

BUSINESS STUDIES BUSINESS ENVIRONMENTS



GRADE 10 CORE NOTES (2020)



**Western Cape
Government**

TERM	DEFINITION
Business Environments	All the internal and external factors that affect the functioning of a business, e.g. micro, market and macro environments.
Micro environment	This environment is the business itself, it consists of all the elements inside the business.
Market environment	This environment exists immediately outside the business.
Macro environment	This environment exists outside the micro and the market environments.
Extent of control	The amount of influence that a business has on the business environments.

TOPIC 1.1: MICRO ENVIRONMENT: ELEMENTS OF THE MICRO ENVIRONMENT

Define/Explain the meaning of "MICRO ENVIRONMENT"

- Is the internal environment.
- Consists of the business itself.
- Management **has complete control**.

List the COMPONENTS of the micro environment

Outline / Describe/ Explain / Discuss the components of the micro environment

(see discussions later)

- Vision, mission, goals and objectives
- Organisational culture
- Organisational resources
- Management and leadership
- Organisational structure
- Eight business functions

Identify from scenario/Formulate/Evaluate the VISION, MISSION STATEMENT, GOALS & OBJECTIVES

CONCEPT	DESCRIPTION	EXAMPLE
Vision	The dream that the business wants to achieve	<i>McDonald's</i> To be the world's best quick service restaurant
Mission statement	Clear directives for how the business intend to achieve its vision	<i>McDonald's</i> To provide outstanding quality, service, cleanliness and value, so that we make every customer in every restaurant smile
Goals	Long-term plans of what the business wants to achieve	<i>McDonald's</i> To dominate the fast food industry globally within the next five years
Objectives	Short-term aims that the business wants to meet to achieve its long-term goals	<i>McDonald's</i> To employ an additional 1 000 people by the end of the month






ORGANISATIONAL CULTURE

Explain / Describe the purpose of the organizational culture

- Refer to the personality of the organization / business.
- Organizational culture consists of different beliefs / values / expectations of everyone working in the business.
- Influence the way people in the organization interact with each other as well as with stakeholders.
- The organizational culture influences people's actions and attitudes.
- A positive culture helps staff to be motivated and productive.
- A negative culture will discourage workers and make them feel unimportant which may cause conflict.

TYPES OF ORGANISATIONAL RESOURCES

Outline / Name / Identify / Explain the ORGANIZATIONAL RESOURCES from given statements/scenarios

RESOURCE	DESCRIPTION	
Human resource	 <p>Staff</p>	<ul style="list-style-type: none"> • The employees and contractors who also work for the business
Financial resource	 <p>Capital</p>	<ul style="list-style-type: none"> • The loans that businesses make as well as "Own capital" of the owner.
Physical resource	 <p>Raw-materials / Machinery</p>	<ul style="list-style-type: none"> • Natural resources (such as raw materials / water), machinery, vehicles, buildings and the infrastructure of the business
Technological resource	 <p>Laptops</p>	<ul style="list-style-type: none"> • Includes all the technology the business requires for example laptops, printers, scanners, internet access, Wi-Fi, software etc.
Entrepreneurship	 <p>Owner / Manager</p>	<ul style="list-style-type: none"> • People who combine the resources to make the business functional and profitable

Describe the PURPOSE / IMPORTANCE of a business ORGANISATIONAL STRUCTURE with specific reference to an ORGANOGRAM.

- Every business must be organized in a structure.
- Each person's tasks and level of authority and responsibility must be indicated.
- The structure should indicate the flow of assignments and the feedback. The flow of communication in the business.
- The organizational structure is also called an organogram.

MANAGEMENT AND LEADERSHIP

Explain the difference between management and leadership

MANAGEMENT	LEADERSHIP
Direct human behaviour / behaviour.	Influence human behaviour / behaviour.
Communicate through management functions, e.g. line function	Communicate through interaction / behaviour / vision / values / charisma.
Manage plans / programs / tasks to reach targets.	Encourage new ideas to increase productivity.
Control systems and procedures to get the job done.	Inspire staff to know each other trust and support.
A person becomes a manager because he / she is appointed to the position.	Leaders are born with natural / instinctive leadership skills.
Task orientated	Humanly orientated
Management by planning / organization / leadership / control	Lead by example / trust / respect.
Instructional approach.	Motivational / Inspiring approach

BUSINESS FUNCTIONS

1. General Management
2. Purchasing
3. Production
4. Marketing
5. Human resources
6. Public Relations
7. Administration
8. Financial

Briefly explain the PURPOSE and IMPORTANCE of the eight business functions.

