

step ahead

Commerce

FORM 2

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NEW
Curriculum

2017

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Teacher's Guide

 Pearson

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step ahead

Commerce

FORM 2

Teacher's Guide



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Contents

Introduction	v
Commerce syllabus interpretation	vi
Work plans for the year	viii
Lesson planning	ix
Classroom organisation for effective teaching	x
Record keeping	x
Evaluation	xi
Topic 1 Production	1
Answers to Revision questions	4
Topic 2 Trade	14
Answers to Revision questions	21
Topic 3 Consumer protection	29
Answers to Revision questions	29
Topic 4 Business organisations	33
Answers to Revision questions	35
Topic 5 Enterprise	40
Answers to Revision questions	42
Topic 6 Finance and banking	45
Answers to Revision questions	51
Topic 7 Insurance and assurance	58
Answers to Revision questions	61
Topic 8 Business communication	65
Answers to Revision questions	67
Topic 9 Transport	74
Answers to Revision questions	77
Topic 10 Warehousing	86
Answers to Revision questions	87
Topic 11 Marketing	91
Answers to Revision questions	93

covered in the Teacher's Guides are: interpretation of the Commerce syllabus, planning the work for the year, lesson planning, classroom organisation, record keeping, evaluation and assessment.

Commerce syllabus interpretation

Before any teacher teaches any class or form, the teacher must obtain an approved subject syllabus from the school administration. The teacher must make an effort to study, interpret and understand the requirements and demands of the syllabus by following these steps.

Step 1 The preamble

Read the syllabus preamble. This takes you into the syllabus itself. The Commerce syllabus states that the syllabus is a four-year learning area covering content for Forms 1 to 4. The most important point to take note of is what the syllabus intends to provide, and in this preamble the syllabus intends to provide knowledge, skills, understanding, values and ownership of means of production. The preamble states the values it intends to develop and the teacher of Commerce must be able to identify these values.

In the preamble, the syllabus states the rationale for studying Commerce and the skills that the learners must be equipped with, such as practical enterprise skills, value addition skills and business-related competencies. The teacher of Commerce must identify teaching methodologies that will equip learners with the stated skills and competencies in the syllabus. Some of the skills include problem solving, critical thinking, decision-making and communication among the others indicated in the syllabus. It means that the teachers must refer to the Teacher's Guides for exercises and assignments that develop the skills and competencies stated in the syllabus.

The preamble is important in that it introduces the syllabus to the teacher and the learners. The preamble allows the teacher to link his or her teaching to Bloom's Taxonomies, which are:

- knowledge
- comprehension
- application
- analysis
- synthesis
- evaluation.

The teacher's interpretation of the syllabus will help the teacher to select exercises and assignments that satisfy many of the elements of Bloom's Taxonomy.

Step 2: Study the methodology and time allocation

Some of the principles underpinning the curriculum are indicated in this section, and the teacher must make references to them in teaching the subject. The principles stated in the syllabus are inclusivity, relevance, individualisation, concreteness and diversity. Suggested teaching methods are listed in the syllabus and the teacher can use these teaching methods with the help of the Teacher's Guide. The Teacher's Guide has identified exercises that can be used with the teaching methods listed in the syllabus. The teacher should take note of the time allocated for each form.

Step 3: Assumptions

Each subject has assumptions about what the learners are already capable of and the teacher should understand how these assumptions are going to affect his or her teaching.

Step 4: Cross-cutting themes

The Teacher's Guide has taken into account the cross-cutting themes. These are areas that are found in several subjects and topics, and they need to be highlighted during teaching and learning. The themes are common topics in newspapers, on radios, on televisions, in videos, in social media, on the Internet, in books and other media platforms. The teacher has to bring these themes into topics if they are relevant. The table below shows examples of where cross-cutting themes are addressed in the Learner's Book.

Cross-cutting theme	Learner's Book page reference
Information communication technology (ICT)	
Risk and disaster management	
Financial literacy	26-31; 64-75
Human rights and responsibilities	59-62
Collaboration	59-62
Environmental issues	
Enterprise skills	51-55; 58-62
Gender	
Heritage	

Step 5: Aims

For any teacher to be meaningful and relevant, the teacher must study and understand the aims of the subject syllabus. There are eight aims stated in the syllabus and they have to be analysed and applied in the teaching of Commerce. For instance, the syllabus wants to enable learners to 'promote lifelong business

management skills in line with emerging opportunities and challenges of the local, national and global society'. The Teacher's Guide has developed exercises that teach learners management skills that will prepare them for life.

Step 6: Syllabus objectives

The teacher needs to know the syllabus objectives because these are used in assessing the cognitive development of the learners. The syllabus objectives if have covered all Bloom's Taxonomy, which means that the teacher can select activities that meet the taxonomies. Exercises, assignments, tests and examinations are based on the syllabus objectives.

Step 7: Topic scope, sequence and competency matrix

It is important to study how the syllabus has presented the topics, the sequencing of the learning and the competency matrices. Each topic must be taught and assessed as teaching goes on. The Teacher's Guide and Learner's Book have covered all the topics. Each topic has cascaded the material from the simple to the complex from Form 1 to Form 4.

Step 8: Assessment

The syllabus indicates that there will be two forms of assessment, summative assessment and continuous assessment. The syllabus indicates how these assessments will be weighted when allocating the final grade of learners. Teachers should study this section of the syllabus in order to be able to teach and prepare learners for examinations. The syllabus indicates the scheme of assessment, continuous assessment, and summative assessment. The Teacher's Guide has provided tests that prepare learners for summative assessment and continuous assessment.

A teacher needs to be fully versed in the structure and breakdown of the syllabus. Every section of the syllabus is important and teachers must be able to interpret the contents of the syllabus. The next sections of this introduction assist the teacher with more important information.

Work plans for the year

Planning, for whatever purpose, gives you direction on what you want to do in a given period. A simple question would be, 'What is it I want to do this year?' It is advisable to plan at the beginning of the year so that you know what you want to do during the year.

Before you plan, you should consider the following:

- The National syllabus
- The school syllabus

- The classes you are going to teach
- The time allocated for each class
- The sports you are responsible for
- The cultural activities you are responsible for
- The teacher unions or associations you belong to.

A sample of a work plan is shown below:

NAME:

PERIOD:

Key results areas (activities)	Performance objectives	Action plan	Performance indicators
Teaching Form 1 Commerce	By the end of Term 1, the following should have been done:	How are you going to achieve your objectives for each term?	Mark record book showing 5 written tests.....
			Two visits to the industrial area. Learners reports on the visits.

Your school syllabus should help you to determine the number of topics you will be able to teach per term. The school syllabus is derived from the National syllabus for the sole purpose of listing topics for each term and resources available.

Lesson planning

Lesson planning is an important teaching activity that helps teachers to prepare for a lesson. The purposes of lesson planning are varied but the major ones are to:

- formulate aims and objectives that need to be achieved during the lesson from the learners
- determine behavioural outcomes that are expected at the end of the lesson
- select teaching and learning materials required for each lesson
- select teaching methods appropriate for the topic or lesson
- evaluate the success of the lesson
- keep the teacher on track, systematic and orderly.

A lesson plan normally has the following components:

- the lesson topic
- the lesson objectives
- the assumed knowledge of learners
- the duration of the lesson

- the lesson presentation: content and teaching methods
- the lesson evaluation.

Experienced teachers may summarise the above components, and using a computer to capture all the details of a lesson is encouraged.

The selection of teaching materials is very important because a lesson must be made interesting, exciting and challenging. Commerce teachers will need to provide sample documents when learners are asked to complete the documents as an example. Educational visits provide variety, and the learners can observe what is going on at the place of visit.

Teachers are encouraged to plan their lessons because planning helps teachers to identify the appropriate objectives, teaching methods and teaching and learning materials, and be able to evaluate lessons and see where lessons can be improved for effective teaching. The new Commerce syllabus suggests a number of classroom activities and teaching materials for a teacher to use.

Classroom organisation for effective teaching

Classroom organisation is very important in that it creates an inviting and appealing environment for learners. Classroom organisation focuses on the physical elements of the classroom, such as furniture, displays and location of learning materials, and takes into account the movement of the learners, especially those who use wheelchairs and walking sticks. The arrangement of furniture and displays in a classroom help to create a positive learning climate, which has an impact on learning.

Record keeping

Teachers who are experts in their work keep records of what they do all the time. The most important records kept by a teacher are:

- a record of textbooks
- a record of marks
- a record of classroom assets.

Record of textbooks

The teacher should keep a record of textbooks that have been issued to learners. The record should indicate the title of the book, the author, the publisher and the allocated number of the textbook. The teacher should know the titles of the textbooks he or she is using for teaching purposes and the reference books in the office. Dates on when the textbooks were received and issued should be recorded so that there are no disputes with learners.

Record of marks

Test marks should be recorded, along with the test date and the title of the test. Marks from daily exercises should also be recorded to monitor the progress of the learners. Assignment and examination marks should be kept in their own sections. All of these marks will be used for the continuous assessment of the learners. Meaningful comments should also be recorded for each learner about his or her progress.

Record of classroom assets

Whenever a teacher is allocated a classroom, the teacher should keep a record of the assets in the classroom. The assets include furniture, computers, overhead projectors, curtains, cameras and equipment that will be used for teaching.

Record of sporting equipment

The teachers also need to keep a record of all sporting items issued to them.

Evaluation

Evaluation is defined as an act or process that allows you to make a judgment about the value of a measure. The measure comes from assessment that is done when teachers give exercises that are going to be marked, such as tests, assignments, projects, and examinations. Assessment is measurement, but evaluation goes further to make value judgments on learners. Teachers are therefore required to provide:

- accurate and relevant information for a qualitative comment on learners
- a complete assessment of their learners
- a comprehensive and continuous assessment of learners in order to make an unbiased evaluation.

Evaluation is also done after each lesson to determine whether lesson objectives have been achieved. Other ways of teaching need to be explored if the objectives have not been achieved. Evaluating marks enables a teacher to identify and provide more help to learners who have difficulties with learning.

There are different types of evaluation teachers normally use in their interactions with learners:

Diagnostic evaluation

Teachers use this type of evaluation when wanting to determine or ascertain recurring learning problems of a learner. A corrective programme will then need to be undertaken to assist the learner to overcome his or her problems or challenges in a particular area or topic.

Formative evaluation

This evaluation is done when teachers want continuous feedback on the performance of learners. Evaluation is done during teaching or instruction. Feedback is important in that it provides reinforcement of successful learning and quickly identifies areas of weakness that require corrective measures. Tests and daily exercises provide direct evaluation on a daily basis.

Summative evaluation

Summative evaluation comes at the end of a teaching unit or cycle. It occurs after a unit of teaching and learning, and is used to assign grades to the Learner's output. Examinations, such as end-of-term or mid-year or end-of-year examinations, are part of summative evaluation.

How the Commerce Form 2 Learner's Book meets the needs of the Zimbabwe curriculum:

Units	Learning objectives	Learner's Book page reference
Topic 1: Production <i>Learners should be able to:</i>		
Unit 1: Forms of production	<ul style="list-style-type: none">• explain direct and indirect production• differentiate between direct and indirect production• describe mass production• explain the advantages of division of labour.	1-6
Unit 2: Chains of distribution	<ul style="list-style-type: none">• state ways in which goods are distributed from producers to consumers• identify factors considered when selecting channels of distribution.	6-9
Topic 2: Trade <i>Learners should be able to:</i>		
Unit 1: Retail trade	<ul style="list-style-type: none">• explain the functions of retailers• distinguish between large- and small-scale retailers• describe the characteristics and organisation of the different types of retailers• describe the factors that must be considered when establishing a retail outlet• discuss the impact of each trend in retailing• discuss the reasons for the survival of the small-scale retailer.	13-26

Units	Learning objectives	Learner's Book page reference
Unit 2: Hire purchase	<ul style="list-style-type: none"> • explain the main features of hire purchase and deferred payments • compare hire purchase and deferred payments • identify the sources of financing for hire purchase and credit sale transactions. 	26–30
Unit 3: Discounts	<ul style="list-style-type: none"> • explain the nature and purpose of trade and cash discounts • distinguish between trade and cash discounts. 	30–33
Unit 4: Documents used in home trade	<ul style="list-style-type: none"> • identify the documents used in home trade • explain the importance of the documents used in home trade • list the contents of each document used in home trade • explain the functions of each document used in home trade. 	33–40
Topic 3: Consumer protection <i>Learners should be able to:</i>		
Unit 1: Consumer protection boards	<ul style="list-style-type: none"> • identify consumer protection boards • explain the roles of consumer protection boards. 	46–49
Topic 4: Business organisations <i>Learners should be able to:</i>		
Unit 1: Unincorporated business organisations	<ul style="list-style-type: none"> • explain the features of unincorporated business units • examine the advantages and disadvantages of unincorporated business units • distinguish between sole proprietorships and partnerships. 	51–55
Topic 5: Enterprise <i>Learners should be able to:</i>		
Unit 1: Management functions	<ul style="list-style-type: none"> • explain various management functions • execute various management functions • explain the importance of management functions. 	58–59
Unit 2: Business ethics	<ul style="list-style-type: none"> • identify ethical considerations in business • explain the role of ethics in business and society • describe the importance of ethics in business. 	59–62

Units	Learning objectives	Learner's Book page reference
Topic 6: Finance and banking <i>Learners should be able to:</i>		
Unit 1: Managing personal finances	<ul style="list-style-type: none"> • draw up personal budgets • discuss reasons for borrowing • identify borrowing options. 	64–66
Unit 2: Taxation	<ul style="list-style-type: none"> • recognise the legal obligation to pay tax • analyse the need for financial advice • determine the consequences of financial mismanagement. 	66–67
Unit 3: Banking systems	<ul style="list-style-type: none"> • identify the different types of banks. 	67–68
Unit 4: Commercial banks	<ul style="list-style-type: none"> • describe the services offered by commercial banks. 	68–75
Topic 7: Insurance and assurance <i>Learners should be able to:</i>		
Unit 1: Principles of insurance	<ul style="list-style-type: none"> • explain the principles of insurance. 	78–80
Unit 2: Documents used in insurance	<ul style="list-style-type: none"> • identify the documents used in insurance • describe the features of each document. 	81–83
Unit 3: Insurance procedures	<ul style="list-style-type: none"> • outline the procedures for obtaining an insurance policy • describe the procedure in effecting a claim 	83–85
Unit 4: People in insurance	<ul style="list-style-type: none"> • state the functions of brokers, underwriters, actuaries and assessors. 	85–87
Topic 8: Business communication <i>Learners should be able to:</i>		
Unit 1: Postal services	<ul style="list-style-type: none"> • identify the agents of postal services • describe each of the postal services. • explain the importance of various postal services • discuss the drawbacks of each postal service. 	90–95

Units	Learning objectives	Learner's Book page reference
Unit 2: Effective communication	<ul style="list-style-type: none"> • explain the importance of effective communication • identify enhancers of effective communication • outline barriers to effective communication • suggest ways of overcoming barriers to effective communication. 	95-97
Topic 9: Transport <i>Learners should be able to:</i>		
Unit 1: Choice of transport	<ul style="list-style-type: none"> • discuss factors that influence the choice of transport mode. 	100-101
Unit 2: Documents used in transport	<ul style="list-style-type: none"> • list the documents used in transport • outline the contents of the documents • explain the purpose of each document. 	101-104
Unit 3: Port authorities	<ul style="list-style-type: none"> • identify facilities found in a port • describe the services provided by port authorities. 	104-105
Topic 10: Warehousing <i>Learners should be able to:</i>		
Unit 1: Importance of warehousing	<ul style="list-style-type: none"> • explain the importance of warehousing. 	107-108
Unit 2: Functions of warehousing	<ul style="list-style-type: none"> • explain the functions of warehouses. 	108-110
Topic 11: Marketing <i>Learners should be able to:</i>		
Unit 1: Marketing segmentation	<ul style="list-style-type: none"> • explain market segmentation • identify criteria for market segmentation • outline reasons for market segmentation. 	113-114
Unit 2: Marketing approaches	<ul style="list-style-type: none"> • explain mass and niche marketing. 	114-115

Learning outcomes

By the end of this topic, learners should be able to:

- explain direct and indirect production
- differentiate between direct and indirect production
- describe mass production
- explain the advantages of division of labour
- state ways in which goods are distributed from producers to consumers
- identify factors considered when selecting channels of distribution.

Expanded teaching notes

- Use the question-and-answer method to explain the forms of production. Distinguish between direct production and indirect production.
- Describe division of labour and specialisation.
- Demonstrate division of labour and specialisation through role playing.
- Use a class discussion to discuss and explain the advantages (and disadvantages) of specialisation.
- Visit a production site, such as a uniform-making factory or a furniture manufacturer.
- Use the visit to find out:
 - how many workers are employed at the site
 - what each worker is assigned to do
 - where division of labour and specialisation are applied at the site.
- Make a report of your visit to the class.
- Define and describe mass production.
- Identify the advantages and disadvantages of mass production.
- Define the chain of distribution.
- State and explain the various ways (channels) in which goods are distributed from producers to consumers.
- Draw line diagrams to show the channels of distribution.
- Identify the types of goods that are suitable for distribution through the various channels.
- Identify and describe factors considered when selecting channels of distribution.

Resources

- Charts
- Production sites
- Related literature
- ICT tools
- Recommended textbooks

Answers to Exercises and Activities

Activity 1.1

Tell the learners to do some research into local industrial and commercial businesses to find out how their production processes have been influenced by specialisation. They should provide reasons why they think each specialisation has occurred.

Exercise 1.1

1. a) Direct production:
 - This is the making of goods and the provision of services for your own consumption or to your own taste.
 - Direct production is subsistence farming or subsistence economy.
 - Subsistence agriculture is when farmers concentrate on growing enough food to feed themselves and their families.
- b) Indirect production:
 - This is the making of surplus goods and the provision of services on a large scale for sale to other people.
 - This includes commercial farming or specialisation.
 - Commercial farming is producing crops using modern technology and breeding farm animals on a large scale.
 - Specialisation occurs when an individual or company focuses on a specific aspect of a long process in producing a limited variety of goods.
2. Division of labour is a sub-division of processes into several activities, each being performed by one person. It occurs when work or trade activities are broken down into small individual tasks performed by different people.
3. Mass production is:
 - the production of large amounts of standardised goods frequently using assembly-line technology
 - the efficient manufacturing of large quantities of distinct individual items based on division of labour, high specialisation and continuity
 - also known as flow production, series or serial production because the production processes are continuous.

4. The main objective of mass production is to produce large quantities of goods at a low cost of production per unit.

Activity 1.2

Ask the learners to use the Internet (ICT tool) to research the various definitions of 'chain of distribution' and the factors considered when selecting channels of distribution.

