

## GR 12 BUSINESS STUDIES – PAPER 2 TOPICS

	TOPICS	MAIN TOPIC	Weeks	Question Paper 1	Question Paper 2	TERM 1	TERM 2	TERM 3
1	Professionalism & Ethics	Business Roles	1		X	X		
2	Creative Thinking		1		X	X		
3	Team Performance & Conflict Management		1		X		X	
4	CSR		1		X			X
	CSI		1		X			X
5	Human Rights, Inclusivity & Environmental Issues		2		X			X
6	Investment: Securities	Business Ventures	1		X		X	
7	Investment: Insurance		1		X		X	
8	Management & Leadership		1		X		X	
9	Forms of Ownership				X			X
10	Presentation of Information		1		X			X

## 2020 June Exams; Trial Exams & Final NSC Exams Structure of QP

### Paper 2

**Time 2 Hrs**

**Marks 150**

### Section A [Compulsory]

**Question 1:** MCQs; Matching Column: Choose correct answer – Bus Ventures &

Bus Roles:

30 Marks

### Section B [Answer 2 questions]

**Question 2:** Bus Ventures:

40 Marks

**Question 3:** Bus Roles:

40 Marks

**Question 4:** Bus Roles & Ventures:

40 Marks

### Section C: [Answer One question]

**Question 5:** Bus Ventures:

40 Marks

**Question 6:** Bus Roles:

40 Marks

Date Started

Date Ended

# BUSINESS VENTURES

Investment: Securities

Date Started

Date Ended

# Concepts

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

Compound interest	Simple interest	growth of investments
Inflation pay-out value	Investment period	Risk
R.O.I.	Return on investment	Capital gain
Dividends	Debentures	Forms of investment:
Negatives	Positives	Limitations
Rights	Preference	Shares
Risk factor	Unit trusts	Fixed deposit
Investments	JSE	

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**Learner must know the following:**

- Outline/Describe/Explain/Discuss the functions of the JSE.
- Explain a range of available business investment opportunities e.g.:
  - Government/RSA retail savings bonds
  - Unit trusts
  - Shares
  - Fixed deposit
  - Managed portfolio
  - Debentures
  - Fixed property
  - Mutual funds/stokvels
  - Business ventures/venture capital
  - Endowment/Life insurance policies/Retirement Annuities.
  - 32-day notice accounts/Call Deposits
- Analyse the risk factor of each type of investment opportunity.
- Name/Describe/Explain/Discuss the types of shares.
- Explain the difference/Differentiate between ordinary and preferences shares.
- Outline/Describe/Explain the rights of preferences shareholders
- Explain/Describe the types of preference shares.
- Describe and evaluate (positives/negatives) of the following forms of investment:
  - Government/RSA retail savings bonds
  - Unit trusts
  - Shares
  - Fixed deposit
- Define/Explain the meaning of debentures, dividends, capital gain, simple interest, compound interest.
- Outline/Explain/Discuss the factors that must be considered when making investment decisions.
- Explain the differences between/Distinguish between compound interest and simple interest.
- Calculate compound and simple interest from given scenarios.
- Recommend types/forms of investment based on the calculations.

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## Functions of the JSE

- Gives opportunities to financial institutions such as insurance companies to invest their funds in shares.
- Serves as a barometer/indicator of economic conditions in South Africa.
- Keeps investors informed on share prices by publishing the share prices daily.
- Acts as a link between investors and public companies.
- Shares are valued and assessed by experts.
- Small investors are invited to take part in the economy of the country through the buying/selling of shares.
- Encourages new investments.
- Regulates the market for dealing with shares.
- Facilitates electronic trading of shares/STRATE.

## Factors that should be considered when making investment decisions

- Return on investment (ROI)
- Risk
- Investment term/period
- Inflation rate
- Personal budget
- Liquidity
- Tax implications/Taxation
- Investment planning factors
- Fluctuations/Volatility of investment markets/Economic stability
- Track record/History/Performance of the business/sector to be invested in
- Additional costs/Administration fees/Brokerage applicable to the type of investment

## Explanation of investment decisions

### Return on investment

- Refers to income from the investment, namely interest/dividends/increased capital growth on the original amount invested.
- The return should be expressed as net after-tax gains on the investment.
- High risk investments yield higher returns.
- Generally, there will be a direct link between risk and return.
- The net after-tax return should be higher than the inflation rate.

### Risk

- Shares have low/medium risk over a longer investment period.
- Shares with higher risks have a greater potential for higher returns.
- Ordinary shares have the highest risk as the investor may lose the full/part of the investment when the company is dissolved/bankrupt/liquidated.
- Preference shareholders' risk is lower, as they have preferential claims on the assets of the liquidated company

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### **Investment period**

- This refers to the duration of the investment\ which may influence the return on investment.
- The investment period can be short, medium and/or long term depending on the investors' needs.
- Short term investments enable investors to access their money on a short period if needed.
- The longer the investment period the higher the returns.
- The investment period will depend on an investor's personal needs.

### **Inflation rate**

- People are affected by a high inflation rate, because their money/purchasing power decreases.
- The return on investment should be higher than the inflation rate.
- Inflation has a positive effect on some investments such as property/shares where the income will increase as inflation increases.

### **Personal budgets**

- Investors can determine the amount of surplus money that can be invested.
- Investors must budget for unforeseen costs.
- Budget should provide for contingency plans/investments/savings.

### **Liquidity**

- An amount could be invested in a type of investment that can easily be converted to cash.
- It is used to describe the ease and speed with which investors can convert an investment into cash.
- Example: an investment in a savings account will be easier to convert into cash than an investment in a fixed deposit which is usually deposited for a fixed period of time.

### **Taxation**

- A good investment will yield good after-tax returns.
- Income tax implications must be considered in order to ensure a high net after-tax return.
- Tax rates are not necessarily the same for different investments.

### **Investment planning factors**

- Investors should always consider the safest possible investment opportunities.
- Some investments offer a low income on invested capital, but it could be a safer investment than one that promises a higher income.
- Examine opportunities with a history of good return.
- Divide investments between various investment options.
- The method of calculating the interest/return on investment should be considered.

### **Volatility/Fluctuations on investment markets**

- Fluctuation in national and international economic trends should be considered.
- The level of volatility will determine the amount of returns.

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## Types investments and risk factors

### Unit trusts

- It is a collection of investment options/methods made up of shares in different companies.
- The investments of a number of investors are pooled together in a unit trust fund, managed by a fund/portfolio manager/expert.
- Can be bought directly from the accredited service providers.

### Risk

- Investment may be made in high and low risk shares, which spread the risk throughout the fund and lowers the risk for all the investors/fund members.
- Fund managers are able to manage the risk level of the fund on behalf of the investors.

### Managed portfolio

- An investor instructs a financial institution/bank/financial advisor to manage his/her various investments/assets in one portfolio.
- If the portfolio does not perform well/as expected, the portfolio/parts thereof may be changed with/without informing the investor.

### Risk

- Risk is lower over a longer term/period.
- Investments are made in various sectors/companies, therefore the risk is spread and better managed by the portfolio manager.
- Money is usually invested in the capital market and unforeseen circumstances may impact negatively on the value of the portfolio on the short term/High risk over the short term.

### Shares

- Companies sell/issue portions of its ownership to shareholders in the form of shares on the open market to obtain capital/funds to operate its core business.
- Shares give the holder one vote per share and the right to receive a dividend (portion of the profit).
- Shares of listed companies are traded on the JSE.
- Shares can be bought/sold through stock/share brokers to whom a brokerage/fee will be paid by the investor.
- Ordinary shares have no special rights or restrictions and may yield/earn higher dividends, but also have higher risk.
- Types of preference shares are cumulative/non-cumulative/participating/non-participating/redeemable/non-redeemable/convertible/non-convertible shares.
- Preference shareholders mostly receive a fixed dividend and are paid before other shareholders.

### Risk

- Shares have low/medium risk over a long term/investment period.
- Ordinary shares have the highest risk as the investor may lose the full or part of the investment when the company is dissolved/bankrupt/liquidated.
- Preference shareholders' risk is lower, as they have preferential claims on the assets of the liquidated company/may receive some compensation before ordinary shareholders.
- Share prices are linked to factors that investors cannot control, e.g. economic conditions, operational success of the company, etc.
- Share prices are volatile/unstable/unpredictable/share values may increase/ decrease sharply within hours which contribute to the uncertainty of the value of an investment on the short term.

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**Debentures**

- It is issued to raise borrowed capital from the public.
- The lender/debenture holder agrees to lend money to the company on certain conditions for a certain period.
- Debenture holders are creditors, as the company is liable to repay the amount of the debentures.
- Most types of debentures can be traded on the JSE.
- Debenture holders receive annual interest payments based on the terms/ amount of debentures held.

**Risk**

- Debentures have a low risk as they need to be paid back.
- Companies are liable to repay the amount of the debenture plus interest, which decrease the risk for the investor.
- Investors may earn a steady income in the form of interest while preserving their principal amount.

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### **RSA Retail Savings Bonds**

- To encourage saving, the SA Government offers SA citizens the opportunity to invest in saving bonds.
- Two different types of bonds are available, i.e. fixed rate/inflation linked retail savings bonds.
- A market related interest rate is determined when investment is made and remains fixed for the whole term of the investment.
- Interest is earned half-yearly on 31 March and 30 September and paid out into the bond holder's/investor's bank account.
- It cannot be used as security to obtain loans, so creditors cannot have any claim on it.
- It can be inherited by a nominated beneficiary/when the investor dies.

### **Risk**

- Risk is very low, as an investment is made in the government who cannot disappear/go bankrupt.
- It is a safe investment, as it cannot be sold on the open market/not exposed to market risks.

### **Fixed Property**

- Buying a house/piece of land is usually suitable as a long term investment only.
- Large fees/taxes are payable on these transactions, so property cannot be bought/sold every year.
- Return on property is earned in the form of rental/sales/capital gains at a higher price than what it was bought for (including the transfer costs and taxes).
- The location/size of the property may also influence the growth in value over time.

### **Risk**

- Low risk over a long term.
- Risk may be determined by economic conditions and may influence the value of property.

### **Mutual funds/Stokvels**

- It is an informal savings scheme to which a relatively small group of people contribute.
- Each member takes a turn to draw from the scheme/fund/stokvels for their own personal gain.
- No/Small return on investment, as contributions are distributed monthly to one of the members.
- It encourages people to save each month for a specific reason.
- Banking fees are shared by the members, resulting in low cost of investment per member.
- In times when it is hard to get bank loans, stokvel pay-outs may come in handy.
- A stokvel is usually managed by a trustworthy chairman/treasurer, who will be responsible for keeping records and managing the bank account.

### **Risk**

- Schemers who claim to be running stokvels may actually be running illegal pyramid schemes and pay-outs may not be possible as cash has run out/members may lose their savings.
- Money in a savings account is a safe investment, but with low interest rates/the returns are low.

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### **Business Ventures/Venture capital**

- Venture capital is given by an investor/businesses to start up/expand a business in return to have a share in the new/expanded business.
- Investor(s) should know the type of business/market/economic conditions before a business is bought/started.
- Buying a franchise/existing businesses will be successful, if the investors has done proper research/understand exactly what he/she is investing in.

### **Risk**

- High risk for the investor(s), if research is not properly done.
- Inexperienced business owners that make wrong business decisions may experience big losses/closing down of an existing business.

### **Endowment/Life insurance policies/Retirement Annuities**

- A monthly payment is paid to an insurance company with the expectancy of receiving a pre-determined amount on a date in the future.
- To provide for a future expenses/give peace of mind to the dependants of the insured.

### **Risk**

- Low risk, as the insured amount will be paid out regardless of circumstances.
- Only the closing down/bankruptcy of the insurance company may result in losing the monthly contributions made up to the close down date.

### **Fixed deposit**

- It is a very conservative method of investment at a fixed rate for a fixed period/at a financial institution/bank.
- Money cannot be withdrawn/added during the period of the deposit.
- Investors have to be certain that they will not access/need the money for the period of the deposit.

### **Risk**

- Very low as the investor will receive what was promised.
- As the interest rate is usually fixed, the return will not be affected by market fluctuations.

### **32-day notice accounts/Call Deposits**

- Money is invested at a fixed rate, although withdrawals may be made provided the bank is given 32 days' notice of the withdrawal.
- It earns more interest than a current/cheque/savings account, but less interest than a fixed deposit.

### **Risk**

- Low risk, as investment plus interest will be paid out on the maturity date of investment.
- Interest is calculated on the daily balance, accelerating the value/return on the investment/lowering the risk.
- Interest rate may fluctuate with market conditions, increasing the risk.

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## Impact of FOUR forms of investments

### Impact of RSA Retail Savings Bonds/Government Retail Bonds

#### Positives/ Advantages

- Guaranteed returns, as interest rate is fixed for the whole investment period.
- Interest rates are market related and attract more investors.
- Interest can be received twice a year.
- Investment may be easily accessible, as cash may be withdrawn after the first twelve months.
- Low risk/Safe investment, as it is invested with the South African Government which cannot be liquidated.
- It is an affordable type of investment for all levels of income earners including pensioners.

#### Negatives/ Disadvantages

- Retail bonds cannot be ceded to banks as security for obtaining loans.
- A minimum of R1 000 must be invested, which may be difficult for some small investors to accumulate.
- Retail bonds are not freely transferable amongst investors.
- Investors need to have valid SA identification/should be older than 18 years which may discourage foreigners/young people to invest.
- Penalties are charged for early withdrawals, if the savings is less than 12 months old.

### Impact of unit trusts

#### Positives/ Advantages

- Managed by a fund manager who buys shares on the stock exchange/JSE.
- The investor has a variety to choose from/a wider range of shares from lower to higher degrees of risk.
- Safe investments, as it is managed according to rules and regulations.
- A small amount can be invested per month.
- Easy to invest in, as investors simply complete a few relevant forms or invest online.
- Easy to cash in when an investor needs money.

#### Negatives/ Disadvantages

- Share price may fluctuate
- If blue chip companies do not continue on their growth path, the growth of unit trusts will also be affected and will not render the expected returns.
- Unit Trusts are not allowed to borrow, therefore reducing potential returns.
- Not good for people who want to invest for a short period
- Not good for people who want to avoid risks at all costs.

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## Impact of shares/Ordinary shares

### Positives/ Advantages

- Holding a higher number of shares may result in higher proportional dividend pay-outs.
- Can be freely transferred/traded on the JSE.
- Shareholders have voting rights at the annual general meeting (AGM).
- Rate of return on investment (ROI) is linked to the performance of the company.
- Investing in shares provides protection against inflation.
- Investing in shares can provide solid returns at retirement age.

### Negatives/ Disadvantages

- Shareholders may receive less dividends/no dividends when company profits are low.
- Companies have no legal obligation to pay dividends to shareholders.
- Risk may be high, as investment may be lost when companies are liquidated.
- Dividends declared may be determined by the management/directors of the company/business.

## Impact of fixed deposits

### Positives/ Advantages

- Interest is earned at a fixed rate regardless of changes in the economic climate.
- The period of investment can be over a short/medium/long term.
- Ensures financial discipline as investors cannot withdraw their funds before the maturity date.
- Investors can choose the investment period that suits them.
- Investors earn a better return on investment than on an ordinary savings account.
- Principal amount plus interest earned is paid out on the maturity date.

### Negatives/ Disadvantages

- The investor cannot withdraw their funds before the maturity date.
- May not outperform the effect of inflation over long term.
- Low returns compared to other investments.

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## FOUR TYPES OF SHARES

<b>Ordinary shares</b>	<ul style="list-style-type: none"> <li>• Ordinary shares only receive dividends when profit is made.</li> <li>• Normally the higher the net profit, the higher the dividend.</li> <li>• Shareholders are the last to be paid, if the company is declared bankrupt liquidated.</li> <li>• Dividends vary from year to year according to profits made and are determined by the company/board of directors.</li> <li>• Shareholders have a right to vote at the Annual General Meeting/AGM.</li> </ul> <b>Rights of ordinary shareholders</b> <ul style="list-style-type: none"> <li>• vote at the Annual General Meeting.</li> <li>• attend the Annual General Meeting to learn about the company's performance.</li> <li>• receive interim and annual reports.</li> <li>• claim on company assets in the event of bankruptcy after all other creditors and preferential shareholders have been paid</li> </ul>
<b>Preference shares</b>	<ul style="list-style-type: none"> <li>• Some of these types of shares receive dividends regardless of whether a profit is made.</li> <li>• A fixed rate of return is paid on this type of shares.</li> <li>• Shareholders have a preferred claim on company assets in the event of bankruptcy/liquidation.</li> <li>• These shares enjoy preferential rights to dividends/repayment over ordinary shares.</li> <li>• Dividends are payable according to the type of preference share.</li> <li>• Voting rights are restricted to particular circumstances/resolutions.</li> <li>• Non-cumulative preference shareholders will not receive any outstanding dividends from previous years.</li> <li>• Cumulative preference shareholders will receive outstanding dividends from previous years.</li> <li>• Redeemable preference shares can be redeemed/bought back at the option of the issuing company on a pre-determined future date.</li> <li>• Non-redeemable preference shares are only bought back when the company closes down for reasons other than bankruptcy.</li> <li>• Convertible preference shares are converted to ordinary shares after a fixed period/on the date specified when the preference shares were issued.</li> <li>• Non-convertible preference shares will not be converted into ordinary shares.</li> </ul> <b>Rights of preference shareholders</b> <ul style="list-style-type: none"> <li>• Receive dividends regardless of how much profits are made.</li> <li>• Receive a fixed rate of return/dividend.</li> <li>• They are paid first/enjoy preferential rights to dividends.</li> <li>• They have a preferred claim on company assets in the event of bankruptcy/ liquidation of the company.</li> <li>• Receive interim and annual reports.</li> <li>• They only have voting rights at the AGM under particular circumstances/for certain resolutions.</li> <li>• Cumulative shareholders must receive outstanding/accrued dividends from previous years.</li> <li>• Participating preference shareholders have the right to share in surplus profits.</li> </ul>

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<b>Founders' shares</b>	<ul style="list-style-type: none"> <li>• Issued to the founders and incorporators/promoters of the company.</li> <li>• They receive dividends after all other shareholders were paid.</li> </ul>
<b>Bonus shares</b>	<ul style="list-style-type: none"> <li>• Gifts/Payment in the form of shares to shareholders.</li> <li>• Issued as compensation for unpaid dividends.</li> <li>• Shareholders receive these shares without being required to pay for them.</li> <li>• Shareholders will own more shares and collect more dividends in the future.</li> </ul>

## Types of preference shares

### Participating preference shares

#### Shareholders:

- are guaranteed minimum fixed dividends.
- are entitled to share in any surplus company profits.
- receive higher dividends when the company performs well.
- have preferential rights over ordinary shares on repayment when the company closes down.

### Non-participating preference shares/Ordinary preference shares

#### Shareholders:

- receive an amount equal to the initial investment plus accrued and unpaid dividends upon liquidation.
- do not have right to participate in profits after equity shareholders have been paid a dividend.
- will not get extra dividend in case of surplus profits.
- entitled to receive only a fixed rate of dividend every year.

### Cumulative preference shares

- Shareholders are compensated for past dividends that were not paid out when profits were too low to declare dividends/Receive dividends not previously paid out.

### Non-cumulative preference shares

- Shareholders are not compensated for past dividends that were not paid out when profits were low.

### Redeemable preference shares

- Shares can be redeemed/ bought back at the option of the issuing company, either at a fixed price on a specified date/over a certain period of time.

### Non-redeemable preference shares

- Shares are only bought back when the company closes down for reasons other than bankruptcy.

### Convertible preference shares

- Shares can be converted into a predetermined number of ordinary shares on the date specified when the preference shares were issued.

### Non-convertible preference shares

- Shares cannot be converted into ordinary shares.

Date Started

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## Impact of preference shares

### Positives/Advantages

- Shareholders obtain proportional ownership in a company.
- Investment in preference shares has a lower risk than ordinary shares as preference shareholders have preferential claims on the assets of a company at liquidation.
- Dividends are paid out before any other shareholders receive theirs.
- Preference shareholders receive a fixed dividend amount/percentage per year.
- Shareholders will receive their claim on company assets after creditors have been paid, but before ordinary shareholders receive their claims when the company is liquidated.

### Negatives/Disadvantages

- Shareholders have no voting rights at the Annual General Meeting (AGM).
- Shareholders may receive less dividends when company profits are high as their dividends are fixed.
- Convertible preference shares may be converted into ordinary shares, in which case preferential rights on dividends/assets are lost.
- Non-cumulative preference shareholders have no cumulative rights on past dividends not paid out.
- Risk may be high, as investment may be lost when companies are liquidated.

## Differences between ordinary and preference shares

ORDINARY SHARES	PREFERENCE SHARES
<ul style="list-style-type: none"> <li>• Ordinary shares only receive dividends when profit is made.</li> </ul>	<ul style="list-style-type: none"> <li>• Some of these types of shares receive dividends regardless of profit made.</li> </ul>
<ul style="list-style-type: none"> <li>• Normally the higher the profit, the higher the dividend.</li> </ul>	<ul style="list-style-type: none"> <li>• A fixed rate of return is paid on this type of shares</li> </ul>
<ul style="list-style-type: none"> <li>• Shareholders are the last to be paid, if the company is declared bankrupt/liquidated.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders have a preferred claim on company assets in the event of bankruptcy/liquidation.</li> </ul>
<ul style="list-style-type: none"> <li>• Ordinary shares are standard shares with no special rights or restriction.</li> </ul>	<ul style="list-style-type: none"> <li>• These shares enjoy preferential rights to dividends/repayment over ordinary shares.</li> </ul>
<ul style="list-style-type: none"> <li>• Dividends vary from year to year according to profits made as determined by the company.</li> </ul>	<ul style="list-style-type: none"> <li>• Dividends are payable according to the type of preference share.</li> <li>• Non-cumulative preference shareholders will not receive any outstanding dividends from previous years.</li> <li>• Cumulative shareholders will receive outstanding dividends from previous years.</li> </ul>
<ul style="list-style-type: none"> <li>• Shareholders have a right to vote at the Annual General Meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Voting rights are restricted to particular circumstances/resolutions.</li> </ul>

Date Started

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## Description of investment concepts

### Debentures

- It is issued to raise borrowed capital from the public.
- The lender/debenture holder agrees to lend money to the company on certain conditions for a certain period.
- Debenture holders are creditors, as the company is liable to repay the amount of the debentures.
- Most types of debentures can be traded on the JSE.
- Debenture holders receive annual interest payments based on the terms/ amount of debentures held.

### Dividends

- The return on an investment in shares which is paid regularly by a company to its shareholders.
- Dividends are decided and managed by the company's board of directors and approved by the shareholders through their voting rights.

### Capital gain

- The return on property/fixed assets/investments.
- Capital gains tax is payable when you sell an asset that has increased in value since you bought it

### Simple interest

- The interest is calculated on the original/principal amount invested.
- The principal amount remains the same over the entire period of investment
- The interest is kept separate unless it is reinvested
- Yields less return on investment.

### Compound interest

- Interest is calculated in every period on original/principal amount plus interest.
- Interest is added to the original/principal amount and interest is earned on interest for each defined period.
- As interest is added to the investment, the capital increases.

## Distinction between compound and simple interest

COMPOUND INTEREST	SIMPLE INTEREST
Interest earned on original amount invested, as well as interest earned in previous period(s).	Interest earned on the original amount and not on the interest accrued.
The principal amount grows with the addition of interest to it.	The principal amount remains the same over the entire period of investment.
Interest is calculated on the higher principal amount and again added to it.	The interest is kept separate unless it is reinvested.
Yields high return on investment.	Yields less return on investment.
Total amount of interest earned on investment is high.	Total amount of interest earned on investment is less.

Date Started

Date Ended



## Calculation of simple and compound interest

Read the scenario below and answer the questions that follow:

Ronnete wants to invest R30 000 in a fixed deposit for two years. She approached two banks. Saints Bank offered her 12% simple interest per annum and Caprica Bank 12% compounded interest per annum.

1. Calculate the interest amount Ronnete will receive after two years if she invests with Saints Bank.
2. Calculate the interest amount Ronnete will receive after two years if she invests with Caprica Bank.
3. Recommend the best investment option for Ronnete. Motivate your answer.

