



# basic education

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Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **Business Studies Key Concepts and Principles Grade 10 - 12**

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## **Purpose of Study Guide**

The purpose of this Guide is to assist teachers and learners to manage Business Studies concepts and principles. The Guide provides basic Business Studies concepts as the first step towards introducing learners to the subject. The information contained in this document is intended to familiarise teachers and learners with Business Studies concepts.

This document is not intended to serve as a complete manual, but as a guide to assist teachers in coping with and managing the curriculum knowledge gap of learners. It will form part of many other strategies and resources that will help learners to understand the subject.

## **How to use this Guide**

This Guide should be used as a **resource** for teachers and learners, and learners should continually be referred to the Guide for clarity-seeking issues in the subject. The Guide should be used in conjunction with other resources. The concepts are set out according to main four Business Studies topics and subtopics.

## Definition of Business Studies

The subject *Business Studies* deals with the knowledge, skills, attitudes and values critical for informed, productive, ethical and responsible participation in the formal and informal economic sectors. The subject encompasses business principles, theory and practice that underpin the development of entrepreneurial initiatives, sustainable enterprises and economic growth.

## Business Studies four main topics

<b>1. Business Environment</b>	<b>2. Business Venture</b>
<b>3. Business Roles</b>	<b>4. Business Operations</b>

<b>Business Studies Principles</b>
<p>Business studies principles are the essential, underlying factors that form the foundations of the subject. They focus on the theoretical and practical aspects of business activities. The principle provides a framework for the study of Business Studies.</p> <p>The principles give coverage of the core principles of business and management. They provide learners or aspiring managers with a clear and concise text that covers all aspects of the business creation and management. It considers strategic implications of economic theories and principles on business decisions and organisations.</p>
<p><b>1. The Business Environment</b></p> <ul style="list-style-type: none"><li>▪ Internal – Micro Environment</li><li>▪ Market Environment</li><li>▪ External – Macro Environment including Strategic planning</li></ul>
<p><b>2. Organisational Principles</b></p> <ul style="list-style-type: none"><li>• The Nature / form of Business</li><li>• Establishing a business / Entrepreneurship</li><li>• Business sectors</li></ul>
<p><b>3. Business Functions</b></p> <p>For example</p> <ul style="list-style-type: none"><li>○ Marketing principles, e.g. 4 Ps / 7 Ps.</li></ul>

- Production principles, e.g. product planning and control.
- Financial principles, e.g. capital requirement, etc.

#### 4. Principles of Management :

Management principles are statements of fundamental truth. These principles serve as guidelines for decisions and actions of managers. They are derived through observation and analysis of events which managers have to face in practice.

1. **Division of Work** - The specialization of the workforce according to the skills a person , creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.
2. **Authority and Responsibility**- The issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give order to his subordinates; responsibility means obligation for performance. This principle suggests that there must be parity between authority and responsibility. They are co-existent and go together, and are two sides of the same coin.
3. **Discipline**- Discipline refers to obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
4. **Unity of Command** - This principle states that every subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict. Unity of Command also makes it easier to fix responsibility for mistakes.
5. **Unity of Direction** - All those working in the same line of activity must understand and pursue the same objectives. All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager. It seeks to ensure unity of action, focusing of efforts and coordination of strength.
6. **Subordination of Individual Interest** - The management must put aside personal considerations and put company objectives first. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.
7. **Remuneration** - Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity.
8. **The Degree of Centralisation and Decentralisation** - The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management. Sharing of authority with lower levels is called decentralization.
9. **Scalar Chain** - Scalar Chain refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.
10. **Order** - Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace.
11. **Equity** - Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers

should be fair and impartial when dealing with employees.

12. **Stability of Tenure of Personnel** - The period of service should not be too short and employees should not be moved from positions frequently. An employee cannot render useful service if he is removed before he becomes accustomed to the work assigned to him.
13. **Initiative** - Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for the organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.
14. **Spirit of Co-operation (Esprit de Corps)** - This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. These can be used to initiate and aid the processes of change, organization, decision making, skill management and the overall view of the management function.

### Management functions

Planning	Organizing	Controlling	Directing	Staffing
<ul style="list-style-type: none"> <li>▪ Vision</li> <li>▪ Mission</li> <li>▪ Objectives</li> <li>▪ Goals</li> </ul>	<ul style="list-style-type: none"> <li>▪ Division of labour</li> <li>▪ Delegation of Authority</li> <li>▪ Departmentalisation</li> <li>▪ Span of Control</li> <li>▪ Coordination</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishing standards based upon objectives</li> <li>▪ Measuring and reporting performance</li> <li>▪ Comparing the two</li> <li>▪ Taking corrective / preventive action</li> <li>▪ Directing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Motivation</li> <li>▪ Communication</li> <li>▪ Performance appraisal</li> <li>▪ Discipline</li> <li>▪ Conflict resolution</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recruiting</li> <li>▪ Selecting</li> <li>▪ Hiring</li> <li>▪ Training</li> <li>▪ Retraining</li> </ul>

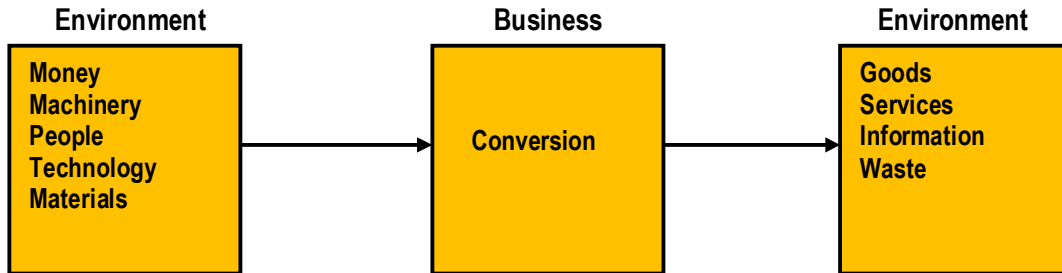
### Additional Principles of Management

Professional skills	Management Style and Leadership	Strategic Planning	Managing Change	TQM : Continuous Quality Improvement (CQI)
<ul style="list-style-type: none"> <li>▪ Intellectual skills</li> <li>○ Creative and logical thinking</li> <li>○ Problem solving skills</li> <li>▪ Interactive skills</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organisation</li> <li>▪ Situation</li> <li>▪ Personal values</li> <li>▪ Personality</li> <li>▪ Chance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mission Statement</li> <li>▪ Mandates Statement</li> <li>▪ S-W-O-T</li> <li>▪ Strategic</li> </ul>	<ul style="list-style-type: none"> <li>● Natural phenomenon</li> <li>● Continuous and ongoing</li> <li>● Survival and growth are dependent upon</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve each and every day.</li> <li>▪ If you're not part of the solution, you're part of the problem.</li> </ul>

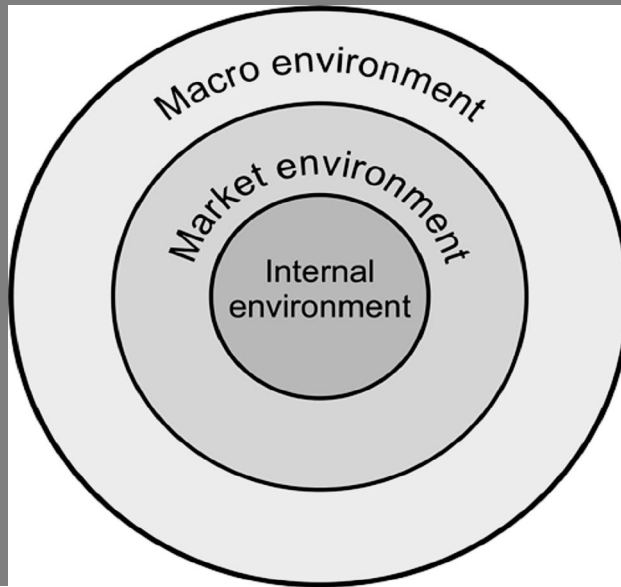
<ul style="list-style-type: none"> <li>▪ Ethical skills</li> <li>▪ Emotional skills</li> <li>▪ Technical skills</li> <li>▪ Conflict management skills</li> <li>▪ Self and stress management skills</li> </ul>		<p>issues</p> <ul style="list-style-type: none"> <li>▪ (goals – ideal future)</li> <li>▪ Strategies</li> <li>▪ Vision of success</li> </ul>	<p>adaptation to changing environment</p> <ul style="list-style-type: none"> <li>▪ Environment is influenced and shaped by the decisions and actions of the organization</li> <li>• Learning from experience is essential for adaptation and change</li> <li>• Individuals and organizations change in both common and unique directions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customers are not interested in excuses, they're interested in results.</li> <li>▪ Be proactive.</li> <li>▪ The purpose of understanding what is done and how it is done is to learn how to do it better.</li> <li>▪ Know your political atmosphere.</li> </ul>
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## Business Environment

A business is an open system, which interact in two main ways with its environment. It takes in resources from the environment, converts them into goods and/or services, and returns outputs to the environment in order to satisfy needs.



### Business Environments






WORD / PHRASE	DEFINITION / EXPLANATION	PRINCIPLES / EXAMPLES / ILLUSTRATIONS / APPLICATIONS
<b>Business environment</b>	Business environment encompasses all those factors that affect a company's operations.	The business environment has three different levels: <ul style="list-style-type: none"> <li>▪ internal or microenvironment;</li> <li>▪ market or task; and</li> <li>▪ macro environment.</li> </ul>



<b>Micro or Internal environment</b>	The internal environment is the environment within the business. This includes the people who work in the business, the equipment and technology they use, and the systems they have developed to manage their work.	Vision and strategy/mission statement and objectives; Organizational Resources; Organizational culture and Organizational structure/Eight functional areas namely: General Management, Production, Purchasing, Marketing, Financial, Human Resource, Administration and Public Relations (Refer to Business Operations).
<b>Vision statement</b>	A vision statement is a vivid idealized description of a desired outcome that inspires, energizes and helps you create a mental picture of your target.	The best vision statements for result areas describe outcomes that are five to ten years away, although some look even further out.
<b>Mission statement</b>	A mission statement is a statement of the purpose of a company. The mission statement should guide the actions of the organization, spell out its overall goal, provide a path, and guide decision-making.	In writing <b>mission statements</b> , you are creating a brief description of what you want to focus on and what you want to accomplish in a particular area of your life over a period of time. A mission statement sets out the business vision and values that enables employees, managers, customers and even suppliers to understand the underlying basis for the actions of the business.
<b>Aims and goals</b>	<b>An aim</b> is where the business wants to go in the future, its goals. It is a statement of purpose.	Example of the aim of a business: "We want to grow the business into Europe and America".
<b>Business objectives</b>	Business objectives are the stated, measurable targets of how to achieve business aims.	For instance, we want to achieve sales of R10 million in European markets in 2013. Objectives give the business a <b>clearly defined target</b> . Plans can then be made to achieve these targets. This can motivate the employees. It also enables the business to measure the progress towards its stated aims.
<b>Employer</b>	An employer is an organization, institution, government entity, agency, company, professional services firm, non-	In exchange for the employee's work or services, the employer pays compensation that may include a salary, an hourly wage,

	profit association, small business, store, or individual who employs or puts to work, an employee.	and benefits that is above the mandated minimum wages in SA.
<b>Employee</b>	An employee is an individual who is hired by an employer to do a specific job. An employee is a person who works in the service of another person under an express or implied contract of hire, under which the employer has the right to control the details of work performance	The employee is hired by the employer after an application and interview process results in his or her selection as an employee.
<b>Organisational culture</b>	The values and behaviour that contribute to the unique social and psychological environment of an organization. It is the sum total of an organisation's past and current assumptions, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, express or implied contracts, and written and unwritten rules that the organization develops over time and that have worked well enough to be considered valid.	The ways the organization conduct its business, treats its employees customers, and the wider community The extent to which autonomy and freedom is allowed in decision making, developing new ideas, and personal expression How power and information flow through its hierarchy The strength of employee commitment towards collective objectives.
<b>Organisational resources</b>	Resources of the organisation expressed in terms of: <ul style="list-style-type: none"> <li>▪ human resources;</li> <li>▪ financial resources;</li> <li>▪ physical resources; and</li> <li>▪ information resources. Managers are responsible for acquiring and managing the resources to accomplish goals.</li> </ul>	The organization is where resources come together. Organizations use different resources to accomplish goals. The resources used by organizations are often described as follow: <ul style="list-style-type: none"> <li>▪ People,</li> <li>▪ Money,</li> <li>▪ material,</li> <li>▪ Technology and IT</li> <li>▪ Equipment</li> <li>▪ Time</li> </ul>

		<p>Infrastructure</p> <p>Information (what is going on)</p> <p>Knowledge (how things are done)</p>
<b>Factors of Production</b>	<p>For production to take place, four production factors are necessary. The production factors are factors which are involved in the making of the product or the delivery of the service.</p>	<p>Factors of production:</p> <ul style="list-style-type: none"> <li>▪ Land (natural resource/raw material);</li> <li>▪ Labour;</li> <li>▪ Capital; and</li> <li>▪ Entrepreneurship (refer to business venture).</li> </ul>
<b>Land / Raw material</b>	<p>This involves all natural resources, anything that is not man-made. Minerals and many others. It includes aspects of nature.</p>	<p>Examples:</p> <ul style="list-style-type: none"> <li>▪ Soil, rivers, forests, air, plants, animal biodiversities, etc.</li> </ul>
<b>Labour</b>	<p>This is the all the physical and mental work performed by man. It includes all knowledge and skills learned in formal education.</p>	<p>Labour resources embraces physical talents and/or mental talents</p> 
<b>Capital</b>	<p>This is often called money, but in the case of production factors it refers to anything made, built or produced that helps with production. It includes buildings and equipment.</p>	<p>Examples of capital:</p> <ul style="list-style-type: none"> <li>▪ Money;</li> <li>▪ Machinery;</li> <li>▪ Equipment;</li> <li>▪ Tools, etc.</li> </ul>
<b>Rent</b>	<p>This is the remuneration for natural resources, anything that is not man-made. Minerals and many others. It includes aspects of nature.</p>	<p>Land Rental Value is the annual fee individuals are willing to pay for the exclusive right to use a land site for a period of time. This may include a speculative opportunity cost.</p> <p>The mathematical relationship is then:</p> $\text{Land Rental Value} = \text{Market Value} \times \text{Capitalization Rate} + \text{Land Taxes}$
<b>Interest</b>	<p>This is the remuneration for capital, i.e. anything made, built or produced that helps with production.</p>	<p>The opportunity cost of net worth, interest claim, is calculated by multiplying the average net worth of the accounting year</p>

		with the interest rate paid for loans.
<b>Wages and salaries</b>	This is the remuneration for all the physical and mental work performed by man.	The opportunity cost of family labour, wage claim, is calculated by multiplying the number of hours worked by the farm family with the average hourly salary paid to external labour force.
<b>Profit</b>	This is the remuneration for the ability to organise, plan and combine the other three factors in order to supply the goods and services.	Entrepreneur's profit is calculated by subtracting opportunity costs of the family labour and the net worth (own capital) from Family Farm Income.
<b>Capital Goods</b>	Physical goods used to produce other producer and consumer goods and services.  Durable goods which are used to produce other goods for consumption: for example machinery, equipment, buildings, plant.	A sawing machine is used to produce dresses. A tractor is used to plough in order to produce vegetables, maize, etc.  
<b>Consumer Goods</b>	Goods and services which are sold to people (consumers) rather than other. Any goods produced for the express use of individuals rather than the production or manufacturing of other goods.	For example : Bread, soap, electricity, etc.  
<b>Market or Task environment</b>	This environment influences the organization directly. It includes sectors with which the organization interacts directly and that have a direct impact on the organization's ability to achieve its goals.	Suppliers, Customers/ Consumers, Intermediaries, Competitors, Civil society (e.g. community based organizations (CBOs) and non-governmental organizations (NGOs), Regulators and Strategic allies  The customers, suppliers, competitors, regulators and strategic allies and unions give rise to particular opportunities and threats. Business has limited control over the factors.
<b>Market</b>	Where buyers and sellers meet to	<ul style="list-style-type: none"> <li>▪ Capital markets / Securities markets</li> </ul>


	exchange goods and services.	<ul style="list-style-type: none"> <li>▪ Invisible markets, e.g. online, email, etc.</li> <li>▪ Produce market s</li> <li>▪ Commodity markets</li> <li>▪ Industrial markets, etc.</li> <li>▪ Money markets</li> </ul>
<b>Customer</b>	Any person or organisation which businesses buys or is supplied with a product by a business.	Let's say you are a bakery. Some of your suppliers could be a flour milling company (supplying you with flour). You are customer to the flour milling company.
<b>Suppliers</b>	.A business which sells to or supplies products to another business. Firms that produces and deliver goods or services demanded by customers.	Let's say you are a bakery. Some of your suppliers could be a flour milling company (supplying you with flour), the electricity company (supplies you electricity), a farming business (supplies you with various grains like wheat, corn, spelt, etc.). All mentioned above represent suppliers.
<b>Civil society</b>	Civil society is the arena outside of the family, the state, and the market where people associate to advance common interests.	For example: Community based organizations (CBOs) and non-governmental organizations (NGOs)
<b>Regulators</b>	Refers to watchdogs or controllers responsible for exercising autonomous authority over some area of human activity in a regulatory or supervisory capacity.	<p>A public authority or government agency</p> <p>For example:</p> <ul style="list-style-type: none"> <li>▪ National Credit Regulators</li> <li>▪ National Consumer Commission</li> </ul> <p>An independent regulatory agency that is independent from other branches or arms of the government.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>▪ Independent Communications Authority of South Africa (ICASA)</li> <li>▪ South African Bureau of Standard (SABS)</li> </ul>
<b>Competitors</b>	Any person or entity which is a rival against another, i.e. a business or a company in the same industry or a similar	For example: Fast-food restaurants like McDonald's and Kentucky Fried Chicken (KFC) are

	industry which offers a similar product or service competes against one another.	competitors, as are Coca-Cola and Pepsi, etc. The presence of one or more competitors can reduce the prices of goods and services as the companies attempt to gain a larger market share.
<b>Strategic allies</b>	A Strategic Alliance is a relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations. The alliance is cooperation or collaboration which aims for a synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts. The alliance often involves access to knowledge and expertise, economic specialization, shared expenses and shared risk.	Partners may provide the strategic alliance with resources such as products, distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, technology transfer or intellectual property.  For example: China's largest bank, the Industrial and Commercial Bank of China (ICBC), has purchased a 20% stake in Standard Bank, South Africa's largest bank. Both banks can benefit through the creation of new revenue streams, access to the new partners' expertise and sharing distinctive local market knowledge and expertise.
<b>Macro-environment</b>	The major external and uncontrollable factors that influences an organisation's decision making, and affect its performance and strategies.	Natural/physical environment, economic environment, social, cultural and demographic environment, the political and legal, the technological and the international  Examples of macro environment influences include competitors, changes in interest rates changes in cultural tastes, disastrous weather, government regulations.
<b>Natural/physical environment</b>	Natural/physical environment include the weather and climate change. Changes in temperature can impact on many industries including farming, tourism and insurance.	With major climate changes occurring due to global warming and with greater environmental awareness this environment is becoming a significant issue for firms to consider. The growing desire to protect the

		environment is having an impact on many industries such as the travel and transportation industries.
<b>Economic environment</b>	These include interest rates, taxation changes, economic growth, inflation and exchange rates. Economic change can have a major impact on a firm's behaviour.	<ul style="list-style-type: none"> <li>▪ higher interest rates may deter investment because it costs more to borrow</li> <li>▪ a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency</li> <li>▪ inflation may provoke higher wage demands.</li> <li>▪ higher national income growth may boost demand for a firm's products</li> </ul>
<b>Social, cultural and demographic environment</b>	Changes in social trends and culture can impact on the demand for a firm's products and the availability and willingness of individuals to work. Some firms have started to recruit older employees to tap into this growing labour pool. Government spending is increasing due to the ever growing population.	The population has been ageing. This has increased the costs for firms who are committed to pension payments for their employees because their staffs are living longer. The ageing population also has impact on demand for sheltered accommodation and medicines have increased.
<b>Political environment</b>	These refer to government policy such as the degree of intervention in the economy.	What goods and services does a government want to provide? To what extent does it believe in subsidising firms? Political decisions can impact on many vital areas for business such as the education of the workforce, the health of the nation and the quality of the infrastructure of the economy such as the road and rail system.
<b>Legal environment</b>	This refers to government legislation that regulates the business operation. In recent years in the SA there have been many significant legal changes that have affected firms' behaviour. Legal changes can affect a firm's costs and demand.	The introduction of different legislation that impact the business. Relatively recent laws that affect an organisation's actions. For example: <ul style="list-style-type: none"> <li>▪ Employment Equity Act,</li> <li>▪ National Credit Act</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Consumer Protection Act, etc.</li> </ul>
<b>Technological environment</b>	This refers to new technologies that create new products and new processes. Technology can reduce costs, improve quality and lead to innovation. These developments can benefit consumers as well as the organisations providing the products.	Online shopping, bar coding and computer aided design are all improvements to the way we do business as a result of better technology. MP3 players, computer games, online gambling and high definition TVs are all new markets created by technological advances.
<b>International environment</b>	The international environment refers to the world as a whole. Because of globalisation it has become easier for countries to trade with one another. For South African businesses this means that they have to compete with foreign Businesses for products and services	International challenges have the following effects on businesses: <ul style="list-style-type: none"> <li>▪ Strong competition from foreign subsidised businesses</li> <li>▪ Foreign businesses that are subsidised by their governments can sell products at lower prices</li> </ul>
<b>Business strategies</b>	The business strategy shows how the business wants to achieve and how it will achieve. It includes the purpose of the business, the goals and objectives and the methods of how the goals and objectives will be achieved.	It includes: <ul style="list-style-type: none"> <li>▪ The direction the firm wants to take.</li> <li>▪ The market and the scope of activities.</li> <li>▪ Business advantages in the markets.</li> <li>▪ What resources are required?</li> <li>▪ What external, environmental factors affect the businesses?</li> <li>▪ The values and expectations of stakeholders</li> </ul> <p><b>Examples of types of strategies:</b></p> <p>Backward vertical integration  Conglomerate merger  Forward vertical integration  Horizontal integration, etc.</p>
<b>Strategic management</b>	Strategic management deals with the major intended and emergent initiatives taken by general manager on behalf of owners, involving utilization of resources, to enhance the performance of forms in their external environments.	Strategic management entails specifying the organisation's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives.
<b>Strategic planning</b>	Strategic Planning is a management tool	<b>The strategic Planning and Process</b>



