

BUSINESS STUDIES

GRADE 10

Teacher's Guide

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Please note: The questions are VERY open-ended and the students must be allowed to apply their answers by incorporating personal opinion and varied insight. The answers in this book only serve as a guide to the teacher and are not the only possible answers.

Chapter 1: Business Environments (Page 1)

Activity 1: Page 5

Work with a partner and choose a business with which you are familiar. Use the above-mentioned characteristics of “a successful business” as criteria to compare the business you have chosen. Present your findings to the class in a two-minute feedback session.

- A successful business has strong leadership as can be seen with Mr Price's (Mrp) CEO Stuart Bird who has been taking the business to new heights.
- Mrp has also managed to maintain a competitive advantage by starting up Mrp money and Mrp mobile in order to retain consumer loyalty to the Mrp brand.
- It is clear to see that Mrp satisfies the needs and wants of their consumer group as they stay updated with all the trends and keep their market segment happy.
- The four factors of production are used efficiently in Mrp. This can be seen in the following ways:
 - Land: There are many stores nationwide.
 - Labour: There has been little to no industrial action and staff seem to be happy.
 - Capital: The share price has grown over the years and shareholders are being paid dividends regularly.
 - Entrepreneurship: All the executives at Mrp are actively pursuing the company's vision.
- Mrp is responsible, accountable and transparent towards its stakeholders in the following ways:
 - Mrp pays dividends to its shareholders.
 - They are transparent in publishing accurate Annual Integrated reports yearly.
 - Commits to skills development of employees
 - Has many social responsibility programmes like:
 - 'Our Planet' where Mrp recognises environmental and climate change and is trying to build a sustainable business, community and planet - this is evidence of Mrp being accountable for the business's actions.
 - 'Young Heroes' focusses on physical exercise in low income schools - this is evidence of Mrp taking responsibility for the community.

Activity 2: Page 8

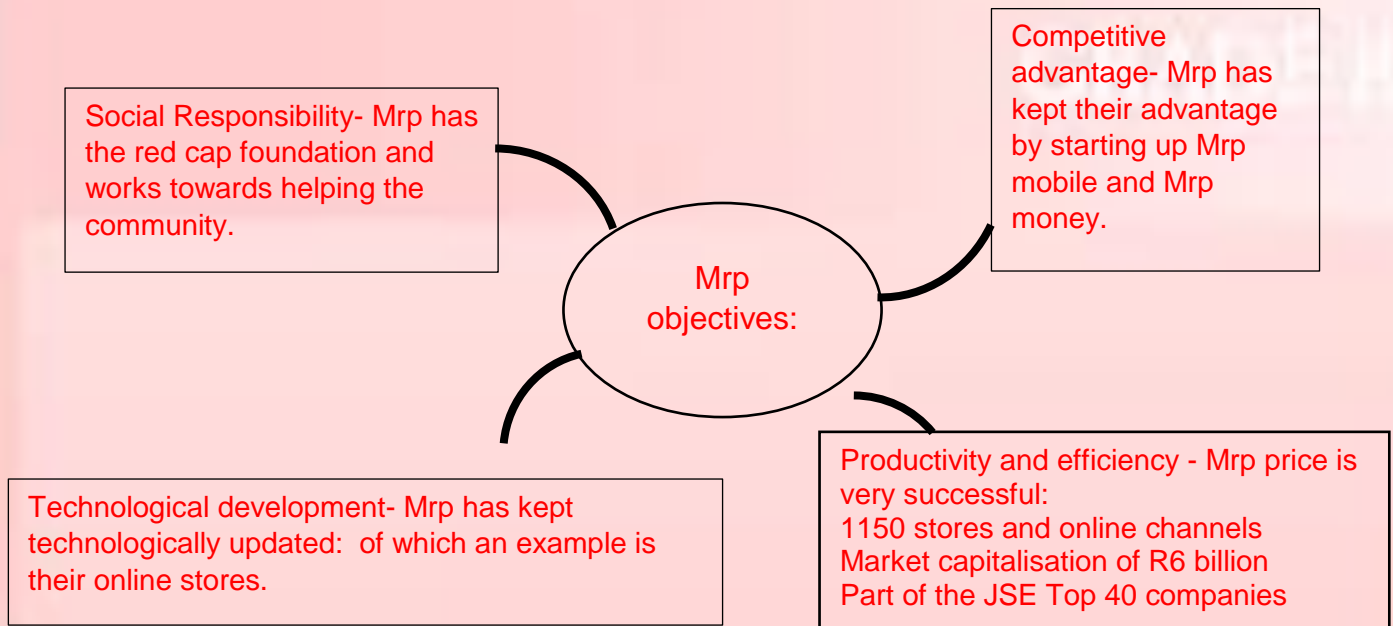
- 1 Discuss how any FIVE of the above-mentioned objectives could help a business remain ahead of its competitors.
 - 2 Work with the same partner and use the same business as in activity 1. Brainstorm and then develop a mind map to indicate how the business that you have chosen works towards some of the above-mentioned objectives. You may need to do some research on the business to help you to answer this question. Go to the business's website (look for the integrated report) or use any other relevant resource that can help you to answer this question.
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- 1 **Social Responsibility:** this is the ability to build long-term relationships with society and requires the business to be a good corporate citizen. This is when the business acts in an accountable and ethical manner even in activities where profit is not the main driving force - This creates favour with stakeholders and could increase market share.
Technological Development: because there is a high-level of competition in the business world it is important for the business to remain technologically advanced in order to differentiate themselves from their competitors. This is like satisfying your customers by developing online shopping apps etc.

Productivity and Efficiency: Productivity refers to the business getting maximum output with minimum input. Efficiency refers to the business satisfying customers at the right time, price and place.

Profitability and Growth: The main aim of a business is making a profit. Financial success is important because if the business is financially successful that means it can grow strategically. To improve profitability the business must successfully manage resource allocation and monitor the overall growth of the business.

Competitive Advantage: The business should work towards maintaining dominance in the market in order to keep the business's profitability increasing. A competitive advantage can include: high quality, reasonable price and levels of service.

2



Activity 3: Page 16

- 1 Look at the business functions and use examples to discuss the interrelatedness of the eight business functions.

(There are many possible examples of interrelatedness; these are just a few)

Purchasing department is constantly in contact with the production department to order stock for the company.

Production is liaising continuously with the HC department to ensure the workers are happy and well looked after.

Human Capital is in contact with finance because they need to ensure salaries are paid on time.

Finance deals closely with purchasing to ensure all suppliers are paid on time.

Marketing listens to and interacts with Public Relations because understanding what the customers need and want is essential to the business.

General Management needs to coordinate all the departments and activities so the business can reach its organisational goals.

- 2 Use the following table to expand on the idea of how and why Risk Management and Information Management should be incorporated into all business functions:

Business functions	Give examples of different risks that should be management in this function.	Explain the different elements of Information management in this business function and how the information should be managed.
Purchasing	There is always the risk that inflation makes it difficult to keep the business's prices reasonable.	The business can look at how it can cut costs in the production process to keep the prices as low as possible.
Production	There is the risk that technology used in this process becomes outdated then it costs a lot to modernise the machinery.	The business can lease machinery so that it can keep modernising the machinery before it becomes outdated.
Human Capital	There is the risk that new legislation is put in place and the business needs to keep up with the new changes.	The business can ensure that it keeps looking for changes in the legislation so they can always keep up-to-date with changes.
Finance	There is the risk that the capital in the business doesn't generate as planned and the financial function must make a plan to fix it.	It will be important for the business to set up budgets in order to keep the business on track.
Marketing	It is important for this function to keep updated with the newest trends to maintain consumers' interest.	The business should stick with trends that are popular in society and use that to keep consumers interested.
Public Relations	This function must ensure that they maintain a positive image of the company by readily relating to the public.	The business can do research and ensure that they will be representing the best of the company in everything that they do.
Administration	They are responsible for managing all of the data and there is always a risk that they can lose the important data or mess it up.	The business can make certain all of their data is stored in the cloud to ensure they don't lose it.
General Management	There is always the risk that the management struggles to work in the best interests of the business and this in turn may hamper the business's productivity.	The business can ensure that the management is ethically sound thus making certain that the managers focus on the best interests of the business.

Activity 4: Page 17

Briefly assess the need for each of the factors of production of the different departments of the business.

(The students were not asked to tabulate, it is optional)

All of these factors are what keep the business up and running, and therefore, it is important for all the departments to use these factors sparingly and effectively.

Business departments	Raw materials	Human Resources	Capital	Entrepreneurship
Purchasing	Primarily used in production	Staff need to source good prices and reliable suppliers.	Used to purchase all company supplies and raw materials.	The entrepreneur starts the business and utilises all other factors of production to achieve success.
Production	Need materials to perform the production process	Staff need to process the raw materials into finished goods.	Used to purchase raw materials and other production materials.	
Human Capital	Primarily used in production	Staff need to be looked after to perform all required tasks.	Used to pay salaries and wages.	
Finance		Staff need to allocate the business funds appropriately.	Budgets are setup and co-ordinated by finance department.	
Marketing		Staff need to implement the 7Ps of marketing to increase the market share of the business.	Used to pay for advertising, premises etc. and any other aspects adding to the brand value.	
Public Relations		Staff need to ensure that the public is informed on relevant issues and if there is a problem, that the public is treated with honesty and not deny the problem	Use finances to create customer service infrastructures.	
Administration		Staff need to ensure they collect and process all company data.	Finances are used to keep computer systems updated to collect and process data.	
General Management		The GM is responsible for developing the strategic plan of the business.	GM assists with building the profits of the business.	

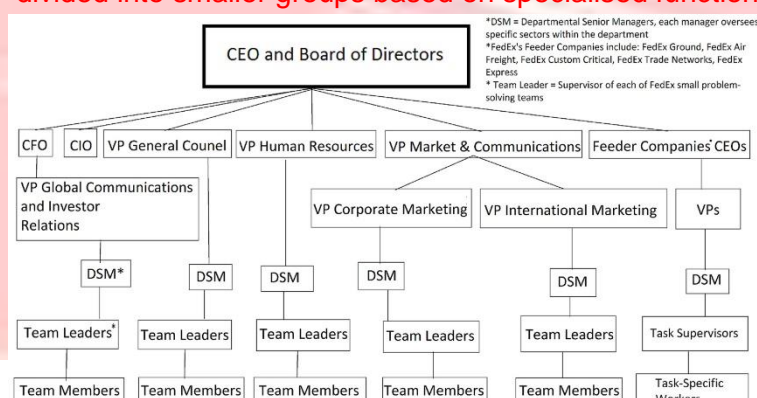
Activity 5: Page 19

- 1 Use the internet to research what each of the above-mentioned organisational structures will look like and draw it in your workbook
- 2 Use the same business as in activity 1. Look at the chosen business's vision, mission and goals. Discuss whether or not you believe the business is working towards the given vision, mission and goals. Justify your response carefully.

1 Organisational structures:

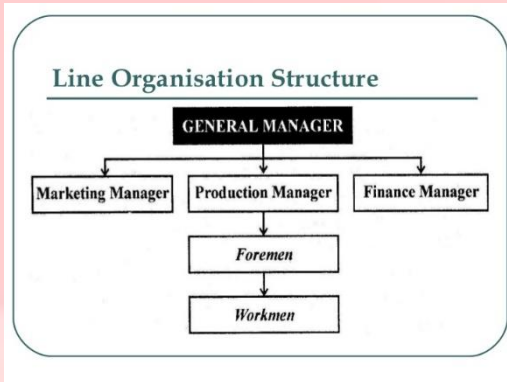
Functional organisational structure

A functional organisation is a common type of organisational structure in which the organisation is divided into smaller groups based on specialised functional areas, such as IT, finance, or marketing.



Line organisational structure

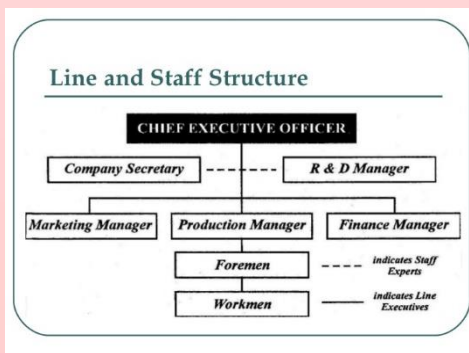
Business or industry is structured with self-contained departments. Authority travels downwards from the top and accountability upwards from the bottom along the chain of command; each department manager has control over his or her department's affairs and employees.



Line and staff organisational structure

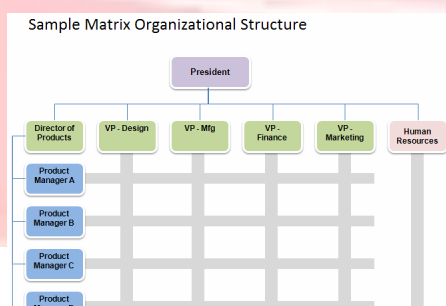
In a line organisation, top management has complete control, and the chain of command is clear and simple. Examples of line organisations are small businesses in which the top manager, often the owner, is positioned at the top of the organisational structure and has clear "lines" of distinction between himself and his subordinates.

The line-and-staff organisation combines the line organisation with staff departments that support and advise line departments.



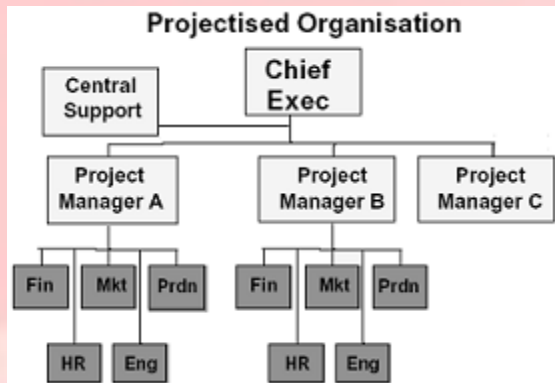
Matrix organisational structure

A matrix organisational structure is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. In other words, employees have dual reporting relationships - generally to both a functional manager and a product manager.



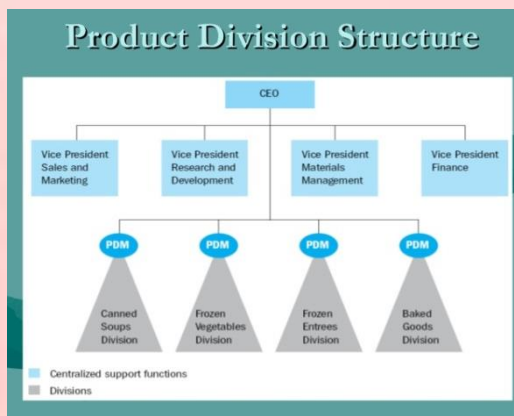
Project organisational structure

A project organisation is a structure that facilitates the coordination and implementation of project activities. Its main reason is to create an environment that fosters interactions among the team members with minimal disruption, overlaps and conflict.



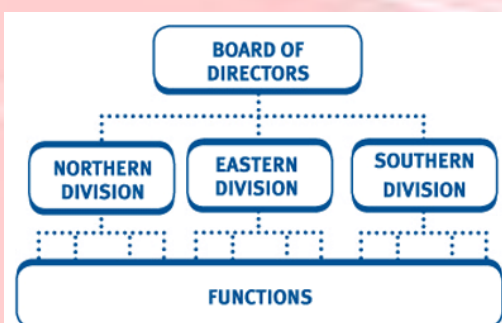
A Divisional structure based on Product

The divisional structure is a type of organisational structure that groups each organisational function into a division. These divisions can correspond to either products. Each division contains all the necessary resources and functions within it to support that product line.



A Divisional structure based on Region

A geographical (Regional) organisational structure groups representatives from each functional department into units formed to serve a specific market or region.



- 2 Mr Price's vision is: To be a top performing international retailer.
- Mrp is definitely on its way to this vision as they have over 1000 stores in Botswana, Namibia, Zambia, Ghana and Swaziland.

Mr Price's purpose: Too add value to our customers' lives and worth to our partners' lives, while caring for the communities and environments in which we operate.

- Mr Price is fulfilling this purpose with all their CSR programmes and the fact that they are transparent, responsible and accountable for all their actions.

Activity 6: Page 21

Study the market environment of the business you have chosen in activity 1. Identify a "real life" example for each of the elements mentioned in the market environment.

For example; if your chosen business was Pick n Pay, a competitor would be Checkers.

Suppliers: They supply Mr Price with clothing, sports equipment, homeware all for the purpose of resale in their stores. Suppliers also sell products used in the offices like paper, coffee and computer services.

Consumers: They include customers ranging in the middle to upper class, predominantly middle-aged.

Competitors: Mr Price's competitors are Cotton-on, Edgars etc., which have a very high level of competition within their market.

Strategic Alliances: Mr Price utilising Cell C cell phone towers to run its mobile company.

Intermediaries: Mr Price would be classified as an intermediary as they are a retail store which distributes clothing from many manufacturers.

NGOs: The Redcap foundation is Mr Price's NGO.

Industry Regulators: Mr Price is on the JSE Ltd; the JSE has very strict rules to ensure businesses act ethically.

Activity 7: Page 24

Complete a full SWOT analysis for your chosen business in activity 1.

Please make certain that you justify why something is a strength, weakness, opportunity and threat to your chosen business.

Mr Price (Mrp)

Strengths:

- Mrp has been around for many years and is well known; this has helped it gain a large market share.
- Mrp has a wide variety of products as it caters for casual clothing for the whole family, sports clothing and equipment, as well as homeware.

Weaknesses:

- Mrp's stores have been known to be cluttered and untidy at times, which can leave customers with the wrong impression of the brand.
- Mrp offers low price items, which can place the quality of the product in the spotlight. Low quality is often associated with the brand.

Opportunities:

- Mrp can continue expanding the brand, Mrp can open 'Mr Price food' which will take them into a new market with new competitors like Pick n Pay.
- Mrp can look at an 'expensive' brand within the brand. They can have an exclusive range that is of higher quality and higher priced in a small section in all stores.

Threats:

- Inflation is at an all-time high and people are left with less disposable income to spend at Mrp stores.
- The Rand has weakened against other currencies and Mrp imports a lot of its stock from other countries. This is placing their low price under pressure.

Activity 9: Page 25

Complete a PESTLE analysis for the business you have chosen in activity 1.

To use as a teaching tool, PESTLE has been divided up into THREE columns to try get your students to substantiate and to help them see the link between the factor, the impact on the business and then their strategy.

