease. This leads to some businesses close down because they are not able to cover their cost of production
- Other businesses which sell similar substitute products pose a problem to/threaten the success of a business.
- It is difficult to compete with businesses selling the same products and services in certain countries.
- If a business is not able to match the quality of service/products and the price of its competitors, it will lose its customers
- The challenges around competitors can be industry rivalry where businesses aim to sell more than competitors/new entrants with better products/cheaper or better substitutes.
- Businesses could find that they are unable to make sufficient profit when the demand is not high enough to support the supply of the same goods/ services.
- Essential for a business to have a regular supply of all the materials that are inputs in the production process.
- Dissatisfied customers can damage the reputation and threaten the future of the business.

Shortage of supplier

- Businesses that experience shortage of supply may lose customers as they may buy from other businesses.
- Raw materials may be unavailable when drought cause poor harvest.
- Imported goods may not arrive when the country of origin has transport/political problems.
- Every business needs raw materials to produce its goods or services. Without the availability of raw materials, a business cannot produce its product or services to meet the demands of its target market.
- Business depends on suppliers for their raw materials/inputs. If the supply of raw material or inputs is disrupted, the business productivity and profitability will also decrease.
- If the supplier is incapable of delivering raw material on time, in the right quantities, and of the right quality and price, it will cause a business to lose customers, not meet its sales targets and suffer a decrease in profits

Changes in consumer behaviour

- A business is dependent on its customers to purchase its products.
- Consumers are influenced by many factors and are mostly unpredictable in their buying behaviour.
- Economic conditions or fashion can cause changes in consumer taste and preference, this could lead to fewer sales.
- Changes in consumer behaviour, spending habits, tastes and preferences present an on-going challenge to businesses.
- Business are forced to continuously study these changes so that they can provide goods or services that consumers always need.
- Business, therefore, needs to work harder in their marketing efforts/s or adapt their products or service to meet the requirements of the target market.
- Changes in consumers' needs may lead to stockpiling and reduced profit margins.

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Demographics

- Demographics refers to the statistics of the population such as gender, age, race, level of education and level of income.
- The consumer market is diverse in the cultural and social background which has a direct influence on the choices they make.
- The challenges include collecting/interpreting information about the target market and to use the data to develop a marketing strategy.
- The challenge faced by businesses is that there are constant changes in the demographic characteristic of their target market.
- For example, people living longer, and this could lead to an increased demand of goods and services.
- When lots of people emigrate, it could lead to a decrease in the number of consumers and skilled labour.

Psychographics

- Psychographics refers to customers' lifestyles and behaviour. It includes their attitudes, interests, opinions, desires, and lifestyles.
- Businesses must be aware of their customers' lifestyles and behaviour.
  This will enable them to run more effective marketing campaigns. However, it could be difficult to determine the psychographics of a target market because customers' lifestyles and behaviours change frequently.
- Consumers' attitudes, interests, opinions, and lifestyles determine the characteristics of the consumer.
- It is difficult to determine the demographics/psychographics of the target market because they change frequently.

Socio-cultural factors

- Social-cultural factors describe the common behaviour and attitudes of a particular society.
- As society changes so will the cultural values and practices of individuals.
- Socio-cultural factors include language, customs, income levels and preferences associated with particular culture.
- Businesses must be aware of change and that they can avoid threats and take advantage of the new opportunities that the change may present.
- Businesses should be aware of social trends and influential campaigns that promote buying.
- The challenge is to gather information about changes and to respond to them by adapting practices to maintain and increase its customer base.
- It affects the product line and the marketing campaign of a business.
- Business need to ensure that their marketing campaign are not offensive to cultural group
- Socio-cultural factors have an impact on the market environment. They shape the way people live, work, produce and consume.
- The challenge business face is to that of clear understanding factors that drive socio-cultural changes to respond appropriately.

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1.1.3 Ways in which businesses can overcome competition in the market.

- Businesses must ensure that they produce unique/ differentiated goods or services for the target market.
  Businesses need to provide more personalised services by being responsive to their customer's needs/wants.
- Goods/services must be priced lower than competitor's goods/services in the market.
  Businesses must produce high-quality goods/services that the customers might be interested in.
- Create a positive image/publicity through regular engagements in community development projects.
  Businesses must improve on customer services and keep customers happy. Businesses must create a positive outlook by regularly renovating their premises and improving their systems.
- Businesses must undertake good marketing campaigns that will draw the attention of the target market.
  Businesses must offer low-cost extras such as improved credit terms/loyalty schemes, and so on.
- Businesses must ensure that they have well-trained and dedicated employees that create a better working atmosphere.
- Management must ensure that the business differentiates itself from the competitors by tapping into what the customer wants.
- Offering more personal services by being responsive to the customer's needs/ expectations.
- Offering low-cost extras such as improved credit terms/discounts/loyalty schemes etc.
- Charging the lower prices than that of the other businesses.
- Selling products of a superior quality/new products/services that the customers might be interested in.
- By being the best employer that has well trained/knowledgeable staff members that create a better working atmosphere.
- Stepping up the marketing of the business by using promotional ideas such as posters or campaigns on social media.
- Updating the image of the business such as painting the front of the premises/ making the business looking modern/ inviting.
- Keeping up with developments in the sector of the business sector, following consumer trends/investing in new technology.
- Improving on customer services and keeping them happy.

1.1.4 Challenges of the macro environment

Change in income levels.

- The number of goods/services that consumers can purchase is determined by their net income.
- Net income is the gross income minus all deductions. When consumers net income decrease, they are only able to buy goods and services that are necessary, and so the profitability and productivity of the business will decrease.
- Factors such as unemployment/high interest rates, high inflation rates, or an increase in taxes, leave consumers with less money to spend on goods and services.
- Reduced in consumer spending will results in lower profit for businesses.

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Political changes

- A change in government can result in political instability and scare away potential investor and tourist and in turn threatens the survival of a business.
- A business that relies on imported/exported goods may be challenged by government's attitude on duties and tariffs to be imposed.
- The government decides its own objectives and ideologies.
- With a change in government, businesses have to adapt to new laws and policies
- In some countries, there is high level of political instability and civil war. That makes it very difficult for businesses to operate there efficiently and profitably.

Contemporary legal legislation

- Other new laws that present a challenge to businesses are the National Credit Act (NCA) (No. 34 of 2005), Consumer Protection Act (CPA) (No. 68 of 2008), and the Labour Relations Act (LRA) (No. 66 of 1995).
- The government has passed laws to check activities and operations of businesses.
- Businesses that fails to obey these laws could be fined or owners should be sent to prison.
- Businesses must comply with legislation in place- which is not always easy to do. For example, the employment equality act (EEA) (No.55 of 1998) compels businesses to give preference to previously disadvantage individuals when appointing new employees into the business. Sometimes this is difficult to do because candidates might not have the right qualifications or experience.

Labour restrictions

- The government has passed a number of laws which impose restrictions on businesses labour practices.
- These restrictions pose a challenge to businesses that have to find the right candidate for the job.
- These restrictions make it a challenge for business to employ suitable people locally and internationally.
- These laws create a legal framework that protects employees from being exploited by the employers, and also restrict the practice of employers.
- Some employers find this legal framework restrictive while others see it as an important part of protecting the rights of employees and ensuring democracy in the workplace.

Micro-lending

- Micro lending is granting of small loans to people who cannot obtain credit from banks.
- Micro-lending puts pressure on businesses since they want to support micro businesses, but they are a big risk as many fails and cannot repay debt.
- They normally charge higher interest rate and their repayment period is shorter that those of commercial banks.
- There is little protection for those who make use of these loans because micro-lenders are not regulated by the South African banking Acts (No.94 of 1990) and so do not subscribe to the code of banking practice of South Africa.

Globalisation/International trade

- Globalisation refers to the exchange of products/services/capital and labour across boundaries/countries.
- Local businesses are competing with international businesses for local consumers.
- Businesses should be aware of global networks and their effects.
- The overseas migration of skilled labour can result in local skills shortage.
- This means more competition for businesses that are already under pressure to compete locally.

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Challenges of the business environments

- Some international businesses dump their product lines in South Africa at the price lower than those at which local businesses can afford to sell them.
- Dumping makes it difficult for local businesses to be competitive in global market.
- The benefits of globalisation is that it has led to the faster and easier transfer of knowledge and skills between countries.

Social values and demographics
Social values

- People's values influence some of their buying behaviour habits as they buy products that they identify with.
- Social values can impact on consumers buying habits, it includes attitudes towards saving and brand loyalty. Business cannot control consumers social value.
- These include the beliefs, norms, and values that are shared by a particular society or a group of people.

Demographic

- This refers to the characteristics of the population such as age, gender, race and so on.
- Changes in the characteristics of demographic of the population affect the product/service that businesses need to produce.
- Entrepreneurs need to remain informed of changes in demographic.

Socio-economic issues

- Socio-economic issues like crime, poverty, HIV/AIDS and corruption influence business operation in different ways. Many businesses suffer losses because of crime and corruption.
- Businesses have to spend a lot of money on insurance to secure themselves against crime. Which in turn leads to a higher cost of production and a decrease in profits.
- HIV/AIDS pandemic has contributed to the illness and death of many productive members of society. This further leads to a decrease in the size of the labour force, and decrease in the size of the consumer marker
- All these makes running a successful business very difficult.

Examples of how challenges of business environments can be assessed using scenarios.

VASHNIE FASHION DESIGNERS (VFD)
Vashnie Fashion Designers employ fashion designers who are always late for work despite several warnings. The government has increased import tariffs, making it difficult for VFD to continue importing designer clothing from China. VFD purchase their raw materials from Ditebogo Clothing Manufacturers who are usually out of stock.

- You will have to identify the challenges that are faced by the international company and motivate your answer by quoting from the scenario.
- Classify the identified challenges according to their business environment.
- The extent of control international companies has over EACH business environment mentioned is also expected to be known.

Suggested answers.

CHALLENGE	BUSINESS ENVIRONMEN	EXTENT OF CONTROL
VFD has employed designers who are continuously late for work despite several	Micro-environment	Full control

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Challenges of the business environments

VFD purchases their material from Ditebogo Clothing Manufacturers who is usually out of stock.	Market environment	Less/limited/partial/can influence.
The government has increased import tariffs, making it difficult for VFD to continue importing designs from China.	Macro environment	No control

1.1.5 Examples of contemporary legislation that may affect business operations

National Credit Act

- This Act was established to protect both businesses and consumers from negligent lending practices that results in over indebtedness for consumers,

Consumer Protection Act

- This Act promotes and advances the social and economic welfare of consumers in South Africa.

Employment Equity Act

- This act is there to eliminate unfair discrimination in the business against race, colour, age, gender, religion, or disability.
- It ensures that the demographics make-up of the country is reflected at all levels in the business.

Broad Based Black Economic Empowerment Act

- This Act ensures that the previously disadvantaged people fully participate in the economy.

Basic Conditions of Employment Act

- It deals with the constitutional rights in the workplace by addressing issues such as working hours/leave/employment contracts pay slips and other working conditions in the business.

Labour Relations Act

It deals with labor justice and brings healthy industrial relations in the business between the employers and the employees.

Skills Development Act

- The main aim of this Act is improving the skills of all people in South Africa and those employed by business.

Compensation for Occupational Injuries and Diseases Act/COIDA

- It provides compensation for disablement or death caused by injuries or diseases contracted by employees in the course of their employment.

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CHAPTER 3

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2025

ADAPTING TO CHALLENGES OF THE BUSINESS ENVIRONMENTS

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

ADAPTING TO CHALLENGES OF THE BUSINESS ENVIRONMENTS

Learners must be able to:

- Explain/Discuss/Describe the following ways in which businesses can adapt to challenges of the business environments:
  - Information management
  - Strategic responses
  - Mergers, takeovers, acquisitions, and alliances
  - Organisation design and flexibility
  - Direct influence of the environment and social responsibility
- Give practical examples of mergers, takeovers, acquisitions, and alliances.
- Identify these examples from given scenarios/ statements. Motivate your answer by quoting from scenarios/statements
- Suggest ways in which business can have a direct influence on the environment.
- Recommend projects that can be undertaken by businesses as part of social responsibility and explain the benefits of these projects for businesses.
- Define/Elaborate on the meaning of lobbying
- Discuss /Explain the reasons why businesses lobby
- Explain/discuss/describe the following types of lobbying e.g.:
  - Hedging against inflation
  - Bargaining sessions between management and unions,
  - Influencing supervisory body/regulators
- Define/Elaborate on the meaning
- Give examples of networking of net working
- Discuss/Explain/Describe the advantages of networking.
- Define/Elaborate on the meaning of power relationships.
- Discuss/Explain/Describe ways businesses can form power relationships e.g.
  - Strategic alliance agreements
  - Persuasion of large investors,
  - Company representatives' influence
- Identify lobbying, networking, and power relationships from given scenarios/case studies/statements.

Terms and Definitions

Term	Definition
Information management	The finding, recording, storing and retrieving of information from various sources so that it can be used effectively by the business.
Strategic response	A reaction to a need by developing a system that will meet the long term that has been identified. forming and implementing major goals from managers.
Merger	when two or more businesses join their resources together to form a new business.

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Takeover	happens when a company takes control/ownership of another company by buying the majority of its shares.
Alliances	An association formed between organisations with similar interests, nature or qualities for mutual benefit.
Hedging	Is when one tries to invest his money in such a way that its value grows faster than inflation.
Networking	refers to a situation whereby businesses share information and develop professional contacts to benefit all the members in the network.
Social responsibility	the obligation a business has to protect its environment and also improve the quality of life of all the people in their communities.

1 Introduction

- Businesses operate in dynamic business environments that pose many challenges on their operations.
- The profitability and success of businesses depend on how they respond to challenges posed by the internal and external business environments.
- Businesses operate within the political context of the country, therefore changes in governance of the country can have a negative impact on businesses.
- There is an increasing trend for people to move freely between countries and for businesses to trade across international borders.
- Businesses need strong relationships to succeed in the marketplace.

Ways in which businesses can adapt to challenges of the micro, market, and macro environment.

Ways business can adapt to the challenges of the microenvironment

CHALLENGES	RECOMMENDATION
Difficult employees	● Businesses can deal with difficult employees as by revisiting the recruitment & induction policies. ● Businesses need to develop strategies to deal with different types of personalities. ● Businesses must offer counselling sessions to employees with personal problems.
Lack of vision and mission	● Management must have a clear vision which is understood and communicated this to all employees. ● The vision must and mission statement have to be implemented in a way that shapes the internal environment. ● The vision and mission should direct the use of resources and actions of employees. ● Businesses' values must be evident in their ethical standards and the way employees are treated.

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	• Management must be able to anticipate changes in the internal environment so that they can plan goals and operations proactively.
Lack of adequate management skills	• A business manager needs to be skilled in technical aspects of their job and in dealing with employees. • Managers need good interpersonal and conflict resolution skills. • Managers must attend management and leadership causes. • Businesses may request mentors and coaches from successful businesses to train their managers.
Unions, strikes and go slows	• Managers need to deal fairly and transparently with trade unions. • They need to build relationships with union representatives so that through positive negotiations strikes can be avoided. • The business can also make use of the CCMA to help reach an agreement with the trade unions. • Employers need a labour relations strategy where a business engages positively and meaningfully with its employees before tensions rise and strikes are threatened. • Businesses must be able to manage employees in such a way that good working relationships are maintained, and disputes are resolved timeously.

Ways business can adapt to the challenges of the market environment

CHALLENGES	RECOMMENDATION
Competition	• Businesses must take into account its entry into and operation within the market. • Conduct research and identify customer needs. • Offer products or services • Offer more personal services. • Ensure that the staff is well trained and knowledgeable.
Shortage of supply	• Select suppliers which are reputable/trustworthy and reliable suppliers. • Maintain a good relationship with suppliers. • Enter into contracts with suppliers to secure raw materials of good quality in sufficient quantities. • Select suppliers which are reputable, trustworthy and reliable. • Take over suppliers to ensure continuity of its supply. This is called backwards integration.

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Adapting to challenges of the business environments

Change in consumer behaviour	• Marketing of the business should conduct an on-going research to investigate the general behavioural patterns. • The marketing manager must monitor and respond to changes in consumer patterns of consumption.
Demographics and psychographics	• Businesses need to ensure that their information is up-to date and accurate. • They need to interpret data accurately so that they can plan an effective marketing strategy and plan. • They need to keep track and study the attitude, taste and desires of the market.
Socio cultural factors	• The entrepreneurs need to remain informed of socio-cultural changes. • They must be able to respond to socio-economic factors by adapting the internal environment of the business. • Businesses must be able to modify the marketing strategy and marketing plan accordingly. • Business must employ people from diverse social and cultural groups so that they can get an inside view on how to meet the needs of the different groups.

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2 Ways in which businesses can adapt to challenges of the business environment

The following ways in which business can adapt to challenges of the business-environment will be discussed in detail below:

- Information management
- Strategic responses
- Mergers, takeovers, acquisitions and alliances
- Organisational design and flexibility
- Direct influence of the environment and social responsibility

2.1 Information management

- The information must be found/recorded/stored/easily retrieved and effectively used.
- Businesses need to implement an effective information management system which is accessible useful to all members of staff.
- Large capital into information technology (IT) system to update business operations.
- Modern IT solutions enable businesses to satisfy customer needs faster and better.
- The business may benefit from an increase in market share and profitability.

2.2 Strategic responses

- Strategic response refers to how businesses respond to challenges from both internal and external environments by putting proper plans in place.
- Management needs to design strategic responses to various challenges by analysing all information, identifying stakeholders involved.
- Businesses must have a understanding of each stakeholder's viewpoints and requirements.
- Businesses need to be aware of new competitors in the market and they must be able to strategically respond to threats.
- Business must develop strategic plans to remain sustainable in a competitive market.
- Effective strategic responses assist businesses to identify, minimise and eliminate challenges.

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2.3.1 Mergers, takeovers, acquisitions, and alliances

- Business sometimes has to make quick decisions to survive as a result of challenges from the business environments.
- They may implement mergers, takeovers, acquisitions, and alliance as solutions to respond to the challenges of the environments.

Mergers

- This occurs when two companies join together, usually by agreement – to form one new business.
- Emerged businesses share their resources which lead to more growth and sustainability.
- If it is a public company, then the shareholders will swop their shares in one company for the equivalent value of shares in the new merged company.

Takeovers

- Takeover occurs when the business takes over control of another business through majority ownership of its shares, sometimes the process against the other business will.
- Businesses take over existing companies by buying out its shares until the business has controlling interests.

Acquisitions

- This occurs when a buys another business at an agreed price.
- The acquired business often continues to operate as a subsidiary of the acquiring business.
- It usually occurs to private companies that are not listed on JSE

Alliances

- Alliances refer to an agreement between businesses with common visions and work together for the benefit of all.
- These are agreements when two or more businesses work together to achieve their objectives.
- Organisations with similar interest/nature/qualities choose to work together for the mutual benefit of both organisations.
- Alliances make it possible for business to be more competitive and better able to respond to challenges. The businesses remain separate and merely co-operate with one another.
  NOTE: You must be able to give practical examples of mergers, takeovers, acquisitions and alliances.

3 Practical examples of mergers, takeovers, acquisitions, and alliances

- Vodafone and Mannesmann merger: This merger, which took place in 2000, was worth over $180 billion and is the largest merger deal in history.
- Vodacom and Neotel takeover: Vodacom acquired 100% of the issued share capital and shareholder loans against Neotel for a total cash consideration of R7 billion in 2015.
- MTN and Afrihost acquisition: MTN bought up 50% of Afrihost's shares and left the current Afrihost shareholders with the remaining 50% (MTN-Afrihost tie-up).
- Vodacom and Neotel: After months of speculation and all-but-absolute- certainty, Vodacom officially confirmed its acquisition of fixed-line operator Neotel in May 2014.

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4 Organisational design and flexibility

- Organisational design describes how a business structured and how it communicates its culture. It focuses on ensuring that the structure of the business is aligned with its objectives.
- It involves a process of integrating people/information/technology within organisation, so they improve efficiency.
- Businesses need to be flexible in their organisational design and strategies so that they can compete in a changing market.
- They need to change the organisational design to adapt to a specific challenge.
- The management structure of a business should reflect the environmental condition that the business experience.

5 Direct influence on the environment and social responsibility

- Direct influences on businesses usually results from legislation/trade agreements and competitor strategies.
- Successful businesses and their environment adapt to the unavoidable influences by creating a competitive environment.
- Businesses need to investigate alternative environmental friendly production techniques and create environmental awareness. Businesses can form joint ventures with other businesses and the government to protect the environment through conservation and presentation. Businesses also need sustainability CSI programmes in order to improve the communities in which they operate.

6 Ways in which businesses can have a direct influence on the environment

- Businesses need to be flexible by getting involved in research/development so that they can continue to operate. They can influence their suppliers by signing long-term contracts for their raw materials at fixed prices.
- They can also influence their customer base by creating new uses of a product, taking customers away from competitors, finding new customers, and convincing them that they need the new product.
- They can influence regulators through lobbying and bargaining and can influence their owner's using information contained in annual reports.
- Influence its suppliers by signing long term contracts.
- Create new uses for a product by finding new customers.
- Influence regulators through lobbying and bargaining.
- Initiate bargaining sessions between management and unions.
- Influence its owners using information contained in annual reports.
- Negotiate strategic alliance agreement through contractual processes.

7 Social responsibility

- Increasing pressure in the business environment is forcing businesses to become more socially responsible by giving back to communities.
- A business code of conduct should take into consideration the norms and values of the community in which it operates.
- Businesses have a responsibility to become more socially responsible by giving back to communities. A business code of conduct should take into consideration the norms and values of the community in which it operates.

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- When a business commits to environmental and social responsibilities it will deliver a triple bottom line which includes planet, people, and profit.

Below are some projects that businesses can undertake as part of their social responsibility programmes:

- Businesses must allow employees to get involved in social development programmes. Businesses must protect the environment and participate in community upliftment programmes.
- Engage in environmentally friendly campaigns such as recycling or re-using scarce resources.
- Businesses must support less fortunate people, by providing donations to charity organisations.
- HIV and Aids awareness programmes.

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8 Benefits of CSI /social responsibility projects for businesses

- Increases employees' morale and job satisfaction when they are involved in social responsibility programmes.
- Business can use CSR/CSI projects as a marketing strategy to promote their products.
- CSI projects promote teamwork within businesses.
- CSI helps to attract investors because of increased profits/income
- Promotes customer loyalty resulting in more sales.
- May attract experienced employees/increase the pool of skilled labour which could increase productivity.
- Positive/Improved image as the business looks after employees/conducts itself in a responsible way.
- A business may have a competitive advantage, resulting in good publicity/an improved reputation.
- The business enjoys the goodwill/support of communities.

9 Lobbying, networking, and power relations

10 Meaning of lobbying

- Lobbying refers to the process of trying to influence legislation or parliamentary decision making.
- Lobbying is an organised process where individuals, businesses, and organisations use their influence to change government policy. It is done by various people with similar motives, beliefs, or commercial positions.
- It involves an attempt by businesses to try and influence situations to meet their specific needs and activities. Businesses try to influence legislation or the government decision-making process.
- It involves acquiring public support for an issue such as children or animal rights.
- Lobbying specifically applies to lawmakers and government officials and it is a participatory approach to government.
- It is done by various people with similar motives, beliefs, or commercial positions.

10.1 Reasons why businesses lobby

- Businesses lobby their regulator or supervisory body in order to try influence prices, policies, regulations and other decisions made by the regulator or the supervisory body
- Businesses or people lobby or change laws like, child labour laws, clean air and water laws, municipal regulations, etc.
- Their views are important and heard, thus making a difference, and giving solutions to business challenges.
- Lobbying advances what the business must deliver and builds public trust.
- Lobbying helps to find solutions to emerging generic challenges
- Lobbying advances, a cause and builds public trust

10.2 Types of lobbying

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Hedging against inflation

- Hedging is a method that businesses use to try and reduce risk when they are unsure about possible price increases.
- Businesses use hedging to protect their financial investments by spreading the risk. For example, they invest surplus fund so that its value grows at a faster rate than inflation.
- They can hedge against inflation by investing their surplus assets/money in investments with intrinsic value for example gold/oil/property.
- The business use hedging by buying bonds, shares, property or buying precious metals like gold to protect capital from the effects of inflation.
- It is a method that businesses try to reduce the risk when unsure about possible price fluctuations.

10.3 Bargaining sessions between management and unions

- These sessions enable employees to negotiate with employers as a group to protect employees' rights.
- Bargaining sessions prevent labour strikes and provide critical information to people in power
- Businesses make sure that their representatives are trained/skilled to negotiate own their behalf.
- The purpose of bargaining sessions is to find a win-win situation for all parties.
- Management will try to convince the union to accept its proposal and the union will try to persuade management to accept their demands.
- The outcome of a successful bargaining session can protect the business from the negative impact of strikes caused by loos in productivity.
- Businesses need to be fair/transparent to establish trust and good communication with unions.

Influencing supervisory body/regulators

- There are large number of supervisory bodies and regulators who operate in the business environment.
- Businesses take an active role in professional bodies.
- Through their membership/advocacy/submissions they may be able to influence changes to existing regulations.
- Business managers are involved in debates and discussions that shape public policies.
- Businesses influence and negotiate with these regulators to protect their own sustainability.
- It is in the best of interest of businesses to adhere to the guidelines and restrictions of these bodies in order to stay in businesses.

11 Networking

1.1.1 Meaning of networking

- It refers to a coordinated activity where people who have a similar objective meet and exchange information and ideas.
- The goal of networking is to reach as many people as possible and to make every connection count.
- It is a tool that is used by businesses to increase sales

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- Businesses can become a member of chambers of commerce and industry
- professional business clubs/ informal social groupings to meet new contacts.
- During a networking sessions, entrepreneurs can meet new people and build alliance with others.
- Networking assists in acquiring new business leads
- Networking benefits the businesses to identify best practice
- Networking can help business identify new business trends

11.2 Examples of networking

- Formal networking: Organised local, provincial, and national chambers of business, industry, and commerce.
- Informal networking: Social and less organised coordination.
- For instance, business managers often network while playing golf, attending sports events, or getting involved in social programmes.
- Social media and the internet: New and cheap ways of businesses to network via online forums and business groups

11.3 Advantages of networking

- Businesses can be attract new customers resulting to increased market share and profitability.
- Networking can be an excellent source of new perspectives and business ideas.
- Allows managers to build new businesses relationships and generate new business opportunities.
- Plays a role in the marketing and expansion of a business.
- Assists businesses in making future business decisions.
- Businesses can gain support when representation to various authorities is planned.

12 Power relations

12.1 Meaning of power relationship

- Power relations can be described as a measurement of a business ‘s ability to control its environment and the behaviour of other businesses.
- Power relation exist in all relationships in society
- When two or more businesses negotiate a transaction, one of them may be in a stronger position than the others
- A business forms relationships with its environment and markets.
- The power that the business has on the environment determines the status it holds within its industry.

12.2 Ways businesses can form power relations

Strategic alliance/Partnership agreements

- Businesses form partnership agreements in order to benefit each in each other’s involvement.

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- These partnership alliances help parties involved to benefit in infrastructure development and scarce skills.
- These alliances are designed to build on the expertise of each partner and on the way and on the way in which they complement each another .

Persuasion of large investors

- If a business has a powerful investor, it can often benefit from the relationship by gaining credit more easily and negotiating better deals from suppliers.
- Businesses invite powerful influential people to sit on their board of directors in order to get advice from those people.
- Having such powerful as part of the business may have a positive influence √ on the reputation and image of the business.
- If a business has a large/powerful investor, the business can gain credit easier/get better deals from suppliers.

Company representatives' influence

- This representative fulfils an important function in trying to persuade investors to invest in a particular business practice.
- People will make decisions based on the company's image, personality, communication style and power of persuasion.
- Businesses must invest time and energy to recruit the right person for this job.

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CHAPTER 4

CONTEMPORARY SOCIO- ECONOMIC ISSUES

REVISED NOTES 2025

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This chapter consists of 13 pages

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CONTEMPORARY SOCIO-ECONOMIC ISSUES

Learners must be able to:

- List/Name/Give examples of contemporary socio-economic issues that pose a challenge to businesses.
- Identify socio-economic issues from scenarios/case studies/statements.
- Discuss the negative impact of contemporary socio-economic issues on business operations.
- Discuss the negative impact of piracy on business operations.
- Define the following concepts and suggest ways in which businesses can deal with piracy e.g.
    - Copyright
    - Patent
    - Trademark
- Identify copyright/patent and trademark form scenarios/case studies/statements/pictures.
- Define/Explain the meaning of industrial relations.
- Define the following concepts:
    - Strikes
    - Go slows
    - Lockouts
- Discuss/Explain/Describe the purpose of the Labour Relations Act.
- Outline/Mention/Discuss/Explain/Describe the roles of trade unions, e.g. addressing poverty reduction, job creation challenges etc.
- Outline/Discuss/Explain the functions of trade unions.
- Evaluate the functions of trade unions from scenarios/case studies and make recommendations for improvement.