	<p>that helps an organization focus its energy, to ensure that members of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.</p>	
<p><b>Formulation of Strategies</b></p>	<p>Once a clear picture of the firm and its environment is in hand, specific strategy alternatives can be developed or formulated. While different firms have different alternatives depending on their situation, there also exist generic strategies that can be applied across a wide range of firms, e.g. diversification, integration, etc.</p>	<ul style="list-style-type: none"> <li>▪ <b>Devise strategies</b> by building on <b>strengths</b>, resolving <b>threats</b>, exploiting <b>opportunities</b> and avoiding <b>threats</b>. Consider any new dimensions revealed by your Vision and Mission.</li> <li>▪ List major strategies covering the <b>business as a whole</b> or primary matters <b>within key functional areas</b>.</li> </ul>
<p><b>Implementation of strategies</b></p>	<p>The strategy likely will be expressed in high-level conceptual terms and priorities. For effective implementation, it needs to be translated into more detailed policies that be understood at the functional levels, (marketing, production, etc) of the organization. The expression of the strategy in terms of functional policies also serves to highlight any practical issues that might not have been visible at a higher level.</p>	<ol style="list-style-type: none"> <li>1. Based on the proposed strategies and set goals, outline up to six major action programs in order of importance.</li> <li>2. For each, indicate what, who, where, how and when, i.e. specify the resources, objectives, time-scales, deadlines, budgets and performance targets for each action program.</li> <li>3. Let them stand alone or use them (later) as the basis for a <b>detailed business plan</b>.</li> </ol>
<p><b>Evaluation and Control of strategies</b></p>	<p>Once implemented, the results of the strategy need to be measured and evaluated, with changes made as required to keep the plan on track.</p>	<p><b>Activities of strategy evaluation and Control:</b> Standards of performance are set The actual performance measured</p>

	Control systems should be developed and implemented to facilitate this monitoring.	Appropriate action taken to ensure success.
<b>SWOT Analysis</b>	SWOT analysis refers to the assessment of a production, or organisation in terms of its Strengths, Weaknesses, Opportunity and Threats.	<ul style="list-style-type: none"> <li>▪ <b>S-O strategies</b> pursue opportunities that are a good fit to the company's strengths.</li> <li>▪ <b>W-O strategies</b> overcome weaknesses to pursue opportunities.</li> <li>▪ <b>S-T strategies</b> identify ways that the firm can use its strengths to reduce its vulnerability to external threats.</li> <li>▪ <b>W-T strategies</b> establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.</li> </ul>
<b>Porter's Five Forces</b>	<b>Michael Porter</b> devised a five forces framework that is useful for industry analysis. This framework evaluates entry barriers, suppliers, customers, substitutes products and industry rivalry.	<b>Porter's 5 forces include:</b> <ul style="list-style-type: none"> <li>▪ Barriers to entry;</li> <li>▪ Customers;</li> <li>▪ Suppliers;</li> <li>▪ substitute products; and</li> <li>▪ Rivalry among competing firms.</li> </ul>
<b>Balanced Scorecard</b>	The Balanced Scorecard (BSC) is a strategic performance management tool - a semi-standard structured report, supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions.	A balance scorecard is often used to evaluate the overall performance of the business and its progress towards objectives.
<b>Backward vertical integration</b>	Where one business further forward in the chain of production buys another business which is further back in the chain.	A newspaper company buying a print company.
<b>Conglomerate merger</b>	Where two businesses merge which have no common business interests.	A newspaper company merging with food beverage company.

<b>External growth</b>	An increase in size of a business achieved through the purchase of other businesses.	A newspaper company buying other media companies for growth or taking over other companies
<b>Forward vertical integration</b>	When one business further back in the chain of production buys another business which is further forward in the chain.	A newspaper company buying newsagents.
<b>Horizontal integration</b>	When two businesses join together through merger or takeover which make the same stage in the chain of production.	A textile company with another textile company.
<b>Internal growth</b>	An increase in size of a business which is not achieved through taking over other businesses but through the existing businesses increasing profits, sales and employment	For example: <ul style="list-style-type: none"> <li>▪ 2010/11 increased growth - profits and sales in Shoprite</li> </ul>
<b>Merger</b>	When two or more businesses join together to form a large business.	For example: <ul style="list-style-type: none"> <li>▪ Wal-Mart acquire 51% stake in Massmart.</li> </ul>
<b>Takeover</b>	When one business buys another business and takes it over.	The acquisition of one company by another, sometimes a hostile situation, by a large creditor at the objection of the current owner.
<b>Business sector</b>	The business is a section of economy related to business and corporate organisations. The business sector does not include individual or private households, government or not-for-profit organizations.	Types of business sectors: Primary, secondary and tertiary sectors Public sectors and Private sectors Formal and informal sectors
<b>Private sector enterprise</b>	A business owned and controlled by private individuals and businesses.	<ul style="list-style-type: none"> <li>▪ Sole proprietors</li> <li>▪ Partnerships</li> <li>▪ Public companies</li> <li>▪ Private companies</li> </ul>
<b>Public Sector enterprise</b>	A business owned and controlled by the state or government.	State-Owned Companies <ul style="list-style-type: none"> <li>▪ SA Post Office</li> <li>▪ Transnet</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Sasol</li> <li>▪ Eskom</li> </ul>
<b>Primary Industry</b>	Activities which mine, grow, collect or cut down raw materials, such as in, mining or agriculture.	<ul style="list-style-type: none"> <li>▪ Mining</li> <li>▪ Forestry</li> <li>▪ Fishing</li> <li>▪ Agriculture</li> </ul>
<b>Secondary or Manufacturing Industry</b>	Activities which transform primary products into manufactured goods.	<ul style="list-style-type: none"> <li>▪ Clothing factory</li> <li>▪ Food and beverage factories</li> <li>▪ Furniture and fittings factories</li> <li>▪ Machinery and equipment factories</li> </ul>
<b>Tertiary or Service industry</b>	The segment of the economy that provides services to its consumers. This includes a wide range of businesses including financial institutions, schools, transports and restaurants.	Service industry companies are involved in retail, transport, distribution, food services, as well as other service-dominated businesses. Also called service sector, tertiary sector of industry.
<b>Formal sectors</b>	Encompasses all jobs with normal hours and regular wages, and are recognized as income sources on which income taxes must be paid. Opposite of informal sectors.	Examples of formal sector are registered firms or businesses regulated by law.
<b>Informal sectors</b>	Encompasses all jobs which are not recognized as formal income sources, and on which taxes are not paid. Or A cruel situation where people are forced to work without pay.	Examples of Informal sector are street vendors, shoe-shine workers, backdoor artisans, etc. The term is sometimes used to refer to only illegal activity, such as an individual who earns wages but does not claim them on his or her income taxes.
<b>Channel or distribution</b>	The path taken to get products from the manufacturer or service provider to the customer.	<pre> graph TD     A[PRODUCERS INCLUDING MANUFACTURERS] --&gt; B[WHOLESALERS S A FOOD &amp; DRINK WHOLESALERS]     B --&gt; C[RETAILERS FOR EXAMPLE: PICK 'N PAY]     C --&gt; D[CONSUMERS] </pre>

<b>Producer / manufacturer</b>	This is the entity that makes a good through a process involving raw materials, components or assemblies, usually on a large scale with different operations divided among different workers. Commonly used interchangeably with producer.	For example: <ul style="list-style-type: none"> <li>▪ Factories / Plants</li> <li>▪ Farmers</li> <li>▪ Mininers, etc.</li> </ul>
<b>Wholesaler</b>	A business which buys goods in bulk or large quantities from manufacturers or producers and then sells them to retailers in smaller quantities.	A wholesaler is regarded as the first intermediary in the channel of distribution.
<b>Retailer</b>	A business which sells products or services to the consumer. It is a business which specialises in selling goods in small quantities to the customer.	Retailers include supermarkets, restaurants, etc. It is the final link in the chain of distribution
<b>Consumer</b>	The person who ultimately uses (or consumes) a product	For example: Learners using stationery, textbooks and school uniforms are consumers using ultimate products produced by the producers.
<b>Division of labour and specialisation</b>	<ul style="list-style-type: none"> <li>▪ The <b>division of labour</b> is a system whereby a particular job is divided into small tasks and workers concentrate on performing small tasks and allow for mastering and specialisation.</li> <li>▪ When a particular job is divided into large number of small tasks to allow specialization to take place. So that each person only performs a specific task (that they are good at) involved in the whole production process over and over again.</li> </ul>	For example of division of labour: A particular job (i.e. Painting a bicycle) can be divided into small tasks (i.e. You can paint the bicycle, your friend can select the colour and your other friend can hold the bicycle) to allow <b>specialization</b> Example of Specialization: (To become an expert in what you are doing) like painting or putting in tyres.
<b>Specialisation</b>	System of production where economies, regions, businesses or people concentrate on producing certain products.	For example: <ul style="list-style-type: none"> <li>▪ Clover producing dairy products.</li> <li>▪ Adidas producing spot outfits</li> </ul>

<p><b>Corporate social responsibility (CSR)</b></p>	<p>Corporate social responsibility (CSR) is:</p> <ul style="list-style-type: none"> <li>▪ An obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society</li> <li>▪ The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large</li> <li>▪ About how a company manages its business process to produce an overall positive impact on society</li> </ul>	<p>Four dimensions of corporate responsibility</p> <ul style="list-style-type: none"> <li>▪ Economic - responsibility to earn profit for owners</li> <li>▪ Legal - responsibility to comply with the law (society's codification of right and wrong)</li> <li>▪ Ethical - not acting just for profit but doing what is right, just and fair</li> <li>▪ Voluntary and philanthropic - promoting human welfare and goodwill</li> <li>▪ Being a good corporate citizen contributing to the community and the quality of life, including the environment.</li> </ul>
<p><b>Corporate Social Investment</b></p>	<p>Corporate social investment (CSI) is the <b>investment of corporate funds, or other assets</b>, for the primary purpose of <b>achieving social outcomes</b> because there is a business case for the investment.</p> <p>The primary intention of this investment is to achieve <b>social outcomes</b>. The expectation is of a “<b>social return on investment</b>”, which may not always be measurable in economic terms.</p> <p>While focused on a social return on investment, CSI is intended to enhance a company's reputation, its strategy and possibly lead to preservation or an increase in long-term shareholder value.</p>	<p>Trends that drives the CSI</p> <ul style="list-style-type: none"> <li>▪ the demand for companies to become good corporate citizens</li> <li>▪ the growth of ethical consumers and investors</li> <li>▪ the increase in prescriptive legislation and industry charters</li> <li>▪ the development of “technology” to measure a company's impact on its environment</li> <li>▪ the need for companies to attract and retain their talented people.</li> </ul>
<p><b>Business sustainability</b></p>	<p>Business sustainability is often defined as managing the <b>triple bottom line</b> - a process by which firms manage their <b>financial, social and environmental risks, obligations and opportunities</b>.</p>	<p>A more robust definition is that business sustainability represents resiliency over time – businesses that can survive shocks because they are intimately connected to healthy economic, social and</p>

	These three impacts are sometimes referred to as <b>profits, people and planet</b> .	environmental systems. These businesses create economic value and contribute to healthy ecosystems and strong communities.
<b>Contemporary socioeconomic issues</b>	Current societal and economic factors that impact on the business.	Example of factors that impacting on business: Inequality and poverty Unemployment and unproductive labour force HIV/Aids, e.g. reduction of labour force due to HIV/Aids Piracy - illegal copying or reproduction of somebody's product. (Include copyright, patent and trade marks). Crime (theft, corruption, abuse, hijackings, burglaries, etc.)
<b>Intellectual property</b>	Intellectual property means any creation of the mind that is capable of being protected by law from use by any other person, whether in terms of South African law or foreign intellectual property law. Intellectual property is the legal ownership of an idea rather than a thing.	Intellectual property includes any rights in such creation, but excludes Copyrighted works such as: <ul style="list-style-type: none"> <li>▪ thesis,</li> <li>▪ dissertation,</li> <li>▪ article,</li> <li>▪ handbook or any other publication which, in the ordinary course of business, is associated with conventional academic work.</li> </ul>
<b>Patent</b>	The right to be the sole user or producer if the invention of a new process or product.	<ul style="list-style-type: none"> <li>▪ Patent” means a certificate in the prescribed form to the effect that a patent for an invention has been granted in the Republic.</li> <li>▪ “Patented article” means any article in respect of which a patent has been granted and is for the time being in force.</li> </ul>
<b>Copyright</b>	Copyright is a legal protection against the copying of others work. It is a law	Examples of works protected: <ul style="list-style-type: none"> <li>▪ Literary works</li> </ul>

	protecting literary, scholarly, and artistic works from unauthorized copying.	<ul style="list-style-type: none"> <li>▪ Musical works</li> <li>▪ Dramatic works</li> <li>▪ Choreographic works</li> <li>▪ Pictorial, graphic, &amp; sculptural works</li> </ul>
<b>Trademark</b>	<p>A Trademark is a word, phrase, symbol or design, or a combination of words, that identifies and distinguishes the source of the goods of one party from those of others.</p> <p>A Service Mark is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product.</p>	<p>Examples:</p> <ul style="list-style-type: none"> <li>▪ NIKE</li> <li>▪ ADIDAS</li> <li>▪ KAPPA</li> <li>▪ SOVIET</li> <li>▪ LOCTION KULCHA</li> </ul>



## Business Ventures




WORD / PHRASE	DEFINITION / EXPLANATION	PRINCIPLES / EXAMPLES / ILLUSTRATIONS / APPLICATIONS
<b>Business venture</b>	A business venture is a start-up enterprise that is formed with the expectation and plan that a financial gain will result.	It is a vision of a new product or a new service as a viable business entity; a start-up business requiring an entrepreneurial spirit.  Many refer to a business venture as a <i>small business</i> , since it normally starts out with an idea that begins with a small amount of capital or finances. Most business ventures are backed by one or more investors with the hope that the business will be profitable.
<b>Business idea</b>	Business idea entails a <b>business concept</b> . A good business idea could be an invention, a new product or service, or an original idea or solution to an everyday problem.	It might also be:  a gap in the market that you can fill  a business related to the work you do already  an interest or hobby that you can turn into a business
<b>Questionnaire</b>	A list of questions to be answered by respondents.	The marketing or business questionnaire is designed to give information about consumers' tastes, the type of products to be produced, marketing information, etc.
<b>Market research</b>	The process of gaining information about customers/consumers, competitors and market trends through collecting primary	Can be done using <b>primary research</b> (interviews, questionnaires) and/or <b>secondary research</b> (looking at statistics,

	and secondary data	reports, population figures).
<b>Survey</b>	Research involving asking questions of people or organisations.	<ul style="list-style-type: none"> <li>• <b>Paid survey</b>, a method that companies use to collect consumer opinions about a product by paying consumers for participating in the survey</li> <li>• <b>Statistical survey</b> a method for collecting quantitative information about items in a population</li> </ul>
<b>Primary data</b>	Information which has been gathered for a specific purpose through direct investigation such as observation, surveys and through experiment.	For example: Collecting data from members of the community, entrepreneurs, financial institutions, etc. ( <b>Field research</b> )
<b>Secondary data</b>	Information which already exists, i.e. information which is readily available.	For example: Information such as accounts and sales records, government statistics, newspaper articles or reports from advertising agencies. ( <b>Desk research</b> )
<b>Desk research</b>	Finding out information from secondary data.	For example: Using textbooks, sales records, government statistics, newspaper articles or reports from advertising agencies to collect data. ( <b>Secondary data</b> )
<b>Field research</b>	The process of collecting primary data.	For example: Going out to collect data from members of the community, entrepreneurs, financial institutions, etc. ( <b>Primary research</b> )
<b>Respondent</b>	Person who or organisation which answers questions in a survey.	An individual who responds to a market research exercise and is therefore part of the sample.
<b>Sample</b>	Small group out of a total population which is selected to take part in a survey.	A group of respondents to a market research exercise selected to be representative of the view of the target market as a whole.
<b>Wants</b>	Thing (goods and services) that a person desire to consume and can live without.	For example: <ul style="list-style-type: none"> <li>▪ TV set</li> </ul>

	Wants are unlimited because there is no limit to the amount of goods or services people would like to consume.	<ul style="list-style-type: none"> <li>▪ Luxury car</li> <li>▪ Mansion house, etc.</li> </ul>
<b>Needs</b>	The basic products that people need in order to survive.	<p>For example:</p> <ul style="list-style-type: none"> <li>▪ Food;</li> <li>▪ Drink;</li> <li>▪ Shelter; and</li> <li>▪ Clothing.</li> </ul>
<b>Business opportunity</b>	A business opportunity entails the vision of an individual or firm that foresees profiting from engaging in a venture.	<p>Often this can involve:</p> <p>The purchase of an existing business</p> <p>The start-up of a new small business.</p> <p>New products and changing current operating methods of an existing business often result in a profitable venture for the entrepreneur.</p>
<b>Entrepreneurship</b>	Entrepreneurship involves the ability to organise, plan and combine the other three factors in order to supply the goods and services. The entrepreneur must act in order to encourage the involvement of the other production factors.	<p>The manager:</p> <ul style="list-style-type: none"> <li>▪ Organiser</li> <li>▪ Planner</li> <li>▪ Leader</li> <li>▪ Controller</li> <li>▪ Delegator</li> <li>▪ Communicator</li> <li>▪ Motivator</li> <li>▪ Coordinator</li> </ul>
<b>Entrepreneurs</b>	People who run and own their own business. Entrepreneur is a person who takes initiative for establishing a business unit and he recognizes the need for a product or service	<p>Examples of entrepreneurs:</p> <p>Mark Shuttleworth founder of Ubuntu project - high quality desktop and server operating system</p> <ul style="list-style-type: none"> <li>▪ Steve Wozniak - Apple Computers</li> <li>▪ Bill Gates – Microsoft</li> <li>▪ Bill Hewlett – Hewlett Packard</li> </ul>
<b>Entrepreneurial qualities</b>	Qualities or Personal Entrepreneurial Characteristics (PEC) of successful entrepreneurs refer to the desired traits, which enable an entrepreneur to do what is expected of him/her and succeed in	<p>For example:</p> <ol style="list-style-type: none"> <li>1. Disciplined</li> <li>2. Confidence</li> <li>3. Open Minded</li> <li>4. Self Starter</li> </ol>

	business. It is the combination of these characteristics that is required to enable any one to perform effectively as an entrepreneur.	<ol style="list-style-type: none"> <li>5. Competitive</li> <li>6. Determination</li> <li>7. Strong people skills</li> <li>8. Strong work ethic</li> <li>10. Passion, etc.</li> </ol>																																																			
<b>Business plan</b>	A plan for the development of a business giving forecasts of items such as sales, costs and cash flow.	<p>Components of a Business Plan:</p> <ol style="list-style-type: none"> <li>1. Executive Summary <ul style="list-style-type: none"> <li>▪ Objectives</li> <li>▪ Mission</li> <li>▪ Keys to success</li> </ul> </li> <li>2. Business Description <ul style="list-style-type: none"> <li>▪ Service / Product</li> </ul> </li> <li>3. Market Plan</li> <li>4. Strategy for Implementation</li> <li>5. Management Team</li> <li>6. Financial Plan</li> </ol>																																																			
<b>Gantt Chart</b>	<p>A <b>Gantt chart</b> is a type of bar chart, developed by Henry Gantt that illustrates a project schedule. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project.</p> <p>Terminal elements and summary elements comprise the work breakdown structure of the project. Gantt charts can be used to show current schedule status using percent-complete shadings and a vertical "TODAY" line as shown in the example.</p>	<p>For example:</p> <table border="1"> <thead> <tr> <th>WBS Task Name</th> <th>January</th> <th>February</th> </tr> </thead> <tbody> <tr> <td>1 = Define specifications</td> <td colspan="2">1/17 - 1/17</td> </tr> <tr> <td>1.1 Identify customers</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>1.2 Interview 10 customers</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>1.3 Interpret requirements</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>1.4 Benchmark products</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>1.5 Define target PDS</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>1.6 Target PDS Released</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>2 = Generate concepts</td> <td colspan="2">1/18 - 1/21</td> </tr> <tr> <td>2.1 Review comp products</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>2.2 Search patents</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>2.3 Brainstorm concepts</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>3 Select top 2 concepts</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>4 MQ Presented</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>5 = Profile motor power</td> <td colspan="2">1/18 - 1/21</td> </tr> <tr> <td>5.1 Design test stand</td> <td>1/18 - 1/18</td> <td></td> </tr> <tr> <td>5.2 Build test stand</td> <td>1/18 - 1/18</td> <td></td> </tr> </tbody> </table>	WBS Task Name	January	February	1 = Define specifications	1/17 - 1/17		1.1 Identify customers	1/18 - 1/18		1.2 Interview 10 customers	1/18 - 1/18		1.3 Interpret requirements	1/18 - 1/18		1.4 Benchmark products	1/18 - 1/18		1.5 Define target PDS	1/18 - 1/18		1.6 Target PDS Released	1/18 - 1/18		2 = Generate concepts	1/18 - 1/21		2.1 Review comp products	1/18 - 1/18		2.2 Search patents	1/18 - 1/18		2.3 Brainstorm concepts	1/18 - 1/18		3 Select top 2 concepts	1/18 - 1/18		4 MQ Presented	1/18 - 1/18		5 = Profile motor power	1/18 - 1/21		5.1 Design test stand	1/18 - 1/18		5.2 Build test stand	1/18 - 1/18	
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<b>Work Breakdown Structure</b>	<p>A work breakdown structure (WBS), is a deliverable oriented decomposition of a project into smaller components.</p> <p>It defines and groups a project's discrete work elements in a way that helps organize and define the total work scope of the project.</p>	<p>For example:</p> <p>It may be a product, data, a service, or any combination. It also provides the necessary framework for detailed cost estimating and control along with providing guidance for schedule development and control.</p>																																																			