Business used in Activity 1: MR Price

Factor	Threat/challenge	Impact on the business	Strategies
Political	<u>Political instability:</u> Jacob Zuma fired the finance minister and appointed an 'unknown' (David van Rooyen. He then quickly rectified this by employing Pravin Gordhan, all within a couple of days.	The Rand dropped to its lowest in years and international investors are questioning the country's stability and therefore questioning their investments in South Africa. Mr Price buys clothing and goods from other countries and this has a financial implication for them too.	<ul style="list-style-type: none"> • Board members to meet and publish an interim document reassuring investors. • Alternative countries need to be researched for different suppliers. • Local production needs to be explored.
	<u>Government corruption:</u> Investigations have shown that between 20-25% (R180 billion) of state money has been mismanaged yearly.	Government will need to recoup the expenditure so Mr Price will need to abide by increases in taxes and its obligation to support the community because of the	<ul style="list-style-type: none"> • Mr Price needs to abide by all the increases in taxes etc. and not involve itself in any unethical business deals with Government. They need to ensure

		misappropriation of funds.	CSR/CSI initiatives are sustainable.
Economic	South Africa is close to being downgraded to a ' <u>junk status</u> ' with regards to its creditworthiness	Many international investors will be forced not to invest in our country (by international credit agencies). This will force inflation to rise and stunt any future growth for Mr Price.	Mr Price must be open and transparent about the company's dealings, encouraging investors and making decisions that will keep share prices as high as possible.
	<u>Inflation is increasing</u> : The basic costs of living are increasing rapidly. (Hyperinflation)	People have less disposable income and therefore don't have extra money for Mr Price clothing etc.	Run specials like buy 2 and get 1 free or introduce a loyalty card with points which equal free goods.
Social	<u>Crime in South Africa</u> : Crime is on the rise and SA is ranked high according to world standards.	Mr Price suffers financial loss due to daily theft. Mr Price might lose customers who don't trust the area or who don't feel safe.	Mr Price needs to ensure that all their security policies and equipment are up to date.
	<u>Unemployment</u> : High rates of unemployment (26.7%) of South Africans are without income, this leads to other issues like crime, poverty, and lack of education. (5.2 million people - one of the highest in the world)	Mr Price relies on the public to buy products, with high unemployment, fewer people will be able to shop. Mr Price will also struggle with crime, poverty and education issues.	Mr Price should introduce a CSR programme which empowers South Africans with entrepreneurship initiatives
Technological	<u>Smartphone technology</u> : The world is moving faster and mobile phones are being used to purchase and pay for items.	Mr Price is under pressure to keep up with the technology, and it comes with huge cost implications.	Have a R&D team which is constantly looking for innovative apps that could assist Mr Price in being market leaders.
	<u>Online ordering</u> : More and more people choose to make their purchases on-line from home.	Mr Price faces increased pressure to ensure in-store products are available on-line. Costs of delivery and return policies need to be considered.	Mr Price can benchmark itself against online leaders to ensure the experience offered to customers meets international standards.
Legal	<u>Legislation</u> : BCEA Basic Conditions of Employment stipulates rights employees have. The law changes regularly with regards to minimum wage.	Mr Price can face legal action if they violate employees' rights and working conditions.	Ensure that HR is well informed of laws and that they are continually listening to employee matters.
	<u>Legislation</u> : CPA Consumer Protection Act is there to protect the consumer against questionable business practice.	Mr Price is compelled to abide by the CPA when marketing goods which could limit their marketing strategy.	Mr Price needs to ensure all employees understand 'customer rights' and these rights should be clearly stated on its till slips, e.g. return policies etc.
Environmental	<u>Resource sustainability</u> : South Africa is experiencing	Mr Price is paying more money for electricity as	Mr Price needs to reduce its usage and find alternative

	major electricity and water shortages all over the country.	Eskom is once again increasing its tariffs. (9.6%)	sources of electricity for outages during load shedding.
	<u>Drought</u> : South Africa is experiencing one of its worst droughts in many years. Farmers have been seriously affected.	Mr Price's clothing is dependent on cotton which is a farmed product affected by the drought. Mr Price is paying more for water and employees will start demanding higher wages for higher food prices.	Decrease the local manufacturers even more during this time and focus on cheap imports. Mr Price can cut costs by doing a Value Chain analysis and use the savings on increasing salaries.

Additional activities: Page 27

- The micro environment of Pick n Pay includes the following element:

A	Competitors	B	IT network supplier
C	Exchange rates	C	Vision
- Woolworths has the least control over the ... environment.

A	Micro	B	Macro
C	Market	D	Competitive environment
- When the marketing of a new product offered by Checkers spreads by word of mouth, it is regarded as a/an ... for Checkers

A	Weakness	B	Threat
C	Opportunity	D	Strength
- Briefly explain what is meant by the term "Business Culture"
 - Business culture refers to the beliefs and values in the business.
 - These values and beliefs are what direct the behaviour and attitudes of the internal stakeholders (employees and managers) of the business.
 - A positive business culture leads to team work, synergy and a general buy-in of decisions taken by management.
- What is the difference between a vision and mission statement?
 - The Vision is like a road map to the future that uses the history and current situation of the business to determine and describe where the business would like to be in future.
 - The Mission is a refinement of the vision and specifies the reason why the business exists. It describes who are we, what we do and what our values are.
- Explain the term *environmental scanning*.

Environmental scanning is acquiring and using information about events, trends, and relationships in an organisation's environment, the knowledge of which would assist management in planning the organisation's future course of action.

7. Complete a SWOT analysis for Nike. Give three strengths, weaknesses, opportunities and threats.

NIKE

Strengths:

- Nike is one of the leading shoemakers in the world and is renowned for its innovative fashion items.
- Nike covers different segments of the market, which captures a greater target market: e.g. baseball, golf, soccer, etc.
- Nike has strong marketing campaigns, which are very appealing to its target audience. This has also created a strong brand loyalty.

Weaknesses:

- Nike has a history of unethical labour practices and minimum wages, this has been damaging to the brand.
- Nike is known for its poor working conditions in its shoe factories.
- Nike products are very expensive and not always affordable.

Opportunities:

- Extend their product range to jewellery or business clothing etc. as the brand is already well known.
- Nike needs to get involved in global marketing events like the Olympics and World Cup soccer.
- Develop technology with regards to online stores, which will assist in reaching a greater target market, internationally.

Threats:

- Nike has fierce competition from other brands, including, Puma, Adidas etc.
- Nike sells luxury items and because of tough economic times, people might be reluctant to buy extravagant items and choose cheaper brands.
- The exchange rates continually fluctuate in different countries, making regulating of prices difficult.

8. Why is it important for a business to assess its competitors in the market?

- Competition leads to innovation. If you're the only player in your field, it can be difficult to improve. And if you're working in a crowded market, you won't succeed by doing what everyone else does. Healthy competition encourages change which will distinguish your company from others through technology, product alterations or by improving the customer experience.
- As one of several companies offering a similar product, you are forced to compete for customers. Improving your customer service will garner loyal followers.
- Competition shakes off complacency. If your company is consistently trying to innovate and better itself, your employees will be encouraged to push themselves.
- Competition forces you to focus on your core audience. If you are targeting a specific geographical location or demographic, market challengers encourage you to better understand that setting. In doing so, you will be in a position to provide adequately for that group.
- Seeing what your competitors do well can teach you things about your business. Their practices will provide you with valuable insight into the state of the market, and clarify what works – and what doesn't.

9. Explain how the following elements of PESTLE could affect a business negatively:

a. Political

The political situation in Zimbabwe has forced the UN to impose sanctions on the country. These sanctions have not only affected businesses and the economy of Zimbabwe as a whole, but also businesses in South Africa that previously might have imported from Zimbabwe. The dire political situation in our neighbouring country also has implications for businesses in towns close to the border as a large number of Zimbabweans flock to South Africa.

b. Economic

- These are factors such as inflation, exchange rates, interest rates and taxes - that will contribute to customers being unable to afford our products.
- These economic factors could impact on the selling price of goods and services. The business needs to keep these factors in mind when buying raw materials, manufactured goods and when selling the goods to the final consumer.

c. Social

- Social factors have an impact on the standard of living, the quality of life and disposable income levels of communities.
- These are factors such as poverty, crime, HIV/Aids, unemployment, etc., which can directly affect our business negatively.

10. Explain how the following elements of PESTLE could affect the business in a positive manner:

a. Legal

If the business abides by Legislation, it will inevitably protect the business against other businesses and employees who won't follow company policies.

- Legal factors refer to the laws within a country.
- There are many laws which have an impact on businesses in the corporate world. They have an impact on the way a business is run.

Examples of such laws: Labour Relations Act, Consumers Protection Act, Occupational Health and Safety Act, etc.

b. Technological

There is a rapid advancement in the pace in which new technology is developed.

An opportunity is the ability of a business to create a competitive advantage using new technology. Technological upgrades also mean that production is increasing and more reliable, which could help the business to save on raw material (less wastage).

c. Environmental

- These are factors such as inflation, exchange rates, interest rates and taxes.
- If a business is able to get cheaper stock due to the exchange rates, then bulk quantities can be purchased at the lower price.
- These economic factors could impact on the selling price of goods and services. The business needs to keep these factors in mind when buying raw materials, manufactured goods and when selling the goods to the final consumer.

11. What is the difference between the *formal* and *informal* sector?

Formal Sector

- The formal sector consists of those businesses that are administered according to the laws of the country as determined by government. In short, this means these businesses pay tax and contribute to the GDP (Gross Domestic Product) of South Africa.
- Businesses operating in the formal sector have a fixed location, as in shopping malls or any other fixed premises (for example, but not limited to petrol stations, your school or the café on the corner).

Informal Sector

- Businesses in the informal sector do not adhere to the legal requirement of paying tax and are therefore not included in the calculation of the GDP.
- These businesses are usually not found in fixed locations, although some of them do operate from fixed premises, for example, the garage of the entrepreneur.

12. Describe how South Africa could benefit from the informal sector.

- Entrepreneurs in the informal sector must buy their raw materials (fruit sold on the street) or products from somewhere and often it is from the formal sector (the farmer or fresh produce market or supermarket) which then contributes to the GDP of South Africa.
- There is also the potential (although it does not happen often) that these informal businesses may grow enough to become part of the formal sector. For example: The entrepreneur, who starts off building a product at his/her home, could become successful and move into formal business premises, employing others and making enough profit, requiring him/her to pay tax.
- People working in the informal sector often do so to earn a living and this helps to alleviate (some) poverty. The money earned, by people operating in the informal sector (entrepreneurs or employees), could be spent in the formal sector.

13. Explain how the characteristics of the business environments could affect the success of a business.

Complex

- The different business environments are complex, because they are ever changing due to the competitive and hostile factors within each environment.
- Each environment consists of different stakeholders, with each placing different demands on the business.
- The business has limited resources and when different stakeholders demand the same resources this complicates the allocation of resources. For example: Different functional areas within the business will be competing for the allocation of resources such as money or skilled staff. Management has to consider how the allocation of resources should be made to achieve the overall strategic goals of the business.
- It must be remembered that no business operates within a vacuum and the business is not only affected by trends and crises in the environments; in turn, it could also potentially affect events in the market and macro environments.

Multi-faceted

- As a business competes and grows within the different environments, management has to consider the numerous ways in which decisions will affect the various stakeholder groups.
 - What is seen as positive for one group might not be positive for another. For example: The business decides to follow a programme of automation where manual labour is replaced by machines and equipment. This will ultimately have a positive effect on profits as machines can work 24/7/365 and

do not get sick or need to take leave, which contributes to satisfied shareholders. The employees, who consequently lose their jobs, definitely will not be happy.

- This multi-faceted nature of the environments creates challenges for the business. For a business to remain ethical it is important that all relevant information is taken into account and that the impact on all stakeholders is considered, before decisions are made.

Dynamic

- The business environments (internal and external) experience constant change – such is the nature of life!
- This makes it vital that the business adopts a flexible approach when dealing with developments / anomalies in the environments. It is also vital to have a Contingency plan (plan B) in case the original plan proves unsuccessful.
- The business has to remember that competitors are also exposed to the same dynamic business environment and therefore, the business has to find creative and innovative ways to shape strategies to deal with these factors. Many businesses use Intrapreneurship to assist the business in being flexible and adaptable to the ever-changing business environments.

14. Identify four important long-term objectives for a business. In each case explain the importance of the long-term objective.

Social Responsibility: this is the ability to build long-term relationships with society and requires the business to be a good corporate citizen. This is when the business acts in an accountable and ethical manner even in activities where profit is not the main driving force.

Technological Development: because there is a high level of competition in the business world it is important for the business to keep technologically advanced in order to differentiate themselves from their competitors. This is like satisfying your customers by developing online shopping apps etc.

Productivity and Efficiency: Productivity refers to the business getting maximum output with minimum input. Efficiency refers to the business satisfying customers at the right time, price and place.

Profitability and Growth: The main aim of a business is making a profit. Financial success is important because if the business is financially successful that means they can grow strategically. To improve profitability the business must successfully manage resource allocation and monitor the overall growth of the business.

15. Mr Price is focused on long-term sustainability, while adding value to the different stakeholders both in the short and the long-term. It is important that Mr Price is aware of how the different business environments could affect the level of sustainability it achieves. Assess each business environment and suggest how the elements of the different environments could affect the sustainability of Mr Price.

Business sustainability, is the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success.

Factor	Sustainability
Micro environment	
Business functions	All activities performed in each functional area of the business needs to be conducted with the aim of being as efficient as possible; this is to safeguard the environment, the employees and community as well as make a profit.
Resources	All resources need to be used sparingly and replaced where possible.

Business policy	All policies must relate to sustainability and policies need to be enforced in the business.
Business culture	Management must lead by example and encourage sustainable business practices.
Structure	The organisational structures must have very clear reporting lines so every employee knows who they are accountable to. This will ensure that the leader in each division can accurately account for all the activities and the sustainability of it.
Market environment	
Suppliers	The choice of suppliers can be made around sustainability, one can check if they are being responsible with resources, the environment and the people around them.
Consumers	Consumers can be educated to recycle and be more environmentally conscientious.
Competitors	Businesses need to encourage healthy competition which stimulates the economy.
Strategic alliances	Alliances must ensure they have the smallest impact on the environment and that it creates a healthy advantage for each of the business functions to be profitable.
Intermediaries	The choice of intermediaries can be linked with sustainability; one can check if they are being responsible with resources, the environment and the people around them.
NGOs	These organisations can be used to replace all that businesses take from the environment and adds to the sustainability factor.
Industry regulators	Regulators will ensure that businesses are sustainable. They are watchdogs ensuring that all businesses realise the negative impact they can have on society and therefore try to prevent it from happening.
Macro environment	
Political	Certain factors make it difficult to maintain sustainable business practices as pressure is placed on the business to succeed and absorb the impact; however, strategies for sustainable practices usually have financial implications which impacts the business negatively and therefore the business is often reluctant always to take the sustainable route.
Economical	
Social	
Technological	
Legal	
Environmental	

Chapter 2: Entrepreneurship (Page 1)

Activity 1: Page 29

- 1 Choose any three well-known entrepreneurs and write a paragraph on their success stories. At least one should be a South African entrepreneur.
- 2 Discuss how each of the above elements could be seen as driving forces that, motivates an entrepreneur.

- 1 Gabrielle Bonheur "Coco" Chanel (19 August 1883 – 10 January 1971) was a French fashion designer of women's clothes and founder of the Chanel brand. Along with Paul Poiret, Chanel was credited in the post-World War I era with liberating women from the constraints of the "corseted silhouette" and popularizing a sportive, and casual chic as the feminine standard of style. She is widely regarded as the greatest fashion designer who ever lived, thus making the name of Chanel iconic. A prolific fashion creator, Chanel extended her influence beyond couture clothing, realising her design aesthetic in jewellery, handbags, and fragrance. Her signature scent, Chanel No. 5, has become an iconic product. She is the only fashion designer listed on Time magazine's list of the 100 most influential people of the 20th century.

Steven Paul "Steve" Jobs (February 24, 1955 – October 5, 2011) was an American information technology entrepreneur and inventor. He was the co-founder, chairman, and chief executive officer (CEO) of Apple Inc.; CEO and largest shareholder of Pixar Animation Studios a member of The Walt Disney Company's board of directors following its acquisition of Pixar; and founder, chairman, and CEO of NeXT Inc. Jobs is widely recognized as a pioneer of the microcomputer revolution of the 1970s, along with Apple co-founder Steve Wozniak. Shortly after his death, Jobs's official biographer, Walter Isaacson, described him as a "creative entrepreneur whose passion for perfection and ferocious drive revolutionized six industries: personal computers, animated movies, music, phones, tablet computing, and digital publishing."

Basetsana Kumalo – Executive Chairman & CEO of Basetsana Woman Investment Holdings (Pty) Ltd. She is well known for a string of Beauty Queen titles such as former Miss South Africa and Miss World runner up. Basetsana Kumalo has become a household name thanks to her fierce entrepreneurial mind and talents. Starting out by selling sandwiches at local soccer games, it was clear that Basetsana was gifted with a keen eye for business from a young age. During her reign as Miss South Africa in 1990, Basetsana became a TV presenter on a popular local show, Top Billing. It was then that she quickly turned her fame into fortune by beginning to build her brand. In 1995, she became a joint shareholder of Tweselope Productions, the production company that housed Top Billing and later went on to become JSE listed, making Kumalo one of the youngest black female directors in South Africa.

Kumalo went from strength to strength when she launched her own clothing, eyewear and cosmetics range that reached over 250 stores on the Sub-Saharan region. She is currently the President of the Business Women's Association of South Africa and has won numerous accolades for her continued efforts and commitment to developing the South African economy. She is also the Executive Chairperson of Tweselope Productions.

- 2 Opportunity- an entrepreneur should be able to spot a gap in the market and take advantage of it.

Resources- An entrepreneur should be able to attain all the resources necessary at the lowest price and it should be of the highest quality.

Growth- an entrepreneur should try to grow the business through satisfying the customer in order to build consumer brand loyalty.

Risk- an entrepreneur should be able to assess the risk that could affect his/her business and find a good way to combat that risk.

Reward/Profit- an entrepreneur should find a way to maximise his/her profit in order to get the most reward possible.

Activity 2: Page 30

The class will be divided into different groups of about four people per group. Some groups will discuss the above-mentioned “Push factors” and why they are called as such, while the other groups will do the same for “Pull factors”.

Each group is to combine the notes on the Push and Pull factors into a coherent format. Each student then writes a paragraph that can be used to study for tests / exams.

Push Factors to Entrepreneurship-

These would be factors that encourage a person to consider entrepreneurship; they are not ‘wow factors’ that attract people to entrepreneurship; rather, they are more practical factors, such as job security or unemployment.

Pull Factors to Entrepreneurship-

These are ‘wow factors’ that draw people to entrepreneurship. These factors are the pros of entrepreneurship and motivate people to move in this direction. These are factors such as independence or self-actualisation.

Activity 3: Page 32

Use the famous South African entrepreneur that you identified in Activity 1 and assess which of the above characteristics the entrepreneur possesses. In each case justify your response with the necessary examples.

Basetsana Kumalo – Executive Chairman & CEO of Basetsana Woman Investment Holdings (Pty) Ltd

Opportunity seeking - The fact that she started selling sandwiches and her business has grown to a net worth of ± R120 million.

Creative and innovative - The fact that she was one of the youngest black female directors and launching her own cosmetic and clothing range to 250 outlets shows creativity and innovation.

Risk tolerance - The diversity of her business ventures shows that she took a risk each time she started out. Fortunately for her, the calculated risks paid off and have added to her success.

Determination and perseverance - Coming from a poor South African family Basetsana Kumalo made her way to the top. She became Miss South Africa in 1994 and took second place at the Miss World contest. Her achievements and success may be attributed to constant courage and perseverance.

Self-reliance - Basetsana was, by her own description, a bit of an introvert at school who “nobody wanted her in their team” Considering that she became Head Girl at high school and also won the award for Best Science Student shows total self-reliance.

Flexibility - Her successes include selling sandwiches at soccer matches, being Miss SA, runner up Miss World, being a TV producer, selling clothing and cosmetics and President of the Business Women's Association of South Africa.

Motivation - not only was she self-motivated, she also motivated others to achieve greatness, which has all added to her very high net worth and her commitment to developing the South African economy.

Activity 4: Page 33

Choose a business in your community and assess this business using the following criteria:

- Innovation
- Growth Potential
- Sound Objectives

In order to do this, you may need to have a short interview with the owner or manager. Ensure you choose a business where this is possible to achieve.

My local Spar:

It is innovative as it is keeping up with popular trends such as consumer loyalty cards and/or competitions that draw consumers to their store. They also have new shelf labels for prices which are all electronic clip on devices.

The Spar has incredible growth potential as it has expanded and revamped its entire store, giving it a classier and more modern look which has attracted consumers. The store has included a range of international (American) products in one section as well as a comprehensive area with home cooked meals for takeaway.

Spar has sound objectives as the store / management is certain about the direction in which it/they would like to go. They understand their market and are capitalising on their needs. This is evident in the aspects stated above.

Activity 5: Page 35

While driving to or from school, look around your community and identify an informal entrepreneur and then answer the questions that follow:

- Do you think this entrepreneur is offering products / services that are in demand by the market? Motivate your response.
- What possible growth potential do you think this particular entrepreneurial venture has?
- How would you go about assisting this particular entrepreneur to grow his/her business?

- Demand of products: The street vendor offers chips which are repacked into smaller sachets, as well as, sweets and cigarettes which are sold individually. These products are sold to workers walking from the train to their place of employment and the vendor sells enough of her products to show there is a demand. The customers also ask her to stock certain items and if there is a big enough need, she complies.
- She can introduce cooked meals, like 'vetkoek' or sandwiches. This is something that commuters may eat on route.
- All she needs to grow her business is transport to and from her venue in the mornings and in the afternoon. Presently she uses public transport and only sells what she can carry in the morning. If she had different transport, she could convey more products and introduce cooked foods.