Exercise 1.2

1. a) Channel 3 is best for bread because:
 - bread is perishable and requires a shorter route and time to distribute it
 - bread must be consumed while still fresh.
- b) Channel 1 is best for wine because:
 - wine is durable
 - if kept for longer periods, wine matures.
- c) Channel 4 is best for imported cars because:
 - an agent is needed to deal with all the required customs legislation and to help with the exporting and importing procedures
 - imported cars should not be handled by a lot of middlemen (intermediaries) because they increase the cost of handling, storage and distribution.
2. a) Types of shop with distribution centres: supermarket, hypermarket, department store or multiple store
- b) A regional distribution centre is important because it prevents a shortage of stock in the shops. Regional distribution centres can deliver goods in a short space of time.
3. An overseas agent may be a forwarding agent who:
 - stores goods
 - completes shipping documents
 - arranges insurance for the goods
 - handles customs clearance for goods.
4. a) The role of the wholesaler in Channel 1 is to:
 - buy goods in bulk from producers
 - break bulk
 - store goods
 - provide transport
 - sell a variety of goods to the retailers.
- b) A wholesaler is not needed in the other channels because wholesalers increase costs (of handling, storage and distribution).
With Channel 2, large-scale retailers have their own regional distribution centres to prevent shortages of goods.

With Channel 3, large-scale retailers have large amounts of capital to buy in bulk directly from producers and they have their own delivery vans and warehouses.

Answers to Revision questions

1. A 2. D 3. B 4. A 5. C
 6. C 7. B 8. A 9. D 10. A

✓ 11. a) (i) Direct production is:

- the production of goods and provision of services for your own consumption or to your taste
- subsistence farming or subsistence economy.

(ii) Indirect production is:

- the making of more (surplus) goods and the provision of services on a large scale for sale to other people.
- commercial farming or specialisation.

b) The differences between direct and indirect production:

Direct production	Indirect production
Goods and services are made for your own consumption. There is no trade.	Surplus goods and services are produced for sale to other people. There is trade.
Goods are produced to your own taste.	The goods produced are standardised.
This is called subsistence farming/economy.	This is called specialisation or commercial farming.
The goods produced are of poor quality.	The goods produced are of high quality.
Fewer goods are produced.	More goods are produced.
Fewer human wants and needs are satisfied.	More human wants and needs are satisfied.
There is no variety of goods and services available.	There is a variety of goods and services available.
People experience a poor standard of living.	People enjoy a high standard of living.
People cannot obtain all the goods and services they want because these are produced on a small scale.	People can obtain most of the goods and services they want because there is mass production.
People do not co-operate to produce goods and provide services. There is independence in production.	People co-operate to produce goods and provide services. There is interdependence in production.
Production costs are high.	Production costs are low.
Simple tools are used.	Specialised machinery is used.

Direct production	Indirect production
The productivity rate is low,	The productivity rate is high.
There is no specialisation.	There is specialisation.
There is no surplus.	There is surplus.

12. a) (i) Division of labour:

- is a sub-division of processes into several activities each being performed by one person
- occurs when work or trade activities are broken down into small individual tasks performed by different people.

(ii) Specialisation:

- occurs when a person is specifically trained or talented to perform a particular job
- occurs when a person continuously does work and acquires a special ability or competency in doing the work.

b) Advantages of division of labour or specialisation:

- A worker can become an expert at the job due to repetition of the tasks.
- Employment is according to aptitude, ability or skills learned.
- The rate of production increases as workers become more proficient and productive in their areas of specialisation.
- Time is saved in training workers (operatives) and because workers do not switch from one job to another.
- High-quality goods are produced.
- The cost of production is kept low, resulting in lower prices for the products.
- It improves the efficiency of production.
- It leads to automation (mechanisation) when workers make use of specialised machinery.
- It leads to the simplification of processes in which work becomes easier to perform.
- It leads to mass production. (Any eight)

Disadvantages of division of labour or specialisation:

- Workers are often absent, as doing the same work every day can be boring and monotonous, which can reduce job satisfaction.
- The goods produced are standardised (all the same).
- Division of labour leads to interdependence of workers, which means that if there is a disruption in any part of the production line, there will be stoppages for all.

- Mechanisation and automation have replaced workers and result in increased unemployment.
 - Craftsmanship is lost.
 - The risk of occupational diseases is increased.
 - Workers may find it difficult to find other work because of their specialist training.
 - The risk of industrial fatigue reduces job satisfaction and can lead to absenteeism.
 - It gives the worker little or no scope for individuality.
 - It leads to a lack of versatility or a limited choice of goods and services.
- (Any six)

13. a) Mass production is:

- the production of large quantities of standardised goods frequently using assembly-line technology
- the efficient manufacturing of large quantities of distinct individual items based on division of labour, high specialisation and continuity.

b) Mass production is influenced by division of labour:

- Processes in mass production are sub-divided into several activities each being performed by one person.
- Processes are simple to perform.

Mass production is influenced by specialisation:

- The rate of production increases as workers become more proficient and productive in their areas of specialisation.
- High-quality goods are produced.

c) Advantages of mass production:

- Simplification of processes due to division of labour
 - Improved efficiency and productivity rates resulting from specialisation
 - Consistency in quality of finished products
 - High rate of production owing to automation
 - Lower unit cost of production per item
 - Flow of materials, components and parts is continuous with no queuing at any stage of production
 - Skills are built into the machinery, so the worker using the machinery does not need the skills
 - Shorter cycle of time of production due to increased productivity rate
 - Special-purpose machines have higher production and rates of output
- (Any eight)

Disadvantages of mass production:

- If one machine is interrupted, the entire production line is affected.
- The machinery required to set up mass-production lines is very expensive to buy and production lines are expensive to set up.

- There is a limited variety of goods due to standardisation.
 - There are fewer job opportunities (employment) because of automation.
 - Workers are not motivated since their work is boring and monotonous.
- (Any five)

14. a) A chain of distribution is:

- a set of practices and activities necessary to transfer ownership of goods and to move these goods from point of production to point of consumption
- a series of inter-connected businesses (intermediaries) through which a good or service passes until it reaches the final consumer.

b) Manufacturers use the producers-to-consumers chain of production for the following reasons:

- to reduce the manufacturer's distribution costs
- to take the shortest route to make goods available to consumers
- it is the best channel for sale of:
 - fragile goods that break easily, such as eggs and glass
 - perishable farm products that must be consumed while fresh, such as dairy products, meat, vegetables and fruit
 - goods made to order or taste, such as cakes and suits
- to provide direct services.

c) Factors considered when selecting channels of distribution:

- the type of the goods to be distributed
- the quantity of goods or the size of the order
- the size of the business
- the required speed of delivery
- the costs involved
- government policy
- the distances involved. (Any five)

15. a) (i) Drawbacks of direct production:

- Goods are produced for your own consumption only.
- There are no surplus goods for sale and therefore there is no trade.
- One person or family is responsible for the entire production process.
- Consumers cannot obtain all the goods they want because fewer goods are produced.
- People experience poor standards of living.
- A poor quality of goods are produced.
- The costs of producing goods are high.

(ii) Drawbacks of mass production:

- A breakdown in one part of the assembly line causes the entire production process to stop.
- Production lines are expensive to set up.

- Mass-produced goods are standardised and lack variety.
 - Adapting to a new line of production, to make a different product, is difficult and expensive.
 - Often workers lack job satisfaction resulting in low employee morale and increased levels of absenteeism and turnover.
 - The product must be in demand by the consumers otherwise it will go to waste.
- b) This channel of distribution of producer-large-scale retailer-consumer is commonly used because:
- large-scale retailers have adequate capital to:
 - buy with cash
 - buy in bulk
 - buy directly from producers
 - build their own warehouses
 - buy delivery vans
 - to have their own branded and pre-packaged goods.
 - large-scale retailers deliver goods on their own from producers
 - the route is ideal for selling things like furniture, clothes, beer (durable goods), bread, milk (perishable goods) and a variety of groceries and household goods.

Assignment guidelines

Help the learners to choose a manufacturing business in your town, village or province. If possible, contact the operations manager of the business to ask whether the learners can meet with him or her to ask some questions.

If the learners visit the business, remind them beforehand to bear in mind that they should try not to interrupt the business operations and to be mindful of the dangers of the particular business.

If the learners are not able to visit a business, assist them in doing research on the Internet.

The learners' answers will vary depending on the business visited. Below is a guideline of expected answers.

1. a) The learners should answer correctly whether the business is involved in direct or indirect production.
- b) Direct production
 - Direct production is the making of goods and provision of services for your own consumption and to your own tastes.
 - Direct production is also known as subsistence farming or economy. The output is mainly for family requirements with little or no surplus for trade (sale).

- The person involved in direct production must be able to handle the whole production process alone, from the initial stage of obtaining raw materials to the final finished product, hence he or she enjoys independence in production.
 - People who live under a subsistence economy experience a poor standard of living, resulting directly from a lack of variety of goods available, which in turn satisfies fewer human wants and needs.
 - The use of simple tools (such as hoes and axes) lowers productivity rate, resulting in increased costs of production.
 - People do not co-operate to produce goods and provide services.
- (Accept any)

Indirect production

- This is the production of surplus goods and the provision of services on a large scale for sale to other people.
 - Indirect production is also known as commercial farming or specialisation. Commercial farming is producing crops using modern (advanced) technology and breeding farm animals with the intention of making a profit. Often, very few workers are employed due to mechanisation. Specialisation occurs where an individual or company focuses on a specific aspect of a long process in the production of a limited variety of goods and services to gain greater degree of productive efficiency.
 - Consumers can obtain most of the goods and services they want because of mass production.
 - Goods produced are of high quality, therefore consumers enjoy a high standard of living.
 - A variety of goods and services is available to satisfy more human wants and needs.
 - There is inter-dependence in production, where workers co-operate to produce goods and provide services.
 - Complex machinery could be used to produce standardised goods.
 - The high productivity rate of specialised machines produces large quantities of goods at lower costs of production.
2. The answers will vary, depending on the company investigated.
3. The learners should answer correctly whether the business is involved in direct or indirect production.

See answer to question 13 c) on page 6 for advantages and disadvantages of mass production. Two of each must be given.

Answers relating to not using mass production will vary and will be specifically aimed at the type of specialised product being produced.

4. The learners' answers about labour must relate to the actual production process and this excludes the job functions of office staff.
- Labour can be divided or specialised. Division of labour refers to work activities or tasks that can be performed by different people. Specialisation occurs when a person is specifically trained to continuously do the same function, such as a carpenter or electrician.
 - Vital jobs will be those jobs or positions that are crucial for the company's existence, while outsourced jobs are the types of jobs that are required to ensure that the company functions well but any person can perform, for example, the tea lady, office cleaner or driver.
 - The organograms will vary, depending on the size of the company and the reporting lines within each company.
5. Answers will vary depending on the company selected for the research.
- The channels of distribution could be any of the following seven:
 - 1: producer → wholesaler → retailer → consumer
 - 2: producer → wholesaler → consumer
 - 3: producer → regional distribution centre → retailer → consumer
 - 4: producer → retailer → post office → consumer
 - 5: producer → producer's own retail shop or tied shop → consumer
 - 6: producer → consumer
 - 7: producer → marketing board → wholesaler or retailer → retailer → consumer
 - The factors to consider when choosing a distribution channel:
 - the nature (types) of goods to be distributed
 - the quantity of goods or size of order
 - the size of the company
 - the required speed of delivery
 - the costs involved
 - government policy
 - the distances involved between manufacturers, wholesalers, retailers and customers.
 - whether the goods are to be distributed to local, regional or international destinations.
 - The learners' answers will vary according to the chosen company. Ensure that they give a well-thought-through second option for distribution.

Theory test

Answer all the questions.

Marks: 38 marks

- Change each of the following statements to make them true.

- a) Direct production is when goods are mainly produced for community needs and a small profit is made. (1)
 - b) Indirect production is also known as subsistence farming. (1)
 - c) The cost of production in indirect production is high. (1)
 - d) Mass production creates many job opportunities. (1)
 - e) Specialisation by country is when a few countries in a particular region produce a particular product that is best suited for that region. (1)
2. There are various types of specialisation. Provide two examples of each of the following:
- a) specialisation by country (2)
 - b) specialisation by region (2)
 - c) specialisation by business (2)
 - d) specialisation by town (2)
3. Name four advantages and four disadvantages of division of labour. (8)
4. a) Define 'chain of distribution'. (3)
- b) State and describe the channels or routes used in the chain of distribution. (14)

Answers to Theory test

1. a) Direct production is when goods are mainly produced for family requirements and no profit is made. (1)
 - b) Indirect farming is also known as commercial farming. (1)
 - c) The cost of production in indirect production is low. (1)
 - OR
The cost of production in direct production is high. (1)
 - d) Mass production creates fewer or no job opportunities. (1)
 - e) Specialisation by country is when one country produces a particular product that is best suited for that country. (1)
2. a) Examples of specialisation by country:
- Tobacco production by Zimbabwe.
 - Copper production by Zimbabwe. (2)
- b) Specialisation by region:
- The Matebeleland region is good for cattle ranching.
 - The Eastern Highlands region is good for growing tea.
 - Sugar is grown in the Lowland area. (Any two) (2)
- c) Examples of specialisation by business:
- Zisco Steel at Redcliff (near Kwekwe) produces iron and steel.
 - Zimphos (Harare) and Sable Chemicals (Kwekwe) manufacture fertilisers.
 - The Seed Co-op provides certified seeds.
 - Old Mutual and Fidelity Insurance provide a variety of insurance products. (Any two) (2)

d) Examples of specialisation by town:

- Bulawayo has many factories that make clothes, blankets and household goods.
- Victoria Falls promotes tourism.
- Redcliff, near Kwekwe, produces iron and steel.
- Mashava and Zvishavane produce asbestos.
- Kariba promotes tourism and produces fish. (Any two) (2)

3. Advantages of division of labour:

- A worker can become an expert at the job due to repetition of the tasks.
- Employment is according to aptitude, ability or skills learned.
- The rate of production increases as workers become more proficient and productive in their areas of specialisation.
- Time is saved in training workers (operatives) and because workers do not switch from one job to another.
- High-quality goods are produced.
- The cost of production is kept low, resulting in lower prices for the products.
- It improves the efficiency of production.
- It leads to automation (mechanisation), where workers make use of specialised machinery.
- It leads to the simplification of processes in which work becomes easier to perform.
- It leads to mass production. (Any four) (4)

Disadvantages of the division of labour:

- Workers are often absent, as doing the same work every day can be boring and monotonous, which can reduce job satisfaction.
- The goods produced are standardised (all the same).
- Division of labour leads to inter-dependence of workers, which means that if there is a disruption in any part of the production line, there will be stoppages for all.
- Mechanisation and automation have replaced workers and resulted in increased unemployment.
- Craftsmanship is lost.
- The risk of occupational diseases is increased.
- Workers may find it difficult to find other work because of their specialist training.
- The risk of industrial fatigue reduces job satisfaction and can lead to absenteeism.
- It gives the worker little or no scope for individuality.
- It leads to a lack of versatility or a limited choice of goods and services. (Any four) (4)

4. a) The chain of distribution is the route or channel through which goods and services are made available to consumers. (3)
- b) The routes used in the chain of distribution:
- producer → wholesaler → retailer → consumer
This is the traditional chain of distribution. This route is suitable for durable goods, which are goods that can stay longer in the chain without decaying, such as soap, clothes and wine.
 - producer → wholesaler → consumer
This chain is used by cash-and-carry wholesalers who sell a variety of goods to the consumer using the self-service method. Goods are sold on a cash-and-carry basis.
 - producer → regional distribution centre → large-scale retailer → consumer
This chain is ideal for the sale of furniture, electrical goods and a variety of household goods.
 - producer → retailer → post office → consumer
This route is ideal for durable goods, such as clothes and electrical goods, that can be handled by the post office. This chain is used by mail order firms who employ agents to distribute catalogues to consumers.
 - producer → consumer
This chain of distribution is where the producer sells directly to the consumer.
This chain is the shortest route through which goods and services are distributed and where both wholesaler and retailers have been eliminated. It is ideal for the sale of fragile goods, goods with a slow rate of turnover, goods made to order and perishable farm products.
 - producer → marketing board → wholesaler or retailer → retailer → consumer
This distribution chain is where the producer distributes the goods to a marketing board. (14)

Total marks: 38

Learning outcomes

By the end of this topic, learners should be able to:

- explain the functions of retailers
- distinguish between large- and small-scale retailers
- describe the characteristics and organisation of the different types of retailers
- describe the factors that must be considered when establishing a retail outlet
- discuss the impact of each trend in retailing
- discuss the reasons for the survival of the small-scale retailer
- explain the main features of hire purchase and deferred payments
- compare hire purchase and deferred payments
- identify the sources of financing for hire purchase and credit sale transactions
- explain the nature and purpose of trade and cash discounts
- distinguish between trade and cash discounts
- identify the documents used in home trade
- explain the importance of the documents used in home trade
- list the contents of each document used in home trade
- explain the functions of each document used in home trade.

Expanded teaching notes

The following activities can be used to assist learners when teaching them about the retail trade:

- Visit retailers.
- List the features and functions of the different retailers observed from visits.
- Describe the characteristics and organisation of each retail outlet.
- Discuss the trends in retailing.
- Show the trends in retailing through print and electronic media.
- Outline the advantages and disadvantages of the trends in retailing.
- Debate the reasons for the survival of the small-scale retailer.

The following activities can be used to assist learners when teaching them about hire purchase and deferred payments:

- Discuss types of credit.
- Debate the reasons for and against buying on credit.
- Identify similarities and differences between hire purchase and deferred payments.

- Ask the learners to research and report back on the merits and demerits of hire purchase and credit sales.
- Discuss the sources of financing for hire purchase and credit sale transactions.
- Use role play to work through hire purchase and deferred payment transactions.
- Discuss the features of informal credit.
- Use resource persons to explain the types of credit.

The following activities can be used to assist learners when teaching them about discounts:

- Discuss the purposes of trade and cash discounts.
- List the features of trade and cash discounts.
- Calculate trade and cash discounts.
- Differentiate trade discount from cash discount.

The following activities can be used to assist learners when teaching them about documents used in home trade.

- Discuss the importance of documents used in home trade.
- Collect and analyse samples of documents used in home trade.
- Demonstrate the use of documents used in home trade.
- List the contents and functions of each document used in home trade.
- Show the learners how to fill in documents used in home trade.
- Dramatise the use of trade documents.

Resources

- Charts
- Retail outlets
- Related literature
- ICT tools
- Recommended textbooks
- Resource persons from banks and retailers
- Samples of documents
- Samples of credit cards
- Hire Purchase Act
- Newspapers and magazines
- Catalogues

Answers to Exercises and Activities

Exercise 2.1

1. Functions of retailers:
 - break bulk

- provide delivery
 - prepare goods for sale
 - provide variety of goods
 - store goods
 - provide a convenient location
 - allow credit
 - provide information and advice
 - deal with consumer complaints
 - provide after-sales services
 - ensure a constant supply of goods
 - finance the manufacturer by buying goods for cash
 - advertise the manufacturer's goods (any five)
2. a) Examples of goods sold by door-to-door traders: vegetables, fruit, brooms
 b) Examples of goods sold by market traders: clothes, vegetables, cosmetics, fruit and vegetables
 c) Examples of goods sold by convenience stores: bread, milk, soap, mealie-meal, household goods
3. The services provided by a general dealer:
- sells a variety of goods
 - gives personal services
 - is located near consumers
 - may allow credit
 - breaks bulk
 - caters for individual tastes.

