



# **BUSINESS STUDIES**

## **REVISION BOOKLET 2020 TERM 2**

### **Grade 12**

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

The revision program covers the following topics:

- Business Sectors
- Quality of Performance
- Management & Leadership
- Investment: Securities
- Investment: Insurance
- Team Performance & Conflict Management

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### BUSINESS STUDIES – GRADE 12: MAIN TOPICS & TOPICS

	<b>Business Environment</b>	<b>Business Ventures</b>	<b>Business Roles</b>	<b>Business Operation</b>
1	Impact of recent legislation on business	Management and leadership	Professionalism and Ethics	Human Resources function
2	Devise strategies	Investment: Securities	Creative thinking	Quality of performance
3	Business sectors and there environments	Investment: Insurance	Concept of corporate social responsibility.	
4		Forms of ownership and their impact on the business operation	Team performance Assessment and conflict Management	
5		Presentation of information and data response	Human Rights, Inclusivity and Environmental issues	

<b>Gr 12 Business Studies</b>	<b>Learner:</b>	
<b>2020 Term 2 - Revision</b>	<b>School:</b>	

## Pre-Test

<b>1. Business Sectors</b>		
<b>Challenge</b>	<b>Bus Environment</b>	<b>Extent of Control</b>
TLS's assistant lawyers are not trained to handle criminal cases.	1.1	1.4
Another law firm, Mbuji Inc. has set up a law practice in the same office block as TLS.	1.2	1.5
TLS can no longer service their bank loan due to an increase in interest rates.	1.3	1.6

<b>2. Benefits of a good quality management system</b>		
2.1	Effective customer services are rendered, resulting in increased ...	
2.2	Time and ... are used efficiently.	
2.3	... increases through proper time management/using high quality resources.	
2.4	Vision/Mission/Business goals may be ...	
2.5	Business has a ... over its competitors.	
2.6	Products/Services are constantly improved resulting in ... levels of customer satisfaction	

<b>3. Leadership Styles</b>		
3.1	The leader allows the employees to participate in the decision making process, so they feel empowered/positive	
3.2	Quick decisions can be taken without consulting/considering followers/ employees	
3.3	Subordinates are experts and know what they want/can take responsibility for their actions	
3.4	Encourages employees to work hard because they will receive rewards	
3.5	Employees are motivated as the leader is energetic/ inspiring	
3.6	Managers ensure that rules/ regulations are always followed accurately	

<b>4. Functions of the JSE</b>		
4.1	Gives opportunities to ... such as insurance companies to invest their funds in shares.	
4.2	Serves as a barometer/indicator of ... in South Africa.	
4.3	Keeps investors informed on ... by publishing the share prices daily.	
4.4	Acts as a link between ... and public companies.	
4.5	Shares are valued and assessed by ...	
4.6	... are invited to take part in the economy of the country through the buying/selling of shares.	
4.7	Regulates the ... for dealing with shares	

<b>5. Insurance concepts</b>		
5.1	A contract between a person/business/insured requiring insurance cover and the insurance company/insurer bearing the financial risk	
5.2	Occurs when property or assets are insured for less than its full market value	
5.3	A stipulation set by the insurer which is applicable when property/goods is under insured/insured for less than its market value	
5.4	It is a stipulation whereby the insurer may replace lost/damaged property/goods instead of reimbursing.	
5.5	Applies to short term insurance, as the insured is compensated for specified/proven harm/loss.	
5.6	Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life.	
5.7	Insured has to be honest in supplying details when entering in an insurance contract.	
5.8	Occurs when the item is insured for more than the actual market value	
5.9	A clause which states that the insured is responsible for a fixed amount of the claim, when submitting a claim.	
5.10	Insured must prove that he/she will suffer a financial loss if the insured object is damaged/lost/ceases to exist.	

<b>6. Stages of Team Development</b>		
6.1	Individuals gather information and impressions about each other and the scope of the task and how to approach it.	
6.2	Different ideas from team members will compete for consideration	
6.3	Roles and responsibilities are clear and accepted	
6.4	All members are now competent, autonomous and able to handle the decision-making process without supervision.	
6.5	The focus is on the completion of the task/ending the project	

**TOTAL: 40**

## 1. Business Sectors

### 1. Name THREE types of business sectors.

- This question requires you to recall the three types of Business Sectors.
- The three types are: **Primary-; Secondary- and Tertiary Sectors**

- You may also be asked to **identify** the three types of business sectors from a scenario:

#### **MAC FORESTRY PLANTATIONS (PTY) LTD**

The founders of Mac Forestry Plantations (Pty) Ltd supplies timber to Swazi Timber Ltd, who manufactures furniture. Mac Plantation (Pty) Ltd borrowed capital from Peoples' Bank to finance expansion.

Write your answers below:

1	Primary sector	
2	Secondary sector	
3	Tertiary sector	

### 2. Identify business challenges from given scenarios/case studies and classify them according to the THREE business environments.