Terms and Definitions

TERM	DEFINITION
Economic crime	known as white collar crime and committed in business for personal financial gain, e.g. fraudulent transactions. when money is obtained in an illegal manner for personal gain.
Ethical conduct	acting in ways that are consistent with a person's values of the organisation and society. unacceptable behaviour within a business.
Copyright	exclusive right given to the creator of an original work the right that protects an owner's intellectual property (IP) to prevent unlawful use thereof.
Corruption	This involves dishonest activities in which a person entrusted with authority in a business abuses his/her position of trust in order to achieve some personal gain
Dumping	It is when other countries dump their excess products on the SA market to dominate the local market. Dumped products are usually very cheap

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Inefficient use of natural resources	wasting of scarce resource through negligence or incorrect production methods.
Industrial action	action taken by employees when their demands are not met by their employer. these are actions that include strikes or go slows
Inflation	a general increase in the prices of goods and services.
Population growth	percentage change in the population resulting from births, deaths and migration the rate at which the number of people in the country grows.
Industrial action	action taken by employees when their demands are not met by their employer.
Strike	refusal to work by two or more employees in an effort to pressurize employers to give in to their demands. industrial action embarked upon when workers refuse to work.
Sexual harassment	Involves unwelcome or unwanted attention of a sexual nature from someone at work that causes discomfort, humiliation, offence etc that interferes with the job.
Piracy	Unauthorised use/reproduction or copying of original music, films, books or computer software, patent rights and trademarks without the consent of the rightful owner.
Patent	exclusive right granted for a new invention
Copyright	Exclusive right given to the creator of an original work
Trade mark	A symbol, word, or combination of words legally registered by use as representing a company or a product.
Workplace forums	Representative of employees in a business of 50 employees upwards who are delegated to act on behalf of employees within the business.
inflation	General increase in the prices of goods and services in the country
Retrenchment	Involuntary ending of a service contract of an employee by the employer due to operational requirements.
Patent	Exclusive right granted for a new invention
Trade union	An organized association of workers in a trade , group of trades, or profession formed to protect their rights and interest
Lock-out	When the employer keep their employees from their places of work until certain terms of a negotiation are agreed upon.
Industrial action	These are actions that include strikes or go slows
Trade union	An organized association of workers in a trade , group of trades, or profession formed to protect their rights and interest
Strike	A work stoppage as a form of protest or to strengthen one’s bargaining position
Lock-out	When the employer keep their employees from their places of work until certain terms of a negotiation are agreed upon.

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1 CONTEMPORARY SOCIO-ECONOMIC ISSUES

1.1 Meaning of contemporary socio-economic issues

- Socio-economic issues are societal issues that may have a negative impact on businesses.
- They are issues that affect people and the economy in a negative way.
- Socio-economic issues have the potential to influence the efficiency of a business, the way products are marketed and distributes.
- The following examples of socio-economic issues will be covered in this chapter:
  - Low income levels
  - Inflation
  - Social, cultural and demographic issues
  - Economic crime
  - Ethical misconduct
  - Population growth
  - Illiteracy
  - Lack of skills
  - Inefficiency in the use of resource
  - Exhaustion of natural resources
  - Dumping
  - Strikes

NOTE: This chapter will focus on the negative impact of the above-mentioned socio-economic issues

2 The negative impact of contemporary socio-economic issues on businesses

2.1 Low income levels

Meaning of low Income levels

- South Africa has one of the greatest inequalities in income in the world.
- This is due to the largest differences in salaries between high earnings and low earners.

The negative impact of low income levels on businesses

- Leads to a decrease in the demand for goods and services resulting to a fall in turnover and lower profits for businesses.
- People who earn low salaries and wages may become disheartened this will influence productivity in a negative way.
- Consumers shift to cheaper brands of certain products.
- Poverty can lead to crimes such as shoplifting and robberies
- Businesses will have fewer profits and will not have money to expand.
- Income level affects the morale of the workforce and could lead to lower productivity which impacts on the business turnover.
- Many South Africans live in poverty, which limit their buying power.

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- Because of this limited consumer spending, businesses are unable to grow and prosper.

2.2 Inflation

Meaning of Inflation

- Inflation refers to the general increase of prices, increasing fall in the purchasing value of the money.
- Rising inflation causes consumers to spend less because they have less disposable income.

The negative impact of inflation on businesses

- Inflation increases the costs of raw materials and other inputs.
- This leads to optimum productivity whereby businesses have to produce the maximum possible output using the least possible input.
- It decreases consumer spending resulting to decreased sales and profitability.
- Employees may be retrenched which increases unemployment and decreases buying power even further.
- Business sales will decrease because of reduced consumer spending in goods and services.
- Business will have less money to spend on producing goods if the cost of raw materials increases.
- Reduced sales figures could lead to the businesses implementation cost saving model.

2.3 Social, cultural and demographic issues

Meaning of social, cultural and democratic issues

- Social and cultural factors have an impact on the market environment because they shape the way people live/work/produce/consume etc.
- Demographic factors are defined as the characteristics of the population of a country e.g. age distributions, the gender ratio and the racial composition of the country.
- South African has diverse population characterised by different race groups, religions and creeds.
- The way in which people live, work, produce and consume products (social and cultural factors) can influence the market environment.

The negative impact of social, cultural and democratic issues on businesses

- Different groups of people with different cultures will behave differently as consumers, which will affect the business marketing strategy and sales.
- New fashion and cultural trends create different kinds of consumers which may result in the reduction of sales for existing products.

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- Some businesses may not keep abreast with current trends and they may lose their market share.
- Business need to try and accommodate the preference of the diverse consumer body, so that it could lead to an increased in sales for the business.

2.4 Economic crime

Meaning of economic

- Economic crime is also known as white collar crime, it includes the following criminal activities:
  - Unlawful use of money that does not belong to a person. This is classified as fraud.
  - Money gain through unlawful business dealings covered up under a shell company (or a business with a 'fake' name) for example, business that sell unlawful substance but pose as, for example, a laundry business. This is also known as money laundering.
- A key feature of economic crime is that money is stolen from a business through the use of intellectual skills and deception.

The negative impact of economic crime on businesses

- Loss of income if the money was stolen from a business
- Loss of jobs if a business closes down.
- Businesses lose investors.
- Leads to a decrease in investors' confidence resulting poor economic and business growth.
- Theft of business profit through fraud and deception lead to a decrease in profits for the business.
- Business need to spend money on installing additional security features in offices or on their premises, this may result in additional cost.
- Cyber security poses a huge challenge, especially for businesses who advertise their products on the internet.

2.5 Population growth

Meaning of population growth

- The word population refers to the number of people in a country.
- A population experiences growth when the number of people are born in a particular year exceeds the number of people who dies during the same year.
- It is a percentage change in the population resulting from births, deaths and migration.

The negative impact of population growth on businesses

- Excessive growth increases unemployment and crime.
- The municipal and health services may be expensive resulting in the consumer having less money to spend on other products.

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- More land will be used to build houses which mean a decrease in agricultural land and a decrease in basic food supply.
- Consumers will have less income and business will have a decrease in sales
- As the population of South Africa continues to grow, businesses are challenged to provide goods and services to meet consumer demands, this may place a lot of financial strain on business.
- Business growth may lead to the creation of jobs for some people.
- A high population growth may put strain on the natural resources of the country

2.6 Illiteracy

Meaning of illiteracy

- Illiteracy refers to a person who cannot read or write.
- Many illiterate people cannot find work as most jobs require some reading and writing skills.

The negative impact of illiteracy on businesses

- Business sometimes needs to employ people even though they do not have the correct skills.
- Training of these employees can be very costly and the business suffers a financial loss.
- Employees without the correct skills can also be the cause of accidents in the workplace and this could impact on the image of the business.
- Difficult to market products to people who cannot read or write.
- Businesses may find it difficult to enter into written contracts with illiterate individuals.
- Little to no literacy skills puts people at a disadvantage when trying to find employment or when trying to learn a new skill.
- High levels of illiteracy in communities may force businesses to contribute towards educational programmes to minimise its impact.
- There is a strong link between unemployment and illiteracy as businesses cannot employ people who cannot read or write.

2.7 Lack of skills

Meaning of lack of skills

- South Africa is currently experiencing severe skills shortages in some fields such as education, medicine, engineering and the finance industry.

The negative Impact of lack of skills on businesses

- Businesses cannot find candidates with adequate skills and experience.
- Businesses end up appointing a candidate who lacks certain skills resulting in poor products and services.
- Training employees is expensive and productivity will be affected as it takes time for newly trained employees to learn his/her new jobs.

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- The cost of labour becomes expensive as some businesses recruit candidates from abroad.
- Unskilled employees could spend considerable time seeking assistance to perform their work.
- They may perform tasks without the appropriate knowledge and expertise which could lead to poor performance.
- The time spent on assisting unskilled workers can reduce productivity levels in the workplace
- This could lead to errors and having to repeat or correct a work task.
- Businesses may be required to increase the budget for skills development programme

2.8 Unavailability of natural resources

Meaning of unavailability of resources

- Some natural resources such as oil/coal/ water/gold are scarce.
- If natural resources usage is not controlled and monitored carefully such resources will cease to exist.

The negative impact of unavailability of resources on businesses

- The unavailability of coal has led in part to a shortage of electricity in South Africa.
- Many businesses lose millions of rands because of load shading and power failure.
- The lack of transport due to the scarcity of oil which is used to manufacture fuel may affect businesses.
- When the supply of natural resources is threatened it may have negative impact on the operation of businesses and hampers the production processes.
- Businesses will not be able to produce goods due to shortages of natural resources that are used as raw material.
- Oil and coal are examples of natural resources that are not renewable. Once depleted, they cannot be recovered.
- Businesses need to find alternative sources of natural resources to sustain the production of goods. However, this may lead to additional operational costs.

2.9 Inefficiency in the use of resources

Meaning of inefficiency use of resources

- Inefficient use of resources implies that resources are being wasted.
- The wasting leads to further depletion of the natural environment and threatens the future supply of natural resources.
- More resources are used as the population grows.
- inefficiency in the use of resources occurs when the number of products produced is less than the maximum possible output of goods and services made from the resources.

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The negative impact of inefficiency in the use of resources on businesses

- Businesses cannot continue with their operations if natural resources are depleted.
- Loss of productivity if business operations come to a halt due to unavailability of natural resources.
- Reduced production levels may lead to a drop in sales and profitability.
- Unused stock can become obsolete, increasing losses for businesses.

2.10 Exhaustion of natural resources

Meaning of exhaustion of natural resources

- This refers to the over-use of natural resources leading to exhaustion.
- Resource depletion occurs mostly in relation to farming, mining and fossil fuel.

The negative impact of inefficiency exhaustion of natural resources on businesses

- The supply and quality of natural resources may decline.
- Some natural resources may be scarce and possible be exhausted in future.

2.11 Dumping

Meaning of dumping

- It is when goods enter South Africa from other countries at a price that is cheaper than the normal value of the goods because more was produced than what that country can use.
- When companies in a developed world send goods that they have been unable to sell in their own countries, to countries in a developing world where they are sold below the normal asking price.
- Dumped products are usually cheaper than South African products.
- Dumping occurs when a country or company exports a product at a price that is lower in the international importing market than the price in the exporter's local market.

The negative impact of dumping on businesses

- Loss of profits as some local producers cannot compete with cheaper prices.
- Businesses may lose revenue and be forced to shut down their operations.
- Can lead to a decrease in local production and loss of jobs.
- Local businesses are unable to produce the same products at an equal or lower price.

2.12 Strikes

Meaning of strikes

- A strike can be defined as a collective, organised stopping of work by employees to force their employers to accept their demands.

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- Strikes is usually the results of a labour dispute and it takes place when employees refuse to work.
- The most reasons why employees usually strike include wages, working hours and working conditions.

The negative impact of strikes on businesses

- Strikes scares off potential investors.
- Businesses may be forced to close down especially those located in townships.
- May results in losses of production as employees stay absent from work during strikes.
- Many businesses suffer losses as a result of damage to property.
- They can lead to violence/assaults/looting/destruction of property and intimidation of workers who do not strike.
- Employees can lose their pays for all the days that they strike.
- Economy can be jeopardised since production is lost.
- Expense of increased salaries and wages is often passed on to the consumer, which causes inflation.
- Businesses loose income because productivity is low.
- It can also affect teamwork in the workplace in instances where not allworkers are in support of such industrial action
- Businesses suffer financial losses due to low levels of productivity and consumer confidence is adversely affected.

2.13 Piracy

Meaning of piracy

- Piracy is the unauthorised use/reproduction of another person's original work.
- Products that are associated with piracy are computer software/DVD/CDs etc.
- Many people download music from the internet without being aware that they are infringing someone else's intellectual property right.

The negative impact of piracy on businesses

- It can undermine the music/movie industry as they lose money.
- Drives up the prices of products in order to compensate for the loss in sales.
- Leads to job losses in the industry
- The music industry feels reluctant to develop new talents as the element of risk is too high.
- May cause damage to the value of the businesses.
- The businesses lose out on sales and income which in turn threatens industry
- The businesses lose out on productivity and profits.

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- Businesses suffer substantial losses in revenue because of the illegal reproduction of artists', music, movies and branded clothing.
- Unlawful copying and streaming of movies and television series lead to a decline in the sales and profits for the business.
- Artists may see no value in producing a new set of music or movies because of the reduced sales.
- This may affect the artist's and producer's productivity levels.

Possible solutions to piracy/ Ways in which businesses can deal with piracy

(a) Patent

- A patent prevents other businesses/people not to produce and sell the same product/ specific service.
- Businesses can take out a patent for new inventions and include a sample of their invention with application.
- A patent gives the creator of the product the right to prohibit other people from making or using their invention.
- This right is granted by government for a limited period of up to twenty years for the exclusive right to an invention.
- If any person or business uses the invention without permission, the creator may take legal action against them.
- They must register a patent with the patents office in South Africa.
- The invention must comply with Patent Act No. 57 of 1978.
- They can bring legal proceedings against anyone who uses the invention. √√

(b) Trademarks

- Businesses can trademark to identify themselves and their products.
- They must register their trademarks with the register of trademarks at the companies and intellectual property registration.
- A registered trademark is protected forever provided it is renewed every ten years and a renewal fee is paid.
- Claim damages from someone who infringes the trade mark.
- A trademark refers to a sign, character or word that is protected by law to represent a product or company.
- These are used by businesses so that their products or the business itself is easily identifiable.

(c) Copyright

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

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- Copyright refers to an exclusive legal right assigned to the author, artist or producer of artistic work to print, publish, perform or record the work.
- Laws relating to copyright protect authors and allow them to sell their works to make a profit.

NOTE: You must be able to identify copyright/patent and trade mark form scenarios/case studies/statements/pictures

3 Meaning of industrial relations

- Industrial relations refer to the relationship between the employer and employees.
- It influences the way in which businesses are guided by the Labour Relations Act.
- The term “industrial relations” explains the relationship between employees and the management that stems directly or indirectly from union versus the employer relationship.

3.1 Types of industrial actions

(a) Strikes

- A strike is when employees stop working completely.
- Employees do not get paid for the days spent on strikes.
- Strikes represent the final stage of dispute/disagreement between management and employees.
- The purpose of a strike is to force employers to agree to the demands of the strikers.

(b) Go-slows

- Go slow is a collective industrial action taken by workers in protest against an employer.
- Workers work slowly as possible or reduce production output.
- Employees still have to be paid as they are doing their work whereas they do not get paid when they go on strike.
- Go-slows are a form of industrial action in which work or progress is deliberately delayed or slowed down as a form of protest.
- The goal is to reduce business productivity or efficiency.
- The go-slow is often used by essential service industries where strikes are not allowed.

(c) Lockouts

- A lockout occurs when an employer locks employee out of a workplace.
- Employers often lock employees out during a strike to ensure the safety of their premises, equipment and working conditions.
- A lock out is legal if it complies with the requirements of the Labour Relations Act.

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- Lockouts occurs when the employer prevents striking employees from entering the business premises.
- When the employer intends to use this form of action, employees need to be notified 48 hours in advance and in writing, of their intention to use the lockout clause.

4 Purpose of the Labour Relations Act

- Provides a framework where the employees, trade unions and employers work together to discuss matters relating to employment, e.g. wages, conditions of employment.
- Promotes orderly negotiations and employee participation decision making in the workplace.
- Promotes resolution of labour disputes.
- Promotes fair employment practices.
- Outlines the relationship between employees and employers.
- Provides simple procedures for the registration of trade unions and employers' organizations.
- Regulates the rights of trade unions and facilitates collective bargaining.
- Regulates the effectiveness of bargaining councils and statutory councils.
- Establishes workplace forums to promote the interest of all employees in the workplace whether they belong to the trade union or not.
- Allows workplace forums where employees may participate in decision making.
- Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) to resolve labour disputes through statutory conciliation, mediation and arbitration.
- Endorses the right to strike against retrenchments, and facilitates labour disputes.
- Clarifies the transfer of contracts of employment procedures.
- Establishes Labour Courts and Labour Appeal Courts to deal with labour issues.

5 Trade unions

5.1 Meaning of trade unions

- A trade union is an organisation that protects and lobbies for the rights of workers and represent their interest in negotiations with employers.
- It is a group of employees who associate together in a particular industry such as mining/steelworks/etc. with the purpose of protecting the rights of their members.
- Members of a trade union pay membership fees on monthly, quarterly or annual basis to fund union programmes and activities.
- Shop stewards represent trade union members and are elected by the members.

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5.2.1 Roles of trade unions

- Serves as mechanism through which employees have a collective voice in the workplace.
- Unions communicate to the company's management the members' grievances such as unfair dismissal, low wages and conditions of services.
- They ensure that the employers include employees in the decision-making process.
- They highlight the need for job creation in the country.
- Trade unions advocate that the economy should support the working class and the poor.
- Hold discussions on poverty reduction programmes, reasonable income levels and job creation strategies with employers.
- Trade unions ensure that poverty levels in the country are kept low through fights against reckless retrenchment processes by employers.
- They ensure that employees are treated fairly and respected.
- Unions are involved with social dialogue regarding poverty alleviation, job creation and wealth distribution.

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5.2.2 Functions of trade unions

- Improves conditions of employment.
- Ensures that all employees are treated equally in the workplace
- Representing the interest of general society and minority groups through media and negotiations.
- Influencing government decisions.
- Representing employees corporately and individually.
- Improving material benefits of their members.
- Establishing minimum economic and legal conditions/influencing economic policy and law.
- Playing a role as moral institutions that will uplift the weak and oppressed and give them the dignity and justice they deserve.
- Protecting workers from unfair labour practices and unfair dismissal.
- Take legal action on behalf of members when necessary.

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CHAPTER 5

BUSINESS SECTORS

Revised Notes

2025

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

TERM	DEFINITION
Backward link	when businesses buy goods and services from businesses in the same sector or from businesses in another sector.
Forward link	when businesses sell goods and services to businesses in the same sector or to businesses in another sector.
Forestry	the industry of growing, taking care and managing trees and forests.
Insurance:	a contract by which businesses undertake to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of a specified premium.
Interdependent	businesses that are interdependent need each other to carry out their own responsibilities in order for businesses to operate effectively.
Interrelated	businesses that are interrelated are connected with one other.
Primary sector	deals with the extraction of raw materials and natural resources.
Manufacturing	the processing of raw materials or parts into finished goods through the use of tools, human labour, machinery and chemical processing.
Mining	the extraction of valuable minerals and metals such as coal, diamond, gold, silver, platinum, copper, tin and iron
Secondary sector	involves the process of transforming raw materials into finished or unfinished products.
Forestry	the industry of growing, taking care and managing trees and forests.
Mining	the extraction of valuable minerals and metals such as coal, diamond, gold, silver, platinum, copper, tin and iron.

EXAM GUIDELINES FOR BUSINESS SECTORS

Learners must be able to:

- Explain the meaning of the primary, secondary, and tertiary sectors.
- Visit any local business enterprise and establish the link/relationship between these sectors.
- Discuss/Explain/Describe the link/relationship between the primary, secondary, and tertiary sector.

1 Meaning of business Sectors.

Business sectors are subdivisions/subsets of economic activities, e.g. primary, secondary, and tertiary.

1.1 Meaning of the primary sector.

- The primary sector is responsible for the extraction of raw material from the nature.

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- This sector deals with extraction of raw materials and natural resources
- Natural resources which are not man made like coal, gold, fish, and livestock are extracted from this sector.
- The resources that they extract are forwarded to the secondary sector of the economy to produce goods.
- Examples of the primary sector industries are mining, mining, fishing, agriculture, forestry, and farming.

1.2 Meaning of the secondary sector.

- This business sector is responsible for changing the raw materials acquired from the primary sector into useful products.
- It includes manufacturing factories, construction, and energy generation.
- The secondary sector will involve the actual manufacturing on the furniture.
- This business would buy the raw material (The timber) from the suppliers and turn them into finished products.
- Examples of the secondary sector industries; manufacturing, clothing, food processing, building and construction are found in this sector.

1.3 Meaning of tertiary sector

- This sector renders services to the public and businesses.
- Provides services and bring finished products to the final consumer.
- It includes services from transport, banking, legal and health.
- Examples of the tertiary sector industries; distribution, banking, insurance, tourism, transportation, entertainment, retail, and legal services.

2 The relationship between the primary, secondary and tertiary sector

- The primary sector depends on the secondary sector for manufactured goods such as machinery/equipment/fertilisers e.g. a farmer may require seeds from another farm.

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- The primary sector is dependent on the tertiary sector for its customer needs.
- The secondary sector processes the raw materials obtained from the primary sector into more useful products.
- The secondary sector depends on the primary sector for raw materials and products.
- The secondary sector depends on other secondary industries e.g. BMW needs tyre from DUNLOP another secondary sector player
- Secondary sector needs the tertiary sector to sell their processed or manufactured goods and for services such as banks, insurance, transport and communication.
- The tertiary sector depends on the primary sector for raw materials that do not need processing by the secondary sector.
- The tertiary sector depends on the secondary sector for manufactured goods such as office machines/office furniture/stationery etc.

3 Examples of statement on business sectors.

Primary sector

Duka Mines specialises in the extraction of platinum.

Secondary sector

Super Energy Enterprise produces maize meal and instant soft porridge.

Tertiary sector

Timothy Distributors has employed four drivers to deliver goods to various customers.

4 Example of a scenario on the relationship between the business sectors

TENDANI FURNITURES (TF)
Tendani Furniture's sells exclusive launch suits and tables to consumers. Tendani buys his furniture from Andries Manufacturers who buys his raw material from Kobus Timbers.

Example of questions that may be asked on the scenario above.

- Identify THREE business sectors from the scenario above. Motivate your answer by quoting from the scenario.
  Use the table below as a guide to answer this question.

BUSINESS SECTORS	**MOTIVATIONS**
1.	
2.	
3.	

- Explain the relationship between the business sectors identified from the scenario above.

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CHAPTER 6

REVISED NOTES

2024

BENEFITS OF A COMPANY VERSUS OTHER FORMS OF OWNERSHIP

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This chapter consists of 7 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

BENFITS OF A COMPANY OVER OTHR FORMS OF OWNERSHIP

Learners must be able to:

- Discuss/Explain the benefits of establishing a company versus other forms of ownership e.g.:
  - Legal status and liability.
  - Profit sharing
  - Ownership and management
  - Capital and cash flow.
  - Life span and continuity
  - Taxation
- Discuss/Explain the challenges of establishing a company versus other forms according to the above-mentioned benefits.
- Explain/Describe/Discuss the procedure for the formation of companies.
- Discuss/Explain the legal requirements of the name of the company, e.g.:
  - A company is not allowed to use a misleading name,
  - A name reservation is valid for six months, etc.
- Define the following concepts:
  - Memorandum of incorporation
  - Notice of incorporation
  - Prospectus, i.e. initial & secondary offer
- Outline the aspects that must be included in the prospectus.

TERM/CONCEPTS	DEFINITION/MEANING
Audit	a process where an organisation's accounts are checked to make sure its financial operations are honest.
Continuity	continue to exist even if a change of ownership takes place, for example, if a member or shareholder retires.
Company	a company is a legal person who has the capacity and powers to act on its own.
Directors	people elected to the board of a company by the shareholders to represent the shareholders' interests.
Form of ownership	the legal position of the business and the way it is owned.
Limited liabilities	type of legal structure for an organisation where the loss of the business will not exceed the amount invested in the business by the business owner.
Memorandum of Incorporation (MOI)	the document sets out the rights, responsibilities, and duties of shareholders and directors. Serves as a constitution of a company.
Partnership	an agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals.
Prospectus	a document inviting the public to buy securities or shares.
Profit companies	a company incorporated for financial gain for its shareholders.
Non-profit company State-owned company (SOC)	an association incorporated not for gain. a legal entity that is created by the government to take part in commercial activities on its behalf.

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Securities	shares and bonds issued by a company.
Sole trader/Sole proprietor	a business is owned and controlled by one person who makes all the decisions, and takes all the responsibility and profits from the business.

1 Benefits of establishing a company versus other forms of ownership

1.1 Legal status and liability

- A company has its own legal status, trading name and owns its assets.
- Shareholders' private assets are protected as they have limited liability.
- The shareholders have no direct legal responsibility.
- Companies have their own names, and these are protected.

1.2 Profit sharing

- Shareholders share in the profits of the company through dividends.
- Other forms of ownership will share profit according to their contribution or internal agreement.

1.3 Ownership and management

- Shareholders can buy and sell shares freely in a public company.
- The company is managed by qualified and competent board of directors.
- A company is less likely to use consultants as it has a larger pool of skills and expertise.
- Directors are more likely to take risks and allow growth opportunities for the business. Some of the forms of ownership e.g. sole proprietor has to rely on his/her own abilities to manage the business.

1.4 Capital and cash flow.

- A company may have more investors to fund the setting up of the business.
- Companies have a better cash flow than sole traders.
- A company is not limited to the individual contribution of the members' capital.
- The long-term growth opportunities for companies are really good as there are always possibilities of getting in more investors.
- Directors do not have to take out personal loans to grow the business.
- Companies has a bigger potential to gain capital than any other form of ownership

1.5 Life span and continuity

- A company has continuity of existence.
- Company shares can be transferred/bought/sold.
- The life span of a sole proprietor and partnership is limited.

1.6 Taxation

- Companies have tax benefits other enterprises do not have. They may obtain tax rebates if they are involved in social responsibility projects.
- Allowances made for companies such as material a9+nd equipment cost, employee cost and administrative cost, business/office and rental costs
  Capital expenses
  Education
  Entertainment
  Businesses start-up expenses
- The life span of a sole proprietor and partnership is limited

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2 Challenges of establishing a company versus other forms of ownership

- Directors may not have a personal interest in the business, and this could prevent the business from gaining maximum growth and profits.
- Directors who do not have a personal interest in the business may not attract investors.
- There may be conflict between the owners of the company and management in control.
- The more shares there are the less profit per share.
- A company is required to submit a full report to all stakeholders each financial year.
- The limited liability aspect of the company generates more paperwork in the registration process.
- The owners of the company have more liability. Directors might not have a personal stake in the company
- When directors change there could be a lack of continuity in management.
- Companies have more taxation requirements and other taxes are high.
- They are required to disclose all financial information which could provide their competitors with an unfair advantage.
- Politics can get in the way and managers are appointed for the wrong reasons.
- State owned companies often deliver non-profitable services that lead to government losing money through the business.
- A company can stop existing if deregistered by the Registrar of Companies.
- A large amount of money of funds is spent on financial audits and accounting fees due to government regulations.

3 Procedure for the formation of companies

- Determine the people establishing the company.
- Reserve a company name with the Registrar of Companies
- Prepare a memorandum of incorporation. Open a bank account and register for taxation.
- File a notice of incorporation. Obtain a unique registration number.
- All companies must be registered with the Registrar of Companies CIPC. A company becomes a legal entity once registration has been finalised.
- A company is registered and may start doing business once:
  - The name of the company has been approved.
  - The prescribed fees have been paid.
  - The notice of incorporation has been lodged.
  - The application of incorporate a new company has been processed by the CIPC.
- Draw up a prospectus for potential investors.

4 Legal requirements of the name of the company

- The name of a company must be original and must not be misleading.
- A company's name must appear on all company documents, e.g. on letterheads.
- Names can be reserved for a period of 6 months by the CIPC.
- The name must not be similar/same as any other company unless it is part of the group.
- The name must not imply/suggest/mislead a person to believe that the company is part of another person/business/the state.
- The name must not be offensive/promote violence/hatred and cause any harm.
- The name must not be shortened and translated.

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- The name of a company must indicate the type of company as follows: The name of a company must end with.
- The name of the company must show the type of company, that is:
  - The name of the non-profit company must end with NPC.
  - The name of a personal liability company must end with Incorporated or Inc
  - The name of a private company must end Proprietary limited or Pty Ltd
  - The name of a public company must end with Limited or Ltd
  - The name of a state-owned company must end with SOC Ltd
- The name of the company must not be offensive, promote violence or hatred and cause any harm.

5 Memorandum of incorporation/MOI

5.1 Meaning of memorandum of incorporation/MOI.

- MOI serves as the constitution of a company.
- Companies are governed according to the rules stated in the MOI.
- Each company must provide a copy of its MOI to the Companies and Intellectual Property Commission (CIPC).
- MOI describes the relationship between the business and its stakeholders.
- MOI describes the rights, responsibilities and duties of the shareholders and directors.
- Provides details about incorporation, the number of directors and the share capital.
- Includes information about a company's name/registration office and records.

5.2 Aspects that must be included in the memorandum of incorporation.

- Name of the company
- Incorporators
- Nature of the company
- Securities of the company
- Shareholders and meetings
- Directors and officers
- Name of the company
- Main objectives of the company
- Number of shares each incorporator will purchase.
- Amount of share capital registered.
- Rules and regulations of the company
- Name of the auditor
- The extend of and restriction placed on director’s powers of authority.
- How the company will operate in terms of acquiring or disposing of assets and other procedural and administrative issues.

