

BUSINESS STUDIES

REVISION BOOKLET

2025 TERM 2

Grade 10

This revision program is designed to assist you in revising the critical content and skills covered during the 2nd term. The purpose is to prepare you to understand the key concepts and to provide you with an opportunity to establish the required standard and the application of the knowledge necessary to succeed in the Final NSC examination.

The revision program covers the following topics:

- Business Sectors
- Contemporary Socio-Economic Issues
- Social Responsibility
- Forms of Ownership

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This revision booklet covers the **FOUR** topics that were taught in Term 2.

The first topic we will focus on is:

1. BUSINESS SECTORS

Key concepts

- **Primary sector:** deals with the extraction of raw materials and natural resources.
- **Secondary sector:** involves the process of transforming raw materials into finished or unfinished products.
- **Tertiary sector:** refers to industries that offer services to other businesses and consumers.
- **Formal sector:** businesses in the formal sector are registered businesses who pay taxes to the government.
- **Informal sector:** businesses in the informal sector refer to businesses that are not registered and do not pay tax on the profits of the business.
- **Private sector:** consists of businesses owned, managed, and controlled by individuals and organisations seeking to generate profit.
- **Public sector:** is the part of the economy, where goods and services are provided by the government or local authorities carrying out the task instead.

Introduction

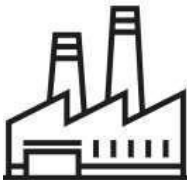
In Grade 9 Economic and Management Sciences (EMS) you learned about the Sectors of the Economy in Entrepreneurship. We will continue learning about these sectors but focus on:

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

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

1.1 Meaning of the primary, secondary and tertiary sectors.

Lower Order Question	1	Give examples of activities in the primary, secondary and tertiary sectors
Middle Order Question	2	Define/Explain the meaning of the primary, secondary and tertiary sectors.
Higher Order Question	3	

SECTOR	DESCRIPTION	EXAMPLES
Primary Sector 	● Obtain natural resources from nature ● Natural resources are sold to the secondary sector as raw materials ● Natural resources which are not man-made like coal, gold, fish, and livestock are extracted from this sector	● Mining ● Fishing ● Agriculture ● Forestry
Secondary Sector 	● Convert raw materials into final goods for consumption by the consumers ● It includes the manufacturing factories, construction, and energy generation	● Manufacturing industry ● Construction industry ● Generation of electricity ● Provision of water

Tertiary Sector 	- Refers to all industries that offer services to other businesses and consumers. - Also known as the services industry - It includes services from transport, banking, legal and health.	- Retailers - Wholesalers - Banks - Insurance - Transportation - Tourism - Hospitality industry
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1.2 The relationship between the primary, secondary and tertiary sectors.

Lower Order Question	1	
Middle Order Question	2	Explain/Describe/Discuss the relationship between these sectors.
Higher Order Question	3	

1.2.1 The sectors work together to create an ... chain of production.

1.2.2 The primary sector gathers the ..., the secondary sector ... the raw materials into useful goods.

1.2.3 The tertiary sector ... the goods or services and ... the activities of the primary and secondary sectors.

Example: Journey of a packet of lays chips through the three sectors

ACTIVITY	SECTOR
Potatoes are grown by Darling Potatoes.	Primary sector
The potatoes are sold to Simba.	
Simba uses the potatoes to manufacture Lays chips.	Secondary sector
Lays chips are sold to retailers like Shoprite/Checkers or Pick 'n Pay.	
Retailers sell the chips to the consumer.	Tertiary sector



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

Lower Order Question	1	
Middle Order Question	2	Define/Elaborate on the meaning of the formal and informal sectors. Give practical examples of each
Higher Order Question	3	

FORMAL	INFORMAL
Refers to all registered businesses, who pay taxes to the Government	Refer to those businesses that are not legally registered and do not pay tax on the income of the business.
Activities are included in the GDP figures of the country	Activities are not included in GDP figures
E.g., Large, and small businesses like Kentucky Fried Chicken/Shoprite 	- E.g., Provide services such as taxis or garden services OR produce leather handbags and beads. - Small stalls on street corners. 