- This question requires you to respond in TWO ways
- Firstly: Identify business challenges
- Secondly: Classify the challenges according to Three Business Environment

#### **BHEKI'S CHICKEN FARM (BCF)**

Bheki's Chicken Farm's employees are regularly absent on Mondays. Their suppliers of chicken feed do not deliver stock on time. The storeroom and office block of BCF was destroyed by a heavy rain.

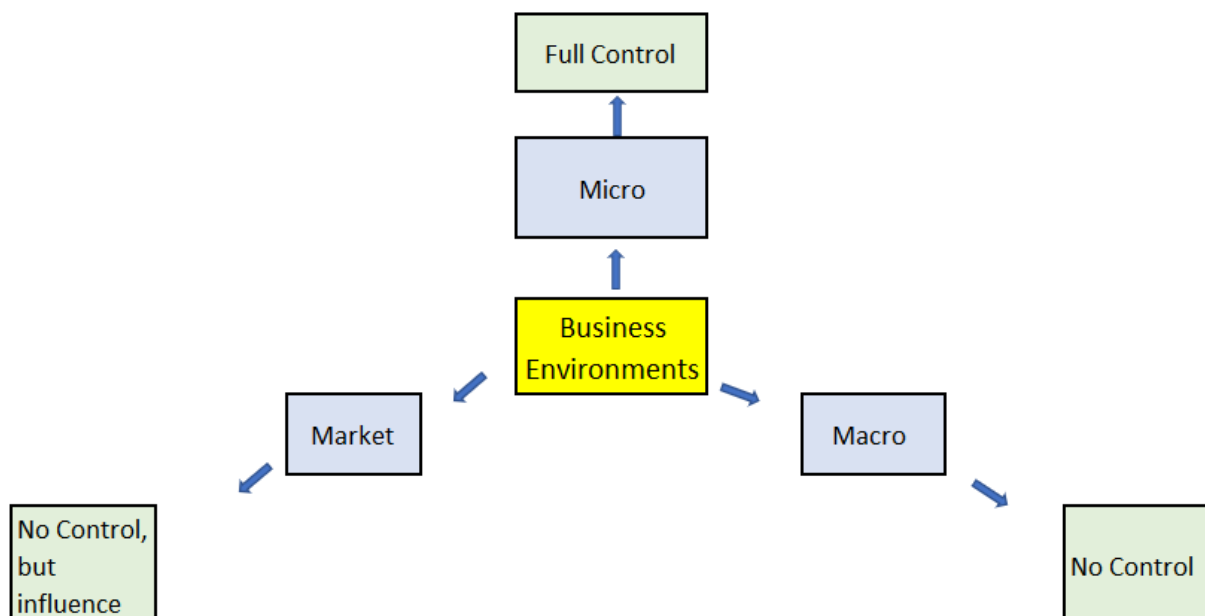
- 2.1 Quote THREE challenges that BCF is facing from the scenario above. (3)
- 2.2 Classify the challenges according to the THREE business environments. (3)

<b>CHALLENGES [2.1.]</b>	<b>BUSINESS ENVIRONMENT [2.2]</b>
Employees are regularly absent on Mondays.	Micro
Suppliers of chicken feed do not deliver stock on time.	Market
The storeroom and office block of BCF was destroyed by a heavy rain.	Macro

It's always advisable to draw a TWO column table and write your answers in the table:

**3. State/Explain the extent to which a business (operating in any of the three sectors) can control the three business environments from given scenarios and case studies.**

- Use the mind-map below to assist you with remembering the Business Environments & Extent of control for each of the Business Environments



## 2. Quality of Performance

In this **topic** you are required to know and apply the following:

### 2.1. Define the following concepts.

Quality	Quality Control	Quality Assurance
Quality Management	Quality Performance	Quality Management Systems

Use the following **key words** to assist you with remembering the meaning of the terms:

1	Quality	Good / Service <b>satisfy a need</b>
2	Quality Control	<b>Inspecting the final product</b> to ensure that it meets the required standards.
3	Quality Assurance	Ensure that <b>required standards</b> have been met at <b>every stage of the process</b> .
4	Quality Management	<b>Managing all activities</b> needed to ensure a business <b>produces goods and services</b> of <b>consistently high standard</b> .
5	Quality Performance	Total <b>performance of each department</b> measured against the <b>specified standards</b>
6	Quality Management Systems	All <b>policies, processes, strategies and resources</b> needed to <b>implement quality management</b> .

