

# Business Studies

CLASS TEXT & STUDY GUIDE

Habiel Adams

GRADE

**11**

CAPS

**3-in-1**



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



# Grade 11 **Business Studies** 3-in-1 CAPS

## CLASS TEXT & STUDY GUIDE

This Grade 11 Business Studies 3-in-1 study guide has been written in line with the CAPS curriculum. The learner-centred content and topic-based questions are aimed at improving subject competency and learner performance in Business Studies.

### **Key Features:**

- Detailed and concise notes per topic
- Comprehensive descriptions of key terminology
- Extensive range of revision questions
- Topic-based questions based on Grade 12 national examination techniques
- Practice end-of-year examination papers
- Detailed marking guidelines with marking notes

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## THIS CLASS TEXT & STUDY GUIDE INCLUDES

- 1 Notes per Topic
- 2 Questions per Topic
- 3 Marking Guidelines (in separate booklet)

Plus 2 **bonus** Exam Papers and Memos

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**novus print**  
A division of Novus Holdings

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## UNIT 1

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## UNIT 1: INFLUENCES OF THE BUSINESS ENVIRONMENTS

### THE COMPONENTS OF THE THREE BUSINESS ENVIRONMENTS

#### THE MICRO ENVIRONMENT

- ▶ The micro environment refers to the business itself and is often also described as the internal environment.
- ▶ The micro environment deals with all issues pertaining to the internal operations of the business.
- ▶ Understanding the components of the micro environment directly influences the success or failure of the business.

#### Components of the micro environment

##### Vision

- ▶ The vision refers to the long-term dream of the business.
- ▶ It is where the business owners see the business in the future.
- ▶ It is sometimes known as the long-term envisagement of the organisation.

##### Mission

- ▶ The mission describes the main function of the business.
- ▶ The mission would give insight into what the business must do in order to achieve the vision.
- ▶ It often explains the overall function, philosophy, competitive advantage and goal of the business.

## Suppliers

- ▶ Suppliers refer to other businesses that provide the business with all the goods and services (inputs) it requires in order for the business to produce and sell their goods and services.
- ▶ Without suppliers, the production of goods and services by the business cannot take place.
- ▶ Suppliers serve an important function to the business and the prices charged by them influence the price the business will charge.

## Competitors

- ▶ Competitors refer to other businesses that sell similar or identical products or services to a particular business.
- ▶ The prices charged by competitors influence the prices that the business will charge and whether customers would prefer the competitors' products over that of the business.
- ▶ Businesses often strive to develop a competitive advantage in order to improve its market share.

## Regulators

- ▶ Regulators are required to ensure that businesses follow the correct laws laid out by the government of the country.
- ▶ Regulators ensure that the rules of the law are not violated by businesses and promote and protect public interest.
- ▶ In particular, regulators aim to ensure that the human rights of employees are not abused.

## Intermediaries and strategic allies

- ▶ Intermediaries and strategic allies refer to businesses and people that serve as a link between the micro and market environments.
- ▶ Retailers, wholesalers, agents and the banking industry are common examples of intermediaries.
- ▶ Intermediaries and strategic allies often bridge the gap between the business and the consumer.

## Trade unions

- ▶ **Trade unions** promote and protect the economic rights of the labour force.



**Trade unions:** Organised associations of workers formed to protect the economic interests of workers.

- ▶ Trade unions protect the interests of employees and ensure that their rights are not abused nor violated.
- ▶ They often negotiate on behalf of workers for better wages and improved working conditions.

## THE MACRO ENVIRONMENT

- ▶ The macro environment is often referred to as an external environment over which the business has no control.
- ▶ The macro environment refers to all uncontrollable factors outside the business that affect the internal functioning of the business.
- ▶ Keeping **abreast** of changes in the macro environment informs the business where it needs to adapt and can also ensure the survival of the business.



**Abreast:** Being up to date with the latest research, trends and information.

## Components of the macro environment

### Political factors

- ▶ The political stability, political power of the state and the political climate influence the way in which businesses can conduct their activities.
- ▶ Changes in government, the creation of new laws and the application of the law directly affect the business.
- ▶ Businesses need to ensure that they act within the law set out by the government.

