# Futher Education and Training: Grade 12 (FET) BRIGHT IDEAS Revision Booklet BUSINESS STUDIES



basic education Department: Basic Education REPUBLIC OF SOUTH AFRICA







# BUSINESS STUDIES GRADE 12 LEARNERS Revision Booklet 2017



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#### FOREWORD

#### Message from the Minister of Basic Education



Message to Grade 12 learners from the Minister of Basic Education

"Matric" (Grade12) is perhaps the most important examination you will prepare for. It is the gateway to your future; it is the means to enter tertiary institutions; it is your opportunity to create the career of your dreams.

It is not easy to accomplish but it can be done with hard work and dedication; with prioritising your time and effort to ensure that you cover as much content as possible in order to be well prepared for the examinations.

I cannot stress the importance and value of revision in preparing for the examinations. Once you have covered all the content and topics, you should start working through the past examination papers; thereafter check your answers with the memoranda. If your answers are not correct, go back to the Mind the Gap Series and work through the content again. Retest yourself. Continue with this process until you get all the answers right.

The Bright Idea....getting exam ready Booklet will allow you to do this in a systemic way. It has been developed to assist you to achieve a minimum of 40% in the examinations, if you work hard and follow the advice and guidance provided in the book. I also urge you to continue with the next section that deals with an additional 20%, which will ensure you have covered the basics to achieve 60%.

Use this valuable resource which has been developed especially for YOU, work hard, persevere, work every day, read and write every day to ensure that you are successful.

I have faith that you can do this. Remember "SUCCESS" depends on the second letter, "U".

**Best Wishes** skgetry

MRS AM MOTSHEKGA, MP MINISTER OF BASIC EDUCATION DATE: 24/02/2017

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# 2 How to use this Revision Booklet

This booklet should be used as "pocket book" because it is simple, easy to carry, easy to use and understandable.

The aim of this pocket book is to highlight the simple questions where candidates can collect about 60% of their marks.

It guides the candidates on the important aspects to consider under each topic, such as concepts/diagrams / illustrations/cartoons.

It should be used in conjunction with other prescribed textbooks and sources where detailed information is provided before answering the questions provided

The Business Studies Mind the Gap is an important source to use to study the summary of topics and how answers are to be crafted

Learners should understand the action verbs in order to know how to respond appropriately to the question. For example; mention, comment, and demonstrate.

The Revision Booklet does not cover the entire CAPS curriculum. It focuses on questions where you can earn easy marks.

# **EXAMINATION TIPS**

HELPFUL HINTS AND A STEP BY STEP WALK INTO THE EXAMINATION ROOM AND HOW TO APPROACH YOUR FINAL EXAMINATION PAPER

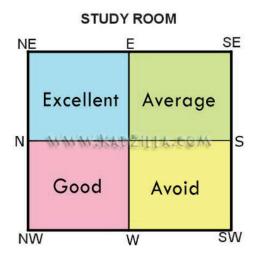
**STUDY TIME!** 



THIS IS YOUR CHANCE TO CHANGE THE REST OF YOUR LIFE...MAKE USE OF IT!!'

THE QUESTION IS ?????

WHAT CAN I DO TO MAKE SURE I CAN WRITE THE LAST BUSINESS STUDIES PAPER BEFORE MY NEW LIFE STARTS?



HINT....!

START BY HAVING YOUR OWN LITTLE CORNER AND ASK YOUR FAMILY TO SUPPORT YOU IN YOUR STUDIES WORK OUT A STUDY TABLE AND STUDY 45 MINUTES THEN TAKE A 10 MINUTE BREAK



Get up and TACKLE YOUR NEXT STUDY SESSION WITH

CALMNESS.....PURPOSE......A WILL TO LEARN!!!

-2.0

Guidelines for answering the Business Studies Question paper from the National Examination Guideline for Business Studies

USE THE BUSINESS STUDIES EXAMINATION CHECKLIST PROVIDED AT THE BEGINNING OF EACH MAIN TOPIC TO ENSURE THAT YOU HAVE COVERED ALL TOPICS THAT CAN BE ASSESSED IN BUSINESS STUDIES

• FOLLOW THE FORMAT OF THE BUSINESS STUDIES PAPER

- Make sure that you know the structure/format of your paper.

#### A brief outline:

The paper is out of **300 marks** 

You will have 3 hours to complete the paper

The paper consists of 3 Sections:

#### SECTION A: Question 1:

**Compulsory Short questions** 

Can be multiple choice, choose the correct word in brackets, matching columns or any other short question.

SECTION B: In this section you MUST choose ANY 3 (THREE) QUESTIONS FROM THE GIVEN 5 QUESTIONS

#### MARKS FOR SECTION B: 180 MARKS

#### You must choose between:

Question 2: Main Topic 1- Business Environments

Question 3: Main Topic 2 - Business Ventures

Question 4: Main Topic 3 - Business Roles

Question 5: Main Topic 4 - Business Operations

Question 6: Miscellaneous which means a mix of questions equally from Main topic 1,2,3 and 4

To be able to make the best choices you must use the 10 minutes **reading time** when you receive your paper to **decide which 3 questions** you will be the best at.

**Important:** Make your decision and STICK to your decision. **DO NOT** waste time when the clock starts by changing your choice!!

This will cost you marks!! Even if you do not answer one of the shorter questions too well STICK to your choice!! You simply do not have time to change.

**REMEMBER: ONLY WRITE THE ANSWERS TO THE THREE QUESTIONS REQUIRED IN SECTION B.** ONLY THE ANSWERS OF THE FIRST THREE QUESTIONS OF SECTION B WILL BE MARKED

#### SECTION C: ANSWER ONLY 2 QUESTIONS (FROM THE GIVEN FOUR QUESTIONS)

#### You will have 2 choices from 4 questions.

Apply the same rule as for Section B.

HINT: Make your choice during your reading time and STICK to your choice.

# WHEN ANSWERING YOUR ESSAY QUESTIONS:

**Remember: THE SAME** fact that you write down in the introduction will not be marked again in the body or conclusion

# NOW YOU ARE GOING TO START WRITING!

YOU HAVE MADE YOUR CHOICES AND THE INVIGILATOR TEACHER SAYS .... YOU MAY START'

SO BE READY AND MAKE BEST USE OF YOU KNOWLEDGE, TIME AND CONFIDENCE IN YOUR HARD WORK.

Remember to number your questions clearly. If you number incorrectly your questions will NOT be marked!!!



## IMPORTANT: WHAT I MUST NOT DO?

#### **DO NOT MIX ANSWERS**

When starting a question make space for all sub-questions before starting a next question e.g.:

**Question 2:** 

2.3 xxxxx

2.4 xxxxx

2.5 xxxxx

#### **Question 3**

3.1 xxxx

3.2 xxxx

2.1 xxxx

2.2 xxxx

3.3 xxxx

#### Question 4

- 4.1
- 4.2
- 4.3

3.4

3.5

#### WHAT I MUST DO: THE CORRECT WAY OF ANSWERING

#### Section B.

Question 2.

- 2.1 Leave a space for answering later
- 2.2 Leave a space for answering later
- 2.3 xxxxx
- 2.4 xxxxx
- 2.5 xxxxx
- 2.1 Space for answering later
- 2.2 Space for answering later

## MORE VALUABLE HINTS ON ANSWERING A BUSINESS STUDIES QUESTION PAPER

It is recommended that you start answering Section A: Question 1 Remember you can get a definite 40 marks from this section!

To prepare for this section you must

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VERY IMPORTANT !!!!



- Read and understand the statement/question given before you choose your answer.
- know your work really well
- answer as many previous question papers as possible as well as the practice questions in your textbook
- These questions cover all the topics for the year.

Try your best in this section.





- **TIME** be aware of time. Think wise, number correctly.
- WRITE clearly. Do not scratch out. Draw a neat line through an answer you want to cancel. Answer in full sentences when required. Explain using relevant facts/points.
  - Write complete answers to a specific question. When choosing Question 2. Do not start with 2.1,2.2 and leave 2.3 out and answer it anywhere in the scripts for example behind Question 3. Rather leave a space for 2.3 and come back to the answer later.
- Follow the mark allocation and time allocated to a question in the front of the question paper. This serves as a guide to keep time and to complete your paper in time.
- Read all question carefully. If the question is not clear to you take a few minutes to read it again.
- Do not just write any answer you memorized when you see a topic you know. Read what is required about the topic then answer. If you write an answer you have memorized from a previous paper you will NOT benefit because many questions can be asked from the same topic.
- Below find a copy of the Classification of Sub-topics according to Main Topics.

When studying take note of which sub-topics belong to which Main Topics. This can make your choice easier when choosing questions for Section B and C. Remember that for Section A, a mixture of the different Main and Sub-topics will be asked.

CLASSIFICATION OF MAIN TOPICS AND TOPICS						
BUSINESS ENVIRONMENT	BUSINESS VENTURE	BUSINESS ROLES	BUSINESS OPERATION			
Recent legislations	Management and leadership	Professionalism and Ethics	Human Resource Functions			
Develop op Business Strategies	Investments securities	Creative thinking	Quality of Performance			
Business Sectors	Insurance securities	Corporation Social Responsibility Corporate Social Investment	0			



		A CONTRACT OF CONTRACT.
Forms of ownership	Human rights, inclusivity and environmental issues	
Presentation of Business Information	Team performance Conflict management Problem Solving	

- At the end of this guide is a GLOSSARY of Business Studies concepts and terms that can help you to study. Remember these are only a few that should be used as a guide to set up your own glossary when studying.
- Ensure that at the end of this revision the empty glossary spaces are completed and add lines if you still have other terms/concepts/terminology/definitions that you need to list.

#### EXAMINATION TECHNIQUES FOR BUSINESS STUDIES

Apply of the pillars of English in Business Studies when writing an examination – the Planning and the Writing after Reading Questions from the Question paper

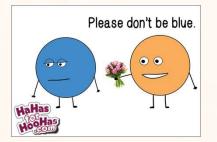
#### Essay writing in Business Studies (SECTION C IN THE FORMAT OF THE END OF THE YEAR QUESTION PAPER)

#### ESSAY TYPE QUESTIONS CONSIST OF:

- 1. An introduction
- 2. Body Main content section: make use of heading, sub headings and paragraphs
- 3. Recommendation when the question requires this only, write this as a new paragraph

#### **USEFUL HINTS**

- Make sure you use the layout of essay, correct grammar, use of heading, sub-headings, paragraphs and creative writing using subject knowledge.
- Marks (8), are allocated for the layout and structure, analysis, synthesis and the originality of the application which will be incorporated in the format for essay questions.
- Please note:
- The more you practice the writing of different questions the better you will perform in the final examination!



#### **EXAMINATION TECHNIQUES**

- Different main-topics and sub-topics can be combined within one question
- Look for the verb(s) in the question:
- Mention/List/Name/Suggest/Identify/Describe give direct answers without discussions
- Examples of these questions:
- Section B type questions e.g.

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Write down the full term for the abbreviations BBBEE. (2)

State 6 functions of the trade unions





#### Describe 5 characteristics of a successful team.(10)

• Discuss/Evaluate/Analyse – give more information on the fact(s) you have mentioned in List/Name type questions

#### Example of essay type questions:

- <u>Describe</u> the principles of ethical and professional behaviours.
- <u>Evaluate</u> the issues that pose challenges to the business environment in terms of ethical and professional behaviour and
- <u>Comment</u> on its application in the business enterprise.
- ✓ **Before** Answering the question:
- READ and UNDERSTAND the question
- Underline the verbs it usually gives you the sub-headings in the main content section of the essay.
- Understand the verb before attempting the question.
- Ask yourself ... Must I : e.g. Describe ....motivate....discuss.....motivate.....compare using examples.....evaluate..... comment.....and make suggestions/recommendations.

#### LINK

10

The question to the relevant content. AND decide what must be done with the content information.

Must I discuss concepts?

Must I motivate concepts and/or give examples? Can I give examples?

Must I evaluate the issues of the topic?

Can/must | Comment on the issues of the question raised???...

If I analyse what are my recommendation/s/conclusion/s based on the facts given and discussion?

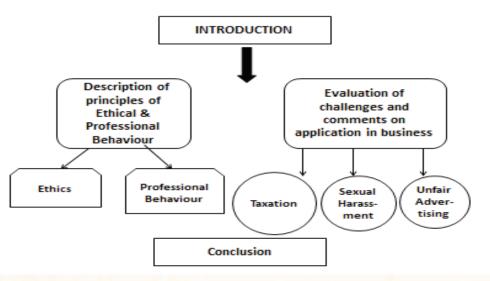
#### The main content section will now consist of three sections, namely

#### Start the essay with an introduction

- Write two sentences introducing the topic/zoom into the question
- Use the verbs to separate your main content section into heading/sub-headings.
- Put enough flesh (explanation) into each paragraph by providing enough information to answer the question(s).
- Use a planning grid like for an English essay to prepare for the writing of the essay. See the planning grid below.

Count your smiles instead of your tears, count your courage instead of your fears.

# EXAMPLE OF A PLANNING GRID



- Using the planning grid as reference, compile your answer.
- Remember! Write in full sentences and answer the question. Do not write nonsensical sentences.
- Determine if it is necessary to make recommendations or comments. If so, include another paragraph starting with: 'I recommend that .....
- Facts: Marks allocated to the introduction, main content section, recommendations (where required) and conclusion, to a maximum of 32 marks.

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\*Please take note of the descriptions of each

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# ESSAY ANSWER AN EXAMPLE OUTLINE

INTRODUCTION (Share your ideas on this topic to interest and prepare the reader/marker that is going to read/mark your essay)

- Enterprises realise that they cannot exist in isolation, but interact with the various environments.
- Codes of practice have been developed to ensure that these issues are being addressed/

CONTENTS (Write down your headings and sub-topics you are going to elaborate on in the contents)

Description of concepts/principles

Ethics refer to a set of values that are morally acceptable in society which define right, good and fair actions.

Business ethics refers to rules and principles which influence the best business practice

Professional behaviours:

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This is a set of standards of expected practices for example treating people with respect. Specific occupational practices have developed their own code of professionalism

- Taxation is a practical example of challenges businesses are faced with. Professional behaviour for business with regards to taxation would be not to evade paying tax which the government regards as revenue to provide essential services such as housing, education, medical care and infrastructure development. Tax evasion is illegal in South Africa and is regarded a crime and a punishable offence with a fine or even a prison sentence.
- Tax collection has improved and exceeded budget expectations due to the implementation of the SAP system.

**Other challenges** are sexual harassment, unfair advertising, unauthorized use of funds, abuse of working time and other factors (name and discuss them)

- CONCLUSION (After your discussions and elaboration under the contents make
- Policies and legislation which have been implemented must be continually monitored
- And improved to lead to a successful business.

NOTE: Each challenge must be discussed in the same way as taxation. Remember to score insight marks and try to provide examples.

# **ESSAY QUESTIONS TO PRACTICE**

#### **Question 1:**

Legislation in South Africa makes provision for THREE types of compulsory insurance which provide security and indemnity for claimants.

#### With reference to the above statement, write an essay in which you discuss the following:

Give a detailed explanation of the key provisions of any TWO compulsory insurance.

Distinguish between compulsory and non-compulsory insurance and explain why only certain types of insurance should be made compulsory.

#### WHAT TO INCLUDE IN YOUR ANSWER [EXAMINATION TIPS]

- Introduction
- Give a detailed explanation of the key provisions of any TWO compulsory insurance.
- Distinguish between compulsory and non-compulsory insurance
- Explain why only certain types of insurance should be made compulsory.
- Conclusion

#### Question 2:

Briefly distinguish between management and leadership and then discuss THREE different management and leadership styles that bring outstanding success to the business. Use examples to explain the application of these styles in the workplace

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#### HINT

Use the planning grid and the format for answering essay type questions, write the essays given for practice and have your teacher mark them for you.

#### Suggestion:

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You can form a study group and you can mark each other's essays and help each other to get it right!!!

# **DEVELOP A GLOSSARY OF BUSINESS STUDIES TERMINOLOGY**

GLOSSARY

SOME BUSINESS STUDIES CONCEPTS AND TERMS PER MAIN TOPIC:

The list given below is not exhaustive (there are many more concepts). This can assist you to make a list of concepts when studying to help you to remember the different concepts and terms used in Business Studies. If you want to look up a word quickly and you have access to the internet you will find the Business Studies concepts below and many more on the following website:

www.thutong.doe.gov.za and refer to Business Studies.

### MAIN TOPIC 1: BUSINESS ENVIRONMENT

a 4 Amhantanha	WORD/PHRASE	DEFINITION/EXPLANATION
6 1 2 Inntraduationthant	Micro environment	This refers to the internal environment which is the environment within the business. This includes the people who work in the business, the equipment and technology they use, and the systems they have developed to manage their work and how they function from within the business environment
	Vision statement	A vivid idealized description of a desired outcome that inspires, energized and helps you create a mental picture of your target,
	Mission statement	A statement of the purpose of a company. The mission statement should guide the actions of the organization, spell out its overall goal, provide a path and guide decision-making.
7	Aims and goals	A aim is where the business wants to go in the future, its goals. It is a statement of purpose
	Business objectives	These are the stated, measureable targets of how to achieve business aims.
	Market environment	The Market environment influences the organization directly. It includes sectors with which the organization interacts directly and that have a direct impact on the organizations ability to achieve its goals.
	Macro Business Environment or the Macro Environment	The major external and uncontrollable factors that influences an organization's decision making, and affect its performance and strategies.
	Business Strategies	The business strategy shows what and how the business wants to achieve and how it will achieve. It includes the purpose of the business, the goals and objectives and the methods of how the goals and objectives will be achieved.
	Strategic evaluation	Evaluation of the different business strategies
	Formulation of strategies	Once a clear picture of the business and its environment is in hand, specific strategy alternatives can be developed or formulated.
	Backward vertical integration	Integration strategy – where one business further forward in the chain of production buys another business which is further back in the chain
	Conglomerate merger	Where two businesses merge which have no common business interests
	External growth	An increase in the size of a business achieved through the purchase of other businesses
	Forward vertical integration	Integration strategy – where one business further back in the chain of production buys another business which is further forward in the chain
	Horizontal integration	Integration strategy – where two businesses join together thorough merger or takeover which is at the the same stage in the chain of production

			C. MARINE
Internal growth	take-over of the business profits, sales and employ	but due to the ex ment	is not achieved through a sisting business's increasing
Merger	When two or more busine	esses join togethe	er to form a large business
Take-over	When one business buys	another busines:	s and takes it over
Private sector enterprise	A business owned and co businesses	ntrolled by privat	e individuals and
Public sector enterprise	A business owned and co	ntrolled by the st	ate or government
Primary industry	Activities which mine, gro in mining or agriculture	w, collect or cut c	lown raw materials, such as
Investment	In finance, the purchase of with an expectation of fav investment means the use money.	ourable future re	turns. In general terms,
Dividend	A payment made to share in return for their investme		e profits that a firm makes, ny.
Equity or equity capital	The monetary value of a lowners. In a company this Equity comes from invest accumulated net profits of the owners.	s would be the va ment in the busin	lue of their shares.
Bond	purpose of raising capital states, cities, corporations bonds, e.g. RSA retail bor	by borrowing. Th s, and many othe nds. mise to repay the	•
Unit trusts	invested in the financial m scheme – called a Unit Tr and market sectors, while	the pooled money narkets through a rust. Unit trusts in e some invest acro t funds, but the ris	of many investors that is single collective investment
Interest	Interest is the cost of borr borrowed assets. It is the or, money earned by depo from a bank, or wherever, percentage charged on th usually. This means that y plus extra money.	price paid for the osited funds. Whe , they will expect ne principle amou	e use of borrowed money, en you take a loan out you to pay interest. It is a nt for a period of a year –
Simple interest		er for the certain p	nt by the lender for lending period of time. The interest fixed for all the year.
Compound interest	and all interest accumulat is the concept of adding a that interest is earned on	ted during past pe accumulated inter interest from that	od on the original principal eriods. Compound interest est back to the principal, so moment on. I is called compounding (i.e.
Add your own words and meanings below			



# **Business Environments**

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**BUSINESS STUDIES EXAMINATION GUIDELINE CHECKLIST** 

MAIN TOPIC: BUSINESS ENVIRONMENTS							
MAIN TOPIC	BUS ENVIRONMENT	TOPIC:	RECENT LEGISLATION	DATE			
				COMPLETED			
NOTE: Learne	rs should be able to:						
Describe/expl	ain/Discuss/Evaluate/Analy	/se the FOLL	OWING about ALL ACTS:				
Natur	e						
	Purpose						
	ate the impact on busines ives on small and large o		is including advantages/positiv	es and disadvantages/			
-			esses can comply with the Act	ts.			
• Discu	ss penalties/consequence	es for non-c	ompliancy.				
			ninatory by the various Acts.				
	ers must follow the VERE	`	do) at each point in the followi	ng Examination Guidelin			
	e note:						
>			1998, you have to in addition s	study the SETAs as			
	stipulated under 1.9 bel						
			nomic Empowerment 2003, (A ontents as stipulated in points				
			he Consumer Protection Act y				
	The Rights of the busin						
1. SKILLS DE	VELOPMENT ACT, (No. 97 o	f 1998)					
1.1	Nature						
1.2	Aims / Purpose						
1.3	<b>Evaluate</b> the impact on be	usiness oper	ations referring to:				
	Advantages/pos operations	sitives on sr	nall and large business				
	<ul> <li>Disadvantages/ operations</li> </ul>	negatives o	n small and large business				
1.4	Suggest / Recommend w	ays in which	business can comply with the Ac	t			
1.5	Discuss the consequences	s / penalties	for non-compliance				
1.6	Outline / Explain the acti	on regarded	as discriminatory				
1.7	Explain the National Skills	5 Developme	nt Strategy				
1.8	Explain the Human Resou	irce Dev <mark>elop</mark>	ment Strategy [SETAs]				
1.9	Describe / Explain / Discu Education & Training Aut		e the following about the Secto ʿAs]	r			
	Learnerships						
	Purpose / Bene	əfit					
	Funding						
	The impact on	business o	perations				
	LABOUR RELATIO	NS ACT, (No.	66 of 1995)				
		, ,					

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1.11	Aims / Purpose	
1.12	Evaluate the impact on business operations referring to:	
	Advantages/positives on small and large business	
	operations	
	Disadvantages/negatives on small and large business     operations	
1.13	Suggest / Recommend ways in which business can comply with the Act	
1.14	Discuss the consequences / penalties for non-compliance	
1.15	Outline / Explain the action regarded as discriminatory	
EMPLOYM	ENT EQUITY ACT, (No. 55 of 1998) as amended by the Employment Equity Amendment Act (No.47 of 2013)	
1.16	Nature	
1.17	Aims / Purpose	
1.18	Evaluate the impact on business operations referring to:	¥
1.19	<ul> <li>Advantages/positives on small and large business operations</li> </ul>	3
1.20	Disadvantages/negatives on small and large business     operations	
1.21	Suggest / Recommend ways in which business can comply with the Act	
1.23	Discuss the consequences / penalties for non-compliance	
1.24	Outline / Explain the action regarded as discriminatory	
	BASIC CONDITIONS OF EMPLOYMENT ACT, (No. 75 of 1997)	
1.25	Nature	
1.26	Aims / Purpose	
1.27	Evaluate the impact on business operations referring to:	
	<ul> <li>Advantages/positives on small and large business operations</li> </ul>	\$
193	Disadvantages/negatives on small and large business     operations	
1.28	Suggest / Recommend ways in which business can comply with the Act	
1.29	Discuss the consequences / penalties for non-compliance	
1.30	Outline / Explain the action regarded as discriminatory	
	COMPENSATION FOR OCCUPATIONAL INJURIES & DESEASES ACT, (No. 61 of 1997)	
1.31	Nature	
1.32	Aims / Purpose	
1.33	Evaluate the impact on business operations referring to:	
355	Advantages/positives on small and large business operations	3
S >>>	Disadvantages/negatives on small and large business     operations	
1.34	Suggest / Recommend ways in which business can comply with the Act	
1.35	Discuss the consequences / penalties for non-compliance	
1.36	Outline / Explain the action regarded as discriminatory	
	BLACK ECONOMIC EMPOWERMENT ACT	
1.37	Nature	
1.38	Aims / Purpose	

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1.39	Evaluate the impact on business operations referring to:
	Advantages/positives on small and large business operations
	Disadvantages/negatives on small and large business     operations
1.40	Suggest / Recommend ways in which business can comply with the Act
1.41	Discuss the consequences / penalties for non-compliance
1.42	Outline / Explain the action regarded as discriminatory
	D BASED BLACK ECONOMIC EMPOWERMENT ACT, (No. 53 of 2003) and the D BASED BLACK ECONOMIC EMPORWERMENT AMENDMENT ACT (No. 46 of 2013)
1.43	Nature
1.44	Aims / Purpose
1.45	Evaluate the impact on business operations referring to:
	Advantages/positives on small and large business operations
	Disadvantages/negatives on small and large business     operations
1.46	Suggest / Recommend ways in which business can comply with the Act
1.47	Discuss the consequences / penalties for non-compliance
1.48	Outline / Explain the action regarded as discriminatory
1.49	<b>Critically analyse</b> the implications / positives and negatives of the pillars on businesses
1.50	Discuss how businesses can address the following issues in a workplace:
	Human Rights [Equality; Respect & Dignity; Economic-; Social & Cultural Rights]
	Inclusivity [Diversity such as poverty; inequality; race; gender; language; age; disability;
	personalities and other factors]
	Environmental Issues [ protection of the environment & human health ]
1.51	Distinguish between Black Empowerment & BBBEE Act
1.52	Justify the introduction of BBBEE Act in relation to BEE
	NATIONAL CREDIT ACT (No. 34 of 2005)
1.53	Nature
1.54	Aims / Purpose
1.55	Evaluate the impact on business operations referring to:
	Advantages/positives on small and large business operations
	Disadvantages/negatives on small and large business     operations
1.57	Suggest / Recommend ways in which business can comply with the Act
1.58	Discuss the consequences / penalties for non-compliance
1.59	Outline / Explain the action regarded as discriminatory
	The rights of the:
	Business
	Consumers

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1.60	Nature							
L.61	Aims / Pu	Aims / Purpose						
62	Evaluate	the impact on business operations	s referring to:					
	• A	dvantages/positives on small a	nd large busine	ess operations	799992610			
	Disadvantages/negatives on small and large business     operations							
1.63	Suggest /	<b>Recommend</b> ways in which busin	less can comply w	vith the Act	22-12-11/177			
1.64	Discuss th	ne consequences / penalties for no	on-compliance					
1.65	Outline /	Explain the action regarded as dis	scriminatory		77-74-20-4421			
11.11	The rights	s of the:		7	2.1/1/1/-1/15			
	• B	susiness	7-1-1		7777744410			
	• C	Consumers	////	/ /	4-167177			
2	MAIN TOPIC	BUS ENVIRONMENT	TOPIC:	DEVELOP STRATEGIES	DATE			
	TOPIC			STRATEGIES	COMPLETED			
	2.1	Outline / Describe / Explain / E management process	Discuss the strate	gic	-#1-11-1 <del>1</del> -			
	2.2	<b>Apply</b> the strategic managemer related problems.	nt process to solv	e business-				
	2.3	Identify challenges from given of	case studies					
	2.4	Identify and Describe / Explain business strategies by referring						
		Integration strategies	7-4-7	T IL-FF-T				
		* Forward vertical integration	- t - 4- t					
		* Backward vertical integration	* Backward vertical integration					
$\chi = / =$		* Horizontal integration						
		Intensive strategies						
		* Market penetration						
200		* Market development	* Market development					
813		* Product development						
		Diversification Strateg						
		* Concentric diversification						
= /4		* Horizontal diversification						
		* Conglomerate diversification						
		Defensive strategies						
		* Retrenchment						
			* Divestiture					
		* Liquidation						
0		Other Strategies						
Y	2.5	Devise / Develop / Analyse / For challenges from given scenarios						
		businesses:						
		Formulation of strateg						
		Implementation of stra						
		Evaluation of Strategi						
	2.6	Explain how / when businesses strategy	can apply each t	ype of business				

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		0000				
	2.7	Evaluate the effective of business strategy		ositives / negatives) of each type		
	2.8	Analyse case studie analyse the challeng				
		business environme	business environment:			
		SWOT Ana	alysis			
		Porter's Five	ve Forces	5		
		PESTLE A	nalysis			
	2.9	Recommend busine studies / scenarios	ess strateg	ies to address challenges in case		
	2.10	Three activities of st	trategy ev	aluation:		
777		Examine the strategy.	ne underl	ying bases of business		
		Compare e     business p		performance (measure		
				on when necessary		
	MAIN TOPIC	BUS ENVIRONMENTS	TOPIC:	BUSINESS SECTORS & THEIR ENVIRONMENTS	DATE	
		ENVIRONMENTS				
	ΤΟΡΙϹ	ENVIRONMENTS		ENVIRONMENTS		
	ΤΟΡΙϹ	ENVIRONMENTS Identify a business	from each	ENVIRONMENTS		
	ΤΟΡΙϹ	ENVIRONMENTS Identify a business • Primary	from each	ENVIRONMENTS		
	ΤΟΡΙϹ	ENVIRONMENTS Identify a business Primary Secondary Tertiary	from each y market an	ENVIRONMENTS		
	3.1	ENVIRONMENTS Identify a business Primary Secondary Tertiary Identify the micro,	from each y market an	ENVIRONMENTS		
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	TOPIC       3.1       3.2	ENVIRONMENTS Identify a business Primary Secondary Tertiary Identify the micro, the following busin Primary Secondary Secondary Explain the extent to sectors can control	from each y market an ess sector y to which a the three	ENVIRONMENTS		
	TOPIC       3.1       3.2	ENVIRONMENTS Identify a business Identify a business ENVIRONMENTS Identify a business Identify the micro, the following busin Primary Identify the micro, the following busin Explain the extent the sectors can control business environment	from each y market an ess sector y to which a the three ents:	ENVIRONMENTS		

# **RECENT LEGISLATION**

1. SKILLS DEVELOPMENT ACT, (No. 97 of 1998)

#### 1.1 Nature

- Developed in response to redress to the demand for equity in the work place
- An integral part of the National Skill Development Strategy that aims to link learning to the demands of the world of work.

#### 1.2 Purpose / Aims

- to develop skills of people;
- business to invest in training of workers;
- business to improve the skills of workers;
- improve the chances of previously disadvantaged people to get jobs; and
- the workplace must be viewed as an active learning environment
- 1.3 Impact [Advantages / Disadvantages] or [Positives / Negatives]

#### **Advantages / Positives**

- improve the skills level of the workforce;
- improvement in work prospects of the unemployed;
- increasing the labour mobility of employees;
- increase in productivity levels in the workplace;
- promotion of self-employment and entrepreneurship; and
- increase South Africa's global competiveness

#### Disadvantages / Negatives

- Bureaucratic and involves a large amount of paperwork and administration.
- Only businesses with a salary bill of more than R500 000 per annum can claim for skills development of employees.
- Monitored and controlled by government departments that do not have education as their key priorities.

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- SETAs are not well organised.
- Many service providers that offer training services are not SAQA accredited.
- **1.4** Suggest / Recommend ways in which the business can comply with the Act.
  - Employers who collect PAYE have to register with SETAs.
  - One percent of an employer's payroll has to be paid over to the SETA.
  - Businesses must register with SARS

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1.5	Discuss the consequences / penalties for non-compliance
•	Any person convicted of a fraudulent offence may be sentenced to a fine
•	imprisonment
•	or stop operating.
1.6	Outline / Explain the actions regarded as discriminatory
	No employee may be discriminated against and be prevented from signing up for a learnership due to their work or age, gender, disability etc.
•	Employers who promote skill and development unfairly
REMIN	DER: REFER TO THE NOTES AT THE BEGINNING OF THIS MAIN TOPIC.
	FROM 1.7 TO 1.9 MORE INFORMATION IS ADDED TO THE SKILLS DEVELOPMENT ACT TO ACCOMMODAT SECTOR EDUCATION AND TRAINING AUTHORITIES (SETAs).
	ALL OTHER ACTS MUST BE STUDIED UNDER THE SAME HEADINGS AS TO 1.6
1.7	Explain the National Skills Development Strategy [NSDS]
•	Framework for skills improvement was drawn up as part of the National Skills Development Strategy.
•	The National Skills Development Strategy identifies priorities for skills development and the contribution toward an emerging national human resources development strategy.
•	The National Skills Development Strategy makes provision for a new system of learning.
•	NSDS combines structured learning and work experience culminating in nationally recognized qualifications that signify job readiness within the National Qualification Framework (NQF).
•	Government Organised business and Organised labour must participate.
1.8 [SETAs]	Explain the Human Resource Development Strategy [HRDS] / Sector Education & Training Authorities
•	HRDS for South Africa ensures that the various components of the state work together to deliver opportunities for human development.
•	The Human Resource Development Strategy for South Africa is therefore, to ensure that relevant Constitutional provisions are progressively ensured.
•	Implementation of the SDA is to be achieved through the establishment of the
	Sector Education and Training Authorities (SETAs).
1.9	Describe / Explain / Discuss / Evaluate the following about SETAs
1.9.1	Role / Functions of the SETAs
•	To compile sector skills plans that states who is employed where in the sector and what the strengths, weaknesses and opportunities in the sector are;
•	To determine where learnership's are needed, designing, marketing and registering the learnership's;
•	To act as an Education and Training Quality Assurer for standards and qualifications in the sector;
•	To disburse money from the National Skills Development Levy; and
	To provide information about the sector.

#### 1.9.2 Skills Levies

- Introduced to ensure that private businesses contribute to the development of skills.
- All businesses with a salary bill of more than R500 000 per annum must pay 1% of the amount as a levy to SARS.
- Distribution of the accumulated levies paid by business

National Skills Fund	-	20%
SETA organisation	-	10%
Learnership skills plan		- 20%
Business: Skills plans and reports	-	50%

#### <u>100%</u>

• The business can claim a proportion of the levy back from the SETA for producing workplace skills plans and implementation reports.

#### 1.9.3 Learnerships

- Learnership and skills programmes are occupationally structured learning programmes that are offered by accredited providers and constitute credit(s) towards a qualification within the NQF.
- Example: The PSETA ensures that a well-coordinated education and training takes place in the public service by working with departments to:
  - \* identify and design Learnerships;
  - \* registers learnerships;
  - \* provide workplace assessor training;
  - \* registers and accredit service providers;
  - \* administers learnership agreements;
  - \* Issues certificates.

#### 1.9.4 Purpose / Benefits of SETAs

- Manage the learnerships and training in each SETA sector.
- Ensure that skills requirements of different sectors are identified.
- Ensure that training is of the appropriate quality.

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- Responsible for skills programmes to improve skills of current workers.
- Assist unemployed people to enter the job market by providing skills programmes
- Provide accreditation to facilitators and training providers.





	1.9.5	Funding of SETAs
	•	The SETAs' receive 80% of the funds collected from the skills development levies.
	•	Money paid to the SETA from the National Skills Fund.
	•	Grants, donations and bequests made to the SETA.
	•	Income earned on surplus money deposited or invested.
2 83 07- 00-	•	Income earned on services rendered.
	1.9.6	Impact of SETAs on business operations
- רש - די - די		Advantages
т- 1 п-	•	Training of the workers by experienced qualified industry specialist
	•	Employees acquires the necessary skills to perform his/her work more effectively
		Disadvantages
	•	Business must pay a portion of its wage bill, if it exceeds R 500 000 per annum
	•	Employees are taken from their job for training, leading to a loss in working hours
	1.10.	BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT, (No. 53 of 2003) and the BROAD BASED BLACK ECONOMIC EMPORWERMENT AMENDMENT ACT (No. 46 of 2013)
	1.10.1	BBBEE - Nature
	•	BBBEE is the cornerstone of the South African Government's efforts to educate and train the large sector of the population that was disadvantaged under apartheid rule.
	•	It aims to accelerate the participation of black people in the economy by encouraging change in key areas in the economy.

• Integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa.

#### 1.10.2 BBBEE – Purpose / Aims

- Enable wealth to be spread more broadly across all population groups
- Outlines areas that would give the government a better platform for bringing about a better spread of wealth.
- BBBEE Act is an enabling framework
- Allows for the development of Codes of Good Practice

#### 1.10.3 BBBEE- Impact [Advantages / Disadvantages] on small business operations

#### **Advantages**

- BBBEE makes it possible for the business to get access to contracts.
- BBBEE makes it possible for the business to compete in new unexplored markets.
- Access to finance would be easier once the business comply with BBBEE requirements.

#### **Disadvantages**

- Established relationships with current suppliers will be at risk once the business has to buy from empowered suppliers.
- Implementing BBBEE will be time consuming and can result in the neglect of existing customers.
- The ownership requirements of BBBEE will be lead to the owner losing control over the business.

1.10.4 BBBEE- Evaluate the impact on business operations [Advantages / Disadvantages]

#### **Advantages**

- A good BBBEE rating will improve the image of the business
- Develops the employees' potential and skills, and boosts staff morale.
- BBBEE can be used as a tool for marketing the business to other businesses looking for a BBBEE compliant supplier.

#### **Disadvantages**

- Investment and ownership issues can cause animosity between shareholders.
- It can lead to corruption and jobs for friends
- Many employees get jobs based on BEE rating rather than on proficiency.

1.10,5 BBBEE – Suggest / Recommend ways in which the business can comply with the Act

- Use the services of verification agencies who issue certificates of compliances.
- Increase the number of black employees managing and owning the business
- Use suppliers who comply with BBBEE standards.

#### 1.10.6 BBBEE – Discuss the consequences / penalties for non-compliance

- Fronting will be penalised
- Companies that do not comply with the employment equity ratios will be prosecuted and fined
- It will be difficult for sectors (mining sector) to renew their licenses.

#### 1.10.7 BBBEE – Outline / Explain the actions regarded as discriminatory

- Not employing a young woman because she will want to have children
- Refusing to employ a person because they have strong religious beliefs
- Doing HIV testing, unless justified by the Labour Court

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• Any person who is denied access to the workforce by being treated unfairly is being discriminated against.

REMINDER: Please read the notes at the beginning of this Main topic about the additional aspects you have to study for the BBBEE Act. These aspects are outlined for you below.



# 1.10.8 Critically analyse the implications [positives / negatives] of the pillars on the business

PILLARS	ADVANTAGES	DISADVANTAGES
Ownership	<ul> <li>Business should include black people in shareholding</li> </ul>	• Businesses sometimes find it difficult to find suitable black business shareholders.
	<ul> <li>More opportunities are created for black people to become owners</li> </ul>	Many black people cannot afford shares
Management	• Appointing black people in senior executive positions to management.	• Due to a shortage of skilled black managers, some businesses find it difficult to make appointments.
	<ul> <li>Business must ensure black female representation in management</li> </ul>	appointments.
Employment Equity	<ul> <li>Business should employ suitable and qualified employees regardless of gender, race, culture, etc.</li> </ul>	Businesses must have Employment Equity Plan in place.
	Workplace should represent the	Costly and takes time to draft and keep updated
	demographics of the country	May lead to conflict between management and employees
Skills development	<ul> <li>Business must engage black employees in skills development initiatives.</li> </ul>	Business must contribute 1% of their payroll to fund the skills development programmes
	<ul> <li>Provide learnerships and learning programmes to black employees</li> </ul>	• Productivity is compromised as mentors/ coaches have to find the time to participate in training.
Preferential Procurement	• Outsource services to suppliers that are BBBEE compliant.	Businesses may not have a choice but to use the preferred suppliers.
	<ul> <li>Business should support suppliers with diversity in their ownership</li> </ul>	Business may outsource their services to unreliable suppliers
Enterprise development	<ul> <li>Businesses are encouraged to invest/support black owned SMME's.</li> </ul>	• Small/Large businesses may not be able to afford enterprise development investment
	<ul> <li>Contribution can be monetary or non-monetary</li> </ul>	• Black owned SMME's may become too reliant on support from other businesses and are unable to take their own initiatives
Socio-economic development	• Can contribute to growth and development in the country.	<ul> <li>Business contributions towards social investment projects may be too costly and time consuming</li> </ul>
	• Improve the standard of living of the affected communities	<ul> <li>The community may not support the enterprise</li> <li>i.e. does not buy the product of the enterprise</li> </ul>

1.10.9 Discuss how businesses can address the following issues in the work place:

Human rights	Equality	<ul> <li>Previously disadvantaged persons are given equal opportunities for promotion/management/ownership in the workplace.</li> <li>Preferential procurement processes should be fairly implemented√ to the benefit of previously disadvantaged persons.</li> </ul>
	Respect and dignity	<ul> <li>Previously disadvantaged persons are empowered by skills development to improve their chances of better employment/wages.</li> <li>Black people, who have been promoted to managerial positions, has the right to be treated with respect and dignity.</li> </ul>
	Economic	<ul> <li>Apply BBBEE to ensure that economic transformation takes place.</li> <li>Previously disadvantaged people are given a chance to manage, own and control the business</li> </ul>

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	Social	Socio-economic development programmes should include provision     of houses/access to healthcare to previously disadvantaged workers.
Inclusivity		<ul> <li>Inclusivity means giving everyone in the work place an equal opportunity.</li> <li>Business should not practice discrimination against one on the basis of: poverty; race; gender; language; disability or personality disorders.</li> <li>Workers must be representative of the demographics in the country</li> <li>The aim should be to create an Inclusive environment where people of different races, cultures, languages, gender, beliefs can work together harmoniously for the benefit of the business and society</li> </ul>
Environmental Issues	Protection of the Environment	<ul> <li>Business must ensure that the environment is protected for the benefit of future generations</li> <li>Pollution and environmental degradation must be prevented</li> <li>Business must at all times promote conservation and encourage ecological sustainable development and use of resources</li> </ul>
	Human health	<ul> <li>Business must ensure that the working environment is not harmful to the worker's health and well-being</li> <li>Healthy working environment has adequate lighting and ventilation</li> </ul>

### 1.10.10 BBBEE – Distinguish between BBBEE- and BEE Act

BEE	BBBEE
<ul> <li>Consists of two empowerment elements that measures black participation in the economy through:</li> </ul>	<ul> <li>It aims to accelerate the participation of black people in the economy by encouraging change in the following key areas of business:</li> </ul>
- equity ownership: and	- ownership,
- management representation in	- management and control,
businesses	- employment equi <mark>t</mark> y,
83.991.11	- skills development,
	- preferential procurement,
	- enterprise development
	- socio-economic development [BBBEE Pillars] *

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\* Reduced to 5 Pillars

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#### 1.10.11 Justify the introduction of BBBEE in relations to BEE

#### BEE

- Policy that was put in place by the government to give those who are classified as previously disadvantaged a chance to balance out the inequalities of the past
- The objective was to right the wrongs of the past
- Focus was on getting black people into management

#### BBBEE

- Objective is to distribute the wealth of the country across all races and gender groups.
- Focus was on increasing black ownership of businesses; increase the skills levels; increase the number of candidates in management positions who are blacks
- Empower rural communities by giving them access to land, infrastructure, ownership and skills
- Ensure that black owned businesses get government tenders as a result of their scorecards
- BBBEE ensures that economic transformation takes place
- Previously disadvantaged people are given a chance to manage, own and control the economy

# **DEVISING STRATEGIES**

2.1 Identify and Describe / Explain / Discuss the different types of business strategies by referring to: (Refer to 2.4 in the Examination Guidelines Checklist)

#### Integration strategies

Integration takes place when companies merge or one company buys another

TYPES		
Vertical	Forward	Occurs when a business gains control over its distribution and retailers
		Downstream buyers
		Example: Farmer taking control over Fruit & Veg
50	Backward	Occurs when a business takes control over its supplier in order to reduce the risk     of dependency
		Upstream suppliers
		Ensure a reliable flow of raw materials at an affordable price
		Example: Fruit & Veg gains control over a Farm
Horizontal		Occurs when a business gains control over a competitor in the same industry and the same stage of production
		Reduces the threat of competition
		Acquire businesses with substitute or complementary products
		Example: Macro taking over Game

### Intensive strategies

- Aims to increase sales and market share through INTENSIVE efforts to improve long-term growth
- Directed at internal growth within the business

TYPES	
Market penetration	Business focuses on selling existing products in existing markets
	• Do research on current consumer base and use the information to make adjustments and improvements
	Example: Decrease the prices of products to ensure higher sales levels
	Example: Run an aggressive marketing campaign aimed at existing customers
Market development	Focus is on selling existing products in new markets
	Product remains the same, with the emphasis on increasing its market share
	Example: Exporting products
	Example: MTN providing cell-phone services in Nigeria
Product development	Focus is on introducing new products into existing markets
	Customer base remains the same, but new products are introduced to current customers
	• Example: Modifying packaging of a product to appeal to current customers
	Example: Packing cooking oil in retail pouches for household consumption

#### Diversification strategies

- Involves changing both the product and the market
- Businesses market new products in new markets

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• Used to increase sales, market share and ensure the growth of the organisation

TYPES	
Concentric	Adding new products or services that are related to existing products and will appeal to new customers
	• Example: A business selling fried chicken may add fried chips to the chicken and sell a new product fried chicken & chips
Horizontal	Adding a new product or service that are unrelated to existing products to appeal to existing customers
	• Example: A Car dealer selling cars and offering financing of the car services or insurance of the car to the customer
Conglomerate	Adding new products or services that are unrelated to existing products that may appeal to new customers
	• Example: General Electric known for its electrical appliances are also engaged in oil drilling and computer manufacturing

• Defensive



# • Used by businesses when they are under severe pressure and have very few other options

# • Used by businesses to defend themselves against attacks from their competitors

TYPES	
Divestiture	Occurs when a business starts selling divisions, within the business, that are not profital     or assets that are not productive.
	• Aim is to either acquire additional capital or to reduce the cost of running the business
8	• Example; Clothing store selling the children's toy section that is running at a loss
Retrenchment	Occurs when business reduces the number of employees for operational reasons
	• Aim is to decrease the running cost of the business by reducing the salary bill of the business.
	Example: Telkom reducing its workforce by 3000 employees
Liquidation	Applied by businesses that faces bankruptcy
	• Occurs when a business stops operating and sells the assets of the business.
1-1-1-22	The cash raised will be used to pay creditors & money owing to employees

Other Business Strategies

#### 1. The company repositions itself by replacing one or more individuals

- Business must ensure that the correct individuals are employed in the right positions
- Replacing an employee takes place when they don't fit in; cannot cope; resign; retire or are promoted

#### 2. Revising a business mission

- As the business grows it will be necessary to revise its mission so it can adapt to the changing environment
- As trends change, the business must be aware of it and adapt its mission to the latest trends

#### 3. Establishing or revising objectives

 Short-term objectives must be constantly evaluated to ensure that all the stakeholders are working towards the same goal

#### 4. Devising new policies

- Business policies need to be revised regularly to ensure that the business keeps up with the latest developments and trends
- Involving all employees in this process will ensure that they take ownership of the policies and the implementation thereof

#### 5. Issuing stock to raise capital

• Additional shares could be made available to the public to ensure that the business has sufficient capital to finance any expansion or growth of the business

#### 6. Adding additional salespersons

• Additional staff could be employed to increase sales figures and to service any new customers that the business may have acquired

#### 7. Allocating resources differently

- Strategies should be in place to ensure that resources are optimally used in the business
- Where this is not happening the resources must be allocated to departments where it will be used effectively and efficiently

#### 8. Developing new performance incentives.

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- The more motivated the staff, the more productive they will be, thereby increasing productivity and profit levels of the business
- Developing new methods to incentivise the staff will encourage staff members to be more motivated and more productive



Evaluate the effectiveness (positives / negatives) of each type of business strategy

	STRATEGY	ADVANTAGES	DISADVANTAGES
	Integration	Can significantly reduce cost and competition	Legal process of franchising and buyout can be time consuming
		<ul> <li>Increase the growth potential of the business</li> </ul>	<ul> <li>Can be an expensive process and could involve large amounts of capital</li> </ul>
	Intensive	<ul> <li>Variety of ways in which intensive strategies can be implemented</li> <li>Some strategies can have a large impact with a limited amount of capital</li> </ul>	<ul> <li>Research &amp; development of new products could be expensive</li> <li>Could be labour intensive and place extra strain on staff</li> </ul>
	Diversification	Exciting and motivating for staff	Requires skilled resources
	171174	<ul> <li>Potential new mission, visions and goals</li> </ul>	<ul> <li>May remove the focus from the main objective of the business</li> </ul>
	Defensive	Can save costs	Demotivating to the staff
		<ul> <li>Get rid of departments that are not profitable</li> </ul>	Time consuming process

# 2.3 Devise / Develop / Analyse / Formulate strategies to overcome challenges from given scenarios of businesses: [Explain how / when business can apply each type of business strategy] (Refer to 2.5 of the Examination Guidelines Checklist)

- Formulation of strategies
- Implementation of strategies
- Evaluation of Strategies

#### Formulate strategies

- Refers to the process of choosing the most appropriate course of action that will enable the business to achieve its goals and objectives.
- Strategic plan provides employees with a clear vision of the purpose and objective of the business.
- Formulating strategy is part of the business planning process

	STEPS	
1	Set objectives	Objectives define the destination of the organisation.
		<ul> <li>Strategy will show what must be done to achieve the objective.</li> </ul>
2	Evaluate the environments	<ul> <li>Evaluate the general economic and industrial environment in which the organization operates.</li> </ul>
		Micro, Market and Macro Environment must be evaluated.
		<ul> <li>Tools that could be used are the SWOT analysis, PESTLE and Porters Five Forces.</li> </ul>
3	Set targets	Determine target values for some of the organizational objectives.
		<ul> <li>Allow the organisation to compare and evaluate the contribution that might be made by various product zones or operating departments.</li> </ul>
4	Use contexts	• The contributions made by each department within the organization are identified.
		Strategic planning is done for each department.

5	Analyse performance	• Analysis is made of the gap between the planned performance and the actual performance of the business.
		Critical evaluation must be done of past performance, present conditions     and desired future outcomes.
6	Choose strategy	Organisation must choose the best course of action to achieve its desired goals.
		<ul> <li>Strategy is then implemented by taking specific steps.</li> </ul>

#### Implement strategies

- Involves putting the strategy that was formulated into action.
- The correct implementation of the strategy is essential for the organisation to achieve its objectives and desired goals

	STEPS	
1	Allocate resources	<ul> <li>Plan for appropriate implementation of the budget</li> <li>Ensure that resources are used efficiently and effectively</li> </ul>
2	Ensure that organisation structure is in place	<ul> <li>Organizational structure is a system used to define a hierarchy within an organization</li> <li>It identifies each job, its function and where it reports to, within the organization</li> </ul>
3	Motivate staff	<ul> <li>Staff must be motivated to carry out the plan effectively and efficiently</li> </ul>
4	Organisational policies	<ul> <li>Develop and follow organisational policies that support the implementation strategy</li> </ul>
5	Management involvement	<ul> <li>Manage sub-ordinates through creative leadership</li> <li>Management must be fully supportive of the implementation plan</li> </ul>
6	Solve on-going problems	<ul> <li>Give immediate attention to problems that might arise</li> <li>Use creative thinking to solve problems and challenges</li> </ul>
7	Adapt	<ul> <li>Adapt the strategy, if necessary when it becomes clear that the current strategy is not going to achieve the desired outcomes</li> </ul>

#### **Evaluate strategies**

- Process of monitoring business activities and performance results
- Actual performance can be compared with the desired performance
- Evaluation and feedback provides the foundation for successful future strategy formulation
- Steps in strategy evaluation:

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- Identify goals and measure achievement against the goals
- Compare expected results with the actual results
- Determine the deviations and reasons therefore
- Develop actions that can be implemented to prevent similar deviation

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- Implement the actions to correct the deviations



Analyse case studies and apply the following industrial tools to analyse the

challenges of the business environment:. (Refer to 2.8 in the Examination Guideline

Checklist).

2.4

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- SWOT Analysis
- Porter's Five Forces
- PESTLEs

#### SWOT Analysis

- Instrument used to analyse the factors in the micro environment
- Focusses on the strengths; weaknesses; opportunities & threats that the business must deal with

STRENGTHS [INTERNAL]	WEAKNESSES [INTERNAL]
<ul> <li>Refers to those factors that exist within a business that contributes to the business</li> </ul>	<ul> <li>Includes characteristics within the business that will prevent the business from achieving its objectives</li> </ul>
<ul><li>achieving its objectives</li><li>Example: Skilled workers</li></ul>	Example: Insufficient capital
OPPORTUNITIES [EXTERNAL]	THREATS [EXTERNAL]
	· · ·
<ul> <li>Refers to factors outside the business that could improve the chances of the business being successful</li> </ul>	<ul> <li>Refers to factors outside the business that could prevent the business from achieving its objectives</li> </ul>

#### Porters Five Forces

- Strategic management tool that assists a business to have a competitive advantage over its competitors
- Useful tool to analyse factors within the Market Environment
- Informs the business about trends in the industry
- Profitability of the business will be influenced by the FIVE competitive forces
- PORTERS FIVE FORCES are: Threat of new entrants; Threat of substitution, Power of buyers; Power of suppliers & Competitive Rivalry



1.1.1		
111	PORTERS FIVE FORCES	
1	Threat of new entrants	New entrants bring more competition into the market.
		<ul> <li>New competitors can quickly enter your market and weaken your position.</li> </ul>
		<ul> <li>Strong and durable barriers to entry, limits the number of new entrants.</li> </ul>
2	Threat of substitution	<ul> <li>Occurs when a competitor offers a different product with the same quality and performance at a lower price.</li> </ul>
		<ul> <li>Businesses are always looking at ways of imitating products of competitors that are industry innovators.</li> </ul>
		• If substitution is easy and substitution is viable, it weakens the power position of the business.
3	Power of buyers	• Refers to the power of buyers to compel the business to offer lower prices.
		• A few powerful buyers can dictate terms to the business.
		• Example: Buyers buying in large quantities can negotiate discounts.
4	Power of suppliers	<ul> <li>Refers to the ability of suppliers to increase the input cost of the business.</li> </ul>
		• The fewer suppliers in the industry the greater their ability to drive prices upwards.
		• The more unique the product of the supplier the more control the supplier will have over your business.
5	Competitive rivalry	<ul> <li>Important here is the number and capability of your competitors.</li> </ul>
		<ul> <li>If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation.</li> </ul>
	360	<ul> <li>Suppliers and buyers will go elsewhere if they don't get a good deal from you.</li> </ul>
4		• The less intense the rivalry amongst competitors, the more attractive the market.

# **PESTLE Analysis**

- Instrument used to the analyse the factors within the macro environment
- Used to determine the impact of the external environmental factors

FACTORS	IMPACT ON EACH FACTOR	
Political	Changes in government; Political instability; Affirmative Action	
Economic	Inflation; Interest: Exchange rates	
Social	Poverty; Unemployment; Crime; Government grants	V
Technological	New technology; Social networking; Communication technology	
Legal	Labour laws; Competition laws: CPA; NCA:	
Environmental	Pollution; Recycling; Green taxes;	



# **BUSINESS SECTORS & THEIR ENVIRONMENTS**

Identify a business from each of the following business sectors:

- Primary
- Secondary
- Tertiary

#### **Primary sector**

- Deals with raw materials and natural resources
- Extract natural resources from nature
- Products are sold in raw state
- Examples: mining, fishing, agriculture, forestry, farming

#### **Secondary Sector**

- Manufactures and processes raw material into final goods
- Final goods are sold to the consumer
- Goods are ready for consumption
- Examples: manufacturing, construction, ship building, generation of electricity

#### **Tertiary Sector**

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- Includes all industries that offer services to other businesses and consumers
- Examples: banking, retailers, transport businesses, consultants
- 3.2. Identify the micro, market and macro environment in each of the following business sectors
  - Primary Sector (e.g. Diary Farm)

Environment	Elements	Description
Micro Environment	Vision	Provide goods (milk) to consumers
	Mission	Managers workers
	Goals	Chooses the workers he wants to employ
	Objectives	
	Workforce	
Market Environment	Suppliers	Suppliers of farming equipment and feed
	Consumers	• Some suppliers are from the primary sector (fodder) and some from the secondary sector (electricity) and some from
	Competitors	the tertiary sector (transport)
	Intermediaries	

3.1

Macro Environment	Political	Employ technology to improve efficiency
	Environmental	New inventions can cause equipment to become obsolete
	Social	Legislation affects the business, e.g. land reforms
	Technological	
	Legal	
	Economical	

# Secondary Sector (dairy)

Environment	Elements	Description
Micro Environment	Vision Mission Goals Objectives Workforce	<ul> <li>Aims to provide dairy products to consumers</li> <li>Maintain high levels of productivity and profitability and socially responsible</li> <li>Chooses people he wants to employ but must comply with legislative requirements</li> </ul>
Market Environment	Suppliers Consumers Competitors Intermediaries	<ul> <li>Supplier from primary sector (milk)</li> <li>Supplier from tertiary sector (transport)</li> <li>Clients (retailers) from tertiary sector</li> </ul>
Macro Environment	Political Environmental Social Technological Legal Economical	<ul> <li>Uses technology in manufacturing and transformation process</li> <li>Legislation affects the business, e.g. land reforms</li> <li>Can adapt to challenges in macro environment by forming power relationships, strategic alliances or lobbying</li> </ul>

# Tertiary Sector

20. 7

Environment	Elements	Description
Micro Environment	Vision Mission	<ul> <li>Retailer (checkers) aims to create a wonderful shopping environment and offer widest range of quality products to consumers</li> </ul>
m 32/	Goals	Determine own vision and mission
	Objectives Workforce	• Choose who they want to employ as long as they comply with labour legislation
Market Environment	Suppliers Consumers Competitors	<ul> <li>Suppliers from secondary sector (diary) and tertiary sector (shop fittings)</li> </ul>
	Intermediaries	

		9000	K	
	Macro Environment	Political Environmental Social Technological Legal Economical		Can use technology to advertise online Choose who they want to employ as long as they comply with labour legislation Can adapt to challenges in macro environment by forming power relationships, strategic alliances or lobbying
110 180 07-				

**3.3** Explain the extent to which a business in each of the following sectors can control the three business renvironments:

• Primary

5 6 Imhuntumhunt

τ

- Secondary
- Tertiary

# • Primary Sector (e.g. Diary Farm)

Environment	Control
Micro Environment	Full control over the business
	Must comply with legislative framework (EE, BEE, Affirmative action)
Market Environment	No control over availability of supplies, but can choose his suppliers
	• Has no control over the consumers, but can attract them with quality products
Macro Environment	Has no control over technological inventions
	Has no control over legislation

# Secondary Sector (dairy)

Environment	Control
Micro Environment	Full control over mission and vision
Market Environment	<ul> <li>Has no control over availability of supplies but can choose the best supplier</li> <li>Has no control over clients, but can influence through advertising campaigns, good quality products and affordable prices</li> </ul>
Macro Environment	<ul> <li>Has no control over technological inventions</li> <li>Has no control over legislation</li> </ul>

# • Tertiary Sector

Environment	Со	ntrol
Micro Environment	•	Full control over mission and vision
Market Environment	•	Has no control over availability of suppliers but can choose the best supplier
	•	Has no control over clients, but can influence through advertising campaigns, good quality products and affordable prices
Macro Environment	•	Has no control over technological inventions
	•	Has no control over legislation

# CONSOLODATION QUESTIONS ON MAIN TOPIC 1: BUSINESS ENVIRONMENTS

#### After studying this topic try the question below by yourself!

#### SECTION A TYPE QUESTIONS

#### **QUESTION 1**

1.1Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK, for example 1.1.11 B.	
--	--

1.1.1	A fu	Inction of a SETA is to	
	Α	register procurement contracts.	
	В	promote employees to senior positions.	
	С	develop a management plan.	
	D	register learnership agreements.	
1.1.2	with	inesses need to ensure that borrowers/clients will be able to repay their loans hin the period stipulated before granting a loan. This is one of the main aims he	
	Α	Consumer Protection Act, 2008 (Act 68 of 2008).	
	В	National Credit Act, 2005 (Act 34 of 2005).	
	С	Labour Relations Act,1995 (Act 66 of 1995).	
	D	Employment Equity Act, 1998 (Act 55 of 1998).	

- 1.1.3 The National Credit Act, 2005 (Act 34 of 2005) is overseen by ...
  - A. A debt counsellor
  - B. The National Credit Regulator
  - C. A credit enforcement agency
  - D. A credit counsellor
- 1.1.4 The Act that legally protects employees and their families against injury or death while performing duties at work is known as:
  - A. The Labour Relations Act, 1995 (Act 66 of 1995)
  - B. Consumer Protection Act, 2008 (Act 68 of 2008)
  - C. Compensation for Occupational Injuries and Diseases Act, (No. 61 of 1997
  - D. Employment Equity Act, 1998 (Act 55 of 1998)
  - 1.1.5 New safety equipment will improve worker's safety and decrease accidents which is part of the following macro-business environments:

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- A. Political
- B. Economic
- C. Legal

20,

D. Technological

|--|

- 1.1.6 Which ACT outlines the affirmative action measure for companies?
  - A. Employment Equity Act (No. 55 of 1998)
  - B. Skills Development Act (No. 97 of 1998)
  - C. Broad Based Black Economic Empowerment Act (No 53 of 2003)
  - D. National Credit Act (No. 34 of 2005)
- 1.1.7 Which National Act provides protection for improved norms and standards and promotes buyers to make informed decisions.
  - A. Credit
  - B. Skills
  - C. Consumer
  - D. Labour
- 1.1.8 Which strategy is applied when a business enters a new market or a new industry beyond its core business?
  - A. Substitution
  - B. Defensive
  - C. Transportation
  - D. Diversification
- 1.1.9 Identify the integration strategy that is applied when a car manufacturer buys a steel producer business:
  - A. Forward
  - B. Backward
  - C. Horizontal
  - D. Vertical
- 1.1.10 Identify the type of defensive strategy when a business sells a part of its assets:
  - A. Divestiture
  - B. Liquidation
  - C. Diversification
  - D. Retrenchment

- 1.2 Choose the correct answer from the options given in the statements below. Write only the word(s) next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.
  - 1.2.1 The SWOT analysis/Porter's Five Forces is used to analyse factors in the micro-business environment.
  - 1.2.2 Power of buyer/suppliers refer to the power which forces a product price to be sold at lower prices.
  - 1.2.3 The Secondary/Tertiary sector offers transport to commuters.
  - 1.2.4 An increase in the interest rates by the banking sector is regarded as a challenge within the micro/macro businesses environment.

- 1.2.5 GoGo Clothing manufacturers have applied the forward/backward integration strategy by taking over the FiFi Fashion Retail House.
- **1.3** Choose a description form COLUMN B that matches the term in COLUMN A. Write only the letter (A-J) next to the question number (1.3.1-1.3.5) in the ANSWER BOOK, for example 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Improve the skills level of the workforce.	A. BBBEE
1.3.2 Compile Sector Skills Plans.	B. Tendering processes
1.3.3 Integrated and coherent socio-economic process that directly contribute to the economic transformation in South Africa.	C. Skills Development Act.
	D. Market development
1.3.4 Business should support suppliers with diversity in their ownership.	E. Preferential procurement
1.3.5 Focus is on selling a product in new	F. SETAs
markets	G. Employment Equity Act
	H. Market penetration

(8)

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#### SECTION B TYPE QUESTIONS: BUSINESS ENVIRONMENT

2.1.	Explain the difference between the National Skills Development Strategy [I	NSDS]		
ä	and the Human Resource Development Strategy [HRDS]	(8)		
2.2	List FIVE functions of SETA's		(10)	
2.3.	Outline the purpose of the Broad Based Black Economic Empowerment [Bl	BBEE] (6)		
2.4.	Distinguish between BBBEE and BEE	(4)		
2.5.	Justify the introduction of BBBEE Act in relation to the BEE Act.		(8)	
2.6	Discuss the impact of the following BBBEE pillars on business:			
2.6.1	Ownership			
2.6.2	Management			
2.7	Read the scenario below and answer the questions that follow:			

		- w
$\sim$	KAYDON BRICKWORKS [KBW]	
which	n Brickworks specialises in the manufacturing of bricks. One of their supplies sometimes out of stock. KBW's employees are regularly absent from working obtained a loan from Rainbow Banks at a high interest rate.	
2.7.1	Name the business sector in which KBW operate. Motivate your answer.	(3)
2.7.2	Classify KBW's challenges according to the THREE business environment. State	
	The extent of the control KBW have over each environment. Copy the table	

below and write your answers in the table

utududu	CHALLENGE	BUSINESS ENVIRONMENT	EXTENT OF CONTROL
-			

2.8

Describe the strategic management process

(8)

# SECTION C TYPE QUESTIONS: BUSINESS ENVIRONMENT

# **QUESTION 3**

The market- and macro environments pose many challenges to business operations. These challenges may have a negative impact on the success of a business. It is therefore important that these challenges are identified and that strategies are formulated to deal with them

With reference to the above, write an essay focusing on the following aspects:

- Explain how businesses may use Porter's Five Forces Model to analyse the market environment.
- Describe THREE types of defensive strategies that businesses may use to address challenges in the macro environment,
- Discuss the effectiveness of intensive strategies in addressing business challenges.
- Suggest steps that businesses may use to evaluate a strategy. [40]

# **Business Ventures**

MAIN	BUS	TOPIC: LEADERSH	IP & MANAGEMENT	D	ATE
TOPIC	VENTURES			сомі	PLETED
1.1	Define the terms: <ul> <li>Leadership</li> <li>Management</li> </ul>				
					14.73
				7/2 - 7/4-	1271-1-
1.2	Distinguish betv	veen leadership & n	nanagement	7-4-26	
1.3	Discuss and dist	inguish between th	e following leadership styles		11.75%
	Democr	atic	1/1/7		ZH_A
	Autocra	tic			11/11/
	Laissez-	Faire / Free Reign		44-44-	
	Charism	atic	1 state	4-4L-11	
	Transac	tional			1/1/
	Bureau	cratic			
1.4	Evaluate / Critic	ally analyse [Advant	tages / Disadvantages each of t	he	
	following leader	ship styles:			
	Democr	atic			14-1-
	Autocra	tic	1. 1.4-1	-/ // //	-+b
	Laissez-	Faire / Free Reign	1-	7	
	Charism	atic		_4_77	4-1
	Transac	tional		171	
	Bureau	cratic			
1.5	Apply the leade	rship styles from giv	ve case studies / scenarios		
1.6	Make recomme	ndations on the lea	dership styles based on inform	ation	
	in case studies/	scenarios			
1.7	Suggest / recom	mend situations in	which different leadership st <mark>y</mark> le	es	
2	can be applied				
1.8	Discuss / Disting	uish between the f	ollowing theories of manageme	ent &	
	leadership:				
14	Leaders	& Followers			
65	Situatio	nal Leadership	Real of the		
	Transitio	onal Leadership			
	Transfor	mational Leadershi	р		
1.9	Discuss the role	/effect [positives / r	negatives] of a positive or negative	ive	
	personal attitud	e in success and lea	dership		
MAIN	BUS VENTU	RES	TOPIC: INVESTMENT	DATE	
TOPIC			SECURITIES		
				COMPLET	ED
2.1	Describe / Exp	plain / Discuss the f	ollowing about the		
	Johannesburg	Securities Exchang	e [JSE]		
	Funct	ions			
		of investments avai			
2.2	Investigate a	range of available b	usiness investment		
	opportunities				
2.3	Analyse the ri	sk factor of each ty	pe of investment opportunity		

2.4	Discuss shares as an investment opportunity by referring to	
	the following:	
	Types	
	Preference	
	Rights	
	Limitations	
2.5	Describe / Evaluate the positives & negatives of the following	
	forms of investment:	
	Government [RSA] retail bonds	
	Unit Trusts	
	Shares	
	Fixed Deposits	
2.6	Define / Explain the meaning of the following concepts:	
	Debentures	
	Dividends	
	Capital Gain	
	Simple Interest	1 Tangé h
	Compound Interest	
2.7	Describe / Explain / Discuss / Evaluate types of investments	$\lambda / 7$
	based on the following investment	
	factors:	
	Return of Investment [RoI]	
	Investment period / term	
	<ul> <li>Tax implications</li> <li>Influence of the inflation rate on investment</li> </ul>	
2.0		
2.8 2.9	Distinguish between compound interest and simple interest Calculate:	
2.9	Simple Interest	
	Compound Interest	
2.10	Recommend types of investments based on calculations	
2.10		
	3. INVESTMENT: INSURANCE	
3.1	Distinguish between compulsory- and non-compulsory	
	insurance	
3.2	Give examples of both compulsory- and non-compulsory	
	insurance	
3.3	Understand the following of insurance for a business:	
	Concepts	
	Principles	
	Importance / Advantages	
3.4	Identify and explain the following concepts:	
	Insurable risk	
	Non-insurable risk	
3.5	Identify / Explain the types of life insurance	
3.6	Give examples of the different types of insurance	
3.7	Discuss / Evaluate the viability and relevance of insurance for:	

		>	Ti to Man	
14	Businesses			
3.8	Explain the advantages of:			
	Life Insurance			
	Retirement Annuities		×	
3.9	Distinguish between insurance	e and assurance		
3.10	Give examples of insurance an		×/K75674	
3.11	Explain by using examples the		11_777427	
	Over-insurance		1	
	Under-insurance		_ // _ 7/ 3/-4	
	Average clause		11-11-11/11	
	Re-instatement	/ //////		-
3.12	Calculate from case studies / s	scenarios under-insurance	11 TH-14	
3.13	Explain the benefits of the Uni	employment Insurance Fund	1-11-11-11-11-11-11-11-11-11-11-11-11-1	
3.14	Know the rights of workers reg	gistered for UIF		
3.15	Explain the provisions of the R	Road Accident Fund [RAF]	1 11-11-11	
3.16	Know the rights of road users	in terms of the RAF		
3.17	Explain the main purpose of C	OIDA as a type of compulsory	The Ment	
	insurance			114
3.18	Keep abreast of changes in leg	gislation relating to RAF		
3.18	Keep abreast of changes in leg	gislation relating to RAF		
3.18 MAIN	Keep abreast of changes in leg BUS VENTURES	to PAF	DATE	
MAIN TOPIC	BUS VENTURES	TOPIC: FORMS OF OWNERSHIP	DATE	
MAIN	BUS VENTURES Characteristics; Advantages; E	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of thip		
MAIN TOPIC 4.1	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies • Non-Profit Companies	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies • Non-Profit Companies Critically evaluate the forms of	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies • Non-Profit Companies • Non-Profit Companies • Critically evaluate the forms of following criteria: [Refer Exam	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies • Non-Profit Companies Critically evaluate the forms of following criteria: [Refer Exam • Capacity	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES Characteristics; Advantages; E the following forms of owners • Sole trader • Partnership • Closed Corporation • Profit Companies • Non-Profit Companies • Non-Profit Companies Critically evaluate the forms of following criteria: [Refer Exam • Capacity • Taxation	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Critically evaluate the forms of following criteria: [Refer Examted in the following criterina: [Refer Examte	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Critically evaluate the forms of following criteria: [Refer Examted in the foll	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Critically evaluate the forms of following criteria: [Refer Examted in the following criteria]         • Capacity         • Capacity         • Capacity         • Division of Profits	TOPIC: FORMS OF OWNERSHIP Disadvantages & Comparison of ship		
MAIN TOPIC 4.1	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Critically evaluate the forms of         following criteria: [Refer Exam         • Capacity         • Taxation         • Management         • Capital         • Division of Profits         • Legislation	TOPIC: FORMS OF         OWNERSHIP         Disadvantages & Comparison of         ship         of ownership in terms of the         of Guide]		
MAIN TOPIC 4.1	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Capacity         • Taxation         • Management         • Capital         • Division of Profits         • Legislation         Evaluate the impact [positives]	TOPIC: FORMS OF         OWNERSHIP         Disadvantages & Comparison of         ship         of ownership in terms of the         of ownership in terms of the         of ownership of terms of the         of ownership ownership ownership         of ownership ownership         of ownership         ownership		
MAIN TOPIC	BUS VENTURES         Characteristics; Advantages; E         the following forms of owners         • Sole trader         • Partnership         • Closed Corporation         • Profit Companies         • Non-Profit Companies         • Critically evaluate the forms of         following criteria: [Refer Exam         • Capacity         • Taxation         • Management         • Capital         • Division of Profits         • Legislation	TOPIC: FORMS OF         OWNERSHIP         Disadvantages & Comparison of         ship         So         of ownership in terms of the         a Guide]         So         a dvantages or negatives /         t		