PLEASE NOTE

GDP refers to the Gross Domestic Product. GDP is the total value of goods produced and services provided in a country for one year

1.4 Define/Elaborate on the meaning of the public and private sector

Lower Order Question	1	
Middle Order Question	2	Define/Elaborate on the meaning of the public and private sector
Higher Order Question	3	



PUBLIC SECTOR	● Refer to those industries that are controlled by the government and offer support services to the community. ● These services are under-valued by the market and government must therefore render the services to the citizens of the country. ● These services are often essential services ● Example: Waste removal, education, law enforcement, health etc.
PRIVATE SECTOR	● The main aim of businesses in the private sector is to make a profit ● The owners raise the capital to start the business. ● They also share in the profit of the business ● When government sell a business in the public sector to private sector the process is known a privatisation. ● Examples: Banks, Restaurants, Hotels, Retail stores, etc.

1.5 Main purpose of the public and private sector.

Lower Order Question	1	
Middle Order Question	2	Explain the main purpose of the public and private sector.
Higher Order Question	3	

The importance of the formal sector

- Business activities are included in the ... figures of the country.
- Businesses pay ... on their profits.
- People who are employed at businesses pay ... income tax.
- Provides ... to highly skilled, semi-skilled and unskilled labourers.

The importance of the informal sector

- Encourages ... and self-employment.
- Provides employment opportunities for communities and contributes to ... alleviation.
- People working in the informal sector gain ... experience, which enables them to apply for jobs in the formal sector.
- It is easy to enter this sector and serve the ... of individuals.

2. CONTEMPORARY SOCIO-ECONOMIC ISSUES

2.1 Key Concepts:

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

2.2 Meaning of socio-economic issues

Lower Order Question	1	Define the meaning of socio-economic issues
Middle Order Question	2	Elaborate on the meaning of socio-economic issues
Higher Order Question	3	

PLEASE NOTE

The use of the action verb determines the responses required and the marking principles that will be applied when assessing your responses.

Define and Elaborate: Split marking will be applied. One mark will be awarded for the fact and an additional mark for explanation of the fact.

Let's look at an example:

- Socio-economic issues are aspects that have a negative effect ✓ on the individual, communities, and business. ✓
- These issues are societal and economic factors ✓ in the macro environment. ✓
- Some of the socio-economic issues that South Africans face ✓ include inequality, ✓ poverty, inclusivity, **HIV/AIDS**, gambling, counterfeiting, bootlegging, strikes, political disturbances and crime.

2.3 Reasons why socio-economic issues could pose a challenge to business

Lower Order Question	1	
Middle Order Question	2	Elaborate on the reason why socio-economic issues pose a challenge to businesses.
Higher Order Question	3	



2.1: Complete the following statements by providing the missing word/concept

Businesses may not be well supported by customers because of their limited ... income

- Absenteeism of employees affected by HIV/AIDS will result in a decrease in ... of the business
- Counterfeiting, bootlegging and crime may lead to loss of ... for businesses
- Businesses may feel pressurised to offer corporate social responsibility ... in disadvantaged communities.
- This in turn could lead to increased business costs and decreased ...

2.4 Meaning of inequality and poverty.

Lower Order Question	1	Define the meaning of inequality and poverty.
Middle Order Question	2	Elaborate on the meaning of inequality and poverty.
Higher Order Question	3	



2.2: Use the list below to identify the statements that falls under Inequality and poverty:

- Arises when some individuals are more prosperous than others or are given better opportunities than other individuals in society.
- The lack of resources to meet basic human needs.
- Often gives rise to crime.
- Contributes to poverty in the country.

- People are not able to meet their basic human needs when they become unemployed or are retrenched.
- Some people have more money than others and can therefore access education, basic health care and social services.

Inequality	Poverty

2.5 Impact of inequality and poverty on businesses

Lower Order Question	1	
Middle Order Question	2	Explain/Discuss/Describe the impact of inequality and poverty on businesses.
Higher Order Question	3	



2.3: Complete the following statements by providing the missing word/concept

- Individuals and customers have less or no money to spend to buy basic goods and services which will influence the ... of business.
Poverty results in the continuation of the cycle of ... which can lead to an increase in crime affecting businesses negatively.
- Limited customer spending means that businesses record lower ... figures.
Businesses may not ... because of reduced sales figures.
- Businesses are pressurised by the media attention to poverty into ... in poor communities.