Human Resources	<ul style="list-style-type: none">• The human resource function must ensure that the best candidate is appointed in a vacant position.• Employees must be placed in positions where their talents and skills could be used to the best benefit of the organisation
Production	<ul style="list-style-type: none">• Products of a good quality must be produced• Sufficient quantity of products must be produced
Administration	<ul style="list-style-type: none">• Information collected must be reliable• Information must regularly be shared with the relevant parties
Financial	<ul style="list-style-type: none">• Accurate records of all transactions must be kept• Reports must be compiled on time for submission to management
Management	<ul style="list-style-type: none">• The correct decisions must be taken by management• Management must set realistic goals for the business
Public Relations	<ul style="list-style-type: none">• Regular communication with the media is essential• All communications should aim to promote a positive image of the business
Purchasing	<ul style="list-style-type: none">• Identification and selection of reliable suppliers• Sound relationships with suppliers• Sourcing high quality raw materials
Marketing	<ul style="list-style-type: none">• Effective product development• Effective packaging• Ensure that customers are loyal to the brand

TOPIC 1.2: MARKET ENVIRONMENT: ELEMENTS OF THE MARKET ENVIRONMENT

Define/Explain the Meaning of the term “MARKET ENVIRONMENT”

- It is the environment immediately outside the business.
- Market environment surrounds the micro-environment.
- All powers that have a direct impact on the business
- Management has **no control, but can influence** the environment

The COMPONENTS of the market environment

- Consumers (Market)
- Suppliers
- Intermediaries
- Competitors
- Other organisations / Civil Societies
 - Non-government organisations [NGOs]
 - Regulators
 - Strategic allies
 - Unions

Outline / Describe / Explain / Discuss the COMPONENTS of the market environment

Identify the components of the market environment

Consumers	<ul style="list-style-type: none"> • Customers / Buyers are the final users of the product / services. • A consumer who buys products or services from a business is that business's customer • Consumer market can be sub-divided into markets for: <ul style="list-style-type: none"> ○ Durable products, e.g. T.V sets. ○ Semi-durable products, e.g. furniture ○ Non-durable product, e.g. newspaper ○ Services, e.g. repairs
Suppliers	<ul style="list-style-type: none"> • Suppliers include factories / suppliers of goods / services with whom businesses acquire / buy goods to run their businesses. • Individuals or agents who provide resources such as raw-materials, products or services. • In order for a business to survive in a competitive environment the supplier must provide the right quantity at the right time, right price and credit terms.
Intermediaries	<ul style="list-style-type: none"> • Intermediaries / Agents who help promote, sell and distribute products to consumers. • Bridge the gap between the manufacturer and the consumer. • Intermediaries bring the products and services within reach of the consumer. • Marketing intermediaries are wholesalers, retailers, spazas, agents, brokers and representatives. • Financial intermediaries are banks, etc.

Competitors	<ul style="list-style-type: none"> • Competitors who sell the same / similar products / services can have a greater impact on the market or the business. • e.g. Shoprite & Pick 'n Pay • Analysing competitors helps management to understand the strength, weaknesses and capabilities of competitors
Regulator	<ul style="list-style-type: none"> • A regulator is a person / organization with official power to control an activity and makes sure it is done satisfactorily / makes rules that businesses in the various industries must adhere to.
Strategic allies	<ul style="list-style-type: none"> • Strategic allies refer to two or more businesses working together to enable them to acquire the lack of expertise they have from another business.
Trade unions	<ul style="list-style-type: none"> • Trade unions are the employee organizations that aim to improve the working conditions of the workforce.

Explain/ Outline / Give examples of CIVIL SOCIETY.

Unions	<ul style="list-style-type: none"> • COSATU, FEDUSA and SADOU
NGOs	<ul style="list-style-type: none"> • NGOs are non-profit organisations that do not operate under the control of government
Regulators	<ul style="list-style-type: none"> • Organisations that ensure that the code of conduct and rules of fair business are adhered to • Example: NERSA [National Energy Regulator of South Africa]
Community Based Organisations (CBO)	<ul style="list-style-type: none"> • These are organisations that operates within communities with the aim of improving the socio-economic conditions within the communities. • These organisations are non-profit bodies and their sole purpose is to render a service to society.