Activity 8: Page 40

Complete a SWOT analysis for your school and describe how the different elements of the SWOT analysis could help your school to become more competitive in the educational market.

Strengths:

- The schools have strong educators who have the students' best interests at heart.
- The school has a wide range of sporting activities which encourages the students to take part in physical activities.
- The school has a strong value system which is emphasised in each possible way, for example, zero bullying policy and an inclusivity policy.

Weaknesses:

- There is a lack of certain amenities, such as an Astroturf for hockey, but there is an indoor pool. It is frustrating for those sporting disciplines which require better facilities.
- School fees are high, which often causes students to leave during the term, due to non-payment issues.
- Tuck shop food is often unhealthy and expensive. This is not ideal as many students are overweight and have too much sugar during the day.

Opportunities:

- The school could look at introducing e-books rather than traditional textbooks. This will add to a sustainable business environment.
- The school could start an online school like many of the other schools are doing at the moment.
- The school could link with an overseas school and engage in an exchange programme, which may be a more cost-effective way of students seeing the world.

Threats:

- There are a lot of different schools such as Curro that may be more appealing to parents looking to send their children to a school which is more affordable.
- Inflation is limiting the parents' ability to be able to afford private education.
- Government legislation places pressure on private schools to abide by the education regulations of the country; this can be difficult if the school wants to work outside this framework.

Activity 6: Page 41

Use the same informal entrepreneur identified above to develop a business plan the entrepreneur could use. You do not need to approach the entrepreneur to share the business plan, as it may be viewed as presumptuous if you start advising someone on how to run his/her business.

The Business plan will depend on the student's choice of informal entrepreneur and each plan will differ, however, it must contain the following aspects:

Title Page:	This page will include the name of the business, the physical address, contact details, as well as the entrepreneur's details.
Table of Contents:	The table of contents will list the different sections of the business plan with relevant page numbers.
Executive Summary:	The Executive Summary will look at each aspect of the business briefly. This section gives the reader an overview of the business.
Market Analysis:	This section will look at the market the business proposes to enter. It will also assess and describe the customers' behaviour patterns, as well as, relative competitors.
Marketing Plan:	The Marketing Plan gives details regarding the business's marketing and promotional strategies.
Financial Plan:	This section of the business plan will provide particulars of the income earning potential of the idea / opportunity, i.e. the viability analysis. It will also include projected financial statements.
Production Plan:	The Production section will give details regarding the entrepreneur's plans to transform factors of production into goods / services that will satisfy customers' needs / wants.
Organisational Plan:	This section will provide particulars of the necessary positions and skills needed in the business. In addition, the Organisation Plan will give specifics of the layout of the business and the key management tasks and activities within the business.
Appendix:	All additional, but important information that will add value to the understanding of the Business plan will be included in the appendix.

Activity 7: Page 44

Identify a business in your local community.

- At which entrepreneurial stage is the business currently? Justify your response.
- Which problems could be experienced at this stage and how might they be solved?

The business in my local community is a new Turn 'n Tender restaurant that opened in March 2016.

- Entrepreneurial stage: They are in the Start-up stage and I think will soon reach the breakthrough stage because there are still a few issues to be solved, for example: while one eats, there is often a shortage of certain items on the menu, or the waiters do not know all the specials etc. They are improving, hence the restaurant is getting more support by the day.

- As mentioned above, running out of certain items could be due to not ordering stock timeously because the exact number of people who might come to the restaurant is not known. Too much stock will mean wastage. This will be remedied when the restaurant gets a clearer weekly estimate of the number of diners. A good relationship with suppliers will assist if the business experiences the difficulties discussed.

Additional activities: Page 45

1 Define the term entrepreneur.

Someone who exercises initiative by organizing a venture to benefit from an opportunity and, as the decision maker, determines what, how, and the quantity of goods or service to be produced.

An entrepreneur supplies risk capital as a risk taker, and monitors and controls the business activities. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture.

2 List four entrepreneurial characteristics and motivate how each of these characteristics could contribute to successful business.

Opportunity seeking

Creativity and Innovation

Risk Tolerance

Determination and perseverance

- To start an entrepreneurial venture (new business) requires determination, perseverance and total commitment from the entrepreneur.
- A new business venture often places the entrepreneur (and his/her loved ones) under a lot of pressure as it takes a lot of time, energy and resources to ensure a business is a success.
- Becoming involved in a new business venture and ensuring its success requires the entrepreneur to make sacrifices and remain determined and focused on his/her goals to overcome the many challenges ahead.

Self-reliance

- The entrepreneur does not wait for anybody to tell him/her what to do, because an entrepreneur is a self-starter who is resourceful, prepared to make a decision and does not depend on others to get things done.
- In order to be self-reliant, the entrepreneur will need to master a wide variety of vital skills, but if the need arises, he/she would not hesitate to utilise a strong network (other people able to make contributions) to be successful.

Flexibility

- Any entrepreneurial venture may face a variety of challenges and uncertainties and the entrepreneur has to be willing and able to adapt current practices to overcome these challenges and uncertainties while working towards clearly defined goals.
- In order to adapt to challenges, good management skills are required.
 - The basic management tasks are planning, leading, organising and control.
 - Additional management tasks include communication, coordination, delegation, decision-making and motivation.

Motivation

- Entrepreneurs have a clear vision of their strategies, formulation of plans, and procurement and allocation of the required resources to achieve his/her goals.

- Entrepreneurs usually have an internal locus of control (internal drive) that motivates them to succeed. This means the entrepreneur is willing to take responsibility for his/her actions and does not blame others for mistakes.
- This internal drive to succeed is usually based on a strong sense of personal achievement. If we use Maslow's motivational theory, the entrepreneur aims for the top of the hierarchy: self-actualisation.

3 Discuss how a SWOT analysis could be used as part of the entrepreneurial process.

- The entrepreneur would first start by considering at the external environment of the business in order to identify opportunities and threats.
 - Opportunities are those factors which present gaps in the market for the entrepreneur.
 - Threats are those factors / challenges which could cause the business to fail.
- Next the entrepreneur will review the internal business environment, i.e. the strengths and weaknesses of the business.
 - Strengths are positive factors in the business that have the potential to help the entrepreneur to take advantage of the opportunities by creating a competitive advantage. Strengths will also help the business to eliminate the impact of threats.
 - Weaknesses are those factors which hinder the business from taking advantage of opportunities or achieving a competitive advantage.

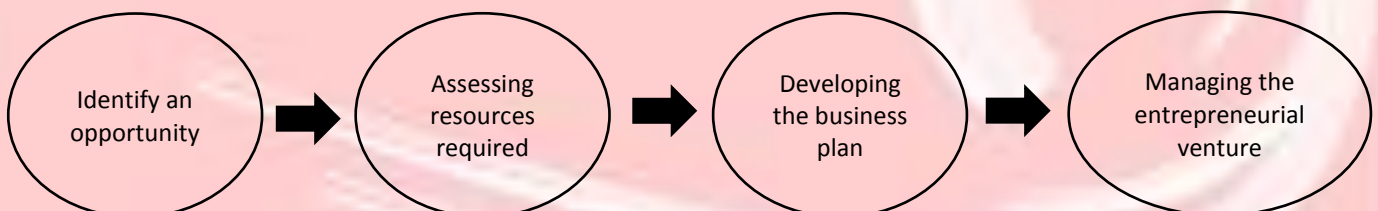
4 Why is it important that an entrepreneur puts a sound business plan together?

- A business plan will help the entrepreneur to determine the resources needed to take advantage of the idea / opportunity identified.
- A business plan is also essential if the entrepreneur needs to obtain funding. A financial institution (bank) will be interested in the planning to be sure that the business has a good chance of being successful.
- A business plan helps the entrepreneur to ensure that all risks are identified, calculated and proactively managed.

5 Which of the following elements is not used to assess an entrepreneurial venture?

- | | | | |
|---|------------------|---|------------------|
| A | Innovation | B | Growth Potential |
| C | Sound Objectives | D | Suppliers |

6 Illustrate the process an entrepreneur would move through while trying to take advantage of opportunities.



7 Define the term *competitive advantage*.

A superiority gained by an organisation, when it can provide the same value as its competitors, but at a lower price, or can charge higher prices by providing greater value through differentiation. Competitive advantage results from matching core competencies to the opportunities.

- 8 Identify an entrepreneurial business in your community. Assess whether you believe your identified business has a competitive advantage. If so, how is the business taking advantage of this competitive advantage? If not, what do you suggest the business need to do to achieve a competitive advantage?

Business: Sasol garage

The business has the competitive advantage due to its location. This petrol station is the only one in the area, in the middle of a housing estate, where there are more than 4000 homes. Yes, the business is capitalising on this advantage by offering a comprehensive car wash facility. It also sells frozen yogurt and coffee. These two items are purchased regularly by school children in the estate and adults leaving for work in the morning.

- 9 What challenges do you think an entrepreneur could face? Suggest how you would have overcome these challenges if you were an entrepreneur.

Challenges an entrepreneur faces	Overcoming challenge
Financial – Sometimes a business needs to raise large sums of capital. This may be difficult.	I would get investors to assist and possibly obtain a loan from a bank.
Balancing time - entrepreneurs need to work hard to make the business a success and sometimes they neglect their family.	Try and set boundaries regarding work and family time. Making sure there is a healthy balance between the two.
Failure - An entrepreneur can lose everything if he/she makes a wrong decision.	Try to get someone who is reliable and knowledgeable with whom to exchange / discuss ideas and information to limit the possibility of risk.

- 10 What is the difference between a small business and an entrepreneurial venture?

Small Business (SBs) usually deal with known and established products and services. Entrepreneurial Ventures (EVs) are for new innovative offerings.

SBs aim for limited growth and continued profitability, while EVs target rapid growth and high productivity returns.

Small Businesses deal with known risks; Entrepreneurial Ventures take deep dives with lots of unknown risks.

EVs generally impact economies and communities in a significant manner, which also results in a cascading effect on other sectors like job creation. Small businesses are more limited in this respect and remain confined to their own domain and group.

- 11 Do you think you have entrepreneurial potential? Justify your response.

Each student will answer this individually

12 Are the following businesses entrepreneurial? Motivate your response by providing the necessary examples:

a. Pick n Pay

Entrepreneurial - In his own words, "10 percent capital and 90 percent guts" is what it took for Raymond Ackerman to start Pick and Pay in 1967.

b. Wimpy

Entrepreneurial - Originally called Wimpy Grills, the Wimpy brand was created in 1934 by Edward Gold when he opened his first location in Bloomington, Indiana.

c. Edgars

Entrepreneurial - Brothers Morris and Eli Ross opened Edgars (named for Swan and Edgar of Piccadilly London) in Joubert Street Johannesburg on 6 September 1929. Eli Ross is credited with being the first to offer 'six-months-to-pay' credit during a spring sale.

d. Your local hairdresser

Entrepreneurial -

e. Food Lovers Market

Fruit & Veg City was started in 1993 by brothers Brian and Mike Coppin. From inception it has always been a family business, with emphasis placed on good family values such as wholesomeness, trust, honesty and integrity.

BUSINESS STUDIES

Chapter 3: Forms of Ownership (Page 46)

Activity 1: Page 48

Complete the following table, by discussing the different elements of the framework for the form of ownership.

Criteria	Sole Proprietor
Formation procedure	It is quick to establish, as the business is not registered. There are also no costs associated with the formation.
Legal persona	The business is not a separate legal personality because the sole trader can't be registered. This means the owner is the legal person and will enter into the contract on the business's behalf.
Tax implications	The owner pays tax on the profits generated by the business. South Africa has a progressive tax system which means that the higher the income, the higher the percentage of the tax the owner pays with a maximum of 41%.
Continuity of existence	The business doesn't have continuity so if the owner retires or passes away the business will cease to exist.
Liability for debts	Because the business is not a separate legal entity the owner is liable for its debts. The owner could lose his/her personal belongings if the business fails.
Management control	The business is owned and managed by one person and he/she contributes his/her own capital to grow the business.

Activity 2: Page 52

Complete the following table, by discussing the different elements of the framework for the form of ownership

Criteria	Partnership
Formation procedure	Easy to establish and very little is involved to draft a partnership agreement. It can be verbal, written or tacit. There are little costs associated with the formation procedures.
Legal persona	The partnership is not a legal entity because the business cannot be registered as a separate legal entity from the partners. Therefore, the partners are liable for the business and may be sued and sue.
Tax implications	Each partner will be responsible to pay tax in his/her personal capacity, based on the amount of profit generated by the partnership.
Continuity of existence	The continuity of a partnership is dependent on the lifespan of the partners; if one of the partners dies or retires the partnership is no longer valid and a new agreement must be established.
Liability of debts	Partners have unlimited liability for the debts of the business. If the partnership does not have sufficient funds to pay all the debts, the partners stand to lose their personal possessions to cover the debt of the business.
Management control	A partnership is managed and controlled by at least two, but no more than 20,

	people to combine their money and skills in a business. (A sleeping partner does not actively take part in the day to day running of the business)
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BUSINESS STUDIES

Additional activities: Page 52

1 Define the following terms:

a. Tax

- This refers to the person liable to pay the tax on the profits – the owner of the business.
- In South Africa we have a progressive tax system when it comes to tax paid by individual. This means the more the person earns, the higher the percentage tax that is paid. The maximum is currently (2015) 41%.
- Registered businesses such as companies pay proportional tax. That means that regardless of the amount of profit that is made, the business will pay 28% tax on the profit. There is an additional 15% tax payable on dividends.

b. Continuity

- A business will only have continuity of existence if the business is a legal entity separate from the owners, i.e. the business is registered.
- If the business has continuity, the death or retirement of the owners will not affect the existence of the business.

c. Legal Persona

- Legal persona or personality refers to the legal right of a business or person to enter into contracts, own property and sue or be sued.
- In order for the business to have a separate legal personality, the business has to be registered. This will mean that the legal rights and obligations of the owner and the business are kept separate.

d. Liability for debts

- Liability refers to what or who (the business or owner) will take responsibility for the debt of the business.
- NOTE: It is NEVER the business that has limited or unlimited liability, but always the OWNER that has limited or unlimited liability.
- If the owner has unlimited liability, he/she could lose his/her personal belongings if the business cannot settle its debts.
- If the owner has limited liability, his/her personal belongings are not at risk if there are insufficient assets in the business to cover the debts of the business.

e. Capital

- Capital refers to the amount of money needed / used for the establishment and working of the business.
- The bigger the business the more capital will be required; therefore, the entrepreneur will have to consider a form of ownership with sufficient owners to contribute capital.

2 Explain the importance of a partnership agreement.

The partnership is based on utmost good faith (ubberimae fide), because a partner binds the co-partners by his actions, provided he acts in a responsible manner. If he acts in an irresponsible way he will be fully liable for any losses sustained through the contract.

The partnership agreement will outline the following so there is no confusion:

- Contributions of each partner
- The percentage ownership of each partner
- Duties and responsibilities of each partner
- Decision-making procedures
- An arbitration clause, which will describe the procedure for settling disputes amongst partners
- Process to dissolve the partnership

3 What information could be found in a partnership agreement?

- Name of the partnership
- Address of the business
- Aims of the partnership
- Names and ID numbers of all the partners
- Contributions of each partner
- The percentage ownership of each partner
- Duties and responsibilities of each partner
- Decision-making procedures
- An arbitration clause, which will describe the procedure for settling disputes amongst partners
- Process to dissolve the partnership

4 What is meant by the term *progressive tax*?

A progressive tax takes a larger percentage of income from high-income groups than from low-income groups and is based on the concept of ability to pay. A progressive tax system might, for example, tax low-income taxpayers at 10 percent, middle-income taxpayers at 15 percent and high-income taxpayers at 30 percent.

5 Discuss five reasons why people may decide to form a partnership.

Lack of Money – You know you have the skills to make the business successful. You can devote 100% of your time and effort to the venture. The only thing that is stopping you from committing to the venture is insufficient money. The bank is not willing to lend you money because you are too high a risk for them.

Lack of Skills – What if you have extra money waiting to be invested in higher, return-producing ventures, but don't have the skills required to run the business? This may be the time to consider getting a partner who is in an opposite situation.

Lack of Time – You have extra money to offer to the partnership, but you want to be more of a passive investor because you cannot devote time to the joint venture. You will need to seek a partner who can work full-time on the business.

Lack of Scale – You are already running a successful business; however, you would like to expand by applying the proven formula at multiple locations. In order to avoid being stretched too thin you might consider finding a partner who has equal enthusiasm and drive to succeed.

Learning – In this case you do not have skills necessary to run the business; however you are willing to devote time and money to learn from the other partner. Your goal is to learn from the other partner so that someday in the future you can go alone after acquiring the skills.

6 Which document is a prerequisite for the formation of a partnership? Explain the content of this agreement.

Partnership agreement

- Profits and losses will be shared amongst the partners according to a specific ratio as agreed upon in the partnership agreement. Other details in the partnership agreement may include:
 - Name of the partnership
 - Address of the business
 - Aims of the partnership
 - Names and ID numbers of all the partners
 - Contributions of each partner
 - The percentage ownership of each partner
 - Duties and responsibilities of each partner
 - Decision-making procedures
 - An arbitration clause, which will describe the procedure for settling disputes amongst partners
 - Process to dissolve the partnership

7 Explain the concept *jointly and severally liable for debts*.

Jointly means partners are each liable up to the full amount of the relevant obligation.
Severally means where the parties are liable for only their respective obligations.

Give the word/phrase to describe the following:

8 The combination of two or more sole traders to form a ...

Partnership

9 The maximum ownership of this business is twenty.

Partnership

10 Only one person is needed to form this business.

Sole trader

11 The owners are jointly and severally liable for the debts of the business.

Partnership

12 This business is automatically dissolved with any change in ownership.

Lack of continuity - Partnership and sole trader

13 All the owners in this undertaking act as agents of the business and bind their co-owners by their actions.

Partnership

14 The statement in the partnership agreement that describes how disputes are settled.

Partnership agreement

BUSINESS STUDIES

Chapter 4: Business Related Information (Page 53)

Activity 1: Page 55

The Pick n Pay Smart Shopper Card is a method used by Pick n Pay to gain information about customers and their buying behaviour. Discuss the type of information that Pick n Pay could gain from Smart Shopper Cards and how this information could be used to improve the performance of the business.

The article below will give the educator a good background of the concepts of loyalty cards, which is relevant to Pick n Pay. The article has been shortened.

The 15 business benefits of a loyalty initiative, By Peter Clark (Editor, The Wise Marketer & The Loyalty Guide) - <http://www.thewisemarketer.com/features/read.asp?id=120>

Retain existing customers

Not only does a Smart Shopper card provide a practical, hard reason for continuing to buy (the accumulation of points toward a reward, or higher levels of service) but it also provides information about the customers that allows their needs to be met more efficiently and effectively. This in turn makes them more likely to remain customers. In addition, loyalty programme operators often report that, once a customer starts redeeming rewards, enthusiasm and engagement both increase.

Acquire new customers

A Smart Shopper card should attract new customers to the business; how effectively will depend on how exciting and how valuable the rewards seem to be to the target audience.

Win-back defected & churned customers

You have advantages with lost customers that you don't have with prospects, including information about their past purchase history, where and how to reach them, and their preferred communication channel.

Best customer marketing

Simply put, best customer marketing (BCM) involves spending more time, effort, and money on your best customers in order to maximise the return on marketing investment.

Build relationships

Building relationships is crucially important but not always as straight-forward as it might seem.

Creates brand advocates

Advocacy is one of the highest forms of loyalty that a customer can show. Advocates are so satisfied and pleased with your offering that they tell their friends and associates. To most people, a personal recommendation is far more convincing than any amount of promotional material they receive - even if they already trust the brand.

Adjust pricing levels

A loyalty programme can also help to formulate pricing structure. If enough best customers are happy to buy a product at a particular price there seems little point in reducing that price. But aside from helping to decide what pricing changes should be made, the after-effects of changing prices can also be studied by segmenting and testing offers on the loyalty database - for example, which customer segments buy significantly more or less when prices change, either gradually or suddenly.

