

# Business Studies

CLASS TEXT & STUDY GUIDE

Alex Pinnock

GRADE

# 10

CAPS

3-in-1



THE  
**ANSWER**  
SERIES *Your Key to Exam Success*

# Grade 10 **Business Studies** 3-in-1 CAPS

## CLASS TEXT & STUDY GUIDE

This Grade 10 Business Studies 3-in-1 study guide uses comprehensive notes, clear, easy-to-follow explanations, carefully selected questions and answers, to lead you effortlessly through the Grade 10 CAPS curriculum. As you work through this study guide at your own pace, you'll notice a steady and marked improvement in your understanding and exam technique.

### **Key Features:**

- Comprehensive notes per term
- Exam questions per topic
- Answers to all questions
- Exam paper and memo

GRADE

10

CAPS

3-in-1


# Business Studies

Alex Pinnock

## THIS CLASS TEXT & STUDY GUIDE INCLUDES

- 1 Notes per Term
- 2 Practice Questions per Term
- 3 Full Answers per Term

Printed by  
**novus print**  
A division of Novus Holdings

E-book  
available 

 THE  
**ANSWER**  
SERIES *Your Key to Exam Success*

# CONTENTS

About this book .....	ii
Exam Guidelines .....	ii

## TERM 1: BUSINESS ENVIRONMENTS

Term 1 Teaching plan and Formal Assessment .....	2
Topic 1 The micro environment .....	2
Topic 2 The market environment .....	17
Topic 3 The macro environment .....	19
Topic 4 The interrelationship of the micro, market and macro environments ....	23
Topic 5 Business sectors .....	25
Practice questions .....	28
Answers .....	31



## TERM 2: BUSINESS VENTURES

Term 2 Teaching plan and Formal Assessment .....	33
Topic 1 Contemporary socio-economic issues .....	34
Topic 2 Social responsibility .....	36
Topic 3 Entrepreneurial qualities .....	39
Topic 4 Forms of ownership .....	41
Practice questions .....	46
Answers .....	48

## TERM 3: BUSINESS ROLES

Term 3 Teaching plan and Formal Assessment .....	50
Topic 1 Creative thinking and problem solving .....	50
Topic 2 Business opportunity and related factors .....	59
Topic 3 Business location decisions .....	64
Topic 4 Contracts .....	66
Topic 5 Presentation of business information .....	68
Topic 6 Business plan .....	72
Practice questions .....	76
Answers .....	78

## TERM 4: BUSINESS OPERATIONS





Term 4 Teaching plan and Formal Assessment .....	80
Topic 1 Self-management .....	81
Topic 2 Relationships and team performance .....	84
Practice questions .....	89
Answers .....	90





## EXAM PAPERS & MEMOS

Exam Paper 1 .....	93
Exam Paper 2 .....	97
Exam Memo 1 .....	101
Exam Memo 2 .....	111



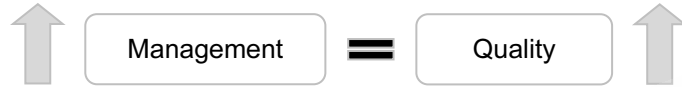
# 1 The role and importance of the functions within the business

Business function	Role
<b>Financing</b> 	<ul style="list-style-type: none"> <li>Accessing and utilisation of capital</li> <li>Control of cash flow</li> <li>Preparation of financial statements and reporting to the shareholders</li> </ul>
<b>Purchasing</b> 	<ul style="list-style-type: none"> <li>Acquiring raw materials, machinery and products from other suppliers</li> <li>Sourcing suitable quality at the lowest possible prices</li> <li>Placing orders for stock items, receiving goods, sorting, storing and dispatch</li> <li>Stock management</li> </ul>
<b>Production</b> 	<ul style="list-style-type: none"> <li>Ensuring that quality products are manufactured</li> <li>Transformation of raw materials into finished products</li> </ul>
<b>Marketing</b> 	<ul style="list-style-type: none"> <li>Pricing, distribution and marketing of the product</li> <li>Ensuring the correct marketing mix to boost sales</li> <li>Transferring of goods and services from the producer/manufacturer to the consumer</li> <li>Promoting the business and product through advertising</li> <li>Selling the right product, at the right price, in the right place and at the right time</li> </ul>