Explain the reason why NGO's and CBO'S form part of the market.

- NGO's and CBO's are part of the market, because they are also busy with trading and the public donate money which is used to benefit the country.
- These organisations can also sell products/ organize fundraisings to use the small amount of profit for the community.
- Example "Caringdaisies"

Explain the meaning of opportunities and threats in a business context and give practical examples of each. / Identify from a scenario. Make recommendations for improvement.

- **Opportunities:** are external situations which could increase the chances a business has of selling its goods or services.
- **Threat:** external situation which could decrease the chances a business has of selling its goods or services.
- Management sees **competition as an opportunity** when consumers are made more aware of the product if it is marketed by different companies.
- **Competition** be a **threat**, when a company sells similar products in the same area.

- A threat also exists if a business is unable to produce or to perform as desired, because of reasons outside the business such as competition, changing government legislation or global economic trends.
- Businesses need to be pro-active and constantly develop new plans to counteract threats.
- Possible threats that a business can face (Examples):
 - New competitors with lower prices
 - The government that can introduce new laws/acts that can decrease trading
 - Changes in the needs of taste of the buyers.

Business environment, possible challenges and extent of control

BUSINESS ENVIRONMENT	POSSIBLE CHALLENGES	EXTENT OF CONTROL
Micro	<ul style="list-style-type: none"> • Difficult employees • Lack of vision and mission • Lack of adequate management skills • Unions, strikes and go-slows 	Full control
Market	<ul style="list-style-type: none"> • Competition • Shortages of supply • Demographics and psychographics • Socio-cultural factors 	Little / Partial / Limited control

BUSINESS ENVIRONMENT	EXTENT OF CONTROL	EXPLANATION
Micro	Full control	Businesses have full control over all the features / elements / components of the micro environment. E.g. A business determines its own mission, organisational structure and resources.
Market	Little / Limited control	Businesses have little control over all the features / elements / components of the market environment. E.g. A business cannot force its suppliers to reduce the prices of their goods but it can buy goods in bulks and claim discounts.
Macro	No control	Businesses have no control over all the features / elements / components of the macro environment. E.g. A business cannot control the increase in the price of petrol announced by the Central Energy Fund but can outsource the transport function to reduce delivery of costs.

TOPIC 1.3: THE MACRO ENVIRONMENT: ELEMENTS OF THE MACRO ENVIRONMENT

TERM	DEFINITION
Strategy	A plan of action / solution designed to achieve an aim or to fix a problem.
Impact	The effect or influence of a decision or activity on the business/community/ employees.
Interaction	Communication or direct involvement with someone or business
Substitutes	A person or thing acting or serving in place of another. "soya milk is used as a substitute for dairy milk"
Exchange rate	The value of one currency for the purpose of conversion to another
Inflation	A general increase in prices and fall in the purchasing value of money.
Interest	Money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a debt. "the monthly rate of interest"
Productivity	The rate at which goods are produced or services provided
Sustainability	To be able for the business to keep on doing business over the long term. Sustainable economic growth/ sustainability of mineral resources.

Define/Explain the meaning of the "MACRO-ENVIRONMENT"

- The macro environment refers to interaction of the business with everything outside of the business.
- The macro environment is also known as the external environment.
- Business has **no control** over this environment.

Business environments, possible challenges and the extent of control

BUSINESS ENVIRONMENT	POSSIBLE CHALLENGES	EXTENT OF CONTROL
Macro	<ul style="list-style-type: none"> • Change in income levels • Contemporary legislation • Labor restrictions • Political changes • Interest rates • Socio-economic issues • HIV and AIDS • Globalisation and International challenges 	No control

Briefly explain the reasons why the MACRO environment can be a CHALLENGE to businesses.

- New businesses enter the market
- Price wars between businesses that are the same size, and the same offering products
- Customers looking for the best prices
- Suppliers give discounts and special offers
- New products or substitutes threaten or replace old products

COMPONENTS of the macro environment

- Physical/natural environment
- Economic environment
- Social, Cultural and demographic environment
- Technological environment
- Legal and political environment
- International/global environment
- Institutional environment

An **industrial tool known as PESTLE** is used to evaluate the impact of the macro environment on business. PESTLE refers to:

- P** Political
- E** Economic
- S** Social
- T** Technological
- L** Legal
- E** Environment (international and institutional) / Physical environment

Define / Give practical examples of each component/feature of the macro environment Give a reason why it is a threat to the business.