Responding to competitive challenges

A good loyalty programme's ability to tie purchases to individual customers allows quick and accurate identification of customers who defect when new competition opens nearby. They can then be enticed back with customer-specific special offers or even direct contact.

Select stock lines effectively

Knowing what best customers buy frequently helps choose which lines to stock and which lines to expand on.

Reduce promotional and advertising costs

Because advertising based on segmentation of a loyalty database can be highly targeted instead of untargeted, significant savings can be made. There is no need to send out thousands of flyers that will be thrown away unread, or take pages of newspaper space that is irrelevant to many of the readers.

Selecting new trading sites

Selecting a site for a new store is no longer a case of sticking a pin in a map, or choosing a site on a hunch. The loyalty card enables you to profile the demographics of best customers and - because it is often likely that the best prospective customers will have similar demographics - choose new locations much more accurately.

Activity 2: Page 55

Divide into groups and discuss how information obtained through a feedback mechanism like "Hello Peter" could be used to help ABSA with the following activities:

- A: Planning
- B: Controlling
- C: Decision-making

If you do not know what "Hello Peter" is, use your smart phone to Google it and see what you can learn about ABSA on this website.

ABSA bank and 'Hello Peter'

This is an example of a complaint:

(<http://hellopeter.com/absa/reviews/poor-service-delivery-and-non-responsive-2024716>)

Poor Service Delivery and Non-Responsive

I phoned Absa numerous times to reverse an online payment that was done by Tripsta as they (the merchant) are not responding to calls nor emails to cancel my booking. I am not in South Africa at the moment and i have been sent from fraud to card department. From Disputes to general inquiries. No one can seem to reverse the order and no one seems to know what to do. I have emailed Nolan De Koker and disputes@absa.co.za (Emily Feldtmann) without any success to get a resolution or a viable option, as disputes advised me to contact the merchant directly. I am contacting disputed due to the fact that I can't get a hold of the merchant. I am considering moving from bank in an attempt to receive better service and a bank that can sort out my issues in a timely manner. This has been an ongoing issue for the past 14 working days. If my issue is not resolved before the 27th of April 2016, I shall lose R6222.22 due to services not rendered and move my banking needs to someone else.

A: Planning

Planning entails looking at the future and deciding proactively how to tackle certain issues to achieve success. Different plans must always be considered and the best one chosen, but it is absolutely crucial always to have a contingency plan (a plan B).

If there are many complaints on a certain issue, management could ensure they adapt the plans of the business to improve on the complaints.

B: Controlling

Controlling is a crucial element of achieving success, because actual results that were achieved are compared with the standards that were set during planning. Management receives feedback about performance and deviations (from goals) and the reasons for the deviations are determined and rectified.

This is a responsible way for ABSA to assess the success of their plans. Knowing about customer complaints is a sign that they are unhappy and that there needs to be a strategy in place to correct the dissatisfaction or ABSA will lose customers.

C: Decision-making

Decision-making takes place in order to solve problems. Before a decision is taken, all possible and relevant facts must be considered, while at the same time keeping in mind that no preconceived ideas or personal prejudice should influence the decision.

ABSA management can assess the nature of the Hello Peter complaints and then make decisions which will improve the service delivery in the areas where required.

Activity 3: Page 55

Use group discussions to decide (and motivate) if primary or secondary research would be used to gain data and information on the following:

- Internal business analysis of sales patterns over the past five years

Secondary research - Loyalty cards, data from cash registers or sales and news articles.

- Industry norms regarding financial indicators

Secondary research - articles and other information on industry norms can be analysed.

- Competitors' market share

Primary research - Surveys in shopping malls or questionnaires can be completed.

- Global trends regarding awareness of issues in the supply chain

Secondary research - articles and other information on global trends are analysed.

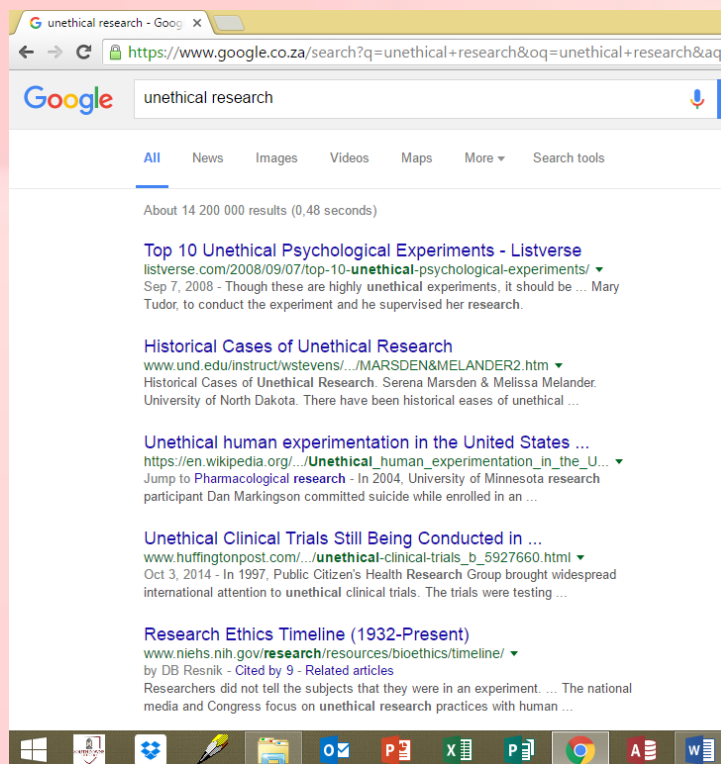
- Substitute products: availability and performance

Primary research - Customers may be asked via questionnaires, interviews, surveys or observations.

Activity 4: Page 57

Google “unethical research” to find a case study / examples of such activities. Tell your teacher which incident you are using to prevent too many people covering the same issue. Present your findings to the class in a creative two-minute presentation.

PTO for a screenshot of Google search on “unethical research” and a possible rubric to assess the activity.



	0-2	3-5	6-8	9-10	Total
QUALITY OF DELIVERY					
Presentation - Communication [LOT]	(0) Not. (1&2) Partially meeting the standard of correct articulation, proper preparation, eye contact etc.	(3)Adhering to presentation criteria of public speaking (4) in a business environment (5) and dynamic	Good to very good compliance with public speaking criteria (6), good posture and eye contact (7), the use of visual aids and correct language use (8).	Superbly meeting the criteria of public speaking, good posture and eye contact (9), The use of visual aids and correct language use (10).	
QUALITY OF PRESENTATION - CREATIVITY					
Presentation – Creativity [HOT]	(0) Not. (1&2) Minimally meeting the requirements of a creative presentation	Displaying some creativity (3 &4) fair amount displayed (5)	Displaying creativity in a satisfactory (6&7) Adequately (8) manner.	Displaying creativity in an outstanding manner (9&10)	
QUALITY OF CONTENT					
Unethical Research [LOT]	(0) None (1&2) limited detail in the investigation of ‘Unethical Research’.	(3) Adequate to (4&5) good detail in the research of ‘Unethical Research’.	(6) Satisfactory to (7 &8) good detail in the research of ‘Unethical Research’.	Excellent detail in the research of ‘Unethical Research’. (9&10)	

Additional activities: Page 57

1 Why do businesses need information?

- Information is data that has been processed. Information is valuable in the business if it provides meaningful facts / details to decision makers.
- Experience allows the manager to develop knowledge and wisdom to use the information in a manner which reveals good decision-making.

2 Differentiate between data and information.

Data can be viewed as “raw information”. Data refers to the collection of production figures, sales numbers and other detail that does not yet have meaning when decisions need to be taken.

3 Discuss briefly how businesses like Kalahari are gathering data about their customers.

All customers have a browsing history that Takealot.com (Kalahari) can monitor. Customers need to log onto the site with all their details. Takealot can then monitor your activity and create information out of all the data.

4 Explain how good information can be used by a business to improve its performance.

Good information gives management all the facts necessary to use this knowledge and experience to come up with an equitable solution that will be fair to all involved.

5 What is the difference between primary and secondary research?

Primary Research

Primary research is original research, which has been conducted by the business (or individual) via interviews, questionnaires, surveys and/or observations.

Secondary Research

Secondary research is data that is already available, because it has previously been collected by another researcher. This data is available via government agencies, trade associations, market research companies or the business's own research department, etc.

6 Explain the importance of ethical research.

Some data has the potential to cause harm to others (physical, emotional, financial, etc.) In a case like this, it is important that the researcher is aware of how the data that has been gathered is used and that the source of the data is protected.

7 What is plagiarism?

The practice of taking someone else's work or ideas and passing them off as one's own.

8 Why is plagiarism regarded as unethical?

Idea Theft - One of the most critical reasons plagiarism is unethical is that you essentially steal someone's ideas and work.

Fraud and Deception - When you choose to submit work that is plagiarised, you intentionally attempt to get credit for unoriginal work.

Chapter 5: Creative Thinking (Page 58)

Activity 1: Page 59

Use the above-mentioned thoughts on creative thinking to formulate your own definition of creativity. Share your definition with the class and add to your definition as your classmates present their definitions.

Students need to establish their own definitions, below is a definition from: "Business Dictionary.com"
(<http://www.businessdictionary.com/definition/creative-thinking.html>)

Creative thinking:

A way of looking at problems or situations from a fresh perspective that suggests unorthodox solutions (which may look unsettling at first). Creative thinking can be stimulated both by an unstructured process such as brainstorming, and by a structured process such as lateral thinking.

Activity 2: Page 60

When you are solving problems, do you mostly use the right or left side of your brain? Motivate your response.

The theory behind the student's possible response:

Left side of the brain is used for: Logic, rational, mathematical and detailed analysis.

Right side of the brain is used for: Artistic, emotional, flexible and imaginative.

Characteristics of a creative person = Expertise, motivation and creative thinking skills.

The student can give and motivate his/her own response, however, the theory dictates that both sides of the brain are used. The student needs to identify his/her dominant side.

Activity 3: Page 61

- 1 Discuss how you have recently used your knowledge, skills and experience to overcome a problem you have faced a few months ago.
- 2 If you had to face the same problem now, how would you approach the problem differently? Give three ideas.

Every answer will differ according to the learner's personal experience, below is information the teacher can use to guide the students' answers:

- 1 Knowledge = facts, information, and skills acquired through experience or education; the theoretical or practical understanding of a subject.
Skills = the ability to do something well; expertise
Experience = practical contact with and observation of facts or events.

- 2 (Learner's own answer)

Activity 4: Page 63

Explain how a SWOT analysis, PESTLE analysis and Brainstorming could be used as creative problem-solving techniques.

SWOT analysis:

A SWOT-analysis is a useful tool to look at the internal AND external environments.

The S (strengths) and W (weaknesses) refer to INTERNAL issues, i.e. the eight business functions and the efficiency / strength of coordination between them to make the business successful.

The O (opportunities) and T (threats) refer to issues in the macro and /or market environments. For example, if a competitor (market environment) has a superior marketing strategy it will threaten the business, as customers may be lost to the competition. Alternatively, if the exchange rate (macro environment) deteriorates, imported raw materials may become more expensive and as such it is a threat to the profitability of the business.

PESTLE analysis:

Various factors need to be taken into account when a PE²STLE analysis is performed. It is not good enough to know which factors will have an impact on a business. Strategies need to be formulated to overcome challenges and to capitalise on opportunities.

Brainstorming:

Brainstorming is a group-creativity technique by which efforts are made to find a conclusion for a specific problem by gathering a list of ideas spontaneously contributed by its members.

Activity 5: Page 65

Identify a problem that a business in your local community is facing. If you don't know, do some research and ask the business owner / manager to tell you about a real-life problem. Explain that it is for a Business Studies tasks.

Now use each of the three "new techniques" above to attempt to solve the problem. Do this in pairs and then give feedback to the class. See if your class can come up with a workable solution that you can present to the business / entrepreneur as a suggestion to solve the problem.

Students to give their own problem and solution based on the following techniques:

Technique	Solution
5W and H Technique	This technique is also referred to as the <i>questioning technique</i> and requires the person to ask the following questions when faced with a problem or when trying to think creatively: Who? What? Where? When? Why? How?
Association Technique	This technique requires that a person identifies links (associations) between related or unrelated concepts, situations, objects, processes or ideas to solve a problem.
Problem Reversal Technique	The Problem Reversal Technique forces the person to look at the idea / problem from the front, the back, inside out, upside down, etc. in order to consider the whole idea or problem.

Activity 6(a): Page 69

Steve Jobs said: "Innovation distinguishes a leader and a follower from one another". Debate the extent to which Apple uses creativity (and hard work) to be a leader in the market of technology.

The learners may use their own insight; however, to assist the teacher, below is an extract from an article on: **"Tim Cook on Creativity at Apple"** by ALEXIS C. MADRIGAL
(<http://www.theatlantic.com/technology/archive/2012/12/tim-cook-on-creativity-at-apple/265996/>)

"...What makes Apple special is that they create category-defining products. Even if their competitors have some key advantages (like Google's data or Amazon's online retail game), Apple's actual creative output is superior by most standards. At the very least, you have to say their execution of media and touchscreen devices has been visionary and tech path altering. And keep in mind, this is a monster company, a huge place. How can they keep cranking out the hits?

To that point, my favourite piece of the interview was when Cook took on how and why Apple comes up with consistently interesting, sometimes truly radical products.

Creativity is not a process, right? It's people who care enough to keep thinking about something until they find the simplest way to do it. They keep thinking about something until they find the best way to do it. It's caring enough to call the person who works over in this other area, because you think the two of you can do something fantastic that hasn't been thought of before. It's providing an environment where that feeds off each other and grows.

So just to be clear, I wouldn't call that a process. Creativity and innovation are something you can't flowchart out. Some things you can, and we do, and we're highly disciplined in those areas. But creativity isn't one of those."

Activity 6(b): Page 70

Get into groups of four or five and discuss how each of you have in the past overcome an issue that blocked your ability to think creatively.

Learners to discuss their own blocks to creativity, textbook information includes:

- Quit! Sometimes it is better to quit and start over.
- Interrupt the creative process by deliberately doing something else.
- Stop avoiding or postponing and just do it!
- Dance in front of the mirror or stand on your head. It may sound weird but it will get your blood flowing and will help you to relax.
- Do not be afraid to make a mistake!
- Always keep an open mind to the possibility of new ideas or ways of doing something
- Learn from others. We live in a country where we are surrounded by diverse cultures. Reach out and learn from one another!

Activity 7: Page 70

Think about indigenous thinking in:

- your family
- your circle of friends

Be aware of this indigenous thinking the next time an issue has to be addressed in your family / circle of friends.

- Indigenous thinking refers to the ways of knowing, seeing and producing things which have been passed down from generation to generation in a particular area or country.
- We refer to indigenous thinking as part of creativity, as this way of thinking could help solve problems in a unique and different way that is unfamiliar to the rest of the world. This may create a competitive advantage for the business.
- It is about going back to your grandmother's recipes and or your great-grandfather's remedies or the techniques taught to you by your dad.
- Indigenous thinking could, however, also hamper creativity if it creates fear of doing something in a new and innovative way, "because it has always been done this way".

Additional activities: Page 70

- 1 Define the term "creative thinking".

A way of looking at problems or situations from a fresh perspective that suggests unorthodox solutions (which may look unsettling at first). Creative thinking can be stimulated both by an unstructured process such as brainstorming, and by a structured process such as lateral thinking.

2 To what does indigenous thinking refer?

- Indigenous thinking refers the ways of knowing, seeing and producing things which have been passed down from generation to generation in a particular area or country.
- We refer to indigenous thinking as part of creativity, as this way of thinking could help solve problems in a unique and different way that is unfamiliar to the rest of the world. This may create a competitive advantage for the business.

3 Discuss how indigenous thinking could be used to gain a competitive advantage for a business.

It is about going back to your grandmother's recipes and or your great-grandfather's remedies or the techniques taught to you by your dad - using these successful business practices that have been proven over time can put the business ahead of a new business starting out from scratch.

4 True or False (motivate your response). Creative thinking can be taught.

True - Expertise, motivation and creative thinking skills characterise creativity, and all of these aspects can be taught / learnt.

5 True or False (motivate your response). The 6W and H technique is a creative problem-solving technique.

False - It is the 5W and H technique

6 Discuss three ways in which an idea could be protected in South Africa.

Patents

Patents are for the protection of new goods and/or services that did not exist previously or that are adequately different from the known.

Licencing "Know-how"

This refers to know-how which could be licensed to others for their use in return for a payment for example, a franchise where the entrepreneur sells his/her business knowledge to the new franchisee.

Trademark

- A trademark is a logo or name which is associated with a particular business in the market.
- For a trademark to be protected it needs to be significantly different from other registered trademarks.
- The registration of a trademark gives the business the sole right to use a particular name or logo while it is registered

Unlawful Competition

- This law prevents a person or business from conducting itself in any manner that would deliberately confuse customers into believing it is the "original" business or offering the service from the "original" business.
- This law also prevents an employee from using a previous employer's know-how to enrich him/herself or their new employer if they do not have the right to do so.

Copyright

Copyright refers to the copying of work without the required permission to do so. Copyright applies to literary works, films, sound recordings, engineering drawings and pictures.

7 Explain how creative thinking could help a business achieve a competitive advantage.

Creative thinking can be used to gain a competitive advantage by:

- Using techniques designed to bring about innovation and new ideas.

- Thinking outside the box and coming up with innovative ideas.
- Giving the business different options so it is prepared for challenges.
- Turning problems into opportunities which then become profitable.
- It may point the business in a new direction.

8 How would creativity be used by a person who would like to become an entrepreneur?

The following are ways to initiate innovation and creativity:

- Fundamental changes to an existing product: These are completely new ways of doing something or solving a problem
- Incremental changes to an existing product: Change takes place over a period of time or where changes are needed to fix "bugs" in the system. For example: Apps that are being updated on an ongoing basis.
- Developing a completely new product: The development of a new product to satisfy current needs. But the development of products that create new needs is also a possibility.
- Finding a new or better way to produce the product (production process): New or better ways of producing a product / service.
- Changes in technology: The entrepreneur can develop new technology to allow him/her to create new needs or to satisfy needs more fully.

9 Why is it important that a country like South Africa looks to creativity to generate growth?

South Africa is facing many socio-economic issues like HIV, crime, unemployment etc. Many attempts have been made to try to better these issues, however, the problems seem to be escalating. If government uses creative thinking it might come up with a totally different outlook on the situation which could turn the situation around. This is not limited to socio-economic issues, and should/could be applied throughout South Africa.

10 List TEN reasons why creativity is important in the 21st century.

It gives you new ways of expressing yourself.
 It stimulates entrepreneurship.
 Trying new mediums of expression leads to mastery of at least one.
 It is a touch of 'you' in the world.
 It is satisfying and rewarding.
 It helps in divergent thinking in all aspects of life.
 It boosts self-reliance and self-confidence.
 It becomes a part of you forever,
 It makes life worth it!

11 How would you redesign your Business Studies classroom to transform it into a more creative place of learning? Start with a brainstorming session in a group with four or five learners. Then eliminate the most "unrealistic ideas" till each group has FIVE ideas. List this on the board and see if some of them could be implemented. Who knows, you may come up with an idea that could be patented and sold to other schools...?

This answer will depend on the brainstorming in groups, however, below is an article discussing creativity in classrooms:

[Transform your classroom into a modern learning space](http://exclusive.multibriefs.com/content/transform-your-classroom-into-a-modern-learning-space) by Brian Stack (Monday, August 11, 2014)
 (<http://exclusive.multibriefs.com/content/transform-your-classroom-into-a-modern-learning-space>)

In schools across America, the floors have just been polished, and fresh paint now adorns many classroom walls. A dedicated team of hardworking custodians who take great pride in their work have spent their summer getting classrooms ready for a new school year.

Students are even getting involved in the work. In a Seattle high school, students spent time cleaning and painting in an effort to promote a positive school culture and learning environment.

Over the next couple of weeks, an army of more than 3 million educators will begin to transform these newly refurbished blank-canvas classrooms into spaces that are conducive to learning in the 21st century.