### Calculation of Simple interest of the above scenario

**FORMULA:** Interest =  $P \times R \times T$

$$R\ 30\ 000 \times 12\% \times 2\ \text{years} = R\ 7\ 200$$

### Calculation of Compound interest of the above scenario

#### Option 1

$$\text{Year 1: } R\ 30\ 000 \times 12\% = R\ 3\ 600$$

$$\text{Year 2: } R\ 33\ 600 \times 12\% = R\ 4\ 032$$

$$\text{Total interest} = R\ 7\ 632$$

OR

#### Option 2

FORMULA:  $P \times (1 + r)^n$

$$R30\ 000 \times (1 + 12/100)^2$$

$$R30\ 000 \times (1.12)^2 = R\ 37\ 632$$

$$\text{Total interest} = R\ 37\ 632 - R\ 30\ 000$$

$$= R\ 7\ 632$$

### Best investment option

Compound interest.

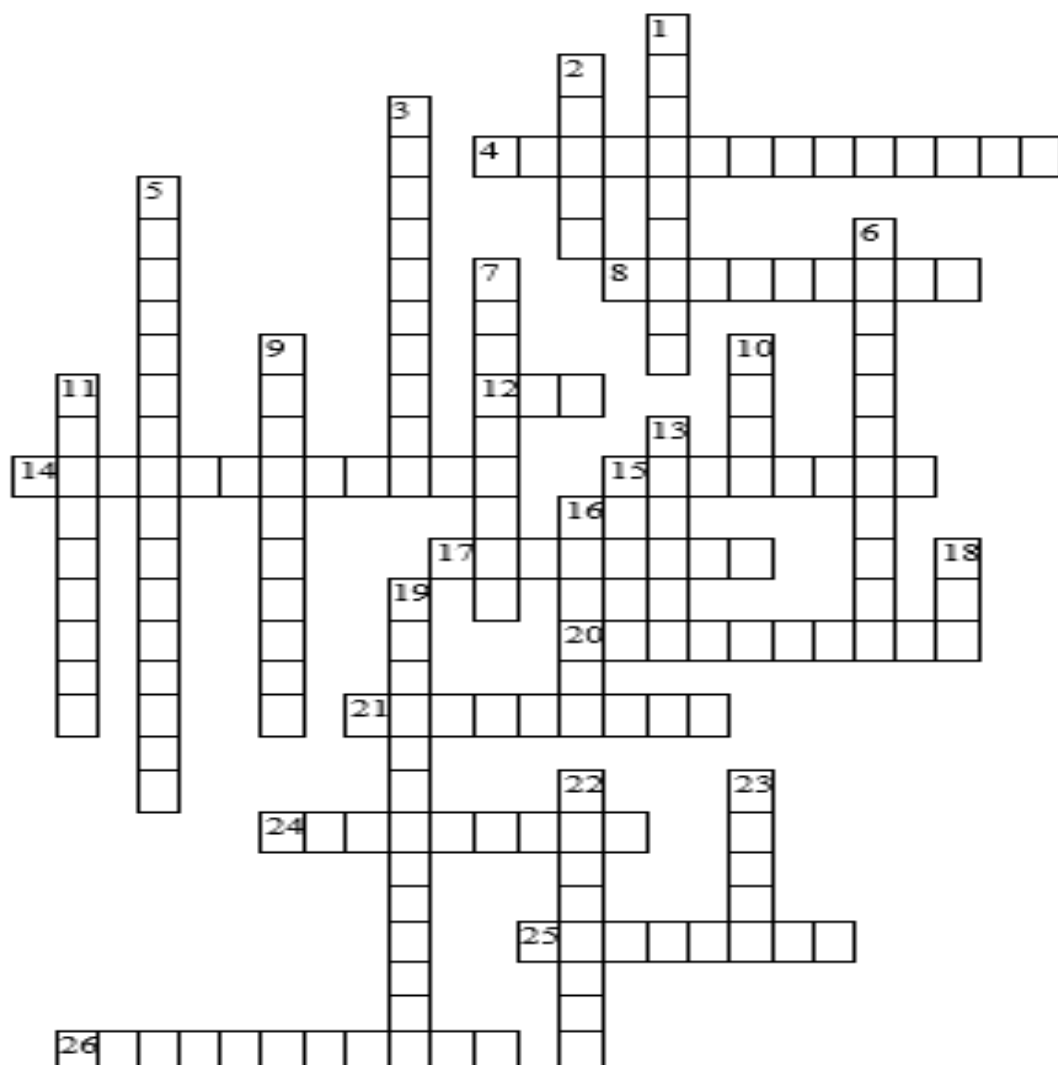
#### Motivation

Compound interest yields a higher interest of R7 632 than the simple interest/ Ronnete earns interest on interest accrued.

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# CONSOLIDATION



## Across

- 4 Given by an investor/businesses to start up/expand a business in return to have a share in the new/expanded business
- 8 The rate of return stays the same for the period of time
- 12 Income from the investment, namely interest/dividends/increased capital growth on the original amount invested
- 14 It is a very conservative method of investment at a fixed rate for a fixed period/at a financial institution/bank
- 15 Informal savings scheme to which a relatively small group of people contribute
- 17 Shares that only receive dividends when profit is made

## Down

- 1 Type of investment that can easily be converted to cash
- 2 Gifts/Payment in the form of shares to shareholders
- 3 Long-term borrowings by organisations
- 5 The duration of the investment\ which may influence the return on investment
- 6 The return on property/fixed assets/investments
- 7 An investment for a period shorter than one year
- 9 Investing/Saving money in order to yield better returns
- 10 Refers to the chance that the invested amount may reduce in value/lost in total over a period of time, due to unforeseen circumstances
- 11 Collection of investment options/methods made up of shares in different companies

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20 shares that receive dividends regardless of whether a profit is made  
21 The return on an investment in shares which is paid regularly by a company to its shareholders  
24 Decrease in the purchasing power of money  
25 An investment for a period for longer than one year  
26 Interest earned over the investment period

13 Facilitates electronic trading of shares  
16 Interest Calculated on the original/principal amount invested  
18 Is a formal market, trading in shares, comprising of all the public companies that have been listed  
19 It is the market for securities/shares where companies and the government can raise long-term funds  
22 Interest Calculated each period on the original/principal amount including all interest accumulated during past periods  
23 It gives investors the opportunity to obtain a part ownership of a company

Date Started

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# BUSINESS VENTURES

Investment: Insurance

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**Learner must know the following:**

- Explain the difference between insurance and assurance and give examples.
- Explain the meaning of insurable and non-insurable risks and give examples.
- Outline/Discuss/Explain the advantages of insurance for a business.
- Outline/Discuss/Explain principles of insurance for a business.
- Explain insurance concepts e.g.:
  - Underinsurance
  - Over insurance
  - Average clause
  - Reinstatement
  - Excess
- Calculate under-insurance.
- Differentiate/Distinguish between compulsory and non- compulsory insurance and give examples.
- Explain/Discuss the types of compulsory insurance: UIF, RAF, Compensation Fund/COIDA
- Explain the types of benefits paid out by the UIF.

Date Started

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# CONCEPTS

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

RABS	death	illness
Average clause	Under-insurance	Insurance
Individuals	Viability and relevance	Universal life insurance.
Life insurance	Types of insurance	Non-insurable risk
Insurable risk	Utmost good faith	Insurable interest
Indemnification	Principles	Long-term insurance
Short-term insurance	insurance premium	Insurance broker
Insurance policy	Risk	Insured

Date Started

Date Ended

Insurer	Non-compulsory insurance	Compulsory insurance
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### Meaning of insurance

- Insurance refers to cover for a possible event that may cause a specified loss/ damage.
- An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss/damage.
- The insured has to pay a premium for specified losses/damages covered.
- A contract between a person/business/insured requiring insurance cover and the insurance company/insurer bearing the financial risk.

## NON-COMPULSORY INSURANCE

### The meaning of non-compulsory insurance

- Non-compulsory insurance is voluntary/the insured has a choice whether to enter into an insurance contract.
- Insured will enter into a legal insurance contract with the insurer, who may be represented by an insurance broker.

## Description of insurance concepts

### Over insurance

- Over insurance is when the item is insured for more than the actual market value.
- Businesses/Individuals will not receive a pay-out larger than the value of the loss at market value.
- This means that the extra money paid for the premiums will not be paid out to the insurer.

### Under-insurance

- Occurs when property or assets are insured for less than its full market value.
- The property/asset is insured for less than the current/actual value of the property/assets.

### Average clause

- A stipulation set by the insurer which is applicable when property/goods is under insured/insured for less than its market value.
- The insurer will pay for insured loss/damages in proportion to the insured value.
- This means that the insured is responsible for a part of the risk that is not insured.

**NOTE: The average clause applies when goods/assets are under insured.**

Date Started

Date Ended

**Calculations of average clause**

- The insured amount is divided by the market value of the insured item and multiplied by the total value/amount of the damages/loss.
- Insurance companies apply the following formula to determine the amount to be paid out to the insured:

**FORMULA:** (Amount insured ÷ Market value) x damages

$$\frac{\text{Amount insured}}{\text{Value of insured item}} \times \text{Amount of damages/loss}$$

**Example of calculating the average clause**

Peter owns a thatched house valued at R 1 000 000. He insured his house with Pro-Cover Insurers for R 800 000. A fire in the kitchen caused damages of R 30 000.

- 1 Calculate the amount that Pro-Cover Insurers will pay Peter to cover damages. Show ALL calculations.
- 2 Explain to Peter the reason why he did not qualify for the full amount of damages sustained.

$$\frac{\text{R } 800\,000}{\text{R } 1\,000\,000} \times \text{R } 30\,000$$

$$= \text{R } 24\,000$$

**Reasons for not qualifying for the full amount of damages**

- Peter insured his house for less (R800 000) than the market value (R1 000 000).
- He was underinsured so the average clause had to be activated.
- He will only receive R24 000 for damages, and not the full amount of the claim (R30 000).

**Reinstatement**

- It is a stipulation whereby the insurer may replace lost/damaged property/goods instead of reimbursing.
- This stipulation is applicable when property/goods are over insured.
- The re-instatement value will not be higher than the market value of the loss.
- Insured is restored to almost the same financial position as before the loss occurred.

**Example:** A business property that has been insured for R300 000 but the market value for the property is R200 000. If it is destroyed by fire/storm etc., the insurer will rebuild the property instead of paying cash.

**NOTE: 1** Reinstatement applies when goods/assets are over-insured.

**2** There is no formula for calculating over insurance. Therefore, you will not be asked to calculate over insurance.

**Excess**

- A clause which states that the insured is responsible for a fixed amount of the claim, when submitting a claim.

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Date Ended



## Differences between insurance and assurance

INSURANCE	ASSURANCE
<ul style="list-style-type: none"> <li>Based on the principle of indemnity</li> </ul>	<ul style="list-style-type: none"> <li>Based on the principle of security/certainty</li> </ul>
<ul style="list-style-type: none"> <li>The insured transfers the cost of potential loss to the insurer at a premium</li> </ul>	<ul style="list-style-type: none"> <li>The insurer undertakes to pay an agreed sum of money after a certain period has expired/on the death of the insured person, whichever occurred first</li> </ul>
<ul style="list-style-type: none"> <li>It covers a specified event that may occur</li> </ul>	<ul style="list-style-type: none"> <li>Specified event is certainty, but the time of the event is uncertain</li> </ul>
<ul style="list-style-type: none"> <li>Applicable to short term insurance</li> </ul>	<ul style="list-style-type: none"> <li>Applicable to long term insurance</li> </ul>
Examples	Examples
<ul style="list-style-type: none"> <li>Property insurance/money in transit/theft/burglary/fire</li> </ul>	<ul style="list-style-type: none"> <li>Life insurance/endowment policies/retirement annuities,</li> </ul>

### Advantages/Importance of insurance for businesses

- Transfers the risk from the business/insured to an insurance company/insurer.
- Transfer of risk is subject to the terms and conditions of the insurance contract.
- Protects the business against theft/loss of stock and/or damages caused by natural disasters such as floods, storm damage, etc.
- Businesses will be compensated for insurable losses, e.g. destruction of property through fire.
- Businesses assets, e.g. vehicles/equipment/buildings need to be insured against damage and/or theft.
- Businesses are protected against the loss of earnings, e.g. strikes by employees which result in losses worth millions.
- Protects businesses against dishonest employees.
- Life insurance can be taken on the life of partners in a partnership to prevent unexpected loss of capital.
- Protects businesses against losses due to death of a debtor.

### Examples of insurable and non- insurable risks

INSURABLE RISKS	NON-INSURABLE RISKS
These risks are insured by insurance companies.	These risks are not insured by insurance companies as insurance cost/risks are too high/remains the responsibility of the business.
<b>Examples</b> <ul style="list-style-type: none"> <li>Theft</li> <li>Fidelity insurance</li> <li>Burglary</li> <li>Money in transit</li> <li>Fire</li> <li>Natural disaster/Storms/Wind/Rain/Hail</li> <li>Damage to/Loss of assets/vehicles/equipment/buildings/premises</li> <li>Injuries on premises</li> </ul>	<b>Examples</b> <ul style="list-style-type: none"> <li>Losses caused by war.</li> <li>Most risks occurring between placing orders and receiving goods.</li> <li>Changes in fashion.</li> <li>Losses caused by marketing malpractices by the business.</li> <li>Advancement in technology/new machinery invention.</li> </ul>

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## Examples of short term and long term insurance

SHORT TERM INSURANCE	LONG TERM INSURANCE
<ul style="list-style-type: none"> <li>• Property insurance</li> <li>• money in transit</li> <li>• theft</li> <li>• burglary</li> <li>• fire</li> </ul>	<ul style="list-style-type: none"> <li>• Endowment policy</li> <li>• Life cover policy/Life insurance</li> <li>• Retirement annuity/Pension fund/Provident fund</li> <li>• Disability policy</li> <li>• Trauma insurance</li> <li>• Funeral insurance</li> <li>• Health insurance/Medical aid</li> </ul>

## Principles of insurance

<b>Indemnification /Indemnity</b>	<ul style="list-style-type: none"> <li>• Usually applies to short term insurance, as the insured is compensated for specified/proven harm/loss.</li> <li>• Insurer agrees to compensate the insured for damages/losses specified in the insurance contract, in return for premiums paid by the insured to the insurer.</li> <li>• Protects the insured against the specified event that may occur.</li> <li>• Pay-outs from insurance companies/insurer will only be made; if there is proof that the specified event took place/if the insured can prove the amount of the loss/ damage.</li> <li>• The amount of indemnification/compensation is limited to the amount of provable loss/damage, even if the amount in the policy/insurance contract is higher.</li> <li>• The insured must be placed in the same position as before the occurrence of the loss/damage/The insured may not profit from insurance.</li> </ul>
<b>Security/Certainty</b>	<ul style="list-style-type: none"> <li>• Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life.</li> <li>• A predetermined amount will be paid out when the insured reaches a pre-determined age/or gets injured due to a predetermined event.</li> <li>• Aims to provide financial security to the insured at retirement/the dependents of the deceased.</li> </ul>
<b>Utmost good faith</b>	<ul style="list-style-type: none"> <li>• Insured has to be honest in supplying details when entering in an insurance contract.</li> <li>• Both parties/insurer and insured must disclose all relevant facts.</li> <li>• Insured must disclose everything that may affect the extent of the risk.</li> <li>• Details/Information supplied when claiming should be accurate/true</li> </ul>
<b>Insurable interest</b>	<ul style="list-style-type: none"> <li>• Insured must prove that he/she will suffer a financial loss if the insured object is damaged/lost/ceases to exist.</li> <li>• An insurable interest must be expressed in financial terms.</li> <li>• Insured must have a legal relationship with the insured object in the contract.</li> </ul>

Date Started

Date Ended

**NOTE: The average clause is not one of the principles of insurance.**

### DIFFERENCES BETWEEN INDEMNIFICATION AND SECURITY

INDEMNIFICATION	SECURITY
<ul style="list-style-type: none"> <li>• A possible loss is insured.</li> </ul>	<ul style="list-style-type: none"> <li>• The insured event is certain, but not always the time/date of the event.</li> </ul>
<ul style="list-style-type: none"> <li>• Applied to short term insurance on property/assets to cover for fire, theft, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Applied to long term insurance, e.g. life insurance, endowment policy, funeral policy, etc.</li> </ul>
<ul style="list-style-type: none"> <li>• Insured must be put in the same financial position as before the loss. /Insured may not profit/gain from insurance.</li> </ul>	<ul style="list-style-type: none"> <li>• It provides financial peace of mind for the future/dependants of the insured.</li> </ul>
<ul style="list-style-type: none"> <li>• An amount may be paid out to cover the loss partially/in full</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that his dependants will receive the nominated amount when the event occurs.</li> </ul>
<ul style="list-style-type: none"> <li>• The amount paid out will usually be determined by the real value of the loss.</li> </ul>	<ul style="list-style-type: none"> <li>• The amount paid out will not reinstate loss of life.</li> </ul>

#### The viability and relevance of insurance for individuals & businesses

- This is the ability of the insurer to pay out when it is necessary.
- It is important to select a reputable and well established insurance company.
- Insurance must make financial sense as insurance cost can be high and they are often based on risk factors.
- The individual or business must be certain that there is a real risk that needs to be covered.
- The insurance must not cost more than what it would cost to replace the goods insured.
- The insured must take all reasonable steps to reduce the risk themselves and to inform the insurance company of the depreciation of their assets over time.
- **Example:** A small business will pay less to insure its office equipment if it has good security and an alarm. It must also remember to adjust the value of its equipment each year as it depreciates.

### Compulsory insurance

#### Types of compulsory insurance

- Unemployment Insurance Fund (UIF)
- Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)
- Compensation Fund/Compensation for Occupational Injuries and Diseases/COIDA

**NOTE: Do not confuse compulsory insurance with examples of long term insurance.**

Date Started

Date Ended

### Unemployment Insurance Fund (UIF)

- The UIF provides benefits to workers who have been working and become unemployed for various reasons.
- Businesses contribute 1% of basic wages towards UIF, therefore reducing the expense of providing UIF benefits themselves.
- Employees contribute 1%v of their basic wage to UIF.
- The contribution of businesses towards UIF increases the amount paid out to employees that become unemployed.
- All employees who work at least 24 hours per month are required to be registered for UIF/contribute to the UIF.
- It is an affordable contribution that makes it possible for businesses to appoint substitute workers in some instances.
- The business cannot be held responsible for unemployment cover as the UIF pays out to contributors directly/dependants of deceased contributors.
- Businesses are compelled to register their employees with the fund and to pay contributions to the fund.

### Benefits of UIF

<b>Unemployment benefits</b>	<ul style="list-style-type: none"> <li>• Employees, who become unemployed/retrrenched due to restructuring/an expired contract, may claim within six months after becoming unemployed.</li> <li>• Unemployed employees may only claim, if they contributed to UIF.</li> <li>• Unemployed employees enjoy these benefits until the allocated funds are exhausted.</li> <li>• If a worker voluntarily terminates his/her contract, he/she may not claim.</li> <li>• No tax is payable on unemployment benefits.</li> </ul>
<b>Illness benefits/ Sickness/ Disability</b>	<ul style="list-style-type: none"> <li>• Employees may receive these benefits if they are unable to work for more than 14 days without receiving a salary/part of the salary.</li> <li>• Employees may not claim these benefits if they refuse medical treatment.</li> </ul>
<b>Maternity benefits</b>	<ul style="list-style-type: none"> <li>• Pregnant employees receive these benefits for up to 4 consecutive months.</li> <li>• If an employee had a miscarriage, she can claim for up to six weeks/42 days.</li> </ul>
<b>Adoption benefits</b>	<ul style="list-style-type: none"> <li>• Employees may receive these benefits if they adopt a child younger than two years.</li> <li>• Employees who take unpaid leave/may receive part of their salary while caring for the child at home.</li> <li>• Only one parent/partner may claim.</li> </ul>
<b>Dependants' benefits</b>	<ul style="list-style-type: none"> <li>• Dependants may apply for these benefits if the breadwinner, who has contributed to UIF dies.</li> <li>• The spouse of the deceased may claim, whether he/she is employed or not.</li> </ul>

Date Started

Date Ended

### Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)

- RAF/RABS insures road-users against the negligence of other road users.
- The RAF/RABS provides compulsory cover for all road users in South Africa, which include South African businesses.
- Drivers of business vehicles are indemnified against claims by persons injured in vehicle accidents.
- RAF/RABS is funded by a levy on the sale of fuel/diesel/petrol.
- The amount that can be claimed for loss of income is limited by legislation.
- The next of kin of workers/ breadwinners who are injured/killed in road accidents, may claim directly from RAF/RABS.
- Injured parties and negligent drivers are both covered by RAF/RABS.
- The injured party will be compensated, irrespective of whether the negligent driver is rich/poor/insured/uninsured.

### Compensation Fund/Compensation for Occupational Injuries and Diseases/COIDA

- The fund covers occupational diseases and workplace injuries.
- Compensates employees for injuries and diseases incurred at work.
- Compensation paid is determined by the degree of disablement.
- All employers are obliged to register with the compensation fund so that employees may be compensated for accidents and diseases sustained in the workplace.
- The fund covers employers for any legal claim that workers may bring against them.
- Employers are required to report all accidents within 7 days and occupational diseases within 14 days to the Compensation Commissioner.
- Employers are responsible for contributing towards the fund and may not claim money back from employees/deduct contributions from wages.
- In the event of the death of an employee as a result of a work related accident/ disease, his/her dependant(s) will receive financial support.
- Employees do not have to contribute towards this fund.

**NOTE: You will be penalised if you use the word “third party” instead of RAF.**

- Employees receive medical assistance provided there is no other party/medical fund involved.

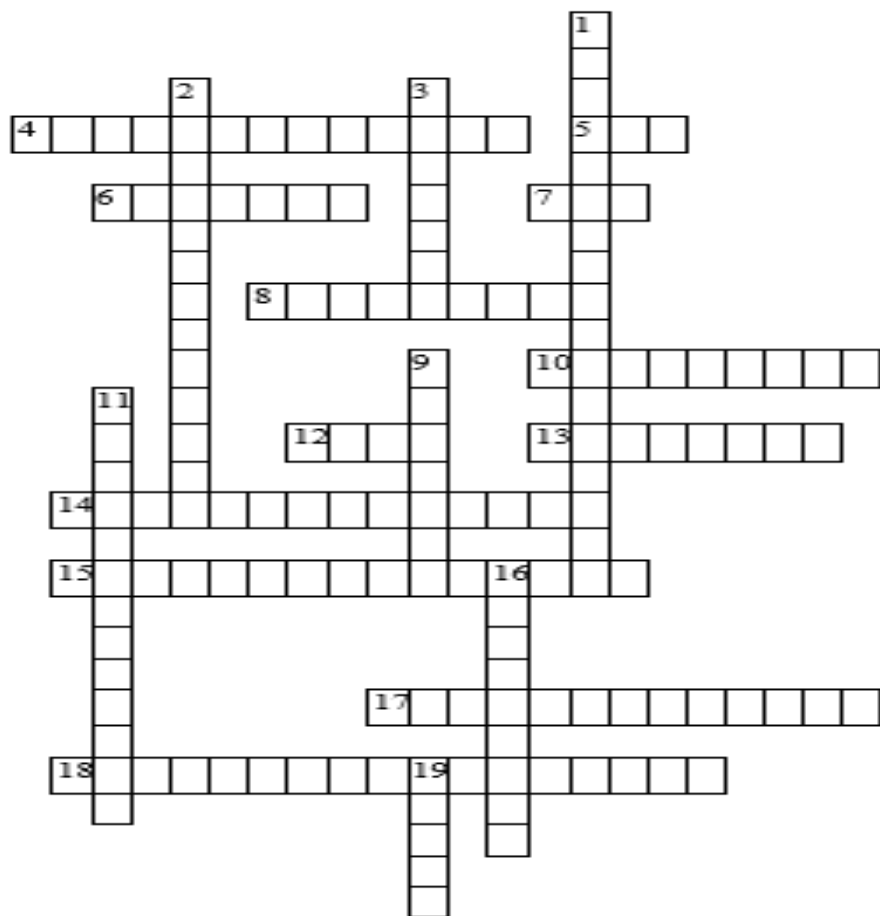
### Differences between compulsory and non-compulsory insurance

Compulsory insurance	Non-compulsory insurance
Is required by Law/there are legal obligations for it to be taken out and paid for.	Is voluntary/the insured having a choice whether to enter into an insurance contract.
It is regulated by Government and does not require insurance contracts/brokers	Insured will enter into a legal insurance contract with the insurer, who may be represented by an insurance broker.
Payment is in the form of a levy/contribution paid into a common fund from which benefits may be claimed under certain conditions.	Monthly/Annual payments/premiums that must be paid in order to enjoy cover for a nominated risk.
<b>Examples</b> UIF, RAF and Compensation Fund/COIDA	<b>Examples</b> Short term insurance/Multi-peril insurance (theft, fire, etc.) Long term insurance/Life insurance

Date Started

Date Ended

# CONSOLIDATION



## Across

- 4 when the item is insured for more than the actual market value  
 5 This fund provides benefits to workers who have been working and are now unemployed for reasons such as retrenchment  
 6 The payment made by insured to be covered in the event of losses/damages  
 7 The insurer undertakes to pay an agreed sum of money after a certain period  
 8 Cover for a possible event that may cause a specified loss/ damage  
 10 To compensate, protect or re-pay the insured in the event of a loss or damage.  
 12 This fund pays compensation when a person is disabled/injured in a road accident and to dependents of the individual if killed in a road accident

## Down

- 1 Is expressed in financial terms and is the interest that the insured stand to lose if there are losses or damages  
 2 It is a long term insurance and is taken out on the life of a human being and cover for the loss of life  
 3 An insurance company that will take over specified risks  
 9 Individual/Business that takes out insurance coverage  
 11 It is a stipulation whereby the insurer may replace lost/damaged property/goods instead of reimbursing  
 16 expired/on the death of the insured person, whichever occurred first  
 19 This fund compensates workers financially for disability that may arise as a result of accidents while performing duties in the workplace

Date Started

Date Ended

- 13 Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life
- 14 Occurs when property or assets are insured for less than its full market value
- 15 Insured has to be honest in supplying details when entering in an insurance contract
- 17 The insurer will pay for insured loss/damages in proportion to the insured value
- 18 An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss in exchange for a premium

Date Started

Date Ended

# BUSINESS VENTURES

Management & Leadership

Date Started

Date Ended



# Concepts

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

Success	Transitional leadership	Situational leadership
Leaders & followers	Bureaucratic	Transactional
Charismatic	Free reign	Laissez-faire
Autocratic	Democratic	Leadership styles
Management	Leadership	

Date Started

Date Ended

**Learner must know the following:**

- Define the terms leadership and management.
- Distinguish between leadership and management.
- Describe the following leadership styles:
  - Democratic
  - Autocratic
  - Laissez-Faire/Free Reign
  - Charismatic
  - Transactional
  - Bureaucratic
- Discuss/Explain/Analyse/Evaluate the impact of each leadership style on leadership and management.
- Recommend situations in which different leadership styles can be applied.
- Describe the following theories of management and leadership:
  - Leaders and followers
  - Situational leadership
  - Transitional management/leadership
  - Transformational leadership
- Explain the role of personal attitude in success and leadership.