Identify the components of the macro environment from given scenarios / statements / case studies / cartoons/ pictures.

Suggest ONE strategy in which businesses can deal with EACH element of the macro environment.

Political	<ul style="list-style-type: none"> • Laws / Regulations adopted by the state influence the way businesses operate • Individuals / Private / Public sector must state rules and regulations obey. <p>Examples and challenges:</p> <ul style="list-style-type: none"> • Political factors, such as strikes / illegal immigrants, cause instability affecting the operation of the business. • Overseas investors are happy to invest in economically stable and politically stable countries. <p>Strategy:</p> <ul style="list-style-type: none"> • Investigate different regulations of countries before planning any trading.
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Economic	<ul style="list-style-type: none"> • Affect the prosperity / progress of consumers, businesses and investors. • State monetary and fiscal policy has a direct impact on the economic environment. • Interest rate, Inflation rates, Exchange rate, Economic growth, Imports and Exports, Taxation <p>Examples and challenges:</p> <ul style="list-style-type: none"> • Inflation lowers the value of money and assets. • A period of recession slows the economy and causes unemployment. • Can increase prices – influence on the economic environment. • Decrease in interest – People borrow more money from the bank. • Economic changes affect business, e.g. changes in the value of the rand. <p>Strategy:</p> <ul style="list-style-type: none"> • Do imports when the rand is stronger, because then the business will pay less for products or raw materials.
Social, cultural and demographic	<ul style="list-style-type: none"> • The social component of the macro environment includes people, cultural background and income levels. • Social issues affect consumer spending / employee performance and the business's profitability. • Poverty; HIV/Aids; Unemployment; Crime. <p><u>SOCIAL</u> Examples and challenges:</p> <ul style="list-style-type: none"> • Health issues, such as HIV / Aids can have a negative impact on employee productivity <p><u>CULTURAL</u> Examples:</p> <ul style="list-style-type: none"> • 14 different racial groupings with 11 different official languages. • Problems arising in the workplace need to be managed, taking cognisance of the culturally diverse background of the workforce <p>Strategy:</p> <ul style="list-style-type: none"> • Sell generic products with lower prices. • Appoint somebody that understands the local language.
Technological	<ul style="list-style-type: none"> • The technological environment showed the fastest changes in the macro-environmental factors, such as new technologies created a 4th industrial revolution. • Technological developments provide opportunities and threats to businesses. • To keep up with the latest technology

<p>Technological (continued)</p>	<p>Examples:</p> <ul style="list-style-type: none"> • Technology has changed the way in which businesses operate, market, produce and communicate. • Technology has managed to reduce cost (positive) <p>Challenge:</p> <ul style="list-style-type: none"> • Technology (machines) has replaced some workers (negative) <p>Strategy: Train employees to use new technology.</p>
<p>Legal</p>	<ul style="list-style-type: none"> • Legal elements refer to the rules that a business must adhere to and all other legal aspects the business should consider. <p>Examples and challenges:</p> <ul style="list-style-type: none"> • Paying for fine for the non-adherence to the acts (laws) <p>Strategy:</p> <ul style="list-style-type: none"> • Adhere to the legal regulations of the country to avoid the payment of fines.
<p>Environmental: International and Institutional</p>	<p><u>GLOBAL / INTERNATIONAL ENVIRONMENT</u></p> <ul style="list-style-type: none"> • Technology enables us to be part of markets all over the world. <p>Example:</p> <ul style="list-style-type: none"> • Even small businesses can now sell their products internationally sale. <p><u>INSTITUTIONAL ENVIRONMENT</u></p> <ul style="list-style-type: none"> • Laws and regulations have been introduced to ensure that there is a framework of legal systems for international trade as well as for different industries. • Examples of such services are testing of product prevention of monopolies, protection of legitimate trade, combating illegal trade. <p>Strategy:</p> <ul style="list-style-type: none"> • Don't get involved with illegal trading. • Make sure that the product you want to export meet certain standards.
<p>Physical/Natural</p>	<ul style="list-style-type: none"> • The physical environment refers to the availability of natural resources and sustainability of mineral resources • Various businesses depend on natural resources to produce or provide services • Natural resources; infrastructure; pollution.

