Creative thinking and problem solving

Learners must be able to:

- Explain/Elaborate on the meaning of creative thinking.
- Differentiate between routine versus creative thinking.
- Differentiate/Distinguish between conventional versus non-conventional solutions.
- Recommend ways in which businesses can create an environment that stimulate creative thinking.
- Explain the benefits/advantages of creative thinking in the workplace.
- Define problem solving.
- Explain the meaning of a Delphi and Force-Field analysis.
- Apply a Delphi and Force-Field analysis from given scenarios/case studies.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative</td>
<td>To be original, inventive or resourceful.</td>
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<tr>
<td>Generate</td>
<td>To produce or create.</td>
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<tr>
<td>Creativity/Innovative</td>
<td>Ideas featuring new and original methods.</td>
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<tr>
<td>Creative thinking</td>
<td>The ability to think of original, varied new ideas or new approaches</td>
</tr>
<tr>
<td>Decision-making</td>
<td>Process of analysing a situation to identify strategies to bring about</td>
</tr>
<tr>
<td>Problem</td>
<td>Experiencing uncertainty or difficulty in achieving what we want to achieve</td>
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<tr>
<td>Problem-solving</td>
<td>Gathering facts that include problem findings and problem shaping.</td>
</tr>
<tr>
<td>Problem-solving techniques</td>
<td>Various problem solving techniques which businesses used to solve business related problems.</td>
</tr>
</tbody>
</table>

- Solving problems requires businesses to apply creative and critical thinking skills.
- Businesses have to solve many problems as they confront the challenges of dynamic and complex business environments.
- Businesses could use creative thinking techniques to solve business problems.
- Creative thinking is the thought process that leads to original/novel/new ideas.
- Businesses need to find ways to break away from routine thinking.

**Meaning of creative thinking**

- Creative thinking is the ability to think of original and innovative ideas.
- It focuses on exploring ideas/generating possibilities and looking for many answers.
Differentiate between routine thinking and creative thinking

<table>
<thead>
<tr>
<th>ROUTINE THINKING</th>
<th>CREATIVE THINKING</th>
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<tbody>
<tr>
<td>- Doing the same thing and expecting different results.</td>
<td>- The process used to come up with new ideas to solve problems.</td>
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<tr>
<td>- Using past decisions as a guidance to solve current problems.</td>
<td>- Exploring new and different ways to do things to obtain better results.</td>
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Ways in which a business can create an environment that stimulates/promote creative thinking

- Encourage alternative ways of working/doing things.
- Encourage staff to come up with new ideas/opinions/solutions.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Emphasise the importance of creative thinking to ensure that all staff know that management want to hear their ideas.
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/generate more ideas/build on one another's ideas.
- Train staff in innovative techniques/creative problem solving skills/mind-mapping/lateral thinking.
- Encourage job swaps within the organisation/studying how other businesses are doing things.

Advantages/Benefits of creative thinking in the workplace

- Better/Unique/Unconventional ideas/solutions are generated.
- Complex business problems may be solved.
- Improves motivation amongst staff members.
- Management/employees may keep up with fast changing technology.
- Creativity may lead to new inventions which improves the general standard of living.
- May give the business a competitive advantage if unusual/unique solutions/ideas/strategies are implemented.
- Productivity increases as management/employees may quickly generate multiple ideas which utilises time and money more effectively.
- Managers/ Employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage change(s) positively and creatively.
- Managers/ Employees can develop a completely new outlook, which may be applied to any task(s) they may do.
- Leads to more positive attitudes as managers/employees feel that they have contributed towards problem solving.
Managers/Employees have a feeling of great accomplishment and they will not resist/obstruct the process once they solved a problem/contributed towards the success of the business.

Stimulates initiative from employees/managers, as they are continuously pushed out of their comfort zone.

PROBLEM SOLVING

Meaning of problem solving

- It is the process of analysing a situation to identify strategies that can be used to change the situation. Problem solving requires creative thinking.
- Problem solving is a mental process that involves problem finding, which is the ability to identify the problem.
- It also involves problem shaping, which is the ability to break-down the problem in such a way that a clear solution can be found.

Problem solving steps

- Identify the problem.
- Define the problem.
- Identify possible solutions to the problem.
- Select the most appropriate alternative.
- Develop an action plan.
- Implement the suggested solution/action plan.
- Monitor the implementation of the solution/action plan.
- Evaluate the implemented solution.
- Formulate strategy
- Implement strategy
- Evaluate strategy

Application/Discussion of problem solving steps

Identify the problem

- Acknowledge that there is a problem
- Identify the exact problem
- Break down the problem into smaller parts that are easier solve separately
Define the problem

- Name the problem by stating exactly what the problem is.
- Find different ways of defining the problem.
- Define the possible causes of the problem.
- The nature of the problem must be precise.
- Gather as much information as possible to establish the cause of the problem.

Identify alternative solutions

- Identify all different possible solutions.
- Use creative thinking strategies to generate a wide range of solutions.
- Focus on generating as many ways as possible through using creative thinking.
- Collect as many ideas as possible and find the best idea/decide on one strategy to follow.

Evaluate alternative solutions

- Use critical evaluation and analytical skills to evaluate each solution.
- Consider the advantages and disadvantages of each alternative solution.

Choose the best solution

- Set criteria for the best solution, in terms of aspects such as time/cost/risk involved.
- Identify which solution will be used.
- The best solution should match the size and the resources of the business.
- If the solution is not appropriate, the business should go back to defining the problem.

Formulate/Develop an action plan/strategy

- Arrange the necessary resources and delegate tasks.
- Establish a time line for implementation and set deadlines.
Implement the action plan

• Carry out the planned actions/solution.
• Communicate delegated tasks/deadlines to employees.

Evaluate the solution/action plan

• Assess whether the problem has been solved partially or entirely
• Monitor/test the solution/action plan/strategy continuously.
• If problems emerge, they must recognise and re-formulate the problem for improved solutions in the future.

Problem solving techniques

• Delphi technique
• Force field analysis

NOTE: You only need to focus on the above mentioned problem solving techniques

Application of the problem solving techniques

Application of the Delphi technique

• Businesses must invite a panel of experts to research the complaints from customers.
• Experts do not have to be in one place and will be contacted individually.
• Design a questionnaire consisting of questions on how to improve the quality of their products and distribute it to the panel members/experts.
• Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to the business
• Summarise the responses from the experts in a feedback report.
• Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.
• Request panel members to provide further input/ideas on how to improve the quality of products after they have studied the results/documentation.
• Distribute a third questionnaire based on previous feedback from the second round.
• Prepare a final summary/feedback report with all the methods to improve the quality of the business’s products
• The business should choose the best solution/proposal after reaching consensus.
Impact of Delphi technique

Positives/Advantages

- Businesses may use a group of experts without bringing them together.
- The experts will give the business clear ideas/solutions on how to improve on productivity/profitability.
- Information received from experts can be used to solve complex business problems.
- Experts may give honest/credible opinions as they do not have a direct/personal interest in the business.
- Conflict may be avoided especially if all employees are knowledgeable and well qualified.
- Dominating employees may not take over the process as they do not form part of the problem solving process.
- It reduces noise levels in an office environment since there is no group discussion.

Negatives/Disadvantages

- It is an expensive technique to use due to high administrative costs.
- May be time consuming/complicated to analyse data received from experts.
- Not all experts are willing/interested to give feedback/complete questionnaires.
- Some experts might not have an in-depth knowledge of certain topics.
- Experts’ suggestions may not be considered by some employees so consensus may not be reached.

Application of Force-Field Analysis

- Describe the current situation/problem and the desired situation.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.
- Identify priorities and develop an action plan.

Impact of the Force-Field Analysis

Positives/Advantages

- It provides a visual summary of all the various factors supporting and opposing a particular idea
- Employees feel included and understood.
- Employees develop and grow with the business.
- Informed decisions can be made as forces for and against are critically evaluated.
- Enables businesses to strengthen the driving forces and weaken the restraining forces.
- Businesses are able to have an idea of the timeline required and the requirements of additional resources.

**Negatives/Disadvantages**
- It is time consuming since the business must stabilise before more changes can be made.
- Requires the participation of all business units
- The analysis developed is entirely dependent upon the skill level and knowledge of the group working on the analysis.

<table>
<thead>
<tr>
<th>DECISION MAKING</th>
<th>PROBLEM SOLVING</th>
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<tr>
<td>- It is often done by one person/a member of senior management who makes it authoritarian.</td>
<td>- Problems can be solved by a group/team or an individual team member.</td>
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<tr>
<td>- Various alternatives are considered before deciding on the best one.</td>
<td>- Alternative solutions are generated/identified and critically evaluated.</td>
</tr>
<tr>
<td>- It is part of the problem solving cycle as decisions need to be taken in each step.</td>
<td>- Process of analysing a situation to identify strategies to bring about change.</td>
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MARKETING

Learners must be able to:

- Define marketing.
- Briefly explain the role of marketing.
- Outline/Mention/Discuss/Explain the following marketing activities:
  - Standardisation and grading
  - Storage
  - Transport
  - Financing
  - Risk-bearing and
  - Buying & selling
- Identify the above mentioned marketing activities from given scenarios/case studies/statements.

PRODUCT POLICY

- Outline/Mention/Explain/Discuss the product policy with specific reference to types of product, product development, trademarks and packaging.
- Outline/Mention/Discuss categories of consumer goods/products.
- Explain/Discuss the importance of product development
- Outline/Mention/Discuss/Explain the steps/stages of product design.
- Mention/Explain/Discuss the purpose of packaging
- Outline/Mention/Discuss/Describe/Classify types/kinds of packaging.
- Elaborate on the meaning of trademarks
- Discuss/Explain/Describe the importance of trademarks to businesses and consumers.
- Outline/Mention/Explain the requirements of a good trade mark.

PRICING POLICY

- Define/Explain the meaning of price
Discuss/Explain the importance of pricing.

Outline/Mention/Explain/Discuss the following pricing techniques e.g.:
  - Cost-based/orientated pricing
  - Mark-up pricing
  - Customer/target based pricing
  - Competition based/orientation pricing
  - Promotional pricing
  - Penetration pricing
  - Psychological pricing
  - Bait pricing
  - Skimming prices

Identify the above mentioned pricing techniques from given scenarios/statements. Quote from the scenario to support your answer.

Outline/Mention/Explain/Discuss factors that influence pricing.

Identify these factors from given scenarios/statements. Quote from the scenario to support your answer.

DISTRIBUTION POLICY

Define/Explain the meaning of distribution.

Outline/Discuss/Explain the channels of distribution.

Differentiate/Distinguish between direct and indirect channel of distribution.

Explain the meaning of intermediaries

Outline/Mention different types of intermediaries.

Explain the role of intermediaries in the distribution process.

Draw the channel of distribution.

Briefly explain the reasons why manufactures may prefer to make use of direct or indirect distribution methods.
COMMUNICATION POLICY

• Define/Explain the meaning of a marketing communication policy.

• Outline/Mention/Explain/Discuss/Describe the following components of the marketing communication policy:
  o Sales promotion
  o Advertising
  o Publicity and
  o Personal selling

• Explain the purpose of sales promotion and give practical examples.

• Explain the purpose of advertising and give examples of advertising medium.

• Elaborate on the meaning of publicity.

• Explain the role of the public relations in publicity.

• Give examples of publicity e.g. press release to the media.

• Explain the meaning of personal selling

• Justify the effectiveness of personal selling in promoting a business product.

ELECTRONIC MARKETING

• Define electronic marketing and give examples.

• Identify methods of electronic marketing from given scenarios/case studies/cartoons/pictures etc.

• Explain/Discuss the impact (advantages and disadvantages) of electronic marketing.

• Compare the marketing mix of the formal sector with the formal sector e.g. the product of the informal sector usually does not have a logo or trade mark as compared to the formal sector.