2.6 Inclusivity and the purpose of inclusivity in the workplace

Lower Order Question	Define the term “inclusivity”
Middle Order Question	Explain the purpose of inclusivity in the workplace
Higher Order Question	



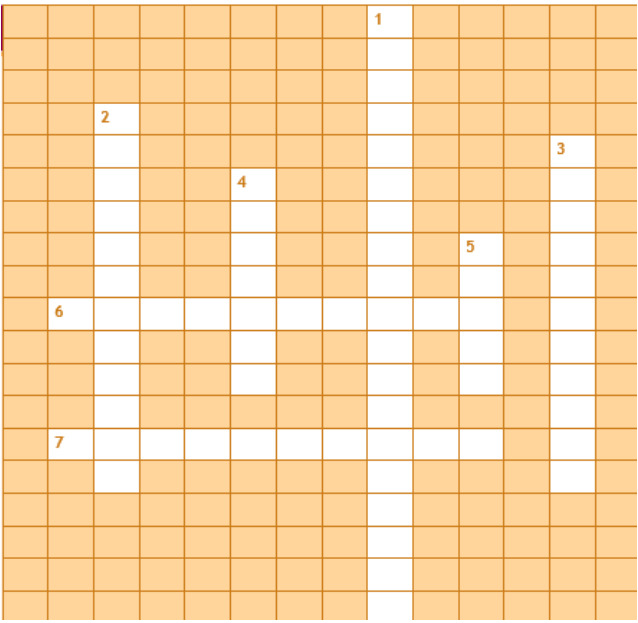
word, concept

2.4: Complete the following statements by providing the missing

Meaning of Inclusivity	• Inclusivity means that everyone should have access to ... opportunities irrespective of their race, gender, sexual orientation, disabilities, religion, and education.
Purpose of Inclusivity	The goal of inclusivity is to ensure that the business implements fair ... practices. It seeks to redress the ... of the past. Ensure that workplaces are created where people of different races, genders and religions can work ... to the benefit of the business. Ensure that their workforce is representative of the ... of the country. • Try to ensure that the physical business setting makes provision for individuals with ...



2.5: Complete the following word puzzle, by using the clues below:

	Down 1. Issues that negatively affect an individual's ability to support him/ herself. 2. This occurs when someone is actively looking for a job but cannot find one. 3. Equal access to opportunities irrespective of race, gender, religion, or disability. 4. The lack of resources to meet one's basic human need. 5. An example of socio -economic issue affected by high unemployment. Across 6. Business experience this when customers do not have money to spend on goods and services 7. The difference in income levels between rich and poor people.
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2.7 The negative impact of HIV/Aids on businesses.

Lower Order Question	1	
Middle Order Question	2	
Higher Order Question	3	Evaluate the negative impact of HIV/Aids on businesses.



2.6: Complete the following statements by providing the missing word/concept

- Reduced ... of affected employees
- Increased employee ... because of medical appointments for doctor or clinic visits.
 - An increase in staff ... for the business due to HIV related deaths
 - Additional ... for businesses when they need to hire and train new employees.
 - Businesses face high levels of absenteeism of employees who become ill or request to attend ...
 - Employees may experience low ... because of sick colleagues.



2.8 Different types of gambling

Lower Order Question	1	
Middle Order Question	2	Outline the different types of gambling
Higher Order Question	3	



2.7: Complete the following statements by providing the missing word/concept

Types of gambling	Explanation
1. Pyramid schemes	Pyramid schemes refers to businesses that may potentially yield high revenues for people who ... their money in them. • Individuals invest more and more money, but often only the individuals at the ... of the pyramid receive large sums of money.
2. Illegal gambling	Illegal gambling is when ... businesses offer gambling to the public. • Illegal gambling activities can also take place in poor communities such as when people play with die (dices) on street corners for money, or when individuals frequent unlicensed ...
3. Money laundering	• Money laundering is the process by which unlawful profits from ... are invested in valid businesses to cover up their wrongdoing. • The source of money is camouflaged and made to seem as if it was ... gained. • An example of money laundering is when the proceeds from illicitly earned money through drug trading is ... in a restaurant or laundry business

2.9 Impact of the different types of gambling on businesses

Lower Order Question	1	
Middle Order Question	2	Explain the impact of the different types of gambling on businesses
Higher Order Question	3	

PLEASE NOTE

When you are required to answer questions on the impact you could either provide only the advantages (positives); only disadvantages (negatives)/ or sufficient facts that cover both the advantages (positives) and disadvantages (negatives).