Physical/Natural (continued)	<p>Examples and challenge:</p> <ul style="list-style-type: none"> • Some natural resources, such as oil / coal, are scarce and expensive. • External environmental factors, such as pollution are a threat to the sustainability of a business. • Changes in the weather influence the availability of natural resources <p>Strategy: Use packaging that can be recycled to prevent or limit pollution.</p>
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TOPIC 1.4: INTERRELATIONSHIP OF THE MICRO, MARKET AND MACRO ENVIRONMENTS

TERM	DEFINITION
Interrelation	The way in which more than one component is related to each other and how they influence each other.
Sufficient stock	It is important to have enough stock – not too much or too little. Too <u>much</u> : business loose money due to cost of stock Too <u>little</u> : business loose money as there is no stock to sell
Affirmative action	Refers to the practice of businesses to promote equal opportunities among races, genders, religions, people with disabilities to redress past inequalities
Latest trends	The newest products that customers prefer to buy.

Explain the REASONS why COMPETITION poses a challenge to businesses.

Influence of competition	<ul style="list-style-type: none"> • The market environment creates a lot of competition. • In the market goods and services are sold and prices of these goods and services are determined. • Within the market is there are a lot of competition and different components influence each other. • Different components are also all interrelated.
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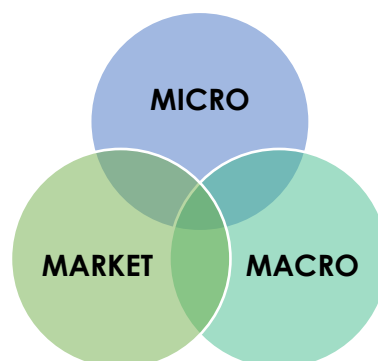
Give examples of the relationship between the business with consumer, suppliers, intermediaries and competitors.

Business and consumers	<ul style="list-style-type: none"> • Goods and services are advertised to potential consumers. • Market research is carried out on consumers to determine their preferences and tastes. • The public relations department ensures that customers remain loyal.
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Business and suppliers	<ul style="list-style-type: none"> • Using the best supplier ensures the best quality at the best price. • Business communicates with suppliers about the latest technology and products. • Business ensures that the suppliers have sufficient stock to meet the demand of customers. • Businesses pay their suppliers as they are also their customers
Business and intermediaries	<ul style="list-style-type: none"> • Business must maintain a good relationship with intermediaries. • Intermediaries help the business to access consumers and they influence sales. • Business must access reliable transport and marketing for their products.
Business and competitors	<ul style="list-style-type: none"> • Business must be aware of competitors' products and prices. • Business must keep abreast of the latest trends. • Business must keep up to date with advertising and marketing trends. • Businesses must be creative to change competition into something positive.

Explain / describe the **RELATIONSHIP** between **MICRO**, **MARKET** and **MACRO** environment

- There is constant interaction between the business and the elements present in all three business environments.
- An entrepreneur uses the factors of production to produce goods and services.
- An entrepreneur wants to satisfy the needs of consumers to make a profit.
- During this process, the entrepreneur is exposed to challenges that of, among others, competitors, as well as the government of.
- Entrepreneurs must face labour crises, BEE claims and affirmative action handle.
- It is a complicated process and many influences are present.
- A business has full control over most elements in the micro-environment.
- A business cannot control or influence the elements in the macro environment.
- A business must adapt to challenges of the macro environment and be able to formulate strategies to deal with these challenges.
- The three business environments are interrelated.



TOPIC 2: BUSINESS SECTORS


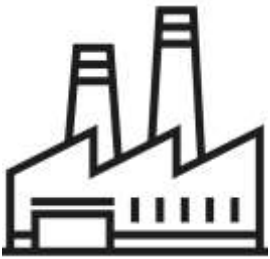

Three main Business Sectors are classified as:

- Primary Sector
- Tertiary Sector
- Secondary Sector

TERM	DEFINITION
Business Sector	A business sector is a sub division/subset of the economic activities, e.g. primary, secondary and tertiary.
Primary sector	This sector deals with extraction of raw materials and natural resources.
Secondary sector	This sector processes raw materials into finished goods.
Tertiary sector	This sector renders services to other businesses/provides auxiliary services.