FOREIGN MARKETING

• Define foreign marketing

• Outline/Mention/Explain/Discuss restrictions and regulations that control foreign marketing e.g.:
  o Tariffs trade agreement
  o Export subsidies
  o Protection policies etc.
• Suggest ways in which South African businesses can enter into a foreign market e.g. exports, licensing, joint ventures, direct investments etc.

**MARKETING**

**Definition of marketing**

• Marketing is used to deliver value to the customers and satisfying their needs.
• The aim is to link the business products and services with the customer needs and wants.
• Marketing also aims to get the right product or service to the right customer at the right place and at the right time.
• Businesses also establish a target market or maintain market share of a current product and locate the most appropriate customers through marketing activities.

**Role of the marketing function**

• Support the overall objectives of a business, which is to maximise profits.
• The marketing team needs to work closely with staff members from other business functions.
• Gather information about customer needs, preferences and buying behaviour and share information with other departments.
• Assist the development of the marketing strategy in collaboration with senior management from other business functions.
• Develop a marketing plan using elements of the marketing mix.
• Develop sales forecasts and projections and provide this information to other business functions.
• Decide which products or services the business will sell and how the products will be distributed.
• Determine what prices (cash or credit) they are going to sell.

**Marketing activities**

1. **Marketing research**

• A business needs to have a target market in mind when it starts the business or develop a new product.
• The business can identify the consumers through research and gain information on:
  • The size of the market
  • Consumer Income
  • Consumer willingness to spend money
  • Age and culture
• Location of existing and potential customers.

2. Standardisation and Grading

• **Standardisation** means producing identical goods that meet specific standards.
• The South African Bureau of Standards (SABS) seal of approval ensures products conform to a specific standard or quality.
• **Grading** means classing products according to their characteristics such as size and weight. It usually refers to agricultural products.

3. Storage

• Storage means keeping goods safe and protected until consumers need them.
• Goods are stored to prevent them from spoilage and to balance demand and supply.
• Fruit grown in winter can be available all year due to cold storage.

4. Transport

• There are five different forms of transport: rail, water, road, pipeline, and air.

**Factors that will influence the form of transport include the following:**

• **Cost** - The form of transport must be affordable.
• **Type of product** - Heavy or bulky products would need rail or road transport or even water transport. Products that are expensive, light, or breakable might need air transport.
• **Travel Time** - Air transport is very fast, water transport is much slower.

5. Financing

• Financing can be provided by the manufacturer, the wholesaler, the retailer, or a financial institution.
• Different forms of credit include:
  o **Credit on open account** - The buyer gets the goods and is given a certain period of time in which to pay the amount owed.
  o **Installment sale** - The buyer pays a deposit and the balance off over a specified period of time.
  o **Lease** - The consumer is allowed to use the goods but may never become the owner of the goods.
The buyer can get finance through a credit card or loan from a financial institution.

6. Risk bearing (Insurance)

- Insurance is a contract entered into by two parties, the insurer and the insured, to cover against certain risks.
- Human risks such as theft, bad debt, breakage and damages due to negligence and strikes.
- Physical risks which can be the result of natural causes.
- Economic risks such as changes in demand and supply.

7. Buying and selling

- The main aim of marketing is to sell goods and services to those individuals and households that will use them.
- Selling is influencing buyers to buy through effective sales promotions.
- Through the marketing activity of selling, the buyer takes possession of the goods.
- Forms of selling includes:
  - Personal selling: Direct selling between the manufacturer and the buyer.
  - Agency selling: someone who sells goods on commission for others.
  - Vending Machines
  - Online shopping.

MARKETING MIX (POLICIES)

1. PRODUCT POLICY

- Includes the choice of products, design of products, packaging and the use of trademarks.
- The product must satisfy both the customers practical needs but also the customers emotional needs.

Components of the product policy

- Types of products/ categories of consumer goods.
- Design of the product
- Product development
- Packaging
- Trademark

- A trademark is a symbol, word/s legally registered or established by use as representing a company or product

**Categories of consumer goods**

- A consumer product is a product bought by final consumers for personal consumption. But not every consumer product is the same.
- Consumer goods in businesses are categorised for marketing purposes.
- There are three different types of consumer products. Marketers usually classify consumer products into these types of consumer products.
- These 3 types of consumer products all have different characteristics and involve a different consumer purchasing behaviour.
- Thus, the types of consumer products differ in the way consumers buy them and, for that reason, in the way they should be marketed.

**Convenience products**

- Among the three types of consumer products, the convenience product is bought most frequently.
- A convenience product is a consumer product or service that customers normally buy frequently, immediately and without great comparison or buying effort.
- Examples include articles such as laundry detergents, fast food, sugar and magazines.
- As you can see, convenience products are those types of consumer products that are usually low-priced and placed in many locations to make them readily available when consumers need or want them.

**Select products**

- Select products are a consumer product that the customer usually compares on attributes such as quality, price and style in the process of selecting and purchasing.
- Thus, a difference between the two types of consumer products presented so far is that the select product is usually less frequently purchased and more carefully compared. Therefore, consumers spend much more time and effort in gathering information and comparing alternatives.
- Types of consumer products that fall within the category of select products are: furniture, clothing, used cars, airline services etc.
• As a matter of fact marketers usually distribute these types of consumer products through fewer outlets, but provide deeper sales support in order to help customers in the comparison effort.

Speciality products

• Speciality products are consumer products and services with unique characteristics or brand identification for which a significant group of consumers is willing to make a special purchase effort.
• As you can see, the types of consumer products involve different levels of effort in the purchasing process: the speciality product requires a special purchase effort, but applies only to certain consumers.

PRODUCT DESIGN

- Product design is the process of creating a new product to be sold by a business to its customers.

Steps involved in developing/designing a product

• Idea generation/ Design and development of product ideas
• Selecting and sifting of product ideas/ Idea screening
• Concept development and testing/ Design and testing of the product concept which should happen before a product is developed
• Analysis of the profitability of the product concept/Business analysis, will determine whether money should be invested in the product.
• Consumer responses must be tested, using a small sample of the product.

The importance of product design

• Product design needs to be designed to suit the needs of the customers
• If the product design does not suit the target market, there will be very little demand for the product.
• Business need to develop new products in order to replace older products in stage 4 when the sale declines.
• Businesses are able to remain competitive because they are always on a lookout for ways to improve their products.
• Products become different from those of the competitors.

PACKAGING
- Packaging occurs when a product is placed in a container or wrapping.
- Packaging refers to the container or wrapping that holds a product or group of products.
- Packaging of a product can influence a customer to buy or not to buy the product.

**Purpose of packaging:**

- Packaging is needed to contain the item / product, e.g. olive oil in a bottle
- Packaging indicates brand / trademark of the business and should have information about the product

**Requirements/Purpose of good packaging**

- Must be eye-catching and attract the immediate attention of the consumer.
- Suit the product.
- Suitably designed for the target market.
- Distinguish itself from its competitors.
- Support the image the business is trying to create.
- Right for display purposes and meet the requirements of retailers.
- Environmentally responsible.
- Protect the content.
- Easy to distribute, handle, transport and use.

**Types of packaging**

- **Speciality packaging** - packed in a certain way to create a certain image.
- **Packaging for immediate use** - Unit packaging /the package is effortless and easy to use the content.
- **Re-useable packaging** - packaging can be used for the same purpose more than once.
- **Packaging for double use** - the packaging can be used for something else.
- **Kaleidoscopic packaging** - certain part of the packaging changes continuously.
- **Combination packaging** - Two related items are packaged together.
- **Unique packaging** - Consumer buy the product to obtain the container.
- **Packaging for re-sale** - buying products in bulk to sell them separately on in smaller quantities.

**TRADEMARKS**

- A trademark is a symbol, word/s legally registered or established by use as representing a company or product

**Requirements**
• Make it easy for consumers to recognise the product
• Must be easy to spell and read, e.g. NIKE
• Easy to recognise, remember and pronounce
• Helps build brand familiarity

Importance of a trademark

- Forms the starting point for advertising the business and its products
- Can extend its product range, because it is easy to market products under a well-known and popular trademark.
- Can speed up a purchase transaction and increase sales.
- Creates loyalty among consumers and makes it difficult for the consumer to choose substitutes.
- Creates a product image that can be trusted by consumers.

2. PRICING POLICY

• A value that will purchase a finite quantity, weight, or other measure of a good or service.
• As the consideration given in exchange for transfer of ownership, price forms the essential basis of commercial transactions. It may be fixed by a contract, left to be determined by an agreed upon formula at a future date, or discovered or negotiated during the course of dealings between the parties involved.
• Price is the money charged for a good or service. For example, an item of clothing costs a certain amount of money. Or a computer specialist charges a certain fee for fixing your computer.
• Price is also what a consumer must pay in order to receive a product or service. Price does not necessarily always mean money. Bartering is an exchange of goods or services in return for goods or services
• Price is the easiest marketing variable to change and also the easiest to copy.
• In business, price is determined by what
  o (1) a buyer is willing to pay,
  o (2) a seller is willing to accept, and
  o (3) the competition is allowing to be charged.

Pricing techniques
A business can adopt different pricing strategies for several reasons, such as:

• To try to break into a new market
• To try to increase its market shares
• To try to increase its profits
• To make sure all its costs are covered and a particular profit is earned.

The techniques/strategies include
• **Cost-based/orientated** pricing is a technique of pricing that is aligned to the cost of the product.
• **Mark-up pricing** is calculated as a percentage from the cost per unit.
• **Customer/target** based pricing is a technique used by a business that has set certain targets to achieve based on the large capital spent on machinery.
• **Competition based/orientation** pricing is when businesses set prices below the value of their competitors.
• **Promotional pricing** is a technique used by businesses who offer sales or special offers to attract customers.
• **Penetration pricing** is used when the business enters a new market by charging low prices.
• **Psychological pricing** gives the customer an impression that an item is cheaper than it really is.
• **Bait pricing** is a policy whereby products are advertised at prices that are usually lower than the items cost price in order to attract them.
• **Skimming prices** are attached to a new innovative product that is considered unique and prestigious.

Factors influencing pricing
• **Production costs**: All input costs have to be added up and this is the basis of the price. This price changes as inputs increase or decrease.
• **Nature of the product**: Basic goods have lower prices, while luxury goods have higher prices. Prices of essential goods (petrol) can increase without greatly affecting demand.
• **Demand and supply**: Large demand and shortage of supply allows the producer to increase prices. Low demand and increased supply forces producers to decrease price.
• **Income levels of consumers**: When the target market experiences a drop in income, the business have to react by reducing the price if they wish to maintain market share.
• **Complements**: A complementary product can have a high price if it is the only one that can be used.
• **Substitutes**: If a product has no substitute, then prices can increase without affecting the market.
• **Pricing Technique**: Prices are influenced by the pricing technique used at the time.
• **Competitor prices**: Producers have to react when their competitors drop their prices.
• **Economic conditions**: In economic downturns, consumers have less money to spend. This also applies to times of high inflation.

3. DISTRIBUTION POLICY

○ Distribution means the route that a product follows from the time it was made/produced/manufactured until it is sold to the final consumer.

**Channel of distributions**
Manufacturer - Consumer

- The manufacturer sells directly to the consumer without using the middlemen.
- Manufacturers using this channel have to advertise their products themselves.

Manufacturer-Retailer-Consumer

- Goods move from the manufacturer to the retailer, where they are sold to consumers.
- The manufacturer sells its products to the consumer by using a retailer.

Manufacturer-agent-retailer-consumer

- Goods move from the manufacturer to an agent. Goods are sold by an agent to retailers who will in turn sell to consumers.
- Agents and retailers are responsible for advertising goods.

Manufacturer-wholesaler-retailer-consumer

- This channel is known as the traditional channel of distribution.
- Goods move from the manufacturer to the wholesaler and they are bought by retailers who sell them to consumers.