type Question - Socio-economic issues

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

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

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



Introduction	Paragraphs
- Start with the word "Introduction" as a heading. - Write an opening statement that links to the instructions of the essay question. - One general statement of two of the subheadings/or two general statements of one subheading. - Give TWO meaningful facts to obtain maximum marks: $(2 \times 1) = (2)$. - Do not repeat/use the words that are in the preamble.	- Do not write the word "Body" as a heading. - Use information in the bullet points below the preamble as headings in the body. - Break up the information into logical parts, making use of heading and sub-headings. - The maximum marks obtained for the body = 32 marks. - Don't repeat facts, get to the point. - Responses must be bulleted and in full sentences. - Put your statements in context.
Conclusion	LASO
- Start with the word "Conclusion" as a heading. - End your essay with ONE meaningful fact – not repeating what was said in the introduction/body: $(1 \times 2) = (2)$.	- Write the words Introduction and Conclusion to obtain full marks for layout. - Write sub-headings that appear in the question paper to obtain ONE mark for analysis. - Ensure that you write as many correct facts as you can that amount to at least 16 marks/more in the body to obtain another ONE mark for analysis. - Write only responses relevant to the questions asked to obtain two marks for synthesis. - Use at least TWO current examples to elaborate on facts to obtain two marks for originality.

2.10 Meaning of counterfeiting /bootlegging/strikes /political disturbance & crime

Lower Order Question	1	
Middle Order Question	2	Explain the meaning of counterfeiting; bootlegging; strikes; political disturbance & crime
Higher Order Question	3	



2.9: Match the above concepts with each of the following descriptions

	- Refers to unlawfully manufacturing fake goods for sale. - It also refers to the recording of live or broadcast performances without the permission of the performers and copyright holders. - Examples: fake Nike sneakers or fake Ray Ban sunglasses sold by vendors
	- Occurs when groups of people voice their objection to show their disapproval of the handling of different situations in the country. - People may protest because of the lack of service delivery in a specific area - Examples: Protests at universities about the slow rate of transformation and the exclusion of poor deserving students
	- The process of fraudulently manufacturing, altering, or distributing a product that is of lesser value than the original product. - Losses are incurred by businesses of the original product leading to an increase of prices.

	Examples: branded clothing, shoes, and soccer jerseys from the English league.
	- Extreme physical force exercised over someone to cause severe injury and grievous bodily harm or damage to property. - Violence may be caused by misunderstandings and frustrations of people due to living in poverty. - Examples: looting, xenophobic attacks, cash in transit heists and car hijacking.
	- Any prohibited activity that is punishable by law. - Refers to the loss of goods due to theft, corruption, abuse, hijackings, and burglaries. - It can also refer to the loss of goods due to theft, corruption, abuse, hijackings, and burglaries. - High poverty levels lead to an increase in the crime rate.
	- Occurs when employees refuse to work, usually to petition a specific issue. - The result of a dispute, such as employee grievances or the fear of being retrenched in the workplace. - Types: go-slows; lockouts; withdrawal of labour

2.11 Impact of the above-mentioned socio-economic issues on businesses.

Lower Order Question	1	
Middle Order Question	2	Explain/Discuss the negative impact of the above-mentioned socio-economic issues on businesses.
Higher Order Question	3	

Socio-economic issues	Disadvantages / Negative impact
1. Counterfeiting	- Due to the circulation of counterfeit products a decline in sales may be experienced by businesses. - Legal costs will increase business's expenses if legal action is taken against those involved in illegal activities. - Businesses may be forced to increase their prices to reduce the impact that illegal products may have.
2. Bootlegging	- Businesses will be affected negatively due to loss of sales. - The business will sell fewer authentic products, which will lead to lower profits for the business. - Businesses expenditure may be increased due to legal costs if legal action needs to be implemented.
3. Political disturbances	- Businesses may not be able to operate at full capacity due to high numbers of absent staff. - Employees may not be able to travel to work due to protest action and this may result in lower productivity for the business. - Smaller businesses may be forced to close if roads are blocked.
4. Strikes	- Strikes will result in production losses and reduction in sales. - Businesses may be forced to close operations after a strike. - Business may incur damages to their premises due to protests or protest action.
5. Crime	- Staff productivity is reduced at work. - Employees may require counselling after the occurrence of an incident

	resulting in higher costs for the business. Businesses located in crime hotspot areas will be poorly supported by customers resulting in decreased profits for the business.
6. Violence	- Violence has a negative effect on the workforce as it impacts on the safety and security of workers in the workplace. - The trauma that workers experience could result in a lack of productivity of the employee. - This may become costly as security measures such as installing security gates and burglar alarms are expensive to install and maintain.