	<p>Project network-modelling step in which the entire job is graphically subdivided into manageable work elements (tasks). WBS displays the relationship of each task to the other tasks, to the whole and the end product. It shows the allocation of responsibility, and identifies resources required and time available, at each stage for project monitoring and management. Also called activity decomposition chart.</p>	<table border="1"> <thead> <tr> <th>WBS #</th> <th>Task Description</th> <th>Est Person -Hrs</th> <th>Who</th> <th>Resources</th> <th>M&amp;S</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>Profile motor power</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>5.1</td> <td>Design test stand</td> <td>20</td> <td>SE, JM</td> <td>ProE</td> <td></td> </tr> <tr> <td>5.2</td> <td>Build test stand</td> <td>15</td> <td>SE, JM</td> <td>Frame &amp; brake parts</td> <td>R350</td> </tr> <tr> <td>5.3</td> <td>Test 3 motors</td> <td>3</td> <td>SE, JM</td> <td>Stroboscope</td> <td>R750</td> </tr> <tr> <td>5.4</td> <td>Plot torque vs. speed</td> <td>2</td> <td>JM</td> <td>Excel</td> <td></td> </tr> </tbody> </table>	WBS #	Task Description	Est Person -Hrs	Who	Resources	M&S	5	Profile motor power					5.1	Design test stand	20	SE, JM	ProE		5.2	Build test stand	15	SE, JM	Frame & brake parts	R350	5.3	Test 3 motors	3	SE, JM	Stroboscope	R750	5.4	Plot torque vs. speed	2	JM	Excel	
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<p><b>Action Plan</b></p>	<p>An action plan integrates all of the strategies you have developed throughout your business plan into a highly organized and prioritised plan of action designed to achieve your stated business mission and goals.</p>	<ul style="list-style-type: none"> <li>▪ Define your goal clearly and make sure it can be measured.</li> <li>▪ List the action steps you will take to reach the goal.</li> <li>▪ Write down how you will measure your progress.</li> <li>▪ Set target dates for the actions</li> <li>▪ Log your results.</li> </ul>																																				
<p><b>Business</b></p>	<p>Any human activity directed for production or acquisition of wealth through buying and selling of goods.</p>																																					
<p><b>Trade</b></p>	<p>Exchange of goods for cash or credit is known as trade. Trade is primarily concerned with buying and selling of goods.</p>	<p>For example: Your car needs oil. The oil change takes place and then you (the 'buyer') fill in a Trading Slip (obtainable from the site) or pay cash. Payment represents your acknowledgement of the service or goods delivered. You leave, satisfied that your car has fresh oil.</p>																																				
<p><b>Commerce</b></p>	<p>Commerce denotes the sum total of business activities relating to distribution, marketing and the exchange of goods and services from the production centre. The organized system for the exchange</p>	<ul style="list-style-type: none"> <li>▪ It is an economic activity because it is undertaken to earn profit.</li> <li>▪ It involves exchange of goods and services for profit.</li> <li>▪ The primary objective is to earn profit.</li> </ul>																																				


	of goods between the members of the industrial world is termed as commerce.	<ul style="list-style-type: none"> <li>▪ It involves creation of time and place utility for the products.</li> <li>▪ It consists of regular transaction and not isolated transaction</li> </ul>
<b>Industry</b>	Those activities which are undertaken to produce, convert, extract and fabricate raw materials into finished product are known as industry. It is the place where raw materials are turned into finished product.	<p>For example:</p> <ul style="list-style-type: none"> <li>▪ Farming industry</li> <li>▪ Mining industry</li> <li>▪ Forestry industry</li> <li>▪ Fishing industry</li> <li>▪ Motor industry</li> <li>▪ Clothing industry</li> </ul>
<b>Constructive Industry</b>	Constructive industry refers to a type of industries which is engaged in the creation of infrastructure for smooth development of the economy.	These industries are engaged in the construction of docks, building, roads, dams, tunnels and canals, e.g. Murray and Robert.
<b>Business Enterprise</b>	The organization where various business activities are performed is called business enterprise. It is also regarded as a medium through which business activities are carried on.	<p>Examples of business enterprises:</p> <ul style="list-style-type: none"> <li>▪ Absa Group</li> <li>▪ Medupi Power Station</li> <li>▪ Medi-Clinic</li> </ul>
<b>Marketing Enterprises</b>	The organisation or establishment which does something with regard to sale of goods is called marketing enterprise.	These organisations make frequent dealing with other business houses.
<b>Plant / Factory</b>	Plant refers to an establishment where goods are produced or provisions of service originate. It is the production centre where machine, equipment and workers work together. The plant is otherwise called as mill or factory.	<p>Examples:</p> <ul style="list-style-type: none"> <li>▪ BMW plant in Roseline</li> <li>▪ Volkswagen plant in Port Elizabeth</li> <li>▪ Mercedes bands in East London</li> </ul>
<b>Firm</b>	Firm denotes the broader sense of the term 'plant'. It refers to an establishment which owns and manages the plant, arranges marketing of the products, and maintains proper control.	A firm is a group of persons, with production tools, located in some premises, with work, transform raw materials into goods and services, and sell them.
<b>Home Trade</b>	Buying and selling of goods and commodities within the national	Home trade may consist of wholesale trade and retail trade.

	boundaries of a country is known as home trade.	
<b>Foreign Trade</b>	Purchase and sale of goods and commodities among different countries of the world is called foreign trade.	Foreign trade may be an export trade or import trade.
<b>Franchise</b>	The right given by one business to another to sell goods or services using its name.	The rights given by: <ul style="list-style-type: none"> <li>▪ McDonalds</li> <li>▪ Kentucky Fried Chicken</li> <li>▪ Chicken Licken</li> <li>▪ Calisto's etc.</li> </ul>
<b>Franchisee</b>	A person who pays fees and royalty payments for the privilege of trading under another firm's name.	For example: McDonalds and Kentucky Fried Chicken are not South African companies. The owners of this franchise in South Africa are franchisees because they pay a fee and royalty for the privilege of trading under the firm's name.
<b>Franchisor</b>	A firm which allows another person or business, for a fee, to use its tried and tested products and to trade under its name.	For example: <ul style="list-style-type: none"> <li>▪ McDonalds.</li> <li>▪ KFC - Kentucky Fried Chicken, etc.</li> <li>▪ Chicken Licken</li> <li>▪ Calisto's</li> </ul>
<b>Wholesaler</b>	A wholesaler is a person who buys large quantities of goods from the producers and resale them in small quantities to the retailers. He is regarded as the first intermediary in the channel of distribution.	Examples of wholesalers in South Africa: Merck SA Pharmaceuticals company in South Africa. South African Home and Garden wholesalers South African Jewellery wholesalers South African Food and Drink wholesalers
<b>Super market</b>	A large scale retail establishment dealing in food products is called a super market. There is no sale assistant to sell the products.	The customers collect their required articles through wheeled trollies and pay cash at the counter.
<b>Multiple shop</b>	A multiple shop is a retail organisation where a single business owns a large number of retail shops which are	For example: <ul style="list-style-type: none"> <li>▪ Pep stores,</li> <li>▪ Cash Built,</li> </ul>

	scattered over various localities of a country and all are engaged in the same line of activities.	<ul style="list-style-type: none"> <li>▪ Shoprite,</li> <li>▪ Checkers, etc,</li> </ul>
<b>One-price shop</b>	One price shop is a retail organisation where the prices of all commodities dealt carry a single price irrespective of their quality. These shops usually deal with low-priced articles.	For example in South Africa we have: "R5 Price Beat" shops. "One-Price Store".
<b>Departmental Store</b>	A departmental store is a type of retail organisation which deals in a wide variety of merchandise under one roof. The various departments of the departmental store are under same ownership, management and control.	The primary aim of departmental store is too provide wide varieties of goods to the consumer at one place, e.g. Game, Pick'n Pay, etc.
<b>Mail order Business</b>	Mail order business is a type of retail trade where orders for supply of goods are received through post and goods are sold through post.	From the point of view of the buyer, it is regarded as shopping by post and from seller's viewpoint; it is regarded as "Selling by Post".
<b>Vending machine</b>	Vending machine is a type of selling machine where sale of the products is effected by inserting a coin to the machine.	Railway tickets and bus tickets, sweets, chips and cool drinks are sold by this machine.
<b>Market orientated business</b>	A business which develops products which have been researched and designed to meet the needs of the consumers.	Where a firm will find out what the consumer wants before starting production. The product is made to suit the market.
<b>Product orientated business</b>	A business which develops products with little or no market research and which hopes will prove successful in the market.	The product is designed and produced because a firm knows how to rather than because consumers wants it.
<b>Aids-to-trade</b>	The facilities which facilitate buying and selling of goods and commodities are called aids-to-trade. These are essential for the growth of trade in a country.	The aids-to-trade includes: transporting, packing, warehousing, insurance and financing.
<b>Business location</b>	The process of choosing a suitable location for a business and is about more	1. In choosing a business location firms need to weigh up the following range



	<p>than just choosing a building.</p> <p>The ideal location for a business depends on a number of factors.</p>	<p>of push and pull factors:</p> <p>Closeness to market.</p> <ol style="list-style-type: none"> <li>2. Communications links.</li> <li>3. Closeness to raw materials.</li> <li>4. Availability of labour.</li> <li>5. Opportunity for waste disposal.</li> <li>6. Availability of power supplies.</li> <li>7. Availability of land</li> </ol> <p>Government incentives, etc.</p>												
<b>Contract</b>	<p>A contract is an agreement entered into voluntarily by two parties or more with the intention of creating a legal obligation, which may have elements in writing, though contracts can be made orally.</p>	<p>For example:</p> <p>Employment contract</p> <p>Insurance contract</p> <p>Lease contract</p> <p>Contract of buying and selling, etc.</p>												
<b>Forms of Ownership</b>	<p>The form of business ownership describes how a business is legally set up. In other words, the form of business ownership is the business' legal structure.</p>	<p>Ownership forms include:</p> <ul style="list-style-type: none"> <li>▪ Sole proprietorship</li> <li>▪ Partnership</li> <li>▪ Close Corporative</li> <li>▪ Corporative Society</li> <li>▪ Private Companies: to be reflected as Proprietary Limited or (Pty) Ltd</li> <li>▪ Personal Liability Companies: to be reflected as Incorporated or Inc</li> <li>▪ Public Companies: to be reflected as Limited or Ltd</li> <li>▪ State-owned Companies: to be reflected as SOC Ltd</li> </ul>												
<b>Sole Trader /Sole proprietor</b>	<p>Sole trader or sole proprietor is a business is owned and controlled by one person who takes all the decisions, responsibility and profits from the business they run.</p>	<div style="text-align: center;">  </div> <table border="1" style="width: 100%; text-align: center; border-collapse: collapse;"> <tr> <td style="padding: 5px;">are often small, and any losses are borne by the sole trader</td> <td style="padding: 5px;"><b>PROFITS</b></td> <td style="padding: 5px;">do not have to be shared with others</td> </tr> <tr> <td style="padding: 5px;">capital is not easy to obtain and cannot be obtained from a share issue</td> <td style="padding: 5px;"><b>SETTING UP</b></td> <td style="padding: 5px;">little capital is needed, and there are few formalities</td> </tr> <tr> <td style="padding: 5px;">the burden is not shared with others; typically long hours and little chance of holidays</td> <td style="padding: 5px;"><b>CONTROL</b></td> <td style="padding: 5px;">easy to keep overall control, and be 'your own boss'</td> </tr> <tr> <td style="padding: 5px;">might have to be made without assistance</td> <td style="padding: 5px;"><b>DECISIONS</b></td> <td style="padding: 5px;">can be made quickly</td> </tr> </table>	are often small, and any losses are borne by the sole trader	<b>PROFITS</b>	do not have to be shared with others	capital is not easy to obtain and cannot be obtained from a share issue	<b>SETTING UP</b>	little capital is needed, and there are few formalities	the burden is not shared with others; typically long hours and little chance of holidays	<b>CONTROL</b>	easy to keep overall control, and be 'your own boss'	might have to be made without assistance	<b>DECISIONS</b>	can be made quickly
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<b>Partnership</b>	A partnership is an agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals. All partners bear equal responsibility for debts incurred.	
<b>Co-operative society</b>	Co-operative refers to autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles.	For example: <ul style="list-style-type: none"> <li>▪ Housing co-operative.</li> <li>▪ Worker co-operative.</li> <li>▪ Social co-operative.</li> <li>▪ Agricultural co-operative.</li> <li>▪ Co-operative burial society.</li> <li>▪ Financial services co-operative.</li> <li>▪ Consumer co-operative.</li> <li>▪ Transport co-operative</li> </ul>
<b>Close Corporative</b>	A Close Corporation CC is an optional association of one or more persons, not exceeding ten, who qualify for membership in terms of the Act 69 of 1984, and secure its incorporation by complying with the requirements of this Act.	For example: The name must end with the suffix CC. Minimum of 1 and maximum of 10 members It is a separate legal entity that exists separately from its members
<b>Company</b>	A company is a legal person which has capacity and powers to act on its own (i.e. the law sees a company in the same light as a natural person).	<ul style="list-style-type: none"> <li>▪ Profit Companies</li> <li>▪ Non-Profit Companies to be reflected as NPC</li> </ul>
<b>Profit Companies</b>	A company incorporated for the purpose of financial gain for its shareholders.	<ul style="list-style-type: none"> <li>▪ Private Companies: to be reflected as Proprietary Limited or (Pty) Ltd</li> <li>▪ Personal Liability Companies: to be reflected as Incorporated or Inc</li> <li>▪ Public Companies: to be reflected as Limited or Ltd</li> <li>▪ State-owned Companies: to be reflected as SOC Ltd</li> </ul>
<b>Non profit company</b>	A non-profit company is an association incorporated not for gain. These	The companies resemble business oriented (for profit) companies in their legal

	companies are governed by the members and directors.	structure. Non-Profit Companies to be reflected as NPC
<b>Public company</b>	A <b>public company</b> is a voluntary association of 1 or more persons, governed by the company Act 71 of 2008, incorporated in terms of the Memorandum of Incorporation.	The name of a public company ends with the word "Limited (Ltd)". A company that has issued securities through an initial public offering (IPO) and is traded on an open market.
<b>Private company</b>	A <b>private company</b> is a voluntary association of 1 or more persons, governed by the company Act 71 of 2008, incorporated in terms of the Memorandum of Incorporation.	The name of a private company ends with the word "Proprietary Limited (Pty Ltd)". It is a company with legal personalities and is prohibited by MOI from offering its shares to the public, i.e. the transferability of its shares is restricted.
<b>Personal liability company</b>	A <b>personal liability company</b> is a voluntary association of 1 or more persons, governed by the company Act 71 of 2008, incorporated in terms of the Memorandum of Incorporation.	The name of a personal liability company ends with the suffix 'Incorporated' or 'Inc'. The directors are jointly and severally liable with the company for all company debts and liabilities incurred.
<b>State-Owned company</b>	A state-owned company (SOC) is a legal entity that is created by the government in order to partake in commercial activities on behalf of the owner. Its legal status varies from being a part of government into share companies with a state as a regular shareholder.	The State-owned company is to be reflected as SOC Ltd. Examples: <ul style="list-style-type: none"> <li>▪ Eskom</li> <li>▪ Sasol</li> <li>▪ SABC</li> <li>▪ SA Post Office, etc.</li> </ul>
<b>Memorandum of Incorporation (MOI)</b>	The founding document of a company under the Act 71 of 2008. This document replaces the memorandum and articles of association. It is the sole governing document of the company.	The Memorandum of Incorporation (MOI) <ol style="list-style-type: none"> <li>1. The founding document of a company under the Act will be the MOI.</li> <li>2. It must be consistent with the Act</li> <li>3. It may incorporate "special conditions" applicable to the company.</li> <li>4. It may prohibit the amendment of any particular provision of the MOI in which case the Notice of Incorporation must clearly point this out, and also indicate</li> </ol>

		<p>its location in the MOI. In this case, the name of the company must have RF immediately following it (Ring fencing).</p> <p>5. The Act distinguishes between ‘alterable provisions’, which can be effectively amended by the MOI and ‘unalterable provisions’, which may not be overridden by the MOI.</p> <p>6. The MOI can deal with any matter that the Act does not address.</p>
<b>Partnership Article</b>	The agreement to carry on partnership business is called partnership deed. It contains exhaustive provisions with regards to the matters concerning the business and the partners.	It is the document where terms and conditions for the conduct of business are incorporated. This document is otherwise called the "partnership deed".
<b>Prospectus</b>	<p>Prospectus is a document inviting the public to buy securities</p> <p>It is a document used to present an offer to the public.</p>	<p>An offer may be made or presented by way of an advertisement that:</p> <ul style="list-style-type: none"> <li>▪ satisfies all of the requirements of this Act with respect to a registered prospectus; and</li> <li>▪ is subject to every provision of the Act relating to the making of a prospectus.</li> </ul>
<b>“Offer “</b>	<b>“Offer”</b> , in relation to <b>securities</b> , means an offer made in any way by any person with respect to the acquisition, for consideration, of any securities in a company.	<p>For example of securities:</p> <ul style="list-style-type: none"> <li>▪ Stocks or shares,</li> <li>▪ Bonds,</li> <li>▪ Debentures, etc.</li> </ul> <p>When presenting an offer to the public by publishing a prospectus, such an offer may be drawn to the attention of the public by an advertisement, but any such advertisement:</p> <ul style="list-style-type: none"> <li>▪ must include a statement clearly stating that it is not a prospectus; and indicating where and how a person may obtain a copy of the full registered prospectus relating to that offer;</li> </ul>

		<ul style="list-style-type: none"> <li>▪ must not contain any untrue statement such as would reasonably mislead a person reading the advertisement to believe that the advertisement is a prospectus; or as to any material particular addressed in the prospectus relating to that offer.</li> </ul>
<b>Rights offer</b>	Rights offer means an offer, with or without a right to renounce in favour of other persons, made to existing holders of a company's securities to subscribe for securities of that company, or another company within same group of companies.	A company offers existing shareholders a right to purchase additional shares of the company at a given price.
<b>Offer to the Public:</b>	Offer to the Public includes an offer of securities to be issued by a company to any section of the public.	<p>Whether selected as:</p> <ul style="list-style-type: none"> <li>▪ holders of company's securities</li> <li>▪ clients of person issuing prospectus</li> <li>▪ holders of any particular class of property (e.g. pursuant to a takeover offer) or</li> <li>▪ in any other manner</li> </ul> <p>They exclude:</p> <ul style="list-style-type: none"> <li>▪ an offer made in any of the circumstances contemplated in section 96; or</li> <li>▪ a secondary offer effected through an exchange;</li> </ul>
<b>Offers that are not offers to public</b>	Offers that are not offers to public are offers not to the public but to particular persons and institutions.	<p>An offer is made <b>for example</b> only to:</p> <ul style="list-style-type: none"> <li>▪ persons whose ordinary business, or part of whose ordinary business, is to deal in securities</li> <li>▪ the Public Investment Corporation as defined in the Public Investment</li> <li>▪ a person or entity regulated by the Reserve Bank of South Africa</li> <li>▪ an authorised financial services</li> </ul>

