GRADE 11 STUDY GUIDE | 2025

Entrepreneurship and Business Ownership

Business Studies

1. What is Entrepreneurship?

An entrepreneur identifies a gap in the market, takes calculated risks, and organises resources to exploit the opportunity and create value.

- Key characteristics: innovative, risk-taker, self-motivated, resilient, leadership, opportunity recognition
- Social entrepreneurship: applies business principles to solve social problems
- Intrapreneurship: entrepreneurial behaviour within an existing organisation

2. Forms of Business Ownership

- Sole trader: one owner; easy to start; unlimited liability; owner is the business legally; all profits and all risk
- Partnership: 2-20 partners; governed by partnership agreement; joint and several liability; share profits/losses
- Private company (Pty Ltd): separate legal entity; limited liability; 1-50 shareholders; directors manage
- Public company (Ltd): shares on stock exchange; strict reporting requirements; any number of shareholders
- Cooperative: owned and run by members for mutual benefit; democratic (one member, one vote)
- Non-profit organisation (NPO): surplus reinvested in social mission; tax exempt; governed by trust deed or constitution

KEY: LIMITED LIABILITY means the personal assets of owners are protected from business debts -- they can only lose what they invested in the business. Sole traders and partners have UNLIMITED liability.

3. Business Plan

- Executive summary: overview of the entire plan
- Business description: nature, location, vision, mission
- Market analysis: target market, competitors, market size
- Marketing plan: product, price, place, promotion (4 Ps)
- Operational plan: production process, equipment, suppliers, quality control
- Human resources plan: organisational structure, staffing, training
- Financial plan: start-up capital, projected income statement, cash flow forecast
- Risk assessment: potential risks and mitigation strategies

4. Sources of Business Finance

- Own savings (retained profits): no cost, no repayment obligation, but limited amount
- Bank loans: available but requires collateral; interest payments are an expense

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Venture capital: investors take equity stake in exchange for capital; bring expertise

- Government grants (SEDA, IDC, NEF): for SMEs and previously disadvantaged; may not need repayment
- Crowd funding: raise small amounts from many people via internet platforms
- Share issue: dilutes ownership but raises large amounts; only for companies