6 Notice of incorporation

- The notice must be lodged together with the Standard Form of Memorandum of Incorporation, and it contains the following information.
  - Type of company
  - Financial year-end
  - Numbers of directors
  - Incorporation date
  - Registered address

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- Company name

7 Prospectus

7.1 Meaning of a prospectus.

- A prospectus is a written invitation to the public to buy the securities offered by a public company.
- It is a formal legal document giving details about investment offerings to the public.
- A prospectus can only be issued by a company, and it must be within three months after the date of its registration.
- It gives information about the business.

7.2 Meaning of the Initial order offer/IPO.

- This is when the company issue shares to the public for the first time.
- The company must produce a prospectus before undertaking the initial offering.
- Most companies undertake an IPO with the assistance of an investment banking firm acting in the capacity of an underwriter.

7.3 Meaning of the secondary offering.

- A secondary offering is an offering of securities by a shareholder of the company as opposed to the company itself, which is a primary offering.
- A secondary offering is the sale of new or closely held shares by a company that has already made an initial public offering (IPO)

7.4 Aspects that must be included in the prospectus.

- Name of the company
- Company overview, including the vision, mission, and goals of a business.
- Product or service portfolio.
- Market analysis and strategy.
- Management team.
- The risk and potential of the business.
- Available financial and share information.
- Company's assets and liabilities.
- Financial position.
- Profits and losses.
- Cash flow.
- Prospects for growth.
- Pre-incorporation contracts that have been signed.
- Date of registration of the prospectus.
- The minimum subscription.
- Share capital
- Property owned
- Preliminary expenses.

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GRADE 11

TERM 1

PAPER 2

CHAPTER 7

AVENUES OF ACQUIRING A BUSINESS

REVISED NOTES

2025

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This chapter consists of 11 pages.

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

AVENUES OF ACQUIRING A BUSINESS

Learners must be able to:

- Explain/Discuss/Justify/Motivate the reason why entrepreneurs may decide to purchase an existing business.
- Define/Elaborate on the meaning of franchising, outsourcing, and leasing
- Outline/Mention/Discuss/Explain/Describe the advantages, disadvantages, and contractual implications of the following business avenues:
    - Franchising
    - Outsourcing
    - Leasing
- Identify/Name business avenues from scenarios/case studies/statements.
- Conduct research on the viability and benefits of franchising, outsourcing, and leasing

Terms and Definitions

TERM/CONCEPTS	DEFINITION/MEANING
Franchising	When a person or a business gives another business or person the right to sell the same goods or services subject to certain criteria or regulations. a marketing concept whereby the franchisor licenses the use of its business model, its brand, know-how, procedures, intellectual property, and rights to sell its branded products and services to a franchisee. In return, the franchisee pays certain fees and agrees to comply with certain obligations.
Franchisee	individual who purchases the right to use the trademark or business model. a person who pays a fee to the franchisor for the right to use the trademark and proprietary knowledge.
Franchisor	Individual who sells the right of the trademark or business model in return for franchise royalty fee. (
Goodwill	The amount of money the business owner wants for the good trade name he or she has built up, the customer base, the branding of the business, etc.
Leasing	method where a business can pay for the use of an asset rather than buying it outright for itself. a contract outlining the terms under which one party agrees to rent goods or services owned by another party.
Lessor	Person or business who owns the assets

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	someone who grants a lease to someone else. The lessor is the owner of an asset that is leased under an agreement to a lessee.
Lessee	a person who rents property or land from a lessor. The lessee is also known as the "tenant" and must comply with specific obligations as defined in the lease agreement.
Outsourcing	when a business buys goods or services from another business or pays another business to carry out a function instead of it doing it itself. an agreement in which one company hires another company or person to supply services or goods that could be done internally by the company's employees.
Solvent	The value of the company's assets exceeds that of the liabilities.
Liquid	The company has enough cash to pay daily expenses.
Profitable	a business is profitable when it is making or likely to make a profit. Profits are measured in money earned beyond expenses, so profitable businesses or transactions make money.

1 Reason why entrepreneurs may decide to purchase an existing business

Established business	An established business should not take up too much time to set up as all requirements needed to run the business is already in place.
Established customer base	An established business should have an existing customer base.
Established name and reputation	When an entrepreneur buys an existing business, it may come with goodwill from an established good reputation on the market. People are creatures of habit – if they have shopped at the same hardware store for several years, they will likely continue to shop there – even when a new owner takes over. It is a good idea to state that the transfer of ownership includes the company's phone number, website and registered name.
Known market	The market research has already been done for an existing business, so the new owner can use that information to form any future plans.
Mentorship	Starting a business can be overwhelming. If you purchase an existing business, the owner may often be willing to stay on for an agreed amount of time to mentor and guide the incoming owner.
Cash flow	An existing business already has customers and continued cash flow. By comparison, a start-up can take a long time to attract new customers and become cash positive. Buying an existing business

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	can offer greater security over working capital and help the new owner to improve cash flow sooner.
Financing	Many existing companies have three or more years of profitable financials that makes it easier to secure financing either from a traditional bank, government organisation, or venture capitalist.
Current Staff	Only one in ten start-ups make it past the second year and many businesses fail during growth as the business tries to hire more staff. Having trained staff in place can ensure a smooth transfer and contribute to the success of the business.
Market position	When an entrepreneur buys an existing business, it can increase its market position. Similarly, it can increase its customer base, market share, and resources.

2 Types of avenues of acquiring businesses

2.1 Franchising

2.1.1 Meaning franchising

- Franchising refers to the purchase of a business idea.
- The entrepreneur will obtain premises and the right to offer the same products/services, with specific rules and regulations as per the agreement.
- Franchising is the practice of using another person's business model and it can be seen both as a marketing and a distribution.
- Franchising is a license to use the name, idea, and processes of an existing business in a specific geographic area
- A franchise is an agreement between a franchisor and a franchisee. According to a franchise agreement, the franchisee obtains the right from the franchisor to use the name and trademark of the franchisor and to sell the franchisor's products.
- Franchising involves two parties:
  - **Franchisor**-the person who sells the right to trade in the products/services.
  - **Franchisee**-the person who purchase the right to reproduce the idea by offering the same products/services.
- The franchisor grants the franchisee the right to distribute its products and

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trademarks for a percentage of gross monthly sales and a royalty fee.

Examples of a franchise

- McDonalds
- Kentucky Fried Chicken (KFC)
- Fish & Chips
- Food lovers
- Filling stations

2.1.2 Advantages and disadvantages of franchising

Advantages of franchising

- It allows businesses to buy a well-known brand which guarantees sales and good return.
- Purchasing a franchise is cheaper than starting a new business.
- Franchising reduces long-term financial risk.
- A business is based on a proven idea and the product and service are tried and tested.
- A franchisee can get support from the franchisor, which often includes training, advice, and marketing.
- Forms of financing that are not available to the public are often available to franchisees.
- Reduced long-term financial risk.
- Purchasing a franchise could be cheaper than starting your own business.
- Businesses are able to use a recognised brand name and registered trademark, which helps with advertising and marketing.
- The systems/operations/goods and services are well established.
- There is often access to group support from other franchisees and a network of communication and legal advice.
- Established suppliers give bulk discounts as they form part of a larger group.
- The marketing and advertising costs are shared so they are often lower than for a non-franchised business.
- Management advice is often provided, so it is not necessary to be a business expert.
- The product is already well known in the market, which guarantees sales and good return.
- Franchisees benefit from lower costs due to centralised buying by the franchiser.
- Franchises offer the independence of a small business ownership supported by the benefits of a big business network.
- You do not necessarily need business experience to run a franchise. Franchisors

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usually provide the training you need to operate their business model. Franchises have a higher rate of success than start-up businesses.

- The marketing and advertising costs can be shared, so they are lower than for a non-franchised business.
- There is often access to group support from other franchisees and a network of communication and legal advice.
- An operational franchise is an established business so there is less financial risk.

Disadvantages of franchising

- Acquiring a franchise can be an expensive initial layout
- There are often restrictions in the agreement and terms of how the business should be operated.
- Many creative entrepreneurs feel limited as to how much they can grow/expand their ideas.
- One poorly performing outlet may risk the reputation of the entire franchise.
- The brand could get a bad reputation through other franchisees.
- A large portion of profits is paid in royalties, and often the franchisors do not deliver on their promises.
- It is often difficult to sell a franchise/terminate a contract.
- The start-up cost many be a challenge without assistance from the franchisor.
- Too many outlets may flood a specific area.
- Franchisees have to pay royalties or a share of the profit to franchisors.

2.1.3 Contractual implication of franchising

- The franchisor and franchisee must sign a franchise agreement which is legally binding on both parties. The agreement must cover the following aspects:
    - Confidentiality clause.
    - Tax requirements.
    - Disclosure documents
    - Settlement of disputes
    - How to sell or transfer the franchise
    - Total investment
    - How to deal with trademarks, patents and logos.
    - Advertising policies
    - The initial duration of the franchise and any renewal rights.
    - The policies that govern the product or service.
    - Royalties and the dates of payment.

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- Termination clause and its consequences
- Training and operational support provided by the franchiser
- The obligations of the franchiser and franchisee
- The nature and extent of the rights granted to the franchisee.
- The form of ownership that the franchise will operate under
- operation specifications like marketing strategy and pricing

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2.2 Outsourcing

2.2.1 Meaning of outsourcing

- Outsourcing is when a business buys goods/services from another business to do the job instead of the business performing the function themselves.
- Outsourcing is the business practice of hiring a party outside a company to perform services that were traditionally performed in-house by the company's staff.
- Companies use outsourcing to cut labour costs, and to reduce overhead expenses such as expenses for equipment and technology.

Examples of outsourcing

- IT outsourcing
- Legal outsourcing
- Security
- Cleaning
- Recruitment
- Transport
- Staff training
- Call centres
- Computer installation and maintenance
- Accounting functions such as managing salaries and wages.
- Catering services

2.2.2 Advantages and disadvantages of outsourcing

Advantages of outsourcing

- Outsourcing allows the business to focus on important business activities rather support activities.
- A business has access to resources and equipment for a specific function.
- The production team is often shortened and quality is often improved because specialists are performing the function for the business.
- A company is able to reduce costs as outsourcing can lead to a decrease in staff, remuneration, control and operating costs.
- The business can focus on its vision /goals and to apply its staff more effectively in its core business.
- Improved access to skilled people as the outsourced work will be done by highly skilled people without the company having to employ them.
- Fixed cost and overhead costs are lower for the business.

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- Outsourcing will provide continuity during periods of high staff turnover.
- On-site outsourcing will bring people with a certain skill set into the company, and existing employees can collaborate with them to gain new skills.

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Disadvantages of outsourcing

- Risk of losing sensitive data and the loss of confidentiality
- Risks such as bankruptcy and financial loss cannot be controlled
- Lack of organisational Learning and innovative capacity.
- Managing the outsource provider could be more difficult than managing employees.
- Confidential issues could be at risk if the information is given to another company who performs the function that is outsourced.
- Outsourcing can create a crisis for the business if the outsource provider suddenly terminates its contract.
- There may be a lack of personal care/quality as the business is not personally involved in the execution of the function
- Hidden costs and legal problems may arise if the outsourcing terms and conditions are not clearly defined.
- Losing management control of business functions mean that the business may no longer be able to control operations
- Not understanding the culture of the outsourcing provider and the location where you outsource to may lead to poor communication /lower productivity.
- Problems with quality can arise if the outsourcing provider doesn't have proper processes
- If important functions are being outsourced, an organization is mightily dependent on the outsourcing provider.
- Outsourcing provider may work with other customers, they might not give full time/ attention to a single company resulting in delays and inaccuracies in the work output.
- Labour unions are opposed to outsourcing, especially where labour brokers are used.
- If only part of the business operations are outsourced, current staff might feel threatened and staff morale may suffer.

2.2.3 Contractual implications of outsourcing

- A contract will protect and regulate the rights and responsibilities of both parties involved. Some aspects that may be included in the contract are:
  - An exact description of the service/product.
  - The length or duration of the contract
  - A detailed description of the duties and the responsibilities of both parties.
  - Confidentiality clause to protect privileged information

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- Payment terms and conditions.
- Penalties for not delivering the agreed services

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2.3 Leasing

2.3.1 Meaning of leasing

- A lease is a contract outlining the terms under which one party agrees to rent goods, such as equipment and technology, owned by another party. It allows the user (**lessee**) to make use of an asset, and guarantees the property owner or landlord (the **lessor**) regular payments for a specified period in exchange.

- Leasing is the method whereby a business pays for the use of an asset e.g. equipment, land, material etc.
- The person who owns the asset is known as the lessor
- The lessee is the person who uses the asset.
- The lessor will make the asset available to the lessee, who lease the asset in return for an agreed amount called leasing charges.
- The leasing fee usually includes a maintenance fee and insurance fee.
- The lessor has to repair /replace the asset if needed.
- This is a method gives businesses the option of obtaining the use of an asset for a certain period, instead of buying the asset

Examples of leasing

- Office equipment
- Vehicles
- Trailer
- Machines
- Clothing rental businesses

2.3.2 Advantages of leasing for the lessor

- Leasing improves the cash flow of the business.
- Leasing is regarded as an expense for the lessee and is therefore not regarded as debt.
- The lessor receives a continual rental income.
- The lessor can get quantity discount by buying goods in bulk to supply various lessees.
- The asset can be returned to the lessor when it is no longer needed.
- Makes budgeting and planning easier and it provides better control over cash flow.
- Retains ownership of the asset, which can be sold to recover money at the end of the lease
- There is no large financial outlay as the cost is spread over a number of

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months/years.

- The lessor normally covers the maintenance/ replaces any damaged parts or equipment.
- There are tax advantages as rental payment are calculated as operating costs
- Leasing costs are tax deductible.
- It is easy to lease a better/ newer version of the product without the capital outlay.
- The assets can be returned to the lessor when it is no longer needed.
- The lessor is usually an expert in the field.
- Technicians are always on standby to offer advice and training.

Disadvantages of leasing

- The lessee does not own the asset.
- The lessor has control over the financial obligation of the lessee.
- Some leases require the lessee to maintain and repair the asset.
- A large amount of money is spent on an asset every month, the total of which is a lot more than what the asset is worth.
- Maintenance agreements are usually expensive and non-negotiable.
- The agreement cannot be ended without a penalty.
- The lessee is responsible for maintenance even though they do not own the item.
- The total monthly cost can be increased.
- The lessor may not be able to sell the asset after the lease if it has not been kept in good condition.
- The lessor is committed to the contract and may not reclaim the asset before the lease expires.
- The lessee is committed to the contract and may have to pay for the lease even if they have no further use for the item.
- The lessee is bound by a contract.
- Lease expenses reduce the net income of a business.
- No added tax advantages can be derived from leasing expenses.

2.3.3 Contractual implications of leasing

- The lease agreement will indicate whether the lessee becomes the owner of the asset after the lease period for a fee or not.
- The following details must be stated on the lease agreement:
  - Names of the parties entering the lease agreement/contract.
  - Duration/Period of the lease

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- Detailed description of what is being leased.
- Conditions of renewal
- The monthly amount payable
- Any conditions such as deposits, insurance and security
- Details of how the instalment will be calculated.
- Any specific conditions for renewing the lease at the end of the contract period.
- The procedure and liability for legal costs if a dispute arises.
- The procedure if the lessor or lessee become insolvent
- Detail of insurance, maintenance and restrictive use, up-front payment and instalments.
- The right to occupy an asset, for example, a property
- The right to use the asset, for example, a delivery van
- The responsibility to keep the asset in good order or condition
- The responsibility of paying fees or rent on time

Example of a scenario on acquiring business avenues

WISE LWAZI VENTURING

Lwazi and his sons have realized that it is not always necessary to start a business from scratch. They approached an existing business and concluded a contract to be given a right to sell their similar products within some regulations. The younger son became smarter when he realised that their small items that require regular maintenance can make money for them by contracting it to another business. But his billionaire daughter proved to the world that it is effective when a business decides to focus on its vision and improve their quality by allowing specialists to perform other duties on their behalf.

- Identify THREE ways of acquiring a business avenue from the scenario above. Motivate your answer by quoting from the scenario
  Use the table below as a guide to answer this question

BUSINESS AVENUE	MOTIVATIONS
1.	
2.	
3.	

- Outline THREE contractual implications of EACH type of acquiring business avenues identified above
- Discuss the advantages of EACH type of acquiring business avenues identified above.

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CHAPTER 8

CREATIVE THINKING AND PROBLEM SOLVING

REVISED NOTES 2025

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

AVENUES OF ACQUIRING A BUSINESS

Learners must be able to:

- Explain/Elaborate on the meaning of creative thinking.
- Differentiate between routine versus creative thinking.
- Recommend ways in which businesses can create an environment that stimulate creative thinking.(Recap)
- Explain the benefits/advantages of creative thinking in the workplace.
- Define/Elaborate on the meaning of problem solving
- Explain the meaning of a Delphi and Force-Field analysis. (Recap)
- Apply a Delphi and Force-Field analysis from given scenarios/case studies.
- Explain the advantage of working with others to solve problems.
- Interview a business and find out about the following aspects:
    - What are the business problems?
    - Create solutions to solve the problems.
    - Assess the solutions against the reality of the business.

TERMS AND DEFINITIONS

TERM	DEFINITION
Creative thinking	the ability to think of original, diverse, or new
Routine thinking	a series of steps of doing things the same way.
Business practice	any strategy or activity used by a business to manage and reach its operational objectives.
Problem- solving Skills	skills and abilities that individuals use to solve problems within a given time frame. the process of finding solutions to difficult or complex issues.
Delphi technique	A complex problem-solving technique that tries to get a group of people to agree on how to solve a complex problem.
Force-field analysis	a problem-solving method that looks at two opposing forces that support a problem being solved or a situation changing. a framework based on the assumption that there are forces for and against that influence a situation.
Business problems	These are current or long-term challenges and issues faced by the business.
Creativity	It is an act of turning new ideas into reality.
Competitive	Means as good as or better than others of a comparable nature.
Innovation	Introducing new and original ideas or methods.
Change	Make or become different.
Questionnaires	It is a research instrument consisting of a series of questions for the purpose of gathering information from respondents.
PDCA process/cycle	Plan-Do-Check- Act, this model is used to solve complex business problems

This chapter consists of 6 pages

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1. The meaning of creative thinking

- Creative thinking refers to thinking differently and looking at something in a new way.
- Creative thinking is about approaching a thought/idea/problem/situation in a new and interesting way.
- It is a process of putting facts/concepts/principles together in new and original ways.
- Businesses need to solve their problems efficiently to find creative solutions to problems.
- Creative thinking is when people are able to think of new and original approaches and ideas to find solutions to challenges.
- Creative thinking is being resourceful by applying artistic and clever ideas to create something original or new.

2. Differences between routine versus creative thinking

ROUTINE THINKING	CREATIVE THINKING
• It refers to ordinary/ every day/conventional thinking	• It refers to looking at an opportunity/ problem in a new and different way.
• It is suitable for work that requires logic, consistency, and attention to detail.	• It is invaluable in keeping the business innovative and relevant in a changing market and to solve new problems.
• It does not lead to new ideas or pattern of thought.	• It leads to an idea that is original compared to existing ideas.
• Requires businesses to apply old thinking patterns to new situations.	• Requires businesses to apply new ways of thinking to old situations.
• Is associated with a LEFT brain function where the focus is on logical thought and a methodical way of doing things.	• Is associated with a RIGHT brain function where new ideas are generated.
• It is where consistent, normal thinking is applied to a specific situation.	• The focus is on being creative, using one's imagination, insight, art, and music awareness to find solutions to unique challenges.
• • Doing things in the same way will lead to the same results because past decisions are used to solve current problems.	• • This process is used to come up with new ideas to solve problems in a way that is unusual and different from how things had been done before.

Conventional solutions versus non-conventional solutions

Conventional solutions

These are solutions that are believed and followed by everyone.
These solutions are what most people expect and they appear to be normal.
They focus on being relevant to a situation.
Usually, there is only one solution to each problem or challenge.

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Non-conventional solutions

Non-conventional solutions are solutions that are not created as part of the norm, and which do not follow what is generally done or believed in.
These solutions are creative and unique and are usually a result of creative thinking.
They are often interrupted or changed by better ideas.
Diverse solutions may be applied to problems or challenges.

3 Ways in which businesses can create an environment that stimulate creative thinking in the workplace

- Businesses must emphasise the importance of creative thinking to ensure that all staff know that their ideas will be heard.
- Encourage staff to come up with new ideas/opinions/solutions.
- Encourage job swops/exchange within the organisation/studying how other businesses are doing things.
- Encourage alternative ways of working/doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Reward creativity with reward schemes for teams/individuals that come up with creative ideas.
- Provide a working environment conducive to creativity, free from distractions.
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/generate more ideas/build on one another's ideas.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Train staff in innovative techniques/creative problem-solving skills/mind-mapping/lateral thinking.
- Accommodate employees' ideas and try not to let anyone feel less important in the workplace.
- Encourage job exchanges within the organisation and other businesses to improve creativity in the workplace.

4 Benefits/Advantages of creative thinking in the workplace

- Creative thinking will lead to improved participation of staff members, which will ensure the generation of new ideas.
- Complex business problems may be solved.
- Creativity may lead to new inventions which improves the general standard of living.
- Better/Unique/Unconventional ideas/solutions are generated.
- May give businesses a competitive advantage if unusual/unique solutions/ ideas/strategies are implemented.
- Managers/employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage change(s) positively and creatively.
- Managers/Employees can develop a completely new outlook, which may be applied to any task(s) they may do.
- Leads to more positive attitudes as managers/employees feel that they have contributed towards problem solving/Improves motivation amongst staff members

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- Managers/Employees have a feeling of great accomplishment, and they will not resist/obstruct once they solved a problem/contributed towards the success of the business.
- Management/Employees can keep up with fast changing technology.
- Stimulates brain function of employees/managers, as they are continuously pushed out of their comfort zone/improving the total well-being of employees.
- The morale among staff members will be improved.

5 Problem-solving techniques

5.1 The meaning of problem solving

- It is a clear process to follow whenever a problem needs to be solved.
- A process of finding the correct strategy to respond to a problem.
- Problem solving involves analytical and creative skills.
- Some businesses use the PDCA process/cycle to solve a problem.
- PDCA stand for Plan-Do-Check-Act.
- Problem-solving is the process of studying a situation to find ways to bring about change.
- It involves collecting facts that include problem finding and problem shaping.
- Creative and logical skills need to be applied to find solutions to the identified problems.
- Alternative solutions should also be generated and evaluated in response to problems.
- Problems can be solved by an individual, a group, or a team member.

6 The Delphi technique and Force-Field analysis

6.1 Meaning of the Delphi Technique

- It is a technique that is used to solve new and complex problems.
- The Delphi technique is a popular method of gathering information by using a selected expert's panel on a specific topic.
- The group of specialists/expert's panel never meet face to face.
- This technique uses a series of questionnaire to obtain feedback from experts.
- The questionnaires are used to bring about agreement from different views.

6.2 Ways in which businesses can apply the Delphi Technique in the workplace

- Businesses must invite a panel of experts to research the complaints from customers.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to improve the quality of their tiles and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to businesses.
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.
- Request panel members to provide further input/ideas on how to improve the quality of their tiles after they have studied the results/documentation.
- Distribute a third questionnaire based on previous feedback from the second round.
- Prepare a final summary/feedback report with all the methods to improve the quality of products.

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- Choose the best solution/proposal after reaching consensus.

6.3 Meaning of force field analysis

- Force filed analysis is a method of listing, discussing, and analysing the various forces for/advantages and against/disadvantages of a proposed change.
- It is often used for planning and implementing change in a business.
- The analysis involves identifying the advantages and disadvantages of a decision.
- This tool is especially useful to overcome resistance to change.

6.4 Ways in which businesses can apply the force field analysis

- Describe the current situation/problem and the desired situation.
- Identify what is going to happen if there is no action taken.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Discuss the key restraining forces and determine their strengths.
- Discuss the key driving forces and determine their strengths.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Analyse the restraining forces and best way of advancing them.
- Explore the driving forces and the best way of advancing them
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.
- Identify priorities and develop an action plan.

7 Advantages of working with others to solve problems

- The problem can be solved faster and easier.
- Workload decreases if everyone does their share.
- More ideas can be generated increasing the chances of finding the best possible solutions.
- Exposure to other people's thinking patterns and to the way other people approach problems.
- Enables team members to learn from others and accept their points of views.
- Greater results can be achieved.
- Team members have access to a broader bases of knowledge, skills, and expertise.
- The problem is viewed from different perspectives.
- There is access to a broad base of knowledge, skills, and expertise.
- Problems are analysed in greater detail which lead to better understanding of the problem.
- Promotes creative thinking and idea generation by thinking of as many ideas as possible to solve problems.
- There are different perspectives to be considered because it could be difficult to be creative and innovative on your own.
- Working together is encouraged to produce greater results.
- As management and employees introduce and create many ideas, saving time and money for the business, productivity will increase.
- Managers and employees will demonstrate more confidence as they perform their duties.

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BUSINESS STUDIES

GRADE 11

PAPER 2

TERM 2

CHAPTER 9

STRESS, CRISIS AND CHANGE MANAGEMENT

REVISED NOTES

2025

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This chapter consists of 8 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

STRESS AND CRISIS MANAGEMENT

Learners must be able to:

- Explain the meaning of stress.
- Outline/Mention/Explain the causes of stress in the business environment e.g. work overload/long working hours/time pressures and deadlines/incompetent managers etc.
- Discuss/Explain the importance of stress management in the workplace.
- Suggest/Recommend ways employees can manage stress in the workplace.
- Define the term crisis and give typical examples of crisis in the workplace.
- Recommend/Suggest ways businesses can deal with crisis in the workplace.
- Outline/Mention internal/external causes of change.
- Identify the causes of change from given scenarios/case studies etc.
- Discuss/Explain/Describe major changes that people, and businesses deal with e.g. unemployment, retrenchment, globalisation, and affirmative action.
- Suggest strategies business can use to deal with globalisation and affirmative action.
- Recommend ways businesses can deal with/manage change in the workplace.

Terms and Definitions

TERM/CONCEPTS	DEFINITION/MEANING
Stress	defined as a state of mental or emotional strain or tension resulting from adverse or demanding circumstances.
Stress management	techniques or therapies used to help individuals cope with their stress in order to lead productive lives.
Crisis management	the process that a business uses too deal with an emergency
Change management	the process that a business use too deal with change and development within the business.
Business related crisis	the process that businesses use too manage unplanned situations, that occur in its day -to-day operations.
Theories of change management	concepts, theories and methodologies that provide and in-depth approach to organisation change.
Deadlines	date by which something should be completed.
Pressures	the use of persuasion to make someone do something.
Incompetence	inability to do something successful.
Overload	to put many things in or on something or someone.
Vision	the ability to think or plan the future with imagination.
Communication	the imparting or exchanging of information by speaking, writing or using some other medium.
Consolidated gains	to bring together separate parts into a single or unified whole.
Proactive	controlling a situation rather than just responding to it after it has happened.

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Disaster	a sudden accident or a natural catastrophe that causes great damage or loss of life.
Solutions	solving a problem or dealing with a difficult situation.
Morale	confidence, enthusiasm and discipline
Turnover	rate at which something changes

1 The meaning of stress in the workplace

- Stress is defined as a state of emotional or mental strain or tension resulting from negative or demanding circumstance.
- The strain can affect memory/concentration and lowers the morale of employees.
- Stress refers to the harmful physical/emotional responses that can happen when there is conflict between job demands on the employee and the amount of control an employee has over meeting these demands.
- It is the wear and tear our bodies experience as we adjust to our changing environments
- Stress is the response of a person's body to anything that requires more action or work from an individual than normal.
- An individual's physical and emotional response to stress may be debilitating, which could result in lower productivity levels at work.
- Stress may also result in low self-esteem and morale for employees.

1.1 Causes of stress in the business environment/workplace

- Heavy workload/Unrealistic targets and deadlines by time pressures
- Long working hours without adequate breaks
- Inadequately trained subordinates
- • attending many meetings that take time and do not allow employees to complete their work tasks during working hours
- Work demands intruding on family and personal life
- Keeping up to date with new technology
- Conflict with those in the business with different beliefs and values
- Taking work home to complete task not done the office
- Interpersonal relationships with colleagues
- The amount of travel required by work
- Managers who are not competent and efficient
- Job insecurity Bullying and harassment
- Lack of accountability of employees and managers
- Lack of participation in decision-making
- Lack of finances, human resources or physical resources
- Poor working conditions
- A lack of power and influence
- Badly designed shift systems
- Changes in job description, management, in technology or in the economy√
- Confrontations and conflicts
- Inadequate training given to employees

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1.2 The importance of stress management in the workplace

- If stress is not managed effectively, it can get out of control and cause staff health issues.
- Stressed employees are more likely to miss work, both as a way to cope and due to health-related problems.
- Managing stress will curb absenteeism in order to maintain productivity at workplace
- Workers who suffer from stress often display poor judgement in crisis or emergency situations and this can be avoided through managing stress
- Grievances or complaints that lead to staff turnover can be addressed if stress is well-managed.
- Conflict and interpersonal problems can be avoided if stress is managed at the workplace.
- Having stressed and tired employees serving the public may lead to poor service and unhappy customers and this can be corrected through management of stress
- Stressed employees are more likely to cling to the old ways of doing things by resisting change and this can be controlled through proper management of stress.
- Constant stress can cause many problems for a business since it can become an unhealthy environment.
- Too much stress can become a barrier to success and lowers the performance of workers.