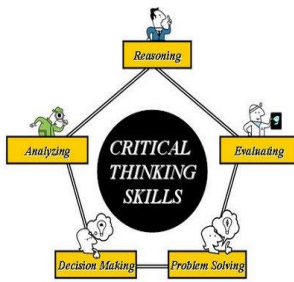
		<p>provider;</p> <ul style="list-style-type: none"> <li>▪ a financial institution</li> <li>▪ a wholly-owned subsidiary of a person</li> </ul>
<b>Initial Public Offering (IPO)</b>	Initial Public Offering means an offer to the public of any securities of a company.	<ul style="list-style-type: none"> <li>▪ If no securities of that company have previously been the subject of an offer to the public; or</li> <li>▪ If all of the securities of that company that had previously been the subject of an offer to the public have subsequently been re-acquired by the company.</li> </ul>
<b>Primary Offering</b>	Primary Offer means an offer to the public, made by or on behalf of a company, of securities to be issued by that company, or another company within a group of companies of which the first company is a member; or with whom the first company proposes to merge; or <i>into</i> which the first company proposes to be amalgamated.	<ul style="list-style-type: none"> <li>▪ Offers to public which must be <b>accompanied by prospectus</b> is the primary offer to public of <b>unlisted securities</b></li> <li>▪ <b>No prospectus</b> required for primary offer to public of <b>listed securities</b></li> </ul> <p>Other than securities that are the subject of an IPO</p> <ul style="list-style-type: none"> <li>○ No primary offer to public of any</li> <li>○ listed securities, unless in accordance with requirements of exchange</li> <li>○ unlisted securities, unless accompanied by <b>prospectus</b></li> </ul>
<b>Secondary offering</b>	Secondary offer means an offer for sale to the public of any securities of a company or its subsidiary, made by or on behalf of a person other than that company or its subsidiary.	<p>The offer does not apply to securities that are listed or if an exchange has granted permission to deal.</p> <p>The offer is accompanied by either the registered prospectus or a written statement unless if the offer is made or the material is published by a executor, a liquidator, etc. Or for the purpose of a sale in execution or by public auction or by public tender.</p> <p>In respect of securities of a public company, a person publishing or making</p>

		<p>the offer must file a copy of the written statement for registration before it is issued, distributed or published.</p> <p>The written statement must be dated and signed by the person mentioned above.</p>
<b>Domestic concern</b>	<p>A "domestic concern" is any company or an individual who is a citizen, national, or resident of the South Africa</p> <p><b>Or</b></p> <p>Any individual who is a member of a company.</p>	<p>If offer is made to:</p> <ul style="list-style-type: none"> <li>▪ directors</li> <li>▪ prescribed officers</li> </ul> <p>related persons provided not renounceable to anyone other than this class</p>
<b>Offer relates to employee share scheme</b>	<p>'Employee share scheme' means a scheme established by a company for the purposes of offering participation therein to employees of the company or of its subsidiary, either-</p> <ul style="list-style-type: none"> <li>▪ by means of the sale of shares in the company; or</li> <li>▪ by the grant of options on shares in the company,</li> </ul> <p>solely to <i>bona fide</i> employees of the company or of its subsidiary, whether by means of a trust or otherwise.</p>	<p>Procedure:</p> <ul style="list-style-type: none"> <li>– Compliance Officer appointed</li> <li>– disclosure in financial statements</li> <li>– Compliance Officer has provided written statements to any employee</li> </ul> <ul style="list-style-type: none"> <li>• filed documents</li> <li>• filed certificate</li> <li>• Right offer: - Letters of allocation must be filed, in the case of unlisted securities</li> <li>– approved by exchange, in the case of listed securities.</li> </ul>
<b>Annual General Meeting (AGM)</b>	<p>A meeting held once a year where the shareholders receive a report stating how well the company has done. They may also elect new directors to the company.</p>	<p>Only shareholders of a Public Company and State Owned Company attend this meeting.</p>
<b>Directors</b>	<p>People elected to the board of a company by the shareholders to represent the shareholders interests.</p> <p>Number of Directors in a company:</p> <p>Public (minimum 3)</p> <p>Private (minimum 1)</p> <p>Personal Liability (minimum 1)</p> <p>SOS (minimum 1)</p> <p>Non-profit (minimum 3)</p>	<p>Five species of directors:</p> <p>an executive director: who is directly involved into the day-to-day management of the company.</p> <p>a non-executive director: who is not involved in the day-to-day management of the company and is not a full time salaried employee.</p> <p>an independent director: who is a non-</p>


		<p>executive director, does not represent the interests of any shareholder.</p> <p>an ex officio director: who holds office as a result of another office, title or status.</p> <p>an alternate director: who is appointed by an appointed director to serve in their stead, as and when required.</p>
<b>Limited Liability</b>	<p>Limited liability is a concept whereby a person's financial liability is limited to a fixed sum, most commonly the value of a person's investment in a company.</p> <p>When shareholders of a company are liable for the debts of a company only up to the value of their shareholding.</p>	<p>If a company with limited liability is sued, then the plaintiffs are suing the company, not its owners or investors.</p>

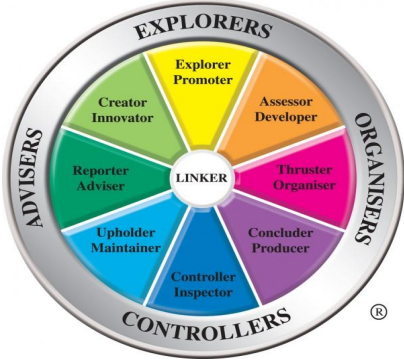


## Business Role



WORD / PHRASE	DEFINITION / EXPLANATION	PRINCIPLES / EXAMPLES / ILLUSTRATIONS / APPLICATIONS
<b>Business Roles</b>	Business Roles encompasses all the essential roles that entrepreneurs and employees need to perform in a variety of business contexts.	<ul style="list-style-type: none"> <li>▪ Self management;</li> <li>▪ Crisis management</li> <li>▪ Conflict management</li> <li>▪ Ethical</li> <li>▪ Professionalism</li> <li>▪ Problem solving</li> <li>▪ Team building, etc.</li> </ul>
<b>Business ethics</b>	Ideas about what is morally correct or not, applied in a business situation.	<p>Examples:</p> <ul style="list-style-type: none"> <li>▪ Trustworthy</li> <li>▪ Competent</li> <li>▪ Respectful</li> <li>▪ Act with Integrity</li> <li>▪ Considerate</li> <li>▪ Empathetic</li> </ul>
<b>Professionalism</b>	'Professionalism' is the term used to describe the internationally accepted standards or expectations that society has of people's conduct and levels of competence in the workplace.	<p>Examples:</p> <ul style="list-style-type: none"> <li>▪ A specific style of behaviour</li> <li>▪ Values and professional roles</li> <li>▪ Exhibited in our behaviour</li> <li>▪ Respect for self and for others</li> <li>▪ Know- how</li> <li>▪ Mature responsibility</li> <li>▪ Problem solving perseverance</li> </ul>
<b>Professional</b>	A professional is a person who is paid to undertake a specialised set of tasks and to complete them for a fee.	The traditional professions were doctors, lawyers, clergymen, and commissioned military officers.
<b>Profession</b>	Profession denotes some kind of vocation carried on by specialized knowledge of an	<ul style="list-style-type: none"> <li>▪ Teaching</li> <li>▪ nursing</li> </ul>

	individual. The professional man renders personal services of specialized nature in return of fees.	<ul style="list-style-type: none"> <li>▪ doctor</li> <li>▪ lawyer, etc.</li> </ul>
<b>Critical thinking</b>	Critical thinking is the intellectually disciplined process of actively and skilfully conceptualizing, applying, analyzing, synthesizing, and/or evaluating information gathered from, or generated by, observation, experience, reflection, reasoning, or communication, as a guide to belief and action.	It is based on universal intellectual values that transcend subject matter divisions: clarity, accuracy, precision, consistency, relevance, sound evidence, good reasons, depth, breadth, and fairness.
<b>Team dynamics</b>	Team Dynamics are the unseen forces that operate in a team between different people or groups. Team Dynamics can strongly influence how a team reacts, behaves or performs, and the effects of team dynamics are often very complex.	 <p>The rope represents unseen dynamics</p>
<b>Team dynamics theories</b>	An idea or set of ideas that is intended to explain how teams should operate in order to achieve the set objectives.	<ul style="list-style-type: none"> <li>▪ Belbin role theory (action-oriented role, people-oriented role, cerebral role)</li> <li>▪ Insights based on Jungian theory</li> <li>▪ MTR-I approach</li> <li>▪ Margerison-McCann profiles</li> <li>▪ Group consensus</li> </ul>
<b>Belbin role theory</b>	The Belbin Model is a robust and highly effective concept on teamwork that is the product of many years of research. Dr Meredith Belbin has worked to achieve a coherent and accurate system that explains individual behaviour and its influence on team success. It is based on Based on interaction between team members and success has more to do with the behaviour of team members than with intellect or skill It is also based on action-oriented role, people-oriented role, and cerebral role.	Behavioural patterns called "Team Roles" and these nine roles cover the types of individual behaviour at work in a team. <ol style="list-style-type: none"> <li>1. Plant (PL)</li> <li>2. Resource Investigator (RI)</li> <li>3. Co-ordinator (CO)</li> <li>4. Shaper (SH) \</li> <li>5. Monitor Evaluator (ME)</li> <li>6. Team Worker (TW)</li> <li>7. Implementer (IMP)</li> <li>8. Completer Finisher (CF)</li> <li>9. Specialist (SP)</li> </ol>

<p><b>Jungian theory</b></p>	<p>The <b>psyche</b> is divided into conscious and unconscious layers. The structure of the psyche is by <b>archetypes / models</b>, i.e. tendencies of the soul to respond to critical / events of life in certain way.</p> <p>These archetypes show up in myths as <b>characters</b> and growth appears as patterns (such as the journey myth pattern).</p>	<p><b>Dynamics of this theory:</b></p> <ul style="list-style-type: none"> <li>▪ Certain personality types follow certain behaviour patterns</li> <li>▪ Persons are born with a preference to certain attitudes which they carry through adulthood</li> <li>▪ Other attitudes can be used, but we are more at ease with our inherent ones</li> </ul>
<p><b>MTR-I approach</b></p>	<p>The MTR-i approach is the most guaranteed method of improving team performance, and turning your team into a High Performing Team, because: It is based on the most robust team model available</p> <p>The MTR-i model was derived from the personality theory of Carl Jung, the most widely used and researched theory of personality in the world.</p> <p>The MTR-i approach contains three easy-to-use techniques for managing improvement to team performance:</p> <ul style="list-style-type: none"> <li>▪ Collective Competencies</li> <li>▪ Behavioural styles</li> <li>▪ Team BARS</li> </ul>	<p>Dynamics of this theory:</p> <p>Defines team roles in terms of contributions made by each member towards the team's success</p> <p>The team is possible to assess whether, individually as well as other members, are actually using their skills and talents optimally to make the team effective.</p>
<p><b>Margerison-McCann profiles</b></p>	<p>Over twenty-five years of validated research Margerison and McCann has created an integrated suite of Profiling tools known as Margerison-McCann Team Management Systems (TMS).</p> <p>The Profiles offer a unique approach to maximising human performance. They are used by learning and development professionals working in public and private sector organisation worldwide.</p>	<p><b>Dynamics of this theory:</b></p> <p>Uses the Team Management Wheel to maximize individual performance towards building a balanced high performing team</p> 

<b>Group consensus</b>	Consensus is a process for group decision-making. It is a method by which an entire group of people can come to an agreement. The input and ideas of all participants are gathered and synthesized to arrive at a final decision acceptable to all. Through consensus, we are not only working to achieve better solutions, but also to promote the growth of community and trust.	Dynamics of Group Consensus: A process of group decision making Based on collective intelligences to find effective solutions Strive towards reaching an agreement Time consuming but positive for the individuals and team atmosphere
<b>Team building /team developing</b>	Team building refers to a wide range of activities; presented to businesses in order to improve team performance. Team building is a process that develops cooperation and teamwork within a work unit.	<b>Stages of team development/ building a team:</b> <ul style="list-style-type: none"> <li>▪ Forming stage/getting to know each other</li> <li>▪ Storming stage/true character starts to show/first round conflict</li> <li>▪ Norming stage/settling and reconciliation</li> <li>▪ Performing stage/working as a team towards the goal</li> </ul>
<b>Self management</b>	In business, self-management refers to methods, skills, and strategies by which individuals can effectively direct their own activities toward the achievement of objectives.	Includes: Goal setting, decision making, focusing, planning, scheduling, task tracking, self-evaluation, personal information management, personal knowledge, Self-intervention, self-development, stress management, time management etc.
<b>Stress</b>	Stress can be defined as a state we experience when there is a mismatch between perceived demands and our perceived ability to cope.	<b>Examples of Stress Triggers</b> <b>Environmental stressors</b> – elevated sound levels, over-illumination, overcrowding, etc. <b>Daily stress</b> events, e.g. traffic, lost keys, etc. <b>Life changes</b> , e.g. divorce, bereavement, etc. <b>Workplace stressors</b> , e.g. role strain, lack of control, etc.

<b>Stress management</b>	Stress management refers to a wide spectrum of techniques and psychotherapies aimed at controlling a person's levels of stress, especially chronic stress, usually for the purpose of improving everyday functioning.	Some stress management activities for the individual may include: <ul style="list-style-type: none"> <li>▪ exercising - this creates a hormonal reaction which releases positive stress</li> <li>▪ selecting and eating foods which keep you going and provide the right nutrition and sugar levels</li> <li>▪ limiting the intake of alcohol</li> <li>▪ getting enough rest and sleep</li> <li>▪ avoid over-committing yourself</li> <li>▪ resist perfectionism</li> </ul>
<b>Conflict</b>	Conflict is defined as a disagreement through which the parties involved perceive a threat to their needs, interests or concerns.	How we Respond to Conflict: <ul style="list-style-type: none"> <li>▪ <b>Emotional responses:</b> feelings we experience in conflict, ranging from anger and fear to despair and confusion.</li> <li>▪ <b>Cognitive responses:</b> our ideas and thoughts about a conflict, often present as inner voices or internal observers in the midst of a situation.</li> <li>▪ <b>Physical responses:</b> They can play an important role in our ability to meet our needs in the conflict, e.g. heightened stress, increased perspiration, rapid heartbeat, etc.</li> </ul>
<b>Conflict management</b>	Conflict management is the process of planning to avoid conflict where possible and organising to resolve conflict where it does happen. It involves the implementation of strategies to limit the negative aspects of conflict and to increase the positive aspects of conflict at a level equal to or higher than where the conflict is taking place.	<b>Conflict management techniques</b> Here are <b>five strategies</b> from conflict management theory for managing stressful situations. <ul style="list-style-type: none"> <li>▪ Collaborating: win/win</li> <li>▪ Compromising: win some/lose some</li> <li>▪ Accommodating lose/win</li> <li>▪ Competing: win/lose</li> <li>▪ Avoiding: no winners/no losers</li> </ul>

<b>Leadership</b>	<p>The activity of leading a group of people or an organization, or the ability to do this.</p> <p>The individuals who are the leaders in an organization, regarded collectively.</p>	<p>In its essence, leadership in an organizational role involves:</p> <ol style="list-style-type: none"> <li>1. establishing a clear vision,</li> <li>2. sharing that vision with others so that they will follow willingly,</li> <li>3. providing the information, knowledge, and methods to realize that vision, and</li> <li>4. coordinating and balancing the conflicting interests of all members or stakeholders.</li> </ol> <p>A leader comes to the forefront in case of crisis, and is able to think and act in creative ways in difficult situations. Unlike management, leadership flows from the core of a personality and cannot be taught, although it may be learned and may be enhanced through coaching or mentoring.</p>
<b>Leader</b>	<p>A leader is a person who guides others toward a common goal, showing the way by example, and creating an environment in which other team members feel actively involved in the entire process.</p>	<p>A leader is not the boss of the team but, instead, the person that is committed to carrying out the mission of the business. Is someone who organises others and makes decisions.</p>
<b>Autocratic leader</b>	<p>A leader who tells others what to do without consulting them.</p>	<ul style="list-style-type: none"> <li>▪ Leader makes decisions without reference to anyone else</li> <li>▪ High degree of dependency on the leader</li> <li>▪ Can create de-motivation and alienation of staff</li> <li>▪ May be valuable in some types of business where decisions need to be made quickly and decisively</li> </ul>
<b>Democratic leader</b>	<p>A leader who seeks the views of other workers before making a decision. Encourages decision making from different perspectives – leadership</p>	<ul style="list-style-type: none"> <li>▪ Consultative: process of consultation before decisions are taken</li> <li>▪ Persuasive: Leader takes decision</li> </ul>

	may be emphasised throughout the organisation	<p>and seeks to persuade others that the decision is correct</p> <ul style="list-style-type: none"> <li>▪ May help motivation and involvement</li> <li>▪ Workers feel ownership of the firm and its ideas</li> <li>▪ Improves the sharing of ideas and experiences within the business</li> <li>▪ Can delay decision making</li> </ul>
<b>Laissez-faire leader</b>	A leader who tends to allow others to make their own decisions and only occasionally makes decisions for others.	<ul style="list-style-type: none"> <li>▪ 'Let it be' – the leadership responsibilities are shared by all</li> <li>▪ Can be very useful in businesses where creative ideas are important</li> <li>▪ Can be highly motivational Can make coordination and decision making time-consuming and lacking in overall direction</li> <li>▪ Relies on good team work</li> <li>▪ Relies on good interpersonal relations</li> </ul>
<b>Management</b>	Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.	<p>Management comprises planning, organising, staffing, leading or directing, and controlling an organisation (a group of one or more people or entities) or effort for the purpose of accomplishing a goal.</p> <p>Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources and natural resources.</p>
<b>Problem</b>	<b>Problem</b> is defined as a state of desire for the reaching of a definite goal from a present condition that either is not directly moving toward the goal, is far from it or needs more complex logic for finding a missing description of conditions or steps toward the goal. <i>Problems arise when an obstacle prevents us reaching an</i>	<p>Problems can be defined broadly as situations in which we experience uncertainty or difficulty in achieving what we want to achieve, e.g.:</p> <ul style="list-style-type: none"> <li>▪ A computer malfunction is a problem if it prevents you completing work on time.</li> </ul>

	<p><i>objective</i>, e.g. when a breakdown in a company's manufacturing plant (the obstacle) prevents it fulfilling orders (the objective).</p>	<ul style="list-style-type: none"> <li>▪ An excessive workload is a problem when it interferes with your ability to work effectively.</li> <li>▪ Poor communication is a problem when it reduces the efficiency of an organisation.</li> </ul>
<b>Problem-solving</b>	<p>Problem solving is a mental process which is the concluding part of the larger problem process that includes problem findings and problem shaping where problem is defined as a state of desire for the reaching of a definite <i>goal</i> from a present condition that either is not directly moving toward the goal, is far from it or needs more complex logic for finding a missing description of conditions or steps toward the goal.</p>	<p>Problem solving cycle:</p> <ol style="list-style-type: none"> <li>1. Identify the problem;</li> <li>2. define the problem;</li> <li>3. formulate the strategy;</li> <li>4. decide to implement the strategy;</li> <li>5. allocate resources;</li> <li>6. monitor problem solving; and</li> <li>7. evaluate problem solving.</li> </ol>
<b>Problem-solving techniques</b>	<p>Problem-solving techniques are systematic procedure, formula, or routine by which problems can be solved.</p> <p><b>Problem solving</b> is a mental process which is the concluding part of the larger problem process that includes <b>problem finding</b> and <b>problem shaping</b>.</p> <p>Considered the most complex of all intellectual functions, problem solving has been defined as a higher-order cognitive process that requires the modulation and control of more routine or fundamental skills.</p>	<p>Problem-solving techniques</p> <ul style="list-style-type: none"> <li>▪ Brainstorming</li> <li>▪ Force-Field Analysis</li> <li>▪ Empty Chair Technique</li> <li>▪ Delphi Technique</li> <li>▪ Nominal Group Technique</li> <li>▪ Forced Combinations</li> <li>▪ SCAMPER</li> </ul>
<b>Brainstorming</b>	<p>Brainstorming is the name given to a situation when a group of people meet to generate new ideas around a specific area of interest.</p> <p><b>Some other definitions:</b></p> <ul style="list-style-type: none"> <li>• Brainstorming is "a conference technique by which a group attempts to find a solution for a specific problem.</li> </ul>	<p><b>Brainstorming process</b></p> <ol style="list-style-type: none"> <li>1. Define and agree the objective.</li> <li>2. Brainstorm ideas and suggestions having agreed a time limit.</li> <li>3. Categorise/condense/combine/refine.</li> <li>4. Assess/analyse effects or results.</li> <li>5. Prioritise options/rank list as</li> </ol>




	<ul style="list-style-type: none"> <li>To brainstorm is to use a set of specific rules and techniques which encourage and spark off new ideas which would never have happened under normal circumstances</li> </ul>	<p>appropriate.</p> <ol style="list-style-type: none"> <li>6. Agree action and timescale.</li> <li>7. Control and monitor follow-up.</li> </ol>
<b>Force-Field Analysis</b>	<p>Force field analysis is an influential development in the field of social science. It provides a framework for looking at the factors (<i>forces</i>) that influence a situation, originally social situations. It looks at forces that are either driving movement toward a goal (helping forces) or blocking movement toward a goal (hindering forces).</p>	<p><b>How to use Force-Field Analysis:</b></p> <ol style="list-style-type: none"> <li>1. Explain the process to the group.</li> <li>2. Define the problem or issue you will be discussing.</li> <li>3. Create a chart on newsprint or a chalkboard with two headings: driving forces and forces of resistance.</li> <li>4. Have the group brainstorm which forces belong in each column. (Driving forces are things about the issue that make it easy to take place; resistant forces are things about the issue that make it difficult to take place).</li> <li>5. Evaluate the chart together.</li> </ol>
<b>Empty Chair Technique</b>	<p>Empty chair technique is one of the several ways of Gestalt therapy. In this technique, the therapist uses an empty chair to help increase his client's awareness of his own feelings and develop a stronger ability to cope with the daily living situations and difficulties.</p>	<p><b>Procedure:</b></p> <p>The Gestalt therapist asks his client to imagine a person sitting on an empty chair in his counselling room. This imaginary person is the one with whom his client has sexual, parental or friendly relationship and is having some sort of emotional issue. Sometimes, the imaginary person can be the client himself.</p> <p>The counsellor asks the client to change places as the conversation unfolds. The actual acting and movement helps the client to get in touch with deeper sensimotor emotions.</p>
<b>Delphi Technique</b>	<p>The Delphi method is a structured communication technique, originally developed</p>	<p><b>Steps to be followed in Delphi technique:</b></p>