### 2.2. Explain/Differentiate/Distinguish between quality control and quality assurance

- To **explain** the difference is simply to say what each concept means

1	<b>Quality control</b>	<ul style="list-style-type: none"> <li>A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards.</li> <li>Includes setting targets/measuring performance and taking corrective measures.</li> </ul>
2	<b>Quality assurance</b>	<ul style="list-style-type: none"> <li>Checks carried out during and after the production process.</li> <li>Ensure that required standards have been met at every stage of the process.</li> </ul>

- Distinguish** between quality control and quality assurance you are required to tell the concepts apart from each other. The best way to do this is to draw a TWO column table.

Quality control	Quality assurance
<ul style="list-style-type: none"> <li>Inspection of the final product to ensure that it meets the required standards.</li> </ul>	<ul style="list-style-type: none"> <li>Carried out during and after the production process to ensure that required standards have been met at every stage of the process.</li> </ul>
<ul style="list-style-type: none"> <li>Includes setting targets/measuring performance and taking corrective measures.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures that every process is aimed at getting the product right the first time and prevents mistakes from happening again.</li> </ul>
<ul style="list-style-type: none"> <li>Checking raw materials/employees/ machinery/ workmanship/products to ensure that high standards are maintained.</li> </ul>	<ul style="list-style-type: none"> <li>The 'building in' of quality as opposed to 'checking for' quality</li> </ul>

### 2.3. Explain/Differentiate/Distinguish between quality management and quality Performance

Refer to 2020 WCED Grade 12 Core Notes – Bus Environment & Operations, Pg. 67 or the Gr 12 Business Studies textbook issued to you for the solution

### 2.4. Explain/Discuss the advantages/benefits of a good quality management system.

Refer to 2020 WCED Grade 12 Core Notes Notes – Bus Environment & Operations, Pg. 67 or the Gr 12 Business Studies textbook issued to you for the solution

Please note that you can either be asked to explain the **advantages** or to explain the **benefits** of a good quality management system. Both questions require the same response. Key words to remember are the following:

Effective customer services	Time and resources efficiently	Productivity increases
Products/Services are constantly improved	Business goals may be achieved	Business has a competitive advantage

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Effective customer services, ... <b>(Indicate benefit for the business)</b>	Time and resources efficiently ... <b>(Indicate benefit for the business)</b>	Productivity increases ... <b>(Indicate how?)</b>
Products/Services are constantly improved <b>(Indicate benefit for the business)</b>	Business goals may be achieved ... <b>(Indicate benefit for the business)</b>	Business has a competitive advantage, <b>(Indicate over whom?)</b>



**2.5. Explain/Discuss how quality of performance can contribute to the success and/or failure of each business function.**

Refer to 2020 WCED Grade 12 Core Notes Notes – Bus Environment & Operations, Pg. 67 or the Gr 12 Business Studies textbook issued to you for the solution

**2.6. Outline the quality indicators for each business function.**

Refer to 2020 WCED Grade 12 Core Notes Notes – Bus Environment & Operations, Pg. 67 or the Gr 12 Business Studies textbook issued to you for the solution

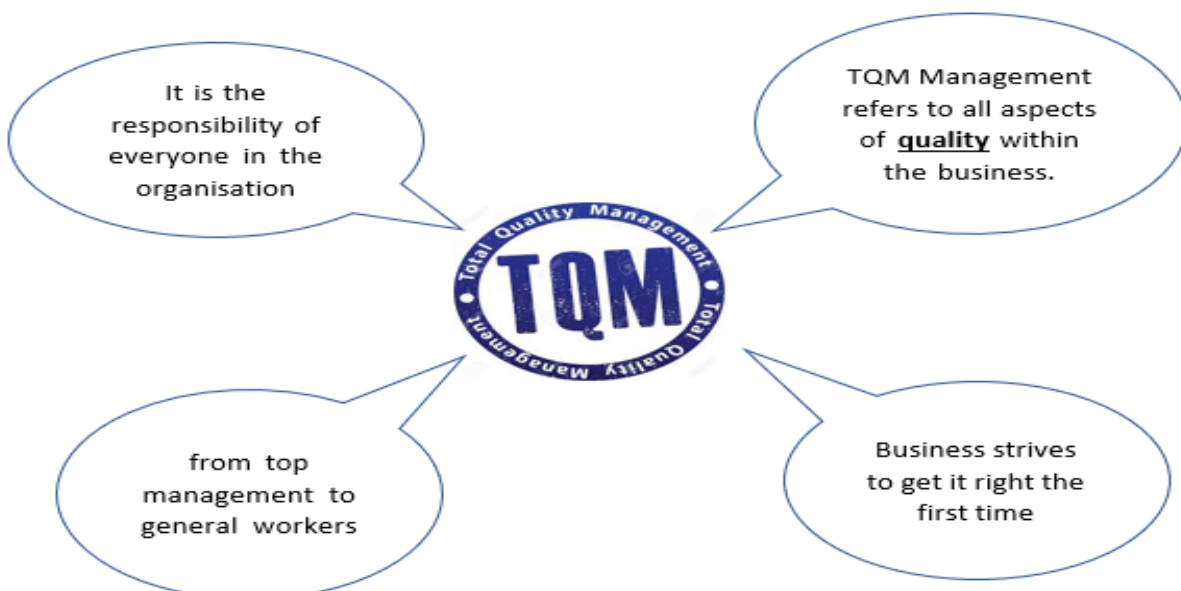
Please note that both questions require a similar response.