In a recent blog post, Michigan's Warner Elementary School Principal Ben Gilpin reflected on his conversations with some of these teachers who were planning to transform their learning spaces this coming school year. As teachers plan their own classroom transformation, Gilpin offers three suggestions:

He encourages teachers to hinge their classroom on student learning.

He reminds teachers that classrooms must be interactive, creative and adaptive.

He challenges teachers to ask themselves if their learning spaces are teacher-centric or student-centric.

Missouri curriculum specialist Dr. Justin Tarte offers teachers young and old five easy ways to improve their classroom learning space:

If they have the capability to do so, he suggests teachers experiment with turning some of their classroom lights off.

He argues for a "less is more" approach when it comes to decorating walls

He stresses the importance of utilizing background music to focus students.

He stresses the importance of keeping the classroom as mobile as possible so that learning tools can be flexible and adapted to meet different learning situations.

He encourages teachers to dedicate space in their classrooms for creative thinking and open collaboration with peers.

Michigan teacher and curriculum specialist Nicholas Provenzano has vowed to focus this year on turning his traditional classroom into a NerdySpace, a learning environment that is more conducive to modern teaching and learning. In his blog, he explains how he plans to ditch his teacher desk and the notion that there is a portion of his classroom that students are not allowed to enter.

He wants to abandon his student desks in favour of tables and other collaborative spaces. He is looking for a layout that will allow him to change the centre of his classroom so that he doesn't feel that he is always standing at the front of the room to deliver instruction. Finally, he wants his classroom to be flexible so that it can change and adapt to meet the learning needs of his students from day to day and activity to activity.

Are you a teacher who needs some tips to help you get started on your own classroom transformation? Try starting with Peggy Wang's article on 36 clever DIY ways to decorate your classroom. There you can discover how far you can stretch a little colourful contact paper and repurpose some old furniture.

Need some more ideas? Try visiting Twitter and the hashtag that was created for this topic: #learningspaces.

Whatever you decide to do, remember that classrooms aren't meant to meet our needs as adults, they are meant to meet our students' needs as learners. Don't be afraid to ask students for decorating advice, or suggestions on how to arrange the furniture, or input on where to place the supplies. With their feedback, you'll have a learning space conducive to meet all of their needs all year long.

BUSINESS STUDIES

GRADE 11

Chapter 6: Professionalism and Ethics (Page 71)

Activity 1: Page 72

Work in groups and Google “Constitutional rights in South Africa”. See which other rights you can come up with and draw a table such as the one below where you can link different responsibilities to the rights.

There are many rights, however, here are a few as an example:

Constitutional right	Responsibility of citizens
Human dignity - Everyone has inherent dignity and the right to have his/her dignity respected and protected.	You need to treat everyone around you with the necessary respect in order to respect their human dignity.
Life - Everyone has the right to life.	You may not take away someone's right to life by causing a person's death in any way.
Freedom and security of the person - Everyone has the right to freedom and security of the person	You may not hold anyone without trial or against his/her will or impose violence or torture them.
Slavery, servitude and forced labour - No one may be subjected to slavery, servitude or forced labour.	As a business, you must not force labour, rather abide by the Basic Conditions of Labour Relations Act.
Privacy - Everyone has the right to privacy	You must ensure you are not involved in evading privacy by having a person or home searched, his/her property searched, possessions seized or the privacy of someone's communications infringed upon.
Freedom of religion, belief and opinion - Everyone has the right to freedom of conscience, religion, thought, belief and opinion.	Everyone needs to show tolerance and acceptance of other people's religion; however, it is your right to believe what you want.

Activity 2: Page 72

Write a paragraph on each of the following issues as “unethical issues that the business should eradicate”:

(To assist the educator with background knowledge, definitions on the issues below have been given)

- Taking or offering bribes

When someone is offered a reward to give a third party an unfair advantage to which he/she/the business is not entitled, it is a bribe. A bribe does not have to be in the form of money, but may be a gift, an offer of employment, a promotion or any other favour. If it is in the form of money, it is sometimes referred to as a *smoothing payment* or a *facilitation payment*.

Eradicate it by: Ensuring all employees know that it is a dismissible offense! Top management must lead by example.

- Inappropriate gifts

Most businesses expect employees to declare all gifts that they have received. It may even stipulate that no employee may receive a gift greater in value than R... (a certain value). Why do you think this is the case? One possible reason is that it could be interpreted by others as being a form of bribery, even though it truly is a gift with no strings attached.

Eradicate it by: In the business's Code of Conduct, it must be stated so all employees know expectations.

- Unauthorised use of business funds

Using business funds that are not authorised is the same as theft. People working in offices have more opportunities to get involved in this form of white collar crime, than the workers in the manufacturing department. Even something that seems as innocent as a manager having an expense account and taking his wife for lunch and then claiming it as a business expense, is guilty of unauthorised use of business funds. Someone, who has a petrol card to pay for business travel and then uses the card for private use, is spending money not authorised for that purpose.

Eradicate it by: Ensure there are proper organisational structures and that management have strict monitoring policies in place.

- Sexual harassment

According to the above-mentioned code, examples of sexual harassment may include:

Unwelcome physical contact

Verbal conduct such as sexual advances, sex-related jokes, unwelcome enquiries about a person's sex life and unwelcome whistling / body language directed at a person or group of persons.

Non-verbal conduct such as sexual gestures, indecent exposure or display of sexually explicit pictures and objects.

When a more senior employee promises a reward in exchange for sexual favours.

Employees may also not engage in any of the above activities with customers, suppliers or any person who deals with the business.

Eradicate it by: Keep the working environment professional and ensure there is a mutual respect for all employees by employees.

- Employees making confidential information about the business available to people with no right to know the information

Eradicate it by: Ensure employees understand this behaviour is wrong; and then, should it happen in the future, discipline the employee.

- Insider trading

This refers to a situation where someone trades shares on the JSE based on knowledge that is confidential, i.e. something only an insider (or his friends / family) in the business will know. This is a criminal offence.

Eradicate it by: Stick to all rules set out by the JSE and ensure all employees know the severity of the crime.

- Employees abusing computers / electronic media that belong to the business

Eradicate it by: Ensure employees understand it is wrong; and then, if it happens in the future, discipline the employee

- Employers that abuse or exploit employees (e.g. not allowing tea time / lunch breaks or any other issue you can think of)

Eradicate it by: Ensure employees understand it is wrong; and then, if it happens in the future, discipline the employee

- Conflict of interest

If the person awarding a tender knows the person who is submitting the tender, he/she should not make the final decision about who will get the tender, but should disclose that it is a friend/family member submitting the tender and then withdraw from the tender allocation process.

Another example may be if someone is part of the recruitment and selection panel and he/she fails to disclose that one of the applicants is a friend or family member.

It will create a conflict of interest if a person who serves on the Board of Directors is approached by a supplier to be part of that Board of Directors. What is the ethical thing to do?

- Tax evasion

Tax evasion on the other hand is illegal (and therefore unethical) because the business does not declare all its income and lies about expenses in order to pay less tax.

- Piracy (e.g. ripping off another business's product or illegally copying music or movies)

Piracy is the illegal use or reproduction of somebody's work if it is protected by a patent or copyright. Think of the number of times that music or movies are illegally downloaded from the internet...

Activity 3: Page 73

Have a ten-minute brainstorming session in class and identify FIVE ways in which ethical behaviour is incorporated into your school's culture.

(Students' needs to relate this to their school)

- The first step towards establishing a culture of ethical behaviour is to recruit and select people who will act in an ethical manner.
- Management should lead by example and act in an ethical manner at all times – in their professional and personal lives. This is called value-based leadership!
- There should be formal policies and ethical codes developed in the business and employees should constantly be reminded of desired behaviour - through formal training sessions, but also through informal conversations and stories that are shared amongst employees.

Activity 4: Page 74

Design a poster to illustrate your understanding of contracts.

(A simple rubric for the assessment of the posters)

	0-2	3-5	6-8	9-10	TOTAL
--	-----	-----	-----	------	-------

<u>Contract terminology</u> : Has the student displayed the correct terminology throughout the poster?	Demonstrates little to no understanding of the topic. Many requirements of topic are missing.	Demonstrates a fair understanding of the topic. All requirements of topic are included in the response.	Demonstrates considerable understanding of the topic. All requirements of topic are included.	Demonstrates complete understanding of the topic. All requirements of topic are correctly applied and included.	
<u>Types of contracts</u> : Has the student communicated some of the different contracts?	Demonstrates little to no understanding of the topic. Many requirements of topic are missing.	Demonstrates a fair understanding of the topic. All requirements of topic are included in the response.	Demonstrates considerable understanding of the topic. All requirements of topic are included.	Demonstrates complete understanding of the topic. All requirements of topic are correctly applied and included.	
<u>Elements of a contract</u> : Has the student identified certain essential elements that should be found in a contract?	Demonstrates little to no understanding of the topic. Many requirements of topic are missing.	Demonstrates a fair understanding of the topic. All requirements of topic are included in the response.	Demonstrates considerable understanding of the topic. All requirements of topic are included.	Demonstrates complete understanding of the topic. All requirements of topic are correctly applied and included.	
<u>Presentation</u> : Has the student used colour, balanced graphics and words, and does the poster attract your attention?	Demonstrates little to no understanding of the topic. Many requirements of topic are missing.	Demonstrates a fair understanding of the topic. All requirements of topic are included in the response.	Demonstrates considerable understanding of the topic. All requirements of topic are included.	Demonstrates complete understanding of the topic. All requirements of topic are correctly applied and included.	
<div style="text-align: center;"> TOTAL: </div> <div style="text-align: right;"> (40 MARKS) </div>					

Activity 5: Page 76

Name the type of contract involved in each of the following instances:

- A Mr Khoza pays R3 000 to Sanlam in case his car is stolen
- B Ms Jenner stays in a house owned by Mr van Zyl and pays rental of R7 500 per month.
- C Graham is a baseball coach and receives R20 000 per month from Big Bad Baseball Club.
- D Brenda Bush has decided to open a pizza shop and buys the right to use the name "Debonairs" from Famous Brands.
- E Mrs Smith would like to replace her TV. She decides she will pay R299 to Early Bird for the following two years to use their TV. The TV will never become her property and after two years, Early Bird will replace the TV and give her a new TV.
- F Mr Smith thinks the transaction described in E is a bad choice and he proposes they pay a R500 deposit to Furniture City and a monthly instalment of R190 till the TV becomes their property at the end of two years.

- A Insurance contract
- B Rental Agreement
- C Employment contract
- D Franchise agreement
- E Lease agreement
- F Instalment sale

Activity 6: Page 79

Work in Groups of four. Develop a JOHARI-matrix for each member of the group. Think about what you have learned about yourself from this process and how you are going to use this information in future to grow as a person.

	Known to Self	Unknown to Self
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Known to others	Open/ Free Area (1)	Blind Area (2)
Unknown to others	Hidden Area (3)	Unknown Area (4)

Open/ Free Area (1):

- This is information that the person knows about him/herself AND that other people know as well.

Blind Area (2)

- This area of the matrix is completed by fellow team members. They are listing their perceptions regarding the team member's / manager's knowledge, skills and values.

Hidden Area (3)

- In a new business or a newly-established team, people need to get to know each other and share information about themselves for others to become familiar with the strengths (and weaknesses) in the team.
- If the manager shares his strengths and weaknesses openly, it will highlight area 3 (what other people do not know about you).

Unknown Area (4)

- It is difficult to complete this block of the matrix, because it refers to information (such as hidden potential, emotions and fears) which is unknown to the individual and to others.
- The goal is to minimise information which could fall into this category, by getting to know oneself. As an individual becomes more aware of who he/she is, this block will become smaller, because experience in a similar situation has taught the individual how he/she will react.

Activity 7: Page 80

Complete a personal SWOT analysis. Think about how you are going to use your personal strengths and external opportunities to make a success of your high school career. Also consider which weaknesses you have to overcome and how you are going to respond to threats that you may encounter.

(This activity will differ between students, however, principles of SWOT are stated below)

- **Personal Strengths** could include skills, experience and / or knowledge.
- **Personal Weaknesses** could include disabilities or deficiencies, a lack of skills and / or lack of knowledge.
- **Opportunities** may come in the form of available resources, new developments (technology) or even diversity (and a variety of other factors).
- **Threats** could be the result of constraints (time, money), competitors, and changes in legislation, unmotivated friends / colleagues and uncertainty (and/or a variety of other factors).

Activity 8: Page 82

Record the use of your own time over a period of a week. Identify the times when you have not used your time optimally and think of strategies that you could implement to improve your time management in the future. Also consider where you have used your time correctly and what led to this good use of time (and what the outcome was).

(Each student will record his/her own week which will differ. Below is a possible template the students can use to record their time over the week)

BUSINESS STUDIES

GRADE 10

COGNITIVE/NUMERICAL

APPLIED SKILLS (CAREER)

WILLIAMS, BETTE MCDER & JANE STRICKLAND

Time analysis chart							
Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
4:00am							
4:30am							
5:00am							
5:30am							
6:00am							
6:30am							
7:00am							
7:30am							
8:00am							
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12:00pm							
12:30pm							
1:00pm							
1:30pm							
2:00pm							
2:30pm							
3:00pm							

Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
3:30pm							
4:00pm							
4:30pm							
5:00pm							
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6:00pm							
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12:30am							
1:00am							
1:30am							
2:00am							
2:30am							
3:00am							
3:30am							

Activity 9: Page 83

You are organising a surprise birthday party for your gran who is turning 65 at the end of the year. As her birthday falls in the November exam, you will not be able to do everything on your own. It is time to delegate! Use the seven principles of delegation given in the diagram to explain how you would allocate tasks to:

- A Your brother, a second-year student at varsity
- B Your mom and dad
- C Your little sister who is very creative
- D Your two best friends

Principles of delegation:

	Me	Your brother, a second-year student at varsity	Your mom and dad	Your little sister who is very creative	Your two best friends
Know your own ability	I am good at co-ordinating and then working hard on the day.	-----	-----	-----	-----
Understand the ability of others	-----	My brother is good at speeches and computer work	My mom is good at catering and my dad is good at organising the tables and chairs	My sister is good at making the decorations and invitations	They don't mind helping everyone else
Understand different job roles	Overall co-ordinating	Speeches, PowerPoint slide show	Tables, chairs, food and drinks	Invitations, flowers, general decorations	Hard workers and support
Trust your employees	I need to trust my family and friends once I have delegated the tasks to them, however, it is still my responsibility to make sure the party is a success.				
Communicate effectively	I need to send my family and friends reminders about time frames, I need to check up if they have it covered and if they have any other problems - I generally need to encourage communication.				
Empower your employees	-----	Suggest a speech and photo presentation but leave the final decisions in his hands.	Allow my parents to make menu decisions.	Allow my sister to make her own decisions regarding the colour scheme of the party	Constantly thank and give friends affirmation that you appreciate their contribution.
Feedback and control	Arrange a weekly meeting with everyone so we can double check that everyone is on track with the arrangements. Everyone can also give feedback on their progress.				

Activity 10: Page 83

Identify FIVE additional factors that contribute to stress in your life.

- Parents rules and expectations
- Health issues
- Pressure from friends and relationships in general
- Balancing school, sport and social
- Pressure to get good results

Activity 11: Page 84

Think of a situation that has caused stress in your life. What strategies did you put in place to deal with this hectic situation and what could you have done differently?

(The students may provide their own answers)

- Know what causes stress in your life. There will probably be different factors for different people.
- Establish boundaries and learn to say “no” (to yourself and to others). One such example may be to learn not to look at your cell phone every time a message comes through. It may take up too much of your time to read and respond to each message. Rather wait till it is time to take a break and then respond to your messages.
- Plan your activities and deadlines. Do not procrastinate!
- Learn to relax. Take deep breaths, go outside and kick a ball, read a book. Find out what helps you to relax and make time to “recharge your batteries”. You will find that you get much more done if you take a break when needed.
- Learn to ask for help. Asking for help is not a sign of failure. It is a sign of maturity to know and acknowledge that other people can help you if you do not know how to do something. DO NOT, however, transfer your responsibility to someone else and in the process add stress to their lives. Ask for help, but remain responsible for getting the task done.
- Eat well and ensure you get enough sleep!

Activity 12: Page 85

Identify a situation where a crisis has occurred due to a lack of proper communication. Explain how information should have been communicated to avoid this crisis.

The students will offer their own crisis situations

Other possible examples:

South Africa's water crisis - issues needed to be communicated earlier and clearly to government and the public for a solution to occur.

Communication:

- A successful manager should be able to communicate effectively.
- Communication comprises a variety of formats, such as:
 - Verbal communication (talking face to face or Skype)
 - Written communication (emails, letters, memos, sms, Whatsapp and blogging)
 - Body language
- Body language is especially important during face to face communication as a person's body language also projects a message.
- To become a good communicator the manager will need to work on his/her communication skills.

Activity 13: Page 86

Find an article that discusses a Balanced Work-Life. Bring your article to class. Draw up a list in class of what different businesses are doing to help employees achieve a balance between work and life away from work.

Example of an article:

5 Secrets to Achieving and Maintaining Work-Life Balance

JANUARY 2, 2015 - CRAIG CINCOTTA (<https://www.entrepreneur.com/article/235427>)

In a world where more and more people find themselves working in roles that could be considered “always on” jobs, how do people achieve and maintain work-life balance and how do companies and leaders promote this way of life? It is a challenge to say the least.

Every day millions of people wrestle with these questions. At the same time, leaders wrestle with the solutions. It is a hard issue to reconcile because the answers vary.

As a manager and member of the leadership team at home-improvement network Porch.com, helping people find work-life balance is something important to me. It is something I didn't always possess or believe in.

There were times when I was the poster child for bad-balance behaviour. I once had a sign in my office that read “never leave for tomorrow what you can get done today.” I was king of the 3 a.m. emails and I wore my 20 hour days, seven days a week work ethic as a badge of honour. Then a funny thing happened. I realized that I could be a much better leader, employee, manager, husband and friend when I took the time to focus on achieving balance. I found that I was living a happier, healthier, and more productive Life. And my output wasn't comprised.

To help entrepreneurs, managers, and employees strike the right balance, here are five ways to achieve and maintain life-work balance. There is no one size fits all approach, but hopefully, these tips will lead to productive discussions for managers and employees.

1. Be open about your needs. I believe that the first thing people need to do is identify what truly matters to them and communicate it. Don't hide it and don't expect others to guess what makes you feel balanced and fulfilled.

Do you need to leave work at 5 p.m. so you can have dinner with your family? Do you need to step away at 12 p.m. to attend a yoga class? Whatever your sweet spot is you need to find it and be transparent about it. Employees need to have an open dialogue with their managers and managers need to understand what works and what is possible. Different jobs require different approaches, but everyone can benefit from having an open and honest conversation about what balance means.

2. Respect boundaries. You cannot achieve your balance if you don't respect the boundaries you have put in place. It will be hard in the beginning but you need to stick with it so you develop a routine and drive a culture and lifestyle of predictability. You will find that there is also something else you can do. There is always another email to reply to or a problem to work, but you need to PERSONALLY respect your boundaries. If you don't then you can't expect others to respect them.

3. Understand what really matters. Over the years I have seen too many people spend too much time working on things that don't really matter. Time is the most valuable commodity in life: it is the one thing you cannot buy more of. So, don't waste time. Focus on what really matters. What really moves the needle for the business? Are you working on priorities that drive the overall goals of the business or are you just making noise? Really scrutinize your day and max it out every hour, minute and second to focus on the most important outputs. For some this may require a high degree of planning and structure.

4. Embrace the off button. Pretty much every piece of technology has an off button, so use it. It is not easy and for many people this is the hardest thing to do. To get started, do it in phases. Don't bring your cell phone to the dinner table. When you are on vacation, be on vacation. Don't bring your tablet to the beach. Once you have done it a few times, it is easier to push the boundaries. When you unplug and step back you will start to experience one of life's greatest treasures -- perspective. You will think about problems you are wrestling with greater clarity. You allow yourself the freedom to be more analytical and less emotional when you step away and think vs. just diving in and responding in the moment.

5. Pace yourself. To have a long, healthy, productive, and happy life and career you need to understand the value of pace. There are times when you need to throttle up and there are times when you can throttle down. Self-awareness is crucial. Doing so will help you enjoy the journey as much as the destination.