## Calculation of total costs, fixed costs, variable costs and unit cost

Please note that this is one of the products produced by Ben's Bakery and the example does not take into account the other products produced by Ben's Bakery.

### Worked Example

Cost schedule of Ben's Bakery for 2 000 hotdog rolls.

Fixed costs (FC)		Variable costs (VC)	
Rental	R2 500	Ingredients	R500
Marketing	R300	Wages	R200
Rates and taxes	R500	Electricity	R100
Insurance	R400	Delivery costs	R200
<b>Total Fixed Costs (TFC)</b>	<b>R3 700</b>	<b>Total Variable Costs (TVC)</b>	<b>R1 000</b>

Total costs (TC)	
Total Fixed Costs (TFC) +	R3 700
Total Variable Costs (TVC) =	R1 000
<b>Total Costs (TC)</b>	<b>R4 700</b>

Unit cost (UC)	
Unit cost = $\frac{\text{Total Costs (TC)}}{\text{Quantity (Q)}}$	$\frac{\text{R4 700}}{2\ 000}$
	<b>R2,35</b>

### Calculating Selling Price (SP)

- ▶ The selling price can be described as the amount of money charged by the business for the sale of the product.
- ▶ The selling price is the amount of money the consumer pays for the product.
- ▶ In order to calculate the selling price, the business adds a mark-up percentage to the cost of production.
- ▶ Adding a mark-up percentage allows the business to make a profit on the sale of the item.

Based on the example of Ben's Bakery, if Ben decides that he would like a mark-up of 120% on every hotdog roll sold, the calculation will be done as follows:

Cost-price	Mark-up %	Selling price
R2,35 per unit (unit cost)	120%	$SP = \frac{CP}{1} \times \frac{100 + MU}{100}$ $= \frac{R2,35}{1} \times \frac{100 + 120}{100}$ $= \text{R5,17 per roll}$

This is the selling price charged by Ben's Bakery for one hotdog roll.



### Calculating Profit

- ▶ Profit can be described as the financial gain earned by the business on the sale of goods or services.
- ▶ Profit represents the difference between the total revenue and the total costs.
- ▶ If the total revenue is greater than the total costs, then the business earns a profit.
- ▶ If the total revenue is less than the total costs, then the business experiences a loss.
- ▶ The aim of any business is to derive a profit as the profitability influences the ability of the business to operate and survive in the industry.

Based on the example of Ben's Bakery, if Ben would like to determine the profit for the 2 000 hotdog rolls that were sold, it will be calculated as follows:

<b>Total revenue (TR)</b>	$SP \times Q =$ $R5,17 \times 2\ 000 \text{ rolls} =$	<b>R10 340</b>
<b>Total costs (TC)</b>	$CP \times Q =$ $R2,35 \times 2\ 000 \text{ rolls} =$	<b>R4 700</b>

Profit	
Total revenue (TR)	R10 340
- Total cost (TC)	- R4 700
<b>Profit</b>	<b>R5 640</b>

Please take note: This is merely a simplification of how to calculate profit – businesses use detailed calculations and accounting formats when determining profit.



# QUESTIONS

## SECTION A: SHORT QUESTIONS

### QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1.1 to 1.1.20), e.g. 1.1.21 D.

1.1.1 The personality, values, opinions and interests of consumers form part of ... consumer elements.

- A demographic
- B psychographic
- C geographic
- D behavioural

(2)

1.1.2 Siyanda Traders experienced an increase in the demand for the product because of successful marketing campaigns during the ... stage of the product lifecycle.

- A introduction
- B growth
- C maturity
- D decline

(2)

1.1.3 Customers purchase the product because of the unique packaging, rather than for the actual products.

- A Speciality packaging
- B Combination packaging
- C Kaleidoscopic packaging
- D Dual purpose packaging

(2)

1.1.4 The marketing activity of Roodt Retailers that focuses on the actual goods and services sold by the business is known as ...