	<p>as a systematic, interactive forecasting method which relies on a panel of experts.</p> <p>The Delphi technique has been described as ‘a method for structuring a group communication process so that the process is effective in allowing a group of individuals, as a whole, to deal with a complex problem.’</p>	<p>Step 1: Choose a Facilitator</p> <p>Step 2: Identify Your Experts</p> <p>Step 3: Define the Problem</p> <p>Step 4: Round One Questions</p> <p>Step 5: Round Two Questions</p> <p>Step 6: Round Three Questions</p> <p>Step 7: Act on Your Findings</p>
<p><b>Nominal Group Technique</b></p>	<p>The <b>nominal group technique</b> (NGT) is a decision making method for use among groups of many sizes, who want to make their decision quickly, as by a vote, but want everyone's opinions taken into account (as opposed to traditional voting, where only the largest group is considered).</p>	<p><b>Procedure:</b></p> <ol style="list-style-type: none"> <li>1. Every member of the group gives their view of the solution.</li> <li>2. Duplicate solutions are eliminated from the list of all solutions, and the members proceed to rank the solutions.</li> <li>3. Facilitators will encourage the sharing and discussion of reasons for the choices made by each group member, thereby identifying common ground, and a plurality of ideas. This diversity often allows the creation of a hybrid idea.</li> <li>4. The numbers each solution receives are totaled, and the solution with the highest (i.e. most favored) total ranking is selected as the final decision.</li> </ol> <p>This technique can also be used to identify strengths versus areas in need of development. Also, options do not always have to be ranked, but may be evaluated more subjectively.</p>
<p><b>Forced Combinations</b></p>	<p>This technique can be used to break down and analyse a situation, and then find a solution/s that best solves identified aspects of the problem or design situation.</p>	<p>Learners working in small groups or individually could:</p> <ol style="list-style-type: none"> <li>1. Analyse the design situation and state the design requirements in a way that does not suggest a solution.</li> </ol>

		<ol style="list-style-type: none"> <li>2. Break down the requirements into the major functions that the solution will need to perform.</li> <li>3. Next, consider each function and brainstorm a range of possibilities for that aspect.</li> </ol>
<p><b>SCAMPER</b></p>	<p>SCAMPER is a technique you can use to spark your creativity and help you overcome any challenge you may be facing.</p> <p>In essence, SCAMPER is a general-purpose checklist with idea-spurring questions which is both easy to use and surprisingly powerful.</p> <p>The technique is based on the notion that everything new is a modification of something that already exists.</p> <p>Each letter in the acronym represents a different way you can play with the characteristics of what is challenging you to trigger new ideas:</p> <ul style="list-style-type: none"> <li><b>S</b> = Substitute</li> <li><b>C</b> = Combine</li> <li><b>A</b> = Adapt</li> <li><b>M</b> = Magnify</li> <li><b>P</b> = Put to Other Uses</li> <li><b>E</b> = Eliminate (or Minify)</li> <li><b>R</b> = Rearrange (or Reverse)</li> </ul>	<p>To use the SCAMPER technique:</p> <ol style="list-style-type: none"> <li>1. State the problem you'd like to solve or the idea you'd like to develop.</li> <li>2. Ask questions about it using the SCAMPER checklist to guide you.</li> </ol> <p><b>For example:</b></p> <p>Consider, for instance, the problem "How can I increase sales in my business?"</p> <p>Following the SCAMPER recipe, here are a few questions you could ask:</p> <p><b>S (Substitute):</b> "What can I substitute in my selling process?"</p> <p><b>C (Combine):</b> "How can I combine selling with other activities?"</p> <p><b>A (Adapt):</b> "What can I adapt or copy from someone else's selling process?"</p> <p><b>M (Magnify):</b> "What can I magnify or put more emphasis on when selling?"</p> <p><b>P (Put to Other Uses):</b> "How can I put my selling to other uses?"</p> <p><b>E (Eliminate):</b> "What can I eliminate or simplify in my selling process?"</p> <p><b>R (Rearrange):</b> "How can I change, reorder or reverse the way I sell?"</p> <p>These questions force you to think differently about your problem and eventually come up with innovative solutions.</p>

Business Operations		
<pre> graph TD     EM[Executive Managers] --&gt; GM[General manager Financial function Marketing function Purchasing function]     EM --&gt; PF[Production function Human Resource function Administrative function Public Relation function]     GM --&gt; S1[Supervisors]     GM --&gt; S2[Supervisors]     PF --&gt; S3[Supervisors] </pre>		
WORD / PHRASE	DEFINITION / EXPLANATION	PRINCIPLES / EXAMPLES / ILLUSTRATIONS / APPLICATIONS
<b>Functional areas, Tasks or jobs.</b>	Organisation by function means that a business is organised according to tasks that have to be completed, such as production or finance.	General management; financial function; marketing function; purchasing function; production function; Human Resource function; Administrative function and public relation function.
<b>Managers</b>	Workers who are responsible for the day to the day running of the company. They are answerable to the directors of the company. Some managers may also be directors. They are called executive directors.	General management; financial manager; marketing manager; purchasing manager; production manager; Human Resource manager; Administrative manager and public relation manager.
<b>General management</b>	General management determines the direction of the business.	Managers must undertake the following functions: <ul style="list-style-type: none"> <li>▪ Organising, planning, directing / leading, controlling</li> <li>▪ staffing</li> <li>▪ motivating</li> <li>▪ authority</li> <li>▪ delegating</li> <li>▪ coordinating</li> <li>▪ communicating</li> <li>▪ responsibility</li> <li>▪ accountability</li> </ul>
<b>Organising</b>	Arranging several elements into a purposeful sequential or spatial (or both) order or structure.	Assembling required resources to attain organizational objectives.

<b>Organisation</b>	The way in which a business is structured for it to achieve its objectives. This includes the collective relationship of all supervisors and subordinates that defines the authority and responsibility chain of command.	In a business start-up, the job of accomplishing the collective tasks needed to get the business into full operation in the intended manner. These include business planning, business structuring, financing, marketing, finding suppliers and selecting people for the various jobs.
<b>Organisation chart</b>	A diagram which shows the internal structure of an organisation.	<p>A pictorial display of the relationship of supervisors and subordinates; headed by the chief officer or owner.</p>  <pre> graph TD     CEO[Chief Executive Officer] --&gt; GM[General manager]     CEO --&gt; HR[Human Resource function]     GM --&gt; F[Financial function]     GM --&gt; M[Marketing function]     HR --&gt; P[Purchasing function]     HR --&gt; A[Administrative function]     HR --&gt; PR[Public Relation function]     GM --&gt; SW1[Supervisor Workers]     GM --&gt; SW2[Supervisor Workers]     HR --&gt; SW3[Supervisor Workers] </pre>
<b>Planning</b>	Activities that establishes a course of action and guide future decision-making is planning. It is the objectives for the operations subsystem of the organization, and the policies, and procedures for achieving the objectives.	It includes clarifying the role and focus of operations in the organization's overall strategy. It also involves product planning, facility designing and using the conversion process.
<b>Leading / directing</b>	Leading is about setting direction and ensuring that that direction is followed. Leading can apply to leading oneself, other individuals, groups, organizations and societies.	The nature of how leading is done depends on the context of the situation, one one's perspective, and on the nature and needs of those involved.
<b>Controlling</b>	Controlling includes activities that assure the actual performance in accordance with planned performance or set standards. To ensure that the plans for the operations subsystems are accomplished, the operations manager must exercise control by measuring actual outputs and	Important Controlling functions are: <ul style="list-style-type: none"> <li>▪ Costs;</li> <li>▪ Quality; and</li> <li>▪ Schedules.</li> </ul>

	comparing them to planned. operations management.	
<b>Staffing</b>	<p>Staffing refers to the managerial function of employing and developing human resources for carrying out the various managerial and non-managerial activities in an organisation.</p> <p>This involves determining the manpower requirement, and the methods of recruiting, selecting, training and developing the people for various positions created in the organisation.</p>	<p>Staffing is the management of employee schedules. For many retail businesses, staffing is monitored hourly because the cost of employee pay cheques is a significant cost driver for the organization.</p> <p>For example, if you own a store and "staff" or schedule five employees to work between the hours of 8 am to 4 pm at R10 per hour, you would be spending R400 on payroll.</p>
<b>Motivation</b>	In work, the desire to complete a task.	This is the will to work due to the enjoyment of the job itself.
<b>Authority</b>	The right of people higher up the hierarchy of a business to give orders to people at a lower level of the hierarchy in the business.	The right to decide what to do in a situation and take command of it.
<b>Delegate</b>	<p>Passing down of authority for work to another worker further down the hierarchy of the organisation. A manager gives a subordinate the authority to do a job without being supervised.</p> <p>Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.</p> <p>Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job.</p>	<p>A key aspect of leadership is delegation. Unless you delegate tasks to your subordinates, your team will become inefficient and demoralized, and delegation is needed for the proper functionality of the organization.</p> <p>Delegation is also a way to take some workload off of the superior for the fact that he cannot handle all the organizations task's on his own. Using formal <b>authority and responsibility</b> thereof, <b>delegation</b> is an assignment to another person.</p>
<b>Responsibility</b>	<p>Responsibility can be defined as assuming accountability for a task, decision or action.</p> <p>A person is said to be responsible for something when he or she accepts the consequences of something.</p>	A duty or obligation to satisfactorily perform or complete a task (assigned by someone, or created by one's own promise or circumstances) that one must fulfil, and which has a consequent

		penalty for failure.
<b>Accountability</b>	Accountability means that managers are held responsible and answerable for carrying out a defined set of duties or tasks, and for conforming with rules and standards applicable to their posts.	<p>A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. The manager is also accountable for the repercussions.</p> <p>Accountability in the workplace is when everyone is responsible for the tasks that they are assigned and if they do not perform the tasks properly then they are accountable for the repercussions.</p>
<b>Communication</b>	Messages passed between a sender and a receiver, through a medium such as a letter or a fax.	<ul style="list-style-type: none"> <li>▪ A flow of information from one person to another.</li> <li>▪ Vital to success of business.</li> <li>▪ Good communication reduces conflict and prevents misunderstandings.</li> <li>▪ Objective is to be simple, efficient and fast.</li> </ul>
<b>Channel of communication</b>	The path taken by a message, such as horizontal communication, vertical communication or grapevine communication.	<p><b>Channels of Communication</b></p> <ul style="list-style-type: none"> <li>▪ Face-to-face.</li> <li>▪ E-mail.</li> <li>▪ Fax.</li> <li>▪ Telephone.</li> <li>▪ Notices.</li> <li>▪ Letters.</li> <li>▪ Twitter</li> <li>▪ Facebook</li> </ul>
<b>External communication</b>	Communication between the business and an outside individual or organisation like a customer.	<ul style="list-style-type: none"> <li>▪ The exchange of information and messages between an organization and other organizations, groups, or individuals outside its formal structure.</li> <li>▪ The goals of external communication are to facilitate cooperation with</li> </ul>

		<p>groups such as suppliers, investors, and stockholders, and to present a favourable image of an organization and its products or services to potential and actual customers and to society at large.</p> <ul style="list-style-type: none"> <li>▪ A variety of channels may be used for external communication, including face-to-face meetings, print or broadcast media, and electronic communication technologies such as the Internet. External communication includes the fields of PR, media relations, advertising, and marketing management.</li> </ul>
<b>Feedback</b>	<p>Feedback refers to a response from the receiver which gives the communicator an idea of how the message is being received and whether it needs to be modified. It is a response to a message by its receiver to the sender.</p>	<p>"Strictly speaking, negative feedback does not imply 'bad and positive feedback 'good.'</p> <p>Negative feedback indicates that you should do less of what you are doing or change to something else.</p> <p>Positive feedback encourages you to increase what you are doing; this can go out of control.</p>
<b>Formal channels of communication</b>	<p>Channels which are recognised and approved by the business and by employee representatives such as trade unions.</p>	<ul style="list-style-type: none"> <li>▪ Official means of communication, e.g., line management.</li> <li>▪ Can be in several forms.</li> <li>▪ Concerned with job content.</li> </ul>
<b>Informal communication</b>	<p>Communication through channels which are not formally recognised by the business.</p>	<ul style="list-style-type: none"> <li>▪ Unofficial means - "the grapevine".</li> <li>▪ May be about job content.</li> <li>▪ May be non-work-related.</li> </ul>
<b>Internal communication</b>	<p>Communication within the business organisation.</p>	<p>Communication through:</p> <ul style="list-style-type: none"> <li>▪ Circular</li> <li>▪ Memorandum</li> <li>▪ Notice on the notice board</li> </ul>
<b>Chain of Command</b>	<p>The path (or chain) down which orders (or</p>	<p>The proper lines of authority from the</p>



	commands) are passed. In a company, this goes from the board of directors down to shop floor workers.	head of an organization, through directors, managers and supervisors to the workers. A good manager will ensure employees and customers understand the order of authority and the method of communicating with management.
<b>De-layering</b>	Removing layers of management and workers in a hierarchy so that there are fewer workers in the chain of command.	One layer of management and fewer workers. This means that the “Chain of Command” from top to bottom is short and the “span of control is also fewer”. Well-trained workers will be more productive when they are more directly involved in the decision making process, rather than closely supervised by many layers of management.
<b>Downsizing</b>	When a business employs fewer workers to produce the same amount through increases in productivity which can be achieved through de-layering.	Where a business deliberately reduces its size, e.g. retrenchments or laying some people off.
<b>Empowerment</b>	Giving more responsibility to workers further down the chain of command in a hierarchy.	Empowerment refers to increasing the spiritual, political, social, educational, gender or economic strength of individuals and communities.
<b>Hierarchy</b>	Structure of different levels of authority in a business organisation, one on top of the other.	The different levels of authority in a business. e.g. managing director, finance director, accountant, wages clerk
<b>Line manager</b>	Employee who is responsible for overseeing the work of others further down the hierarchy of an organisation.	For examples: A manager who heads a revenue-generating department and is responsible for achieving an organisation’s main objectives by executing functions such as policy making, target setting, decision making.
<b>Supervisor</b>	A supervisor, foreperson, team leader, overseer, coach, facilitator, or area coordinator A supervisor is first and foremost an	An employee is a supervisor if he has the power and authority to do the following actions: 1. Give instructions and/or orders to

	<p>overseer whose main responsibility is to ensure that a group of subordinates get out the assigned amount of production, when they are supposed to do it and within acceptable levels of quality, costs and safety.</p>	<p>subordinates.</p> <p>2. Be held responsible for the work and actions of other employees.</p> <p>A supervisor is also responsible for the productivity and actions of a small group of employees. S/he has several manager-like roles, responsibilities, and powers. Two of the key differences between a supervisor and a manager are:</p> <ul style="list-style-type: none"> <li>▪ the supervisor does not typically have "hire and fire" authority, and</li> <li>▪ the supervisor does not have budget authority.</li> </ul>
<b>Span of control</b>	The number of people who report directly to another worker in a superior position.	A group of workers reporting to a particular supervisor.
<b>Subordinate</b>	Workers in the hierarchy who work under the control of a more senior worker.	A junior in a work situation or a low-ranking worker.
<b>Human Resource function</b>	The department or support systems responsible for personnel sourcing and hiring, applicant tracking, skills development and tracking, benefits administration and compliance with associated government regulations.	For example: The role of the HRM department is to look after of employee's wellbeing in the business. Making sure they are fairly treated and all employment laws are being followed.
<b>Human Resource</b>	Human resource is the set of individuals who make up the workforce of an organisation, business sector, or an economy. "Human capital" is sometimes used synonymously with human resources, although human capital typically refers to a more narrow view; i.e., the knowledge the individuals embody and can contribute to an organization.	Likewise, other terms sometimes used include "manpower", "talent", "labour", and simply "people".
<b>Human resource management</b>	Human resource management involves managing the people in a business, employing new staff and managing the	<b>Human resource management (HRM,</b> or simply <b>HR)</b> is the management of an organisation's workforce, or human

	current staff members.	resources.
<b>Human resource activities</b>	Human Resource activities includes recruitment, selection, placement, training, assessment, rewarding of employees and salaries, and other benefits, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labour law.	In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company's primary liaison with the employees' representatives (usually a labour union).
<b>Recruitment</b>	The procedure a business will go through to replace an employee or take on new staff.	They prepare an advert, then advertise the job, then read applications, select candidates, interview then select the best candidate for the job.
<b>External recruitment</b>	This refers to the filling of job vacancies from outside the business. When an employee is appointed from outside the organisation.	Most businesses engage in external recruitment fairly frequently, particularly those that are growing strongly, or that operate in industries with high staff turnover.
<b>Internal recruitment</b>	This refers to the filling of job vacancies from within the business - where existing employees are selected rather than employing someone from outside. When an existing employee is appointed to a post.	A business might decide that it already has the right people with the right skills to do the job, particularly if its training and development
<b>Selection</b>	Selection refers to the process of choosing the most suitable person from among the list of interested candidates. It involves going through the qualification and experience of all candidates and matching them with the expectation for the job so as to decide on the most suitable ones for the job. The entire process goes through a number of steps which may be called as selection procedure.	The selection process consists of various steps. Steps involved are: 1. Screening the applications - Initial screening 2. Selection test: - Psychological test 3. Employment interview: - An interview 4. Reference checks 5. Medical examination of the candidates (if necessary) 6. Final approval: - Issue of appointment letter
<b>Placement</b>	Placement refers to selected candidate's joining the positions in the organisation for	Placement process includes the arrangement of all the necessary

	<p>which they have been selected.</p> <p>If the selected candidate decides to join the organisation, he/she has to report to the concerned authority and formally joins the organisation by giving his consent in writing. Then he/she is placed to perform specific job.</p>	<p>documents required for the employment of the selected candidate.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>▪ Preparing a letter of appointment</li> <li>▪ Employment contract</li> <li>▪ Basic condition of employment, etc.</li> </ul>
<b>Interview</b>	<p>Interview is the most important part of the selection procedure. It serves as a means of checking the information given in the application form and making an overall assessment of the candidate's suitability for the job.</p> <p>Generally, an interview is a conversation between two people (the interviewer and the interviewee) where questions are asked by the interviewer to obtain information from the interviewee.</p>	<p>In an interview, the candidate has a face-to-face interaction with the employer or representatives of the employer, where they try to judge the ability of the candidate. They also get an opportunity to go into the details of the candidate's background which helps a lot in assessing the candidates suitability</p>
<b>Curriculum vitae</b>	<p>A brief listing of the main details about an applicant, including name, address, age, qualifications and experience.</p>	<p>It is also a summary of a person's career and experience that can be used in the recruitment process.</p>
<b>Job</b>	<p>A group of homogeneous tasks related by similarity of functions. When performed by an employee in an exchange for pay, a job consists of duties, responsibilities, and tasks (performance elements)</p> <p>From a wider perspective, a job is synonymous with a role and includes the physical and</p>	<p>The jobs are:</p> <ul style="list-style-type: none"> <li>▪ defined and specific, and</li> <li>▪ can be accomplished, quantified, measured, and rated social aspects of a work environment.</li> </ul> <p>Often, individuals identify themselves with their job or role (foreman, supervisor, engineer, etc.) and derive motivation from its uniqueness or usefulness.</p>
<b>Job analysis</b>	<p>Job analysis is the process of collecting and analysing information about the tasks, responsibilities and the context of the job. It's objective is to report this information in</p>	<p><b>What do to consider about the job:</b></p> <ol style="list-style-type: none"> <li>1. What is the main purpose of the job?</li> <li>2. What are the main duties of the post?</li> <li>3. Where does it fit in the organisation?</li> </ol>

