Lesson 1

Definition of an entrepreneur
An entrepreneur is a person who owns his/her own business. She/He can either start a business or buy an existing business. Entrepreneurs work for themselves and create their own jobs. An entrepreneur takes a calculated risk by investing money in a business opportunity in order to make a profit. They are people who can identify opportunities and have the skills to turn an opportunity into a successful venture.

What does it take to be an entrepreneur?
It takes certain skills and personal characteristics to be a successful entrepreneur. Not everyone is cut out be an entrepreneur. An entrepreneur has to be able to live with uncertainty and be comfortable taking risks. Some people are more comfortable working for other people. They enjoy the security of earning a regular income at the end of every month.

The entrepreneur’s alphabet

<table>
<thead>
<tr>
<th>Action orientated</th>
<th>Never gives up</th>
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<tbody>
<tr>
<td>Believes in himself/herself</td>
<td>Organises and is organised</td>
</tr>
<tr>
<td>Creative, communicates, has courage</td>
<td>Positive, plans, prioritises, persuades</td>
</tr>
<tr>
<td>Delegates, develops people</td>
<td>Quick to react</td>
</tr>
<tr>
<td>Enthusiastic, expert, encourages others</td>
<td>Responsible</td>
</tr>
<tr>
<td>F eyes Fixed on goals</td>
<td>Solves problems, self-confident, self-control</td>
</tr>
<tr>
<td>Goal orientated</td>
<td>Trust</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
</tr>
<tr>
<td>Handles conflict</td>
<td>Unites the team</td>
</tr>
<tr>
<td>Implements, takes initiative, imagination</td>
<td>Visionary</td>
</tr>
<tr>
<td>Just and fair</td>
<td>Willingness to listen and learn</td>
</tr>
<tr>
<td>Keen</td>
<td>Xpert</td>
</tr>
<tr>
<td>Loyal, learns all the time</td>
<td>Youthful and positive</td>
</tr>
<tr>
<td>Manages, makes decisions</td>
<td>Zero tolerance for abuse of any kind</td>
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**Activity 1**

1. Explain, in your own words, what an entrepreneur is.
2. Look at the alphabet and select 6 of the most important skills that you think an entrepreneur should have and explain why.
3. Do you think that you would enjoy being an entrepreneur? Give 2 reasons for your answer.

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**Lesson 2**

**Characteristics and skills**

To be a successful entrepreneur a person needs certain personal characteristics and skills. It is not enough just to have a good business idea. Entrepreneurs need to have business knowledge, perseverance and determination.

**The characteristics of a successful entrepreneur**

<table>
<thead>
<tr>
<th>Entrepreneurs are innovative and creative</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs are confident and enthusiastic</td>
<td>vision, determination, confidence, responsibility, independence, creativity, adventurous, taking risks, energetic, enthusiastic, helpful, flexible, adaptability, perseverance, expressiveness</td>
</tr>
<tr>
<td>Entrepreneurs are resourceful and hard-working</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurs take risks</td>
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</tbody>
</table>
Read the following case study to learn more about what it takes to make a success of a business venture and then answer the questions that follow.

**Case study 1: Starting small, growing big**

Anthony Delport likes to try out new ideas and opportunities, especially those that involve new technology. In 1990, Anthony and some friends started a company that is today known as ‘Incredible Connection’. The company was listed in 1997 and is probably one of the biggest computer retailers in South Africa.

Anthony says that he has become successful because he always learns from his mistakes. He believes that every entrepreneur is unique, but that there are certain characteristics that are common to all successful entrepreneurs. According to Anthony, entrepreneurs should be enthusiastic and love what they do. However, they also need to be committed to achieving the goals of the business. To do this, they need to be determined, energetic and have an ability to complete tasks.

One of an entrepreneur’s most difficult problems is that new ideas have to be tried more than once and failure has to be overcome before success is reached. This takes a lot of time.