An easy way to remember the EIGHT business functions is to remember the following sentence. Use the first letter of each word to prompt assist with the names of the business functions:

**Good People Play Music and Honest Poets Admit Failure**

<b>G</b>	General Management	<b>P</b>	Production	<b>P</b>	Purchasing	<b>M</b>	Marketing
<b>H</b>	Human Resources	<b>P</b>	Purchasing	<b>A</b>	Administration	<b>F</b>	Financial

**2.7. Elaborate on the meaning of Total Quality Management [TQM]**



**2.8. Identify the following TQM elements from given scenarios/statements:**

Choose from the following TQM elements the correct element for each statement:  
 [Continuous skills development; Total client/customer satisfaction; Continuous improvement of processes and system; Adequate financing and capacity; Monitoring and evaluation of quality processes ]

	Statement	TQM Element
1	Businesses have resources to check on quality performance in each unit.	
2	Product, service, and overall experience meets, or exceeds customer expectations.	
3	Constant expansion of skills and skill-sets through learning and increasing knowledge	
4	Sufficient capital and resources to meet planned output levels	
5	Indication about quality aspects that are contributing to the achievement of goals/targets.	

**2.9 Explain/Discuss/Analyse/Evaluate the impact of the TQM elements on large businesses**

Refer to 2020 WCED Grade 12 Core Notes – Bus Environment & Operations, Pg. 70 – 72 or the Gr 12 Business Studies textbook issued to you for the solution

Please note the following:

- The impact refers to the advantages [positives] **and/or** disadvantages [negatives]
- Your responses may therefore be only the Advantages or only the Disadvantages.
- Look at the mark allocation to guide you
- If the question refers to the positive impact of TQM element/s
- Your responses MUST only refer to the Advantages of TQM element/s

**2.10. Explain how businesses can apply the PDCA model/steps to improve the quality of products.**

Refer to 2020 WCED Grade 12 Core Notes – Bus Environment & Operations, Pg. 72 or the Gr 12 Business Studies textbook issued to you for the solution

**2.11. Explain the role/importance of quality circles as part of continuous improvement to processes and systems.**

Refer to 2020 WCED Grade 12 Core Notes – Bus Environment & Operations, Pg. 72 or the Gr 12 Business Studies textbook issued to you for the solution

**2.12. Explain/Discuss the impact of TQM if poorly implemented by businesses.**

Refer to 2020 WCED Grade 12 Core Notes – Bus Environment & Operations, Pg. 73 or the Gr 12 Business Studies textbook issued to you for the solution

**Fill in the missing word**

1. Setting unrealistic ... may not be achieved.
2. Employees may not be adequately ... resulting in poor quality products.
3. Decline in ... because of stoppages
4. Business ... may suffer because of poor quality/defective goods.
5. ... might withdraw investment, if there is a decline in profits.
6. Decline in sales as more goods are returned by ... customers.
7. High staff ... because of poor skills development.

**2.13. Explain/Recommend/Suggest ways in which TQM can reduce the cost of quality.**

Refer to 2020 WCED Grade 12 Core Notes, Notes – Bus Environment & Operations Pg. 73 or the Gr 12 Business Studies textbook issued to you for the solution

**Fill in the missing word**

1. Introduce ... to discuss ways of improving the quality of work/ workmanship.
2. ... to eliminate duplication of tasks.
3. ... for quality output amongst management and workers.
4. ... at all levels, so that everyone understands their role in quality management.
5. Develop ... that empower employees to find new ways of improving quality.
6. Work closely with ... to improve the quality of raw materials/inputs.

**HIGH PERFORMING LEARNERS ONLY**

Total quality management (TQM) enables businesses to strive for continuous growth and customer satisfaction. The effective implementation of TQM elements will enable businesses to keep abreast with changes and to reduce the cost of quality.

Write an essay on total quality management (TQM) in which you address the following aspects:

- Outline the benefits of a good quality management system.
- Distinguish between *quality control* and *quality assurance*.
- Discuss the impact of the following elements of TQM on large businesses:
  - Total client/customer satisfaction
  - Continuous skills development
  - Adequate financing and capacity
- Suggest ways in which TQM can reduce the cost of quality.