## Definitions of leadership and management

### Leadership

- The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- Leadership is an of inspiring subordinates to perform in order to achieve goals
- It cannot be taught, although it may be learned as it is an inborn trait
- Involves establishing a clear vision and sharing it with others so that they can willingly follow
- A leader steps up in times of crisis and is able to think and act creatively in difficult situations

### Management

- The coordination of Planning, organising, leading and controlling employees to achieve goals.
- A person becomes a manager because of the position in which he/she is appointed
- Managers have power because of the position of authority into which they are appointed.

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## Differences between leadership and management

Leadership	Management
<ul style="list-style-type: none"> <li>• Influences human behaviour.</li> </ul>	<ul style="list-style-type: none"> <li>• Guides human behaviour.</li> </ul>
<ul style="list-style-type: none"> <li>• Inspires staff to trust and support each another.</li> </ul>	<ul style="list-style-type: none"> <li>• Controls systems and procedures to get the job done.</li> </ul>
<ul style="list-style-type: none"> <li>• Focuses on what and why.</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses on how and when.</li> </ul>
<ul style="list-style-type: none"> <li>• Guides/Leads people to become active participants.</li> </ul>	<ul style="list-style-type: none"> <li>• Manages the process of getting things done by exercising responsibility.</li> </ul>
<ul style="list-style-type: none"> <li>• Always trying to find more efficient ways of completing tasks.</li> </ul>	<ul style="list-style-type: none"> <li>• Enforce rules on subordinates/Ensure that tasks are completed.</li> </ul>
<ul style="list-style-type: none"> <li>• Motivational/Inspirational in their approach</li> </ul>	<ul style="list-style-type: none"> <li>• Instructional in their approach.</li> </ul>
<ul style="list-style-type: none"> <li>• People orientated.</li> </ul>	<ul style="list-style-type: none"> <li>• Task orientated.</li> </ul>
<ul style="list-style-type: none"> <li>• Lead by example/trust/respect.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage by planning/organising/leading/control.</li> </ul>
<ul style="list-style-type: none"> <li>• Does things right</li> </ul>	<ul style="list-style-type: none"> <li>• Does the right things</li> </ul>

## Leadership styles

### There are SIX leadership styles

- Democratic/ Participative
- Autocratic/ Boss-centred
- Laissez-Faire/Free Reign
- Transactional
- Charismatic
- Bureaucratic

## Impact/Effectiveness of leadership styles on businesses

### Impact/Effectiveness of the democratic leadership style on businesses

#### Positives/Advantages

- The leader allows the employees to participate in the decision making process, so they feel empowered/positive.
- Staff gives a variety of ideas/inputs/feedback/viewpoints that can lead to innovation/improved production methods/increased sales.
- Clear/Two-way communication ensures group commitment to final decision(s).
- Authority is delegated which can motivate/inspire workers to be more productive.
- Complex decisions can be made with inputs from specialists/skilled workers.

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### **Negatives/Disadvantages**

- Incorrect decisions may be made if staff is inexperienced/not fully informed.
- Decision making may be time consuming because stakeholders have to be consulted.
- Employees may feel discouraged if their opinions/inputs are not considered.
- Leaders can rely too much on the input of the followers and fail to make a final decision.
- Not effective in times of crisis/when quick decisions need to be made.

## **Impact/Effectiveness of the autocratic leadership style on businesses**

### **Positives/Advantages**

- Quick decisions can be taken without consulting/considering followers/ employees.
- Work gets done in time/on schedule.
- Line of command/communication is clear as it is top-down/followers know exactly what to do.
- Direct supervision and strict control ensure high quality products/service.
- Provides strong leadership which makes new employees feel confident and safe.

### **Negatives/Disadvantages**

- Leaders and followers may become divided and may not agree on ways to solve problems.
- Workers can become demotivated if their opinions/ideas are not considered.
- De-motivated workers impact negatively on productivity.
- New/Creative/Cost reducing ideas may not be used/implemented/never being considered.
- Followers may feel that they are not valued resulting in high absenteeism/high employee turnover.

## **Impact/Effectiveness of the Laissez-Faire leadership style on businesses**

### **Positives/ Advantages**

- Workers/Followers are allowed to make decisions on their own work/ methods.
- Subordinates have maximum freedom and can work independently.
- Leader motivates workers by trusting them to do things themselves/on their own.
- Authority is delegated, which can be motivating/empowering to competent worker's/increase productivity.
- Subordinates are experts and know what they want/can take responsibility for their actions.

### **Negatives/ Disadvantages**

- Lack of clear direction/leadership may be demotivating to employees.
- Employees can be held responsible for their own work which may lead to underperformance.
- Could lead to conflict when some team members act as leaders and dictate to other team members.
- Workers are expected to solve their own conflict situations.
- Productivity may be compromised with a lack of tight control over workers not meeting deadlines.

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## Impact/Effectiveness of the transactional leadership style on businesses

### Positives/Advantages

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- Business goals and objectives can be achieved as employees are motivated.
- Employees know what are expected of them.
- Disciplinary action procedures are well communicated.

### Negatives/Disadvantages

- Employees may become bored/lose creativity as they have to follow rules/ procedures.
- A transactional leader will have to monitor the work performance of employees to ensure that expectations are met.
- Managing/controlling employees may be time-consuming.
- Some employees may be demoralised/ unmotivated if they fail to reach/meet targets despite having worked very hard.
- Not suitable for team work as all team members can be punished for poor performance caused by one team member.

## Impact/Effectiveness of transactional leadership

### Positives/Advantages

- Encourages employees to work hard because they will receive rewards.
- Improves employees' productivity and morale.
- The goals and objectives of the business can be achieved as workers are motivated.
- Employees know what is expected of them.
- Disciplinary actions/procedures are well communicated.

### Negatives/Disadvantages

- Employees can become bored because they have to follow rules/procedures/ there is no creativity in the workplace.
- A transactional leader will have to monitor the work performance of employees/ ensure that expectations are met which can be time-consuming.
- Some employees may be demoralised/ unmotivated, if they fail to reach/meet targets despite having worked very hard.
- Usually not suitable for team work, because all team members can be punished for poor performance caused by a member of a team.

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## Impact/Effectiveness of charismatic leadership styles on businesses

### Positives/Advantages

- Expert at selling vision and achieve excellent results.
- Employees are motivated as the leader is energetic/ inspiring.
- Inspires loyalty/hard work among employees.

### Negatives/Disadvantages

- Leader believes more in him/her than the team.
- Projects can collapse if the leader leaves the team.
- Leaders are intolerant of challenges and regard themselves as irreplaceable.

## Impact/Effectiveness of bureaucratic leadership style on businesses

### Positives/Advantages

- Managers ensure that rules/ regulations are always followed accurately.
- Works well when tight control measures need to be implemented/ followed.
- Health and safety are increased in a dangerous workplace, e.g. construction sites/mines.
- Followers know what is expected of them because of detailed instructions.
- The quality of work can be ensured.

### Negatives/Disadvantages

- Complicated official rules may seem unnecessary/ time consuming.
- Leaders may acquire power/become authoritative and can disregard inputs from others.
- Very little room for error, so workers feel they are not always treated with dignity.
- Lack of creativity/innovation/ self-fulfilment may lead to stagnation/ decrease in productivity.
- Employees may feel they have become objects of work and are not treated as humans.

## Differences between democratic and autocratic leadership styles

Democratic	Autocratic
<ul style="list-style-type: none"> <li>• The leader involves employees in the decision making process.</li> </ul>	<ul style="list-style-type: none"> <li>• A leader takes all decisions alone without involving employees.</li> </ul>
<ul style="list-style-type: none"> <li>• Clear/Two-way communication ensures group commitment to final decision(s).</li> </ul>	<ul style="list-style-type: none"> <li>• Line of command/communication is clear as it is top-down/followers know exactly what to do.</li> </ul>
<ul style="list-style-type: none"> <li>• People-oriented, as employee's feelings and opinions are considered.</li> </ul>	<ul style="list-style-type: none"> <li>• Task-orientated as the opinions of employees are not considered.</li> </ul>
<ul style="list-style-type: none"> <li>• Workers feel empowered as they are involved in the decision-making process.</li> </ul>	<ul style="list-style-type: none"> <li>• New employees feel confident/safe as strong leadership is provided.</li> </ul>
<ul style="list-style-type: none"> <li>• Useful when the leader depends on the inputs of experienced followers.</li> </ul>	<ul style="list-style-type: none"> <li>• Useful in a crisis/urgent situation, e.g. after an accident/meeting tight deadlines.</li> </ul>
<ul style="list-style-type: none"> <li>• Handles conflict situations by involving followers in finding the best solution.</li> </ul>	<ul style="list-style-type: none"> <li>• Handles conflict situations by telling followers what they should do.</li> </ul>

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## Situations in which each leadership style can be used

Leadership Style	Application of leadership style
<b>Democratic</b>	<ul style="list-style-type: none"> <li>• Group members are skilled and eager to share their ideas.</li> <li>• The leader does not have all the information needed to make a decision and employees have valuable information to contribute.</li> <li>• Cooperation is needed between a leader and a team.</li> <li>• Decisions need to be looked at from several perspectives.</li> </ul>
<b>Autocratic</b>	<ul style="list-style-type: none"> <li>• In crisis situations, e.g. in the case of unforeseen challenges/accidents.</li> <li>• When all the information is available to solve the problem.</li> <li>• In emergencies, where there is a shortage of time.</li> <li>• When employees are motivated and the leader has already earned the trust of the followers.</li> <li>• When dealing with employees who are not cooperative.</li> </ul>
<b>Laissez-faire/ Free reign</b>	<ul style="list-style-type: none"> <li>• Subordinates are experts and know what they want/can take responsibility for their actions.</li> <li>• The leader is very busy and delegation of tasks will increase productivity.</li> <li>• Team members need to improve/develop leadership skills.</li> <li>• Suitable when employees are highly experienced and know more about the task than the leader.</li> </ul>
<b>Charismatic</b>	<ul style="list-style-type: none"> <li>• Sell vision and achieve excellent results.</li> <li>• Motivate employees as the leader is energetic/ inspiring.</li> <li>• Inspire loyalty/hard work among employees.</li> </ul>
<b>Transactional</b>	<ul style="list-style-type: none"> <li>• When the business wants to maximise employee performance.</li> <li>• When deadlines have to be met on short notice/under pressure.</li> <li>• When workers have a low morale.</li> <li>• When the strategies/business structures do not have to change.</li> </ul>
<b>Bureaucratic</b>	<ul style="list-style-type: none"> <li>• Can be used where health and safety are a priority and rules have to be applied.</li> <li>• Appropriate for routine jobs e.g. when employees have to follow rules on how to use dangerous machinery.</li> </ul>

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## LEADERSHIP THEORIES:

### Situational leadership theory

- Different leadership characteristics are needed for different situations.
- The task/situation dictates the leadership style that should be applied, so leaders are adaptable/flexible/self-assured.
- Effective application of this theory may enable leaders to accomplish their goals.
- Relationships between leaders and employees are based on mutual trust/respect/loyalty/integrity/honesty.
- Leaders have the ability to analyse the situation/get the most suitable people in the right positions to complete tasks successfully.

### Transformational theory

- Suitable for a dynamic environment, where change could be drastic.
- The passion/vision/personality of leaders inspire followers to change their expectations/perceptions/motivation to work towards a common goal.
- Strategic thinking leaders develop a long term vision for the organisation and sell it to subordinates/employees.
- Leaders have the trust/respect/admiration of their followers/subordinates.
- Promotes intellectual stimulation/creative thinking/problem solving which result in the growth/development/success of the business.

### Leaders and followers

- Teams achieve great results when there is a sense of understanding between the leader and the team of followers.
- Followers listen to what is expected of them and are willing to work as a team.
- Followers easily accept responsibility when something doesn't work out.
- Leaders lead by example and reward positive behaviour.
- Leaders motivate employees to devise alternative strategies to find more efficient ways to use available resources.
- Followers might just trail along depending on leaders and other followers to pull them through the task.

### The role of personal attitude in successful leadership

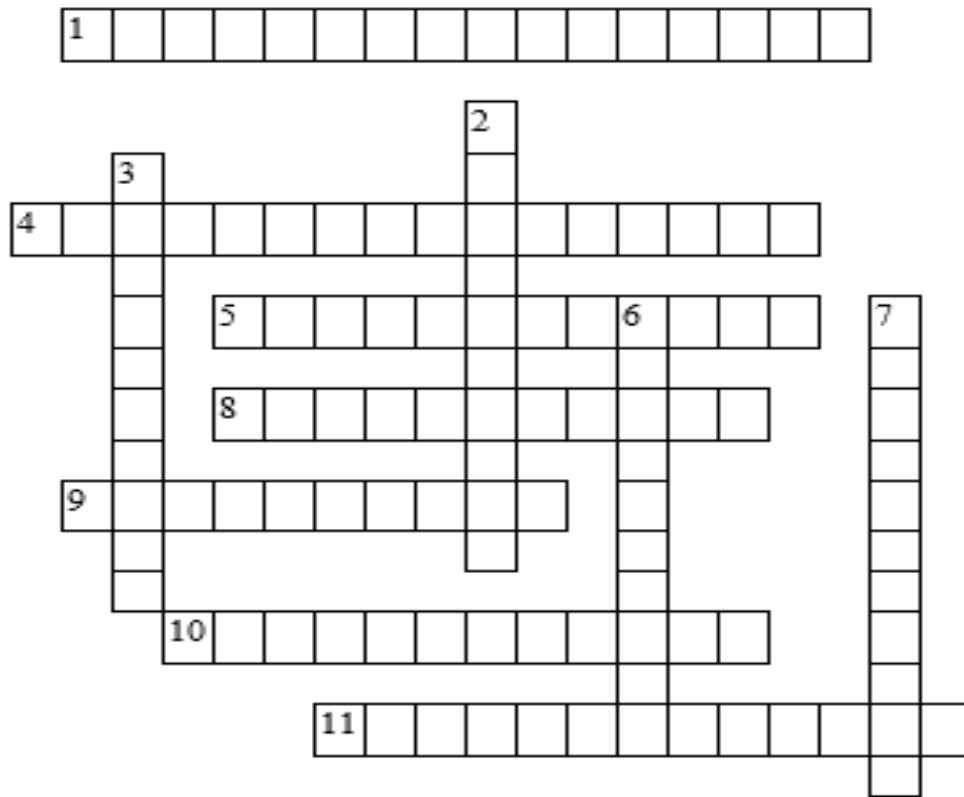
- Positive attitude releases leadership potential.
- A leader's good/bad attitude can influence the success/failure of the business.
- Leaders must know their strengths and weaknesses to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employees'/teams' thoughts/behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Successful leaders consider the abilities/skills of team members to allocate tasks/roles effectively.
- Enthusiasm produces confidence in a leader.

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## CONSOLIDATION



### Across

- 1 The manner in which the leader relates to his/her employees determines the success or failure of a business
- 4 The leader identifies the change needed/creates a vision to guide the change through inspiration
- 5 The leader delegates tasks to followers with little or no direction given
- 8 The leader uses charm to influence followers
- 9 The leader invites the team members/group to contribute ideas and participate in the decision-making process
- 10 Leaders/managers make sure employees follow rules and policies
- 11 The leader focuses on motivating followers through a system of reward and punishment

### Down

- 2 The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
- 3 Planning, organising, leading and controlling employees to achieve goals
- 6 The leader takes decisions on his/her own without consulting staff
- 7 Focus on the application of different leadership styles depending on the situation and the maturity level of employees

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# BUSINESS VENTURES

Forms of Ownership

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# Concepts

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

Business.	Success	Criteria:
Failure	Legal requirements	Legislation
Division of profits	Capital	Management
Taxation	Capacity	Non-profit company
Profit companies	Co-operatives	Closed corporation
Partnership	Sole trader	Forms of ownership:
Comparison	Disadvantages	Advantages
Characteristics		

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**Learner must know the following:**

- Explain the characteristics of each form of ownership.
- Discuss/Explain/Evaluate the impact (positives/advantages and/or negatives/disadvantages) of the different forms of ownership
- Explain/Discuss how the following criteria can contribute to success or failure of each form of ownership.
  - **Capacity:** refers to the ability/potential of management to start and operate a business as planned.
  - **Tax implications:** The tax requirements of each form of ownership determine the impact of taxation on business success/failure.
  - **Management:** Ownership impacts on management functions which determine the success/failure of the business.
  - **Capital:** refers to the ability to obtain capital from various sources (e.g. own/borrowed capital). The amount of capital that can be sourced will also impact on business success/failure.
  - **Division of profits:** refers to how profit is divided between owner(s)/shareholders/investors.
  - **Legislation/Legal requirements** for establishment/starting a business impact on the establishment costs and time before a business can legally do business.

## CHARACTERISTICS OF EACH FORM OF OWNERSHIP

### SOLE PROPRIETOR

#### **Definition**

- A sole trader is a business that is owned and managed by one person.

#### **Characteristics of a sole proprietor**

- The owner has a personal interest in the management and the services that is rendered.
- It is easy to establish as there are no legal formalities in forming the business.
- There are no legal requirements regarding the name of the business.
- The owner has unlimited liability/The owner is personally liable for the debt of the business.
- A sole trader has limited company for expansion and lacks continuity of existence.
- The business has no legal personality and therefore has no continuity/ Continuity depends on the life and health of the owner.

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## IMPACT OF A SOLE TRADER

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Owner makes all decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Unlimited liability which means the owner is responsible for all debts incurred.</li> </ul>
<ul style="list-style-type: none"> <li>Requires little capital to start.</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow is often a problem.</li> </ul>
<ul style="list-style-type: none"> <li>All profits belong to the owner</li> </ul>	<ul style="list-style-type: none"> <li>Growth of business can be restricted due to lack of capital.</li> </ul>
<ul style="list-style-type: none"> <li>Simple management structure.</li> </ul>	<ul style="list-style-type: none"> <li>Not a legal entity and no continuity</li> </ul>
<ul style="list-style-type: none"> <li>Can easily adapt to the needs of the client/customer.</li> </ul>	<ul style="list-style-type: none"> <li>Difficult to attract highly skilled and knowledgeable employees.</li> </ul>
<ul style="list-style-type: none"> <li>No legal process and requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The owner is responsible for providing all the capital needed.</li> </ul>
<ul style="list-style-type: none"> <li>The assets of the business belong to the owner.</li> </ul>	<ul style="list-style-type: none"> <li>If the owner does not have enough knowledge/experience the business may fail.</li> </ul>

## PARTNERSHIP

### Definition

- A partnership has two or more partners who own the business. These owners share the responsibility of the business and they share the financial and management decision of the business.

### Characteristics of a partnership

- An agreement between two or more people who combine labour, capital and resources towards a common goal.
- Partners combine capital and may also borrow capital from financial institutions.
- No legal requirements regarding the name of the business.
- Partners have unlimited liability and are jointly and severally liable for the debts of the business.
- Profit is shared according to the partnership agreement.
- Partnership does not pay tax partners pay personal income tax.
- Auditing of financial statements is optional.
- Partners share responsibilities and they are all involved in decision making.

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## IMPACT OF A PARTNERSHIP

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>The partners able to put their knowledge and skills together to collectively make the best decisions.</li> </ul>	<ul style="list-style-type: none"> <li>A partnership has unlimited liability</li> </ul>
<ul style="list-style-type: none"> <li>The workload and responsibility is shared between partners.</li> </ul>	<ul style="list-style-type: none"> <li>Each business partner is legally responsible for the joint liability of the partnership.</li> </ul>
<ul style="list-style-type: none"> <li>Partners are able to share resources.</li> </ul>	<ul style="list-style-type: none"> <li>Different personalities and options of partners can lead to conflict it disagreements.</li> </ul>
<ul style="list-style-type: none"> <li>Partners are only required to pay tax in their personal and individual capacity.</li> </ul>	<ul style="list-style-type: none"> <li>Partners might not all contribute equally.</li> </ul>
<ul style="list-style-type: none"> <li>The partners have a personal interest in the business.</li> </ul>	<ul style="list-style-type: none"> <li>Loss in profits and stability of the business can occur if a partner resigns/ dies/loses interest in the business or is declared bankrupt.</li> </ul>
<ul style="list-style-type: none"> <li>Can bring in extra partners at any time.</li> </ul>	<ul style="list-style-type: none"> <li>There can be lack of capital and cash flow.</li> </ul>

## CLOSE CORPORATION

### Characteristics of a close corporation

- Can have a minimum of one and maximum of ten members who share a common goal.
- The word 'close' means that all members are involve and participate in its management.
- Each member makes a contribution of some/assets/services towards the corporation.
- The name must end with the suffix CC.
- Members have unlimited liability except where the CC has had more ten members for six months or longer.
- A CC has its own legal personality and therefore has unlimited continuity.
- Auditing of books is optional as members only need an accounting officer to check financial records.
- Transfer of a member's interest must be approved by all other members.
- Profits are shared in proportion to the member's interest in the CC.

## IMPACT OF A CLOSE CORPORATION

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>There are few legal requirements e.g. auditing of financial statements/regular annual general meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Limited growth and expansion since a CC cannot have more than ten members.</li> </ul>
<ul style="list-style-type: none"> <li>A CC is a legal entity and has continuity of existence.</li> </ul>	<ul style="list-style-type: none"> <li>A member of a CC can be held personally liable for the losses of CC if the member acts is incompetent.</li> </ul>
<ul style="list-style-type: none"> <li>Can be converted to a private company and members may become shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Audited financial statements may be required when applying for a loan.</li> </ul>
<ul style="list-style-type: none"> <li>Members have limited liability</li> </ul>	<ul style="list-style-type: none"> <li>A CC is taxed as if it were a company, which may be higher than personal tax rates.</li> </ul>

Date Started

Date Ended

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|---|--|
| <ul style="list-style-type: none"> <li>• Owners' interest in the CC does not need to be in proportion to their capital contribution.</li> </ul> | <ul style="list-style-type: none"> <li>• Difficult for members to leave the CC as all members must agree to dispose of a member's interest.</li> </ul> |
|---|--|

## PRIVATE COMPANY

### Definition

- It can be a small or large company and has one or more directors.