Exercise 2.2

1. Breaking bulk means retailers buy goods in bulk from producers and wholesalers and reduce the bulk into smaller quantities to sell to consumers.
2. The advantages of independent shops:
 - They operate for long hours.
 - They give credit.
 - They are located close to the customers.
 - They provide personal services.
 - They cater for individual tastes.
 - They may deliver the goods.
 - They provide a variety of goods.
 - They have low overhead costs.
 - The owner is free to make quick decisions.
3. A supermarket is a large self-service shop that sells groceries and household goods.
4. Advantages of supermarkets to consumers:
 - Customers can shop at leisure without being hurried to buy.

- Supermarkets provide a wide variety of goods from different manufacturers.
- Goods are sold at low prices since supermarkets are able to buy in bulk directly from manufacturers.
- Customers can handle and inspect goods before buying them.
- Self-service results in speedy shopping since customers can quickly pick up the goods they want.
- Customers can take advantage of loss leaders.
- The goods are fresh.
- Goods in a supermarket are pre-packaged and branded and therefore easy to identify. (Any five)

Exercise 2.3

1. A department store:
 - is a large multi-storey retail shop
 - has many departments under one roof
 - is located in the city centre
 - has luxurious shopping facilities
 - is a shop where each department sells one line of goods
 - is a shop where each department is under a buyer
 - has trained staff
 - sells high-quality goods
 - sells goods at high prices
 - uses the self-selection method of selling
 - can offer credit.
2. Hypermarkets are found on the outskirts of towns because:
 - there is more space for the large buildings on the outskirts of town
 - the larger area can accommodate lots of parking bays
 - there is enough space for future expansion of the hypermarket building.
3. The advantages of mail order shops to the customer:
 - Shopping by mail order can be done any time.
 - Customers can buy goods from the comfort of their homes, thereby saving time and the costs of travelling.
 - Prices are lower because mail order shops operate from cheap premises.
 - Customers may be allowed a period of credit.
 - Unsatisfactory goods can be returned to the seller.
 - They offer a variety of goods to customers.
 - Customers can use their credit cards and debit cards for payment.
4. The features of a retail co-operative shop:
 - The co-operative is made up of a group of customers who come together and raise capital to form it.
 - They buy goods in bulk from manufacturers and wholesalers.

- The goods are sold to members and non-members.
- Members receive a dividend based on the amount of purchases.
- They sell a variety of goods.
- Members have democratic control.

Activity 2.1

1. Arrange for your learners to visit different retailers in your area. For each retailer, they should record its features, method of sale and a description of the shop layout.
2. Check the learners' tables.

Activity 2.2

Have a class debate on the topic: 'Franchising guarantees the success of a new business.'

Exercise 2.4

1. A bar code is a set of vertical and parallel lines found printed on the packages of goods, which represent information relating to the goods.
2.
 - a) Branding is the process of giving a product a mark, sign, name or symbol in order to distinguish the product from others.
 - b) Pre-packaging is the process of weighing goods and placing them in standard wrappers and containers to be sold to the consumer.
 - c) Self-service is when customers move around the shop picking the goods they want without the help of shop assistants.
3. The advantages of do-it-yourself products to the consumer:
 - They require little skill to assemble.
 - Consumers save on costs.
 - Consumers find satisfaction in completing the product.
 - They improve standards of living.
 - The kits are sold at competitive prices.
 - They have accompanying instructions.
 - They can be found even in supermarkets.
4. The benefits of franchising to the franchisee are:
 - Buying a franchise requires less capital than is needed to start a company.
 - A franchise provides a complete and ready-to-run business and start-up costs are known in advance.
 - The franchisee profits from using a well-known brand.
 - The trader who pays for the franchise has a high chance of business success.
 - The franchisee enjoys legal protection from the franchisor.
 - The franchisee benefits from national advertising done by the franchisor and other franchisees.

- The franchisor provides field support staff who continually provide assistance to franchisees so that they maintain standards set by the franchisor.
- The franchisee receives guidance in selecting the site of the business and is provided with standard building designs and shopfront designs. Usually the place of service will bear the franchisor's signs, logos and the staff wear uniforms.
- The franchisee receives cheap supplies because of bulk buying.
- The franchisee also obtains training in all aspects of the business from the franchisor.
- The franchisee is trained in keeping accounting records, purchasing and stock control.

Activity 2.3

Have a class discussion about how small-scale retailers have managed to survive despite competition from large-scale retailers. Make sure that the following points are covered:

- They locate their businesses in residential areas.
- They operate for long hours.
- They provide variety to customers.
- They allow credit.
- They specialise in goods not supplied by large-scale retailers.
- They provide free delivery to customers.
- They break bulk.
- They cater for individual tastes.
- They provide personal service.
- They join voluntary chains.
- They have low overhead expenses.

Case study

1. Mrs Dondo paid \$300 deposit.
2. \$2 700 was paid in instalments.
3. \$90 was the amount of each instalment.
4. ABC Motors owns the goods during the hire purchase period.
5. The car dealer would get finance from a finance company.

Exercise 2.5

1. A deferred payment agreement is a credit contract in which a customer agrees to purchase consumer non-durable goods and pays for them at a later date, usually in regular (monthly) instalments over a short period of time.
2. Deferred payments promote sales in that they are not strictly controlled by legislation so it is easy for consumers to get credit. The buyer is able to obtain credit for non-durable goods, thus promoting sales.
3. The details that must be shown on a hire purchase agreement:

- a description of the goods
- the cash price of the goods
- the total hire purchase price, for example, the cash price plus the finance charges
- the deposit amount
- the number of instalments
- the amount that must be paid at each instalment
- the finance charges, such as insurance and interest.

Exercise 2.6

1. A trade discount is a deduction made by the seller on the selling price of goods. It is given by one trader to another.
2. A trade discount is given:
 - to encourage the trader to buy from a particular source
 - to allow the trader who buys to make a profit
 - to encourage bulk buying
 - to increase sales.
3. 2% / 60 days means that the trader is willing to give a 2% cash discount if the account is settled within a period of 60 days.
4. A cash discount is given to:
 - encourage customers to pay promptly
 - reduce clerical work for the seller
 - reduce bad debts
 - improve cash flow for the seller. (Any three)

Exercise 2.7

1. a) Trade discount: \$700
 b) Cash discount: 5% of \$2 800 = \$140
 c) Amount paid: \$2 800 - \$140 = \$2 660
2. Amount paid: \$727.50
3. Amount paid: \$1 520
4. Amount paid by customer: \$4 750
5. The trader paid: \$3 104

Exercise 2.8

1. The importance of documents:
 - They keep records of transactions.
 - They provide proof of transactions.
 - They provide information for accounting and auditing purposes.
2. A letter of inquiry is used by a potential buyer to ask the supplier:
 - the types of goods they have
 - the terms of payment
 - the quantities of goods they stock.
 - the prices of the goods
 - the terms of delivery

3. The details shown on a quotation:
 - types of goods in stock
 - terms of payment
 - period of validity of the quotation
 - names and addresses of the buyer and the seller
 - the value added tax (VAT) registration number of the seller.
 - prices of goods
 - terms of delivery
4. Customers benefit from the use of catalogues because they:
 - contain detailed information about the products
 - show colour photographs of the products
 - show samples of the products
 - have descriptions of the products
 - show the shapes and sizes of the products
 - can be available on the Internet.

Exercise 2.9

1. Documents in their order of use:
inquiry → quotation → order → invoice → statement of account
2. It is necessary to keep business documents:
 - as evidence of a transaction
 - as a source of accounting or business information
 - as a record of a transaction.
3. An order note is issued by a trader to give the details of the goods required as per the quotation.
4. The four documents used in reply to a letter of inquiry are:
 - a quotation
 - a catalogue
 - a price list
 - a pro-forma invoice.

Answers to Revision questions

- | | | | | |
|-------|-------|-------|-------|-------|
| 1. D | 2. C | 3. A | 4. C | 5. D |
| 6. A | 7. A | 8. B | 9. D | 10. A |
| 11. D | 12. A | 13. C | 14. A | 15. A |
| 16. D | 17. B | 18. A | 19. B | |

20. Advantages of a buyer purchasing a mini-bus on hire purchase:
 - The buyer is able to buy an expensive item.
 - A small amount can be saved for the deposit.
 - The buyer can use the mini-bus before paying the total price for it.
 - The mini-bus can pay for itself through the income earned from using it.
 - The buyer's standard of living improves.
 - Instalments are spread over a long period of time.
 - Goods are insured during the hire purchase period. (Any five)

21. Differences between hire purchase and credit sale agreement:

Hire purchase	Credit sale agreement
A written agreement is necessary	It can be a written or verbal agreement based on trust
A deposit is required	A deposit may not be required
Suitable for consumer durable goods	Suitable for consumer non-durable goods
Seller can repossess the goods if the buyer defaults	Seller cannot repossess the goods if the buyer defaults, but can sue the buyer
Buyer possesses goods without owning them	Buyer owns the goods immediately
Buyer owns the goods on payment of last instalment	Buyer owns the goods as soon as the agreement is made
There is a high interest rate	There is a low interest rate

22. A credit card has the following details on it:

- the name of the issuing bank
- the name of the card holder
- the signature of the card holder
- the account number of the account holder
- some cards may have a CSV number, which is a security code.

23. Characteristics of a mail order business:

- It sells its goods through the post.
- It usually operates from warehouses in industrial areas.
- It uses a catalogue, magazines or the Internet to advertise goods.
- The customer completes an order form.
- The customer collects the goods from the post office.
- Payment for goods can be done through cash-on-delivery or cash with order.

24. The benefits of buying from small-scale retailers:

- They are close to consumers.
- They have extended shopping hours.
- They stock a variety of goods.
- Customers can buy goods on credit.
- Customers can have goods delivered.
- Consumers can get goods in small quantities.
- Customers can buy goods that suit their individual tastes.
- Customers can get personal service. (Any six)

25. The differences between self-service and self-selection:

Self-service	Self-selection
Used in supermarkets and hypermarkets	Used in department stores and multiple shops
Customers choose goods without the help of shop assistants	Customers can choose goods with the help of shop assistants
Has till points or checkout points towards the exit	Till points are distributed throughout the shop
The system employs fewer shop assistants	The system demands use of many shop assistants
Suitable for groceries and household goods	Suitable for clothing and furniture

26. A wholesaler would give a trade discount to a retailer to:

- encourage repeat purchases
- increase sales
- encourage bulk buying
- enable the retailer to make profit. (Any two)

27. ZZ General Dealers

- a) Total price = $400 \times 12 = \$4\,800$
 Trade discount: 25% of $\$4\,800 = \$1\,200$
- b) Cash discount: 5% of $\$3\,600 = \180
- c) Actual amount paid: $\$3\,600 - \$180 = \$3\,420$
 (or $\$4\,800 - \$1\,200 - \$180 = \$3\,420$)



28. a) Differences between a delivery note and a consignment note:

Delivery note	Consignment note
It is used when the supplier uses their own transport to carry goods to the buyer.	It is used when the supplier uses hired transport to carry goods to the buyer.
It is not a contract document.	It is a contract of carriage.
It is issued by the supplier to the buyer.	It is issued by the transport company to the supplier.
It is prepared in duplicate.	It is prepared in triplicate.

b) Differences between a credit note and debit note:

Credit note	Debit note
It is used to reduce the amount owing on an invoice.	It is used to increase the amount owing on an invoice.
It is used to correct an overcharge.	It is used to correct an undercharge.

Credit note	Debit note
It is used when there is an undersupply of goods.	It is used when there is an oversupply of goods.
It is used to document a refund to the customer.	It is used to document the amount owing on an invoice.

29. a) A pro-forma invoice is used:

- as a reply to a letter of inquiry
- when a supplier requires payment before delivery of goods
- when goods are sent on approval
- when goods are sent on sale-or-return basis
- when goods are sent on consignment
- when applying for foreign currency in international trade.

b) A credit note is used when:

- there is an overcharge on the invoice
- there is an undersupply of goods
- goods have been damaged during transit
- a wrong consignment has been delivered
- a customer returns empty crates and boxes charged for on the invoice.

30. Ensure that the essay covers the following points about a hire purchase agreement:

- A written contract (agreement) is required.
- A deposit is paid, followed by regular instalments.
- The deposit amount is legislated.
- A 'cooling-off' period is required if the agreement is signed outside the trader's premises.
- Hire purchase is suitable for buying consumer durable goods or goods with a second-hand value, such as cars.
- This method of buying is controlled by the Hire Purchase Act.
- The buyer can cancel the agreement and return the goods when at least half the purchase price has been paid.
- A court order is needed by the seller to repossess the goods if the buyer has paid at least one-third of the purchase price.
- The seller can repossess the goods if the buyer defaults on payments.
- The buyer takes possession of the goods on payment of a deposit.
- The buyer becomes the owner of the goods on payment of the last instalment. Therefore the buyer does not own, but just possesses, the goods during the hire purchase period.
- The buyer cannot sell the goods during the hire purchase period.
- It involves a long period of payment.

- Finance charges are added to the cash purchase price.
- The purchase is financed by a finance company.

31. The factors to consider when opening a retail outlet:

- whether there is adequate capital
- the accessibility of the site to customers
- the amount of labour required and available
- whether to rent or buy the premises
- what competition is in the area
- what development potential is there
- the type of retail shop
- your qualifications and experience
- what the target market is.

32. The differences between trade and cash discounts:

Trade discount	Cash discount
It is given by one trader to another trader.	It is given to any customer.
It is deducted at the time of sale.	It is deducted at the time of payment.
It has a high rate of discount.	It has a low rate of discount.
It is deducted before a cash discount.	It is deducted after the trade discount.
It is deducted from the gross invoice price.	It is deducted from the net invoice price.
It is not recorded in the books of accounts	It is recorded in the books of accounts.
	It is given when a customer pays promptly or within a given time.

33. The importance of a statement of account:

- It summarises transactions between the buyer and the seller over a given period of time.
- A statement of account is written by the supplier to a buyer.
- It shows the:
 - name and address of the buyer and seller
 - the account number
 - date of issue
 - purchases made during the month
 - any payments made
 - instalment or amount due
 - balance at the beginning of the month
 - debit or credit notes raised during the month
 - balance at the end of the month
 - arrears or overdue amounts
 - credit available or buying power

- instalment due date
- terms of payment.
- The statement of account is issued to:
 - remind the customer of the amount due
 - request payment from the customer
 - provide information for accounting purposes
 - allow customers to check the accuracy of entries and raise queries before payment is made
 - advertise the company by printing the company logo or motto on the document.

Assignment guidelines

The learners must work in groups to produce a slide show presentation or a poster. The slide show or poster must show the following sequence of using documents in home trade:

- letter of inquiry
- quotation, catalogue or price list
- order
- invoice
- credit note or debit note
- receipt
- statement of account.

Theory test

Answer all the questions.

Marks: 30 marks

1. State whether the following sentences are TRUE or FALSE.
 - a) A retail co-operative shop allows members to receive interest for their capital contributions. (1)
 - b) Mail order shop items are normally very cheap. (1)
 - c) One of the older trends in retailing is franchising. (1)
 - d) Self-service is not used in supermarkets and hypermarkets. (1)
 - e) An advantage of packaging is that the empty containers can be used in homes. (1)
2.
 - a) Define retailing. (2)
 - b) Name three functions of a retailer. (3)
 - c) Name three examples of small retailers. (3)
 - d) Give five advantages of independent retailers. (5)
 - e) Name two advantages of hypermarkets. (2)
3. Explain the term 'multiple shops'. (10)

Answers to Theory test

1. a) True (1)
- b) False (1)
- c) False (1)
- d) False (1)
- e) True (1)
2. a) Retailing is the final link in the chain of distribution of goods. It involves all activities that provide goods to the final consumer. (2)
- b) The functions of a retailer:
 - break bulk
 - provide delivery
 - prepare goods for sale
 - provide variety of goods
 - store goods
 - provide a convenient location
 - allow credit
 - provide information and advice
 - deal with consumer complaints
 - provide after-sales services
 - ensure a constant supply of goods
 - finance the manufacturer by buying goods for cash
 - advertise manufacturer's goods. (Any three) (3)
- c) Examples of small retailers:
 - independent shops (general dealers)
 - flea market stall holders
 - hawkers
 - pedlars
 - street-side vendors
 - market stall holders. (Any three) (3)
- d) Advantages of independent retailers:
 - They offer personal services as there is personal contact with the customers, so personal advice can be given.
 - They cater for individual tastes as they can order goods for individual customers.
 - They have flexible operating times. This means that they can operate at convenient times and operate their business for long hours, even on public holidays.
 - They provide informal credit to customers.
 - They break bulk and sell goods in quantities convenient to the consumer. For example, they sell candles in single units rather in packets.

- They provide a variety of goods in their shops, which gives consumers a choice of goods.
- They can provide free delivery to customers.
- They have low overhead expenses, such as labour costs, as they usually use family labour or employ few workers.
- The owner has independence in decision-making. (Any five) (5)

e) Advantages of hypermarkets:

- They provide a wide variety of goods.
- Prices are low.
- Customers can buy goods at their own pace.
- Customers can inspect goods and compare prices and quality before buying.
- Self-service makes shopping fast.
- Customers can move around and pick their own items without assistance.
- They have large car parks for customers.
- They open for longer hours, including during weekends and over the holidays. (Any two) (2)

3. About multiple shops:

- Multiple shops or chain stores are large retail outlets with many branches throughout the country.
- All branches are owned by one owner and use one name.
- Specialist chain stores deal in only one type of good.
- Variety chain stores stock a wide range of goods.
- Prices of goods are the same in all branches.
- Multiple shops have similar shop-front designs.
- They have uniform goods, uniform prices and similar shop displays throughout the branch network.
- Multiple shops are located at busy shopping centres.
- All branches are centrally controlled from the head office, but each branch has its own manager.
- Multiple shops have central buying (head office buys goods and distributes to all branches).
- Accounts are also centralised.
- Advertising is done by head office.
- Sometimes they manufacture their own goods and they may use their own brand names. (10)

Total marks: 30

Learning outcomes

By the end of this topic, learners should be able to:

- identify consumer protection boards
- explain the roles of consumer protection boards.

Expanded teaching notes

- List the Zimbabwean consumer protection boards.
- Discuss the roles of consumer protection boards.
- Ask the learners to role-play consumers making complaints.
- Use the question-and-answer method to discuss the functions of the consumer protection boards.
- Invite resource persons from consumer protection boards to talk to the learners.

Resources

- Pamphlets
- Recommended text books
- Resource persons
- ICT tools

Activity guidelines

Activity 3.1

Organise the class into groups so that they can dramatise the process of taking a case to the Small Claims Court. Watch the learners to make sure they understand the process and do not leave out any steps.

Answers to Revision questions

1. C 2. C 3. A 4. C 5. A
6. The functions of the Standards Association of Zimbabwe (SAZ):
- It adopts or adapts, modifies and monitors international standards of product performance, safety and quality.
 - It prepares standards of products to be followed by all producers.
 - It issues copies of standards specifications to producers.
 - It tests goods for quality, safety and performance to protect the consumer from poor quality goods.