1.3 Ways employees can manage stress in the workplace

- Develop self-awareness to recognise the signs of stress and its causes.
- Create a balanced lifestyle and minimise extreme emotions.
- Exercise regularly and keep fit.
- Follow a balanced diet
- Get enough sleep and relaxation
- Replace negative self-talk with positive thoughts
- Apply good time-management skills
- Set personal realistic goals and targets
- Accept things one cannot change and focus on things one can control
- Practise time management
- Be aware of what they require in order to complete their daily tasks at work.
- Self-awareness will assist employees to minimise stress.
- Consult their work schedule to identify potential stressful situations and make changes to the schedule where possible.
- Ensure that effective time management strategies are practiced.
- Try to avoid conflict situations with co-workers.
- It is important to get enough sleep and rest to perform work tasks efficiently.
- Take regular breaks to relax and recharge.
- Follow a balanced lifestyle by eating healthily, exercising and participating in activities that promote relaxation.

2 The meaning of crisis

- A crises is an unforeseen event that can cause major changes in an organisation.
- It refers to the sudden and potentially disastrous events.
- It is time of intense difficulty/ trouble/ danger that Business may face.
- An event that can harm the business's stakeholders/ its property, finances / its reputation.
- Any situation that threatens people at home or work.
- Unforeseen event that can cause major changes in the organisation.

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2.1 Examples of crisis in the workplace

- Loss of property due to fire
- Theft of assets and equipment.
- Breakdown in machinery
- Power outages
- An accident
- Serious illnesses without replacements
- Conflict amongst employees
- Supply shortage
- A sudden increase in production costs
- Unforeseen drop in revenue
- Lawsuits or legal action against the business
- Tight deadline
- Natural disasters, e.g. earthquakes, floods, etc.

2.2 Ways businesses deal with crisis in the workplace

- Businesses should respond appropriately and quickly to lessen the effects of the crisis situation.
- Intervene swiftly and with urgency, but without panicking or overreacting.
- Identify the real nature of the crisis by making a thorough assessment of the situation and seeking expert opinions
- Assess/If the crisis happens, face up to it and quickly find out what has happened without over-reacting.
- Deal with crisis directly and timeously without trying to avoid/minimise the seriousness of the situation
- Plan/Identify and prioritise the actions required
- Inform/Provide accurate and correct information
- Support/Guide others through the situation by providing training and support.
- Attempt to contain the situation to minimise further damage
- Communicate with all stakeholders so that they are properly informed about what has happened, what the impact is and how it is being dealt with.
- Appoint a spokesperson from the management team who will deal with all questions and provide information
- Regain control/Manage the situation in a calm manner until the crisis is over.
- Obtain expert advice if the crisis falls outside the business' scope of expertise.
- Call for help and seek assistance/advice and support from the appropriate agencies and professional
- Arrange debriefing sessions for all those directly involved in the crisis or who have been traumatised by the event.
- Evaluate how effective the emergency plan was throughout the crisis.
- Amend the emergency plan after evaluating what worked and what did not work.
- Assess and evaluate the nature of the crisis.
- When a crisis happens the affected department or persons should respond to the situation in a calm manner and determine what the nature and cause of the crisis is in order to plan an appropriate response.
- If necessary, seek advice from experts.
- Manage the seriousness of the situation by responding to the situation immediately.

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3 Change management

- Change is a process that takes people, employees, and organisation from the present to a future desired change.
- New ways to get things done.
- A business needs to change in order to meet changing needs of customers, improved technology and international competition.

3.1 Internal and external causes of change

3.1.1 Internal causes of change

- New business objectives or goals
- High employee turnover where many employees have to join the business
- New policies and procedures implemented in the business
- New management
- Restructuring
- Retrenchment
- New equipment

3.1.2 External causes of change

- Political factors e.g., change in government policy and international relations
- Social factors e.g., poverty/unemployment/HIV & Aids/etc.
- Legal factors e.g., the passing of new laws
- Economic factors e.g., increase in the interest rate
- Technological factors e.g., advanced production techniques and the information and communication technology (ICT) revolution.
- Market factors e.g., new firms entering the market and introducing new products.

3.2 John P Kotter's 8 steps of leading change excluded in the examination guidelines (Enrichment)

- Establish a sense of urgency by motivating their employees
- Form a powerful coalition/Build the guiding team by bringing together a team of influential people who will convince everyone else that change is needed
- Develop a vision and a strategy, decide what values are central to the change
- Communicate the vision frequently and demonstrate the kind of behaviour that they want from their employees
- Empower broad based action by identifying employees who are resisting change and help them see the need for change.
- Generate short term wins and make sure their businesses taste success early in the change process
- Build on change by analysing what went right and what needs to be improved after each win
- Anchor the changes in corporate culture and this must become part of the core of their business.

3.3 Major changes that people and businesses deal with

3.3.1 Unemployment

- It is when employees lose their jobs because they are fired, or they quit their jobs
- Change can lead to unemployment due to retrenchment.
- A business may close down/sold/merge resulting to unemployment.
- Many people who are unemployed struggle to Cope and can lead to illness and depression.

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3.3.2 Retrenchment

- Retrenchment is when a business cuts the number of workers to reduce their wages and salary bill.
- A process whereby the employer reviews its business needs to increase profits or limit losses, which leads to reducing its employees.
- Economic changes may result in many people being retrenched from their jobs.

3.3.3 Globalisation

- Due to the narrowing of global markets, businesses can trade in different countries.
- Businesses must deal with and adapt to changes that globalisation brings.
- Globalisation means that many local businesses struggle to compete with bigger/stronger/experienced markets abroad.
- With improved ongoing technological processes, new technology must be combined and used to make processes more efficient.
- The business should ensure that their product or service is of a high standard and quality, which will result in competition amongst businesses.

Strategies business can use to deal with globalisation

- Adapt your approach to new operational complexities.
- Businesses should be aware of changes in the related industry
- Keep abreast of new technology/processes and developments that could give your business a competitive edge.
- Investigate overseas markets for their products
- Source overseas manufactures/materials/suppliers etc. to ensure the business stays competitive.
- Build a strategy for connecting with governments around the world.
- Comply with international standards of quality.
- Comply with international trade laws to make it easy to trade internationally
- Upgrade the enterprise's information technology (IT) network to enable online purchasing.
- Be creative in making products desirable and unique.

3.3.4 Affirmative action

- Affirmative action is a policy that ensures that qualified people from designated groups have equal opportunities in the workplace.
- The policy aims to ensure that Black South Africans, women and people with disabilities are well represented in businesses.
- Workers can resent affirmative action appointments and people who have been appointed in affirmative action positions.
- This may lead to resentment towards persons appointed according to this policy.

Strategies business can use to deal with affirmative action

- Inform employees on how affirmative action will be implemented in the business.
- Businesses must have acceptable affirmative action programmes.
- Businesses must indicate in all their job adverts that they are affirmative action employers.
- They should open themselves to new ideas and opportunities instead of sticking to the past.
- Employees need to focus on the job rather than the differences of the people in the team and how they were appointed.
- All staff should work together and practice mindfulness about their job.

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- Self-employment opportunities should be explored.

3.4 Ways businesses can deal with/manage change in the workplace

- Acknowledging that change is stressful and empowering employees to cope with stress.
- Transparency in the process of change is important in building trust with employees.
- Management need to ensure that it communicates with employees and keeps all informed of decisions and anticipated changes.
- Do not deviate from the original plan.
- Involve employees in the transformation process.
- The business can manage change easily if employees have interpersonal relationships that are characterised by trust, respect and support.
- Employees should increase their skills levels in order to be more competitive for positions and promotion.
- Acknowledge/Respect differences and focus on achieving the goals/objectives.
- Management should adhere to the plan and not move away from it.
- All employees should be participative in the transformation process
- Employers should engage employees in the process of change to build trust.

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BUSINESS STUDIES

GRADE 11

PAPER 1

TERM 2

CHAPTER 10 – PART 1

BUSINESS OPERATIONS

MARKETING ACTIVITIES & MARKETING MIX COMPONENTS - PRODUCT POLICY & PRICING POLICY

REVISED NOTES 2025

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

MARKETING

Learners must be able to:

- Define/Elaborate on the meaning of marketing.
- Explain the role of the marketing function.
- Outline/State/Discuss/Explain the following marketing activities:
  - Standardisation and grading
  - Storage
  - Transport
  - Financing
  - Risk-bearing and
  - Buying & selling

MARKETING MIX

PRODUCT POLICY

- Outline/State/ Explain /Discuss the product policy with specific reference to types of product, product development, trademarks and packaging.
- Outline/Mention/Discuss categories of consumer goods/products.
- Explain/Discuss the importance of product development
- Outline/Mention/Discuss/Explain the steps/stages of product design.
- Mention/Explain/Discuss the purpose of packaging
- Outline/Mention/Discuss/Describe/Classify types/kinds of packaging.
- Elaborate on the meaning of trademarks
- Discuss/Explain/Describe the importance of trademarks to businesses and consumers.
- Outline/Mention/Explain the requirements of a good trademark.

PRICING POLICY

- Define/Explain the meaning of price
- Discuss/Explain the importance of pricing.
- Outline/Mention/Explain/Discuss the following pricing techniques e.g.:
  - Cost-based/orientated pricing
  - Mark-up pricing
  - Customer/target-based pricing
  - Competition based/orientation pricing
  - Promotional pricing
  - Penetration pricing
  - Psychological pricing
  - Bait pricing
  - Skimming prices
- Identify the above-mentioned pricing techniques from given scenarios/statements. Quote from the scenario to support your answer.
- Outline/Mention/Explain/Discuss factors that influence pricing.
- Identify these factors from given scenarios/
- statements. Quote from the scenario to support your answer.

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TERMS AND DEFINITIONS

TERM/CONCEPTS	DEFINITION/MEANING
Marketing	activities a company undertakes to promote the buying or selling of a product or service.
Product policy	the first component of the marketing mix. It explains how a business is going to develop a new product design and package.
Distribution	how the business gets its product to its customers.
Marketing communication	involves how the product or service is communicated to the target market.
Technology for marketing	has changed the way businesses convey their messages to potential customers. Internet advertising and social media advertising increased the ability to promote products nationally and internationally at relatively low costs.
Cost	an amount that must be paid or spent to buy or obtain something.
Mark up	the amount added to the cost price of goods to cover overheads and profit.
Substitutes	a person or an object acting in place of another.
Profit margin	the portion of the selling price that is not allocated to input costs/overheads and contributes to the gross profit margin of the business.
Penetration	the selling of a company's products in a particular market or area.
Bait	sales tactic that lures customers in with specific claims about quality or low prices.
Skimming	a firm charges the highest initial price that customers will pay and then lowers it over time.
Monopolistic	in monopolistic competition, a firm takes the prices charged by its rivals.
Oligopoly	a state of limited competition in which a market is shared by a small number of producers or sellers.
Monopoly	a market structure characterised by a single seller, selling a unique product in the market.
Idea generation	the process of creating, developing, and communicating ideas which are abstract, concrete, or visual.
Testing	finding out how well something works.
Business analysis	a research discipline identifying business needs and determining solutions to business problems.
Brand name	a name given by a producer to a product.
Reputation	belief or opinions that are generally held about someone or something.
Ingredients	things that are used to make something.
Preference	a greater liking for one alternative over another or others.
Target market	a particular group of consumers at which a product or service is aimed at.
Wholesalers	they are large-scale traders who operate as intermediaries between manufacturers and retailers.
Retailers	they are smaller-scale traders that operate as intermediaries between wholesalers and consumers.
Intermediary	a person/business that acts as a link between people and businesses to bring about the sale.

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Agents	a person who organises transactions between two parties.
A broker	a person who buys and sells goods for others
Direct distribution	exchange of products/services between the producer and the consumer
Indirect distribution	a distribution channel with at least one intermediary between the producer and consumer

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1.1 Marketing

The meaning of marketing

- Marketing refers to activities a company undertakes to promote the buying or selling of a product or service.
- Marketing includes advertising, selling, and delivering products to consumers or other businesses.
- The aim is to link the business products and services with the customer needs and wants.
- Marketing is used to deliver value to the customers and satisfying their needs.
- Marketing also aims to get the right product or service to the right customer at the right place and at the right time.
- Businesses also establish a target market or maintain market share of a current product and locate the most appropriate customers through marketing activities

The roles of the marketing function

- Support the overall objectives of a business, which is to maximise profits
- The marketing team needs to work closely with staff members from other business functions.
- Gather information about customer needs, preferences and buying behaviour and share information with other departments.
- Assist the development of the marketing strategy in collaboration with senior management from other business functions.
- Develop a marketing plan using element of the marketing mix.
- Develop sales forecasts and projections and provide this information to other business functions.
- Decide which products or services the business will sell and how the products will be distributed.
- Determine what prices (cash or credit) they are going to sell.
- Shape the experience customers have after the products/services are delivered to them
- Promote the products/services that the business offers to potential clients/customers.

1.3 Marketing activities

1.3.1 Standardisation and grading

- Standardisation is the process of developing a uniform set of criteria to ensure the production of quality goods.
- Standardisation also refers to taking steps to ensure that goods produced meet the required standards.
- Grading is the process of sorting individual units of a product into specified classes or grades of quality.
- Standardisation lays down the standards or grade of quality.
- Grading is the process of classifying agricultural products into categories according to their quality.
- There should be no differentiation in terms of the products.
- The quality of the final products can be measured against pre-determined standards, for example, all 55 inch TVs will look the same.
- Products that cannot be manufactured according to pre-determined standards are graded according to the quality of the product.
- • These are products that are harvested from nature and made available to consumers, for example, fruits, vegetables, eggs, or corn.

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1.3.2 Storage

- Refers to the storage of goods after having been produced, until it is consumed or dispatched to intermediaries, wholesalers or retailers.
- The storage facility will be influenced by the type of goods that must be stored.
- Storage is needed as goods must be often in the warehouse until the final consumer need the goods.
- When goods are stores, they must be insured against fire/theft/damage etc.
- It ensures that products are preserved to meet future demands.
- It also bridges the gap between production and consumption.
- The storage facility will be influenced by the type of goods that must be stored

1.3.3 Transport

- Products must be transported from storage facilities to intermediaries, wholesalers or retailers.
- Transport also makes it possible for certain products to be exported to other countries.
- The method of transport will be influenced by the type of products that must be transported.
- Transport ensures that products are moved from the producer to the consumer.
- It ensures that the final products reach the consumer when it is required.
- Different modes of transport are available to manufacturers. These include road, sea, air, pipelines, and rail.

1.3.4 Financing

- Capital is used to meet the financial needs of businesses involved in the various marketing activities.
- Finance is required to achieve the marketing objectives e.g., the marketing function must take into account the cost of advertising.
- Financing in the form of cash, credit or loans is needed to bridge the gap from when the product is completed to when the customer pays for it.
- Refers to the act of obtaining funds to ensure that businesses can operate effectively in pursuit of the organisations' objectives.
- The business acquires funding from financial institutions/investors to expand/maintain operations.
- Loan financing is available from financial institutions and must be repaid with interest over a certain period.
- Equity funding is available from private investors in return for a percentage of ownership of the business.

1.3.5 Risk-bearing

- The business enterprise carries the risks involved with owning the goods.
- There is a possibility that products can be damaged /stolen/outdated which may result in financial losses.
- The factory or the warehouse can, for example, catch fire, goods can be stolen, or goods can perish.
- Investments in business opportunities are subject to constant risks, despite the prediction of positive results.
- The first risk bearer of a business venture is the entrepreneur and shareholders in a business.
- Risk bearing provides businesses with the opportunity to reduce losses incurred should a business venture not succeed by sharing the risk with another party.
- The first risk bearer of a business venture is the entrepreneur and shareholders in a business.

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- Insurance companies are prepared to share certain risks with the entrepreneur and shareholders.

1.3.6 Buying and selling

- Buying and selling are concerned with the exchange process.
- The buying function deals with searching for customers.
- The selling function deals with promoting the product.
- Some businesses need to buy raw materials in order to manufacture the final products, while some businesses buy and sell goods and services.
- It is an integral part of any business activity.
- Consumers buy the finished products for consumption.

2 The components of the marketing mix

- There are four components of the marketing mix namely.
  - Product policy
  - Pricing policy
  - Distribution policy
  - Communication policy

2.1 The product policy

2.1.1 The meaning of the product policy

- The product policy is the first component of the marketing function.
- The product is the main component of the marketing mix e.g., when there is no product, there is no business.
- This policy explains how a business is going to develop a new product, design and package.
- The product policy deals with the features, appearance and the benefits of the product itself.

2.2 Types of products

Industrial goods

- Industrial goods are used in the manufacturing process to produce other goods e.g. spare parts/equipment/machinery etc.

Consumer goods

- These are goods that satisfy the needs of consumers.

2.1 Categories of consumer goods/products

2.1.1 Convenience goods

- These are low priced goods purchased by consumers without much thought.
- Consumers are not willing to spend much effort on buying convenience goods because they differ very little in terms of price, quality and the satisfaction it provides to consumers.
- Example of convenience goods: bread, milk, soft drink, etc.

2.2.2 Shopping goods

- These goods are more expensive than convenience goods.
- Consumers do not buy them very regularly.
- They are prepared to spend a considerable amount of time and energy going to various shops until they are sure that they are getting the best value for their money.

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- Examples of shopping goods; television, motor vehicles, clothing, etc.

2.2.3 Speciality goods

- These goods usually have specific brand names.
- Consumers know exactly what they want and are willing to search until they find exactly what they are looking for.
- Examples of speciality good; jewellery, branded clothing, etc.

2.2.4 Services

- Services are not tangible.
- Services are rendered by service providers to consumers.
- Example of services, garden service, etc.

2.2.4 Unsought goods

- Goods that consumers do not know think of until the need of such products appear.
- Examples are: funeral services, encyclopaedias, fire extinguishers and reference books.
- Purchases of unsought goods may arise due to danger or fear of danger.

2.3 Importance of product development

- Product design needs to be designed to suit the needs of the customers.
- If the product design does not suit the target market, there will be very little demand for the product.
- Business need to develop new products in order to replace older products in stage 4 when the sale declines.
- Businesses are able to remain competitive because they are always on a lookout for ways to improve their products.
- Products become different from those of the competitors.

2.4 Steps/Stages of product design

- Idea generation/ Design and development of product ideas.
- Selecting and sifting of product ideas/ Idea screening.
- Concept development and testing/Design and testing of the product concept which should happen before a product is developed.
- Analysis of the profitability of the product concept/Business analysis.
- Consumer responses must be tested using a small sample of the
- Product/Market testing.
- Technical implementation/Systems and processes are put in the production planning and control process.
- Commercialisation/The product is launch and marketing/advertsing campaigns implemented.
- New product pricing/The product is priced and forecasts worked out.

2.5 Purpose of packaging

- Packaging is needed to contain the item or product.
- Protects the product from breakage, gems, moisture or spoilage.
- Promotes the product by indicating the brand and trademark of the company and product.
- Prevent tampering or theft of a product.
- Improves convenience in use or storage of a product.
- Contains information about the product, including uses, any harmful warnings or dosage requirements.
- Make product easier to identify

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- Differentiates the product from other competing products.
- Attracts attention to show value of the product as a marketing tool
- Links the product to the promotion strategy used to promote the product.
- Reduces storage costs by minimising breakage.

2.6 Types/Kinds of packaging

2.6.1 Packaging for immediate use/Unit packaging

- Packaging needs to be cheap, because once the product is consumed, the packaging is thrown away.
- Example : packet of chips/chocolate bar wrapper

2.6.2 Packaging for double use

- Packaging can be re-used for purpose other than storing the original contents.
- Consumers will thus be reminded of the particular brand after the original contents have been consumed.
- The container can be used for something else once the content is finished.
- Example: ice cream tub

2.6.3 Packaging for resale

- Retailers buy products in bulk from wholesalers or suppliers.
- Retailers unpack the products to sell them separately in smaller quantities.
- Example: big box containing many boxes of washing powder

2.6.4 Kaleidoscopic/Frequently changing packaging

- Some details of the packaging change to advertise an important sporting event/competition
- The container or wrapper are continually changing.
- Example. the advertise a sporting event

2.6.5 Speciality packaging

- Packaging must suit the product.
- Example. packaging for an expensive phone.

2.6.6 Combination packaging

- Various complementary products are packaged together because such products are usually purchased together.
- Example. Soap and a face cloth/shower gel and sponge/matching perfume and hand cream.

2.7 The meaning of trademarks

- A trademark is the name/logo/symbol used by a manufacturer/business to differentiate its products/business from competitors.
- A trademark is officially registered and protected from unauthorised use by law.
- It is a registered mark that a manufacturer puts on its products to distinguish its products from other manufacturers.
- Once a trademark has been registered, it may only be used by the person/business that registered the trademark.

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2.8 Importance of trade of trademarks to businesses and consumers

2.8.1 Importance of trademarks to businesses

- A trademark establishes an identity/reputation
- A registered trademark protects businesses against competitors who sell similar products.
- A well-known trademark helps to make a brand instantly recognisable
- Offers a degree of protection because branded products can be traced back to the manufacturer
- Businesses can use trademarks to market/advertise their products.

2.8.2 Importance of trademarks to customers

- Creates a sense of security and consistency for customers.
- Promotes loyalty and creates consistency for customers.
- Consumers are more likely to accept new products that are marketed under a well-known brand/trademark
- It represents a certain standard of quality and price to the consumer.

2.9 The requirements of a good trademark

- Must be attractive.
- Must suit the product.
- Suitably designed for the target market.
- Must be different from its competitors.
- Must promote the image of the enterprise.
- Suitable for display purpose.
- Must be environmentally friendly.
- Must protect the contents.
- Should be easy to distribute/handle/transport and use.
- Protect and promote the product.
- Link the product to its promotion strategy.
- Draw the attention of consumers.
- Inform customers on how to use the product.
- Prevent spoiling or damage.
- Reduce storing costs by minimising breakage.
- Easy to handle and display on the shelves in the store.
- Indicate the correct mass or volume of the contents of the product.
- Indicate the ingredients of the product, if applicable.
- Indicate the name and contact details of the manufacturer.

3 The pricing policy

3.1 The meaning of price

- The price of a product refers to the amount of money that must be paid by the buyer to experience the benefits of the product.
- The pricing policy specifies what and how the business will work out the pricing of its product.
- The price needs to be affordable for the customers but also allow businesses to cover costs and to make a profit.

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3.2 The importance of pricing

- The pricing process needs to consider flexibility/discount/territory/life cycle status/allowance.
- Pricing affects the number of products that an enterprise is able to sell, which in turn, affects profitability.
- The price of a product can influence the consumers' attitude towards the product or the brand.
- If the is believed to be too high, fewer consumers may buy the product.
- If the price is too low, consumers may perceive the good as being of poor quality.
- The pricing policy should explain when and to whom discounts will be granted.
- The price of a product must make provision for transport costs.
- The price of a product must make provision for VAT.
- Low sales result in stockpiles of unsold product that have to be stored and not repaying the cost of manufacturing that product.
- It defines the value of the product in terms of production costs and customer use.
- It is a tangible price point that lets customers know whether the product will be worth their time and investment.

3.3 PRICING TECHNIQUES

3.3.1 Cost-based/orientated pricing

- Involves setting the price of a product based directly on its cost.
- The business calculates the cost of producing one unit of the product, called unit cost, and then adds a standard mark-up to obtain the price.
- The costs of production and supply are calculated, and a suitable profit margin is added to determine the selling price.

3.3.2 Mark-up pricing

- It is calculated as a percentage.
- This percentage is calculated from the cost per unit.
- Example will include a sandwich-making a business may calculate that the cost of producing a sandwich is R10 and decide on a mark-up of 100%, setting the price at R20.

3.3.3 Customer/target-based pricing

- It is when companies set certain targets to achieve.
- Based on what the business believes customers are prepared to pay.
- The perception of the product it wants to create in the customers' mind.

3.3.4 Competition based/orientation pricing

- Sets its price based on what competitors are charging customers.
- This approach is also called going rate pricing or competitive pricing.
- The more competition in the market, the lower prices are likely to be.
- If the price is set at a higher level than of competitors, consumers must be convinced that the good is better in terms of quality and usefulness.

3.3.5 Promotional pricing

- Businesses offer sales or special offers to attract customers.
- It is used when the price is lowered for a short period of time.
- At certain times of the year, end of season ranges or old stock may be sold off at discount prices.

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- Example: include special offers/discounts that are valid for a limited period of time/"Buy one, Get one free" type promotions.

3.3.6 Penetration pricing

- Products are sold at very low prices to attract consumers when the product is introduced to the market.
- The aim is to convince the customers to buy a product.
- As soon as the introductory offer is over, the price is increased.
- It is often used for new products and it is not a profitable long-term marketing strategy.

3.3.7 Psychological pricing

- This strategy is used when the business wants the consumer to respond on emotional basis rather than a rational one.
- It is used to give an impression that an item is cheaper than it really is.
- A CD player is priced at R699 instead of R700.
- Consumer mentally place the item in the R600 rather than the R700 price range.

3.3.8 Bait pricing

- Prices are usually set lower than the items cost price to attract customers.
- It is used to attract customers into a shop to buy the product and other items.
- Consumers are encouraged to buy another product if the advertised product is sold out.

3.3.9 Price skimming

- Prices attached to a new innovative product that is considered unique and prestigious.
- Higher prices are charged to test the demand.
- There are consumers who are prepared to pay higher prices, because such inventions have prestige value.
- As the product gains popularity, the price of the product is gradually reduced.
- Price skimming can be successful and profitable in the short term.

3.4 Factors that influence pricing

3.4.1 Input costs

- The higher the input costs, the higher the final price. An increase in labour or transportation could increase the final price.

3.4.2 Demand for the product

- The higher the demand, the higher the production volume, the lower the input costs, the lower the final price.

3.4.3 Target market

- Income level of the target market.

3.4.5 Type of product

- Luxury products can be priced higher.

3.4.6 Pricing technique used to determine the price.

- Promotional pricing could be lower than demand-oriented pricing.

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3.4.7 Competitive and substitute products

- If there are similar products that could replace a product, a high price may result in loss of sales to the substitute.
- If the price and demand of complement good increases, the other product may increase at the same rate e.g., prices of computers and keyboards may increase at the same time.

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GAUTENG PROVINCE
EDUCATION
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BUSINESS STUDIES

GRADE 11

PAPER 1

TERM 2

CHAPTER 10 - PART 2

COMMUNICATION POLICY & DISTRIBUTION POLICY

REVISED NOTES
2025

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This chapter consists of 9 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

MARKETING FUNCTION

Learners must be able to:

DISTRIBUTION POLICY

Define/Explain the meaning of distribution.
Outline/Discuss/Explain the channels of distribution.
Differentiate/Distinguish between direct and indirect channel of distribution.
Explain the meaning of intermediaries
Outline/Mention different types of intermediaries.
Explain the role of intermediaries in the distribution process.
Draw the channel of distribution.
Briefly explain the reasons why manufactures may prefer to make use of direct or indirect distribution methods.

COMMUNICATION POLICY

- Define/Explain the meaning of a marketing communication policy.
- Outline/Mention/Explain/Discuss/Describe the following components of the marketing communication policy:
  - Sales promotion
  - Advertising
  - Publicity and
  - Personal selling
- Explain the purpose of sales promotion and give practical examples.
- Explain the purpose of advertising and give examples of advertising medium.
- Elaborate on the meaning of publicity.
- Explain the role of the public relations in publicity.
- Give examples of publicity e.g. press release to the media.
- Explain the meaning of personal selling
- Explain the effectiveness of personal selling in promoting a business product.

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Terms and Definitions

TERM	DEFINITION
Promotion	the publicizing of a product, organisation, or venture so as to increase sales or public awareness.
Target market	a particular group of consumers at which a product or service is aimed at.
Credibility	the quality of being trusted and believed in.
Persuade	cause someone to believe something, especially after sustained effort/ to convince.
Communication	the imparting of information by speaking, writing, or using some other medium.
Endorsements	the act of giving approval or recommendation to something.
Banners	a long strip of cloth bearing a slogan or design/advertisement appearing on a web page.
ASA	the Advertising Standards Authority
Costs	an amount that must be paid or spent to buy or obtain something.
Mark-up	the amount added to the cost price of goods to cover overheads and profit.
Substitutes	a person or an object acting in place of another.
Websites	a set of related web pages located under a single domain name.
Profit margin	the portion of the selling price that is not allocated to input costs/overheads and contributes to the gross profit margin of the business.
Cash and carry	wholesaler purchase where payment is made in full by the customer.

MARKETING ACTIVITIES:

1. THE DISTRIBUTION POLICY

1.1 The meaning of distribution

- Every business needs to have a distribution policy so that it knows how and where products need to be distributed.
- Distribution is about how the business gets its products to its customers.
- Products either get sold directly to customers, or intermediaries (middlemen) are used.
- Once products have been developed and priced, they need to be made available to consumers at the right place and at the right time.
- Products need to be distributed from the place where they were manufactured to the marketplace.

1.2 The meaning of channel of distribution

- Distribution channel is the path which the product is moved from the producer to the consumer.
- It is important that the channel is the most effective and cost efficient for the product and reaches the target market.
- A distribution channel is made up of many businesses that help move the product from the producer to the final user/consumer.
- It starts with the producer and ends with the final consumer.

