JENN

Training and Consultancy

The path to enlightened education

SUBJECT: BUSINESS STUDIES

GRADE 12

2026 WINTER CLASSES

TEACHER AND LEARNER CONTENT MANUAL

Topics:

Legislation, Business sector and their environment, Quality of Performance, Management & Leadership, Investment: Securities, Investment: Insurance & Team Performance and Conflict management

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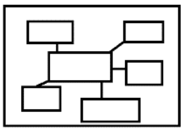
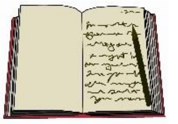
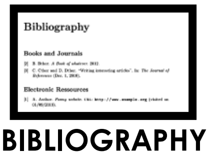
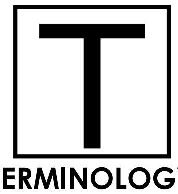
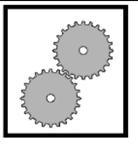
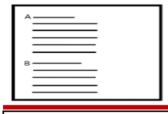
ICON DESCRIPTION

 MIND MAP	 EXAMINATION GUIDELINE	 CONTENTS	 ACTIVITIES
 BIBLIOGRAPHY	 TERMINOLOGY	 WORKED EXAMPLES	 STEPS



LEARNERS SHOULD BE ABLE TO:
- Outline/describe/explain/discuss the purpose of the acts
- Discuss/explain/evaluate the impacts of the Acts on businesses
- Outline/explain/discuss actions regarded as non-complaince to various Acts
- Suggest or recommend ways in which businesses can comply with the Acts

SKILLS DEVELOPMENT ACT (SDA)
(No. 97 of 1998)

INTRODUCTION

The SDA plays a significant role in ensuring that the South African workforce is skilled and contributes to the productivity and economic growth of the country. The SDA aims to enable more South Africans to gain access to skills training opportunities that have long-term benefits for the population and society.

Purpose of the Skills Development Act

- Invests in education and training of workers.
- Encourages workers to participate in learning programmes.
- Encourages businesses to improve the skills of new and existing workers.
- Improves the job prospects of previously disadvantaged people.
- Redresses imbalances of the past through education and training.
- Develops the skills of people in South Africa to improve productivity.

Impact of SDA on business

Positives/Advantages	Negatives/Disadvantages
• Trains employees to improve productivity in the workplace.	• Increases cost as the process requires a large amount of paperwork.
• Promotes self-employment and black entrepreneurship	• Implementation of the SDA can be difficult to monitor and control.
• Increases the return on investment in education and training	• Skills programmes may not always address training needs of employees

Actions regarded as non-compliance by the SDA

- Preventing employees from signing for a learnership due to their age or position in the workplace.
- Unfair promotion of skills and development/training to certain employees.
- Providing employment services for gain without being registered as an employer.
- Furnishing false information in any prescribed document.

Penalties for non-compliance

- Businesses that do not pay the Skills Development Levy may not offer learnerships/claim grants from the SDA.
- A labour inspector could order the business to stop operating should the business be found guilty of illegal practices.
- Employers who collect PAYE should register with SETAs.
- One per cent of an employer's payroll has to be paid over to the SETA.

Activity 1:

Read the scenario below and answer the questions that follow:

TLAKS CONSTRUCTIONS (Pty) Ltd
Tlaks Constructions was recently on the news for poor quality of work and shifted the blame to employee lack of skills. Experts believe that the company should have known better because the law requires businesses to do something about unskilled employees

1.1 Identify the Act implied in the scenario above. (2)

1.2 Elaborate on the impact of the Act identified in QUESTION 1.1 on businesses. (8)

THE LABOUR RELATIONS ACT (LRA) (NO. 66 OF 1995)

INTRODUCTION

The LRA provides a framework that regulates the relationship between employees and employers in the workplace. It promotes sound relations between trade unions and employer organisations. The Act also promotes democracy in the workplace through the prevention of unfair labour practices. Effective implementation of the LRA and fair labour practices can contribute to improved efficiency in business operations with minimal disruptions.

Purpose of the Labour Relations

- Promotes collective bargaining at the workplace.
- Establishes Labour Courts and Labour Appeal Courts.
- Promotes fair labour practice between the employers and employees.
- Promotes workplace forums to accommodate employees in decision making.
- Provides for the right to lock-out by the employer as a reaction to lengthy strikes.
- Promotes simple procedures for the registration of trade unions and employer organisations

Impact of the LRA on business

Positives/Advantages	Negatives/Disadvantages
• Promotes a healthy relationship between the employer and employees	• Reduced global competitiveness due to lower productivity

• Protects the rights of businesses in labour related issues.	• Productivity may decrease if employees are allowed to participate in the activities of trade unions during work time.
• Labour disputes are settled quicker and are less expensive.	• Costs of labour increases because of legal strikes.
• Workplace forums can add value to businesses if it functions properly.	Employers may not get a court interdict to stop a strike.

Actions regarded as non-compliance by the LRA

- Unfair/Illegal dismissal of employees.
- Preventing employees from joining trade unions.
- Refusing the establishment of workplace forums.
- Forcing employees to give up trade union membership.
- Not allowing employees to take part in legal strikes (Employees' rights)/ not adhering to the right of employees to strike when legalised

Penalties for non-compliance with the LRA

- The employer may be forced to enter into a dispute resolution process.
- Businesses will be fined if they fail to comply with the agreements reached during the dispute resolution process.
- Businesses that fail to comply with this Act may risk financial costs e.g.legal/CCMA fees and fines.

Ways in which businesses can comply with the LRA

- Employees should not be unfairly/illegally dismissed • Allow/Support the establishment of workplace forums.
- Employers should not breach/ignore any collective agreement
- Businesses must allow employees to form trade unions/participate in union activities/legal strikes.
- Disclose all relevant information required by trade union representatives to do their jobs effectively.

Activity 1:

1. Read the scenario below and answer the questions that follow:

• JOKO TRENDY BAGS (JTB) Joko Trendy Bags design and manufacture fashionable handbags. They employ 50 workers, who are allowed to join a trade union of their choice. The management of JTB resolves work-related disputes through statutory conciliation, mediation and arbitration. •

1.1 Identify the Act that applies to JTB. Quote from the scenario above to support your answer. (3)

1.2 Discuss the negative impact of the Act identified in QUESTION 1.1 on JTB as a business. (8)

1.3 Outline the purpose of the Act identified in question 1.1 (8)

CONSUMER PROTECTION ACT (CPA) (NO. 68 OF 2008)

INTRODUCTION

The CPA was promulgated/established to redress economic inequalities of the past and to promote equality in the consumer market for all consumers of goods and services. The CPA promotes and advances the social and economic welfare of consumers in South Africa. The CPA compels both businesses and consumers to act responsibly when conducting business activities.

Purpose of the Consumer Protection Act

- Promotes responsible consumer behaviour.
- Establishes national standards to protect consumers.
- Establishes a National Consumer Commission (NCC)
- Establishes national standards to protect consumers.
- Promotes and protects the economic interests of consumers by providing access to information.

Consumer rights of the Consumer Protection Act

Right to choose

Consumers have the right to:

- choose suppliers and/or goods.
- shop around for the best prices.

Right to privacy and confidentiality

- Consumers have the right to stop/restrict unwanted direct marketing.
- They can object to unwanted promotional e-mails/telesales.
- They have the right to stop/lodge complaints about the sharing of their personal details.

Right to fair and honest dealings

- Suppliers may not use physical force or harass customers.

- Suppliers may not give misleading/false information.

Right to disclosure and information

- Contracts and agreements should be in plain language and easy to understand.
- Businesses should display prices which are fully inclusive disclosing all costs.
- Businesses should label products and trade descriptions correctly

Right to fair/responsible marketing/promotion/ fair and honest dealing

- Businesses should not mislead consumers on pricing, benefits/uses of goods.
- Consumers may cancel purchases made through direct marketing within five working days/cooling off-period.
- All information related to the country of origin/expiry dates/ingredients of the products should be disclosed/clearly labelled.

Right to accountability from suppliers

- Consumers have the right to be protected in lay-bye agreements.
- Businesses should honour credit vouchers and prepaid services.

Right to fair/just/reasonable terms and conditions

- Businesses should provide consumers with written notices of clauses that may limit consumer rights.
- Businesses may not market/sell goods at unfair prices.

Right to equality in the consumer marketplace

- Businesses should not limit access to goods and services.
- Businesses may not vary the quality of their goods to different consumers.

Right to return goods/have goods replaced/claim a refund

- Goods that are unsafe/ defective may be replaced by the supplier.
- Faulty items may be returned for a full refund.

Right to complain

- Consumers may use various methods/channels to complain about poor quality goods/services.
- They can complain via customer care desks/consumer hotlines/ombudsman etc.

Impact of the CPA on businesses

Positives/Advantages	**Negatives/Disadvantages**
• Businesses may be safeguarded from dishonest competitors.	• Penalties for non-compliance may be very high
• Businesses may be protected if they are regarded as consumers.	Businesses may feel unnecessarily burdened by legal processes.
• Prevents larger businesses from undermining smaller ones.	• Confidential business information may become available to competitors..
• May gain consumer loyalty, if they comply with CPA.	• They have to disclose more information about their products and processes/services

Actions regarded as non-compliance by the CPA

- Denying customers proper information about the product/services.
- Treating customers differently based on gender/age/race.
- Charging unfair prices for the same goods and services.
- Varying the quality of goods when selling in different areas.

Penalties for non-compliance with the NCA

- A contract may be rendered void or a fine or term of direct imprisonment may be imposed.
- Businesses may face fines or imprisonment for a period not exceeding 10 years.
- Government agencies may conduct audits, enact fines or even dissolve your business entirely.
- Businesses will be forced to compensate consumers in line with the extent to which their rights have been violated.

Ways in which businesses can comply with the CPA

- Disclose prices of all products on sale.
- Provide adequate training to staff on the CPA.
- All agreements must provide for a five-day cooling off period.
- Ensure that goods/services offered are standardised/of the same quality.