- A price
- B place
- C promotion
- D product

(2)

1.1.5 Dikeledi Clothing uses market research to determine feasibility and profitability during the ... stage of the product development process.

- A idea generation
- B idea screening
- C market testing
- D technical implementation

(2)

1.1.6 Businesses use ... by strategically placing rectangular graphic displays that are stretched across the top, bottom or sides of websites.

- A email marketing
- B mobile marketing
- C banner advertising
- D search engine marketing

(2)

1.1.7 The most effective and cheapest sequence of production activities within the production function.

- A Planning
- B Scheduling
- C Loading
- D Routing

(2)

1.1.8 According to this AIDA principle, the advertisement should be original, brief and interesting in order to spark ... with the audience.

- A attention
- B interest
- C desire
- D action

(2)

1.1.9 Freddie's Furnishers purchased a lounge suite at a cost price of R6 500 and charges a mark-up of 250%. The selling price for the lounge suite is ...

- A R22 750
- B R16 250
- C R13 000
- D R9 750

(2)

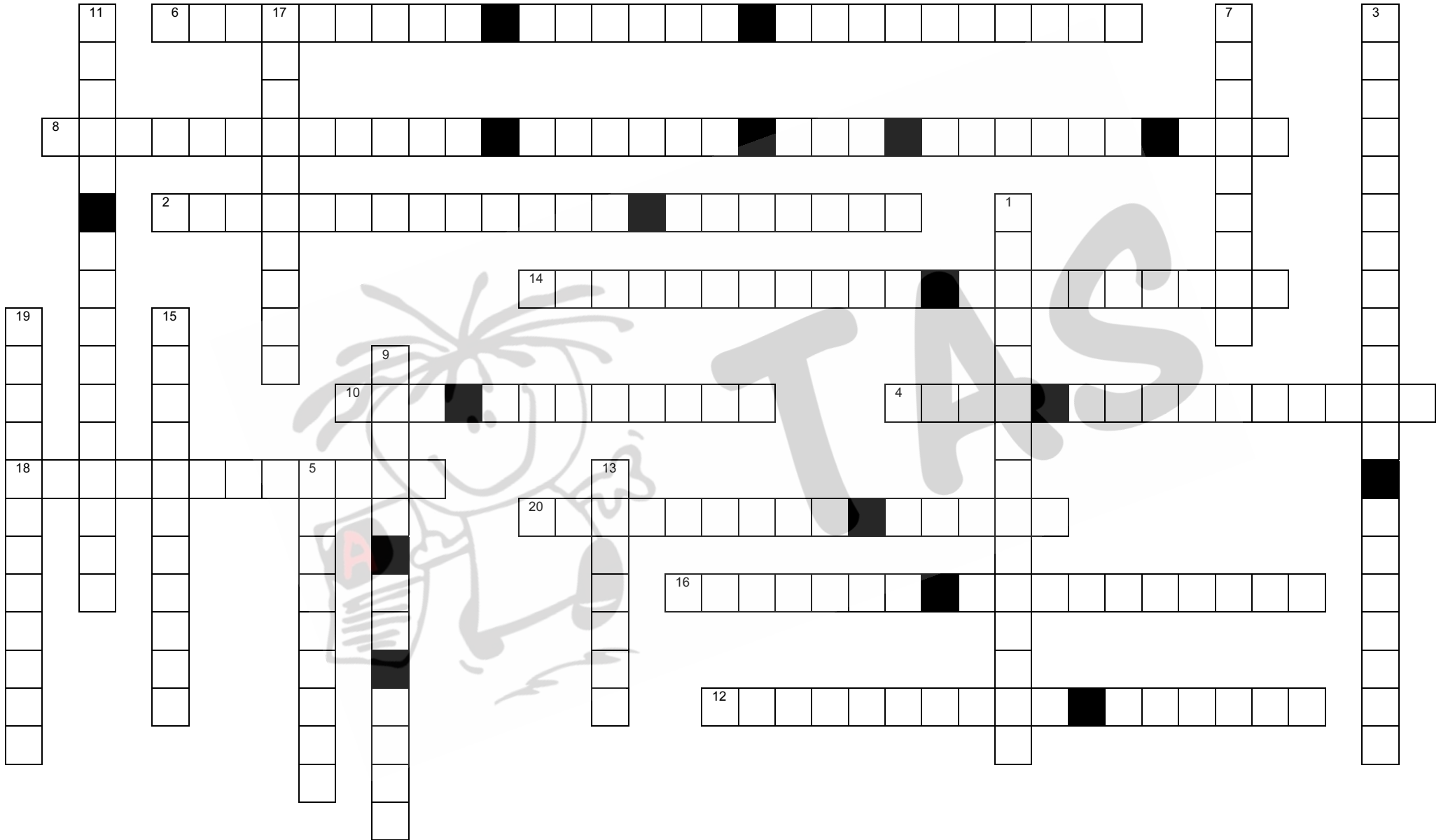
1.1.10 Mass production is beneficial for Altaaf Manufacturing because of ...