### Characteristics of a private company

- Requires one or more directors and one or more shareholders.
- It needs a minimum of one shareholder and there is no limit on the number of shareholders that a private company may have.
- Register with the registrar of companies by drawing up Memorandum of Incorporation.
- The company name ends with letters (PTY) Ltd.
- A private company is not allowed to sell shares to the public.
- Investors put capital in to earn profit from shares.
- The company has a legal personality as well as unlimited continuity.
- The auditing of financial statements is optional.
- Profits are shared in the form of dividends in proportion to the share held.
- Shareholders have a limited liability and will not lose their initial capital invested if the business goes bankrupt.

## IMPACT OF A PRIVATE COMPANY

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• More opportunities to pay less taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Requires a lot of capital</li> </ul>
<ul style="list-style-type: none"> <li>• Good long-term growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• The more shareholders, the less profits</li> </ul>
<ul style="list-style-type: none"> <li>• Own legal identity and shareholders have no direct legal implications/ limited liability.</li> </ul>	<ul style="list-style-type: none"> <li>• More taxation requirements</li> </ul>
<ul style="list-style-type: none"> <li>• Board of directors with expertise can be appointed to take decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Directors do not have a personal interest</li> </ul>
<ul style="list-style-type: none"> <li>• Not required to file annual financial statements with the commission.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual financial statements must be reviewed by a qualified person, which is an extra expense to the company.</li> </ul>
<ul style="list-style-type: none"> <li>• It is a legal person and can sign contracts in its own name.</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult and expensive to establish as the company is subjected to many legal requirements</li> </ul>
<ul style="list-style-type: none"> <li>• The new Act forces personal liability on directors who knowingly participated in carrying out business in a reckless/fraudulent manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Pays tax on the profits of the business and on declared dividends/Subject to double taxation.</li> </ul>

Date Started

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## PERSONAL LIABILITY COMPANY

### Definition

- Very similar to a private company, the difference is that the directors of a Personal Liability company are jointly and severally liable for all the debts and liabilities of the company. This means that the directors have unlimited liability.
- The name of the personal liability company ends in INC and the name of the private company ends in (PTY) Ltd.

### Characteristics of a personal liability company

- The company name must end with letters INC
- Directors have unlimited liability and they are jointly liable for the debts of the business even if they are long out of office.
- The memorandum of Incorporation should state that it is a personal liability company.
- They must at least have one director on their board of directors.

**NOTE:** Other characteristics of a personal liability company are the same as the private company except the above mentioned two characteristics.

## IMPACT OF A PERSONAL LIABILITY COMPANY

**NOTE:** The advantages of a personal liability company are the same as the private company. The disadvantages are also the same as the private company **except** the directors of the personal liability company have unlimited liability.

## PUBLIC COMPANY

### Definition

- A public company is a company that is registered to offer its stock and shares to the general public. This is mostly done through the Johannesburg Securities/Stock Exchange (JSE).
- The public company is designed for a large –scale operation that require large capital investments.

### Characteristics of a public company

- A minimum of one person is required to start a public company.
- Requires three or more directors and three or more shareholders.
- Register with the Registrar of Companies by drawing up Memorandum of Incorporation.
- The company name ends with letters Ltd.
- Has legal personality and therefore has unlimited continuity
- Raises capital by issuing shares to the public and borrowing capital by issuing a debenture.
- A prospectus is issued to the public to raise capital.
- Shareholders have a limited liability.
- The company has a legal personality as well as unlimited continuity.
- A public company is required to hold an AGM (Annual General Meeting).
- Auditing of financial statements, is compulsory and audited statements are available to shareholders and the public.

Date Started

Date Ended



## IMPACT OF A PUBLIC COMPANY

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The business has its own legal identity</li> </ul>	<ul style="list-style-type: none"> <li>• Must disclose all financial information</li> </ul>
<ul style="list-style-type: none"> <li>• Easy to raise funds for growth through the sale of shares.</li> </ul>	<ul style="list-style-type: none"> <li>• Large amount of funds is spent on financial audits.</li> </ul>
<ul style="list-style-type: none"> <li>• Shareholder is only liable for the amount which is invested/Shareholders have limited liability.</li> </ul>	<ul style="list-style-type: none"> <li>• Stocks have to be traded publicly.</li> </ul>
<ul style="list-style-type: none"> <li>• Can appoint a knowledgeable board of directors.</li> </ul>	<ul style="list-style-type: none"> <li>• A full report must be submitted to the major shareholders each year.</li> </ul>
<ul style="list-style-type: none"> <li>• Buy and sell shares freely.</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult and expensive to establish as the company is subjected to many legal requirements</li> </ul>
<ul style="list-style-type: none"> <li>• Shareholders can sell/transfer their shares freely.</li> </ul>	<ul style="list-style-type: none"> <li>• The more shareholders, the less profit.</li> </ul>
<ul style="list-style-type: none"> <li>• The public has access to the information and this could motivate them to buy shares from a company.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders may be allowed little or no input into the affairs of the company.</li> </ul>
<ul style="list-style-type: none"> <li>• Additional shares can be raised by issuing more shares or debentures</li> </ul>	<ul style="list-style-type: none"> <li>• Due to legislation, decisions take longer and there may be disagreements.</li> </ul>
<ul style="list-style-type: none"> <li>• Strict regulatory requirements protect shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial affairs must be known to publicly; this information could be used to competitors' advantage.</li> </ul>

## STATE-OWNED COMPANY

### Definition

- A state owned company has the government as its major shareholder and falls under the department of Public Enterprise.
- These businesses take on the role of commercial enterprise on behalf of the government.

### Characteristics of a State –Owned Company

- Requires three or more directors and one or more shareholders.
- Register with the Registrar of Companies by drawing up Memorandum of Incorporation.
- It is owned by the government and operated for profit.
- SOC is listed as a public company.
- The name ends with letters SOC.
- State –owned companies support private businesses by providing infrastructure such as communication service /Post office and supply of electricity/Eskom.

Date Started

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### IMPACT OF STATE-OWNED COMPANIES

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Profits may be used to finance other state departments</li> </ul>	<ul style="list-style-type: none"> <li>May result to poor management as government is not always as efficient as the private sector.</li> </ul>
<ul style="list-style-type: none"> <li>Offer essential services which may not be offered by the private sector</li> </ul>	<ul style="list-style-type: none"> <li>Inefficiency due to the size of the business</li> </ul>
<ul style="list-style-type: none"> <li>Prices are kept reasonable</li> </ul>	<ul style="list-style-type: none"> <li>Often rely on government subsidies</li> </ul>
<ul style="list-style-type: none"> <li>Wasteful duplication of services is eliminated</li> </ul>	<ul style="list-style-type: none"> <li>A lack of incentive for employees to perform if there is no absence of other motivator such as productivity bonuses.</li> </ul>
<ul style="list-style-type: none"> <li>Planning can be coordinated through central control.</li> </ul>	<ul style="list-style-type: none"> <li>Government can lose money through the business.</li> </ul>
<ul style="list-style-type: none"> <li>Jobs are created for all skills levels.</li> </ul>	<ul style="list-style-type: none"> <li>Losses must be met by the tax payer.</li> </ul>
	<ul style="list-style-type: none"> <li>Shares are not freely tradable making it difficult to raise capital.</li> </ul>
	<ul style="list-style-type: none"> <li>Financial statements must be audited</li> </ul>

### DIFFERENCES BETWEEN THE PRIVATE AND PUBLIC COMPANY

PRIVATE COMPANY	PUBLIC COMPANY
<ul style="list-style-type: none"> <li>May not offer shares to the general public.</li> </ul>	<ul style="list-style-type: none"> <li>Trades its shares publicly on the Johannesburg Securities Exchange.</li> </ul>
<ul style="list-style-type: none"> <li>Shares are not freely transferable</li> </ul>	<ul style="list-style-type: none"> <li>Shares are freely transferable.</li> </ul>
<ul style="list-style-type: none"> <li>Minimum of one director.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum of three directors.</li> </ul>
<ul style="list-style-type: none"> <li>Name must end with Proprietary Limited/(Pty) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Name must end with Limited/Ltd.</li> </ul>
<ul style="list-style-type: none"> <li>Annual financial statements need not be audited and published.</li> </ul>	<ul style="list-style-type: none"> <li>Annual financial statements need to be audited and published.</li> </ul>
<ul style="list-style-type: none"> <li>Does not need to publish a prospectus as it cannot trade its shares publicly.</li> </ul>	<ul style="list-style-type: none"> <li>Have to register and publish a prospectus with the Companies and Intellectual Property Commission/CIPC.</li> </ul>
<ul style="list-style-type: none"> <li>The company is not required to raise the minimum subscription/issue minimum shares.</li> </ul>	<ul style="list-style-type: none"> <li>Must raise a minimum subscription prior to commencement of the company.</li> </ul>

Date Started

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## DIFFERENCES BETWEEN THE PRIVATE AND A PERSONAL LIABILITY COMPANY

PRIVATE COMPANY	PERSONAL LIABILITY COMPANY
<ul style="list-style-type: none"> <li>The name ends with (PTY) Ltd</li> </ul>	<ul style="list-style-type: none"> <li>The name ends with INC</li> </ul>
<ul style="list-style-type: none"> <li>The directors are not personally liable for the debts of the business.</li> </ul>	<ul style="list-style-type: none"> <li>The directors are personally liable for the debts of the business.</li> </ul>

## NON-PROFIT COMPANIES

### Definition

- A non-profit company/NPO is not formed with intent to make a profit, but established for public benefit

### Characteristics of non-profit companies

- The main aim is to provide service and not to make a profit.
- They are funded by donations and foreign funding.
- The name of the company must end in NPC.
- All profits must be used for the primary objective of the non-profit company.
- It must prepare the Memorandum of Incorporation.
- Qualifying NPCs are granted tax-exempt status.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Profits are used solely for the primary objective of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Need professional assistance to set up this organisation</li> </ul>
<ul style="list-style-type: none"> <li>They provide social services to various communities.</li> </ul>	<ul style="list-style-type: none"> <li>Does not generate enough capital to cover their expenses.</li> </ul>
<ul style="list-style-type: none"> <li>Donors receive tax deductions.</li> </ul>	<ul style="list-style-type: none"> <li>Donations may not always be enough.</li> </ul>
<ul style="list-style-type: none"> <li>The liability of the members is limited</li> </ul>	<ul style="list-style-type: none"> <li>Assets are not distributed to the members upon closing down.</li> </ul>
<ul style="list-style-type: none"> <li>Has continuity of existence</li> </ul>	<ul style="list-style-type: none"> <li>Creating a non-profit company takes time/effort/money.</li> </ul>
<ul style="list-style-type: none"> <li>Most of the income of a non-profit company is free from income taxes.</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining grants can be a slow and tiring process.</li> </ul>
<ul style="list-style-type: none"> <li>Can receive grants/grants/aid</li> </ul>	<ul style="list-style-type: none"> <li>Incorporators cannot take along the assets accumulated by the NPC if they decide to leave.</li> </ul>
<ul style="list-style-type: none"> <li>Surplus of income is retained to further the goals of the business.</li> </ul>	<ul style="list-style-type: none"> <li>They are not allowed to pay bonuses to members.</li> </ul>

Date Started

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## IMPACT OF NON-PROFIT COMPANIES

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Profits are used solely for the primary objective of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Need professional assistance to set up this organisation</li> </ul>
<ul style="list-style-type: none"> <li>They provide social services to various communities.</li> </ul>	<ul style="list-style-type: none"> <li>Does not generate enough capital to cover their expenses.</li> </ul>
<ul style="list-style-type: none"> <li>Donors receive tax deductions.</li> </ul>	<ul style="list-style-type: none"> <li>Donations may not always be enough.</li> </ul>
<ul style="list-style-type: none"> <li>The liability of the members is limited</li> </ul>	<ul style="list-style-type: none"> <li>Assets are not distributed to the members upon closing down.</li> </ul>
<ul style="list-style-type: none"> <li>Has continuity of existence</li> </ul>	<ul style="list-style-type: none"> <li>Creating a non-profit company takes time/effort/money.</li> </ul>
<ul style="list-style-type: none"> <li>Most of the income of a non-profit company is free from income taxes.</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining grants can be a slow and tiring process.</li> </ul>
<ul style="list-style-type: none"> <li>Can receive grants grants/aid</li> </ul>	<ul style="list-style-type: none"> <li>Incorporators cannot take along the assets accumulated by the NPC if they decide to leave.</li> </ul>
<ul style="list-style-type: none"> <li>Surplus of income is retained to further the goals of the business.</li> </ul>	<ul style="list-style-type: none"> <li>They are not allowed to pay bonuses to members.</li> </ul>

## COOPERATIVES

### Definition

- A cooperative is a traditional way of a group of interested parties getting together and sharing resources/infrastructures and costs to achieve a better outcome.

### Characteristics of cooperatives

- Minimum of five members is required to start a cooperative.
- Register with the Registrar of Companies
- Legal entity and can own land and open bank accounts.
- Members own and run the business together and share equally in its profits.
- Decisions are taken democratically
- They are motivated by service rather than profit
- Must register with the Registrar of Cooperatives Societies
- The word 'Cooperative Limited' must appear at the end of its name.
- They are managed by a minimum of three directors.
- The objective of a co-operative is to create mutual benefit for the members.

Date Started

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## IMPACT OF COOPERATIVES

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Access to resources and funding</li> </ul>	<ul style="list-style-type: none"> <li>• Decisions are often difficult to reach and time consuming.</li> </ul>
<ul style="list-style-type: none"> <li>• Decision making is by a group</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to grow a co-operative.</li> </ul>
<ul style="list-style-type: none"> <li>• Each member has an equal share in the business.</li> </ul>	<ul style="list-style-type: none"> <li>• Very few promotion positions for staff.</li> </ul>
<ul style="list-style-type: none"> <li>• A co-operative can appoint its own management.</li> </ul>	<ul style="list-style-type: none"> <li>• It can be difficult to get a loan because their main objective is not always to make a profit.</li> </ul>
<ul style="list-style-type: none"> <li>• Members have limited liability</li> </ul>	<ul style="list-style-type: none"> <li>• The success of cooperatives depends on the support of the members.</li> </ul>
<ul style="list-style-type: none"> <li>• The decisions are democratic and fair</li> </ul>	<ul style="list-style-type: none"> <li>• Shares are not freely transferable</li> </ul>
<ul style="list-style-type: none"> <li>• Members are motivated because they are working for themselves</li> </ul>	<ul style="list-style-type: none"> <li>• All members have one vote regardless of the number of shares held.</li> </ul>
<ul style="list-style-type: none"> <li>• Profits are shared equally amongst members.</li> </ul>	

Date Started

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## CRITERIA/FACTORS CAN CONTRIBUTE TO SUCCESS OR FAILURE OF EACH FORM OF OWNERSHIP

### Factors that contribute to the success and/or failure of a sole trader

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>• Easy to control since it is a small business</li> </ul>		<ul style="list-style-type: none"> <li>• Difficult to continue and grow long term</li> <li>• Difficult to get good, well-trained staff as they are expensive</li> <li>• Owner has to manage and carry out all business functions</li> </ul>
Management	<ul style="list-style-type: none"> <li>• One owner so there are no disagreements.</li> <li>• Can make quick decisions without having to consult others.</li> </ul>		<ul style="list-style-type: none"> <li>• Owner has to do all the administration, management and decision-making in the business.</li> <li>• Owners has to rely on own decisions and could make incorrect ones.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>• Owner only taxed on profits in personal capacity. Depending on how much income the owner earns; his/her tax rate may be lower than the company tax rate</li> </ul>		<ul style="list-style-type: none"> <li>• If profits get too big may end up paying high tax in personal capacity.</li> <li>• Failure by the owner to comply with personal income tax regulations could lead to substantial financial penalties imposed by SARS.</li> </ul>
Capital	<ul style="list-style-type: none"> <li>• Capital can be carefully spent and managed</li> <li>• The owner may be able to borrow money from a financial institution, especially if he/she has assets that can be used as surety for a loan.</li> </ul>		<ul style="list-style-type: none"> <li>• Profits may not be large enough for expansion.</li> <li>• Owner responsible for any capital borrowed.</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>• Owner receives all profits from the business which can lead to capital growth.</li> <li>• The owner may use profit to expand the business.</li> </ul>		<ul style="list-style-type: none"> <li>• Owner needs to budget carefully so that business debts are covered.</li> <li>• If the owner does not make a profit, the income and livelihood of the owner may be severely affected.</li> <li>• The owner is personally liable for the loss of the business.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>• It is easy/inexpensive to start.</li> <li>• There are limited regulatory requirements regarding the name of the business.</li> <li>• It is not compulsory to have financial statements audited.</li> </ul>		<ul style="list-style-type: none"> <li>• Unlimited liability</li> <li>• Personal debts and business debts are one</li> <li>• Must comply with relevant municipal regulations or it could close down.</li> <li>• The owner is personally liable for the business debt; he/she may be reluctant to take</li> </ul>

Date Started

Date Ended

## Factors that contribute to the success and/or failure of a partnership

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>• Easy and inexpensive to start</li> <li>• Shows potential for growth because partners contribute skills</li> <li>• Expansion is possible because more partners can join partnership.</li> </ul>		<ul style="list-style-type: none"> <li>• In large partnership, the partners may struggle to agree on business issues</li> <li>• The more partners in the partnership, the more difficult it is to control expenses and partners' Drawings.</li> </ul>
Management	<ul style="list-style-type: none"> <li>• Partners are actively involved in management and may use the ideas of other partners.</li> <li>• Partners have access to expertise of other partners when difficult decisions have to be made</li> </ul>		<ul style="list-style-type: none"> <li>• Decision making can be time- consuming as all partners have to be in agreement</li> <li>• Some management tasks may be neglected, as one partner may leave it to others to complete</li> <li>• Partners may disagree on how to run the business, which may lead to tension between them</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>• Partnerships pay VAT only on relevant products sold/services rendered which reduces tax administration</li> <li>• The partnership does not pay income tax, only the partners in their personal capacities</li> </ul>		<ul style="list-style-type: none"> <li>• High-earning partners pay more tax, which may discourage other partners from joining the partnership.</li> <li>• Partners may withdraw more cash to reduce their tax burden which may cause cash flow problems for the partnership</li> </ul>
Capital	<ul style="list-style-type: none"> <li>• Capital can be carefully spent and managed.</li> <li>• More than one partner contributing to capital.</li> </ul>		<ul style="list-style-type: none"> <li>• Partners may not all have capital to put into business when needed.</li> <li>• Unequal inputs as some partners put in expertise instead of cash</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>• Partners share profits according to their contributions.</li> </ul>		<ul style="list-style-type: none"> <li>• Amount of work done may not be equal to the amount of profit that each partner receives.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>• Easy and cheap to establish, as partners must draw up partnership agreement.</li> <li>• -Partners are more motivated to make a success because of their personal possessions are at risk.</li> <li>• No regulatory requirements regarding the name of the business.</li> </ul>		<ul style="list-style-type: none"> <li>• Unlimited liability/ partners is jointly and severally liable for the debts of the business.</li> <li>• If one partner dies or retires, the remaining partners need to draw up a new agreement.</li> <li>• A partnership is not a legal entity and cannot sue or be sued.</li> </ul>

Date Started

Date Ended

## Factors that contribute to the success and/or failure of a private company

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>There is no limit to the number of shareholders, this may lead to expansion.</li> </ul>		<ul style="list-style-type: none"> <li>It cannot grow into a very large business since it cannot invite the public to buy shares.</li> </ul>
Management	<ul style="list-style-type: none"> <li>Managed at least by one competent highly skilled director.</li> <li>The management of the company can improve since directors are accountable to shareholders.</li> <li>Shareholders can vote for/appoint the most capable directors to manage their company</li> </ul>		<ul style="list-style-type: none"> <li>Directors may not have a direct interest in the company, which can hamper growth and profit maximization.</li> <li>Directors' fees increase the company's expenses which reduces net profit.</li> <li>Large management structures can result in decision-making taking time.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>Can obtain tax rebates if they are involved in SCI projects.</li> <li>Can obtain government tenders and renew their licenses if they do not evade tax.</li> </ul>		<ul style="list-style-type: none"> <li>Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.</li> </ul>
Capital	<ul style="list-style-type: none"> <li>Large amount of capital can be raised since there is no limit on the number of shareholders.</li> <li>The company can access long term capital and therefore has good long term growth opportunities.</li> </ul>		<ul style="list-style-type: none"> <li>It cannot grow into a very large business since it cannot invite the public to buy shares.</li> <li>Restrictions on transferability of shares may not attract financially strong investors.</li> <li>Large amount of capital cannot be obtained as capital contribution is only limited to private shareholders.</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>High profits and good returns to shareholders indicate the success of a company, which increases the value of shares</li> <li>Profits generated can be re-invested to expand business operations</li> <li>Shareholders receive profits according to the type and number of their shares.</li> </ul>		<ul style="list-style-type: none"> <li>Shareholders may sell their shares when dividends are low, resulting in a drop in share prices</li> <li>Dividends are not always paid out which may discourage new investors.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>Procedures to form a private company have been simplified by the new Companies Act 71 of 2008</li> <li>Auditing of financial statements gives shareholders the assurance that the business is being properly managed and supports raising additional finance</li> <li>There is no longer a limit on the number of shareholders in a private company</li> </ul>		<ul style="list-style-type: none"> <li>Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted</li> <li>High formation/establishment expenses require large start-up capital.</li> <li>Annual audit of financial statements (if required) is costly</li> </ul>

Date Started

Date Ended



## Factors that contribute to the success and/or failure of a public company

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>More people can join the company by issuing shares to the public.</li> </ul>		<ul style="list-style-type: none"> <li>Large capacity of the company can also lead to its downfall in that structures and processes may become too costly.</li> <li>Very costly to maintain infrastructure and large employee base</li> </ul>
Management	<ul style="list-style-type: none"> <li>Managed at least by one competent highly skilled director.</li> <li>The management of the company can improve since directors are accountable to shareholders.</li> <li>Shareholders can vote for/appoint the most capable directors to manage their company.</li> </ul>		<ul style="list-style-type: none"> <li>Directors may not have a direct interest in the company, which can hamper growth and profit maximization</li> <li>Large management structure can result in decision making taking time.</li> <li>Directors' fees increase the company's expenses which reduces net profit</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>Can obtain tax rebates if they are involved in CSI projects.</li> <li>Can obtain government tenders and renew their licenses if they do not evade tax.</li> </ul>		<ul style="list-style-type: none"> <li>Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling</li> </ul>
Capital	<ul style="list-style-type: none"> <li>Can raise large amounts of capital as shares/ debentures can be sold to the public/shareholders</li> <li>A public company's shares are listed on the JSE which gives the company exposure to more potential investors.</li> </ul>		<ul style="list-style-type: none"> <li>Growth is limited if sufficient capital cannot be raised.</li> <li>Large amounts of capital required to start a public company.</li> <li>Raising extra capital may be difficult if the economic climate is unfavourable/Share prices change all the time and they may lose value.</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>High profits and good returns to shareholders indicate the success of a company, which increases the value of shares</li> <li>Profits generated can be re-invested to expand business operations</li> <li>Shareholders receive profits according to the type and number of their shares.</li> </ul>		<ul style="list-style-type: none"> <li>Shareholders may sell their shares when dividends are low, resulting in a drop in share prices</li> <li>Dividends are not always paid out which may discourage new investors.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>The company and its owners are separate entities, which may encourage more people to join the company Limited liability allows for greater risk taking, which may lead to growth of the business</li> <li>Auditing of financial statements, gives shareholders the assurance that the business is being properly managed and supports raising additional finance.</li> </ul>		<ul style="list-style-type: none"> <li>Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted</li> <li>High formation/establishment expenses require large start-up capital.</li> <li>Annual audit of financial statements is costly.</li> <li>If a public company does not comply with legislation, its licence maybe withdrawn by the Companies and Intellectual Property Commission (CIPC).</li> </ul>

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## Factors that contribute to the success and/or failure of a personal liability company