- It authorises manufacturers to use the SAZ seal (mark) of approval.
 - It ensures that the quality of products is maintained as approved.
 - It encourages uniformity or standardisation of products.
 - It provides a library information service on standards.
 - It provides laboratory testing facilities for manufacturers of products bearing the SAZ seal.
7. The role of the Consumer Council of Zimbabwe:
- It investigates consumer complaints.
 - It educates consumers on their rights.
 - It recommends shops with a good record to consumers.
 - It encourages fair competition between producers.
 - It monitors the quality of goods and services available to consumers.
 - It continuously checks for false or misleading advertisements in the media.
 - It gives advice to consumers on how to buy wisely.
 - It carries out market research and advises the government on laws that protect consumers.

Theory test

Answer all the questions.

Marks: 30 marks

1. Choose the correct word(s) in brackets.
 - a) The Consumer Council of Zimbabwe was formed to protect and empower (*consumers/suppliers*) by monitoring product quality and service. (1)
 - b) The CCZ is an organisation that (*does not get/gets*) help from the government, private organisations and members of the public. (1)
 - c) The person who makes a claim in the Small Claims Court is called a (*defendant/plaintiff*). (1)
 - d) The Standards Association of Zimbabwe is a (*non-profit/profit*)-making organisation and a non-government body. (1)
 - e) The SAZ protects consumers by (*not testing/testing*) products for quality. (1)
2.
 - a) When using the Small Claims Court and the summons has been delivered to the defendant, the plaintiff will then wait for the defendant's response. Name the three possible responses that the defendant can give. (3)
 - b) What is a garnishee order? (2)
 - c) Explain the process that must be followed if a plaintiff would like to use the Small Claims Court. (10)
3. Name any 10 functions of the Consumer Council of Zimbabwe. (10)

Answers to Theory test

1. a) The Consumer Council of Zimbabwe was formed to protect and empower consumers by monitoring product quality and service. (1)
- b) The CCZ is an organisation that gets help from the government, private organisations and members of the public. (1)
- c) The person who makes a claim in the Small Claims Court is called a plaintiff. (1)
- d) The Standards Association of Zimbabwe is a non-profit-making organisation and a non-government body. (1)
- e) The SAZ protects consumers by testing products for quality. (1)
2. a) Possible responses by the defendant to summons:
 - The defendant may agree to pay what the plaintiff asks.
 - The defendant may deny the plaintiff's claim.
 - The defendant may not answer at all. (3)
- b) A garnishee order is issued when the claimant makes an application to the court to have some money taken from the defendant's salary every month until the whole amount is paid. This is done if the defendant cannot pay all the money owing. (2)
- c) The process the plaintiff must follow at the Small Claims Court:
 - Write a letter of demand stating the claim against the defendant.
 - Send the letter of demand to the Clerk of Court at the Small Claims Court, where it must be stamped.
 - Deliver a copy of the stamped letter of demand to the defendant.
 - Wait for the defendant to respond within 14 working days.
 - If the defendant does not respond, issue a summons through the court against the individual, stating the details of the claim and the amount claimed.
 - Attach revenue stamps and a copy of an affidavit (SCC 2 Form) to the summons.
 - Get the Clerk of Court to stamp all the documents acknowledging receipt of the documents. (10)
3. The functions of the Consumer Council of Zimbabwe (CCZ):
 - It investigates consumer complaints – The CCZ handles a wide range of complaints between consumers and traders. It receives complaints from consumers and investigates them. It settles disputes (arbitrates) between consumers and traders.
 - It educates consumers on their rights and responsibilities – The CCZ educates consumers using workshops, seminars, panel discussions, meetings, newspapers, radio and television.

- It provides advice to consumers – For example, the CCZ advises consumers to buy wisely by comparing prices and the quality of goods from different shops. Consumers are encouraged to do window shopping.
- It promotes proper labelling and fair competition – The CCZ encourages the proper labelling of goods and fair competition among manufacturers when advertising.
- It conducts spot checks – The CCZ makes unannounced visits to retailers to make sure that prices recommended by government are adhered to and standards of hygiene are maintained.
- It promotes standards – The CCZ promotes manufacturing standards of good quality products and ethical, moral and decent advertising of goods and services.
- It discourages unfair practices – The CCZ discourages the use of disclaimer clauses, conditional selling of goods and misleading and disparaging advertising.
- It conducts surveys – The CCZ publishes the results of goods tested and reputable shops.
- It lobbies for appropriate consumer legislation – The CCZ successfully lobbied for the Small Claims Court.
- It carries out market research – It uses the results of this research to advise the government to make certain laws and regulations for the protection of consumers from exploitation.
- It acts as a watchdog – It publishes the names of unscrupulous traders and discourages profiteering by overcharging. (Any ten)

(10)
Total marks: 30

Learning outcomes

By the end of this topic, learners should be able to:

- explain the features of unincorporated business units
- examine the advantages and disadvantages of unincorporated business units
- distinguish between sole proprietorships and partnerships.

Expanded teaching notes

- Describe the features of unincorporated businesses.
- Give the learners examples of unincorporated businesses in the local community to build up the concept of an unincorporated business.
- Take the learners to neighbouring unincorporated businesses and study their features. Tell the learners to take note of the type of businesses that are unincorporated.
- Differentiate between sole proprietorships and partnerships.
- Describe how incorporated businesses are formed in terms of:
 - documentation needed
 - registration
 - cost of setting up
 - ownership and control.
- Discuss the advantages and disadvantages of unincorporated businesses.
- Refer to actual examples from the local business community to make the lessons real and practical.
- Explain the formation, ownership and control of sole proprietorships and partnerships.
- Ask the learners to identify the features of a sole proprietorship and a partnership.
- Ask the learners to compare the differences between a sole proprietorship and a partnership using examples from the local community.
- Allow the learners to identify sole proprietorship and partnership businesses and explain why each type of business undertakes that type of business.
- Use role-playing or dramatisation to show how sole proprietorships and partnerships operate, showing the advantages and disadvantages of each type of business.
- Research or discovery methods can be used to find out information from the local community on how unincorporated businesses operate.

Resources

- Recommended textbooks
- Nearby shops
- ICT tools
- Information and resource persons from law firms
- Deed of partnerships

Answers to Exercises

Exercise 4.1

1. The private sector has individuals or groups of individuals owning and operating businesses for a profit. The control of the businesses is in the hands of individuals. Public sector businesses are owned and controlled by the state or local authorities. They do not necessarily operate for a profit or surplus but are there to provide public goods or services.
2. Unincorporated businesses are not registered by the Registrar of Companies and are not separated from the owner. The business and the owner are one and the same. Businesses do not have a legal entity separate from the owner.
3. Liability is what the business owes and is expected to pay back.
4. The business is active and operational during the life of the owner. When the owner dies, retires or resigns, the existence of the business comes to an end.
5. The owner does not have to consult anybody or involve anyone in decision-making.

Exercise 4.2

1. The owner of an unincorporated business controls the operations of the business by making the decisions, ordering the stock and controlling the finances and assets.
2. A trading license is needed for an unincorporated business to start operating.
3. Unincorporated businesses can be found in residential areas, shopping areas or shopping malls and light industrial areas.

Exercise 4.3

1. When it is said that an unincorporated business is not a legal person, it means that the business cannot sue or be sued in the business's name because the business has no separate identity. The owner of the business can sue and be sued.
2. Owners of unincorporated businesses have a direct interest in their customers when ordering what the customers want or manufacturing according to customers' specifications.

Answers to Revision questions

1. A 2. D 3. D 4. B 5. B
6. D 7. C 8. D 9. C 10. B

11. a) Features of an unincorporated business:

- The owner has unlimited liability.
 - The owner enjoys the profits.
 - The owner has access to limited capital.
 - It offers a limited variety of goods.
 - The owner is responsible for all of the decision-making.
 - Only one person owns the business.
 - The business is dependent on the managerial skills of the owner.
 - The existence of the business depends on the existence of the owner.
- (Any five)

b) A sole proprietorship is a one-person business whereas a partnership is owned by between two and twenty or more people (for professional partnerships, such as for lawyers).

The owner of a sole proprietorship provides all the managerial skills whereas in a partnership the partners come with a variety of skills.

12. a) It means that the existence of the business depends on the lifespan of the owner. If the owner retires, resigns or dies, the business comes to an end.

b) Features of an unincorporated business:

- unlimited liability
- no legal person being/corporate body
- limited capital base
- limited variety of goods or services
- individual or group of individuals have ownership and control
- exist for a profit
- easy to form
- little documentation required
- no bureaucracy. (Any two)

13. a) The difference between private sector and public sector businesses:

In the private sector, businesses are owned and controlled by an individual or groups of individuals for a profit. In the public sector businesses are owned and controlled by the state or local authorities. Public sector businesses provide essential goods and services that benefit all the citizens and do not operate for profit.

b) General partnerships:

- They consist of partners who manage the partnership for a profit.
- Partners share the profits or losses according to profit sharing ratios.

- All partners play an active role in the day-to-day management of the business.
 - All partners have unlimited liability.
 - The partnership comes to an end when a partner retires, resigns, dies or is expelled from the partnership.
 - A Deed of Partnership guides the partnership. (Any four)
14. a) Unlimited liability in a partnerships means that partners are liable for all the debts of the business, and if the value of the assets are less than the business's obligations, the partners' personal possessions are sold to cover the unpaid debt.
- b) The Deed of Partnership should include the following:
- the name of the partnership business
 - the location of the business
 - the type of business
 - the duration of the agreement (for example, it can end when a partner retires, resigns or dies)
 - the names of the partners and their individual contributions to the business
 - the ratio of how to share profits and losses
 - the rate of interest, if any, allowed on capital before sharing profits and losses
 - the rates of interest charged on drawings by partners (drawings are money or goods taken out of the business for personal use)
 - the procedures to be taken when admitting a new partner
 - the procedures to be followed when a partner resigns, retires or dies
 - provisions for the partners' salaries
 - the power and limitations of partners in managing the daily operations of the partnership business. (Any two)
15. a) If the business is recognised as a legal person, the business is considered as a person separate from the owner. The business can therefore be sued or can sue in its own right.
- b) Limited partnerships:
- are liable for the amount they invest in the business
 - are prohibited from taking an active role in the day-to-day decision-making and operations of the business, but can make suggestions about the operations of the business
 - can be silent partners who invest their money but do not involve themselves in the operations of the business and do not allow their names to be used or appear in the business's name.

16. The essay should discuss the reasons why a sole proprietor would develop a business into a partnership. Learners should include the advantages of a partnership business.

Advantages of a partnership:

- The partner can contribute more capital to the business.
- The partner can contribute skills to the management of the business.
- The owner no longer has sole liability for the business.
- The partners can help with decision-making.

17. It is important for partners to draw up a Partnership Deed because it is a written agreement between the partners so that each partner is aware of their responsibilities in the partnership. See question 14 b) on page 36 for a list of what is included in a Deed of Partnership.

18. The essays should cover the following advantages of operating an unincorporated business:

- They are easy to form and start operating.
- The costs to register the business are fairly low.
- They can be formed whenever you want.
- You can exit the business activity when the business is not doing well.
- They do not require a lot of paperwork during registration.
- You do not need a large amount of capital to start the business.
- The business financial statements are private.
- The owner controls all the operations of the business.
- The owner enjoys all the profits.
- The owner has a direct interest in the customers and attends to the customers' requirements. (Any four)

19. The learners' essays should discuss the points in the table below to distinguish between a sole proprietorship and a partnership.

	Sole proprietorship	Partnership
Decision-making	Owner makes all the decisions without consulting anyone	Partners consult each other Consultation may take time
Conflicts	Has no personal conflicts	Conflicts common among partners Business may suffer due to conflicts
Profit sharing	Owner enjoys all the profits and carries the burden of losses	Profits and losses are shared according to the agreed ratios
Capital base	Provided by the owner Capital is limited	Partners contribute capital More capital is available

20. Features of a sole proprietorship:

- easy to form
- unlimited liability
- one-person business

- proprietor's own capital invested in the business
- personal attention to customers
- existence depends on the life of the proprietor.

Assignment guidelines

Split the class into groups. Each group must investigate six businesses in your area.

1. Check that the learners' checklists provide for the gathering of the following information:
 - the name of the business
 - whether the business is a sole proprietorship or a partnership
 - the activities that the business performs
 - the type of documentation needed to operate the business.
2. Observe the learners use their checklists to either observe the business or interview someone who works there.
If they interview employees of a business, remind them to be respectful of the fact that they need to get their work done.
3. Check the data in the tables.
Check the presentation of the data.

Theory test

Answer all the questions.

Marks: 40 marks

1. a) Distinguish between limited and unlimited liability. (5)
 b) State any five sources of capital for a sole proprietor. (5)
 c) Explain the statement that 'existence depends on the life of the sole proprietor'. (5)
 d) Describe any two conflicts partners could have in their business. (5)
2. Outline four factors that influence the decision by a sole proprietor to develop his or her business into a partnership. (20)

Answers to Theory test

1. a) Limited liability: If the value of a debt is more than the value of the assets of the business, the investor or proprietor loses what he or she has invested in the business, but the owner does not lose assets that do not belong to the business (those for personal use). (3)
 Unlimited liability: The investor loses what is invested in the business and what he or she owns privately if the debt is more than the value of the assets of the business. (2)

b) Sources of capital for sole proprietor:

- savings
- bank loan
- bank overdraft
- trade credit
- hire purchase
- leasing
- profits
- sale of excess assets. (Any five)



(5)

c) 'Existence depends on the life of the sole proprietor' means that the proprietor is the only person who owns the business, and that no other people are responsible for the business. The business comes to an end when the owner dies, retires or sells the business.

(5)

d) Conflicts could be over:

- management styles
- share of profits
- share of liabilities
- different personalities of the partners
- level of capital contribution
- work ethics
- different cultural background. (Any two)

(5)

2. Factors that prompt a sole proprietor to develop into a partnership:

- limited capital base
- new products that need specific skills and knowledge
- new customers or market
- diversification of management skills
- need for vacations
- division of labour. (Any four)

(5 marks for each factor explained)

(20)

Total marks: 40

Learning outcomes

By the end of this topic, learners should be able to:

- explain various management functions
- execute various management functions
- explain the importance of management functions
- identify ethical considerations in business
- explain the role of ethics in business and society
- describe the importance of ethics in business.

Expanded teaching notes

- Explain the five management functions.
- Ask the learners to research effective management skills by talking to managers, reading textbooks or using the Internet.
- The learners can present their findings to the class.
- Ask the learners to role play how managers execute the different management functions.
- Get the learners to work in groups to create home-made items to sell at a market day at school.
- Define ethics.
- Explain the ethical considerations in business and why they are important.
- Have a class discussion on the role of ethics in society.
- Discuss the importance of ethics to business and society.
- Give examples of ethical and unethical practices in the community, in the country and worldwide.
- Ask the learners to write a play to demonstrate an example of ethical business conduct. Ask the learners to perform the play to the rest of the class.

Resources

- Recommended textbooks
- Local viable projects
- Resource persons

Answers to Exercises

Exercise 5.1

1. Planning, co-ordinating, organising, directing, and controlling
2. Planning is looking ahead, and involves setting aims or targets for the organisation.
Organising is ensuring that the company has sufficient capital, staff and raw materials so that it can run smoothly.
3. Co-ordination means bringing together. People from different departments, such as marketing, production, transport and finance, need to be co-ordinated so that they can work well together for the good of the organisation.
4. Management functions help the business to:
 - accomplish goals
 - be more efficient
 - make better decisions
 - earn more profit
 - reduce costs.

Exercise 5.2

1. Ethical principles that business leaders should observe.
 - Honesty – Honesty is important in terms of dealing with customers and the treatment of employees. Honesty is also lawful. Businesses must be honest when making tax declarations.
 - Integrity – This element refers to how reliable the organisation is to all its stakeholders.
 - Trust – Within all relationships there must be a certain level of trust. Trust is also the belief that the agreement between two parties will be honoured by both parties.
 - Loyalty – This element refers to the consistent devotion between two stakeholders.
 - Fairness – This refers to how the organisation treats all stakeholders.
 - Caring – It has become very important for organisations to care about the communities in which they operate. They should care about natural resources, give jobs to the people in the community and provide assistance to local communities in the event of natural disasters.
 - Respect – This refers to how people or organisations admire or have a high opinion of each other. The respect should be observed between all levels of organisation.
 - Obeying the law – Companies should comply with the country's legislation.
 - Morale – This element mainly refers to how optimistic employees are about the organisation and how happy they are to work for it. (Any four)
2. The role of ethics in business and society:
Ethical behaviour and corporate social responsibility can bring significant benefits to a business. For example, they may:

- increase customer, supplier and employee loyalty
 - improve employee engagement resulting in strong loyalty and reduced employee turnover
 - improve the image and branding of a business, which could result in higher sales and possible profits, and an increase in investor interest (and, ultimately, an increased share price).
3. The importance of observing ethics in business and in society:
- Organisations need to ensure they have a good reputation.
 - Organisations should portray an image of caring to both their employees and the environment.
 - Organisations show they have a high regard for a healthy, dignified community.
 - Organisations can show they care about people and not just profits.

Answers to Revision questions

1. The five management functions are: planning, co-ordinating, organising, directing and controlling.
2. Co-ordinating means bringing together. People from different departments, such as marketing, production, transport and finance, need to be co-ordinated so that they can work well together for the good of the organisation.
Directing involves giving orders and clear working instructions to employees.
3. Ethics are the moral standards you rely on when you make a decision. They concern an individual's moral judgements about right and wrong.
4. Check that the learners have covered all the necessary points in their essays. The essays should have an introduction and a conclusion.
The role of ethics in business and society:
 - safeguarding a business' reputation and thereby avoiding bad media coverage
 - complying with regulations helps people and businesses to avoid lawsuits
 - showing respect for human dignity, human rights and justice
 - promoting caring for fellow human beings
 - promoting tolerance of cultural diversity
 - promoting responsibility towards the environment and the community.
5. Ethics are important because they:
 - attract customers to the company's products, thereby boosting sales and profits
 - make employees want to stay with the business, which reduces labour turnover and therefore increases productivity
 - attract more employees wanting to work for the business, reducing recruitment costs and enabling the company to get the most talented employees

- attract investors and keep the company's share price high, thereby protecting the business from takeover
- increase morale among employees
- build customer loyalty.

Assignment guidelines

Organise the class into groups of not more than six people.

The groups must study a community of their choice and write down how businesses and people adhere to ethics. They must create a report that includes their research and findings about how ethics affect the community.

- The introduction should show the meaning of the term ethics and describe the community.
- The main body should clearly explain ethics, outline the way ethics are adhered to and describe how businesses and people in the community observe ethics.
- The essay must include a section on how observing ethics or not observing them affects the society.

Theory test

Answer all the questions.