**[40]**

### 3. Management & Leadership

In this topic you are required to know and apply the following

#### 3.1. Define/Elaborate on the meaning of Management and Leadership

**Leadership** – Emphasis is on individuals that **influence; guide; inspires and motivates**

**Management** – Emphasis is on individuals that focusses on **planning, organising, leading and controlling**

#### 3.2. Differentiate/Distinguish between management and leadership.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 35 or the Gr 12 Business Studies textbook issued to you for the solution

Complete the table below to show the differences

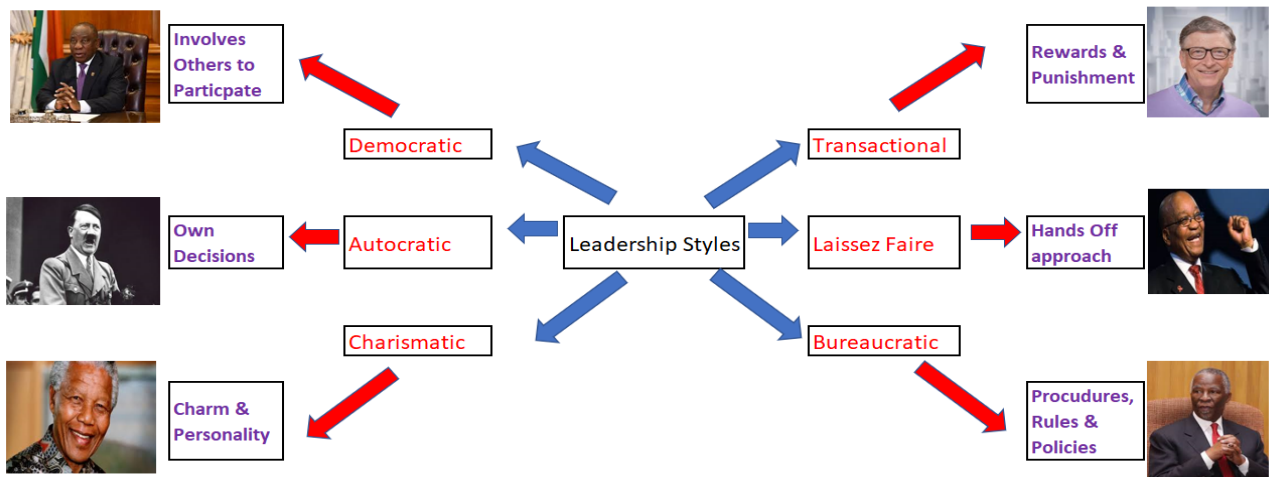
Leadership	Management
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

#### 3.3. Leadership styles:

An easy way to remember the **SIX leadership styles** is to remember the following sentence. Use the first letter of each word to prompt assist with the leadership style

**Teenagers Love Buying Cars And Driving**

<b>T</b>	Transactional	<b>L</b>	Laissez-Faire	<b>B</b>	Bureaucratic
<b>C</b>	Charismatic	<b>A</b>	Autocratic	<b>D</b>	Democratic



### 3.4. Outline the differences/Differentiate/Distinguish between the leadership styles:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 38 or the Gr 12 Business Studies textbook issued to you for the solution

### 3.5. Identify the leadership styles from given scenarios/case studies and motivate answers

Identify the leadership styles that Gem Mining has applied in EACH statement below.

1	Employees must perform tasks according to rules and procedures.	
2	Management makes urgent decisions to manage crisis.	
3	Supervisors use charm to motivate employees.	
4	Top management depends on the inputs of experienced employees to make operational decisions.	
5	Highly skilled employees are not given guidance on how to perform tasks.	
6	Employees are given incentives for excellent performance	

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### 3.6 Discuss/Evaluate/Analyse the impact (including positives/advantages and/or negatives/disadvantages) of each leadership style.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 35 - 38 or the Gr 12 Business Studies textbook issued to you for the solution

### 3.7. Suggest/Recommend situations in which each leadership style can be applied in the workplace.

Leadership style	Application/Situation
1. Bureaucratic	<ul style="list-style-type: none"> <li>When routine work is being performed by employees.</li> <li>When managers ensure that procedures are always followed</li> </ul>
2. Autocratic	<ul style="list-style-type: none"> <li>In crisis situations, e.g. in the case of unforeseen challenges.</li> <li>In emergencies, where there is limited time</li> </ul>

<b>3. Charismatic</b>	<ul style="list-style-type: none"> <li>When convincing followers to pursue a particular direction.</li> </ul>
<b>4. Democratic</b>	<ul style="list-style-type: none"> <li>When new policies or procedures must be developed and the inputs of all stakeholders are required.</li> <li>When the leader is new/inexperienced and depends on experienced employees.</li> </ul>
<b>5. Laissez-Faire</b>	<ul style="list-style-type: none"> <li>When the organisation wants to introduce new/creative strategies.</li> <li>When employees are highly skilled/experienced.</li> <li>It can be used to lead field workers.</li> </ul>
<b>6. Transactional</b>	<ul style="list-style-type: none"> <li>When the business wants to maximize employee performance.</li> <li>When motivating workers to meet deadlines on short notice.</li> </ul>