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>There is no limit to the number of shareholders, this may lead to expansion</li> </ul>		<ul style="list-style-type: none"> <li>It cannot grow into a very large business since it cannot invite the public to buy shares</li> </ul>
Management	<ul style="list-style-type: none"> <li>PLC is managed by a competent board of directors who may be experts in their fields.</li> <li>Quick decisions can be made even if there is only one director.</li> <li>Shareholders can vote for/appoint the most capable directors to manage their company.</li> </ul>		<ul style="list-style-type: none"> <li>Directors may not have a direct interest in the company, which can hamper growth and profit maximization</li> <li>PLC and its shareholders are compelled to budget a larger amount for directors' remuneration to attract the best directors.</li> <li>Directors' fees increase the company's expenses which reduces net profit</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>Can obtain tax rebates if they are involved in SCI projects.</li> <li>PLC only pays tax after business expenses have been deducted.</li> <li>Companies and shareholders are taxed separately/double taxation.</li> </ul>		<ul style="list-style-type: none"> <li>Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.</li> </ul>
Capital	<ul style="list-style-type: none"> <li>Capital can be increased by getting more shareholders.</li> </ul>		<ul style="list-style-type: none"> <li>It cannot grow into a very large business since it cannot invite the public to buy shares.</li> <li>Large amount of capital cannot be obtained as capital contribution is only limited to private shareholders.</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>High profits and good returns to shareholders indicate the success of a company, which increases the value of shares</li> <li>Profits generated can be re-invested to expand business operations.</li> </ul>		<ul style="list-style-type: none"> <li>Shareholders may sell their shares when dividends are low, resulting in a drop in share prices</li> <li>Dividends are not always paid out which may discourage new investors.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>The company and its owners (shareholders) are separate entities, which may encourage more people to join the company</li> <li>Directors are forced (by the Act) to act responsibly and work harder towards the success of the company to protect their personal assets</li> <li>Directors sign performance contracts which will motivate them to perform professionally and ethically</li> </ul>		<ul style="list-style-type: none"> <li>Lengthy registration requirements may delay the actual operation of the business and shareholders can loose on profitable opportunities</li> <li>It is expensive to register this form of ownership which increases business expenses hence reducing profit</li> <li>The drafting of directors' performance contracts may be time consuming, expensive and increase costs</li> </ul>

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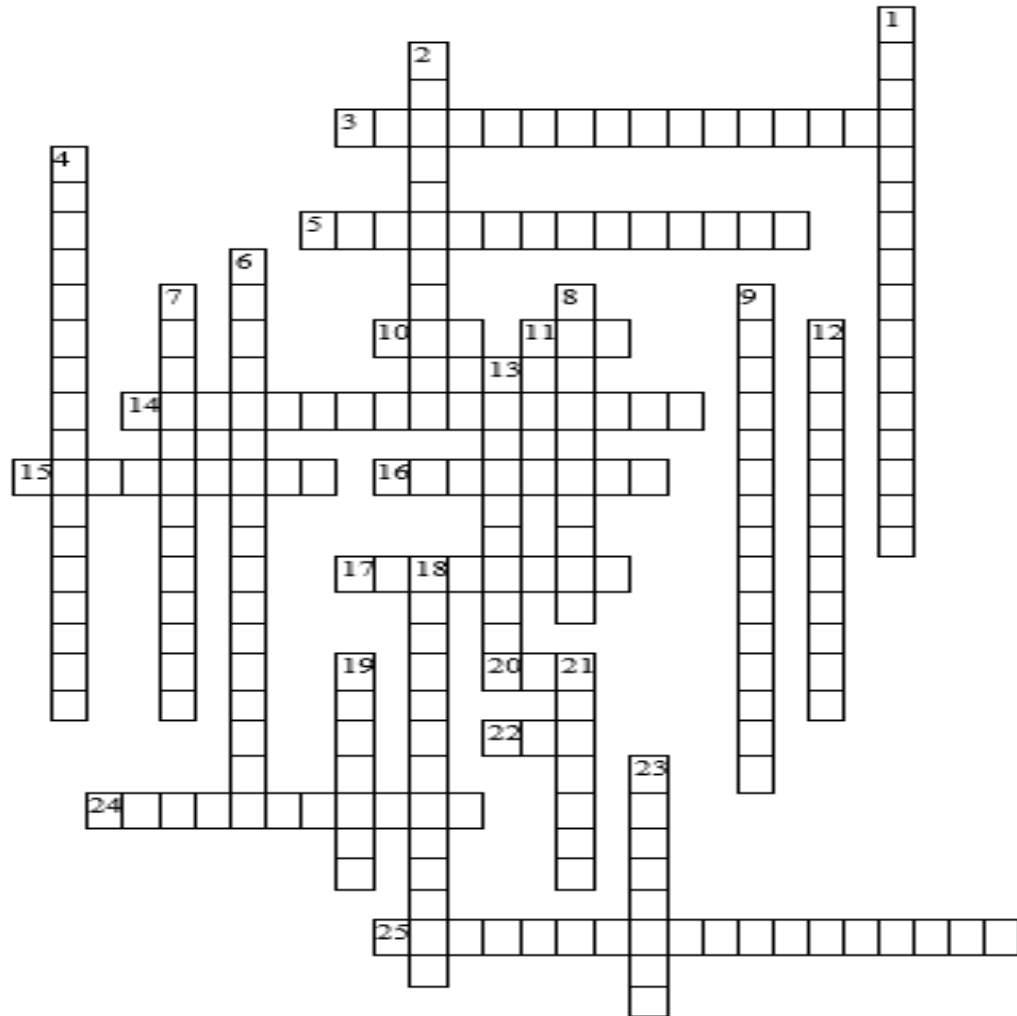
## Factors that contribute to the success and/or failure of a non-profit company

Factor	Success	AND/OR	Failure
Capacity	<ul style="list-style-type: none"> <li>Many donors may be willing to donate NPC activities are for a good cause/ beneficial to the community.</li> <li>More shareholders may become involved/join the company as they contribute positively to society.</li> </ul>		<ul style="list-style-type: none"> <li>Limited capacity as funds may be difficult to raise.</li> <li>May not attract investors due to its nature as a NPC as they are not profit driven</li> </ul>
Management	<ul style="list-style-type: none"> <li>A NPC may be well managed as it requires a minimum of three directors.</li> <li>More directors may be appointed to bring more expertise to the NPC.</li> <li>The legally prescribed management structure ensures a well-organised company</li> </ul>		<ul style="list-style-type: none"> <li>Large management structure can complicate/delay decisions.</li> <li>Directors may mismanage business funds as they may not have a direct interest in the NPC.</li> <li>Directors are liable for any loss/damage/cost sustained by the company.</li> <li>Directors may not have skills to manage resources.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>May qualify for tax exemption if certain criteria are met</li> <li>They may receive certain tax benefits/rebates when actively involved in community projects.</li> </ul>		<ul style="list-style-type: none"> <li>Required to pay income tax if engaged in activities that are unrelated to their business purpose</li> <li>Must meet certain tax requirements to be exempted, e.g. operations must be exclusively for charitable, scientific or public safety purpose</li> </ul>
Capital	<ul style="list-style-type: none"> <li>Unlimited number of founders may contribute more capital to the company.</li> <li>More capital may be raised through donations/ sponsorships for operation.</li> <li>It is easy to raise funds/capital, as donors enjoy tax benefits.</li> </ul>		<ul style="list-style-type: none"> <li>Founders may contribute limited capital/ which may not be sufficient for the establishment of the company.</li> <li>The company depends on donations as their main source of capital which may hamper its operation/expansion.</li> <li>NPC may struggle to raise enough capital/funds if they fail to convince donors/donations are misused.</li> </ul>
Division of profits	<ul style="list-style-type: none"> <li>The profits of the company are used finance other needs of the company.</li> </ul>		<ul style="list-style-type: none"> <li>-May discourage potential investors from investing in the company as this is a non-profit company.</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>The company and its owners (shareholders) are separate entities, which</li> <li>may encourage more people to join the company</li> <li>Financial statements are audited this may result to effective use of resources.</li> </ul>		<ul style="list-style-type: none"> <li>Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted.</li> </ul>

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# CONSOLIDATION



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**Across**

- 3 The legal position of the business and the way it is owned  
 5 A business is owned and controlled by one person who takes all the decisions, responsibility and profits from the business they run  
 10 governed by the company Act 71 of 2008, incorporated in terms of  
 11 The document that sets out the rights, responsibilities and duties of shareholders and directors  
 14 Can have a minimum of one and maximum of ten members who share a common goal  
 15 People elected to the board of a company by the shareholders to represent the shareholders' interests  
 16 A voluntary association of ONE or more

- 17 The ability of management to start and operate a business as planned  
 20 Legal entity that is created by the government in order to participate in commercial activities on its behalf  
 22 A meeting held once a year where the shareholders receive a report stating how well the company has done  
 24 Legal requirements of starting a business  
 25 The owner's personal assets may be seized to pay for the debts of the business

**Down**

- 1 A non-profit company is an association incorporated not for gain  
 2 An agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals  
 4 A type of private company, where the directors are jointly and severally liable for all the debts and liabilities of the company  
 6 Refers to how the profit is divided between owners, partners, shareholders or investors  
 7 Memorandum of Incorporation  
 8 Continue to exist even if a change of ownership takes place, e.g a member or shareholder dies or retires  
 9 Tax requirements of each form of ownership determines the impact of taxation on the businesses success or failure  
 12 Autonomous association of persons united voluntarily to meet their common economic/ social needs/aspirations

- through a jointly owned and democratically controlled enterprise  
 13 A document inviting the public to buy securities/shares  
 18 A company incorporated for the purpose of financial gain for its shareholders  
 19 The ability to obtain funds from various sources  
 21 Legal entity who has capacity and powers to act on its own  
 23 Losses are limited to the amount that the owner invested in the

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# BUSINESS VENTURES

Presentation of Information  
& Data Response

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# Concepts

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

Feedback	Improvement	Professional manner
Non-aggressive	Multimedia presentation	Design
Bar graphs	Pie charts	Line graphs
During	While presenting	Before
Preparing presentation	Audience	logical and effective
Criteria	Illustrations	Diagrams
Graphs	Tables	Non-verbal format
Posters	Slides	Transparencies
Hand-outs	Audio-visual	Verbal format
Business information	Presentation	

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**Learner must know the following:**

- Outline/Explain factors that must be considered when preparing for a presentation/ before making the presentation.
- Outline/Explain factors that must be considered by the presenter while presenting.
  - maintain eye contact
  - use visual aids effectively
  - move
  - do not speak fast
  - use pauses effectively, etc.
- Explain how to respond to questions about work and presentations/handle feedback after a presentation in a non-aggressive and professional manner.
- Discuss/Explain how to identify areas for improvement of the next/a future presentation.
- Motivate/Make recommendations for future improvements based on feedback from presentations.
- Give examples of non-verbal presentations, e.g.
  - written reports,
  - scenarios,
  - types of graphs (e.g. line, pie, bar charts)
  - as well as other types of non-verbal information such as pictures and photographs.
- Discuss/Explain how to design a multimedia presentation to include visual aids, e.g.
  - start with the text,
  - select the background,
  - choose relevant images/create graphs, etc.
- Explain/Evaluate the effectiveness/advantages/disadvantages of visual aids.

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## PRESENTATION

### **Factors to be considered before doing a presentation**

- Clear purpose/intentions/objectives and main points of the presentation.
- Main aims captured in the introduction/opening statement of the presentation.
- Information presented should be relevant and accurate.
- Fully conversant with the content/objectives of the presentation.
- Background/diversity/size/pre-knowledge of the audience to determine the appropriate visual aids.
- Prepare a rough draft of the presentation with a logical structure/format with an introduction, body and conclusion.
- The conclusion must summarise the key facts and how it relates to the objectives/shows that all aspects have been addressed.
- Create visual aids/graphics that will consolidate the information/facts to be conveyed to the board of directors

### **Factors to consider during a presentation**

- Establish credibility by introducing yourself as the presenter at the start.
- Mention/Show most important information first.
- Make the purpose/main points of the presentation clear at the start of the presentation.
- Use suitable section titles/headings/sub-headings/bullets.
- Summarise the main points of the presentation to conclude the presentation.
- Stand in a good position/upright, where the audience can clearly see the presenter/presentation.
- Avoid hiding behind equipment.
- Maintain eye contact with the audience.
- Be audible to all listeners/audience.
- Vary the tone of voice/tempo within certain sections to prevent monotony.
- Make the presentation interesting with visual aids/anecdotes/examples/Use visual aids effectively.

### **Factors that must be considered after making the presentation / professional handling of feedback**

- Ensure that you understand each question/what is being asked.
- Rephrase questions if uncertain, before responding.
- Listen carefully to each question and think carefully before responding.
- Address questions and not the person.
- Acknowledge good questions.
- Remain professional/polite/calm/non-aggressive.
- Do not get involved in a debate or argument.

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1. Study the list of factors below and indicate whether the factors refer to **before**, **during** or **after** a presentation.
  - 1.1. Create visual aids that will consolidate the information to be conveyed to the board of directors.
  - 1.2. Apologies for an error and promise to provide everyone with the correct details.
  - 1.3. Find out about the venue for the presentation, e.g. what equipment is available
  - 1.4. Pace yourself and do not rush or talk too slowly.
  - 1.5. Keep the presentation short and simple.
  - 1.6. Do not allow one member of the audience to dominate the session and ask all the questions.
  - 1.7. Avoid answering difficult questions when the answer is not known.
  - 1.8. Make appropriate use of gestures e.g. hands, to emphasize points.
  - 1.9. Prepare for the feedback session, by anticipating possible questions or comments.
  - 1.10. Stand upright and avoid hiding behind the equipment

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### **Responding to questions in a professional manner**

- The presenter should stand throughout the feedback session.
- Be polite/confident/courteous when responding to questions.
- Ensure that each question/comment is clearly understood before responding/re-phrase questions if uncertain.
- He should first listen and then respond.
- Provide feedback as soon as possible after the question was asked or after the session.
- Be direct/honest/sincere when responding to questions.
- Use simple language to support the examples used in the presentation.
- Keep answers short and to the point.
- Apologise/acknowledge his errors/mistakes if pointed out by the audience.
- Encourage questions from the audience/investors.
- Always address the questions and not the person.

### **Improvement of the next/ future presentation**

- The presenter should revise objectives that were not achieved.
- Use humour appropriately.
- Always be prepared to update/keep the information relevant.
- Reflect on any problem/criticism and avoid it in future presentations.
- Reflect on the time/length of the presentation to add/remove content.
- Increase/Decrease the use of visual aids or replace/remove aids that do not work well.
- Reflect on the logical flow of the format/slides/application of visual aids.

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## DATA RESPONSE

### Aspects to be considered when designing a multimedia presentation

- Start with the text/headings.
- Use legible font and font size.
- Select the background
- Choose images that may help to communicate the message.
- Include/Create graphics.
- Add special effects/sound/animation.
- Create hyperlinks to allow quick access to other files/documents/video clips.
- Keep slides/images/graphs simple.
- Make sure there are no grammatical/spelling errors.
- Use bright colours to increase visibility.
- Structure information in a logical sequence.
- Limit the information on each slide.
- Use pictures to make it interesting for the audience.

### Examples of non-verbal presentation methods

- Tables
- Graphs/bar graph/line graph/histogram/pie graph
- Diagrams
- Illustrations/Pictures/Photographs/Scenarios
- Written/Business reports
- Flip charts
- Handouts
- Slide shows

### Advantages of using visual aids in any presentation

- Supports/Emphasises the main points of the topic.
- Helps the audience to understand/clarify the topic.
- Makes a presentation more understanding and more memorable.
- Useful in presenting information to members of the audience who learn best through visuals.
- Summarises large amounts of facts to keep the presentation short and to the point.
- Eye-catching visual aids can attract the audience/readers attention.
- Conveys key points of a presentation e.g. the contact details of the presenter can be given via hand-outs/business cards, etc.
- Very useful when presenting financial information to management.
- Stimulates more than one sense of the audience during a presentation, e.g. seeing and hearing, to attract/keep their attention.

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## Impact of each visual aids

### Impact of video conferencing/ Skype

#### Positives/Advantages

- People can see and hear each other during their communication.
- Can be used when a presenter wants to refer to documents✓ such as graphs/relationships/diagram and process steps.
- Can be used for international meetings.
- There is no need to spend time and money travelling to meetings.
- Documents can be viewed on the screen at the same time.

#### Negatives/Disadvantages

- Takes away from the personal aspect of the conversation.
- The environment/surrounding may limit people to retain information effectively.
- It may be difficult to get everyone at the same time when scheduling a session.
- People who use this equipment must be properly trained on how to use the equipment.
- Conferencing facilities can be expensive and everyone who is going to attend the meeting needs access to suitable hardware and software.

### Impact of flip charts

#### Positives/Advantages

- Mainly used for a small audience to note down short notes/ideas.
- In a sales pitch it may be useful during the feedback session to summarise main facts/aspects that the presenter needs to follow up.
- Very effective in brain storming sessions as suggestions are summarised or listed.

#### Negatives/Disadvantages

- There may not be enough time during the presentation to make written notes, so some ideas may not be listed.
- Handwriting may be illegible/ untidy which may not contribute to a professional image/presentation.
- It may not always be possible to prepare flip charts before the presentation, so it can become cluttered/ chaotic.

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## Impact of Interactive whiteboard/Smart boards

### Positives/Advantages

- Images can be projected directly from a computer, so no external projector/devices necessary.
- Special pens allow the presenter to write on the board while prepared images are displayed.
- Additional notes that was added during the presentation can be captured on computer after the presentation.
- Easy to combine with sound/other visual aids.
- Useful to capture feedback and new ideas.

### Negatives/Disadvantages

- Should only be used by a presenter who knows the unique features of the interactive whiteboard/who can use it to its full potential.
- Cannot be connected to any computer as special, licensed software is needed to be able to use it.
- Technical challenges may render it ineffective, e.g. loss of signal while using it.

## Impact of posters/signs/banners/portable advertising stands/flags

### Positives/Advantages

- It should be colourful/eye-catching/creative to support the core message of the presentation.
- May contain large illustrations/pictures/features of the products/key concepts to emphasise detail, e.g. creative jewellery/unique features of the jewellery.
- Can make impact when placed strategically in/outside the venue.
- Useful in promoting the logo/vision of the business.

### Negatives/Disadvantages

- May overpower/draw attention away from the presentation if it is too big/not placed correctly.
- May not always be useful in a small venue/audience as it can create a 'crowded' atmosphere.
- Only focuses on visual aspects as it cannot always be combined with sound/audio.

## Impact of data projector/PowerPoint

### Positives/Advantages

- Graphic programmes have the capacity to convey ideas and support what the presenter says.
- Easy to combine with sound/video clips.
- Simple/Less cluttered slides may capture the interest of the audience.
- Video clips can provide variety and capture the attention of the audience.
- Variation of colour/background/sound immediately captures the attention of the audience and retain their interest throughout the presentation.
- Slides should only be used where they can enhance the facts or summarise information.

### Negatives/Disadvantages

- Unprofessional handling of the data projector/PowerPoint presentation material.

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- May lead to irritation/may result in the audience losing interest.
- Less effective to people with visual impairments.
- Simply reading off the slides makes a presentation boring/meaningless.
- Unable to show slides without electricity/data projector.

## **Impact of transparencies/ Overhead projectors**

### **Positives/Advantages**

- Summaries/Simple graphics/Diagrams/Processes may be explained easily on transparencies.
- It can be prepared manually (OHP pens) or electronically on computer/copier.
- A useful replacement/back-up if computer/electronic equipment fail or are not available.
- OHP transparencies can be used to reflect colour images.
- It may be an effective/useful reminder to the presenter of all the points to be covered.

### **Negatives/Disadvantages**

- Transparencies that are not well ordered/ organised, may convey an unprofessional image.
- It can be easily replaced by a PowerPoint presentation.
- Not easy to combine with sound/audio.
- Used most effectively when lights are dimmed/switched off which make it difficult for the audience to make their own notes.

## **Impact of hand-outs/flyers/brochures**

### **Positives/Advantages**

- Meaningful hand-outs may be handed out at the start of the presentation to attract attention/encourage participation.
- Notes/Hard copies of the slide presentation can be distributed at the end of the presentation as a reminder of the key facts of the presentation.
- It is easy to update hand-outs with recent information or developments.
- Notes may be compared with electronic slides to validate the accuracy.

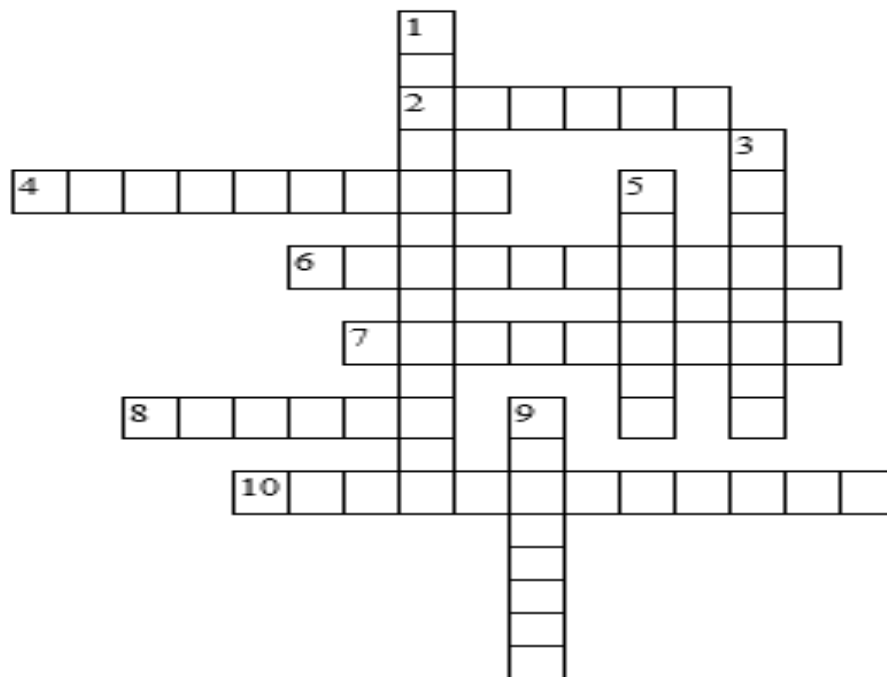
### **Negatives/Disadvantages**

- Hand-outs cannot be combined with audio material, so it only focuses on the visual aspects of support material.
- Handing out material at the start of the presentation may distract/lose audience attention.
- As it only summarises key information, some details might be lost/omitted.
- Printed material is expensive and it is easy to lose hard copies.
- Increases the risk of unauthorised duplication/use of confidential information.

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# CONSOLIDATION



## Across

- 2 A set of facts/figures systematically displayed, especially in columns
- 4 A large pad of paper, bound so that each page can be turned over at the top to reveal the next page, used on a stand
- 6 Refers to charts/pictures/images that help to clarify a point/enhance a presentation
- 7 Presentation of information to an audience without using spoken words
- 8 Two-dimensional drawings showing a relationship between two set of variables by means of a line/curve/bars
- 10 The act of communicating information/data to an audience/stakeholders in an organisation

## Down

- 1 Interpretation and analysis of information provided
- 3 Information about a presentation by an audience which is used as a basis for improvement
- 5 A drawing showing the appearance/structure/workings of data in a schematic representation
- 9 Printed information provided to the audience to accompany a presentation

Date Started

Date Ended



# BUSINESS ROLES

Professionalism & Ethics

Date Started

Date Ended

# Concepts

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

Unfair advertising	Sexual harassment	Shortcomings
Findings'	Disclosure	Audit committees
Stakeholders	Answerable	Communities
Protecting	Guidelines	Decision making
Reputation	Code of Conduct	Morally acceptable
Expected behaviour	Unprofessional	Unethical behaviour
Responsibility	Transparency	Accountability
Tax evasion	Business practices	Corporate governance
King Code	Principles	Ethical
Ethics	Professionalism	

**Learner must know the following:**

Date Started

Date Ended

- Define ethical behaviour
- Give practical examples of ethical and unethical business practice, e.g. using fair vs. unfair advertising techniques, etc.
- Give practical examples of professional and unprofessional business practices, e.g. good use of work time and abuse of work time, etc.
- Explain how businesses can apply King Code principles of transparency, accountability and responsibility for good corporate governance to improve ethical and professional business practices.
- Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g. payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.
- Identify types of unethical/unprofessional behaviour from given scenarios/statements.
- Discuss/Explain the following unprofessional and unethical businesses practices:
  - Sexual harassment
  - Unauthorised use of workplace funds and resources
  - Unfair advertising – definition and examples
  - Pricing of goods in rural areas
  - Taxation/Tax evasion
  - Abuse of work time
- Identify the above mentioned unethical/ unprofessional behaviour from given case studies/business scenarios
- Recommend/Suggest improvements for the above-mentioned unethical business behaviour/ practices.

### Meaning of ethical behaviour

- Refers to acting in ways consistent with what society and individuals think are good values.
- Ethical behaviour is expected from every employee in the business.
- It means that the highest legal and moral standards are upheld when dealing with stakeholders.