MAIN	BUS VENTURES	TOPIC: Presentation and	DATE
торіс		Data Response	COMPLETED
5.1	Presentation of business informat material]	ion; [Use of support	CONFLETED
	Verbal Format		
	Non-Verbal Format		
5.2	Outline / Describe / Explain / Disc and effective presentation:	uss the criteria for logical	
	Know your audience		
	Put important information	n first	
1777	• Use tables, graphs or diag	grams	
5.3	Outline/Explain the factors that m preparing for a presentation: <b>BEF</b>		
5.4	Outline/Explain the factors that m presenter while presenting: <b>DURI</b>		
	Maintain eye contact		11 200 /
	Use visual aids effectively		
	Movement		1 August
	Do not speak fast		
	Use pauses when necessa	ary	
5.5	Give examples of non-verbal pres	entations:	
	Written Reports		
	Scenarios	$1 \sim 10$	
	Types of graphs		
	- Line graph		
	- Pie graph		
	- Bar charts		
	Pictures		
	<ul> <li>Photographs</li> </ul>		
5.6	Discuss / Explain how to design a include visual aids: Examples	multimedia presentation to	
	Start with text		
	Select the background		
	Choose relevant images		
	Create graphs		
5.7	Explain / Evaluate the effectivenes of visual aids in verbal format	ss/advantages/disadvantages	
5.8	Explain/Evaluate effectiveness/advantages/disadvantages of visual aids in non-verbal format		
5.9	Explain how to respond to questions about work and presentations in a non-aggressive and		
	professional manner		
5.10	Discuss how to handle feedback a	nd amend plans	
5.11	Discuss / Explain how to identify areas for improvement of a presentation		
5.12	Motivate / Make recommendation improvements based on feedback		



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# BUSINESS VENTURES LEADERSHIP AND MANAGEMENT

# 1.1 Define the terms :

# Leadership:

- A business leader is to provide the overall vision and goals of the business
- Leaders have the ability to inspire and motivate others

# Management:

- Management organise employees to achieve goals
- They set up systems and procedures to keep the organisation function optimally

# 1.2 Distinguish between leadership and management

LEADERSHIP	MANAGEMENT
<ul> <li>Influences human behaviour. VV</li> </ul>	- Guides human behaviour.√V
- Communicates by means of inter-action/	- Communicates through management functions, e.g.
behaviour/vision/values/ charisma. <b>vv</b>	line function.√√
- Encourages new ideas to increase productivity.√V	- Administers plans/programs/tasks to reach
	targets.VV
<ul> <li>Inspires staff to trust and support each other.vv</li> </ul>	- Controls systems and procedures to get the job
	done. <b>vv</b>
- Focuses on what and why.√√	- Focuses on how and when.√√
- Does the right things. <b>//</b>	- Does things right.√√

# **1.3** Discuss/ Distinguish between the following theories of management and leadership:

# (Refer to 1.8 in the Examination Guideline Checklist)

Theories of management and Differences		
Leadership	Jership	
Leaders and followers	Focus on relationship between leader and follower	
	<ul> <li>Key to success is an open and honest communication between leader and follower</li> <li>Respect is encouraged</li> </ul>	
	• Example: employee able to critically evaluate a leaders solution to a problem and suggest changes	

	Situational leadership	Determines how a leader should lead
		Based on the theory that there is no single style of leadership
		• The leader adapt to the leadership style according to the task at hand
		Leaders show various skills
ő-=		Followers highly skilled and high level of maturity
B 9	Transitional leadership	Occurs during the time before big changes
		Interaction between leaders and followers are critical for a success
hullin السلسلي		during a transition
	Transformational leadership	Leaders inspire followers
6		Leaders explore new ways of doing things
		Open communication between leaders and followers
		Leadership is people orientated
		Followers are highly motivated

# 1.3 Discuss the role/effect [positives/negatives] of a positive or negative personal attitude in success and leadership. (Refer to 1.9 in the Examination Guideline Checklist)

Positive attitude in success and leadership

• An attitude is a way of thinking and behaving

1	Enthusiasm	Refers to a confident commitment and a belief in yourself.
		<ul> <li>Team members will believe in themselves if they see have a leader who is enthusiastic and believe in himself</li> </ul>
2	Perseverance	<ul> <li>Refers to the ability to stay with the task and seeing if through, despite difficulties and setbacks.</li> <li>Encouraging team members to see the light at the end of the tunnel, despite obstacles</li> </ul>
3	Desire	<ul> <li>Pushes the leaders to work harder</li> <li>Creates new opportunities and bring out new talents you did not know you had</li> </ul>

Leaders with positive attitudes transform the work into a positive experience

- They strive for an attitude of excellence and demonstrate excellence in the way they work
- The make a conscious decision to excel and do not accept second best
- They exhibit personal leadership so that they live their lives in a manner that inspires others.

# **2.** INVESTMENT: SECURITIES

# 2.1 Describe / Explain / Discuss the following about the Johannesburg Securities Exchange [JSE]

# Functions:

- Serves as a link between the investor wanting to buy share and public company wishing to sell shares.
- Serves as a barometer of the economic conditions in a country.
- Encourages small investors to also invest in the economy of the country.
- Allows financial institutions to invest surplus funds in other listed companies
- Reflects the true value of the shares, through the interaction between demand and supply
- Shares are published daily in the local newspapers.

Shares	<ul> <li>A unit of ownership that represents an equal proportion of a company's capital.</li> <li>It entitles its holder (the shareholder) to an equal claim on the company's profits and an equal obligation for the company's debts and losses.</li> </ul>
Bonds	<ul> <li>You can use Bonds to lower your risk or to diversify your portfolio. These used to be called Spot Bonds.</li> <li>The following bonds are listed on the JSE:</li> </ul>
	<ul> <li>Government Retail Bonds</li> <li>Corporate Bonds</li> </ul>
	- Repo Bonds
Forex Derivatives	• JSE's Currency Derivatives Market allows for the on-exchange trading of Currency Futures and Options on the JSE.
	<ul> <li>Giving market participants an opportunity to hedge against currency risk, diversify internationally as well as take a view on the movement of underlying foreign exchange rates.</li> </ul>
	• The JSE offers a wide range of Currency Derivatives, tracking the rand exchange rate to the United States dollar, euro, British pound, Australian dollar, Japanese yen, etc.

#### • Types of Investments available on the JSE

Exchange Traded Funds •		•	Exchange Traded Funds or ETFs are listed investment products that track
	[ETFs]		the performance of a group or "basket" of Shares, Bonds or Commodities.
		•	An ETF can be bought or sold in the same way as an Ordinary Shares
		•	Investors save time and money as ETFs enable an investor to invest in a
			variety of asset classes through a single listed investment product.

Analyse the risk factor of each type of investment opportunity. (Refer to 2.3 in the Examination Guidelines

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	Investment Opportunity	Risk Factor
1	Business Investment	• The risk is high because of the unsecured nature of the investment.
		<ul> <li>No guarantee that the investor will get a return on his investment or the capital back</li> </ul>
2	Shares	<ul> <li>Shareholders have a limited liability for the debt of the company</li> </ul>
		Some shares are low, medium or high risk
3	Unit Trust	Low risk
		• The portfolio of shares are managed by experts
		• The risk is spread over shares in different companies and in different industries
4	Government Retail Bonds	No risk
		The investment is guaranteed by government
		Investor is secured of his capital

2.3 Discuss shares as an investment opportunity by referring to the following:

(Refer to 2.4 in the Examination Guideline checklist)

- Types
- Preference
- Rights
- Limitations

# 2.3.1 Discuss the type of shares

	Type of share	Discussion
1	Ordinary Shares	Voting rights to choose the board of directors.
		• Values of the shares are determined by the profitability of the company and the economic conditions in the country.
		• At liquidation of the company the ordinary shareholders gets paid out after the preference shareholders.
		• No guarantee of receipt of a dividend income, no stated dividend rate.
		• Dividend is only paid out when the company declares a dividend.

2	Preference Shares	Have preference in receiving dividend payments from the company
		Guaranteed to receive payment of dividend.
		<ul> <li>Dividend is paid out as a fixed amount of share or fixed percentage of the stated value of the share.</li> </ul>
		• At liquidation of the company the preference shareholders gets paid out after the creditors, but before the ordinary shareholders.
		<ul> <li>No voting rights, except in matters that affect the payment of their dividends.</li> </ul>
3	Bonus Shares	<ul> <li>Free shares of stock given to current shareholders, based upon the number of shares that a shareholder owns.</li> </ul>
		While this stock action increases the number of shares owned, it does     not increase the total value.
		• This is due to the fact that since the total number of shares increases, the ratio of number of shares held to number of shares issues remains constant.

# Types of Preference shares:

1	Participating preference shares	Surplus after all shareholders have received dividends
2	Cumulative preference shares	Compensated for past dividends – not declared
3	Non-Cumulative preference shares	Not compensated for past dividends – not declared
4	Convertible preference shares	Convertible into ordinary shares

# 2.3.2 Preference shares – Rights & Limitations

	Rights	Limitations
Preference Rights	<ul> <li>Have preference in receiving divide payments from the company</li> <li>Guaranteed to receive payment of dividend.</li> </ul>	fixed amount of share or fixed percentage of the
	<ul> <li>At liquidation of the company the preference shareholders gets paid out after the creditors, but before ordinary shareholders.</li> </ul>	payment of their dividends.



# 1.4 Describe / Evaluate the positives & negatives of the following forms of investment:

# (Refer to 2.5 in the Examination Guideline checklist)

	Advantages	Disadvantages
Government Retail Bonds	<ul> <li>Safe way to invest with low risk.</li> <li>Guaranteed returns.</li> <li>Convenient and accessible, if the need arises.</li> <li>No extra cost or commission.</li> <li>Convenient method of purchase, e.g. At the Post Office</li> </ul>	<ul> <li>Low return on investment, because of the low risk</li> <li>Government could default on payment in the event of war or financial crisis</li> </ul>
Unit Trust	<ul> <li>Allows the investor to buy a group of share and securities from a variety of companies.</li> <li>Lower the potential risk.</li> <li>Spread the risk amongst some high risk and some low risk investment.</li> <li>Professional fund managers will invest the funds to ensure maximum returns and growth</li> <li>Provide a source of income on retirement</li> </ul>	<ul> <li>Unit trust could decrease in value over time.</li> <li>Depended on the growth of blue chip companies.</li> <li>External factors could impact negatively on the value of the unit trust.</li> </ul>
Shares	<ul> <li>Can offer a much higher return on investment than other investment options. Example Fixed deposits.</li> <li>Provides a protection against inflation provided the company is profitable.</li> <li>Value of shares often increases as the over- time with the growth of the company. Example in 2008 the value of a MTN Zakhele share was R20.00 In 2015 the value was R 101.00</li> <li>Dividends are payable to shareholders when the company declares a dividend</li> <li>Investing in share can provide the shareholder with substantial returns on retirement</li> </ul>	<ul> <li>The value of the share price fluctuates over time</li> <li>External factors, over which the company has no control has a negative impact on the value of the share</li> <li>The value of the share may drop below the initial price at which it was bought</li> </ul>

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Fixed deposit	•	<ul> <li>Fixed Deposit offers guaranteed return to an investor, making the investment safe.</li> <li>Fixed deposit are very liquid hence one can withdrew the money whenever one wants cash for various purpose like marriage, sickness and other urgent needs</li> <li>Fixed deposits are very flexible in nature because one can have fixed deposit with maturity for 1 month or 1 year or 10 year.</li> <li>Fixed deposit with any amount can be made by the investor</li> </ul>	•	Biggest disadvantage of investing money in fixed deposit is that its returns are low. If the inflation is very high fixed deposit investors are the worst hit as the return from fixed deposit may not be sufficient to cover the high expenses due to inflation. If a person invests money in fixed deposits then he or she may not enjoy the benefits of diversification. Through premature withdrawal of funds from the fixed deposit results in some loss of interest income Fixed deposits are taxed at normal rates of taxation and hence one	
			/	of taxation and hence one cannot take the tax benefit from this investment.	

2.5 Define / Explain the meaning of the following concepts:

(Refer to 2.6 in the Examination Guideline checklist)

- Debentures
- Dividends
- Capital Gain
- Simple Interest
- Compound Interest

	Concepts	Definition / Meaning
1	Debentures	Debenture is a medium- to long-term debt instrument used by large
		companies to borrow money, at a fixed rate of interest.
2	Dividend	A share of the after-tax profit of a company, distributed to its
		shareholders according to the number and type of shares held by
		them.
3	Capital Gains Tax	• Tax payable on profit made on the sale (disposal) of a capital asset.
		• Example sale of shares; sale of a 2 <sup>nd</sup> private dwelling
4	Simple Interest	• Simple interest is calculated on the original principal amount only.
		• The interest charged in case of simple interest remains fixed for all
		the years.

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5	Compound Interest	Calculated each period on the original principal amount and
		all interest accumulated past periods.
		Adding accumulated interest back to the principal, so that interest is
		earned on interest.

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2.6 Distinguish between compound interest and simple interest

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	Simple Interest	Compound Interest
a - 2 - 3 - 2 Juntantantantantantantantantantantantantan	<ul> <li>Interest is calculated on the original principal amount only.</li> <li>The interest charged remains fixed for the</li> </ul>	<ul> <li>Interest is calculated on the original principal amount and all the interest accumulated during the preceding periods.</li> </ul>
	duration of the investment	<ul> <li>Accumulated interest is added to the principal amount, resulting in interest being earned on interest</li> </ul>

#### 2.7 Calculate: (Refer to 2.9 in the Examination Guideline)

- Simple Interest
- Compound Interest

# SIMPLE INTEREST Simple Interest - Formula Three components to calculate simple interest: I = P x r x t . Principal [Original amount ] I = Interest . Interest rate [Expressed as a %] P = Principal amount . Time [Period of investment ] t = time in years or a fraction of a year

# Donovan Invest R100 000 People's Bank for 54 months. The bank offers to pay him simple interest calculated at a rate of 11% p.a. Calculate the amount of interest that Donovan will receive after 54 months. Show all workings

Suggested solution

I = P x r x t

I = R 100 000 x 11/100 x 54/12

 $I = R 100 000 \times 0.11 \times 4.5$ 

L = R 49 500

# COMPOUND INTEREST

#### Components:

- S = Total amount [Original amount + Interest]
- P = Principal amount [ Original amount ]
- i = Interest rate per conversion period
- n = Total number of conversion periods
  - S = P ( 1 + i)<sup>n</sup>

#### **Compound Interest – Example**

Jabu invested R 50 000 for three years at an interest rate of 10% compounded annually. Calculate the amount of interest that Jabu will receive after three years. Show all workings

Suggested solution

- S = R 50 000 (1 + 0.1)<sup>3</sup>
- $S = R 50 000 (1.1)^3$ 
  - = R 50 000 (1.331) = R 66 550

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Interest that Jabu earned: R 66 550 – R 50 000 = R 16 550

Compounding	Principal	Yearly rate	Time	Period rate	Number of period	Amount	Total interest
Period	$\sim$			(r/n)	pened		
- when				(1/11)			
(n)	(P)	(r)	(t)		(n.t)	(A)	(1)
Annually [1]	1 000	9%	5 yrs.				
Semi- Annually [2]	1 000	9%	5 yrs.				
Quarterly [4]	500	8%	3 yrs.				
Monthly[12]	350	12%	5 yrs.				