Manufacturer-agent-wholesaler-retailer-consumer

- Goods move from the manufacturer to an agent, who sells goods to wholesalers.
- Small retailers then buy goods from the wholesaler and sell the products to consumers.

Intermediaries

- Individuals or businesses that link producers and consumers and make up the distribution channel.
- Their purpose is to promote, sell or make available goods or services by buying and reselling, and each intermediary adds to the price of the item until it reaches the final consumer.
- Intermediaries include the following:

Agents and brokers:

- Individuals and businesses that act on behalf of a producer.
Wholesalers:

- Businesses that buy goods in large quantities from a number of producers.
- They then store the goods in warehouses and resell them to retailers.

Retailers:

- Businesses that sell products in small quantities directly to consumers.
- They usually sell a range of different products from several producers.

Importance of intermediaries in the distribution process.

- Intermediaries are specialists in selling, so the producer may be able to reach a wider audience.
- They can achieve greater sales by using intermediaries.
- The producer may not have the expertise or resources necessary to sell directly to the public.
- The intermediary may be able to provide more efficient distribution logistics, for e.g. transporting the product to various points of sale.
- Overall distribution costs may be lower using an intermediary than if the business undertook distribution itself, even when the intermediary’s commission is taken into account.

Direct and Indirect distribution

- Distribution channels are divided into direct and indirect forms.
- Direct distribution is one in which the producer sells directly to the consumer without any intermediaries.
- Indirect distribution has intermediaries between the producer and consumer.

Difference between direct and indirect distribution

<table>
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<tr>
<th>Direct</th>
<th>Indirect</th>
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<tbody>
<tr>
<td>• Producer has full control over distribution.</td>
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<td>• Lower costs for consumer.</td>
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<tr>
<td>• Direct contact between producers and consumer.</td>
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<tr>
<td>• Producer bears all the risks</td>
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<tr>
<td>• Producer has to deal with promotion</td>
<td></td>
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<tr>
<td>• Have to pay for transport and storage.</td>
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<tr>
<td>• Producer does not have to deal with consumer complaints.</td>
<td></td>
</tr>
<tr>
<td>• Intermediary transports and promotes the product.</td>
<td></td>
</tr>
<tr>
<td>• Distribution costs are lower for producer.</td>
<td></td>
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<tr>
<td>• Producers cannot control the service that consumers receive.</td>
<td></td>
</tr>
<tr>
<td>• Producers have to rely on other businesses to promote the product.</td>
<td></td>
</tr>
</tbody>
</table>
Reasons for direct distribution methods

- Manufacturer prefers to negotiate with the consumer because the manufacturer needs to demonstrate the product/provide after sales service.
- Intermediaries are not willing to distribute the manufacturer’s goods.
- No auxiliary services are offered by the intermediaries.
- Intermediaries cannot deliver the product to the consumer soon enough as the product is perishable.
- Retailers and consumers prefer the manufacturer to supply directly to them because the products will be cheaper.

Reasons for indirect distribution

- The producer may not have enough money to pay for the distribution of the product.
- The producer is not knowledgeable about the distribution of the product.
- The producer can use the capital saved by not acting as a distributor.
- A geographically scattered target market makes distributing the product expensive.
- Some producers do not have enough products to justify their efforts and costs in distributing the products themselves.

Reasons why the informal sector may prefer the direct distribution

- The seller has control over the product.
- Better end user price as no intermediary costs.
- Direct contact with customers for feedback and improvements
- Well trained sales staff are able to promote products effectively and establish good relationships with customers.
- By cutting out the middleman, prices are lower.
- Sales staff provides customer information for future market research.

4. Communication Policy

- The marketing manager’s work is to inform the target market that the product is available.
- This is done through the components of the communication policy

Components of marketing communication policy
Sales promotion

- Any initiative undertaken by an organisation to promote an increase in sale.
- It involves the following:
  - Buy-one-get-one free
  - New technological media- websites and cellphones that support sales promotions.
  - Free gifts
  - Discounted prices
  - Joint promotions
  - Free samples
  - Vouchers and coupons
  - Competitions and prize draws
  - Cause related
  - Financial deals

Purpose of sales promotion

- Promote an increase in sales.
- Stimulate consumers' interest in a business's products.
- Informing consumers about a product.
- Persuade consumers to buy the product.
- Remind the target market about the availability of the product.

Advertising

- Advertising persuades people to buy certain products and also brings goods to the attention of the consumer.
- Paid for by the business.
- Business has control over the messages.
- Only positive messages about business and product.
- Low level of credibility done by the business.
- Not presented as news consumers likely to ignore.

Purpose of advertising
• Make customers aware of your product or service.
• Convince consumers that your product or service is right for their needs.
• Create a desire for your product or services.
• Enhance the image of your business.
• Announce new products or services.
• Make customers actually buy your product
• Attract customers to your business.

Methods of advertising
- Print media: Newspapers, magazines, flyers, brochures
- Outdoor advertising: Banners, posters, billboards
- Mobile advertising: Signs on taxi’s, buses, business transport
- Broadcasting advertising: Radio and TV
- Exhibit advertising: Shows and exhibitions
- Sponsorship advertising: Supporting social and environmental projects
- Online advertising: Websites, e-mail

PUBLICITY

Meaning of publicity
• It is information about a business published by an independent third party such as a newspapers or television station.
• Ensures that the public know about the business, its social programmes, community involvement and fair labour practices etc.
• Publicity can be positive or negative as it is not paid for by the business.
• Good publicity is often successful because reports in the media about products and services have a higher degree of credibility than advertisements by businesses.
• Publicity can be negative if reports appear in a newspaper or on television of a company dumping waste in rivers.
• Internal publicity is the display of goods, the appearance of the shop (neat) and its employees (well-dressed) as well as the staff’s behaviour towards customers.
• Businesses build customer relations by maintaining good corporate image, service, friendliness and efficiency build client loyalty.
• Many companies create brand exposure for the company by running competitions which provide exposure to the company’s products.
• Endorsements by famous people draw attention to a company’s brand and products.
• Sports and movie stars are often seen wearing certain brands of clothing which create public awareness for the brand.
• Some companies hand out gifts and samples with company branding on them, e.g. at conferences where delegates receive goodie bags.
• Some companies offer sponsorship to sporting events or community events.

Role of publicity in marketing

• PR is used to effectively communicate key messages to a diverse public.
• A fundamental principle of PR is establishing and nurturing relationships.
• Having long-standing relationships with industry experts, reporters, editors, reviewers and bloggers is important to get your stories covered and keep your company relevant.
• A core function of PR is to quickly distribute information and generate awareness among large audiences. Seeing a company name published across a trusted news source implies validation and leaves the impression that the brand is credible and trustworthy.

Role of public relations in publicity

• Public relations aims to present a favourable image of the business and its products or service.
• Many businesses outsource the PR function to an outside agency to take advantage of their specialised knowledge.
• The PR department builds good relationships with representatives of the media and press.
• They keep the media informed of news about product launches and opening of new factories or shops for the attention of the public.
• The PR function supports marketing efforts to establish and build a brand identity.

Examples/Types of publicity

General News

• This is the most common type of press release.
• The idea behind a general news release is to generate traditional coverage in online and offline media.

Launch Release

• A launch press release relates to the release of a new company, product, website, initiative or something similar.
• The format of this press release is similar to a general news release, but with more of an emphasis on timeliness.
• A launch release should help create a sense of urgency about the upcoming news.
Event Press Release

- Most press releases are written with members of the media as the initial audience.
- An event press release is a little different. This type of press release needs to clearly explain the details of an event.
- The goal is to have the event specifics printed in the media so the general public can learn about them.

Product Press Release

- This has a similar format to a launch press release. The main difference is that a product press release contains product specs.

Executive, Staff And Employee Press Release

- Large companies typically announce new hires, especially those in high levels of management, in a press release.
- A press release of this genre often includes fairly extensive biographical information about the new hire.

Expert Position Press Release

- This is a type of press release used to establish an individual’s or brand’s credibility in a particular field.
- The idea is to position the person or company as a go-to source of information to be contacted by the media at some point in the future.
- An expert position press release provides a general introduction as well as some type of third-party verification of expertise.

<table>
<thead>
<tr>
<th>ADVERTISING</th>
<th>PUBLICITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid for by the business.</td>
<td>Free of charge to the business.</td>
</tr>
<tr>
<td>Has control over the messages.</td>
<td>No control over the message.</td>
</tr>
<tr>
<td>Only positive.</td>
<td>Can be positive or negative.</td>
</tr>
<tr>
<td>Low level of credibility done by the business.</td>
<td>High level of credibility done by a third party.</td>
</tr>
<tr>
<td>Not presented as news consumers likely to ignore.</td>
<td>Presented as news consumers likely to pay attention.</td>
</tr>
</tbody>
</table>

Personal Selling
• Is a method of promoting and selling a product where there is personal contact between a seller and a potential customer in the form of a one-on-one meeting, personal correspondence, telephone conversations or e-mails.

Effectiveness of personal selling

• Personal selling can be made telephonically but are usually face to face and offer the most flexible means of delivering a promotional message.
• Done by experienced sales people who develop charisma and become skilled in getting people to pay attention to them.
• It is the most successful method of selling a product.
• It is very effective especially in the case of expensive industrial goods such as machinery and shopping goods e.g. stoves, fridges, cell phones etc.
• Involves a very personal touch with specific attention giving to customer’s needs and requirements.
• Most effective way to build relationships between the sales person and the customer.
• It is also a very good way of maintaining good relationships and ensuring on-going business and sales.

Marketing in the formal and informal sectors

• The informal sector offers the opportunities to start small businesses and to create employment.
• Many businesses start off in the informal sector and then become large businesses that operate in the formal sector.

Description of the formal sector

• These businesses are registered with the South African Revenue Services (SARS).
• They must pay income tax on their profits and Pay As You Earn (PAYE) tax collected or paid over, which is tax collected on behalf of the employees.

Marketing in the formal sector

• Effective marketing is critical to the success of businesses in the formal sector.
• Must abide by the rules and laws laid down by the government that will influence marketing. E.g. the Consumer Protection Act 68 of 2008 which protects consumers from unfair or deceptive advertising and marketing practices, and the Competition Act 89 of 1998 which regulates competition between businesses.
Business in the formal sector must pay attention to marketing and advertising regulations laid down by independent bodies such as the Advertising Standards Authority (ASA) of South Africa.

Description of the informal sector

- The informal sector includes all those business that are not taxed, are not monitored by the government or included in any gross domestic product (GDP) calculations.
- Examples include street vendors, hawkers, shebeens, flea markets, taxi drivers, home industries and spaza shops.
- It is made up of small businesses that require low capital investment.
- It is easy and cheap to start these businesses as no records have to be kept and no tax is paid to the government.
- Owners usually don’t need formal training on how to run the business, although some form of training can be beneficial.

**ELECTRONIC MARKETING**

- Marketing has been transformed by developments in information technology, which is widely used and constantly changing.

Examples of electronic marketing:

- Internet
- Social Media
- E-mail
- QR codes
- Websites
- Search Engines
- Viral internet marketing
- Cellphones and smartphones

Advantages of electronic marketing

- Consumers are worldwide and can shop anytime that they want
- Ability to market services at a low cost
- Easier to establish how effective an advertising campaign is, by getting a response to advertising
- Customers can be greeted with targeted offers, due to customer database being linked to the website
• Having a reputation for being easy to engage with, by having a social media presence
• Is immediate and easy, only a few clicks away from completing a purchase
• Has the ability to sell anything online

Disadvantages of electronic marketing on businesses

- The cost of software, hardware, website design, maintenance of the site, online distribution costs and time must all be included in the cost of providing your service/product.
- The number of local households that shop online is only a small percentage, because most customers are still motivated to buy in person.
- The majority of internet marketers lack customer service and have poor navigation which makes it difficult for customers to find what they are looking for.
- There is the risk of security on the internet, many customers will not want to use their credit cards to make a purchase.
- There is a lot of competition to sell products and unless customers find what they are looking for quickly, they will move on to another site.

