



**KWAZULU-NATAL PROVINCE**

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**CURRICULUM GRADE 10 -12 DIRECTORATE**

**NCS (CAPS)**

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**GRADE 12**

**BUSINESS STUDIES**

**TERM THREE REVISED NOTES**

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## ACKNOWLEDGEMENTS

- This document should serve as a guide and does not replace any CAPS policy documents, was developed for KZN Business Studies grade 12 teachers and learners.
- The content/notes are aligned to Examination Guidelines (2021).
- The NOTES provided in this document have been compiled by GAUTENG Department of Education and are in line with the recent addendum (2021).
- Previous NSC & SCE papers, textbooks, study guides, examination guidelines and other sources relevant to the subject were used.
- Textbooks, examination guidelines, study guides and all other relevant CAPS documents should be used together with this document.

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## HUMAN RIGHTS, INCLUSIVITY AND ENVIRONMENTAL ISSUES

Learners should be able to:

- Outline/Name the following human rights in the workplace:
  - Privacy
  - Dignity
  - Equity
  - Freedom of speech and expression
  - Information
  - Safety, security and protection of life
- Identify the above-stated human rights from given scenarios /statements.
- Recommend ways in which businesses could deal with the above-stated human rights in the workplace.
- Outline the economic rights of employees in the workplace.
- Name the social rights of employees in the workplace.
- Recommend ways in which businesses could promote social rights and cultural rights in the workplace.
- Explain the implication of equality, respect and dignity on businesses.

### DIVERSITY

- Define/Elaborate on the meaning of diversity in the workplace.
- Identify/Name the following diversity issues from given scenarios/statements:
  - Poverty
  - Race
  - Gender
  - Language
  - Age
  - Culture/religion
  - Disability
- Recommend/Suggest ways in which businesses could deal with the above-stated diversity issues in the workplace.
- Discuss the benefits of diversity in the workplace.

### ENVIRONMENTAL FACTORS

- Explain the responsibilities of employers in promoting human health and safety in the workplace.
- Outline/Explain/Discuss the roles of the health and safety representatives in protecting the workplace environment, e.g., checking on the effectiveness of health and safety measures/identifying potential dangers in the work environment/ investigating workers' complaints, etc.
- Identify the roles of health and safety representatives from given scenarios.
- Explain the responsibilities of workers/employees in promoting human health and safety in the workplace.
- Identify the responsibilities of employers and employees/workers in promoting human health and safety in the workplace from given scenarios.

- Recommend/Suggest strategies businesses may use to protect the environment and human health.
- Assess a business venture on human rights, inclusivity, and environmental issues, using informal surveys, interviews, etc.

#### TERMS AND DEFINITIONS

TERMS	DEFINITIONS
<b>Human rights</b>	The rights of all human beings irrespective of their gender/race/nationality or any other status.
<b>Inclusivity</b>	Means that no one should be excluded because of their gender/age/race/language/disability.
<b>Environmental issues</b>	Relate to preserving a clean/safe/sustainable environment.
<b>Diversity</b>	It means the workforce must include groups of a variety of people who are different in race/gender, class etc.
<b>Poverty</b>	Being unable to satisfy basic needs due to lack of income to buy goods/service.
<b>Inequality</b>	Unfair differences between groups of people in society/When some have access to more wealth/status/opportunities than others.
<b>Race</b>	Classification of people according to their physical differences e.g., colour of their skin.
<b>Gender</b>	Refers to being male or female.
<b>Disability</b>	A physical or mental condition that limits a person's movements, senses, or activities.
<b>Religion</b>	A belief in and worship of a superhuman controlling power, especially a personal God.
<b>Age</b>	The length of time that a person has lived, or a thing has existed.
<b>Culture</b>	The ideas, customs, and social behaviour of a particular people or society.
<b>Equality</b>	The fact of being equal in rights, status, advantages etc.
<b>Respect</b>	A polite behaviour towards or care for somebody/something that you think is important.
<b>Dignity</b>	A calm and serious manner that deserves respect.
<b>Economic rights</b>	The rights each person has to be economically active.
<b>Social rights</b>	Right to welfare benefits.
<b>Cultural rights</b>	A right to participate in cultural activities and events of your choice.

#### HUMAN RIGHTS

- Human rights are rights that everyone must enjoy by mere fact that they are human beings
- They are protected by the Bill of Rights contained in chapter two of the constitution of the Republic of South Africa.

#### HUMAN RIGHTS IN THE WORKPLACE

- Privacy
- Dignity
- Equity

- Freedom of speech and expression
- Information
- Safety, security and protection of life

**Note: (These human rights should be viewed in the context of the business/workplace)**

### **Ways in which businesses could deal with human rights in the workplace.**

#### **Privacy**

- Businesses may not violate the rights of the employees and clients.
- They should not provide personal information about employees to anyone else.
- Information on employees who have disclosed their HIV/Aids status/any chronic illness must be kept confidential.
- It is illegal to read other people's emails/record conversations unless stated clearly and upfront.

#### **Dignity**

- Businesses must treat all employees with respect/dignity regardless of their socio-economic status.
- They should not force workers to do embarrassing or degrading work.

#### **Equity**

- Businesses must give equal opportunities/not discriminate against their employees on the basis of gender/race/religion/sexual orientation, etc.
- Equal pay for work of equal value.
- They should apply relevant legislation fairly on all levels.
- Managers should ensure that no employee suffers because of discrimination.

#### **Freedom of speech and expression**

- Businesses should allow open communication channels between management and employees.
- They should give employees a platform to raise their grievances without any victimisation.
- An employee should not be punished/discriminated against for voicing their opinion.

#### **Information**

- Workers should have access to information, including all information held by the government, e.g., policies/work schedules/employment contracts/labour laws such as BCEA/EEA/SDA, etc.
- Business needs to be transparent in their financial statements/Employees may request to see these statements with motivation.
- Employees should be informed/updated as new information becomes available.



### **Safety, security and protection of life**

- Employees should work in a safe working environment free from hazardous products/areas.
- Provide workers with protective clothing, e.g., gloves and footwear, etc.
- Comply to safety legislation such as OHS/COIDA, etc.
- Take precautionary measures to ensure employees and their belongings are safe in the workplace.

### **Inclusivity**

- Means that no one should be excluded because of their gender/age/race/ language/disability.
- Businesses can achieve inclusivity by promoting equality, respect and dignity in the workplace.

### **ECONOMIC RIGHTS OF EMPLOYEES IN THE WORKPLACE.**

- Free from forced labour
- Free to accept or choose work
- Fair wages/ Equal pay/ Equal pay for work of equal pay
- Reasonable limitation of working hours
- Safe and healthy working conditions
- Join, form trade unions
- Right to participate in a legal strike

### **SOCIAL RIGHTS OF EMPLOYEES IN THE WORKPLACE.**

- Access to clean water
- Education
- Health care
- Protection

### **Ways to promote social rights in the workplace**

- Businesses should ensure that employees have access to clean water/social security.
- Encourage employees/Provide opportunities for skills training/basic education.
- Register workers with UIF to provide adequate protection in the event of unemployment/illness.
- Encourage employees to participate in special events, e.g., World Aids Day.
- Provide health care services by establishing site clinics to give employees access to basic medical examinations.

## **CULTURAL RIGHTS OF EMPLOYEES IN THE WORKPLACE**

### **Ways to promote cultural rights in the workplace**

- Employees should be trained on cultural tolerance.
- Employ people from various cultural backgrounds.
- Encourage employees to participate in cultural activities.
- Make provision for different cultures, such as food served in the canteen/entertainment at staff functions.
- Regular cultural information sessions will help employees to respect each other's culture in the workplace.
- Provide the environment in which employees are free to use their own language when interacting with others during their free time.
- Allow employees to provide solutions to challenges from their own cultural perspective.

### **Implication of equality, respect and dignity on businesses**

- Businesses should treat all their employees equally, regardless of their race/colour/age/gender/disability, etc.
- All workers should have access to equal opportunities/positions/ resources.
- 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. □ Mission statement should include values of equality/respect.
- 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.
- Ensure that employees work in an environment that is conducive to safety/fairness/free from embarrassment.
- 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.
- Treat workers with respect/dignity by recognising work well done/the value of human capital.

## **DIVERSITY**

### **The meaning of diversity**

- Diversity refers to the variety of people employed based on age/race/gender/ ethnic groups/disabilities/material wealth/personalities/how employees see themselves and others.
- Businesses employ people from different cultural backgrounds.
- Businesses should have systems in place to support diversity issues.

## **DIVERSITY ISSUES IN THE WORKPLACE**

- Poverty
- Race
- Gender
- Language
- Age
- Culture/religion
- Disability

### **Ways in which businesses could deal with diversity issues in the workplace**

#### **Poverty**

- Businesses should employ people from different socio-economic backgrounds/ status.
- Reward employees for services well-rendered.
- Offer subsidised meals/canteen facilities on the premises.
- Supply free uniforms to employees for safety purposes.
- Train all employees so that they can be able to deal with retrenchment.
- Train some unemployed people from local communities as part of a business's CSI projects.
- Give previously disadvantaged individuals a chance to be educated by incorporating Adult Basic Education and Training (ABET) into training programmes of the business.
- Ensure that the prices of products are affordable for the identified consumer market.
- Sponsor learnerships for unemployed people/use grants received from SETAs to train more unemployed people from local communities.

#### **Race**

- Implement affirmative action policies as required by law.
- No discrimination should be made based on skin colour.
- Ensure that the workplace is diverse by employing people from different race groups.
- When appointments are made, previously disadvantaged people should get preferential treatment.
- Comply with the Employment Equity Act and BBBEE when appointing people.



## **Gender**

- Males and females should be offered equal employment opportunities.
- Business directors should promote both men and women in managerial positions.
- Women should be employed to comply with EEA.
- Targets may be set for gender equity in the business.
- New appointments should be based on skills and ability.
- Introduce affirmative action by ensuring that male and female employees are remunerated fairly/equally.