	the form of a job description and a person specification.	<p>4. How does it impact on others?</p> <p>5. How difficult or easy are the main tasks?</p> <p>6. What are the working conditions?</p> <p>7. What kind of skills, experience, education or training are necessary?</p> <p>8. Performance standards/objectives</p>
<b>Job application form</b>	Form (often simply called an application) which a business issues to applicants to complete when applying for a job, which asks for relevant details about the applicant.	It is a form or collection of forms that an individual seeking employment, called an applicant, must fill out as part of the process of informing an employer of the applicant's availability and desire to be employed, and persuading the employer to offer the applicant employment.
<b>Job description</b>	Document which describes the duties of a worker and his or her status in the organisation.	A detailed statement about the nature of a job, it should identify the precise tasks and responsibilities that are involved in that job. This document is likely to form part of an employees contract of employment
<b>Job satisfaction</b>	The amount of enjoyment, satisfaction or pleasure that a worker gets out of doing a particular job.	The degree to which the employee feels happy and satisfied with his or her role within the organisation they work.
<b>Job Enrichment</b>	An attempt to motivate employees by giving them the opportunity to use their abilities.	<p>It can be contrasted to job enlargement which simply increases the number of tasks without changing the challenge. As such job enrichment has been described as 'vertical loading' of a job, while job enlargement is 'horizontal loading'. An enriched job should ideally contain:</p> <ul style="list-style-type: none"> <li>▪ A range of tasks and challenges of varying difficulties (Physical or Mental)</li> <li>▪ A complete unit of work - a meaningful task</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Feedback, encouragement and communication</li> </ul>
<b>Job Production</b>	<p>The means of producing a one off item that has been tailor made to suit a specific purpose or customer.</p> <p>Job production, sometimes called <b>jobbing</b>, involves producing custom work, that is, a one-off product for a specific customer or a small batch of work not intended for mass market.</p>	<p>Job production is most often associated with small firms (making railings for a specific house, building/repairing a computer for a specific customer, making flower arrangements for a specific wedding etc.) but large firms use job production too. Examples include:</p> <ul style="list-style-type: none"> <li>▪ Designing and implementing an advertising campaign</li> <li>▪ Auditing the accounts of a large public company or SOC.</li> <li>▪ Building a new factory</li> <li>▪ Installing machinery in a factory, etc.</li> </ul>
<b>Job Rotation</b>	<p>Job rotation is a management technique that assigns trainees to various jobs and departments over a period of a few years.</p> <p>Widening the activities of a worker by moving them around a number of different work tasks.</p>	<p>Surveys show that an increasing number of companies are using job rotation to train employees. There are both positive and negative effects involved with job rotation that need to be taken into consideration when a company makes the decision to utilize this technique.</p>
<b>Job Sharing</b>	<p>Job sharing is an employment arrangement where typically two people are retained on a part-time or reduced-time basis to perform a job normally fulfilled by one person working full-time, i.e. When two or more employees share the roles and responsibilities of one job function at differing times of the week.</p>	<p>Compensation is apportioned between the workers, thus leading to a net reduction in per-employee income. Job sharing should not be confused with the more pejorative term <b>featherbedding</b>, which describes the deliberate retention of excess workers on a payroll.</p>
<b>Contract of employment</b>	<p>A legal document, signed by the employer and employee, which sets out the conditions under which the employee will work, including rates of pay and holiday entitlements. Put generally, the contract of employment denotes a relationship of</p>	<p>A contract of employment is a category of contractor used in labour law to attribute right and responsibilities between parties to a bargain. On the one end stands an "employee" who is "employed" by an "employer".</p>

	economic dependence and social subordination.	
<b>Industrial relations</b>	The relationship between businesses and their workers.	<p>Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labours and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees.</p> <p>The term 'Industrial Relations' comprises of two terms: 'Industry' and 'Relations'. "Industry" refers to "any productive activity in which an individual (or a group of individuals) is (are) engaged". By "relations" we mean "the relationships that exist within the industry between the employer and his workmen."</p>
<b>Training</b>	Training is an educational process. People can learn new information, re-learn and reinforce existing knowledge and skills, and most importantly have time to think and consider what new options can help them improve their effectiveness at work. Effective trainings convey relevant and useful information that inform participants and develop skills and behaviours that can be transferred back to the workplace.	Organised activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill.
<b>Apprenticeship</b>	Apprenticeship is a system of training a new generation of practitioners of a structured competency based set of skills, i.e. a type of training open mainly to young people where workers are trained from scratch to do a skilled manual job.	Apprenticeships ranged from craft occupations or trades to those seeking a professional license to practice in a regulated profession. Most of their training is done while working for an employer who helps the apprentices learn their trade or profession, in

		exchange for their continuing labour for an agreed period after they have achieved measurable competencies.
<b>Induction</b>	Induction is the process of introducing new employees to the organisation. The new employees should know under whom and with whom he/she is to work, get acquainted and adjusted to the work environment, get a general idea about the rules and regulations, working conditions etc.	<p>The purpose of the induction period:</p> <ul style="list-style-type: none"> <li>▪ to help a new employee settle down quickly into the job by becoming familiar with the people, the surroundings, the job and the business.</li> <li>▪ to give a new employee a good impression on the first day of work.</li> </ul> <p>Have a systematic induction programme, spread out over several days, to cover all the ground in the shortest effective time.</p>
<b>On the job training</b>	Training in the workplace undertaken whilst doing a job.	<p>The main methods of one-the-job training include:</p> <ul style="list-style-type: none"> <li>▪ <b>Demonstration / instruction</b> - showing the trainee how to do the job</li> <li>▪ <b>Coaching</b> - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee</li> <li>▪ <b>Job rotation</b> - where the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments)</li> <li>▪ <b>Projects</b> - employees join a project team - which gives them exposure to other parts of the business and allow them to take part in new activities. Most successful project teams are</li> </ul>

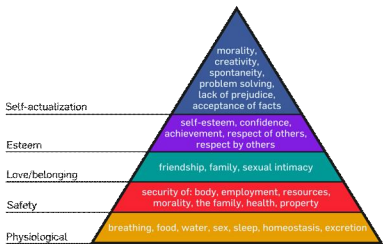


		"multi-disciplinary"
<b>Basic pay</b>	Pay earned for working the basic working week or month.	Gross basic salary with no allowances and overtime.
<b>Bonus</b>	Addition to the basic wage or salary, for instance, for achieving a target.	The thirteenth cheque that workers receive every year.
<b>Commission</b>	Payment system usually operated for sales staff where their earnings are determined by how much they sell.	<ol style="list-style-type: none"> <li>1. Commission is a fee which a salesperson (Wholesale agents, sales representatives, etc. would receive upon completion of a sale. It is a motivational system of payment designed to encourage sales staff to sell more.</li> <li>2. The amount of remuneration paid to a person who gives his service is called as <b>Brokerage or Commission</b></li> </ol>
<b>Fringe benefits</b>	Payment in kind over and above the wage or salary.	Some workers receive benefits such as a company car, a house, medical subsidies, etc.
<b>Gross pay or earnings</b>	Total earnings including basic pay and overtime payments.	The amount of money per week/month a worker earns, before tax and other expenses are taken out.
<b>Manual or blue collar workers</b>	Workers who mainly do physical work like an assembly line worker. A blue collar worker is regarded as a manual worker.	<p>An employee who works with his or her hands, usually in a factory. Manual workers can be sub divided into categories</p> <ul style="list-style-type: none"> <li>• skilled</li> <li>• semi skilled</li> <li>• unskilled</li> </ul>
<b>Net pay or earnings</b>	Earnings after deductions (such as tax or pension contributions) have been taken away.	The actual amount of money you take home each week/month. It is calculates as Gross pay - Deductions
<b>Non-manual or white collar workers</b>	Workers, who do non physical work, like an office worker or a teacher.	The term white-collar worker refers to a person who performs professional, managerial, or administrative work, in contrast with a blue-collar worker, whose

		job requires manual labour. Typically white collar work is performed in an office or cubicle.
<b>Overtime</b>	Overtime is the amount of time someone works beyond <i>normal working hours</i> . Time worked over and above the basic working time or week.	Normal hours may be determined in several ways: <ul style="list-style-type: none"> <li>▪ by custom (what is considered healthy or reasonable by society),</li> <li>▪ by practices of a given trade or profession,</li> <li>▪ by legislation,</li> <li>▪ by agreement between employers and workers or their representatives.</li> </ul>
<b>Payment systems</b>	Payment systems are system used for transferring money. What makes them "system" is that they employ cash-substitutes; traditional payment systems are negotiable instruments such as draft (e.g. cheques) and documentary credits such as letter of credits. These are methods of organising the payment of workers, such as piece rates or salaries.	With the advent of computers and electronic communications a large number of alternative electronic payment systems have emerged. These include: <ul style="list-style-type: none"> <li>▪ debit cards and credit cards</li> <li>▪ electronic funds transfers</li> <li>▪ direct credits and direct debits</li> <li>▪ internet banking and e-commerce payment systems.</li> </ul> Some payment systems include credit mechanisms, but that is essentially a different aspect of payment. Payment systems are used in lieu of tendering cash in domestic and international transactions and consist of a major service provided by banks and other financial institutions.
<b>Piece rates</b>	A payment system where individual workers' wages are determined by how much they produce.	The payment of wages solely on the basis of the number of items each worker produces.
<b>Salaries</b>	Pay, usually of non-manual workers, expressed as a yearly figure but paid monthly.	Pay for white collar workers, e.g. office workers or professionals.

<b>Wages</b>	Tend to be paid to manual workers for working a fixed number of hours per week plus overtime.	Pay for unskilled workers.
<b>Off the job training</b>	Training undertaken away from the job, either at the business or outside the business, for instance, at a college or further education.	Employees training at a site away from the actual work environment. It often utilizes lectures, case studies, role playing, simulation, etc.
<b>Arbitration</b>	Method of settling a dispute which involves both parties agreeing to put their case to an independent outside arbiter and accept his or her judgement as to how the dispute should be settled	Arbitration is a more formal process than conciliation. Arbitration differs from conciliation in that it does not promote the continuation of collective bargaining and negotiations. The commissioner listens and investigates the demands and counters demands of both parties and decides on a final settlement in a form an arbitration award. The award is then imposed on the parties after hearing the evidence. This is legally binding on both parties.
<b>Conciliation</b>	Process of helping two parties to a dispute to discuss and settle their dispute.	<ul style="list-style-type: none"> <li>▪ A conciliation hearing is a process where a commissioner (or a panellist, in the case of a bargaining council or agency) meets with the parties in a dispute explores ways to settle the dispute by agreement.</li> <li>▪ Conciliation provides for the quick and fair resolution of disputes.</li> <li>▪ The conciliation process is uncomplicated, inexpensive and does not allow for any legal representation. The decision to settle is in the hands of the parties involved.</li> </ul>
<b>Convenor</b>	A convenor is an individual or group responsible for bringing people together to address an issue, problem, or opportunity.	Leaders in organizations and communities can play a vital role in the collaborative leadership process. The title

	The senior shop steward in a place of work.	“leader” is used here to refer to those who are in a position to make choices and recommendations about whether to use a facilitative process; in some cases, their role is as a convener.
<b>Joint consultative committee</b>	Committee of trade union or management representatives which meets regularly to discuss issues of concern.	The Joint Consultative Committee (JCC) meets once a term, and consists of workers representatives and volunteer members from the employer side. It provides a forum for discussion and negotiation between the employees and employer concerning a range of matters that arise throughout.
<b>Shop steward</b>	<p>A trade union member elected by workers in a place of work to represent their interests to management.</p> <p>The Steward is the visible presence of the union in the workplace as the union officer who works with and interacts with the members at the workplace and represents them in a specific work area.</p>	<p>Shop steward' is anyone elected to such a post can have both substantial influences over the workers. A Shop steward may, for example, be mandated by the union members to negotiate annual wage increases with the employer. If the elected Shop steward does not understand business economics and has a militant attitude he/she could ferment work stoppages, go-slows, work-to-rule, protests, premises blockades, sit-ins or even industrial sabotage. This can be disastrous for the employer and employees.</p> <p>The Steward enforces the collective agreement and protects the rights members have acquired through negotiations and other union actions. Stewards are elected or appointed within the local.</p>
<b>Trade union</b>	An organisation which represents the interests of the workers who are its	An organised group of employees, who discuss with the management, pay and

	members.	conditions, on behalf of their members. Discussions with employers groups, Government and sorts out disputes between unions.
<b>Discrimination</b>	Discrimination is the prejudicial treatment of an individual based on their membership in a certain group or category. It involves the actual behaviors towards groups such as excluding or restricting members of one group from opportunities that are available to another group.	Discrimination involves excluding or restricting members of one group from opportunities that are available to other groups. Favouring one person rather than another. In the South Africa, it is unconstitutional or illegal to discriminate in most jobs on grounds of gender or race.
<b>Equal opportunities</b>	Equal opportunity is a stipulation that all people should be treated similarly, unhampered by artificial barriers or prejudices or preferences, except when particular "distinctions can be explicitly justified." It is where everyone has the same chance.	The aim according to this often "complex and contested concept" is that important jobs should go to those "most qualified" persons most likely to perform ably in a given task and not to go to persons for arbitrary or irrelevant reasons, such as, circumstances of birth, upbringing, friendship ties to whoever is in power, etc.
<b>Industrial tribunal</b>	Industrial Tribunals are independent judicial bodies that hear and determine claims to do with employment matters. Are court which deals with the law relating to employment.	These include a range of claims relating to unfair dismissal, breach of contract, wages/other payments, as well as discrimination on the grounds of sex, race, disability, sexual orientation, age, part time working or equal pay.
<b>Hierarchy of needs</b>	Placing needs in order of importance, starting with the basic human needs.	Example of hierarchy of needs: Maslow's.  <p>The diagram shows Maslow's Hierarchy of Needs as a pyramid with five levels. From bottom to top, the levels are: <ul style="list-style-type: none"> <li><b>Physiological</b> (yellow): breathing, food, water, sex, sleep, homeostasis, excretion</li> <li><b>Safety</b> (red): security of body, employment, resources, morality, the family, health, property</li> <li><b>Love/belonging</b> (green): friendship, family, sexual intimacy</li> <li><b>Esteem</b> (purple): self-esteem, confidence, achievement, respect of others, respect by others</li> <li><b>Self-actualization</b> (blue): morality, creativity, spontaneity, problem solving, lack of prejudice, acceptance of facts</li> </ul> </p>

<b>Purchasing function</b>	<p>Purchasing function, in a business environment, is one of the most critical functions as it provides the input for the organisation to convert into output.</p> <p>Materials today are lifeblood of industry. They must be available at the proper time, in the proper quantity, at the proper place, and the proper price.</p> <p>Company costs and company profits are greatly affected by them as normally , a manufacturing organisation spends nearly 50% of its revenue in purchasing.</p>	<p><b>Purchasing Function vs. Purchase department :</b></p> <p>Purchasing function is a function commonly seen in all those organisations that undertake purchasing activities.</p> <p>Purchase department is a unit of an organisation that performs purchasing function.</p> <p>The purchasing function is usually performed by a specialised and centralised purchasing department , directed by an efficient manager to achieve the performance in an economical manner.</p>
<b>Purchasing</b>	<p>Purchasing means obtaining or buying the raw materials and inputs for making the product or delivering a service. Purchasing refers to a business or organization attempting for acquiring goods or services to accomplish the goals of the enterprise.</p>	<p>To obtain goods or services in exchange for money; to procure; to buy; to acquire products or services not available within the business.</p>
<b>Purchasing process</b>	<p>Purchasing is the formal process of buying goods and services. The <b>Purchasing Process</b> can vary from one organization to another, but there are some common key elements (refer to the next column).</p>	<p>Purchasing Process includes the following stages:</p> <ol style="list-style-type: none"> <li>1. Market survey of the correct materials</li> <li>2. Requisitioning</li> <li>3. Approving</li> <li>4. Studying Market</li> <li>5. Making Purchase Decision</li> <li>6. Placing Orders</li> <li>7. Receipting Goods and Services Received</li> <li>8. Accounting Goods and Services</li> <li>9. Receiving Invoices and Making Payment</li> <li>10. Debit note in case of material defect</li> </ol>
<b>Purchasing</b>	<p>Purchasing management is the</p>	<p>Purchasing Management Process</p>

management	<p>management of purchasing process, and related aspects in an organization.</p> <p>Purchasing management is one of the most critical areas in the entire organization and needs intensive management. It involves people, processes and technology. It involves the sourcing, purchasing and delivery of goods and services that a company needs either in its manufacturing and business management or for stock that it resells at a profit.</p>	<p>consists usually of 3 stages:</p> <ul style="list-style-type: none"> <li>Purchasing Planning</li> <li>Purchasing Tracking</li> <li>Purchasing Reporting</li> </ul>
Quotation	In business, a quotation is a document that a vendor or service provider would give to a customer to describe specific goods and services that they may provide and its cost.	Besides the term quotation, it can also be referred by other terms like Bid, Quote, Estimate, Tender and Proposal.
<b>Price list</b>	A price list refers to the manufacturer's suggested retail pricing. It may or may not be the price asked of the consumer.	Much depends on the product itself, the built-in profit margin, and supply and demand. A product that is in high demand with low availability will sometimes sell <b>higher</b> than the list price, though this is less common than the reverse.
<b>Requisition</b>	Purchase Requisition or Purchase Request is a precise document generated by an internal organization or external to notify the purchasing department of items it needs to order, their quantity, and the time frame that will be given in the future. It may also contain the authorization to proceed with the purchase.	As part of an organization's internal financial controls, the accounting department may institute a purchase requisition process to help manage requests for purchases. Requests for the creation of purchase of goods and services are documented and routed for approval within the organization and then delivered to the accounting group.
<b>An Order</b>	A purchase order (PO) is a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller	To purchase goods or services through a Purchase Order either an on-line or manual requisition must be prepared by the ordering department and authorized


	<p>will provide to the buyer.</p> <p>Purchase Orders are prepared using these requisitions on a daily basis and faxed to suppliers.</p> <p>Sending a purchase order to a supplier constitutes a legal offer to buy products or services.</p>	<p>by the designated signing authority.</p> <p>Acceptance of a purchase order by a seller usually forms a one-off contract between the buyer and seller, so no contract exists until the purchase order is accepted. It is used to control the purchasing of products and services from external suppliers.</p>
<b>Invoice</b>	<p>An invoice or bill is a commercial document issued by a seller to the buyer, indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer. An invoice indicates the buyer must pay the seller, according to the payment terms. The buyer has a maximum amount of days to pay for these goods and is sometimes offered a discount if paid before the due date.</p>	<p>The invoice establishes an obligation on the part of the purchaser to pay, creating an account receivable.</p> <p>The usual sections in an invoice include:</p> <ul style="list-style-type: none"> <li>▪ Date</li> <li>▪ Names and addresses of customer and supplier</li> <li>▪ Contact names</li> <li>▪ Description of items purchased, either products or services</li> <li>▪ Terms of payment. For example, the provider might specify "net 30 days," which means that the entire amount is due within 30 days.</li> </ul>
<b>Credit Note</b>	<p>A <b>credit note</b> or <b>credit memorandum</b> (memo) is a commercial document issued by a seller to a buyer stating that a certain amount has been credited to the buyer's account (for goods returned). The seller usually issues a Credit Memo for the same or lower amount than the invoice, and then repays the money to the buyer or sets it off against a balance due from other transactions.</p> <p><b>Note:</b></p> <p>It can also be a document from a bank to a depositor to indicate the depositor's</p>	<p>A credit note is issued in various situations to correct a mistake, such as when:</p> <ol style="list-style-type: none"> <li>1. an invoice amount is overstated,</li> <li>2. correct discount rate is not applied,</li> <li>3. goods spoil within guaranty period, or</li> <li>4. they do not meet the buyer's specifications and are returned. Also called credit memo.</li> </ol>




	balance is being increased because of an event other than a deposit, such as the collection by the bank of the depositor's note receivable.	
<b>Debit Note</b>	<p>A document used by a <b>purchaser to inform a vendor</b> of the quantity and amount of <b>goods being returned</b>, and requesting that the amount be returned to the purchaser. A debit note is often used to return goods on credit.</p> <p><b>Note:</b> Debit notes are documents that provide a debtor with information regarding an <b>outstanding debt</b>. A debit note is issued by the lender or creditor and serves as either notification of a debt that will be invoiced shortly or a reminder of a debt that was previously invoiced and is currently outstanding.</p>	<p><b>The vendor then issues a credit note</b> to the purchaser indicating that the goods have been received, and that the purchaser will not have to pay for them. Also known as a "debit memo".</p>
<b>Production / Operations function</b>	Production function is that part of an organization, which is concerned with the transformation of a range of inputs into the required outputs (products) having the requisite quality level.	It combines and transforms various resources used in the production subsystem of the organization into value added product in a controlled manner as per the policies of the organization.
<b>Production</b>	<p>The actual manufacturing of a good or 'a <i>process by which goods and services are created</i>'.</p> <p>It is "<i>the step-by-step conversion of one form of material into another form through chemical or mechanical process to create or enhance the utility of the product to the user.</i>"</p>	Production involves the making of the product or delivering the service Thus production is a value addition process. At each stage of processing, there will be value addition.
<b>Production management</b>	Production/operations management is the process, which combines and transforms various resources used in the production/operations subsystem of the	The set of interrelated management activities, which are involved in manufacturing certain products, is called as <b>production management</b> . If the

	organization into value added Product / services in a controlled manner as per the policies of the organization. Production management is a process of planning, organizing, directing and controlling the activities of the production function.	same concept is extended to services management, then the corresponding set of management activities is called as <b>operations management</b> .
<b>Production Planning</b>	Production planning is deciding in advance what to do, how to do it, when to do it and who is to do it.	Planning bridges the gap from where we are, to where we want to go. It makes it possible for things to occur which would not otherwise happen.
<b>Production planning and control</b>	Production planning and control can be defined as the process of planning the production in advance, setting the exact route of each item, fixing the starting and finishing dates for each item, to give production orders to shops and to follow up the progress of products according to orders.	The principle of production planning and control lies in the statement 'First Plan Your Work and then Work on Your Plan'. Main functions of production planning and control includes planning, routing, scheduling, dispatching and follow-up.
<b>Production Routing</b>	Production Routing may be defined as the selection of path which each part of the product will follow, which being transformed from raw material to finished products.	Routing determines the most advantageous path to be followed from department to department and machine to machine till raw material gets its final shape.
<b>Production Scheduling</b>	Scheduling may be defined as 'the fixation of time and date for each operation' as well as it determines the sequence of operations to be followed.	Production Scheduling determines the programme for the operations.
<b>Product design</b>	Product design deals with conversion of ideas into reality. Every business organization have to design, develop and introduce new products as a survival and growth strategy.	Developing the new products and launching them in the market is the biggest challenge faced by the organizations. The entire process of need identification to physical manufactures of product involves three functions: marketing, product development, production.
<b>Production systems</b>	The production system of an organization	Production systems can be classified as

	is that part, which produces products of an organization. It is that activity whereby resources, flowing within a defined system, are combined and transformed in a controlled manner to add value in accordance with the policies communicated by management.	Batch, Job Shop, Mass and Continuous Production systems. <ul style="list-style-type: none"> <li>▪ Production is an organized activity, so every production system has an objective.</li> <li>▪ The system transforms the various inputs to useful outputs.</li> <li>▪ It does not operate in isolation from the other organization system.</li> <li>▪ There exists a feedback about the activities, which is essential to control and improve system performance.</li> </ul>
<b>Batch production</b>	Method of production where the product is made in stages, with a particular operation being carried out on all products in a group or a batch.	Job or 'make complete' production is the creation of single items by either one operative or a team of operative's e.g. Murray and Robert constructing a bridge.
<b>Mass/Flow production</b>	Method of production where a product is made continuously, often through the use of an assembly line. Mass produced goods are most suitable for this type of production.	The concepts of mass production are applied to various kinds of products, from fluids and particulates handled in bulk, such as food, fuel, chemicals, and mined minerals to discrete solid parts such as fasteners to assemblies of such parts (such as household appliances and automobiles).
<b>Job production</b>	Method of production where a product is made individually from start to finish like a bridge or an aeroplane. Each product is likely to be different and unique.	The job is a unique product, which exactly matches the requirements of the customer, often from as early as the design stage. It will therefore tend to be specific to a customer's order and not in anticipation of a sale. For example, someone doing a customised spray paint job on a motorcycle will first discuss with a customer the sort of design he would like.
<b>Brand</b>	A named product which customers see as	An identity of a product that separates it or group of products from other similar

	being different from other products.	products.
<b>Generic product</b>	Generic brands are products made by a number of different businesses in which customers see no difference between the product of one business compared to the product of another business. The consumer products are distinguished by the absence of a brand name.	<ul style="list-style-type: none"> <li>▪ It is often inaccurate to describe these products as "lacking a brand name", as they usually are branded, albeit with either the brand of the store in which they are sold. They are identified more by product characteristics.</li> <li>▪ They may be manufactured by less prominent companies, or manufactured on the same product line as a 'named' brand. Generic brands are usually priced below those products sold by supermarkets under their <i>own</i> brand (frequently referred to as "store brands" or "own brands").</li> <li>▪ Generic brand products are often of equal quality as a branded product; however, the quality may change suddenly in either direction with no change in the packaging if the supplier for the product changes.</li> </ul>
<b>Packaging</b>	<p>All the design and cost elements involved in the physical protection and presentation of a product. The physical container or wrapping for a product, also used for promotional purposes</p> <p>it is the science, art, and technology of enclosing or protecting products for distribution, storage, sale, and use. It also refers to the <i>process</i> of design, evaluation, and production of packages.</p>	