Activity 1

LONG QUESTION

The introduction of the Consumer Protection Act (CPA), 2008 (Act 68 of 2008) forced businesses to change the way they had conducting business. This Act has a farreaching impact on how businesses treat consumers when selling their products. The rights of the consumer must be protected.

As the chairperson of as local business forum, advise businesses on the following aspects:

- Outline the purpose of the Consumer Protection Act.
- Discuss FOUR consumer rights, as specified in the CPA.
- Evaluate the impact of the CPA on businesses.
- Suggest practical ways in which a business can comply with this Act.

BIBLIOGRAPHY

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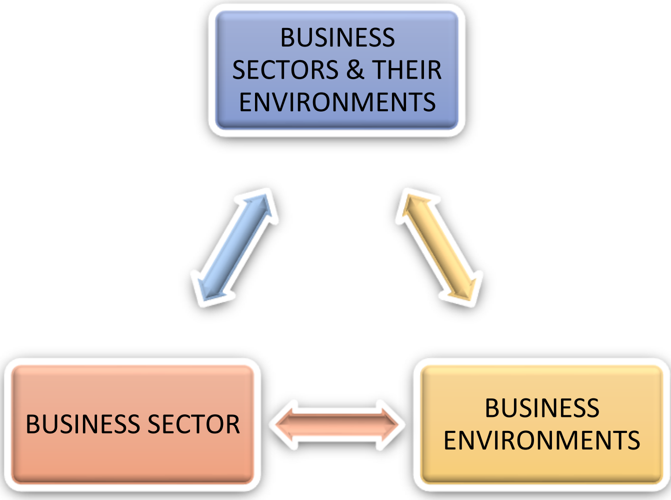
2	**2025 IM Report**
3	**2026 ATP**
4	**2021 Examination guideline**
5	**DBE Cir E17 of 2023 Extension of the validity period of the 2021 NSC Guidelines**

MIND-MAP



LEARNERS SHOULD BE ABLE TO:

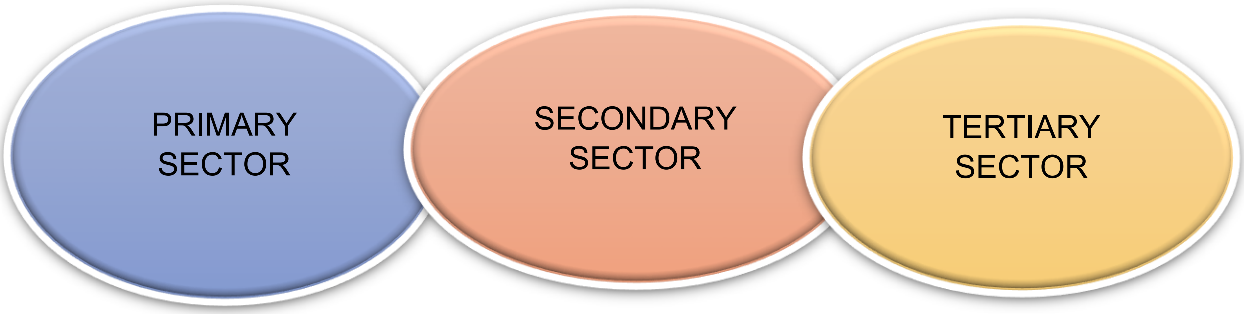
- Name THREE types of business sectors: primary, secondary and tertiary.
- Identify/Name a business sector from given scenarios/statements.
- Identify business challenges from given scenarios/case studies and classify them according to the THREE business environments.
- State the extent to which a business (operating in any of the three sectors) can control the three business environments from given scenarios and case studies.

TERMINOLOGY

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.
Business Environments	All the internal and external factors that affect the functioning of a business. These environments include the micro, market and macro environments.
Microenvironment	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.

BUSINESS SECTORS



SECTORS	EXPLANATION	EXAMPLE
Primary	This sector deals with extraction of raw materials and natural resources. Natural resources that are not manmade like coal, gold, fish and livestock are extracted from this sector.	Mining Fishing Agriculture Forestry Farming
Secondary	This business sector is responsible for changing the raw materials acquired from the primary sector into useful products. It includes the manufacturing factories, construction and energy generation	Manufacturing, Clothing, Food processing, Construction
Tertiary	This sector renders services to the public and businesses.	Banking, Insurance, Tourism,

	It includes services from transport, banking, legal and health.	Transportation, Retail

NOTE: Every sector/ business operates in three business environments

BUSINESS ENVIRONMENT

MICRO-ENVIRONMENT

REFERS TO THE BUISNESS ITSELF

MARKET ENVIRONMENT

IT'S THE IMMEDIATE EXTERNAL ENVIRONMENT

MACRO ENVIRONMENT

IT'S THE EXTERNAL ENVIRONMENT

POSSIBLE CHALLENGES	BUSINESS ENVIRONMENT	EXTEND OF CONTROL
Difficult employees/ High rate of absenteeism Lack of vision and mission Lack of adequate management skills Unions, strikes and go-slows	Microenvironment	Full control
Competition Shortages of supply Demographics and psychographics Socio-cultural factors	Market environment	**Partial/Some/Limited/Less control/**
Change in income levels Contemporary legislation Labour restrictions Political changes • Interest rates • Socio-economic issues	Macro environment	No control

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1	**DBE notes:** https://www.education.gov.za/Curriculum/LearningandTeachingSupportMaterials(LTSM)/FETBusinessStudiesTextbooks.aspx?fbclid=IwAR17Z0a-sfu8dt95UTSVxd1df9N0O6h4nC0r9L1iIB0XOA_1f99u_b8yC5w
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ACTIVITY 1

1.1. Identify the business sector from the statement below

1.1.1 Extraction of raw material and natural resources from nature

1.1.2. Ndo factory process the raw material into finished goods

1.1.3 Motshabi guesthouse renders financial service to many clients

(3x2) (6)

1.2 Outline THREE business environments (6)

[12]

ACTIVITY 2

2.1 Name TWO examples of primary sector (2)

2.2 Identify the business environment from the statement below

2.2.1 … environment refers to the business itself.

2.2.2 The … environment refers to an external environment

2.2.3. … environment is an immediate external environment

(3x2) (6)

2.3 Discuss the THREE Business sectors (9)

[17]

ACTIVITY 3

3.1. Read the scenario below and answer questions that follow:

KRAFT MOTORS (KM)
Kraft Motors specialises in the manufacturing of expensive sedan cars. The employees are always late after lunch. Last month their customers

threatened to buy fleet of cars from Joey's Motors. The government passed a new law that requires cars to be eco-friendly.

3.1.1. Identify the business sector in which Kraft Motors operate.

Motivate your answer by quoting from the scenario.

Use the table below as a guide to answer the questions that follow

CHALLENGE 3.1.2	**BUSINESS ENVIRONMENT 3.1.3**	**EXTENT OF CONTROL 3.1.4**
a.		
b.		
c.		

3.1.2 Quote THREE challenges from the scenario above that Kraft Motors have to deal with.

3.1.3 Classify EACH challenge quoted in QUESTION 3.1.2 according to the business environment.

3.1.4. State the extent of control that KM has over EACH business environment.

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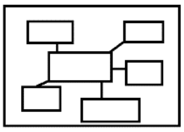
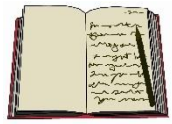
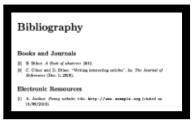
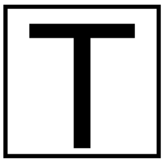
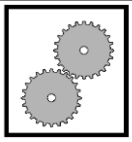
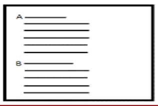
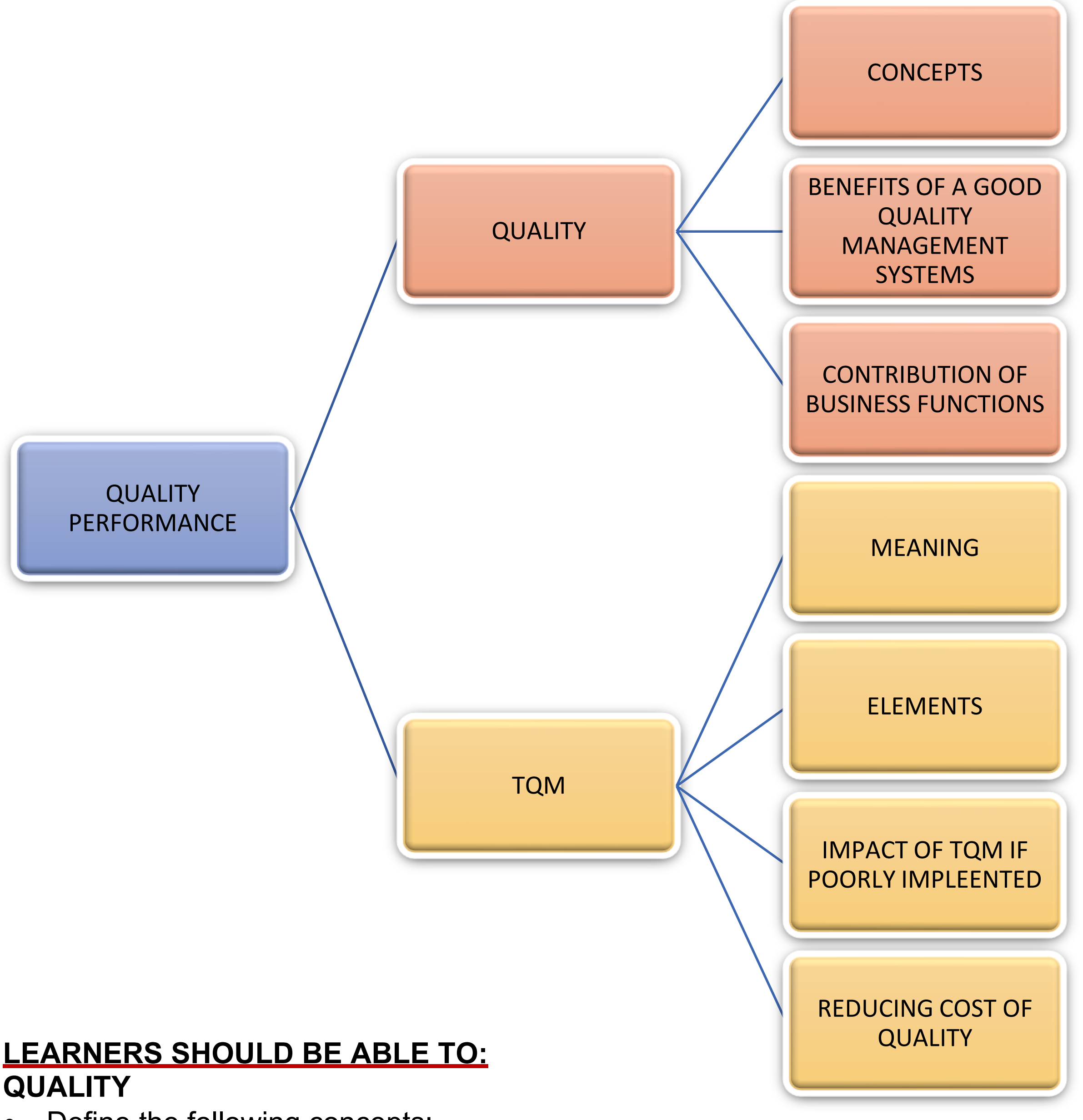
 MIND MAP	 EXAMINATION GUIDELINE	 CONTENTS	 ACTIVITIES
 BIBLIOGRAPHY	 TERMINOLOGY	 WORKED EXAMPLES	 STEPS