Compoundin	Principal	Yearly rate	Time	Period rate	Number of	Amount (A)	Interest
g	(P)	(r)	(t)	(r/n)	period (nt)		
Period (n)							
1. Annually	1 000	9%	5 years	0.09	(5x1)		1538.62-
		~~~~		1		$1000 x(1 + 0.09)^5$	1000
						= 1538.62	= 538.62
2. Semi-	1 000	9%	5 years			$1000 \ x \ (1 + \frac{0.09}{2})^{5x^2}$	1552.97-
annually				0.09	(5x2)	$1000 \times (1 + \frac{1}{2})^{3/2}$	1000
		5	$\langle \rangle$	2		= 1552.97	=552.97
3. Quarterly	500	8%	3 years			$500 x (1 + \frac{0.08}{4})^{3 x 4}$	634.12-
			200	$\frac{0.08}{4}$		$500 \times (1 + \frac{1}{4})^{-1}$	500
				4	(3x4)	=634.12	=134.12
						-034.12	
4.Monthly	350	12%	5 years	0.12.			= 635.84-
				12		$(0.12)^{5x12}$	350
					5x12	$350 x \left(1 + \frac{0.12}{12}\right)^{5x12}$	= 285.84
						= 635.84	

# 2.8 Recommend types of investments based on calculations

# (Refer to 2.10 in the Examination Guideline checklist)

	TYPE OF INVESTMENT	RECOMMENDATION
1	Shares	
2	Business Investment	
3	Unit Trust	
4	Government Retail Bonds	

# **3.** INVESTMENT: INSURANCE

#### 3.1 Distinguish between compulsory- and non-compulsory insurance

Compulsory	Non-compulsory insurance	
<ul> <li>required by law / regulated by government</li> </ul>	<ul> <li>entered into voluntarily (by choice)</li> </ul>	
no contract required	<ul> <li>signing of a contract</li> </ul>	

#### **1.2** Examples of compulsory and non-compulsory insurance

Compulsory	Non-compulsory insurance		
<ul> <li>Unemployment Insurance fund (UIF)</li> </ul>	• Insurance of goods against a range of risks.		
	Example: car insurance; contents of household;		
	cell phone insurance		
Road Accident Fund (RAF)	life insurance		
Compensation Fund for Occupational Injuries	• insurance against loss as a result of certain		
and Diseases (COIDA)	actions of other people; theft, burglary,		
	accidents		

# 3.3 Understand the following of insurance for a business:

- Concepts
- Principles
- Importance / Advantages
- Insurer = insurance company

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- Insured = person / business insuring unfortunate event (loss/risk)
- Risk natural disaster, fire, burglaries, fraud
- Insurance policy contract between insured and insurer
- Insurance broker determines need for insurance
- Insurance premium amount of money paid by the insured to the insurer
- short term insurance insurance of goods, e.g. motor vehicles
- long term insurance insurance of life, e.g. life insurance, pension fund

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• compulsory insurance – insurance that is required by law

Principles o	f Insu	urance



Principles	
1. Average clause	<ul> <li>Payment of the insurance claim will be according to the amount insured.</li> </ul>
	Applicable when the insured have under-insured the asset.
	The asset was not insured for the full value.
	Payment will be paid in proportion to the value of the asset insured
	Example:
	* Market value of an asset is R100 00.
	* Asset is insured for R70 000.
	* In an event of a claim the insurer will only pay out
	= 70 % of the claim.
	• The insured is the insurer for the balance of 30% of the
	claim.
	• The insured should bear the loss of 30% of the claim.
	• The Insurance company will put the insured in the same financial
2. Indemnify	position the insured was before the event took place.
	Payouts of insurance companies will only occur if there is proof that
	the event took place.
	• The insurer is indemnified against paying out if the insured claims
	fraudulently.
	<ul> <li>A person can only insure an asset and claim if they are going to sufference of the suffer</li></ul>
3. Insurable	a financial loss when an event occurs.
interest	Examples of insurable interest
	* an individual can insure his/her your own life
	* an individual or business may insure its own assets.
	* a married woman in her husband
	* your business partner's life
	* a debtor in a creditor

4. Utmost good faith	Both the insured and the insurer must be honest when concluding the insurance contract.
	• Details the insured supplies when entering the contract must be true and accurate.
	<ul> <li>Details which the insured supplies when claiming must also be accurate.</li> </ul>
	<ul> <li>Insurer must honour the agreement when a bona fide claim is made by the insured.</li> </ul>

# Importance / Advantages of Insurance

indemnify the insured against risk / financial loss

- protection to businesses against future losses
- keeps re-instatement costs under control

# 3.4 Identify and explain the following concepts:

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- Insurable risk
- Non-insurable risk

Insurable Risk	1.	<ol> <li>Insured must derive a financial benefit from the existence of the object which is insured</li> </ol>							
	2.	Insured	stands to lose financially if goods are destroyed or by the death of a person						
	3.	Exampl	es: Multi-peril policies, Fire, Assets policies, Personal property policies						
Non-insurable risk		1	A risk for which no insurance can be written.						
		2	The chance of loss is very high or cannot be accurately measured.						
		3	Examples: Pre-existing condition, Earthquake, Nuclear war,						

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3.5 Identify / Explain the types of life insurance

#### Whole-life policy

- This type of life insurance policy pays out when a person dies no matter when that happens.
- Payment is known as a death benefit.
- Death benefit is paid to a beneficiary who is named by the insured.
- Beneficiary of a life policy is normally the insured's family or other dependent.
- The insured pay a premium on a whole-life policy until he/she dies.

# • Term insurance

- Basic type of life insurance.
- The policy is written for a specific period of time, which is the term.
- Most common type is the 30 year term insurance.
- If the insured dies during this period, the insurance company will pay a death benefit to the insured's beneficiaries.

# Universal-life policy

- Pays out when a person dies no matter when it happens, but it allows the policy holder to change the premiums and death benefits during the course of the policy.
  - Useful for people who need lifetime coverage but also wants flexibility.

# 3.6 Give examples of the different types of insurance

There are two kinds of insurance, long-term and short-term insurances, which need to be considered
regarding the protection of your own person and/or family and the protection of personal goods and items
or business interests.

Short-Term Insurance	Short-Term Insurance covers eventualities in regards to a person's belongings and thus covers personal property.	
	Examples: car insurance, household insurance, home insurance or business insurance	
Long-Term insurance	<ul> <li>Long-Term insurance is an insurance that is directly linked to an insured person's life or wellbeing.</li> </ul>	
	• This type of insurance is usually paid over a long period of time.	
	• Examples: life insurance, disability insurance and income protection insurance.	

#### Discuss / Evaluate the viability and relevance of insurance for:

- Individuals
- Businesses

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Individuals	Protect the individual in the event of theft or burglary of personal belongings, e.g. Cell     Phone, Laptop, and Smart TV etc.
	Car of an individual can be repaired or damaged in the event of an accident.
	Individual do not have to pay out money if the individual is responsible for the damage to another vehicle
	Insurance is a form of saving can be used as an additional income during retirement
	Debts may be repaid in the event of the death of the insured.
	Insurance can provide the individual with a form of income during periods of unemployment, e.g. UIF
Pusiesses	
Businesses	Protects the business in the event of theft or burglary of stocks or assets
	Product liability insurance protects the business from claims related to the
	manufacture or sale of products, food, medicines or other goods to the public.
	It covers the manufacturer's or seller's liability for losses or injuries to a buyer, user or bystander caused by a defect
	• An insurance policy that protects employers from liabilities arising from disease,
	fatality, or injury to employees resulting from workplace conditions or practices
	Buy or sell insurance to the general public or other businesses as a form of income

# 3.8 Explain the advantages of:

- Life Insurance
- Retirement Annuities

	Advantages	
Life Insurance	Insurance on the life of a human being that cannot be replaced.	
	Pays out lump-sum to dependents	
	• Families of deceased can maintain standard of living.	
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	Principle of security applies	
	Advantages	

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	Retirement Annuities [RA]	Funds in RA are prote	ected from creditors.	
		Income after retireme	ent can be guaranteed for life.	
		Lump-sum contribution	ons can be made at any time.	
		Retirement funds are	taxed at a favourable rate.	
1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		• A change in employm	nent will not affect retirement prov	vision.

### Distinguish between insurance and assurance

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INSURANCE	ASSURANCE
Events that <u>MIGHT</u> happen	Events that <u>WILL</u> happen
Pays out if the insured <u>claims</u>	Always results in a <u>payment</u>
Covers short-term period	Cover a long-term period

# 3.10 Give examples of insurance and assurance

INSURANCE	ASSURANCE	
Fire Insurance	Life Insurance	
Theft & Burglary Insurance	Retirement Annuities	
Car Insurance	Endowment Insurance	

# 3.11 Explain by using examples the following concepts:

- Over-insurance
- Under-insurance
- Average clause
- Re-instatement

	Concept	Meaning	Example
Over-insurance • Insurance cover is greater than		<ul> <li>Insurance cover is greater than</li> </ul>	• Purchase vehicle = R100 000,
		replacement cost of assets insured	cover = R150 000, over-insured by
			R50 000
	Under-insurance	<ul> <li>Insurance cover is less than</li> </ul>	<ul> <li>Purchase vehicle = R200 000,</li> </ul>
		replacement cost of assets insured	cover = R180 000, under-insured
			by R20 000
	Average clause	• Payment of insurance claim according	<ul> <li>Purchase vehicle = R100 000,</li> </ul>
		to the value insured	cover = R100 000
	Re-instatement	<ul> <li>Replacement of damaged or stolen</li> </ul>	<ul> <li>Value of vehicle at time of</li> </ul>
		goods instead of paying amount to	accident = R150 000, replaced
		insurer	with vehicle of same value

#### 3.12 Calculate from case studies / scenarios under-insurance

# **Case Study**

The property of Lugogwana Distillers has a current market value of R300 000. The warehouse was partly damaged by fire. Damages were assessed at R60 000. The insurance company is not prepared to pay the full amount of the claim because Turbo Distillers insured the property for only R200 000

Calculate the compensation that Lugogwana Distillers will receive from the insurance company. Show ALL the calculations.

Amount insured x Damage

Value of the asset

= <u>200 000 x 60 000</u>

300 000

40 000

=

Which principle of insurance is applicable to the above claim? Average clause

#### 3.13 List the benefits of the Unemployment Insurance Fund [UIF]

•	unemployment	
•	illness	
•	maternity	
ŀ	adoption	
	death	

#### 3.14 Explain the rights of workers registered for UIF

Types of benefits	Rights of workers		
Unemployment	Workers can claim from the day stopped working until benefits are exhausted, or start working again.		
	<ul> <li>Benefits may stop if worker refuse to accept a job / go for training / go for advice.</li> </ul>		
Illness	<ul> <li>If a person is unable to work for more than 14 days and does not receive a salary or part of salary.</li> </ul>		
	Cannot claim if contributor refuses to undergo medical treatment.		
Maternity	Can be claimed for up to 17 weeks (four months)		
	Miscarriages: claim for six weeks		
Adoption	Application: adoption of child below age of two		
	• Application: person takes unpaid leave or receives only portion of his/her salary while		
	at home caring for the child		
Death	person who financially supporting the household		
	spouse of deceased can claim if he/she is unemployed		

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3.	5 Explain the provisions of the Road Accident Fund [RAF]
	Compensation to:
	- drivers,
	- passengers and
-	<ul> <li>Pedestrians injured in road accidents due to negligence of someone.</li> </ul>
6 7 8 9 6	Compensation to dependents of someone killed in a road accident.
	.6. Know the rights of road users in terms of the RAF
	Provide cover for all drivers of motor vehicles against claims by persons injured in vehicle accidents.
	Provide for claims of dependents of people killed in vehicle accidents.
	Indemnifies driver to compensate for losses suffered due to bodily injuries or death.
	No cover for damage to property.
	All road users are limited to claims up to R160 000.
3	7 Explain the main purpose of COIDA as a type of compulsory insurance
	To protect employees and their families against injury or death that is the result of duties performed for the employer.
	Protection is in the form of compensation, for the employees and / families, for injuries or death that occur in the course of the employees' work duties
	The employee must be a bona fida employee that is he / she must be legally employed.
	Injury must have been caused by accident, while carrying out normal duties.
3.	Applies to all employees that are permanent- and casual staff.         8       Keep abreast of changes in legislation relating to RAF
	Changes in legislation (RAF Amendment Act – 1 August 2008)
Y	Maximum of R160 00 per year for loss of income or loss of support.
	Claimants cannot sue the guilty party in event of an accident.
	Medical cost claims limited to rates charged by public health care authorities.

• Passenger claims will be settled in full, to maximum of R160 000 per year.

# 4. FORMS OF OWNERSHIP

- 4.1 Critically evaluate the forms of ownership in terms of the following criteria: (Refer to 4.2 in the Examination Guideline Checklist)
  - Capacity
  - Taxation
  - Management
  - Capital
  - Division of Profits

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• Legislation

		Sole Trader		
		Success Factors	Failure factors	
1	Capacity	<ul> <li>The business is easy to control because it is small.</li> <li>Personal attention of owner is given.</li> </ul>	<ul> <li>Difficult for one person to control all the business functions.</li> <li>There is also no difference between your debt and the debt of the business.</li> <li>Difficult to continue and grow long term</li> </ul>	
2	Taxation	<ul> <li>The owner is taxed as an individual tax payer on his/her share of the profit.</li> <li>Business does not pay secondary or companies tax</li> </ul>	<ul> <li>If the scales are increased, the owner will have less profit.</li> <li>If profits are very high it might be not be a good idea to form a sole proprietorship as the increased tax might be higher than a CC or company.</li> </ul>	
	Management	<ul> <li>Owner has full control over the way in which the business is managed.</li> <li>Makes decisions without having to consult other people.</li> <li>Quick decision-making can be done to take advantage of good deals.</li> <li>Can be creative and innovative without interference of other people.</li> </ul>	<ul> <li>May take wrong decisions because there is nobody else to consult.</li> <li>Owner must rely on own instinct to make tough decisions.</li> <li>Lack of management experience.</li> </ul>	

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	Capital	<ul> <li>Capital will be utilised economically.</li> <li>The owner can borrow capital if he/she has the necessary security</li> </ul>	<ul> <li>Limited to the amount that the owner alone can contribute.</li> <li>Lack of capital restricts expansion of the business.</li> </ul>
5 5 7 8 9	Division of Profits	Owner is the only person receiving the profit and this will motivate him to be successful.	<ul> <li>Greed could result in unethical practices so as to earn more.</li> <li>Owner needs to budget carefully so that business debts are covered</li> </ul>
	Legislation	<ul> <li>No registration requirements</li> <li>Only needs to adhere to the requirements in the Income tax Act, 58 of 1962, as revised.</li> </ul>	<ul> <li>Not a legal entity.</li> <li>Unlimited liability.</li> <li>Private assets of the owner can be sold to pay creditors of the business.</li> </ul>
			No continuity.

		Partnership		
		Success Factors	Failure factors	
1	Capacity	The business is usually small with all partners active.	There are unlimited liabilities for partners.	
		Personal attention of partners is given to	• The law also does not recognise a	
		the busin <mark>e</mark> ss.	difference between the assets and deb	
			of the different partners.	
			• This means that the debt of one partne	
			is also the debt of the partnership.	
	Taxation	• The business does not pay income tax.	If the tax scales are increased, partners	
		• The individual partners pay tax on tax	pay higher personal tax	
		their income.	If profits are very high, the increased ta	
			might be higher than a CC or company.	

Management	<ul> <li>Partners are jointly and actively involved in managing the partnership.</li> <li>Partners have access to expertise of other partners when tough decisions are made</li> </ul>	<ul> <li>Must get agreement from other partners during decision-making and before transactions can be done.</li> <li>Decision-making can, therefore, be time consuming as all partners have to agree first.</li> <li>Partners may not agree during decisionmaking.</li> <li>Partners are agents of the partnership and management decisions will be forced on to other partners.</li> </ul>
Capital	<ul> <li>More than one person to contribute capital.</li> <li>Greater security to borrow money, because the partners are jointly and severally responsible for the debts of the business.</li> </ul>	<ul> <li>Lack of capital because not all the partners contribute cash.</li> <li>Some contribute assets or their services.</li> </ul>
Division of Profits	<ul> <li>Profits are divided between partners as stipulated in the Partnership Agreement.</li> <li>Because all the profit is divided between the partners, this will motivate them to be successful.</li> </ul>	<ul> <li>The profit is divided according to the Partnership Agreement.</li> <li>Hard-working partner receives less profit than others who didn't contribute the same effort to the partnership.</li> <li>This may lead to this partner losing interest in the partnership.</li> </ul>
Legislation	<ul> <li>Only needs to adhere to the requirements in the Income tax Act, 58 of 1962, as revised.</li> <li>There are no legal requirements which bind the partners.</li> <li>Only need a partnership agreement between the partners.</li> </ul>	<ul> <li>Not a legal entity.</li> <li>Unlimited liability.</li> <li>Partners are jointly and severally responsible for the debts of the business.</li> <li>No continuity because partnership must dissolve when there is a change in the number of partners.</li> </ul>

	Closed Corporatio	on
	Success Factors	Failure factors
1 Capacity	<ul> <li>Easy and inexpensive to start.</li> <li>Easy to control because it is normally not a big enterprise.</li> <li>All members can be actively involved.</li> </ul>	<ul> <li>Not in a position to compete with bigger enterprises.</li> <li>Cannot have more than ten members</li> <li>Long-term continuity is unknown</li> </ul>
Taxation	<ul> <li>A CC pays tax on the income brought into the business.</li> <li>A CC pays income tax at the same rate of companies.</li> <li>The profit (after tax) is distributed to members.</li> <li>The CC then pays STC tax (secondary tax) on the money distributed to members.</li> </ul>	CC pay the same rate of tax as companies
Management	<ul> <li>No separation between ownership and management - members are also managers.</li> <li>Members are actively involved in managing the business</li> <li>Members have access to expertise of other members when tough decisions need to be made.</li> </ul>	<ul> <li>Decision-making can be time consuming as all members have to agree first.</li> <li>Transactions made by a member are forced on the other members.</li> <li>Members may have conflict when making decisions</li> </ul>
Capital	<ul> <li>More capital for small to medium size businesses because up to 10 persons can contribute capital.</li> <li>Combined assets of members give greater security if they want to borrow money.</li> </ul>	<ul> <li>Members are limited to 10 and that may hamper the supplying of capital.</li> <li>Lack of capital to expand the business.</li> </ul>
Division of Profits	<ul> <li>Profit after taxation is divided between the members according to the percentage interest of each member in the business.</li> <li>This can motivate members to contribute more capital.</li> <li>The bigger the profit of the CC, the bigger the amount of profit received by each</li> </ul>	A member, who contributes less capital, will receive less profit.

		e contraction of the contraction
Legislation	• Founding statement serves as a control mechanism.	Close Corporations must be registered by the Registrar of Close Corporations.
	<ul> <li>A CC has its own legal entity.</li> <li>Members have limited liability for the debt of the CC.</li> </ul>	• The Act does not control management and this may leave the way open for corruption.
		• Compulsory to appoint a financial officer. This means extra expenses and less profit.

	Private Company		
		Success Factors	Failure factors
1	Capacity	Can be large or small and can have a number of owners or shareholders	Cannot compete with public companies.
		• The new companies act makes it easier to establish a private company	
	Taxation	<ul> <li>A company pays tax on the profit earned.</li> <li>Companies pay tax at 28% of taxable income.</li> <li>The profit (after tax) is distributed to shareholders - this is called dividends</li> </ul>	<ul> <li>Companies pay secondary tax of 15% on the dividends distributed to shareholders.</li> </ul>
	Management	<ul> <li>Management and ownership are legally separated.</li> <li>Owned by shareholders</li> <li>Shareholders can vote for directors</li> <li>Business is managed by directors with expertise</li> </ul>	<ul> <li>Shareholders are not actively involved in managing the company.</li> <li>Shareholders have the power to elect suitable directors, but not all shareholders exercise their voting rights.</li> </ul>
	Capital	<ul> <li>Capital can be increased by issuing of more shares</li> </ul>	<ul> <li>Shares are not freely transferred.</li> <li>Private companies do not sell shares to the public.</li> </ul>

		0000	
	Division of	• Profit belongs to the company and can be	• The market value of shares can decrease
	Profits	used to expand the business.	or increase
		• A part of the profit can be withheld in a	Dividends are not always paid to
		reserve fund for future needs.	shareholders
		Profit after taxation is divided between	
(j)		shareholders in the form of dividends.	
20 10 0 10 10 10 10 10 10 10 10 10 10 10		Profit is shared according to the	
		number and type of shares held by the	
ъ. П		shareholder.	
	Legislation	Must comply with the requirements in	• Takes long time to register a company.
		the Companies Act, 71 of 2008 as revised.	• Extra burden on management to see to it
		Must complete Memorandum	that all the different requirements in the
		of Incorporation [Mol], Notice of	Act are adhered to.
		Incorporation and payment fee to register	Changes in companies' legislation can
		company.	bring extra challenges. (New Companies
1		Limited liability	Act)
5			Can become complicated to follow
	1-1-11-1		the correct process and obtain all the
			necessary legal documents.

	Public Company		
		Success Factors	Failure factors
1	Capacity	<ul> <li>Can be large or small and can have a number of owners or shareholders</li> <li>The new companies act makes it easier to establish a public company</li> </ul>	<ul> <li>Large capacity of the company can also lead to its downfall due to structures and processes that may become too costly.</li> <li>Control can be difficult because of a variety of activities.</li> </ul>
	Taxation	<ul> <li>A company pays tax of 28% on the profit</li> <li>Profit after taxation will be divided between shareholders in dividends.</li> </ul>	Companies pay secondary tax of 15% on the dividends distributed to shareholders
	Management	<ul> <li>Management and ownership are legally separated.</li> <li>Owned by shareholders and managed by at least three directors.</li> </ul>	<ul> <li>Shareholders are not actively involved in managing the company.</li> <li>Shareholders have the power to elect suitable directors, but not all shareholders</li> </ul>

		í si ma
Capital	Amount of shares available can be increased to raise capital	• Share prices change regularly and the share may lose its value over time
	<ul> <li>Shares are freely transferable.</li> <li>Shares can be sold to the public</li> </ul>	• In slow economic times and if the company is not performing well it might be difficult to
Division of	Profit belongs to the company and can	<ul><li>sell shares.</li><li>Dividends are not always paid out</li></ul>
Profits	<ul> <li>be used to expand the business.</li> <li>A part of the profit can be withheld in a reserve fund for future needs.</li> <li>Profit after taxation is divided between shareholders in the form of dividends according to the number and type of shares held by the shareholder.</li> </ul>	<ul> <li>Certain shareholders receive are guaranteed dividends, whilst other are not always sure if they will be paid a dividend</li> </ul>
Legislation	<ul> <li>Must comply with the requirements in the Companies Act, 71 of 2008 as revised.</li> <li>Must complete Memorandum of Incorporation [Mol], Notice of Incorporation and payment fee to register company.</li> <li>Limited liability</li> </ul>	<ul> <li>Takes long time to register a company.</li> <li>Extra burden on management to see to it that all the different requirements in the Act are adhered to.</li> <li>Changes in companies' legislation can bring extra challenges. (New Companies Act)</li> <li>Can become complicated to follow the correct process and obtain all the necessary legal documents.</li> </ul>

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# 5. PRESENTATION & DATA RESPONSE

# Presentation of business information [Use of support material]

	Verbal Format	Non-verbal format
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	<ul> <li>A verbal presentation is an oral presentation, i.e. where words are used to deliver a message to a group of people.</li> </ul>	<ul> <li>Non- verbal presentation is a presentation where information is conveyed to a group of people by using print and other electronic media</li> </ul>
B 1 2 3 4 5 E		<ul> <li>Example: hand-outs; slides; video clips and charts,</li> </ul>

5.2 Outline/Explain the factors that must be considered when preparing for a presentation: [BEFORE] (Refer to 5.3 in the Examination Guideline Checklist)

	1	Purpose of the presentation	<ul> <li>Write down the purpose of the presentation</li> <li>List the objectives of the presentation</li> </ul>
	2	Consider the audience	<ul> <li>Determine before-hand who the audience will be</li> <li>Determine what the audience already know</li> <li>Determine what you want to tell them</li> </ul>
			Determine what the appropriate language level will be.
	3	Write out the presentation	<ul> <li>Introduce the topic and give pointers as to what you are going to say.</li> <li>Use the body of the presentation to say what you want to say in a clear, audible and simple language.</li> </ul>
			Use the conclusion of the presentation to summarise what you have said.
9	4	Create visual aids	<ul> <li>Visual aids will help the presenter to get the points across more effective and memorably.</li> <li>Examples: Data Projector; Visualiser; Interactive white board; hand-outs</li> </ul>
	5	Practice the presentation	Time before-hand the duration of the presentation.
		alone	<ul> <li>If the presentation is too long, shorten the presentation.</li> <li>If the presentation is too short, add some interesting examples to clarify your</li> </ul>
			points.

6	Practice in front of some-one	Practice in front of someone who will give you an honest opinion of the presentation.
		Let the person measure the presentation against the purpose and objectives you identified earlier.
7	Visit the venue	<ul> <li>Ensure that the visual aids are appropriate for the venue.</li> <li>Ensure that the equipment provided is working and suitable.</li> </ul>
		<ul> <li>Ensure that the equipment provided is working and suitable.</li> <li>Ensure that the venue is comfortable for the audience</li> </ul>
		Ensure that sufficient seating is available for the number of people expected

# 5.3 Outline/Explain the factors that must be considered by the presenter while presenting: DURING (Refer to 5.4 in the Examination Guideline Checklist)

- Maintain eye contact
- Use visual aids effectively
- Movement
- Do not speak fast
- Use pauses when necessary

1	Maintain eye contact	<ul> <li>Use hand motions and gestures to accent your vocal expression.</li> <li>If you feel that you are losing attention, make them bigger and raise your voice slightly.</li> <li>Look at people who aren't looking at you and smile when they do acknowledge you.</li> <li>Attempt to look at every person in the audience, this makes it personal.</li> <li>It shows that you want them to listen to you.</li> <li>Maintain a connection with the audience by using a laser pointer to highlight slide items to discuss</li> </ul>
2	Use visual aids effectively	<ul> <li>Visual aids can be used effectively in verbal presentations.</li> <li>They can be used be used to summarise the information in a visual way to make it memorable and meaningful.</li> <li>Visual aids can also be used to present information to members of the audience who learn best through visuals.</li> <li>Use the slides or bullet points as a guide to drive home the strongest parts of the message you are delivering.</li> </ul>

	3	Movement	•	It adds energy and variety to your presentation.
			•	It makes you look more confident – because people who are nervous are
				generally frozen in one spot.
			•	Movement should be interspersed with stillness.
<b>0</b> —			•	That way, they both have more impact.
19 19 19 19 19 19 19 19 19 19 19 19 19 1			•	Incorporate movement in your presentation by planning different positions on
				the stage (or front of the room) that you'll present from.
r Sullin Bullin Bullin	4	Do not speak fast	•	Don't speak as fast as you do in conversation
			•	Develop a slower presenting style, you'll be a more effective speaker.
es -			•	Do breathing exercises and get more practice until you're confident enough to
				pace yourself.
	5	Use pauses when	•	Build pauses in to your speaking in order to appear genuinely interested in the
		necessary		audience.
			•	Pause for three seconds before the presentation
			•	Those three seconds will allow the audience to focus on you and the message,
				and will build a little drama into your opening.
			•	Use pauses is whenever you make a key point.
			•	Stop talking and watch the audience's eyes, once you see a reaction in the eyes
- Parks				of the audience, you'll know that you've gotten your point across.

# 5.4 Give examples of non-verbal presentations: (Refer to 5.5 in the Examination Guideline

# Checklist)

•	Written Reports	
•	Scenarios	
•	Types of graphs	
	- Line graph	
	- Pie graph	
	- Bar charts and Histogram	
•	Pictures	
•	Photographs	

# 5.5 Explain / Evaluate the effectiveness/advantages/disadvantages of visual aids in verbal

#### Format. (Refer to 5.7 in the Examination Guideline Checklist)

Advantages	Disadvantages
<ul> <li>Using visual aids can make a presentation more interesting and effective.</li> <li>When an audience can both hear and see what</li> </ul>	<ul> <li>Making a graph or pie chart requires more time and effort</li> <li>Only a small amount of information can be</li> </ul>
you are saying, they are more likely to retain the information.	<ul> <li>conveyed via a graphic</li> <li>Visuals can be detracting, shifting the focus from</li> </ul>
<ul> <li>Visual aids not only focus attention, they reinforce your words.</li> </ul>	<ul> <li>the presentation itself</li> <li>When using visuals, many concepts lose their</li> </ul>
<ul> <li>In an oral presentation the speaker faces numerous people with their eyes on him or her. Hence, he/she has no time to look through the notes.</li> </ul>	complexity
• Visual aids are a great assistance to the speaker as well as to the audience.	
• These serve to allow the speaker to remember all the important points and stay on the track.	

5.6 Explain/Evaluate effectiveness/advantages/disadvantages of visual aids in non-verbal format.

# (Refer to 5.8 in the Examination Guideline Checklist)

Advantages	Disadvantages
<ul> <li>Slides can effectively show images and</li> </ul>	<ul> <li>Slides are boring if no images are included</li> </ul>
animations	Slides can be overwhelming if too many details
Slides can effectively emphasize key details	are included
Posters allow for one on one exchanges with the	Posters are difficult to read in crowded hallways
speaker	
White boards & chalk boards are good if the	White boards & chalk boards are difficult to read
pace of the presentation is slow & natural.	if handwriting is poor
Handouts ensures that audience leaves with the	<ul> <li>Hand-outs can be distracting if handed out too</li> </ul>
message	early.
Web pages provide links to supplemental	<ul> <li>Web pages requires a backup in case of</li> </ul>
resources	computer problems

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5.7 Motivate / Make recommendations / decisions for future improvements based on feedback from presentations: [AFTER] (Refer to 5.12 in the Examination Guideline Checklist)

- Shorten the presentation if it was to long
- Add more detail to the information if the presentation was too short
- Re-organise the flow of the slides if the presentation didn't follow a logical sequence
- Consider the relevance of the nonverbal visual aids
- Was the text appropriate and summarised adequately
- Were the key point adequate addressed
- Was the presentation visually appealing
- Did the visual and graphs complement the verbal presentation

#### SECTION A TYPE QUESTIONS: BUSINESS VENTURES

Various options are provided as possible answers to the following questions. Write down the question number (2.1.1 to 2.1.24.) and write the correct letter next to the corresponding number.

#### 2.1.1 Three examples of short-term insurance are:

- Business Insurance, comprehensive vehicle insurance and household contents insurance
- Unemployment insurance, fire insurance and medical insurance
- C Insurance against natural disasters, retirement annuities and pension schemes
- D Funeral policies, Medical Aid and unemployment insurance
- 2.1.2 The principle of indemnification refers to ...
- А

2.1

А

В

the Insurance company putting the insured in the same financial position the insured was

before the event took place.

- B transfer of the risks to someone else
- C the insurance company paying the debt of the insurer
- D None of the above
- 2.1.3 An insurance premium is:
- A The highest amount that will have to be paid
- B The regular payment required by an insurer to provide insurance coverage
- C The amount the insured person gets as a result of a claim
- D A and B

2.1.4 The new Companies Act of 2008 allows certain professional persons, such as attorneys and accountants, to incorporate a ... to regulate their affairs.

Private company

Public company

А

С	Personal Liability Company
D	Cooperative
2.1.5	The failure of many sole traders is due to
А	the owner having to make all the decisions.
В	the owner having to pay tax in his personal capacity.
С	the owner's inability to raise sufficient capital for expansion.
D	None of the above
2.1.6	Partnerships are successful because:
А	Partners have access to the expertise of other partners when tough decisions are made
В	They offer continuity
С	They offer limited liability
D	Partners are agents of the partnership
2.1.7	A company that has issued securities through an initial public offering (IPO) and is traded on an open market.
А	Private company
В	Non-profit company
С	Public company
D	Semi- private company
2.1.8	Long -term assurance policies
А	Retirement annuities, Road Accident Fund, household insurance
В	Unemployment Insurance Fund, provident funds, life assurance
С	Life assurance, pension schemes, retirement annuities
D	Fire insurance, pension schemes, retirement annuities
2.1.9	A characteristic of transformational theory of leadership is that:
А	there is a clear chain of command
В	workers are involved in decision making
С	workers all have different levels of skills and maturity
D	leaders explore new ways of doing things
2.1.10	This form of ownership has 'Inc' following its name:
А	Personal liability company
В	Partnership
С	Public liability company

77

D Private company

2.1.11	Pension funds are an example of:
A	compulsory assurance
В	non-compulsory insurance
	life insurance
D	retirement annuities
₽ <u></u> 2.1.12	Employees are covered by this type of compulsory insurance when injured at work:
σ <sup>ω</sup> A	Unemployment Insurance Fund
ы B	Medical Aid scheme
T C	COIDA
	BCEA
2.1.13	A company called Fabers Ltd is a:
A	private company
В	public liability company
С	non-profit company
D	public company
2.1.14	This leadership uses incentives to motivate workers
A	Transactional
В	Charismatic
С	Democratic
D	Autocratic
2.1.15	Which one of the following are needed to calculate simple interest?
А	Principal amount, the interest rate and the number of days in the month.
В	The return on investment and the accumulated funds.
С	The principal amount, the interest rate and the time period.
D	The principal amount, the accumulated funds and the interest rate.
2.1.16	Jane borrows R50 000 from ABSA bank for 18 months at a rate of 18% p.a. The total amount payable by Jane after 18 months will be
А	R 59 500
В	R 9 000
С	R 63 500
D	R 63 000
78	

#### **2.1.17** Business data obtained via the internet is called ... information.

- A written
- B visual
- C oral
- D electronic
- 2.1.18 This risk of a business venture cannot be insured:
- A Improvements in technology
- B Burglary
- C Hail damage to company vehicles
- D Losses resulting from the death of a business partner
- 2.1.19 The ability to influence others based on personal charm and inspiration is known as the ... leadership style.
- A free-reign
- B autocratic
- C charismatic
- D transactional
- 2.1.20 The general manager of Super M Butchery gives orders to staff members and does not allow them to give any inputs with regard to decision-making. This leadership style is best described as ...
- A democratic.
- B charismatic.
- C laissez-faire.
- D autocratic.
- 2.1.21 A graphic presentation of a set of sales figures shown as a series of rectangles:
- A Line graph
- B Bar graph
- C Table
- D Diagram
- 2.1.22 Donovan has inherited a certain amount of money from his late uncle's estate. He has decided to invest R 80 000 in a fixed deposit account at Nedbank for two years, earning an interest of 8 % p.a. compounded annually. Calculate the maturity value of his investment:
- A R 92 800
- B R 12 800

2.0.

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	С	R 13 312
	D	R 93 312
	2.1.23	Effective feedback involves
	A	answering questions after a presentation.
5	В	handing out flyers.
12 12 12 12 12 12 12 12 12 12 12 12 12 1	C	dealing with difficult employees.
с. 10- 10-	D	applying visual aids in verbal presentations.
л. л.	2.1.24	This source of funding represents a long-term loan to a business enterprise:
	A	RSA Retail Savings Bonds
	В	Bank overdraft
	С	Supplier's credit
P	D	Debentures
4	2.2 questio	Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the n number 2.2.1 2.2.5
		rship; Management; Insurance: Assurance; Interest; Dividends; Provident Fund; Pension Fund; ge Clause ; Security;
	2.2.1	One of the principles of insurance is
	2.2.2	The fund a person receives at retirement that consist of a lump sum plus a monthly pay- out.
	2.2.3	Process of influencing employees to become achievers in the performance of their duties.
	2.2.4	Shareholders receive from an investment in public companies.
	225	This will cover the loss from an event that will definitely essure

2.2.5 This ... will cover the loss from an event that will definitely occur

80

2.3 Choose a description from COLUMN B that matches a term in COLUMN A.

Write only the letter (A–J) next to the question number (2.3.1 - 2.3.5)

COLUMN A	COLUMN B
	A. Information is conveyed to a group of people by
3.1 Cooperatives	using print and other electronic media
2.2. Causian	B. Set up systems and procedures to keep the
.3.2 Cession	organisation functioning optimally
.3.3 Unemployment Insurance Fund	C. Involves practical work experience
.3.4 Management	D. Transferring the rights in an assurance policy to
.3.5 Non-verbal format of presenting	another party
	E. Formed by members sharing resources,
	infrastructure and cost to the benefit of all.
	F. Compulsory scheme created by the government
	G. Inspire and motivate others
	H. All employees receive the same treatment
	I. Words are used to deliver a message to a group
	of people
	J. A new competitor in the market

# SECTION B TYPE QUESTIONS: BUSINESS VENTURES

2.3	Distinguish between leaders and followers.	(4)	
2.4	Discuss the following types of theories of management and leadership:		
	2.4.1 Situational leadership		
	2.4.2 Transitional		(12)
2.5	Read the scenario below and answer the questions that follow:		
	You are the financial advisor who must assist a client who wants to invest R5 m	illion for	three

You are the financial advisor who must assist a client who wants to invest R5 million for three years in ONE of the following investment options:

(3)

Question 2.5.1

(4)

81

• Purchase a computer training business.

• Shares in MNT, a well known locally listed company at R100 per share

• Government retail bonds for three years at 8% per year compounded annually

2.5.1 Identify from the scenario THREE types of investment options.

2.5.2 Explain the level of risk of the investment options identified in (6)

2.6 Distinguish between the concepts "simple interest" and "compound interest" (4)

- 2.7 Explain the following concepts:
  - 2.7.1 Debentures
  - 2.7.2 Capital Gain





Differentiate between compulsory and non-compulsory insurance.

#### Read the scenario below and answer the questions that follows

Presentation of business information is a critical component in any successful business organisation. The presentation of business information is however not an event, but it is a process. This process deals with three steps that must be incorporated in any business presentation.

(4)

(12)

This first step involves the preparation for a presentation. The second step involves the factors that must considered while the presentation is in progress. The third step relates to factors that must be considered after the completion of the presentation.