Entrepreneurs need to develop ideas that excite them. One of the hardest things an entrepreneur has to do is to never give up. Once the entrepreneur has developed the idea, the next problem is finding the money to get the business going. Anthony believes that you shouldn’t think that a big business is better than a small business. It is very important to keep doing research.

According to Anthony, you should concentrate on cash, not profits, when you start your business. You should focus on achieving your goals, but always be looking out for new business ideas and opportunities.

Finally, when you are successful, don’t forget the team who helped you create your business.
Activity 2
Identify the characteristics of a successful entrepreneur
In the case study, Anthony Delport mentions many different characteristics that entrepreneurs need. Make a list of the characteristics of successful entrepreneurs.

Explain what is meant by each of the following statements in the case study:
- Learn from your mistakes.
- Experience failure before you reach success.
- Find the money to get the business going and keep the business going.
- Keep doing research.
- Concentrate on cash, not profits.

Lesson 3 (Homework Activity)
The skills required to be a successful entrepreneur

<table>
<thead>
<tr>
<th>Must be a self-starter.</th>
<th>Key skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can provide leadership.</td>
<td>Solve problems, make decisions, sets goals, plan properly, networks, organise people and things, communicates well, raises funds or resources, works in a team.</td>
</tr>
<tr>
<td>Knows how to take responsibility.</td>
<td></td>
</tr>
<tr>
<td>Is good at organising.</td>
<td></td>
</tr>
<tr>
<td>Can make decisions.</td>
<td></td>
</tr>
<tr>
<td>Is trustworthy.</td>
<td></td>
</tr>
<tr>
<td>Has plenty of energy.</td>
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</table>

All the qualities listed above are good work skills and habits. If we make an effort to develop these qualities, they will make us more likely to succeed in the workplace and as entrepreneurs, if we decide to start a business on our own.

Entrepreneurs plan their businesses
An entrepreneur must have a good idea and a chance to turn that idea into a business. But, before starting a business, he or she must also plan very carefully and make good decisions about:
Read the case study and answer the questions that follow.

Case study 2:

Following the family example

Sheila Radebe knew that she wanted to own her own business since the days as a jewellery design student at Wits Technicon. Sheila is the owner of African Jewels in Pretoria, a business that manufactures and exports jewellery.

The business makes ethnically decorated jewellery that includes necklaces, rings, earrings and beaded costume jewellery. Sheila’s manufacturing business has expanded from employing three people to ten people and gone from a small room to a big workshop. She has employed six people from the local community and started a mentorship programme for youth who want to learn more about jewellery design.

With a father who owned his own grocery store in Mamelodi and an older brother who is an entrepreneur, business is where Sheila always wanted to work. The banks did not want to give Sheila a loan, so her father and brother became partners in her business by giving the necessary finance.

Sheila believes other woman should start their own businesses, no matter how small. They should combine their skills just as Sheila did. Sheila’s business combines her passion for design and creativity with her dreams of being an entrepreneur.

While the business is successful, Sheila is looking at other business opportunities. Her advice to potential entrepreneurs is not to make excuses about not having skills or resources.
Lesson 4

Entrepreneurial actions

What action does an entrepreneur perform?
Entrepreneurs have to do four things:
a) Buy  b) Sell  c) Produce  d) Make a profit

1. Entrepreneurial action of buying

The first basic functions that an entrepreneur has to perform is buying or purchasing equipment, raw materials and stock. Different businesses need different kinds of equipment to run a business. A business might need furniture, computer equipment, machinery or vehicles. This equipment is known as capital items.

Raw materials are things that are used to make other goods. The raw materials are the inputs in the production process.

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Raw materials</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oven, mixer, jug, bowl</td>
<td>Flour, vanilla, baking powder</td>
<td>Cupcake, biscuits</td>
</tr>
</tbody>
</table>
1. Entrepreneurial action of producing

The entrepreneurial action of producing includes all those activities that provide the goods and services that consumers, businesses and the public sector want and for which they are prepared to pay.