- A large amounts of initial capital.
- B inflexibility and low employee morale.
- C improved flexibility in the product design.
- D automation of the assembly line.

(2)



TOPIC 2 CROSSWORD PUZZLE 1



**CLUES for TOPIC 2**  
**CROSSWORD PUZZLE 1 on p. 114**

# STATE-OWNED COMPANIES

## DEFINITION

A state-owned company is a business that is a separate legal entity and has the South African government as its main shareholder. State-owned companies form part of the **Department of Public Enterprises (DPE)** and are undertaken on behalf of the government in the capacity of commercial enterprises. State-owned companies are listed on the JSE as public companies.

***Department of Public Enterprises (DPE):** The DPE is the government's shareholder representative that is responsible for overseeing various state-owned enterprises, and is one of the ministries of the South African government.*



## CHARACTERISTICS

<b>Name of the business (Name requirements)</b>	The name of the business must end with the suffix SOC Ltd. This is done in order to distinguish a state-owned company from other forms of ownership.
<b>Management</b>	A minimum of three directors is required for the overall management of the business. A state-owned company is owned by the government and aims to generate a profit.
<b>Number of owners</b>	One or more shareholders and a minimum of three directors are required to establish a state-owned company.
<b>Capacity</b>	There are extensive expansion opportunities available, as many people can join the state-owned company by issuing shares to members of the public.
<b>Legal formation procedure and documentation</b>	An MOI and an NOI are required to form a state-owned company.
<b>Liability for debts</b>	The shareholders have limited liability for debts.

<b>Legal entity (legal personality)</b>	The business is a separate legal entity.
<b>Continuity</b>	The business has unlimited continuity (perpetual lifespan). This means that the business will continue to exist if current shareholders die or decide to leave the business.
<b>Profit-sharing</b>	The majority of the shares of the state-owned company is owned by the government or municipality. Dividends are paid out to the shareholders according to the number of shares owned.
<b>Acquiring capital</b>	A state-owned company raises capital in various ways, which include capital provided by the state and by members of the public.
<b>Income tax</b>	The state-owned company pays 28% company tax on profits and shareholders pay a further 20% secondary tax (dividend tax) on dividends distributed to shareholders.

## Advantages/Positives

- ▶ The shareholders have limited liability for debts and therefore cannot lose their personal belongings.
- ▶ A state-owned company has unlimited continuity, which means that the existence and future of the state-owned company are not influenced by the death or change of ownership within the state-owned company.
- ▶ State-owned companies can raise large amounts of capital in comparison to other forms of ownership, as it has the state as its primary shareholder.
- ▶ Profit earned by state-owned companies can be used to finance other government projects and government departments.
- ▶ A state-owned company is able to attract qualified employees with the necessary expertise, as it is able to afford its labour costs.
- ▶ A state-owned company has a great deal of power when negotiating business contracts because it acts on behalf of the state.
- ▶ A state-owned company is a separate legal entity and can therefore enter into contracts in the name of the company.

