

2023 SUBJECT WORKBOOK

Grade 10



BUSINESS STUDIES

A joint initiative between the Western Cape Education Department and Stellenbosch University.



BROADCAST SESSIONS

GRADE 10

Business Studies Telematics Presentations

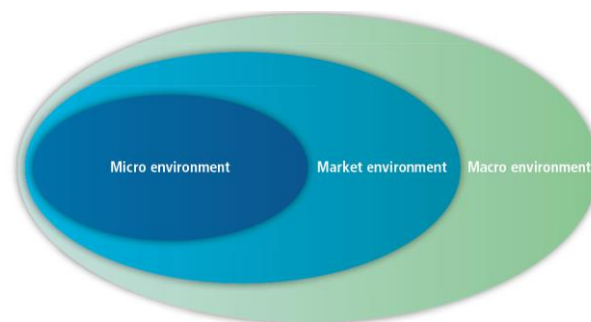
Session	Date	Time	Topic
1	Wednesday, 1 Feb 2023	15:00 – 16:00	Micro environment Market environment
2	Monday, 8 May 2023	15:00 – 16:00	Forms of ownership

MICRO & MARKET ENVIRONMENT

Introduction

All businesses, whether big or small, have their own internal environment. This internal environment is known as the **micro environment**. In this topic, we will learn about the different components that make up the micro environment. The micro environment of a business is also known as the **internal operating system**.

All businesses – whether big or small – are also influenced by two external environments. These are the market environment, and the macro environment





MICRO ENVIRONMENT

The meaning of the micro environment

The micro environment of a business includes everything inside the business. All the **internal affairs** of the business are managed by the directors or the owners of the business. The business has full/complete control over its micro environment.

Every business has its own unique micro environment. However, there are certain basic components of an internal environment that are common to most businesses.

The components of the micro environment include the following:

- vision, mission statement, goals and objectives
- organisational culture
- organisational resources
- management and leadership
- organisational structure
- eight business functions.

Vision, mission statement, goals and objectives

The **vision** of a business describes its long-term goal, that is, where the business sees itself in the future.

For example: Olwethu Beauty Salon (OBS) wants to become globally competitive.

The **mission statement** describes what the business provides or produces, and why the business exists. It explains clearly the aims and values of the business.

For example: Olwethu Beauty Salon (OBS) wants to provide professional services in hairdressing and also supply the beauty products.

Goals are the long-term plans that the business wants to accomplish.

They serve as guidelines to help businesses achieve what they set out to do.

For example: To open five more branches in the next five years.

Objectives describe how goals will be achieved. They are the short-term steps that will guide the business owner on how their set goals can be accomplished/achieved.

For example: In order to open up five more branches in the next five years:

- we will upskill our current employees by offering specific and targeted employee training
- we will increase our efforts to reduce carbon emissions
- we will set up specific marketing campaigns to gain greater market share and increase our profit margins.



MICRO ENVIRONMENT

Organisational culture

Refers to how things are done in the business, for example, how the employees communicate among themselves, their dress code and their administration policy. Organisational culture also includes the values, beliefs, norms and standards that are shared among the employees and management.

Organisational resources

The resources of a business can be classified into FOUR main groups. These are:

- human resources
- physical resources
- financial resources
- technological resources.

Management and leadership

Management

The management of a business is the process whereby an individual or individuals guide and direct the organisation to achieve its goals and objectives. Good managers are able to plan properly, organise, lead, and control all the resources in the business.

Leadership

Leadership is the ability of an individual to inspire, influence or motivate their subordinates to achieve the goals and objectives of the business.

culture refers to the beliefs, values, norms and ideologies of a group of people or a society
values the morals that are shared by the employees in an organisation
beliefs what a business feels is true
norms rules or expectations that are enforced by a business
standards something used as a model to achieve a particular goal

Organisational structure:

The organisational structure shows the different departments in the organisation and how they are organised. The organisational structure is also known as an organogram. An organogram shows the level of authority, responsibility and tasks of the various departments in the business. An organogram shows the hierarchical structure of the business.