Marks: 30 marks

- Which of the following is not an ethical principle?
 A Honesty B Accountability C Fraud D Respect (1)
- Integrity means:
 A trustworthiness in all things
 B being fair and just
 C having a consistent character
 D being humble. (1)
- Accountability is:
 A being upright in business matters
 B honesty in all circumstances
 C the willingness to accept responsibility for your actions
 D enhancing the good reputation of the company. (1)
- Which of the following is not a role of ethics?
 A Enhancing equality in society
 B Intolerance of cultural diversity
 C Responsibility among citizens
 D Promoting non-discrimination (1)
- Which of the following is not a managerial function?
 A Leading B Controlling C Motivating D Directing (1)

6. Controlling means:
- A listening to employees' views
 - B giving orders and clear instructions to employees
 - C verifying whether everything is going according to plan
 - D planning ahead. (1)
7. Define the term 'ethics'. (2)
8. Why is it essential to plan in an organisation? (2)
9. Discuss the importance of management functions to a business. (20)

Answers to Theory test

1. C 2. A 3. C 4. B 5. C 6. C (6)
7. Ethics are the moral standards you rely on when you make a decision. They concern an individual's moral judgements about right and wrong. (2)
8. It is essential to plan as planning gives the company direction, and ensures that the company is on course. (2)
9. Importance of management functions

Marking guidelines

- Introduction should mention the management functions 5 marks
 - Main body should discuss points on the importance of management functions 10 marks
 - Conclusion 5 marks
- Total marks for essay: 20

Model answer

The five management functions are planning, co-ordinating, organising, directing and controlling. These five comprise the duties of managers in business organisations.

Management functions are important to a business as they help in the following ways:

- They help to accomplish goals. – This is done through planning the use of all the resources and understanding how to balance each of the resources in such a way that each task is performed and completed in the most cost-effective way.
 - They help with time management. – Planning and knowledge of each step of a business' value chain is important for an effective and efficient organisation.
 - They help with decision-making. – Management and all employees of a business must understand each step of their jobs and tasks extremely well.
 - They help to generate a profit. – It is vital for a business to ensure that expenses are as low as possible and as much income is received as possible.
 - They help to reduce costs. – Companies get maximum results when they use proper planning to get the maximum output with the minimum input.
- Management needs to use physical, human and financial resources in order to get the best results. This helps in cost reduction.

Total marks: 30

Learning outcomes

By the end of this topic, learners should be able to:

- draw up personal budgets
- discuss the reasons for borrowing
- identify the borrowing options
- recognise the legal obligation to pay tax
- analyse the need for financial advice
- determine the consequence of financial mismanagement
- identify the different types of banks
- describe the services offered by commercial banks.

Expanded teaching notes

- Define personal budgets.
- Discuss the importance of personal budgets.
- Show the learners how to prepare personal budgets.
- Show the learners how create a personal budget template and get them to use it.
- Identify situations in which individuals should borrow.
- List borrowing options.
- Evaluate the borrowing options.
- Define taxation.
- Identify and explain types of taxes.
- List examples of direct and indirect taxes.
- Have a discussion with the class where the learners talk about where they get financial advice.
- Explain sources of financial advice.
- Discuss the consequences of poor financial management. Give examples from real life.
- List different types of banks.
- Draw a diagram to show the different types of banks.
- Visit commercial banks and get brochures.
- Describe commercial bank functions.

Resources

- Recommended textbook
- Budget template
- Resource persons
- Cheque books

- Bank brochures
- Deposit slips
- Charts
- Bank cards
- ATMs
- ITC tools

Answers to Exercises and Activities

Exercise 6.1

1. A budget is a detailed summary of the likely income and expenditure by an individual for a given period of time.
2. It is important to prepare a budget to:
 - keep track of your finances
 - pay bills on time
 - plan for savings.
 - adapt to financial changes
 - get out or keep out of debt
3. The steps to preparing a budget:
 - Write a list of your financial goals and arrange them in order of importance.
 - List your sources of income and the amount that comes in from each source.
 - List everything you spend your money on. You can use old financial documents such as receipts and statements to help you make this list.
 - Compare your income and your expenditure.
 - Add up all your income and your expenses, and subtract the expenses from the income to get the net income.
4. Fixed expenses are paid every month and usually the amount paid does not vary. Rent is an example of a fixed expense. Variable expenses may not be paid every month and the amounts paid may vary. Spending on clothing is an example of a variable expense.
5. Examples of expenses:
 - food
 - clothing
 - education
 - rent
 - loan repayments
 - transport. (Any five)

Exercise 6.2

1. Borrowing is the act of taking and using another person's asset or money with the intention of giving it back after a certain period of time.
2. People borrow money to:
 - start a business
 - fund special events
 - meet emergencies
 - buy assets.
3. Methods of borrowing:
 - loans
 - hire purchase
 - credit card
 - mortgage.
 - overdraft
 - leasing
 - credit sale

4. Interest is the cost of borrowing and is usually expressed as a percentage of the borrowed amount.
5. A mortgage loan is a long-term loan given by building societies or banks only for the purchase or construction of a building.

Exercise 6.3

1. 'A tax is a statutory obligation' means that:
 - tax is compulsory for those who qualify to pay taxes.
 - any attempt to evade paying taxes is a criminal offence.
2. Direct taxes are taxes on income. These are taxes paid directly to government by the taxpayer. They are collected directly from the taxpayer's income by the government. Examples: income taxes, profit taxes and wealth taxes.
3. Examples of indirect taxes:
 - sales tax
 - excise duty
 - value added tax (VAT)
 - customs duty. (Any two)
4. Indirect taxes are collected on behalf of the government by an intermediary. They are paid indirectly to government. Example: sales tax and VAT are taxes on goods and services
 Direct taxes are collected by the government and are paid directly to government by the taxpayer. Example: pay as you earn (PAYE)
5. Consequences of poor financial management:
 - bankruptcy
 - loss of property due to repossessions
 - poor credit rating
 - depression
 - overspending
 - imprisonment. (Any five)

Activity 6.4

Type of financial institution	Example
Central bank	Reserve Bank of Zimbabwe
Commercial bank	Standard Chartered, CBZ Bank
Savings bank	People's Own Savings Bank
Building society	CABS
Merchant bank	Tetrad Investment Bank
Discount house	National Discount House
Finance house	Scotfin

Exercise 6.5

1. Services provided by commercial banks:
 - sending and receiving payments on behalf of clients
 - providing financial advice and information
 - operating savings and current accounts

- keeping valuables safe
 - providing finance through loans and overdrafts
 - providing ATMs.
2. A direct debit system:
- reduces the risks of bad debts
 - assures the creditor of payment
 - removes the necessity of remembering to make the payment
 - saves on clerical work as there is no need to send reminders
 - ensures prompt payment.
3. Commercial banks in Zimbabwe:
- | | |
|------------|---------------------------|
| • BancABC | • Standard Chartered Bank |
| • ZB bank | • Barclays Bank |
| • Agribank | • NMB Bank |
4. A stop order is a method of payment used to pay fixed amounts at regular intervals, such as insurance premiums.
5. A stop order is used to pay fixed amounts at regular intervals, such as subscriptions. The debtor initiates payment.
A direct debit order is used to paying varying amounts at irregular intervals. The creditor initiates payment.

Exercise 6.6

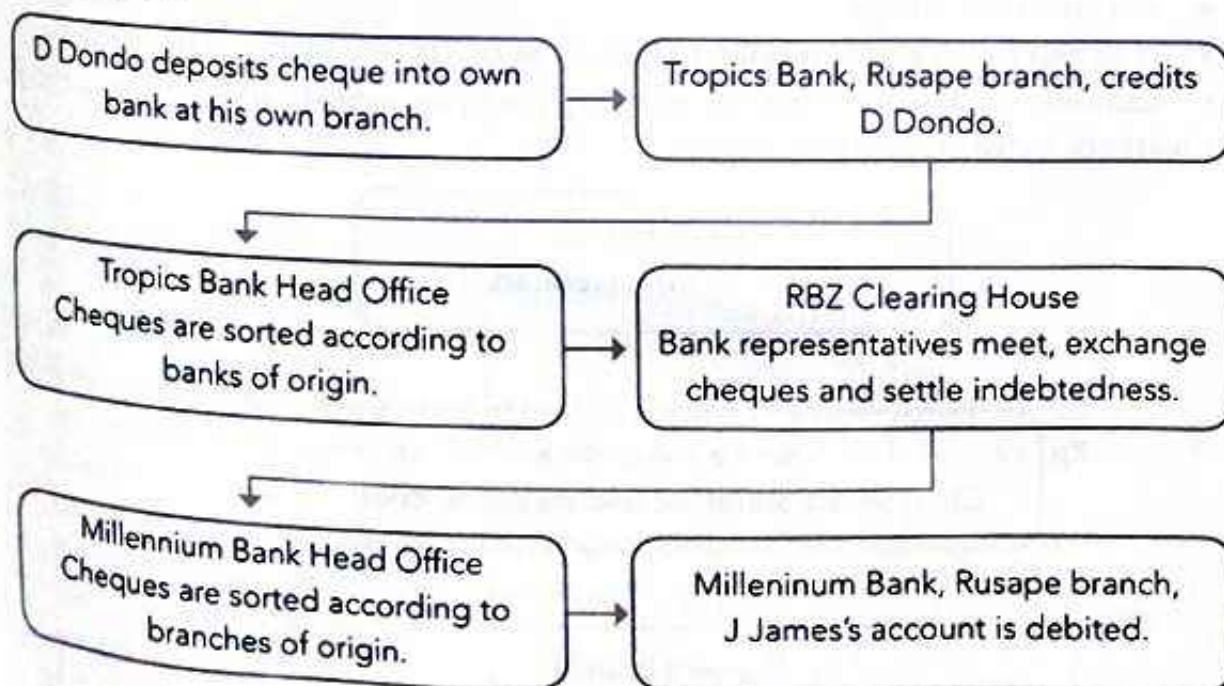
1. Advantages of a current account:
- no minimum balance
 - account can be overdrawn
 - no notice of withdrawal required
 - withdrawals can be made at any time
 - account holders receive monthly statements
 - access to ancillary services, such as a direct debit system. (Any four)
2. a) A credit transfer is appropriate to pay salaries.
- One cheque is used to pay many accounts at the same time.
 - It is cheaper than writing and posting several cheques.
- b) A stop order is appropriate to pay for a subscription.
- Subscription payments are fixed and are paid at regular intervals.
 - The method ensures prompt payment to the creditor.
 - The debtor does not need to remember payment.
- c) A direct debit is appropriate for paying water bills.
- The amount paid for water bills varies from month to month and the dates of payment also changes from month to month.
 - The creditor is assured of payment.
3. Features of a savings account:
- | | |
|--------------------------------------|---------------------------------|
| • A minimum balance is required. | • It can be opened at any bank. |
| • It is ideal for long-term savings. | • It earns high interest. |

- Notice of withdrawal is required.
- A bank statement is provided on request.
- There are no ledger fees.
- The holder is given a passbook and bank card for transactions.
- All payments from the account are on a cash basis. (Any four)

Exercise 6.7

1. The three parties to a cheque are: the drawer, the drawee and the payee.
2. Crossing a cheque cancels the instruction to pay cash over the counter. The cheque must be deposited into a bank account.
3. General crossing:
 - The cheque can be deposited at any bank and branch of the payee.
 - It does not specify the name of the bank or branch between the crossings.
 Special crossing:
 - The cheque must be deposited into the named bank and/or branch.
 - It has the name of bank and/or branch written in between the crossings.
4. Check that the learners' diagrams show the following:
 - the drawer
 - the payee
 - the date
 - the account number
 - the drawer's signature.
 - the drawee
 - the branch code
 - the amount in words and in figures
 - the cheque number
5. An open cheque has no parallel lines drawn across its face and can be cashed over the counter.

Activity 6.1



Exercise 6.8

1. Reasons a cheque may be dishonoured:

- The account is closed.
- There are insufficient funds in the account.
- The cheque has details missing.
- The cheque is stale or post-dated.
- The drawer has made a stop payment.
- The amount in words differs from the amount in figures.
- The drawer's signature differs from the specimen.
- The cheque is torn, dirty or mutilated.
- The drawer has been declared insane, dead or bankrupt. (Any four)

2. Advantages of making payments by cheque:

- Cheques can be sent cheaply by ordinary mail, especially when crossed.
- Payments can be made at any time.
- They can be drawn up to pay any amount.
- They save the time and labour of counting notes and coins.
- Payments may be stopped when necessary.
- A cheque can be post-dated.
- Cheques are easy to carry around.

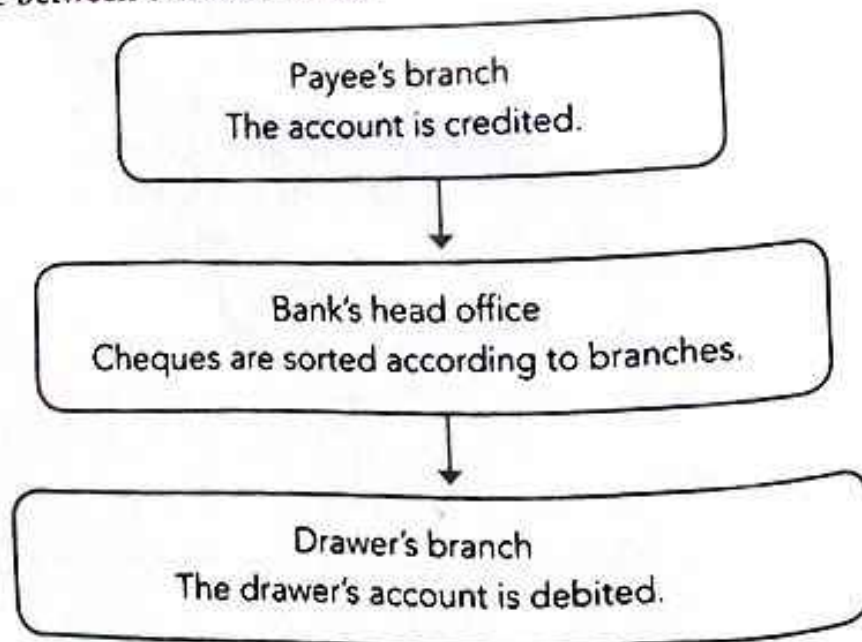
3. A bank draft:

- is a bank cheque
- is drawn by a bank on itself
- can be drawn in foreign currency.

A bank certified cheque:

- is a customer cheque
- is drawn by an account holder and signed on its face by the bank manager
- can only be drawn in local currency.

4. Clearance between different banks:



5. A cheque card is a card issued to a current account holder to be used together with a cheque book. It guarantees the payments by cheque up to an agreed limit.

Exercise 6.9

1. An ATM is an automated teller machine. It is a self-operating machine installed on the outside walls of a banking hall to provide banking services to clients.
2. Advantages of ATMs to the banker:
 - They provide a 24-hour service.
 - They reduce paperwork as there is no need to complete deposit or withdrawal slips.
 - They save on labour.
 - They save on space.
 - They are fast in dispensing cash.
 - You have to use a PIN for security. (Any two)
3. Methods of borrowing from a commercial bank:
 - loan
 - overdraft
 - credit cards. (Any two)
4. Interest on a bank loan is charged once on the whole amount. The rate is fixed and is low.
Interest on an overdraft is charged daily on the amount overdrawn. The rate varies and is usually high.
5. Plastic money refers to all cards issued to bank customers used in place of cash to purchase goods and services.

Answers to Revision questions

1. D
2. B
3. B
4. C
5. A
6. Indirect taxes are collected on behalf of the government by an intermediary. They are paid indirectly to the government. For example, sales tax and VAT are taxes on goods and services.
Direct taxes are collected by the government and are paid directly to government by the taxpayer. For example, pay as you earn (PAYE).
7. Methods of borrowing:
 - bank loan
 - credit card

- leasing
 - overdraft
 - hire purchase. (Any two)
8. Steps in preparing a personal budget
- Determine your financial goals.
 - Determine your sources of income.
 - Determine your expenses.
 - Compare your income and your expenditure.
9. Crossing a cheque:
- cancels the instruction to pay on demand
 - cancels the instruction to pay cash over the counter
 - ensures that the cheque must be deposited into a bank account.
10. A bank loan:
- is available to anyone with collateral security
 - can be obtained from any bank
 - is a long-term method of borrowing
 - is a formal way of borrowing.

An overdraft:

- is available to current account holders only
- is provided by commercial banks only
- is a short-term method of borrowing
- is an informal way of borrowing
- does not require collateral.

(Any three differences)

11. a) Differences between a current account and a savings account:

Current account	Savings account
For short term saving	For long-term saving
Provided by commercial banks only	Provided by any bank
Earns low interest	Earns high interest
Account can be overdrawn	Requires a minimum balance
Withdrawal can be done any time	Requires notice of withdrawal
Holder is given a cheque book	Holder is given a passbook

b) Budgeting enables individuals to:

- have more control over their finances
- monitor the movement of their money
- adapt to changing financial situations
- continuously evaluate their spending through budget reviews
- pay bills on time
- get out of debt or keep out of debt
- plan for their savings.

12. a) Reasons a cheque may be dishonoured:

- The account is closed.
- There are insufficient funds in the account.
- There are details missing from the cheque.
- The cheque is stale or post-dated.
- The drawer has made a stop payment.
- The amount in words differs from the amount in figures.
- The drawer's signature differs from the specimen.
- The cheque is torn, dirty or mutilated.
- The drawer has been declared insane, dead or bankrupt.

b) Poor financial management often results in:

- overspending, impulse buying or unplanned expenditure
- over-borrowing / high indebtedness
- the inability to pay off debts
- the loss of property through repossession
- a poor credit rating – you may be blacklisted
- costly legal action
- bankruptcy
- depression
- imprisonment.

13. a) Government charges taxes to:

- raise revenue to finance government operations
- redistribute wealth
- discourage consumption of goods considered harmful to society, such as tobacco.

b) The learners' responses should highlight the services provided by commercial banks, giving examples where necessary.

Services provided by commercial banks:

- sending and receiving payments on behalf of clients
- providing financial advice and information
- operating savings and current accounts
- keeping valuables safe
- providing finance through loans and overdrafts
- providing ATMs.

Assignment guidelines

'Borrowing has never been a good option.'

The learners must work on their own to do some research and then write an essay discussing whether they agree or disagree with the statement above.

- The introduction should give a definition of borrowing.

- The main body should clearly explain the advantages and disadvantages of borrowing.
- The conclusion should say whether they agree or disagree with the statement and why.

Project guidelines

The learners are to work in pairs to do this project. They must:

- select a job of their choice
- select the area or town they want to live in
- decide on their expenses for the month (these should be reasonable)
- research the income that their selected job pays and the rent they are likely to pay in the area they have chosen to live in.

Theory test

Answer all the questions.

Marks: 75 marks

- Which of the following is a reason for dishonouring a cheque?
 - The cheque is crossed
 - The cheque is written in red
 - The cheque is endorsed
 - The cheque is missing the drawer's signature
 (1)
- What method is suitable for paying insurance premiums?
 - Bank giro
 - Credit transfer
 - Direct debit
 - Stop order
 (1)
- Which of the following is an example of a direct tax?
 - Customs duty
 - Sales tax
 - Pay as you earn (PAYE)
 - Value added tax (VAT)
- The following are examples of commercial banks except:
 - CABS
 - Standard Chartered Bank
 - CBZ
 - ZB Bank
 (1)
- Which of the following is a charge for borrowing?
 - Interest
 - Rent
 - Profit
 - Wages
 (1)
- Identify any two sources of financial advice.
 - Explain any two benefits of preparing a personal budget.
- State any four services provided by commercial banks.
- What is an overdraft?
 - What is the difference between an open cheque and a crossed cheque?
- Give two reasons why governments charge taxes.
- What are four advantages of making payments by cheque?