### 3.8. Discuss/Explain the following theories of management and leadership:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 40 or the Gr 12 Business Studies textbook issued to you for the solution

<b>Leaders &amp; Followers</b>	<b>Situational Leadership</b>	<b>Transformational Leadership</b>	<b>Transitional</b>
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### 3.9. Explain/Discuss the role of personal attitude in successful leadership.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 40 or the Gr 12 Business Studies textbook issued to you for the solution

#### Fill in the missing word

- Positive attitude releases ... potential.
- A leader's good/bad ... can influence the success/failure of the business.
- Leaders must know their ... and ... to apply their leadership styles effectively.
- Great leaders understand that the right attitude will set the right ...
- Leaders' attitude may influence employees'/teams' ...
- Leaders should ...the behaviour that they want to see in team members.
- Enthusiasm produces ... in a leader.

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Managers and leaders have realised that they need both management and leadership skills for successful business ventures. They are also in agreement that personal attitude plays an important role in promoting a good team spirit.

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

- Give THREE differences between *management* and *leadership*.
- Discuss the role of personal attitude in successful leadership.
- Analyse the impact of *democratic* and *laissez-faire/free reign* leadership styles on businesses.
- Recommend situations in which the above-mentioned leadership styles could be applied in the workplace.

[40]

## 4. Investment: Securities

### 4.1. Outline/Explain/Discuss the functions of the JSE.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 5 or the Gr 12 Business Studies textbook issued to you for the solution

### 4.2. Investigate a range of available business investment opportunities.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 7 - 10 or the Gr 12 Business Studies textbook issued to you for the solution

Unit trusts	Shares	Managed portfolio	Call Deposits
RSA Retail Savings Bonds		Fixed Property	Mutual funds/Stokvels
Venture capital	Debentures	Retirement Annuities	Fixed deposit

**Identify** the types of investment opportunity that is available for Sam in each statement below:

1	Masakhane savings scheme has invited Sam to join the scheme.	
2	Interest is earned twice with this investment option.	
3	Money can be withdrawn anytime with this investment option.	
4	The bank must first be notified within a specific period of time before money is withdrawn.	
5	A fixed amount of money is invested and can only be withdrawn after a predetermined period.	

### 4.3. Outline/State/Describe/Explain/Discuss the following factors that should be considered when making investment decisions:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 5 - 6 or the Gr 12 Business Studies textbook issued to you for the solution

Factors		
Return of investment (ROI)	Inflation rate	Personal budget
Risk	Taxation	Investment planning factors
Investment term/period	Liquidity	Volatility/Fluctuations on investment markets

### 4.4. Explain/Discuss the various types of investments opportunities e.g. fixed property, stokvels, managed portfolio and venture capital etc.

<b>Fixed Property</b>	<b>Stokvels</b>
<ul style="list-style-type: none"> <li>Buying a house/piece of land is usually suitable as a long term investment only.</li> <li>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).</li> <li>The location/size of the property may also influence the growth in value over time.</li> </ul>	<ul style="list-style-type: none"> <li>It is an informal savings scheme to which a relatively small group of people contribute.</li> <li>Each member takes a turn to draw from the scheme/fund/stokvels for their own personal gain.</li> <li>No or Small return on investment, as contributions are distributed monthly to one of the members.</li> </ul>
<b>Managed portfolio</b>	<b>Venture capital</b>
<ul style="list-style-type: none"> <li>An investor instructs a financial institution/bank/financial advisor to manage his/her various investments/assets in one portfolio.</li> <li>If the portfolio does not perform well/as expected, the portfolio/parts thereof may be changed with/without informing the investor.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Investor(s) should know the type of business/market/economic conditions before a business is bought/started.</li> </ul>

#### **4.5. Explain the risk factor of each type of investment opportunity.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 7 - 10 or the Gr 12 Business Studies textbook issued to you for the solution

#### **4.6 Explain/Discuss/Analyse/Evaluate (positives/advantages and/or negatives/disadvantages) of the following forms of investment:**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 11 - 12 or the Gr 12 Business Studies textbook issued to you for the solution

RSA Retail Savings Bonds	Unit trusts
Fixed Deposit	Ordinary Shares

#### **4.7 Types of Shares**

Ordinary Shares	Preference Shares	Bonus Shares	Founders Shares
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	<b>Statement</b>	<b>Type of Share</b>
1	Dividends vary from year to year according to profits made and are determined by the company/board of directors	
2	These types of shares receive dividends regardless of whether a profit is made.	
3	Issued as compensation for unpaid dividends	
4	Issued the founders and incorporators/promoters of the company	
5	A fixed rate of return is paid on this type of shares.	