## **Language**

- Provide training in the official language of the business.
- No worker should feel excluded in meetings conducted in one language only.
- Employ an interpreter so that everyone can fully understand what is being said in a meeting.
- All business contracts should be in an easy-to-understand language and should be available in the language of choice for the relevant parties signing the contract.
- Business may specify that all communications should be in one specific language only and would expect employees to have a certain level of fluency in that language.

## **Age**

- A business may not employ children aged 15 or younger.
- The ages of permanent workers should vary from 18 to 65 to include all age groups.
- Young employees must be advised to respect and learn from older employees.
- Businesses must encourage older employees to help young employees to develop their potential.
- Promotions should not be linked to age, but rather to a specific set of skills.
- A business may employ a person who is older than the normal retirement age, provided that person is the most suitable candidate.
- The business should encourage employees to be sensitive to different perspectives of various age groups.

## **Culture/Religion**

- Cater for special food/preparation methods in the workers' canteen.
- Businesses should acknowledge/respect cultural differences of employees.
- The business may not discriminate against employees on the grounds of their cultural background.
- Business must not force employees to do work that could be against their religion
- Business must be sensitive to special requests from different cultural groups, e.g., allow day(s) off for cultural holidays/festivals.

## Disability

- Business should provide employment opportunities for people who are physically challenged.
- Employees should be trained on how to deal with colleagues with disabilities.
- Business should be well informed on how to deal with disabled employees.
- Accommodate people who are physically challenged by providing facilities/ramps for wheelchairs, etc.
- Ensure that workers with special needs are not marginalised/feel excluded from workplace activities.
- Policies and programs should accommodate the needs of people with disabilities.
- Create an organisational culture/climate that is conducive for people with disabilities.
- Business should bring in external experts to help with disability and accommodation issues.
- Focus on skills/work performance of the disabled worker, rather than his/her disability/possible problems he/she may pose in future.



## BENEFITS OF DIVERSITY IN THE WORKPLACE

- Workforce diversity improves the ability of a business to solve problems/ innovate/cultivate diverse markets.
- Employees value each other's diversity and learn to connect/communicate across lines of difference.
- Diversity in the workforce improves morale/motivation.
- Employees demonstrate greater loyalty to the business because they feel respected/accepted/understood.
- Diversified workforce can give businesses a competitive advantage, as they can render better services.
- Being respectful of differences/demonstrating diversity makes good business sense/improves profitability.
- Diverse businesses ensure that its policies/practices empower every employee to perform at his/her full potential.
- Stakeholders increasingly evaluate businesses on how they manage diversity in the workplace.
- Employees from different backgrounds can bring different perspectives to the business.
- A diversified workforce stimulates debate on new/improved ways of getting things done.
- Employees represent various groups and are therefore better able to recognise customer needs and satisfy consumers.
- Businesses with a diverse workforce are more likely to have a good public image and attract more customers.

## **ENVIRONMENTAL FACTORS**

- Environmental issues relate to preserving a clean/safe/sustainable environment.
- Businesses should assess, control and address all the physical, chemical and biological factors in the environment.

## **Responsibilities of employers in promoting human health and safety in the workplace**

- Provide and maintain all the equipment that is necessary to perform the work.
- Equipment must be used under the supervision of a designated trained worker.
- Keep the systems to ensure that there will be no harmful impact on the health and safety of workers.
- Reduce/Remove dangers to workers and provide personal protective clothing.
- Employers must know where potential dangers might be and take measures to eliminate or limit the harm.
- Ensure that the workers' health is not damaged by hazards resulting from production /processing/storage/transportation of materials or equipment.
- Workers must be informed /instructed/and supervised to limit potential dangers to them/Emergency exit door signs should be visible to all employees.
- Comply with safety laws which seek to promote a healthy working environment.

## **Roles of health and safety representatives in protecting the workplace environment**

- Ensure that protective clothing is provided /available to all workers.
- Identify potential dangers in the workplace.
- Initiate/promote/Maintain /Review measures to ensure the health and safety of workers.
- Check/Monitor the effectiveness of health and safety measures with management.
- Ensure that all equipment that is necessary to perform work are provided /maintained regularly.
- Promote safety training so that employees may avoid potential dangers/act pro-actively.
- Ensure that dangerous equipment is used under the supervision of trained/qualified workers.
- Ensure that workers' health and safety is not endangered by hazards resulting from production /processing/storage/transportation of material/equipment.
- Work together with the employer to investigate any accidents/complaints from the workers concerning health and safety in the workplace.
- Ensure that employers comply with COIDA.

## **Responsibilities of workers/employees in promoting human health and safety in the workplace**

- Workers should take care of their own health and safety in the workplace.
- Co-operate and comply with the rules and procedures, e.g., wear prescribed safety clothing.
- Report unsafe/unhealthy working conditions to the relevant authorities/ management.
- Report accidents to the employer by the end of the shift.
- Use prescribed safety equipment.
- Take reasonable care of their own safety □ Inform the employer of any illness that may affect the ability to work.

**Ways in which businesses could protect the environment and promote human health in the workplace**

- Laws and regulations should be adhered to so that profits are not generated at the expense of the environment.
- Pollution and other environmental issues should always be considered in all business activities, e.g., safe disposal of waste/dumping of toxic waste, etc.
- Become involved in environmental awareness programmes.
- The environment can be protected by altering production techniques in favour of cleaner and greener technologies.
- Water for human consumption should be tested before it is used.
- Promote nature conservation by looking after natural resources.
- Minimise pollution, by re-using, reducing and recycling.
- Reduce consumption of goods/services which are environmentally unfriendly.
- Register/Engage with recognised institutions/bodies that promote green peace.
- Physical working conditions should always be worker friendly, safe and promote occupational health.
- Physical working conditions, e.g., adequate lighting/ventilation should be available and functional.
- Machines must be serviced/maintained regularly.
- Educate people about hygiene issues.
- Encourage employees to do regular health checks.

**NOTE: (The focus should on how the business should do it)**

## **SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP**

### **SOCIAL RESPONSIBILITY**

**Learners should be able to:**

- Define/Elaborate on the meaning of social responsibility.
- Explain the relationship/link between social responsibility and triple bottom line.
- Suggest ways in which a business project can contribute towards the community: charitable contributions to NGO's, involvement in community education, employment, and employee volunteer programmes.
- Identify/Name the following socio-economic issues from given scenarios/statements:
  - HIV/Aids
  - Unemployment
  - Poverty
- Recommend/Suggest ways in which businesses can deal with the above-stated socio-economic issues.
- Explain/Recommend/Suggest ways in which businesses can contribute time and effort in improving the well-being of employees and communities.

### **CORPORATE SOCIAL RESPONSIBILITY/CSR**

- Define/Elaborate on the meaning of CSR
- Describe/Explain the purpose of CSR
- Identify/Name/Outline the components of CSR: environment, ethical corporate social investment, health and safety.
- Identify CSR programmes from given scenarios/statements.
- Explain/Discuss/Evaluate/Analyse the impact (positives/advantages and/or negatives/disadvantages) of CSR on businesses and communities.

### **CORPORATE SOCIAL INVESTMENT/CSI**

- Define/Elaborate on the meaning of CSI.
- Explain/Describe the purpose of CSI.
- Name/Outline CSI focus areas, e.g., community, rural development, employees, environment.
- Explain/Distinguish/Differentiate between CSR and CSI.
- Explain/Discuss/ Evaluate/Analyse the impact (advantages/positives and/or disadvantages /negatives) of CSI on business and communities.

## TERMS AND DEFINITIONS

TERM	DEFINITION
<b>Social responsibility</b>	An ethical viewpoint that says every individual/organisation has an obligation to benefit society as a whole.
<b>Corporate</b>	Refers to businesses/firms/organisations.
<b>Corporate Social Responsibility (CSR)</b>	The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
<b>Corporate Social Investment (CSI)</b>	The investment of corporate funds/other assets for the primary purpose of achieving social outcomes.
<b>Contemporary Socio-economic issues</b>	Current societal and economic factors that impact on the business.
<b>Triple bottom line</b>	Refers to the 3Ps that businesses should always consider in their operations, namely, PROFIT, PEOPLE and PLANET.
<b>Sustainability</b>	Using the resources in such a manner that future generations will be able to use them.
<b>Well-being</b>	Caring for the needs of employees and the communities.
<b>Demographics</b>	Statistical data of the population in term of race, age and income.
<b>Staff turn-over</b>	Rate at which the employer has to replace their employees.

## SOCIAL RESPONSIBILITY

### The meaning of social responsibility

- An ethical viewpoint that says every organization has an obligation to benefit society as a whole.
- The responsibility of every organization to contribute towards the well-being of the community and the environment in which they live.

### Relationship/Link between triple bottom line and social responsibility (PPP)

#### Profit (Economic)

- The businesses should not only focus on profit but should also invest in CSI projects.
- Businesses should not make a profit at the expense of its community.

#### People (Social)

- Business operations should not have a negative impact on the community.

- Businesses should engage in sustainable community uplifting programmes.
- Businesses should improve the quality of life of their employees.

### **Planet (Environment)**

- Businesses should not harm the environment for profit purposes.
- They may support eco-friendly production methods.
- Recycle and Re-use waste, e.g., packaging from recycled material.

### **Socio-economic issues**

- HIV/Aids
- Unemployment
- Poverty

### **Strategies to deal with socio-economic issues**

#### **Strategies to deal with HIV/Aids**

- Counselling programmes/train counsellors to provide infected and affected persons/employees.
- Develop counselling programmes for infected/affected persons/employees.
- Conduct workshops on HIV/Aids programmes/campaigns.
- Roll out anti-retroviral (ARV) treatment programmes (ART) for the infected employees.
- Encourage employees to join HIV/Aids support groups.
- Develop strategies to deal with stigma and discrimination.
- Participate in the HIV/Aids prevention programmes implemented in the community.
- Support non-governmental organisational/community-based organisation/NPC HIV/Aids initiatives.