11. a) Explain the steps taken when preparing a personal budget. (5)
 b) How does a diamond miner benefit from the services provided by commercial banks? (6)
12. a) Explain any five methods that can be used for borrowing. (5)
 b) Describe a savings account. (10)
13. a) Explain the benefits to a trader of operating a current account. (10)
 b) Distinguish between a stop order and a direct debit. (10)

Answers to Theory test

1. D
 2. D
 3. B
 4. A
 5. A
 6. a) Sources of financial advice: (5)
 - banks
 - stockbroking firms
 - insurance companies
 - unit trust companies
 - friends and relatives. (Any two) (2)
- b) The learners should give two benefits and explain them. Mere listing of four benefits without explanation will earn the learner two marks.
 Benefits of preparing a budget:
 - You have more control over your finances.
 - You can monitor the movement of your money.
 - You can adapt to changing financial situations.
 - You can continuously evaluate your spending.
 - It helps you pay your bills on time.
 - You can get out of debt or stay out of debt.
 - You can plan for your savings. (Any two with explanation) (4)
7. Commercial banks – accept deposits, receive and make payments on behalf of clients, provide loans and overdrafts, operate ATMs, provide safety deposit facilities for keeping valuables, provide financial advice and information and provide night-safe facilities. (Any four) (4)
8. a) An overdraft is a method of borrowing that is provided by commercial banks only. It allows a current account holder to withdraw more money than what is in the account up to an agreed limit. (2)
 b) An open cheque:
 - does not have two parallel lines drawn across its face
 - can be cashed over the counter
 - is not safe and cannot be traced if lost.

A crossed cheque:

- has two parallel lines drawn across its face
- has to be deposited into a bank account
- can be traced if lost and is safe.

(6)

9. Governments charges taxes:

- to finance government activities
- to redistribute income
- to discourage consumption of certain goods. (Any two)

(2)

10. Advantages of making payments by cheque:

- Cheques can be send cheaply by ordinary mail, especially when crossed.
- Payments can be made at any time.
- They can be drawn up to pay any amount.
- They save the time and labour of counting notes and coins.
- Payments may be stopped where necessary.
- A cheque can be post-dated.
- Cheques are easy to carry around. (Any four)

(4)

11. a) Steps to preparing a budget:

- Determine your financial goals.
- List your sources of income.
- Determine your expenditure.
- Compare total income and total expenditure.
- Periodically review the budget.

(5)

b) The services provided by commercial banks that will be useful to a diamond miner:

- keep money and other valuables safe
- provide means of making and receiving payment
- provide automated teller machines
- provides foreign currency
- provide bank loans and overdrafts
- give financial advice and information.

(6)

12. a) Borrowing options:

- | | |
|------------------|----------------|
| - credit cards | - overdrafts |
| - personal loans | - mortgages |
| - hire purchase | - credit sales |
| - leasing. | |

(5)

b) The learners should give the features and advantages of a savings account.

- The account can be opened with any banking institution.
- Savings accounts are aimed at those who wish to save large sums over long periods of time.
- The account earns interest.
- The account requires a minimum balance and cannot be overdrawn.

- The account holder uses a passbook, deposit and withdrawal slips to carry out transactions.
- All payments from the account are made on a cash basis.
- Holders have no access to stop orders, direct debit and credit transfer facilities.
- The account has no ledger fees but the client has to pay service charges for transactions carried out.
- Notice of withdrawal is needed.
- Account holders do not receive monthly statements. Statements are only issued on request.

(10)

13. a) Should outline advantages of operating a current account.

- Payments can be made using cheques.
- The account has no minimum balance.
- The trader can overdraw from the account if authorised by the bank (at a fee).
- A current account is ideal for keeping small sums of money for short periods, as balances earn low rates of interest.
- The trader receives monthly statements from the bank summarising all transactions.
- Withdrawals from the account can be done at any time, even without notifying the bank.
- The trader has access to facilities such as stop orders, direct debits and credit transfer facilities.

(10)

Learners should expand on the benefits.

b)

Stop order	Direct debit
Used for paying fixed amounts at regular intervals	Used for paying varying amounts at irregular intervals
Debtor initiates payments	Creditor initiates payment
Ideal for paying insurance premiums, subscriptions and instalments	Ideal for paying water bills, electricity bills, telephone bills
Debtor must have a bank account	Both debtor and creditor must have bank accounts

(10)

Total marks: 75

Learning outcomes

By the end of this topic, learners should be able to:

- explain the principles of insurance
- identify the documents used in insurance
- describe the features of each document
- outline the procedures for obtaining an insurance policy
- describe the procedure for effecting a claim
- state the functions of brokers, underwriters, actuaries and assessors.

Expanded teaching notes

- Explain the principles of insurance.
- Emphasise the importance of clients providing true and correct information because the insurance industry relies mostly on honest people who do not aim to profit from any unfortunate event.
- Discuss the values of honesty, accuracy, responsible thinking and fair dealing when providing information that will be used to determine what kind of policy you get.
- Talk about the consequences of dishonesty in the insurance industry.
- Identify the documents used in insurance.
- Bring actual or sample documents and get the learners to practise reading everything written in the documents.
- Explain the importance of reading all the printed information on these documents as they are legal documents.
- Give the learners copies of the documents and get them to fill them in to practise completing the documents.
- The learners can dramatise how adults complete the documents, while somebody acts as the interpreter of what is on the documents.
- Outline the procedures in obtaining an insurance policy.
- Ask the learners to dramatise how to obtain an insurance policy in pairs. One learner acts as an insurance agent and the other as a potential client. The insurance agent must persuade the client to obtain a policy by giving the benefits of having an insurance policy. The client fills in the proposal form. The insurance agent explains the cover note and the insurance policy. Choose the type of insurance the learners can practise obtaining, for example, a motor vehicle insurance policy.

- Describe the procedure for effecting a claim.
- Get the learners to practise making a claim. Get them to imagine an unfortunate event, for example, a car accident. Help the learners describe the event on the claim form.
- State the functions of brokers, underwriters, actuaries and assessors.
- Invite a resource person from the insurance industry to explain the importance of insurance to ordinary people and businesses. Ask the resource person to describe the functions of major insurance players. The resource person can also bring to the learners' attention the various careers learners can aspire to.
- Use a lot of dramatisation as a way of providing concrete exposures to learners. Provide practical lessons at every stage of the topic development.

Resources

- Insurance brochures
- Proposal and claim forms
- Pamphlets
- Recommended textbooks
- Samples of relevant documents
- Resource person from the insurance industry
- ICT tools

Answers to Exercises

Exercise 7.1

1. The following risks are covered by an insurance company:
 - General insurance covers the household, motor cars, travel, fire, wind, floods, lightning, thunderbolt, earthquake, burst pipes or escape of water, housebreaking, theft of fixtures and fittings, accidental breakages or collapse of television or radio aerials or satellite dishes, breakages of glass and sanitary ware, and transit cover of goods and many more.
 - Life insurance/assurance covers illness, injury, death, medical expenses, funeral expenses, retirement plans, whole life and endowment policies.
 - Commercial insurance covers business risks such as transit insurance, employers' liability, consequential loss, fidelity guarantee, public liability, pluviosus policy (for example, when work has to stop because of rain) and plate glass. Some of these risks are covered under general insurance cover and marine cover.
 - Reinsurance is when one part of the risk is placed with another insurer by an insurance company as a way of sharing a risk that may be too big for one company.
2. The parties to an insurance policy are the insured and the insurer.

3. The insurance company will not compensate the insured because of failure to provide information in utmost good faith.
4. Household, motor-car and travel risks are covered by general insurance cover.

Exercise 7.2

1. You cannot insure a neighbour's house because there is no insurable interest.
2. Insurance companies compensate you for the risks that have occurred and for the sum insured only. You may not profit from the compensation.
3. Insurance is only there to cover for the loss and put the insured in the position he or she was in before the occurrence of the loss.

Exercise 7.3

1. The insurance company will not compensate you for the full amount if you have underinsured the property. You will have to pay the difference.
2. If the insured has taken out several insurance policies for the same risk with several insurance companies, the insurance companies will each only pay a share of the compensation being paid for that risk.
3. The insured value is what the insured is paying premiums for, and the actual value is what has been assessed by an assessor of an insurance company.

Exercises 7.4

1. A signature on a proposal form is evidence that you have agreed to the terms and conditions of the insurance company.
2. A renewal notice reminds the insured that the premiums are required for the continuation of cover to the next period of cover.
3. A cover note is issued when temporary cover is provided until after the inspection of the property has been done and a policy is then issued if the conditions are met.

Exercise 7.5

1. An insurance claim cannot be made for anything not stated in the policy. You have to specify what is going to be covered so as not to cause confusion when a claim is being made. You have to know the risks that can endanger you and your property.
2. Insurance companies rely on police reports for evidence that burglaries have occurred.
3. A cover note comes first. It comes while you wait for verification of certain aspects of the risk about to be covered.

Exercise 7.6

1. The actuary studies and analyses statistics on the frequency of an occurrence of a risk and its causes from past records. This is used to determine what premiums should be paid.

2. An independent insurance agent represents several insurance companies and is licensed to sell insurance policies throughout the country.
An exclusive insurance sells insurance policies for just one insurance company.
3. Functions of assessors:
- They study the details on proposal forms.
 - They assess whether the risks stated on proposal forms are insurable.
 - They collect statistics on the risks.
 - They analyse the statistics.
 - They examine damage and losses.
 - They calculate the actual value of what has to be compensated.
 - They recommend the amount that has to be paid out to the insured who has suffered the loss.
 - If the amount is disputed, they negotiate what has to be paid out. (Any two)

Answers to Revision questions

1. C 2. D 3. B 4. D 5. D
6. B 7. A 8. B 9. A

10. a) Underinsurance is when the insured does not insure property to the correct value but insures it for less than the actual value. Overinsurance occurs when a property is insured for more than the actual value.
- b) A contract of indemnity means that in the event of a loss, the policyholder can only be compensated for what is lost and nothing more. The reasons for it:
- Insurance is paid after the occurrence of an insured risk.
 - The insured is restored to the position he or she was in before the occurrence of the event.
 - Compensation is paid only for the loss that has been incurred.
 - Compensation does not allow the insured to make a profit from the loss.
 - Compensation includes subrogation, contribution and average clause.
11. a) Details on a proposal form:
- all information about what is going to be insured
 - the full names of the person to be insured
 - the applicant's physical address
 - the applicant's profession and occupation
 - details of the applicant's previous and current insurance
 - details of any loss experienced
 - the sum to be insured or assured
 - the applicant's signature
 - the date of proposal
 - the place where the proposal was done

- a declaration by the applicant that all the statements contained in the proposal are true and correct, and the applicant has not concealed, misrepresented or deliberately mis-stated any information. (Any five)
- b) Learners to explain any two uses of any of the above details.
12. a) The policyholder was only compensated \$7 500.
 - b) It is not wise to over-insure because you do not benefit from an inflated value. Only the actual value is compensated, and you have to pay higher premiumss.
 13. a) Documents required for a claim:
 - a police report
 - a medical report
 - the insurance policy.
 - b) 'Compensation is for the loss incurred' means that the insured is covered for the loss only and does not profit from the loss-making event.
 14. a) Insurable risks:
 - have a historical consistent record
 - can be assessed
 - can be calculated from past statistics
 - have a premium that can be fixed
 - have a risk that can be insured.

Non-insurable risks have none of the above.

 - b) The actuary studies and analyses statistics on the frequency of an occurrence of a risk and its causes from past records. This is used to determine what premiums should be paid.
 15. The principle of indemnity is as follows:
 - Insurance is paid after the occurrence of an insured risk.
 - The insured is restored to the position he or she was in before the occurrence of the event.
 - Compensation is paid only for the loss that has been incurred.
 - Compensation does not allow the insured to make a profit from the loss.
 - Compensation includes subrogation, contribution and average clause.
 16. Functions of the underwriter:
 - They study insurance proposals.
 - They gather and assess background information in order to effectively assess the risk involved.
 - They calculate the possibility of risks.
 - They decide whether the risk should be shared with a reinsurer.
 - They compute appropriate premiums.
 - They visit brokers or potential customers and prepare quotes.
 - They liaise with specialists, such as surveyors or doctors, for risk assessment.
 - They gather information (such as medical records) from specialists.

- They ensure that premiums are competitive.
- They specify whether any conditions should be imposed on different types of policies.
- They negotiate with brokers or policyholders and draw up contracts.
- They write policies.
- They keep detailed and accurate records of policies underwritten and decisions made. (Any four)

17. See Questions 3 of Exercise 7.6 for the functions of assessors.

18. The learner should explain each of the points in making an insurance claim:

- Obtain a police report if the loss involved and accident, natural disaster, burglary or theft.
- Complete a claim form in utmost good faith and include the following supporting documents:
 - three quotes from three different repair companies, if necessary
 - the police report, with the police case number
 - a medical report, if required.
- Submit the documents to the insurance company.

19. Subrogation is where the insured cannot profit from a loss and gives up the right to the damaged or stolen asset, which becomes the property of the insurer when the insured has been compensated.

Average clause prevents the insured from profiting from underinsuring or over-insuring.

Learners must provide reasons why the two are important in insurance.

Assignment guidelines

Divide the class into groups of three to five people. The learners need to collect documents used in the insurance industry. They can use the Internet, visit the offices of insurance companies or write letters to the companies requesting them.

You may need to have some spares for those who cannot get them easily. The following documents must be collected:

- prospectus
- proposal form
- cover note
- policy document
- claim form
- renewal notices used in property insurance policies and motor vehicle policies.

Check that learners paste in the documents neatly and so they can be read completely. Check the notes for correct understanding of the uses of the documents.

Display the documents on the walls of the classroom.

Theory test

Answer all the questions.

Marks: 35 marks

1. Explain why an insurance company would:
 - a) not pay the value of a house if it was underinsured (5)
 - b) pay only the value of a house if it was over-insured. (5)
2. Describe any four roles of assessors in the insurance business. (25)

Theory test answers

1. The insurance company does not want the insured to profit from the occurrence of an unfortunate event. (2)
 - a) A person who underinsures his or her house may profit from the difference between the actual value and the insured amount of the house. For instance, the actual value of the house could be \$50 000 and the insured amount is \$40 000. If the house is completely destroyed, the insurance company will pay \$40 000 and not \$50 000 because the insured will profit by \$10 000. (5)
 - b) Similarly, if the house is over-insured to the value of \$65 000, the insurance company will only pay the actual value of the house, \$50 000, to prevent the insured from gaining \$15 000. (3)
2. See Question 3 of Exercise 7.6 on page 61 for the roles of assessors. (Introduction 2 marks, conclusion 3 marks, 5 marks for each well-explained point) (25)

Total marks: 35

Learning outcomes

By the end of this topic, learners should be able to:

- identify the agents of postal services
- describe each of the postal services
- explain the importance of various postal services
- discuss the drawbacks of each postal service
- explain the importance of effective communication
- identify enhancers of effective communication
- outline barriers to effective communication
- suggest ways of overcoming barriers to effective communication.

Expanded teaching notes

- Discuss the different agents of postal services and their advantages and disadvantages.
- Explain the importance of each type of postal service.
- Discuss and explain the importance of effective communication.
- Discuss effective communication, highlighting the barriers and enhancers of effective communication.
- Hold a class discussion on practical ways to overcome barriers to effective communication.
- Use role play to show barriers and enhancers of effective communication.

Resources

- Recommended textbooks
- Resource persons
- Postal agents
- ICT tools
- Video clips aimed at effective communication
- Material from service providers (such as brochures, magazines and application forms)
- Site visits to various postal agents
- Communication games

Answers to Exercises

Exercise 8.1

1. Examples of agents of postal services:

- DHL
- TNT
- FedEx
- Zimpost.

2. Examples of postal services:

- letter services
- freepost
- recorded delivery
- parcel post
- expedited mail services (EMS) or Priority Mail Express International
- post office boxes
- business reply services
- registered mail
- poste restante
- franking services
- private bags
- cash on delivery.

3.

	Business reply	Freepost
Uniqueness	Businesses use business reply to send questionnaires or order forms to potential customers. The reply envelopes make it easy for the customer to send back their replies. Business reply is mainly used in market research. The business pays for postage and not the respondent.	Some businesses offer a freepost service that allows people responding to a particular advertisement to post their replies without paying any postage.
Advantages	It enables traders to advertise their goods and services. It encourages potential customers to reply to advertisers immediately. The respondent does not pay for postage.	It enables customers to quickly respond to a survey. The customer does not need to pay for postage. The business receiving the document sent via freepost will only pay for the actual items received. It is therefore a cheaper option than business reply services, where the business pays for each envelope or card upfront.
Disadvantages	The sender (business) does not know if their document with the reply card or envelope was delivered to the recipient. The sender (business) does not know if their document was opened or read. The sender must pay for each reply card or envelope that is sent to the receiver.	The business incurs an extra cost for the use of the freepost. The business has no idea how many responses will be received.

4. Similarities between registered post and recorded delivery:
- Both methods are used for important, valuable documents.
 - Both use a specially marked envelope.
 - Both have a unique number for each item to allow both sender and addressee to be able to track the progress of the document.

Exercise 8.2

1. Effective communication is where the message sent from the sender is received, understood and acted upon in the way intended by the sender.
2. The four features necessary for communication to be effective:
 - the sender (person)
 - the medium (the way the communication takes place, for example, written or verbally)
 - the receiver (person)
 - feedback.
3. One-way communication is when the sender sends the message but does not know if the receiver understood the message. In short, only one person communicates.
Two-way communication takes place when the sender and receiver can check whether the intended message was the message received by the receiver. In this way any misunderstanding or confusion can be eliminated. In short, this is when both sender and receiver communicate with one another.

Answers to Revision questions

1. C 2. B 3. B 4. A 5. C
6. a) Post office boxes provide security to people and business organisations that do not have street addresses or live out of town or where postal delivery is irregular or not accurate.
b) A trader would use letter post if the client does not have electronic mail (email), if the communication is too large or if the trader would like to do a mass marketing campaign without requiring any response or feedback from the potential customer.
 7. Airmail is more expensive than surface mail. A special airmail sticker is used on envelopes and parcels to state that it is airmail. Airmail letters and parcels arrive quicker at the addressee than surface mail. The mail is sent by aeroplane.
Surface mail is the cheapest way to send letters or parcels. Ordinary envelopes are used for surface mail. It takes longer for surface mail to be delivered to the addressee than using airmail. The mail is sent by truck or train.
 8. Advantages of effective communication:
 - Effective communication allows staff to participate in decision-making.

- The business can quickly respond to changes in the market, such as price changes.
 - Effective communication enhances the co-ordination between the departments in the organisation. For example, good communication can help the production and marketing departments to work effectively together.
 - The management functions of planning, organising, co-ordinating and controlling are only possible when effective communication is present.
 - Good decisions can be made because of consultation and effective communication between all stakeholders.
 - Mistakes or misunderstandings are reduced. (Any three)
9. Accept any reasonable answers. The learners can give specific or general barriers. Some example of specific barriers:

Answer 9.a)	Answer 9.b)
Language used is too difficult, jargon or technical terms may not be understood by the receiver.	Use clear and simple language. Avoid the use of technical jargon unless a list of technical jargon is part of the document.
The sender speaks too fast or not clearly enough.	The sender should make the message as clear as possible. Ask for feedback to ensure the message is being understood.
The message is too long and too much detail prevents the main points being understood.	The message should be as brief as possible.
The sender communicates the wrong message or passes it to the wrong receiver.	The senders should make sure that the right person is receiving the right message.