# STEPS IN PROJECT PLANNING

## STEP 1

### Identify and meet with the necessary stakeholders

- ▶ A meeting with the necessary stakeholders is required from the onset of the project.
- ▶ This is done to inform the stakeholders of their roles in the project.
- ▶ The project manager requires the buy-in from the various stakeholders in order for the project to be realised.

## STEP 2

### Set and prioritise goals of the project

- ▶ Manageable, realistic and achievable goals must be set by the project management team.
- ▶ This is done in consultation with the various departments in order to ensure that the identified goals may be achieved within a specific time-bound priority.
- ▶ The goals are created for the needs of the specific project, but also in context of the overall mission and vision of the business.

## STEP 3

### Define the specific deliverables

- ▶ Details and descriptions on the specific **deliverables** are provided in order to meet the objectives identified in Step 2.

**Deliverables:** Specific measurable actions that must be met at specific due dates.



- ▶ The project plan should indicate specific due dates based on timelines for each aspect of the project.
- ▶ This allows for the employees to work towards meeting the due date, as these deliverables influence how successful the project will be achieved.



## STEP 4

### Create the project schedule

- ▶ The project schedule plays a very similar role to the ASC and defines the series of tasks that must be achieved based on the deliverables in Step 3.
- ▶ The manager, team members, time and resources for each deliverable must be clearly identified.
- ▶ This step therefore allows for transparency with regards to division of labour for the project.

## STEP 5

### Identify issues and compile a risk assessment

- ▶ Management then identifies the potential issues and bottlenecks that may arise while tasks are being conducted by the employees.
- ▶ A **risk assessment** is compiled and management devises an appropriate risk management strategy.

**Risk assessment:** An assessment of the potential risks associated with a project.



- ▶ This is done so that management is aware of the potential risks and has appropriately devised the necessary risk management strategy and contingency plans to deal with the risks.

## STEP 6

### Present the project plan to the necessary stakeholders

- ▶ Before the project plan is **institutionalised** it must be presented to the necessary stakeholders.

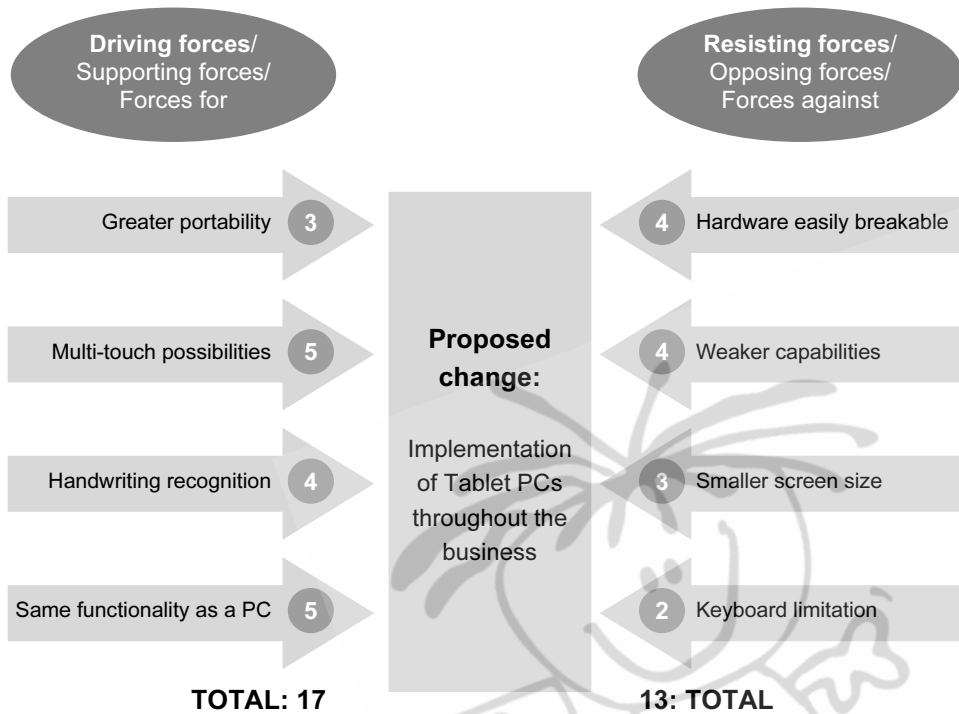
**Institutionalised:** An activity or action is institutionalised when it is implemented throughout the business (or institution).