#### **Strategies to deal with Unemployment**

- Provide skills development programmes through learnerships.
- Offer bursaries to the community to improve the level of education.
- Create jobs for members of the community.
- Provide entrepreneurial programmes that can promote self-employment.
- Support existing small businesses to create more employment opportunities.

#### **Strategies to deal with Poverty**

- Invest in a young starting SME that can be a business competitor, buyer or supplier.
- Attract the best employees by being socially responsible and offering the best volunteering programs.
- Support poverty alleviation programmes that are offered by the government.
- Donate money/food parcels to local NGO's.

**NOTE: Some strategies to deal with unemployment can also be used to deal with poverty.**

**Ways in which businesses can contribute time and effort in improving the well-being of employees**

- Pay fair wages/salaries to the workers based on the nature of their work/the prevailing economic conditions in the market.
- Working conditions should include safety/medical/canteen facilities/benefits like housing/leave/retirement, etc.
- Pay fair bonuses, based on business earnings, as acknowledgement for hard work and commitment.
- Provide for employees' participation in decision making that affects them.
- Provide recreational facilities for employees.
- Offer annual physical/medical assessments to workers.
- Make trauma debriefing/counselling/assistance available to any employee who requires these services.
- Offer financial assistance in the case of any hardship caused by unexpected medical costs.
- Allow flexible working hours to enhance productivity.
- Offer support programmes for employees infected and affected by HIV/Aids.
- Make childcare facilities available on the premises for working mothers in the business.
- Start a nutritional programme so that employees can enjoy one meal per day to keep them in a healthy condition.
- Give time to staff to get involved in projects they choose/Allow staff to use some of the working hours to participate in the projects of their choice.
- Encourage employees to stay fit and healthy by getting them involved in health activities to minimize stress/substance abuse/obesity.
- Provide transport for employees who work unusually long hours.
- Establish coaching and mentoring programmes for junior employees.
- Conduct team-building sessions to improve employees' morale.
- Encourage employees to attend capacity-building workshops/training programmes/ staff-development programmes/team-development programmes.

**Ways in which businesses can contribute time and effort in improving the well-being of communities**

- Business should improve the general quality of life of their community, e.g., invest in education, etc.
- Ensure that the product they supply do not harm consumers/the environment.
- Refrain from engaging in illegal/harmful practices such as employing children under the legal age/selling illegal substances, etc.
- Make ethically correct business decisions, e.g., not engage in unfair/misleading advertising, etc.
- Donate money to a community project/run a project to uplift the community.
- Provide recreational/sport facilities to promote social cohesion/healthy activities.



## **COOPERATE SOCIAL RESPONSIBILITY/CSR**

### **Meaning of CSR**

- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community and society at large.
- Corporate Social Responsibility/CSR is the way a business conducts its operations ethically and morally, regarding the use of human, physical and financial resources.
- Corporate Social Responsibility is an obligation required by law and benefits both business and society.

### **Purpose of CSR**

- CSR programmes are internal programmes that businesses use to comply with laws and ethics.
- Key areas of concern are protecting the environment, the wellbeing of employees from the community and civil society in general.
- Businesses seek to promote public interest and do away with harmful practices without the need for any formal legislation.
- Business operations address Triple bottom line through CSR programmes by considering its impact on people, profit and planet.
- CSR aims at creating a safe working environment for employees.
- CSR programmes and activities the business undertakes to contribute positively to the community in which the business operates.
- CSR may take the form of a monetary donation to support local organisations.

### **Components of Corporate Social Responsibility (CSR)**

- Environment
- Ethical corporate social investment
- Health and safety
- Corporate governance
- Business ethics
- Employment equity
- Supply chain/Distribution channel
- Customers
- Community

## **COOPERATE SOCIAL INVESTMENT /CSI**

### **The meaning of CSI**

- Money that a business budgets to provide solutions to social problems within the communities from which they draw their workers or where they sell their products/services.
- Projects that are not part of the normal business activities of a business and are designed and aim to benefit the community.
- The projects are not directly for purposes of increasing company profits.

### **Purpose of CSI**

- CSI aims at contributing towards sustainable development of its immediate communities.
- CSI is enforceable by law and government requires business to make CSI contributions.
- CSI projects play a positive role in the development of communities.
- CSI reveals a business's attitude towards the community in which it operates.
- CSI projects are long-term investment.
- It is relevant to the South African context where socio-economic upliftment is such a priority.

### **CSI focus areas**

- Community
- Rural development
- Employees
- Environment

### **Examples of CSI projects**

- Donation to support local organisations
- Being involved in conversation projects
- Investing in job creation projects
- Providing adult basic education
- Teaching entrepreneurial skills
- Sponsoring arts and culture programmes
- Establishing programmes to promote early childhood development

### **Other examples of CSI projects from the scenario**

#### **JOE TRADING ENTERPRISE (JTE)**

Joe Trading Enterprise is making large profits due the excellent service and quality of products offered to customers. The management of JTE has decided to invest some of the business profit in the community they operate in by doing the following:

- Buy school uniforms for needy learners
- Offer HIV/ AIDS prevention programmes
- Offer food parcels to alleviate poverty
- Donate money to social events that benefit the community directly.
- Fund additional lessons, for example Mathematics and Science

### **Identification of examples CSI projects from the scenario**

- School uniforms for needy learners
- HIV/ AIDS prevention programmes
- Food parcels to alleviate poverty
- Donating money to social events that benefit the community directly
- Funding of additional lessons, for example Mathematics and Science

### **Impact of CSR/CSI on businesses**

#### **Advantages/Positives**

- May attract experienced employees which could increase productivity.
- Improved image as the business looks after employees.
- A business may have a competitive advantage, resulting in an improved reputation.
- Promotes customer loyalty resulting in more sales.
- CSI projects may be used as a marketing strategy to promote their products.
- The business enjoys the support of communities.
- CSI projects promote teamwork within businesses.
- CSI helps to attract investors because of increased profits.
- Gives businesses tax advantages such as tax reduction.
- Assists in solving socio-economic issues like poverty and unemployment.
- Employees feel as if they are making a difference in working for the business.
- Improves the health of its employees through focused CSI projects.

#### **AND/OR**

#### **Negatives/Disadvantages**

- Customers may not buy their products/services resulting in a decrease in sales.
- Small and medium enterprises find it difficult to implement CSI programmes.
- Detailed reports must be drawn up, which can be time consuming.
- Social involvement is funded from business profits which could have been used to reduce prices.
- CSI activities distract business focus from its core business functions.
- Businesses find it difficult to adhere to legislation governing CSI.
- It is difficult to accurately measure the effectiveness of social investment.
- Most managers are not trained to handle social programmes.
- Employees may spend more time working on CSI projects instead of focusing on their core duties.
- Shareholders may receive less dividends, as some profits are spent on CSI.

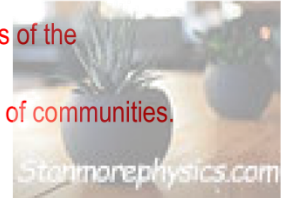
**NOTE: that the impact of CSR and CSI on business are the same**

## Impact of CSR/CSI on the community

### Positives/Advantages

- Community skills can be improved through the provision of bursaries.
- Better educational facilities are established in poor communities.
- The standard of living of the community is uplifted/quality of life of communities is improved.
- Investing in the medical infrastructure, will improve the health of communities.
- Socio-economic issues are attended to which will improve the welfare of the community.
- Training opportunities in the community increase the possibility of appointments of members of the community.
- Implementing developmental programmes in the community improves entrepreneurial skills of communities.

**AND/OR**



### Negatives/Disadvantages

- Businesses are not always equipped to address social problems.
- Communities tend to be dependent on CSR programmes and struggle to take their own initiatives.
- Distribution of scarce resources to selected beneficiaries in the community may cause problems such as discrimination.
- Some businesses only participate in CSR initiatives to raise profit and do not really care for the community in which they operate.
- Businesses cannot meet the longer term needs of the society/Business cannot deliver sustainable CSR programmes.
- The benefits of the programmes may not filter to the intended persons within the community.
- Spending money on CSR programmes means the business has to recover expenses through higher prices which have a negative impact on the economy.
- Businesses tend to focus on CSR programmes that does not directly benefit the community.
- Less money is available for community projects during unfavourable economic conditions.
- Consumers are not easily convinced that a business is acting in the best interest of the community and the environment.
- A business often appears to benefit more from the CSR expenditure than the perceived benefits to the communities.

**NOTE: that the impact of CSR and CSI on the community are the same**

**Differences between Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI)**

<b>CORPORATE SOCIAL RESPONSIBILITY</b>	<b>CORPORATE SOCIAL INVESTMENT</b>
<ul style="list-style-type: none"><li>• The intention is to change business practices.</li></ul>	<ul style="list-style-type: none"><li>• Actively committing money and resources to uplift the community.</li></ul>
<ul style="list-style-type: none"><li>• Focus is on increasing image and profits.</li></ul>	<ul style="list-style-type: none"><li>• Focus is on the upliftment of community without return on investment.</li></ul>
<ul style="list-style-type: none"><li>• Ensure that all internal CSI policies/practices include stakeholders' interests/environmental issues.</li></ul>	<ul style="list-style-type: none"><li>• Ensure that CSI projects are relevant to the needs of communities.</li></ul>
<ul style="list-style-type: none"><li>• Often intended as a marketing initiative.</li></ul>	<ul style="list-style-type: none"><li>• Intended to benefit and uplift communities through social development.</li></ul>
<ul style="list-style-type: none"><li>• Projects are usually linked to the business, e.g., a manufacturing business offering to train the unemployed.</li></ul>	<ul style="list-style-type: none"><li>• Projects are external to the business and have a strong developmental approach.</li></ul>

## **PRESENTATION AND DATA RESPONSE**

### **PRESENTATION**

**Learners should develop the following skills:**

- Outline/Explain/Discuss factors that must be considered when preparing for a presentation. (Before the presentation)
- Outline/Explain factors that must be considered by the presenter while presenting, e.g., maintain eye contact/use visual aids effectively/move/do not speak fast/use pauses effectively, etc. (During the presentation)
- Identify factors that must be considered when preparing for a presentation and during the presentation from given scenarios/case studies.
- Explain how to respond to questions after a presentation in a non-aggressive and professional manner. (After the presentation)
- Quote ways in which the presenter can handle feedback/questions in a non-aggressive and professional manner from given scenarios/case studies.
- Suggest/Recommend ways in which the presenter can handle feedback in a non-aggressive and professional manner.
- Explain/Suggest/Recommend areas of improvement in the next presentation.
- Identify areas of improvement in the next presentation from given scenarios/case studies.