FOREIGN MARKETING

The meaning of foreign marketing

• Businesses market their products in more than one country, across national borders.
• Local companies can expand their local target market and take advantage of overseas prices and exchange rates.
• Businesses are also able to export and import goods and services through e-marketing and advertising.

Restrictions and regulations that control foreign marketing

Trade agreements

• Certain countries enter into trade agreements in order to promote trade between those two countries

Tariffs

• Custom tariffs or import duties are taxes placed on goods brought into South Africa.
• The import taxes are imposed on imports in order to control the amount of money leaving the country and to encourage South Africans to buy local goods.

Export subsidies

• South Africa wants to encourage exports to foreign countries and therefore provides a subsidy on certain goods and services that are exported.
• Certain products that are exported may get reduced transport rates to encourage lower prices and therefore increase international sales.

Protection policies/Protectionism

• The South African government puts laws in place to protect local industries.
• Goods that fall under these protection policies will have additional taxes added to them which make them more expensive than local ones.
• This is done to ensure that consumers buy local goods and money stays in the country.

Ways in which the production function can align its processes in order to meet global demand.

• The production function needs to be closely involved in this planning and decision making.
• Products might need to be adapted, modified or redesigned to suit different customer needs.
• Production methods and quality management systems implemented by business can change as some countries have strict quality and safety requirements.
• All countries have different standards in terms of quality. Export products have to meet the international standards.
• Although exports bring money into the country transportation, custom duties can add up and potentially make the good or service very expensive.
• Processes should be as efficient as possible and that the most appropriate process is used for the particular good or service.
• The laws relating to trade vary from country to country and a South African business may experience difficulties unless research into safety, quality and packaging regulations are taken into account.
• New sources of raw materials/labour may mean that new production facilities can be developed in a foreign country, leading to globalisation of production as well as sales.

Difficulties in foreign marketing:

• Business managers do not always understand the needs of consumers in other countries so they do not produce goods for export in the correct form.
• Competition from other world producers means that marketing is much more difficult.
• Distribution is expensive and takes time, during which perishable goods deteriorate in quality.
• Different cultures, languages and custom regulations complicate negotiations.
• Payment is complicated because other countries have different currencies and the exchange rate between currencies constantly changes.

Advantages of foreign marketing:

• There is a larger target market for goods and services.
• Businesses can make greater profits and expand.
• More employment can be created.
• Trade encourages foreign investment in businesses.
• Greater competition encourages more efficient production methods, which reduce prices.

Ways in which South African businesses can enter into foreign marketing.

Direct exporting

• Businesses sell directly into the market the business has chosen using in the first instance their own resources.
• Once businesses are established a sales programme, they turn to agents and/or distributors to represent them further in that market.
• Agents and distributors work closely with businesses in representing the business’s interests.
• Agents/distributors become the face of the company and thus it is important that the choice of agents/distributors are handled in the same way used in hiring staff.

Licencing

• Licencing is an arrangement where a firm transfers the rights to the use of a product or service to another firm.
• It is a useful strategy if the purchaser of the licence has a relatively large market share in the market they want to enter.
• Licences can be for marketing or production.

Franchising

• Franchising works well for firms that have a reputable business model e.g. food outlets that can be easily transferred into other markets.
• When a business uses franchising, the business model should be unique or have a strong brand recognition that can be used internationally.

Partnering
Partnering is almost a necessity when entering foreign markets and in some part of the world it may be required, e.g. in Asia.

It can take a variety of forms from a simple co-marketing arrangement to a sophisticated strategic alliance for manufacturing.

Partnering is a useful strategy in those markets where the culture is different from that of the business as local partners bring local market knowledge, contacts and customers.

Joint ventures

Joint ventures are a particular form of partnership that involves the creation of third independently managed company.

Two companies agree to work together in a particular market, either geographic or product and create a third company to undertake this.

Risks and profits are normally shared equally, e.g. Sony/Ericsson.

Buying a company

Buying an existing local company may be the most appropriate entry strategy.

It may be the most costly and determining the true value of a firm in a foreign market will require substantial due diligence.

This entry strategy will immediately provide you the status of being a local company.

The business will receive the benefits of local market knowledge, an established customer base and be treated by the government as a local firm.

Piggybacking

Piggybacking is a particularly unique way of entering the international arena.

If a business has a unique product or service that they sell to large domestic firms that are currently involved in foreign markets, the business may want to approach them to see if their service or product can be included in their inventory for international markets.

This reduces the business’s risk costs because they are selling domestically and the larger firm is marketing their product or service for them internationally.

Turnkey projects

Turnkey projects are particular to companies that provide services such as environmental consulting, architecture, construction and engineering.

A turnkey project is where the facility is built from the ground up and turned over to the client ready to go. Turn the key and the plant is operational.

This is a very good way to enter foreign markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank.
• The risk of not being paid is eliminated

**Greenfield Investments**

• Greenfield Investments require the greatest involvement in international business.

• A Greenfield investment is where you buy the land, build the facility and operate the business on an ongoing basis in a foreign market.

• It is the most costly and holds the highest risk but some markets may require the business to undertake the cost and risk due to government regulations, transportation costs, and the ability to access technology or skilled labour.
Professionalism and Ethics

- Define ethical and professional behaviour
- Differentiate/Distinguish/Tabulate the differences between professionalism and ethics
- Outline/Mention/Explain the principles of professionalism and ethics
- Briefly explain the following theories of ethics that are applicable to the workplace:
  - Consequential theory
  - The common good approach
  - The rights approach
- Suggest/Recommend ways in which professional, responsible, ethical and effective business practice should be conducted, e.g. payment of fair wages, providing quality goods and services, not starting a business venture at someone else's expense, etc.
- Explain/Discuss the advantages/benefits of ethical business ventures.
- Give examples of ethical business practices.
- Evaluate a code of ethics for any business and make recommendations for improvements

- Professionalism and ethics means that the highest legal and moral standards are upheld when dealing with stakeholders.
- Businesses that adopt professional, responsible and ethical business practices will remain profitable/sustainable over a long period of time.
- Business ethics refers to the rules and principles which influence the best business practice.
- Many institutions in South Africa have their own code of conduct and commitment to ethical and professional behaviour.

Meaning of ethical behaviour

- Refers to acting in ways consistent with what society and individuals think are good values.
- Ethical behaviour is expected from every employee in the business.
- It means that the highest legal and moral standards are upheld when dealing with stakeholders.

Examples of ethical and unethical business practice

<table>
<thead>
<tr>
<th>Ethical business practices</th>
<th>Unethical business practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using fair advertising</td>
<td>Unfair advertising</td>
</tr>
<tr>
<td>Not using child labour</td>
<td>Pricing of goods in rural areas</td>
</tr>
<tr>
<td>Treating all employees equally</td>
<td>Taxation/Tax evasion</td>
</tr>
<tr>
<td>Paying fair wages</td>
<td>Paying employees unfair wages</td>
</tr>
<tr>
<td>Operating within the law</td>
<td>Disobeying the law</td>
</tr>
<tr>
<td>Business deals are conducted openly</td>
<td>Using bribery to gain business</td>
</tr>
<tr>
<td>Not engaging in illegal business practices</td>
<td>Engaging in illegal business practices</td>
</tr>
<tr>
<td>Ensuring that the environment is not polluted.</td>
<td>Polluting the environment</td>
</tr>
<tr>
<td>Adopting codes of good ethical practice.</td>
<td>Starting a venture at the expense of someone else</td>
</tr>
<tr>
<td>Establishing corporate social responsibility initiatives.</td>
<td></td>
</tr>
<tr>
<td>Encouraging employees to adopt ethical</td>
<td></td>
</tr>
</tbody>
</table>
behaviour.
- Clients and employees information is not disclosed/used for the benefit of the business.
- Shareholders and employees personal interest and business interest do not conflict with one another.

<table>
<thead>
<tr>
<th>Theories on ethics</th>
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</thead>
<tbody>
<tr>
<td>Consequential approach</td>
</tr>
<tr>
<td>- Is linked to consequence-based theory/focuses on the consequences of an action.</td>
</tr>
<tr>
<td>- An act should be judged based on the effect it has on others.</td>
</tr>
<tr>
<td>- Something ‘useful’ needs to come from an ethical action.</td>
</tr>
<tr>
<td>- If the effect is good, the action can be seen as ethical.</td>
</tr>
</tbody>
</table>

The common good approach

- It focusses on ensuring that the business’ values and ethical principles are in line with the society in which the business operates.
- It recognises that ethics and values vary from country to country and area to area.

Rights-based approach as theory of ethics

- Ethics and behaviour are motivated by promoting the rights of people.
- Basic rights of people are identified and protected e.g. right to freedom and life.
- Aims at promoting and protecting human rights.
- Focuses on whether the decision is right or wrong.
- Focuses on process and outcomes.
- Works towards outcome and process goals.
- Recognises that rights can only be realised with empowerment.

Meaning of professional behaviour

- Professionalism is the term used to describe a certain standard of behaviour/ a specific level of competence and adherence to an ethical code of conduct.
- It is a behaviour suitable for a job/profession done for payment.
- It includes showing respect for others/take responsibility for your work/performing according to a job description etc.

Examples of professional and unprofessional business practice

<table>
<thead>
<tr>
<th>Professional business practice</th>
<th>Unprofessional business practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good use of work time</td>
<td>Using rude/impolite language</td>
</tr>
<tr>
<td>Treating all people the same.</td>
<td>Abuse of work time.</td>
</tr>
<tr>
<td>Using polite language to colleagues.</td>
<td>Giving some people special favours.</td>
</tr>
<tr>
<td>Keeping clients details confidential/Not using clients’ information for personal gain.</td>
<td>Overstating the number of hours worked.</td>
</tr>
<tr>
<td></td>
<td>Unauthorised use of business</td>
</tr>
</tbody>
</table>
Differences between professionalism and ethics

<table>
<thead>
<tr>
<th>Ethical behaviour</th>
<th>Professional behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Refers to the principles of right and wrong/acceptable in society.</td>
<td>• Refers to what is right/wrong/acceptable in a business.</td>
</tr>
<tr>
<td>• Conforms to a set of values that are morally acceptable.</td>
<td>• Set of standards of expected behaviour.</td>
</tr>
<tr>
<td>• Forms part of a code of conduct to guide employees to act ethically.</td>
<td>• Applying a code of conduct of a profession or business.</td>
</tr>
<tr>
<td>• Focuses on upholding the reputation of a business/profession.</td>
<td>• Focuses on developing a moral compass for decision making.</td>
</tr>
<tr>
<td>• Involves following the principles of right and wrong in business activities/practices/dealings.</td>
<td>• Includes guidelines on employees’ appearance/communication/attitude/responsibility, etc.</td>
</tr>
</tbody>
</table>

**Principles of professionalism**

- Respect yourself and the dignity and rights of others, by respecting other languages/cultures.
- Respect the image of the business/profession, by adhering to the dress code of the business/profession.
- Act with integrity/honesty/reliability, by keeping to working hours even if no other workers are around/do not use the business resources for personal gain.
- Be committed to quality and apply skills and knowledge to the benefit of the business/society at large.
- Adhere to confidentiality measures by not disclosing sensitive information about customers/business.
- Remain objective, act fairly and justly to all without being biased or showing favouritism.
- Continually improve/develop skills and knowledge by attending refresher courses and seminars.
- Share your knowledge by investing your time and expertise in junior staff members’ by uplifting/empowering others.