Additional activities: Page 89

1 Explain the concept of self-management.

- It is very important that any manager realises the role that his/her performance plays in the overall success or failure of the business.
- If a manager is effective in the role he/she performs, the business will benefit as a whole.
- An ineffective manager's inadequacies on the other hand, will most likely result in poor performance with the potential to lead to poorly motivated employees, a lack of teamwork and unhappy customers.
- Knowing personal strengths and weaknesses and how these could impact on the business, is an important part of being an effective manager.
- A manager that knows which skills he/she lacks could use this insight to surround him/herself with people who can help to compensate for what he/she lacks.
- Thus, it is important that a manager is able to take control of his/her own learning and development.
- The manager should work on his/her weaknesses and use his/her strengths to create success in the business.

2 Discuss how the JOHARI window could be used as a vehicle for self-discovery.

The JOHARI Window is a tool that can be used to help someone to understand him/herself better. A matrix is used to record self-knowledge vs. what other people may know about the individual. By doing this, the person may become more aware of how he/she is seen by others and where possible development is needed.

3 Discuss how the following terms link to self-management:

3.1 Time Management

- You have probably often heard your parents or teachers saying, "Time waits for nobody". The merit of this statement reveals that it is important for all to learn to manage time productively by planning activities and tasks to ensure the correct amount of attention is given to what needs to be done.
- In a business situation it is equally important that the role of the manager is not compromised due to poor time management. Imagine if a meeting with an important client were to be interrupted to deal with something that could have been completed earlier (or later).

3.2 Stress

Stress is a natural part of our daily lives and, depending on how it is managed, it could have a positive outcome or it could have negative and even destructive consequences. Consider some "stressors" (factors that lead to stress): Change, Workload, Too much responsibility, Poor working conditions, Job insecurity, and financial insecurity.

The manager should not only learn to cope with his/her own stress by putting certain strategies in place, but should also be aware of "stressors" that may have a negative impact on the productivity of employees. He should also assist them to manage their stress.

3.3 Communication

- A successful manager should be able to communicate effectively.
- Communication includes a variety of formats, such as:
 - Verbal communication (talking face to face or Skype)
 - Written communication (emails, letters, memos, sms, Whatsapp. blogging)
 - Body language
- Body language is especially important during face to face communication as a person's body language also projects a message.
- To become a good communicator the manager will need to work on his/her communication skills.

4 Why is it important that managers are technologically savvy?

It is becoming increasingly important that managers are able to use technology. Technology is becoming an important element that supports the role of a manager. It has the potential to simplify processes and duplication of unnecessary work, but if the manager is not familiar (and comfortable) with the use of technology, it may make the task more difficult and less productive.

5 Delegation is seen as an avenue to empower workers, briefly explain how delegation may be used to empower workers at different management levels.

- Being able to delegate, without micromanaging, is not something that always comes naturally to people; it is nonetheless an important skill that all managers need to master.
- It is important that the manager identifies the skills and abilities of each employee, so that work can be delegated effectively.
- Delegation can be used to motivate and empower team members; the manager, nevertheless, will also need to explain to the worker that responsibilities require accountability for one's actions.

6 Provide personal examples of where poor communication has led to conflict situations.

Student to give personal examples

7 Explain different situations where the communicator should have demonstrated more effective communication.

Student can give various examples:

- The communicator giving directions and the person gets lost.
- President's decision to fire Finance Minister Nene wasn't clearly communicated and our country lost billions of Rands.

8 Define the term ethics.

Moral principles that govern a person's behaviour or the conducting of an activity.

9 Look for two ethical articles which show how a business has acted ethically or unethically. In each case motivate why you say the business has or has not acted in an ethical manner.

Unethical - Price fixing: The R98.7-million penalty imposed on Tiger Brands was too lenient, the Congress of South African Trade Unions said on Wednesday at a Competition Tribunal hearing in Pretoria. "Bread in particular is a diet of the poorest and it is appalling that people should enrich themselves by robbing the poor," it said. - 2007

Unethical - False advertising: McDonalds South Africa has deliberately misled consumers by running a promotion called MZANSI MILLIONS, based on wide misrepresentation and untruthfulness. Misrepresentations range from refusal to accept instant prize wins such as free burgers to lack of stickers that consumers are entitled to after purchasing qualifying meals. Consumers have purchased qualifying meals in order to obtain the stickers to enter the competition, only to be told after payment that they have run out of stickers. - 2012

10 What is the function of the CPA?

The purpose of the Act is to put legislation in place that will protect the rights of consumers, by ensuring the seller acts in a fair manner when goods and services are supplied to consumers.

The CPA stipulates certain behaviour required by business in the marketing of their goods and services. The Act aims to safeguard the consumers' right to receive a fair deal from businesses.

11 Why is it important that a manager remains assertive during a conflict situation?

Being assertive is seen as the middle ground between aggression and passivity. Being assertive while remaining calm means the person has the ability to voice his/her views and opinions without emotion confusing the meaning of the message.

12 Discuss the importance of a good professional image.

A professional image will improve the level of respect from the different stakeholders.

13 Differentiate between the following concepts:

13.1 Self-knowledge

Self-Knowledge is about knowing oneself and about understanding what drives personal motivation.

13.2 Self-confidence

Self-confidence is the level of trust one places in one's ability to perform a particular task or job.

13.3 Adaptability

People who are adaptable are more likely to accept change and even though change is not always nice, it is part of the reality of everyday life.

14 What is a contract?

A contract is a written document or a verbal agreement that is legally binding between two or more parties.

15 Differentiate between the two parties as part of a contractual agreement.

- Person making an offer
- Person/s accepting the contract

16 List three types of contracts that are legally protected by the South African court system.

Employment Contracts
Insurance Contract
Lease Agreement
Instalment sale / Hire purchase agreements
Rental Agreements
Franchise agreement

17 What does BCEA stand for?

Basic Conditions of Employment Act

18 List two types of goods that could be leased.

Furniture, machinery and tools.

19 Discuss the criteria which make a contract legally binding.

- **Contractual Capacity:** This means the person is legally allowed to enter into a contract. The legal age to enter into a contract in South Africa is 18.
- **Sound Mind:** The person entering into a contract does not suffer from any mental illnesses
- **Reasonable:** The conditions of the contract have to be reasonable.
- **Legal:** The duties carried out as part of the contract must be legal, i.e. no unlawful activities are legally binding or protected by the law.
- **Possible:** The activities that form part of the contract must be physically possible to achieve

20 What does the term “breach of contract” mean?

- any of the above requirements, making it a legally-binding document, were compromised
- either of the parties fails to fulfil the requirements as laid out in the contract
- false or misleading information forms part of the contract
- a person was forced to sign a contract or tricked into doing so
- The requirements of the contract were unclear to one of the parties. **Note:** Under normal conditions, “not knowing” is not an excuse in the eyes of the law; each signatory thus has the responsibility to ensure he/she understands what he/she is signing.

21 Explain how the principal of your school has used the following skills to carry out his/her leadership role in the school:

- | | |
|--|----------------------|
| ○ time management | delegating |
| ○ managing workload and stress | communication |
| ○ assertiveness | technological skills |
| ○ energy management | decision-making |
| ○ teamwork | |
| ○ effective relationship management (with internal and external stakeholders) | |
| ○ technical management skills | |
| ○ Describe TWO additional but relevant skills that he/she should have and motivate why you have chosen them. | |

There are a number of skills which are essential for any person to be successful in his/her role in life, regardless of whether the person is in a management position or not.

Time management:

In a business situation it is equally important that the role of the manager is not compromised due to poor time management. Imagine if a meeting with an important client were to be interrupted to deal with something that could have been completed earlier (or later).

Delegating:

It is important that the manager identifies the skills and abilities of each employee, so that work can be delegated effectively.

Managing workload and stress:

Managers often spend the bulk of their days planning the workload of employees and not enough time planning their own schedules. But if the truth were told, it is far more difficult for a manager to plan his/her own day, because often the “unplanned” interrupts what was supposed to happen and this adds stress to the manager’s day.

Communication:

- A successful manager should be able to communicate effectively.
- Communication includes a variety of formats, such as:
 - Verbal communication (talking face to face or Skype)
 - Written communication (emails, letters, memos, sms, Whatsapp. blogging)
 - Body language

- Body language is especially important during face to face communication as a person's body language also projects a message.
- To become a good communicator the manager will need to work on his/her communication skills.

Assertiveness:

Being assertive is seen as the middle ground between aggression and passivity. Being assertive while remaining calm means the person has the ability to voice his/her views and opinions without emotion confusing the meaning of the message.

Technological skills:

It is becoming increasingly important that managers are able to use technology. Technology is becoming an important element that supports the role of a manager. It has the potential to simplify processes and duplication of unnecessary work, but if the manager is not familiar (and comfortable) with the use of technology, it may make the task more difficult and less productive.

Energy management:

Research has shown that employees, who feel that they have a balance between their work and private lives, are more productive employees. These workers are less stressed, are more motivated and productive and even take less time off from work.

Decision-making:

Decision making takes place in order to solve problems. Before a decision is taken, all possible and relevant facts must be considered, while at the same time keeping in mind that no preconceived ideas or personal prejudice should influence the decision.

Teamwork:

Successful teams use the strengths of individual members to overcome the weaknesses of other members of the team. It is important that all members of the team share a common (team) identity to ensure they support one another and that their efforts are coordinated to achieve the common goal.

Effective relationship management (with internal and external stakeholders):

Relationships in the business have the ability either to be functional (positive impact) or dysfunctional (negative impact).

Employees are regarded as valuable assets in a business and as such it is important to attract, develop and retain key employees in the business.

Technical management skills:

It is becoming increasingly important that managers are able to use technology. Technology is becoming an important element that supports the role of a manager. It has the potential to simplify processes and duplication of unnecessary work, but if the manager is not familiar (and comfortable) with the use of technology, it may make the task more difficult and less productive.

TWO additional but relevant skills that he/she should have and motivate why you have chosen them:

Self-reliance:

The entrepreneur does not wait for someone to tell him/her what to do, because an entrepreneur is a self-starter that is resourceful, prepared to make a decision and does not depend on others to get things done.

Flexibility:

Any entrepreneurial venture may face a variety of challenges and uncertainties and the entrepreneur has to be willing and able to adapt current practices to overcome these challenges and uncertainties while working towards clearly defined goals.

Chapter 7: Teamwork (Page 90)

Activity 1: Page 90

This is “for your eyes only”☺: Are you a team player or do you prefer to work on your own? Be honest with yourself when you answer *WHY*?

- Is it because you are always doing all the work and have to share credit with others? How can you address this situation in future? Do you allow others to give input or are you “the only one with all the answers”?
- Are you the one who is always doing nothing and then sharing the credit with the people that have done all the work? Will you be able to get away with this later in life or should you start to develop your own skills NOW to be successful later?
- Is it possible to go through life without being part of a team?
- Think about people who have achieved great success in life because they have acknowledged the role that other people can play to overcome their own weaknesses...

Student must state: Team player or own

- Student answers *WHY* they are either of the above.
- Student discusses his/her involvement in teams now and in the future.
- No, teamwork is essential in life and there are formal and informal teams everywhere. In business, there will always be a time when you need to form part of a team in order to reach a common goal.
- This includes all entrepreneurs who are honest enough with themselves to identify their weaknesses and then get someone else in to assist in that particular area. Synergy - teams have the potential to achieve more than the sum of the individual members.

Activity 2: Page 91

Think of two different teams with which you have been involved – one successful and one unsuccessful. What was the difference between the two teams?

The successful team has the following in common:

- working towards a common and well-understood goal and a shared vision
- honest and open discussions and communication between team members
- good coordination and a willingness to share tasks and responsibilities
- capable and strong leadership
- continuous team building
- well-understood policies relating to conflict resolution, decision-making and disciplinary procedures

The unsuccessful team has the following in common:

Teamwork could suffer if there are problems in the team: Poor communication, a lack of organisation, misunderstanding, unclear or poorly defined policies and a lack of skills related to problem solving could all potentially undermine the success of the team.

Activity 3: Page 93

Explain (with examples) how a team of which you were part went through the stages suggested above.

(Using a table is optional)

Stages:	Textbook Theory	Personal examples
Forming	During the <i>forming stage</i> individual members are combined to form a group or a team with a common goal.	(Student to give his/her own example)
Storming	This is a volatile phase where team members are testing the assertiveness, agendas and roles of fellow members.	(Student to give his/her own example)
Norming	During this stage, strong team cohesion is formed. A common goal is identified and accepted among all members of the group.	(Student to give his/her own example)
Performing	During this stage members actively work together as a team.	(Student to give his/her own example)

Activity 4: Page 95

Think of different teams in your school. Identify the following and motivate why you have categorised each as such. If you can identify existing teams that meet the criteria, describe how you will put together these teams to address specific issues in the school:

- A. Informal team
- B. Functional team
- C. Problem-solving team
- D. Multi-disciplinary team

Students will all have different team experiences, which could include:

- A Informal team consists of a number of individuals who choose to associate with one another. These are individuals who form part of a social group, based on their common likes and dislikes. For example: Group that assists the tuck shop lady at break, a group sitting together every break, a group that plays games in the computer centre at break.
- B This team includes individuals from a particular department who cooperate to solve the different problems that the department might be facing. For example: A department has been given instructions to cut costs and a group of individuals are assigned to this task. They will use their combined skills, knowledge and experience to solve the problem facing the department.
- C This team comprises individuals from different areas and their main focus is to assist a particular department by looking at how processes in that department could be improved. This team will discuss issues such as improved quality and productivity, staff morale and the value added by the department as part of the overall business. These teams are often referred to as quality circles and help the department to get a 360 degrees (from all stakeholders) approach to solving problems within that department.

Activity 5: Page 95

Briefly discuss the success of a team of which you have been part. Make a list of the elements you feel contributed to that team's success. Motivate how these different elements could be used in a business to ensure overall business success.

(The students will identify their own team experiences and successes)

Benefits of a successful team:

- Improved confidence, motivation and personal satisfaction
- Greater level of brainstorming of ideas/ greater range of ideas (synergy)
- Sustainable use of team's resources
- Flexibility: responsive to change, trust and communication
- Clear understanding of members' contributions and roles within the team.

Activity 6: Page 96

Think of different teams, which you as a member, have observed. Discuss at least three other problems associated with (a lack of) teamwork which you have observed and explain how this has impacted on the functioning of the team.

(The students will identify their own team experiences and problems)

Pitfalls of teamwork:

- Wasting of time could occur when team members have disputes over personal matters and this detracts from the focus of the team. This could also be the case if individual team member's egos overrule the purpose of the team and an individual wants to take all the credit.
- Members of the team could leave the team which could result in a void. This becomes dangerous for a team when a person leaving the team has critical skills, knowledge and experience that are essential for the team's progress. The team needs to be aware of concession planning especially when the projected lifespan of the project is long or indefinite.
- Some group members may become so familiar with one another and focus so much on what has worked in the past that they no longer challenge one another. This may create a false sense of self-satisfaction which could diminish the competitive edge of a group. This pattern of behaviour is known as "group think".

Activity 3 (7): Page 98

Watch the following YouTube clips:

- <https://www.youtube.com/watch?v=-efhOLVgEvM>
- <https://www.youtube.com/watch?v=mYL3aKON82U>
- <https://www.youtube.com/watch?v=E95Vw5fbQhU>

After watching the above-mentioned YouTube clips, decide which team role you usually fulfil. Motivate your answer and suggest how your chosen role contributed to the success (or lack of success) of the team.

- Video 1 - Belbin Team Roles:
- Video 2 - Belbin Team Roles (Peoples puzzle)
- Video 3 - Belbin Team Roles (Interview with Dr Meredith Belbin)

Theory of Belbin:

- According to the Belbin theory of team dynamics, there are nine different roles needed in a team for the team to function successfully. These nine roles can be classified into three groups: those who are thinkers, those who are task orientated and those who are people orientated.
- If there is an imbalance between those members who are people orientated and those who are task orientated, the team will battle to achieve success. But if there are too many of the same types of people, the team will not be successful either. The key factor is that there should be **BALANCE** within the team.

Consider the different roles:

Thinkers: 3 roles

- The Evaluator monitors situations to look for opportunities and then thinks strategically about the optimal utilisation of these opportunities.
- The Plant: This is a creative type of person who can think out of the box and contribute towards solving problems in imaginative ways.
- The Specialist is the person with a valuable skill that is not commonly available and he/she shares this knowledge with the group.

Task orientated: 3 roles

- The Finisher is very conscientious and will proactively look for mistakes or omissions to ensure the end product is delivered on time.
- The Implementer will try to convert ideas into practical actions in a conservative and disciplined manner.
- The Shaper loves pressure and will challenge people and push hard to overcome obstacles.

People orientated: 3 roles

- The Resource Investigator is an extrovert who loves talking to others. This person will network and establish connections that may help with the task at hand.
- The Team Worker is a diplomat who listens to others and who tries to keep everybody calm to avoid conflict.
- The Coordinator is a natural leader who knows when to delegate. This person will ensure all members understand the goal, but he/she is not afraid to make a decision if intervention is required.

Additional activities: Page 103

1 Define the term “teamwork”

Teamwork can be defined as the combination of skills, knowledge and experiences of different individuals in order to work towards a common purpose or goal. Some people find it easy to work in teams, while others may prefer to work as individuals.

2 Briefly explain the importance of sound teamwork.

Teams have the potential to achieve more than the sum of the individual members (synergy), or to create conflict amongst members which could be destructive to the purpose of the team or overall business. Successful teamwork will hopefully lead to success in the business when the skills, the abilities of members and the drive of the team are combined with the resources of the team.

3 List and explain three roles that individuals may play as part of a team.

Contributor

The *Contributor* is able to get the team to focus on the task. He/she often has the technical know-how and information needed by the team. This team member will “push” the team to achieve goals while working towards high standards. A *contributor* helps the team to find the best ways to use limited time and resources to achieve the goals of the team.

Collaborator

The *Collaborator* continuously emphasises the overall purpose of the team, while helping the team to establish realistic goals and clarifying tasks needed to achieve these goals. This team member is able to see the bigger picture and will make certain the team stays focused and on track. This team member usually fulfils the role of the project manager in the team, and as such, this is a person who is flexible and is open to new ideas / ways of doing things better.

Communicator

This member of the team encourages positive relations between team members. The *communicator* will emphasize the role that the team is playing towards achieving the overall goals of the business. This team member usually encourages inclusive participation by all team members during discussions and will ensure all members understand what should be done.

Challenger

The *Challenger* is the member who is not afraid to ask tough questions and to push the team towards making tough decisions to achieve the goals. This team member will encourage or even force team members to take responsibility for risks and actions. If needed, the *Challenger* is not afraid to disagree with the team leader or the majority view. The *Challenger* will assist the team to remain honest about its progress and performance as it works towards its goals.

4 What is the difference between a functional team and a dysfunctional team?

- A strong, effective team is one that has an understanding of how the different individuals within the team contribute towards the achievement of goals. Collective collaboration between team members to achieve the team's goals is required as opposed to fulfilling individual goals.
- When the team fails to collaborate, it is detrimental to the team's ability to achieve its goals and thus becomes a dysfunctional team.

5 How can a manager ensure that a team does not become dysfunctional?

- If members of a team trust one another and communicate about issues in the team ...
- They are more likely to ensure that any conflict situation is managed in order to complete tasks.
- Team members will commit to decisions and possible plans of action that the team needs to take.
- Each member of the group will take responsibility and they will hold each other accountable to achieve the planned actions.
- Collectively as a team, they focus on the results of the team as a unit.

Building a winning team is about strong and positive relationships among team members. A winning team is not just about having people with the right skills and experience; it is equally important to develop working relationships among members to ensure they help each other to achieve the overall goals of the business.

6 Sipho has recently been appointed as a team leader within a product development team. Sipho has heard that it is useful to perform a GAP-analysis in a team. What advice would you give him as the new team leader?

- A GAP-analysis is useful to keep track of the current state of tasks performed by a team in order to bridge the gap between the current state and the desired positions of the team.

- A GAP-analysis ensures that all members have a shared vision (common understanding) of what has to be done immediately to achieve the desired result / outcome of the plan.