2.10: Socio-economic issues

Read the scenario below and answer the questions that follow:

SAM MANUFACTURERS (SM)

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

2.10.1

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

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

Socio-economic issue	Motivations
1.	
2.	
3.	

2.10.2

Discuss the negative impact of EACH socio-economic issue identified in QUESTION 2.10.1 on SM

(12)

3. SOCIAL RESPONSIBILITY

3.1 Key Concepts:

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

3.2 Social responsibility and practical examples

Lower Order Question	1	Define the term "social responsibility" and give practical examples.
Middle Order Question	2	
Higher Order Question	3	



Complete the following statements by providing the missing word/concept

- Being socially responsible means that individuals take responsibility for the effects of their and lifestyle on the ... and on others.
- Social responsibility means that each person has a duty to act in the best interests of their environment and ... as a whole.
- Every individual and organisation can contribute towards the well-being of the ... and the environment in which they live.

Some of the most common examples of social responsibility include:

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



3.2:

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

MINKE SUPERMARKET (MS)

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

2.2.1.1 TWO examples of social responsibility from the scenario above. (2)

2.2.1.2 State on the meaning of social responsibility. (4)

3.3 Initiatives businesses can take to address socio-economic issues.

Lower Order Question	1	
Middle Order Question	2	
Higher Order Question	3	Recommend/Suggest initiatives businesses can take to address socio-economic issues.

PLEASE NOTE

The use of the action verb determines the responses required and the marking principles that will be applied when assessing your responses.

Recommend/Suggest: Two marks will be awarded for correct responses at the end of the correct statement/fact.

Let's look at an example

Poverty & Inequality

- Businesses can **support** poverty alleviation programmes that are offered by the government. ✓✓
- They can also **donate** things such as money or food parcels to local NGOs (Non-Government Organisations). ✓✓
- Some businesses may **invest** in young start-ups that could potentially be a competitor, buyer, or supplier. ✓✓
- Businesses can provide bursaries to matriculants for furthering their studies ✓✓
- Businesses could also **upskill** their employees through targeted training in the workplace. ✓✓



Complete the following statements by providing the missing word/concept

Inclusivity

Businesses should educate managers and employees on the benefits of ... in the workplace.

They should create new ..., from recruitment to performance evaluations and promotions

Businesses should also value individual ... in the workforce, and make employees feel welcome and accepted.

They should design the ... so that it is not segregating any employees based on their unique requirements and needs.

HIV/Aids

Businesses should conduct regular ... on the effects of HIV/AIDS on the employees and their peers.

They should initiate and develop ... programmes for infected/affected employees.

Businesses should also develop ... to deal with the issues around “stigma” and “discrimination.”

They should offer ... HIV/ AIDS testing and counselling in the workplace

Gambling

Businesses could conduct ... on dangers of gambling for their employees

They could also offer financial literacy ...to them.

They could refer employees to Gamblers Anonymous and the National Council on Problem Gambling to help gamblers fight their ...

Piracy

Businesses must raise ... of piracy.

They can protect their ... property and electronic inventions through copyright and patents.

Software product ... decrease end-user piracy.

Tamper-proof software is designed to protect software against ...

Counterfeiting/Bootlegging

Businesses must raise ... of counterfeiting.

They should secure a patent, trademark, or copyright, and ... these in other countries where counterfeit products may originate.

Businesses must use ... to make it easier to identify and stop counterfeiters by creating distinctive patterns using special devices to uncover fakes.

They should also track down and prosecute counterfeiters by ... the market.

Businesses should find uncomplicated ways for their customers to ... and report fake products.

Violence

Businesses should offer their employees an Employee Assistance Programme (EAP) that will enable them to seek help if they are experiencing ... problems.

Businesses could also provide ... facilities or refer employees to private counsellors.

Crime

Businesses should ... their employees to participate in community policing forums.

They should also become involved in ... projects within the local community.

Businesses could sponsor special sports programmes by providing ... assistance for special community events

3.4 Extent to which these initiatives have addressed the socio-economic issues

Lower Order Question	1	
Middle Order Question	2	
Higher Order Question	3	Evaluate the extent to which the above-mentioned initiatives have addressed the socio-economic issues

**3.4 Complete the following statements by providing the missing word/concept****Poverty & Inequality**

Income inequality and poverty in South Africa has ...