Business function	Role
<b>General management</b> 	<ul style="list-style-type: none"> <li>Combining all the activities of the other functions into one</li> <li>Setting up the vision, goals and objectives of the enterprise</li> <li>Combining the planning, organising, activating and controlling elements</li> <li>Directing and leading</li> </ul>
<b>Administration</b> 	<ul style="list-style-type: none"> <li>Structuring activities by putting processes and procedures in place</li> <li>Doing paperwork including filing and completing forms</li> <li>Processing data into useful information</li> <li>Creating informative reports</li> <li>Storing and retrieving information</li> <li>Communicating and distributing information to departments, suppliers and consumers.</li> </ul>
<b>Human resources</b> 	<ul style="list-style-type: none"> <li>Recruiting and selecting suitable employees and deciding on appropriate payment</li> <li>Developing the skills of staff through training</li> <li>Performing human resources processes, including functions such as leave forms and pension payments</li> </ul>
<b>Public relations</b> 	<ul style="list-style-type: none"> <li>Dealing with social, political and environmental issues</li> <li>Establishing good relations between the public and the company</li> <li>Establishing good internal public relations, by ensuring that the employees know about the services and activities of the business</li> </ul>

# CORRELATION BETWEEN MANAGEMENT AND THE SUCCESS OF A BUSINESS

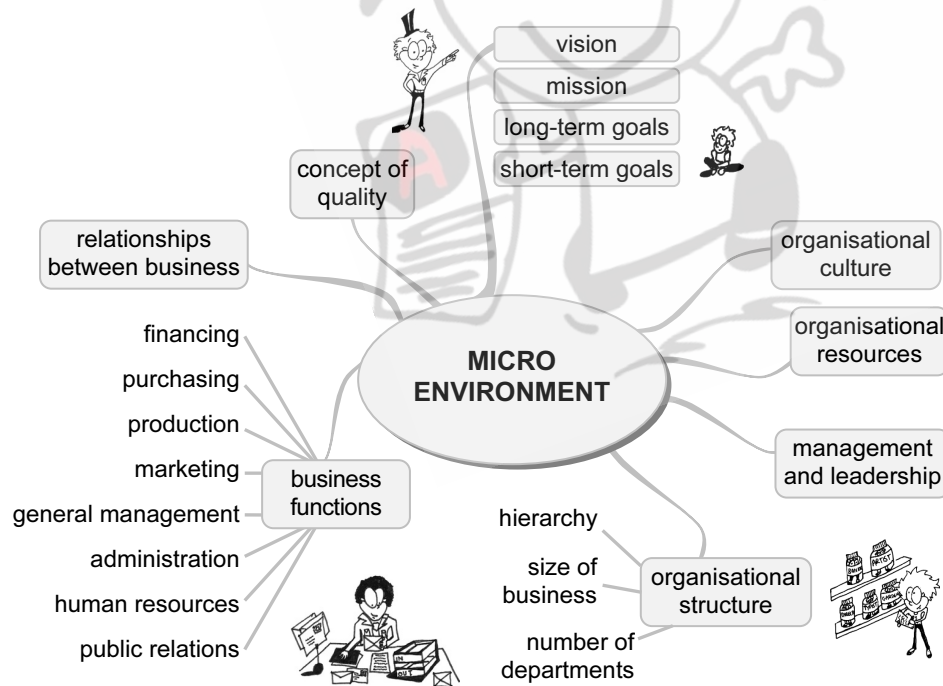
Management plays an important role in the achievement of quality in a business. The better the management of systems and processes, the better the control of operations – and therefore the better the quality.



Every department and business function relies on decisions and problem solving. The way that management takes decisions and solves problems, and the time taken to do this effectively, affect the quality and productivity of each of the business functions.

Management therefore needs to communicate effectively and efficiently to improve productivity, which ultimately leads to increased quality.