### **DATA RESPONSE**

- Outline/Explain aspects that must be considered when designing a multimedia presentation, e.g., start with the text, select the background/choose relevant images/create graphs, etc.
- Give examples of non-verbal presentations, e.g., written reports, scenarios, types of graphs (e.g., line, pie, bar charts etc.) as well as other non-verbal types of information such as pictures and photographs.
- Explain/Discuss /Evaluate the impact of the following visual aids:
  - PowerPoint/Data projector
  - Overhead projectors/Transparencies
  - Hand-outs/flyers/brochures
  - Flip charts
  - Interactive whiteboard/Smart boards
  - Posters/signs/banners/portable advertising stands/flags
- Identify visual aids from given scenarios/ statements.

## TERMS AND DEFINITIONS

TERM	DEFINITION
<b>Presentation</b>	The act of communicating information/data to an audience/stakeholder in an organisation.
<b>Data Response</b>	Interpretation and analysis of information provided.
<b>Feedback</b>	Information about a presentation by an audience which is used as a basis for improvement.
<b>Non-verbal presentation</b>	Presentation of information to an audience without using spoken words.
<b>Visual aids</b>	Refers to charts/pictures/images that help to clarify a point/enhance a presentation.
<b>Tables</b>	A set of facts/figures systematically displayed, especially in columns.
<b>Graphs</b>	Two-dimensional drawing showing a relationship between two set of variables by means of a line/curve/bars.
<b>Diagrams</b>	A drawing showing the appearance/structure/workings of data in a schematic representation.
<b>Flipchart</b>	A large pad of paper, bound so that each page can be turned over at the top to reveal the next page, used on a stand.
<b>Hand-outs</b>	Printed information provided to the audience to accompany a presentation.

### Factors that must be considered when preparing for a presentation. (Before the presentation)

- Clear purpose/intentions/objectives and main points of the presentation.
- Main aims captured in the introduction/opening statement of the presentation.
- Information presented should be relevant and accurate.
- Fully conversant with the content/objectives of the presentation.
- Background/diversity/size/pre-knowledge of the audience to determine the appropriate visual aids.
- Prepare a rough draft of the presentation with a logical structure/format with an introduction, body and conclusion.
- The conclusion must summarise the key facts and how it relates to the objectives/shows that all aspects have been addressed.
- Create visual aids/graphics that will consolidate the information/facts to be conveyed to the board of directors.
- Find out about the venue for the presentation, e.g., what equipment is available/appropriate/availability of generators as backup to load shedding.
- Consider the time frame for presentation, e.g., fifteen minutes allowed.
- Rehearse to ensure a confident presentation/effective use of time management.
- Prepare for the feedback session, by anticipating possible questions/comments.

**Factors that must be considered by the presenter while presenting. (During the presentation)**

- Establish credibility by introducing yourself as the presenter at the start.
- Mention/Show most important information first.
- Make the purpose/main points of the presentation clear at the start of the presentation.
- Use suitable section titles/headings/sub-headings/bullets.
- Summarise the main points of the presentation to conclude the presentation.
- Stand in a good position/upright, where the audience can clearly see the presenter/presentation.
- Avoid hiding behind equipment.
- Do not ramble on at the start, to avoid losing the audience/their interest.
- Capture listeners' attention/Involve the audience with a variety of methods, e.g. short video clips/sound effects/humour, etc.
- Maintain eye contact with the audience.
- Be audible to all listeners/audience.
- Vary the tone of voice/tempo within certain sections to prevent monotony.
- Make the presentation interesting with visual aids/anecdotes/examples/Use visual aids effectively.
- Use appropriate gestures, e.g., use hands to emphasize points.
- Speak with energy and enthusiasm.
- Pace yourself/Do not rush or talk too slowly.
- Keep the presentation short and simple.
- Conclude/End with a strong/striking ending that will be remembered.
- Ensure that the audience will leave with/take away specific information/benefits.
- Include a statement/quote that will allow a professional/striking ending.
- Manage time effectively to allow time for questions.

**Factors that must be considered after making the presentation/ professional handling of feedback**

- The presenter should stand throughout the feedback session.
- Be polite/confident/courteous when responding to questions.
- Ensure that each question/comment is clearly understood before responding/rephrase questions if uncertain.
- He should first listen and then respond.
- Provide feedback as soon as possible after the question was asked or after the session.
- Be direct/honest/sincere when responding to questions.
- Use simple language to support the examples used in the presentation.
- Keep answers short and to the point.
- Apologise/acknowledge his errors/mistakes if pointed out by the audience.
- Encourage questions from the audience/investors.
- Always address the questions and not the person.
- Acknowledge good questions to motivate audience to ask more questions.
- The presenter should not involve himself in a debate when responding to questions.
- The presenter should not avoid the questions if he/she does not know the answer, but rather promise feedback on it.
- Address the full audience/investors and not only the person who posed the question.



### **Areas of improvement in the next presentation**

- The presenter should revise objectives that were not achieved.
- Use humour appropriately.
- Always be prepared to update/keep the information relevant.
- Reflect on any problem/criticism and avoid it in future presentations.
- Any information that the presenter receives as feedback from a presentation should be analysed and where relevant, incorporated/used to update/amend his presentation.
- Reflect on the time/length of the presentation to add/remove content.
- Increase/Decrease the use of visual aids or replace/remove aids that do not work well.
- Reflect on the logical flow of the format/slides/application of visual aids.

### **DATA RESPONSE**

#### **Aspects that must be considered when designing a multimedia presentation**

- Start with the text which forms the basis of the presentation.
- Select the background to complement/enhance the text.
- Choose images that may help to communicate the message.
- Include/Create graphics to assist the information which is conveyed.
- Add special effects/sound/pictures/animation to make it interesting for the audience.
- Create hyperlinks to allow quick access to other files/documents/video clips.
- Use legible font and font size so that it is easy to see/read.
- Keep slides/images/graphs/font simple by not mixing different styles/colours.
- Make sure there are no language and spelling errors.
- Use bright colours to increase visibility.
- Structure information in a logical sequence so that the audience can easily follow the content of the presentation.
- Limit the information on each slide by using key words and not full sentences.

#### **Examples of non-verbal presentation**

- Tables
- Graphs
  - Bar graph
  - Line graph
  - Histogram
  - Pie graph
- Diagrams
- Illustrations/Pictures/Photographs/Scenarios
- Written/Business reports
- Flip charts
- Handouts
- Slide shows

## **IMPACT OF VISUAL AIDS**

### **Data Projector/PowerPoint**

#### **Positives/Advantages**

- Graphic programmes have the capacity to convey ideas and support what the presenter says.
- Easy to combine with sound/video clips.
- Simple/Less cluttered slides may capture the interest of the audience.
- Video clips can provide variety and capture the attention of the audience.
- Variation of colour/background/sound immediately captures the attention of the audience and retain their interest throughout the presentation.
- Slides should only be used where they can enhance the facts or summarise information.

#### **AND/OR**

#### **Negatives/Disadvantages**

- Unprofessional handling of the data projector/PowerPoint presentation material.
- May lead to irritation/may result in the audience losing interest.
- Less effective to people with visual impairments.
- Simply reading off the slides makes a presentation boring/meaningless. □ Unable to show slides without electricity/data projector.

### **Transparencies/ Overhead projectors**

#### **Positives/Advantages**

- Summaries/Simple graphics/Diagrams/Processes may be explained easily on transparencies.
- It can be prepared manually (OHP pens) or electronically on computer/copier.
- A useful replacement/back-up if computer/electronic equipment fail or are not available.
- Effective transparencies/projections should be clear and visible, e.g., large print, few words/lines.
- Effective transparencies/projections should be clear and visible, e.g., large print, few words/lines. □ OHP transparencies can be used to reflect colour images.
- It may be an effective/useful reminder to the presenter of all the points to be covered.

#### **AND/OR**

#### **Negatives/Disadvantages**

- Transparencies that are not well ordered/ organised, may convey an unprofessional image.
- It can be easily replaced by a PowerPoint presentation.
- Not easy to combine with sound/audio.
- Used most effectively when lights are dimmed/switched off which make it difficult for the audience to make their own notes.

## Hand-outs/flyers/brochures

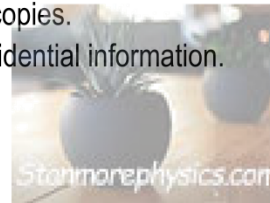
### Positives/Advantages

- Meaningful hand-outs may be handed out at the start of the presentation to attract attention/encourage participation.
- Notes/Hard copies of the slide presentation can be distributed at the end of the presentation as a reminder of the key facts of the presentation.
- Extra information, e.g., contact details/price lists may be handed out to promote the services of the business.
- Useful information for improving the next presentation may be obtained, when the audience completes feedback questionnaires after the presentation.
- It is easy to update hand-outs with recent information or developments.
- Notes may be compared with electronic slides to validate the accuracy.