Shoprite provides immediate relief to address poverty through their mobile ... kitchens.

Woolworths' donations to schools and charitable organisations provides ... monthly contributions to address inequality and poverty.

Learnerships offered by ABSA addresses ... in the fight against poverty and inequality.

South Africa is making ... progress in reducing poverty.

Inclusivity

Progress remains ...

Many businesses continue struggling to ... their workforces.

HIV/Aids

Since the start of the Treatment Action Campaign (TAC) campaign in 1998, there has been greater ... and support for HIV/Aids.

This has contributed to the ... in the numbers of people dying of Aids and/or being affected by HIV/Aids

Gambling

The initiatives had very little ... on the level of gambling

The number of people that participates in gambling have ... marginally the past decade

Piracy

Piracy is a common occurrence in most ...

The ... provides pirates with a new and powerful means to sell

Counterfeiting/Bootlegging

The ... scale for counterfeit goods is large, and it has grown since previous estimates.

This ... is expected to continue.

Violence

South Africa ranks as the 10th worst ... in the world for violence reduction.

Crime

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



3.5: Various options are provided as possible answers to the following questions. Choose the correct option.

- 2.5.1 This refers to individuals that have a duty to act in the best interests of their environment and society.**
- A.** Corporate social responsibility
 - B.** Environmental responsibility
 - C.** Social responsibility
 - D.** Socio-economic issues
- 2.5.2 Businesses should create distinctive patterns using special devices to uncover fake products as an initiative that addresses ...**
- A.** bootlegging.
 - B.** inclusivity.
 - C.** piracy.
 - D.** political disturbances.
- 2.5.3 The following initiative may be taken by businesses to address violence.**
- A.** Businesses should encourage their employees to participate in community policing forums.
 - B.** Businesses should continually strive to address challenges through improved relationships with their employees.
 - C.** Businesses must raise awareness of piracy.
 - D.** Businesses could provide counselling facilities or refer employees to private counsellors.
- (3 × 2)



3.6: Socio-economic Issues

- 3.6.1. Read the scenario below and answer the questions that follow:

THABO MANUFACTURERS (TM)

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

- 3.6.1. Identify TWO initiatives that Thabo Manufacturers implemented to address HIV/AIDS as a socio-economic issue. (2)
- 3.6.1.2 Explain other initiatives that TM can take to address HIV/AIDS. (6)
- 3.2.6. Recommend initiatives businesses can take to address the following socio-economic issues:
- 3.6.2.1 crime (4)
- 3.6.2.2 gambling (4)
- 3.6.2.3 inequality and poverty (4)

4. FORMS OF OWNERSHIP

4.1 Key Concepts:

- **Form of ownership:** the legal position of a business and the way it is owned.
- **Continuity:** continue to exist even if a change of ownership takes place, for example, a member or shareholder dies or retires.
- **Securities:** shares and bonds issued by a company.
- **Limited liability:** a legal status where a person's financial liability is limited to an amount invested in the business.
- **Unlimited liability:** business owners are responsible for all the business debts.
- **Memorandum of Incorporation (MOI):** a document that sets out the rights, duties and responsibilities of shareholders, directors, and other stakeholders within the business.
- **Proprietor:** the owner of a business.
- **Partnership:** an agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals.
- **Co-operative society:** a voluntary association started with the aim to meet their common economic/social needs/aspirations through a jointly owned and democratically controlled enterprise.
- **Company:** a type of business structure that has a separate legal entity from its owners.
- **Profit companies:** a business entity whose aim is to generate profit from the regular operations.
- **Non-profit company:** a company incorporated for public benefit.
- **Public company:** a company whose shares are traded freely on a stock exchange.
- **Private company:** a company whose shares may not be offered to the public for sale.
- **State-owned company:** a legal entity that is created by the government to participate in commercial activities on its behalf.
- **Prospectus:** a document inviting the public to buy securities/shares.
- **Annual General Meeting (AGM):** a meeting is held once a year where the shareholders receive a report stating how well or poorly the company has done.
- **Directors:** people elected to the board of a company by the shareholders to represent the shareholders' interests.
- **Audit:** a process where financial statements of the business are checked to confirm that they are correct

4.2 Different Forms of Ownership

Forms of ownership: Forms of ownership refers to the legal position of the business and the way it is owned.