7 Explain how a project plan could be used to assist a business like Checkers when a new store is opened.

- A project plan is a useful tool that helps the team to look at the tasks at hand and how best to perform these tasks systematically to achieve the overall goal of the project.
- It is useful to have a visual representation of what needs to be achieved, as this allows the team to consider the broader picture at a glance.

8 Discuss how you would go about building a successful management team if you were the CEO of Mr Price.

Balance of Skills:

It is important that there is a balance of skills in the team to ensure that team members complement each other. If a team performs a skills gap analysis (identify the skills that they don't have), members need to be trained to develop the skills; or a new member, who has the required skills, must be recruited.

Identify and Promote Talent:

It is critical that a manager identifies those individual employees who have talent and then creates opportunities for these employees to grow and develop by challenging them to gain experience where possible. Talented individuals in the team must be developed or else someone outside the organisation may recruit them.

Play to Strengths:

For a team to be successful, it is important that the members of a team are utilised in the area or directed to perform tasks suited to the individual member's strengths. Doing this will result in tasks getting done more quickly and accurately.

Develop People:

As part of identifying talent and playing to members' strengths, it is important that members are also developed to overcome their weaknesses. This approach will result in more competent and confident members, and ultimately, high-performance teams.

Lead by example:

It is vital that management lead by example. If a manager has certain expectations of the team and individual members, his/her actions should mirror the same level of commitment expected from employees. The manager should also be prepared to assist members where necessary.

Prepared to Move People:

No team is successful if they are carrying "dead wood". It has already been mentioned that the manager must help members to develop and grow, BUT it is important that the manager deals with "dead wood" (employees who are not committed to the team and /or do not want to contribute).

Collective Responsibility:

It is vital that all members see and understands that they are collectively responsible for reaching the goals of the team. It is important that teams have open meetings to discuss issues, and when decisions are made, that the whole team buys into the decision and works collectively towards achieving the goals.

9 Draw up a set of criteria that can be used to assess the performance of a team.

The criteria may differ between students:

- Is the team working towards a common and well-understood goal and a shared vision?
- Is the team honest and are open discussions and communication between team members evident?
- Is there good coordination and a willingness to share tasks and responsibilities?
- Is the team capable and is there strong leadership?
- Is there continuous team building?
- Are there well-understood policies relating to conflict resolution, decision-making and disciplinary procedures?

- 10 Use the criteria that you have drawn up in the previous question and assess the performance of any team of which you have been part. If the team has/had a high level of performance, discuss what contributed to this success. If the team is/was not successful, suggest what could have been done to increase the team's level of performance.

(Student's response will differ)

- 11 You have been asked by the CEO of Woolworths to conduct a workshop on the need for sound leadership within teams. What are the main points that would form part of your workshop? Motivate each of these points.

(Students may offer their own points for the workshop)

Their response could include aspects like:

Clear objectives
Balanced roles
Effective processes
Good communication
Leadership styles
Support and trust
Openness and conflict
Individual development
Sound inter-group relations
Regular review

- 12 Explain how the following may hamper or positively contribute to the performance of a team:

- Prejudice

It may hamper team performance - Prejudice is prejudgement, or forming an opinion before becoming aware of the relevant facts of a case. The word is often used to refer to preconceived, usually unfavourable, judgements toward people or a person because of gender, political opinion, social class, age, disability, religion, sexuality, race/ethnicity, language, nationality, or other personal characteristics

- Cultural diversity

It may hamper or contribute positively - Hamper if it leads to misunderstanding and a lack of tolerance, positive if you work together and you can draw on different cultural perspectives.

Definition: the existence of a variety of cultural or ethnic groups within a society.

- Values

It may hamper or contribute positively - Hamper if a lack of values offends other team member and positive if high values are associated with the team and task.

Definition: principles or standards of behaviour; one's judgement of what is important in life.

- Emotional intelligence

It may hamper or contribute positively - Hamper if team members lack emotional intelligence and positive if team members are able to control and express their emotions.

Definition: The capacity to be aware of, control, and express one's emotions, and to handle interpersonal relationships judiciously and empathetically

Chapter 8: Purchasing or Procurement Management (Page 104)

Activity 1: Page 105

Discuss the importance of the purchasing function in a business like Pick n Pay

The purchasing function plays an important role in trying to create and maintain a competitive advantage for the business. This can be done by focusing on the economic principle. The economic principle: The purchasing price and stockholding costs are kept as low as possible in order to maximise profit and thereby improve profitability.

This is particularly important for Pick n Pay as they need to ensure they get the right supplier to deliver, the right quality and the right quantity at the right time and at the right place at the best price

Activity 2: Page 107

Imagine you are a Spaza shop owner. Use the elements above to assess whether Makro would be a good choice as a supplier for your small business.

Element:	Spaza shop	Makro
Price	Because such small quantities are bought and resold, the Spaza needs to get the best possible prices without having to buy in such large quantities.	Makro prices are not the cheapest, however, considering the quantities and items needed to be purchased implies that it will be better to pay a little more and get the quantities required.
Capacity	The Spaza requires specific goods at medium to small quantities.	At Makro, you can buy in bulk or packs or even individual items. This suits the Spaza as it purchases, depending on demand.
Support	The Spaza doesn't require much in the line of support, however, if there is catering equipment that is purchased then there is a small amount of support required.	Makro has a customer call centre plus they have staff who assist in each department. If there is an issue with catering equipment, there is always the warranty and one can deal with the manufacturer directly.
Labour	The Spaza will buy smaller quantities on a more regular basis and will need the supplier to be reliable in meeting the requirements.	There have been relatively few disruptions at Makro stores in the past, which implies future disruption may be minimal.
Reputation	The Spaza works tightly with its limited amounts of cash and can't afford any unreliable suppliers to act unethically. A reputable supplier is required.	Makro is a well-established company that has been around for many years. It has a good reputation.
Delivery	Delivery is important, however, not essential. The Spaza doesn't have additional staff to drive around collecting stock, however, it also doesn't have extra money to pay for delivery.	Makro delivers, however, there may be additional charges for deliveries to outlying areas. This is positive as the Spaza is not in an outlying area.

Activity 3: Page 109

Find as many words as possible that relate to the Purchasing Cycle in the following Word maze:

Created with TheTeachersCorner.net [Word Search Maker](http://www.theteacherscorner.net/WordSearchMaker/)

D	I	N	S	Z	L	T	Z	T	B	Y	K	R	W	A	Y	B	O	V	E
P	N	F	Z	N	R	H	N	N	N	D	Q	X	N	X	S	C	D	C	J
W	V	A	Y	O	R	X	M	E	W	G	T	N	T	S	E	I	P	M	K
B	E	O	N	I	T	Z	Y	M	T	R	L	C	T	P	K	N	J	B	S
B	N	W	V	T	A	P	I	E	O	O	A	A	R	E	D	C	K	G	C
Z	T	R	H	A	H	J	N	R	S	P	R	Z	E	N	W	O	O	C	E
W	O	N	Z	T	B	B	O	U	A	H	N	D	Q	U	A	L	I	T	Y
K	R	N	M	U	P	U	R	C	H	A	S	I	N	G	O	B	D	C	S
S	Y	B	C	P	W	V	I	O	O	D	A	M	V	F	B	O	E	C	X
A	A	I	C	E	W	T	W	R	A	E	G	U	S	X	X	T	C	Z	C
W	P	W	L	R	Y	T	D	P	I	L	V	Y	O	B	X	I	A	O	U
T	X	A	D	U	R	E	R	J	G	I	U	L	X	O	G	M	L	J	W
B	C	R	I	W	R	I	V	B	U	V	W	M	L	V	Q	E	P	S	J
G	O	E	U	B	C	I	W	A	O	E	H	L	B	E	V	C	Z	U	U
E	W	H	L	E	Z	I	R	P	Q	R	W	P	L	A	E	I	O	P	D
H	L	O	K	E	A	R	W	G	J	Y	W	U	Y	Y	H	O	N	P	O
R	G	U	D	A	S	Q	U	A	N	T	I	T	Y	P	Q	V	P	L	Y
U	O	S	A	P	A	D	F	S	Z	G	S	R	F	E	K	N	N	I	X
H	U	E	Y	B	W	J	J	H	Y	D	S	P	L	M	K	I	J	E	K
C	E	O	B	J	M	Y	T	T	I	P	T	R	O	P	P	U	S	R	Y

Activity 3:

Identify a business you believe is benefitting from economies of scale and explain why you are of this opinion.

The examples below are from an article titled "Economies of Scale Examples" by Tejvan Pettinger (March 6) 2008 (<http://www.economicshelp.org/blog/326/concepts/economies-of-scale-examples/>)

Tap Water – High Fixed Costs of a national network.

To produce tap water, the water companies had to invest in a huge network of water pipes stretching throughout the country. The fixed cost of this investment is very high. However, since they distribute water to over 25 million households it brings the average cost down. However, would it be worth another water company building another network of water pipes to compete with the existing company? No, because if they

only got a small share of the market, the average cost would be very high and they would go out of business. This is an example of a natural monopoly – most efficient number of firms is one.

Specialisation – Car Production

Another economy of scale is in the production of a complex item such as a motor car. The production process involves many different complex stages. Therefore to produce a car you should split up the process and have workers specialise in producing a certain part; for example, a worker may become highly specialised in the design of a car; another in testing etc. Specialisation requires less training of workers and a more efficient production process. However, if you have several distinct production processes it is most efficient to have a large output.

Bulk Buying – Supermarkets

Supermarkets can benefit from economies of scale because they can buy food in bulk and get lower average costs. If you had a delivery of just 100 cartons of milk the average cost is quite high. The marginal cost of delivering 10,000 cartons is quite low. You still need to pay only one driver, the fuel costs will be similar. True, you may need a bigger van, but the average cost of transporting 10,000 is going to be a lot less than transporting 100.

Marketing Economies

If you spend £100 on a national tv advertising campaign it is only worthwhile if you are a big national company like Starbucks or Coca Cola. If your output is small, the average cost of the advertising is much higher.

Risk Bearing – developing new drugs

To develop new drugs to treat illness takes considerable degrees of investment and research with no guarantee of success. Therefore, this can only be undertaken by pharmaceutical companies with significant resources.

Container Principle – More efficient transport and packaging.

If the surface area of a container increases by 100%, the volume it can carry will increase by 200%. Therefore, transporting bigger quantities leads to lower average costs.

Financial economies – a bigger firm gets a lower rate of interest on borrowing

Economies of scope. Economies of scope is different to economies of scale though there is same principle of larger firms benefiting from lower average costs. This occurs when a large firm uses its existing resources to diversify into related markets. For example, once a firm is producing soft drinks, it can use its marketing and distribution network to start producing alcoholic drinks

Additional activities: Page 114

Are the following statements (numbers 1 – 14) True or False? If false, motivate your answer.

1 Capital goods are machinery and equipment used during the production process.

True

2 Computers are programmed to order stock when predetermined stock levels or dates are reached.

True

3 Effective buying will ensure that the production process can continue without being interrupted.

True

4 Market research is done to select a supplier.

True - It is one of the ways to see which suppliers are being used. The most suitable suppliers must be found. The Purchasing department has to consider local and international suppliers.

5 Storage bridges the time gap between production and consumption.

True

6 The Human Capital Function will determine minimum stock levels.

False - Procurement/Purchasing function

7 The most economic ordering quantity is that quantity of a particular stock item which can be obtained regularly and stored at the lowest possible cost per unit.

True

8 The purchasing function has the potential to influence the profitability of the business.

True

9 The warehouse manager is in charge of storage activities.

True

10 Too much stock will affect the overall profitability of the business.

True

11 Trade discount is a decrease in the listed prices allowed between manufacturers.

False - Trade discount which is a reduction in the listed selling price that the supplier charges.

12 Bulk discount is offered to a customer for prompt payment.

False - Cash discount is granted when the buyer pays cash or when the debtors settle an account early

13 Stock that is out of fashion or damaged is obsolete.

True

14 There are three types of purchases, i.e. purchasing for own use, purchasing for resale and purchasing for manufacturing.

True

15 Define the term "procurement".

The act of obtaining or buying goods and services. The process includes preparation and processing of a demand, as well as, the end receipt and approval of payment.

16 Should credit purchases be viewed as positive or negative?

- Suppliers may charge interest when goods are bought on credit and this could have a negative impact on the final price of goods / services.
- Despite the interest charged, some businesses may still prefer to buy on credit:
 - Buying on credit improves the cash flow of the business (cash remains longer in the bank account)
 - If the goods are sold by the time the supplier has to be paid (after 30, 60 or 90 days), the business has already collected the money owed to the supplier. This means the business can use its working capital elsewhere or keep it invested and earn interest on the money in the bank.

17 Discuss the objectives of the Purchasing function.

The purchasing function plays an important role in trying to create and maintain a competitive advantage for the business. This can be done by focusing on the economic principle. The economic principle: The purchasing price and stockholding costs are kept as low as possible in order to maximise profit and thereby improve profitability.

They need to ensure they get the right supplier to deliver, the right quality and the right quantity at the right time and at the right place at the best price

18 Why is warehousing considered an important element of the purchasing function?

Warehousing is about the storage of resources until they are needed by the different business functions.

- The smallest sum of minimum working capital is tied up in stock, as money invested in stock could lead to other opportunities being lost (opportunity cost).
- The risk of theft, fire and stock obsolescence is minimised.
- Savings in respect of storage space and handling cost are achieved.

19 Differentiate between economies and diseconomies of scale.

- Economies of scale refer to the business being able to benefit from cost advantages due to the size of the businesses, the volume of output ability and the scale of its operations.
 - If a business is able to process large amounts of stock at a time due to the size of its operations, the business is in a position to buy large quantities and therefore it can negotiate bulk discounts that will lower the cost per unit.
 - Transportation costs to the business, but also distribution costs will be less per unit if the truck is filled to maximum capacity.
- Diseconomies of scale refer to a situation where the size and scale of operations have a negative impact on the cost efficiency of the business.

20 What are possible advantages and disadvantages of implementing a JIT system?

- The main advantage of this system is that stock levels do not exceed the demand of resources used in the business.
- The Purchasing function will need to ensure that the supplier that is used, is reliable, because almost no buffer stock will be kept.
- The business may require a backup supplier in case the preferred supplier is not able to supply the necessary resources.

21 Why would a business like Spree be concerned with its economic ordering quantities?

The most economical ordering quantity is that quantity of a particular stock item which can be obtained regularly and stored at the lowest possible unit cost. There are two important aspects to consider when one thinks of the most economic ordering quantity:

- Stock ordering costs (transport, insurance) and
- Holding costs (insurance, stock control costs, storage costs, etc.)

SPREE - Spree.co.za, part of Media24's Ecommerce division, is one of South Africa's leading online fashion retailers and the first online shop to offer a magazine-styled shopping experience. Items on Spree include ladies' and men's apparel as well as kids' and babies' clothes from local designers, suppliers and international brands and labels.

They would be concerned with economic ordering quantities because their entire company revolves around storage of stock. The stock goes from the warehouse to the customer because it is an online store.

Chapter 9: Production/Operations Management (Page 115)

Activity 1: Page 116

Draw up a list of all factors of production your school uses to ensure that a high quality service is being offered. Motivate how each element contributes to the smooth running of your school.

Land - The property on which the classes / school is situated is always kept tidy and well maintained.

Capital - Investment by shareholders etc., depending on the form of ownership of the school. New purchases are done carefully and purchases are made according to priorities.

Entrepreneurship - All opportunities identified to give the school the competitive edge.

Labour - Teachers, admin staff, ground staff and executive staff. Teachers make a huge difference and a key to the service being offered.

Information Technology - Computer programmes parents can use to interact with school, for example, D6 communicator, Edmodo or Moodle etc. This assists with parent communication which adds to the quality of service offered.

Activity 2: Page 118

Identify a business that you are familiar with. Briefly discuss the Long, Medium and Short-term decisions that the business had/has to make to ensure a well-functioning production system.

Students will identify their own business, however, they must follow the following principles:

Long-term decisions / tasks

- These decisions are considered to be *long-term*, because research, consultation and discussions take place before these decisions are made.
- A second reason why these are *long-term decisions* is because once they are implemented, it is not something that can be changed quickly.
- These decisions take place before the production process (actual input, transformation and output) takes place.

Examples of these types of decisions are: choosing the factory premises, decisions about the factory layout, deciding on a production system, the selection and design of the product (product specification), as well as obtaining the required equipment.

Medium-term tasks:

- These decisions are made over a medium-term and could be adapted quarterly or even monthly if required.
- Examples of such decisions are: determining the production budget and production quantities, safety measures, materials management and machine maintenance.

Short-term tasks:

- These are decisions that are made on a day-to-day basis regarding the input, transformation and output of goods and services.
- For example: These tasks may include the daily work-plan that is drafted to ensure that the correct quantity of goods is produced, as well as, the implementation of quality control.

Activity 3: Page 120

Identify a factory in your local community and use the above elements to assess if the factory is located in an ideal location.

Students will identify their own factory, however, they must follow the following principles:

Proximity to the resources vs. proximity to the market: The business may choose to locate either close to the resource or close to the market. The decision will be influenced by the type of product produced.

Integration with business

The business could decide to locate close to other factories or business units that all work towards satisfying the same consumer need.

Availability of labour and skills

The business has to attract labour with the correct skills, and therefore, it may be a good idea to locate the factory in an area where there is already a concentration of the required skills.

Availability of services: The business will be concerned with locating itself close to services such as infrastructure (water, electricity, communication networks and waste disposal.)

Availability of transport

The business first has to consider the type of transport system required to convey resources and/or the final product before locating close to the appropriate transport network (Existing roads, airports, railway systems, harbours and/or a pipeline).

Room for expansion: The business should consider the possibility of expanding in the future and choosing a location that will accommodate this expansion.

Special grants: The government sometimes offers special grants (low rental or low rates and taxes) as a way to attract industries to certain locations in order to stimulate economic growth in those areas.

Site Costs: The business will have to consider the cost implications (cost to level the ground, of laying pipelines, rates and taxes, etc.) of setting up in a particular area.

Regional regulations: It is important that the business checks that the location has no previous violations (such as environmental dangers) or that the location has no historical land claims.

Activity 4: Page 124

Identify four products – one item for each of the production systems and discuss how the production system is used to make the different products.

Mass production - Albany bread

South Africans consume about 2.8 billion loaves of bread a year (2014) so bread is produced in very large quantities daily.

Jobbing - Matric dance dress

The dressmaker only makes one, according to personal size, colour and taste.

Batch - Clothing

There are different colours and sizes which are made in batches.

Combination - Car and extras

The car is mass produced, however, the accessories or add-ons are done in batches or even jobbing.

Activity 3 (5): Page 133

Identify a business that is SABS accredited and give your opinion if you think that the SABS accreditation has helped to create a competitive advantage for the business.

(Students can present their own examples)

Commercial Auto parts:

We sell over the counter, direct to the public and provide assistance with your queries regarding our SABS approved products.

Yes, as customers are able to see if the parts are original or not.

Benefits for businesses who have SABS accreditation:

Measurable improvement in product and service quality

Decrease in products not adhering to standards, so reducing faulty product returns and loss of reputation

Improvement of esteem in the marketplace

Increase in competitive edge

Improvement in internal communication

Improvement in quality awareness, and cultivation of a quality culture

Improvement in record keeping and control systems, leading to better decision making

Greater discipline in processes and procedures

Improvement in management efficiency

Certain international specifications are a minimum requirement to enter lucrative first-world markets

Additional activities: Page 133

True or False:

- 1 The production function is responsible for the overall marketing of products to the consumer, motivate your response.

False - They are concerned with producing the goods and the marketing department is in charge of marketing

- 2 The OHS Act provides guidelines for sustainable development? Motivate your response

False - The OHS Act lays out guidelines for a business with regards to creating a healthy and safe working environment for all its employees by stipulating the minimum standards that should be adhered to.

- 3 Jobbing is suited for a product with a large and constant demand.

False - Mass Production is suited for a product with a large and constant demand

- 4 A manufacturer that produces a batch of bubble bath will use sampling to do quality control.

True

Choose the most correct alternative:

- 5 The disadvantage of mass production is ...