### Examples of ethical and unethical business practice

Ethical business practices	Unethical business practices
<ul style="list-style-type: none"> <li>• Using fair advertising</li> <li>• Clients and employee's information are not disclosed/used for the benefit of the business.</li> <li>• Business deals are conducted openly.</li> <li>• Paying fair wages</li> <li>• Operating within the law</li> <li>• Ensuring that the environment is not polluted.</li> <li>• Not engaging in illegal business practices</li> <li>• Not using child labour</li> <li>• Adopting codes of good ethical practice.</li> </ul>	<ul style="list-style-type: none"> <li>• Unfair advertising</li> <li>• Pricing of goods in rural areas</li> <li>• Taxation/Tax evasion</li> <li>• Starting a venture at the expense of someone else</li> <li>• Paying employees unfair wages</li> <li>• Disobeying the law</li> <li>• Using bribery to gain business</li> <li>• Engaging in illegal business practices</li> <li>• Polluting the environment</li> </ul>

Date Started

Date Ended

### Examples of professional and unprofessional business practice

Professional business practice	Unprofessional business practice
<ul style="list-style-type: none"> <li>• Using polite language to colleagues.</li> <li>• Good use of work time</li> <li>• Keeping clients details confidential/Not using clients' information for personal gain.</li> <li>• Treating all people, the same.</li> </ul>	<ul style="list-style-type: none"> <li>• Using rude/impolite language</li> <li>• Abuse of work time.</li> <li>• Discussing clients' information/using clients' information for personal gain.</li> <li>• Giving some people special favours.</li> <li>• Overstating the number of hours worked.</li> <li>• Unauthorised use of business resources.</li> </ul>

### Differences between professionalism behaviour and ethical behaviour

Professional behaviour/Professionalism	Ethical behaviour/Ethics
<ul style="list-style-type: none"> <li>• Refers to what is right/wrong/acceptable in a business</li> </ul>	<ul style="list-style-type: none"> <li>• Refers to the principles of right and wrong/acceptable in society</li> </ul>
<ul style="list-style-type: none"> <li>• Set of standards of expected behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Conforms to a set of values that are morally acceptable</li> </ul>
<ul style="list-style-type: none"> <li>• Applying a code of conduct of a profession or business</li> </ul>	<ul style="list-style-type: none"> <li>• Forms part of a code of conduct to guide employees to act ethically</li> </ul>
<ul style="list-style-type: none"> <li>• Focuses on developing a moral compass for decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses on upholding the reputation of a business/profession</li> </ul>
<ul style="list-style-type: none"> <li>• Includes guidelines on employees' appearance/communication/attitude/responsibility, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Involves following the principles of right and wrong in business activities/practices/dealings</li> </ul>

### Ways in which businesses can apply King Code principles for good corporate governance

#### Transparency

- Decisions/Actions must be clear to all stakeholders.
- Staffing and other processes should be open and transparent.
- Employees/Shareholders/Directors should be aware of the employment policies of the business.
- Auditing and other reports must be accurate/ available to shareholders/employees.
- Regular audits should be done to determine the effectiveness of the business.

#### Accountability

- There must be regular communication between management and stakeholders.
- Company should appoint internal and external auditors to audit financial statements.
- The board should ensure that the company's ethics are effectively implemented.
- Businesses should be accountable/ responsible for their decisions/actions.
- Businesses should present accurate annual reports to shareholders at the Annual General Meeting (AGM).

#### Responsibility

- The business/ board should develop and implement programmes that should be aimed at protecting the communities in which they operate.
- The business/ board should develop remedial programmes to protect the environment for example, reduce air and water pollution.

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

- Businesses should treat all their employees equally, regardless of their race/colour/age/gender/disability etc.
- Mission statement should include values of equality/respect.
- Treat workers with respect/dignity by recognising work well done/the value of human capital
- Pay fair wages/salaries which is in line with the minimum requirements of the BCEA/Remunerate employees for working overtime/during public holidays.
- All workers should have access to equal opportunities/positions/resources.
- Plan properly and put preventative measures in place.
- Ensure that employees work in a work environment that is conducive to safety/fairness/free from embarrassment.
- Refrain from starting a venture using other businesses' ideas that are protected by law.

### Types of unethical/unprofessional business practice and examples

Type of unethical/Unprofessional business practices	Examples
Sexual harassment	<ul style="list-style-type: none"> <li>• Managers who promise employees promotions if they agree to have a relationship with them.</li> </ul>
Unauthorised use of workplace funds and resources	<ul style="list-style-type: none"> <li>• Employees who download music and movies using the business's resources</li> <li>• An employee who uses business resources for his/her own personal gain.</li> </ul>
Abuse of work time	<ul style="list-style-type: none"> <li>• Making personal calls during work hours.</li> <li>• Taking extended lunch breaks</li> <li>• Doing personal business during work hours</li> </ul>
Unfair advertising	<ul style="list-style-type: none"> <li>• Giving goods deceptive names/False labelling.</li> <li>• Selling second hand goods as new goods.</li> <li>• Exaggerating the merits of the product/False promises</li> <li>• Using fine print to conceal important information.</li> <li>• Criticising competitor's goods.</li> <li>• Exploitations of children's lack of understanding.</li> <li>• Misuse of people with disabilities in advertisements.</li> <li>• Advertising that encourages violence.</li> </ul>
Pricing of goods in rural areas	<ul style="list-style-type: none"> <li>• inflating prices</li> <li>• Charging higher for goods of inferior quality in rural areas.</li> </ul>
Taxation/Tax evasion	<ul style="list-style-type: none"> <li>• Businesses that do not declare all their income to SARS.</li> <li>• Falsifying the business financial statements.</li> </ul>

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### Explanation of unethical/unprofessional business practices

#### Sexual harassment

- Manager promises an increase in salary/ a promotion/Quid pro quo harassment in exchange for sexual favours.
- A violation of basic human rights that normally happen when someone in power abuses his/her power/position, e.g. gesture/remark/action/suggestive behaviour which victimises the worker.
- The affected party is normally reluctant to report the incident due to fear of victimisation.
- Sexual harassment causes discomfort/humiliation and interferes with the job.

#### Unauthorised use of workplace funds and resources

- This form of fraud is the misuse of money without prior authorisation from a senior manager.
- Fraud increases the cost of doing business/affects competition/discourages investors when prices are increased to absorb the losses.
- Use of company assets for private use/personal gain.

#### Abuse of work time

- Employees abuse work time by arriving late/leaving early and taking longer lunch breaks.
- Employees use working hours for personal gain.
- Abuse of work time decreases productivity and loss of profits.
- Businesses can lose customers and not meet work deadlines.

#### Unfair advertising

- The use of false or misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers.
- Advertising influences a buyer's decision to purchase a product.
- Businesses can make unwise advertising choices when they are under pressure to increase their profits.
- Unfair advertisements could be harmful to consumers.
- Some advertisements may be regarded as discriminatory because they exclude/target some sections of the population.

#### Pricing of goods in rural areas

- Some businesses in the rural areas exploit their customers by adding much more than necessary to their prices.
- Some consumers in rural areas have little economic power and are vulnerable to exploitation.
- Business may form monopolies in rural areas and increase their prices unilaterally.
- It may be common practice to pay higher prices for goods of inferior quality in rural areas.
- Business may form monopolies in rural areas and increase their prices unilaterally.

#### Taxation/Tax evasion

- Corporate tax and personal income tax are the main source of income for the government.
- The payment of tax reduces a business's profit margin forcing some businesses to evade tax.
- Many businesses and individuals do not declare all their income to SARS.
- Some businesses may falsify their financial records.
- Businesses who evade tax may face prosecution and fines/sent to prison if found guilty.

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Date Ended

## Strategies/Recommendations/Ways to deal with unethical/unprofessional business practices

### **Sexual harassment**

- Implement internal complaints and disciplinary procedures.
- Educate employers on sexual harassment matters.
- Formulate a policy regarding sexual harassment.
- Create a good working environment where all employees' rights and dignity are respected.
- Internal investigation should be made in order to determine the seriousness of the harassment.

### **Unauthorised use of workplace funds and resources**

- Conduct regular audits.
- Identify risk areas/ vulnerable areas
- Limit the number of employees having access to business funds/assets.
- Implement/Introduce fraud prevention strategies.
- Educate employees about the impact of fraud.

### **Abuse of work time**

- Speak directly to those employees who abuse work time.
- Code of conduct/ethics should contain clear rules about abuse of work time.
- Conduct training on the contents of the code of conduct/ethics.
- Code of conduct/ethics should be signed by all employees so that they are aware of its contents.
- Monitor employees to ensure that tasks are completed.

### **Unfair advertising**

- Consumers must report unfair advertisements to the Advertising Standards Authority.
- Business should be encouraged to keep their advertising fair and in line with the constitution.

### **Pricing of goods in rural areas**

- A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area.
- Charge fair/market related prices for goods and services.
- Avoid unethical business practices to attract customer loyalty.
- Work together with suppliers to share delivery costs to remote rural areas.

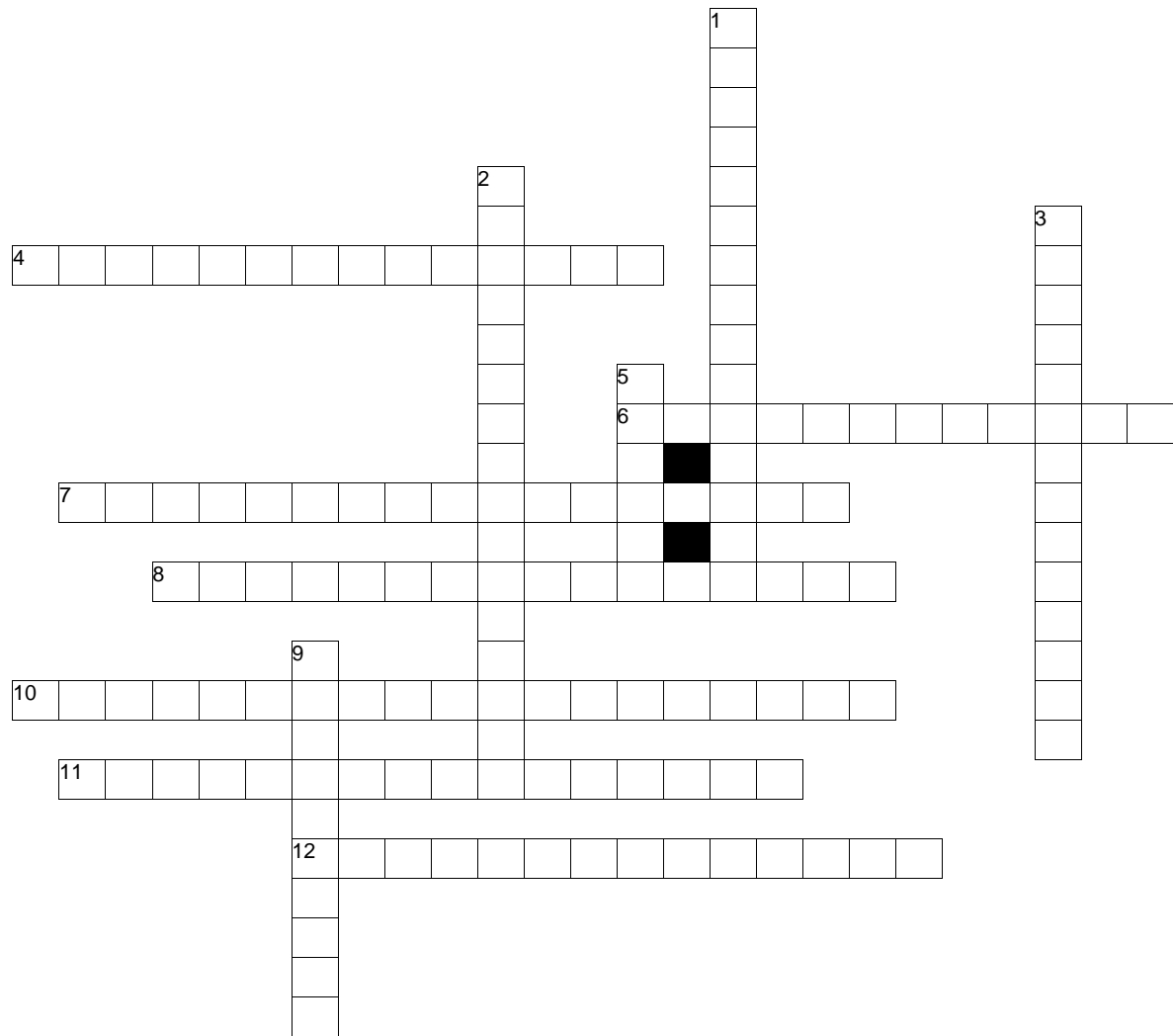
### **Taxation/Tax evasion**

- Submit all tax returns on time.
- Businesses should pay the correct amount of tax to SARS.
- Keep financial records honestly and accurately.
- Make sure that all financial records are checked and audited.

Date Started

Date Ended

# CONSOLIDATION



## Across

- 4.** Ideas about what is morally correct or not applied in a business situation [8; 6]  
**6.** Directors and managers are expected to operate in a manner that is easy for stakeholders to understand what actions are performed [13]  
**7.** The use of false or misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers [6; 11]  
**8.** Managers who promise employees promotions if they agree to have a relationship with them [6; 10]  
**10.** The exercise of ethical and effective leadership by the board of governors of a business towards achieving good performance/ effective control/sustainability and profitability [9; 10]  
**11.** A procedure/rule employed or followed by a business in the pursuit of its objectives [8; 8]  
**12.** Holding directors and officials responsible to stakeholders for their decisions and action [14]

## Down

- 1.** Describes the internationally accepted standards/expectations that society has of people's conduct and levels of competence in the workplace [15]  
**2.** Acting in ways consistent with what society and individuals think are good values [7; 9]  
**3.** The legal and moral obligation of the business in relation to the economic, social and natural environment within which it operates [14]  
**5.** Refers to the principles of right and wrong/acceptable in society [7]  
**9.** When a business does not declare all their income to SARS with the aim of paying less tax [3; 7]

Date Started

Date Ended



# BUSINESS ROLES

Creative Thinking & Problem  
Solving

Date Started

Date Ended

# Concepts

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

Forced Combination	Nominal Group technique	Empty Chair technique
Force Field Analysis	Delphi Technique	Mind-map
Brainstorming	Motivation	Positive attitudes
Productivity	Competitive Advantage	Unconventional ideas
Authoritarian	Evaluate	Monitor
Implement	Choose	Alternative Solution
Define	Identify	Problem Solving Steps
Disadvantages	Advantages	Techniques
Problem Solving	Generate	Creative
New Ideas	Innovative Ideas	Creative Thinking

Date Started

Date Ended

**Learner must know the following:**

- Distinguish between problem solving and decision making.
- Name/Outline/Apply the steps in problem-solving from given scenarios/case studies.
- Identify businesses challenges from given scenarios and apply problem-solving techniques to solve business problems.
- Apply creative thinking skills to solve complex business problems.
- Explain the benefits/advantages of creative thinking in the workplace.
- Discuss/Evaluate the impact (positives/negatives) of creative thinking/problem solving techniques, e.g.:
  - Delphi technique
  - Force field analysis
  - Brainstorming
  - Mind mapping
  - Nominal group technique
  - SCAMPER
  - Forced combination
  - Empty chair
- Explain how businesses can apply the above creative thinking-/problem solving techniques in the workplace.
- Suggest/Recommend ways for businesses to create an environment that promotes creative thinking.

**Differences between problem solving and decision making**

DECISION MAKING	PROBLEM SOLVING
-It is often done by one person/a member of senior management who makes it authoritarian.	-Problems can be solved by a group/ team or an individual team member.
-Various alternatives are considered before deciding on the best one.	-Alternative solutions are generated/ identified and critically evaluated.
-It is part of the problem solving cycle as decisions need to be taken in each step.	-Process of analysing a situation to identify strategies to bring about change.

Date Started

Date Ended

### **Problem solving steps**

- Identify the problem.
- Define the problem.
- Identify possible solutions to the problem.
- Select the most appropriate alternative.
- Develop an action plan.
- Implement the suggested solution/action plan.
- Monitor the implementation of the solution/action plan.
- Evaluate the implemented solution.

### **Application of problem solving steps**

#### **Identify the problem**

- Identify the exact problem
- Acknowledge that there is a problem

#### **Define the problem**

- The nature of the problem must be precise.
- Define the possible causes of the problem
- Gather as much information as possible to establish the cause of the problem.

#### **Identify alternative solutions**

- Identify all different possible solutions
- Decide on the cause

#### **Evaluate alternative solutions**

- Use critical evaluation and analytical skills to evaluate each solution.
- Consider the advantages and disadvantages of each alternative solution.

#### **Choose the best solution**

- Set criteria for the best solution, in terms of aspects such as time/cost/risk involved
- Identify which solution will be used
- The best solution should match the size and the resources of the business.
- If the solution is not appropriate, the business should go back to defining the problem.

#### **Formulate/Develop an action plan/strategy**

- Arrange the necessary resources and delegate tasks.
- Establish a time line for implementation and set deadlines

#### **Implement the action plan**

- Carry out the planned actions/solution.
- Communicate delegated tasks/deadlines to employees.

#### **Evaluate the solution/action plan**

- Assess whether the problem has been solved partially or entirely
- Monitor/test the solution/action plan/strategy continuously.
- If problems emerge, they must recognise and re-formulate the problem for improved solutions in the future.

Date Started

Date Ended

### **Advantages/Benefits of creative thinking in the workplace**

- Better/Unique/Unconventional ideas/solutions are generated.
- May give the business a competitive advantage if unusual/unique solutions/ideas/strategies are implemented.
- Complex business problems may be solved.
- Productivity increases as management/employees may quickly generate multiple ideas which utilises time and money more effectively.
- Managers/Employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage change(s) positively and creatively.

### **Problem solving techniques**

- Delphi technique
- Force field analysis
- Brainstorming
- Mind mapping
- Nominal group technique
- SCAMPER
- Forced combination
- Empty chair

## **Impact of problem-solving techniques**

### **Impact of Delphi technique**

#### **Positives/Advantages**

- Businesses may use a group of experts without bringing them together.
- The experts will give the business clear ideas/solutions on how to improve on productivity/profitability.
- Information received from experts can be used to solve complex business problems.
- Experts may give honest/credible opinions as they do not have a direct/personal interest in the business.

#### **Negatives/Disadvantages**

- It is an expensive technique to use due to high administrative costs.
- May be time consuming/complicated to analyse data received from experts.
- Not all experts are willing/interested to give feedback/complete questionnaires.
- Some experts might not have an in-depth knowledge of certain topics.

Date Started

Date Ended

### Impact of the Force-Field Analysis

#### Positives/Advantages

- It provides a visual summary of all the various factors supporting and opposing a particular idea
- Employees feel included and understood.
- Employees develop and grow with the business.
- Informed decisions can be made as forces for and against are critically evaluated.

#### Negatives/Disadvantages

- It is time consuming since the business must stabilise before more changes can be made.
- Requires the participation of all business units
- The analysis developed is entirely dependent upon the skill level and knowledge of the group working on the analysis.

### The impact of brainstorming

#### Positives/Advantages

- Better solutions are developed through collective contributions.
- Combinations of ideas/improvements can be chosen after all the ideas have been written down.
- Employees are motivated as they are allowed to contribute to problem solving.
- Stimulates creative thinking in the workplace.

#### Negatives/Disadvantages

- Brainstorming is time consuming as all stakeholders/employees may generate too many ideas which can delay decision making.
- Some team members may dominate discussion.
- Fear of criticism may prevent full participation in brainstorming sessions.

### The impact of mind mapping

#### Positives/Advantages

- Easy to generate ideas and enhances memory
- Stimulate the brain and makes people focus on the links and relationships between ideas.
- Easy to remember since the topic texts of mind maps are keywords and short phrases.
- Helps people to focus and understand the work better.

#### Negatives/Disadvantages

- Some people find it messy and chaotic
- Can become complicated as mind maps can become too big people are not able to structure keywords.
- Requires a sound knowledge of the topic

Date Started

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### The impact of the Nominal group technique

#### Positives/Advantages

- It provides time to think about the question in silence before responding
- Each team member/director has a chance to participate without interference from other team members.
- Voting on the ideas is anonymous and may be more reliable/honest.
- Everyone in the group is given an opportunity to contribute to the discussion, while avoiding the likelihood of one person dominating the group process.

#### Negatives/Disadvantages

- It minimises discussion, and thus does not allow the full development of ideas.
- Ideas/Inputs made by members may not converge and cannot lead to the same solution(s).
- Suggestions may not be as creative as when a group throws ideas around.
- It is time consuming, as each member must make a presentation.
- Small groups limit participation and are pre-selected.

### The impact of SCAMPER

#### Positives/Advantages

- Encourages people to come up with new and innovative solutions.
- The processes of re-arranging and combining different components of a business procedure allows participants to examine each step.
- Frees the participants' minds to look in unexpected places for the answers to their business needs.
- Can reveal where obstacles and bottlenecks occur in current practices and develop solutions to combat these barriers.
- Forces people to think differently.

#### Disadvantages/Negatives

- Success depends on groups being unconventional
- It is time consuming and not suitable for all groups

### The impact of Forced combination

#### Positives/Advantages

- Allows people to think outside the box
- Creative and valuable business ideas can be developed

Date Started

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### **The impact of Empty chair**

#### **Positives/Advantages**

- Managers are able to get things out in the open and practice dialogues before confronting employees.
- Justify solutions
- Helps a person to become more self-aware, particularly in terms of recognizing and understanding the relationship between your responses and your present situation
- The person has the opportunity to put his/her point across and decide to take the position of other imaginary person.
- Helps in understanding another person's point of view.

#### **Negatives/Disadvantages**

- Limits creativity as the person makes decisions alone
- One person's view is applied and this may not always be a best view.

## **Application of the problem-solving techniques**

#### **Application of the Delphi technique**

- Businesses must invite a panel of experts to research the complaints from customers.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to improve the quality of their products and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to the business
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.

#### **Application of Force-Field Analysis technique**

- Describe the current situation/problem and the desired situation.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Choose the force with the highest score as the solution.

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### **Application of brainstorming technique**

- State/Define the business problem clearly, so that all participants/stake-holders understand the problem.
- Members state possible causes of the business problems.
- Set a time limit for each brainstorming session.
- Record/Write ideas down, where all participants can see it. /Ideas may also be shared online during an E-brainstorming session.
- Use each suggestion, to inspire new thoughts/ideas.
- Do not judge/criticise/discuss the ideas, so that many ideas could be generated as quickly as possible.

### **Application of Nominal-group technique**

- Encourage group to clearly define the problem/to improve the quality of their products due to various complaints so that all the small groups can work on the same problem.
- The business must divide the employees into smaller groups.
- Request each employee to silently brainstorm /generate many ideas on his/her own, on how the quality of their paint can be improved and to write it down.
- Each employee in the small group has the opportunity to give one of his/her idea/solution with a short explanation.
- Appoint one employee to write the ideas/solutions on a large sheet of paper/ capture solutions electronically on computer for all to see.
- Allow each employee to give a second solution until all possible solutions have been recorded.

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Date Ended

### Application of SCAMPER

#### **S-Substitute**

- Substitute some parts of the parts of the product with something else
- Replace part of the problem with something new

#### **C-Combine**

- Arrange parts of a problem in a creative way to cancel out the problem

#### **A-Adapt**

- Look at existing solutions and adapt them to solve the current situation.
- Look at the new trend for products and adapt the old product to attract more customers

#### **M-Modify/Magnify**

- Exaggerate the problem and see if there is a part of it that can be adjusted to solve the whole problem.
- Put some new parts into the product to attract more customers

#### **P-Put to other uses**

- Make alterations to use it for other purposes

#### **E-Eliminate**

- Get rid of some parts of the problem or reduce them down

#### **R-Reverse/Rearrange**

- Push the idea around and rearrange in order to think of it differently.

### Application of Mind maps

- Decide on the central problem/topic and find a word/picture that captures it.
- Break down the central theme into main ideas/points.
- Break the ideas down further into sub-points.
- Use colour and shapes to help sort ideas logically.

### Application of Forced combinations

- Give employees a list of random words/pictures/objects.
- Employees should then create connections between the problem at hand and their item.
- Employees should answer questions like “how could this item solve our problem”?