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- The main aim of the distribution function is to ensure that the right product is available at the right time.
- There are three kinds of participants in a distribution channel:
  - The service provider
  - Intermediaries
  - Customers

1.3 Differences between direct and indirect channel of distribution

Direct channel of distribution	Indirect channel of distribution
• Manufacturers carry all the risks.	• Risks are shifted to intermediaries during the distribution of the product to end user
• This channel of distribution Involves the producer and the consumer	• There are middlemen between the producer and the consumer
• The wholesaler and the retailer are cut from the process	• The wholesalers and retailers act as negotiators between the producer and consumer.
• Marketing and selling of products to the customers without involving the middleman.	• Specialised agents deal with customers
• Manufactures take full control over the product and marketing.	• Very little feedback from customers.
• It ensures a better end-user price as no intermediary costs	• Transportation and storage is taken care of by intermediaries.
• Direct channels provide immediate feedback	• Manufactures make use of middlemen such as wholesalers/agents/brokers/retailers.
• More specialised employees' who are trained are required in this type of distribution.	• The manufacture is not knowledgeable about the distribution of the product
•	• Products may be expensive as costs are intermediary costs are added.

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1.4 The meaning of intermediaries

- All the people that fall into the distribution process between the producer and the consumer.
- They are middlemen and act as negotiators and mediators between the producer and the consumer.
- Intermediaries can be wholesalers, retailers, agents and brokers.
- They are responsible for the transportation, storage and delivery of the goods and services.
- The organisations involved in the distribution channel are known as intermediaries.

1.4.1 Different types of intermediaries

- Wholesalers primarily sell goods to retailers.
- Retailers market directly to the final consumer.
- Agents sell products on behalf of manufactures for a commission.
- A buying agent: Has the authority of a business to buy certain goods on the business' behalf.
- A selling agent: Brings buyers and sellers together and helps with the
- transactions, for example, selling houses. Sometimes selling agents take control of pricing, selling, and advertising.
- Export or import agents: They ensure that the export/import process
- Brokers is a person who buys and sells goods for others.
- Sales representatives/reps: Are often employees of a business. They act as sellers or buyers for the business. Some reps are independent contractors who market the products of one or more businesses.

1.4.2 The role of intermediaries in the distribution process.

- Finding and locating buyers on behalf of the producer.
- Help in promoting the product.
- Intermediaries are specialists in selling, so the producer may be able to reach a wider audience.
- They can achieve greater sales by using intermediaries.
- The producer may not have the expertise or resources necessary to sell directly to the public.
- The intermediary may be able to provide more efficient distribution logistics, for e.g. transporting the product to various points of sale.
- Overall distribution costs may be lower using an intermediary than if the business undertook distribution itself, even when the intermediary's commission is taken into account.
- Some of the reasons why manufacturers prefer to use indirect distribution methods include:
  - Consumers are spread across the country and make the distribution
  - process expensive.
  - Direct distribution requires a large investment in advertising.
  - Intermediaries have expert knowledge of the distribution.
  - Manufacturers have no transport or storage facilities.
  - The manufacturer does not want to deal with end-user clients and complaints.

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1.5 The different types of distribution channels

Manufacturer/Producer-consumer

- This is the shortest channel as the producer sells directly to the consumer.
- It is usually found in the public sector
- This is known as the basic channel of distribution because the goods move directly from the manufacturer to the consumers.
- Manufacturers advertise and sell the products themselves without using any intermediaries, for example, a farmer may sell his/her fresh produce directly to the customers.

Manufacturer/Producer→retailer→consumer

- The producer sells goods to the consumer using the retailer.
- This is a single distribution channel and it is aimed at selling to large scale retailers.
- Retailers take responsibility for advertising and distribution of goods to the customers, for example, retailers such as Spar, Shoprite, and Pick 'n Pay buy their stock from the manufacturers and sell them to customers.

Manufacturer/Producer→wholesaler→retailer→consumer

- This is called a traditional distribution channel, the consumer buys from the shop, which buys from a wholesaler, which in turn gets its stock in bulk from the manufacturer.
- Consumer products such as maize meal are sold by the producers to the wholesalers, who again sell to retailers then to the consumers.
- This distribution channel is usually used in rural areas.
- Retailers take responsibility for advertising and distribution of goods to the customers, for example, retailers such as Spar, Shoprite, and Pick 'n Pay buy their stock from the manufacturers and sell them to customers.

Manufacturer/Producer→wholesaler→retailer

- This is where the wholesaler buys from the producer and sells directly to retailers.
- The cash and carry wholesaler sells directly to retailers for consumption.

Manufacturer/Producer→agent→wholesaler→ retailer→ consumer

- Agents often connect the manufacturer to the wholesaler or retailer.
- The more intermediaries there are in a distribution channel the more consumers can be reached.
- Especially consumers in the rural areas who will also have access to goods.
- This is the most complicated channel of distribution.
- The goods move from the manufacturer to an agent then to a wholesaler.
- From there the goods move to the retailers and finally to consumers.

1.6 Reasons why manufacturers may prefer to make use of direct or indirect distribution methods.

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1.6.1 Reasons why manufacturers may prefer to make use of the direct distribution method

- Manufacturers have control over the product and marketing.
- They achieve better end-user price as there are no intermediary costs.
- The business does not need to share its profit margin with intermediaries.
- Products become very expensive once all the intermediaries have added their own mark-ups.
- There is direct contact with target market for feedback and improvements.
- Sales staff provide customer information for future market research.
- Selling through the internet allows smaller businesses to market their products all over the world.
- Businesses websites can serve as both a distribution method and a promotion method.
- Well trained sales staff are able to promote products effectively and establish good relationships with customers.
- Suitable intermediaries may not be available/Intermediaries may not be willing to sell the particular product on behalf of the manufacturer.

1.6.2 Reasons why manufacturers may prefer to make use of the indirect distribution method

- Specialised agents deal with customers.
- Transportation and storage is taken care of by intermediaries.
- There is no need to hire specialised staff to do sales complains.
- They do not have to deal with customer complaints.
- They enjoy the benefits of bulk orders from wholesalers.
- Better market coverage is achieved.
- Intermediaries understand how the market operates.
- Consumers are often spread across the country, distribution needs to be widespread as well.
- Direct distribution requires a large investment in advertising
- Intermediaries sometimes provide credit to consumers, which will help attract more consumers.

1.7 THE COMMUNICATION/PROMOTION POLICY

1.7.1 The meaning of a marketing communication policy

- The main aims of the communication policy is to increase the sales of a product/services.
- The purpose of the marketing communication policy is to inform existing and potential customers about the product.
- It explains the features and benefits of using the product.
- Effective marketing communication must take place with customers to maintain interest in the business as well as purchasing products and services.
- This is directed by information based on market research that speaks to the needs and wants of consumers.
- The business makes all efforts to deliver the appropriate marketing message to the right customer, through the right medium, at the right time to
- ultimately increase sales and profitability.

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- The business must have sound knowledge of the demographics and
- psychographics of their target market to apply the correct marketing communication medium.
- The business uses its competitive advantage selling proposition to enhance its ability to increase sales.

1.7.2 Components of the marketing communication policy

1.7.2.1 Sales promotion

The meaning of sale promotion

- Sales promotion is usually a short-term tactic to boost sales.
- It can be used to complement other promotion methods.
- Sales promotion can be defined as various marketing methods that are aimed at improving consumer demand in particular products and services of the business.
- A marketing strategy used by the business to promote products and services of the business through short-term attractive initiatives to stimulate demand and increase sales.
- The different methods of the marketing are designed to increase sales by persuading existing and new customers/consumers to buy the product of the business.

The purpose of sales promotion is to:

- Inform consumers about the product.
- Persuade potential customers to buy the product now rather than later.
- Remind the target market of the availability of a product.
- Increase the sales of a product or service.
- Introduce new products or to extend the product life cycle.
- Build long-lasting relationships with customers.
- Persuade immediate purchases with potential customers.
- Determine which sales promotion methods work the best at reaching the
- target market.
- Provide customers with products and services equal to the value promoted in
- marketing communication.
- Remind the target market about current and new products and the
- availability thereof.
- Reconnect with the existing target market.
- Improve overall brand awareness of the business with existing and new
- potential customers.
- Improve customer loyalty with existing and new potential consumers.
- Activate dormant customers to purchase products and services.

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Examples of sales promotion

- Many shops offer special offers. Buy One, get One Free promotions
- Money-off coupons
- Discounts vouchers
- Free gift vouchers
- Joint promotion to encourage customers to purchase their brands.
- Loyalty cards e.g. Pick n Pay offers the smart card and Clicks the Club Card etc.
- Free gifts or accessories when buying a product
- Bonus pack e.g. larger items are sold at the price of the smaller item
- Competitions linked to buying a product
- Charity promotions e.g. donations
- Point of sales displays that show off the product and a free product samples.
- Customer loyalty cards where holders receive special discounts or earn points
- Cashback The business provides customers with cashback for purchasing certain products and services.
- Promotions Customers enjoy receiving cashback from the business and perceive that they are paying less for products and services.
- Sustainable/ Green A special type of sales promotion in which the business
- promotes its various social and environmental initiatives, investments and causes.
- marketing Like-minded consumers who have an interest in the social and environmental initiatives and causes would support the business.

1.7.2.2 Advertising

The meaning of advertising

- Advertising is used to inform, persuade and remind the consumer about the product or service
- Advertising is a paid and non-personal marketing communication tool.
- It involves communication with many consumers at the same time.
- Advertising refers to paid messages of communication from the business to members of the public and potential target market.
- It is a marketing communication activity in which the business pays for a space to promote its products and services.
- Advertising can be described as a paid form of non-personal marketing communication.
- It allows the business to communicate with many potential customers at the same time.
- Advertising is aimed at reaching potential customers who are most likely
- willing to purchase products and services from the business.
- It is used to influence buying behaviour of customers.
- Advertising creates awareness of the various products and services that are being offered by the business through creative positioning and using different advertising mediums.

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The purpose of advertising

AIDA principles	Description
Attract	• An advertisement should immediately grab the attention of potential customers. • Businesses often include advertisements as a disruption. • The disruption is achieved by strategically placing advertisements in unexpected places and situations by using techniques such as guerrilla marketing. • The business will use a personalised approach to attract the attention of more customers. • The use of powerful words and eye-catching pictures is used to grab the attention of customers. • The message used to attract the attention of potential customers should be highly creative.
Interest	• The vital purpose of advertising is to create interest in the product or service. • The advertisement must be original, punchy, informative, brief and result in a positive reaction by creating interest in the product or service. • The interest of customers can be captured by intentionally personalising the advertisement. • Capturing the interest of the customers is a challenging aspect because they easily lose interest if the advertisement is not relevant to them. • The business captures the interest of potential customers by proving that their product or service adds value to the lives of the customers. • The business must stay focused on the needs of customers by gaining their interest and not only grabbing their attention.
Desire	• The business can nurture consumer desire after it has successfully grabbed consumer attention and maintained an interest in the product or service. • Positive arguments are used to build up the desire for the product or service. • Promoting desire can include adding additional features that customers already know about the product or service. • Numerous benefits of the product and service are emphasised to maintain desire. • Desire is achieved when the business can establish an emotional connection between the product and the customer. • This stage is effective in providing the platform for the customer to make the final decision, which is to take action.

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Action	• Customers/Consumers are persuaded/compelled/moved to take action. • Customers who have reached the action stage, have acquired a positive impression of the product that was advertised and would now like to make the purchase. • The action stage is dependent on the successful implementation of strategies used in the previous three stages. • Customers only take action once they believe that a benefit would be gained from the product or service. • Advertisements that aim to initiate action in the customer usually have a specific call-to-action. • Customers are compelled to take action because of low-friction, but often high-incentive calls-to-action. • The financial sustainability of the business is dependent on the positive relations maintained with existing and potential customers.

Examples of advertising medium.

- The examples of advertising medium can be classified into the following main FOUR main categories:

Printed media	Broadcast media	Direct Mail	Web-based media
Newspapers Magazines	Radio Television Cinema	Brochures Pamphlets Billboards Directories Posters Leaflets	On-line magazines Websites Search engines Banners Emails and SMS Internet

1.7.2.3 Publicity

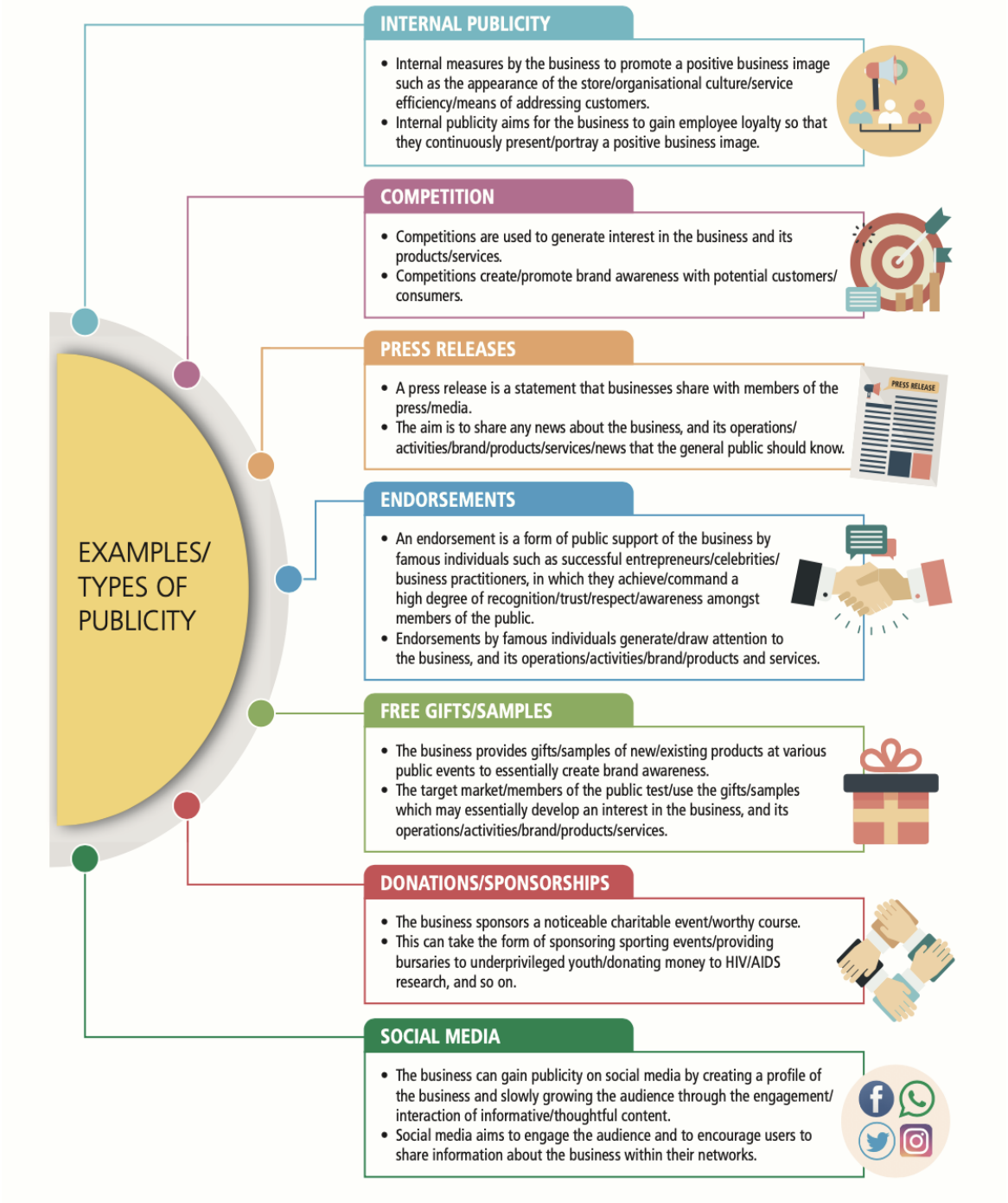
The meaning of publicity

- Publicity is a free non-personal form of communication that the business and its product can receive through mass media e.g. newspaper and television
- Publicity is unpaid communication in the mass media about a business enterprise, its employees, its goods or services.
- The business has no control of what is said about them.
- It can take form of a news story in a newspaper, a press release or a media statement.
- Endorsements by famous people draw attention to a company's brand and products.
- Some companies hand out gifts and samples with company branding on them.
- It is information about a business published by an independent third party such as a newspapers or television station.
- Ensures that the public know about the business, its social programmes, community involvement and fair labour practices etc.
- Publicity can be positive or negative as it is not paid for by the business.

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Examples of publicity

- Internal publicity is the display of goods, the appearance of the shop and its employees as well as the staff's behaviour towards customers.
- Many companies create brand exposure for the company by running competitions which provide exposure to the company's products.
- Endorsements by famous people draw attention to a company's brand and products.
- Sports and movie stars are often seen wearing certain brands of clothing which create public awareness for the brand.
- Some companies hand out gifts and samples with company branding on them, e.g. at conferences where delegates receive goodie bags.
- Some companies offer sponsorship to sporting events or community events.



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Role of the public relations in publicity

- Public relations aim to present a favourable image of the business and its products or service.
- Many businesses outsource the PR function to an outside agency to take advantage of their specialised knowledge.
- The PR department builds good relationships with representatives of the media and press.
- They keep the media informed of news about product launches and opening of new factories or shops for the attention of the public.
- The PR function supports marketing efforts to establish and build a brand identity.
- Public relations strives for members of the external stakeholders to view the business in a positive light.
- There is a direct link between public relations and publicity.
- Public relations is concerned with strategic management of information to ensure that the business achieves specific communication goals.
- The public relations function provides regular information to the media about the business, its products, services and general business activities.
- The public relations function and marketing function are interconnected and aim to establish and build brand loyalty.

1.7.2.4 Personal selling

The meaning of personal selling

- Personal selling involves face-to-face communication between sales people and customers or potential customers to promote the product.
- The business uses sales people who have direct contact with customers.
- Sales people have specialised knowledge to the product and can advise customers on how to use the product.
- The sales person is ready to answer all the questions asked by the consumer.
- Sales people promote the product through their attitude and appearance.
- The message can be individualised to suit the needs of the consumer.
- A well-trained salesperson will offer the customer advice, information, recommendations and assist them in the decision-making process.
- Personal selling can also involve demonstrating the way the product, such as an appliance, and so on, works.
- The customer appreciates the personal touch and product knowledge of the salesperson and would be more likely to purchase it if an effective sales pitch is provided.

The effectiveness of personal selling in promoting a business product

- Personal selling can be made telephonically but are usually face to face and offer the most flexible means of delivering a promotional message.
- Done by experienced sales people who develop charisma and become skilled in getting people to pay attention to them.
- It is very effective especially in the case of expensive industrial goods such as machinery and shopping goods e.g. stoves/fridges/cell phones etc.
- Involves a very personal touch with specific attention giving to customer’s needs and requirements.

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- Most effective way to build relationships between the salesperson and the customer.
- It is also a very good way of maintaining good relationships and ensuring on-going business and sales.
- The salesperson can adjust his/her message to be more attractive to the person listening.
- Improves customer relationships and customer loyalty because it is an effective marketing communication tool that can be a powerful source of customer feedback.
- Enhances flexibility because the salesperson can tailor their presentations to fit the needs and preferences of individual customers.
- Increases immediate sales as personal selling is directed at potential members of the target market.
- Involves multiple sales skills such as selling and collecting payments as well as providing marketing information.
- Provides detailed demonstrations of the usability of the product with the prospective customer.

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BUSINESS STUDIES

GRADE 11

PAPER 1

TERM 2

CHAPTER 11

PRODUCTION FUNCTION

ASPECTS OF THE PRODUCTION FUNCTION, PRODUCTION PLANNING AND QUALITY CONTROL

REVISED NOTES

2025

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

PRODUCTION FUCTION

Learners must be able to:

PRODUCTION PLANNING

- Define production planning.
- Outline/State/Explain/Discuss aspects that must be considered during production planning e.g. planning, routing, scheduling and loading.
- Explain/Discuss the advantages of production planning.
- Explain the meaning of production control.
- Outline/State/Explain/Discuss aspects that must be considered during production control e.g. dispatching, following up, inspection and corrective action.
- Explain the reasons why businesses must manage safety in the workplace.
- Explain/Discuss the requirements for a safe environment e.g. safety policy, visible warning signs, first-aid kit, safe working environment etc.
- Explain/Discuss/Recommend precautionary measure that businesses should take when handling machinery.
- Explain the purpose of the Occupational Health and Safety Act.
- Recommend/Suggest ways in which businesses can comply with the Occupational Health and Safety Act.

Terms and Definitions

TERM	DEFINITION
System	an orderly arrangement of parts to achieve a specific outcome.
Production planning	the plan that is used in the production process that will decrease cost and time and increase output.
Production control	the managing of each individual task and action in the production process to ensure the best result
Routing	the process to determine the best and cheapest sequence of operations
Scheduling	the process to work out the time required to perform each production task
Loading	the process to assign work to workers and machines.
Dispatching	converts the planning into action with instructions for the movement of material, tools, and equipment, checking of time and flow of work, and supervising the process.
Following- up	the process whereby the business makes sure the scheduling and production systems are running according to plan.
Inspection	involves checking the quality of the process and the final product.
Corrective action	involves any adjustments to the planning process.
Safety management	includes all the safety precautions that are essential to ensure safety in the workplace.

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Occupational Health and safety Act	outlines the health and safety roles and responsibilities of all the stakeholders involved.
Output	The amount of something produced by a person, machine, or industry.
Inventory	The quantity of goods owned and stored by a business that is intended either for resale or as raw materials and components used in producing goods.
Quality checks	A procedure intended to ensure that a manufactured product adheres to a defined set of quality criteria.
Bottlenecks	It is a situation that stops a process or activity from progressing.
Regulatory processes	A rule of order having the force of law, prescribed by superior authority.
Hazards	Any agent that can cause harm or damage to humans, property or the environment.
CEO	Chief Executive Officer

QUALITY CONTROL

Learners must be able to:

- Define quality control
- Explain Total Quality Management (TQM) as part of quality management system
- Outline/Mention quality control bodies e.g. SABS, ISO, quality circles etc

Terms and Definitions

TERM	DEFINITION
Quality control	includes the inspection of the final product to ensure that it meets the required standards
Quality management system	a framework that businesses use to manage all key processes, and to ensure that they meet the correct standards.
SABS	South African Bureau of Standards promotes and maintains standards in South Africa.
Quality	Level of excellence or a standard that causes satisfaction for the customer.
TQM	An approach that requires all aspects of an organisation to focus on quality from production stage to final consumption.
ISO	Set of quality management system standards that provide guidance on how to do quality assurance.

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PRODUCTION FUNCTION

1 PRODUCTION PLANNING

1.1 Definition of production planning

- Refers to setting goals for the production department and establishing policies/programmes and procedures to achieve these goals.
- It aims at decreasing cost and time and increasing output by organising the resources and workplace to maximise efficiency.
- Production planning involves everything from the individual roles of staff, ordering of stock, to the final delivery to the customer.
- Planning is done due to constant changes in the manufacturing process.
- Production planning must control the following aspects:
    - Actual production
    - Inventory/stock
    - Factory layout
    - Production costs

1.2 Aspects that must be considered during production planning

1.2.1 Planning

- Production planning of each aspect of the overall process.
- It includes the layout of a factory to suit the production system.
- It will determine the flow of materials to optimise the process.
- The planning has to cover all aspects of the production process such as the factory layout based on the optimal flow of material.
- It includes decisions on the purchasing of the materials, machinery and equipment and staffing.
- The process must include budgets, machines, and the calculation of how many workers will be required to achieve the expected output.

1.2.2 Routing

- Involves planning is the sequence in which the production operations will take place.
- It establishes the best and cheaper way to sequence the production process.
- Setting up of the actual route which the materials must follow in the process to save time and costs.
- Routine determines the following aspects:
    - Quality and type of raw materials
    - Manufacturing process and sequence
    - Specification of the final product
    - Cost analysis of the whole process

1.2.3 Loading

- Involves planning who will be responsible for each activity identified during the routing process.
- Involves allocating every person/machine to their task.
- Loading calculates the amount of time each machine will need to operate during a day.
- It also indicates which machines are not being used to their full capacity.

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- It is linked to the output required to fulfil orders and prevent the overloading of employees and machines.

1.2.4 Scheduling

- Scheduling involves the timing of the production process.
- It priorities certain jobs and determine which jobs need to be completed before the next one can take place.
- Scheduling takes into consideration the routing and loading of both labour and machinery.
- Involves calculating the time required to perform each activity in the manufacturing process.
- Planning when each activity should start, and then calculating the time required to complete the whole process.
- Time periods that need to be worked out considering the preparations of raw material/delivery of raw materials/delivery of final products etc.
- Scheduling is affected by capacity and size of the business/availability of staff/machinery and materials.
- The more detailed the schedule the better a resource it will be for controlling the process.
- Determination of the time for delivering raw materials, and delivering final products, and so on.

1.3 Advantages of production planning

- Planning allows an entrepreneur to ensure that every machine and worker is used to their full capacity and not left with nothing to do.
- The company can ensure that it has the correct amount of supplies and stock at a given time.
- This reduces wastage and unnecessary storage costs.
- Planning will prevent time being wasted and increase the number of final products.
- Planning process involves quality checks and ensures that the correct quality is reached in the shortened possible time.

2.1 The meaning of production control

- Controlling of each individual task and action in the production process and establishes the starting and finishing of each task.
- Production control ensures that production is undertaken according to the production plan.
- It includes dispatching, following up, inspection, and corrective action.

2.2 Aspects that must be considered during production control

2.2.1 Dispatching

- Involves issuing production orders to start production. It provides orders for:
  - Movement of materials, tools and equipment to the necessary locations
  - Beginning the process
  - Checking the time and costs involved in the process
  - Checking the flow of work according to the routing
  - Supervising the process.

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- checking the time and costs involved in the process

- Dispatching is putting the production plan and schedule into action.
- It identifies the person who will do the work, supplies the specifications and materials list.

2.2.2 Following up or controlling

- Following up makes sure the scheduling and production systems are running according to plan.
- It deals with unplanned issues/problems
- Sorts out any misunderstandings in terms of job process requirements.
- Following-up on the progress of production helps to prevent bottlenecks and misunderstandings.

2.2.3 Inspection

- Inspection involves the checking of the quality of the process and the final product.
- It is done at regular intervals during the production process as well as at the end.
- Inspection methods include the random selection of products
- Viewing/sampling and testing the product.
- Legal and regulatory processes are also checked to ensure that the necessary standards are met.

2.2.4 Corrective action

- Corrective action involves any adjustments to the planning process.
- Staffing issues are also dealt with corrective action.

Corrective actions can include activities like:

- Service and repairing of machines
- Adjustments on routing, scheduling and loading
- Training of workers and sorting out other staff issues
- Transferring workers to other departments.

3 Safety management

3.1 Factory safety

- Safety precautions are essential in every workplace especially when dealing with chemicals/dangerous machinery/harmful substances.
- All business should draw up their own safety policy and enforce necessary control measures.

3.2 Reasons why businesses must manage safety in the workplace

- Workplace accidents can result in injuries and deaths.
- Publicity of workplace accidents will also impact negatively on an enterprise's image.
- Regular or serious workplace accidents may even cause inventors to invest their money in another company.
- Potential employees may decide not to accept a job offer at an enterprise where many accidents have occurred.
- Employees may lose confidence in the business and leave it to join safer companies.

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3.3 Requirements for a safe environment

For a business to be safe it needs the following:

- A safety policy
- Visible warning signs
- First aid kits
- Safe working environment
- Precautionary measures when handling machinery.

Safety policy

- Businesses should draw up their safety policy and enforce necessary control measures.

Visible warning signs

- The necessary safety warnings and signs should be visible in the workplace.
- The business should inform employees of any dangers in the workplace.

First aid kits

- Businesses are required to have an up-to-date first aid kit in an easily accessible place.
- According to law, at least one employee should be trained in first aid, and he/she should be available on site.

Safe working environment

- There should be no hazardous substances that can cause damage, disease, or injury to employees or visitors.
- Information, instructions, and training should be provided to all employees.
- Workers should be informed of the potential safety and health hazards.

3.4 Precautionary measure that businesses should take when handling machinery

- Familiarise employees with safety procedures.
- Develop a culture of safety in the workplace.
- All machinery and equipment must be correctly installed and safe to use.
- Workers must be properly trained on how to use machinery and must be informed about the risks when using the machinery.
- Regular safety checks must be carried out and machinery should be maintained and serviced regularly.
- Workers need to wear protective clothing/gear such as overalls/ hard hats/ safety helmets/masks/heavy-duty safety boots/welding goggles when working with machinery and equipment.
- Hard hats should be worn on construction sites at all times.

3.5 The purpose of the Occupational Health and Safety Act

- Requires every business to establish and maintain, a safe work environment that is without risk to the health of the workers.
- Review the efficiency of health and safety measures.
- Outlines the roles and responsibilities of employer, employees, manufacturers, designers, importers, suppliers and sellers.

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- Clarifies the roles and duties of the health and safety representative and committee.
- Requires that the main dangers and potential incidents of the workplace be identified and eliminated.
- Examines the causes of incidents by any employee relating to the employee's health and safety at work.
- Expects employees to co-operate and follow the necessary instructions and report any unsafe situations.
- Makes presentations to the employer concerning general health and safety issues at the workplace.

3.5.1 Ways in which businesses can comply with the Occupational Health and Safety Act.

- Workers must be provided with protective gear to protect themselves against potential dangerous situations.
- First aid boxes must be readily available at the workplace and in the factory.
- Fire extinguishers must be readily available at the workplace and in the factory.
- Machinery must be maintained at regular intervals and repaired promptly.
- Implement the SAFE steps as follows:
    - S: spot the hazard
    - A: assess the risk
    - F: fix the problem
    - E: evaluate the results

4 QUALITY CONTROL

4.1 Definition of quality control

- Refers to the process of ensuring that goods or services are made to consistently high standards.
- It is the inspecting of the final product to ensure that it meets the required standards.