2.9.1List the criteria for logical and effective presentation(6)

2.9.2 Outline the factors that must be considered for a presentation of business

Information:

- Before the presentation
- During the presentation
- After the presentation

2.9.3 Name THREE examples of non-verbal presentation (3)

- 2.10 Explain the advantages and disadvantages of visual aids in a non-verbal format. (12)
- 2.11 Evaluate the effectiveness of visual aids in a verbal format (8)

#### SECTION C TYPE QUESTION: BUSINESS VENTURES

#### Forms of Ownership

Nhlanzeko and Mfundo are qualified lawyers who completed their studies last year. They wish to start their own business practice. They are considering either a partnership or a personal-liability company as a possible form of ownership and need your advice

With reference to the above scenario, write an essay containing the following aspects:

- Comparison of these TWO forms of ownership mentioned in the scenario by referring to:
  - Name of business
  - Number of owners
  - Liability
  - Management
  - Formation documents
  - > Profit
- Explain how the following factors can contribute to the success or failure of a partnership.
  - Capital;

- Management;
- Profit; and
- Legislation.

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• Evaluate the impact of the personal liability company as a form of ownership [40]

# **Business Roles**

MAIN	ΤΟΡΙϹ		BUS ROLES	TOPIC:	PROFESSIONALISM & ETHICS	DATE COMPLETED
1.1	Define ethical behav	iour				444
	Define business prac	tices			44_11	
1.2	Give practical examp	les of ethical and u	nethical business p	ractices		
N	Example: usi	ng fair vs unfair adv	vertising technique	s etc.		
1.3	Give practical examp	les of professional	and unprofessiona	l business	practices	
	• Example: go	od use of work time	e vs abuse of work	time		
1.4	Discuss the relations	hip b <mark>etween</mark> ethica	l and professional	behaviour		
1.5	<b>Explain</b> how a busine governance to impro				ples for corporate	144
	Transformati	on				
	Accountabili     Transparence					-4-ti
1.6	Identify unethical be		case studies / bus	iness scen	arios	
1.7	Suggest / Recommendation					T II-
	practice should be co	onducted by referrin	ng to:			
~~	Payment of f	air wages				
9	Providing hig	gh quality goods and	d services			
	Not starting	a business venture	at someone else's	expense e	tc.	
1.8	Evaluate situations a	nd reflect on issues	and situations in t	erms of et	hical / professional	
	behaviour that poses studies:	s challenges in the b	ousiness environme	ents in sce	narios and case	
	Ethical and p	orofessional behavio	our in the workplac	e		
	Sexual haras	sment				
		d use of workplace	funds and resource	es		
	Unfair adver	tising				
	i) Definition					
1	ii) Examples					
		ods in rural areas				
	Taxation					
	Abuse of wo					
1.9	Recommend improve practices	ement [strategies] f	or the above uneth	nical busin	ess behaviour /	
MAIN	ТОРІС		BUS ROLES	TOPIC:	CREATIVE THINKING	DATE COMPLETED

H	2.1	Distinguish between problem solving and decision making.						
⊾ H	2.2	Know and apply the steps in problem solving in scenarios / case studies						
2 H	2.3	Identify and address challenges by applying advanced problem-solving skills.						
	2.4	Apply creative thinking to solve complex business problems in case studies and given scenarios.						
	2.5	Explain the benefits/advantages of creative thinking in the workplace.						
	2.6	<b>Evaluate</b> the impact (positives and negatives) of the advanced creative thinking techniques						
duntuntunt		skills by referring to:						
utuutuutu		Delphi technique						
		Force-field analysis						
		Brainstorming						
		Mind mapping						
		Nominal Group Techniques						
╞		SCAMPER						
╞		Forced combination						
╞		Empty chair technique						
╞	2.7	Explain the application of the following creative thinking techniques / skills						
╞		Delphi technique						
╞		Force-field analysis						
ŀ		Brainstorming						
		Mind mapping						
╎┝		Nominal Group Techniques						
ŀ		SCAMPER						
╞		Forced combination						
┝		Empty chair technique     Suggest / Recommend ways for businesses to create an environment that promotes						
	2.8	creative thinking						
	MAIN TOPIC	BUS ROLES TOPIC: CORPORATE SOCIAL RESPONSIBILITY [CSR] & CORPORATE SOCIAL INVESTMENT	DATE COMPLE					
┢		3. SOCIAL RESPONSIBILITY						
ŀ	3.1	Define social responsibility						
- H	3.2	Explain the impact of social responsibility on:						
F		Businesses						
F		Community						
F	3.3	Link / Explain the relationship between social responsibility and triple bottom line						
- H	3.4	Suggest ways in which a business project can contribute towards the community: Example						
F		Charitable contributions to NGOs						
		Involvement in community education						
1		Employment						
		Employee volunteer programmes etc.						
F	3.5	Identify / Discuss socio economic issues that challenge social responsibility: Example						
F		HIV / Aids						
F		Unemployment	2					
		Poverty						
F		Human rights aspects etc.						
	3.6	Recommend ways in which businesses can contribute time and effort to advance the well-						
		being						

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18 11	Of others in a business context by referring to:	
	Improve the general quality of life [paying fair wages / develop skills etc.]	
	<ul> <li>Refrain from engaging in harmful practices ]employing children; selling illegal substances</li> </ul>	
1.50	Make ethical correct business decisions [not engaging in unfair advertising etc.]	17864
	Provide support to other employees [transport; housing; time off for community	
	projects & nutritional programmes]	
3.7	Define the term CSR	
3.8	Describe the nature of CSR	
3.9	Examine / Assess / Analyse / Critically Evaluate the following of CSR in the business world:	
	Its Role	
	Benefits	
	Problems / Challenges	
	Examine /Assess / Analyse / Critically Evaluate the following of CSR in the different communities	-
	Its Role	
	Benefits	
	Problems / Challenges	
3.10	Identify / Explain the following components of CSR: Example	
	Environment	
	Ethical corporate social investment	
	Health and safety etc.	
	3. CORPORATE SOCIAL INVESTMENT [SCI]	
3.11	Define the term CSI	
	Describe the nature of CSI	
3.13	Explain the following CSI focus areas:	
3.14	Community	"
3.15	Rural development	
3.1 <mark>6</mark>	Employees	
	Environment	
3.17	List practical examples of CSI projects	
3.18	Evaluate / Discuss the following of CSI for the businesses	
	Benefits	
	Problems	
	Challenges	
3.19	Evaluate / Discuss the following of CSI for communities	
3.20	Explain the implications of the following legal requirements on CSR and CSI	
	• EEA	
DN	• SDA	
5	• BEE	
	NSDS [SETAs]	

MAIN TOPIC	BUS ROLES	TOPIC:	4. HUMAN RIGHTS, INCLUSIVITY AND ENVIRONMENTAL ISSUES	DATE COMPLETED	
4.1	Explain hu	uman right	s, inclusivity and environmental issues.		
4.2	Analyse a issues.	nd evaluat	e the extent to which a business venture addresses these		

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4.3			nture on human rights, inclusivity and environmental issues					
4.5			ys, interviews, etc.					
4.4	Suggest h	ow busine	sses may promote/address human rights issues in a workplace.					
4.5	Explain th	e meaning	of diversity in the business.					
4.6		end ways ir rkplace, Ex	n which businesses may embrace/deal with issues of diversity ample:					
	•	Poverty	; Inequality; Race;					
	•	Gender;	Language; Ag					
4.7	Discuss th	e benefits	/value of diversity in the workplace.					
4.8	Suggest st health.							
4.9			bilities of employers and workers in protecting the workplace omoting human health and safety.					
4.10			the health and safety representatives in protecting the ent, Example:					
	p	otential da	the effectiveness of health and safety measures/ identifying ngers/ investigating workers complaints.					
4.11	Explain th businesse	-	of equality, respect and dignity and its implications for					
4.12			ic rights of employees with specific reference to the Labour (Act 6 of 1995).					
4.13		Suggest/Recommend strategies businesses may use to promote social and cultural rights in the workplace.						
MAIN TOPIC	BUS ROLES	TOPIC:	5. ASSESSING TEAM PERFORMANCE; CONFLICT	DATE COMPLE				
			MANAGEMENT & PROBLEM SOLVING					
5.1	Recomme studies	Recommend how to collaborate / work with other from given scenarios / case studies						
5.2	Assess self and team according to team criteria / characteristics for successful teams. Example:							
	• In	terperson	al attitudes & behaviours					
	• Sł	Shared values						
	• C	Communication etc.						
5.3	Identify a	Identify and explain the following stages of team development						
	Forming							
	• St	Storming						
	• N	Norming						
	• P6	erforming						
5.4	Describe / Discuss / Explain the importance of team dynamics theories in understanding team							
	Performa	nce. Examp	ble:					
	Performance. Example:							
	• A	Allocating tasks according to the roles of team members  Explain the nature of the team dynamic theories [not in terms of roles]						
5.5	1		Explain the nature of the team dynamic theories [not in terms of roles] Examine workplace scenarios where workers are expected to complete projects in					
5.5 5.6	Explain th	e nature o						
	Explain th Examine v teams,	e nature o vorkplace						

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5.7	Examine problem solving and management problems that arise from working with				
111/11/14	others or in teams				
5.8	Steps to resolve conflict				
CONFLICT RESOLUTION					
5.9	Identify and discuss causes of conflict from given scenarios / case studies				
5.10	Apply conflict resolution techniques [steps and procedure]				
5.11	Discuss the correct procedure to deal with grievances from given scenarios / case studies				
5.12	Describe the collective bargaining process with regard to grievance resolution. Refer to LRA:				
	Resolve employee grievances and disputes				
	Participate in collective bargaining processes				
	Ensure protection of members rights in the workplace				
	Negotiate for better working conditions				
	Be party to decision making process				
5.13	Suggest different ways / strategies of dealing with difficult people / personalities				

# ETHICS AND PROFESSIONALISM

#### **ETHICS**

#### 1.1 Define Ethical behaviour

- Acting in ways consistent with what society and individuals typically think are good values
- Involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity and individual rights.

#### 1.2 Define Business practice

• A method, procedure, process, or rule employed or followed by a business in the pursuit of its objectives

#### 1.3 Ethical business practice - Examples

- Using fair advertising techniques
- Not engaging in illegal practices
- Not using child labour
- Paying workers fair wages
- Allowing workers to work only the permissible number of hours per week
- Ensuring that the environment is protected and not destroyed

#### 1.4 Unethical business practice - Examples

	Hiding the truth of the origin of products
•	Using false figures in reporting the financial results of the business
•	Bribing people to lie on your behalf
•	Pumping contaminated water into rivers
•	Using confidential client information to your benefit
•	Taking excessive salaries when workers are retrenched
1.5	Professional business practice - Examples
•	Using polite language when engaging with your colleagues.
•	Keeping to working hours
•	Staying after normal working hours to complete a job
•	Never criticizing clients in front of colleagues
•	Treating all the people the same
•	Respect and learn from those with more experience
6	Unprofessional business practice - Examples
•	Swearing at colleagues
•	Stealing stationery and equipment
•	Not completing work as agreed and within the stipulated time
•	Discussing client information
•	Giving special favour to certain clients
•	Disregarding the experience of older workers
L. <b>7</b>	Discuss the relationship between ethical behaviour and professional behaviour
•	Professionalism and ethics are close related
•	Professionalism and ethics reinforce each other
• whic	Ethical behaviour conforms to a set of values that are morally acceptable in society and defines actions h are fair, good, right and honest
•	Professional behaviour is related to a set of standards of expected behaviour
•	To encourage professional and ethical behaviour a business should:
•	Set high ethical standards for the work force
•	Expect professional behaviour from all employees at all time
.8.	How a business can apply the following the King Code principles for corporate governance

1	Transformation	<ul> <li>Social transformation and redress is important and needs to be integrated within the broader transition to sustainability.</li> <li>Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies, and benefits, for both the company and society.</li> </ul>
2	Accountability	<ul> <li>There must be sound relationships between the business and all stakeholders</li> <li>The business is answerable to stakeholders for their actions and the performance of the business</li> <li>A board of directors must be appointed and accountability rest with the members thereof</li> </ul>
3	Transparency	<ul> <li>Business must have audit committees and must conduct internal audits</li> <li>There must be disclosure of accounting transactions and transparency</li> <li>The findings of the audits must be made available to stakeholders and strategies must be put in place to deal with shortcomings</li> </ul>

# 1.9 Identify unethical behaviour from given case studies/ business scenarios

•	Offering or receiving bribes	
•	Using company assets for your own benefit	
•	Allowing or doing theft or fraud	
•	Allowing dishonest advertising	
•	Dumping toxic waste	
•	Allowing discrimination and sexual harassment	
•	Not taking responsibility for actions	

**1.10** Recommend ways in which professional, responsible, ethical and effective business practice should be conducted.

• The aim of the business should not harm another's interest in order to make a profit
<ul> <li>Not building a hotel that will obstruct the views of residence and therefore lower their quality of</li> </ul>
Life
Paying employees fair wages
Workers must not be exploited with low salaries because the supply of labour
is more than the demand for labour
• Paying employees more than the minimum wage as determined by law, because
they are productive and contribute to the business profits
Example farm workers or Domestic workers
Providing high quality goods and services
Goods and service must be of a high quality, irrespective of the price thereof
• Quality of the goods and service must not be compromised because the price is low

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given scenarios/case studies that pose challenges in the business environments:

1 Ethical and professional behaviour in the workplace

	Ethical behaviour refers to a set of values that are morally acceptable in society.
	<ul> <li>Businesses develop their own codes of ethics for bet practice.</li> </ul>
	<ul> <li>Professional behaviour is a set of desired practices, e.g. treating people with respect.</li> </ul>
	• Specific occupational groups have developed their own codes of professionalism.
2	Sexual harassment
	<ul> <li>Involves unwanted and unwelcome attention of a sexual nature from someone at wo</li> </ul>
	• The attention causes discomfort, is humiliating and interferes with the job
	<ul> <li>It is wrong and unethical to abuse your position to take advantage of others</li> </ul>
3	<ul> <li>Unauthorised use of workplace funds and resources</li> <li>Using the business's money without permission is called unauthorized use of funds</li> </ul>
	It is a criminal offence
	<ul> <li>Using the organisations funds for own use is an illegal</li> </ul>
	Example buying air time from petty cash
4	Unfair advertising
	Definition:
	- Refers to the use of false or misleading statements in advertising leading to
	misrepresentation of the concerned product, which may negatively affect
	consumers.
	Examples
	- False Labelling
	- Healthy Exaggerations - making false health claims for your products.
	- High tech terminology - Tech companies have been known to bury the
	reality of their products under layers of impressive vocabulary and general
	misrepresentation
5	Pricing of goods in rural areas
5	
5	Pricing of goods in rural areas
5	Pricing of goods in rural areas         • People in rural areas are often not able to compare prices of different retailers         • They are forced to buy from one local store         • They are at the mercy of greedy shopkeepers who inflate prices
5	Pricing of goods in rural areas         • People in rural areas are often not able to compare prices of different retailers         • They are forced to buy from one local store         • They are at the mercy of greedy shopkeepers who inflate prices         Taxation
	Pricing of goods in rural areas         • People in rural areas are often not able to compare prices of different retailers         • They are forced to buy from one local store         • They are at the mercy of greedy shopkeepers who inflate prices
	Pricing of goods in rural areas         • People in rural areas are often not able to compare prices of different retailers         • They are forced to buy from one local store         • They are at the mercy of greedy shopkeepers who inflate prices         Taxation         • Corporate tax and personal income tax are the main source of income for the

• Refers to activities that is not focused on the job that you are meant to do during working hours

- Make personal calls during work hours.
- Take extended lunch breaks

- Use the printer and copier for personal use
- Do personal business during work hours
- **1.12** Recommend Improvement [strategies] for the above unethical behaviour/practices.

Higher prices     in rural areas	Consumers should report cases of unfair pricing
in rural areas	• Entrepreneurs should be encouraged so that there is competition.
	• Shopkeepers and service providers should keep profits at reasonable levels.
Tax evasion	Businesses should:
	Pay the correct amount of tax to SARS
	Keep financial records honestly and accurately
	Make sure that all financial records are checked and audited
	Submit all returns on time.
Abuse of work	Monitoring of employee achievements
time	<ul> <li>Including an explanation of which actions constitute wasting time in the company code of conduct.</li> </ul>
	Creating a culture of responsibility towards the company
	• Pointing out the problem to those who appear to be wasting time.
	<ul> <li>Creating a feeling of teamwork so that all employees feel responsible for what has to be achieved.</li> </ul>
Ethical and	Set high standards for employees, by letting them sign a code of conduct
professional	Expect professional behaviour from employees at all times
behaviour in	• Support ethical standards with training, communication and an atmosphere of trust
the workplace	
Sexual	Every business should have a clear policy regarding sexual harassment
harassment	Employees must know there rights and the rights of fellow employees
	<ul> <li>Business must create an environment where all employees are treated with dignity and respect</li> </ul>
Unauthorised	Identify potential areas where unauthorised use of funds occur
use of workplace	Limit the number of employees who have access to funds
funds and resources	Implement a fraud prevention strategy
	Complete internal audits on a regular basis
Unfair	Consumers must report unfair advertisements to the Advertising Standards Authority
advertising	<ul> <li>Business should be encouraged to keep their advertising fair and in line with the constitution</li> </ul>



# **BUSINESS ROLES: CREATIVE THINKING**

Distinguish between problem solving and decision making

Problem solving	Process that evaluates alternatives	<b>Example:</b> How would you deal with a staff
	and uses <u>research</u> to solve a problem	member who persistently arrives late and
		takes regular, unauthorised, breaks from
		work to smoke a cigarette?"
Decision making	It is the practice of <u>considering</u> a	work to smoke a cigarette?" Example: If you were presented with a
	number of existing alternatives	Samsung, Blackberry and Nokia cell phones
	and deciding which one is the best	and you choose the Samsung one.
	solution	
2.2 Steps in problem solvi		

#### Steps in problem solving

2.1

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- Step 1- Identify the problem
- Step 2- Define the problem •
- Step 3 Identify alternatives
- Step 4 Evaluate alternatives
- Step 5 Choose the best alternative
- Step 6 Implement the decision
- Step 7 Monitor the decision
- Step 8 Evaluate the decision

2.3 Explain the benefits/advantages of creative thinking in the workplace. (Refer to 1.4 in the Examination Guideline Checklist)

•	It improves the quality of solutions to business problems

- It stimulates profitable new ideas for products, marketing campaigns and public relations •
- Motivates workers and improves their skills .
- Improves productivity and the profitability and the business
- Creates a market for new products that never existed before
- Improves the quality of life of the consumers

#### 2.4.1 Creative thinking - Definition (Refer to 1.5 in the Examination Guideline Checklist)

Creative thinking is the ability to think of original, varied and innovative ideas

2.6	Evaluate the impact (positive and negative) of advanced creative thinking technique/skills	
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Techniques	Advantages	Disadvantages
Delphi	• Experts give anonymous	Suggestions may not be the same
	suggestions	Difficult to reach consensus
	More creative	
Force Field	More people fee included	Time consuming
	People develop and grow	Requires the participation of all the business units
Brainstorming	Stimulates creative thinking	One strong member can dominate
	Sage environment to be	Shy members don't contribute
	creative	
Mind-mapping	Easy to generate	Some people find it messy and chaotic
	• Stimulates the brain	Can become complicated
	• Easy to remember	

Techniques	Advantages	Disadvantages
Nominal group	All group members participate	Ideas may not converge
	Votes are anonymous and	• Suggestions may not be as creative as when a
	therefore more honest	group throws ideas around
SCAMPER	Helps to generate different ideas	Relative complex
	Stimulates objectivity	Not suitable for all groups
		Time-consuming
Forced Combination	Stimulates creativity	People can feel inhibited
combination	Allows people to think outside the box	Ideas can become wild
Empty Chair	Clarifies the problem	Limit creativity
	Solutions must be justified	One person's view is applied

# 2.7 Recommend / Suggest ways for businesses to create an environment that promotes creative thinking

- Encourage a spirit of play and experimentation
- Giving positive feedback on ideas that workers share
- Providing opportunities for creative problem solving
- Encourage employees to have group problem solving sessions
- Training staff in creative thinking & problem solving techniques
- Recognising and rewarding achievement

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• Allowing employees to express their ideas and take risk in a safe environment



3.1

3.2



### **BUSINESS ROLES:**

SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP/ CORPORATE SOCIAL RESPONSIBILITY (CSR)/ CORPORATE SOCIAL INVESTMENT (CSI)

#### 3. SOCIAL RESPONSIBILITY

Define social responsibility

It is the responsibility of an individual to contribute to the well-being of the community in which they operate.

### Explain the Impact of Social Responsibility on Business

Positive	Negative
Create a positive business environment	<ul> <li>Business often lack financial resources to support programmes</li> </ul>
• Delivers quality workers with the correct skills	Support programmes
<ul> <li>Provides a productive work environment for all workers</li> </ul>	<ul> <li>Businesses often have little knowledge about which programs will be appropriate for the community and how to implement it</li> </ul>
• Satisfy all stakeholders, for example owners, clients, etc.	<ul> <li>More human resources is needed to implement programmes</li> </ul>

3.3 Link /Explain the relationship between Social responsibility and triple bottom line

# • Triple bottom line

Triple bottom line provides a framework to <u>measure</u> corporate performance against social, environmental and economic factors

# • People/social responsibility

Companies must implement strategies aimed at social upliftment, social development and reduction of poverty of staff and community.

# Planet/environmental responsibility

All businesses have an impact on environmental resources and should develop

strategies to ensure that resources are used in a sustainable manner.

# Profit/economic sustainability

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Companies must not only use resources for short-term profits, but also focus on working towards long-term growth and sustainability.

Refers to continuous increase in productivity to ensure increase in national income levels.

#### 3.4 Suggest ways in which a business project can contribute towards the community

Contributions to NGO's	Example: Coca Cola contributes to WWF
	Example:
	Example:
Involvement in community education	Example: Standard Bank promoted a financial literacy programme
	Example:
	Example:

Employment	Example: Business employ local people where possible
	Example:
	Example:
Employee volunteer programmes	Example: Employees of Jive volunteering for the Blisters for Bread Big Walk
	Example:
	Example:

#### 3.5 Identify / Discuss Socio-economic issues which challenge social responsibility

Identify	Discuss
HIV/AIDS	<ul> <li>Firms are associated with providing services that are basic human rights, including HIV and AIDS clinics.</li> </ul>
Unemployment	<ul> <li>Firms donate money to projects to promote skills training and job creation, and also to provide bursaries to deserving learners.</li> </ul>
Poverty	<ul> <li>Provide employment for the community. Improve the welfare of the community because of the wages that are earned.</li> </ul>
Human rights     aspects	• Firms become involved in community welfare projects, which can lead to better quality schools, clinics and sports facilities.

#### 3.6 Recommend ways in which businesses can contribute time and effort to advance the well-being of others in

#### a business context

• Improve the general quality of life by:

Example: Paying fair wages & developing skills of workers

• Refrain from engaging in harmful practices;

Example: employing children, or selling illegal substances

• Make ethically correct business decisions.

Example by not engaging in unfair advertising

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• Provide support to employee.

Example transport from home to work and back, recreational facilities that employees can use during break time, housing subsidies to reduce the burden large bond repayments of, time off for urgent family matters.

#### 3.7 Corporate social responsibility

#### Define the term CSR

Continuous commitment from a business to act ethically and contribute to economic development

3.8	Describe the nature of CSR
•	Promoting human welfare and goodwill by being a good corporate citizen and improving quality of
	life of communities
•	Not acting just for profit, but doing what is right, just and fair
•	Complying with the law
•	Earning profit for owners
3.9	Benefits of CSR for Business
•	It promotes a vision of business accountability to a wide range of stakeholders and not only for shareholders and investors
•	It plays an important role in building customer loyalty
•	Helps to attract and retain staff
•	It differentiates the business from its competitors and can be a competitive advantage
•	Leads to increased profitability
•	Attracts ethically conscious customers
	Benefits of CSR for Community
•	Charitable contributions to schools, hospitals and clinics through donations, volunteers or sponsorships
•	Businesses give back to communities through employee volunteer programmes
•	Businesses are involved in community programmes through short programmes on an ongoing basis
•	Companies should ensure that products are safe and of a good quality by not dumping, disposing of harmfu products or polluting the air
	Challenges or problems of CSR for Business
•	Managers are trained for business operations and not for social programmes
•	CSR is taking over the functions of other responsible bodies like municipalities
•	Could become a substitute for government regulations
	It is sometimes difficult to judge the success for CSR programmes

# Challenges or problems of CSR for Communities

- Not enough effort is put into CSR projects to allow them to reach their full potential
- Programmes often peter out when volunteers become less motivated and involved
- Communities often question motives behind initiatives
- Community becomes too dependent on CSR initiatives

Critically evaluate the Role of CSR for Business

Managers like to think that their CSR programmes will also improve the bottom line of their business, so that the business can do well in society and reward shareholders financially.
 However businesses with good CSR programmes have not performed better than businesses without CSR programmes.
 Therefore while CSR programmes improve the triple bottom line, at present few seem to improve a business's bottom line

#### Critically evaluate the Role of CSR for Communities

- Communities benefit to different extents from CSR programmes as different businesses are involved.
- Businesses may invest in a community to repair any negative publicity: For example PUMA has been accused of changing the poor conditions at one factory, but not doing anything to change the conditions at another factory.
- If the appropriate research and planning is done before a CSR programme is implemented, and if the business intentions are sincere then that programme is likely to benefit the community.
- Businesses can make valuable contributions to social upliftment.

#### 3.10 Identify / Explain the following components of CSR

#### • Community health:

Special awareness programmes for serious illnesses such as cancer

#### Environment:

Creating environmental programmes to emphasise the importance of preserving the environment, e.g. sponsoring clean-up programmes

# Ethical corporate social investment:

Any project that is financed by a company but that: falls outside the company's usual business activities; does not aim to increase profitability and does not aim to market the organisation.eg financing early childhood education.

#### 3.11 Corporate Social Investment: Define CSI

•	The money that business spend on the community to improve the standard of living in the	
	community	
•	Funds allocated to a project that aims to improve the standard of living of a community	

#### Describe the nature of CSI

Aim of CSI is to contribute to sustainable economic development within the community

#### 3.12 Explain the following CSI focus areas:

Environment:	•	To protect the environment by sponsoring nature conservation projects
Employees:	•	Investing in the well-being of employees, e.g. providing housing subsidies

		900	
	Rural development	•	Projects focusing on human rights, e.g. helping communities with housing
7			
	Community	•	Initiatives to help combat crime, e.g. neighbourhood watch or counselling for substance abusers.

# **BUSINESS ROLES:**

1 8 8 8 8 8 6 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	4 Explain huma	an rights, inclusivity and environmental issues.
	4.1 Human Right	s
m la	Definition	Refers to the basic rights that every person is entitled to simple because he or she
		is a human being.
E3		Human Rights are protected by the Bill of Rights in the constitution
	Examples	Right to be treated fairly and equally – Equality
		Right to be treated in a dignified manner – Human dignity
		Right to fair treatment in the work place – Labour Relation
		Right to freedom of speech
>		Right to vote
		Right to practice your own religion

4.2 Recommend ways in which business may embrace/ deal with issues of diversity. Refer to the following:

# (Refer to 4.6 in the Examination Guidelines Checklist)

Poverty	• Provide travelling and housing subsidies to employees so that their disposable may increase
	Provide for a cafeteria with subsidised meals
Inequalities	Affirmative Action policies must be applied consistently.
	Qualified previously disadvantaged employees must be given preference when vacancies arises within the organisation
Race	Working environment must remain enabling for races
Gender	• All jobs in the organisation must be accessible to all people regardless of their
	gender or gender preference
Language	Work place policies should cater for the language needs of all workers.
	Documents must be made available in the official languages of the province
Age	Promotion should not be linked to age but to a specific set of skills
	• Employees older than 60 should not be over looked for promotion simply because they've reached that age
Disability	• Workplace must make provision for the special needs of people with disabilities and ensure that they are not marginalised
	Special wheelchair ramps must be built at the entrance of the building

4.3 Discuss the benefits/value of diversity in the workplace. (Refer to 4.7 in the Examination Guideline checklist)

Positives	
1. High level of	When management takes the welfare of its workers at heart it enables workers to
Productivity	feel they belong to the company irrespective of their cultural background.
	• They therefore remain loyal and hardworking which helps to increase the company's productivity and profit.
2. Learning and	Diversity at the workplace creates an opportunity for employee's personal growth
Growth	
3. Effective	Workplace diversity can immensely strengthen a company's relationship with some
Communication:	specific group of customers by making communication more effective.
4. Diverse	Employee and their co-workers that come from a diverse background bring to the
Experience:	table some amount of unique perceptions and experience during teamwork or group tasks.

#### 4.4 ENVIRONMENT & HUMAN HEALTH (Refer to 4.8 in the Examination Guideline Checklist)

Suggest strategies businesses may use to protect the environment and human health

- Environmentally responsible businesses focus on the 3 Rs
  - Reduce the amount of materials used in the business from the factory floor to the copier room
  - Re-use whatever the business can
  - Recycle materials such as paper and glass
- Promote nature conservation by looking after our natural resources
- Develop alternative sources of energy, e.g. Solar power
- Minimise pollution
- Protect the health of communities by ensuring that waste products are disposed of responsibly
- Do not expose communities to pollution
- Ensure adherence to the anti-smoking laws
- 4.5 Explain the responsibilities of employers and workers in protecting the workplace environment and promoting human health and safety. (Refer to 4.9 in the Examination Guideline Checklist)
- Avoid using production techniques that are harmful to the environment.
- Use clean green technology.
- Dispose of toxic waste in a safe way.
- Recycle and reuse materials where possible, especially scarce resources.
- Reduce pollution of air, ground water.
- Reduce the use of natural materials that cannot be produced in a sustainable way.
- Promote nature conservation in CSI projects.



4.6 Discuss the roles of the health and safety representatives in protecting the workplace environment. (Refer to 4.10 in the Examination Guideline Checklist)

- Checking on the effectiveness of health and safety measures
- identifying potential dangers
- Investigating workers complaints.
- Provide a safe working environment for employees.
- Set up procedures to follow when dealing with machinery and harmful substances.
- Train and supervise workers who operate dangerous equipment and tasks.
- Train workers to comply with all safety procedures and report any potential dangers.
- 4.7 Discuss the economic rights of employees with specific reference to the Labour Relations Act, 1995 . (Refer to 4.12 in the Examination Guideline Checklist)

#### Economic rights:

- Right to fair labour practices.
- Right to have access to adequate housing.
- Right to belong to a trade union.
- Freedom of trade
- Freedom of occupation and profession.

4.8 Suggest/Recommend strategies businesses may use to promote social and cultural rights in the workplace.

#### (Refer to 4.13 in the Examination Guideline Checklist)

	EXAMPLES	HOW THESE RIGHTS ARE PROMOTED
Social rights	<ul><li>Right to freedom of association.</li><li>Right to basic education.</li></ul>	<ul> <li>Various strategies have been devised to ensure access to these rights, for example, Skills Development Act.</li> </ul>
	<ul><li>Right to healthcare.</li><li>Right to security.</li></ul>	
Cultural rights	<ul> <li>Rights to use the language of choice.</li> <li>Right to participate in cultural activities of choice.</li> </ul>	<ul> <li>South Africa has eleven official languages-each language is recognised.</li> </ul>

# **BUSINESS ROLES**

# TEAM PERFORMANCE ASSESSMENT, CONFLICT MANAGEMENT AND PROBLEM SOLVING

# 5.1 Criteria for successful team performance. (Refer to 5.2 in the Examination Guideline checklist)

Team criteria	Assessment criteria to establish successful teams
1. Interpersonal	There must be a clear unity of purpose
behaviour and attitudes	<ul> <li>Every team member must be committed to the team goals and believe them to be meaningful</li> </ul>
attitudes	Members must feel free to voice their opinions and ideas
	Each member must carry out their tasks efficiently and willingly
	Every team member must feel a sense of purpose
2. Shared values	• The team must work together and help each other out to get the task done.
	<ul> <li>Every member must be able to trust the others to complete to complete their tasks on time</li> </ul>
	Team members must be treated with respect
	• Everyone must be listened to and every idea considered
3. Communication	• The atmosphere must be informal, comfortable and relaxed so that members can feel free to express themselves
	<ul> <li>Team leaders must encourage discussion about problems so that solutions may be found</li> </ul>
	<ul> <li>Disagreements must not be ignored</li> </ul>
	Reasons for conflict must be examined

#### 5.2 Identify and explain the following stages of team development: (Refer to 5.3 in the Examination Guideline Checklist)

	The team getting to know each other	
Forming	<ul> <li>Discussing team objectives, goals and expected results</li> </ul>	
	Avoiding of differences and conflict	
	Members true character shows	
Storming	Trusting each other enough to raise different opinions	
	Differences and conflict surface	
	Settling and reconciliation of team	
Norming	Re-thinking goals, actions, accepting each other's differences	
	<ul> <li>Find effective ways to work together – to reach goals</li> </ul>	
	Working as a team towards goal	
Performing	Utilise each other's strong points	
	Respect for individual differences and opinions, loyalty towards team	

	Belbin role theory	• The <b><u>behaviour</u></b> of the team members plays an important role in the success of a team
		Identified nine team roles
		• Each team role is actually a strategy in dealing with work and with colleagues
9 10 International Internation	Jungian theory	Success is determined by the team members predisposition for the functions and attitudes
c n Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization Initialization In		• Each member has four pairs of opposing attitudes and functions in tota and from each pair a preference toward one will develop
ω minimu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu nu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu numuninu nu nu nu nu nu nu nu nu nu nu nu nu n		• Over time, we rely on these functions and attitudes and, as a result, the become stronger and more developed as we progress in life.
	MTR-I theory	• Based on the roles that people play, and the <b>resultant forces</b> created by the <b>interaction between team members</b> .
		• Each team role is used according to the needs of the situation.
		• When a team role is 'at its best', it makes an appropriate, positive and balanced contribution to the team
•	Margerison-McCann profiles	<ul> <li>Margerison-McCann Team Management Profile explains how <u>people's</u> <u>preferences</u> influence their approach to their jobs and performance as team members.</li> </ul>
		The Team Management Wheel forms the basis of the profile.
		The Team Management Wheel identifies critical success factors at work
•	Group consensus	• A group can only perform if group members agree on the goal of the group.
		• When group members work together they need to make several decisions.
		• Group consensus is a process that guides groups through this decision making process and helps groups to reach a decision.

5.4 Problem solving and management problems that arise from working with others or in teams. (Refer to 5.7 in the Examination Guideline Checklist)

• Members become complacent after early successes

- Members all start thinking in the same way so they stop being critical of what is happening
- Some members stop working hard and hide behind the energy of others
- The team starts making risky decisions without taking responsibility for their outcome
- Members start developing their own agendas and lose focus of the main goal

# 5.6. Steps to resolve conflict. (Refer to 5.8 in the Examination Guideline Checklist)

Step 1	A time and a place for the discussion is arranged
Step 2	Identify the problem
	The parties recognise that their views are different.
Step 3	The problem is clearly defined,
Step 4	Each party gets an opportunity to express themselves.
Step 5	Brainstorming is done to find possible solutions to a problem.
Step 6	Parties can agree on criteria to evaluate alternatives
Step 7	The most appropriate solution is selected and implemented.
Step 8	The solution is evaluated and monitored

#### 5.7 Meaning / Definition of conflict. (Refer to 5.9 in the Examination Guideline Checklist)

A state of disagreement or disharmony between persons or ideas.

#### Identify causes of conflict

- Personal differences
- Poor communication
- Competition
- Ignoring rules and procedures

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- Poor organisations
- Workload and stress

# 5.8. Discuss the correct procedure to deal with grievances. (Refer to 5.10 in the Examination Guideline Checklist)

Step 1	Informal grievance procedure	
	• An employee who has a grievance must first bring it to the supervisor's attention,	
	who must attempt to resolve the issue within one working day since the issue was raised.	
Step 2	Formal grievance procedure	
	• If the employee is not satisfied with the supervisor's decision, the employee will have a right to raise a formal complaint in writing.	