### AND/OR

### Negatives/Disadvantages

- Hand-outs cannot be combined with audio material, so it only focuses on the visual aspects of support material.
- Handing out material at the start of the presentation may distract/lose audience attention.
- As it only summarises key information, some details might be lost/omitted.
- Printed material is expensive, and it is easy to lose hard copies.
- Increases the risk of unauthorised duplication/use of confidential information.



## Impact of flip charts

### Positives/Advantages

- Mainly used for a small audience to note down short notes/ideas.
- In a sales pitch it may be useful during the feedback session to summarise main facts/aspects that the presenter needs to follow up.
- Very effective in brainstorming sessions as suggestions are summarised or listed.

### AND/OR

### Negatives/Disadvantages

- There may not be enough time during the presentation to make written notes, so some ideas may not be listed.
- Handwriting may be illegible/ untidy which may not contribute to a professional image/presentation.
- It may not always be possible to prepare flip charts before the presentation, so it can become cluttered/ chaotic.

## **Interactive whiteboard/Smart boards**

### **Positives/Advantages**

- Images can be projected directly from a computer, so no external projector/devices necessary.
- Special pens allow the presenter to write on the board while prepared images are displayed.
- Additional notes that were added during the presentation can be captured on computer after the presentation.
- It can be controlled by the touch of a finger, so the presenter can move away from the computer during the presentation computer during the presentation.
- Easy to combine with sound/other visual aids.
- Useful to capture feedback and new ideas.

### **AND/OR**

### **Negatives/Disadvantages**

- Should only be used by a presenter who knows the unique features of the interactive whiteboard/who can use it to its full potential.
- Cannot be connected to any computer as special, licensed software is needed to be able to use it.
- Technical challenges may render it ineffective, e.g., loss of signal while using it.

## **Posters/signs/banners/portable advertising stands/flags**

### **Positives/Advantages**

- It should be colourful/eye-catching/creative to support the core message of the presentation.
- May contain large illustrations/pictures/features of the products/key concepts to emphasise detail, e.g., creative jewellery/unique features of the jewellery.
- Can make impact when placed strategically in/outside the venue.
- Useful in promoting the logo/vision of the business.

### **AND/OR**

### **Negatives/Disadvantages**

- May overpower/draw attention away from the presentation if it is too big/not placed correctly.
- May not always be useful in a small venue/audience as it can create a 'crowded' atmosphere.
- Only focuses on visual aspects as it cannot always be combined with sound/audio.

## FORMS OF OWNERSHIP

Learners should be able to:

- Explain/Discuss the characteristics of each form of ownership.
- Explain the meaning of limited liability and unlimited liability.
- **Recap:** Discuss/Explain/Evaluate the impact (positives/advantages and/or negatives/disadvantages) of the different forms of ownership.
- Explain/Discuss how the following criteria could contribute to the success and/or failure of each form of ownership:
  - **Taxation:** The tax requirements of each form of ownership determine the impact of taxation on business success/failure.
  - **Management:** Ownership impacts on management functions which determine the success/failure of the business.
  - **Capital:** refers to the ability to obtain capital from various sources (e.g., own/borrowed capital). The amount of capital that can be sourced will also impact on business success/failure.
  - **Division of profits:** refers to how profit is divided between owner(s)/shareholders/investors.
  - **Legislation/Legal requirements** for establishment/starting a business impact on the establishment costs and time before a business can legally do business.

## TERMS AND DEFINITIONS

TERM	DEFINITION
<b>Form of ownership</b>	The legal position of the business and the way it is owned.
<b>Continuity</b>	Continue to exist even if a change of ownership takes place, e.g a member or shareholder dies or retires.
<b>Surety</b>	If a person or business accepts liability for the debt of another person or business.
<b>Securities</b>	Shares and bonds issued by a company.
<b>Limited liability</b>	Losses are limited to the amount that the owner invested in the business.
<b>Unlimited liability</b>	The owner's personal assets may be seized to pay for the debts of the business.
<b>Memorandum of Incorporation (MOI)</b>	The document that sets out the rights, responsibilities and duties of shareholders and directors. (serves as a constitution of a company).
<b>Sole Trader /Sole proprietor</b>	A business is owned and controlled by one person who takes all the decisions, responsibility and profits from the business they run.
<b>Partnership</b>	An agreement between two or more parties that have agreed to finance and work together in the pursuit of common business goals.
<b>Co-operative society</b>	Autonomous association of persons united voluntarily to meet their common economic/ social needs/aspirations through a jointly owned and democratically controlled enterprise.
<b>Company</b>	A company is a legal person who has capacity and powers to act on its own.
<b>Profit Companies</b>	A company incorporated for the purpose of financial gain for its shareholders.
<b>Non-profit company</b>	A non-profit company is an association incorporated not for gain.
<b>Public company</b>	A public company is a voluntary association of ONE or more persons, governed by the company Act 71 of 2008, incorporated in terms of the Memorandum of Incorporation.
<b>Private company</b>	A private company is a voluntary association of 1 or more persons.
<b>Personal liability company</b>	A personal liability company is a voluntary association of 1 or more person.
<b>State-Owned company</b>	A state-owned company (SOC) is a legal entity that is created by the government in order to participate in commercial activities on its behalf.
<b>Partnership Article</b>	A document that contains exhaustive provisions with regards to the matters concerning the business and the partners.
<b>Prospectus</b>	Prospectus is a document inviting the public to buy securities/shares.
<b>Annual General Meeting (AGM)</b>	A meeting held once a year where the shareholders receive a report stating how well the company has done.
<b>Directors</b>	People elected to the board of a company by the shareholders to represent the shareholders' interests.

## CHARACTERISTICS, ADVANTAGES AND DISADVANTAGES OF FORMS OF OWNERSHIP

### SOLE PROPRIETOR

CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• The owner has a personal interest in the management and the services that is rendered.</li> <li>• It is easy to establish as there are no legal formalities in forming the business.</li> <li>• There are no legal requirements regarding the name of the business.</li> <li>• The owner has unlimited liability/The owner is personally liable for the debt of the business.</li> <li>• A sole trader has limited company for expansion and lacks continuity of existence.</li> <li>• The business has no legal personality and therefore has no continuity/ Continuity depends on the life and health of the owner.</li> </ul>	<ul style="list-style-type: none"> <li>• Owner makes all decisions.</li> <li>• Requires little capital to start.</li> <li>• All profits belong to the owner</li> <li>• Simple management structure.</li> <li>• Can easily adapt to the needs of the client/customer.</li> <li>• No legal process and requirements.</li> <li>• The assets of the business belong to the owner.</li> <li>• There is personal encouragement and personal contact between the owner and customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Unlimited liability which means the owner is responsible for all debts incurred.</li> <li>• Cash flow is often a problem.</li> <li>• Growth of business can be restricted due to lack of capital.</li> <li>• Not a legal entity and no continuity</li> <li>• Difficult to attract highly skilled and knowledgeable employees.</li> <li>• The owner is responsible for providing all the capital needed.</li> <li>• If the owner does not have enough knowledge/experience the business may fail.</li> </ul>

### PARTNERSHIP

CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• An agreement between two or more people who combine labour, capital and resources towards a common goal.</li> <li>• No legal requirements regarding the name of the business.</li> <li>• Partners have unlimited liability and are jointly and severally liable for the debts of the business.</li> </ul>	<ul style="list-style-type: none"> <li>• The partners able to put their knowledge and skills together to collectively make the best decisions.</li> <li>• The workload and responsibility are shared between partners.</li> <li>• Partners are able to share resources.</li> <li>• Partners are only required to pay tax in their personal and individual capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• A partnership has unlimited liability as partners' personal belongings can be sold to pay off debts.</li> <li>• Each partner is legally responsible for the joint liability of the partnership.</li> <li>• Different personalities and opinions of partners can lead to conflict or disagreements.</li> <li>• Partners might not all contribute equally.</li> </ul>

<ul style="list-style-type: none"><li>• Profit is shared according to the partnership agreement.</li><li>• Partnership does not pay tax partners pay personal income tax.</li><li>• Partners share responsibilities and they are all involved in decision making.</li><li>• No legal formalities to start, only a written partnership agreement is required.</li><li>• Partnership has no legal personality and therefore has no continuity.</li></ul>	<ul style="list-style-type: none"><li>• The partners have a personal interest in the business.</li><li>• Can bring in extra partners at any time.</li><li>• Attract prospective employees with the option or incentives of becoming a partner.</li></ul>	<ul style="list-style-type: none"><li>• Loss in profits and stability of the business can occur if a partner resigns/dies/loses interest in the partnership or is declared bankrupt.</li><li>• There can be lack of capital and cash flow.</li><li>• The partnership has limited/lack of continuity, as a new partnership must be formed when a partner dies/leaves.</li><li>• The wrongful actions of one partner will affect all other partners/Partners serve as agents for a partnership and bind all other partners through their actions</li><li>• If the profits of the partnership are too big, the partners may end up paying high income tax in their personal capacity.</li><li>• Decision making can be delayed as all parties should be consulted/In a large partnership, partners may struggle to agree on business decisions.</li><li>• Profits are divided between partners according to their partnership agreement and not according to income generated.</li></ul>
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**CLOSE CORPORATION**