The eight business functions

The eight business functions are all important components of a business. In large businesses these functions may operate as separate departments but in smaller businesses some of these functions may be combined. Some businesses may not have all of the functions – it will depend on the nature and the size of the business.





MARKET ENVIRONMENT

The meaning of the micro environment

The market environment refers to the immediate external components that directly affect the ability of the business to operate. For the business to be successful it must be able to influence the components in this environment.

The components of the micro environment include the following:



Consumers/customers refer to individuals or other businesses that purchase products and services from a business.

Suppliers are individuals or other businesses that provide/supply businesses with the inputs or resources that they need in order to produce/manufacture their product or services.

Intermediaries are individuals or businesses that distribute and sell the products/services of a business.

Competitors refer to businesses/organisations that provide or sell more or less the same goods/services.

Other organisations that form part of the market environment include all the organisations or institutions that have been formed by individuals or members of the community who have mobilised their resources to provide some essential goods/services to the community without charging for these goods or services. These organisations or institutions play a key role in the community, especially in areas where the public sector has failed to provide these goods/services.

Community-based organisations (CBOs) are established to assist the community with job creation, socio-economic development, and becoming self-sufficient.

Non-governmental organisations (NGOs) are non-profit organisations that operate separately from the government.

Regulators are government bodies that make rules and regulations to control the activities of businesses.

Strategic allies are businesses that combine their resources to undertake a project that will benefit all of them. They may share their expertise and information to benefit all their members.

Trade unions are established bodies that protect the interest of workers. They have the right to call for industrial actions such as strikes or go-slows if their demands are not met by organisations or the government.

A New words

strike refers to the situation whereby workers refuse to work in order for their demands to be met

go-slow when workers go to work but deliberately work at a slower pace

Opportunities and threats faced by businesses in the external environment

Meaning of opportunities

- Opportunities are any factors in the external environment that will contribute or is already contributing to the success of the business.
- Businesses need to constantly seek opportunities in their external environment in order to remain competitive.

Examples of opportunities

Decrease in **taxes**, closing down of a competitor's business, decline in interest rate and favourable **legislation** by the government.

Examples of threats

Increase in taxes, new businesses entering the market, increase in interest rate, and changes in government legislation.

Meaning of threats

- Threats are any factors in the external environment that will stand in the way or is already standing in the way of businesses achieving their goals.
- Businesses have a challenge of constantly identifying threats in the external environment and devising strategies to turn them into opportunities otherwise, they will not be successful.



CONSOLIDATION ACTIVITIES

1.1 State any FOUR components of the micro environment. (4)

1.2 Identify the business function that Mzobe Traders has applied in EACH statement below:

1.2.1 Mzobe Traders used an effective recruitment method to attract the best candidates.

1.2.2 Mr. Masina the CEO, included the vision and mission statement of the business during his planning.

1.2.3 They advertised their product online to attract more customers. (6)

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

SARAH'S BAKERY (SB)

Sarah's Bakery (SB) produces freshly baked pastries. Sarah employed five employees to help her. She bought a small building where she does all her baking and packaging.

Sarah had to take out a loan from FastBank to cover the cost of setting up her business. She uses an online ordering system to make ordering easier for her customers.

1.3.1 Identify THREE organisational resources used by SB. Motivate your answer by quoting from the scenario above. (6)

2.1 Elaborate on the meaning of the market environment. (2)

2.2 Read the scenario below and then answer the questions that follow.

SIPHO'S GARDENING SERVICES (SGS)

Sipho, the owner of Sipho's Gardening Services (SGS), provides goods and services to clients in his hometown. Sipho buys gardening materials from Jan Garden Accessories (JGA) at a reasonable price. Zane has opened gardening services in the same area as Sipho at very lower prices.

2.2.1 Identify THREE components of the market environment applicable to SGS. Motivate your answer by quoting from the scenario above.