4.2 Meaning of a quality management system

- A quality management system is a framework that a business uses to manage key processes.
- It enables business processes meet the correct standards
- This system that includes quality control and quality assurance.
- **Quality assurance** is the process carried during and after the production process.
- **Quality control** is the inspecting of the final product to ensure that it meets the required standards.
- Businesses implements a Total Quality Management system as part of quality management system.

4.3 Total Quality Management (TQM) as part of quality management system

- Total Quality Management involves every part of the business, and quality is everyone's responsibility, including every department and employee.
- The main aim of TQM is to improve the quality of products and services in order to satisfy the needs of customers beyond their expectations.
- Continuous improvement is the foundation of TQM. This means that all techniques, systems and machinery used must be subjected to continuous improvement.

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- It is the responsibility of each employee to take care of his/her own quality.
- Machines and equipment's are checked regularly.
- All input including raw materials are checked thoroughly and discussions are held on how to improve quality.
- Management ensures that each employee is responsible for the quality of his/her work/actions.

4.4 Quality control bodies

4.4.1 South African Bureau of Standards (SABS)

- The SABS is an organisation established by the government to ensure that South African businesses meet a range of standards, with regard to health, safety and the environment.
- The primary responsibility of the SABS is to develop and publish standards for products and services.
- The SABS performs the following functions:
    - Sets and publishes national standards
    - Provides training regarding all aspects of standardisation
    - Testing products
    - Provides information on international and national standards
    - Tests and certifies products and services against the standards
    - Monitors and enforces legal regulations
    - Promotes design excellence
- Business products must undergo thorough testing to ensure that they meet the necessary standards then they will earn an SABS mark.
- The SABS mark gives the assurance that the product complies with safety requirements.

4.4.2 International Organisation for Standardisation (ISO)

- It sets out procedures a business should follow to ensure that its final product meet its own promises and its customers' expectations and that quality improves over time.
- ISO9000 is set of internationally recognised standards set for different industries.
- ISO standards are used in many countries all over the world.
- Industries are able to measure their own quality management system against these international standards.
- Accreditation with ISO acts as a signal to customers that the business takes its quality commitments seriously and continually strives to improve its operations.

4.4.3 Quality cycles

- These are groups of employees who work in different departments e.g. production, marketing, purchasing and financial, but who deal directly or indirectly with the same product or service.
- They meet regularly to discuss how quality, efficiency and productivity could be improved.
- They analyse problems with the production process and brainstorm solutions.
- Employees are often best placed to know how to improve quality.
- Typical topics discussed by quality circles include improving safety, improving product design and manufacturing processes.
- The ideal size of a quality circle is eight to ten members.
- Quality circles form part of TQM.

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BUSINESS STUDIES

GRADE 11

TERM 2

CHAPTER 12

PROFESSIONALISM AND ETHICS

REVISED NOTES

2025

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This chapter consists of 8 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Professionalism and ethics

Learners must be able to:

- Define ethical behaviour and professional behaviour
- Differentiate/Distinguish/Tabulate the differences between professionalism and ethics
- Outline/Mention/Explain the principles of professionalism and ethics
- Briefly explain the following theories of ethics that are applicable to the workplace:
  - Consequential theory
  - The common good approach
  - The rights approach
- Differentiate/Distinguish between good and bad decisions and give practical example of each.
- Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g. payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.
- Give examples of ethical business practices
- Evaluate a code of ethics for any business and make recommendations for improvements.
- Discuss different perspectives on ethics

Terms and Definitions

TERM/CONCEPTS	DEFINITION/MEANING
Ethics	refers to moral principles that govern a person's behaviour, or the moral principles when conducting an activity.
Professionalism	when people with specific skills and abilities use their knowledge in a specific job or profession.
Ethical and effective business practice	creating a culture where employees consider all role players – while taking into account their ethical and legal obligations – to make decisions and act in ways that build sustainable businesses.
Ethical business venture	a business' culture determines the difference between good and bad decision-making, while ethics is about the business knowing the difference between right and wrong, and choosing to do what is right.
Moral compass	Used in reference to a person's ability to judge what is right and wrong and act accordingly.
Integrity	The quality of being honest and having strong moral principle.
Values	Being able to understand what is important when it comes to what is wrong and right , based on what we believe in.
Confidentiality	The state of keeping or being kept secret or private.
Transparency	Operating in a way that creates openness between managers and employees.
Impartial	Equal treatment of all rivals or disputants; fairness
Consequence	The effect, result or outcome of something occurring earlier.
Discrimination	The unjust or prejudicial treatment of different categories of people, especially on the grounds of race, age, or sex.
Governance	It is the rules and processes by which a company is operated and controlled

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1. Professionalism and ethics

1.1 Meaning of ethical behaviour and professional behaviour

1.1.1 Meaning of ethical behaviour

- Moral principles that govern the behaviour of a person or a group.
- Ethics defines how individuals/professionals and businesses choose to interact with one another.
- It involves making sound business decisions that do not have a negative effect on other people.
- Focusses on developing moral compass that can be used in decision making.
- These decisions entail identifying ways of achieving the objectives of the business, while also doing what is right and good for other people.

1.1.2 Meaning of professional behaviour

- A way in which people conduct themselves in the workplace, maintaining high standards and showing respect to all.
- The competence or skill expected of a professional person.
- It involves taking pride in your actions and never compromising standards.
- It is about being focussed on what you do and being committed to a certain standard performance.

1.2 The differences between professional and ethical behaviour

Professionalism	Ethics
• Refers to what is right/wrong/acceptable in a business.	• Refers to the principles of right and wrong/acceptable in society.
• Set of standards of expected behaviour.	• Conforms to a set of values that are morally acceptable within a business or organisation.
• Applies a code of conduct of a profession or business.	• Forms part of a code of conduct to guide employees to act ethically.
• Focuses on upholding the reputation of a business/profession	• Focuses on developing a moral compass for decision making.
• Includes guidelines on employees' appearance/communication/attitude/responsibility, etc.	• Involves following the principles of right and wrong in business activities/ practices/dealings.

NOTE: The differences do not have to link but must be clear

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1.3 The principles of professionalism and ethics

1.3.1 Principles of professionalism

- Employees should respect themselves and the rights of others.
- Responding quickly to the request of customers
- Caring about the quality of work before submission.
- Communicate with clarity and honesty.
- Meeting deadlines by completing assignments before the due date.
- Using resources responsibility with due regard for the environment.
- Respecting the image of the business/your profession, e.g., adhere to the dress code of the business/profession.
- Respecting diversity and differences and demonstrate cultural sensitivity.
- Acting with integrity/honesty/reliability, e.g., keep to working hours even if no other workers are around/noting using the business resources for personal gain.
- Being committed to quality and apply skills and knowledge to the benefit of the business/society at large.
- Adhering to confidentiality measures by not disclosing sensitive information about customers/business.
- Remaining objective, act fairly and justly to all without being biased or showing favouritism.
- Continually improve/develop skills and knowledge, e.g., attending refresher courses and seminars.
- Sharing knowledge by investing time and expertise with junior staff members, e.g., uplifting/empowering others.
- Offering and accept appropriate incentives, goods, and services in business transaction.

1.3.2 Principles of ethics

- Being objective and impartial.
- Transparency and full disclosure.
- Confidentiality
- Avoiding conflict of interest.
- Being committed and responsible.
- Initiating CSI projects for communities/Social responsibility
- Looking after the environment
- Abiding by international laws

1.4 Theories of ethics that apply to the workplace

1.4.1 The rights approach

- Focuses on individual rights where people should be treated with respect and dignity.
- No person may be maltreated, and the business will not impose its mission or products on people.
- Business should not impose its mission or products on people.

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1.4.2 Consequential approach

- Business must promote or generate the greatest value for society, while harming as few as possible.
- Consequentialists believe that an act should be judged based on the effect it has on others/ if the effect is good, the action can be seen as ethical.
- he consequentialist theory suggest that an action is good or bad depending on its outcome. It tries to answer the ethical questions about right or wrong and how we arrive at this answer.
  It determines whether to do or not do something based on the expected result of the action.
- If the expected result is good then, it's ethically right to do; if the expected result is bad, then it is ethically wrong to do.

1.4.3 The common good approach

- Focuses on ensuring that the business' values and ethical principles are in line with society in which the business operates.
- It recognises that ethics and values vary from country to country and from area to area.

1.5 Good and bad decisions

1.5.1 The meaning of good decisions

- Good decisions are those that are ethically correct and will be also benefit the without harming others.
- A good decision enables businesses can make a lot of profit
- Good business decisions are usually taken after giving a situation a lot of thought and considering ethical principles attached to it.
- These decisions are ones that business will not regret as it will impact positively on their operation

1.5.2 The meaning of bad decisions

- Bad decisions are not always ethical, they can be the results of the wrong information.
- A decision that brings in lots of profit, but based on unethical business practices, is bad.
- In the long run, no business can survive it its policies and way of doing things are unethical.
- Bad business decisions are made on the spur of the moment without critically analysing or consulting due process
- As business may not have taken all the correct information into account, these decisions could be regretted.

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1.5.3 Examples of the differences between good and bad decisions

GOOD DECISIONS	BAD DECISIONS
Maintaining high levels of integrity	Not considering values
Honouring professional business practices	Insufficient or erroneous information
Respecting diversity	Selfish motives
Not starting a business venture at the expense of others.	Violating customer's privacy
Payment of fair wages	Damaging the environment
Not discriminating against employees	Price fixing
Regular payment of tax	Tax evasion
Reducing environmental pollution	Cloning animals or people
Importing goods that have been produced by factories with fair labour practices,	Bribery

1.6 Ways in which professional, responsible, ethical, and effective business practice should be conducted

- Businesses should treat all employees equally.
- Plan properly and put preventative measures in place.
- Pay fair wages/salaries which are in line with the minimum requirements of the BCEA.
- Remunerate employees for working overtime/during public holidays.
- Engage in environmental awareness programmes. /Refrain from polluting the environment, e.g., by legally disposing of toxic waste.
- Refrain from starting a venture using other businesses' ideas that are protected by law.
- Business decisions and actions must be clear/transparent to all stakeholders.
- Businesses should be accountable /responsible for their decisions and actions/patent rights.
- Hiring honest/trustworthy accountants/financial officers with good credentials.
- New business owners must plan effectively and ensure that they put preventative measures in place to protect their business.
- To foster employee confidence and loyalty, it is important to ensure that all staff has equal access to opportunities, positions, and resources.
- Regular/Timeous payment of taxes.
- Draw up a code of ethics/conduct.
- Ongoing development and training for all employees.
- Performance management systems. /Appraisals should be in place.
- Adequate internal controls/monitoring/evaluation.

1.7 Advantages/benefits of ethical business ventures

- Provide a competitive advantage in terms of customers
- Improves employees' happiness as they will feel comfortable working for a business that is behaving ethically.
- Attracts more investors if they know that the company, they work with operate in ethical way.
- Business ethics are beneficial for the company by attracting customers
- and employees.
- Builds customer loyalty/avoid legal problems/attract and retain talented employees.

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- Create a more positive image in the marketplace, which can bring in new customers through word-of-mouth referrals.
- Retains good employees as they want to be part of a company whose management team tells them the truth about the company's operations.
- Staff morale can be built and maintained by paying employees fairly.
- Staff who are hard-working and productive will be loyal and dedicated to the business.
- Positive relationships will develop between co-workers, which will result in improved productivity
- Businesses that become compliant with environmental regulations will avoid unnecessary fees or sanctions.

1.8 Code of ethics

1.8.1 Meaning of code of ethics

- A written set of guidelines issued by an organisation to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards.
- Outlines the mission and values of the business or organisation.
- Defines the values by which a business will function and provides a guideline for employees when making decisions.

1.8.2 Requirements for a good code of ethics'

- Regular identification of ethical risk areas
- Development of compliance policies, procedures, and systems
- Easy accessibility, confidentiality and non-discriminatory
- Alignment with the disciplinary code
- Integrating the integrity assessment with selection and promotion
- Induction of new employees
- Training ethical principles, standards, and decision-making
- An internal audit that monitors compliance with ethical principles and standards.

1.8.3 Implementing a code of ethics

- Once a code of ethics has been compiled, everyone in the business must adhere to the code.
- Employees must understand that a breach of the code is punishable.
- The business must should do the following aspects for the correct implementation of a code of ethics:
    - Employ right people
    - Train employees on ethical principles
    - Set an example of a good ethical behaviour
    - Involve employees in drafting the code of ethics.

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1.8.4 Different perspectives on ethics

- There are certain universal ethical principles such as human rights, but they differ according to culture/religion etc.
- There is no absolute right or wrong when it comes to ethics as societies decide on acceptable behaviours.
- Different cultures have different rules of conduct.
- Some people believe cloning animals or people is interfering with nature, while others believe that cloning indicates scientific progress and medical hope
- Some believe that tax evasion is wrong, while others regard tax evasion to be creative bookkeeping.

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BUSINESS STUDIES

GRADE 11

PAPER 2

TERM 3

CHAPTER 13

ENTREPRENEURIAL QUALITIES AND SUCCESS FACTORS

REVISED NOTES

2025

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This chapter consists of 9 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Outline/Explain the qualities of an entrepreneur.
- Identify the qualities of an entrepreneur from given scenarios/case studies/statements/etc.
- Assess a business against these qualities
- Identify/State /Name key success factors etc. sustainability/profitability/customer base etc.
- Recommend/Suggest areas for improvement from given scenarios/case studies/statements.
- Suggest strategies that businesses can use to ensure that they remain profitable and sustainable e.g.
    - Thorough planning
    - Sound managing finances
    - Effective management of scarce resources and employees
    - Maintaining a solid customer base
    - Behaving ethically and
    - Being socially responsible

Knowledge of this topic should enable a learner to:
Answer in short paragraphs/longer and essay-type questions.

Types of questions:
Questions based on case studies/ scenarios should include direct/indirect short and essay questions, covering all three cognitive levels.

TERMS AND DEFINITIONS

Term	Definition
Entrepreneur	someone who converts a business idea into a business venture.
Business skills	Includes skills such as marketing, financing, purchasing and organizational skills.
Perseverance	When an entrepreneur does not give up despite challenges and problems.
Sustainability	The ability of the business to continue without doing damage to the environment and the community in which it operates.
Profitability	Financial gain
Customer base	The number of customers in the database that are the buyers of a product or service.
Passion	Believing something very strongly and showing enthusiasm to achieve the best outcome.
Good governance	those processes and institutions that produce results to meet the needs of society while making the best use of the resources at their disposal.
Opportunity	Gaps in the market where an entrepreneur can make money.
Confidence	Entrepreneurs believe in themselves and believe that they can achieve their goals.
Taking risks	Risks are classified as unforeseen events that can impact negatively events
Creativity	Coming up with something new or doing things in a new way.

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1.1. The meaning of an entrepreneur

- The word "entrepreneur" refers to a person who demonstrates the attitudes, behaviours, knowledge and skills needed to start and make a success of a business venture.
- The word "entrepreneur" refers to a person who demonstrates the attitudes, behaviours, knowledge and skills needed to start and make a success of a business venture.
- An entrepreneur is an individual who creates a new business/bears most of the risks and enjoys most of the rewards.
- The process of setting up a business is known as entrepreneurship.
- The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.
- Entrepreneurs play a key role in any economy as they use the skills and initiative necessary to anticipate needs and bring good new ideas to market.

1.2 Qualities of an Entrepreneur

- Risk-taking/Willingness to take risks and to make difficult decisions
- Risks are classified as unforeseen events that can impact negatively a decision
- Successful entrepreneurs are willing to take risks by investing all resources in a new business.
- The primary function of an entrepreneur is to accept risk on behalf of others and be rewarded in return.
- Every business needs to be innovative and take risks to survive.
- Innovative and risk-taking are essential to what businesses are and what they do.
- Entrepreneurs take calculated risks as they weigh up what they might lose before deciding.
- They risk their own money when they start their business as they envisage to make a profit.
- They are flexible should they turn out to make wrong decisions.

Creativity and Innovation

- An entrepreneur must be able to come up with something new or do things differently
- He/she must be able to generate new ideas to solve business problems
- Entrepreneurs should also be able to use the same products to satisfy different needs.
- An entrepreneur uses creative thinking skills to turn threats into business opportunities in order to be competitive.
- Creativity requires imagination to produce the most obscure ideas.
- This allows entrepreneurs to think beyond the traditional solutions.

Confidence and Adaptability

- Successful entrepreneurs believe in their abilities and that they will achieve their goals.
- They are positive and focus on things that could go right instead of focusing on things that could go wrong.
- They have a healthy opinion of themselves and a strong/assertive personality.
- They are focused and determined to achieve their goals
- Successful entrepreneurs are adaptable as they can change course and try another way of doing it.

Passion and energy

- Entrepreneurs should show enthusiasm to achieve the best solution
- Passion can be illustrated when an entrepreneur finds it difficult to simply walk away from failure/setbacks.
- Starting and running a business requires considerable energy and the ability to focus on business objectives.
- High energy levels and good health are essential.

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- Passion for the business will keep the entrepreneur motivated when things go wrong.
- An entrepreneur is passionate and enthusiastic about their product and business.

Product and customer focus

- Entrepreneurs develop products and render services with customers in mind.
- They make the lives of customers easier and they find this rewarding.
- An entrepreneur with a product and customer focus is one that clearly understands the needs and wants of their customers.

Perseverance

- Successful entrepreneurs do not give up despite challenges and problems
- Most successful entrepreneurs face obstacles and only become successful after failing several times.
- They have a positive attitude towards failure and believe that difficulties are merely opportunities
- They put in long hours and continuous efforts to get a business operating successfully, even when a particular day may make him/her tired and discouraged.
- They can change difficulties into challenges and can be resilient

Recognition of Opportunities

- Successful entrepreneurs can identify gaps in the market and make money.
- They can identify viable opportunities that are not always easy to spot.
- They can see an opportunity and change it into a profitable business

Responsibility

- Successful entrepreneurs are not afraid to take responsibility for their decision and actions in their business.
- They accept positive and negative outcomes
- Entrepreneurs like to prove themselves as being innovative, hardworking, and responsible for creating their own income.
- Entrepreneurs find it hard to work for other people or to take instructions from managers as they like being in control.
- They prefer to be the creators of their own future.

Good management and organisation

- Successful entrepreneurs have good management and organisation skills including good administration skills and seeing a bigger picture.
- Examples of organisational skills are time management, planning and leadership.
- They can maintain control and make final decisions regarding activities that must take place.
- An entrepreneur has good management skills such as planning, motivating, and controlling.
- Entrepreneurs know what they are not good at and get others to complement their strengths.
- Entrepreneurs must also have the skills to manage their own businesses.

Honesty and Ethics

- Honesty in a business builds trust among fellow workers/customers /stakeholders.
- Business ethics is an important part of controlling a business
- Successful entrepreneurs have a moral obligation to look after the interests of investors and other stakeholders.

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Vision and communication skills

- They have a clear vision and can achieve long-term goals.
- They have good communication skills that are needed to communicate their business vision to their workers and stakeholders.
- They can formulate the mission and vision and links it with the aims of the business
- An entrepreneur has a vision of where they are heading and what they want to achieve in future.
- An entrepreneur can convert a dream into a business plan and can explain their vision to others.

A high degree of commitment

- Entrepreneurs must be committed to see something through despite difficulties.
- They are not afraid to make sacrifices to realise their dreams.
- Great entrepreneurs have high standards and cannot tolerate mediocrity.
- They are committed to their business idea and work hard to achieve their goals.
- These are people who have a combination of strong foresightedness and orientation.

Showing perseverance

- An entrepreneur shows perseverance by continuing to try until they have reached a goal.
- Successful entrepreneurs have a positive attitude towards failure and see difficulties as opportunities.
- Most successful entrepreneurs only became successful after failing several times.

Examples of entrepreneurial qualities from a scenario:

Read the scenario below and answer the questions that follow.

ELLITE SALON (ES)
Thuli the owner of Elite Salon did not lose hope when the Covid-19 pandemic threatened her business profits. She decided to provide special services for her clients who are still not able to visit the salon during stage 3 of the lockdown regulation. She provided masks and gloves for her clients who may want to utilise her services without wearing these products.

- Identify THREE qualities of the entrepreneur displayed by Thuli. Motivate your answer by quoting from the scenario. (9)

Use the table below as a guide to answer this question

QUALITIES OF AN ENTREPRENEUR	**MOTIVATIONS**
1.	
2.	
3.	

NOTE: 1 You need to understand the meaning of each entrepreneurial quality so that you can identify these qualities from a given scenario.

2 You do not need to redraw the table as this is just a guide on how to answer this question.

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SUGGESTED RESPONSES

QUALITIES OF AN ENTREPRENEUR	MOTIVATIONS
Perseverance √√	Thuli the owner of Elite Salon did not lose hope when the Covid-19 pandemic threatened her business profits. √
Creativity and innovation √√	She decided to provide special services for her clients who are still not able to visit the salon during stage 3 of the lockdown regulation√
Honesty and ethics √√	She provided masks and gloves for her clients who may want to utilise her services without wearing these products√
Sub max (6)	Sub max (3)

NOTE: You will not be awarded marks for motivation if the entrepreneurial qualities were incorrectly identified. Max (9)

1.3 Assess a business against these qualities.

- This is usually a research project where you may be required to visit any successful entrepreneur and interview him/her against the qualities of a successful entrepreneur that are mentioned on page 3 and 4.
- You must be able to develop a questionnaire or interview schedule that will be used to assess a business against the qualities of an entrepreneur.
- Questions must be structured in such a way that an entrepreneur will be able to respond to EACH entrepreneur quality e.g.

QUALITIES OF AN ENTREPRENEUR	QUESTIONS	RESPONSES FROM AN ENTREPRENEUR
Risk-taking	What are you going to do if your business fails?	
Creativity and innovation	How do you solve business problems? What makes you sell different types of products?	
Passion and energy	How many hours do you spend in your business and how do you feel about it?	
Product and customer focus	How do you ensure that the needs of your customers are satisfied?	
Responsibility	Did you ever make a bad business decision, if yes, how did you handle it?	
Confidence and adaptability	What makes you believe that your business will be sustainable and successful?	

NOTE: The above questions are exemplars. The interview schedule can even consist of follow-on questions.

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1.4 Key success factors of a Business

Sustainability

Sustainability means that a business:

- Continues to exist despite all the challenges and threats it is confronted with.
- Does not damage the environment and the community in which it operates.
- Manages and reports on triple bottom line e.g. profits, people and planet.
- Attracts and retains employees more easily.
- Experiences less financial and reputation risk.
- Involves stakeholders in joint decision-making and learning from customers, employees, and the surrounding community.
- Puts environmental management systems in place to minimise the effects of business activities on the environment.
- Analyses the environmental and social impacts of the products and services the business uses and produces.
- Reveals exactly what the business does and what it stands for.

Profitability

Profitability means that a business:

- Makes money and management is passionate about their business operations
- Manages money in such a way that a sound return on investment can be guaranteed to investors.
- Attracts even more investors which enables the business to expand its activities and to become even more profitable.

Customer base

Customer base means that a business:

- Meets the needs of the customer consistently and provides excellent service.
- Keeps on looking for ways to expand their consumer base.
- Keeps a record of the people buying their products.
- Collects the customers' contact details.

Knowing the market

Knowing the market means that a business:

- Conducts thorough research of finding out about the needs of the customers and the type of customers that buy the product or service.
- Identifying the needs and tastes of consumers helps ensure continuous product and service development.
- Having market knowledge is knowing about the various aspects that could possibly impact on the business.
- It includes a detailed study of activities that a company can include in its core activities so that value can be delivered to the market.

Good leadership

- A business needs good leaders who are team players, listen to staff members and respect them.
- Good leaders also bring energy, enthusiasm, and urgency to the workplace.
- This filters through the business and motivates staff to perform even more than expected.

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Ethics/control and good governance

- An unethical corrupt business is not sustainable.
- Staff and customers get to know the business's reputation and will not continue to support a business with poor governance.
- Business ethics is the application of moral norms to business.

Stable workforce

- A stable workforce means that employees are:
- Motivated, happy and well-trained.
- Loyal to the business and they stay with the business for longer
- Productive and take pride in their work.
- Constantly recruiting and training new staff to replace staff who left is expensive.

The uniqueness of the business/product/service

- The uniqueness of the business/product/service means that a business:
- Offers different products and services from their competitors.
- A product or service makes customers notice it and talk about it.
- Goods and services must fulfil the needs and desires of the consumers.
- There must be something special or different about a business to ensure success where others fail.
- The product or service does not have to be unique, but something about what the business offers has to make customers notice it and talk about it.
- Word-of-mouth marketing is the most effective.

1.5 Identifying areas for improvement

- A business should consider the following aspects when evaluating areas for improvement:
    - Regularly evaluate the price of every product
    - Operate from a plan based on its vision
    - Make sure the money comes in quickly
    - Keep business expenses to a minimum
    - Set goals with reasonable milestones and timelines
    - Evaluate the benefit of increased sales against the cost of marketing
    - Identify and implement the technology needed to support its operation and growth
    - Identify the target customer and what they do for them
    - Research and categorise competition noting their strengths and weaknesses
    - Differentiate the business against competitors and communicate this in sales and marketing programmes.
    - Look after its best customers
    - Know the needs of customers e.g. ask for customers feedback through surveys/direct interaction with them.
    - Regular review sessions where they review their structure/vision/delivery methods etc.

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1.6 Strategies that businesses can use to remain profitable and Sustainable

Thorough planning

- Proper succession planning so that it can continue to exist despite all the challenges and threats it is confronted with.
- Thorough planning will also ensure the business is not damaging the environment.
- Planning is important when it comes to being efficient. Time is money and it is best to plan for effective resource management.

Sound managing finances

- Ensure that a sound return on investment can be guaranteed to investors
- Sound financial management and good accounting practices are the best ways in which a business can remain profitable.

Effective management of scarce resources and employees

- Ensure that the business is using resources sparingly & employees are attracted and retained.
- Many projects fail because a business invests in too many or too few resources.

Maintaining a solid customer base

- Keep a record of the people buying their product and meeting the needs of the customer consistently.
- Customer retention is an important part of a business, as this can ensure that they remain profitable and sustainable.
- A business needs to offer a great customer experience and build solid customer relationships.

Behaving ethically

- Ensure that people continue to support your business and have the image of not being corrupt.
- An ethical business behaves in a socially responsible way and does what is right even if it is not necessary by law.

Being socially responsible

- Promote the image of the business by investing in CSI projects.
- Surveys show that consumers like to support a business that supports the community in which it operates. Examples include coffee and chocolate brands that support fair trade.

Being Ethical and taking care of the Environment

- Being environmentally aware and friendly.
- Considering the triple bottom line by managing profit, planet and people.

Upskilling and Development of Employees

- Ensure that employees keep abreast with changing technologies in the business industry.

Consistency and reliability

- Maintain a solid customer base and build on business success and learn from mistakes.

Upholding transparency

- Reveal what the business does and what it stands for.

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BUSINESS STUDIES

GRADE 11

PAPER 2

TERM 3

CHAPTER 14

TRANSFORMING A BUSINESS PLAN INTO AN ACTION PLAN

REVISED NOTES

2025

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Steps to follow when drawing up an action plan/Stages of an action plan	3
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This chapter consists of 7 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- **Recap:** Explain/ Discuss the purpose of a business plan
- Define/Elaborate the meaning of an action plan.
- Discuss/Explain/Describe the importance of an action plan.
- Outline/Name the stages of the action plan/Steps to follow when drawing up an action plan.
- Outline/ Explain/Discuss the project planning steps.
- Define the following planning tools:
  - Gantt charts or Work Breakdown Structure (WBS
  - Timelines
  - Project planning
- Outline/Explain/Discuss the importance of timelines and Gantt charts/WBS.
- Draw up a Gantt chart using the information given in scenarios/case studies.
- Transform a business plan into an action plan using the grade 10 business plan.

TERMS AND DEFINITIONS

Terms	Definitions
Business Plan	a formal written document describing the goals of a business and the methods of how to achieve those goals.
Action plan	Document stating what must be done, who will do it and by when it will be done.
Work breakdown structure	Organises the business plan into different tasks and identifies what needs to be done
Timelines	A planning tool that indicates dates and sequence a sequence of related events arranged in chronological order and displayed along a line to keep track of the activities.
Gantt chart	A planning tool that indicates dates, duration and sequence. a bar chart that provides a visual timeline of how the tasks are scheduled.
Work Breakdown Structure	Organises the business plan into different tasks and levels and identifies what needs to be done. divides the business plan into smaller project stages and shows exactly what must be done.
Termina elements	Smaller tasks of the project that form the bigger task of the project
Duration	The time it takes to do something
Action step chart	A task routine that identifies what, when, who and the expected outcome of the task.
Priorities	Puts things into order of importance
Corrective action	A deliberate action to fix something
Milestone	He ends point in an activity

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1.1 Definition of a business plan (Recap)

- It is a written document which gives a comprehensive overview of a proposed business.
- A business plan explains the objectives of a business/what the business is all about and how it will be financed/resourced.

1.2 The purpose of a business plan

- Offers direction of a proposed business.
- A written document which gives a comprehensive overview of a proposed business.
- Explain the business objectives, how it will operate, how the finances, and resources will be handled and what the business aims to achieve.
- Used to check the performance.
- A tool used to sell or market the business.
- To identify possible strengths, weaknesses, opportunities and threats.
- Used to convince other people of the profitability of the business, such as applying for finance from a bank.
- Gain insight in the market and competition
- Obtain funding from investors
- Set realistic goals and objectives
- Identify the right talent for moving the business vision forward
- Make correct decisions and manage the business
- Communicate the business plan to various stakeholders

1.3 The meaning of an action plan

- An action plan is a record of activities showing how those activities will be organised to achieve the goals set out in the business plan.
- Is a planning and monitoring tool that specifies what tasks must be done by whom, when and with what resources to reach specific goals.
- Is a process that will help to focus ideas and to decide on the steps to achieve a particular goal.
- An action plan is a detailed plan that outlines the actions that need to be executed (done) in order to reach the business goals.
- An action plan shows the activities that must be completed.