<b>CHARACTERISTICS</b>	<b>ADVANTAGES</b>	<b>DISADVANTAGES</b>
<ul style="list-style-type: none"> <li>• Can have a minimum of one and maximum of ten members who share a common goal.</li> <li>• The word 'close' means that all members are involve and participate in its management.</li> <li>• Each member makes a contribution of some/assets/services towards the corporation.</li> <li>• The name must ends with the suffix CC.</li> <li>• Members have unlimited liability except where the CC has had more ten members for six months or longer.</li> <li>• A CC has its own legal personality and therefore has unlimited continuity.</li> <li>• Auditing of books is optional as members only need an accounting officer to check financial records.</li> <li>• Transfer of a member's interest must be approved by all other members.</li> <li>• Profits are shared in proportion to the member's interest in the CC.</li> </ul>	<ul style="list-style-type: none"> <li>• There are few legal requirements e.g., auditing of financial statements/regular annual general meetings.</li> <li>• A CC is a legal entity and has continuity of existence.</li> <li>• Can be converted to a private company and members may become shareholders.</li> <li>• Members have limited liability.</li> <li>• Owners' interest in the CC does not need to be in proportion to their capital contribution.</li> <li>• CC may be exempted by CIPC from auditing its financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited growth and expansion since a CC cannot have more than ten members.</li> <li>• A member of a CC can be held personally liable for the losses of CC if the member acts is incompetent.</li> <li>• Audited financial statements may be required when applying for a loan.</li> <li>• A CC is taxed as if it were a company, which may be higher than personal tax rates.</li> <li>• Difficult for members to leave the CC as all members must agree to dispose of a member's interest.</li> <li>• A CC is taxed on its income and Standard Tax of Company (STC) based on member's dividends/ Double taxation.</li> </ul>

**PRIVATE COMPANY**

CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Requires one or more directors and one or more shareholders.</li> <li>• It needs a minimum of one shareholder and there is no limit on the number of shareholders that a private company may have.</li> <li>• Register with the registrar of companies by drawing up Memorandum of Incorporation.</li> <li>• The company name ends with letters (PTY) Ltd.</li> <li>• A private company is not allowed to sell shares to the public.</li> <li>• Investors put capital in to earn profit from shares.</li> <li>• The company has a legal personality as well as unlimited continuity.</li> <li>• Profits are shared in the form of dividends in proportion to the share held.</li> <li>• Shareholders have a limited liability and will not lose their initial capital invested if the business goes bankrupt.</li> <li>• Shareholders have limited liability and a separate legal entity.</li> <li>• Raises capital by issuing shares to its shareholders.</li> <li>• Profits are shared in the form of dividends in proportion to the number of shares held.</li> </ul>	<ul style="list-style-type: none"> <li>• More opportunities to pay less taxation.</li> <li>• Good long-term growth opportunities.</li> <li>• Own legal identity and shareholders have no direct legal implications/ limited liability.</li> <li>• Board of directors with expertise /experience can be appointed to take decisions.</li> <li>• Not required to file annual financial statements with the commission.</li> <li>• It is a legal person and can sign contracts in its own name.</li> <li>• The new Act forces personal liability on directors who knowingly participated in carrying out business in a reckless/fraudulent manner.</li> <li>• Financial statements are private and not available to the general public.</li> <li>• A company has continuity of existence.</li> <li>• It is possible to sell a private company as it is a legal entity in its own right.</li> <li>• It can easy raise capital by issuing shares to its members.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires a lot of capital.</li> <li>• The more shareholders, the less profits.</li> <li>• Directors do not have a personal interest.</li> <li>• Annual financial statements must be reviewed by a qualified person, which is an extra expense to the company.</li> <li>• Difficult and expensive to establish as the company is subjected to many legal requirements.</li> <li>• Pays tax on the profits of the business and on declared dividends/Subject to double taxation.</li> <li>• Must prepare annual financial statements.</li> </ul>

## PERSONAL LIABILITY COMPANY

### Definition

- Very similar to a private company, the difference is that the directors of a Personal Liability company are jointly and severally liable for all the debts and liabilities of the company. This means that the directors have unlimited liability.
- The name of the personal liability company ends in INC and the name of the private company ends in (PTY) Ltd.

### Characteristics of a personal liability company


- The company name must end with letters INC
- Directors have unlimited liability, and they are jointly liable for the debts of the business even if they are long out of office.
- The memorandum of Incorporation should state that it is a personal liability company.
- They must at least have one director on their board of directors.

**NOTE: Other characteristics of a personal liability company are the same as the private company except the above mentioned two characteristics.**

## IMPACT OF A PERSONAL LIABILITY COMPANY

### Advantages and/or disadvantages

#### NOTE:

- 
- The advantages of a personal liability company are the same as the private company.
  - The disadvantages are also the same as the private company **except** the directors of the personal liability company have unlimited liability.

## PUBLIC COMPANY

### Definition

- A public company is a company that is registered to offer its stock and shares to the general public. This is mostly done through the Johannesburg Securities/Stock Exchange (JSE).
- The public company is designed for a large –scale operation that require large capital investments.

CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• A minimum of one person is required to start a public company.</li> <li>• Requires three or more directors and three or more shareholders.</li> <li>• Register with the Registrar of Companies by drawing up Memorandum of Incorporation.</li> <li>• The company name ends with letters Ltd.</li> <li>• Has legal personality and therefore has unlimited continuity</li> <li>• Raises capital by issuing shares to the public and borrowing capital by issuing a debenture.</li> <li>• A prospectus is issued to the public to raise capital.</li> <li>• Shareholders have a limited liability.</li> <li>• The new Act forces personal liability on directors who knowingly participated in carrying out business in a reckless/fraudulent manner.</li> <li>• The company has a legal personality as well as unlimited continuity.</li> <li>• A public company is required to hold an AGM (Annual General Meeting).</li> <li>• Auditing of financial statements us compulsory and audited statements are available to shareholders and the public.</li> <li>• Profits are shared in the form of dividends in proportion to the share held.</li> </ul>	<ul style="list-style-type: none"> <li>• The business has its own legal identity.</li> <li>• Easy to raise funds for growth through the sale of shares.</li> <li>• Shareholder is only liable for the amount which is invested/Shareholders have limited liability.</li> <li>• Can appoint a knowledgeable board of directors.</li> <li>• Buy and sell shares freely.</li> <li>• Shareholders can sell/transfer their shares freely.</li> <li>• The public has access to the information and this could motivate them to buy shares from a company.</li> <li>• Additional shares can be raised by issuing more shares or debentures.</li> <li>• Strict regulatory requirements protect shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Must disclose all financial information.</li> <li>• Large amount of funds are spent on financial audits.</li> <li>• Stocks have to be traded publicly.</li> <li>• A full report must be submitted to the major shareholders each year.</li> <li>• Difficult and expensive to establish as the company is subjected to many legal requirements.</li> <li>• The more shareholders, the less profit.</li> <li>• Shareholders may be allowed little or no input into the affairs of the company.</li> <li>• Due to legislation, decisions take longer and there may be disagreements.</li> <li>• Financial affairs must be known to publicly, this information could be used to competitors' advantage.</li> </ul>

## STATE-OWNED COMPANY

### Definition

- A state-owned company has the government as its major shareholder and falls under the department of Public Enterprise.
- These businesses take on the role of commercial enterprise on behalf of the government.

CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Requires three or more directors and one or more shareholders.</li> <li>• Register with the Registrar of Companies by drawing up Memorandum of Incorporation.</li> <li>• It is owned by the government and operated for profit.</li> <li>• SOC is listed as a public company.</li> <li>• The name ends with letters SOC.</li> <li>• State-owned companies support private businesses by providing infrastructure such as communication service /Post office and supply of electricity/Eskom.</li> </ul>	<ul style="list-style-type: none"> <li>• Profits may be used to finance other state departments.</li> <li>• Offer essential services which may not be offered by the private sector.</li> <li>• Prices are kept reasonable/Create sound competition with the private sector to make services affordable to more citizens.</li> <li>• Wasteful duplication of services is eliminated.</li> <li>• Planning can be coordinated through central control.</li> <li>• Generates income to finance social programmes.</li> <li>• Jobs are created for all skills levels.</li> </ul>	<ul style="list-style-type: none"> <li>• May result to poor management as government is not always as efficient as the private sector.</li> <li>• Inefficiency due to the size of the business.</li> <li>• Often rely on government subsidies.</li> <li>• A lack of incentive for employees to perform if there is no absence of other motivator such as productivity bonuses.</li> <li>• Government can lose money through the business.</li> <li>• A lack of incentive for employees to perform if there is no share in the profit.</li> <li>• Losses must be met by the taxpayer.</li> <li>• Shares are not freely tradable making it difficult to raise capital.</li> <li>• SOC must follow strict regulations for operations to raise capital.</li> <li>• Financial statements must be audited.</li> </ul>

### DIFFERENCES BETWEEN THE PRIVATE AND PUBLIC COMPANY

PRIVATE COMPANY	PUBLIC COMPANY
- May no offer shares to the general public.	- Trades its shares publicly on the Johannesburg Securities Exchange.
- Shares are not freely transferable	- Shares are freely transferable.
- Minimum of one director.	- Minimum of three directors.
- Name must end with Proprietary Limited/(Pty) Ltd.	- Name must end with Limited/Ltd.
- Annual financial statements need not be audited and published.	- Annual financial statements need to be audited and published.
- Does not need to publish a prospectus as it cannot trade its shares publicly.	- Have to register and publish a prospectus with the Companies and Intellectual Property Commission/CIPC.
- The company is not required to raise the minimum subscription/ issue minimum shares.	- Must raise a minimum subscription prior to commencement of the company.

### DIFFERENCES BETWEEN THE PRIVATE AND A PERSONAL LIABILITY COMPANY

PRIVATE COMPANY	STATE OWNED COMPANY
<ul style="list-style-type: none"> <li>• The name ends with (PTY) Ltd</li> <li>• The directors are not personally liable for the debts of the business.</li> </ul>	<ul style="list-style-type: none"> <li>• The name ends with INC</li> <li>• The directors are personally liable for the debts of the business.</li> </ul>

### NON-PROFIT COMPANIES

#### Definition

- A non-profit company/NPO is not formed with intent to make a profit but established for public benefit.

#### Characteristics of non-profit companies

- The main aim is to provide service and not to make a profit.
- They are funded by donations and foreign funding.
- The name of the company must end in NPC.
- All profits must be used for the primary objective of the non-profit company.
- It must prepare the Memorandum of Incorporation.
- Qualifying NPCs are granted tax-exempt status.