CONTENTS **PAGE**

MIND-MAP



LEARNERS SHOULD BE ABLE TO:

QUALITY

- Define the following concepts:
  - Quality
  - Quality control
  - Quality assurance
  - Quality management
  - Quality performance
  - Quality management systems
- Explain/Differentiate/Distinguish between quality control and quality assurance.
- Explain/Differentiate/Distinguish between quality management and quality performance.
- Explain/Discuss the advantages/benefits of a good quality management system.

- Explain/Discuss how quality of performance can contribute to the success and/or failure of each business function.
- Outline the quality indicators for each business function.

- **TOTAL QUALITY MANAGEMENT (TQM)**
- Elaborate on the meaning of TQM.
- Define/Identify the following TQM elements from given scenarios/statements:
  - Continuous skills development/Education and training
  - Total client/customer satisfaction
  - Continuous improvement of processes and system
  - Adequate financing and capacity
  - Monitoring and evaluation of quality processes
- Explain/Discuss/Analyse/Evaluate the impact of the above stated TQM elements on large businesses
- Explain how businesses can apply the PDCA model/steps to improve the quality of products
- Explain the role/importance of quality circles as part of continuous improvement to processes and systems.
- Explain/Discuss the impact of TQM if poorly implemented by businesses.
- Explain/Recommend/Suggest ways in which TQM can reduce the cost of quality.

TERMINOLOGY

TERM	DEFINITION
Quality	Products and services ability to satisfy customers specific needs.
Quality control	system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards.
Quality assurance	Processes put in place to ensure that the quality of products adhere to pre-set standards with minimal defects.
Quality management	Techniques/tools used to design/ improve the quality of a product.
Quality performance	Can be obtained if all departments work together√ towards the same quality standards.
Total Quality management	It is a management approach/system that focuses on continuous quality improvement throughout the business.
Quality circles	A group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems.
Business functions	The various aspects of the business that perform different roles

Total client satisfaction	It is a measure of how products and services supplied by a company
Continuous skills development/ Education and Training	Developing employees' skills that will add value for the organisation and career development.
Continuous improvement to processes and systems	Processes and systems are the flow of activities implemented to create or deliver products and services to customers.
Monitoring and evaluation of quality processes	A process that helps to improve performance and achieve results. Its goal is to improve current and future management of outputs, outcomes and impact.

Concepts

NOTE: You must be able to identify the above-mentioned quality concepts from given scenarios/statements

Quality

- Quality refers to a good/service's ability to satisfy a specific need.
- It is measured against specific criteria such as physical appearance /reliability/durability/sustainability/after-sales services.

Quality control	**Quality assurance**
Inspection of the final product to ensure that it meets the required standards.	Carried out during and after the production process to ensure that required standards have been met at every stage of the process.
Checking raw materials to ensure that high standards are maintained.	The 'building in' of quality as opposed to 'checking for' quality.

Note the content can be used to explain/differentiate between quality management and quality performance

Quality management	**Quality performance**
Techniques/tools used to design/ improve the quality of a product.	Total performance of each department measured against the specified standards.
Can be used for accountability within each of the business functions.	Can be obtained if all departments work together towards the same quality standards.

Note the content can be used to explain/differentiate between quality management and quality performance

BUSINESS FUNCTIONS

NOTE: Contribution of business functions to the success of a business/Quality indicators .

BUSINESS FUNCTION	Contribution to the success of a business
General Management	Develop effective strategic plans Effectively communicate shared vision and values Set directions and establish priorities for the business
Administration	Make reliable information available to management on time Make relevant information available for quick decision-making Use modern technology efficiently
Production	Select the appropriate production system e.g. mass Utilise machines and equipment optimally Accurately calculate the production cost.
Purchase	Buy raw materials in bulk at lower price Select reliable suppliers to render the best quality raw material at reasonable prices Maintain optimum stock levels to avoid stockouts
Marketing	Winning customers by satisfying their needs Using pricing techniques to ensure a competitive advantage

	Using aggressive advertising campaign to increase market share.
Financial	Draw up budget to ensure sufficient application of monetary resource If there is a deficit obtain capital from most reliable sources If there is a surplus invest it to create sources of passive income.
Public Relations	Provide positive press release Dealing quickly with negative publicity Implement sustainable CSI programmes
Human resources	Have a good recruitment policy that attracts best candidates Have a fair remuneration package that are aligned to the industry Have good relationship with employees

TOTAL QUALITY MANGAGEMENT TQM)

- TQM is an integrated system applied throughout the organisation, which helps to provide quality products/services to customers.
- Management ensures that each employee is responsible for the quality of his/her work/actions.
- TQM focuses on achieving customer satisfaction and looks for continuous improvement in all the business's processes, products and services.

TQM ELEMENTS

NOTE: TQM ELEMENT must be written as they are.

Impact of TQM elements on large business		
TOTAL CLIENT SATISTFACTION		
Positive Large businesses use market customer surveys to measure customer satisfaction. Continuously promote a positive company image.	***And/Or***	Negative Employees who seldom meet customers often do not have a clear idea of what will satisfy their needs. Monopolistic companies have an increased bargaining power, so they do not necessarily have to please customers.

May lead to increased profitability.		Not all employees may be involved to total client satisfaction.
ADEQUATE FINANCING AND CAPACITY		
Large businesses have sufficient financing to test everything before implementing. Able to afford market researchers to gather information. Can afford to purchase quality raw materials and equipment.	***And/Or***	If the demand for company's product increases, orders begin coming in faster than expected, and the company lacks the capacity required to fund the production of the stock to fill the orders. These rapidly growing companies can consume large amounts of capital as they try to balance normal operations and expansion.

CONTINUOUS SKILLS DEVELOPMENT		
Large businesses have a human resources department dedicated to skills training and development. Human resources experts ensure that training programmes are relevant to increased customer satisfaction. May be able to hire qualified trainers to train employees on a regular basis.	***And/ Or***	Poor communication systems in large businesses may prevent effective training from taking place. Trained employees may leave for better jobs after they gained more skills. De-motivates employees, if they do not receive recognition for training.
MONITORING AND EVALUATION OF QUALITY PROCESS		
Prevents product defects and minimises wastage/customer complaints. Improve performance and maintain high quality standards. Improve current and future management of quality output. Allows for quality control checks and procedures at key points.	***And/ Or***	Large businesses are often divided, and the departments work in silos. It is difficult to get everyone to communicate. It often takes longer to detect problems or respond to weaknesses. It is not viable to check quality of all the products.
CONTINUOUS IMPROVEMENT TO PROCESSES AND SYSTEMS		
Large businesses have more resources to check on quality performance in each unit. Enough capital resources are available for new equipment required for processes and systems.	***And/ Or***	Large scale manufacturing can complicate quality control. Systems and processes take time and effort to implement in large businesses as communication may delay the process.

They can afford to use the services of the quality circles to stay ahead of their competitors.		Not all negative feedback from employees and customers is going to be accurate, which may result in unnecessary changes to systems and processes.

NOTE: The PDCA model forms part of the TQM element continuous improvement to processes and systems

Application of the PDCA Model in improving the quality of product

PLAN
- The business should identify the problem and develop a plan for improvement to processes and systems.
- The plan must be logical for implementers to understand it.

DO
- Businesses should implement the change on a small scale.
- This step is essential in determining whether the change has viability.

CHECK
- Determine whether it made a difference and what needs to be improved.
- Check whether the processes are working effectively.

ACT
- If the change was successful, implement it on a wider scale.
- If unsuccessful he business should continuously revise the process until they get it right.

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Role/Importance of quality circles as part of continuous improvement to processes and system
• Solve problems related to quality and implement improvements. • Investigate problems and suggest solutions to management. • Ensure that there is no duplication of activities/tasks in the workplace. • Make for improving processes and systems in the workplace. • Increase employees' morale/motivation to boost the team spirit in achieving organisational goals. • Reduce costs of redundancy and wasteful efforts in the long run.

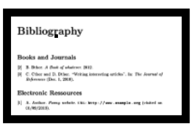
Criterion	Benefits/Advantages of a good quality management system	TQM if poorly implemented by businesses.
Productivity	**Productivity increases** through proper time management	Decline in productivity, because of stoppages.
Goal	Business **goals** may be achieved.	Setting unrealistic deadlines that may not be achieved.
Image	Improves business **image** as there are less defects	Business image may suffer because of defective goods.
profit	more customers improve profitability.	Investors might withdraw investment, if there is a decline in profits.
Customer satisfaction	Products/Services are constantly improved resulting in increased levels of customer satisfaction.	Decline in sales as more goods are returned by unhappy customers.