## MIND-MAP SUMMARY OF TOPIC 1



# Topic 2: THE MARKET ENVIRONMENT

## COMPONENTS OF THE MARKET ENVIRONMENT

The **market environment** has five main components:

- ▶ the market (consumers / customers)
- ▶ suppliers
- ▶ intermediaries
- ▶ competitors
- ▶ other organisations / civil society.

### The market (consumers/customers)



A **consumer** is someone who purchases and/or uses goods or services to satisfy his/her wants and needs.

- ▶ The consumer market can be divided into the market for durable, semi-durable and non-durable goods and services.
- ▶ Customers have unlimited needs and wants, which they try to satisfy with their limited means.
- ▶ Customers show different behaviour patterns.
- ▶ Customers' needs change over time.
- ▶ The business must be able to adapt to the needs of the customers.



### Suppliers



**Suppliers** are people who provide resources to the business.

- ▶ The business requires suppliers to supply the right quality and quantity at the right time.
- ▶ Pricing and credit terms must be considered when choosing suppliers.



## 1 Responsibilities of businesses to the physical environment:

- ▶ Businesses should decrease the negative effects of pollution, for example, by finding safe ways to get rid of waste materials.
- ▶ Businesses should find alternative energy sources, for example, solar energy and wind energy.
- ▶ Businesses should treat the physical environment in a responsible way, for example, by recycling materials and using wood from sustainable forests.



In a **sustainable forest**, as mature trees are cut down, seedlings are planted so that there are always more trees to be cut down at the existing rate.

**Unsustainable forestry practices** degrade the environment.



## The economic environment



The **economic environment** includes all the factors influencing finances and prices, for example, interest rates, taxation, employment figures and foreign-exchange rates.

- ▶ The economic environment influences the prosperity of consumers, businesses and investors.
- ▶ Government monetary and fiscal policies have a huge impact on the economic environment.

- ▶ Inflation makes money worth less and assets worth more.
- ▶ Recessions cause a slowdown in business and result in unemployment.

*The inflation rate is the percentage at which the value of a country's money decreases over a period of time.*



A **recession** is an overall decline in the economy, where there is no positive growth and development in the economy.

- ▶ Growth periods cause an upswing in business and result in employment.
- ▶ Foreign-exchange rates affect the prices of raw materials, and the demand for goods and services from other countries.

## Currencies and exchange rates

Different countries have different currencies. Countries in economic unions usually share a currency. For example, most of the countries in the European Union use the euro as their currency.

Country / Economic Union	South Africa	United States of America (USA)	Japan	People's Republic of China	United Kingdom	European Union (including Germany, France and Italy)
Currency	Rand	US dollar	Yen	Yuan	Pound	Euro
Symbol	R	\$	¥	¥	£	€

## The social, cultural and demographic environment



The **social environment** refers to elements that affect society, such as poverty, HIV/Aids and unemployment.

The **cultural environment** refers to religion, traditions, community trends and values.

The **demographic environment** refers to different aspects of the population, including age, race, gender and size.

- ▶ Language, religion and values influence consumer behaviour.
- ▶ The standard of living reflects the income of the population, which determines the needs for goods and services.
- ▶ People with a lower income tend to spend their income on basic needs. Those with a higher income will often spend more on luxury goods and services.
- ▶ The bigger the size of the population, the greater the market for specific goods and services.
- ▶ The level of education affects levels of skill and productivity.
- ▶ Serious health issues such as TB and HIV/Aids can impact on the productivity and efficiency of a workforce.