- ▶ This is done to review the project plan and to evaluate the validity of all the cases represented by the management team.
- ▶ The stakeholders will determine whether there is a logical sequence to the goals, deliverables, timelines, due dates and manpower.

## 4 Worked Example: Force-field analysis

NOTES



### ADVANTAGES OF WORKING WITH OTHERS TO SOLVE PROBLEMS

- ▶ Creativity is often limited when trying to solve a business-related problem alone.
- ▶ The problem/issue/challenge can be solved much faster and easier.
- ▶ When working with others, the ideas of team members feed on each other and contribute to greater idea generation.
- ▶ The workload can be significantly reduced when working in groups to solve problems.
- ▶ Working in groups/teams is an active manner of gathering various/numerous ideas to business problems/issues/challenges.
- ▶ Exposure is gained to the insight, thinking patterns, and conceptual understanding of others.

- ▶ Team members are able to learn from one another and appreciate the viewpoints of others.
- ▶ The business problem/issue/challenge is unpacked from various angles/ perspectives.
- ▶ There is greater access to a broader base of experience/skills/knowledge/ expertise.
- ▶ Working with others contributes to the improved understanding and analysis of the business problem/issue/challenge.
- ▶ Working with others encourages and promotes creative thinking and effective problem-solving.

## UNIT 2: STRESS AND CRISIS MANAGEMENT

- ▶ Stress is experienced by everyone in different situations and commonly occurs in the workplace environment.
- ▶ In the context of the business, work-related stress is the response employees may have when presented with various work demands/pressures that are not necessarily matched with their ability/knowledge/aptitude to cope with the challenge.
- ▶ People often confuse stress and pressure and in the business world, management needs to devise effective strategies that can help the employees deal with work-related stress.
- ▶ Crisis management is a multi-dimensional process that involves identifying potential threats to the business and its stakeholders, and in the process, respond effectively to the potential threat.
- ▶ Due to globalisation and the ever-changing business environments, large organisations attempt to devise the necessary strategies to potential crises before they have occurred, and in the process, devise several **contingency plans**.



**Contingency plans:** Effective back-up/alternative plans for a business crisis/situation/condition/challenge.

- ▶ The manner in which the business addresses the crises, influences the business's survival potential.

UNIT 2: STRESS AND CRISIS MANAGEMENT

<b>Environmental responsibility</b>	<ul style="list-style-type: none"> <li>▶ Employees/stakeholders need to understand the impact of business operations on the natural environment.</li> <li>▶ The business therefore needs to practice environmental sustainability throughout the operations of the business, from outsourcing resources, to using energy more efficiently.</li> </ul>
<b>Cooperation</b>	<ul style="list-style-type: none"> <li>▶ Employees/stakeholders achieve cooperation of ethical norms by their demonstration of good conduct and value-based behaviour.</li> <li>▶ The business is then able to develop a team spirit and cooperation of ethical norms throughout the organisation.</li> </ul>

## THEORIES OF ETHICS THAT ARE APPLICABLE IN THE WORKPLACE

### Consequential theory



- ▶ The consequential theory explains that the morally correct action is the one with the best overall consequences for society.
- ▶ The consequential theory strives to answer questions of **moral dilemma** and what actions are considered right and wrong.
- ▶ The consequential theory assists businesses in determining whether they should partake in a decision, based on the expected results/consequences of the decision.
- ▶ Businesses should therefore choose decisions/take actions that have the maximum beneficial consequences for society and the environment at large.



**Moral dilemma:** A situation/condition in which a business has to make a decision/choice between two courses of action, either of which may transgress a moral principle.