You will not be assessed on Closed Corporations

4.3 Difference between profit and non-profit organisations/companies

Lower Order Question	1	
Middle Order Question	2	Outline/Explain the differences between profit and non-profit organisations/companies
Higher Order Question	3	



4.1: Indicate which of the following refers to Profit and Non-Profit Companies

- This company is formed for charity purposes or to promote social and cultural activities.
- This company is formed with one aim of making a profit.
- A company incorporated for financial gain for its shareholders
- A company that is an association incorporated not for gain.
- Organisations that are not required to pay taxes on net income.
- Organisations that are responsible for paying taxes based on their profit.

Profit Companies	Non-Profit Companies
•	•
•	•
•	•

4.4 Meaning of different forms of ownership

Lower Order Question	1	Define the meaning of different forms of ownership
Middle Order Question	2	
Higher Order Question	3	



4.2: Forms of Ownership: Provide the missing word/s to complete the statements below

Forms of Ownership	Meaning
1. Sole Trader / Proprietor	A sole trader is a business that is owned and managed by ... person. The owner is responsible for the activities and ... of the business. The sole trader mainly depends on his own ... and the business is generally a small-scale business.
2. Partnership	A partnership is an ... where parties, known as business partners, agree to form a business for their mutual interest. It is an agreement between two or ... people who combine labour, capital, and resources towards a common goal. The ... may be individuals, businesses, or combinations. Partners share the responsibility of the business, and they share the financial and management ... of the business.
3. Close Corporation	A close corporation (CC) is a legal entity with a ... personality. It is a business that is owned by members and can have between one and ... members. The CC can be ... by individuals and/or other entities. The word 'close' means that all members are involved and participate in its ...

4. Private Company	A private company is a company whose shares may not be offered to the ... for sale. It is a legal ... and its operations are less strict than those for a public company. A private company is a company that is privately held for ... businesses. It must register as a ... in its own right.
5. Personal Liability Company [PLC]	A personal liability company is mainly used by ... such as lawyers and accountants. The ... of the personal liability company ends with Inc. Directors of the company, as well as previous directors, will be responsible for the ... of the company.
6. Public Company	The public company is a company that is registered to offer ... and stock to the general public. Public companies are trading in an ... market called the Johannesburg Securities Exchange to raise capital. Ownership of a public company is distributed among ... through the free trade of shares and stock.
7. State Owned Company [SOC]	In a state-owned company, the ... is a major shareholder, and it falls under the Department of Public Enterprise. These companies perform specific ... and operate in accordance with a particular Act. They take on the role of ... enterprise on behalf of the government. Examples of state-owned companies includes SAA, Eskom, Transnet
8. No-Profit Company [NPC]	A non-profit company is a legal entity organised and operated for a collective, public or ... benefit. They include churches, charity organisations, and cultural organisations. The primary objective of an NPC is to ... the public, not to make a profit.
9. Co-operatives	A co-operative society is a ... association that is established with the aim of service to its members. It is a form of business whereby people with similar ... link for promotion of common goals. A co-operative is a traditional way for a group of interested parties to get together and ... resources/ infrastructures and costs to achieve a better outcome.



You should be able to identify forms of ownership from given case studies/scenarios/ cartoons/pictures

4.5 The characteristics/advantages/ disadvantages of each form of ownership

Lower Order Question	1	
Middle Order Question	2	Outline/Explain/Describe/Discuss the characteristics/advantages/disadvantages of each form of ownership
Higher Order Question	3	

Summary of the characteristics of the different forms of ownership

FORM OF OWNERSHIP	NAME OF BUSINESS	FORMATION PROCEDURE	NUMBER OF OWNERS	CONTINUITY OF EXISTENCE	PERSONAL LIABILITY	PROFIT SHARING
Sole trader	None	Easy and cheap	One	Lacks continuity in the event of death or illness.	No legal personality	All to the owner
Partnership	None	Partnership agreement is needed	Minimum two	Dissolved upon death of one of the partners	No legal personality	Shares amongst partners as per the agreement
Close Corporation	Ends with letters CC	Founding statement registered with registrar CK1	One to ten members	Unlimited continuity	Separate legal personality	Share amongst owners
Private company	Ends with letters PTY (LTD)	Register by drawing up Memorandum of incorporation.	Minimum one	Unlimited continuity	Separate legal personality	Profits are shared in the form of dividends
Public company	Ends with letters LTD	Register by drawing up Memorandum of Incorporation.	Minimum one	Unlimited continuity	Separate legal personality	Profits are shared in the form of dividends
State-owned Company	Ends with the letters SOC	register by drawing up Memorandum of Incorporation.	One or more shareholders	unlimited continuity	Separate legal personality	No share in the profit
Non-profit company	Ends with NPC	register by drawing up Memorandum of Incorporation.	One or more shareholders	unlimited continuity	Separate legal personality	All profits used for the primary objective of the NPC.
Personal Liability Company	Ends with INC	Register by drawing up memorandum of incorporation	One or more shareholders	unlimited continuity	No Separate legal personality	Profits are shared in the form of dividends
Co-operative	Ends with Co-operative Limited'	Register with the registrar of Co-operatives Societies	Minimum of five members	Unlimited continuity	Separate legal personality	Profits are shared equally amongst members