Define/Explain the meaning of the PRIMARY, SECONDARY and TERTIARY sectors.

Give examples of each sector

SECTOR	DESCRIPTION	EXAMPLES
<p>PRIMARY SECTOR</p> 	<ul style="list-style-type: none"> • Obtain natural resources from nature • Natural resources are sold to the secondary sector as raw materials • Natural resources which are not man made like coal, gold, fish and livestock are extracted from this sector 	<ul style="list-style-type: none"> • Mining • Fishing • Agriculture • Forestry
<p>SECONDARY SECTOR</p> 	<ul style="list-style-type: none"> • Convert raw materials into final goods for consumption by the consumers • It includes the manufacturing factories, construction and energy generation 	<ul style="list-style-type: none"> • Manufacturing industry • Construction industry • Generation of electricity • Provision of water
<p>TERTIARY SECTOR</p> 	<ul style="list-style-type: none"> • Refers to all industries that offer services to other businesses and consumers. • Also known as the services industry • It includes services from transport, banking, legal and health. 	<ul style="list-style-type: none"> • Retailers • Wholesalers • Banks • Insurance • Transportation • Tourism • Hospitality industry

Explain / Describe / Discuss the RELATIONSHIP BETWEEN THESE SECTORS

JOURNEY OF A PACKET OF LAYS CHIPS THROUGH THE THREE SECTORS	
ACTIVITY	SECTOR
Potatoes are grown by Darling Potatoes.	Primary sector
The potatoes are sold to Simba.	
Simba uses the potatoes to manufacture Lays chips.	Secondary sector
Lays chips are sold to retailers like Shoprite/Checkers or Pick 'n Pay.	
Retailers sell the chips to the consumer.	Tertiary sector

Define/Explain the difference between the FORMAL and INFORMAL SECTORS.

Give practical examples of each.

Explain / Differentiate / Tabulate / Distinguish between formal and informal sectors

FORMAL	INFORMAL
<ul style="list-style-type: none"> Refers to all registered businesses, who pay taxes to the Government 	<ul style="list-style-type: none"> Refer to those businesses that are not legally registered and do not pay tax on the income of the business.
<ul style="list-style-type: none"> Activities are included in the GDP figures of the country 	<ul style="list-style-type: none"> Activities are not included in GDP figures
<ul style="list-style-type: none"> E.g. Large and small businesses like Kentucky Fried Chicken/Shoprite 	<ul style="list-style-type: none"> E.g. Provide services such as taxis or garden services OR produce leather handbags and beads. Small stalls on street corners.

IMPORTANCE of the INFORMAL sector

- Provide work and income for communities that alleviate poverty.
- People working in the informal sector gain work experience that can be used in the formal sector.
- Encourage entrepreneurship as self-employment.
- Give the marginalized and disadvantaged opportunity through street sales.
- It's a buffer between work and unemployment.

Define / Explain the meaning of the PUBLIC and PRIVATE sector

Explain the MAIN PURPOSE of the public and private sector

Explain / Differentiate / Tabulate / Distinguish between the PUBLIC and PRIVATE sectors.

PUBLIC SECTOR	<ul style="list-style-type: none">• Refer to those industries that are controlled by the government and offer support services to the community.• These services are under-valued by the market and government must therefore render the services to the citizens of the country.• These services are often essential services• Example: Waste removal, education, law enforcement, etc.
PRIVATE SECTOR	<ul style="list-style-type: none">• The main aim of businesses in the private sector is to make a profit• The owners raise the capital to start the business.• They also share in the profit of the business• When government sell a business in the public sector to private sector the process is known a privatisation.• Examples: Banks, Restaurants, Hotels, Retail stores, etc.

Justify the IMPORTANCE of the PUBLIC SECTOR

- The public sector includes all state-controlled businesses.
- Seeks to meet the needs of the community.
- Public sector businesses do not attempt to make a profit.
- Provide jobs to people.
- Improve the general standard of living of all people.
- Control pollution and protect and conserve natural resources such as water, wildlife and precious stones.
- Ensure that the wealth of the land is equal between poor and rich people be divided.
- Provide valuable services such as public roads, public hospitals, public schools etc.
- Public sector can outsource services to private businesses.