Note: criterions are developed for study purpose none-examinable

Benefits and poorly implemented can never be asked in tabular format

Ways in which TQM can reduce the cost of quality

- Introduce quality circles to discuss ways of improving the quality of work/ workmanship.
- Schedule activities to eliminate duplication of tasks.
- Train employees at all levels, so that everyone understands their role in quality management.
- Work closely with suppliers to improve the quality of raw materials/inputs.
- Improve communication about quality challenges/deviations, so that everyone can learn from experience.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2	**2025 IM Report**
3	**2026 ATP**
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5	**DBE Cir E17 of 2023 Extension of the validity period of the 2021 NSC Guidelines**

ACTIVITY 1

1.1.	Explain the meaning of quality	(2)
1.2	Differentiate between quality control and quality assurance	(8)
		[10]

ACTIVITY 2

2.1	Outline the benefits of good quality management system	(6)
2.2	Differentiate between quality performance and quality management	(8)
		[14]

ACTIVITY 3

3.1 Read the scenario below and answer the questions that follows

BLOEM ENTERPRISE **(BE)**
Bloem Enterprises render transport services across the country. The Chief Executive Officer (CEO) effectively communicates the shared vision and mission of the business with employees. BE also provide regular press releases to all stakeholders

Identify TWO business functions that contribute to the success of BE. Motivate your answer by quoting from the scenario above.

Use the table below as a GUIDE to answer QUESTION 3.1.

Business Function	Motivation
1.	
2.	

(6)

3.2 Discuss how quality of performance of the following functions can contribute to the success of the business

3.2.1 Marketing function (4)

3.2.2 purchasing (4)

[14]

ACTIVITY 4

4.1. Elaborate on the meaning of TQM (4)

4.2 Identify TQM elements on Keyoh Ltd from given statements below:

4.2.1 Keyoh Ltd regularly use market surveys to measure their client satisfaction

4.2.2. They ate able to afford market research to gather information.

4.2.3 Faith one of the recently trained employed found a better position at KT Ltd

Max(3x2) (6)

4.3 Discuss the impact of the following TQM elements

4.3.1 Monitoring and evaluation of quality process (6)

4.3.2 Continuous improvement to processes and systems (6)

[22]

ACTIVITY 5

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

KIMOL MANUFACTURER (KM)
Kimol Manufacturer implements total quality management (TQM) to reduce the cost of quality. The production manager works closely with suppliers to improve the standards of raw materials. KM monitors their maintenance programmes on a regular basis to prevent the breakdown of equipment. They also provide annual bonuses to employees who meet their sales targets.

5.1.1 Quote TWO ways in which total quality management (TQM) reduces the cost of quality at KM from the scenario above. (2)

5.1. 2 Discuss other ways in which total quality management (TQM) can reduce the cost of quality. (6)

5.2. Explain how businesses can apply the act step of the PDCA model to improve the quality of products. (4)

[12]

ACTIVITY 6

6.1	Outline the importance of quality circles as part of continuous improvement to processes and system	(6)
6.2	Discuss the impact of TQM if poorly implemented by businesses.	(6)
		[12]

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1	**DBE notes:** https://www.education.gov.za/Curriculum/LearningandTeachingSupportMaterials(LTSM)/FETBusinessStudiesTextbooks.aspx?fbclid=IwAR17Z0a-sfu8dt95UTSVxd1df9N0O6h4nC0r9L1iIB0XOA_1f99u_b8yC5w
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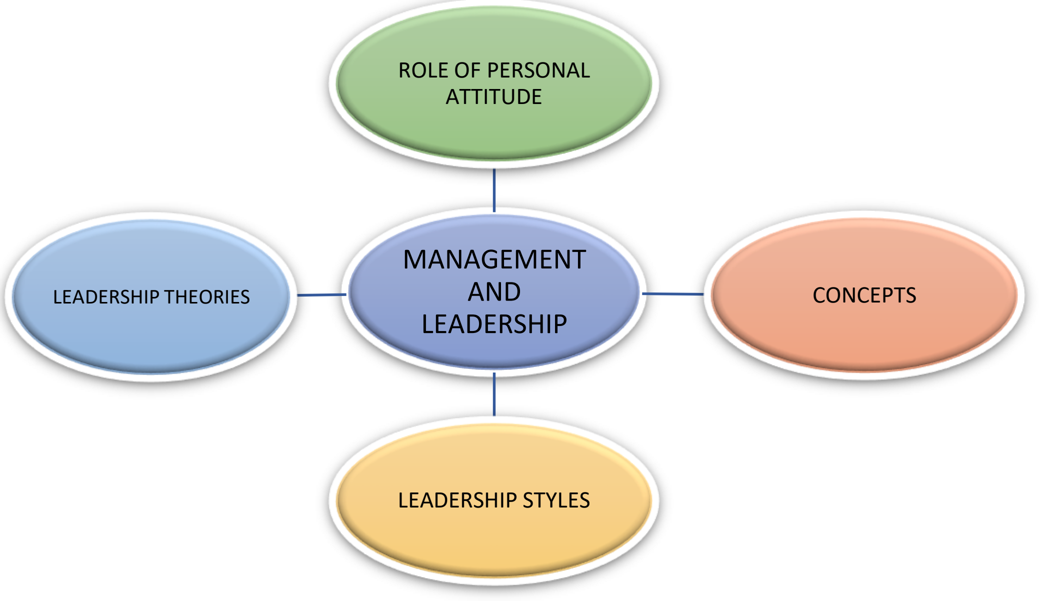
ICON DESCRIPTION

MIND MAP	EXAMINATION GUIDELINE	CONTENTS	ACTIVITIES
BIBLIOGRAPHY	TERMINOLOGY	WORKED EXAMPLES	STEPS

CONTENTS **PAGE**

MIND MAP



EXMINATION GUIDELINE

LEARNERS SHOULD BE ABLE TO:

MANAGEMENT AND LEADERSHIP
- Define/Elaborate on the meaning of management and leadership
- Differentiate/Distinguish between management and leadership.

LEADERSHIP STYLES
- Outline the differences/Differentiate/Distinguish between the following leadership styles:
  - **Democratic**
  - Autocratic
  - Liassez-faire/Free-reign
  - Charismatic
  - Transactional
- Identify the leadership styles from given scenarios/case studies and motivate answers.
- Discuss/Evaluate/Analyse the impact (including positives/advantages and/or negatives/ disadvantages) of each leadership style.
- Suggest/Recommend situations in which each leadership style can be applied in the workplace.

LEADERSHIP THEORIES

- Discuss/Explain the following theories of management and leadership:
    - Leaders and followers
    - Situational leadership
    - Transformational/Transitional leadership
- Identify the above-stated leadership theories from given scenarios/statements.
- Explain/Discuss the role of personal attitude in successful leadership.
- Identify the role of personal attitude in successful leadership from given scenarios/case studies.

T TERMINOLOGY

TE RM	DEFINITION
Leadership	The ability of an individual or a group of individuals to influence and guide followers or other members of an organization
Management	The coordination of Planning, organising, leading and controlling employees to achieve goals.
Democratic leadership style	The leader invites the team members/group to contribute ideas and participate in the decision-making process.
Autocratic leadership	The leader takes decisions on his/her own without consulting staff.
Laissez fair/Free reign	The leader delegates tasks to followers with little or no direction given
Charismatic leadership	The leader uses charm to influence followers.
Transactional leadership style	The leader focuses on motivating followers through a system of reward and punishment.
Leaders and followers	Focus on relationship between leader and follower.
Situational leadership	Focus on the application of different leadership styles depending on the situation and the maturity level of employees.
Transformational leadership theory	The leader identifies the change needed/creates a vision to guide the change through inspiration.
Personal attitude	The manner in which the leader relates to his/her employees determines the success or failure of a business

Differentiate between management and leadership

Management	**Leadership**
Guides human behaviour	Influences human behaviour.
Motivational in their approach	Instructional in their approach.
Communicates through management functions such as the line function.	Communicates by means of interaction.
A person becomes a manager because of the position in which he/she is appointed.	Leaders are born with natural/instinctive leadership skills.

LEADERSHIP STYLES

NOTE: The explanation of EACH leadership style is embedded in the advantages of each style

LEADESHIP STYLES	APPLICATION	IMPACT
Democratic	• Group members are skilled and eager to share their ideas. • Cooperation is needed between the leader and the team. • Decisions need to be looked at from several perspectives. • Small dynamic companies rely on innovative and creative ideas.	**Positive** • Employees participate in the decision-making process, so they feel empowered. • Staff gives a variety of ideas that can lead innovation production methods. • Two-way communication ensures group commitment to final decision(s). **And/or** **Negative** • Incorrect decisions may be made if staff is inexperienced. • Decision making may be time consuming because stakeholders must be consulted. • Employees may feel discouraged if their opinions/inputs are not considered.