Step 3	• This is done by completing a Formal Grievance Form and submitting it to the relevant level of management	
Step 4	• The relevant manager will arrange a meeting within one working day.	
	<ul> <li>The time period may be extended upon agreement by both parties.</li> </ul>	
Step 5	The manager ensures that the minutes are kept.	
Step 6	• If the employee is not satisfied, he/she will be advised to take it to the next level of managemer	
Step 7	• The manager will advise top management who shall arrange the meeting, consisting of the parties named.	
Step 8	The decision will be recorded onto the Formal Grievance Form.	
Step 9	Grievance taken outside the organisation for resolution	
	• Should the employee still be dissatisfied with the results, he/she may make use of the statutory dispute resolving procedures, which includes the Bargaining Council / the Council for Conciliation, Mediation and Arbitration (CCMA).	
Step 10	• A worker can appeal if he /she are not satisfied with the outcome.	



# 5.9 The collective bargaining process with regard to grievance resolution. (Refer to 5.12 in the Examination Guideline Checklist)

<b>S</b> R		Description
$\ge$	Resolve employee grievances and disputes	• Employee must be part of the grievance procedure from the outset.
	usputes	• Inside the business the informal and formal procedure must include the employee with the grievance
a = 2 = 2 = 2 = 2 = 2 = 2 = 2 = 2 = 2 =		• Employee must be informed of the outcome of the grievance within a stipulated time period
	Participate in collective bargaining processes	Collective bargaining process begins with a notice to bargain.
		• A written notification given by either the employer or the union requiring the other party to commence collectively bargaining for the purpose of renewing or revising a collective agreement.
		• As soon as notice to bargain is given, it is the responsibility of the employer and union to negotiate a path.
	Ensure protection of members rights in the workplace	• No person may require an employee or a person seeking employment not to be a member of a trade union or workplace forum
		• Every member of a trade union has the right to participate in its lawful activities, e.g. strikes & picketing
	Negotiate for better working conditions.	• Collective agreements usually set out wage scales, working hours, training, health and safety, overtime, grievance mechanisms and rights to participate in workplace or company
		• Employers and a group of employees participate in the negotiation aimed at reaching agreements to regulate better working conditions.
	Be part of decision making process	<ul> <li>Disputes about proposals that are the subject of joint decision- making in workplace forums</li> </ul>
		To resolve outstanding issues both parties must agree.

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#### 5.10.1 Strategies of dealing with difficult people. (Refer to 5.13 in the Examination Guideline Checklist)

- Do not judge the employee, but try to understand him/her.
- Understand the person's intentions and why they react in a certain way
- Get perspective from others who have experienced the same kind of situation, to be able to understand the difficult employee.
- Act pro-actively if possible, as a staff problem is part of a manager' responsibilities.
- Regular meetings with supervisors/departmental heads should help to identify difficult/problem behaviour
- Ask someone in authority for their input into the situation.
- Identify the type of personality which is creating the problem.
- Meet privately with difficult employees,
- so that there are no distractions from other employees/issues.
- Make your intentions and reasons for your actions known so that they will feel at ease.
- A deadline should be setv for improving bad/difficult behaviour. Guidelines for improvement should be given.

#### 5.10.2 Strategies for dealing with difficult personalities

Complainer	<ul> <li>Listen to the complaints but do not acknowledge them</li> <li>Interrupt the situation and move to the problem-solving process as soon as possible</li> <li>Any other relevant answer related to how to deal with the complainer</li> </ul>
Indecisive	<ul> <li>Guide them through alternatives.</li> <li>Stay in control and emphasise the importance of making a decision.</li> <li>Help them make the decision or solve the problem</li> <li>Any other relevant answer related to how to deal with an indecisive person</li> </ul>
Expert	<ul> <li>Be firm and assertive.</li> <li>Do not accuse them of being incorrect and do not get caught in their game.</li> <li>Know your facts</li> <li>Any other relevant answer related to how to deal with the expert</li> </ul>

Quiet	t	Do not fill their silence with words.		
		Wait for their response.		
		Prompt them through the process so that they give input.		
		Restrict the time of the discussion.		
		Any other relevant answer related to deal with the quite person		
9-				
Aggre	essive	Allow them time to speak and blow off.		
		Be firm, but do not attack them.		
n n n n n n n n n n n n n n n n n n n		Do not allow them to be hostile towards others		
SECTIO	ON A TYPE QUEST	TIONS: BUSINESS ROLES		
1.1	Various options	are provided as possible answers to the following questions. Write down the question number (3.1.1 to		
	3.1.16.) and writ	te the correct letter next to the corresponding number.		
1.1.1	1.1.1 African Global Traders applies corporate governance in order to ensure sustainability of the organisation and its business. These principles and practices are applied in line with the			
A	Kyoto Protocol			
В	King 3 report			
c	Global Reporti	ing Initiative (GRI)		
D	JSE SRI Index			
112	At Sunching Tr	raders. Competition Act compliance training is provided as a part of the induction of new employees		

- 1.1.2 At Sunshine Traders, Competition Act compliance training is provided as a part of the induction of new employees. Annual training is compulsory for all senior executives and their colleagues in marketing, sales and distribution. In this case Sunshine Traders is driven by ... drivers.
- A ethical
- B employee
- C corporate

А

D engagement

# 1.1.3 Diversity in business means ...

- business should include people from different religions and cultures.
- B only previously disadvantaged individuals should be employed.
- C employs young people only.
- D includes only English-speaking people.
- **1.1.4** In the resolution of ... management needs to listen and consider all views before deciding on the best action to take.
- A quality
- B teamwork
  - conflict
  - 106

D		
U	strategies	
1.1.5	Nicole is experiencing problems with workers who are unmotivated and absent regularly. best to implement to overcome this challenge?	. Which strategy would be
A	Nicole could plan her delivery routes.	
В	Nicole could hold a team- building activity	
С	Nicole could pay off her loan faster	
D	Nicole could retrench all workers.	
1.1.6	Thiago takes a bribe under the table to give a tender to Brogan. This is known as	
A	unauthorised use of funds	
В	tax evasion	
с	unethical behaviour	<b>,</b>
D	nepotism	
1.1.7	Which of the following would you regard as an ethical business practice?	
A	price fixing between cell phone service providers.	
В	Competitors making an agreement regarding government tenders.	
С	Banks charging fixed service charges.	
D	Charging the same prices for goods in urban and rural areas.	
1.1.8	Which ONE of the following is an advantage of corporate social responsibility?	
A	Reduces the BBBEE ratings	
В	Makes reporting in financial statements more difficult	
с	is not the main activity of the business	
D	Attracts investors	
1.1.9	The best way to resolve conflict in the workplace is to	
A	transfer the affected worker	
В	addresses the causes of conflict and solve them	
С	ignore the affected worker	
D	retrenches the affected worker	1 c
1.1.10	Freedom of expression, association and security is commonly known as basic	
A	human rights	
В	human principles	
С	human justice	
D	right principles.	

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I		
7		
	1.1.11	The force-field technique is an example of
	A	a community responsibility
	В	an induction program
	C	creative thinking to solve business problems
	D	e-commerce
	₽- <b>1.1.12</b> \	Which one of the following is an advantage of team work.
10 8	A	All team members must agree upon different issues
	B	It encourages individualism.
	е с	Greater output through collaboration is attained.
es at ces e a e Wandandan	D	Technology is a requirement to succeed.
	1.1.13	The government imposes fines on businesses that dump harmful materials in rivers and dams. This is one way in which government addresses issues.
	А	inclusivity
P	В	environmental
L	С	human rights
	D	gender
	1.1.14	Can be used to advance the well-being of an employee who is addicted to drugs:
	А	promotion
	В	immediate dismissal
	С	rehabilitation
	D	decrease his/her salary
	1.1.15	The final step in the conflict resolution process is known as
	А	arbitration
	В	negotiations
	С	reconciliation
Υ	D	retrenchment
	1.1.16	Health & Racquet wants to change the physical layout of their fitness clubs and want to involve all their club managers all over the country. The most appropriate group decision-making technique that they could apply is the technique
	А	the Nominal Group
	В	simulation
	С	brainstorming
	D	the Delphi
	1.2	Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question number 3.2.1 3.2.5
	108	
		× · · · · · · · · · · · · · · · · · · ·

Human: Industrial; Five Forces; King Code; Conflict; Grievance; social; environmental; CCMA' SAQA

- **1.2.1** A disagreement between parties in the workplace is known as ...
- **1.2.2** The ... was introduced to enhance corporate governance in businesses
- **1.2.3** A business that changes to cleaner production techniques is promoting ... protection.
- **1.2.4** An employee who has been treated unfairly can refer his/her dispute to the ... for resolution
- **1.2.5** The rights to freedom of expression and association is known as ... rights
- 1.3 Choose a description from COLUMN B that matches a term in COLUMN A.

Write only the letter (A-J) next to the question number (3.3.1 - 3.3.5)

COLUMN A	COLUMN B
1.3.1 Sustainability	A. Original ideas that are used to solve business challenges
1.3.2 Unethical business practice	B. Identifying a specific person for a particular job
1.3.3 Inclusivity 1.3.4. Creative thinking	C. The process of introducing a new employee to a business enterprise
1.3.5 Indigenous knowledge	D. Unfair advertising practices
	E. The business continues to exist despite all its challenges
23000	F. Giving all in the business equal opportunities, without any discrimination
	G. A choice between alternatives
	H. Allocate tasks according to the roles of individual members
	I. Knowledge and skills that people in a particular geographical area possess

#### SECTION B TYPES QUESTIONS: BUSINESS ROLES

20, 2

Distinguish between ethical behaviour and business practices	(4)	
List two practical examples of both ethical and unethical business practices	(4)	
Name three economic rights of workers		(3)
Differentiate between problem solving and decision making	(4)	
	List two practical examples of both ethical and unethical business practices Name three economic rights of workers	List two practical examples of both ethical and unethical business practices (4) Name three economic rights of workers

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



## Wavecrest Suppliers [WS]

Wavecrest (WS) provide housing subsidies and accommodation for their employees. Management also encourage employees to stay fit and healthy by involving them in stress reduction activities.

	2 5 4		(2)
	2.5.1	Quote TWO ways in which WS contribute to the well-being of their employees.	(2)
mfun	₽_2.5.2	Suggest to the management of WS, THREE other ways to contribute to the	
0 192	2.5.2 0 0 0 0 0 0 0 0 0 0 0 0 0	well-being of their employees.	(6)
	2.6	Identify the stage of team development applicable to each of the following	statements:
	2.6.1	Team members question each other's ideas and opinions.	
88) 8 11111	- 2.6.2	The team has direction without interference from the leader	
	2.6.3	Team members are comfortable and learn more about each other	(6)
	2.7	Recommend strategies that businesses may introduce to deal with employees	
		who abuse work time	(10)
ľ	2.8	Describe the nature of Corporate Social Responsibility	(4)
Ļ	2.9	Mention the FOUR focus areas of CSI for the business	(4)
	2.10	Explain the steps of conflict resolution	(16)
	2.11	Suggest FOUR strategies of dealing with difficult people in the workplace	(8)

#### SECTION C TYPE QUESTIONS: BUSINESS ROLES

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QUESTION 3	
Businesses employ workers from different cultural backgrounds and beliefs, which may lead to conflict in the workplace. Employees are also expected to work together in teams, which may intensify conflict.	Š
	$\bigcirc$
<ul><li>Refer to the statement above and elaborate on the following issues in the workplace:</li><li>Discuss the possible causes of conflict.</li></ul>	
<ul> <li>Identify and explain the team development stage in which conflict is most likely to take place.</li> </ul>	
<ul> <li>Suggest ways in which businesses can deal with difficult people.</li> <li>Analyse the benefits of a diverse work force to businesses.</li> </ul>	

(40)

# **Business Operation**

20, 2

	MAIN TOPIC	BUS OPERATIONS	TOPIC:	HUMAN RESOURCE FUNCTION [HRF]	DATE COMPLETED		
1.1		1. HUI	MAN RESOL	JRCE ACTIVITIES	642.407		
	1.1.1						
	1.1.2	Distinguish between j					
	1.1.3			human resource activities	S OXXUTT		
				hods / advantages / disadvantages]	1/10/14		
		Selection proc	edure / step	os:			
		i) Interviews [purpos	e, role of the	e interviewer and interviewee			
		ii) Induction [purpose	& importar	nce / benefits / disadvantages	1777-1-1-1		
		iii) Placement procedu	ire				
		Importance of	training / s	kills development in HRF			
		Retrenchment					
		Employment of the second	ontracts		4-4-4-7		
		i) Legalities					
		ii) Details of the contra	act				
		iii) Termination of con	tract		11-1-1-1-1		
		Salary determ	ination		5-74-77		
		i) Piecemeal					
		ii) Time related	12341				
		iii) Personal tax – link to BCEA					
1.2		2	. EMPLOYEI	E BENEFITS			
$\mathcal{A}$	1.2.1	List types of employee	e benefits		- 16-		
	1.2.2	Discuss employee ben	efits for bus	sinesses by referring to:			
9		Fringe benefit	S		2		
2	1 Anna	i) Pension					
		ii) Medical aid					
		iii) Provident Fund					
		iv) Allowances					
		Compulsory B	enefits				
		i) Benefits required by	/ Law [UIF, e	etc.]			
		ii) Other relevant com	pulsory ben	efits			
	1.2.3	Evaluate the advantag	es / positive	es of fringe benefits for the businesses			
	////	Evaluate the disadvan	tages / nega	atives of fringe benefits for businesses			
0	1.2.4	<b>Discuss</b> the implication Function	ns of the fol	lowing Acts for the Human Resource			
		• LRA					
		BCEA					
		EEA [Refer to Amendment Bill]					
		SDA					

			TODIC		DATE
	MAIN TOPIC	BUS OPERATIONS	TOPIC:	QUALITY OF PERFORMANCE	DATE
					COMPLETE
2.1			2.1 QUA	ALITY CONCEPTS	
	2.1.1	Define th	ne following o		
			Quality		
			Quality contro		
		i	Quality assura		
			Quality mana		
			Quality perfo		
	2.1.2	Explain a following		r management system by referring to the	
		• /	Advantages [p	positives]	
		•	Benefits		~ / /
2.2		2.	2. QUALITY &	BUSINESS FUNCTIONS	X /
	2.2.1			the quality of performance can contribute re of each business function	
	2.2.2	Outline t function	he quality ind	dicators [success/failure] of each business	
2.3	2.3. TOTAL QUALITY MANAGEMENT [TQM]				
	2.3.1	Discuss t	Discuss the following elements of TQM		
7-12		•	Continuous sl	kills development / education & training	
		•	Feam work		
4477		•	Total client / customer satisfaction		
		•	Гор managen	nent involvement / commitment	
			nvolvement o nanagement	of all employees / people based	
		•	A <mark>d</mark> equate fina	ancing and capacity	
			Continuous in ncluding;	nprovement of processes and systems	0.118
				of the Plan-Do-Check-Act [PDCA] model /	
			ycle [PS 2014	Exemplar]	
		i	Planning		1 Later ( M
				nd evaluation of quality processes	
			Management		
	2.3.2		e elements o		
	2.3.3	Sole trac	lers]	TQM elements on small businesses [Eg.	
		Analyse Compan	•	TQM elements on large businesses [Eg.	
	2.3.4	Explain h quality	now TQM can	impact on the reduction of the cost of	
	2.3.5			of the TQM system on small enterprises ge enterprises (companies)	
	2.3.6	Discuss t business		TQM if it is poorly implemented by	- Ye

## **BUSINESS OPERATIONS: HUMAN RESOURCES FUNCTION**

#### 1.1. Meaning of the term "Human Resources".

The division of a company that is focused on activities relating to employees. These activities normally include recruiting and hiring of new employees, orientation and training of current employees, employee benefits, and retention.

1.2 Distinguish between job description and job specification (Please note that job description and job specification can also be referred to as job analysis).

Job description	<ul> <li>Describes the duties and responsibilities that an employee must perform</li> </ul>	<ul> <li>Example: Bookkeeper</li> <li>Maintains records of financial transactions by establishing accounts and posting transactions.</li> </ul>
Job specification	<ul> <li>Identifies the skills, knowledge and experiences a person must have to perform the task described in the job description</li> </ul>	<ul> <li>Example: Bookkeeper</li> <li>Developing Standards,</li> <li>Analyzing Information,</li> <li>Data Entry Skills,</li> </ul>
		<ul><li>Accounting and</li><li>Attention to Detail</li></ul>

#### 1.3 Discuss and analyse the following human resource activities

- Recruitment [types / methods / advantages / disadvantages]
- Selection procedure / steps:

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Recruitment	Induction	Retrenchment
Selection	Placement	Employment contracts
Interviews	Training & Skills Development	Salary determination

#### 1.3.1 Recruitment

Two types		
Internal sources	External sources	
- within the business	- outside the business	
- via email or poster	<ul> <li>advertisement or internet</li> </ul>	

Types/Methods	Advantages	Explanation/Meaning
Turner /Matheda	Advantages	Evaluation (Magning

3	Internal sources	Promotion opportunities	<ul> <li>Current employees do not have to seek promotion positions/jobs in other organizations</li> </ul>
		Retain the skill of     employee	<ul> <li>No need to train new employees and therefore saving cost of training</li> </ul>
		• Familiar with the business	<ul> <li>Familiar with the rules and regulations of the business</li> </ul>

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	Types/Methods	Disadvantages	Explanation/Meaning
9 1011111	Internal sources	No new Ideas	• Stagnation/complacency occurs within the employee.
, 9 Luthunhunhunhunhunhunhunhunhunhunhunhunhunh		Resentment	<ul> <li>Due to fellow colleagues being promoted professional jealousy occurs</li> </ul>

е mhinitinihii	Types/Methods	Advantages	Explanation/Meaning
n Turk	External sources	New Ideas	<ul> <li>Creativity and new skills are introduced into the business</li> </ul>
53-H		Prevent unhappiness	<ul> <li>Overcome the challenge of infighting between co- workers for the same position</li> </ul>
		Large pool of applications	A variety of skilled people to select from

	Types/Methods	Disadvantages	Explanation/Meaning
	External sources	Expensive	<ul> <li>It competes with many other recruitment advertisements or recruitment agencies</li> </ul>
		<ul> <li>In-service training</li> </ul>	• Time consuming and impacts negatively on productivity
2		<ul> <li>Resentment if outsider gets the post</li> </ul>	Employees may undermine the authority of the new employee

## 1.3.2 Selection

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S	election procedures/steps	
Step 1	Preliminary screening	CVs and letters of applicants are screened by a panel to establish the adherence of applicants to the minimum requirements set for the job as advertised
Step 2	Screen and shortlist	A minimum of five applicants are shortlisted by a nominated panel
Step 3	Inform applicants	The Human Resources department informs and invite shortlisted applicant to an interview
Step 4	Conduct interview	To determine the suitable candidate for the job
Step 5	Test candidates	To determine the competency of the candicates and a physical test if required by the job requirement
Step 6	Contact references	To confirm that the background information provided by the candidate is correcct
Step 7	Notify successful candidate	To inform the candidate who is successful. A mail offer of an employment is sent as well the candidate must confirm acceptance of the offer of the job.

1.3.3	Interviews
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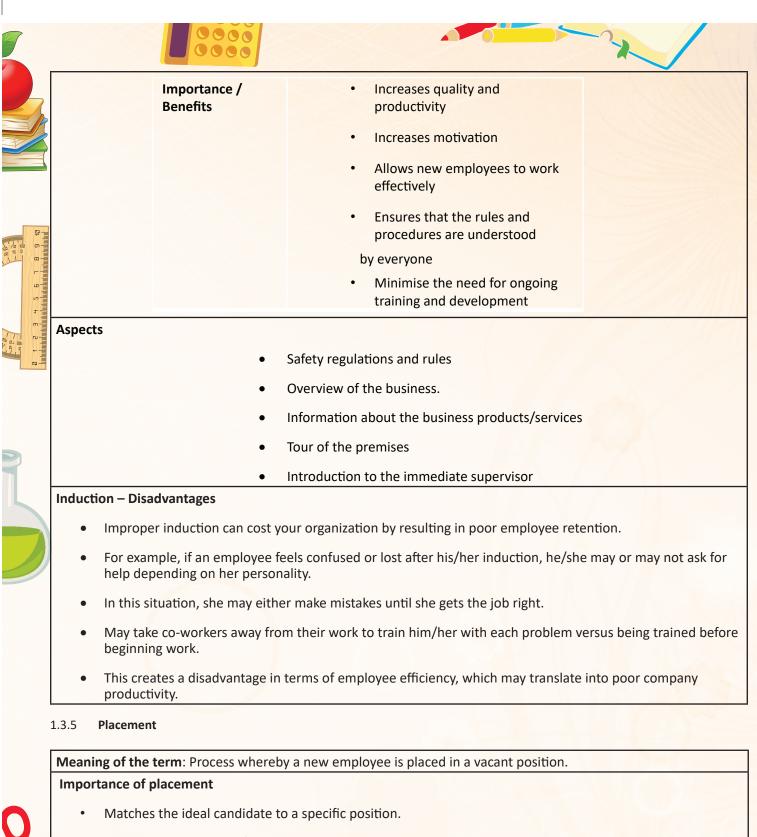
Purposes	Determine the suitability for the job
	Verify the information on CV and application form
	Meet the applicant personally
	Provide an opportunity for applicant to ask questions

Role of the Interviewer	•	Put the interviewee at ease	
	•	Give interviewee time to answer	444
	•	Explain the purpose of the interview	1/
	•	Allow the interviewee to answer questions set	
	•	Keep 'n record of key points	171
Role of the Interviewee	•	Be confident and at ease	17
	•	Think before you speak	44
	•	Do not dodge difficult questions	177
	•	Give as balanced picture of yourself	
	•	Don't be over-familiar or over-formal	+t

#### 1.3.4 Induction

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Purpose	<ul> <li>Introduce new employee to co-workers and managers</li> </ul>
	Give an overview of the business
	Idea of the different departments
	Explain the safety regulations and rules
	<ul> <li>Provide information about the products and services</li> </ul>



- Crucial to the success of a business.
- Must be placed in a position where they will add the most value.
- HR and line managers must support the placement process during the probation period.
- Incorrect placement can result in a business losing skilled workers.

#### 1.3.6 Training / Skills Development

Meaning - Refers to the acquisition of new skills and knowledge.

#### Importance of training / skills development

- Investment by the employer in the employees.
- Development needs of the employees must be determined.
- Acquire a suitable service provider.
- HR Determine if the training needs has been met.
- Increase the efficiency of the workforce.

#### 1.3.7 Retrenchment

Meaning of the term : Process whereby an organisation reduces the number of employees for

operational reasons. [That is reasons for whom the employer cannot be blamed for].

- Influenced by worsening of economic conditions.
- Mechanisation of the production process.
- Competition from foreign suppliers.

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- Employers must be transparent with employees regarding the actual reasons.
- Employees must be part of the discussions regarding retrenchments.
- Must be used as a last resort.

#### 1.3.8 Employment contract

Meaning of the term: Oral or written, express or implied, agreement specifying terms and

conditions under which a person consents to perform certain duties in

return for an agreed upon wage or salary.

Legalities	Signed contract is a legal and binding document on both parties.
	Employee undertakes to place his service and time at the disposal of
	the employer
	The employer undertakes to pay the employee a fixed wage and
	agreed benefits
	Labour law requires that an employee must be given a contract when
00.00	he/ she start working.
	Labour legislation makes provision for: permanent employees;
	temporary employees and part-time employees

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	Deta	ils of a contract	
	•	Name and address of the employer and employee	
	•	Job description and job title	
	•	Normal Working hours	
2 2	•	Leave conditions	
	•	Salary package	
ی میں اسلام اسلامی ا مالی اسلامی ا مالی اسلامی ا	•	Termination of contract	
n - I	•	Starting date	
	•	Fringe benefits	

#### Reasons for termination of contract

1	Resignation	Occurs when an employee chooses to leave the organisation voluntary.
2	Dismissal	Occurs when the employee is asked to leave the organisation due to bad conduct, breach of contract or illegal behaviour.
		Example: Dishonesty / Absence with-out leave / Regular late coming
3	Retirement	Occurs when an employee reaches certain age and do not have to work any longer.
		Example 60 year of age
4	Retrenchment	Occurs when an organisation is forced to reduce the number of employees for operational reasons.
		Example: Declining profitability; Worsening economic conditions

#### Salary determination

Salaries are normally mutually agreed between the employer and employee.

The Wage Board however sets minimum wages for all trades in SA.

- The Wage Board undertakes investigations into the wages.
- Minister of labour will make a wage determination for a particular sector.

Two types, namely Piece meal and Time related rate.

	Types		
1         Piece-meal         >         Paid for the		$\triangleright$	Paid for the amount of work produced.
	Example: number of shirts manufactured.		Example: number of shirts manufactured.
		Increase productivity.	
		>	Quality may be inferior.
		>	Greater need for quality control.

2	Time related	>	Paid for the amount of time spent at work.	
		>	Work needs supervision.	
		>	Employees know in advance the amount they will earn.	
		>	Earn extra money by working over-time.	

#### **Personal tax**

- Compulsory deduction made from the salary / wage by the employer and paid over to the South African Revenue Services [SARS]
- Income tax is deducted in two ways:
- SITE [ Standard Income Tax on Employees phased out with effect from 1.04.2014
- PAYE [Pay as you Earn]
- High income earners are taxed at a high rate and low income earners are taxed at a low rate.
- Known as a progressive tax system.

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#### 1.4 List types of employee benefits

- Fringe benefits
- Compulsory benefit

#### 1.4.1 Meaning – Fringe benefits

• Compensation beyond a regular wage or salary an employee, which are exempt from taxation as long as certain conditions are met.

#### 1.4.2 Discuss employee benefits by referring to the following types of fringe benefits

Pension			Medical Aid	Provident Fund	Allowance	
1	Medical	<ul> <li>Fund that is maintained from monthly contributions by employees and a subsidy by employers.</li> </ul>				
		• The fu	The fund is accessed when a member or its dependent require medical attention.			
		• The fu	nd will pay the medical service	e provider the full amount or a	a portion of the expense.	
		• Examp	le: GEMS; Discovery			
2	Pension  • Long term savings for retirement.					
	2	• Fund t	Fund that is maintained from monthly contributions by the employee and employer.			
			Money is invested by the fund administrators to provide the member a lump sum and monthly pension on retirement.			
	Example" Government Employee Pension Fund [GEPF].					
<b>3 Provident</b> • Long term savings for retirement.			erm savings for retirement.			
	Fund	• Fund t	hat is maintained from month	ly contributions by the emplo	yee and employer.	
			is invested by the fund admir nent or resignation.	histrators to allow it to pay the	e member a lump sum on	

4	Allowances	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: Car, Cell-phone, Tablet and Travel allowances.	
		• Employees are taxed to the extent that they use these allowances for personal reasons.	

#### 1.4.3 Meaning of the term – Compulsory benefits

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Unemployment Ins	urance Fund [UIF]	COIDA	Other compulsory benefits
1 UIF	each w • The em • Contrib African	orker's pay per mon ployer and the work	er each contribute 1%. ne Unemployment Insurance Fund (UIF) or the Sout ARS).
77722	Exclusi		
			han 24 hours a month for an employer;
	> lea	arners;	
	> pu	ublic servants;	
		reigners working on e contract	contract who are going to be repatriated at the end
2 COIDA		ver pays monthly cor ployees.	tributions into a fund based on the total wage bill
			m benefits that businesses are legally <mark>required to o</mark> ree gets injured whilst on duty.
		Dependents of an employee are entitled to compensation if the employee dies whilst on duty.	
3 Other compulso benefits	• Vacatio	n Leave	
	Matern	ity Leave	
	Adoptic	on Leave	
	Sick Lea	ave	
	Family	Responsibility Leave	
	Paid Pu	blic Holidays	

#### 1.4.4 Evaluate the Advantages / Positives of Fringe Benefits to the business

- Boost employee's morale and pride in the company.
- Helps attract and retain better qualified employees.
- Provides high risk coverage at low costs easing the company's financial burden.
- Improves efficiency and productivity as employees are assured of security for themselves and their families.
- Premiums are tax deductible as corporation expense, which means savings with quality coverage.

#### **1.4.5** Evaluate the Disadvantages / Negatives of Fringe Benefits to the business

- The organisation has to pay the cost of the benefit itself.
- Reduces the profitability of the organization.
- Has to pay employees or an outside contractor to administer the program.
  - They also have to ensure that their benefits conform to all applicable laws.

**1.5** Discuss the implication of the following Acts on the human resource function:

- LRA
- BCEA
- EEA [Refer to the Amendment Bill]
- SDA
- COIDA

#### 1.5.1 Labour Relations Act [LRA]

#### • Implications for HR

- Fair processes for employing workers.
- Fair process for dismissal of workers.
- Rights and responsibilities of trade unions are protected.
- Procedure for strikes and dispute resolution.
- No unfair treatment in the workplace.
- > Encourage working participation in decision making.

#### 1.5.2 Basic Condition of Employment Act [BCEA]

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•	Implications for HR
>	Worker must not work more than 45 hours a week.
$\checkmark$	Maximum number of over-time is 3 hours per day and 10 hours per week.
$\succ$	Female employees are entitled to four months maternity leave.
$\succ$	Employees are entitled to 21 days consecutive leave per year.
$\triangleright$	An employee is entitled to 30 days sick leave in a three year cycle.
>	Meal interval for employees of 1 hour after 5 hours of work.
$\triangleright$	Employee must give 4 weeks' notice to end an employment contract if he worked for one year or more
L.5.3	Employment Equity Act [EEA]
•	Implications for HR
$\succ$	Equity plans must be compiled and submitted to the Department of Labour.
$\succ$	Job vacancies must be made known to everybody who is eligible to apply.
≻	Elimination of unfair discrimination in recruitment, selection, placement etc.
$\triangleright$	Fair testing and assessment of applicants.
$\triangleright$	Identify employees that fit in the category of AA.
>	Draft an Employment Equity Plan as a code of good practice.
L.5.4	Skills Development Act [SDA]
•	Implications for HR
$\triangleright$	Training needs of workers must be identified.
4	SETAS must be approached for accredited service providers to train and assess employees at their workplace.
	Service providers must assist workers to acquire the required skills needed to complete work tasks effectively and efficiently.
1.5.5	COIDA
٠	Implications for HR
4	COIDA has significance for the HR function, because COIDA describes, amongst others, how to deal with workplace accidents.
A	COIDA has significance for the HR function, because COIDA describes, amongst others, how to deal with workplace accidents. The HR function must make sure that all managers throughout the business are familiar with this act.

> The HR function is also responsible for calculating and paying the business' monthly contribution to the Compensation Fund.

## **BUSINESS OPERATIONS**

# Quality of performance within the business functions can influence the success or failure of a business

#### 2. Define the following concepts.

#### 2.1.1 Quality

• Refers to the ability of a product/service to satisfy (a) specific need(s) of customers.

#### 2.1.2 Quality Control

- The process of ensuring that products are manufactured to consistently high standards.
- Checking raw materials, employees, machinery, workmanship and products to ensure that high standards are maintained.
- Inspecting batches of products to ensure that the needs of consumers are met.
- Systems that ensure that the desired quality is met by inspecting the final product to ensure that it meets the required standards.

#### 2.1.3 Quality assurance

- The process put in place to ensure that the quality of products, services and systems adhere to the set standards, with minimal defects, delays and shortcomings.
- Ensuring that every process is aimed to get the product 'right first time' and prevent mistakes ever happening/ 'zero defect'.
- Checks carried out during and after the production process to ensure required standards have been met at every stage of the process.

#### 2.1.4 Quality management

- The techniques and tools to design and improve the quality of a product, a service or a system, to ensure that the end-user will be guaranteed a reliable product and an efficient service
- Striving to improve on the existing delivery of products and services.

#### 2.1.5 Quality performance

- Refers to the total performance of each department measured against the specified standards.
- QP can only be obtained if all the different departments work together towards the same quality standards.
- The Performance must be monitored and tailored regularly.

#### 2.1.6 Quality Management system

It is a framework that a business uses to manage key processes. A quality management system will ensure that business processes meet the correct standards.

#### 2.1.7 Total Quality Management [TQM]

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Refers to	of the term: an organisation's wide efforts to create and instil usly improves Its ability to deliver high quality pro	
Quality circles	<b>•</b> •	veen a manager and employees to solve qualit ways to improve quality.
SABS	South African Bureau     Promotes and maintai	of Standards. ns standards in South Africa.
Advantages	<ul> <li>Increased customer satisfaction</li> <li>Efficient uses of resources and t</li> <li>Increased productivity through resources.</li> <li>Constant improvements of prod</li> <li>Increase the chances of achieving</li> </ul>	ime. good time management and using high quality ucts and services.
	Improved employee skills and kills scuss how the quality of performance can contribute	nowledge through constant training.
function.	scuss how the quality of performance can contribute	nowledge through constant training. to the success or failure of each business
function. Function	scuss how the quality of performance can contribute	nowledge through constant training. to the success or failure of each business Evidence of Quality in the function
function.	scuss how the quality of performance can contribute	nowledge through constant training.         to the success or failure of each       business         Evidence of Quality in the function       •         •       Creating effective mission & vision.         •       Demonstrate effective leadership.         •       Organise employees in an efficient way.         •       Ensure effective use of technology.         •       Communicate effectively with Employees.
function. Function General	<ul> <li>Core meaning         <ul> <li>Responsible for strategic planning and executing the management task of planning, leading/directing, organising and control</li> <li>Other tasks: communicating, motivating, decision-making, delegating, co-ordinating and discipline</li> </ul> </li> </ul>	nowledge through constant training.         to the success or failure of each       business         Evidence of Quality in the function       oreating effective mission & vision.         •       Demonstrate effective leadership.         •       Organise employees in an efficient way.         •       Ensure effective use of technology.         •       Communicate effectively with

Current and accurate financial

Effective investment of surplus

Improved strategies to increase

•

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records.

funds.

Pr<mark>o</mark>fitability.

Purchasing	<ul> <li>Refers to the acquisition of raw materials/goods – correct quality, quantity, time, place, price.</li> </ul>	Identification & selection of     reliable suppliers
		Sound relationships with suppliers
		High quality raw materials
		Adequate stock levels
Production	<ul> <li>Converting raw materials into finished products of a pre-determined standard.</li> </ul>	Regular stock control     Suitable, detailed and well planned     production system
		Regular quality control
		Only high quality products and
		services are produced
		Timeous deliveries
		Regular maintenance of
Public relations	Promote a positive business image	machinery     Building a favourable positive image
		Deliver quality goods and services
		Generous CSI programmes - support community initiatives
		Regular press releases
		Conscious effort to retain existing
Administration	Acquiring, collecting, processing, making available and safekeeping of information	customers and attract new customers     Timeous posting of debtor's     statements
	<ul> <li>Management decisions are based on accurate, relevant information</li> </ul>	<ul> <li>Reliable database of suppliers and employees</li> </ul>
		Effective use of technology
		Timeous provision of information to management
Human	Process of recruiting the suitable	Effective safe keeping of information     Continuous training program
Resources (HR)	candidate(s) for a job, selection of the best available candidate, placement of a	Recruit qualified employees
	candidate in a suitable post.	Fair selection process
	0	Good relationships with employees
		Low rate of staff turnover

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M	arketing	<ul> <li>Making the public aware of what is</li> </ul>	Effective product development
		available.	
		<ul> <li>Bring goods within the reach of the</li> </ul>	Effective packaging
		consumer.	Good pricing strategy
		•	Suitable distribution strategy
		•	Sufficient customers
		•	Customers are loyal to the brand/ service
2.4	Outline the qua	lity indicators [success / failure] of each business function	on
		QUALITY INDICATORS	
		SUCCESS	FAILURE
1	General Management	Creating effective mission and vision	Absence of a mission and vision statement
		Demonstrate effective leadership Organise employees in an efficient way	Demonstrate ineffective leadership
		Communicate effectively with employees	Poor communication with employee
		Strategic planning is in place	No evidence of strategic planning
2	Finance	Well prepared budgets	Poorly prepared budgets
		Effective application of funds	Inaccurate financial records
		Current and accurate financial records.	Ineffective investment of surplus fun
		Effective investment of surplus funds	
		Improved strategies to increase profitability	
3	Purchasing	Identification and selection of reliable suppliers	Unreliable suppliers
		Sound relationships with suppliers	Poor relationship with suppliers
		High quality raw materials	Poor quality raw materials
		Adequate stock levels	Inadequate stock levels
		Regular stock control	Irregular stock control
4	Production	Suitable, detailed and well planned production system	Incoherent production system
		Regular quality control	Irregular or non-existence quality control
		Only high quality products and services are produced	Inferior products are produced and services rendered
		Timeous deliveries	
		Regular maintenance of machinery	
5	Public Relations	Building a favourable positive image	Building an unfavourable image
		Deliver quality goods and services	Delivering poor quality goods and
		Generous CSI program - support community initiatives	services Not involved in community initiatives
		Regular press releases	Irregular press releases
		Regular press releases	integular press releases

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6	Marketing	Effective product development	Ineffective product development
		Effective packaging	Ineffective packaging
		Good pricing-strategy	Bad price strategy
		Loyal customers	Dis-loyal customers
7	Administration	Effective use of technology	Ineffective use of technology
		Timeous provision of information to management	Late provision of information to management
		Effective safe keeping of information	Unsecured safe keeping of information
8	Human	Continuous training program	Irregular training program
	Resources	Fair selection process	Unfair selection process
		Good relationships with employees	Poor relationships with employees
		Low rate of staff turnover	High staff turn-over rate

#### 2.5 Elements of Total Quality Management [TQM]

1	Continuous skills development	]
2	Team work	
3	Total client / customer satisfaction	
4	Top management involvement / commitment	
5	Adequate financing and capacity	
6	Continuous improvement of processes and systems [Application of PDCA model]	$\left  \right  $
7	Planning	
8	Monitoring and evaluation of quality processes	
9	Involvement of all employees	
10	Management by facts	

#### 2.6 Discuss the elements of Total Quality Management [TQM]

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netics

1	Continuous skills development	
	Making sure employees receives proper training	1
	Developing a proper induction programme	
	Communicating the value of top quality delivery	
	Performing thorough inspection of completed work	
2	Team work	
<u> </u>	To become successful in business, teamwork is also a key element of TQM.	
	• With the use of teams, the business will receive quicker and better solutions to problems.	
	Teams also provide more permanent improvements in processes and operations.	
	<ul> <li>In teams, people feel more comfortable bringing up problems that may occur, and can get help from other workers to find a solution to put in place.</li> </ul>	
3	Total client satisfaction	

	The organisation must understand current and future customer needs.
	Customer requirements must be met.
	Business must strive to exceed customer satisfaction.
	• Contact with the customer after a sale is important to determine the level of satisfaction.
4	Top management involvement
	<ul> <li>TQM is the management process used to make continuous improvement to all functions in organisations.</li> </ul>
	• The ideal continuous improvement process is the ones that begin with and have genuine senior management involvement.
	<ul> <li>They are shaping organisational values and establishing a managerial infrastructure to actually bring about change.</li> </ul>
	• They have to prepare themselves with knowledge about the criteria of TQM and bear in mind the TQM agenda.
5	Adequate financing and capacity
	TQM will have financial implications for the business.
	• It is important that sufficient finances must be provided for in the organisation's budget.
	• Business must also ensure that it has the capacity to implement TQM.