**Evaluation of a code of ethics**

- Consider your organization’s mission, values, and goals, including its position on sustainability
- Use clear language to make the code user friendly
- The right people should be employed
- Training should be offered to enforce ethical principles
- An example of good ethical behaviour is set at all times.
- Employees form part of drafting a code of conduct.
- Include expectations for general conduct at work, as well as examples of unethical behavior
- Focus on your specific business practices and issues.
- Employees must sign off on the code of ethics stating that they have read, understand and agree to abide by it.

**Ways in which professional, responsible, ethical and effective business practice should be conducted.**

- Mission statement should include values of equality/respect.
- Treat workers with respect/dignity by recognising work well done.
- Treat all their employees equally, regardless of their race/colour/age/gender/disability etc.
- All workers should have access to equal opportunities/positions/resources.
- Plan properly and put preventative measures in place.
- Pay fair wages/salaries which is in line with the minimum requirements of the BCEA/Remunerate employees for working overtime/during public holidays.
- Ensure that employees work in a work environment that is conducive to safety/Fairness/free from embarrassment.
- Refrain from starting a venture using other businesses' ideas that are protected by law.
- Engage in environmental awareness programmes/Refrain from polluting the environment, e.g. by legally disposing of toxic waste.
- Employers and employees need to comply with legislation with regard to equal opportunities/human rights in the workplace.
- Businesses should develop equity programmes/promote strategies to ensure that all employees are treated equally regardless of status/rank/power.
- Training/Information.Business policies should include issues such as diversity/discrimination/harassment.
- Employers should respond swiftly and fairly to reported incidents of discrimination in the workplace.
- Orders/Tasks should be given respectfully and allow the recipient/employee to have a say in the manner in which the task should be performed.

<table>
<thead>
<tr>
<th>Types of unethical business practices and examples</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of unethical/business practices</strong></td>
<td><strong>Examples</strong></td>
</tr>
</tbody>
</table>
| Unfair advertising | • Giving goods deceptive names/False labelling.  
• Selling second hand goods as new goods.  
• Exaggerating the merits of the product/False promises  
• Using fine print to conceal important information.  
• Criticising competitor's goods.  
• Exploitations of children's lack of understanding.  
• Misuse of people with disabilities in advertisements.  
• Advertising that encourages violence.-Advertising goods at a very low price to attract customers but when the customer reaches the store the item is no longer there/Bait and switch.  
• Advertising a product showing additional items, but do not clearly state that these items are excluded. |
| Pricing of goods in rural areas | • Inflating prices  
• Charging higher for goods of inferior quality in rural |
Taxation/Tax evasion

| **Taxation/Tax evasion** | • Businesses that do not declare all their income to SARS.  
| | • Falsifying the business financial statements. |

**NOTE:** You must be able to identify the above mentioned types of unethical business practices from given statements and scenarios

**Challenges posed by the above mentioned types of unethical business practices**

**Unfair advertising**

**Challenges posed by unfair advertising as an unethical business practice**

• Unfair advertisements could be harmful to consumers.

• The use of false or misleading statements in advertising leading to misrepresentation of the concerned product, which may negatively affect consumers.

• Businesses can make unwise advertising choices when they are under pressure to increase their profits.

• Some advertisements may be regarded as discriminatory because they exclude/target some sections of the population.

**Strategies to deal with unfair advertising in the workplace**

• Consumers must report unfair advertisements to the Advertising Standards Authority.

• Business should be encouraged to keep their advertising fair and in line with the constitution.

**Pricing in rural areas**

**Challenges posed by pricing in rural areas as an unethical business practice**

• Some businesses in the rural areas exploit their customers by adding much more than necessary to their prices.

• Some consumers in rural areas have little economic power and are vulnerable to exploitation.

• Business may form monopolies in rural areas and increase their prices unilaterally.

• It may be common practice to pay higher prices for goods of inferior quality in rural areas.

• Business may form monopolies in rural areas and increase their prices unilaterally.

**Strategies to deal with pricing in rural areas in the workplace**

• Work together with suppliers to share delivery costs to remote rural areas.

• Businesses can buy in bulk to get a discount to avoid charging high prices.

• Charge fair/market related prices for goods and services.

• Avoid unethical business practices to attract customer loyalty.

• A business may lobby with other businesses in the area to convince government to improve infrastructure in the rural area.

• Investigate cost-effective ways of transporting products/Hire a large truck to combine deliveries to shop-owners in the same area.

**Taxation/tax evasion**

**Challenges posed by taxation/tax evasion as an unethical business practice**
- Businesses may pay heavy fines for evading tax.
- Tax evasion may negatively impact on the business image.
- The accountant may charge high fees for falsifying financial statements.
- Businesses may lose key stakeholders if the act of tax evasion is reported.
- Some businesses submit fraudulent/incorrect returns to SARS resulting to penalties.
- Businesses may not be familiar with the latest changes in tax legislation.

**Strategies to deal with taxation/tax evasion in the workplace**
- VAT needs to be charged on VAT-able items.
- Submit the correct tax returns to SARS on time.
- All products should be correctly invoiced and recorded.
- Disclose all sources of income for tax payment purposes.
- Keep abreast with the latest SARS regulations and tax laws.
- Businesses that have evaded tax should apply for amnesty and declare their income.
- Effective systems to determine the appropriate amount of tax to be paid should be in place.
- Business should keep an accurate record of income statements/financial transactions.
- The employees' payroll needs to reflect accurate deductions according to the progressive tax system.

**Type of unprofessional business practices and examples**

<table>
<thead>
<tr>
<th>Type of unprofessional business practices</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexual harassment</td>
<td>- Manages who promise employees promotions if they agree to have a relationship with them.</td>
</tr>
</tbody>
</table>
| Unauthorized use of workplace funds and resources | - Employees who download music and movies using the business’s resources.  
- An employee who uses business resources for his/her own personal gain. |
| Abuse of work time                       | - Making personal calls during work hours.  
- Taking extended lunch breaks.  
- Doing personal business during work hours. |

NOTE: You must be able to identify the above mentioned types of unprofessional business practices from given statements and scenarios.

**Challenges posed by the above mentioned types of unprofessional business practice**

**Sexual harassment**

Challenges posed by sexual harassment as an unprofessional business practice
- The affected party may stay away regularly from work.
- Businesses could lose female employees and attract/retain less female applicants.
- Sexual harassment causes discomfort/humiliation and negatively affects work relations in the workplace.
- A victim may be severely traumatised and this may affect other employees' emotionally.
- The affected party is normally reluctant to report the incident due to fear of victimisation which can reduce productivity.

**Strategies to deal with sexual harassment in the workplace**
- Provide a framework for corrective action.
• Educate employees on sexual harassment matters.
• Formulate a policy regarding sexual harassment
• Implement internal complaints and disciplinary procedures.
• Ensure compliance with the law/business code of conduct
• Ensure that all employees are familiar with the code of ethics of sexual abuse.
• Create a good working environment where all employees' rights and dignity are respected.
• Internal investigation should be done in order to determine the seriousness of the harassment.
• Serious cases/matters on sexual harassment should be reported to the appropriate institutions such as the South African Police Services (SAPS).

Unauthorised use of workplace funds and resources

Challenges posed by unauthorised use of workplace funds and resources as an unprofessional business practice
• Fraud increases the cost of doing business and undermine the competitiveness of a business
• Discourages investors as fraud and corruption increases the risk of investment.
• The business can experience substantial loss if it goes unchecked.

Strategies to deal with unauthorised use of workplace funds and resources
• Conduct regular audits.
• Identify risk areas/ vulnerable areas
• Educate employees about the impact of fraud
• Implement/Introduce fraud prevention strategies
• Limit the number of employees having access to business funds/assets.
• Fraud prevention should be a collective responsibility of business and workers.
• Clear policies should be in place so that employees are aware of what is considered to be fraud.
• Set up systems in the organisation for the reporting of fraud and corruption.

Abuse of work time

Challenges posed by abuse of work time in the workplace
• It may result in employees' often abusing work time.
• Abuse of work time could result in losing customers or not meeting deadlines.
• Wasting time costs the business money and affects productivity.
• Abuse of work time results in a decline in profits which could damage the financial wealth of the business.

Strategies to deal with abuse of work time
• Speak directly to those employees who abuse work time.
• Monitor employees to ensure that tasks are completed on time.
• Remind employees that profit will decrease resulting to less incentives/bonus pay-outs.
• Code of conduct/ethics should contain clear rules about abuse of work time.
• Conduct training on the contents of the code of conduct/ ethics.
• Code of conduct/ethics should be signed by all employees so that they are aware of its contents.
• Structure working hours in such a way that employees have free/flexible time for personal matters.
• Create a culture of responsibility/strengthen team spirit in order for all employees to feel responsible for what has to be achieved.

**Suggested responses for an evaluation of a code of ethics**
- Consider your organization’s mission, values, and goals, including its position on sustainability
- Use clear language to make the code user friendly
- The right people should be employed
- Training should be offered to enforce ethical principles
- An example of good ethical behaviour is set at all times.
- Employees form part of drafting a code of conduct.
- Include expectations for general conduct at work, as well as examples of unethical behavior
- Focus on your specific business practices and issues.
- Employees must sign off on the code of ethics stating that they have read, understand and agree to abide by it.

**Benefits of ethical business ventures**
- Build customer loyalty, strong customer base reduces marketing cost to acquire new customers.
- Attracts more investors thereby increases its profitability.
- Create a more positive image for the business and attracting more customers.
- Retain good employees by compensating fairly for their work and dedication.
- Employees develop positive relationships between their co-workers and managers, thus increase productivity.
- Complying with environmental regulations or labour laws and avoid penalties, including legal fees and fines or sanctions by governmental agencies.
STRESS AND CRISIS MANAGEMENT

Learners must be able to:

- Explain the meaning of stress.
- Outline/Mention/Explain the causes of stress in the business environment e.g. work overload/long working hours/time pressures and deadlines/incompetent managers etc.
- Discuss/Explain the importance of stress management in the workplace.
- Suggest/Explain ways employees can manage stress in the workplace.
- Define the term crisis and give typical examples of crisis in the workplace.
- Recommend/Suggest ways businesses can deal with crisis in the workplace.
- Outline/Mention internal/external causes of change.
- Identify the causes of change from given scenarios/ case studies etc.
- Outline/Mention/Discuss/Explain John P Kotter’s 8 steps of leading change e.g.:
- Apply John P Kotter’s theory of change using given scenarios/case studies.
- Discuss/Explain/Describe major changes that people and businesses deal with e.g. unemployment, retrenchment, globalisation and affirmative action.
- Recommend strategies business can use to deal with globalisation and affirmative action.
- Recommend ways businesses can deal with/ manage change in the workplace.

Stress

- A stress-free work environment can contribute positively towards the overall business objective of making profit.
- Many of the most stressful events in people’s lives are related to their work.
- Businesses must do all in their power to manage stress in the workplace.
- Businesses must implement better work and management systems to deal with stress in the workplaces
- Cooperation/Teamwork must be encouraged to reduce stress levels in the workplaces
- Workplace interventions appear successful in preventing the negative consequences of work stress.