Autocratic	• In crisis situations, e.g. in the case of unforeseen challenges/accidents. • When all the information is available to solve the problem. In emergencies, where there is a shortage of time. • When employees are motivated, and the leader has already earned the trust of the followers. • When dealing with employees who are not cooperative.	**Positive** • Quick decisions can be taken without consulting employees. • Work gets done in time as targets are clearly specified. • communication is clear as followers know exactly what to do. **AND/OR** **Negatives/Disadvantages** • Workers can become demotivated if their opinions/ideas are not considered. • Demotivated workers impact negatively on productivity. • Experienced workers will resist an autocratic leadership style as it results in slow growth
Laissez-faire/ free reign	• Subordinates are experts and can take responsibility for their actions. • The leader is very busy, and delegation of tasks will increase productivity. • Team members need to improve leadership skills. • Employees are highly experienced and know more about the task than the leader.	**Positive/Advantages** • Subordinates have maximum freedom and can work independently. • Leader motivates workers by trusting them to do things on their own. • Authority is delegated, which can be motivating to competent workers. **.AND/OR** **Negatives/Disadvantages** • Lack of clear direction may be demotivating to employees. • Employees can be held responsible for their own work leading to underperformance. • Workers are expected to solve their own conflict situations.
Charismatic	• Sell vision and achieve excellent results. • Motivate employees as the leader is energetic/inspiring. • The leader wants to boost the morale of employees, who may be demotivated. • The leader wants employees to continue the path of high productivity/efficiency levels.	**Positives/Advantages** • Expert at selling vision and achieve excellent results. • Employees are motivated as the leader is inspiring. • Inspires loyalty among employees. **AND/OR** **Negatives/Disadvantages** • Leader believes more in him/her than the team. • Projects can collapse if the leader leaves the team. • Leaders are intolerant of challenges and regard themselves as irreplaceable.

Transactional	• The business wants to maximise employee performance. • Deadlines must be met on short notice/under pressure. • Workers have a low morale. • Productivity levels are very low	**Positives/Advantages** • Encourages employees to work hard because they will receive rewards. • Improves employees' productivity and morale. • Employees know what is expected of them. **AND/OR** **Negatives/Disadvantages** • Employees can become bored because they must follow rules in the workplace. • Some employees may be demoralised if they fail to meet targets despite having worked very hard. • Usually not suitable for teamwork, because all team members can be punished for poor performance caused by a member of a team.

Leadership theories

Situational	Leaders and followers	Transformational
• Different leadership characteristics are needed for different situations • Effective application of this theory may enable leaders to accomplish their goals. • Leaders analyse group objectives, to adopt a suitable leadership style.	• Leaders lead by example and provide incentives for positive behaviour. • Followers listen to what is expected of them and are willing to work as a team. • Followers take responsibility for goals not achieved.	• Suitable for a dynamic environment, where change could be drastic. • Leaders have the trust of their follower. • Encourages followers to explore opportunities.

Role of personal attitude in successful leadership

- Positive attitude releases leadership potential for personal growth.
- A leader's good attitude can influence the success of the business.
- Great leaders understand that the right attitude will set the right atmosphere.
- Leaders' attitude may influence employee’s behaviour.
- Leaders should model the behaviour that they want to see in team members.
- Leaders with a positive attitude know that there is always more to learn.

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ACTIVITY 1

1.1. Outline TWO leadership styles (4)

1.2 Differentiate between management and leadership (8)
[12]

ACTIVITY 2

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

> RIVER LANDSCAPING (RL)
> River Landscaping uses a system of rewards and punishments to motivate employees to achieve their goals and objectives. RL also conducted training with their regional managers on the role of personal attitude in successful leadership

2.1.1 Identify the leadership style applicable to RL in the scenario above. (2)

2.1.2 Outline the impact of the leadership style identified in QUESTION 2.1.1. (6)

2.2 Differentiate between Democratic and Autocratic leadership style (8)
[16]

ACTIVITY 3

3.1 Identify the leadership style from the statement below

3.1.1. RT Ltd employees participate in the business decision making Process (2)

3.1.2. Mashaba Pty Ltd delegates authority to employees to motivate competent worker (2)

3.2 Recommend situations in which the following leadership style can be applied in the workplace.

3.2.1 charismatic (4)

3.2.2 Autocratic (4)

[12]

ACTIVITY 4

4.1. Outline TWO situations in which democratic leadership style can be applied in the workplace (4)

4.2 Identify leadership theories from given statements below:

4.2.1 Effective application of this theory may enable leaders to accomplish their goals.

4.2.2. Encourages followers to explore opportunities.

4.2.3 Leaders lead by example and provide incentives for positive behaviour.

Max(3x2) (6)

4.3 Discuss the role of personal attitude in successful leadership (6)

[16]

A Division of Marematlou Group Holdings

ACTIVITY 5

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

EXCLUSIVE ARCHITECTS (EA) Exclusive Architects operate in a competitive environment and had to improve the designs of their housing plans. The management of EA provide emotional support for employees through coaching so that they can share their ideas more freely.

5.1.1 Identify the leadership theory used by EA. Motivate your answer by quoting from the scenario above. (3)

5.1. 2 Explain TWO other leadership theory. (8)

[11]

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1	**DBE notes:** https://www.education.gov.za/Curriculum/LearningandTeachingSupportMaterials(LTSM)/FETBusinessStudiesTextbooks.aspx?fbclid=IwAR17Z0a-sfu8dt95UTSVxd1df9N0O6h4nC0r9L1ilB0XOA_1f99u_b8yC5w
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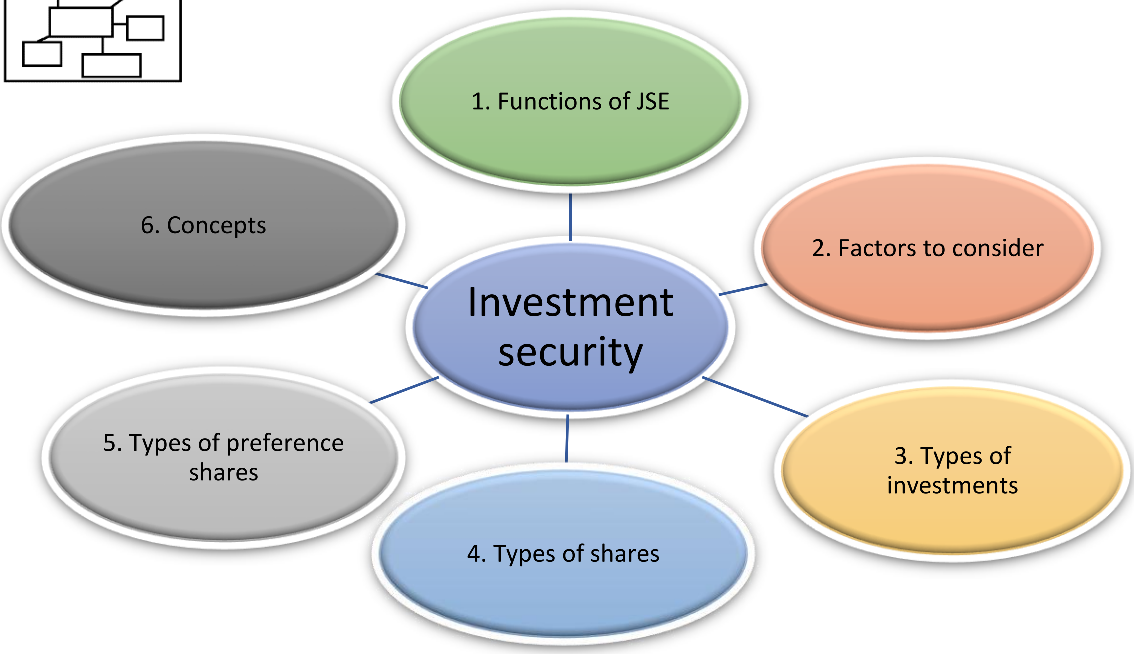
3	**DBE/May/June 2025**
4	**DBE/November 2024**
5	**DBE/May/June 2024**

A Division of Marematlou Group Holdings

Contents

MIND MAP



EXMINATION GUIDELINE

LEARNERS SHOULD BE ABLE TO:

- Outline/Explain/Discuss the functions of the JSE.
- Outline/State/Describe/Explain/Discuss the following factors that should be considered when making investment decisions:
  - Return of investment (ROI)
  - Risk
  - Investment term/period
  - Inflation rate
  - Taxation
  - Liquidity

- Explain/Discuss the various types of investment opportunities and their risk factors:
  - Mutual funds/Stokvel
  - Managed portfolio
  - Venture capital
  - 32-day notice account
  - Debentures
  - Endowment/Retirement annuities

- Explain/Discuss/Analyse/Evaluate (positives/advantages and/or negatives/disadvantages) of the following forms of investment:
  - Government/RSA retail savings bonds
  - Unit trusts
  - Shares
  - Fixed deposit

- Identify the following types of shares from given scenarios/statements:
  - Ordinary shares
  - Preference shares
  - Bonus shares
  - Founders' shares

- Name/Outline/Explain/Discuss types of preference shares.
- Outline the rights of ordinary and preference shareholders.
- Identify types of preference shares from given scenarios/statements.
- Differentiate/Distinguish between ordinary and preference shares.
- Define/Explain the meaning of debentures, dividends, capital gain, simple interest and compound interest.
- Differentiate/Distinguish between simple interest and compound interest.
- Calculate simple and compound interest from given scenarios.
- Recommend the best investment option based on the calculations.

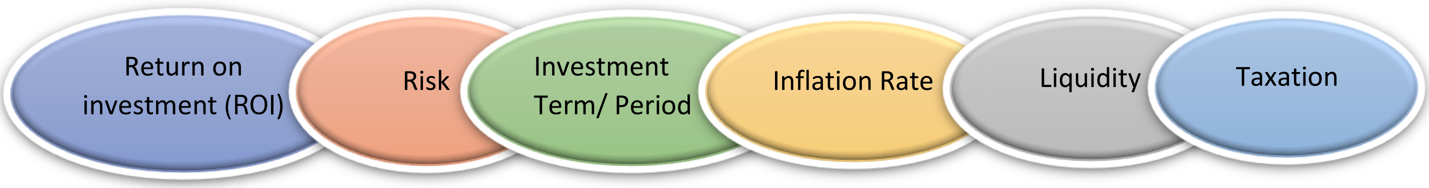
TERMINOLOGY

TERM	DEFINITION
Investment	Investing/Saving money to yield better returns.
JSE/Johannesburg Security Exchange	Is a formal market, trading in shares, comprising of all the public companies that have been listed.
Share	It gives investors the opportunity to obtain a part ownership of a company.
Fixed rate	The rate of return stays the same for the period of time.
Simple interest	Calculated on the original/principal amount invested.
Compound interest	Calculated each period on the original/principal amount including all interest accumulated during past periods.
Risk	Refers to the chance that the invested amount may reduce in value/lost in total over a period of time, due to unforeseen circumstances.
Investment	Investing/Saving money to yield better returns.
Debentures	It is issued to raise borrowed capital from the public.
Dividends	The return on an investment in shares which is paid regularly by a company to its shareholders.
Capital gain	The return on property/fixed assets/investments.