TOPIC 3: CONTEMPORARY SOCIO-ECONOMIC ISSUES

TERM	DEFINITION
Unproductive	Business or employers not achieving much/ not producing or able to produce enough to be sustainable
Equal	People having the same status, rights, or opportunities.
Intellectual property	Intangible property of somebody's creativity/ somebody's idea
New inventions	New products that is made by people
Retrench	Termination of an employment contract by the employer (because the job is no longer necessary, or the employer has become insolvent)
Potential investors	Businesses or people that may be interested to invest money in your company
Profitability	The ability of the business to generate more income than the expenses incurred
Insurance premiums	An amount to be paid for a contract of insurance per month
Go slow	Where groups of workers stop during working hours and refuse to resume their work
Lock-out	When the employer locks out striking people who do not want to accept the demands of employer
Sympathy strikes	Strike actions by employees without grievances in support of striking workers in another industry

List the Socio-economic issues that have an IMPACT ON THE BUSINESS:

- Inequality and poverty
- Inclusivity
- HIV/Aids
- Gambling
- Piracy
 - Copyright
 - Patent
 - Trademarks
- Counterfeiting
- Strikes (Go slows and Lockouts)
- Bootlegging
- Political disturbance
- Crime (loss of goods due to theft, corruptions, abuse, hijackings, burglaries)

Explain the MEANING of SOCIO-ECONOMIC ISSUES

- Socio-economic issues include discrimination and poverty, inclusivity, unemployment and an unproductive workforce, HIV and Aids, gambling, piracy, forgery, strikes, violence and crime.
- Socio-economic issues are social and economic factors in the macro environment that can cause problems in the business.

Give a REASON why SOCIO-ECONOMIC ISSUES can be a challenge for the business

- If employees are affected by poverty, HIV and AIDS, violence and crime, it affects their ability to work and leads to unproductivity in the business.
- If robbery, forgery and strikes continue, businesses will incur losses.

Define / Give the MEANING of “INEQUALITY” and “POVERTY”

- **Inequality** means that everyone is not equal. Some people have a lot of money and can afford education while others are very poor.
- Inequality in South Africa has become a problem because the gap between rich and poor is very large.
- **Poverty** is when a person is unable to satisfy his most basic survival needs.
- A person is considered very poor if he or she does not have food / water and shelter can't afford it.
- Poverty also includes those people who are unable to meet their daily food needs as well as proper housing, / clean running tap water, flushing toilet, electricity, transport, education and basic health services.

Explain / Discuss / Describe the IMPACT of “INEQUALITY” and “POVERTY” on BUSINESSES

- Poverty affects consumer spending because poor people do not have the ability to buy goods.
- If people cannot spend money, businesses cannot grow.
- Current way of thinking and media attention on poverty gives rise to the expectation that businesses should invest in poor communities but that put extra pressure on businesses.

Define of the term “INCLUSIVITY”

- Inclusivity entails giving everyone equal opportunities

Explain the PURPOSE and IMPORTANCE of INCLUSIVITY in the WORKPLACE

- The goal of inclusivity is to ensure that the business is fair labour practices.
- It seeks to redress the inequalities of the past.
- It seeks to create workplaces where people of different races, cultures, genders, faiths, abilities, languages and beliefs can work together effectively to benefit of the business.
- Try to ensure that businesses are not allowed to exclude anyone.
- They must ensure that employees are representative of the demographics of the country.

Ways in which businesses can PROMOTE INCLUSIVITY in the workplace

- Develop employment policies aimed at promoting inclusivity and diversity in the workplace.
- Treat all employees equally regardless of gender / race / age / sexual preference.
- Adhere to laws and regulations that promote an inclusive workforce.
- Respect and promote individual cultures in the workplace
- Ensure equal employment opportunities for all groups.
- Respect all employees and their contributions in the workplace.
- The workforce must reflect the demographics of the country.
- Ensure that the physical environment accommodates people with disabilities.
- Include women in leadership positions and decision making.