# TERM 1 PRACTICE QUESTIONS

## QUESTION 1

- 1.1 Choose the correct answer. Write down only the letter (A–D) next to the appropriate number (e.g. 1.1.5 A).
- 1.1.1 The employees of AMS Shipping were striking last week and caused a lot of damage to the business. This is an influence that affects the:
- market environment.
  - micro environment.
  - economic environment.
  - macro environment.
- 1.1.2 The current global economic crises led to the dismissal of many employees in all sectors of the economy.
- Employers are to blame because they had full control over this environment.
  - Employers are to blame because they had some control over this environment.
  - Employers had no control over this environment.
  - None of the above.
- 1.1.3 This business function includes finding the correct staff for the business.
- Human resources
  - General management
  - Public relations
  - Marketing
- 1.1.4 This business function includes selling the right product, at the right price, in the right place and at the right time.
- Human resources
  - General management
  - Public relations
  - Marketing

(4 × 2 = 8)  
/8/

## QUESTION 2

- 2.1 The following statements are both FALSE. Replace each bold word with one that will change the statement to be true.
- 2.1.1 The **political** environment includes all aspects of nature, such as tides, seasons, minerals and pollution.
- 2.1.2 Goals and objectives form part of the **market** environment. (2 × 2 = 4)

- 2.2 Choose the correct answer from the words in brackets. Write only the answer next to the corresponding number.
- 2.2.1 What the business is trying to do and to become in the long term is referred to as its (objective/mission).
- 2.2.2 Organisation and management is part of the (micro / macro) environment.
- 2.2.3 The availability of water, electricity and transport is known as (operating expenses/infrastructure).
- 2.2.4 (Promotion/Distribution) involves all the activities that are aimed at bringing goods and services to the consumer. (4 × 2 = 8)
- 2.3 Match each of the terms in Column A with one of the explanations in Column B. Only write down the correct letter next to the corresponding number.

	COLUMN A		COLUMN B
2.3.1	Regulations	A.	Formation of a partnership to achieve a common goal
2.3.2	Production	B.	Laws and rules to control an environment
2.3.3	Globalisation	D.	Involving raw materials, direct labour and overheads
2.3.4	Strategic alliance	D.	Companies operating in two or more countries while being based in one home country

(4 × 2 = 8)

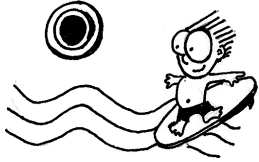
- 2.4 Indicate whether the following statements are TRUE or FALSE.
- 2.4.1 To utilise time effectively is one of the functions of marketing.
- 2.4.2 The financing function is responsible for the sourcing and effective utilisation of capital.
- 2.4.3 Middle-level managers need technical skills. (3 × 2 = 6)
- 2.5 Fill in the missing word(s).
- 2.5.1 \_\_\_\_\_ managers are responsible for overseeing or supervising day-to-day operations.
- 2.5.2 \_\_\_\_\_ encompasses all those activities aimed at creating a good image and a positive relationship between an enterprise and interest groups. (2 × 2 = 4)



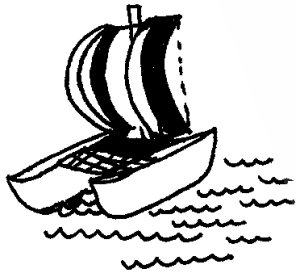
# Topic 4: FORMS OF OWNERSHIP

There are FIVE forms in which a business can be owned:

- ▶ by a sole proprietor (sole trader)
- ▶ by a partnership



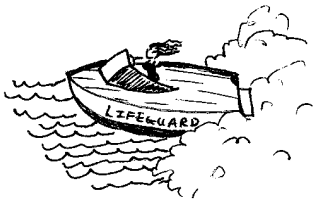
- ▶ by a close corporation



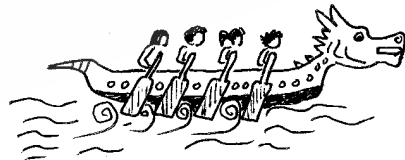
- ▶ by a profit company



- ▶ by a non-profit company



- ▶ by a co-operative.



The tables that follow summarise the different forms of ownership and the challenges in establishing each of them. They also highlight the advantages and disadvantages of each of them.

As the first table shows, the form of ownership chosen will influence the **name** of the business, the **number** of its members, and the **administrative body** with which it needs to be registered.