4.3: Forms of Ownership

4.3.1 Outline the characteristics of a sole trader. (6)

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

MERCY DRESSMAKER (MD)

Mercy Dressmaker specialises in the latest ladies' styles. Mercy is the owner of the business. Matome, the owner of a gents outfitters requested Mercy to form a joint business venture that will be named M & M Boutique.

4.3.2.1 Identify TWO forms of ownership that are mentioned in the scenario above. Motivate your answer by quoting from the scenario.

Use the table below as a GUIDE to answer QUESTION

4.3.2.1

FORMS OF OWNERSHIP	MOTIVATION
1.	
2.	

4.3.3 Explain the differences between the TWO forms of ownership identified in QUESTION

4.3.2.1

(6)

(8)

[20]

4.6 Differences between the different forms of ownership.

Lower Order Question	1	
Middle Order Question	2	Distinguish/Differentiate between different forms of ownership.
Higher Order Question	3	



The differences/distinctions do not have to link but they must be clear.

Sole Trader	Partnership
- A sole trader is an individual who owns a business entirely by him/herself. - Decisions can be taken quickly since it is being taken by one person. - The profit goes to the owner.	- A partnership comprises two or more people intending to make a profit - There may be a delay in decision-making since the input of all partners is needed. - Profit is shared amongst the partners according to the partnership agreement.



When asked to list differences, the answer does not have to be in tabular format, but the differences must be clear.

Private Company	Public Company
• May not offer shares to the general public.	• Trades its shares publicly on the Johannesburg Securities Exchange (JSE).
• Shares are not freely transferable.	• Shares are freely transferable.
• Minimum of one director.	• Minimum of three directors.
• Name must end with Proprietary Limited/(Pty) Ltd.	• Name must end with Limited/Ltd.
• Annual financial statements need not be audited and published.	• Annual financial statements need to be audited and published.
• Does not need to publish a prospectus as it cannot trade its shares publicly.	• Must register and publish a prospectus with the Companies and Intellectual Property Commission /CIPC

4.7 Different types of co-operatives

Lower Order Question	1	Name the different types of co-operatives
Middle Order Question	2	
Higher Order Question	3	

1. Housing co-operative	2. Worker co-operative	3. Social co-operative	4. Agricultural co-operative
5. Co-operative burial society	6. Financial services co-operative	7. Consumer co-operative	8. Transport co-operative

Characteristics of co-operatives

- A minimum of five members is required to start a co-operative.
- The words 'Co-operative Limited' must appear at the end of its name.
- They have a democratic structure, with each member having one vote.
- They are motivated by service rather than profit.
- They are managed by a minimum of three directors.
- Members own and run the business together and share equally in its profits.
- It is a legal entity and can own land and open bank accounts.
- Must register with the Registrar of Co-operatives Societies.
- The objective of a co-operative is to create mutual benefits for its members.

Advantages of co-operatives

- Access to resources and funding.
- Decision-making is done by a group.
- Members have limited liability.

- The decisions are democratic and fair.
- Co-operatives have continuity of existence.
- Profits are shared equally amongst members.
- Each member has an equal share in the business.
- A co-operative can appoint its management.
- Members are motivated because they are working for themselves.
- Can gain extra capital by asking its members to buy shares.
- Resources of many people are pooled together to achieve common objectives.

Disadvantages of co-operatives

- Difficult to grow a co-operative.
- Shares are not freely transferable.
- Very few promotion positions for staff.
- Decisions are often difficult to reach and time-consuming.
- It can be difficult to get a loan because their main objective is not always to make a profit.
- The success of co-operatives depends on the support of the members.
- All members have one vote regardless of the number of shares held.