## IMPACT OF NON-PROFIT COMPANIES

### Advantages and/or disadvantages of non-profit companies

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Proceeds /surplus funds are used solely for the primary objective of the organisation/further the goals of the business.</li> </ul>	<ul style="list-style-type: none"> <li>• Need professional assistance to set up this organisation</li> </ul>
<ul style="list-style-type: none"> <li>• They provide social services to various communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Does not generate enough capital to cover their expenses.</li> </ul>
<ul style="list-style-type: none"> <li>• Donors receive tax deductions which motivates them to invest in a non-profit company.</li> </ul>	<ul style="list-style-type: none"> <li>• Donations may not always be enough.</li> </ul>
<ul style="list-style-type: none"> <li>• The liability of the members is limited</li> </ul>	<ul style="list-style-type: none"> <li>• Assets are not distributed to the members upon closing down.</li> </ul>
<ul style="list-style-type: none"> <li>• Has continuity of existence</li> </ul>	<ul style="list-style-type: none"> <li>• Creating a non-profit company takes time/effort/money.</li> </ul>
<ul style="list-style-type: none"> <li>• Most of the income of a non-profit company is free from income taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtaining grants can be a slow and tiring process.</li> </ul>
<ul style="list-style-type: none"> <li>• Can receive grants grants/aid</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporators cannot take along the assets accumulated by the NPC if they decide to leave.</li> </ul>
	<ul style="list-style-type: none"> <li>• They are not allowed to pay bonuses to members.</li> </ul>

## COOPERATIVES

### Definition

- A cooperative is a traditional way of a group of interested parties getting together and sharing resources/infrastructures and costs to achieve a better outcome.

### Characteristics of cooperatives

- Minimum of five members is required to start a cooperative.
- Register with the Registrar of Companies.
- Legal entity and can own land and open bank accounts.
- Members own and run the business together and share equally in its profits.
- Decisions are taken democratically
- They are motivated by service rather than profit
- Must register with the Registrar of Cooperatives Societies
- The word 'Cooperative Limited' must appear at the end of its name.
- They are managed by a minimum of three directors.
- The objective of a co-operative is to create mutual benefit for the members.

## IMPACT OF COOPERATIVES

### Advantages and/or disadvantages

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"><li>• Access to resources and funding</li></ul>	<ul style="list-style-type: none"><li>• Decisions are often difficult to reach and time consuming.</li></ul>
<ul style="list-style-type: none"><li>• Decision making is by a group</li></ul>	<ul style="list-style-type: none"><li>• Difficult to grow a co-operative.</li></ul>
<ul style="list-style-type: none"><li>• Each member has an equal share in the business.</li></ul>	<ul style="list-style-type: none"><li>• Very few promotion positions for staff.</li></ul>
<ul style="list-style-type: none"><li>• A co-operative can appoint its own management.</li></ul>	<ul style="list-style-type: none"><li>• It can be difficult to get a loan because their main objective is not always to make a profit.</li></ul>
<ul style="list-style-type: none"><li>• Members have limited liability</li></ul>	<ul style="list-style-type: none"><li>• The success of cooperatives depends on the support of the members.</li></ul>
<ul style="list-style-type: none"><li>• The decisions are democratic and fair</li></ul>	<ul style="list-style-type: none"><li>• Shares are not freely transferable</li></ul>
<ul style="list-style-type: none"><li>• Members are motivated because they are working for themselves</li></ul>	<ul style="list-style-type: none"><li>• All members have one vote regardless of the number of shares held.</li></ul>
<ul style="list-style-type: none"><li>• Can gain extra capital by asking its members to buy shares.</li></ul>	
<ul style="list-style-type: none"><li>• Co-operatives have continuity of existence</li></ul>	
<ul style="list-style-type: none"><li>• Resources of many people are pooled together to achieve common objectives</li></ul>	
<ul style="list-style-type: none"><li>• Profits are shared equally amongst members.</li></ul>	



**CRITERIA THAT COULD CONTRIBUTE TO SUCCESS OR FAILURE OF EACH FORM OF OWNERSHIP**

**SOLE PROPRIETOR**

<b>FACTOR</b>	<b>SUCCESS</b>	<b>AND/OR</b>	<b>FAILURE</b>
<b>Management</b>	<ul style="list-style-type: none"> <li>• One owner so there are no disagreements.</li> <li>• Can make quick decisions without having to consult others.</li> </ul>		<ul style="list-style-type: none"> <li>• Owner has to do all the administration, management and decision-making in the business.</li> <li>• Owners has to rely on own decisions and could make incorrect ones.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• Owner only taxed on profits in personal capacity.</li> <li>• Depending on how much income the owner earns, his/her tax rate may be lower than the company tax rate</li> <li>• If the owner earns below a certain threshold amount per year, no income tax is payable, and the business's profits are thus not taxed.</li> </ul>		<ul style="list-style-type: none"> <li>• If profits get too big may end up paying high tax in personal capacity.</li> <li>• Failure by the owner to comply with personal income tax regulations could lead to substantial financial penalties imposed by SARS.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Capital can be carefully spent and managed</li> <li>• The owner may be able to borrow money from a financial institution, especially if he/she has assets that can be used as surety for a loan.</li> </ul>		<ul style="list-style-type: none"> <li>• Profits may not be large enough for expansion.</li> <li>• Cannot appoint people with large salaries</li> <li>• Owner responsible for any capital borrowed.</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>• Owner receives all profits from the business which can lead to capital growth.</li> <li>• The owner may use profit to expand the business.</li> </ul>		<ul style="list-style-type: none"> <li>• Owner needs to budget carefully so that business debts are covered.</li> <li>• If the owner does not make a profit, the income and livelihood of the owner may be severely affected.</li> <li>• The owner is personally liable for the loss of the business.</li> <li>• Profits may not cover all business debts/Owner may decide not to expand.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>• It is easy/inexpensive to start.</li> <li>• Unlimited liability may encourage the owner to work harder to ensure the success of the business.</li> <li>• There are limited regulatory requirements regarding the name of the business.</li> <li>• It is not compulsory to have financial statements audited.</li> </ul>		<ul style="list-style-type: none"> <li>• Unlimited liability</li> <li>• Personal debts and business debts are one</li> <li>• Must comply with relevant municipal regulations or it could close down.</li> <li>• The owner is personally liable for the business debt; he/she may be reluctant to take</li> <li>• Business may only qualify for more loans if they are licenced/Loans are not easily obtainable.</li> </ul>

## PARTNERSHIP

FACTOR	SUCCESS	AND/OR	FAILURE
<b>Management</b>	<ul style="list-style-type: none"> <li>Partners are actively involved in management and may use the ideas of other partners.</li> <li>Not all partners need to be actively involved in management and would rather appoint competent managers</li> <li>Partners have access to expertise of other partners when difficult decisions have to be made</li> </ul>		<ul style="list-style-type: none"> <li>Decision making can be time-consuming as all partners have to be in agreement.</li> <li>Some management tasks may be neglected, as one partner may leave it to others to complete.</li> <li>Partners may disagree on how to run the business, which may lead to tension between them.</li> <li>Partners are agents of the partnership and bad management decisions may be forced onto other partners.</li> <li>Different personalities/opinions could lead to conflict/ disagreements.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>Partnerships pay VAT only on relevant products sold/services rendered which reduces tax administration.</li> <li>The partnership does not pay income tax, only the partners in their personal capacities.</li> </ul>		<ul style="list-style-type: none"> <li>High-earning partners pay more tax, which may discourage other partners from joining the partnership.</li> <li>Partners may withdraw more cash to reduce their tax burden which may cause cash flow problems for the partnership.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>Capital can be carefully spent and managed.</li> <li>More than one partner contributing to capital.</li> </ul>		<ul style="list-style-type: none"> <li>Partners may not all have capital to put into business when needed.</li> <li>Unequal inputs as some partners put in expertise instead of cash</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>Partners share profits according to their contributions.</li> </ul>		<ul style="list-style-type: none"> <li>Amount of work done may not be equal to the amount of profit that each partner receives.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>Easy and cheap to establish, as partners must draw up partnership agreement.</li> <li>Partners are more motivated to make a success because of their personal possessions are at risk.</li> <li>No regulatory requirements regarding the name of the business.</li> <li>Only subjected to the provisions of the Income Tax Act as compared to companies.</li> </ul>		<ul style="list-style-type: none"> <li>Unlimited liability/ partners are jointly and severally liable for the debts of the business.</li> <li>If one partner dies or retires, the remaining partners need to draw up a new agreement.</li> <li>Oral agreements between partners can cause conflict between partners.</li> <li>A partnership is not a legal entity and cannot sue or be sued.</li> </ul>

### PRIVATE COMPANY

FACTOR	SUCCESS	AND/OR	FAILURE
<b>Management</b>	<ul style="list-style-type: none"> <li>Managed at least by one competent highly skilled director.</li> <li>The management of the company can improve since directors are accountable to shareholders.</li> <li>Shareholders can vote for/appoint the most capable directors to manage their company</li> </ul>		<ul style="list-style-type: none"> <li>Directors may not have a direct interest in the company, which can hamper growth and profit maximization.</li> <li>Directors' fees increase the company's expenses which reduces net profit.</li> <li>Some shareholders may not exercise their voting rights resulting in choosing the wrong person as a director.</li> <li>Large management structures can result in decision-making taking time.</li> <li>Directors may not be motivated to work very hard because shareholders decide on the directors' remuneration.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>Can obtain tax rebates if they are involved in SCI projects.</li> <li>Can obtain government tenders and renew their licenses if they do not evade tax.</li> </ul>		<ul style="list-style-type: none"> <li>Subject to double taxation e.g., shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>Large amount of capital can be raised since there is no limit on the number of shareholders.</li> <li>The company can access long term capital and therefore has good long term growth opportunities.</li> <li>Even though shares are not freely transferable, large private companies can raise considerable amount of capital. More capital can be raised by issuing shares to shareholders.</li> </ul>		<ul style="list-style-type: none"> <li>It cannot grow into a very large business since it cannot invite the public to buy shares.</li> <li>Restrictions on transferability of shares may not attract financially strong investors.</li> <li>Large amount of capital cannot be obtained as capital contribution is only limited to private shareholders.</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>High profits and good returns to shareholders indicate the success of a company, which increases the value of shares.</li> <li>Profits generated can be re-invested to expand business operations.</li> <li>Shareholders receive profits according to the type and number of their shares.</li> </ul>		<ul style="list-style-type: none"> <li>Shareholders may sell their shares when dividends are low, resulting in a drop in share prices.</li> <li>Dividends are not always paid out which may discourage new investors.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>Procedures to form a private company have been simplified by the new Companies Act 71 of 2008.</li> <li>Limited liability allows for greater risk taking, which may lead to growth of the business.</li> <li>Auditing of financial statements (if required) gives shareholders the assurance that the business is being</li> </ul>		<ul style="list-style-type: none"> <li>Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted</li> <li>High formation/establishment expenses require large start-up capital.</li> <li>Annual audit of financial statements (if required) is costly.</li> </ul>