**4.8. Name/Outline/Explain/Discuss types of preference shares.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 14 or the Gr 12 Business Studies textbook issued to you for the solution

**4.9. Outline/State the rights of ordinary and preference shareholders.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 13 or the Gr 12 Business Studies textbook issued to you for the solution

**4.10. Differentiate/Distinguish between ordinary and preference shares.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 13 or the Gr 12 Business Studies textbook issued to you for the solution

**Complete** the table below to show the differences:

Ordinary Shares	Preference Shares
1.	1.
2.	2.
3.	3.
4.	4.

**4.11. Define/Explain the meaning of debentures, dividends, capital gain, simple interest, compound interest.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 16 or the Gr 12 Business Studies textbook issued to you for the solution

	Statement	Concepts
1	Calculated on the original/principal amount invested.	
2	The return on an investment in shares which is paid regularly by a company to its shareholders.	
3	Interest is calculated in every period on original/principal amount plus interest.	
4	The return on property/fixed assets/investments.	
5	The lender/debenture holder agrees to lend money to the company on certain conditions for a certain period	

**4.12. Differentiate/Distinguish between simple interest and compound interest.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 16 or the Gr 12 Business Studies textbook issued to you for the solution.

Complete the table below to show the differences

Simple Interest	Compound Interest
1.	1.
2.	2.
3.	3.
4.	4.

**4.13. Calculate simple and compound interest from given scenarios.**

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

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

1. Simple Interest Calculation	2. Compound Interest Calculation/s
<b>Formula:</b> $\text{Interest} = P \times r \times t$  $= R\ 30\ 000 \times 12\% \times 2\ \text{years}$ <b>= R 7 200</b>	<b>Option 1</b>  Year 1: $R\ 30\ 000 \times 12\% = R\ 3\ 600$ Year 2: $R\ 33\ 600 \times 12\% = R\ 4\ 032$ Total interest: $[3\ 600 + 4\ 032] = R\ 7\ 632$
<b>3. Best investment option</b> Compound interest.  <b>Motivation</b> Compound interest yields a higher interest of <b>R 432.00</b> more than simple interest. Compound interest allows Ray to earn interest on interest	<b>Option 2</b>  <b>Formula:</b> $P \times (1 + r)^n$ $R30\ 000 \times (1 + 12/100)^2$ $R30\ 000 \times (1.12)^2 = R\ 37\ 632$  Total interest = $R\ 37\ 632 - R\ 30\ 000$ <b>= R 7 632</b>

**HIGH PERFORMING LEARNERS ONLY**

Peter and Teko are partners in P & T Consultancy. They are considering investing their surplus funds in RSA Retail Savings Bonds/government retail bonds and in preference shares of companies listed on the JSE.

Keep the scenario above in mind and write detailed notes on the following aspects:

- Outline the functions of the JSE.
- Describe FOUR types of preference shares.
- Evaluate the impact of the RSA Retail Savings Bonds/government retail bonds on investors.
- Advise Peter and Teko on how the following factors could contribute to the success and/or failure of their partnership:
  - Management
  - Legislation

**[40]**

## 5. Investment: Insurance

### 5.1. Define/Elaborate on the meaning of insurance

#### **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.

### 5.2. Explain/Elaborate on the meaning of the following insurance concepts:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 23 – 24 or the Gr 12 Business Studies textbook issued to you for the solution

1. Over Insurance	2. Under Insurance
3. Average clause	4. Re-insatement

**5.3. Name/Give examples of short term and long-term insurance.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 26 or the Gr 12 Business Studies textbook issued to you for the solution

**Complete** the table below

Short-term Insurance	Long-term Insurance

**5.4. Name/State/Explain/Discuss the following principles of insurance:**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 26 or the Gr 12 Business Studies textbook issued to you for the solution

Indemnification	Security	Utmost good faith	Insurable Interest
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**5.5. Apply the average clause to calculate the compensation in the case of under-insurance.****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**

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

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.

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

<b>1.</b> $\frac{\text{Amount insured}}{\text{Value of insured item}} \times \text{Damages}$ $\frac{\text{R } 800\,000}{\text{R } 1\,000\,000} \times \text{R } 30\,000$ <b>= R 24 000</b>	<b>2. Reasons for not qualifying for the full amount of damages</b> <ul style="list-style-type: none"> <li>• Peter insured his house for less (R800 000) than the market value (R1 000 000).</li> <li>• He was underinsured so the average clause had to be activated.</li> <li>• He will only receive R24 000 for damages, and not the full amount of the claim (R30 000).</li> </ul>
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**5.6. Discuss/Explain the advantages/importance of insurance.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 25 of the Gr 12 Business Studies textbook issued to you for the solution

**5.7. Explain the meaning of insurable and non-insurable risks.**

<b>Insurable Risks</b>	<b>Non-Insurable Risks</b>
<ul style="list-style-type: none"> <li>• These risks are insured by insurance companies.</li> </ul>	<ul style="list-style-type: none"> <li>• These risks are not insured by insurance companies as insurance cost/risks are too high/remains the responsibility of the business.</li> </ul>