Meaning of stress

- The body’s reaction to a change that requires a physical, mental or emotional adjustment or response.
- The adverse reaction people have to excessive pressures or other types of demands placed on them at work.
- Is the way the body reacts to situations that a person finds difficult to control.
Causes of stress

- Work overload/unrealistic targets due to an increase in job demand, an employee has to work more than the usual.
- A lack of power or influence where employees are given responsibility but no authority in their work.
- Long working hours/extended/very odd working hours may lead to many physiological problems in employees.
- Badly designed shift systems/change in the organisational structure, policy, process/procedures may cause misunderstanding within the business.
- Lack of finances, human resources/physical resources leads to inefficiencies in employee’s performance.
- Changes in job description due to new development and management information system in technology or in the economy.
- Confrontations and conflicts or difficulties in getting along with co-workers and colleagues at work due to lack of communication.
- Lack of participation in decision-making due to lack of trust by management.
- Inadequate training due to lack of financial muscle within the business/poor budgeting.
- Job content/Boring and meaningless tasks, lack of variety, unpleasant tasks, dangerous tasks.
- Workload and work pace/having too much or too little to do, working under time pressure.
- Working hours/working schedules/long hours working alone/unpredictable working hours/badly designed shift systems
- Participation and control/lack of participation in decision-making/lack of control.
- Career development/status of pay/job security/lack of promotion opportunities under-promotion/over-promotion/work of low social value/unclear performance-evaluation systems, being over-skilled/under-skilled for the job
- Role in the organization/unclear role in organogram/conflicting roles within the same job/responsibility for people/always dealing with other people and their problems.
- Interpersonal relationships/weak and careless supervision/bad relations with co-workers/bullying, harassment/violence/isolated or solitary work/no process to deal with problems or complaints.
- Culture/poor communication/poor leadership/lack of clarity about the business’s objectives.
- Home versus work/demands of work and home that interferes/no support for home problems at work/no support for work problems at home.

Importance of stress management

- Managing stress will curb absenteeism in order to maintain productivity in workplace.
- Enables and motivate the morale of employees better by keeping them focused on their job performance.
- It improves the employee productivity by using good stress management skills.
- Identifying the stressful issues correctly, managers will be able to lead in tough times.
- It prevent conflict, distractions, and builds teamwork by makes everyone life easier.
- Increases the chances of meeting deadlines by identifying prior stressor.
- Identify a problem and resolve it, which strengthens the communication process.
- Helps the business to evaluate and do the performance appraisal of employees.

**Ways to manage stress in the workplace**

- Employees need to be aware first of what causes their stress in the work place.
- They need to recognize and accept what they can change in the work place.
- They should reduce the intensity of emotional reaction and attempt to please everyone, management and their colleagues at the same time.
- They must avoid procrastinating submissions and meeting deadlines to finish tasks and/or work assignments.
- They should plan ahead and be prepared for what has to be done as duties at work on a daily basis.
- Employees should arrive slightly early at work so as to avoid to rush.

**Effect of stress on businesses**

**Absenteeism.**
- Stressed employees are more likely to miss work.
- Lost productivity and replacement costs are a consequence of absenteeism.
- Premature death among workers increase staff turnover and requires more regular recruitment and training.

**Poor judgement.**
- Can lead to a high occurrence of accidents.

**Grievances or complaints that lead to staff turnover.**
- Unresolved complaints can lead to registration and higher staff turnover.
- Productive time is lost in the process of recruitment and training new employees.
- A high staff turnover is not good for staff morale.

**Conflict and interpersonal problems.**
- Interpersonal demands due to working with team members and supervisors are most significant cause of burnout.

**Customer service problems.**
- Stressed and tired employees serving the public may lead to poor services and unhappy customers.
- Loss of turnover and profitability.

**Resistance to change.**
- As stress levels increase people are more likely to cling to the old way of doing things, even if it is not effective.
Crisis

- Is a time of intense difficulty, trouble, or danger.
- An event that can within a short period of time, harm the business’s stakeholders, its property, finances or its reputation.

Examples of crises

- Tight deadline crisis
- Financial crisis
- Life threatening events
- Destruction of property
- Business operation halted
- Serious illness

Ways businesses can deal with businesses-related crisis

- Businesses should respond appropriately and quickly to lessen the effects of the crisis situation.
- Prevent/try to stop the crisis from happening
- Assess/If the crisis happens, face up to it and quickly find out what has happened without over-reacting.
- Plan/Identify and prioritise the actions required
- Evaluate the damage/situation.
- Inform/Provide accurate and correct information
- Support/Guide others through the situation by providing training and support.
- Resolve any conflict of interest.
- Be sensitive to the people concerned.
- Regain control/Manage the situation in a calm manner until the crisis is over.
- Obtain expert advice if the crisis falls outside the business’ scope of expertise.
- Intervene swiftly and with urgency, but without panicking or overreacting.
- Deal with crisis directly and timeously without trying to avoid/minimise the seriousness of the situation
- Call for help and seek assistance/advice and support from the appropriate agencies and professionals
- Take time to think and collect your thoughts before any hasty/impulsive responses
- Take the necessary action to end the crisis
- Attempt to contain the situation to minimise further damage
- Identify the real nature of the crisis by making a thorough assessment of the situation and seeking expert opinions
- Communicate with all stakeholders so that they are properly informed about what has happened, what the impact is and how it is being dealt with.
- Appoint a spokesperson from the management team who will deal with all questions and provide information.
- Consider making a public statement containing the facts about what has happened and making this available to the media/people from outside the organisation who may enquire about the situation
- If there are likely to be legal consequences of the crisis, avoid any public statements until you have consulted lawyers on the matter
- Arrange debriefing sessions for all those directly involved in the crisis or who have been traumatised by the event

**Internal and external causes of change in the workplace**

**Internal cause of change**

- New business objectives or goals
- High employee turnover where many employees have to join the business
- New policies and procedures implemented in the business
- New management
- Restructuring
- Retrenchment
- New equipment

**External causes of change**

- Political factors
- Social factors
- Legal factors
- Economic factors
- Globalisation
- Technological factors

**CHANGE**

- Change means a planned or unplanned reaction to pressures and forces
- It has become a powerful issue because pressures happening at the same time are more unpredictable and more extreme
- Successful change management is of the most important management survival skills of this country

**STEP TO CONSIDER IN ORDER MANAGING CHANGE (John Kotter’s)**

- Establish a sense of urgency by motivating their employees
- Create a guiding coalition, they can bring together a team of influential people who will convince everyone else that change is needed
- Develop a vision and a strategy, decide what values are central to the change
- Communicate the vision frequently and demonstrate the kind of behaviour that they want from their employees.
Empower broad based action by identifying employees who are resisting change and help them see the need for change.

Generate/ Create short term wins and make sure their businesses taste success early in the change process.

Consolidate gains/Build on change by analysing what went right and what needs to be improved after each win .

Anchor the changes in corporate culture and this must become part of the core of their business.

REASONS FOR RESISTING CHANGE

Loss of security

• workers feel secure with what they know and with an old manager

Fear of economic loss

• workers may disapprove a new production process because they feel that it will lead to retrenchments

Loss of power and control

• when a business restructures, some people may not have as much power as they had before

Reluctance to change old habits

• people get into the habit of making the same decisions

Awareness of weakness in the proposed change

• when employees resist change because they see that it may cause problems

Peer pressure

• when groups of people pressurise others to resist change

Time and scope of change

• change should happen when people are receptive and well prepared for it

Misunderstanding

• when management proposes a change that benefits everyone, people may resist because they do not fully understand its purpose

Ways in which businesses can deal with globalisation and affirmative action in the workplace

Affirmative action

• Make the appropriate appointments to help previously disadvantaged groups to achieve equality.
• Business should change the proportion of previously disadvantaged people at all levels.
• Business provides in-house training or sends employees on skill development courses. /Support the development process through accelerated coaching and mentoring.
• Clear goal setting and communication to ensure adaptation to affirmative action.
• Business should ensure better understanding of affirmative action by employees with the use of an awareness/understanding session/campaign.
• Business should obtain information about affirmative action and obtain expert advice to apply affirmative action.
• Inform employees on how affirmative action will be implemented in the business
• Businesses must have acceptable affirmative action programmes
• Businesses must indicate in all their job adverts that they are affirmative action employers
• They should open themselves to new ideas and opportunities instead of sticking to the past

Globalisation

• Adapt your approach to new operational complexities
• Build a strategy for connecting with governments
• Comply with international standards of quality
• Comply with international trade laws
• Upgrade the enterprise’s information technology (IT) network to enable online purchasing
REVISION ACTIVITIES TERM 2

CREATIVE THINKING AND PROBLEM SOLVING

ACTIVITY 1

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

NORMAN SHUTTLE SERVICES (NSS)

Norman is well known for his excellent transport services that cater for all kinds of clients. NSS has introduced a new easy system of getting his clients to preferred destinations. Clients who require his services have been advised to dial Norman’s cab at no cost. He allows drivers to choose their own working hours which are convenient to pick up and drop off customers to their destinations.

1.1.1 Quote TWO ways in the scenario above in which NSS has applied creativity thinking from the scenario above. (2)

1.1.2 Advise NSS on other ways the business can create an environment that promotes creative thinking in the workplace. (8)

1.1.3 Explain to NSS the advantages of creative thinking in the workplace. (8)

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

ARTZY TILES (AT)

The management of Artzy Tiles wants to improve the quality of their tiles because of various complaints from their customers. They have requested the services of experts to generate creative ideas on how to improve their tiles to satisfy customers’ needs.

1.2.1 Identify the problem solving technique that is applicable to the scenario above. Motivate your answer by quoting from the scenario above. (3)

1.2.2 Advise AT on how they can apply the problem solving technique identified in QUESTION 1.2.1. (8)

1.2.3 Explain how AT can apply force field analysis to solve business problems. (8)

1.2.4 Distinguish between decision-making and problem-solving. (4)

2. Differentiate between routine thinking and creative thinking. (4)

3. List FOUR steps in problem-solving. (4)

4. State the problem-solving technique presented in EACH of the following statements:

4.1.1 King Consulting has listed the advantages and disadvantages of changing their business structure.
4.1.2 King Consultants requested experts to complete a questionnaire on how to solve their business problems.

(2 x 2) (4)

5 Explain the advantages of creative thinking in the workplace. (8)

6. Identify the problem solving techniques applied by John Trading Enterprise in each statement below:

6.1.1 Experts have been approached to solve their business problem.

6.1.2 All forces for and against change are examined before a final decision is taken.

6.2 Advise the management of John Trading Enterprise on the advantages of creative thinking in the workplace.

(8)

7. Identify the problem solving steps that are presented by each of the following statements:

7.1.1 Different options are considered before a decision is taken.

7.1.2 The reason for employee’s poor performance is due to lack of skills.

7.1.3 The business is using the identified strategies to solve the problem. (6)

8 Explain the differences between decision making and problem solving. (8)

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

The management of Jane Building Construction (JBC) always makes time for brainstorming sessions to generate new ideas. Employees are encouraged to put their ideas in a suggestion box and train them on innovative techniques.

9.1.1 Quote from the scenario above THREE ways in which the management of Jane Building Construction Ltd create an environment which promotes creative thinking. (3)

9.1.2 Explain other ways JBC can create an environment that promotes creative thinking in a workplace

10 Read the scenario below and answer the questions that follow:

Themba Transport Services encourages their employees to critically analyse and evaluate solutions before making a decision. While Sosowa Transport Services rely on their manager to evaluate the solutions and make a decision.

10.1 Explain the differences between decision making and problem solving. Quote from the scenario above to show the differences. (6)

10.2 Outline the problem solving steps that Sosowa Transport Services can use to solve business problems. (14)

10.3 Discuss the benefits of creative thinking for Themba Transport Services.
10.4 Recommend ways in which Sosowa Transport Services can create an environment that promotes creative thinking.

11. Read the following scenario and answer the questions that follow.

**CHOCOLATE DELUXE LTD. (CDL)**
Chocolate Deluxe Ltd. wants to change the structure of the business to be more competitive. The management of CDL has identified the pros and cons of their decision. Employees are always encouraged to come up with new ideas.

11.1 Identify the problem-solving technique applicable to the scenario above. Support your answer by quoting from the scenario. (3)

11.2 Discuss the impact of the problem-solving technique identified in Question 11.1. (8)

11.3 Advise on ways in which CDL can create an environment that promotes creative thinking.

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

**FLYING HIGH**
Flying High is a travel agency that offers transport and accommodation bookings for international sporting teams. They are finding that more teams are arranging their own bookings and are concerned that they will be out of business soon. The management of Flying High decided to request a group of business experts to complete questionnaires to help solve their problem.