### Application of empty chair

- Speak to an empty chair and imagine another person sitting

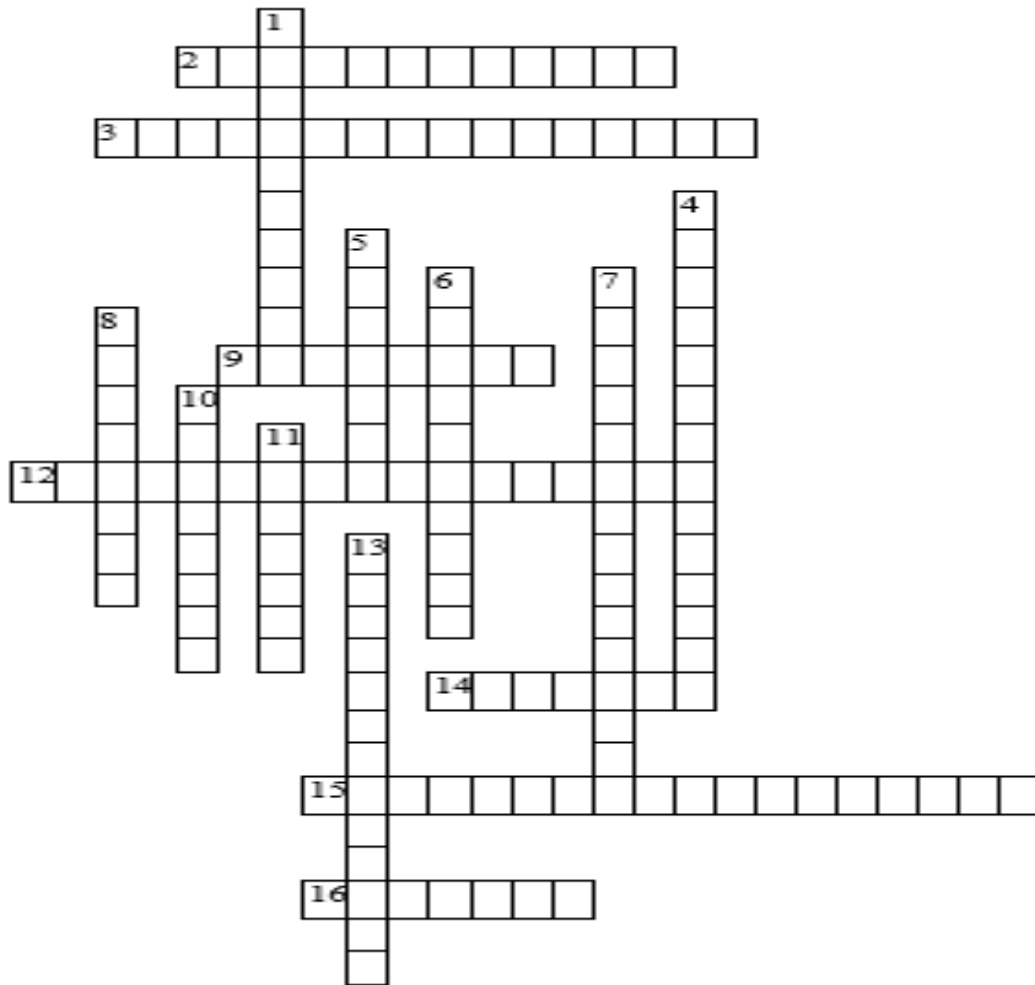
### Ways in which a business can create an environment that stimulates/promote creative thinking

- Emphasise the importance of creative thinking to ensure that all staff know that management want to hear their ideas.
- Encourage staff to come up with new ideas/opinions/solutions.
- Train staff in innovative techniques/creative problem solving skills/mind-mapping/ lateral thinking.
- Encourage job swops within the organisation/studying how other businesses are doing things.
- Encourage alternative ways of working/doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.

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Date Ended

## CONSOLIDATION



Date Started

Date Ended

**Across**

- 2 Individuals are divided into smaller groups where individuals silently brainstorm as many ideas as possible before sharing with the entire
- 3 The ability to think of original, varied new ideas or new approaches
- 9 Various problem solving techniques are used to solve business related ....
- 12 Break down and analyse a situation, then find a solution/s that best solves identified aspects of the problem or design situation
- 14 Gathering facts that include problem findings and problem shaping PROBLEM
- 15 Examination of all forces for and all forces against a specific decision to bring about change in an organisation
- 16 A diagram where the main/core concept is in the centre and ideas are developed into branches linked to the main concept

**Down**

- 1 A role-play technique where problems are solved whilst taking to an imaginary person on a chair
- 4 Process of analyzing a situation to identify strategies to bring about change
- 5 Experiencing uncertainty or difficulty in achieving what we want to achieve
- 6 Ideas featuring new and original methods
- 7 A group communication process to deal with a complex problem by panel of experts
- 8 To produce or create
- 10 To be original, inventive or resourceful
- 11 The technique is based on the notion that everything new is a modification of something that already exists
- 13 Individuals suggests new ideas randomly that are written on a flip chart in a larger group without being criticized

Date Started

Date Ended

# BUSINESS ROLES

Team Performance & Conflict

Date Started

Date Ended

# Concepts

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

	Acceptance	Achieving
Adjourning	Comfortable stage	Common goals
Communication	Competition	Conflict
Conflict resolution	Confrontation	Consensus
Constant changes	Delegation	Dispute
Dissolves	Forming	Grievance
Ignoring rules	Indecisive	Interpersonal attitude
Meet and greet	Mourning	Negative
Norming	Performing	Personal Differences
Poor communication	Poor leadership	Quiet
Shared values	Storming	Team Development
Team Dynamic Theories	Team Dynamics	Team Performance
Team work		

Date Started

Date Ended

**Learner must know the following:****TEAM PERFORMANCE ASSESSMENT**

- Outline/ Describe/ Discuss the criteria for successful team performance e.g. interpersonal attitudes and behaviours, shared values, communication, etc.
- Describe/Discuss the characteristics for a successful team
- Identify/ Explain/ Discuss the stages of team development, e.g.
  - Forming
  - Storming
  - Norming
  - Performing
  - Adjourning
- Elaborate on the importance of team-dynamic theories in improving team performance
- Explain/Describe the nature of each team dynamic theory.

**CONFLICT RESOLUTION**

- Define/Explain the meaning of conflict.
- Identify/Discuss causes of conflict from given scenarios/case studies.
- Explain/Apply conflict resolution techniques (steps and procedures).
- Apply these steps from given scenarios
- Define/Explain the meaning of grievance.
- Explain the differences between conflict and a grievance.
- Discuss/Explain the correct procedures to deal with grievances.
- Suggest different ways/strategies of dealing with difficult people (personalities).

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## Team performance and assessment

### Criteria for successful team performance

#### Interpersonal attitudes and behaviour

- Members have a positive attitude of support and motivation towards each other.
- Good/Sound interpersonal relationships will ensure job satisfaction/increase productivity of the team.
- Members are committed/passionate towards achieving a common goal/objectives.
- Team leader acknowledges/gives credit to members for positive contributions.

#### Shared values/ Mutual trust and support

- Shows loyalty/respect/trust towards team members despite differences.
- Shows respect for the knowledge/skills of other members.
- Perform team tasks with integrity/pursuing responsibility/meeting team deadlines with necessary commitment to team goals.

#### Communication

- A clear set of processes/procedures for team work ensures that every team member understands his/her role.
- Efficient/Good communication between team members may result in quick decisions.
- Quality feedback improves the morale of the team.
- Open/Honest discussions lead to effective solutions of problems.

#### Co-operation/ Collaboration

- Clearly defined realistic goals are set, so that all members know exactly what is to be accomplished.
- Willingness to co-operate as a unit to achieve team objectives.
- Co-operate with management to achieve team/business objectives.
- All members take part in decision making.

### Characteristics of successful teams

- Successful teams share a common goal as team members are part of the process of setting goals for the group.
- Share a set of team values and implement group decisions.
- Teams value the contributions of individual members and reach consensus on differences.
- There is a climate of respect/trust and honesty.
- Team members enjoy open communication and deal with items of conflict immediately.
- Teams are accountable and members know the time frame for achieving their goals.
- Teams pay attention to the needs of the individual team members.
- Successful teams have sound intra-team relations.

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## The stages of team development

### Forming stage

- Individuals gather information and impressions about each other and the scope of the task and how to approach it.
- This is a comfortable stage to be in.
- People focus on being busy with routines, such as team organisation e.g. who does what, when to meet each other, etc.

### Storming

- Teams go through a period of unease/conflict after formation.
- Different ideas from team members will compete for consideration.
- Team members open up to each other and confront each other's ideas/ perspectives.
- Tension/struggle/arguments occur and upset the team members/there may be power struggles for the position of team leader.
- In certain instances, storming can be resolved quickly; In others, the team never leaves this stage.

### Norming/Settling/reconciliation

- Team members come to an agreement and reach consensus.
- Roles and responsibilities are clear and accepted.
- Processes/working style and respect develop amongst members.
- Team members have the ambition to work for the success of the team.
- Conflict may occur, but commitment and unity are strong.

### Performing stage/Working as a team towards a goal

- Team members are aware of strategies and aims of the team.
- They have direction without interference from the leader.
- Processes and structures are set.
- Leaders delegate and oversee the processes and procedures.
- All members are now competent, autonomous and able to handle the decision-making process without supervision.

### Adjourning/Mourning stage

- The focus is on the completion of the task/ending the project.
- Breaking up the team may be traumatic as team members may find it difficult to perform as individuals once again.
- All tasks need to be completed before the team finally dissolves.

## Importance of team dynamic theories in improving team performance

- Team dynamic theories explain how effective teams work/operate.
- Businesses are able to allocate tasks according to the roles of team members.
- Team members can maximise performance as tasks are allocated according to their abilities/skills/attributes/personalities.
- Team members with similar strengths may compete for team tasks/ responsibilities that best suit their abilities/competencies.
- Theories assist team leaders to understand the personality types of team members so that tasks are assigned more effectively.
- Conflict may be minimised when team members perform different roles.

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## Differences between grievance and conflict

Grievance	Conflict
When an employee is unhappy/ has a problem/complaint in the workplace.	Clash of opinions/ideas/view points in the workplace.
It is when an individual/group has a work related issue.	Disagreement between two or more parties in the workplace.
Examples that can cause a grievance: Discrimination, unfair treatment, poor working conditions.	Examples that can cause conflict: A lack of trust/miscommunication/ personality clashes/different values.

### Causes of conflict in the workplace

- Differences in backgrounds/cultures/values/beliefs/language
- Limited business resources
- Different goals/objectives for group/individuals
- Personality differences between group/individuals
- Different opinions
- Unfair workload
- Ill-managed stress
- Unrealistic expectations

### Explanation of causes of conflict in the workplace

- Lack of proper communication between management and workers.
- Ignoring rules/procedures may result in disagreements and conflict.
- Management and/or workers may have different personalities/ backgrounds.
- Different values/levels of knowledge/skills/experience of managers/workers.
- Little/no co-operation between internal and/or external parties/stakeholders.
- Lack of recognition for good work, e.g. a manager may not show appreciation for extra hours worked to meet deadlines.
- Lack of employee development may increase frustration levels as workers may repeat errors due to a lack of knowledge/skills.
- Unfair disciplinary procedures, e.g. favouritism/nepotism

### Handling conflict in the workplace/Conflict resolution steps

- Acknowledge that there is conflict in the workplace.
- Identify the cause of the conflict.
- Pre-negotiations may be arranged where workers/complainants will be allowed to state their case/views separately.
- A time and place are arranged for negotiations where all employees involved are Present
- Arrange a meeting between conflicting employers/employees.
- Make intentions for intervention clear so that parties involved may feel at ease.
- Each party has the opportunity to express his/her own opinions/feelings/ Conflicting parties may recognise that their views are different.
- Analyse the cause(s) of conflict by breaking it down into different parts/Evaluate the situation objectively.

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### **Correct procedures to deal with grievances**

- An aggrieved employee must verbally report the incident/grievance to his/her supervisor/manager, who needs to resolve the issue within 3 to 5 working days.
- Should the employee and supervisor not be able to resolve the grievance, the employee may take it to the next level of management.
- The employee may move to a more formal process where the grievance must be lodged in writing/completes a grievance form.
- The employee must receive a written reply in response to the written grievance.
- A grievance hearing/meeting must be held with all relevant parties present.
- Minutes of the meeting must be recorded and any resolution passed must be recorded on the formal grievance form.
- Should the employee not be satisfied, then he/she could refer the matter to the highest level of management.
- Top management should arrange a meeting with all relevant parties concerned.
- Minutes of this meeting should be filed/recorded and the outcome/decision must be recorded on the formal grievance form.
- Should the employee still not be satisfied, he/she may refer the matter to the CCMA who will make a final decision on the matter.
- The matter can be referred to Labour Court on appeal if the employee is not satisfied with the decision taken by the CCMA.

### **Ways in which businesses can deal with difficult people/personalities**

- Meet privately with difficult employees, so that there are no distractions from other employees/issues.
- Make intentions and reasons for action known, so that difficult person/people feel at ease.
- Employees should be told what specific behaviours are acceptable by giving details about what is wrong/ unacceptable and also an opportunity to explain their behaviour.
- A deadline should be set for improving bad/difficult behaviour.
- The deadline date should be discussed with the difficult employee and his/her progress should be monitored/ assessed prior to the deadline.
- Guidelines for improvement should be given.
- Keep communication channels open/Encourage employees to communicate their grievances to management.
- Help difficult employees to be realistic about the task at hand.
- Remain calm and in control of the situation to get the person(s) to collaborate.

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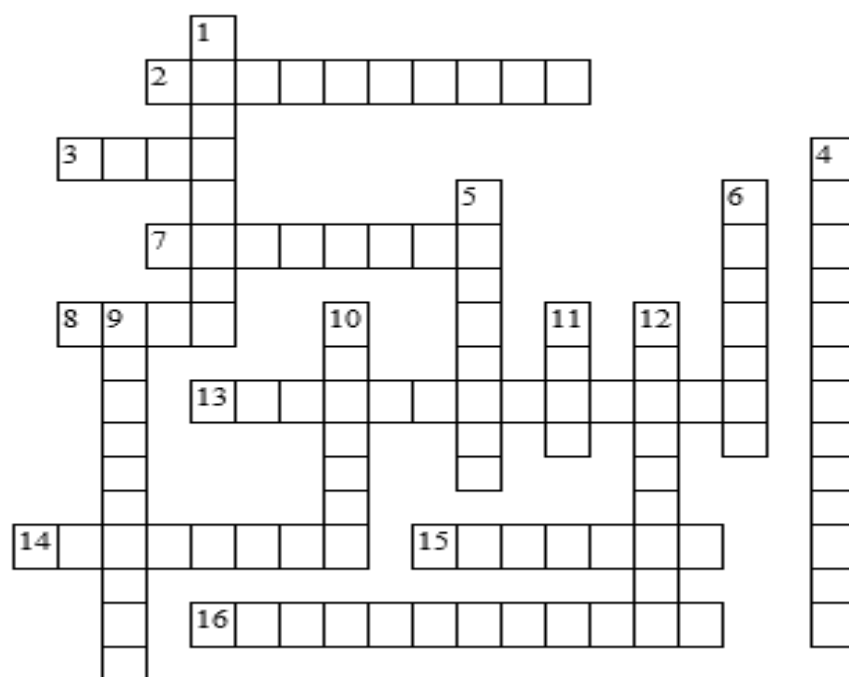
## Types of difficult personalities and strategies to deal with each personality

TYPE OF PERSONALITY	STRATEGY TO DEAL WITH A PERSONALITY
<b>Complainer</b>	<ul style="list-style-type: none"> <li>• Listen to the complaints but do not acknowledge them</li> <li>• Interrupt the situation and move to the problem-solving process</li> </ul>
<b>Indecisiveness</b>	<ul style="list-style-type: none"> <li>• Guide them through alternatives.</li> <li>• Stay in control and emphasise the importance of making a decision.</li> <li>• Help them make the decision or solve the problem</li> </ul>
<b>Over-agree</b>	<ul style="list-style-type: none"> <li>• Be firm and do not let them make promises that they cannot keep.</li> <li>• Follow up on their actions</li> </ul>
<b>Negativity</b>	<ul style="list-style-type: none"> <li>• Be firm with them and do not let them draw the supervisor into their negativity.</li> <li>• Listen to them but do not agree with them</li> </ul>
<b>Expert</b>	<ul style="list-style-type: none"> <li>• Be firm and assertive.</li> <li>• Do not accuse them of being incorrect/Do not get caught in their game.</li> <li>• Know your facts</li> </ul>
<b>Quiet</b>	<ul style="list-style-type: none"> <li>• Do not fill their silence with words</li> <li>• Wait for their response</li> <li>• Prompt them through the process so that they can give input</li> <li>• Restrict the time of the discussion</li> </ul>
<b>Aggressive</b>	<ul style="list-style-type: none"> <li>• Allow them time to speak and blow off</li> <li>• Be firm, but do not attack them</li> <li>• Do not allow them to be hostile toward others</li> </ul>

Date Started

Date Ended

# CONSOLIDATION



## Across

- 2 Teams are achieving their goals  
 3 A clear set of processes/procedures for team work ensures that every  
 7 A disagreement/a clash of opinions in the workplace  
 8 Activity/function performed by an individual or team members  
 13 member understands his/her role  
 14 A way in which team members work together in a group TEAM  
 15 Team members accept each other and set common goals and values for the team  
 16 Shows loyalty/respect/trust towards team members despite differences

## Down

- 1 Interactions with team members to achieve a common goal  
 4 Willingness to co-operate in the team to achieve objectives  
 5 Team members confront each other with their different ideas  
 6 Team members get to know each other and accept their roles in the team  
 9 Team members have to leave a team after completion of the tasks  
 10 Team dynamic theories assist to allocate tasks according to the roles of individual ....  
 11 Group of people who work together to achieve a common goal  
 12 A formal complaint laid by an employee when he/she feels that he/she has been ill-treated by the employer

Date Started

Date Ended

# BUSINESS ROLES

CSR & CSI

Date Started

Date Ended

# Concepts

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

Employees	Rural	Long-term investments
Harmful practices	Internal programmes	Standard of Living
Investors	Teamwork	Consumer loyalty
Skilled labour	Demographics	Well-being
Sustainability	Corporate	CSI Projects
Environment	Social	Economic
Planet	People	Profit
Triple Bottom Line	Communities	Businesses
Responsibility	Social Responsibility	CSI
CSR		

Date Started

Date Ended

**Learner must know the following:**

**SOCIAL RESPONSIBILITY**

- Define social responsibility
- Explain the relationship/link between social responsibility and triple bottom line.
- Suggest ways in which a business project can contribute towards the community, e.g. charitable contributions to NGO's, involvement in community education, employment, employee volunteer programmes, etc.
- Identify socio-economic issues that challenge social responsibility, e.g. HIV/Aids, unemployment, poverty, human rights aspects etc.
- Recommend/Suggest ways in which businesses can deal with the above mentioned socio-economic issues.
- Explain how businesses can contribute time and effort in improving the well-being of the following stakeholders:
  - Employees
  - Community

**COOPERATE SOCIAL RESPONSIBILITY/CSR**

- Define/Elaborate on the meaning of CSR
- Describe/Explain the nature/ purpose of CSR
- Identify/Name/Outline the components of CSR, e.g. environment, ethical corporate social investment, health and safety, etc.
- Identify CSR programmes from given scenarios/statement.
- Evaluate/Explain/Discuss the impact of CSR on business and communities.

**COOPERATE SOCIAL INVESTMENT/CSI**

- Define/Elaborate on the meaning of CSI
- Describe/Explain the nature/purpose of CSI
- Outline/Name CSI focus areas, e.g. community, rural development, employees, environment.
- Identify CSI projects from given scenarios/statement.
- Explain/Distinguish/Differentiate between CSR and CSI.
- Evaluate/Explain/Discuss the impact of CSI on business and communities.
- Explain the differences between CSR and CSI

Date Started

Date Ended



## SOCIAL RESPONSIBILITY

### The meaning of social responsibility

- An ethical view point that says every individual/organization has an obligation to benefit society as a whole.
- The responsibility of every citizen individual/organization to contribute towards the well-being of the community and the environment in which they live

### Relationship/Link between triple bottom line and social responsibility

#### Profit/Economic

- Triple Bottom line means that businesses should not only focus on profit/charge high prices, but should also invest in CSI projects.
- Businesses should not make a profit at the expense of its community.

#### People/Social

- Business operations should not have a negative impact on/exploit people/ employees/customers/community.
- Businesses should engage/invest in sustainable community programmes/ projects that will benefit/uplift communities.
- Improve the life style/quality of life of their human resources/employees.

#### Planet/Environment

- Businesses should not exhaust resources/harm the environment for production/profit purposes.
- They may support energy-efficient/eco-friendly products/production methods.
- Recycle/Re-use waste, e.g. packaging from recycled material.

### Socio-economic issues that challenge social responsibility

#### Example of socio-economic issues from the scenario

##### SBAA CHICKEN FARM (SCF)

SBAA Chicken Farm specialises in selling live and slaughtered chickens in the local township. Some SCF employees stay absent from work on a regular basis due to illnesses caused by not taking ARV treatment as prescribed. The majority in the community are not economically active. Some are unable to satisfy basic need.

Date Started

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## Identification of socio-economic issues from the scenario above with motivation

SOCIO-ECONOMIC ISSUE	MOTIVATION
HIV/AIDS	<ul style="list-style-type: none"> <li>Some SCF employees stay absent from work on a regular basis due to illnesses caused by not taking ARV treatment as prescribed.</li> </ul>
Unemployment	<ul style="list-style-type: none"> <li>The majority in the community are not economically active.</li> </ul>
Poverty	<ul style="list-style-type: none"> <li>Some are unable to satisfy basic need.</li> </ul>

### Strategies to deal with HIV/Aids, Unemployment & Poverty

#### Strategies to deal with HIV/Aids

- Counselling programmes/train counsellors to provide infected and affected persons/employees.
- Develop counselling programmes for infected/affected persons/employees.
- Conduct workshops on HIV/Aids programmes/campaigns.
- Roll out anti-retroviral (ARV) treatment programmes (ART) for the infected employees.
- Encourage employees to join HIV/Aids support groups.
- Develop strategies to deal with stigma and discrimination.

#### Strategies to deal with unemployment

- Provide skills development programmes through learnerships.
- Offer bursaries to the community to improve the level of education.
- Create jobs for members of the community.
- Provide entrepreneurial programmes that can promote self-employment.
- Support existing small businesses to create more employment opportunities.

#### Strategies to deal with poverty

- Invest in a young starting SME that can be a business competitor, buyer or supplier.
- Attract the best employees by being socially responsible and offering the best volunteering programs.
- Support poverty alleviation programmes that are offered by the government.
- Donate money/food parcels to local NGO's.

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### **Ways in which businesses could contribute to the wellbeing of their employees**

- Pay fair wages/salaries to the workers based on the nature of their work/the prevailing economic conditions in the market.
- Working conditions should include safety/medical/canteen facilities/benefits like housing/leave/retirement, etc.
- Pay fair bonuses, based on business earnings, as acknowledgement for hard work and commitment.
- Provide for employees' participation in decision making that affects them.
- Provide recreational facilities for employees.
- Offer annual physical/medical assessments to workers.
- Make trauma debriefing/counselling/assistance available to any employee who requires these services.
- Offer financial assistance in the case of any hardship caused by unexpected medical costs.
- Allow flexible working hours to enhance productivity.
- Offer support programmes for employees infected and affected by HIV/Aids.

### **Contribution of time and effort in improving the wellbeing of the community**

- Business should improve the general quality of life of their community, e.g. invest in education, etc.
- Ensure that the product they supply do not harm consumers/the environment.
- Refrain from engaging in illegal/harmful practices such as employing children under the legal age/selling illegal substances, etc.
- Make ethically correct business decisions, e.g. not engage in unfair/misleading advertising, etc.
- Donate money to a community project/run a project to uplift the community.
- Provide recreational/sport facilities to promote social cohesion/healthy activities.

## **COOPERATE SOCIAL RESPONSIBILITY/CSR**

### **Meaning of CSR**

- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
- Corporate Social Responsibility/CSR is the way a business conducts its operations ethically and morally, regarding the use of human, physical and financial resources.
- Corporate Social Responsibility is an obligation required by law and benefits both business and society.

Date Started

Date Ended

### **Purpose of CSR**

- CSR programmes are internal programmes that businesses use to comply with laws and ethics.
- Key areas of concern are protecting the environment, the wellbeing of employees from the community and civil society in general.
- Businesses seek to promote public interest and do away with harmful practices without the need for any formal legislation.
- Business operations address Triple bottom line through CSR programmes by considering its impact on people, profit and planet

### **Components of Corporate Social Responsibility (CSR)**

- Environment
- Ethical corporate social investment
- Health and safety
- Corporate governance
- Business ethics
- Employment equity
- Supply chain/Distribution channel
- Customers
- Community

### **Impact of CSR/CSI on businesses**

#### **Advantages/Positives of CSR/CSI on businesses**

- A business may have a competitive advantage, resulting in good publicity/an improved reputation.
- Promotes customer loyalty resulting in more sales.
- CSI projects may be used as a marketing strategy to promote their products.
- The business enjoys the goodwill/support of communities.
- CSI projects promote teamwork within businesses.
- CSI helps to attract investors because of increased profits/income.