	<ul> <li>Provision must also be made for increasing the capacity if it is insufficient to meet the demands of TQM.</li> </ul>
6	Continuous improvement of processes and systems
	Continual improvement is an on-going effort to improve products, services or processes.
	• Commonly used tool for improvement is the four step model: Plan – Do – Check – Act
	Plan – Identify an opportunity and plan for change.
	Do – Implement the change on a small scale.
	<ul> <li>Check – Use data to analyse the results of the change.</li> </ul>
	• Act – If change was successful, implement it on a wider scale and continuously assess your results.
7	Planning
	A pre-requisite for implementing TQM successfully is the need for careful planning.
	The planning stage is an essential fore- runner to action.
	<ul> <li>In this stage senior management must become involved, informed and committed to the ide of TQM.</li> </ul>
	<ul> <li>Allocation of roles and responsibilities for each member of the management team in implementing TQM.</li> </ul>
8	Monitoring and evaluation of quality processes
	Monitoring and evaluation are invaluable internal management tools.
	<ul> <li>Monitoring and evaluation enable you to assess the quality and impact</li> </ul>
	of your work, against your action plans and your strategic plan.

9	Involvement of all employees
	People are an essential element of a quality management system.
	Employee participation is a central pillar that holds TQM in world-class organisations
	together.
	<ul> <li>An important component of introducing TQM in an organisation is training, development, and empowerment of personnel.</li> </ul>
10	Management by facts
	<ul> <li>Key element of total quality management (TQM) whereby all employees collect data about the work they perform.</li> </ul>
	<ul> <li>Use that information to make decisions affecting their work.</li> </ul>
	Facts should be measurable / based on observation and experiments.
	Analysis of data and information should be accurate.
	<ul> <li>Accurate data and information would assist the management to make informed decisions.</li> </ul>
	<ul> <li>Regular quality feedback meetings between management and employees</li> </ul>
	should be held to discuss ways of improving quality.

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

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TRANDY SUPERMARKET Trandy Supermarket buys their milk directly from Easy Dairy Farm.

A day after delivery Trandy Supermarket discovered that the milk had become sour.

Trandy Supermarket immediately informed Easy Dairy Farm about the situation but nothing was done. Easy Dairy Farm lost many customers as a result of this challenge

- Advise Easy Dairy Farm on how to implement a continuous improvement cycle to improve the quality of their product.
- Discuss how total client satisfaction and the continuous improvement of processes and systems could assist Easy Dairy farm to sell good quality milk.
  - 1. Advise Easy Dairy Farm on how to implement a continuous improvement cycle to improve the quality of their product. [PDCA model]
  - Plan Easy Dairy Farm should identify the problem and develop a plan for improvement/answer questions such as what to do and how to do it.
  - Do Easy Dairy Farm should do as planned/implement the plan on a test basis or small scale.
  - Check/Analyse Easy Dairy Farm should assess plan and establish if it is working and if things are going according to plan.
  - Act as needed Easy Dairy Farm should institutionalise the improvement and devise strategies on how to continually improve.

2.	Discuss how total client satisfaction and the continuous improvement of processes and
$\leq$	systems could assist Easy Dairy farm to sell good quality milk.
•	Quality products and services meet customers' needs, expectations and requirements, which result in happy/satisfied customers.
•	A business needs to be involved and committed to its total quality management systems.
•	Conduct effective market research to determine customers' needs and develop products and services that will meet and exceed these needs.
•	Implement efficient, friendly customer services and customer care systems.
2.8	Analyse the impact of TQM elements of TQM on large businesses [Companies]
2.8.1	Introduction
•	TQM involves every part of a business.

- Quality is EVERYONE's responsibility, including every department and every employee.
- Quality principles and values are embedded in business culture and ethics.
- 2.8.2 Body

	Advantages	Disadvantages
Continuous improvements to processes and systems	<ul> <li>Large businesses have more resources to check on quality performance in each unit</li> <li>They have the capital for new equipment required for systems and processes.</li> <li>Large businesses have a person dedicated to the systems and processes.</li> </ul>	<ul> <li>Large scale manufacturing can complicate quality control.</li> <li>Systems and processes take time and efforts to implement in a large business as communication and buy-in take time.</li> <li>Not all negative feedback from employees and customers is going to be accurate.</li> </ul>
Total client satisfaction	<ul> <li>Large businesses use market research and customer surveys to establish the needs of the customers</li> <li>Positive company image</li> </ul>	<ul> <li>Employees very seldom come into contact with their clients and often do not have a clear idea of what will satisfy their needs</li> <li>Monopoly companies have an increased bargaining power and they don't need to please their customers.</li> </ul>
Involvement and responsibility of management and all employees	<ul> <li>Management drives TQM and creates the business culture/ environment for quality and ultimate success.</li> <li>Employees become committed and this leads to increased productivity as they are actively participating in various aspects of the company</li> <li>Involving employees saves the company time and money, in increased productivity and reduced outsourcing.</li> </ul>	<ul> <li>It may be difficult to involve all employees in large businesses</li> <li>Employees can become less motivated, which will have a negative impact on quality.</li> </ul>

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Continuous skills development	<ul> <li>Large businesses have an HR department dedicated to skills training and development.</li> <li>Human resources experts ensure that training programs are relevant to ensure increased customer satisfaction.</li> <li>Ability to afford specialised and skilled employees.</li> </ul>	<ul> <li>Poor communication system may prevent effective training from taking place.</li> <li>Trained employees may leave for better jobs after they gained more skills</li> <li>Demotivate employees, if they do not receive recognition for training</li> <li>Employees tend to specialise in a narrowly defined job that can become be frustrating and demotivating.</li> </ul>
	Advantages	Disadvantages
Adequate financing and capacity	<ul> <li>They have sufficient financing to test everything before implementing</li> <li>They are able to carry out product research and market researchers gather the information before time.</li> <li>They can afford to buy the correct equipment and the best quality raw materials to avoid faulty products.</li> <li>They have the capital to purchase the best quality machinery that suits the actual process and improves productivity</li> </ul>	<ul> <li>If the company's product becomes hot, orders begin coming in faster than expected, and the company lacks the capital required to fund the production of the stock to fill the orders.</li> <li>These rapidly growing companies can consume large amounts of capital as they try to balance simultaneously normal operations and expansion, requiring investments in new equipment and facilities.</li> </ul>
Planning, monitoring and evaluation	They are better equipped to get things right the first time with no defects.	• Large businesses are often divided and the departments work in silos. It is difficult to get everyone to communicate.
	<ul> <li>They have a monitoring and evaluation system and quality assurance in place to prevent defects and other issues.</li> <li>They have quality control checks and procedures that ensure that they do not have to replace items and machinery.</li> </ul>	<ul> <li>It often takes longer to detect problems or respond to weaknesses</li> <li>It is not viable to check quality of all the impact.</li> </ul>

#### 2.8.3 Conclusion

•	These elements are key in ensuring the success of TQM in an organization.
	Without these elements, the business entities cannot be successful TQM implementers.
2.9.	Analyse the impact of the TQM elements on small businesses [Sole traders]

#### 2.9.1. Introduction

• TQM involves every part of a business.

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- Quality is EVERYONE's responsibility, including every department and every employee.
- Quality principles and values are embedded in business culture and ethics.



2.9.2 Body

		is my
Adequate financing and capacity	Economies of scale can translate into lower unit costs (or improved productive efficiency)	<ul> <li>It is not always possible to test everything before implementing due to lack of finances.</li> </ul>
	• Small businesses can succeed simply by identifying a niche market and by serving it really well.	• They do not have large product research departments and market researchers to gather information before the time.
	<ul> <li>Smaller firms can be more flexible and may be able to adapt quickly to changes in their markets or in the economy.</li> </ul>	<ul> <li>They do not have correct equipment or best quality raw materials, which can lead to faulty products.</li> </ul>
Planning, monitoring and evaluation	<ul> <li>The owner can quickly identify problems and areas of weaknesses.</li> <li>Can easily identify performance gaps and determine why they exist.</li> </ul>	<ul> <li>Not enough people to put monitoring and evaluation systems and processes in place to prevent product defects and other issues.</li> </ul>
	• Small businesses can easily analyse customer reaction to all aspects of the marketing mix.	<ul> <li>It takes time to put the correct systems in place to ensure that they prevent defects, poor productivity and customer dissatisfaction.</li> </ul>

#### 2.9.3 Conclusion

- These elements are key in ensuring the success of TQM in an organization.
- Without these elements, the business entities cannot be successful TQM implementers.

#### 2.10. Evaluate how TQM can impact on the reduction of the cost of quality

- TQM takes time, resources (money and employees) and effort to implement successfully.
- This can be regarded as the "cost" of quality.
- Possible ways to reduce the cost of quality:
- Expensive inspection procedures can be reduced by including proper quality management systems into the production plan.
- Reduce wastage or reworking of faulty products during production.
- Increased customer satisfaction may lead to increased competitiveness and ultimate profitability.
- Employees should be encouraged to be pro-active in identifying and
- addressing quality related problems.

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- This can save time and effort.



2.11

Compare the impact of the TQM system on small enterprises [sole traders] and large enterprises [companies] [ Refer to 2.6.2 and 2.6.3]

ELEMENTS OF TQM	APPLICATION IN SMALL BUSINESS	APPLICATION IN LARGE BUSINESS
Continuous skills development	Allocate a mentor to each junior employee to develop employee skills.	Organise skills development     programmes
Team work	<ul> <li>Make sure employees know how to support each other</li> </ul>	• Encourage the formation of inter- departmental teams to improve systems.
Total client / customer satisfaction	Make every customer feel valued.	• Use customer satisfaction surveys.
Top management involvement / commitment	Create a culture of continuous improvement through leadership.	• Create a culture of continuous improvement through leadership.
Adequate financing and capacity	• Finance is often difficult to access, but a small company can increase capacity in small steps.	• Funding and financing should be appropriately allocated to the process.
Continuous improvemen of processes and systems [Application of PDCA model]		• Start manager-staff discussions about how processes and systems can be improved, and implement changes.
Planning	Have an annual quality planning meeting.	<ul> <li>Integrate quality planning into existing planning tasks.</li> </ul>
Monitoring and evaluation of quality processes	• The owner / manager can take responsibility as they have close contact with staff.	<ul> <li>Set up quality-assurance and quality-control systems.</li> </ul>
Involvement of all employees	Ask employees to suggest improvements.	Managers must ask their staff to suggest improvements.

2.12 Discuss the impact of TQM if it is poorly implemented by businesses.

• Setting unrealistic deadlines.

- Lack of training and skills development may lead to poor quality products.
- Decline in productivity, because of stoppages.
- Investors might withdraw investment, if there is a decline in profits.
- Bad publicity due to poor quality products supplied.
- Decline in sales, as returns from unhappy customer's increase.
- High staff turnover, because of poor skills development.
- Undocumented quality control systems/processes could result in error or deviations from pre-set quality standards.

#### **CONSOLODATION QUESTIONS ON MAIN TOPIC 4: BUSINESS OPERATIONS**

#### After studying this topic try the question below by yourself!

#### **SECTION A TYPE QUESTIONS:**

1.1 Various options are provided as possible answers to the following questions. Write down the question number (4.1.1 to 4.1.1.) and write the correct letter next to the corresponding number.

- 1.1.1 Which one of the following is an example of the process of labour negotiations?
- A Lock-out
- B Collective Bargaining
- C Strikes
- D Go-Slow
- 1.1.2 To which one of the following does the induction process refer?
- A Orientating existing workers in the new technology
- B Training new employees
- C Conducting an exit interview
- D applying for a learnerships programme
- 1.1.3 The process where all applications are sorted in terms of suitability for the position.
- A Screening
- B Orientation
- C Placement
- D Remuneration

1.1.4 'True toys Manufacturers' are paying workers according to the number of toys they produce. This is known as a/an ... system.

- A piece wage
- B object
- C time related
- D added
- 1.1.5 When an employee's position is terminated by the employer on the grounds of misconduct, it is known as ....
- A retrenchment
- B severance
- C dismissal

2.0.

7		
	D	remuneration
	1.1.6	Total Quality Management requires the involvement of
×	A	only the supervisors.
	В	only top level and middle level managers.
	C	everyone in the organisation.
12 193 0		only the workers.
	1.1.7	A business function that is responsible for the transformation of raw materials into finished goods:
		Public relations
a e dimini	B	Marketing
	С	Human resources
	D	Production
2	1.1.8	A potential employee is officially on the payroll of a business as soon as the person
4	А	passes the medical test
	В	is shortlisted
	с	has been interviewed
	D	signs the employment contract
	1.1.9	Quality circles usually form part of the TQM element of
	A Co	ontinuous improvement of processes and systems.
		p management involvement.

C Teamwork.

D Monitoring and evaluation of quality processes.

1.1.10 This function creates a favourable image of the business.

- A Human Resources
- B Public Relations
- C Risk Management
- D General Management
- **1.2** Complete the following statements by using the word(s) in the list below.

Write only the word(s) next to the question number (4.2.1–4.2.5)

Induction; Interview; Resignation; Retrenchment: compulsory benefits; fringe benefits; Quality control; Quality; Production; Administration

- 1.2.1 The ... is a formal procedure conducted between the shortlisted candidates and the employer to fill a vacant post.
- 1.2.2 When an employment contract is voluntary terminated by the employee.
- 1.2.3 Benefits that businesses are legally required to offer to employees
- 1.2.4 Refers to the ability of a product or services to satisfy a specific need of the customer.
- 1.2.5 The business function that is responsible for collecting, processing and safe keeping of information

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1.3 Choose a description from COLUMN B that matches a term in COLUMN A.

Write only the letter (A-J) next to the question number (4.3.1 - 4.3.5)

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COLUMN A	COLUMN B
1.3.1 External recruitment resources	A. Conduct research about consumer needs.
1.3.2 Interviewer	
1.3.3 Implications of the Human Resources	B. Recruitment outside of the business
1.3.4 Success quality indicator of the purchasing	
function	C. Continuous training programme
1.3.5 Total client satisfaction	
	D. Don't be over familiar or over formal
	E. Equity plans must be compiled and submitted
	to the Department of Labour
	F. Promotion opportunities
	G. Explain the purpose of the interview
	H. Training needs of workers must be identified
	I. Identification of reliable suppliers
	J. Make every customer feel valued

#### 4.4: BUSINESS OPERATIONS

#### **4.4.1** Read the scenario below and answer the questions that follow:

#### SUNSHINE EXPLORERS (PTY) LTD

Sunshine explorers employs 200 factory workers, Zenzile, the human resources manager, often makes important decisions without consulting the workers.

The workers have decided to form a trade union so that they can be represented in the decision making process. Zenzile argues that it is the company's right to make unilateral decisions. He has threatened the workers if they form a trade union.

4.4.1.1	Name the Act that is being violated by Zenzile	(2)
4.4.1. <mark>2</mark>	human resource	
	function of Sunshine Explorers (Pty) Ltd	(8)
4.4.2	Distinguish between job description and job specification	(4)
4. <mark>4</mark> .3	Comment on the role of the interviewee during the interview process	(6)
4.4.4	Name FIVE aspects that must be included in an employment contract	(10)

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

## SECTION C TYPE QUESTIONS NAPSY LEATHER (NL)

-2.0.

**QUESTION 3:** 

3.1

#### **BUSINESS ENVIRONMENTS (BUSINESS STRATEGIES)**

Napsy Leather produces and sells leather products. The marketing department conducted Introduction

customer surveys to analyse the needs of customers who use NL travelling and schoolbags.

- Businesses need to identify/develop and implement business strategies to improve performance/respond to challenges presented by business environment on the quality of NL's bags and after-sales service.
- Intensive and defensive strategies enable business to solve the challenges that are posed by the market and Afaction devition that TQM element that is applicable to the scenario above. Motivate
- Porter's Five Forces model helps the business to understand both the strength of its current competitive position and the advance of the strength of the stres
- Porter's Five Forces model is based on five important forces that will determine competitive power in the market environment of a business.√
- The aim of strategy evaluation is to determine whether the chosen strategy will resolve the identified challenges.√

	large business.	(6)
	4.5.3 Explain how NL could use the PDCA- model/cycle to continuously improve	
	their processes and systems.	(8)
4.6	Discuss the benefits of a good quality management system.	(8)
4.7	Advice on how Total Quality Management can reduce the cost of quality	(8)

## SECTION C TYPE QUESTION

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4.8 Refer to the scenario below and write an essay in which you include the following aspects:

A production manager at Signall Hill Mine (Pty) Ltd recently resigned from his position to join another company. Mr Papi, the human resources manager at Signall hill Mine, has been tasked with appointing a new production manager.

- Explain the selection procedure that Mr Papi should follow to identify the most suitable candidate.
- Discuss the legal requirements of the employment contract that both Signall Hill Mine (Pty) Ltd and the new employee should agree on.
- Advise Mr Papi on reasons for terminating the employment contracts of employees.

## **Check Your Answers**

## SUGGESTED SOLUTIONS TO PRACTISE QUESTIONS PER MAIN TOPIC

#### MAIN TOPIC 1: BUSINESS ENVIRONMENTS

#### **SECTION A:**

QUESTION 1.1	QUESTION 1.2	QUESTION 1.3
1.1.1 D	1.2.1 SWOT	1.3.1 C
1.1.2 B	1.2.2 Buyers	1.3.2 F
1.1.3 B	1.2.3 Tertiary	1.3.3 A
1.1.4 C	1.2.4 Macro	1.3.4 F
1.1.5 D	1.2.5 Forward	1.3.5 H
1.1.6 A		
1.1.7 C		
1.1.8 D		
1.1.9 B		74 1 Martell
1.1.10 A		1 11-11-11-14

#### **SECTION B**

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2.1 Difference between National Skills Development Strategy and Human Resources Development Strategy

NATIONAL SKILLS DEVELOPMENT STRATEGY	HUMAN RESOURCES DEVELOPMENT STRATEGY
<ul> <li>Encourages good quality training in the workplace√ to ensure on-going development of skills.√</li> </ul>	<ul> <li>Addresses skills shortages√ in the South African workforce.√</li> </ul>
<ul> <li>Provides for the participation of government√, organised business and labour.√</li> </ul>	<ul> <li>Aims at achieving faster economic growth/ higher employment levels√ and reduced levels of poverty.√</li> </ul>
<ul> <li>Improves social development√ through economic development.√</li> </ul>	<ul> <li>Promotes social development and social justice√ which helps to alleviate poverty.√</li> </ul>
<ul> <li>Indicates how Sector Education and Training Authorities (SETAs) √ should use the money allocated from the Skills Development Levy.√</li> </ul>	- Develops short term√ and long term workforce skills.√
<ul> <li>Improves access√ to training programmes.√</li> </ul>	- Improves the supply $$ of skills. $$





-	Provides career/vocational guidance/	-	Increases employee participation
	training centres.√		in lifelong learning.√
-	Any other relevant answer related to	-	Any other relevant answer related
	the National Skills Development		to the Human Resources
	Strategy.		Development Strategy.

2.2

- To compile sector skills plans that states who is employed where in the sector and what the strengths, weaknesses and opportunities in the sector are;
- To determine where learnerships are needed, designing, marketing and registering the learnerships;
- To act as an Education and Training Quality Assurer for standards and qualifications in the sector;
- To disburse money from the National Skills Development Levy; and to provide information about the sector.

## 2.3

- Enable wealth to be spread more broadly across all population groups
- Outlines areas that would give the government a better platform for bringing about a better spread of wealth.
- BBBEE Act is an enabling framework
- Allows for the development of Codes of Good Practice

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BEE	BBBEE
<ul> <li>Consists of two empowerment elements that measures black participation in the economy through:         <ul> <li>equity ownership: and</li> <li>management representation in businesses</li> </ul> </li> </ul>	<ul> <li>It aims to accelerate the participation of black people in the economy by encouraging change in the following key areas of business: <ul> <li>ownership,</li> <li>management and control,</li> <li>employment equity,</li> <li>skills development,</li> <li>preferential procurement,</li> <li>enterprise development</li> <li>socio-economic development [BBBEE Pillars] *</li> </ul> </li> </ul>

## 2.5

BEE

- Policy that was put in place by the government to give those who are classified as previously disadvantaged a chance to balance out the inequalities of the past
- The objective was to right the wrongs of the past
- Focus was on getting black people into management

### BBBEE

- Objective is to distribute the wealth of the country across all races and gender groups.
- Focus was on increasing black ownership of businesses; increase the skills levels; increase the number of candidates in management positions who are blacks
- Empower rural communities by giving them access to land, infrastructure, ownership and skills
- Ensure that black owned businesses get government tenders as a result of their scorecards
- BBBEE ensures that economic transformation takes place
- Previously disadvantaged people are given a chance to manage, own and control the economy

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PILLARS	ADVANTAGES	DISADVANTAGES
Ownership	<ul> <li>Business should include black people in shareholding</li> <li>More opportunities are created for black people to become owners</li> </ul>	<ul> <li>Businesses sometimes find it difficult to find suitable black business shareholders.</li> <li>Many black people cannot afford shares</li> </ul>
Management	<ul> <li>Appointing black people in senior executive positions to management.</li> <li>Business must ensure black female representation in management</li> </ul>	<ul> <li>Due to a shortage of skilled black managers, some businesses find it difficult to make appointments.</li> </ul>

2.7.1 Secondary Sector. It is a manufacturing business.

2.0.

#### 2.7.2 Classification of challenges and the extent of control

CHALLENGE	BUSINESS ENVIRONMENT	EXTENT OF CONTROL
- Sand & Stone/The supplier is	<ul> <li>Market environment√</li> </ul>	- Limited/Little
sometimes out of stock. $$		influence√
- Employees are regularly	- Micro-environment√	- Full control√
absent from work. $\checkmark$	3	
- A high interest rate. $$	- Macro-environment√	- No control√
Submax (3)	Submax (3)	Submax (3)

2.9	
Goal setting	<ul> <li>This stage consists of identifying three key facets:</li> <li>* Define both short- and long-term objectives.</li> <li>* Identify the process of how to accomplish your objective.</li> <li>* Customize the process for your staff; give each person a task with which he can succeed.</li> </ul>
Analysis	<ul> <li>In this stage, gather as much information and data relevant to accomplishing your vision.</li> <li>The focus of the analysis should be on understanding the needs of the business as a sustainable entity, its strategic direction and identifying initiatives that will help your business grow.</li> </ul>
Strategy formulation	<ul> <li>The first step in forming a strategy is to review the information gleaned from completing the analysis.</li> <li>Determine what resources the business currently has that can help reach the defined goals and objectives.</li> <li>The issues facing the company should be prioritized by their importance to your success. Once prioritized, begin formulating the strategy.</li> </ul>
Strategy Implementation	<ul> <li>Successful strategy implementation is critical to the success of the business venture.</li> <li>This is the action stage of the strategic management process.</li> <li>Once the funding is in place and the employees are ready, execute the plan.</li> </ul>
Strategy monitoring & evaluation	<ul> <li>Strategy evaluation and control actions include performance measurements, consistent review of internal and external issues and making corrective actions when necessary.</li> <li>Any successful evaluation of the strategy begins with defining the parameters to be measured</li> </ul>

Determine your progress by measuring the actual results versus the actual plan.

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Any other relevant introduction related to the Porter's Five Forces model/ implementing defensive and intensive strategies/evaluation of strategies.

#### Max (2)

#### 3.2 Porter's Five Forces

#### 3.2.1 Power of suppliers√√

- Suppliers include factories/providers of goods/services√ that businesses would obtain/buy from in order to operate their business.√
- A business must assess the power of the suppliers  $\sqrt{10}$  to influence prices.  $\sqrt{10}$
- The more powerful the suppliers  $\sqrt{1}$ , the less control the business has over them.
- The smaller the number of suppliers, the more powerful they may be  $\sqrt{}$  as the choice of suppliers may be limited.
- The business should identify the kind of power its suppliers have√ in terms of the quality of products/ services/reliability/ability to make prompt deliveries,√etc.
- Any other relevant answer related to the power of suppliers.

Force (2)

Explanation (2)

Submax (4)

#### 3.2.2 Power of buyers√√

- Buyers are the final users  $\sqrt{}$  of the product/services. $\sqrt{}$
- Buyers buying in bulk  $\sqrt{}$  can bargain for prices in their favour.  $\sqrt{}$
- The business must assess how easy it is for buyers/customers $\sqrt{100}$  to drive prices down. $\sqrt{100}$
- This will depend on the number of buyers/the importance of each buyer to the business  $\sqrt{1}$  and the cost of switching to other products.
- If a business is dealing with a few powerful buyers  $\sqrt{1}$ , they are often able to dictate their terms to the business.
- If buyers can do without the business's products  $\sqrt{1}$  then they have more power to determine the prices and terms of sale.  $\sqrt{1}$
- Businesses must conduct market research $\sqrt{}$  so that they can get more information about their buyers. $\sqrt{}$
- Any other relevant answer related to the power of buyers.

Force (2)

Explanation (2)

Submax (4

#### 3.2.3 Power of competitors/Competitive rivalry√√

20.

- Competitors selling the same/similar products/services√ may have a greater impact on the market of the business.√
- Competitive rivalry refers to the number of competitors  $\sqrt{1}$  and their ability to influence/control the market.  $\sqrt{1}$
- If competitors have a unique product/service√, then they will have greater power.√





- A business with many competitors in the same market $\sqrt{1}$  has very little power in their market. $\sqrt{1}$
- Businesses must draw up a competitor's profile√ so that they can determine their own strength as well as that of competitors.√
- Some competitors have the necessary resources to start price wars√ and continue selling at a loss until other competitors leave the market.√
- Any other relevant answer related to the power of competitors/competitive rivalry.

Force (2)

Explanation (2)

Submax (4)

#### 3.2.4 Threat of substitution/ substitutes√√

- Substitute products or services are different products/services that at least partly satisfy the same needs of consumers√ and can be used to replace one another.√
- Businesses should determine whether the sellers of substitute products have improved their products  $\sqrt{}$  or sell lower quality goods at lower prices. $\sqrt{}$
- If the business's product can be easily substituted  $\sqrt{}$ , it weakens the power of the business in the market.  $\sqrt{}$
- Substitute products may cause the business√ to completely lose its market share.√
- Unique products  $\sqrt{}$  will not be threatened by substitute products. $\sqrt{}$
- Businesses should do market research  $\sqrt{}$  to assess if customers using substitute products/services have reasons for using these alternatives. $\sqrt{}$
- It is important that businesses change $\sqrt{}$  or improve their products to remain competitive. $\sqrt{}$
- Any other relevant answer related to the threat of substitution/substitutes/ alternatives.

Force (2)

Explanation (2)

Submax (4)

#### 3.2.5 Threat/Barriers of new entrants to the market√√

- The power will depend on how easy it is  $\sqrt{100}$  for new businesses to enter the market.
- If the business is highly profitable√, it will attract potential competitors that want to benefit from high profits.√
- If the barriers to enter the market are low  $\sqrt{1}$ , then it is easy for new businesses to enter the market/industry.
- New competitors can quickly/easily enter the market  $\sqrt{1}$ , if it takes little time/ money to enter the market.  $\sqrt{1}$

- Any other relevant answer related to the threats/barriers of new entrants.

Force (2)

Explanation (2)

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#### 3.3 Types of defensive strategies

#### 3.3.1 Divestiture/ Divestment√√

- The business disposes/sells some assets/divisions $\sqrt{}$  that are no longer profitable/ productive. $\sqrt{}$
- Businesses may sell off divisions/product lines $\sqrt{}$  with slow growth potential. $\sqrt{}$
- The business sells ownership $\sqrt{}$  by decreasing the number of shareholders. $\sqrt{}$
- Unproductive assets are sold $\sqrt{}$  to pay off debts. $\sqrt{}$
- Process used to withdraw its investment $\sqrt{}$  in another business (divesting). $\sqrt{}$
- Any other relevant answer related to divestiture/divestment as a defensive strategy.

Explanation (2) Submax (4)

Strategy (2)

Submax (4)

Max (20)

#### 3.3.2 Liquidation√√

- All assets are sold to pay creditors $\sqrt{1}$  due to a lack of capital. $\sqrt{1}$
- Selling the entire business $\sqrt{}$  in order to pay shareholders a fair price for their shares. $\sqrt{}$
- Creditors may apply for forced liquidation $\sqrt{}$  in order to have their claims settled. $\sqrt{}$
- Any other relevant answer related to liquidation as a defensive strategy.

Strategy (2)

Explanation (2)

Submax (4)

#### 3.3.3 Retrenchment $\sqrt{\sqrt{}}$

- Terminating the employment contracts of employees  $\sqrt{100}$  for operational reasons.  $\sqrt{100}$
- Any other relevant answer related to retrenchment as a defensive strategy.

#### Strategy (2)

147

Explanation (2)

Submax (4) (3 x 4) (12)

#### 3.4 Effectiveness/Advantages of intensive strategies

2.0.

- Increased market share  $\sqrt{10}$  reduces the business's vulnerability to actions of competitors.  $\sqrt{10}$
- Control over prices  $\sqrt{\text{may increase/improve}}$ .
- Increase in sales/income $\sqrt{}$  and profitability. $\sqrt{}$
- Improved service delivery √ may positively impact/increase sales √





- Businesses can have more control√ over the prices of products/services.√
- Gain customer loyalty√ through effective promotion campaigns.√
- Decrease in price $\sqrt{}$  could influence customers to buy more products. $\sqrt{}$
- Regular sales to existing customers  $\sqrt{\text{may increase}}$ .  $\sqrt{}$
- Eliminate competitors $\sqrt{1}$  and dominate market prices. $\sqrt{1}$
- Any other relevant answer related to the effectiveness/advantages of intensive strategies.

Max (6)

#### Steps in evaluating a strategy

- Examine the underlying basis of a business strategy. $\sqrt{\sqrt{}}$
- Formulate strategies to meet objectives favourably. $\sqrt{\sqrt{7}}$
- Implement strategies using action plans  $\sqrt{\sqrt{}}$ , etc.
- Compare the expected performance with the actual performance. $\sqrt{\sqrt{}}$
- Take corrective action so that deviations may be corrected. $\sqrt{\sqrt{2}}$
- Set specific dates for control and follow up. $\sqrt{\sqrt{}}$
- Decide on the desired outcome. $\sqrt{\sqrt{}}$
- Consider the impact of the strategic implementation in the internal and external environments of the business.  $\sqrt[3]{}$
- Any other relevant answer related to the steps in evaluating a strategy.

NOTE: Accept steps in any order.

Max (8)

#### 3.6 Conclusion

- With a clear understanding of where power lies, the business can take advantage from a position of strength, improve a situation of weakness and avoid taking any wrong steps. $\sqrt{\sqrt{}}$
- Porter's Five Forces is useful for analysing the power of the business in order to effectively manage market environmental challenges.√√
- This model makes it possible for businesses to determine how to shift the power of the forces in their favour.  $\sqrt{\sqrt{}}$
- Although implementing intensive and defensive strategies may be costly, it usually results in growth and continuous improvement.√
- Businesses must continuously evaluate strategies in order to change/adapt it according to current demands of their markets.

∞\_\_\_\_\_ 3.5

- Any other relevant conclusion related to defensive/intensive strategies/Porters Five Forces/evaluating strategies.

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Max (2)

[40]





# QUESTION 3: BREAKDOWN OF MARK ALLOCATION

	DETAILS	MAXIMUM	TOTAL
	Introduction	2	
	Porters Five Forces	20	
	Types of defensive strategies	12	Max
	Effectiveness of intensive strategies	6	32
çı —	Strategy evaluation	8	
9 10 International	Conclusion	2	
8 C	INSIGHT		
antinutur The second se	Layout	2	
1 milium	Analysis, interpretation	2	8
E 2	Synthesis	2	
C 2 2 2 2 5 5 7 1 International Internationae Internationae Internationae Internationae Internationa	Originality/Examples	2	
	TOTAL MARKS		40

LASO - For each component:

150

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

# PROPOSED SOLUTIONS FOR MAIN TOPIC 2: BUSINESS VENTURES

### **QUESTION 1**

### SECTION A:

QUESTION 1.1		QUESTION 1.2	QUESTION 1.3	
1.1.1 A	1.1.13 B	1.2.1 Average clause	1.3.1 E	
1.1.2 A	1.1.14 A	1.2.2 Pension fund	1.3.2 D	
1.1.3 B	1.1.15 C	1.2.3 Leadership	1.3.3 F	
1.1.4 C	1.1.16 C	1.2.4 Dividends	1.3.4 B	
1.1.5 D	1.1.17 D	1.2.5 Assurance	1.3.5	
1.1.6 A	1.1.18 A			
1.1.7 C	1.1.19 C			
1.1.8 C	1.1.20 D		4-16-16-14-1	Ĭ
1.1.9 D	1.1.21 B			
1.1.10 C	1.1.22 D	4		
1.1.11 A	1.1.23 A			
1.1.12 C	1.1.24 D			

#### SECTION B TYPE QUESTIONS

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### QUESTION 2

2.1

Followers	Leaders
<ul> <li>Followers want to be guided/told to work</li> </ul>	<ul> <li>Lead inspire/guide and motivate</li> </ul>
• Team members do not always get along	<ul><li>Engage in team building activities</li><li>Reward positive group behaviour</li></ul>
The group relies on others to provide resources	<ul> <li>Motivate employees to devise alternative strategies</li> <li>Find more efficient ways to use available resources</li> </ul>

x 2 = (4)

netics

	2.2	
	Situational leadership	<ul> <li>Determines how a leader should lead</li> <li>Based on the theory that there is no single style of leadership</li> <li>The leader adapts to the leadership style according to the task at hand</li> </ul>
6		<ul> <li>Leaders show various skills</li> <li>Followers highly skilled and high level of maturity</li> </ul>
2 3 4 5 6 7 8 Minimumunumunumunumunumunumunumunumunumun	Transitional leadership	<ul> <li>Occurs during the time before big changes</li> <li>Interaction between leaders and followers are critical for a success during a transition</li> <li>Guide employees/followers through change</li> </ul>
		Leaders often identify a need for change

## 2.3.1

- Fixed deposit
- Shares
- Government Retail Bonds

2.3.2

	Investment Opportunity	Risk Factor
1	Business Investment	• The risk is high because of the unsecured nature of the investment.
		<ul> <li>No guarantee that the investor will get a return on his investment or the capital back</li> </ul>
2	Shares	Shareholders have a limited liability for the debt of the company
		Some shares are low, medium or high risk
3	Government Retail Bonds	No risk
		• The investment is guaranteed by government
		Investor is secured of his capital

# 2.4

Simple Interest	Compound Interest
<ul> <li>Interest is calculated on the original principal amount only.</li> <li>The interest charged remains fixed for the</li> </ul>	<ul> <li>Interest is calculated on the original principal amount and all the interest accumulated during the preceding periods.</li> </ul>
duration of the investment	<ul> <li>Accumulated interest is added to the principal amount, resulting in interest being earned on interest</li> </ul>

2.5

Concepts	Definition / Meaning
Debentures	<ul> <li>Debenture is a medium- to long-term debt instrument used by large</li> </ul>
	companies to borrow money, at a fixed rate of interest.
Capital Gains	Capital gains takes place when the value of a capital investment increases
	Example:
	In 2000 the value of a house was R500 000 and in
	2016, the property is worth R1 200 000 which indicates a capital gain of
	R700 000.

#### 2.6

Compulsory	Non-compulsory insurance
<ul> <li>required by law / regulated by government</li> </ul>	entered into voluntarily (by choice)
no contract required	<ul> <li>signing of a contract</li> </ul>

#### 2.7

- Know your audience
- Put important information first (logical)
- Use tables, graphs, diagrams
- Select headings and sub-heading
- Prepare well
- Availability and functionality of equipment

#### 2.8

Factors to be considered **BEFORE/or for** a presentation

- Clear purpose/intentions/objectives $\sqrt{}$  and main points of the presentation. $\sqrt{}$
- Main aims $\sqrt{}$  captured in the introduction/opening statement of the presentation. $\sqrt{}$

- Background/Diversity/Size/Pre-knowledge of the audience  $\sqrt{}$  to determine the appropriate visual aids. $\sqrt{}$
- Prepare a rough draft of the presentation  $\sqrt{}$  with a(n) logical structure/format/

2.0.

- Conclusion shows a summary of the key facts  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$  and how it relates to the objectives/shows that all aspects have been addressed. $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- Create visual aids/graphics  $\sqrt{1}$  that will consolidate the information/facts to be conveyed to the audience.
- Find out about the venue for the presentation  $\sqrt{2}$ , e.g. what equipment is available/ appropriate.  $\sqrt{2}$
- Consider the time frame for presentation  $\sqrt{1}$ , e.g. fifteen minutes allowed to complete the presentation. $\sqrt{1}$
- Rehearse√ to ensure a confident presentation/time was used effectively.√

9	

Prepare for the feedback session $\sqrt{}$ , by anticipating possible questions/ comments. $\sqrt{}$ 

- Any other relevant answer related to the factors that must be considered when

preparing for a presentation.

#### DURING

-

- Maintain eye contact
- Use visual aids effectively
  - Movement
- Do not speak fast

Use pauses when necessary

1	Maintain eye	Use hand motions and gestures to accent your vocal expression.
	contact	<ul> <li>If you feel that you are losing attention, make them bigger and raise your voice slightly.</li> </ul>
		<ul> <li>Look at people who aren't looking at you and smile when they do acknowledge you.</li> </ul>
		• Attempt to look at every person in the audience, this makes it personal.
		It shows that you want them to listen to you.
		<ul> <li>Maintain a connection with the audience by using a laser pointer to highligh slide items to discuss</li> </ul>
2	Use visual aids effectively	<ul> <li>Visual aids can be used effectively in verbal presentations.</li> <li>They can be used be used to summarise the information in a visual way to make it memorable and meaningful.</li> </ul>
		<ul> <li>Visual aids can also be used to present information to members of the audience who learn best through visuals.</li> </ul>
		• Use the slides or bullet points as a guide to drive home the strongest parts the message you are delivering.
3	Movement	It adds energy and variety to your presentation.
		<ul> <li>It makes you look more confident – because people who are nervous are generally frozen in one spot.</li> </ul>
		Movement should be interspersed with stillness.