1.4 The importance of an action plan

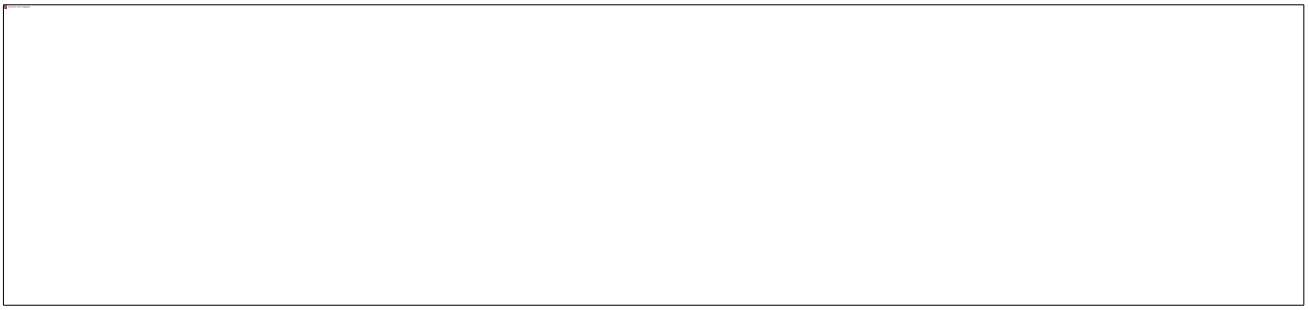
- It enables projects to be achieved within the specified time.
- It helps the person responsible for achieving certain goals to be organised.
- It is a control measure against which standards and performance can be measured.
- It prioritises activities according to importance.
- It turns plans into actions.
- Identify problems that could occur.
- Acts as a monitoring tool that makes it possible to check the progress.
- Enables businesses to transfer their plans into actions.
- Enables businesses to think logically and identify gaps in the plan.
- Serves as a monitoring tool to check its progress.
- It provides an opportunity for reflection on what has happened before and what actions have not helped.
- Can bring together individuals/experts that are knowledgeable in the area of work.
- Clarifies the objective and provides the opportunity to identify areas that need change.
- Builds consensus as everyone involved can contribute their ideas.

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- Creates ownership/accountability by creating a sense of individual and collective ownership for the action plan.
- Clarifies timescales that need to be done to achieve a particular objective.
- It identifies measures of success by providing a way of measuring progress towards that goal.
- Helps employees to focus on their activities.

1.5 Steps to follow when drawing up an action plan/Stages of an Action Plan

- The summary of the vision, mission, long term and short-term goals must be defined.
- Define the steps you would take to get there
- Start with what must be done first/prioritise
- Identify the endpoint for each step
- Arrange the steps in a logical order
- Think about any problems that may happen
- Review progress regular
- Identify indicators to confirm progress



NB: STEPS MAY BE IN ANY ORDER

1.6 Planning tools

The following planning tools will be discussed in detail:

- Gantt charts or Work Breakdown Structure (WBS)
- Timelines
- Project planning

1.7 Project planning

The meaning of project planning

- Project planning is a tool that can be used to turn an idea into an action plan.
- It is a detailed description of all activities that need to be completed to execute a project successfully.
- The start-up of a business can be viewed as a project which must be planned.
- Project managers are usually in charge of developing and monitoring the implementation of projects
- Project management skills are the use of knowledge, skills and tools to plan and implement activities to meet the goals of every project

Project planning steps

- Define the scope of the plan to be done e.g. what is the purpose, first and last activities?
- Identify project supporters.
- Break the project down into activities.
- Set time frames and determine how long each activity takes.
- Set milestones targets e.g. what are the main completion point?

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- Determine accountabilities/person responsible for the decision made.
- Calculate the financial, human/technical resources that will be needed
- Plot the activity schedule into a Gantt chart
- Execute the project plan.
- Monitor progress
- Communicate and review project progress.
- Keep records of all activities.

1.8 Planning tools

Timelines/Schedule

- A timeline is a representation of all the tasks that must be completed and when these tasks can be completed.
- Timelines help team members to know what milestones need to be achieved and by when.
- The entries on the timeline need to be accurate and the information needs to be well organised.
- Timelines often involve making projections

Example of timelines

- A timeline is also known as a schedule for example, when implementing a business plan, the entrepreneur may make use of a timetable for these activities:

ACTIVITY	DATES
Registering the business	01-04 September
Finding premises	07-18 September
Buying/leasing equipment	21-25 September
Hiring suitably qualified staff	18-30 September
Buying and receiving stock	01-09 October
Starting the business	12-October

Activity	SEPTEMBER				OCTOBER	
Register business	xxxxxx					
Find premises		xxxxxx	xxxxxx			
Buying/leasing equipment				xxxxxx		
Hiring suitably qualified staff			xxxxxx	xxxxxx		
Buying and receiving stock					xxxxxx	xxx
Starting the business						xxxx

1.9 Work Breakdown Structure (WBS)

- A Work Breakdown Structure is used to schedule the timelines for a project to decide what tasks need to happen when and in what order.
- It is the first step in dividing the business plan into smaller project stages.
- It organises the plan into manageable stages that can be carried out individually.
- It also organises the tasks into a logical sequence
- It can also be used to develop a Gantt Chart.
- It allocates responsibilities to staff members.

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Work Breakdown Structure (WBS) steps

- Identify one key activity
- Sub-divide the task into secondary tasks
- Break down each secondary task into more details
- Check for logic, sequence and details

Gantt charts

- It is a bar chart that illustrates a project schedule.
- It shows the start and finish dates of the terminal elements and a summary element of a project.
- These elements consist of the WBS of the project
- It is an easy way to view projects as it shows a series of dates across the top of the page with solid bars below the dates.
- These elements consist of the WBS of the project.
- The bars show the duration of each task.
- Tasks names are written in the column on the left/vertical axis and contain the name of the person/team responsible for completing the task.
- They have different lengths to represent the order, timing and period for each task.
- It shows what needs to be done by breaking a project down into smaller parts.

Constructing a Gantt chart

- Write down all the activities that must be carried out to complete a project
- Decide how much time you will need for each activity
- Determine which activities need to be completed before another activity can be started and which activities can be carried out simultaneously.
- Draw up a table with a row for each activity and columns in days/weeks. These columns indicate the timeline.
- Write each activity in order down the rows, in the left-hand column

Example of a Gantt charts

Study the action plan below of Malefane Wedding Planner Associates for Musa s wedding.

The task to be done	Person responsible	Estimated time required for the task	Date of completion
Wedding venues inspection	Sammy	3 weeks	Last week of April to the second week of May
Quotations	Mr Hlatshwayo	3 weeks	End of week 2 April
Meeting with Musa for a theme	Ms Cindy Cooper	1 week	The first week of April
Buying of decoration material and utensils	Lennox	1 week	End of week 1 May
Sourcing of a caterer	Edith	2 weeks	End of week 3 April
Wedding cake baking and preparation	Yolanda	1 week	End of week 4 April
Designing of invitation cards	Sanele and Rashid	3 weeks	First three weeks of May

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Task	Person responsible	Duration	APRIL				MAY		
			W1	W2	W3	W4	W1	W2	W3
Wedding venue inspection.	Sammy	3 weeks			xxx	xxxx	xxxxx		
Quotations	Hlatshwayo	3 weeks	xxxxxx	xxxxx	xxxxx				
Meeting with Musa for a theme	Cindy Cooper	1 week	xxxx						
Buying of decoration material and utensils	Lennox	1 week					xxxxx		
Sourcing of a caterer	Gracy	2 weeks		xxxxx	xxxxx				
Wedding cake baking and preparation	Yolanda	1 week				xxxxx			
Designing of invitation cards	Sanele & Rashid	3 weeks					xxxxx	xxxxx	xxxxxx

1.10 Importance of Gantt charts

- Easy to prepare and understand.
- Events are shown in a chronological order
- The time needed for an activity is shown visually
- Managers and team members can see which activities run concurrently.
- Team members can see who is responsible for each activity.
- They show progress on activity and enable managers to monitor progress.
- Interrelated tasks can be used at a glance.

1.11 Importance of timelines

- They help the planners to project dates in advance.
- Assists in determining the sequence/order in which activities and tasks must be completed.
- Keeps information in the order that it has to be in.
- Assists project management in meeting their targets and exceeding client expectations.
- Project managers tools to get their jobs done, many of which are specific to a single company or product

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PAPER 2

TERM 3

CHAPTER 15

STARTING A BUSINESS VENTURE ON AN ACTION PLAN

REVISED NOTES

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This chapter consists of 8 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Outline/Mention/Explain/Discuss aspects that must be considered when initiating a business e.g.:
  - Strategy
  - Operations
  - Productivity
  - Size of a business etc.
- Outline/Mention/Explain/Discuss factors that must be considered before start-up e.g.:
  - Culture of the organisation
  - Environmental changes
  - customer services
  - Business growth
  - Cost saving etc.
- Analyse the above-mentioned factors from scenarios/case studies and make recommendations for improvement.
- Explain/Discuss reasons why businesses need funding.
- Outline/Mention/Explain sources of funding.
- Explain/Discuss/Describe factors that influence the choice of funding e.g. nature of finance, amount of capital needed, risk, cost of finance etc.

TERMS AND DEFINITIONS

TERMS	DEFINITIONS
Strategy	Plans created by the entrepreneur that is spelt out in the business plan and enforced in the action plan a long-term plan of action to achieve a goal
Collateral	The asset that is pledged to the bank in case of a default in the repayment of a loan.
Interest	Money paid as a percentage for the use of borrowed money.
Operations	the different activities businesses use to achieve their goals in order to be successful
Productivity	the effectiveness of production in terms of the rate of output per unit of input
Cost- saving	the plans made by the business to cut on the cost/expenses of the business
Business growth	the expansion of the size of the business.
Risk	a credit provider will always consider how safe their investment will be by looking at factors that will endanger the recovery of the debt.
Mortgaged bond	A debt instrument issued for more than one year with the purpose of raising capital from borrowing.
Incentives	Cash or tax relief to encourage investment in economic sectors It could also be a payment to workers to encourage productivity.
Venture capitalists	Financing is given for an ownership share in the business at its start-up.

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Equity Capital	The total amount of money and assets invested in a business by the owner that comes from its sources.
Grants	Money given by the government or an NGO for a specific purpose e.g. funding small businesses.
Bank Overdraft	A customer withdraws more than the money that is available in the bank account.
Trade credit	Time, usually between one and three months a business before it has to settle the debt.
Angel funding	These are wealthy business people who want to invest in promising small businesses in return for a profit share in the business.
Microlenders	Businesses that offer small loans to people at high-interest rates without collateral.

1 Aspects that must be considered when initiating a business

1.1 Strategy

- A strategy is a plan of action that must be carried out by an entrepreneur
- An action plan outlines the vision, mission, goals and objectives.
- The action plan must be used to develop the systems and processes for the business.
- Systems and processes should be in place for the business to achieve its goals.
- Businesses must ensure that strategies such as marketing/management/public relations are implemented and continuously reviewed.

1.2 Operations

- The business plan, action plan identifies the operational plan, timelines and key deliverables.
- Operations need to be implemented, staff employed and trained.
- Resources must be acquired and managed continuously
- Constant monitoring & evaluation need to be done to ensure that resources are used effectively.
- Businesses must implement the activities that are outlined in the action plan.

1.3 Productivity

- The action plan includes budget and financial planning
- Budgets need to be assessed and amended
- Costs need to be decreased and output increased
- to ensure productivity - costs need to be decreased & output increased
- improvements need to be implemented constantly to improve profits
- Productivity is the effectiveness of production in terms of the rate of output per unit of input.
- Businesses must ensure that there is a high rate of productivity in all aspects of its operations.

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1.4 Size of the business

- The success of a business depends on its management and staff.
- The bigger the businesses the more difficult to manage
- It is difficult to keep control of the quality of each of the employees, work and productivity levels.
- Businesses must decide on the most appropriate size for successful operations.

1.5 Culture, training, and Quality of Staff

- It is essential to establish an organisational culture from the beginning so that staff are familiar with what is acceptable.
- Staff need appropriate training to achieve the desired outcomes and deliver the best quality.
- Managers should ensure that all new staff know the business dress code.

1.6 Risk and change

- All businesses need to take risks and amend the original action plan several times.
- The introduction of new technology or new machine may influence a budget and it may be necessary for the business plan to be adapted
- Management and leadership teams must be flexible to adapt to changes in the market and/or macro environment.

1.7 Customer service

- A successful business gives customers what they want.
- Businesses need to change their market plan/adjust their products and prices to ensure sales increase.
- They also need to establish a good relationship with their customers.

1.8 Market research

- Businesses should conduct ongoing market research to identify profitable markets for their product.
- Many businesses benefit from conducting market research in local/familiar markets.

1.9 Business cycles

- Businesses obtain profit and experience losses.
- Changes in the market & macro environment can either have a positive or negative impact on business operations.
- Businesses should constantly make adjustments to reduce costs where possible.
- Reducing costs increases profitability.

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2 Factors that must be considered before start-up.

2.1 Culture of the Organisation

- Establish an organisational culture so that the staff is familiar with what is acceptable.
- Ensure that a code of conduct is in place and enforce it from the start
- The staff must know the dress code and the code of conduct of the business from the start.
- They must ensure that staff knows the culture of the business and that their
- behaviour does not damage the business image.
- Entrepreneurs must decide what the culture of their business will be before starting up.

2.2 Environmental changes

- Continue to network and research to avoid changes in the business environment which may upset the business operations.
- Consider the risk and success factors.
- Plan for risks and minimise the impact.
- The economy fluctuates up or down daily, resulting to businesses having to change some of their operations.
- New competitors enter the market and driving existing businesses out of the market.
- New technology force businesses change some of their original plans.

2.3 Customer service

- Make an effort to satisfy the needs of customers.
- Change the action plan accordingly to accommodate the needs of customers
- Establish a good relationship with customers.
- Identify their potential customers before start up.

2.4 Business Growth

- Managed and backed up growth by using a solid strategy.
- The success of a business is often dependent on its management and staff.
- Devise a suitable strategy to manage and control a larger group of employees.
- Keep control of the quality of each employee.
- Determine the size and the growth of the business before they start up their business.
- The size and growth of the business will determine the most appropriate form of ownership for the business.
- Many businesses want to grow too quickly, which can cause problems such as lack of infrastructure and funding.
- The long-term vision of the size of the business must also be reflected in the organogram of the business.

2.5 Cost saving

- Cut costs by controlling unnecessary expenditures.
- Businesses could do a joint advertising campaign with other businesses that sell complementary products to reduce the advertisement cost.
- Businesses could save on office costs by using recycled printer cartridges and buying good quality used equipment.
- Hire temporary employees or use independent contractors to save costs.
- Business could save costs by considering other aspects such as insurance, credit, online transactions, etc.

2.6 Risk and change

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- Management and leadership teams must be flexible to adapt to changes in the market.
- The original action plan may need to be changed and amended several times.
- The introduction of new technology may influence a budget.

2.7 Other factors that must be considered before starting a business.

- Planning and minimising the environmental impact on the business.
- Action plan to satisfy the needs of customers.
- The sources of raw materials/suppliers.
- The sources of funding that the business would use.
- The forms of ownership that will be used by the business.
- The registration of the business.
- The location/business premises to be used.

3 Acquiring funding

3.1 Reasons why businesses need funding.

Businesses require funding to:

- Cover the start-up costs including g premises/machinery/raw materials etc.
- Run the business and have enough money to pay employees/suppliers of raw materials etc.
- Pay for the cost of input such as wages, telephone other expenses
- To expand the business as the orders/sales increase and bigger premises need to be established.

3.2 Sources of funding

3.2.1 Equity Capital

- Equity capital is the total amount of money and assets invested in a business by the owner that comes from their own sources
- Capital that is contributed by the owner is referred to as the owner's interest.
- Owner's equity increases when the owner puts in additional funds to expand the business.
- The benefit of putting own capital into the business is that it encourages a commitment from the owner.
- The higher the owner's interest in the business, the higher the potential of profit and this will encourage greater commitment from the owner.

3.2.2 Issuing of shares

- New companies can issue shares to obtain capital.
- Shareholders receive a share certificate as proof of ownership
- The Memorandum of Incorporation and prospectus list the details of the shares that are offered for sale
- Ordinary shares are the most type of share offered by companies to shareholders
- All shareholders receive a portion of the profits called a dividend.

3.2.3 Debt Capital

- Many businesses need to borrow funds.
- The business plan will indicate how much debt capital is crucial for business funding.
- The business must show the ratio between equity capital and debt capital in its business plan.
- The solvency of the business is determined by the ratio of equity capital and debt capital.
- It is very important that businesses must be solvent at all times.
- The following sources of finance are available to the entrepreneur:

Bank loan

- The business can borrow money from the bank.

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- The amount will be specified for a set period.
- Interest is payable on the loan.
- The period can be fixed for the time of the loan or variable in line with the current interest rate.

Trade Credit

- This is the time that a business has before it has to settle a debt.
- Suppliers usually allow a small business a period between buying materials and paying for them.
- Trade credit is an agreement between a supplier and the business.
- Businesses can sell or develop new products to be able to pay off their
- debt during the trade agreement period.

Bank Overdraft

- This is when a bank allows a business to draw more than what is deposited in the bank account.
- The bank decides on the maximum amount to be drawn known as the overdraft limit
- The business pays interest on the amount of money they withdraw and for the period they have overdrawn.
- Businesses with a current check account organise a bank overdraft with the bank.

3.2.3 Leasing and hire purchase

- Businesses can lease certain assets from suppliers.
- Assets such as machinery/vehicles/computer systems can be leased.
- A fixed amount of money is paid monthly for the use of the asset
- The lease agreement can be renewed when the asset is returned/replaces.
- In the contract the fixed amount of monthly premium must be specified.
- Businesses can use leasing because it is easier to find finance for a lease agreement than for the purchasing of an expensive asset.

3.2.4 Grants

- Grants are funds that are received from government departments/local development agencies and other organisations that support small business developments.
- The business can qualify for government support to help get started.
- The main advantage of grants is that it is cheap financing.

3.2.5 Venture capital

- Financing is given in exchange for a share in the business at its start-up.
- Some venture capitalists also request a position in management or on the board.

3.2.6 Angel funding

- These are often wealthy entrepreneurs who offer financing in exchange for a share in the business.
- This carries a high risk for the investor.

4 Factors that influence the choice of funding

Nature of finance

- This depends on the owners if he/she wants to use their own or borrowed capital as well as short- or long-term loan.
- Some types of financing like shares and debentures are not available to certain forms of ownership like sole traders and partnerships.
- Sole traders and partnerships should make use of other forms of funding.

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Amount of capital needed

- Business owners usually use their capital if a small amount is needed.
- The larger the amount of capital that is needed the owners will have to look at borrowed capital as well.

4.3 Risk

- Providers of own capital are usually willing to accept greater risks than providers of borrowed capital
- Interest on the loan is legally compulsory and may lead to the liquidation of a business in bad economic circumstances.

4.4 Cost of finance

- Businesses will generally choose the funding with lower costs/interest
- The income earned on borrowed capital must exceed its cost otherwise it will be to the disadvantage of the holders of own capital.
- Borrowed capital may be cheaper because the holders of their own capital require a higher income owing to the higher risk

4.5 Period of financing

- If needed for a long period might rather use their capital because borrowing would be too expensive over a long period.

4.6 Availability

- If more own capital is not available, the business might be forced to use borrowed or the other way around.

4.7 Tax considerations

- Interest on borrowed capital is tax deductible. Dividends on own capital are not deductible.

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BUSINESS STUDIES
GRADE 11

PAPER 2

TERM 3

CHAPTER 16

PRESENTATION OF BUSINESS INFORMATION

REVISED NOTES

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This chapter consists of 7 pages.

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Outline/Explain the importance of presenting business information.
- Differentiate/Distinguish between verbal and non-verbal presentations and give practical examples of each.
- Outline/Mention/Explain/Discuss types of visual aids e.g. tables/graphs/diagrams/posters/handouts etc.
- Identify the above-mentioned visual aids from given scenarios/case studies/statements.
- Explain/Discuss how the presenter must prepare the following visual aids:
    - Transparencies**/**slides
    - Posters
    - Handouts
- Discuss/Explain/Recommend factors that the presenter must consider when designing a presentation e.g.:
    - Know your audience
    - Use simple language
    - Include visual aids, etc.
- Justify the reasons why business presentations must be in a written format.
- Outline/Mention/Explain types of written information, e.g. business reports, business plans, information, analyses etc.
- Outline/Mention/Explain/Recommend steps in report writing.
- Critically analyse a business report and recommend areas for improvement.
- Outline/Mention/Explain factors that must be considered when composing a flyer.
- Explain how to respond to questions about work and presentations/handle feedback after a presentation in a non-aggressive and professional manner

TERMS AND DEFINITIONS

TERM	DEFINITION
Verbal presentation	the use of speech by a presenter to convey a message to stakeholders/audiences.
Visual aids	An illustration such as film, slides or model designed to supplement verbal and non-verbal communication.
Feedback	Information about reactions to the performance of a task or a product is used as a basis for improvement.
Transparency	A plastic sheet is placed on an overhead projector from where the information is displayed on a wall or a screen larger than the transparency.
Audience	The people who watch or listen
Flipchart	a large pad of paper, bound so that each page can be turned over at the top to reveal the next page, used on a stand.
Hand-outs	Printed information is provided to the audience to accompany a presentation
Graphs	diagrams that show the relationship between two or more sets of numbers.
Tables	a set of facts and figures arranged in columns and rows.

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Diagrams	illustration of information using visualisation techniques.
Flyer	a thin sheet of paper on which businesses advertise their products or services.
Transparencies/slides	a visual presentation of data/audio/video on a screen.
Analytical reports	Reports that provide data and conclusions, with the inclusion of recommendations.
Informative reports	Reports that present data without analysis or recommendations.
Verbal presentation	Oral presentations delivered to an audience
Non-verbal presentation	Mostly done by means of printed material.

1 The importance of presenting business information

- The business information needs to be presented to be made available to employees/stakeholders.
- Business information enables management to:
  - provide stakeholders with the information to make strategic, tactical and operational decisions.
  - ensures success, transparency and smooth running of the business.
  - assist management in making decisions.
  - provide information on financial statements/investigations/disputes/new policies etc.
  - persuade management to implement a strategy.
  - identify trends in the market and anticipate challenges
  - devise strategies to deal with the challenges
- Business information provides management with information/data regarding important markets.
- Enables businesses to share their financial performance with internal and external stakeholders.
- Attracts and retains investors and improves the image of the business.
- Employees are informed about the business operations and the required performance.
- Increases sales and profitability.

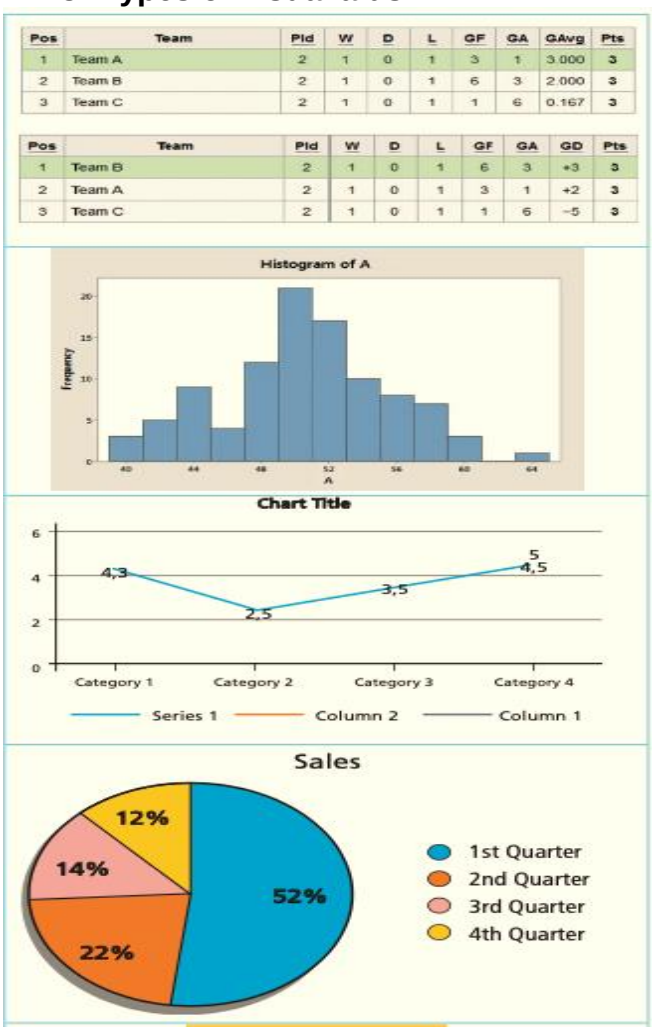
2 Differences between verbal and non-verbal presentation

VERBAL PRESENTATION	NON-VERBAL PRESENTATION
Exchange information using oral presentation/spoken	Communicate by means of printed media
Information can be heard	Communication can be read.
Information cannot be stored	Information can be stored
A verbal presentation refers to the use of speech by the presenter to convey a message to stakeholders.	A non-verbal presentation refers to the use of written words to convey a message to stakeholders

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Examples: video conferencing, workshops, seminars, conferences, public speaking question and answer, recorded presentation etc.	Examples: written reports, handouts, charts, slides etc.

3 Types of visual aids



Pos	Team	Pld	W	D	L	GF	GA	GAvg	Pts
1	Team A	2	1	0	1	3	1	3.000	3
2	Team B	2	1	0	1	6	3	2.000	3
3	Team C	2	1	0	1	1	6	0.167	3

Pos	Team	Pld	W	D	L	GF	GA	GD	Pts
1	Team B	2	1	0	1	6	3	+3	3
2	Team A	2	1	0	1	3	1	+2	3
3	Team C	2	1	0	1	1	6	−5	3



Tables

- A set of facts/figures systematically displayed, especially in columns.
- They are usually used to compare or contrast different things or ideas.

Graphs

- These are visual illustrations to provide information in a clear and concise way.
- Two-dimensional drawing showing a relationship between two sets of variables by means of a line/curve/bars
- These can be inclusive of types of graphs such as line graphs/bar graphs/pie graphs etc.
- Information in the graphs requires interpretation and comparisons must be made to see the relationship between different sets of data.
- It gives an indication of how trends have changed over some time.

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Diagrams
- A drawing showing the appearance/structure/workings of data in a schematic representation.
- Diagrams and illustrations are used for making verbal descriptions clearer.
- Is a symbolic representation of information using visualisation techniques.
- It is used to illustrate processes/relationships.

Posters
- They are used to advertise something or act as a reminder of something.
- They are effective when they are bold and eye-catching.
- Posters are often a large sheet of paper/ cardboard used to promote certain products or events.
- They are usually pasted on public street poles/walls.

Hand-outs
- Printed information is provided to the audience to accompany a presentation.
- People attending a verbal presentation prefer to handouts at the end of the presentation to remind them of the key points of the presentation.
- Handouts are copies of a presentation where the content of multiple slides is displayed on a single/multiple pages.

Data projector
- A slide projector is used to display images to an audience.
- It is usually used for large audiences.

PowerPoint
- A collection of pages arranged in a sequence that contains text and images for presenting to an audience.
- Video clips can provide variety and capture the attention of the audience.

Interactive Whiteboards/Smartboards
- An interactive display in the format of a whiteboard that reacts to user input either directly or through other devices.
- It is useful to note down the most important points before or during a presentation.
- Useful to capture feedback and new ideas.

Flip charts/Whiteboards
- A large pad of paper, bound so that each page can be turned over at the top to reveal the next page, used on a stand.
- Additional notes that were added during the presentation can be captured on the computer after the presentation.

4 Guidelines on how to prepare transparencies/slides, posters, and handouts
- Start with the text/headings
- Use keywords instead of full sentences
- Use legible font and font size.
- Limit the amount of information on each slide.
- Avoid too much writing and complicated graphs
- Choose images that may help to communicate the message.
- Include graphics.
- Keep slides/images/graphs simple.
- Make sure there are no grammatical/spelling errors.

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- Use bright colours to increase visibility.
- Structure information in a logical sequence.

Guidelines on how to prepare posters

- Make use of headings
- Make sure all relevant information appears on the poster
- Use bright colours to enhance visibility
- Use short phrases instead of full sentences
- Make use of pictures
- Posters must be bold, creative and easy to read
- They must have essential details and summarise
- Get the intended message across strongly.

Guidelines on how to prepare handouts

- Structure information in a logical sequence
- Use a legible font size and font size
- Choose images that may help to communicate the message.
- Make sure there are no grammatical/spelling errors.
- Use bright colours to increase visibility.
- Refrain from using busy borders, different fonts and too many different colours.
- Allow an empty page at the end of the handout to allow the audience to make additional notes during the presentation.
- The handouts must complement the presentation using summarised notes.
- Prepare a cover page with the title and details of the presenter.
- Include an index page with different levels of information.
- The handout must include information like definitions/tables/illustrations.
- Limit the content of the handout to 2 – 4 pages.
- Acknowledges sources that were accessed to compile the handout.
- Ensure that sufficient copies of the handouts are printed for distribution.