12.1 Identify the problem-solving technique used by Flying High to solve their problem. Motivate your answer.

12.2 Explain to Flying High the advantages of the problem-solving technique identified in QUESTION 12.1.

13 Explain the advantages of creative thinking in the workplace.

**STRESS AND CRISIS MANAGEMENT**

**ACTIVITY 2**

2.1 Study the picture below and answer the questions that follow.
2.1.1 Explain the meaning of stress in the workplace. (2)

2.1.2 Quote TWO causes of stress and identify ONE impact of stress from the picture above. (4)

2.1.3 Mention FOUR other causes of stress in the workplace. (4)

2.1.4 Discuss the importance of stress management in the workplace. (8)

2.2 Read the scenario below and answer the questions that follow:

**TRENDY LTD**

Trendy LTD has employed more than 100 workers who are responsible for manufacturing and distribution of plastic bottles. One day a part of Trendy’s building was caught fire. Employees got confused and started moving to different directions. The management of Trendy LTD did not know how to handle the situation.

2.2.1 Name the concept that can be used to explain the challenge faced by Trendy LTD. Motivate your answer by quoting from the scenario. (3)

2.2.2 Advise Trendy LTD on how to deal with the concept identified in QUESTION 2.2.1. (8)

2.3 Mention TWO internal and external causes of change in the workplace. (4)

2.4 Explain how businesses can use John P Kotter’s 8 steps of leading change in the workplace. (16)

2.5 Recommend ways in which businesses can deal with the following change in the workplace:
3. Read the scenario below and answer the questions that follow.

**TUMI MAYENDE BRAAI (TMB)**

Tumi Mayende Braai feels the pressure when their food becomes rotten due to not having electricity. They are closed during load shedding because of health and safety concerns.

3.1 Identify TWO crisis situations in the scenario above. (2)

3.2 Define the term crisis. (2)

3.3 Suggest ways in which TMB can deal with business-related crisis in the workplace. (6)

4. Elaborate on the meaning of stress and crisis.

5. Explain the effect of stress on a business.

7. Discuss FOUR reasons why change might be resisted.

8. Suppose this business has been advised to change some of their operations. Advise the manager on how he/she can apply John P Kotter’s theory of change.

**MARKETING**

1. List FOUR components of the marketing communication policy.

2. Identify the marketing activity that applies to each of the following statements:

2.1 The safekeeping of products until the consumers need them

2.2 Obtaining reliable information about the consumers to which the business is selling its products

2.3 Covering the business against losses the business might suffer because of human, physical or economic risks

3. Differentiate between advertising and publicity.

4. Discuss the importance of trademarks to businesses.

5. Identify the marketing activities applied by Uniliva (Pty) Ltd in EACH scenario below:

5.1 Uniliva (Pty) Ltd has hired a strongroom for safekeeping of their products until the consumers need them.

5.2 Customers of Uniliva (Pty) Ltd are requested to complete the questionnaires about new products they want to introduce.

5.3 Uniliva (Pty) Ltd uses different airlines to deliver supplies to the UK.

6. Name the THREE categories of consumer goods. (3)
7. Read the scenario below and answer the questions that follow.

**BRIGHT BISCUITS (BB)**
Bright Biscuits sells different types of biscuits. Their biscuits are packaged in airtight containers that can be used to store other items when the biscuits are finished. Recently Bright Biscuits also sold sweets and biscuits packaged together as a special offer.

7.1 Identify the TWO types of packaging used by Bright Biscuits. Motivate your answer by quoting from the scenario above. (6)

Use the table below as a guide to answer QUESTION 7.1.

<table>
<thead>
<tr>
<th>TYPE OF PACKAGING</th>
<th>MOTIVATION</th>
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<tbody>
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</tbody>
</table>

8. Explain the purpose of packaging of products. (6)

9. Discuss ways in which South African businesses can enter into a foreign market. (6)

10. Explain the disadvantages of electronic marketing on businesses. (4)

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

**ELITE TRACKSUITS**
Elite Tracksuits sells tracksuits in East London. They always place an advert in the local newspaper advertising their weekly specials. Recently they had a photograph in the newspaper of them sponsoring the local soccer team with tracksuits.

11.1 Identify TWO components of the marketing communication/promotion policy used by Elite Tracksuits. (4)

11.2 State any other ONE component of the marketing communication/promotion policy that can be used by Elite Tracksuits. (1)

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

**TOP CLOTHING LTD (TCL)**
Top Clothing Ltd manufactures active wear. They want to increase their sales. They are considering a joint promotion with Elite Active, a local fitness centre.

12.1 Name the component of marketing that Top Clothing Ltd is considering. Motivate your answer by quoting from the scenario above. (3)

12.2 Explain the purpose of the marketing component identified in QUESTION 12.1 to increase their sales. (4)

13. Discuss the advantages of electronic marketing. (6)
14 Identify the pricing technique used in EACH case below:

14.1 Power (Pty) Ltd sells their re-chargeable light bulbs at R10 in an attempt to enter a new market.

14.2 Sports Take has an end-of-range sale by offering a ‘buy-one-get one-free’ sale.

14.3 Coffee Beans dropped their selling price below that of Mega Coffee. (6)

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

BOUNCE (PTY) LTD
Bounce (Pty) Ltd manufactures different kinds of sports balls. They are designing a new ball that would be able to be inflated or deflated to different sizes so it can be used for different types of sport.

15.1 Outline the components of the product policy that would be used by Bounce (Pty) Ltd.

Explain the steps that Bounce (Pty) Ltd would follow in the design of this ball.

Discuss the requirements of good packaging for their final product.

Describe the importance of a trademark to Bounce (Pty) Ltd.

6.7

State FIVE types of packaging.

(5)

PRODUCTION

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

CLEAR WATER (PTY) LTD
Clear Water (Pty) Ltd bottles and distributes bottled water. The total cost to produce 10 000 bottles of water is R40 000.

1.1 Calculate the following:

1.2 Production cost per bottle

1.3 Selling price per bottle if they want to make 40% profit on cost price

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

RED TIN (PTY) LTD
Red Tin (Pty) Ltd manufactures large numbers of identical tins using a mass production system. They use single-purpose machines. The machines need to be balanced so that there is a continuous flow
2.1 Identify FOUR characteristics of mass production in the above scenario.

2.2 Explain the advantages of mass production.

2.3 Recommend precautionary measures that Red Tin (Pty) Ltd should take with machinery.

3. Outline any THREE aspects that must be considered during production planning.

4. Discuss the requirements of a safe environment in the workplace.


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

<table>
<thead>
<tr>
<th>CUPBOARDS 4 AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cupboards 4 Africa specialises in making built-in cupboards. They make the cupboards to the exact specifications of a specific customer.</td>
</tr>
</tbody>
</table>

6.1 Identify the production system used by Cupboards 4 Africa. Motivate your answer by quoting from the scenario above. (3)

6.2 Explain the disadvantages of the production system identified in QUESTION 6.1 on businesses. (6)

7. Describe total quality management (TQM) as part of quality management systems. (4)

8. Advise businesses on the aspects that must be considered during production control. (6)

9. Elaborate on the meaning of quality control as a quality concept. (4)

10. Recommend precautionary measures that businesses should take when machinery is used during the production process. (4)

11. Outline FOUR aspects that must be considered during the production planning. (4)

12. Discuss the characteristics of mass production. (8)

13. Suggest ways in which businesses can comply with the Occupational Health and Safety Act.

14. Elaborate on the meaning of the break-even point. (2)

Professionalism and ethics

1. Identify whether the business practice illustrated in EACH of the following statements is ethical or professional:

1.1 Employees of Kevin Auditors always dress formally when reporting for work.

1.2 The business regularly pays tax to the receiver of revenue per annum.
1.3 Dan Consulting does not do business with companies that employ children under the age of 16 years.

1.4 Ntombi, a receptionist at Menzi Finance, arrives on time to conduct morning briefings.

1.5 The management of CL Manufacturers conducted training sessions on a fraud-free system with all their employees.

2. Discuss the principles of professionalism.

4. Classify the following statements under unethical or unprofessional business practice.

4.1 Faroza Traders are advertising second hand goods as new.

4.2 The employees of Diana Beauty Salon are always late for work.

4.3 Go Tiling does not keep their promises to their customers.

4.4 Kola Financial Consultants falsify their clients’ financial statement in return for a bribe. (8)

5. Recommend ways in which businesses can be conducted professionally, responsibly and ethically. (10)

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

SAKO TRADING ENTERPRISE (STE)
Percy is the manager at Sako Trading Enterprise and he has employed 10 workers. Percy offered Pretty one of his employees a senior position in return for an intimate relationship with him. STE charges high prices for the same products in remote areas. Some of the employees surf on the internet during work hours.

6.1 Identify THREE unethical business practices from the scenario above. Motivate your answer by quoting from the scenario above.

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<thead>
<tr>
<th>UNETHICAL BUSINESS PRACTICE</th>
<th>MOTIVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td></td>
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<td>(b)</td>
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<td>(c)</td>
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</tbody>
</table>

6.2 Recommend THREE strategies for each unethical/unprofessional business practice identified in QUESTION 6.1 for STE.

Use the table below to present your answer

<table>
<thead>
<tr>
<th>UNETHICAL BUSINESS PRACTICE</th>
<th>STRATEGIES</th>
</tr>
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<tbody>
<tr>
<td></td>
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</table>
7. Identify TYPE of unethical/unprofessional business practice represented by EACH statement below.

7.1.1 The CEO of Carl Enterprises has promised Solly, one of her employees, a managerial position on condition that Solly becomes her life time partner.
7.1.2 Peggy used the company’s credit card to buy a holiday package for her family.
7.1.3 Cox Spare Parts sells used brake disks as new parts to their customers.
7.1.4 Molly sells bicycles in Gauteng but charges double the price in the village.
7.1.5 Themba spends time texting his friends instead of performing his duties

7.2 Recommend TWO strategies that can be used to address EACH unethical business practice identified in QUESTION 7.1.1 and 7.1.3 in the workplace.

8. Explain the rights-based approach as one of the theories of ethics.

9. Discuss the following theories of ethics:

9.1 Consequential approach

9.2 The common good approach
BUSINESS STUDIES
GRADE 11
TERM 2: INFORMAL TASK
CREATIVE THINKING AND PROBLEM SOLVING
WEEK 11: 31 March to 3 April
QUESTION 1

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

NORMAN SHUTTLE SERVICES (NSS)
Norman is well known for his excellent transport services that cater for all kinds of clients. NSS has introduced a new easy system of getting his clients to preferred destinations. Clients who require his services have been advised to dial Norman’s cab at no cost. He allows drivers to choose their own working hours which are convenient to pick up and drop off customers to their destinations.

1.1.1 Quote TWO ways in the scenario above in which NSS has applied creativity thinking from the scenario above. (2)

1.1.2 Advise NSS on other ways the business can create an environment that promotes creative thinking in the workplace. (8)

1.1.3 Explain to NSS the advantages of creative thinking in the workplace. (8)
1.2 Read the scenario below and answer the questions that follow.

**ARTZY TILES (AT)**
The management of Artzy Tiles wants to improve the quality of their tiles because of various complaints from their customers. They have requested the services of experts to generate creative ideas on how to improve their tiles to satisfy customers’ needs.

1.2.1 Identify the problem solving technique that is applicable to the scenario above. Motivate your answer by quoting from the scenario above. (3)

1.2.2 Advise AT on how they can apply the problem solving technique identified in QUESTION 1.2.1. (8)

1.2.3 Explain how AT can apply force field analysis to solve business problems. (8)

1.2.4 Distinguish between decision-making and problem-solving. (4)
BUSINESS STUDIES
GRADE 11
TERM 2: INFORMAL TASK
STRESS AND CRISIS MANAGEMENT
WEEK 11: 31 March to 3 April
QUESTION 2
2.1 Study the picture below and answer the questions that follow.