FUNCTIONS OF THE JSE

- Serves as a barometer/indicator of economic conditions in South Africa.
- Acts as a link between investors and public companies.
- Regulates the market for trading in shares.
- Keeps investors informed by publishing share prices daily.
- Shares are valued and assessed by experts. .
- Raises primary capital by encouraging new investments in listed companies.

FACTORS TO CONSIDER WHEN MAKING AN INVESTMENT DECISION



NOTE: Do not confuse liquidity with liquidation: Liquidity refers to the ease of converting assets into cash, while liquidation is the final process of selling off all company assets to pay creditors and closing down the business

Return of investment (ROI)	• Refers to income from the investment, namely interest on the original amount invested. • Generally, there will be a direct link between risk and return.
Risk	• The higher the potential return, the higher the risk of a potential loss. • Investing in shares has a higher risk than investing in a fixed deposit.
Investment period	• This refers to the duration of the investment which may influence the return on investment. • The investment period will depend on an investor's personal needs.
Inflation rate	• People are affected by a high inflation rate, because their purchasing power decreases. • The return on investment should be higher than the inflation rate.
Liquidity	• An amount could be invested in a type of investment that can easily be converted to cash. • It is used to describe the ease and speed with which investors can convert an investment into cash.
Taxation	• Refers to a compulsory payment made by citizens to the government. • A good investment will yield good after-tax returns.

TYPE OF INVESTMENT OPPORTUNITIES AND THEIR RISK

TYPE OF INVESTMENT OPPORTUNITIES	EXPLANATION	RISK
Mutual funds/Stokvels	• It is an informal savings scheme to which a relatively small group of people contribute. • It encourages people to save each month for a specific reason. • Banking fees are shared by the members, resulting in low cost of investment per member.	• Schemers who claim to be running stokvels may be running illegal pyramid schemes and pay-outs may not be possible as cash has run out/members may lose their savings. • Money in a savings account is a safe investment, but with **low interest** rates
Managed portfolio	• An investor instructs a financial advisor to manage their various investments in one portfolio. • If the portfolio does not perform well, the portfolio/parts thereof may be changed with/without informing the investor.	• Risk is lower over a longer term/period. • Investments are made in various sectors/companies, therefore the risk is spread and better managed by the portfolio manager.
Venture capital	• Venture capital is given by investor in return to have a share in the new business. • Buying a franchise/existing business will be successful, if the investors have done proper research/understand exactly what he/she is investing in.	• The risks linked to this type of investment could be high if the investor did not familiarise themselves with the market in which the business will be operating. • Entrepreneurs with limited experience may not be able to manage the business successfully, causing the investor to lose some/all his/her investment.
32-day notice accounts	• Money is invested at a fixed rate, although withdrawals may be made provided the bank is given 32 days' notice of the withdrawal. • It earns more interest than a savings account, but less interest than a fixed deposit.	• Low risk, as investment plus interest will be paid out on the maturity date of investment. • Interest rate may fluctuate with market conditions, increasing the risk.

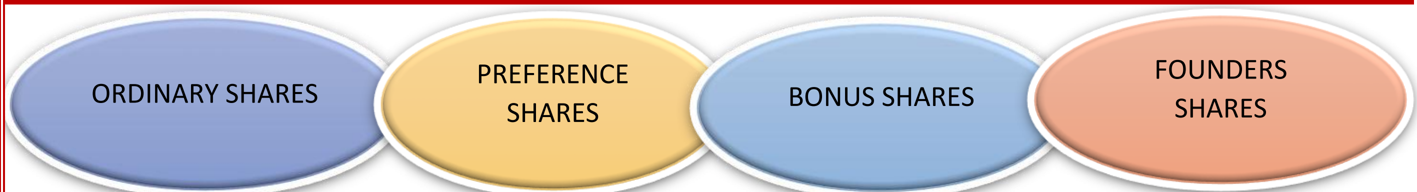
Debentures	• Debentures are issued to raise borrowed capital from the public. • Debenture holders are creditors, as the company is liable to repay the amount of the debentures. Most types of debentures can be traded on the JSE.	• Debentures have a low risk as they need to be paid pack. • Companies are liable to repay the amount of the debenture plus interest, which decrease the risk for the investor.
Endowment/ Retirement annuities	• monthly payment is paid to an insurance company with the expectancy of receiving a pre-determined amount on a date in the future. • To provide for a future expenses/give peace of mind to the dependants of the insured.	• Low risk, as the insured amount will be paid out regardless of circumstances. • Only the closing down/bankruptcy of the insurance company may result in losing the monthly contributions made up to the close date.

FORMS OF INVESTMENTS

RSA Retail Savings Bonds	
A form of investment with the government of South Africa which earns a fixed or inflation linked interest for the term of investment.	
Advantages	**Disadvantages**
• Guaranteed returns, as interest rate is fixed for the whole investment period. • Interest can be received twice a year making it a viable investment option	• Retail bonds cannot be ceded to banks as security for obtaining loans. • Retail bonds are not freely transferable amongst investors.

<table>
<tr><td colspan="2">Unit trusts</td></tr>
<tr><td colspan="2">A type of investment where money from many investors (called “unit holders) is managed by a fund manager to achieve a specific return.</td></tr>
<tr><td>Advantages</td><td>Disadvantages</td></tr>
<tr><td>• Managed by a fund manager who buys shares on the JSE.
• Safe investments, as it is managed according to rules and regulations.</td><td>• Unit Trusts are not suitable for people who want to invest for a short period
• It is not a good option for people who want to avoid risks at all costs.</td></tr>
<tr><td colspan="2">Fixed deposit</td></tr>
<tr><td colspan="2">It involves depositing a specific sum of money with a bank for a predetermined period, usually ranging from a few months to several years.</td></tr>
<tr><td>Advantages</td><td>Disadvantages</td></tr>
<tr><td>• Interest is earned at a fixed rate regardless of changes in the economic climate.
• Investors can choose the investment period that suits them.</td><td>• The investor cannot withdraw their funds before the maturity date.
• Low returns compared to other investments.</td></tr>
<tr><td colspan="2">Shares</td></tr>
<tr><td colspan="2">Shares represent units of ownership in a corporation or financial assets owned by investors who exchange capital in return for these units.</td></tr>
<tr><td>Advantages</td><td>Disadvantages</td></tr>
<tr><td>• Can be freely traded on the JSE.
• Investing in shares provides protection against inflation.</td><td>• Shareholders may receive less dividends when company profits are low.
• Companies have no legal obligation to pay dividends to shareholders.</td></tr>
</table>

TYPES OF SHARES



NOTE: You must be able to identify the above-mentioned types of shares from given scenarios/statements

Founders' shares	Bonus shares
• Issued to the founders and incorporators/promoters of the company. • They receive dividends after all other shareholders were paid.	• Issued as compensation for unpaid dividends • Payment in the form of shares to shareholders.

Type of a share	Definition	Rights
Ordinary shares	• Ordinary shares only receive dividends when profit is made. • Normally the higher the net profit, the higher the dividend	• Shareholders may vote at the Annual General Meeting. • Shareholders may attend the Annual General Meeting to learn about the company's performance.
Preference shares	• Some of these types of shares receive dividends regardless of whether a profit is made. • A fixed rate of return is paid on this type of shares.	• Receive dividends regardless of how much profits are made. • They are paid first/enjoy preferential rights to dividends.

Differences between ordinary and preference shares

ORDINARY SHARES	PREFERENCE SHARES
• Ordinary shares only receive dividends when profit is made.	• Some of these types of shares receive dividends regardless of profit made.
• Normally the higher the profit, the higher the dividend.	• A fixed rate of return is paid on this type of shares

Types of preference shares	
Participating preference shares Shareholders are entitled to share in any surplus company profits.	**Non-participating preference shares** Shareholders will not get extra dividend in case of surplus profits.
Cumulative preference shares Receive dividends not previously paid out.	**Non-cumulative preference shares** Shareholders are not compensated for past dividends that were not paid out when profits were low.
Redeemable preference shares Shares can be bought back at the option of the issuing company over a certain period of time.	**Non-redeemable preference shares** Shares are only bought back when the company closes down for reasons other than bankruptcy.
Convertible preference shares Shares can be converted into a predetermined number of ordinary shares on the date specified when the preference shares were issued.	**Non-convertible preference shares** Shares cannot be converted into ordinary shares.

Debentures	**Dividends**	**Capital gain**
• It is issued to raise borrowed capital from the public.	• The return on an investment in shares which is paid regularly by a company to its shareholders.	• The return on property/fixed assets/investments.

Distinction between compound and simple interest

COMPOUND INTEREST	**SIMPLE INTEREST**
• The principal amount grows with the addition of interest to it.	• The principal amount remains the same over the entire period of investment.
• Yields high return on investment.	• Yields less return on investment

WORKED EXAMPLES

Calculation of simple and compound interest

Read the scenario below and answer the questions that follow:

Ronnete wants to invest R30 000 in a fixed deposit for two years. She approached two banks. Saints Bank offered her 12% simple interest per annum and Caprica Bank 12% compounded interest per annum.

a. Calculate the interest amount Ronnete will receive after two years if she invests with Saints Bank.

b. Calculate the interest amount Ronnete will receive after two years if she invests with Caprica Bank.

c. Recommend the best investment option for Ronnete. Motivate your answer.