10. a) **Poste restante:** This is a way to send letters or parcels to people who have no fixed address. Letters or parcels are addressed to the nearest post office and have 'poste restante' clearly written on the envelope or parcel. Post restante mail is held at the post office until the addressee collects the letter or parcel.

Advantages:

- It is a relatively secure and safe way of sending parcels and letters.
- It is an easy way to send letters or parcels to people who have no fixed address at the given time.

b) **Business reply:** This service is used to promote business orders or solicit information from customers using questionnaires that can be sent back to the business in the reply envelope. The business organisations have a licence number printed on the reply cards or envelopes. The business reply service is mainly used in the market research environment, where the business pays for the postage.

Advantages:

- It enables traders to advertise their goods and services.
- It encourages potential customers to reply to advertisers immediately.
- The respondent does not pay for postage.

c) Registered mail: Registered mail is used to send important documents, such as certificates and contracts. You have to use a special envelope and a certificate of posting is issued. Compensation for any loss is in proportion to the value of the item.

Advantages:

- It provides a safe and secure means of communication.
- The user is reimbursed for any loss from damage or theft, if insured.
- The sender can request proof of delivery once the document is delivered.

11. See the answer to question 8 on pages 67 and 68 for the importance of effective communication to a business.

12. Barriers to effective communication and suggested solutions to these barriers:

Barriers to effective business communication	Suggested solutions to the barriers stated on the left
Problems with the sender	
Language used is too difficult; jargon or technical terms may not be understood by the receiver.	Use clear and simple language. Avoid the use of technical jargon unless a list of technical jargon is part of the document.
The sender uses verbal means of communication but speaks too fast or not clear enough.	The sender should make the message as clear as possible. Ask for feedback to ensure the message is being understood.
The message is too long and too much detail prevents the main points being understood.	The message should be as brief as possible.
The sender communicates the wrong message or passes it to the wrong receiver.	The senders should make sure that the right person is receiving the right message.
Problems with the medium	
The message may be lost.	It is important to insist on feedback. If no feedback is received, the sender assumes the message was lost.

Barriers to effective business communication	Suggested solutions to the barriers stated on the left
The wrong channel may be used.	The sender should select the appropriate channel for each message sent.
If the message is sent down a long chain of command, the original meaning of the message may be lost or become distorted.	The shortest possible channel should be used.
No feedback is received.	A meeting is more useful as it encourages feedback.
Problems with the receiver	
They might not be listening or paying attention.	Emphasise the importance of the message. The receiver must ask for feedback to ensure understanding.
The receiver may not like or trust the sender. They may be unwilling to act upon his or her message.	There should be trust between the sender and the receiver, or another sender should be used who is trusted by the receiver.
Problems with feedback	
There is no feedback.	Perhaps no feedback was requested or the communication method used did not allow feedback.
It is received too slowly or distorted. Perhaps the feedback is passing through too many people before being received by the original sender of the message.	Try to have direct lines of communication between senders and receivers. Direct communication is always more effective.

Assignment guidelines

The learners will do this assignment on their own. The learners have to imagine that they have been asked to compile a report to the chief executive officer of an organisation to explain why the communication in the organisation is poor. Note that some learners will be more practically minded when they complete this assignment. Allow each learner to be as creative as possible, while not missing the point when stating or explaining the learning that should have been embedded.

1. Communication can fail with the sender, medium, receiver or feedback.
2. Allow the learners to be creative with regards to the barriers and allow them to provide a reason why they consider that the five stated are the most likely barriers to effective communication present in the organisation.

Use the table on the previous pages in the answer to question 12 for barriers to communication and their solutions.

3. Allow learners to be practical in how to overcome the barriers.
Accept artwork or sketches to demonstrate how to overcome the barriers.
See question 12 on pages 69 and 70 for suggested solutions to barriers of communication.

Theory test

Answer all the questions.

Marks: 30 marks

1. Correct the following sentences.
- a) Zimpost is the mail company that operates between South Africa and Zimbabwe. Zimpost is part of the government of President Peter Ndlovu. (1)
 - b) Two-way communication is when two groups of people shout at one another in five different languages. (1)
 - c) The person who sends the first message when communication takes place is called the message. (1)
 - d) Some communication agents found in Zimbabwe are Telex, DHL and Zimpost. (1)
 - e) When using a courier service, a customer cannot track his or her document from the time that the document is collected to the time it is delivered to the addressee. (1)
- 2.
- a) State in your own words what effective communication is. (4)
 - b) Name five ways you could send any type of letter or parcel to your cousin who lives in a village 650 km from your village. (5)
 - c) Your cousin has received a bursary to study in Johannesburg and lives at an address in Johannesburg during the term. State one way you could send the following and give one advantage of the chosen method:
 - (i) letters to your cousin (2)
 - (ii) money to your cousin to buy the latest smart phone for you (2)
 - (iii) some healthy rusks from your mother. (2)
- 3.
- a) Explain the difference between one-way and two-way communication. (4)
 - b) Give four main barriers that can impact negatively on all effective communication. (4)
 - c) Name two new things that you learnt to do to ensure that you communicate in an effective way in your daily life. (2)

Answers to Theory test

1. a) Zimpost is the mail company that operates between South Africa and Zimbabwe. Zimpost is part of the government of President Robert Mugabe. (1)

- b) Two-way communication is when two groups of people allow individuals to speak in a clear message and check that each group understands the other's message. (1)
- c) The person who sends the first message when communication takes place is called the sender. (1)
- d) Some communication agents found in Zimbabwe are Fedex, DHL and Zimpost. (1)
- e) When using a courier service, a customer can track his or her document from the time that the document is collected to the time it is delivered to the addressee. (1)
2. a) Accept any reasonable response which should include the following: Effective communication is where the message sent is received, understood and acted on in the way intended by the sender. There should be two-way communication between the sender and the receiver where the message is not distorted and where both the sender and receiver may check the message(s) sent and received. (4)
- b) Any postal agent offering any of the following services: (5)
- letter services
 - registered mail
 - recorded delivery
 - parcel post
 - expedited mail services (EMS) or priority mail.
- c) (i) You could use normal letter post, airmail or registered mail (depending on the information). (2)
- (ii) Accept any reasonable answer.
- Send a letter with a friend travelling to South Africa.
 - Use recorded delivery.
 - Use registered mail.
 - Use a courier service.
- (iii) Use parcel services offered by Zimpost, registered mail or a courier service. (2)

Advantages of the following:

Sending with a friend:

- Your cousin may receive the mail/parcel quicker than using Zimpost.
- You will be able to check with your cousin and your friend when the delivery was made.

Recorded delivery:

- Each item has a registered number so it can easily be traced.
- It is a secure way of sending items between the sender and the recipient.

Registered mail:

- It provides a safe and secure means of communication.

- The user is reimbursed for any loss of damage or theft if insured.
- The sender can request proof of delivery.

Courier service:

- It is a safe, secure and fast way of sending mail and parcels.
- Each item has a unique tracking number that is only used once.
- Most courier companies have a website where the sender can track the mail or parcel as it travels to the addressee.

Normal parcel service (offered by Zimpost):

- Items are delivered to the addressee and physical address stated on the letter or parcel.
- It is safe and secure.
- Flexible payment options: you can pay cash or open a 30-day account.
- You get proof of delivery.
- Collection is done from your doorstep.
- Compensation is available for any loss, theft, delay or damage due to the fact that the sender can insure the contents of the letter or parcel.
- A track-and-trace facility is available to facilitate the speedy tracing of all items in transit.

3. a) One-way communication is when a sender sends a message to the receiver and there is no way that the sender can fully know if the receiver received the correct message. One-way communication does not call for feedback. An example of one-way communication is a letter. Two-way communication is where the receiver gives a response or feedback, for example one-on-one dialogue/telephone conversation. (4)

b) Barriers to effective communication:

- problems with the sender
- problems with the medium
- problems with the receiver
- problems with feedback. (4)

c) See Question 12 in the Revision answers on pages 69 and 70 for ways of overcoming barriers to effective communication.

Total marks: 30

Learning outcomes

By the end of this topic, learners should be able to:

- discuss factors that influence the choice of transport mode
- list the documents used in transport
- outline the contents of the documents
- explain the purpose of each document
- identify facilities found in a port
- describe the services provided by port authorities.

Expanded teaching notes

- Define transport.
- Identify the modes of transport.
- Ask the learners to research the factors that influence choice of transport mode and report back to the class.
- Discuss the factors that influence the choice of mode of transport.
- Match modes of transport to types of goods carried.
- List documents used in transport.
- Match the documents to a mode of transport.
- Explain the transport documents.
- Outline the contents of each document.
- Discuss the purpose and functions of each document.
- Practise completing sample documents.
- Define a port authority.
- Identify different types of ports.
- Visit nearest ports, and ask the learners to write a report on the facilities and services observed.
- Discuss the services and facilities provided by port authorities.

Resources

- Resource persons
- Recommended textbooks
- ICT tools
- Samples of documents used in transport

Answers to Exercises

Exercise 9.1

- Factors that influence the choice of transport:
 - security of mode
 - quantity and size of goods
 - urgency of delivery
 - cost of mode. (Any five)
 - nature of goods
 - distance to be transported
 - availability of mode
- Use road transport to carry vegetables from a farm to a nearby market.
 - Use rail transport to carry coal from Hwange to Mutare.
- Types of goods suited for transportation by sea:
 - crude oil
 - grains
 - iron ore
 - timber. (Any two)

The learner should give any example of goods classified as heavy and bulky.

4.

Goods	Appropriate mode
Diamonds from Harare to Lusaka	Air
Water from a dam to a residential area	Pipeline
Coal from Hwange to Mutare	Rail
Oil from the Middle East to France	Sea
Bread from Marondera to Harare	Road

Exercise 9.2

- Documents used when transporting goods:
 - delivery note
 - consignment note
 - bill of lading. (Any three)
 - charter party
 - airway bill
- The functions of a bill of lading:
 - It is a document of title.
 - It shows the condition of the goods.
 - It is part of a letter of credit.
 - It is an acknowledgement of receipt of goods on board. (Any four)
 - It is a contract of carriage.
 - It is a quasi-negotiable instrument.
 - It acts as an advice note.
- A dirty bill shows that some goods were damaged or stolen in transit.
A clean bill shows that all goods arrived safely.
- The document of title allows the holder to claim ownership of the goods on arrival.
 - As a quasi-negotiable instrument, it can be transferred to another person by endorsement. This allows goods to be sold while in transit.

Exercise 9.3

- Items shown on an airway bill:
 - a description of the goods

- the quantity of goods
 - the name of the airline
 - the name and address of the importer
 - the name and address of the exporter. (Any four)
2. Lay days are days allowed for loading and off-loading the vessel.
 3. The three types of charter:
 - Voyage charter is when you hire a ship for a specific journey.
 - Time charter is when you hire a vessel for a specific period of time.
 - Demise charter is where the ship is hired together with its crew (workers).
 4. An airway bill is a contract of carriage because it is an agreement between the exporter and the airline for the transportation of goods.
 5. An airway bill is:
 - used when goods are transported by air
 - issued in duplicate
 - not a document of title.
- A bill of lading is:
- used when goods are transported by sea
 - issued in triplicate
 - a document of title.

Exercise 9.4

1. A consignment note is:
 - a contract of carriage
 - proof of delivery.
2. A delivery note is issued when the supplier uses his or her own transport to carry the goods.
3. Demurrage is a fine for exceeding the lay days.
4. (Any two)

Delivery note	Consignment note
Is issued by the trader	Is issued by the transport firm
Is issued when the trader uses own transport	Is issued when the trader uses hired transport
Is issued in duplicate	Is issued in triplicate
Is not a contract of carriage	Is a contract of carriage

5. Information found on delivery and consignment notes:
 - quantity of goods
 - description of goods
 - date of delivery
 - name and address of the buyer
 - name and address of the seller.

Exercise 9.5

1. A port authority is a body that manages and controls activities in a port.
2. Facilities in a port
 - communication links
 - storage facilities
 - repair facilities
 - information desk
 - parking space
 - office and accommodation space. (Any five)
 - transport links
 - refuelling facilities
 - waiting rooms
 - radar facilities
3. Stevedores are people employed at a dock to load and unload ships.
Buoys are floating devices used to guide ships in the harbour.
4. Demurrage is a fine for exceeding lay days.
5. Dead freight is the amount paid for unused space on a vessel.

Answers to Revision questions

1. D 2. B 3. C 4. A 5. B

6. Factors that affect choice of transport mode:

- security of mode or security of goods
- nature of goods
- quantity of goods
- cost of mode
- availability of mode
- accessibility of area
- distance to be travelled
- urgency of delivery
- speed of mode. (Any six)

7. a) Information on a bill of lading:

- description of goods
- quantity of goods
- name and address of shipping company
- name of ship
- name and address of exporter and importer
- port of loading
- port of off-loading
- terms of freight. (Any three)

- b) Functions of a bill of lading:

- It is a document of title.
- It is a contract of carriage.
- It is an acknowledgement of receipt of the goods on board.
- It shows the condition of the goods on arrival.

- It is part of a documentary letter of credit.
- It is a quasi-negotiable instrument. (Any three)

8. Functions of seaport authorities:

- to provide storage facilities
- to provide office space for banks, customs authorities and shops
- to provide security in the port
- to provide repair and refuelling facilities e.g. dry docks
- to provide dock workers
- to provide information on weather and departure and arrival times
- to provide radar facilities to guide ships
- to provide loading and off-loading facilities, such as cranes
- to provide parking space
- to provide food and fresh water supplies
- to provide waiting rooms and rest rooms
- to provide road and rail links
- to provide parking space
- to dredge the harbour. (Any five)

9. Three types of charter:

- demise charter
- time charter
- voyage charter.

10. Difference between delivery note and consignment note:

Delivery note	Consignment note
Is issued by the trader	Is issued by the transport firm
Is issued when the trader uses own transport	Is issued when the trader uses hired transport
Is issued in duplicate	Is issued in triplicate
Is not a contract of carriage	Is a contract of carriage

11. The question requires the learner to identify the most appropriate mode of transport.

Key points are:

- spare parts are urgently needed
- spare parts may be light and valuable
- the distance is long.

Therefore the most suitable mode is air transport.

Air delivery is fast and good for long distances, which is why it is used to deliver urgently needed spare parts from Harare to Johannesburg, as the distance to be travelled is far and the goods are needed urgently.

12. a) The learner's answer should begin by defining the document, then explaining the three types of charter: voyage, time and demise charter.

A charter party is:

- a contract document used in international trade
- used when hiring a ship or space on a ship.

The contract can be a:

- voyage charter, which is when you hire a ship for a specific journey
- time charter, which is when you hire a vessel for a specific period of time
- demise charter, which is where the ship is hired together with its crew (workers).

The charter party document specifies:

- the lay days - time allowed for loading and off-loading the vessel
- demurrage - the fine charged for exceeding the lay days
- the names and addresses of the ship owner and the hirer.

b) The learners should identify factors that influence the choice of transport and expand on the factors.

- Nature of the goods - The types of goods to be carried should be assessed in terms of their value, and whether they are fragile, perishable, bulky, heavy or light before choosing a mode.
- Cost - How much you are willing to pay for the freight charges will be a factor in choosing a mode.
- Distance - Consider how far the goods have to be carried. Road transport is more efficient over short distances, while air and rail transport are ideal for long distances.
- Urgency of delivery - How fast must the goods get to their destination? Fast modes of transport must be selected where goods are urgently required.
- Quantity of goods - The size of the load must be considered in relation to the capacity of the mode. Some modes, such as rail and sea transport, are suited to large volumes of cargo, while others can only carry small loads.
- Availability of mode - Not all goods of transport are available in all areas. Road transport is widely available, whereas air, sea and rail transport are limited to certain areas.
- Security of cargo - Some modes are prone to theft and damage and therefore cannot be used to transport valuable items. Air transport has low risks of theft and damage.
- Flexibility of mode - Rail, sea and air transport operate on fixed routes and to fixed timetables. Road transport provides a more flexible service as the goods can be rerouted easily and this mode is readily available.
- Reliability of mode - Rail transport offers a regular service compared to other modes as it is not affected by bad weather. Road, sea and air transport may not be useable when there are storms, strong winds or other bad weather elements.

13. Functions of a bill of lading:

- Contract of carriage – It is an agreement between the exporter and the shipping company to carry goods.
- Document of title – The importer needs the document to claim ownership of the goods described in it.
- Acknowledgment of receipt of goods on board – The document is signed by the shipmaster as proof of loading.
- A quasi-negotiable instrument – The document can be transferred to another person by endorsement. This enables the importer to sell goods before arrival.
- It shows the conditions of the goods.
- Acts as an advice note – It provides information on the quantity and description of the goods sent to the importer, which is also used by customs officials.
- Part of a documentary letter of credit – It enables the exporter to secure payment before delivery. It is the basis for negotiating for a letter of credit.

14. The Civil Aviation Authority of Zimbabwe (CAAZ) is the Zimbabwean airport authority.

Learners should outline the services and facilities found at airports. These could include

- communication links
- transport links
- storage facilities
- loading and off-loading facilities such as cranes and forklifts
- refuelling facilities
- repair and maintenance facilities
- waiting rooms
- rest rooms
- parking space
- office space for customs officials, banks and traders
- security
- an information desk
- information on weather and departure and arrival times
- accommodation facilities
- radar facilities to guide traffic.

Assignment guidelines

Learners should present a well-structured essay with an introductory paragraph, main body text and a conclusion.

The introduction should stress that the handling of goods has improved due to the services and facilities that have been put in place.

The body should describe what the services and facilities are and how they have led to an improvement. Mention should be made of air and sea authorities and what these facilities differ.

The conclusion should re-state that the ports would not run as smoothly without the input of these authorities.

Project guidelines

The learners are to visit a port and find out what facilities it has and what facilities are lacking. They are to present their findings in a report addressed to the local authorities.

Theory test

Answer all the questions.