2.3 Read the scenario below and answer questions that follow:

MAZZARS SUPPLIERS (MS)

Mazzars Suppliers specialises in the supplying of generators in Orange Farm. MS identified the need for generators because of the load shedding. Mazzars Suppliers also discovered that Kay Electronics also supplies generators in Orange Farm. They have identified the need for their generators in other townships of Johannesburg. MS is situated in an area with a high crime rate.

2.3.1 Name the business environment in which MS operates. (2)

2.3.2 Identify opportunities and threats for MS's business from the scenario above.



FORMS OF OWNERSHIP: INTRODUCTION

Introduction

In this topic, we will look at the different forms of ownership and learn about the characteristics, advantages and disadvantages of these forms of ownership. In Grade 11, we will also learn about the different forms of ownership including benefits and challenges of establishing a company versus other forms of ownership. In Grade 12 we will again look at forms of ownership, but the focus will be on how certain factors can contribute to the success and/or failure of each form of ownership.

Meaning of the term “Forms of Ownership”

Forms of ownership refers to the legal position of the business and the way it is owned. Entrepreneur may decide which of the forms of ownership will best suit their type of business. The different forms of ownership are shown in the diagram below..



A **sole trader** is a business that is owned and managed by one person. The owner is responsible for the activities and decisions of the business

A **partnership** is an arrangement where parties, known as business partners, agree to form a business for their mutual interest. It is an agreement between two or more people who combine labour, capital, and resources towards a common goal

A **private company** is a company whose shares may not be offered to the public for sale.

The **public company** is a company that is registered to offer shares and stock to the general public. Public companies are trading in a open market called the Johannesburg Stock Exchange in order to raise capital.

A **personal liability company** is mainly used by associations such as lawyers and accountants. Directors of the company, as well as previous directors, will be responsible for the debts of the company.

A **co-operative society** is a voluntary association that is established with the aim of service to its members. It is a form of business whereby people with similar interests link for promotion of common goals.

In a **state-owned company**, the government is a major shareholder, and it falls under the Department of Public Enterprise. These companies perform specific functions and operate in accordance with a particular Act.

A **non-profit company** is a legal entity organised and operated for a collective, public or social benefit. They include churches, charity organisations, and cultural organisations. The primary objective of an NPC is to benefit the public, not to make a profit.

? Did you know

State-owned enterprises (SOEs) play an important role in South Africa. Government policies rely on state-owned enterprises as vehicles to support the economy.

? Did you know

A sole trader is the oldest and most commonly used form of business. In sole trade, a person makes all the investment.

? Did you know

There is no need to issue a prospectus in a private company, because, the public is not invited to invest in shares of the company



FORMS OF OWNERSHIP: SUMMARY OF CHARACTERISTICS

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



FORMS OF OWNERSHIP

Factors that need to be considered when choosing a form of ownership

- the start-up cost and the future **capital**
- the size and nature of the business
- tax implications
- how the business will be controlled and managed/management structure
- the risk involved
- how capital will be contributed
- how profits and losses will be shared
- who is responsible for any **debts** made by the business/**liability**
- the life span of the business/**continuity**
- the **vulnerability** of the business in terms of lawsuits/legal persons.

A New words

capital wealth in the form of money/other assets owned by a person/organisation/available for a purpose such as starting a company or investing

debts a sum of money that is owed or due

liability the state of being legally responsible for something

vulnerability the quality or state of being exposed to the possibility of being economically compromised

continuity the existence or operation of a business over time

Difference between a sole trader and a partnership

SOLE TRADER	PARTNERSHIP
<ul style="list-style-type: none"> • A sole trader is an individual who owns a business entirely by him/herself. 	<ul style="list-style-type: none"> • A partnership comprises two or more people intending to make a profit.
<ul style="list-style-type: none"> • Decisions can be taken quickly since it is being taken by one person. 	<ul style="list-style-type: none"> • There may be a delay in decision-making since the input of all partners is needed.
<ul style="list-style-type: none"> • The profit goes to the owner. 	<ul style="list-style-type: none"> • Profit is shared amongst the partners according to the partnership agreement.