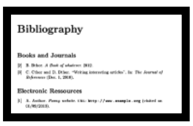
POSSIBLE SOLUTION

a. **Calculation of Simple interest of the above scenario**
FORMULA: Interest = P x R x T√
R30 000 x 12%√ x 2 years√ = R7200 √√√√

b. **Calculation of Compound interest of the above scenario**

Option 1	**OR**	**Option 2**
Year 1: R30 000 x 12% = R3600 √ Year 2: R33 600 √ x 12% = R4032√ Total interest = R7632 √√√√		**FORMULA**: P x (1 + r)n √ R30 000 x (1+12/100)2√ R30 000 x (1.12)2 =R37 632 √ Total interest = R37 632- R30 000 √ = R7632 √√√√

c. **Best investment option**
Compound interest. √√
Motivation
Compound interest yields a higher interest of R7 632 than the simple interest/ Ronnete earns interest on interest accrued. √



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ACTIVITY 1

1.1.	Outline THREE functions of JSE	(6)
1.2	Discuss the following factors to consider when making an investment decision.	
	1.2.1. Return of investment	(4)
	1.2.2. Inflation	(4)
		[14]

ACTIVITY 2

2.1 Identify the factors to consider when making investment decision from the statement below

2.1.1	The chance that the invested amount may be lost due to unforeseen circumstances.	(2)
2.1.2	The ease and speed with which investors can convert an investment into cash.	(2)
2.1.3	The duration of the investment which may influence the return on investment.	(2)

2.2 Explain any TWO types of investment opportunities and their risk factor (8)

[16]

ACTIVITY 3

3.1 Identify forms of investment from given statement below:

3.1.1. Rori deposited a R3 000 at ABC Bank for the period of 2 years (2)

3.1.2. Thuto bought a unit of ownership at Keyoh Ltd. (2)

3.2. Discuss the impact of the following form of investment.

3.2.1 Unit trust (4)

3.2.2 RSA retail savings bond (4)

[12]

ACTIVITY 4

4.1 Identify types of shares from given statements below:

4.1.1 Phopho bought shares that only receives dividends when profit is made

4.1.2. Sharo receives fixed rate of return on the shares she bought.

4.1.3 Keyoh Ltd issued shares as compensation for unpaid dividends.

4.1.4 Meno Ltd issued a special class of equity to the original stakeholders, granting them 10% ownership.

Max(4x2) (8)

4.2 Outline the right of the following types of shares

4.2.1 Ordinary shares (4)

4.2.2 Preference shares (4)

[16]

ACTIVITY 5

5.1. Identify the types of preference shares from the given statement

5.1. 1 Shareholders are entitled to share in any surplus company profits.

5.1.2 Shareholders are not compensated for past dividends that were not paid out when profits were low.

5.1.3 Shares can be bought back at the option of the issuing company over a certain period of time.

(3x2) (6)

5.2 Outline the difference between ordinary and preference shares (8)

[14]

ACTIVITY 6

6.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (6.1.1 to 6.1.3) in the ANSWER BOOK, e.g. 6.1.4 D.

6.1.1 … is the return on an investment in shares which is paid regularly by a company to its shareholders.

A Compound interest

B Simple interest

C Dividends

D Ownership

6.1.2 Debenture is issued to raise … capital from the public

A own

B borrowed

C gained

D equity

6.1.3 … refers to the return on property.

A Dividends

B Debenture

C Capital gain

D Borrowed

(3x2) (6)

6.2. Outline the distinction between compound interest and simple interest (8)

6.3 Read the scenario below and answer the question that follows

Inzalo Enterprise invested amount of R15 000 over a period of two years at 8% compound interest per year in a fixed deposit

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Calculate the interest amount that Inzalo Enterprise will receive after TWO years. Show ALL calculations (4)

[18]

1	**DBE notes:** https://www.education.gov.za/Curriculum/LearningandTeachingSupportMaterials(LTSM)/FETBusinessStudiesTextbooks.aspx?fbclid=IwAR17Z0a-sfu8dt95UTSVxd1df9N0O6h4nC0r9L1iIB0XOA_1f99u_b8yC5w
2	**Examination Guideline 2021**
3	**EC/SEPT2023 PAPAER2**

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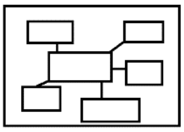
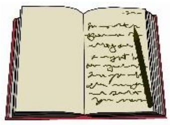
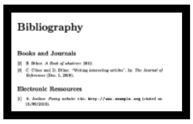
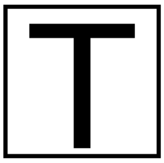
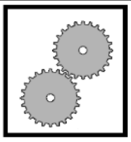
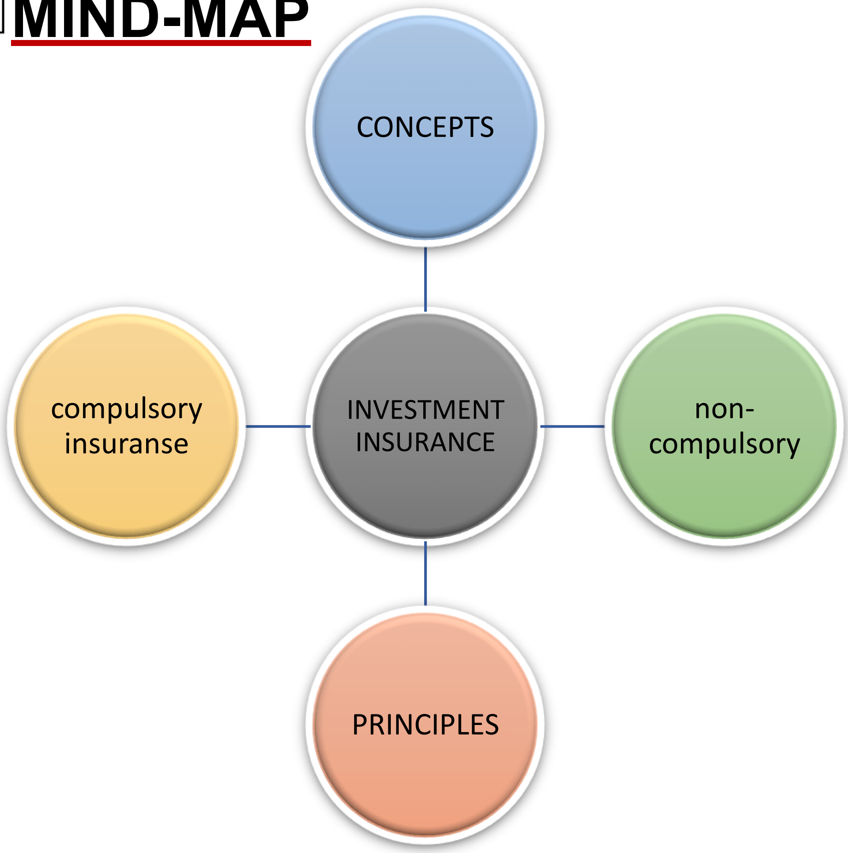
 MIND MAP	 EXAMINATION GUIDELINE	 CONTENTS	 ACTIVITIES
 BIBLIOGRAPHY	 TERMINOLOGY	 WORKED EXAMPLES	 STEPS

CONTENTS PAGE

MIND-MAP



JENN MAREMATLOU
A Division of Marematlou Group Holdings

EXAMINATION GUIDELINE

LEARNERS SHOULD BE ABLE TO:

- Define/Elaborate on the meaning of insurance

NON-COMPULSORY INSURANCE

- Explain/Elaborate on the meaning of non-compulsory insurance
- Explain/Elaborate on the meaning of the following insurance concepts:
  - Over-insurance
  - Under-insurance
  - Average clause
  - Reinstatement

  Excess
- Explain the differences between over and under insurance
- Differentiate/Distinguish between insurance and assurance. Give examples.
- Name/Give examples of short term and long-term insurance.

- Name/Explain/ Discuss the following principles of insurance:
  - Indemnification/Indemnity
  - Security/Certainty
  - Utmost good faith
  - Insurable interest
- Identify the above-mentioned principles of insurance from given scenarios/statements
- Apply the average clause to calculate the compensation in the case of under-insurance.

- Explain/Discuss the advantages/importance of insurance.
  - Explain the meaning of insurable and non-insurable risks.
  - Outline/Give examples of insurable and non-insurable risks

COMPULSORY INSURANCE

- Explain/Elaborate on the meaning of compulsory insurance.
- Explain/Differentiate/Distinguish between compulsory and non- compulsory insurance and give examples.
- Discuss/Explain types of compulsory insurance e.g., Unemployment Insurance Fund (UIF), Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)/ Compensation for Occupational Injuries and Diseases Fund (COIDA).
- Explain the types of benefits paid out by the UIF.
- Identify types of compulsory insurance from given scenarios/statements.
- Keep abreast of the changes in legislation from time to time e.g., the RAF is currently changing to the RABS (Road Accident Beneficiary Scheme).

TERMINOLOGY

TERM	DEFINITION
Insurance	Is a contract between a person/business/insured requiring insurance cover and the insurance company/insurer bearing the financial risk.
Insurance contract	An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss in exchange for a premium.
Insurer	An insurance company that will take over specified risks.
Insured	Individual/Business that takes out insurance coverage.
Indemnify	To compensate, protect or re-pay the insured in the event of a loss or damage.
Premium	The payment made by insured to be covered in the event of losses/damages.
Life insurance	It is a long-term insurance and is taken out on the life of a human being and cover for the loss of life.
Insurable interest	Is expressed in financial terms and is the interest that the insured stand to lose if there are losses or damages.
Unemployment Insurance Fund (UIF)	This fund provides benefits to workers who have been working and are now unemployed for reasons such as retrenchment.
Road Accident Fund (RAF) Road Accident Benefit Scheme (RABS)	This fund pays compensation when a person is disabled/injured in a road accident and to dependents of the individual if killed in a road accident.

INSURANCE CONCEPTS

Insurance refers to cover for a possible event that may cause a specified loss.