Marks: 94 marks

Section A

- Which document is used as evidence of a contract when goods are transported by sea?
A An airway bill
B A bill of lading
C A charter party
D A delivery note (1)
- A port authority is not responsible for:
A collecting customs duties
B ensuring adequate security
C maintaining repair yards
D providing office space. (1)
- What is not provided by seaport authorities?
A Hangars
B Dry docks
C Road and rail links
D Storage space (1)
- Which factor is not considered when choosing a mode of transport?
A How urgently the goods are needed
B The documents that accompany the goods
C The nature of the goods
D The size and weight of the goods (1)
- A trader hires a ship with its crew for the transportation of goods from Beira to Malaysia. What is the agreement with the ship owner called?
A A bill of lading
B A demise charter
C A time charter
D A voyage charter (1)

Section B

- Describe an airway bill. (6)
- State, with reasons, the most suitable mode of transport to carry:
a) day-old chicks from Harare to Cape Town (4)
b) mealie-meal from a miller to shops (4)

- c) 5 000 tonnes of cement from Gwanda to Mutare (4)
 d) oil from Kuwait to Beira, Mozambique. (4)
8. 'A bill of lading is a document of title.' Explain this statement. (3)
9. Explain the difference between a clean bill and a dirty bill. (4)
10. a) Explain in detail any five factors a trader would consider when choosing an efficient mode of transport. (10)
 b) Why would a trader send goods by air? (10)
11. a) Describe the functions of the Civil Aviation Authority of Zimbabwe (CAAZ) (10)
 b) Explain the difference between a bill of lading and an airway bill. (10)
12. a) Outline the contents of a bill of lading. (10)
 b) Describe a delivery note. (10)

Answers to Theory test

1. B 2. A 3. A 4. B 5. B (5)
6. An airway bill is:
- a document used when goods are transported by air
 - issued by the airline in duplicate
 - sent together with the goods
 - a contract of carriage
 - proof of receipt of the goods on board
 - a document that records the:
 - description and quantity of the goods
 - name of the airline and the flight number
 - names and addresses of the exporter and the importer
 - origin and destination of the goods. (6)
7. a) Day-old chicks from Harare to Cape Town
 Mode: Air transport
 Reasons:
- Air transport is fast over long distances.
 - Day-old chicks are light and perishable.
 - There are fewer risks of theft and damage. (4)
- b) Mealie-meal from a miller to shops
 Mode: Road transport
 Reasons:
- Road transport provides door-to-door delivery.
 - Road transport is cheap and fast over short distances.
 - Road transport reaches even the remotest shops. (4)
- c) 5 000 tonnes of cement from Gwanda to Mutare
 Mode: Rail transport

Reasons:

- Cement is heavy and bulky.
- Rail has a large carrying capacity.
- Rail is fast and cheap over long distances.

(4)

d) Oil from Kuwait to Beira, Mozambique

Mode: Sea transport

Reasons:

- Sea transport has a large carrying capacity.
- Oil is heavy and bulky.
- Sea transport is cheap for bulk.

(4)

8. A bill of lading is a document of title because:

- it entitles the importer to take possession of the goods on arrival
- it enables the importer to sell the goods before arrival by transferring the bill to the buyer.

(3)

9. A clean bill:

- shows that the goods were shipped in good order and condition
- has no marks or notations written on it.

A dirty bill:

- shows that some of the goods were damaged in transit
- has markings and notations written on it.

(4)

10. a) - Nature of the goods – The types of goods to be carried should be assessed in terms of their value, and whether they are fragile, perishable, bulky, heavy or light before choosing a mode.
- Cost – How much you are willing to pay for the freight charges will be a factor in choosing a mode.
 - Distance – Consider how far the goods have to be carried. Road transport is more efficient over short distances, while air and rail transport are ideal for long distances.
 - Urgency of delivery – How fast must the goods get to their destination? Fast modes of transport must be selected where goods are urgently required.
 - Quantity of goods – The size of the load must be considered in relation to the capacity of the mode. Some modes, such as rail and sea transport, are suited to large volumes of cargo, while others can only carry small loads.
 - Availability of mode – Not all modes of transport are available in all areas. Road transport is widely available, whereas air, sea and rail transport are limited to certain areas.
 - Security of cargo – Some modes are prone to theft and damage and therefore cannot be used to transport valuable items. Air transport has low risks of theft and damage.

- Flexibility of mode – Rail, sea and air transport operate on fixed routes and to fixed timetables. Road transport provides a more flexible service, as the goods can be rerouted easily and this mode is readily available.
- Reliability of mode – Rail transport offers a regular service compared to other modes as it is not affected by bad weather. Road, sea and air transport may not be useable when there are storms, strong winds or other bad weather elements. (Any five) (10)

b) The advantages of air transport:

- It is the fastest means of transportation. Goods take less time to travel to their destination compared to other modes of transport.
- There are lower risks of theft and damage with air transport, which reduces the cost of insurance.
- There are fewer accidents in air transport.
- It has lower packaging costs than other modes.
- It operates on fixed routes and runs according to fixed timetables, which means that it is easier to predict the arrival times of goods.
- It reduces traffic congestion on the roads.
- It reduces the need to keep large stocks of spare parts as they can quickly be flown in when needed. (10)

11. a) CAAZ is Zimbabwe's airport authority. It manages Zimbabwe's airports. Learners' answers should outline the services and facilities provided by an airport authority.

Learners should outline the services and facilities found at airports. These could include:

- communication links
- transport links
- storage facilities
- loading and off-loading facilities such as cranes and forklifts
- refuelling facilities
- repair and maintenance facilities
- waiting rooms
- rest rooms
- parking space
- office space for customs officials, banks and traders
- security
- an information desk
- information on weather, and departure and arrival times
- accommodation facilities
- radar facilities to guide traffic. (10)

b) A bill of lading is:

- used when goods are transported by sea

- issued in triplicate
- a document of title
- can be transferred by endorsement.
- A copy is sent ahead to the importer by air.

An airway bill:

- is used when goods are transported by air
- is issued in duplicate
- is not a document of title
- cannot be transferred.
- No copy is sent ahead to the importer.

(10)

12. a) The contents of a bill of lading:

The following is a list of information on the document:

- a description of goods
- the quantity of goods in terms of number of containers, cases or packages
- names and addresses of the exporter and the importer
- name of the vessel
- name of shipping company
- port of loading and port of off-loading
- terms of freight
- date of dispatch
- signature of the master of the ship.

(10)

b) A delivery note:

- is issued by a trader
- is issued when the trader uses his or her own transport to carry the goods
- is sent together with the goods
- is used to check that the correct goods were delivered
- acts as proof of delivery when signed by the buyer
- is issued in duplicate
- provides information on the description and quantity of the goods, date of delivery, terms of delivery, and names and addresses of the buyer and seller.

(10)

Total marks: 94

Learning outcomes

By the end of this topic, learners should be able to:

- explain the importance of warehousing
- explain the functions of warehouses.

Expanded teaching notes

- Discuss and explain different warehouses and how warehousing has evolved over the last 20 years.
- Discuss and explain why warehousing is important to all people and not just those who are part of the business/trade world.
- Explain the different functions of warehouses and why each of the functions are important to a company.

Resources

- Recommended textbooks
- Material from service providers (for example brochures, magazines)
- Resource persons
- Site visits to companies where different warehouses are used
- Video clips that show the different ways products are kept in warehouses, use of different systems of retrieving products and rotation of stock within a warehouse

Answers to Exercises

Exercise 10.1

1. Warehousing is the storage and distribution of raw materials, manufactured goods and personal goods until they are wanted for use.
2. Reasons why warehousing is important:
 - It facilitates mass production.
 - Goods are kept fresh or safe.
 - Seasonal products can be available all year.
 - They keep goods required for production close to production centres so that they can be supplied to production factories on a regular basis.
 - They help minimise price fluctuations.
 - They store surplus goods.

- They prevent theft.
 - They are used to display goods.
 - They are used to store imported or exported goods before customs duty is paid and the goods are permitted to enter or leave a country.
 - They are used to buffer stocks.
 - They are used to prepare goods for sale.
 - They store goods while they mature. (Any three)
3. A constant and regular supply of a particular good, prevents higher prices due to a shortage. If a specific product has a long lead-time for delivery, it could result in customers being prepared to pay higher prices for the product. Having a warehouse that stocks these products will decrease the chances of price fluctuations.

Exercise 10.2

1. Primary producer products are stored in warehouses until the producer can commence processing the primary goods.
2. Cold storage warehouses are used to store perishable goods such as meat, dairy products, fruit and vegetables.
3. Perishable goods are goods that go bad quite quickly if they are not stored correctly. Fresh meat, fish, milk, fruit and vegetables are examples of perishable goods.

Answers to Revision questions

1. A 2. A 3. A 4. A 5. C
6. Retailers own warehouses to:
 - store goods from a variety of wholesales and manufacturers
 - pack and brand products in the retailer's brand name
 - store goods for distribution to branches
 - store goods waiting demand.
7. a) 10 000 tonnes of maize would be stored in a silo.
b) 10 000 kilograms of meat would be stored in cold storage.
8. A manufacturer's warehouse is used for keeping raw materials, consumables and finished goods. This helps the manufacturer to keep on producing goods when there is less demand. They are located in the manufacturer's production factories.
A retailer's warehouse is used to:
 - store goods from a variety of wholesalers and manufacturers
 - pack and brand products in the retailer's brand name
 - store goods for distribution to branches
 - store goods waiting demand.
9. See answers to Exercise 10.1 for the importance of warehousing.

10. a) The functions of primary producer warehouses:

- They are used to keep perishable goods such as meat, fish, milk and vegetables until they are distributed.
- Cold storage warehouses keep perishables fresh and enable seasonal products to be available at any time of the year.
- Goods like maize and grains are kept in silos until they are used for manufacturing of secondary stages. For example, grain is stored until it can be ground into flour.

b) The functions of warehouses for manufacturers:

- They are used for keeping raw materials, consumables and finished goods.
- They enable the manufacturer to keep on producing goods when there is less demand.
- They are located in manufacturers' production factories.

c) The functions of wholesaler warehouses:

- They are used to store a variety of goods from different manufacturers.
- The goods can be blended, graded, packaged and branded.
- They help to keep prices steady and prevent shortages of goods on the market.
- Goods that are in transit are stored awaiting distribution to retailers and consumers.

Assignment guidelines

The learners have to advise the production manager at a local manufacturer about warehouses.

1. Warehousing is the storage and distribution of raw materials, manufactured goods and personal goods until they are wanted for use.
2. Answers will vary. Allow learners to think out the box and provide practical solutions for the problems identified. Check that the answers are not just generic advantages and disadvantages but that they are applicable to the manufacturing business.

Theory test

Answer all the questions.

Marks: 30 marks

1. State if the following are TRUE or FALSE.
 - a) Warehousing is not important in the business world. (1)
 - b) Warehousing is important for seasonal products, like ice cream. (1)
 - c) Warehouses for primary producers include grain silos, which store grains. (1)

- d) Wholesaler warehouses store a variety of goods from different wholesalers. (1)
- e) Bar codes are used to ensure that retailers know the price of each item in the wholesaler's warehouse. (1)
2. a) Define warehousing. (2)
- b) Give two reasons why warehousing is important. (2)
- c) Name three groups of business people who benefit from the use of warehousing. (3)
- d) Give six advantages of using bar codes in a warehouse environment. (6)
- e) Give an advantage of using a cold storage warehouse. (2)
3. Explain the different functions of the following warehouses:
- a) Manufacturer warehouses (3)
- b) Wholesaler warehouses (4)
- c) Retailer warehouses. (3)

Answers to Theory Test

1. a) False (1)
- b) False (1)
- c) True (1)
- d) False (1)
- e) False (1)
2. a) Warehousing is the storage and distribution of raw materials, manufactured goods and personal goods until they are wanted for use. (2)
- b) The importance of warehousing:
- It facilitates mass production.
 - Goods are kept fresh or safe.
 - Seasonal products can be available all year.
 - They keep goods required for production close to production centres so that they can be supplied to production factories on a regular basis.
 - They help minimise price fluctuations.
 - They store surplus goods.
 - They prevent theft.
 - They are used to display goods.
 - They are used to store imported or exported goods before customs duty is paid and the goods are permitted to enter or leave a country.
 - They are used to buffer stocks.
 - They are used to prepare goods for sale.
 - They store goods while they mature. (Any two) (2)
- c) Warehouses benefit:
- primary producers
 - manufacturers

- wholesalers
 - retailers. (Any three) (3)
- d) Advantages of using bar codes in a warehouse environment:
- There is a decrease in clerical costs because manual entries are eliminated.
 - There are fewer errors due to improved inventory tracking and verification of items.
 - There is increased inventory accuracy.
 - It improves worker efficiency.
 - It improves the scheduling of warehouse activities.
 - It helps businesses identify products in the warehouse.
 - A bar code can assist with tracking the full life cycle of fruit and vegetables. (Any six) (6)
- e) Advantages of cold storage:
- Perishable goods do not go bad before they are sent to the retailers.
 - Some perishable goods can be ripened in cold storage.
 - Perishable goods can be transported over long distances from their sources of production to both local and overseas markets. (Any one) (2)
3. a) Functions of manufacturer warehouses:
- They are used for keeping raw materials, consumables and finished goods.
 - This helps the manufacturer to keep on producing goods when there is less demand.
 - They are located in manufacturers' production factories. (3)
- b) Functions of wholesaler warehouses:
- They are used to store a variety of goods from different manufacturers.
 - Goods from different wholesalers can be blended, graded, packaged and branded.
 - They help to keep the prices of goods steady and prevent shortages of goods on the market.
 - They are used to store goods awaiting distribution to retailers and consumers (4)
- c) Functions of retailer warehouses:
- They are used to store goods from a variety of wholesalers and manufacturers.
 - The goods are packed and branded in the retailer's brand name.
 - They store goods waiting to be distributed to branches and those waiting demand. (3)

Total marks: 30

Learning outcomes

By the end of this topic, learners should be able to:

- explain market segmentation
- identify criteria for market segmentation
- outline reasons for market segmentation
- explain mass and niche marketing.

Expanded teaching notes

- Explain to the learners what market segments are.
- Give examples of the different segments.
- Explain the factors to consider when segmenting a market.
- Ask the learners to try to come up with their own market segmentation.
- Subdivide markets into various segments.
- Give examples of how a market can be segmented.
- Have a class discussion about examples of the division of markets into segments. Use local examples.
- Outline the reasons for market segmentation.
- Distinguish between mass and niche marketing.
- Ask the learners to suggest the advantages and disadvantages of mass and niche marketing.
- Have a debate about whether it is better to have mass marketing or niche marketing.

Resources

- Recommended textbooks
- ICT tools
- Markets

Answers to Exercises

Exercise 11.1

1. Market segmentation is when a market is broken down into sub-groups that share similar characteristics.
2. Criteria for market segmentation:
 - Psychographic criteria include segmentation according to lifestyle.

- Geographic criteria involves dividing a market using geographic factors such as cities, countries, regions or states.
 - Behavioural criteria divide customers into groups according to their knowledge of, attitude to and usage rate of a product.
 - Demographic criteria includes variables such as age, sex, religion, occupation and culture. (Any two)
3. Reasons for segmentation:
- It helps the company to identify customer needs and wants in order to develop a marketing mix that satisfies them.
 - It allows management to meet changing marketing demands and therefore retain more customers and gain market share.
 - It helps management to do a better marketing job and increase sales and profits.
 - It helps the company to develop strong positions in a specialised market segment, resulting in better opportunities for growth.
 - It helps a business to retain more customers. (Any three)
4. An example of segmentation using age is a clothes shop. It may have departments for infants, toddlers, teenagers and adults. Another example is a company that manufactures cereal for different age groups.

Exercise 11.2

1. Mass marketing is where a business sells to the entire market where there are many similar products on offer to everyone.
- A niche market is a smaller segment of a larger market, where customers have specific needs and wants. Here, the company targets a particular group of people and serves it.
2. Features of a niche market:
- There is less competition.
 - There is a clear focus as the particular customers are often easier to find and reach.
 - Market expertise can be built up due to the specialist skills and knowledge.
 - Often higher prices can be charged, as customers are often prepared to pay more for expertise.
 - The profit margins are often higher.
 - Customers tend to be more loyal. (Any two)
3. Advantages of mass marketing:
- higher production output and capacity
 - economies of scale (lower unit costs from operating at high production volumes)
4. Disadvantages of niche marketing:
- There is a lack of economies of scale, as unit costs are higher.

- There is a risk of over-dependence on a single product or market.
- The market is likely to attract competition if you are successful.
- The producer is vulnerable to market changes. (Any two)

Answers to Revision questions

1. Market segmentation is when a market is broken down into sub-groups that share similar characteristics.
2. Accept any reasonable answer as an example of a market segment. It could be any group of consumers with similar characteristics, such as age, sex, income, etc.
3. Reasons for carrying out market segmentation:
 - It helps the company to identify the customer needs and wants in order to develop a marketing mix that satisfies them.
 - It allows management to meet changing marketing demands and therefore retain more customers and gain market share.
 - It helps management to do a better marketing job and increase sales and profits.
 - It helps the company to develop strong positions in a specialised market segment, resulting in better opportunities for growth.
 - It helps a business to retain more customers. (Any two)
4. The difference between behavioural and psychographic segmentation criteria:
 - Psychographic segmentation is done according to lifestyle.
For example, in the car market it could be pickup trucks for farmers and small vans for small business owners.
 - Behavioural segmentation divides customers according to their knowledge of, attitude towards and usage rate of a product.
For example, in the moisturising cream industry, you target anti-aging creams at older, wealthier customers.
5. Mass marketing is where a business sells to the entire market where there are many similar products on offer to everyone.
A niche market is a smaller segment of a larger market, where customers have specific needs and wants. Here, the company targets a particular group of people and serves it. (4)

Assignment guidelines

Ask the class to split into groups of six or more people. Assist the learners to come up with an idea of what they want to sell and to which market they will sell it.

Tell the learners that the assignment should not be more than five pages long.

- The introduction should give the company name and details, and the product(s) to be sold or manufactured.
- The main body:
 - The segmentation process must be clearly spelt out: the learners must explain and justify the chosen criteria.
 - The learners must justify their marketing approach. For example, if they choose mass marketing, they must outline the reasons for choosing mass marketing.

Theory test

Answer all the questions.

Marks: 16 marks

1. Segmentation using age is an example of _____ criteria.
 - A psychographic
 - B behavioural
 - C demographic
 - D geographic

(1)
2. Usage rate is a _____ criterion.
 - A behavioural
 - B psychographic
 - C geographic
 - D demographic

(1)
3. A market segment is a group of people with:
 - A similar characteristics that cause them to have different product needs
 - B the same characteristics that cause them to have similar product needs
 - C different characteristics that cause them to have similar product needs
 - D different characteristics that cause them to have different product needs.

(1)
4. Which of the following is a reason for market segmentation?
 - A Managing cash flows
 - B Motivating product usage
 - C Better matching of consumer needs
 - D Managing growth

(1)
5. The marketing approach where a business targets a smaller segment of a large market is called:
 - A market penetration
 - B target marketing
 - C mass marketing
 - D niche marketing.

(1)
6. Explain any two reasons why companies use market segmentation.

(2)
7. Complete the sentence: A marketing strategy helps a company to ...

(3)
8. Discuss the benefits of niche marketing.

(6)

Answers to Theory test

1. C

2. A

3. B

4. C

5. D

(5)

6. Reasons why segmentation is used by companies:

- It helps the company to identify customer needs and wants in order to develop a marketing mix that satisfies them.
- It allows management to meet changing marketing demands and therefore retain more customers and gain market share.
- It helps management to do a better marketing job and increase sales and profits.
- It helps the company to develop strong positions in a specialised market segment, resulting in better opportunities for growth.

• It helps a business to retain more customers. (Any two)

(2)

7. A marketing strategy helps a company to identify the best customers, understand their needs and implement the most effective marketing methods.

(3)

8. The advantages of niche marketing:

- There is less competition.
- There is a clear focus as the particular customers are often easier to find and reach.
- Market expertise can be built up due to the specialist skills and knowledge.
- Often higher prices can be charged, as customers are often prepared to pay more for expertise.
- The profit margins are often higher.
- Customers tend to be more loyal.

(6)

Total marks: 16

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Commerce

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