<p><b>Production line</b></p>	<p>A <b>production line</b> is a set of sequential operations established in a factory whereby materials are put through a refining process to produce an end-product that is suitable for onward consumption; or components are assembled to make a finished article.</p>	
<p><b>Own brand or Store brand</b></p>	<p>A product which is sold under the brand name of a supermarket chain or other retailer rather than under the name of the business which manufactures the product.</p>	<p>Own brand or Store brands are a line of products sold by a retailer under a single marketing identity, e.g. "No name and PnP" for Pick'n Pay.</p> <p>They bear a similarity to the concept of house brands, private label brands / home brands /generic brands. But they are distinct in that a store brand is managed solely by the retailer for sale in only a specific chain of store.</p>
<p><b>Premium price</b></p>	<p>Premium pricing is the practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price.</p>	<p>A price which is above the average for products of a particular type.</p> <p>The practice is intended to exploit the (not necessarily justifiable) tendency for buyers to assume that expensive items enjoy an exceptional reputation or represent exceptional quality and distinction.</p>
<p><b>Product differentiation</b></p>	<p>Making one product different from another, for instance through the quality of a product, its design, packaging or advertising.</p>	<p>Product differentiation (also known simply as "differentiation") is the process of distinguishing a product or offering from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as a firm's own product offerings.</p>

<b>Product mix</b>	The combination of products that a business sells, like soap powders, cosmetics and medicines.	Product mix is a combination of products manufactured or traded by the same business house to reinforce their presence in the market, increase market share and increase the turnover for more profitability. For example, Revlon.
<b>Range of products</b>	A group of similar products made by a business, like a number of different soap powders.	For example: Apple, Inc. - The company is a technology company, the product range is from phones to laptops, etc. It is the range of products offered by a company. Some companies only sell one product and do not have a range of offerings.
<b>The product life cycle</b>	The stages through which a product passes from its development to being withdrawn from sale.	A term used to describe the stages a product goes through, from its introduction to its final decline. It also shows the expected sales during the product's life
<b>A free sample or "freebie"</b>	A free sample or "freebie" is a portion of food or other product (for example, beauty products) given to consumers in shopping malls, supermarkets, retail stores, or other venues.	Sometimes samples of non-perishable items are included in direct marketing mailings. The purpose of a free sample is to acquaint the consumer with a new product, and is similar to the concept of a test drive, in that a customer is able to try out a product before purchasing it.
<b>Pressure group</b>	A group which attempts to influence business, government and individuals. It is an organised group that seeks to influence government (public) policy or protect or advance a particular cause or interest.	A group of people who join together to try and change a policy of a business or Government e.g. United Nations Framework Convention on Climate Change (UNFCCC), Treatment Action Campaign (TAC) Groups may promote a specific issue and raise it up the political agenda or they may have more general political and ideological objectives in mind when they

		campaign
<b>Goods</b>	Physical <b>products</b> or Objects which satisfies a human want. <b>Products or Merchandise</b> that is available for sale.	For example: <ul style="list-style-type: none"> <li>▪ A car</li> <li>▪ A cabbage.</li> <li>▪ DVD player, etc.</li> </ul>
<b>Products</b>	Goods made or services provided by businesses. Physical things that are bought and sold by businesses; <b>goods</b> . Often the physical object resulting from manufacturing operations.	Something produced for sale by human effort as raw material is transformed into a more useful form of physical object. A physical thing available for sale; as opposed to sale of service.
<b>Stock</b>	Materials that a business holds, either waiting to be used in the production process, or finished stock waiting to be delivered to its customer.	The materials that a business has available. They may be finished products ready to be sold.
<b>Producer Goods</b>	Goods that are sold by one business to another and which are then used to produce other goods and services. Also, material used or consumed to produce other goods, e.g. flour used to produce bread.	Goods manufactured and used in further manufacturing, processing, or resale. Intermediate goods either become part of the final product or lose their distinct identity in the manufacturing stream, while capital goods are the <b>plant, equipment, and inventories</b> used to produce final products.
<b>Raw Materials</b>	Natural resources, like copper or coffee beans, used to make products.	The earliest phase of materials supplied, such as those mined, grown, harvested or distilled. Also refers to the combination of all materials or things needed to produce a given product.
<b>Services</b>	A human want satisfied on a personal level (doctor, dentist) or by commercial firms (bus service, fun parks, sport centres) Non – Physical products, like a haircut or a train journey.	In business, the employment of human effort to tasks such as repair, maintenance and transportation, where the result is other than a physical product, goods or merchandise.
<b>Factory layout</b>	Factory layout is a plan of an optimum arrangement of facilities including personnel, operating equipment, storage space, material handling equipments and	It is the physical arrangement of facilities. It is the configuration of departments, work centres and equipment in the conversion process. The overall objective

	all other supporting services along with the design of best structure to contain all these facilities.	of the factory layout is to design a physical arrangement that meets the required output quality and quantity most economically.
<b>Product design</b>	Product design deals with conversion of ideas into reality. Every business organization has to design, develop and introduce new products as a survival and growth strategy. Developing the new products and launching them in the market is the biggest challenge faced by the organizations. The entire process of need identification to physical manufactures of product involves three functions: <b>marketing, product development, and manufacturing.</b>	<b>Product development</b> translates the needs of customers given by marketing into technical specifications and designing the various features into the product to these specifications. <b>Manufacturing</b> has the responsibility of selecting the processes by which the product can be manufactured. <b>Product design and development</b> provides link between marketing, customer needs and expectations and the activities required to manufacture the product.
<b>Process design</b>	Process design is a macroscopic decision-making of an overall process route for converting the raw material into finished goods.	The decisions encompass the selection of a process, choice of technology, process flow analysis and layout of the facilities. Hence, the important decisions in process design are to analyse the workflow for converting raw material into finished product and to select the workstation for each included in the workflow.
<b>Quality Control</b>	Quality Control (QC) may be defined as 'a system that is used to maintain a desired level of quality in a product or service'. It is a systematic control of various factors that affect the quality of the product. Quality control aims at prevention of defects at the source, relies on effective feedback system and corrective action procedure.	An aspect of the quality assurance process that consists of activities employed in detection and measurement of the variability in the characteristics of output attributable to the production system, and includes corrective responses It is 'that industrial management technique by means of which product of uniform acceptable quality is



		manufactured'. It is the entire collection of activities which ensures that the operation will produce the optimum quality products at minimum cost.
<b>Financial function</b>	Financial function involves planning, procurement and effective utilisation of the funds of the business.	The chief of finance department estimates the financial requirements, investment of funds in the short-term or long-term, determining the capital structure and determination of the sources of raising capital.
<b>Financial management</b>	Financial management refers to the efficient management of all financial aspects within the broad framework of a company's strategy and planning.	Financial management ensures that resources are available for the running of the business
<b>Financial planning</b>	Financial planning is a series of steps which are carried out, or goals that are accomplished, which relate to an individual's or a business's financial affairs. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income.	The plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan sometimes refers to an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.
<b>Financing</b>	Financing is the task of providing the funds for a business's activities. Business finance generally involves balancing risk and profitability, while attempting to maximize an entity's wealth and the value of its stock, and generically entails three interrelated decisions.	<ol style="list-style-type: none"> <li>1. <b>The investment decision:</b> management must decide which "projects" (if any) to undertake.</li> <li>2. <b>The financing decision:</b> relates to how these investments are to be funded</li> <li>3. <b>The dividend decision:</b> requires management to determine whether any unappropriated profit is to be retained for future investment / operational requirements, or instead</li> </ol>

		to be distributed to shareholders, and if so in what form.
<b>Lease</b>	A way of obtaining property for a restricted period of time; after the lease has ended the item returns to the owner.	Leasing - Renting equipment or premises. Commonly used in the case when an asset which is owned by another party, is used for a specific period by the business in exchange for regular (i.e. monthly) payments. At the end of the period the business normally has an option to purchase the asset.
<b>Lessee</b>	A contract granting use of property (real estate, equipment or other fixed asset) for a specified period for a payment. For a legally valid lease, the lessor grants the right of possession to the lessee, but retains the right to retake possession at the end of the lease term.	The owner of the property is called the lessor; the user is called the lessee; and the payment is called rent.
<b>Lessor</b>	The owner; the person who owns real property that is used by another under the terms of a lease.	In real estate leases, this person (lessor) is called the <b>landlord</b> .
<b>Outsource</b>	Most often outsource is used when a product or service task has previously been accomplished within the company (an inside source) but is now being purchased or is being considered for purchase from another company (an outside source).	To purchase or to procure service from outside the company or from another company.
<b>Debenture</b>	A long term loan to a business. A debenture will normally rank above ordinary shares in the case of liquidation. Debenture holders normally will not have any voting rights in a company.	A company might decide to borrow money from investors by giving the investor certain benefits that might not be available through a typical bank loan, i.e. the right to convert the loan into permanent/share capital based on certain pre-agreed conditions. Such a "loan" is referred a debenture.
<b>Factor</b>	A business which collects the debts of	Or an agent who receives merchandise

	other businesses, for which it charges a fee.	under consignment or under a bailment contract, who sells it for the principal or in the factor's own name, and who is paid a commission for each sale.
<b>Hire purchase</b>	This is a legal agreement by which an organisation can obtain the use of an asset in exchange for payment by instalment. A source of finance that allows an asset to be obtained and used, while payment is made over a period of time. The asset only becomes owned once all payments have been made.	Legally, renting equipment prior to buying it. In effect, it is a type of a loan. The asset becomes owned once the last instalment has been paid.
<b>Loan</b>	Money owed to another person or business, such as a bank. Borrowing a sum of money which then has to be repaid with interest over a long period of time, typically in fixed monthly instalments.	In business, a transaction wherein the owner of a property allows another party to use the property. The user customarily promises to return the property after a specified period. Use can be free or conditional on payment of money or barter.  A loan agreement is a document that states limitations and authorized actions as long as money is owed to (usually) a bank. A loan agreement may place restrictions on the owner's salary, dividends, amount of other debt, working capital limits, sales, the number of additional personnel or other factors.
<b>Mortgage</b>	A debt instrument by which the borrower (mortgagor) gives the lender (mortgagee) a lien on property as security for the repayment of a loan; most commonly used for real property (real estate).  A loan where property is used as security.	For personal property, the lien is called a <b>security agreement</b> , formerly called a chattel mortgage.
<b>Overdraft</b>	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount	A flexible, short-term method of borrowing. It allows you to draw out more money from your account than you have

	overdrawn.	in it. They usually have higher rates of interest than a loan.
<b>Gearing</b>	The ratio of long term borrowings of a company to its share capital.	Refers to the ratio or percentage of borrowed money in a company to permanent or own capital.
<b>Investment</b>	In finance, the purchase of a financial product or other item of value with an expectation of favourable future returns. In general terms, investment means the use of money in the hope of making more money.	In business, the purchase by a producer of a physical good, such as durable equipment or inventory, in the hope of improving future business.
<b>Dividend</b>	A payment made to shareholders out of the profits that a firm makes, in return for their investment in the company.	A share of the profits of a company received by people who own shares.
<b>Equity or equity capital</b>	The monetary value of a business which belongs to the business owners. In a company this would be the value of their shares.  Equity comes from investment in the business by the owners, plus accumulated net profits of the business that have not been paid out to the owners.	Refers to the difference between the total assets and the total liabilities of a company. It essentially represents amounts owed to the owners. Equity accounts are balance sheet accounts. Relates to the funds raised through the selling of shares. Often referred to as share capital.
<b>Internal and external sources of capital</b>	Finance which is obtained from within the business (internal) or from outside the business (external).	The owner may contribute or use reserved funds to raise the capital (internal source of capital). The owner may borrow capital from banks or other financial institutions (external source of capital).
<b>Ordinary shares</b>	Shares in a limited company where the company can vary the amount of dividend paid to shareholders each year depending upon the amount of profit made.	The owners of a company contribute towards the capital need of a company. The total capital invested is divided by the unit value of a share, which results in the quantity of ordinary shares issued by the company. Ordinary shareholders carry all the normal risks associated with a business and are entitled to normal dividends as declared from time to time.

<b>Preference shares</b>	Shares in a limited company where shareholders receive a fixed amount in R's in dividends each year. If dividends are paid, preference shareholders take priority over ordinary shareholders.	The company can chose not to pay a dividend in any one year if it feels it has not made enough profit.
<b>Bond</b>	A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. The central government, states, cities, corporations, and many other types of institutions sell bonds, e.g. RSA retail bonds. Generally, a bond is a promise to repay the principal along with interest (coupons) on a specified date (maturity).	Some bonds do not pay interest, but all bonds require a repayment of principal. When an investor buys a bond, he/she becomes a creditor of the issuer. However, the buyer does not gain any kind of ownership rights to the issuer, unlike in the case of equities. On the hand, a bond holder has a greater claim on an issuer's income than a shareholder in the case of financial distress (this is true for all creditors). Bonds are often divided into different categories based on tax status, credit quality, issuer type, maturity and secured/unsecured (and there are several other ways to classify bonds as well).
Unit trusts	A <b>unit trust</b> is a form of collective investment constituted under a trust deed. A unit trust is the pooled money of many investors that is invested in the financial markets through a single collective investment scheme - called a Unit Trust. Unit trusts invest in different markets and market sectors, while some invest across markets. You can make or lose money in unit trust funds, but the risk of losing money depends on where and how the fund invests.	Stokvels, mutual funds, equity funds, unit trusts - to thousands of South African investors all of these are more or less the same thing. To a certain extent they are quite right. Many individuals cannot accumulate large enough pools of money to give them access to an expensive service or product. In the case of Stokvels - the original term was probably "stock fairs" - the individual then uses the pooled money to buy goods in bulk at a lower price, or to negotiate better returns or loans at low rate of interest. Unit trusts work in very much the same way. They obtain something that is almost

		impossible for individuals - blue chip shares.
<b>Insurance</b>	<p>Insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as the premium.</p> <p>It is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss.</p> <p>An insurer is a company selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy.</p>	<p>Agreeing to the terms of an insurance policy creates a contract between the insured and the insurer. In exchange for payments from the insured (called premiums), the insurer agrees to pay the policy holder a sum of money upon the occurrence of a specific event. In most cases, the policy holder pays part of the loss (called the deductible), and the insurer pays the rest. Examples include car insurance, health insurance, disability insurance, life insurance, and business insurance.</p>
<b>Assurance</b>	<p>Assurance is a contract where the insurer undertakes to pay an agreed sum of money after expiry of certain period or on the death of the persons whichever happens earlier.</p>	<p>The contract of life insurance is the best example of assurance.</p>
<b>Re-insurance</b>	<p>When an insurance company insures the risks with some other insurance company, it is called re-insurance.</p>	<p>So transfer a part of risks on a particular policy by insuring it with other insurance company is known as Re-insurance.</p>
<b>Double Insurance</b>	<p>When the subject matter of the insurance is insured by the insurer with two insurance companies, it is called double insurance.</p>	<p>Taking more than one policies in case of life insurance is the best example of double insurance.</p>
<b>Insurance Policy</b>	<p>The written document which contains the contract of insurance is known as a policy.</p>	<p>The terms and conditions stated in the policy are binding to both the insurer and the insured.</p>
<b>Short-term Insurance</b>	<p>A short term insurance policy provides cover against loss, damage, liabilities and more. You pay an insurance company who in return provides the cover to compensate you when you suffer a loss on insured items.</p> <p>The insurance company determine your</p>	<p>Short term insurance policies consist of the following sections:</p> <ul style="list-style-type: none"> <li>▪ Household Contents</li> <li>▪ Houseowner's Insurance</li> <li>▪ All Risks Insurance</li> <li>▪ Vehicle Section</li> <li>▪ Watercraft</li> </ul>