An agreement whereby the insurer undertakes to indemnify the insured in the event of a specified loss

CONCEPT	EXPLANATION
non-compulsory insurance	The insured has a choice whether to enter into an insurance contract.
Over insurance	Over insurance is when the item is insured for more than the actual market value. Businesses will not receive a pay-out larger than the value of the loss at market value.
Under-insurance.	The property/asset is insured for less than the actual market value The insurer usually applies the **average clause** to calculate the amount of money that must be compensated to the insured if the goods/assets are under insured.
Average clause	stipulation set by the insurer which is applicable when property is under insured. This means that the insured is responsible for a part of the risk that is not insured.
Formula for average clause	$= \frac{insured\ amount\ x\ damages}{market\ value}$
Example for calculating average clause	Peter owns a thatched house valued at R100000. He insured his house with Pro-Cover Insurers for R800000. Afire in the kitchen caused damages of R30000.
	$= \frac{insured\ amount\ x\ damages}{market\ value}$ $= \frac{R800\ 000x\ R30\ 000}{R100\ 000}$ $= \text{R24 000}$
Reasons for not qualifying for the full amount of damages	• Peter insured his house for less (R800 000) than the market value (R1 000 000). • He was underinsured so the average clause had to be activated. • He will only receive R24 000 for damages, and not the full amount of the claim (R30 000).
Reinstatement	• It is a stipulation whereby the insurer may replace lost/damaged property/goods instead of re-imbursing the insured. • This stipulation is applicable when property/goods are over insured. • **NOTE: 1 Reinstatement applies when goods/assets are over-insured.**
Excess	• It is the amount paid to the insurer when a claim for damages is lodged • Excess payments prevent the insured from claiming for minor damages.

DIFFERENCES

OVER-INSURANCE	UNDER-INSURANCE
Property/Assets that are insured for more than their value.	Property/Assets that are insured for less than their market value.
The insurer can choose to reinstate the insured instead of making a payment.	The insurer will implement the average clause to determine the amount that will be paid.

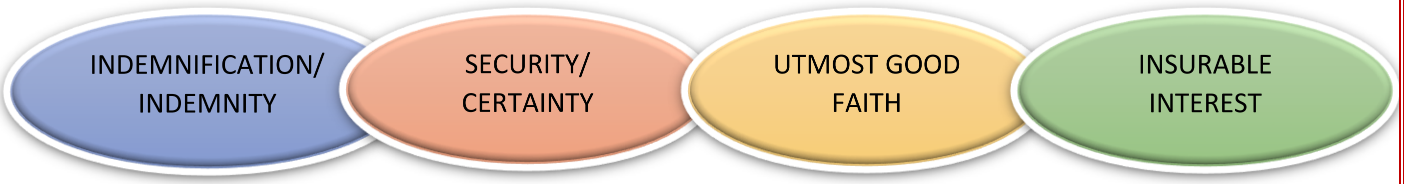
INSURANCE	ASSURANCE
Based on the principle of indemnity	Based on the principle of security/ certainty
It covers a specified event that may occur	Specified event is certainty, but the time of the event is uncertain
Examples Property insurance/money in transit/theft/burglary/fire	**Examples** Life insurance/endowment policies/ retirement annuities,

NOTE: Both insurance and assurance form part of non-compulsory insurance

EXAMPLES OF SHORT TERM AND LONG-TERM INSURANCE

SHORT TERM INSURANCE	LONG TERM INSURANCE
Property insurance Money in transit Theft Burglary Fire	Endowment policy Life cover policy/Life insurance Retirement annuity/Pension fund/ Provident fund Disability policy Trauma insurance

Principles of insurance



Indemnification/Indemnity Protects the insured against the specified event that may occur. The insured must be placed in the same position as before the damage	**Security/Certainty** Applies to long-term insurance where the insurer undertakes to pay out an agreed upon amount in the event of loss of life. A predetermined amount will be paid out when the insured reaches a pre-determined age or gets injured due to a predetermined event.
Utmost good faith Insured has to be honest in supplying details when entering in an insurance contract. Both parties must disclose all relevant facts.	**Insurable interest** Insured must prove that he/she will suffer a financial loss if the insured object is damaged/lost/ceases to exist. An insurable interest must be expressed in financial terms.

Advantages/Importance of insurance for businesses

- Transfers the risk from the business to an insurance company.
- Protects businesses against dishonest employees.
- Protects businesses against losses due to death of a debtor.
- Protects the business against loss of stock and/or damages caused by natural disasters such as floods and storm damage.
- Protects businesses from claims made by members of the public for damages that the business is responsible for.

Examples of insurable and non- insurable risks

INSURABLE RISKS	NON-INSURABLE RISKS
Examples • Theft • Fidelity insurance • Burglary • Money in transit • Fire • Natural disaster/Storms/Wind/Rain/Hail • Damage to/Loss of assets/vehicles/ equipment/buildings/premises • Injuries on premises	**Examples** • Nuclear weapons/war • Changes in fashion • Improvement/changes in technology • Irrecoverable debts • Financial loss due to bad management • Possible failure of a business • Shoplifting during business hours • Loss of income if stock is not received in time/Time that elapses between the ordering and delivery of goods.

Compulsory insurance

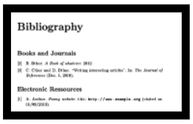
<table>
<tr><td>Meaning of compulsory insurance</td><td colspan="2">Compulsory insurance is insurance that is required by law before
Compulsory insurance is intended to safeguard the welfare of everyone concerned.</td></tr>
<tr><td colspan="3">Types of compulsory insurance</td></tr>
<tr><td colspan="3">
</td></tr>
<tr><td colspan="3">Unemployment Insurance Fund (UIF)</td></tr>
<tr><td colspan="3">The UIF provides short term benefits to workers who have been working and become unemployed for various reasons.

Employees who resign or have been suspended from their jobs cannot claim from the UIF.</td></tr>
<tr><td colspan="3">Benefits of UIF</td></tr>
<tr><td>Unemployment benefits</td><td colspan="2">Unemployed employees may only claim, if they contributed to UIF.
No tax is payable on unemployment benefits.</td></tr>
</table>

Illness benefits/ Sickness/ Disability	Employees may not claim these benefits if they refuse medical treatment. Employees who are contributors to the UIF may apply for illness/disability benefits if they are unable to perform their duties.
Maternity benefits	Pregnant employees receive these benefits for up to 4 consecutive months. If an employee had a miscarriage, she can claim for up to six weeks/42 days.
Adoption benefits	Employees may receive these benefits if they adopt a child younger than two years. Only one parent may claim.
Dependants' benefits	Dependants may apply for these benefits if the breadwinner, who has contributed to UIF dies. The spouse of the deceased may claim, whether he/she is employed or not.
NOTE: Do not confuse the benefits of UIF with types of leaves	
Road Accident Fund (RAF)/Road Accident Benefit Scheme (RABS)	
RAF/RABS insures road-users against the negligence of other road users. RAF/RABS is funded by a levy on the sale of fuel/diesel/petrol.	
Compensation Fund	
The fund covers occupational diseases and workplace injuries. Compensates employees for injuries and diseases incurred at work.	

DIFFERENCE BETWEEN INSURANCE AND NON COMPULSORY INSURANCE

COMPULSORY INSURANCE	NON-COMPULSORY INSURANCE
Required by Law/there are legal obligations for it to be taken out and paid for.	Is voluntary/the insured has a choice whether to enter into an insurance contract.
Examples UIF, RAF and Compensation Fund/COIDA	**Examples** Short term insurance/Multi-peril insurance (theft, fire, etc.) Long term insurance/Life insurance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2	**2025 IM Report**
3	**2026 ATP**
4	**2021 Examination guideline**
5	**DBE Cir E17 of 2023 Extension of the validity period of the 2021 NSC Guidelines**

ACTIVITY 1

1.1. Identify insurance concepts from the statement below

1.1.1 Molemo has a choice whether to enter into an insurance contract or not with Lenka insurers.

1.1.2. A stipulation whereby the insurer may replace damages instead of re-imbursing the insured.

1.1.3 Motshabi paid R3 000 to the PA penal biters when she claimed for his vehicle which was involved in an accident
(3x2) (6)

1.2 Differentiate between short term and long-term insurance (8)
[12]

ACTIVITY 2

2.1 Outline TWO examples of short-term insurance (4)

2.2 Differentiate between insurance and assurance (8)

2.3 Read the scenario below and answer the questions that follows

AKHONA TRADERS (AT)
Akhona Traders bought stock to the value of R400 000 but only insured it for R200 000. A fire broke out in the warehouse and destroyed stock to the value of R80 000.

DBE/NOV2024 P2

2.3.1 Name the insurance clause that is applicable to AT in the scenario above. (2)

2.3.2 Calculate the amount that AT will receive as compensation from the insurer. Show ALL the calculations. (4)

[18]

ACTIVITY 3

3.1. State FOUR examples of long-term insurance (4)

3.2. Identify principles of insurance from the statement below

3.2.1 The insured must be placed in the same position as before the damage.

3.2.2 Insured must prove that he/she will suffer a financial loss if the insured object ceases to exist.

3.2.3 Insured has to be honest in supplying details when entering in an insurance contract.

3.2.4 A predetermined amount will be paid out when the insured reaches a pre-determined age

(4X2) (8)

3.3 Outline the advantages of insurance for business (6)

[18]

ACTIVITY 4

4.1 Outline TWO examples of non-insurable risk (4)

4.2 Identify the benefits of UIF as a type of compulsory insurance below

4.2.1 Unemployed employees may only claim, if they contributed to UIF.

4.2.2 Pregnant employees receive these benefits for up to 4 consecutive months.

4.2.3 The spouse of the deceased may claim, whether he/she is employed or not.

(6)

4.3 Discuss other TWO types of compulsory insurance not indicated in QUESTION 4.2 (6)

[16]

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1	**DBE notes:** https://www.education.gov.za/Curriculum/LearningandTeachingSupportMaterials(LTSM)/FETBusinessStudiesTextbooks.aspx?fbclid=IwAR17Z0a-sfu8dt95UTSVxd1df9N0O6h4nC0r9L1ilB0XOA_1f99u_b8yC5w
2	**Examination Guideline 2021**
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