	Sole proprietor	Partnership	Close corporation	Profit company	Non-profit company	Co-operative
Name	No restrictions	No restrictions	The name must end in 'CC'.	The name of a private company must end in '(Pty) Ltd'.  The name of a public company must end in 'Ltd'.	The name must end in 'NPC'.	No restrictions
Number of members	1	No limitation	1–10	1 or more persons	3 or more trustees / members	Minimum of 5 members
Registration of business	To be registered with the local authority (taxation)  No document required	To be registered with the local authority (taxation)  A partnership agreement required	No further registration of CCs is allowed, however those already registered can continue operating.	To be registered with Registrar of Companies  Memorandum of Incorporation needed  Notice of Incorporation needed  Fee payable to CIPRO	To be registered with Registrar of Companies  Memorandum of Incorporation needed  Notice of Incorporation needed  Fee payable to CIPRO	To be registered with Registrar of Companies  A meeting needs to be held before a co-operative is registered



**CIPRO:** Companies and Intellectual Property Registration Office



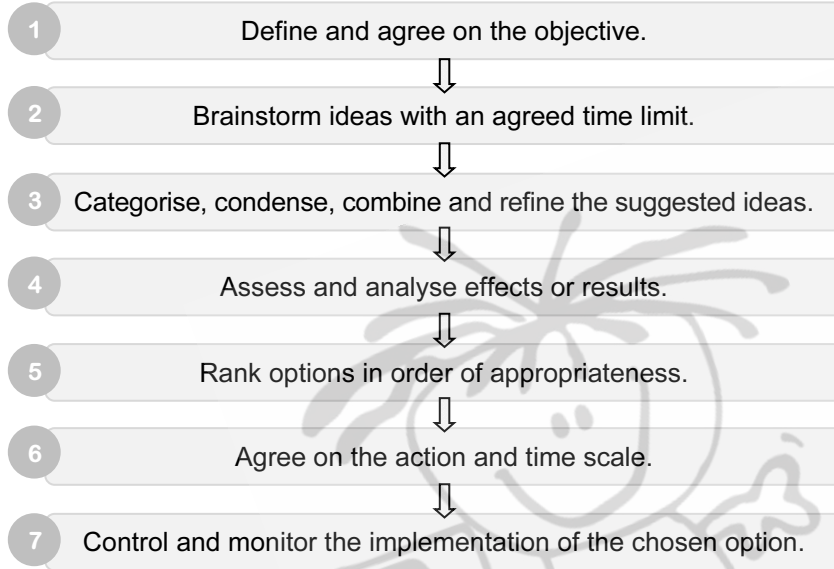
A **co-operative** is a group of people or businesses (5 or more members) joining together to share resources, infrastructure, ideas and costs.

## The brainstorming process



The **brainstorming process** is where a group of people try to come up with a large number of creative ideas that could solve a problem.

There are seven steps in the normal brainstorming process.



Brainstorming can be applied to any area of business when there is a need to be innovative and creative.

There are four rules:

- 1 Don't criticise other people's ideas.
- 2 Welcome unusual ideas.
- 3 Offer lots of ideas.
- 4 Combine and improve ideas.



## The mind-mapping process



**Mind maps** are creative diagrams where ideas are connected to a central item.

**Mind maps** allow people to jot down all their ideas on a particular issue in a visual and logical way.

A mind map has four main elements:

- ▶ There is a central focus (a picture or some key words).
- ▶ Various branches, representing different themes and concepts, come off the central focus.
- ▶ These branches have numerous, thinner branches, which can be seen as sub-themes.
- ▶ The sub-themes branch off into even thinner branches, which contain more detail.

When using mind maps, remember the following points.

- Structure**
  - ▶ Put important concepts into the bigger, more central sections.
  - ▶ Put sub-themes in smaller branches off the main sections.
- Wording**
  - ▶ Write down only key concepts.
  - ▶ Use different colours to stimulate your imagination and guide readers.
- Pictures**
  - ▶ Where possible, use symbols, diagrams and other images.
- Clarity**
  - ▶ Use a clear logical structure.
  - ▶ Write neatly.