	<p>properly managed and supports raising additional finance.</p> <ul style="list-style-type: none"> <li>• There is no longer a limit on the number of shareholders in a private company.</li> <li>• A private company can benefit from government programmes if they comply with the relevant legislation.</li> <li>• Personal liability of shareholders does not affect the company's assets.</li> <li>• Companies which comply with legislation build a positive image/may attract investors.</li> <li>• Continuity of existence due to the legal personality of the company.</li> </ul>	<ul style="list-style-type: none"> <li>• If a private company does not comply with legislation, its licence maybe withdrawn by the Companies and Intellectual Property Commission (CIPC).</li> </ul>
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### PUBLIC COMPANY

FACTOR	SUCCESS	AND/OR FAILURE
Management	<ul style="list-style-type: none"> <li>• Managed at least by one competent highly skilled director.</li> <li>• The management of the company can improve since directors are accountable to shareholders.</li> <li>• Shareholders can vote for/appoint the most capable directors to manage their company.</li> </ul>	<ul style="list-style-type: none"> <li>• Directors may not have a direct interest in the company, which can hamper growth and profit maximization.</li> <li>• Large management structure can result in decision making taking time.</li> <li>• Directors' fees increase the company's expenses which reduces net profit.</li> <li>• Management may open to legal challenges if their reports do not comply with King Code 111.</li> <li>• Some shareholders may not exercise their voting rights resulting in choosing the wrong person as a director.</li> <li>• Directors may not be motivated to work very hard because shareholders decide on the directors' remuneration.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>• Can obtain tax rebates if they are involved in SCI projects.</li> <li>• Can obtain government tenders and renew their licenses if they do not evade tax.</li> </ul>	<ul style="list-style-type: none"> <li>• -Subject to double taxation e.g. shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling</li> </ul>
Capital	<ul style="list-style-type: none"> <li>• Can raise large amounts of capital as shares/ debentures can be sold to the public/shareholders.</li> <li>• Share capital clause in the Memorandum of Incorporation (MOI) may be changed to issue more shares</li> </ul>	<ul style="list-style-type: none"> <li>• Growth is limited if sufficient capital cannot be raised.</li> <li>• Large amounts of capital required to start a public company.</li> <li>• Raising extra capital may be difficult if the economic climate is unfavourable/Share prices change all the time and they may lose value.</li> </ul>

	<ul style="list-style-type: none"> <li>• A public company's shares are listed on the JSE which gives the company exposure to more potential investors.</li> </ul>	<ul style="list-style-type: none"> <li>• An increase in the number of shares issued may lead to more dividends paid out/less retained income from company profits.</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>• High profits and good returns to shareholders indicate the success of a company, which increases the value of shares.</li> <li>• Profits generated can be re-invested to expand business operations.</li> <li>• Shareholders receive profits according to the type and number of their shares.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders may sell their shares when dividends are low, resulting in a drop in share prices.</li> <li>• Dividends are not always paid out which may discourage new investors.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>• The company and its owners (shareholders) are separate entities, which may encourage more people to join the company.</li> <li>• Limited liability allows for greater risk taking, which may lead to growth of the business.</li> <li>• Auditing of financial statements, gives shareholders the assurance that the business is being properly managed and supports raising additional finance.</li> </ul>	<ul style="list-style-type: none"> <li>• Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted.</li> <li>• High formation/establishment expenses require large start-up capital.</li> <li>• Annual audit of financial statements is costly.</li> <li>• If a public company does not comply with legislation, its licence maybe withdrawn by the Companies and Intellectual Property Commission (CIPC).</li> </ul>

### PERSONAL LIABILITY COMPANY

FACTOR	SUCCESS	AND/OR	FAILURE
<b>Management</b>	<ul style="list-style-type: none"> <li>• PLC is managed by a competent board of directors who may be experts in their fields.</li> <li>• Quick decisions can be made even if there is only one director.</li> <li>• Shareholders can vote for/appoint the most capable directors to manage their company.</li> </ul>		<ul style="list-style-type: none"> <li>• Directors may not have a direct interest in the company, which can hamper growth and profit maximization</li> <li>• PLC and its shareholders are compelled to budget a larger amount for directors' remuneration to attract the best directors.</li> <li>• Directors' fees increase the company's expenses which reduces net profit.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• Can obtain tax rebates if they are involved in SCI projects.</li> <li>• Can obtain government tenders and renew their licenses if they do not evade tax.</li> <li>• PLC only pays tax after business expenses have been deducted.</li> <li>• Companies and shareholders are taxed separately/double taxation.</li> </ul>		<ul style="list-style-type: none"> <li>• Subject to double taxation e.g., shareholders pay secondary tax this can have a negative impact to a company that is already financially struggling.</li> </ul>

	<ul style="list-style-type: none"> <li>• The company pays tax at a fixed rate which can be lower than that of partnerships.</li> <li>• Image of the business is promoted and attracts investment when companies comply with tax regulations/laws.</li> </ul>	
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Capital can be increased by getting more shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>• It cannot grow into a very large business since it cannot invite the public to buy shares.</li> <li>• Restrictions on transferability of shares may not attract financially strong investors.</li> <li>• Large amount of capital cannot be obtained as capital contribution is only limited to private shareholders.</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>• High profits and good returns to shareholders indicate the success of a company, which increases the value of shares</li> <li>• Profits generated can be re-invested to expand business operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders may sell their shares when dividends are low, resulting in a drop in share prices</li> <li>• Dividends are not always paid out which may discourage new investors.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>• The company and its owners (shareholders) are separate entities, which may encourage more people to join the company</li> <li>• Directors are forced (by the Act) to act responsibly and work harder towards the success of the company to protect their personal assets</li> <li>• Directors sign performance contracts which will motivate them to perform professionally and ethically</li> <li>• Rights and duties of shareholders are stipulated in the Companies Act, which minimises unethical and corrupt behaviour</li> <li>• May obtain government tenders as the PLC is properly registered in compliance with the Companies Act</li> </ul>	<ul style="list-style-type: none"> <li>• Lengthy registration requirements may delay the actual operation of the business and shareholders can loose on profitable opportunities</li> <li>• It is expensive to register this form of ownership which increases business expenses hence reducing profit</li> <li>• The drafting of directors' performance contracts may be time consuming, expensive and increase costs.</li> <li>• Auditing is required only if the PLC meets the requisite tests for solvency and liquidity, which leads to extra auditing costs.</li> </ul>

### NON-PROFIT COMPANY

FACTOR	SUCCESS	AND/OR	FAILURE
<b>Management</b>	<ul style="list-style-type: none"> <li>• An NPC may be well managed as it requires a minimum of three directors.</li> <li>• More directors may be appointed to bring more skills/ideas/innovations/expertise to the NPC.</li> <li>• The legally prescribed management structure ensures a well-organised company</li> </ul>		<ul style="list-style-type: none"> <li>• Large management structure can complicate/delay decisions.</li> <li>• Directors may mismanage business funds as they may not have a direct interest in the NPC.</li> <li>• Directors are liable for any loss/damage/cost sustained by the company.</li> <li>• Directors may not have skills to manage resources.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• May qualify for tax exemption if certain criteria are met.</li> <li>• They may receive certain tax benefits/rebates when actively involved in community projects.</li> </ul>		<ul style="list-style-type: none"> <li>• Required to pay income tax if engaged in activities that are unrelated to their business purpose.</li> <li>• Must meet certain tax requirements to be exempted, e.g., operations must be exclusively for charitable, scientific or public safety purpose.</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Unlimited number of founders may contribute more capital to the company.</li> <li>• More capital may be raised through donations/ sponsorships for operation/expansion.</li> <li>• It is easy to raise funds/capital, as donors enjoy tax benefits.</li> </ul>		<ul style="list-style-type: none"> <li>• Founders may contribute limited capital/may not contribute capital which may not be sufficient for the establishment/operation of the company.</li> <li>• The company depends/relies on donations as their main source of capital which may hamper its operation/expansion.</li> <li>• NPC may struggle to raise enough capital/funds if they fail to convince donors/donations are misused.</li> </ul>
<b>Division of profits</b>	<ul style="list-style-type: none"> <li>• The profits of the company are used finance other needs of the company.</li> </ul>		<ul style="list-style-type: none"> <li>• May discourage potential investors from investing in the company as this is a non-profit company.</li> </ul>
<b>Legislation</b>	<ul style="list-style-type: none"> <li>• The company and its owners (shareholders) are separate entities, which may encourage more people to join the company.</li> <li>• Financial statements are audited this may result to effective use of resources.</li> </ul>		<ul style="list-style-type: none"> <li>• Formation procedures are time consuming/complicated/ expensive, as many legal documents need to be prepared/submitted.</li> </ul>