2.1.1 Explain the meaning of stress in the workplace. (2)
2.1.2 Quote TWO causes of stress and identify ONE impact of stress from the picture above. (3)
2.1.3 Mention FOUR other causes of stress in the workplace. (4)
2.1.4 Discuss the importance of stress management in the workplace. (8)

2.2 Read the scenario below and answer the questions that follow:

**TRENDY LTD**

Trendy LTD has employed more than 100 workers who are responsible for manufacturing and distribution of plastic bottles. One day a part of Trendy’s building was caught fire. Employees got confused and started moving to different directions. The management of Trendy LTD did not know how to handle the situation.

2.2.1 Name the concept that can be used to explain the challenge faced by Trendy LTD. Motivate your answer by quoting from the scenario. (3)

2.2.2 Advise Trendy LTD on how to deal with the concept identified in QUESTION 2.2.1. (8)

2.3 Mention TWO internal and external causes of change in the workplace. (4)

2.4 Explain how businesses can use John P Kotter’s 8 steps of leading change in the workplace. (16)

2.5 Recommend ways in which businesses can deal with the following change in the workplace:

2.5.1 Globalisation (4)

2.5.2 Affirmative action (4)
BUSINESS STUDIES
GRADE 11
TERM 2 INFORMAL TASK
MARKETING FUNCTION (MARKETING ACTIVITIES & PRODUCT)
WEEK 12-14: 6-24 APRIL 2020

QUESTION 3

3.1 Define Marketing (2)

3.2 Explain the role of the marketing function (6)

3.4 Identify marketing activities represented by EACH scenario below:

3.4.1 Nthabi makes sure that the bags she sells are of the same quality and size.

3.4.2 Flo uses cold storage facilities to keep her yoghurt fresh.

3.4.3 South African Grape farms use different airlines to deliver supplies to the UK.

3.4.4 PQ has delivered a pruning machine to a grape farm in return for a fee over a three year period.

3.4.5 Some farmers in the coast are afraid that they will lose all their livestock due to the drought but they continue with daily operations.

3.4.6 Musa uses online services to sell her fashionable dresses. (12)
Businesses realise the importance of continuous product design in ensuring that they remain sustainable and profitable. Some businesses ensure that the packaging of their products meets the requirements of good packaging. They also strive to create a unique name and logo for their businesses and products.

Write an essay on the following aspects:

- Outline steps involved in developing a product.
- Explain the importance of product design.
- Discuss the importance of a trade mark on businesses.
- Advise businesses on the requirements of a good packaging
BUSINESS STUDIES

GRADE 11

TERM 2 INFORMAL TASK

THE MARKETING FUNCTION (PACKAGING, DISTRIBUTION & PRICING)

WEEK 12-14: 6-24 APRIL 2020

QUESTION 4

4.1 Outline THREE categories of consumer goods. (6)

4.2 Read the scenario below and answer the questions that follow:

RENDANI GENERAL DEALERS (RGD)

Rendani General Dealers sells different types of sweets. They want to attract their customers by giving some of their sweets a high class image. Customers can also use the sweets containers to store other home supplies. They also sell related types of sweets in one box. Recently some of RGD’s sweet packages changed to keep up with the 2018 world cup theme.

4.2.1 Quote FOUR statements from the scenario above and link EACH ONE to a specific type of packaging.

Use the table below to answer this question.

<table>
<thead>
<tr>
<th>STATEMENT FROM THE SCENARIO</th>
<th>TYPE OF PACKAGING</th>
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(12)

4.3 Mention FIVE pricing techniques. (5)
4.4 Essay question

Businesses are mindful of the fact that the price of their products can either attract or scare consumers away. Customers want their products to be delivered on time without any delays. Businesses realise that these can be achieved by using the best channel of distribution to get goods and services to consumers.

As an expert in pricing and distribution policies. Write an essay based on the following aspects:

- Outline the factors that influence pricing
- Differentiate between direct and indirect distribution
- Explain the FOUR types of distribution channels
- Justify the importance of intermediaries in the distribution process.
BUSINESS STUDIES

GRADE 11

TERM 2 INFORMAL TASK

THE MARKETING FUNCTION (SALES PROMOTION, PUBLICITY&PUBLIC RELATIONS)

WEEK 12-14: 6-24 APRIL 2020

QUESTION 5

5.1 List the FOUR components of marketing. (4)

5.2 Read the following scenario and answer the questions that follow:

SHOP ‘N GO ENTERPRISE

Shop ‘n Go Enterprise offers customers’ rewards on the points they receive for purchases made. Tasty Burger offers a toy with any kids’ meal bought. Checkpoint strategically put chocolates on the isle next to the pay points. Ferrini offers a 3 for 2 special on their winter clothing range just before summer.

5.2.1 Quote FOUR statements from the scenario above and link EACH ONE to a specific type of sales promotion method.

Use the table below to answer this question.

<table>
<thead>
<tr>
<th>STATEMENT FROM THE SCENARIO</th>
<th>TYPE OF SALES PROMOTION</th>
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</tbody>
</table>

(12)

5.2.2 Explain the purpose of sales promotion. (6)

5.3 Elaborate on the meaning of publicity. (4)
5.4 Explain the role of public relations in publicity (4)
5.5 Justify the effectiveness of personal selling (8)

BUSINESS STUDIES
GRADE 11
TERM 2 INFORMAL TASK
MARKETING FUNCTION (FORMAL & INFORMAL, ELECTRONIC & FOREIGN MARKETING)
WEEK 12-14: 6-24 APRIL 2020
QUESTION 6
Study the following pictures and answer the questions that follow:

PICTURE A

PICTURE B

6.1 Name TWO sectors that are represented by the types of marketing depicted by pictures A and B. (4)
6.2 Mention the distribution channels that are more likely to be used in sectors identified in QUESTION 6.1. (4)

Use the table below to answer question 6.1. and 6.2

<table>
<thead>
<tr>
<th>PICTURES</th>
<th>SECTORS (6.1)</th>
<th>DISTRIBUTION METHODS (6.2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Picture A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Picture B</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.3 Justify the reasons why the marketing sector in picture B prefers the distribution channel you have identified in QUESTION 6.2. (6)

6.4 Outline FOUR examples of electronic marketing. (8)

6.5 Discuss the effectiveness of electronic marketing on businesses. (8)

6.6 Essay question

Many young entrepreneurs believe that foreign marketing is better than domestic marketing. Some business owners argue that foreign marketing should be discouraged as it reduces the demand for proudly South African products. Some argue that the production function should be produce good quality products that increase the demand for South African products in foreign countries.

Justify the above argument by referring to the following aspects:

- Elaborate on the meaning of foreign marketing
- Discuss FOUR restrictions and regulations that control foreign marketing
- Explain how the production function can align its processes in order to meet global demand.
- Suggest ways in which South African businesses can enter into foreign marketing. (40)
QUESTION 7

7.1 Complete the following statements by filling in the missing word(s):

7.1.1….. refers to converting raw materials into final products.

7.1.2 The two main production systems are the… production system and the ….production system.

7.1.3 The …production system is capable of accommodating greater product variety.

7.1.4 …involves exercising control over each activity that takes place during the production process.

7.1.5 … aims to ensure that goods produced are not faulty. (10)

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

QUINNIE HOMEMADE HOT SAUCE

Quinton is a Grade 11 learner who lives in Kwa-Zulu Natal. Despite his age, Quinton has already cultivated several business interests. He established a successful business called Quinnie Homemade Hot sauce.

He produced five thousand hot sauces and made a lot of profit. He invested some of the profit for future expansion.

7.2.1 Identify the production system that Quinnie has used for his business. Motivate your answer by quoting from the scenario above. (3)

7.2.2 Discuss the impact of the production system identified in QUESTION 7.2.1. (6)
7.2.3 Name TWO other production systems that Quinton can use in his business. (2)

7.2.4 Analyse the impact of ONE of the production systems suggested in QUESTION 7.2.3. (8)

7.3 Define production planning. (2)

7.4 Outline FOUR aspects that must be considered during production planning. (4)

7.5 Read the following scenario and answer the questions that follow:

**DIMASA PLATINUM MINE (DPM)**

DIMASA Platinum Mine is not concerned about the impact of the Occupational Health and Safety Act on their business. Some employees feel that the business does not take health and safety measures into consideration. One of the employees has suggested that the business must ensure that they draft a workplace safety policy.

7.5.1 Explain the purpose of the Occupational Health and Safety Act. (4)

7.5.2 Recommend ways in which DPM can comply with the Occupational Health and Safety Act. (6)

7.5.3 Advise DPM on aspects that must be included in the workplace safety policy. (10)
GRADE 11
TERM 2 INFORMAL TASK

PRODUCTION COSTS

Week 15-17: 28 April to 15 May

QUESTION 8

8.1 Explaining the meaning of production costs (4)

8.2 Discuss TWO components of production costs. (6)

8.3 Elaborate on the meaning of the break-even point. (4)

8.4 Study the information below of T- Girl Food (Pty) Ltd, a manufacturer of the best meat based meals.

<table>
<thead>
<tr>
<th>T Girl (Pty) Ltd</th>
<th>Production Costs For October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>R 140 000.00</td>
</tr>
<tr>
<td>Labour</td>
<td>R185 000.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>R30 000.00</td>
</tr>
<tr>
<td>Rent</td>
<td>R18 000.00</td>
</tr>
<tr>
<td>Cleaning materials</td>
<td>R10 000.00</td>
</tr>
<tr>
<td>Packaging</td>
<td>R8 000.00</td>
</tr>
</tbody>
</table>

T- Girl Food manufactured 30 000 ready meals during the month of October 2017.

8.4.1 Calculate the variable costs (4)

8.4.2 Calculate the fixed costs (4)

8.4.3 Calculate the total production costs (4)

8.4.4 Calculate the production cost of one ready meat- meal. (4)
BUSINESS STUDIES
GRADE 11
TERM 2: INFORMAL TASK
PROFESSIONALISM AND ETHICS
WEEK 18: 18 – 22 May

QUESTION 9

9.1 Explain the differences between professionalism and ethics. (8)

9.2 Identify the principles of ethics and professionalism applied by the employees of Forego Flooring in each statement below.

9.2.1 They apply their knowledge and skills in the interest of society.

9.2.2 Work is done according to accepted norms of professional conduct.

9.2.3 Employees' behaviour towards others is fair and free from bias.

9.2.4 Details of the business and customers are not shared with others.

9.2.5 Employees attend training sessions on a regular basis. (10)

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

<table>
<thead>
<tr>
<th>BIG FAIR WHOLESALERS (BFW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Enock is the owner of Big Fair Wholesalers and has hired 50 employees who are very happy and productive. Enock observes human rights in the workplace by treating his employees fairly, with respect and dignity.</td>
</tr>
</tbody>
</table>

9.3.1 Name the theory of ethics that is applicable to the scenario above. Motivate your answer by quoting from the scenario. (3)

9.3.2 Explain to Enock how to apply TWO other theories of ethics. (6)
9.4 Read the scenario below and answer the questions that follow.

**KARABO CHICKEN FACTORY (KCF)**
The employees of Karabo Chicken Factory are not happy as they work long hours without being paid for overtime. Karabo repackages expired chicken and sells it as new. She avoids paying fines by bribing health inspectors. She dumps her waste at night on open land and she does not pay tax regularly.

9.4.1 Quote FIVE unethical business practices from the scenario above. (5)

9.4.2 Advise the management of KCF on ways in which professional, responsible, ethical and effective business practice should be conducted. (8)