- A Equipment and labour are cheap
- B Quality control is difficult
- C The cost per unit is high

D High stock levels have to be maintained because production happens fast and on a large scale

- 6 ... maintenance is when machines are serviced at regular intervals
 A Regular B Remedial
 C Preventative D Conditional
- 7 A system of mass production will lead to...
 A uneven quantities of the same product being manufactured.
 B small quantities of the same product being manufactured.
 C large quantities of the same product being manufactured.
 D large quantities of a large variety of products being manufactured.
- 8 Which production system will be used to build a space rocket?
 A mass production B jobbing
 C batch production D single production
- 9 Which production system is used to manufacture school uniforms?
 A mass production B jobbing
 C batch production D single production
- 10 Which production system is used to design and create matric dance dresses made to order?
 A mass production B jobbing
 C batch production D single production
- 11 In order to produce mayonnaise in different sizes ... production would be most suitable.
 A mass B batch
 C continuous D jobbing

12 Define the following two terms:

- Corrective maintenance

Or remedial maintenance takes place when the machine has already broken down and is then repaired. The problem with this type of maintenance is that the machine is already out of order, resulting in an interruption in the production process while the machine is being repaired.

- Preventative maintenance

Is done to forestall machine breakdowns thus averting lost production time. As soon as a problem arises, the machine should be serviced.

13 How would you define the production function of a business?

Production management refers to the management of processes that create value in order to satisfy the needs and/or wants of consumers. This process of "creating value" is when goods are produced.

14 Why would a business consider materials management to be important?

Material management ensures the right stock is available at the right time and place and in the right quantities so that the production process can run smoothly so no bottle neck arises during the production process because the business ran short of certain items.

15 Explain the term *automation*.

Automation refers to the process where production activities that were previously performed by manual labour, are moved into a production line and these activities are now performed by machines.

16 Describe two different production systems that could be used in a dairy factory.

Mass and batch production

Milk and yoghurt are produced using mass production, yet the different flavours of yoghurt or even milk shake are done using batch.

- 17 You have been asked to help Coca-Cola decide on a location for a new bottling plant. Explain the different factors you would consider when deciding on a new location.

Proximity to the resources vs. proximity to the market: The business may choose to locate either close to the resource or close to the market. The decision will be influenced by the type of product produced.

Integration with business

The business could decide to locate close to other factories or business units that all work towards satisfying the same consumer need.

Availability of labour and skills

The business has to attract labour with the correct skills, and therefore, it may be a good idea to locate the factory in an area where there is already a concentration of the required skills.

Availability of services: The business will be concerned with locating itself close to services such as infrastructure (water, electricity, communication networks and waste disposal.)

Availability of transport

The business first has to consider the type of transport system required to convey resources and/or the final product before locating close to the appropriate transport network (Existing roads, airports, railway systems, harbours and/or a pipeline).

Room for expansion: The business should consider the possibility of expanding in the future and choose a location that will accommodate this expansion.

Special grants: The government sometimes offers special grants (low rental or low rates and taxes) as a way to attract industries to certain locations in order to stimulate economic growth in those areas.

Site Costs: The business will have to consider the cost implications (cost to level the ground, of laying pipelines, rates and taxes, etc.) of setting up in a particular area.

Regional regulations: It is important that the business checks that the location has no previous violations (such as environmental dangers) or that the location has no historical land claims.

- 18 Discuss the importance of a good factory layout.

The objective of an effective factory layout is to ensure a smooth flow of the necessary work, materials, labour and information during the production process.

- 19 Explain THREE factors that may influence quality control.

The quality of the product / service will be determined by the quality of the raw material, the quality of labour, the machines and working conditions and how the different production elements are combined.

- 20 Explain TWO advantages and TWO disadvantages of mass production.

Advantages	Disadvantages
Can produce large quantities of the same product	It is inflexible, machines can't easily be adjusted and if a machine breaks it may cause a bottle neck in the production line.
Cost per unit is cheaper due to standardised work and bulk buying.	Relies heavily on automation, and therefore, adds to the issue of unemployment

21 How would higher levels of automation affect the employees of a car manufacturer?

The more automation, the fewer employees the company needs; and therefore, it adds to the already high unemployment rates in our country.

22 Give TEN examples of products that are usually mass produced.

Bread, cars, oil, sugar, milk, certain toys, tins for cold drink, 2 litre plastic bottles, pool chlorine.

23 List FIVE safety measures that will be applied at the Simba chips manufacturing plant.

Display Factory Safety Policy

Display Safety signs

Display Accident Statistics

Provide Safety Handbooks

Practice Emergency Drills

Safety Campaigns

Promote Safety Improvement Teams

24 How could a manual production system vs. an automated system affect the cost and quality of the following products?

- A flower arrangement

A flower arrangement is a specialised skill requiring a personal touch and creativity, it is therefore needed to be done by hand. Using automation will damage the flowers and cost the business more.

- Tinned tuna

Tinned tuna can be performed by machinery and because of this it would be cheaper than using manual production methods.

25 Name THREE factors that may impact on the decision to buy a certain machine.

- Production system and rate of production (mass production, batch production or jobbing)
- The purchase price of the machine and the potential maintenance cost of the machine are important factors to consider by the Productions manager and financial manager.
- The availability (or non-availability) of spare parts will determine the productivity of the machine.
- The longer the lifespan of machine, the better value for money.
- The resale value of the machine is important. The more specialised a machine, the smaller the market of people who may want to buy the machine and this may mean a lower resale value.
- The amount of training that employees may need before they can operate the machine and their safety are also important considerations.

Chapter 10: Financial Function (Page 135)

Activity 1: Page 135

Critically discuss the following statement in pairs:

A business that focuses on profit will harm the environment and other stakeholders.

Students need to base their discussion on Triple bottom line reporting:

Triple bottom line reporting (also known as Integrated reporting) requires the business to look at the following three issues when reporting on how well the business has performed:

- People
- Planet
- Profit

Although the importance of looking after people and the planet is not denied in this chapter, the reality is that no business will be able to uplift the community in which it operates or look after the environment, unless it is making a profit. The emphasis of this chapter is on the financial well-being of the business.

Activity 2:

What is the difference between the Statement of Comprehensive Income and the Statement of Financial Position?

The Statement of Comprehensive Income is used to calculate the net profit of the business for the financial year.

The Statement of Financial Position shows all Assets, Owner's Equity and Liabilities of the business.

Activity 3:

Differentiate between *own* and *borrowed* capital.

Own capital is the investment made by the owner of the business.

Borrowed capital is any money that the business borrows creates a Liability for the business. It is important to remember if money is borrowed, that it is not only the loan amount that has to be repaid, but also interest.

Activity 4:

Explain FOUR criteria that could be used when the business has to decide if it should use *own* or *borrowed* capital.

The finance period and the nature of the assets bought:

- Capital obtained from issuing shares is permanent, but borrowed capital must be repaid within a specific period. If long-term finance is required, it may be better to choose own capital.
- Long-term assets should possibly be financed using own capital, but if there is insufficient own capital, it is not a problem to finance long-term assets with capital borrowed over the same period.

Urgency:

- It is a relatively fast process to obtain a loan. Most banks will give an answer within a day or maybe a week.
- To sell shares in a company is a long and cumbersome process.

Control:

- If the business issues more shares to new shareholders, there are more people who can vote for the directors at the AGM; consequently the control or management of the company may change hands. However, if the existing shareholders buy the new shares in the same ratio as the existing number of shares held, there will be no impact on who controls the company.

Solvency:

- To determine if a business is solvent, we will look at the Solvency ratio
 - Solvent = assets > liabilities.
 - Insolvent/bankrupt = assets < liabilities.
- When the ratio between assets and liabilities is low, it is better to sell shares rather than take out a loan that may put the solvency of the business in jeopardy.

Activity 5:

Differentiate between *short-term* and *long-term* capital and explain how the business could go about raising working capital.

Long-term capital

- Long-term capital is also known as *Fixed Capital*.
- The most common source of long-capital is selling shares (own capital), while the most common form of long-term borrowed capital is a loan from the bank.

Short-term capital

- Short-term capital is often referred to as *Working Capital*.
- Because capital obtained by selling shares is considered Long-term capital, we will focus here on obtaining credit in the short term. Possible sources of credit in the short term include:
 - An **overdraft** with the bank
 - An individual or business may also apply for a **short-term loan** from the bank
 - A **credit card** is another form of short-term credit
 - Credit allowed by manufacturers and businesses is known as **trade credit or suppliers' credit or credit on an open account**
 - **Instalment sale transactions** are usually associated with the purchase of equipment or vehicles
 - If a business **leases** equipment or a vehicle, the business pays a monthly instalment for the use of the item, but ownership is never transferred to the business

Activity 6:

Explain how a budget could be viewed as a tool that is used for financial planning AND financial control.

- Budgeting is a tool used for financial planning, because it forces the financial manager to think about the future and what will be needed.
- Budgeting helps with the process of financial decision-making, because the information is available when needed.
- Budgeting is not only an instrument to control how money is spent, but also the amount spent which not only helps with the financial evaluation of different departments, but the business overall.

Activity 7:

You are about to start your own business selling handmade furniture. You will enter into the business venture with two other people. One is in favour of selling on credit, while the other one feels sales should only be made when the customer pays cash. Neither of them can substantiate the "gut feel" of their opinions.

Make a list of the advantages and disadvantages of only selling for cash in preparation for a meeting between the two people.

Selling for cash	
Advantages	Disadvantages
Administration costs will be less	Turnover might not be as high as credit businesses
Fewer bad debts	Customers don't always have cash in the middle of the month
No cash flow problems, you don't need to wait for debtors to pay.	Higher security is needed to store and transfer the cash received at tills.
No opportunities will be missed – cash always on hand	Customers might leave and go to a store that does offer credit.

Additional activities: Page 145

Indicate if the following statements are true or false. If false, give a reason why it is incorrect:

1 The relationship between own capital and borrowed capital is known as solvency.

False - solvency is the ratio between assets and liabilities.

2 A business in a good financial position will probably be able to negotiate a better interest rate when borrowing money.

True

3 When a bank is asked for a reference for a prospective debtor, the bank will only give the person's balance on the account.

False - Bank references – the seller will ask his/her bank to get a status report on the buyer. The status report will indicate if the buyer is responsible when it comes to managing his/her cheque account or if he/she writes out cheques which are dishonoured.

4 Short-term funds are borrowed on the credit market.

False - A marketplace for the exchange of debt securities and short-term commercial paper. Companies and the government are able to raise funds by allowing investors to purchase these debt securities. Activity in credit markets is often used to gauge investor sentiment. If more bonds from the government are being purchased, this is typically a good indicator that investors are worried about the stock market.

5 It is important to maintain the liquidity of the business by maintaining a favourable ratio between fixed and working capital.

False - liquidity is the ability of an asset to be converted into cash quickly and without any price discount.

6 A good financial policy will stipulate that current assets will be financed with long-term funds.

False - A current asset is a balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year and therefore needs no finance.

7 The use of borrowed capital increases the risk in a business.

True

Choose the most correct alternative:

8 If the business sells on credit, but replaces all goods on a cash basis, it will ... the demand for working capital.

A not influence

B increase

C decrease

D. All of the above

9 Which of the following is a source of working capital?

A Sale of shares

B Long-term loans

C A mortgage bond

D Bank overdraft

10 Credit control helps to ...

- | | | | |
|---|---------------------------------------|---|-----------------------|
| A | create good will with debtors | B | reduce admin expenses |
| C | improve the cash flow of the business | D | All of the above |

11 The collection of overdue accounts is the responsibility of the ...

- | | | | |
|---|--------------------|---|----------------------|
| A | selling department | B | financial department |
| C | general manager | D | creditor's clerk |

12 Which one is NOT a source of information about the financial status of a prospective debtor?

- | | | | |
|---|-------------------------|---|--------------------|
| A | Bank reference | B | Family reference |
| C | Credit bureau reference | D | Business reference |

13 An Income Statement is also known as a ...

Statement of comprehensive income

14 A Balance sheet is also known as a ...

Statement of financial position

15 Discuss THREE factors that will determine how much working capital a business will need.

The nature of the business: Manufacturers need more fixed (long term) capital than retailers to buy fixed assets such as equipment to establish the manufacturing plant. A manufacturer will therefore have a bigger demand for fixed capital than a retailer or service undertaking of the same size.

The size of the business: The bigger the business, the more fixed (long term) capital it will need to buy machines and vehicles. The bigger the business, the more working capital will be needed for salaries, water and electricity, rent and other expenses.

The stage of development: If the business is still expanding, it will probably need more fixed capital to buy additional machines and equipment. A business that has been going for a couple of years, probably already has the required machine and may only need to replace it when it becomes outdated or if it shows too much wear and tear. Do you think new businesses need more working capital to pay expenses than an already established business?

Time of production: The longer it takes to manufacture the final product, for example, to develop a new townhouse complex, the more working capital will be needed, because until the production is completed, working capital is tied up and no income is received. A product that takes a relatively short period of time to produce will generate working capital in a shorter period of time and therefore less working capital will be needed to tide the business over.

Rate of stock turnover: Stock turnover measures how fast inventory is sold. The higher the stock turnover, the less additional working capital is required, because there is a constant stream of money coming into the business.

Buying and selling terms: If the business buys inventory for cash, but sells on credit it will need more working capital than a business that sells for cash while buying on credit.

16 Explain the concept *Triple Bottom Line reporting* and its relevance to the financial manager.

There is a tendency in the business world to say that the bottom line (or profit) should not be the only focus of the business and that there should rather be greater emphasis on Triple Bottom line reporting.

Triple bottom line reporting (also known as Integrated reporting) requires the business to look at the following three issues when reporting on how well the business has performed:

- People
- Planet
- Profit

Although the importance of looking after people and the planet is not denied in this chapter, the reality is that no business will be able to uplift the community in which it operates or look after the environment, unless it is making a profit. The emphasis of this chapter is on the financial well-being of the business.

Chapter 11: Information management (Page 146)

Activity 1: Page 147

Choose any business that you are familiar with. Explain the type of data, information and actions that would form part of its information management system. If you do not know any business well enough, use your school in this activity.

(Students to use their own examples)

A school would include:

Data - students marks for tests

Information - personal details of student

With the data above, the school would be able to see if there are problems with certain pupils and even if there was an issue with the teacher.

The information would allow the parents to be contacted in emergencies and it would divulge certain home circumstances necessary to understand the child.

Activity 2: Page 148

Briefly discuss the decisions the different levels of management would make in Woolworths.

(The table is an optional format)

Decisions made by Woolworths management	
Top management	Strategic decisions - This would include a strategy to get through the latest hike in inflation and fruit and vegetable prices.
Middle management	Tactical decisions - This would include doing a new analysis on suppliers to see if they are indeed the best for what Woolworths requires.
Lower management	Operational decisions - These managers would have made decisions on how many till operators work per shift at a store on a particular day.

Activity 3: Page 150

Discuss how the different elements of a thorough information management system applies to the following businesses:

A Edcon (Edgars, Jet, CNA and a variety of other retailers grouped under this umbrella)

B Your school

C A spaza shop

(The table is an optional format)

Element	A Edcon	B Your school	C Spaza shop
Quality and quantity	The information must be accurate as management need to make decisions across a variety of businesses. As a public	Information needs to be updated regularly in order to be used accurately. It is essential that in emergency	The Spaza shop can utilise accurate information to get to know their customers' needs better and in turn,

	company, decisions affect shareholders.	situations the information is on hand.	generate better profits.
Flexible	The information needs to be presented in different formats which will assist different departments and their different needs.	The student's averages must to be generated in different ways to assess the performance of the teachers and the school.	A spaza shop would not necessarily require a comprehensive management system, however, if it had one it could use it to determine stock levels.
Reliable	Linked to being accurate - Edcon is a huge business and if the information is not accurate, decisions made may have a negative impact on the entire organisation.	Pupils and parents could be upset if accurate information is not reflected in reports.	If the information is inaccurate, the Spaza may run out of stock, since it believed supplies were adequate.
Simplistic	Edcon would require many different reports drawn from the system; therefore, it would need to be more complex than a Spaza shop's system.	Teachers and admin staff will use the programme thus, it is desirable to be user friendly.	A simple system is required to provide basic information.
Utility	Edcon would require a system to reflect stock levels, sales levels and many other marketing statistics.	Schools must have a system to do reports, personal information etc., sales is not essential - therefore the system must match its needs.	The Spaza would require stock records, sales records etc., however, the cost vs. what is needed should be investigated.
Economical	The more money is spent on the information management system the greater the impact on profits.	Schools are not as big as huge corporations, Therefore, they need to find a more cost-effective system.	For a Spaza, a simple, cost-effective system will be required.

Additional activities: Page 152

1 Define the following terms:

a. Data

Data refers to all the raw / unprocessed figures and facts that are collected by the business or the different business units.

As data are raw / unprocessed, they cannot be used to base decisions on.

Examples of data could be sales figures, production times, costs etc.

b. Information

Information refers to data which has been processed via a transformation process known as data processing. For example: A business collects sales figures from its different stores. The business then uses different processes (usually with the help of computer programs) to get useful information such as sales per person (if commission has to be paid), or sales per region or sales per product category, etc.

c. Action

Once the management have made the necessary decisions, based on the information that has been processed, action is taken, namely by reducing the product range or ordering the appropriate volume of stock.

2 Discuss the types of decisions taken at the different levels of management.

Top management	Strategic decisions - are long term, complex decisions made by senior management. These decisions will affect the entire direction of the firm.
Middle management	Tactical decisions - are medium term, less complex decisions made by middle managers.
Lower management	Operational decisions - A type of short-term decision by a company in lieu of long-term strategies at the time of acquisition of company assets. These involve the day-to-day operations of the company, and therefore need to be addressed before any grand scheme issues.

3 Provide an example of information needed at each level of management.

Lower-Level Management -

Management at this level use information that details daily activities in the business and will mostly depend internal information. For example: The production supervisor will need to assess the volume of raw materials needed on the production line over the next week. He/she will communicate this information to the Production manager.

Middle-Level or Functional Management -

Management at this level will be concerned with information which affects the medium-term running of the business. It is important to remember that this level of management will collect information from the lower-level manager and process this information to present it to top management. This level of management will be interested in information from both the internal and external environment. For example: The Marketing manager will want to collect information from customers to make marketing decisions.

Top-Level Management -

This Level of management requires information that gives the top level an overall idea of what is happening in the business. Top management will use information to plan for the future of the business, i.e. how to steer the business to achieve its vision and mission. Top management will be concerned with both internal and external information, such as what is happening in the political, social and economic (etc.) environments of the business.

4 Explain three elements of a sound information management system.

Quality and Quantity

It is important that information is accurate. The more accurate the information, the better the quality of decisions by the different levels of management.

Flexible

It is important that the information management system can be adapted to provide information in various formats to help management to make informed decisions.

Reliable

Management will use the information to make informed decisions about the short, medium and long-term. Decisions can only be reliable, providing the information that it is based on, is reliable.

Simplistic

Often information management systems are so complex, that it is difficult for a non-computer expert to extract the information needed. The more complex, the higher the costs (as a rule of thumb).

Utility

The information management system has to assist management by ensuring they are able to make informed decisions. To meet this requirement, the system has to provide meaningful information.

Economical

The cost of collecting, processing and storing information, as well as the cost of maintaining the system on an on-going basis, should not exceed the value that the business will obtain from the system.

5 Why it is important at an information management system is economical?

The cost of collecting, processing and storing information, as well as the cost of maintaining the system on an ongoing basis, should not exceed the value that the business will obtain from the system.

Every cent spent on the management system will affect the profits of the business.

6 What is the role of the administrative function during the traditional information management process?

- In a traditional Information Management setup where all departments do not manage their own information, the Administrative function will assist all other functional managers by providing information that is:
 - Accurate
 - Meaningful
 - Available at the correct time
 - Economical
- The Administrative function will be responsible for collecting, capturing and processing data and to store information. In addition, the Administrative function will ultimately compile reports as and when needed by other managers.

7 Differentiate between a centralised and decentralised information management system.

Centralised: means that all information comes to a point where it is captured and processed.

Decentralised: means that information is captured and processed at different points, namely by each department or geographical area.