2		That way, they both have more impact.
		<ul> <li>Incorporate movement in your presentation by planning different positions</li> <li>an the stage (or front of the ream) that you'll present from</li> </ul>
		on the stage (or front of the room) that you'll present from.

4	Do not speak fast	Don't speak as fast as you do in conversation
		• Develop a slower presenting style, you'll be a more effective speaker.
		Do breathing exercises and get more practice until you're confident enough
		to pace yourself.
5	Use pauses when	<ul> <li>Build pauses in to your speaking in order to appear genuinely interested in</li> </ul>
	necessary	the audience.
		Pause for three seconds before the presentation
		<ul> <li>Those three seconds will allow the audience to focus on you and the</li> </ul>
		message, and will build a little drama into your opening.
		Use pauses is whenever you make a key point.
		<ul> <li>Stop talking and watch the audience's eyes, once you see a reaction in the</li> </ul>
		eyes of the audience, you'll know that you've gotten your point across.

#### AFTER

- Shorten the presentation if it was to long
- Add more detail to the information if the presentation was too short
- Re-organise the flow of the slides if the presentation didn't follow a logical sequence
- Consider the relevance of the nonverbal visual aids
- Was the text appropriate and summarised adequately
- Were the key point adequate addressed
- Was the presentation visually appealing
- Did the visual and graphs complement the verbal presentation
- 2.9 Give examples of non-verbal presentations:

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٠	Written Reports	Pictures	
•	Scenarios	Photographs	
•	Types of graphs		
	- Line graph		
	- Pie graph		1
			4
	- Bar charts and Histogram		



	Advantages	Disadvantages
•	Using visual aids can make a presentation more interesting and effective.	<ul> <li>Making a graph or pie chart requires more time and effort</li> </ul>
Intriminational instantial and a second	<ul> <li>When an audience can both hear and see what you are saying, they are more likely to retain the information.</li> <li>Visual aids not only focus attention, they reinforce your words.</li> <li>In an oral presentation the speaker faces numerous people with their eyes on him or her. Hence, he/she has no time to look through the notes.</li> <li>Visual aids are a great assistance to the speaker as well as to the audience.</li> <li>These serve to allow the speaker to remember all the important points and stay on the track.</li> </ul>	<ul> <li>Only a small amount of information can be conveyed via a graphic</li> <li>Visuals can be detracting, shifting the focus from the presentation itself</li> <li>When using visuals, many concepts lose their complexity</li> </ul>

2.11

#### **Advantages (Effectiveness)**

- Slides can effectively show images and animations
- Slides can effectively emphasize key details
- Posters allow for one on one exchanges with the speaker
- White boards & chalk boards are good if the pace of the presentation is slow & natural.
- Handouts ensures that audience leaves with the message
- Web pages provide links to supplemental resources

# SECTION C TYPE QUESTION

#### **QUESTION 3**

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#### 3.1 INTRODUCTION

- In South Africa different options or opportunities are available to register businesses as per the new Companies Act of 2008.
- Partnerships provides the lawyers with the opportunity to have partners with different skills.
- Personal liability companies provide an opportunity that the business can continue even if some members withdraw.
- The type of option can have an influence on the success or failure of the business.

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### 3.2.1 COMPARISON OF THE DIFFERENT FORMS OF OWNERSHIP

	PARTNERSHIP	PERSONAL LIABILITY COMPANY
Name	No specific suffix	Inc
Ownership	2 – no limit	1 – no limit
Liability	Jointly & Severally	Company, directors and previous directors - Jointly & severally
Management	All/Some partners	1 or more directors
Formation documents	Partnership Agreement	MOI
Profits	Divided between partners	Dividends – Board approval

#### 3.2.2

	Success Factors
Management	Partners are jointly and actively involved in managing the partnership.
	<ul> <li>Partners have access to expertise of other partners when tough decisions are made</li> </ul>
Capital	More than one person to contribute capital.
22.01	<ul> <li>Greater security to borrow money, because the partners are jointly and severally responsible for the debts of the business.</li> </ul>
Division of	<ul> <li>Profits are divided between partners as stipulated in the Partnership</li> </ul>
Profits	Agreement.
	• Because all the profit is divided between the partners, this will motivate them to be successful.
Legislation	• Only needs to adhere to the requirements in the Income tax Act, 58 of 1962, as revised.
S SPACE	• There are no legal requirements which bind the partners.
	Only need a partnership agreement between the partners.

OR

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		Failure factors
	Management	<ul> <li>Must get agreement from other partners during decision-making and before transactions can be done.</li> <li>Decision-making can, therefore, be time consuming as all partners have to agree first.</li> <li>Partners may not agree during decision-making.</li> </ul>
Le 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		<ul> <li>Partners are agents of the partnership and management decisions will be forced on to other partners.</li> </ul>
	Capital	<ul> <li>Lack of capital because not all the partners contribute cash.</li> <li>Some contribute assets or their services.</li> </ul>
	Division of Profits	<ul> <li>The profit is divided according to the Partnership Agreement.</li> <li>Hard-working partner receives less profit than others who didn't contribute the same effort to the partnership.</li> <li>This may lead to this partner losing interest in the partnership.</li> </ul>
	Legislation	<ul> <li>Not a legal entity.</li> <li>Unlimited liability.</li> <li>Partners are jointly and severally responsible for the debts of the business.</li> <li>No continuity because partnership must dissolve when there is a change in the number of partners.</li> </ul>

# 3.3 CONCLUSION

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• The success or failure of a business depends on the implementation of legislation.

# **PROPOSED SOLUTIONS FOR MAIN TOPIC 3: BUSINESS ROLES**

#### **QUESTION 1**

#### **SECTION A:**

QUESTION 1.1		QUESTION 1.2	QUESTION 1.3	
1.1.1 B	1.1.9 B	1.2.1 Conflict	1.3.1 E	
1.1.2 A	1.1.10 A	1.2.2 King Code	1.3.2 D	
1.1.3 A	1.1.11 C	1.2.3 Environmental	1.3.3 F	
1.1.4 C	1.1.12 C	1.2.4 CCMA	1.3.4 A	/
1.1.5 B	1.1.13 B	1.2.5 Human	1.3.5	
1.1.6 C	1.1.14 C			
1.1.7 D	1.1.15 A			4
1.1.8 D	1.1.16 D		74-14-127	Į

#### SECTION B TYPE QUESTIONS

#### **QUESTION 2**

2.1

Ethical behaviour	Business practices
• Acting in ways consistent with what society and individuals typically think are good values	A method, procedure, process, or rule employed or followed by a business in the pursuit of its objectives
<ul> <li>Involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity and individual rights.</li> </ul>	

#### 2.2 Ethical business practice - Examples

- Using fair advertising techniques
- Not engaging in illegal practices

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- Not using child labour
- Paying workers fair wages
- Allowing workers to work only the permissible number of hours per week
- Ensuring that the environment is protected and not destroyed

		Unethical business practice - Examples
	•	Hiding the truth of the origin of products
	•	Using false figures in reporting the financial results of the business
	•	Bribing people to lie on your behalf
	•	Pumping contaminated water into rivers
	•	Using confidential client information to your benefit
		Taking excessive salaries when workers are retrenched
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2.3	Economic rights:
	2.3 •	Right to fair labour practices.
	•	Right to have access to adequate housing.

- Right to belong to a trade union.
- Freedom of trade
- Freedom of occupation and profession.
- 2.4 Differentiate between problem solving and decision making

(4)

Problem solving Process that evaluates alternatives and		Example: How would you deal with a staff
uses <u>research</u> to solve a problem		member who persistently arrives late and
		takes regular, unauthorised, breaks from work
		to smoke a cigarette?" Example: If you were presented with a
Decision making	It is the practice of <u>considering</u> a number	Example: If you were presented with a
	of existing alternatives and deciding	Samsung, Blackberry and Nokia cell phones
	which one is the best solution	and you choose the Samsung one.

#### 2.5.1 Ways of advancing the well-being of employees

- WS provides subsidised housing to their employees.  $\checkmark$
- Provides accommodation for their employees.  $\checkmark$
- Encourages employees to stay fit and healthy by involving them in stress reduction activities.  $\sqrt{}$

#### 2.5.2 Other ways of contributing to the well-being of the employees

- WS should improve the general quality of life of employees, e.g. pay fair wages/skills development  $\sqrt{\sqrt{}}$ , etc.
- Allow staff to use some working time to get involved/participate in projects of their choice.  $\sqrt{\sqrt{}}$
- Provide transport to employees who work unusually long hours.  $\sqrt{\sqrt{}}$
- Establish coaching/mentoring programmes for junior employees.  $\sqrt{\sqrt{}}$
- Conduct team-building sessions to improve employees' morale.  $\sqrt{\sqrt{}}$
- Encourage employees to attend capacity-building workshops/training/staff-development/team-development programmes. \sqrt{\sqrt{v}}
- Offer counselling sessions to employees with personal/emotional challenges.  $\sqrt{\sqrt{}}$
- Working conditions should include safety/medical/canteen facilities/benefits like leave, retirement $\sqrt{1}$ , etc.

- Pay fair bonuses based on the earnings/returns of the business.  $\sqrt{\sqrt{2}}$
- Allow for employees' participation in decision making.  $\sqrt{\sqrt{}}$
- Provide recreational facilities for employees.  $\sqrt{\sqrt{}}$
- Make annual assessment by a medical doctor/practitioner available.  $\sqrt{\sqrt{2}}$
- Offer financial support in the case of any hardship caused by unforeseen personal costs, e.g. medical costs. √√
- Allow for flexible working hours to enhance productivity.  $\sqrt{\sqrt{}}$
- Offer support programmes to employees infected/affected by HIV/Aids.  $\sqrt{\sqrt{}}$
- Any other relevant advice related to other ways on how WS may contribute to the wellbeing of their employees.

2.6

- 2.6.1 Storming
- 2.6.2 Performing
- 2.6.3 Forming
- 2.7 Strategies to deal with abuse of work time
  - Speak directly to those employees who abuse work time.  $\sqrt{\sqrt{1-1}}$
  - Code of conduct/ethics should contain clear rules about abuse of work time.  $\sqrt{1}$
  - Conduct training on the contents of the code of conduct/ethics. $\sqrt{\sqrt{}}$
  - Code of conduct/ethics should be signed by all employees so that they are aware of its contents. $\sqrt{\sqrt{}}$
  - Monitor employees to ensure that tasks are completed. $\sqrt{1}$
  - Structure working hours in such a way that employees have free/flexible time for personal matters. $\psi$
  - Create a culture of responsibility/strengthen team spirit in order for all employees to feel responsible for what has to be achieved.  $\sqrt{\sqrt{}}$

(4)

(4)

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#### 2.8 Describe the nature of Corporate Social Responsibility

- Promoting human welfare and goodwill by being a good corporate citizen and
  - improving quality of life of communities
- Not acting just for profit, but doing what is right, just and fair
- Complying with the law
- Earning profit for owners

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2.9 Mention the FOUR focus areas of CSI for the business

 Environment:
 • To protect the environment by sponsoring nature conservation projects

 Employees:
 • Investing in the well-being of employees, e.g. providing housing subsidies

	Rural development	Projects focusing on human rights, e.g. helping communities with housing
	Community	<ul> <li>Initiatives to help combat crime, e.g. neighbourhood watch or counselling for substance abusers.</li> </ul>

#### 2.10 Steps to resolve conflict.

Step 1 A time and a place for the discussion is arranged		A time and a place for the discussion is arranged
Step 2 Identify the problem		Identify the problem
193 07		
The parties recognise that their views are different.		The parties recognise that their views are different.
1	Step 3	The problem is clearly defined,
Step 2Identify the problemThe parties recognise that their views are different.Step 3The problem is clearly defined,Step 4Each party gets an opportunity to express themselves.Step 5Brainstorming is done to find possible solutions to a problemStep 6Parties can agree on criteria to evaluate alternativesStep 7The most appropriate solution is selected and implemented.		Each party gets an opportunity to express themselves.
		Brainstorming is done to find possible solutions to a problem.
Step 6         Parties can agree on criteria to evaluate alternatives		Parties can agree on criteria to evaluate alternatives
<b>Step 7</b> The most appropriate solution is selected and implemented.		The most appropriate solution is selected and implemented.
	Step 8	The solution is evaluated and monitored

#### 2.11 Strategies of dealing with difficult people.

- Do not judge the employee, but try to understand him/her.
- Understand the person's intentions and why they react in a certain way
- Get perspective from others who have experienced the same kind of situation, to be able to understand the difficult employee.
- Act pro-actively if possible, as a staff problem is part of a manager' responsibilities.
- Regular meetings with supervisors/departmental heads should help to identify difficult/problem behaviour
- Ask someone in authority for their input into the situation.
- Identify the type of personality which is creating the problem.
- Meet privately with difficult employees,
- So that there are no distractions from other employees/issues.
- Make your intentions and reasons for your actions known so that they will feel at ease.
- A deadline should be set√ for improving bad/difficult behaviour. Guidelines for improvement should be given.

## SECTION C TYPE QUESTION

#### **BUSINESS ROLES (CONFLICT)**

#### 3.1 INTRODUCTION

- Conflict cannot always be resolved/avoided/eliminated, therefore people need to learn how to manage conflict within a team so that they continue to work harmoniously.√
- Managers should be well conversant with the causes of conflict in order to develop relevant strategies on how to deal with conflict in the workplace. $\sqrt{}$ 
  - It is important for every professional to develop the skills to manage and deal with difficult people. $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$

- It is important to employ people from various backgrounds to break down stereotypes and prejudice. $\sqrt{}$ Any other relevant introduction related to conflict in the workplace. Max (2) 3.2 Possible causes of conflict 3.2.1 Personal differences/Different personalities√√ Conflict is inevitable when people from different backgrounds/cultures/values races/gender $\sqrt{}$  work in the same environment. $\sqrt{}$ When employees fail to understand or accept the differences in each other's personalities  $\sqrt{}$ , problems arise in the workplace. $\sqrt{}$ Humour and sarcasm may be perceived as insulting behaviour  $\sqrt{}$  by employees of other cultures/backgrounds. $\sqrt{}$ Different personality types within a group can cause conflicts√ because some employees' may be introverts while others are extroverts resulting in different perceptions.√ Different opinions  $\sqrt{1}$  may make it difficult to reach agreements.  $\sqrt{1}$ Any other relevant answer related to personal differences/different personalities as a possible cause of conflict. Cause (2) Discussion (2) Submax (4 3.2.2 **Poor communication**√√ Poor communication can lead to all types of misunderstanding  $\sqrt{}$  and can become very destructive. $\checkmark$ If employees or management decide to sidestep each other's opinions  $\sqrt{1}$ , team

  - Any other relevant answer related to poor communication as a possible cause

Cause (2)

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of conflict.

Discussion (2) Submax (4)

#### 3.2.3 Competition $\sqrt{\sqrt{}}$

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- Although competition may be a good motivator,  $\sqrt{}$  it can become negative if the focus is on competition only, as team members may lose their team spirit.  $\sqrt{}$
- Team members who always loose when competing√, may feel incompetent/ demotivated and may not complete their tasks/reach deadlines.√
- Unhealthy workplace competition may spark conflict√ as it demoralises

7	



employees who cannot always meet targets.√

- When salary is linked to employee productivity  $\sqrt{}$ , a workplace may experience strong competition between employees.  $\sqrt{}$
- Any other relevant answer related to competition as a possible cause of conflict.

Cause (2)

Discussion (2)

Submax (4)

# 3.2.4 Ignoring rules/procedures√√

- Employees who do not follow the rules/procedures  $\sqrt{\text{can cause conflict as tasks}}$
- Team members who ignore/disobey rules/procedures√ may delay the completion of tasks.√
- Any other relevant answer related to ignoring rules/procedures as a possible cause of conflict.

Cause (2)

Discussion (2)

Submax (4)

#### Poor organisation/leadership/administrative procedures and systems√√

- Poor systems and procedures cause stress to workers  $\sqrt{1}$  and makes them frustrated  $\sqrt{1}$ .
- Any other relevant answer related to poor organisation/leadership/admini-

strative procedures and systems as a possible cause of conflict.

Cause (2)

Discussion (2) Submax (4)

3.2.6

3.2.7

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3.2.5

#### Workload and stress/Unrealistic expectation√√

unappreciated/burnt-out. $\checkmark$ 

their work. $\checkmark$ 

- Any other relevant answer related to workload and stress/unrealistic expectation as a possible cause of conflict.

Cause (2)

Submax (4)

Confusion about scheduling and deadlines√√

Discussion (2

	- Individual deadlines and the team schedules that are not clearly communicated/are not easily available $\sqrt{\text{can cause confusion}}$ .
	- Employees working in a team may be available at different times/finding a suitable time when everyone is available $$ , which can be a challenge in reaching deadlines. $$
	- Any other relevant answer related to confusion about scheduling and deadlines
	as a possible cause of conflict.
	Cause (2)
	Discussion (2)
	Submax (4)
.8	Unclear responsibilities VV
	- Employees who are not clear about their responsibilities $\sqrt{a}$ are more likely to avoid and blame others for work not done.
	- They may not effectively perform $\sqrt{1000}$ their task as expected. $\sqrt{1000}$
	- Any other relevant answer related to unclear responsibilities as a possible cause of conflict.
	(Cause ) Discussion (2)
	Submax (4)
.9	Distracted by personal objectives√√
	- Some employees may pursue their own personal objectives $$ and they will try to force their own desires onto the team. $$
	- They may lose focus of the task at hand $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$ and distract others from performing their tasks effectively. $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
	- Any other relevant answer related to being distracted by personal objectives as
	a possible cause of conflict.
	Cause (2)
	Discussion (2)
	Submax (4)
	3.2.10 Lack of/Insufficient resources√√
	- Limited resources may cause conflict, because employees may all√ want to use the resources at the same time.√
	- Team members may fight over the limited resources available $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
	- Any other relevant answer related to insufficient resources as a possible cause
	of conflict.
	Cause (2)
	Discussion (2)
	Submax (4)
.11	Constant changes√√
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	- Constant changes in a business may cause instability/lack of clarity√ regarding				
	the roles and responsibilities of each employee/team member.√				
	<ul> <li>Staff of businesses that continuously change√, may experience 'change fatigue'.√</li> <li>People may have less patience√ and fail to understand the reasons for change.√</li> </ul>				
	<ul> <li>Any other relevant answer related to constant changes as a possible cause of</li> </ul>				
	conflict.				
22 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Cause (2)				
	Discussion (2)				
μ-1 1 1	Submax (4)				
	Max (18)				
3.	Team development stage				
3.	.1 Storming√√ Submax (2)				
3.	.2 Explanation of storming				
2	- Teams go through a period of unease/conflict√ after formation.√				
5	- Different ideas from team membersv will compete for consideration.v				
	- Team members open up to each other vand confront each other's ideas/ perspectives.v				
	- Tension, struggle/arguments occurV and upset the team membersV/There may be power strugglesV for the position of the team leader.V				
	- In some instances storming can be resolved quickly and in others, the team never leaves this stage.				
	- Many teams fail during this stagev as they are not focused on their task.v				
	- This phase can become destructive to the team/will lower motivation/ if				
	allowed to get out of control.V				
	<ul> <li>Some team members tolerate each other just to survive this stage.</li> </ul>				
	- Any other relevant answer related to storming as a team development stage.				
	Submax (6)				
<b>O</b>	Max (8)				
3.	Dealing with difficult people OPTION 1				
•	- Get perspective from others who have experienced the same kind of situation to				
	be able to understand the difficult employee. $\sqrt{}$				
	<ul> <li>Act pro-actively if possible, as a staff/personnel problem is part of a manager's</li> </ul>				
	responsibilities.√√				
	- Regular meetings with supervisors/departmental heads should help to identify				
	difficult/problem behaviour.vv				

Ask someone in authority for their input into the situation.vv

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- Identify the type of personality which is creating the problem.√√
- Meet privately with difficult employees, so that there are no distractions from other employees/issues.vv
- Make your intentions/reasons for your actions known, so that they will feel at
- Employees should be told what specific behaviours are acceptable by giving details about what is wrong/unacceptable and also an opportunity to explain

their behaviour.√√

A deadline should be set for improving bad/difficult behaviour.vv

The deadline date should be discussed with the employee and his/her progress should be monitored/assessed prior to the deadline.

- Guidelines for improvement should be given.vv
- Do not judge the employee, but try to understand him/her/Understand the

person's intentions and why they react in a certain way. $\sqrt{\sqrt{3}}$ 

- Keep communication channels open and encourage employees to communicate

their grievances to management.√√

- Build rapport/sound relations by re-establishing personal connection with

colleagues, instead of relying on e-mails/messaging/social media. $\sqrt{\sqrt{3}}$ 

- Help difficult employees to be realistic about the task at hand.vv
- Remain calm and in control of the situation to get the person(s) to collaborate.vv
- Treat people with respect, irrespective of whether they are capable/competent or not.  $\sqrt{\sqrt{}}$
- Sometimes it may be necessary to ignore but monitor a difficult person. $\sqrt{\sqrt{3}}$
- Identify and provide an appropriate support program to address areas of weakness.  $\sqrt{\sqrt{}}$
- Any other relevant answer related to dealing with difficult people.

#### AND/OR

#### **OPTION 2 (Personalities)**

20,

Type of personality	Strategy to deal with a personality	
- Complainer√	- Listen to the complaints but do not acknowledge them.√	
	<ul> <li>Interrupt the situation and move to the problem-solving process as soon as possible.</li> </ul>	
- Indecisive√	Guide them through alternatives.V	
	<ul> <li>Stay in control and emphasise the importance of making a decision.√</li> </ul>	
	Help them make the decision or solve the problem.	
	-	

ease.√√

- Over agreeV	<ul> <li>Be firm and do not let them make promises that they cannot keep.√</li> <li>Follow up on their actions.√</li> </ul>
- NegativityV	<ul> <li>Be firm with them and do not let them draw you into their negativity.</li> <li>Listen to them but do not agree with them.</li> </ul>
- ExpertsV	<ul> <li>Be firm and assertive.√</li> <li>Do not accuse them of being incorrect and do not get caught in their game.√</li> <li>Know your facts.√</li> </ul>
QuietV -	<ul> <li>Do not fill their silence with words.√</li> <li>Wait for their response.√</li> <li>Prompt them through the process so that they give input.√ Restrict the time of the discussion.√</li> <li>-</li> </ul>
- Aggressive√	<ul> <li>Allow them time to speak and blow off.√</li> <li>Be firm, but do not attack them.√</li> <li>Do not allow them to be hostile towards others.√</li> </ul>

#### 3.5 Benefits of a diverse workforce

- Workforce diversity improves the ability of a businessv to solve problems/innovate/ cultivate diverse markets.v
- Employees value each other's diversity/ and learn to connect/communicate

across lines of difference.√

- Diversity in the workforce improvesv morale/motivation.v
- Employees demonstrate greater loyalty to the business v because they feel

respected/accepted/understood.v

- A diversified workforce can give businesses a competitive advantageV as they
- can render better services.V
- Being respectful of differences/demonstrating diversity/ makes good business sense/improves profitability./
- Diverse businesses ensure that its policies/practicesv empower every employee

to perform at his/her full potential.V

- Customers increasingly evaluate businesses v on how they manage diversity

in the workplace.√

- Employees from different backgroundsv can bring different perspectives to the business.v
- A diversified workforce stimulates debatev on new and improved ways of getting things done.v
- Employees represent various groups/ and are therefore better able to recognise customer needs and satisfy consumers./

- Businesses with a diverse workforce are more likely to have a good public imageV and attract more customers.V
- Any other relevant answer related to the benefits of a diverse work force.

#### 3.6 Conclusion

- Conflict is inevitable in a workplace and can either pose a challenge or

opportunity for the growth in a business. $\sqrt{\sqrt{}}$ 

- Businesses should immediately identify the causes of conflict and ensure that

conflict is resolved amicably in the workplace. $\sqrt{\sqrt{2}}$ 

- It is important that business understand the stages of team development so that they are able to manage conflict effectively.  $\sqrt{\sqrt{}}$
- A diverse workforce enables employees to understand and tolerate each other's backgrounds/cultures/ values resulting in better work relations. $\sqrt{\sqrt{}}$
- Any other relevant conclusion related to conflict in the workplace.

Max (2)

Max (10)

[40]

#### **BREAKDOWN OF MARKS**

DETAILS	MAXIMUM	TOTAL
Introduction	2	
Causes of conflict	18	
Stage of team development	8	Max
Dealing with difficult employees	10	32
Benefits of a diverse workforce	10	
Conclusion	2	
INSIGHT		1
Layout	2	
Analysis, interpretation	2	8
Synthesis	2	
Originality, examples	2	
TOTAL MARKS		40

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

20,

# 

# PROPOSED SOLUTIONS FOR MAIN TOPIC 4: BUSINESS OPERATIONS

# SECTION A TYPE QUESTIONS

QUESTION 1					
1.1				1.2	1.3
1.1.1	В	1.1.6 C	1.2.1	Interview	1.3.1 B
1.1.2	В	1.1.7 D	1.2.2	Resignation	1.3.2 G
1.1.3	А	1.1.8 D	1.2.3	Compulsory	1.3.3 E
1.1.4	А	1.1.9 A	1.2.4	Quality	1.3.4
1.1.5	С	1.1.10 B	1.2.5	Administration	1.3.5 J

# SECTION B TYPE QUESTIONS

# QUESTION 2

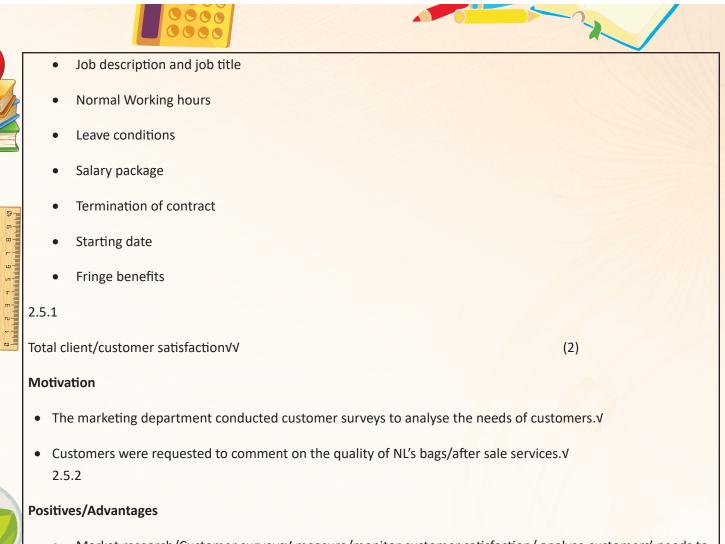
2.1.1 Labour Relations Act or LRA

2.1.2

- Fair processes for employing workers.
- Fair process for dismissal of workers.
- Rights and responsibilities of trade unions are protected.
- Procedure for strikes and dispute resolution.
- No unfair treatment in the workplace.
- Encourage working participation in decision making.

o description	<ul> <li>Describes the duties and responsibilities that an employee must perform</li> </ul>	<ul> <li>Example: Bookkeeper</li> <li>Maintains records of financial transactions by establishing accounts and posting transactions.</li> </ul>
	knowledge and experiences a person must have to perform task described in the ju description	, mary zing mornation,

20,



- Market research/Customer surveysv measure/monitor customer satisfaction/ analyse customers' needs to keep customers informed.v
- Increased competitivenessV as NL is aware of market changes.V
- Increased profitability as more goods and services are sold/sales increase.
- Continuously promotev a positive business image.v
- Achieve a state of total customer satisfaction, as NL applies sound business practices that include all stakeholders.v
- Align cross-functional teams across critical processes v to fulfil customer expectations.v
- Higher customer loyalty/retentionV as NL satisfies more needs.V

- Charge higher pricesv as high quality products/services are rendered.v
- Gain access√ to the global market.√
- Any other relevant answer related to the positives/advantages of total client/customer satisfaction on NL as a large business.

#### AND/OR

#### **Negatives/Disadvantages**

Employees often do not have a clear idea of what will satisfy customers' needsv,

as they seldom come into contact with them.

- Monopolistic companies have increased bargaining powerv, as they do not necessarily have to please customers.v
- Not all employeesv may be involved in/committed to total client satisfaction.v
- Any other relevant answer related to the negatives/disadvantages of total client/customer satisfaction on CL as a large business.

Submax (2)

173

#### 2.5.3

- Planv
  - CL should identify the problem.√
  - Develop a plan for improvement to processes and systems.V
  - Answer questions such as 'what to do' and 'how to do it'.V
  - Plan the method and approach.v

20, 2

- Do√
  - $\circ$   $\,$  CL should implement the change on a small scale.V  $\,$





○ Implement the processes and systems.√

- Check/Analysev
  - Use data to analyse the results of change.
  - Determine whether it made a difference.V
  - Check whether the processes are working effectively.V
  - CL should assess, plan and establish if it is working/if things are going according to plan. Submax (2)
- Act as needed√
  - Institutionalise the improvement.V
  - Devise strategies on how to continually improve.
  - If the change was successful, implement it on a wider scale.V
  - Continuously revise the process.V

2.6

Submax (2)

Submax (2)

- Effective customer services are rendered V, resulting in increased customer satisfaction. V
- Time and resources vare used efficiently.v
- Productivity increasesV through proper time management/using high quality

resources.√

- Products/Services are constantly improvedv resulting in increased levels of customer satisfaction.v
- Vision/Mission/Business goalsv may be achieved.v
- Business has a competitive advantagev over its competitors.v

- Regular training vill continuously improve the quality of employees' skills/know-ledge.v
- Employers and employees will have a healthy working relationship resulting in happy/productive workers.
- Increased market share/more customersv improves profitability.v
- Improves business imagev, as there is less defects/returns.v

#### 2.7

- Expensive inspection procedures can be reduced by including proper quality management systems into the production plan.
- Reduce wastage or reworking of faulty products during production.
- Increased customer satisfaction may lead to increased competitiveness and ultimate profitability.
- Employees should be encouraged to be pro-active in identifying and

addressing quality related problems.

• This can save time and effort.

#### 3.1 Introduction

- The human resources manager (HRM) is responsible for selecting and appointing competent and skilled employees.  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- It is important that the HRM follows correct/fair procedures in selecting and interviewing.√
- The HRM can appoint the best candidate if the selection and interviewing procedures are properly applied.  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- Mr Papi should be well informed about reasons for terminating an employment contract to avoid unfair dismissal. $\checkmark$
- Any other relevant introduction related to the selection procedure/legal requirements an employment contract/reasons for terminating employment.

Max (2)

#### 3.2 Selection procedure

#### 3.2.1 Receive documentation√√

20, 2

- Applicants submit the application forms, curriculum vitae and certified copies of

personal documents  $\sqrt{}$ , e.g.ID, proof of qualifications  $\sqrt{}$ , etc.

- Sort the applications received  $\sqrt{10}$  according to the criteria for the job.  $\sqrt{10}$
- Any other relevant answer related to documentation received during the selection procedure.

Step (2) Explanation (2) Submax (4) 175

3.2.2
,

#### Evaluate CVs and create a shortlist/Screen applicants√√

- Make a list of all applicants v who qualify for a job V/Candidates who obviously meet the requirements are separated v from those who do not. V

- Applicants are evaluated  $\sqrt{\text{against pre-set criteria.}} \sqrt{1}$
- Candidates with the highest score  $\sqrt{10}$  are placed on a shortlist in ranked order.  $\sqrt{10}$
- Any other relevant answer related to the evaluation of a CV/creating a short-

list/screening applicants during the selection procedure.

Step (2)

Explanation (2)

Submax (4)



#### 3 Check information in the CVs/Contact references√√

- The candidates' qualifications/employment historyV are checked and confirmed.V - Referees are contactedV to verify/testify to the person's character/abilities/

skills.√

- Check the criminal records $\sqrt{}$  and credit history of the applicant. $\sqrt{}$ 
  - Any other relevant answer related to checking of CVs/references during the

selection procedure.

Step (2)

Explanation (2)

Submax (4)

#### 3.2.4 Conduct preliminary interviews√√

- Preliminary interviews are conducted√ if many good applicants were received.√

- The main purpose is to sift out applicants who qualify for the job $\sqrt{}$  but who might not be suitable for a business environment. $\sqrt{}$ 

- Any other relevant answer related to preliminary interviews during the selection

procedure.

Step (2)

Explanation (2)

Submax (4)

#### 3.2.5 Assess/Test candidates √√

- Various assessments may need to be completed  $\sqrt{}$  before the best candidate is

chosen.√

Candidates who have applied for senior positions  $\sqrt{}$  could be given personality/

interest/aptitude tests.

- Some businesses require candidates√ to take medical screening/skills tests.√
- Any other relevant answer related to assessing candidates/testing applicants

during the selection procedure.

#### 3.2.6 **Conduct interviews** $\sqrt{\sqrt{}}$

- Candidates whose names appear on the shortlist  $\sqrt{}$  are invited to a personal

interview, usually on the premises of the business. $\sqrt{}$ 

- Interview is a formal meeting  $\sqrt{1}$  between employer and candidate. $\sqrt{1}$
- The interviewing team has a list of pre-set questions  $\sqrt{}$  to be able to compare the candidates on equal criteria.  $\sqrt{}$
- The meeting allows the employer to collect information about the candidates  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$  and to evaluate them further.  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- Candidates also have a chance to assess their possible new workplace  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$  and obtain more information about the post and the business. $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- Any other relevant answer related to conducting interviews during the selection procedure.

Step (2)

Step (2)

Submax (4)

Explanation (2)

Explanation (2)

Submax (4)

#### 3.2.7 Offer employment/Letter of appointment/

- A written offer is made  $\sqrt{}$  to the selected candidate.  $\sqrt{}$
- The selected candidate must accept the offer  $\sqrt{}$  in writing.  $\sqrt{}$
- An employment contract will be negotiated and signed  $\sqrt{}$  by the new employee

and employer. $\sqrt{}$ 

- Unsuccessful candidates may be informed,  $\sqrt{}$  unless stated otherwise in the

job advertisement.√

20

- Any other relevant answer related to offering employment as the final stage of the selection procedure.

Step (2)

Explanation (2)

Submax (4)

177

Max (24)

3.4

#### 3.3 Legal requirements of the employment contract

- Employment contract is an agreement between the Signal Hill Mine/Mr Papi (the employer) and the new production manager (the employee)√ and is legally binding.√
- Employer and employee must agree√ to any changes to the contract.√
- Aspects of the employment contract can be renegotiated√ during the course of employment.√
- No party may unilaterally $\sqrt{}$  change aspects of the employment contract. $\sqrt{}$
- Signal Hill Mine/Mr Papi and the new production manager must both  $\sqrt{\text{sign the contract.}}\sqrt{}$
- The employment contract should include a code of conduct  $\sqrt{}$  and code of

ethics.√

- Mr Papi must explain the terms and conditions of the employment contract  $\sqrt{}$ 

to the employee.√

- It may not contain any requirements that are in conflict $\sqrt{}$  with the BCEA. $\sqrt{}$
- Conditions of employment/duties/responsibilities of the employees√ must be stipulated clearly.√
- The remuneration package/including benefits√ must be clearly indicated.√
- All business policies, procedures and disciplinary codes/rules can form part  $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$  of the employment contract. $\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!$
- The employer must allow the employee to thoroughly read through the contract $\sqrt{}$  before it is signed. $\sqrt{}$
- Any other relevant answer related to the legal requirements of the employment contract.

Max (12)

#### Reasons for terminating an employment contract

- Mr Papi may dismiss employees for valid reason(s), e.g. unsatisfactory job performance, misconductVV, etc.
- Signal Hill Mine (employer) may no longer have work for redundant employees/ cannot fulfil the contract/is restructuring.vv
- Signal Hill Mine may retrench some employees due to insolvency/may not be able to pay the employees.vv
- Employees decided to leave and resign voluntarily.vv
- An employee may have reached the pre-determined age for retirement.VV
- Any other relevant answer related to the conditions for termination of an employment contract.

Max (10)

#### 3.5 Conclusion

- The goals and objectives of businesses cannot be achieved without qualified and skilled employees. $\sqrt{\sqrt{7}}$
- The employment conditions as set out in the BCEA legally binds the employer

and the employee and both have legal rights/duties. $\sqrt{\sqrt{}}$ 

- Employees should clearly understand the reasons for terminating their employment contracts to avoid unnecessary legal actions.  $\sqrt{\sqrt{}}$
- Any other relevant conclusion related to the selection procedure/legalities of the employment contract and the reasons for terminating it.



#### QUESTION 10: BREAKDOWN OF MARK ALLOCATION

Details	Maximum	Total
Introduction	2	~~
Selection procedure	24	Max
Legalities of the employment contract	12	
Reasons for termination of employment contract	10	32
Conclusion	2	
INSIGHT		
Layout	2	
Analysis, interpretation	2	8
Synthesis	2	
Originality, examples	2	
TOTAL MARKS		40

LASO - For each component:

20, 2

Allocate 2 marks if all requirements are met.

Allocate 1 mark if some requirements are met.

Allocate 0 marks where requirements are not met at all.

Max (2)



# MESSAGE TO GRADE 12 LEARNERS FROM THE BUSINESS STUDIES

Positive thinking involves no negative thinking, instead of thinking of what could go wrong, as a positive thinker you must think about what can go right. As a positive thinker you are going to look for the good in things.

That means you will always try to find something positive about every situation.

#### LOOK FOR THE BEST

Learn to look for the best in every situation. No matter what you're going through, if you look hard enough and keep the right ATTITUDE, you can FIND, something good about this experience of learning.

Use this guide with the intention of striving for SUCCESS and with the positive ATTITUDE with which we as Business Studies writers have written these notes.

After studying these notes, try to attempt the practice questions given without looking at the answers as well as study previous question papers and notes in other study guides to help you to succeed.

Important Things To Consider when You are Studying:

- Create a conducive environment for studying.
- Always target a 100% pass when you study.
- Know that 100% pass requires, 100% preparation, information and understanding.
- Use all the resources around you effectively and efficiently.

We wish you the best of luck in your study of Business Studies!!

#### **RESOURCES:**

- 1. Business Studies National Examination Guideline 2015.
- 2. NSC Business Studies Examination Papers and Memo November 2015,

March 2016, November 2016.

Each developer should write a message of encouragement to the learners

Be funny, be witty, be creative

Motivate the learners

Inspire them to want to learn

10.Thank you

# 10 Thank you

2.0.

The Business Studies Examination Preparation Booklet was developed by Joyce Strydom, Leicester Momberg and Zenzile Naphakade (Subject Specialist PED)

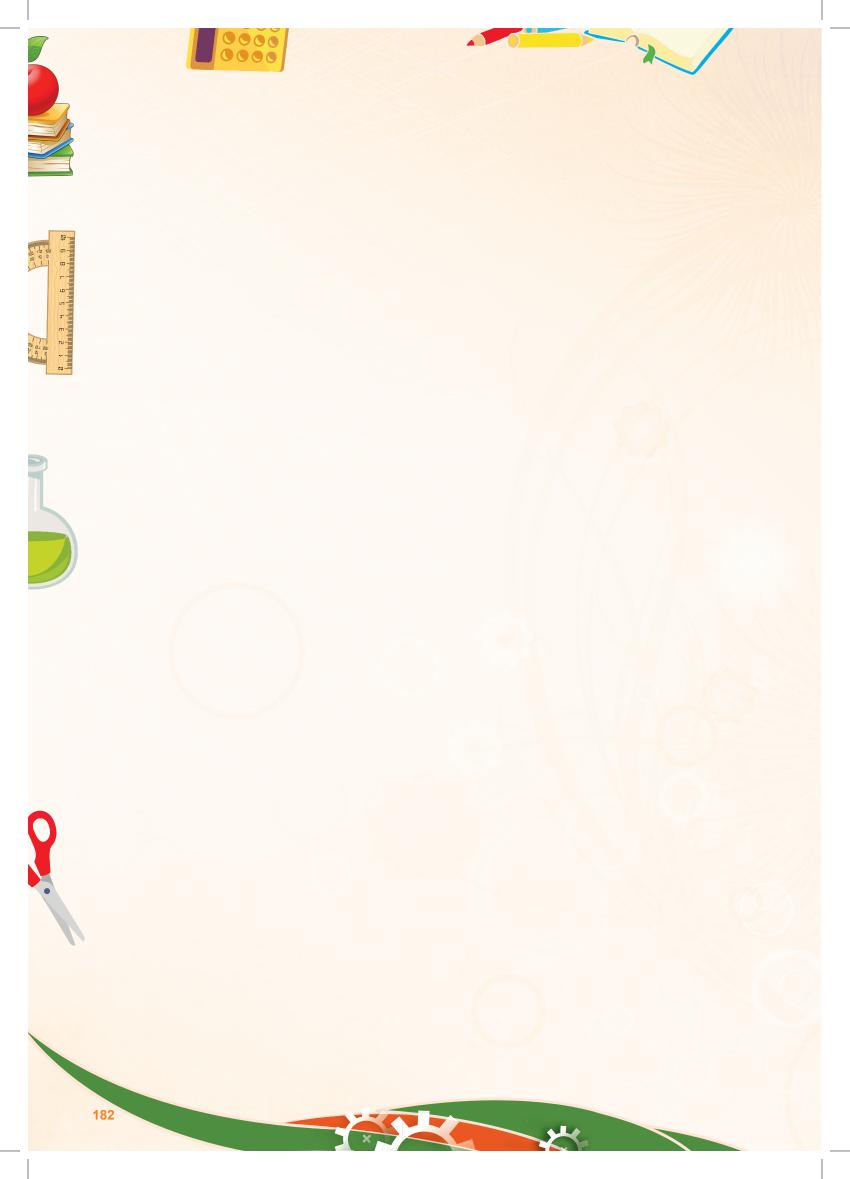
A special mention must be made of Mr Mzikaise Masango, the DBE curriculum specialist who in addition to his contribution to the development of the booklet, coordinated and finalised the process.

The officials contributed their knowledge, experience and in some cases unpublished work which they have gathered over years to the development of this resource. The Department of Basic Education (DBE) gratefully acknowledges these officials for giving up their valuable time, families and knowledge to develop this resource for the children of our country.

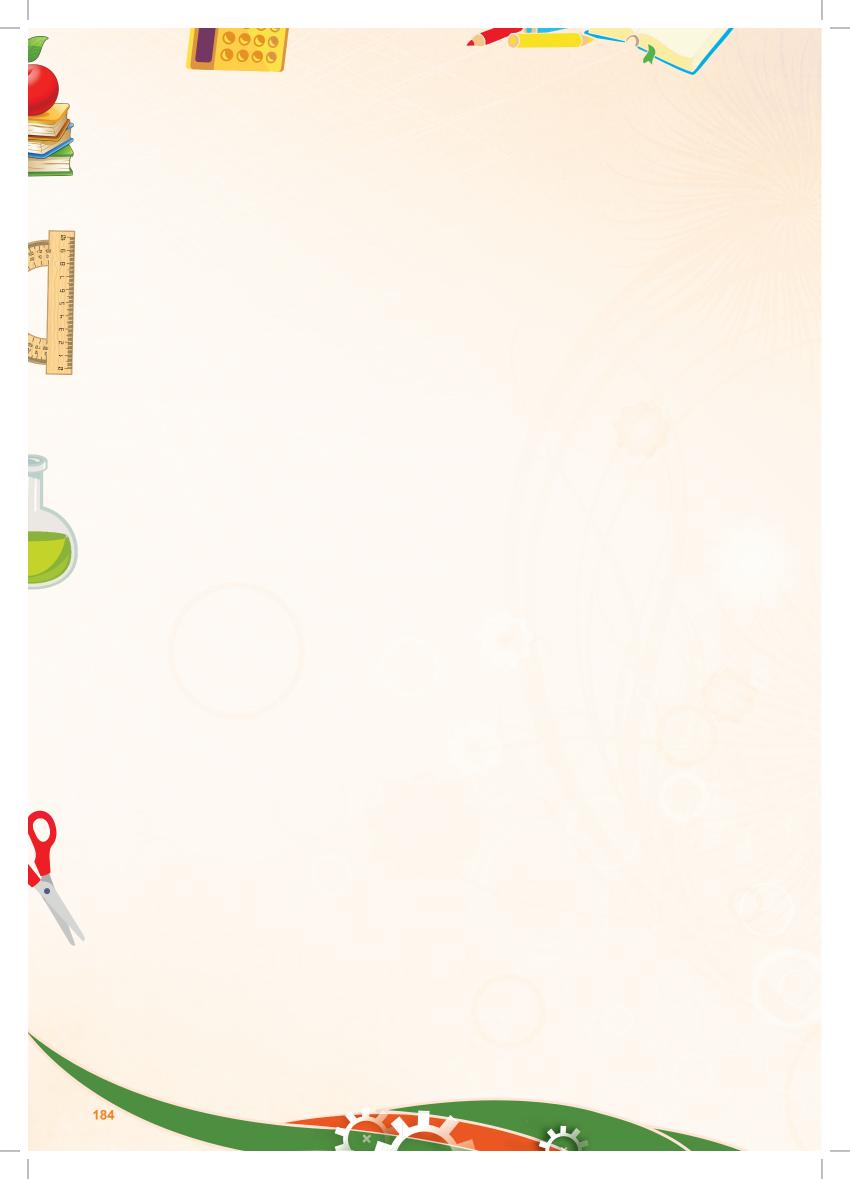
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Book II

Look out for Book II which will help you to get from 60% to 80% even to 100% - wouldn't that be amazing.









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