## TERM 3 ANSWERS

### QUESTION 1

- 1.1.1 C ✓✓  
 1.1.2 D ✓✓ (2 × 2 = 4)  
 /4/

### QUESTION 2

- 2.1 business plan ✓✓ (1 × 2 = 2)  
 2.2.1 True ✓✓  
 2.2.2 False ✓✓ (2 × 2 = 4)  
 /6/

### QUESTION 3

- 3.1.1 A ✓✓  
 3.1.2 C ✓✓  
 3.1.3 B ✓✓  
 3.1.4 E ✓✓ (4 × 2 = 8)  
 3.2.1 Micro environment ✓✓ (2)  
 3.2.2 He could borrow money from his dad. / He could apply for a loan from a bank. ✓✓ (2)  
 /12/

### QUESTION 4

- › The two parties are the employer and the employee. ✓✓  
 › The employer has the responsibility to pay the employee. ✓✓  
 › The employee has the responsibility to do a certain job of work. ✓✓ (6/)



### QUESTION 5

- 5.1 A. Buckets:  $4 \times R15 = R60$  ✓✓  
 B. Wages:  $(R50 + R150 + R100) \times 4 = R1\,200$  ✓✓  
 C. Capital - Total expenses:  
 $R2\,200 - R2\,100 = R100$  surplus ✓✓ (3 × 2 = 6)  
 5.2 Strength: Dylan has capital of R2 200. ✓✓  
 Weakness: He does not have accounting skills. ✓✓  
 Opportunity: He has been offered a stand at a minimal rent. ✓✓  
 Threat: Competition from similar businesses in the surrounding area. ✓✓ (4 × 2 = 8)  
 /14/

### QUESTION 6

- 6.1.1 The break-even point is the level of sales needed so that income equals expenses. ✓✓  
 6.1.2 Fixed costs are the costs that remain the same every month and have no direct relationship to the number of units produced. ✓✓  
 6.1.3 Variable costs are the costs that change according to how much is produced. ✓✓  
 6.1.4 Processed data is data presented in a verbal form, such as an oral or written report, or a non-verbal form, such as a diagram, graph or table. ✓✓ (4 × 2 = 8)  
 /8/

### QUESTION 7

- 7.1.1 Management ✓✓ (2)  
 7.1.2 › To determine when the least or most guests visit the area ✓✓  
 › To determine how clients go on holiday and book into lodges ✓✓ (2 × 2 = 4)  
 7.1.3 March ✓✓ (2)  
 7.1.4 It is a cool time to travel but not too cold./The animals will be wandering round the reserves instead of hiding in the shade. ✓✓  
 (any 1 relevant point × 2 = 2)

# EXAM PAPERS

These exam papers consist of three sections and has a total of 150 marks. You have to complete it within 2 hours.



## INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

- Each question paper consists of **THREE** sections.
  - Section A: **COMPULSORY**
  - Section B: Consists of **THREE** independent questions. Answer **ANY TWO** of the **THREE** questions in this section.
  - Section C: Consists of **TWO** questions. Answer any **ONE** of the **TWO** questions in this section.
- Read the instructions for each question carefully and answer only what is required.
- Number the answers correctly according to the numbering system used in this question paper.
- Except where other instructions are given, answers must be in full sentences.
- Use the mark allocation and nature of each question to determine the length and depth of an answer.
- Use the following table as a guideline for marks and time allocation for each question.

SECTION	QUESTION	MARKS	TIME
<b>A: Short Questions:</b> Objective type questions: <b>COMPULSORY</b>	1	30	20 mins
<b>B: Direct and Indirect Questions:</b> THREE direct/indirect questions <b>CHOICE</b> (Answer <b>ANY TWO</b> questions.)	2	40	35 mins
	3	40	35 mins
	4	40	35 mins
<b>C: Essay Questions:</b> <b>CHOICE</b> (Answer <b>ONE</b> question.)	5	40	30 mins
	6	40	30 mins
<b>TOTAL</b>		<b>150</b>	<b>2 hours</b>



# EXAM PAPER 1

## SECTION A: COMPULSORY

### Question 1

1.1 Various options are provided as possible answers to the following questions. Write down the question number (1.1.1 - 1.1.5), choose the correct answer and write the letter (A - D) next to the appropriate number, for example 1.1.6 A.