#### **Negatives/Disadvantages**

- Business may not be supported/Customers may not buy their products/services resulting in a decrease in sales.
- Small and medium enterprises find it difficult to implement CSI programmes.
- Detailed reports must be drawn up, which can be time consuming.
- Social spending reduces business/economic efficiency which makes it less competitive.
- Social involvement is funded from business profits which could have been used to the benefit of customers/reduce prices.
- CSI activities distract business focus from its core business functions.
- Businesses find it difficult to adhere to legislation governing CSI.

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**NOTE: that the impact of CSR and CSI on business are the same**

### **Impact of CSR/CSI on the community**

#### **Positives/Advantages**

- Socio-economic issues are attended to which will improve the welfare of the community.
- Training opportunities in the community increase the possibility of appointments of members of the community.
- Implementing developmental programmes in the community improves entrepreneurial skills of communities.
- Provision of bursaries encourages communities to improve their skills.
- The standard of living of the community is uplifted/quality of life of communities is improved.

#### **Negatives/Disadvantages**

- Businesses are not always equipped to address social problems.
- Communities tend to be dependent on CSR programmes and struggle to take their own initiatives.
- Distribution of scarce resources to selected beneficiaries in the community may cause problems such as discrimination.
- Some businesses only participate in CSR initiatives to raise profit and do not really care for the community in which they operate.
- Businesses cannot meet the longer term needs of the society/Business cannot deliver sustainable CSR programmes.
- The benefits of the programmes may not filter to the intended persons within the community.

**NOTE: that the impact of CSR and CSI on the community are the same**

### **COOPERATE SOCIAL INVESTMENT /CSI**

#### **The meaning of CSI**

- Refers to investment of corporate funds/other assets for the primary purpose of achieving social outcomes
- Money that a business budgets to provide solutions to social problems within the communities from which they draw their workers or where they make/sell their products/services.
- Projects that are not part of the normal business activities of a business and are designed and aim to benefit the community.

Date Started

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### **Purpose of CSI**

- CSI aims at contributing towards sustainable development√ of its immediate communities. √.
- CSI is enforceable by law and government requires business to make CSI contributions.
- CSI projects play a positive role in the development of communities.
- CSI reveals a business's attitude towards the community in which it operates.
- CSI projects are long-term investment
- It is relevant to the South African context where socio-economic upliftment is such a priority.

### **CSI focus areas**

- Community
- Rural development
- Employees
- Environment

### **Examples of CSI projects**

- Donation to support local organisations
- Being involved in conversation projects
- Delivering services that government is unable/slow to deliver/ Building infrastructure
- Investing in job creation projects
- Providing adult basic education
- Teaching entrepreneurial skills
- Sponsoring arts and culture programmes
- Establishing programmes to promote early childhood development

## **Other examples of CSI projects from the scenario**

### **JOE TRADING ENTERPRISE (JTE)**

Joe Trading Enterprise is making large profits due the excellent service and quality of products offered to customers. The management of JTE has decided to invest some of the business profit in the community they operate in by doing the following:

- Buy school uniforms for needy learners
- Offer HIV/ AIDS prevention programmes
- Offer food parcels to alleviate poverty
- Donate money to social events that benefit the community directly.
- Fund additional lessons, for example Mathematics and Science

### **Identification of examples CSI projects from the scenario**

- School uniforms for needy learners
- HIV/ AIDS prevention programmes
- Food parcels to alleviate poverty
- Donating money to social events that benefit the community directly.
- Funding of additional lessons, for example Mathematics and Science

Date Started

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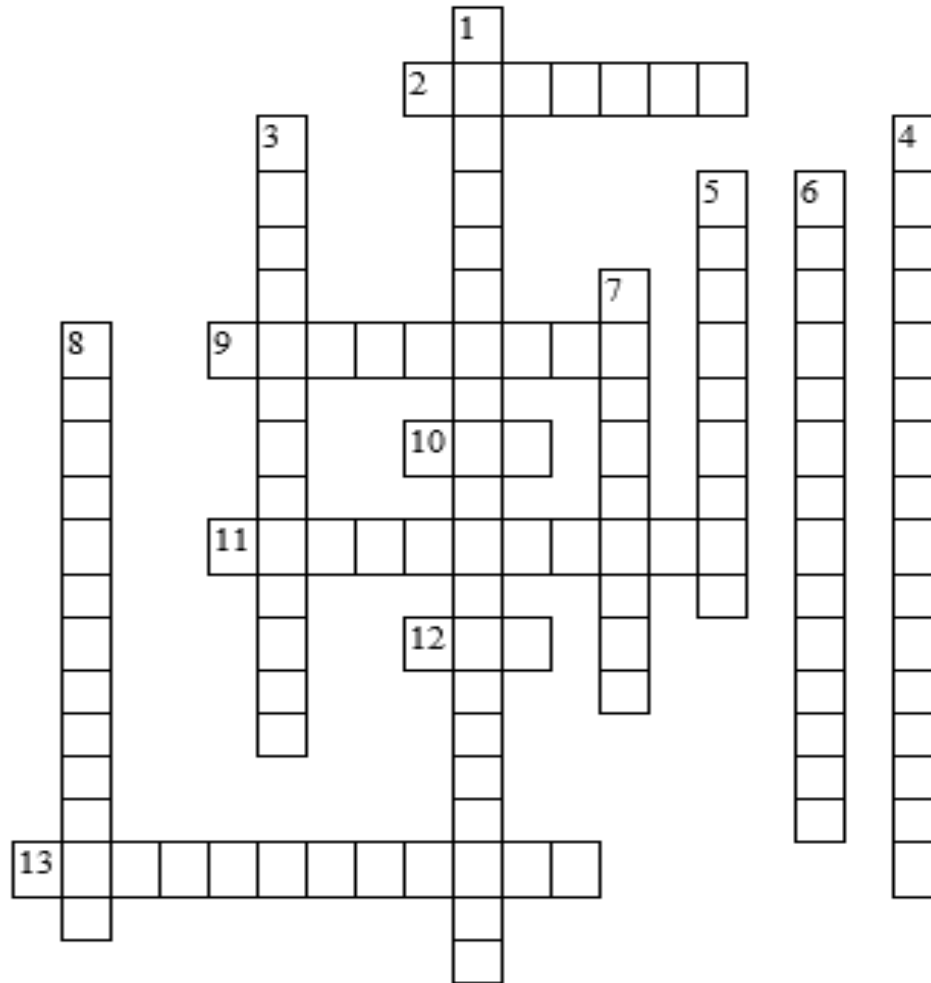
## Differences between Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI)

Corporate Social Responsibility		Corporate Social Investment	
-	The intention is to change business practices.	-	Actively committing money and resources to uplift the community.
-	Focus is on increasing image and profits.	-	Focus is on the upliftment of community without return on investment.
-	Ensure that all internal CSI policies/ practices include stakeholders' interests/environmental issues.	-	Ensure that CSI projects are relevant to the needs of communities.
-	Often intended as a marketing initiative.	-	Intended to benefit and uplift communities through social development.
-	Projects are usually linked to the business, e.g. a manufacturing business offering to train the unemployed.	-	Projects are external to the business and have a strong developmental approach.

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# CONSOLIDATION



## Across

- 2 Inability to satisfy basic needs  
 9 Refers to businesses/firms/organisations  
 10 The investment of corporate funds/other assets for the primary purpose of achieving social outcomes.  
 11 Component of CSR  
 12 The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large  
 13 Statistical data of the population in term of race, age and income

## Down

- 1 An ethical view point that says every individual/organisation has an obligation to benefit society as a whole  
 3 Current societal and economic factors that impact on the business  
 4 Refers to the 3Ps that businesses should always consider in their operations, namely; PROFIT, PEOPLE and PLANET  
 5 CSI focus area  
 6 Using the resources in such a manner that future generations will be able to use them  
 7 Caring for the needs of employees and the communities  
 8 Rate at which the employer has to replace their employees

Date Started

Date Ended



# BUSINESS ROLES

Human Rights, Inclusivity &  
Environmental Issues

Date Started

Date Ended

# Concepts

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

Incidents	Nature Conservation	Regulations
Religion	Language	Freedom of association
Privacy	Legal strike	Trade union
Working Conditions	Working hours	Fair wages
Forced Labour	Economic Rights	Social Rights
Dignity	Respect	Equality
Culture	Age	Disability
Gender	Race	Inequality
Occupational health	safety regulations	Environment
Human health	Promote	Protect
Workplace	Constitution	Environmental Issues
Inclusivity	Human Rights	

Date Started

Date Ended

**Learner must know the following:**

**HUMAN RIGHTS**

- Outline/Name human rights in the workplace
- Identify human rights from given scenarios /scenarios
- Recommend ways in which businesses can deal with human rights in the workplace.
- Explain/Discuss the implications of human rights in the workplace.
- Explain human rights, inclusivity and environmental issues.

**ECONOMIC RIGHTS**

- Outline/Mention economic rights of employees in the workplace

**SOCIAL RIGHTS**

- Outline/Mention social rights of employees in the workplace
- Recommend ways in which businesses could promote social rights in the workplace.

**CULTURAL RIGHTS**

- Recommend ways in which businesses could promote social rights in the workplace.

**EQUALITY, RESPECT AND DIGNITY AND ITS IMPLICATIONS ON BUSINESSES**

- Explain the implication of equality, respect and dignity on businesses.

**DIVERSITY**

- Explain/Elaborate on the meaning of diversity in the business.
- Outline/Name diversity issues in the workplace e.g. Poverty, inequality, race, gender, language, age and disability.
- Recommend ways in which businesses could deal with issues of diversity in the workplace, e.g.
- Discuss the benefits/advantages of diversity in the workplace.

**ENVIRONMENTAL ISSUES**

- Outline/Explain/Discuss the roles of the health and safety representatives in protecting the workplace environment, e.g. checking on the effectiveness of health and safety measures/identifying potential dangers in the work environment/ investigating workers' complaints, etc.
- Identify the roles of health and safety representatives from given scenarios.
- Explain the responsibilities of workers in promoting human health and safety in the workplace.
- Explain the responsibilities of employers in promoting human health and safety in the workplace.
- Suggest/Recommend ways businesses may use to protect the environment and human health.

Date Started

Date Ended

## The meaning of the following concepts:

### Human rights

- Human rights are rights that everyone must enjoy by mere fact that they are human beings
- They are protected by the Bill of Rights contained in chapter two of the constitution of the Republic of South Africa.

### Inclusivity

- Means that no one should be excluded because of their gender/age/race/language/disability.
- Businesses can achieve inclusivity by promoting equality, respect and dignity in the workplace.

### Environmental issues

- Environmental issues relate to preserving a clean/safe/sustainable environment.
- Businesses should assess, control and address all the physical, chemical and biological factors in the environment.

## HUMAN RIGHTS IN THE WORKPLACE

### The following human rights are applicable in the workplace:

- Privacy
- Respect/Dignity
- Equity
- Freedom of speech and expression
- Information
- Freedom of association
- Free choice of a trade /occupation
- Labour rights/Freedom of assembly/Right to protest
- Freedom of thought and religion
- Freedom of movement

**Note: (These human rights should be viewed in the context of the business/workplace)**

Date Started

Date Ended

## **Implications of human rights in the workplace**

### **Privacy**

- Businesses may not violate the rights of the employees and clients.
- They should not provide personal information about employees to anyone else.
- Information on employees who have disclosed their HIV/Aids status must be kept confidential.
- It is illegal to read other people's emails/record conversations unless stated clearly and upfront.

### **Respect/Dignity**

- Businesses must treat all employees with respect/dignity regardless of their socio-economic status.
- They should not force workers to do embarrassing or degrading work.

### **Equity**

- Businesses must give equal opportunities/not discriminate against their employees on the basis of gender/race/religion/sexual orientation, etc.
- Equal pay for work of equal value.
- They should apply relevant legislation fairly on all levels.
- Managers should ensure that no employee suffers because of discrimination.

### **Freedom of speech and expression**

- Businesses should allow open communication channels between management and employees.
- They should give employees a platform to raise their grievances without any victimisation.
- An employee should not be punished/discriminated against for voicing their opinion.

### **Information**

- Workers should have access to information, including all information held by the Government
- Business needs to be transparent in their financial statements/Employees may request to see these statements with motivation.
- Employees should be informed/updated as new information becomes available.

### **Freedom of association**

- An employer may not refuse employees to join the trade union of their choice.

### **Free choice of a trade, occupation or profession**

- Every employee has the right to receive suitable training for positions at their place of work.

### **Safety, security and protection of life**

- Employees should work in a safe working environment free from hazardous products/areas.
- Provide workers with protective clothing, e.g. gloves and footwear, etc.
- Comply to safety legislation such as OHSA/COIDA, etc.
- Take precautionary measures to ensure employees and their belongings are safe in the workplace.

### **Labour rights/Freedom of assembly/Right to protest**

- Businesses may not discriminate against any employee who opts to follow the correct process to strike/withhold labour.
- They should respect employees' membership to unions/taking part in legal strikes as long as the industrial action is within the law.

### **Freedom of thought and religion**

- Businesses may not prevent an employee from practising his or her religion.
- Employees should be allowed to observe their religious holidays/given time off.
- Employees should be allowed to practise their religion without any fear.

Date Started

Date Ended

**Freedom of movement**

- An employer may not prevent an employee from applying for any suitable position at another office of the employer/at any other business.

**Economic rights of employees in the workplace**

- Free from forced labour
- Free to accept or choose work
- Fair wages/ Equal pay/ Equal pay for work of equal pay
- Reasonable limitation of working hours
- Safe and healthy working conditions
- Join, form trade unions
- Right to participate in a legal strike

**Ways to promote social rights in the workplace**

- Businesses should ensure that employees have access to clean water/social security.
- Encourage employees/Provide opportunities for skills training/basic education.
- Register workers with UIF to provide adequate protection in the event of unemployment/illness.
- Encourage employees to participate in special events, e.g. World Aids day.
- Provide health care services by establishing site clinics to give employees access to basic medical examinations.

**Ways to promote cultural rights in the workplace**

- Provide the environment in which employees are free to use their own language when interacting with others during their free time.
- Encourage employees to participate in cultural activities.
- Allow employees to provide solutions to challenges from their own cultural perspective.
- Regular cultural information sessions will help employees to respect each other's culture in the workplace.
- Make provision for different cultures, such as food served in the canteen/entertainment at staff functions.
- Employ people from various cultural backgrounds.
- Employees should be trained on cultural tolerance.

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### **Implications of equality, respect and dignity for businesses**

- Businesses should treat all their employees equally, regardless of their race/ colour/age/gender/disability, etc.
- All workers should have access to equal opportunities/positions/ resources.
- Employers and employees need to comply with legislation with regard to equal opportunities/human rights in the workplace.
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power.
- Mission statement should include values of equality/respect.
- Training/Information/Business policies should include issues such as diversity/ discrimination/harassment.

## **Diversity in the workplace**

### **The meaning of diversity**

- Diversity refers to the variety of people employed based on age/race/gender/ ethnic groups/disabilities/material wealth/personalities/how employees see themselves and others.
- Businesses employ people from different cultural backgrounds.
- Businesses should have systems in place to support diversity issues.

### **Diversity issues in the workplace**

- Poverty
- Inequality
- Race
- Gender
- Language
- Age
- Disability
- Religion/Faith
- Culture

Date Started

Date Ended

## Dealing with diversity issues in the workplace

### Poverty

- Businesses should employ people from different socio-economic backgrounds/ status.
- Train all employees so that they can must know deal with retrenchment.
- Reward employees for services well-rendered.
- Ensure that the prices of products are affordable for the identified consumer market.

### Inequality

- Implement equal opportunity policies when appointing new staff.
- Equal opportunities should be considered when promoting staff.
- Implement an Employment Equity Plan for the business.

### Race

- Implement affirmative action policies as required by law.
- No discrimination should be made based on skin colour.
- Comply with the Employment Equity Act and BBBEE when appointing people.
- Ensure that the workplace is diverse by employing people from different race groups.

### Gender

- Males and females should be offered equal employment opportunities.
- Business directors should promote both men and women in managerial positions.
- Women should be employed to comply with EEA.
- Targets may be set for gender equity in the business.
- New appointments should be based on skills and ability.
- Introduce affirmative action by ensuring that male and female employees are remunerated fairly/equally.

### Language

- Provide training in the official language of the business.
- Employ an interpreter so that everyone can fully understand what is being said in a meeting.
- All business contracts should be in an easy-to-understand language and should be available in the language of choice for the relevant parties signing the contract.
- No worker should feel excluded in meetings conducted in one language only.

### Age

- Promotions should not be linked to age, but rather to a specific set of skills.
- A business may not employ children aged 15 or younger.
- The ages of permanent workers should vary from 18 to 65 to include all age groups.
- A business may employ a person who is older than the normal retirement age, provided that person is the most suitable candidate.

### Disability/Physically challenged/People living with disability

- Business should provide employment opportunities for people who are physically challenged.
- Accommodate people who are physically challenged by providing facilities/ ramps for wheel-chairs, etc.
- Ensure that workers with special needs are not marginalised/feel excluded from workplace activities.
- Business should be well informed on how to deal with disabled employees.

Date Started

Date Ended



**Religion/Culture**

- Business must be sensitive to special requests from different cultural groups, e.g. allow day(s) off for cultural holidays/festivals.
- Cater for special food/preparation methods in the workers' canteen.
- Businesses should acknowledge/respect cultural differences of employees.
- The business may not discriminate against employees on the grounds of their cultural background.
- Business must not force employees to do work that could be against their religion.

**BENEFITS OF DIVERSITY IN THE WORKPLACE**

- Workforce diversity improves the ability of a business to solve problems/innovate/cultivate diverse markets.
- Employees value each other's diversity and learn to connect/communicate across lines of difference.
- Diversity in the workforce improves morale/motivation.
- Employees demonstrate greater loyalty to the business because they feel respected/accepted/understood.
- Diversified workforce can give businesses a competitive advantage, as they can render better services.
- Being respectful of differences/demonstrating diversity makes good business sense/improves profitability.
- Diverse businesses ensure that its policies/practices empower every employee to perform at his/her full potential.

**Environmental issues****Roles of health and safety representatives in protecting the workplace environment**

- Ensure that protective clothing is provided /available to all workers.
- Identify potential dangers in the workplace
- Initiate/promote/Maintain /Review measures to ensure the health and safety of workers.
- Check/Monitor the effectiveness of health and safety measures with management
- Ensure that all equipment that is necessary to perform work are provided /maintained regularly
- Promote safety training so that employees may avoid potential dangers/act pro-actively
- Ensure that dangerous equipment is used under the supervision of trained/qualified workers.

**NOTE: (Health and Safety Representatives are elected by co-workers to act on their behalf in resolving health and safety issues in the workplace.)**

Date Started

Date Ended

### **Responsibility of workers in promoting human health and safety in the workplace**

- Workers should take care of their own health and safety in the workplace.
- Co-operate and comply with the rules and procedures, e.g. wear prescribed safety clothing.
- Report unsafe/unhealthy working conditions to the relevant authorities/management.
- Report accidents to the employer by the end of the shift
- Use prescribed safety equipment
- Take reasonable care of their own safety
- Inform the employer of any illness that may affect the ability to work.

### **Responsibilities of employers in promoting human health and safety in the workplace**

- Provide and maintain all the equipment that is necessary to perform the work
- Keep the systems to ensure that there will be no harmful impact on the health and safety of workers.
- Reduce/Remove dangers to workers and provide personal protective clothing
- Ensure that the workers' health is not damaged by hazards resulting from production processing/storage/transportation of materials or equipment
- Equipment must be used under the supervision of a designated trained worker
- Comply with safety laws which seek to promote a healthy working environment

### **Ways in which businesses could protect the environment and promote human health in the workplace**

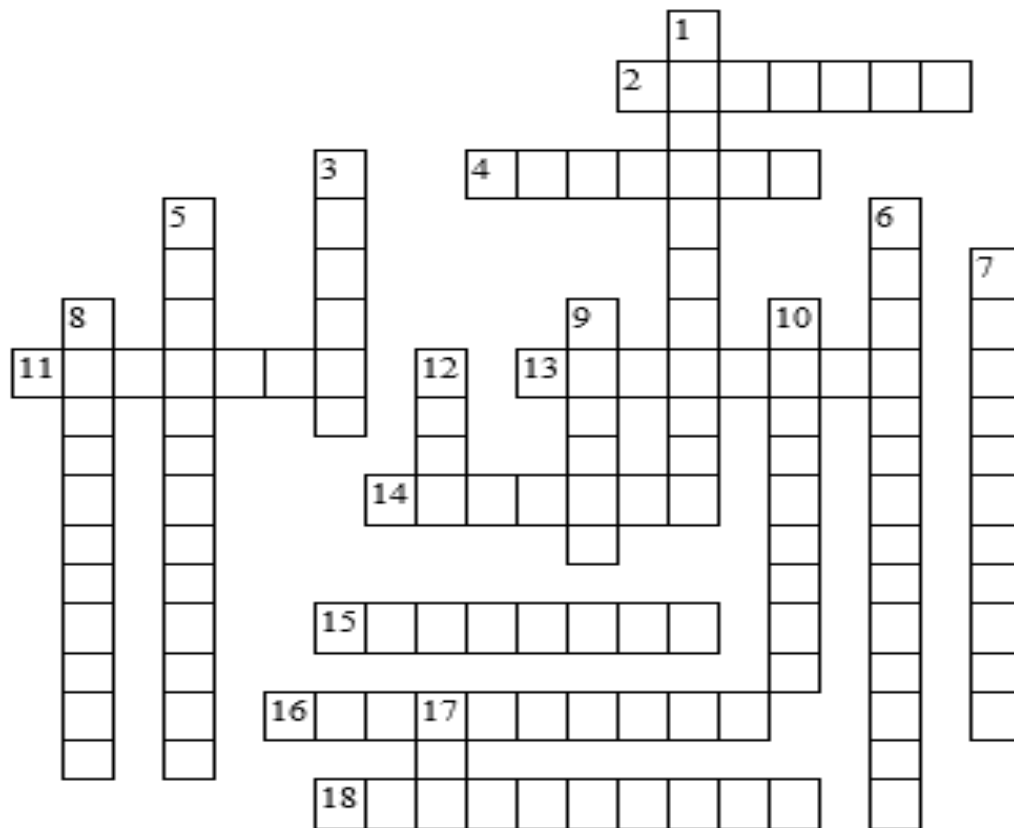
- Laws and regulations should be adhered to so that profits are not generated at the expense of the environment.
- Pollution and other environmental issues should always be considered in all business activities, e.g. safe disposal of waste/dumping of toxic waste, etc.
- Become involved in environmental awareness programmes.
- Water for human consumption should be tested before it is used.
- Promote nature conservation by looking after natural resources.
- Minimise pollution, by re-using, reducing and recycling.
- Reduce consumption of goods/services which are environmentally unfriendly.
- Machines must be serviced/maintained regularly.
- Educate people about hygiene issues.
- Encourage employees to do regular health checks.

**NOTE:(The focus should on how the business should do it)**

Date Started

Date Ended

# CONSOLIDATION



Date Started

Date Ended

**Across**

- 2 Being unable to satisfy basic needs due to lack of income to buy goods/service
- 4 A calm and serious manner that deserves respect.
- 11 The ideas, customs, and social behaviour of a particular people or society
- 13 A belief in and worship of a superhuman controlling power, especially a personal God
- 14 A polite behaviour towards or care for somebody/something that you think is important
- 15 The fact of being equal in rights, status, advantages etc
- 16 A physical or mental condition that limits a person's movements, senses, or activities
- 18 Unfair differences between groups of people in society/When some have access to more wealth/status/opportunities than others.

**Down**

- 1 Right to welfare benefits
- 3 Relate to preserving a clean/safe/sustainable environment  
ENVIRONMENTAL
- 5 A right to participate in cultural activities and events of your choice
- 6 The rights each person has to be economically active
- 7 Means that no one should be excluded because of their gender/age/race/language/disability
- 8 The rights of all human beings irrespective of their gender/race/nationality or any other status
- 9 Refers to being male or female
- 10 It means the workforce must include groups of a variety of people who are different in race/gender, class etc
- 12 Classification of people according to their physical differences e.g. colour of their skin
- 17 The length of time that a person has lived or a thing has existed

Date Started

Date Ended