**5.8. Outline/State/Give examples of insurable and non-insurable risks.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 25 of the Gr 12 Business Studies textbook issued to you for the solution

**Complete the table below**

<b>Insurable Risks</b>	<b>Non-Insurable Risks</b>
<b>1.</b>	<b>1.</b>
<b>2.</b>	<b>2.</b>
<b>3.</b>	<b>3.</b>
<b>4.</b>	<b>4.</b>

**5.9. Explain/Elaborate on the meaning of compulsory insurance.**

- Refers to any type of insurance an individual or business is legally required to buy.
- Compulsory insurance is mandatory for individuals and businesses that want to engage in certain financially risky activities, such as operating an automobile or operating a business with employees.

**5.10. Discuss/Explain types of compulsory insurance e.g. Unemployment Insurance Fund (UIF), Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)/Compensation for Occupational Injuries and Diseases Fund (COIDA).**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, 27 – 29 of the Gr 12 Business Studies textbook issued to you for the solution

**5.11. Explain the types of benefits paid out by the UIF.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 28 of the Gr 12 Business Studies textbook issued to you for the solution

**5.12. Differences between compulsory and non-compulsory insurance**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 29 of the Gr 12 Business Studies textbook issued to you for the solution

**HIGH PERFORMING LEARNERS ONLY**

Businesses realise the importance of compulsory and non-compulsory insurance. They are also mindful of the principles of insurance. They must insure that their assets are not under-insured or over-insured.

With reference to the statements above, write an essay on the following aspects.

- Distinguish between *compulsory* and *non-compulsory* insurance and give examples of each.
- Explain the importance of insurance for businesses.
- Discuss FOUR principles of insurance.
- Advise businesses on the differences between *over-insurance* and *under-insurance*.

**[40]**

## 6. Team Performance & Conflict Management

### 6.1. Outline/Explain/Discuss the criteria for successful team performance:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 96 of the Gr 12 Business Studies textbook issued to you for the solution

- |   |                  |
|---|------------------|
| 1. Interpersonal attitude and behaviour | 2. Shared values |
| 3. Communication                        | 4. Collaboration |

### 6.2. Outline/Explain/Discuss the characteristics of successful team performance.

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 96 of the Gr 12 Business Studies textbook issued to you for the solution

#### Fill in the missing word/s

1. Successful teams share a common ... as team members are part of the process of setting goals for the group.
2. Share a set of team ... and implement group ...
3. Teams value the contributions of ... members and reach ... on differences.
4. There is a climate of ... and ...
5. Team members enjoy open ... and deal with items of ...immediately.
6. Teams are ... and members know the ... for achieving their goals.
7. Teams pay attention to the ... of the individual team members.
8. Successful teams have sound ... relations.

### 6.3 Identify/Name/Discuss the following stages of team development from given scenarios/statements:

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 96 of the Gr 12 Business Studies textbook issued to you for the solution

- |            |             |            |               |               |
|------------|-------------|------------|---------------|---------------|
| 1. Forming | 2. Storming | 3. Norming | 4. Performing | 5. Adjourning |
|------------|-------------|------------|---------------|---------------|

**Identify the stages of team development illustrated in EACH of the following scenarios.**

<b>1</b>	Team members have differences of opinion but resolve them quickly in order to achieve their goals.	
<b>2</b>	Teams must first complete the task before they dissolve	
<b>3</b>	Team members work together to achieve a goal	
<b>4</b>	Team members are not working together as they are competing for the team leader's position.	
<b>5</b>	Individuals gather information and impressions about each other and the scope of the task and how to approach it.	

**6.4. State/Outline/Explain/Describe/Discuss causes of conflict in the workplace.**

Poor management.	Increase in workload & unrealistic deadlines.	Inadequate training
Unfair treatment at work e.g. favoritism/ nepotism.	Poor communication between management and workers.	Poor working environment.

**6.5. Explain/Advise businesses on how they should handle conflict in the workplace (Conflict resolution steps/techniques)**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 98 of the Gr 12 Business Studies textbook issued to you for the solution

**6.6. Differentiate between grievance and conflict.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 98 of the Gr 12 Business Studies textbook issued to you for the solution

**6.7. Explain/Discuss the correct procedures to deal with grievances in the workplace.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 99 of the Gr 12 Business Studies textbook issued to you for the solution

**6.8. Suggest/Recommend ways in which businesses can deal with difficult people/personalities in the workplace.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 100 of the Gr 12 Business Studies textbook issued to you for the solution

**6.9 Explain/Suggest ways in which businesses can deal with difficult employees in the workplace.**

Refer to 2020 WCED Grade 12 Core Notes – Business Ventures & Roles, Pg. 99 of the Gr 12 Business Studies textbook issued to you for the solution