Tip

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

The differences between profit and non-profit companies

Profit companies	Non-profit companies
<ul style="list-style-type: none"> • This company is formed with one aim of making a profit. • A company incorporated for financial gain for its shareholders. • Profit organisations are responsible for paying taxes based on their profit. 	<ul style="list-style-type: none"> • This company is formed for charity purposes or to promote social and cultural activities. • A non-profit company is an association incorporated not for gain. • Non-profit organisations are not required to pay taxes on net income.



FORMS OF OWNERSHIP

The differences between a private company and a public company

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

Tip

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

Advantages & Disadvantages of Non-profit company

Advantages of an NPC

- Profits are used solely for the primary objective of the organisation.
- The company does not pay tax, so all earnings can be cycled back into the organisation to improve it.
- Donations made by donors are tax-deductible, therefore it motivates people to donate to the organisation.
- Employees of non-profits are not personally liable for the debts of the non-profit
- The liability of the members is limited.
- An NPC's existence can last long after the founders leave the business.
- Can receive grants/aid from the government

Disadvantages of an NPC

- Need professional assistance to set up this organisation.
- Does not generate enough capital to cover their expenses.
- Donations may not always be enough to finance the company's expenses.
- Assets are not distributed to the members upon closing down.
- Creating an NPC takes time/effort
- Obtaining grants can be a slow and tiring process.
- They are not allowed to pay bonuses to members.
- They are compelled to prepare annual financial statements.



CONSOLIDATION QUESTIONS

Sole trader vs partnership

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

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

MERCY DRESSMAKER (MD)

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

1.2.1 Identify TWO forms of ownership that are mentioned in the scenario above. Motivate your answer by quoting from the scenario. (6)

1.3 Explain the differences between the TWO forms of ownership identified in QUESTION 1.2. (8)

[20]

QUESTION 1

1.1 Define the meaning of the partnership. (4)

1.2 Outline the characteristics of a public company. (6)

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

Manda and Sabian completed their Bachelor of Business Management. They want to register a business that will make the directors liable for the debts of the business.

1.3.1 Identify the form of ownership. (2)

1.3.2 Name the document that will enable Manda and Sabian to register the form of ownership identified in QUESTION 1.3.1 (2)

1.3.3 Discuss the characteristics of the form of ownership mentioned in QUESTION 1.3.1. (6)

1.4 Explain the characteristics of a state-owned company. (6)



CONSOLIDATION QUESTIONS

QUESTION 2

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

THUBELIHLE CHILDCARE (TC)

Thubelihle Childcare is situated in Germiston. TC is a company which aims to render a service that will benefit the community and not to make a profit.

- 2.1.1 Identify the form of ownership represented by TC. Motivate your answer by quoting from the scenario above. (3)
- 2.1.2 Explain the advantages and disadvantages of the form of ownership identified in QUESTION 2.1.1 (6)

QUESTION 3

3.1 Essay question on forms of ownership.

An entrepreneur needs to consider various factors to determine the best form of ownership. The operation of a private company is less strict than those of a public company. A partnership is an arrangement where parties agree to form a business for their mutual interest. The primary objective of an NPC is to benefit the public and not to make a profit.

As an expert in the different forms of ownership, write an essay which includes the following aspects:

- Outline factors that should be considered when choosing a form of ownership.
- Distinguish between a private company and a public company.
- Explain the characteristics of a partnership.
- Advise them on the advantages of the non-profit company. (40)

Tip

- Give TWO facts for the introduction and ONE fact for the conclusion.
- The facts may either be based only on one or two of the four sub-questions as an introduction.
- The words "Introduction" and "Conclusion" must be written with content below each heading to avoid losing marks for the layout.
- When the number of facts is specified in the question, only those responses on the factors to be considered when choosing the form of ownership will be marked.
- Write all four headings according to the essay question.
- Attempt answering essay questions as they will be awarded marks for INSIGHT.
- The conclusion must be relevant to the essay question and responses must not be the same as the body or introduction.

Acknowledgement of source:

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