5 Factors that the presenter must consider when designing a presentation

- Know your audience.
- Be clear about the purpose of the presentation
- The presentation should include an introduction, body and conclusion.
- State the aims of the presentation in your introduction.
- Outline the most important information that needs to be shared with your audience
- Use visual aids/tables/graphs/charts/diagrams/pictures effectively.
- Familiarise yourself with the content of the presentation to ensure a smooth flow of the presentation
- Be familiar with the background of your audience, so that your presentation speaks to their area of interest.
- Use suitable section titles/headings, sub-headings and bullets.
- Summarise key findings/Conclude by indicating how goals were met.
- Consider external factors, e.g. noisy surroundings, which may influence the presentation.
- Keep to the time limit to prevent boredom.
- Be well prepared/Research the topic in depth
- Allow time for feedback/questions.
- Speak clearly and audibly.
- include simple language in your presentation.
- Keep eye contact with the audience.

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6 Reasons why business presentations must be in a written format

- A presentation in a written format can easily be sent and stored for a later presentation.
- The electronic files can be emailed, distributed in the company or posted on the internet.
- The presentation if in writing can be used by someone else if the original presenter is no
- longer available.
- The written presentation can also be sent to the stakeholders that were unable to attend
- the presentation.
- The content of a written business presentation is adaptable and could easily be amended.
- New/recent information could easily be added to the presentation.
- Written presentations make it easier for the presenter to interact with the audience/
- stakeholders.

7 Types of written information

Business reports

- A business report is done for businesses that have been in operation and key information must be shared with stakeholders.
- Businesses use written reports to provide information on financial statements /investigations/disputes/disciplinary actions etc.
- These may be presented orally to an individual or a group or electronically on a computer screen.
- The following questions need to be asked:
    - Who will use the report?
    - What information must be included in the business report?
    - What would be the best way to present the business information in the report?
- A formal written report issued to business stakeholders consisting of a detailed overview of the status of the organisation.
- Business reports are intended to give stakeholders information about the company's activities and financial reports.

Business plans

- These are written documents describing the nature of the business, the sales and marketing strategy and the financial background.
- They help present the business's goals and objectives to all stakeholders.
- Business plans may be internally or externally focused.
- Externally-focused plans draft goals that are important to outside stakeholders.
- Internally-focused business plans target intermediate goals required to reach the external goals.

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Business Analysis

- This is a method of investigating all aspects of a business to assess its prospects.
- It presents an established business's information and development to all people in the company.

8 Steps in report writing

- Define the purpose of a report and who will be reading it.
- Be aware of who the reader of the report will be.
- Do research to gather data
- Plan the report structure e.g. title, contents page, introduction, body and conclusion
- Prepare a work plan, start early and allow time for brainstorming and preliminary research.
- Display the topic of the report at the top of the page.
- Put together the first draft of the report, print the first draft and read it sometime later.
- Ensure the information presented is useful to the decision-making process
- Organise and rewrite your material
- Prepare visual aids to help convey the information
- Ensure the report is accurate and to the point.
- Balance the quality of information by being specific and straight to the point.
- Anticipate the audience and issues, it could be distributed to people whom it was not intended.
- Write the executive summary.
- Reread the whole report to check for spelling, grammar and layout mistakes.

9 Guidelines on how to critically analyse a business report and recommendations for improvement

Factors to consider when analysing a business report	Recommended Improvement
Does it only contain relevant information?	Remove irrelevant information
Is the aim of the report achieved?	Make necessary adjustments in line with the aim of the report
Are the language and terminology used at the level of the people using the report?	Make use of a language expert to make changes to the report
Determine if the report is useful.	Adjust the report by using a small sample to have access to the report and to make recommendations
Determine the credibility of the report	Improve the report by making use of credible research material
Determine if the diagrams, tables etc used are adding value to the report or just filling pages	Only use diagrams, tables etc if it is offering additional info

10 Factors that must be considered when composing a flyer

- Define the purpose of the flyer/Central message of the flyer
- Write a title that will attract the reader's attention
- Use graphics to attract attention/ Be creative and use interesting images
- Focus on the benefits of the products/services
- Identify points clearly/Do not use many words

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- Main details much in large print
- Keep it simple with white space
- Use text boxes if space allows
- Check your spelling
- Let someone proofread the contents before it goes to print
- Use bright paper and black text if the budget does not allow for colour printing.
- Offer a discount on the product or service.

11 Handling feedback in a non-aggressive and professional manner after a presentation

- Note/write down the questions asked to be able to respond correctly.
- Be polite, confident and courteous/humorous.
- Address questions in an orderly manner.
- Listen to the whole question and then respond.
- Respond honestly and as best as you can
- Encourage questions from the audience.
- Repeat the question so that everyone can understand the basis of your response
- Acknowledge good questions to motivate the audience to ask more questions.
- Rephrase questions if uncertain and if you do not know the answer then admit
- Limit question time so that it does not make you go over your time limit.
- Remain professional, polite and calm
- Pause and consider your answer before responding
- Apologise for the error that you have made
- Always address the questions and not the person/Address questions in an orderly manner
- Be assertive when answering questions and avoid being aggressive
- Do not make a second presentation when answering a question

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GRADE 11

PAPER 2

TERM 3

CHAPTER 17

STAGES OF TEAM DEVELOPMENT AND CONFLICT MANAGEMENT

REVISED NOTES

2025

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This chapter consists of 7 pages.

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

TEAMWORK

- Briefly explain/discuss the importance of teamwork
- Outline/Mention/Name/Explain the stages of team development, e.g.:
  - Forming
  - Storming
  - Norming
  - Performing
- Identify the stages of team development from given scenarios/statements/case studies.

CONFLICT MANAGEMENT

- Define the term conflict
- Identify and discuss causes of conflict from given scenarios/case studies.
- Discuss the following conflict management theories:
  - Traditional theory
  - Contemporary theory
- Select one of the above-mentioned conflict management theories and justify the reason why businesses should use this theory to solve business problems.
- Outline/Mention/Explain/Discuss the function of workplace forums.
- Explain the differences between trade unions and workplace forums.

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1. TERMS AND DEFINITIONS

TERM	DEFINITION
Team	Group of people who work together to achieve a common goal.
Conflict	The difference in view and approach. the difference or disagreement or disharmony or clash between persons.
Conflict management	A practice of identifying and handling conflict in a sensible /fair and efficient manner. the plans we make to prevent or resolve conflict.
Teamwork	Interactions with team members to achieve a common goal. the joint action by a group of people in which each person strives to work towards a common goal.
Team dynamics	A way in which team members work together in a group. forces that influence how a team behaves, performs, or responds.
Forming stage	Team members get to know each other and accept their roles in the team.
Storming stage	Team members confront each other with their different ideas.
Norming stage	Team members accept each other and set common goals and values for the team.
Performing stage	Teams are achieving their goals.
Mourning/Adjourning stage	Team members have to leave a team after completion of the tasks. the fifth stage of team development. The adjourning stage occurs at the end of the project when the team is moving on in different directions.
Grievance	A formal complaint is laid by an employee when he/she feels that he/she has been ill-treated by the employer. a concern or a complaint at work, for example, discrimination or workload.
Co-operation/ Collaboration	Willingness to co-operate in the team to achieve objectives.
Consensus	A process for group decision-making

1 Meaning of teamwork

- Teamwork can be defined as a joint action by a group of people in which each person gives up his/her interests and options for the common goal of the team.
- This means that effective and efficient teamwork goes beyond individual accomplishments.
- Teamwork is a joint effort by group members where they give up their individual opinions and strive to work together to achieve a common goal.
- Teamwork is a sense of unity that enable team members to share common interests and responsibilities.

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1.1 Importance of teamwork

- Teams have a common goal/purpose that unites team members.
- Teamwork leads to synergy, commitment, high productivity, employee empowerment, job satisfaction and organisational effectiveness.
- Effective teamwork can provide a basis for consistency in performing at a high level.
- It reduces stress and enable them to work together towards achieving a common goal.
- Some of the benefits of teamwork are increased productivity and job satisfaction, employee empowerment, improved quality, and organisational effectiveness.

2 Stage of team development

Forming stage

- This stage is the initial stage where team members get to know one another.
- Team members think about their new tasks and new environment
- The team learns about team processes and procedures.
- Team members gather information and impressions about each other.
- This is a comfortable stage to be in.
- People focus on being busy with routines, such as team organisation e.g. who does what, when to meet each other, etc.
- Team members are aware of themselves.
- Team members show good behaviour as they are new to the group.
- Team members plan their work and new roles.

Storming

- The team begins to face technical, interpersonal and social problems.
- Team members could end up fighting and arguing.
- At this stage, there is conflict because they confront each other with their ideas.
- The true character of team members starts to show as they experience the first round of conflict
- Different ideas from team members will compete for consideration.
- Team members open up to each other and confront each other's ideas/perspectives.
- This stage is often unpleasant, but teams must grow.
- Team members need to be mature, patient and tolerant of each other's ideas and behaviour in order to move successfully to the next stage.
- Team members actively engage in the tasks at hand.
- There may be power struggles for the position of team leader.

Norming/ Settling and Reconciliation

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- The team starts working through individual/social issues and starts to settle down.
- Team members establish their norms and behaviour.
- They begin to trust each other, and reconciliation takes place.
- A team develops good interpersonal skills and members become better at problem solving.
- Team members accept each other and set common goals and values for the team.
- Team members form agreement and consensus.
- Roles and responsibilities are clear and accepted.
- Team members have the ambition to work for the success of the team's goals.
- They cross-train and learn new job skills.
- Team members manage time and quality work with growing competence, confidence and independence.

Performing/Working Together towards achieving a goal

- In this stage, the teams are achieving their goals by helping each other
- Team members are aware of the strategies and aims of the team.
- They have direction without interference from the leader.
- Leaders delegate and oversee the processes and procedures.
- Team members know each other and can function as a unit.
- They find ways to get the job done smoothly without conflict/external supervision.
- Conflict disappears, problems are solved, and successive goals are achieved.
- Team members are motivated and can handle disagreements maturely/positively.
- The team takes pride in its work and accomplishments.

Adjourning/ Mourning

- In this stage, team members must leave the team and prepare themselves for the next team.
- The focus is on the completion of the task/ending the project rather than on task performance.
- All tasks need to be completed before the team finally dissolves
- It`s also the stage for recognition for participation and achievement.
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again.

3 Conflict Management

Meaning of conflict management

- Conflict management is the process of planning to prevent conflict where possible and organising to resolve conflict as quickly as possible.
- All members of the organisation need to develop ways of keeping conflict to a minimum and solving problems caused by conflict.

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- Conflict can be positive if managed correctly since it means communication is taking place.

Meaning of Conflict

- Conflict is a struggle/disagreement/argument between two people.
- Disagreement between two parties in which one or both parties believe that a personal interest/need is threatened.

4 Causes of Conflict

- Personal differences/Different personalities
- Poor communication
- Competition
- Ignoring rules/procedures
- Poor organization/leadership/administrative procedures and systems
- Workload and stress/Unrealistic expectation
- Confusion about scheduling and deadlines
- Unclear responsibilities
- Distracted by personal objectives
- Lack of/Insufficient resources
- Constant changes
- Different goals/objectives for groups/individuals
- Different opinions
- Unrealistic expectations
- Poor organisation/leadership/administrative procedures and systems
- Confusion about scheduling/deadlines
- Misconduct/Unacceptable behaviour
- Unclear responsibilities
- Distracted by personal objectives
- Constant changes in the workplace
- Unfair treatment of workers/Favouritism by management/Discrimination
- Lack of trust among workers

5 Explanation of Causes of Conflict in the Workplace

- Lack of proper communication√ between management and workers.
- Ignoring rules/procedures may result in disagreements and conflict.
- Management and/or workers may have different personalities/ backgrounds.
- Different values/levels of knowledge/skills/experience of managers/workers.

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- Little/no cooperation between internal and/or external parties/stakeholders.
- Lack of recognition for good work, e.g. a manager may not show appreciation for extra hours worked to meet deadlines.
- Lack of employee development may increase frustration levels as workers may repeat errors due to a lack of knowledge/skills.
- Unfair disciplinary procedures, e.g. favouritism/nepotism.
- Little/no support from management with regard to supplying the necessary resources and providing guidelines.
- Leadership styles used, e.g. autocratic managers may not consider worker inputs.
- Unrealistic deadlines/Heavy workloads lead to stress resulting in conflict.
- Lack of agreement on mutual matters, e.g. remuneration/working hours.
- Unhealthy competition/Inter-team rivalry may cause workers to lose focus on team targets.
- Lack of commitment/Distracted by personal objectives which may lead to an inability to meet pre-set targets.
- Constant changes may cause instability
- Lack of clarity regarding employees' roles and responsibilities.

6 Conflict Management Theories/Skills

Traditional theory

- This theory is based on the notion that conflict is bad and should be avoided as it disturbs the running of an organisation.
- This approach assumes that conflict is caused by troublemakers who do not identify with the goals of the organisation.
- These troublemakers are seen as undesirable because they are seen as causing trouble for management.
- Conflict should therefore be avoided according to this approach.
- Management thus uses its power to suppress the troublemakers and should force them out of the organisation.
- This leads to a win-lose situation, with management retaining control and restoring their order while the troublemaker is forced to fit in or move out of the organisation.

Contemporary theory

- This theory is based on the belief that conflict is a normal part of human interaction.
- Conflict arises as a normal result of change.
- It is understood that conflict can be beneficial and has the potential to lead to constructive changes within the organisation.
- Conflict must be managed through conflict resolution skills.

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- Conflict situations often generate new ideas and change.
- Management thus seeks to use strategies such as negotiation and consultation to arrive at a win-win situation.
- Consultation and negotiations with unions and workplace forums are good examples of implementing contemporary theories.
- Management can thus achieve an outcome that is acceptable to management and employees through such negotiations.

7 Meaning of workplace forums

- A workplace forum is an elected organisation consisting of employees in a workplace.
- It is a forum for employees of a business that employs more than 100 people.
- Workplace forums were introduced by the Labour Relations Act.
- They are useful for promoting communication, minimising and resolving conflict in the workplace.
- A trade union will request the CCMA to form a workplace forum.
- Employers must give workplace forums all information that's relevant to workers.
- Workplace forums prevent employers from making all the decisions about matters which directly affect employees without consulting them.

8 Function of workplace forums

- Prevent unilateral decisions made by employers on issues affecting the employees.
- Encourages worker's participation in decision-making.
- The workplace forum has the right to be consulted by the employer.
- Promotes the interests of all employees in the workplace.
- Promotes efficiency in the workplace through inputs/recommendations.
- Consult with the employer to reach a consensus about working conditions.
- Consult with the employer on issues that could cause conflict
- Resolves conflict between employers and employees.
- Improve efficiency and productivity through input/recommendations.

9 Ways in which a workplace forum differs from a trade union

- A trade union is a legal entity that can be sued or be sued in its name.
- A trade union negotiates salaries and wages, whereas a workplace forum does not deal with remuneration.
- A trade union can organise a strike under certain circumstances, whereas a workplace forum cannot.
- Non-union members can belong to a workplace forum.

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CHAPTER 18

REVISED NOTES 2025

HUMAN RESOURCE FUNCTION

This chapter consists of 11 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Explain the role of the human resources function. (Recap).
- Outline/Mention/Explain/Discuss the human resources activities e.g.:
  - Recruitment
  - Selection
  - Contracts
  - Induction
  - Salaries
  - Benefits
- Discuss/Explain the recruitment procedure.
- Discuss/Explain sources of recruitment e.g. internal and external sources.
- Discuss/Explain the selection procedure.
- Explain/Discuss the role of the interviewer during the interview.
- Outline/Mention aspects/content of the employment contract.
- Evaluate an employment contract from given scenarios and make recommendations for improvement.
- Explain the meaning of induction.
- Discuss/Explain the purpose of induction.
- Discuss/Explain the placement procedure
- Differentiate between gross and net pay.
- Outline/Mention/Explain different system of salary determination methods e.g. piecemeal and time related.
- Distinguish between piecemeal and time-related salary determination methods.
- Outline/Mention/Explain employee benefits.
- Explain/Discuss the implications of the following Acts on the human resources function:
  - Labour Relations Act (LRA) No.66 of 1995
  - Basic Conditions of Employment Act (BCEA) No.75 of 1997
  - Employment Equity Act (EEA) No.55 of 1998,
  - Compensation for Occupational Injuries and Diseases Act (COIDA) No.61 of 1997
- Identify the above-mentioned Acts from given scenarios and recommend ways in which the human resources function can comply with these Acts.

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1. TERMS AND DEFINITIONS

TERM	DEFINITION
Human Resource Function	The Human Resource Functions deals with all aspects within the organisation that relates to employees.
Job analysis	The term "job analysis" refers to the components of job description and job specification as it relates to employees within an organisation.
Job description	Describes the duties and responsibilities of a specific job.
Job specification	Describes the minimum acceptable personal qualities/skills/ qualifications needed for the job.
Recruitment	Recruitment is the process used by business to identify vacancies in the business and attract suitable candidates for it.
Internal recruitment	the process of recruiting suitable candidates inside an organisation to fill positions.
External recruitment	the process of recruiting suitable candidates outside an organisation to fill positions.
Interviewer	the individual that holds the interview conversation with a prospective employee.
Selection	To choose the best candidate to suite the position from a pool of applicants.
Employment contract	the contract of employment signed between the employer and employee when the candidate is appointed to a position.
Salaries	Workers are compensated for work done or services delivered.
Benefits	Compensation beyond a regular wage or salary of an employee or when a business are legally required to offer its employees.
Induction	Refers to the process of introducing new employees to the business and its related aspects
Placement	Process whereby a new employee is placed in a vacant position.
Gross salary	refers to an employee's salary before any deductions are made and paid into their bank accounts.
Net salary	refers to an employee's take-home salary after all deductions are made.
Piecemeal related salary	monies that workers are paid according to the number of items or units produced.
Time–related salary	monies that workers are paid for their time spent at work.

1 The meaning of the human resources function

- The human resources function is responsible for administering and controlling the workforce of a business to achieve its objectives.
- The human resources manager is responsible for performing the following activities:
  - Recruitment
  - Selection
  - Contracts
  - Induction
  - Salaries
  - Benefits

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2 Analysis of the human resources activities

2.1 Meaning of recruitment

- This is the process that is used by businesses to identify vacant positions within the business.
- The aim is to attract candidates with the prerequisite qualifications,
- knowledge, and experience so that they may be appointed in the vacant
- position(s).
- Recruitment is the process used by business to identify vacancies and attract suitable candidates for the job.
- It aims at finding candidates who have the necessary knowledge/ experience/ qualification to fill the vacancy.
- Businesses may choose to use an internal or external method of recruitment depending on the nature/requirements of the vacancy.
- It is an on-going process as employees leave their jobs for other jobs/get promoted /retire/as new technological skills are required.

Recruitment procedure

- The recruitment procedures commence with the preparation of a job analysis, which includes specifying a job description and job specification.
- The job description is prepared by the human resources manager (HRM) to identify the recruitment needs of the business.
- In order to attract suitable applicants to the business, the HRM specifies
- the requirements and key performance areas of the vacancy in the job specification.
- The HRM then decides on the method of recruitment that will be used by the business to ensure that the most suitable candidate is found for the vacant position.
- Either internal or external recruitment may be selected.
- Should the business not find a suitable candidate through internal
- recruitment, the HRM will prepare to recruit a suitable incumbent through
- external recruitment.
- The appropriate recruitment source will be determined for external recruitment and the HRM will prepare the advertisement for employment, which will be placed in the selected media to ensure that suitable candidates apply for the vacancy.

NOTE: The procedure can be in any order

Components of Job analysis

The meaning of Job analysis

- Job analysis refers to the process used to accumulate information about the duties, responsibilities, necessary skills, outcomes, and work environment of a job.
- Job analysis consists of the job description and job specification.

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Job Description	Job Specification
A documented description of the position and the work or duties to be performed.	A documented description of the prerequisite skills, qualifications, and experience needed for the position.
This is described as the nature, type of duties, and responsibilities associated with a specific position.	This is described as the personal qualities, skills, and qualifications required for a specific position.
Key performance areas and duties for a certain position, such as the job title and working conditions are stipulated in the job description.	Key aspects such as qualifications required, unusual work requests (like working over the Christmas period), and willingness to travel, are stipulated in the job specification.

Sources of recruitment

- The human resource manager must identify the sources he/she can use to recruit new employees.

There are two main recruitment sources:

Internal source of recruitment

- The business looks for a suitable person with the organisation.
- Refers to the use of internal sources to advertise vacancies inside the business
- Examples of sources of internal sources of recruitment:
  - Internal e-mails/Intranet/web sites to staff
  - Word of mouth
  - Business newsletter/circulars
  - Internal/management referrals
  - Notice board of the business
  - Internal bulletins
  - Recommendation of current employees
  - Head hunting within the business/organisational database

External source of recruitment

- The business looks for a suitable person outside the business
- Refers to the use of external sources to advertise vacancies outside the business
- Examples of sources of internal sources of recruitment:
  - Recruitment agencies
  - Billboards

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- Printed media, e.g. newspapers/flyers/magazines/posters
- Electronic media, e.g. radio/TV
- Social media/Social networks/Internet/Business websites
- Recruitment agencies
- Walk-ins
- Head hunting
- Professional associations
- Networking
- Educational/Training institutions
- Word of mount.

2.2 Meaning of selection

- Selection is done after recruitment where a business receives many application forms after advertising a job.
- Selecting a suitable candidate to fill a vacant position in a business is equal to the recruitment process in importance.
- The most suitable candidate to fill the vacant position is identified, shortlisted, and given the opportunity to attend an interview.

The selection procedure

- Determine fair assessment criteria on which selection will be based.
- Applicants must submit the application forms/curriculum vitae and certified copies of personal documents/IDs/proof of qualifications
- Sort the received CVs according to the assessment/selection criteria.
- Screen applications meet the minimum job requirements and separate these from the rest.
- Preliminary interviews are conducted if many suitable applications were received.
- Reference checks should be made to verify the contents of CV's, e.g. contact previous employers to check work experience.
- Compile a shortlist of potential candidates identified.
- Shortlisted candidates may be subjected to various types of selection tests e.g. skills tests
- Invite shortlisted candidates for an interview.
- A written offer of employment is made to the selected candidate.
- Inform unsuccessful applicants about the outcome of their application.

2.3 The role of the interviewer during the interview

- Allocate the same amount of time to each candidate.
- Introduce members of the interviewing panel to each candidate/interviewee.
- Make the interviewee feel at ease.
- Explain the purpose of the interview.
- Ask open ended work related questions.
- Do not mislead the interviewee.
- Provide an opportunity for the interviewee to ask questions.
- Close the interview by thanking the interviewee for attending the interview.

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2.4 Employment contract

- The employment contract is an agreement between the employer and the newly appointed employee and is legally binding.

2.4.1 Aspects/content of the employment contract

- The full name and address of the employer
- Signature of both employer and employee.
- Job title/position
- Job description.
- Job specification
- Working hours, e.g. normal time / overtime
- Overtime.
- Salary/Remuneration package.
- Termination of the contract
- The date of commencement of employment and the details of a probation period.
- Other types of payment(benefits)
- Details of deductions e.g., PAYE, UIF, Medical Aid etc.
- Frequency of pay-outs and methods used e.g. direct bank deposit

2.5 The meaning of induction/Orientation

- Once the successful candidate has accepted the job offer and signed the employment contract. The employee will go through a process of induction.
- The process of introducing the new employee to the business/ fellow colleagues/the work unit and the work that needs to be done.
- An overview of the business/the procedure at work/communication channels/general rules of the business are explained to the new employee.

2.5.1 The purpose of induction

- To introduce new employees to management/colleagues to establish relationships with fellow colleagues at different levels.
- Create opportunities for new employees to experience/explore different departments.
- Explain safety regulations and rules, so that new employees will understand their role/responsibilities in this regard.
- Communicate information about the products/services of the organisation
- Allow new employees the opportunity to ask questions that will reduce insecurity/anxiety/fear.
- Make new employees feel welcome by introducing them to their physical work space.
- Create a feeling of security.
- Create realistic expectations.
- Ensure that the new employee become productive as soon as possible.
- Inform new employees about the rules, policies, standard procedure, and communication channels.
- Make new employees to feel welcome.

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2.6 The placement procedure

- The new employee must be placed where he/she will add the most value to the business.
- The placement procedure outline specific responsibilities/expectations new position
- Determine the employee's strengths/weaknesses/skills/ interests by subjecting him to various psychometric tests.
- Determine the relationship/similarities between the expectations of the position and the competencies of the new employee

2.7 Difference between gross and net pay

2.7.1 Meaning of a gross salary

- Gross salary is the salary earned before any deductions are made.
- It includes all company contributions such as medical aid, pension fund or provident fund, and allowances.

2.7.2 Meaning of a net pay

- This is the amount of money that the employee takes home.
- It is the salary earned after any deductions e.g. income tax/retirement annuities/pension/ investments etc.

2.8 Salary determination methods

- There are different systems to determine how to pay employees.
- The suitability of the system will depend on the type of job
- There two types of salary determination methods namely:
  Piece meal and time related methods.

PIECEMEAL	TIME-RELATED
With this salary determination method, workers are paid according to the the number of items or units produced , for example, a worker will be paid for how many pairs of takkies they have produced for the day. 	With reference to the time-related method, workers are paid for the time that they spend at work or on a task. 

2.8.1 Difference between piecemeal and time related salary payment

PIECEMEAL	TIME-RELATED
• Workers are paid according to the number of items/ units produced /action performed.	• Workers are paid for the amount of time they spend at work/on a task.
• Workers are not remunerated for the number of hours worked, regardless of how long it takes them to make the items	• Workers with the same experience/qualifications are paid on salary scales regardless of the amount of work done.
• Mostly used in factories particularly in the textile/technology industries.	• Many private and public sector businesses use this method

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2.9 Employee benefits

2.9.1 Pension fund

- Long term savings for retirement.
- Fund that is maintained from monthly contributions by the employee and employer.
- Money is invested by the fund administrators to provide the member with a lump sum and monthly pension on retirement.
- Examples of pension: Government Employee Pension Fund [GEPF].

2.9.2 Medical aid

- Fund that is maintained from monthly contributions by employees and a subsidy by employers.
- The fund is accessed when a member or its dependent require medical attention.
- The fund will pay the medical service provider the full amount or a portion of the expense.
- Example of medical aid: GEMS; Discovery

2.9.3 Provident Fund

- Long term savings for retirement.
- Fund that is maintained from monthly contributions by the employee and employer.
- Money is invested by the fund administrators to allow it to pay the member a lump sum on retirement or resignation.

2.9.4 Allowances

- Amount of money paid by the employer to the employee for specific expenses to allow the employee to render a more effective service.
- Examples of allowances: car/cell phone/ tablet/travel allowances etc.
- Employees are taxed to the extent that they use these allowances for personal reasons

2.9.5 Unemployment Insurance Fund (UIF)

- This is a compulsory amount that every company pays for each employee.
- The employee is only required to pay 1% of the total income earned deducted from the employee's salary
- The employer pays the other 1%.
- The fund provides benefits to employees that lose their job or unable to work due to illness/pregnancy/adoption etc.
- The fund also contributes to dependents if the employee dies.

2.9.6 Housing subsidy

- The business pays part of part of the cost of the home
- Housing subsidies assist low-middle income groups to buy their own home

Examples of fringe benefits are:

– allowances, for example, car/travel/housing/cell phone/clothing
– funeral benefits
– performance-based incentives
– issuing of bonus shares
– staff discounts/free or low-cost meal/canteen facilities
– pension/provident fund
– medical aid
– Unemployment Insurance Fund
– housing allowance /subsidies.

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3 The implications of legislation on the human resources function

3.1 The implication of the Labour Relations Act on the human resources function

- Allow workers to form workplace forums/trade unions to promote the interests of all employees.
- Promotes orderly negotiations and employee participation in decision making in the workplace.
- Protects the rights of employees/employers as outlined in the Constitution.
- Promotes resolution of labour disputes.
- The human resources function should follow due processes such as the Commission for Conciliation, Mediation and Arbitration/(CCMA) and Labour Appeals Court before dismissing employees.

3.2 The implication of Basic Conditions of Employment Act on the human resources function

- Ensure that employees do not work more than 45 hours a week.
- Over-time is limited to a maximum number of 3 hours per day and 10 hours per week.
- Ensure that employees utilise 21 days consecutive leave per year.
- Ensure that employees are granted the 30 days sick leave in a three-year cycle.
- Meal interval for employees of 1 hour after 5 hours of work are adhered to.
- The human resource's function should not employ children under the age of 16.
- Employees should only work 9 hours per day in a 5-day work week or 8 hours per day in a 6-day workweek.
- Employees can take up to six weeks of paid sick leave during a 36-month cycle.
- Workers must receive double pay if they work during public holidays or on Sundays.

3.3 The implication of the employment Equity Act on the human resources function

- The human resources manager must guard against discriminatory appointments.
- Ensure that there is equal representation of all racial groups in every level of employment
- Promote equal opportunities and fair treatment.
- Ensure that diversity/inclusivity in the workplace is achieved.
- Prepare an employment equity plan in consultation with employees.
- Implement an employment equity plan.

3.4 The implications of the Skills Development Act on the human resources function

- The human resources function should interpret the aims and requirements of the SDA and adapt workplace skills training programmes accordingly.
- Identify the training needs of the employees and provide them with training opportunities so that they will perform their tasks efficiently.
- Assist managers in identifying skills/training needs to help them to introduce learnerships.
- Ensure training in the workplace is formalised /structured.

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