1.1.1 A PESTLE analysis is an environmental scanning technique used for this environment.

- A micro
- B motivating workers
- C determining roles
- D planning actions

1.1.2 Which ONE of the following will NOT be regarded as an informal sector activity?

- A Woolworths
- B street vendors
- C tuck shops
- D flea markets

1.1.3 The unauthorised use or reproduction of another person's work.

- A copyright
- B piracy
- C slogan
- D trade right

1.1.4 The legal right of employers to prevent workers from entering the workplace during protest action.

- A trade union
- B strikes
- C go-slows
- D lockouts



1.1.5 Which ONE of the following best describes organisational culture?

- A the various levels of management
- B the right given to a person to make decisions and perform certain tasks
- C the way in which management interacts with the staff and how the staff interacts with each other
- D the duty a person has to carry out his task to the best of his ability

(5 × 2 = 10)

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the appropriate question number (1.2.1 - 1.2.5).

credit payments; inequality; macro;  
private sector; cash flow; public sector;  
petty cash; micro; inclusivity; cash payments

1.2.1 Money required to cover the running costs of a business is known as \_\_\_\_\_.

1.2.2 The \_\_\_\_\_ describes industries controlled by the government.

1.2.3 \_\_\_\_\_ take place when goods are paid for at the same time it is taken from the store.

1.2.4 The business has full control over the \_\_\_\_\_ environment.

1.2.5 \_\_\_\_\_ aims to prevent gender discrimination within the business. (5 × 2 = 10)





# EXAM MEMOS

## EXAM MEMO 1

### SECTION A

#### Question 1

- 1.1.1 C ✓✓                      1.1.2 A ✓✓                      1.1.3 B ✓✓  
 1.1.4 D ✓✓                      1.1.5 C ✓✓                      (5 × 2 = 10)
- 1.2.1 cash flow ✓✓                      1.2.2 public sector ✓✓  
 1.2.3 cash payments ✓✓                      1.2.4 micro ✓✓  
 1.2.5 inclusivity ✓✓                      (5 × 2 = 10)
- 1.3.1 C ✓✓                      1.3.2 H ✓✓                      1.3.3 E ✓✓  
 1.3.4 A ✓✓                      1.3.5 F ✓✓                      (5 × 2 = 10)  
 /30/

### SECTION B

#### Question 2

2.1

	Organisational resources	Example
(a)	Human resources ✓	▶ People / Management / Staff ✓
(b)	Physical resources ✓	▶ Raw materials / machinery / infrastructure ✓
(c)	Financial resources ✓	▶ Capital ✓
(d)	Other resources ✓	▶ Time ✓
		▶ Any other relevant example

(max: 8 × 1) (8)

#### 2.2.1 Vision

- ▶ The vision can be described as the long-term dream ✓ that the business would like to achieve in the future. ✓
- ▶ The vision can be described as the long-term envisagement ✓ of the business and where the business would like to position itself in the future. ✓
- ▶ Any other relevant explanation applicable to the vision. (sub max: 2)

#### Mission statement

- ▶ The mission statement provides clear direction ✓ on how the business intends to achieve its vision. ✓
- ▶ The mission statement describes the reason for the organisation's existence ✓ and provides a brief description of the goals of the business. ✓
- ▶ Any other relevant explanation applicable to the mission statement. (sub max: 2) (4)

#### 2.2.2 Micro environment

- ▶ The micro environment is the internal environment of the business ✓ and it is often known as the business itself. ✓
- ▶ The micro environment is the business itself ✓ and consists of all variables that the business has full control over, such as the eight business functions. ✓
- ▶ Any other relevant explanation applicable to the micro environment. (sub max: 2)

#### Macro environment

- ▶ The macro environment is the external environment of the business ✓ and the business has no control over these variables, such as changes in technology. ✓
- ▶ Any other relevant explanation applicable to the macro environment. (sub max: 2) (4)