Outline the DIFFERENT TYPES OF GAMBLING

Forms of LEGAL gambling

- Licensed casino's
- Betting on horse-racing and other sporting events through a licensed bookmaker
- National Lottery: Lotto

ILLEGAL gambling

- Unlicensed Casino's
- Pyramid schemes: A business that promises very high returns to people who invest their money. People are investing more and more, but in fact only the individuals at the top of the pyramid make money
- Money laundering: Illegal profits from crimes are invested in legitimate businesses to cover up their illegality

Explain the IMPACT of GAMBLING on BUSINESS

- Gambling can be addictive, especially for lower income groups struggling to support families and steal money. This disrupts the work environment.
- The low morale of people losing money puts pressure on relationships and responsibilities at the workplace.
- People who lose money in gambling also no longer have money to buy from businesses.
- Gambling such as money laundering promotes corruption in businesses.

Define/Elaborate on the MEANING of PIRACY

PIRACY

- Piracy / Robbery is an illegal copying of books, CDs or DVDs or the copying of trademarks.
- Piracy / Robbery is also when something is used without permission for example, something that is copyrighted, patented or the trademark belongs to another business.

Discuss the IMPACT of PIRACY on the BUSINESS

- Businesses may experience sales decline due to counterfeit / counterfeit products being distributed.
- Businesses may be forced to implement price adjustment strategies to reduce impact.
- Business expenses will increase if legal action is taken.

Recommend solutions about piracy, e.g. COPYRIGHT, PATENT and TRADEMARKS to PROTECT your product

1. COPYRIGHT

- Copyright is the right given to the creator of an original work so that it cannot be copied without his / her permission.

2. PATENT

- A patent is an exclusive right for a specific product or discovery for period of time.

3. TRADEMARK

- A trademark is usually a word, picture or logo that indicates a specific brand, individual or business.
- It shows that a product comes from a specific source.

Explain the MEANING of counterfeiting/ bootlegging / strikes / political disturbance and crime

- **COUNTERFEIT** is an imitation of the real product with the aim of selling it as the original.
Example: Branded clothing, shoes etc.
- **BOOTLEGGING** is illegally manufacturing fake goods for sale
Example: Fake Nike sneakers manufactured in China
- **STRIKES and POLITICAL DISTURBANCE**
 - A strike is usually the result of a dispute in the workplace.
 - A strike occurs when employees refuse to work.
 - The most common reason workers are usually on strike, wages, working hours, working conditions.
 - The trade union must give notice when planning a strike.
 - There are different types of strikes for example, a Slow Strike, Sympathy Strike Sit Strike, Illegal Strike and Exclusion.
- **VIOLENCE** is caused by various forms of misunderstanding.
Violence cause a physical and emotional impact on the workforce.
Violence lower the levels of productivity.
- **CRIME** is loss of goods due to theft, corruption, abuse, hi-jackings, burglaries.

Explain / Discuss the IMPACT of socio-economic issues on businesses.

INEQUALITY AND POVERTY *(Repeat)*

- Poverty affects consumer spending because poor people do not have the ability to buy goods.
- If people cannot spend money, businesses cannot grow.
- Current way of thinking and media attention on poverty gives rise to the expectation that businesses should invest in poor communities but that put extra pressure on businesses.

HIV/AIDS

- This disease leads to a decrease in the productivity of affected employees.
- Trained and experienced workers die of this disease before they grow old and increase staff turnover in the business.
- There is a decrease in demand because customers are getting less.
- There may be bias in the workplace against workers affected by HIV / Aids.

GAMBLING *(Repeat)*

- Gambling can be addictive, especially for lower income groups struggling to support families and steal money. This disrupts the work environment.
- The low morale of people losing money puts pressure on relationships and responsibilities at the workplace.

COUNTERFEITING

- Businesses may experience sales decline due to counterfeit / counterfeit products being distributed.
- Businesses may be forced to implement price adjustment strategies to reduce impact.
- Business expenses will increase if legal action is taken.

STRIKES

- Strikes can lead to production losses and decrease in sales.
- Businesses may be forced to close operations after a strike.
- Can lead to unhealthy working relationships between management and workers.
- Can force businesses to retrench from its skilled workers to recover from losses.

CRIME

- Violence has a traumatic effect on people.
- There is a reduction in productivity.
- Businesses incurs extra cost for counselling.
- The business could suffer a decrease in profits because customers may feel unsafe.

VIOLENCE

- Violence has a traumatic impact on people
- There is a decrease in production
- Businesses incur extra costs for counselling
- The business may experience a reduction in profits because customers feel unsafe