	<p>premium based on your risk profile, i.e. High risk = high premium and low risk = reduced premium.</p>	<ul style="list-style-type: none"> <li>▪ Personal Liability</li> <li>▪ Personal Accident</li> </ul> <p>The policy wording should be analyzed in conjunction with the policy schedule to determine cover, excesses, extensions, conditions and exclusions.</p>
<b>Long-term Insurance</b>	<p>A long-term insurance provides cover against life, disability, etc. The contract is varied and provides policy benefits under long-term policies. The policy covers a fairly diverse range of insurance products.</p>	<p>The insurance products include: Life, disability, dread disease, income protection policies, endowments, retirement annuity funds, living annuities and compulsory annuities.</p>
<b>Over-insurance</b>	<p>Over-Insurance is a term used when an asset, i.e. your car is insured for more than its value. You decide to make sure that you will not fall prey to under insurance and decide to rather go to the other extreme. :</p>	<p>Your car's market value is R100 000, but you decide to insure it for R120 000. If your car is stolen or written off do you think you will be laughing all the way to the bank with your R20 000 extra? WRONG!!</p> <p>This is a case of Over Insurance and the insurance company will simply ignore the fact that you were over insured by R20 000 and only pay out on claims up to a maximum of the market value of R100 000. All this time you have been paying more than what is necessary and every month you threw some money in the water.</p>
<b>Under-insurance</b>	<p>Under-Insurance is a term used when an asset, i.e. your car is insured for less than its value. The result is that you will only be paid a proportional part of your claim. Under insurance is quite simply a situation where your insurance cover - what your insurance policy will pay out in the case of a loss and subsequent claim, is less than what it would cost to replace the lost items.</p>	<p>Value of car = R100 000 Insured for = R 80 000 You put in a claim for R5 000 worth of damage to your car. As you are under insured the payout will be calculated as follows: The term used is Average, and the implication is that you should always insure at replacement value. Technically, you become your own insurer for the</p>

		balance of the loss. $80\,000 \times 5000 - 100\,000 = R\,4000$
<b>Interest</b>	<b>Interest</b> is the cost of borrowing money. Interest is a fee paid on borrowed assets. It is the price paid for the use of borrowed money, or, money earned by deposited funds. When you take a loan out from a bank, or wherever, they will expect you to pay interest. It is a percentage charged on the principle amount for a period of a year - usually. This means that you pay back what you took out on a loan, plus extra money.	For example, if you took a loan out for R500, and let's say you have to pay it back with 15% interest, you would pay back R575, that is: $R500 \times 15 \text{ divide by } 100\% = R75$ $R500 + R75 = R575$ An <b>interest rate</b> is the cost stated as a percent of the amount borrowed per period of time, usually one year, e.g. 15% interest rate above..
<b>Simple Interest</b>	It is the money charged on the <b>fixed amount</b> by the lender for lending the money to the borrower for the certain period of time. The interest charged in case of simple interest remains fixed for all the year	The formulae for simple interest is $= p * i * n$ <b>Where:</b> p = principal (original amount borrowed or loaned) i = interest rate for one period n = number of periods
<b>Compound Interest</b>	Compound interest is calculated each period on the <b>original principal and all interest accumulated during past periods</b> . Compound interest is the concept of adding accumulated interest back to the principal, so that interest is earned on interest from that moment on. The act of declaring interest to be principal is called compounding (i.e., interest is compounded).	Compound Interest = Principal x $(1 + \text{Rate}/N)^{(N \times \text{Time})} - \text{Principal}$ . Where N is the Number of times within one year that the Principal should be reinvested.
<b>JSE Limited (Johannesburg Stock/Security Exchange)</b>	The JSE describes itself as the "engine room" of the South African economy, providing an orderly market for dealing in securities. Its main function is to facilitate the raising of primary capital by re-channelling cash resources into productive	<b>JSE Limited</b> (previously the <b>JSE Securities Exchange</b> and the <b>Johannesburg Stock Exchange</b> ) is the largest stock exchange in Africa. It is situated at the corner of Maude Street and Gwen Lane in Sandton,



	economic activity, and building the economy while enhancing job opportunities and wealth creation. The JSE also provides an effective price determination facility and price risk management mechanism. Shares are the main commodity traded by the Johannesburg Stock Exchange.	Johannesburg South Africa. The JSE is presently the 16th largest stock exchange worldwide.
<b>Pre-emptive right</b>	Is a promise by A to sell to B upon the happening of certain events, i.e. a <i>pactum de contrahendo</i> , and that a <i>pactum de contrahendo</i> must itself comply with any formalities in which are requisite to the validity of the proposed second contract	For example: In the case of a pre-emptive right regarding the sale of a property, the pre-emptive right must be writing.
<b>Acid test ratio</b>	The ratio of current assets minus stock to current liabilities.	<b>(Current assets – stock) : liabilities</b>
<b>Current ratio</b>	The ratio of current assets to the current liabilities.	The formula is: $\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$
<b>Working capital or Net current assets</b>	A measure of both a company's efficiency and its short-term financial health.	The working capital ratio is calculated as: Working Capital = Current assets - Current liabilities
<b>Cash</b>	Cash consists of paper currency and coins. Cash represents less than one-tenth of the total value of global currencies. It includes short-term investments that can be readily converted into cash.	Negotiable money orders are also cash. Cash equivalents are any assets that can be converted quickly into cash. It is an asset to the business and is usually considered to be one of the current assets.
<b>Cheque</b>	A cheque is a document / instrument (usually a piece of paper) that orders a payment of money from a bank account. The person writing the cheque, the <i>drawer</i> , usually has a current account. The drawer writes the various details including the money amount, date, and a payee on the cheque, and signs it, ordering	Different Kinds / Types of Cheques <ol style="list-style-type: none"> <li>1. Bearer Cheque</li> <li>2. Order Cheque</li> <li>3. Uncrossed / Open Cheque</li> <li>4. Crossed Cheque</li> <li>5. Anti-Dated Cheque</li> <li>6. Post-Dated Cheque</li> <li>7. Stale Cheque</li> </ol>

	their bank, known as the <i>drawee</i> , to pay that person or company the amount of money stated.	
<b>Credit card</b>	A card authorising purchases on credit at a predetermined interest rate and/or payment conditions.	<b>Credit card holder receives Credit card receipts</b> - Sales revenue where payment has been made through the use of recognized/authorised credit cards versus cash or cheque receipts / payments.
<b>Debit Card</b>	A plastic card that allows the holder to pay for goods electronically. Unlike a credit card the funds are taken out of your bank account.	A card that has the same use as a cheque. Its use directly debits the person's current account.
<b>Cash flow forecast statement</b>	A prediction of how cash will flow through a business over a period of time in the future.	The direct method of cash flow forecasting schedules the company's cash receipts and payments. Receipts are primarily the collection of accounts receivable from recent sales, but also include sales of other assets, proceeds of financing, etc. Payments include payroll, payment of accounts payable from recent purchases, dividends and interest on debt.
<b>Cash flow statement</b>	A statement showing how cash has flowed through a business over a period of time. It includes a summary of receipts and payments during each period of time.	The cash flow statement is separated into three sections: Cash Flow from Operating Activities Cash Flow from Investing Activities Cash Flow from Financing Activities
<b>Gross profit margin or ratio of gross profit to sales</b>	Pre-tax profits divided by Annual Sales. This is the profit ratio before product and sales costs, as well as taxes. This ratio can indicate the "play" in other expenses which could be adjusted to increase the Net Profit margin.	Gross Profit : Sales : Gross profit divided by the sales turnover of a business expressed as a percentage.
<b>Net profit margin or ratio of net profit to</b>	Net profit divided by the sales turnover of a business expressed as a percentage.	Net Profit: Sales: After tax profits divided by Annual Sales. This is the key profit

<b>sales</b>		ratio, indicating how much is put in the company's pocket for each R100 of sales.
<b>Rate of return on capital employed</b>	The Return on Capital Employed ratio (ROCE) tells us how much profit we earn from the investments the shareholders have made in their company. Net profits divided by capital employed in the business.	ROCE = $\frac{\text{Profit for the Year}}{\text{Equity Shareholders' Funds}}$  Return on Capital Employed = $(\text{Net Profit} \div \text{Capital Employed}) \times 100$
<b>Cost of sales</b>	The total cost incurred by the business for the products and or services which was sold by the business during a specific period.	Costs of production such as raw materials costs, direct wage costs and changes in stock.
<b>Depreciation</b>	The fall in value of fixed equipment and buildings over time as they wear out.	An accounting term for the cost recovery of real property and personal; the expense deduction on an <b>Income Statement</b> allowing for gradual wear-out of a <b>fixed Assets</b> ; <b>amortization</b> of a fixed asset. The duration of the depreciation period approximates the useful life of the asset. Commonly used methods of depreciation include Straight-line method; diminishing balance method, etc.
<b>Gross profit.</b>	Sales turnover minus cost of sales or Net Sales less the Cost of Goods sold.	The Profit before Overhead (operating expenses) has been deducted. Sometimes, commonly used to mean the same as Gross Margin.
<b>Net profit</b>	The profit made after all costs and revenues have been taken into account. It is gross profit plus non-sales revenue minus operating costs.	Net income that has a positive value. Opposite of Net loss. This is the amount earned by a company after expenses. This is calculated as; Gross Profit - Expenses = Net Profit.
<b>Profit and loss account</b>	A financial statement that summarises the expenses, losses and overheads of a firm. It is used to calculate the net profit.	A record of the revenues and costs of a business over a period like six months or a year.

<b>Trading account</b>	Part of the profit and loss account which shows sales turnover, cost of sales and changes in stocks.	Compares sales, stock used and direct expenses to find the profit or loss made by buying and selling.
<b>Assets</b>	What is owned, for instance, by a business. Anything of value that is owned by a business or an individual.	Assets are either financial, such as <b>cash; physical, real property; tangible, a patent; or intangible, goodwill, etc.</b> An asset embodies probable future benefit and the ability to contribute directly or indirectly to future income. In accounting, assets are listed on the left hand side of a balance sheet statement showing the things owned. Things owed are listed on the right side (liabilities and equity).
<b>Balance sheet</b>	The part of a business' accounts where the assets and liabilities of the business are recorded.	A summary of all the assets and liabilities of a business. The difference between the total assets and liabilities is called the net assets or equity of the business.
<b>Creditors</b>	The individuals, other businesses and governments to which the business owes money.	Creditors (also known as accounts payable) refers to those entities or people from who the business purchased products/and or services and whose accounts have not been at the end of a specific reporting period.
<b>Current assets</b>	Liquid assets of the business. Current liabilities What the business owes and will have to pay in the next 12 months.	Examples of current assets: <ul style="list-style-type: none"> <li>▪ Stock</li> <li>▪ Debtors</li> <li>▪ Bank</li> <li>▪ Cash</li> </ul>
<b>Debtors</b>	People, other businesses or governments which owe business money.	Represents the current assets of the business.
<b>Goodwill</b>	Goodwill is what a business owner has built into his business over the years. Goodwill is the value placed on the continued relationship between a business and its' customers and vendors. Buyers of an existing business want to purchase the	Goodwill of a business includes: Reputation, Telephone number, Logos or trademarks, Customer lists, Vender list, Branding, Lease value, Web page, Marketing materials, or any other intangible item that goes into the sale of

	goodwill instead of starting from scratch.	the business.
<b>Fixed assets / Tangible assets</b>	Assets which exist in a physical sense. What is owned by a business which it uses over a long period of time.	Examples of fixed assets: <ul style="list-style-type: none"> <li>▪ Vehicles</li> <li>▪ Equipment</li> <li>▪ Furniture</li> <li>▪ Land and Buildings</li> <li>▪ Machinery</li> </ul>
<b>Intangible assets</b>	Intangible assets, such as goodwill which don't exist in a physical sense. An intangible saleable asset makes the business worth more to a buyer than the Book Value.	For example: <ul style="list-style-type: none"> <li>▪ Goodwill</li> <li>▪ Investment</li> </ul>
<b>Liabilities</b>	For a business, the monetary value of what it owes, for instance, to other businesses or to the government.	Anything that is owed by the business to another party and has to be paid or given back.
<b>Liquid assets</b>	Assets of a business which can easily be turned into cash or which are cash.	Examples of liquid assets: <ul style="list-style-type: none"> <li>▪ Stock</li> <li>▪ Debtors</li> </ul>
<b>Long term liabilities</b>	What the business owes and will have to pay in more than 12 months time.	Long term loan / mortgage loan
<b>Security</b>	An asset, like property, which can be sold if a borrower fails to repay a loan and the money used to pay off the rest of the loan.	<ul style="list-style-type: none"> <li>▪ Property pledged as collateral to a debt.</li> <li>▪ Protection; assurance; indemnification.</li> </ul>
<b>Securities</b>	Securities are generally negotiable financial instruments representing financial value. A document that indicates evidence of indebtedness or of equity interest - including notes, bonds, debentures, stocks or shares, certificate of interest, etc. which may be traded on an exchange.	Securities are broadly categorized into: Debt securities (such as banknotes, bonds and debentures), Equity securities, e.g., common shares; and, Derivative contracts, such as forwards, futures options and swaps
<b>Equity security</b>	An instrument that signifies an ownership position (called equity) in a business, and represents a claim on its proportional share	For example: Ownership in the company is determined by the number of shares a person owns

	in the business's assets and profits.	divided by the total number of shares outstanding. If a company has 1000 shares outstanding and a person owns 50 of them, then he/she owns 5% of the company.
<b>Capital Market / Securities market</b>	The capital market (securities markets) is the market for securities, where companies and the government can raise long-term funds. The capital market includes the stock market and the bond market. Capital market is a market for securities (debts or equity), where business enterprises and governments raise long-term funds. It is defined as a market in which money is provided for periods longer than a year.	Capital markets may be classified as <b>primary markets</b> and <b>secondary markets</b> . In primary markets, new stock or bond issues are sold to investors via a mechanism known as <b>underwriting</b> . In the secondary markets, existing securities are sold and bought among investors or traders, usually on a securities exchange, over-the-counter, or elsewhere. Capital market is the market for securities and It gives fund for securities for more than a year. Stock, Bond, Currency and Commodity are coming under the capital market
<b>Money market</b>	Network of banks, discount houses, institutional investors and money dealers who borrow and lend among themselves for the short-term (typically 90 days). Unlike organised markets (such as stock exchange) money markets are largely unregulated and informal where most transactions are conducted over phone, fax, or online. Long-term borrowing and lending markets are called capital markets.	Money markets also trade in highly liquid financial instruments with maturities less than 90 days to one year (such as bankers' acceptance, certificates of deposit, and commercial paper), and government securities with maturities less than three years (such as treasury bills), foreign exchange, and bullion.
<b>Break-even point</b>	Where total revenue equals total cost.	The amount (volume) of sales needed to cover all expenses (fixed and variable) before any profit is earned. The number of units that must be sold at a specified price to cover all contributing costs. Zero profit; a lower volume causes losses; a

		higher volume causes profits.
<b>Break even chart</b>	<b>A graph which shows total costs and total revenues and the break</b>	
<b>Budget</b>	A forecast of income and expenditure over a period of time, like a week or a year. A document that lists planned income and expense items along with the dollar value for each.	A budget is most useful when, at a later date, actual transactions are compared to the budget for analysis and control of future decisions. Of the many kinds of budgets, a <b>Cash Budget</b> shows <b>Cash Flow</b> , an <b>Expense Budget</b> lists expected payments of money, and a <b>Capital Budget</b> shows the anticipated payments for <b>Capital Assets</b> .
<b>Margin of safety</b>	The quantity sold above the breakeven point where the business makes a profit.	Margin of Safety = Total units sold for the month – (less) Break even output
<b>Fixed costs</b>	Costs which remain the same whatever the level of output of the business.	Any cost that occurs as time passes regardless of the volume of production or sales, such as rent, real estate taxes, insurance, office staff or interest. Such an expense does not vary with volume of sales or production. As opposed to Variable Cost.
<b>Total costs</b>	All the costs incurred by a business over a period of time. It is equal to fixed costs plus variable costs.	In accounting, the sum of all expenses (costs), including both Fixed and Variable Cost for the period.
<b>Variable costs</b>	Costs which vary directly with the output of the business. A cost that is dependent on quantity of output; a cost that varies in proportion to the quantity produced and is incurred as a direct result of operation of the business.	Theoretically, variable costs are zero if there is no production. As opposed to Fixes Cost.

<b>Marketing function</b>	Marketing function is primarily concerned with the distribution of goods and services among the people.	For smooth marketing of the product, the marketing manager decides on the product, its packing and branding, deciding the distribution channel and promoting the future sales.
<b>Marketing</b>	Marketing is the management process through which goods and services move from concept to the customer. As a philosophy, marketing is based on thinking about the business in terms of customer needs and their satisfaction.	Marketing differs from selling because "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for products. It is not concerned with the values that the exchange is all about. Marketing views the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs."
<b>Marketing management</b>	The management process which is responsible for identifying potentially profitable products and then selling them to the customers.  It is an understanding and fulfilling the needs and requirements of the customers.	<b>Market research</b> – determining demand for the product. <b>Marketing mix</b> - Price, product, promotion and place. (4Ps). People, physical environment and process. (7Ps) <b>Marketing activities</b> : locating the consumer, standardisation and grading, storage, transport, financing, risk-bearing, and buying & selling <b>Marketing strategy</b> : how you will go about achieving the marketing objectives you have set yourself. What types of marketing tools are available to you, and which might be the most appropriate?
<b>The marketing mix</b>	The combination of factors which help the business sell a product – usually summarised as the 4 Ps/7P's.	Price, product, promotion and place. (4Ps)  People, physical environment and process. (7Ps)
<b>Market segment</b>	Part of a market which contains a group of buyers with similar characteristics, such as age or income	Market for pensioners, girls under the age of 21, for boys, etc.



<b>Advertising agency</b>	A legally established relationship whereby one party delegates to another party (the agent) the right to promote goods on behalf of the principal.	A business which specialises in organising the promotion for other businesses.
<b>Direct mail</b>	Advertising leaflets sent to potential customers, usually through the post.	Marketing goods directly to the consumer through the mail as opposed to marketing through a retail store. For example: <ul style="list-style-type: none"> <li>▪ Priceless</li> <li>▪ Home makers</li> <li>▪ Home in Style</li> </ul>
<b>Point-of-sale material</b>	Promotion of a product where it is sold.	Examples include special displays of distribution of leaflets in shops.
<b>Promotion</b>	Communication between business and customer, making the customer aware that the product is for sale, telling or explaining to them what is the product, making the customers aware of how the product will serve the customer's needs and persuading them to buy it for the first time or again.	That phase of marketing that highly praises a product or service, often by indirect means. To further the popularity, knowledge or awareness of the product or service.  <b>NOTE:</b> In personnel matters, to elevate the responsibility and rate of pay of a person in an organization. For example, a person may be promoted to the position of supervisor.
<b>Competition based pricing</b>	Setting a price based on the prices charged by competitors of similar products by competitors.	A pricing method in which a seller uses prices of competing products of as a benchmark instead of considering own cost or the customer demand.
<b>Cost plus pricing</b>	Fixing a price by adding a percentage profit margin to the cost of production of the good or service.	Setting a price based upon how much it costs to produce.
<b>Creaming or skimming</b>	Selling a product at a high price, sacrificing high sales in order to earn high profits. The practice of 'price skimming' involves charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a	The objective with skimming is to "skim" off customers who are willing to pay more to have the product sooner; prices are lowered later when demand from the "early adopters" falls.  The success of a price-skimming strategy

	market.	is largely dependent on the inelasticity of demand for the product either by the market as a whole, or by certain market segments.
<b>Market orientated pricing</b>	Setting a price based on an analysis and research compiled from the target market.	This means that marketers will set prices depending on the results from the research. For instance if the competitors are pricing their products at a lower price, then it's up to them to either price their goods at an above price or below, depending on what the company wants to achieve .
<b>Market share</b>	The percentage of all the sales within a market that are held by one brand or company. It is the proportion of sales by one business in a market compared to the total size of the market.	The firm's performance relative to competitors can be measured by the proportion of the market that the firm is able to capture. This proportion is referred to as the firm's <b>market share</b> and the formula for calculation is: $\frac{\text{Value of Firms Sales}}{\text{Value of Market Sales}}$
<b>Profit</b>	The difference between sales revenue and costs.	In a financial situation, a positive sum after expenses are deducted from income of a business as shown on an income statement; the monetary gain obtained from the use of Capital in a transaction; the proceeds from property or investment; the opposite of a loss.
<b>Mark-up or profit margin</b>	A mark-up is the difference between the cost of an item and what you charge your customers for it.  The extra which is added to the cost of a product to cover the profit to be made.	The percentage added to the cost of production which equals the profit on the product. The relation of various levels of profit to net sales, most often as a percent of sales.  <b>Gross Margin:</b> From gross sales, subtract returns and allowances to arrive at net sales; from net sales, subtract cost of goods sold to arrive at gross profit.

		<p>Divide gross profit by net sales and express as a percent to obtain gross margin.</p> <p><b>Net Margin:</b> From gross profit, deduct operating expenses (overhead) to determine net profit before taxes. Divide net profit before taxes by net sales and express as a percent to obtain net margin. Both gross margin and net margin, when compared with prior periods and with industry statistics, provide a measure of operating efficiency, pricing policy and ability to compete successfully with other companies in the field.</p>
<b>Penetration pricing</b>	The setting of a price low enough to gain sufficient market share to achieve customer brand recognition within that market.	Setting an initial low price for a new product so that it is attractive to customers. The price is likely to be raised later as the product gains market share.
<b>Price discrimination</b>	Setting a different price for the same product in different segments of the market.	Setting a different price for the same product in different segments to the market. For example, this can be for different ages, such as classes, or for different opening times, .
<b>Administration and information systems</b>	Administration requires organised systems to control the paperwork and flow of information, and ensuring the smooth running of the business.	<p>Manual or electronic handling, storage, retrieval and dissemination of business information.</p> <ul style="list-style-type: none"> <li>▪ Email</li> <li>▪ Fax</li> <li>▪ SMS</li> <li>▪ Twitter</li> <li>▪ Face book</li> <li>▪ Telephone</li> </ul>
<b>Administration management</b>	Administrative management is about managing information through people. Information is central to all management processes and people are the resources	Management of information, whether paper based or computerised, is central to the effective running for any organisation in a competitive global marketplace.

	who make best use of that information to add value. Most working professionals and all managers have some element of administrative management in their jobs.	
<b>Administrative activities</b>	Administration deals with gathering, processing, and communicating information. Practically, everybody working for an organization participate in the administrative activities. The goal of administrative activities is to ensure smooth running of the organization's processes by coordinating people participating in the processes, and providing them with information needed for completing their assignments.	To carry out administrative activities people employ the following <b>tools</b> : <ul style="list-style-type: none"> <li>▪ <i>communication channels</i>, e.g. mail, email, telephone</li> <li>▪ chats, and <i>information storage means</i>, e.g., paper folders, shelves, boxes, computer servers,</li> <li>▪ information systems etc.</li> </ul>
<b>Public relations function</b>	<b>Public relations (PR)</b> are the practice of managing the flow of information between an organisation and its public. Public relations provide an organization or individual exposure to their audiences using topics of public interest and news items that do not require direct payment.	Giving out information to the media about the business with the aim of improving it's image.
<b>Public Relations</b>	Promotion of a positive image about a product or business through giving information about the product to the general public, other businesses or the press. The act of promoting a specific image for the business.	Public relations involve keeping all parties in the business environment happy.
<b>Public relations management</b>	Public relations management means the activities that management undertakes to evaluate and measure the attitudes, opinions, and sentiments of the public toward your organization.	A public relation plan will be an integral part of who determines policies, processes, and procedures with regard to public interest that your organization will follow and implement.

<b>Total quality management (TQM)</b>	A method for a business to focus on quality by making it an important aim of every department (functional areas) and worker.	Every functional area (General management; financial function; marketing function; purchasing function; production function; Human Resource function; Administrative function and public relation function) must strive for quality.
<b>Quality</b>	Quality refers to conformance to established or set standards.	Quality has different connotations. In health and hospitality it may mean 'hygiene'; in electrical and electronics, it may mean, 'safety;' in services it may mean 'speed' and 'reliability' and so on. In business, even price is a quality measure. A product produced need to conform to the set standard.