### The common good approach

- ▶ The common good approach advocates the ethical practice that decisions taken by the business must be done in the context of the societal values and principles in which it operates.
- ▶ The common good approach considers the business as part of a larger community and environment.
- ▶ The weakest and most vulnerable members of society must be included when safeguarding/protecting the sustainability of the community for the common good of all.
- ▶ The common good approach therefore illustrates that individuals of society share common conditions and institutions upon which societal welfare depends.



### The rights approach



OR

**HUMAN RIGHTS FOR ALL**

FREEDOM	TRUST	JUSTICE
RULE OF LAW	PEACE	PROSPERITY
DIGNITY	EQUALITY	



- ▶ The rights approach advocates/promotes respect for human dignity and the individual rights of people.
- ▶ The rights approach explains that individuals may choose freely how to live their lives and have a moral right to respect for these choices as free/equal/rational people.
- ▶ People also have the moral duty to respect the rights of other people in the same way.
- ▶ Businesses may therefore not mistreat other people/parties or impose the mission/vision/products/service of the business onto other people/parties.

# EXAM PAPERS

## 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** 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. Note that **ONLY** the first **TWO** questions in **SECTION B** and the **FIRST** question in **SECTION C** will be marked.
- Number the answers correctly according to the numbering system used in the question paper. No marks will be awarded for answers that are numbered incorrectly.
- 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.
- Start the answer to each question on a **NEW** page.

- 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
	2	40	30 mins
<b>B: Direct and Indirect Questions:</b> THREE direct/indirect questions <b>CHOICE</b> (Answer any <b>TWO</b> questions.)	3	40	30 mins
	4	40	30 mins
<b>C: Essay questions:</b> <b>CHOICE</b> (Answer any <b>ONE</b> question.)	5	40	40 mins
	6	40	40 mins
<b>TOTAL</b>		<b>150</b>	<b>2 hours</b>

- You may use a non-programmable calculator.
- Write neatly and legibly.



# EXAM PAPER 1

## SECTION A: COMPULSORY

### QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number, e.g. 1.1.6 D.

1.1.1 Socio-economic issues such as ... impact negatively on businesses because of cheap inferior foreign goods that flood the local market.

- A illiteracy  
B dumping  
C corruption  
D sexual harassment

1.1.2 A ... was granted to Zibusiso Technologies for the invention of Covid-19 detection devices.

- A permit  
B trademark  
C patent  
D copyright

1.1.3 Place as an element of marketing at Pienaar Textiles is concerned with the...

- A stakeholders that are essential in making products available to customers.  
B most appropriate way of marketing the products to customers.  
C market forces that are used to determine prices that will be charged to customers.  
D distribution methods that are used to make products accessible to customers.

1.1.4 Costs that change depending on the amount of goods produced are known as ... costs.

- A variable  
B fixed  
C unit  
D total

1.1.5 The ... has a direct implication on the human resources function of Narker Accountants as it stipulates the guidelines for the different types of leave that should be granted to employees.

- A Labour Relations Act (LRA), (No. 66 of 1995)  
B Basic Conditions of Employment Act (BCEA), (No. 75 of 1997)  
C Employment Equity Act (EEA), (No. 55 of 1998)  
D Compensation for Occupational Injuries and Diseases Act (COIDA), (No. 61 of 1997) (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 question number (1.2.1 – 1.2.5).

speciality;	alliance;	market;	demographics;
mass production;	psychographics;	batch production;	
acquisition;	kaleidoscopic;	micro	

1.2.1 A lack of adequate management skills at Retail Mania is considered a challenge in the ... environment.

1.2.2 Fourie Carpeting uses ... in order to classify the attitudes and tastes of their customers.

1.2.3 The purchasing of Letsatsi Boutique by Contempo Clothing through mutual agreement is known as an ...

1.2.4 Broadway Beverages made use of ... packaging to promote special events and competitions.

1.2.5 The manufacturing process known as ... uses assembly lines to produce high volumes of standardised products. (5 × 2) (10)