Producing is the action of making the product. Producing involves taking raw materials and turning them into something useful that can be sold to customers. Producing is also referred to as manufacturing or production.

Not all businesses produce goods. Some businesses sell a service without making any physical product. Businesses that produce products are known as manufacturing businesses.

1. Entrepreneurial action of selling

Selling is the action of persuading customers to buy a product or service. Selling involves activities such as advertising and marketing the product. It also involves talking to customers and explaining to them how the product works or the benefits of the products or services. It is important that customers are satisfied with what they buy so that they come back again.

2. Entrepreneurial action of making a profit

The goal of owning a business is to make a profit. A business that does not make a profit will have to close down. The entrepreneur will have to keep financial records to keep track of the income and expenses of the business.
Activity 4
Read the case studies and answer the questions that follow.

Case Study 3:
Asanda is an entrepreneur who lives in Etwatwa. She makes a living by baking bread and vetkoek for her neighbours and the local spaza shops. She started out when her previous employer lent her money to buy a stove with an oven. To pay the loan back faster, Asanda decided to bake some extra bread and sell it to her neighbours. These days, it is her full-time occupation and she starts as early as 5am so that the first batch is ready for breakfast time. Asanda works out what to charge for the bread based on what it cost her to produce a loaf. This is known as the unit cost. Asanda only bakes bread and vetkoek as they always sell well and she does not have to worry about large quantities being left over at the end of the day, which will mean losing money. If she does have bread left over, she makes crumbs and sells it in bags to the spaza shops. Customers who are making meatballs or crumbed fish or meat buy the breadcrumbs.

Answer the following questions about Asanda and her home bakery.

An important characteristic of production is specialising.

What does Asanda specialise in and why?

Asanda cuts costs by not simply throwing away old bread that she did not sell.

What does she do with it?

Explain what the words “surplus” means and how Asanda uses it to make a profit.

Case Study 4: (Homework Activity)
Olwethu is a street vendor who trades in various goods near Benoni Railway Station. She buys and sells whatever she can find at a good price. Early in the morning, her goods include cold drinks and packets of chips for workers to take to the workplace. Towards evenings, she puts out vegetables, fruit, bread and milk as people head home to their families. Olwethu visits the markets in the early morning and the wholesalers on the weekends to buy her goods at a good price and in bulk. She then repackages the items with the help of her children and adds her profit before selling the goods.
To make enough money to live on, Olwethu only keeps the profit. The rest of what she makes is used to buy more goods every day. She does her research and knows what the various items sell for all over town. She keeps a record in her little book. She always makes sure that she offers better prices than her competitors and has many regular customers because of her friendly and efficient service. Together with a few other retailers, she hires a local man and his bakkie to transport her goods to town.

1. Explain what the entrepreneurial action of “making a profit” is and why it is essential in starting a business.
2. Explain how an entrepreneur like Olwethu would use the factors of production to make a profit by buying and selling.
3. What does Olwethu do to ensure that she makes a profit?

Lesson 5
Revision Activity
Homework Activity 5
Read the notes on Lesson 1 to Lesson 4 and answer the following questions.

a) Define what an entrepreneur is and what he or she does. (2)
b) List and explain 4 characteristics of an entrepreneur. (4)
c) List and explain 6 skills required to be a successful entrepreneur. (3)
d) Explain how entrepreneurs can help create jobs and wealth. (3)
e) Name three advantages of being an entrepreneur. (3)

(Total: 15 Marks)
Lesson 6
Starting a business

Starting a business requires careful thought and planning. A business cannot survive if it does not make a profit. It will not be able to pay for goods and services that it needs in order to function. It will also not be able to pay any wages and salaries.

In order for a business to make a profit, it must fill the needs and wants of customers. Business people must set goals with timelines and aim to achieve these with a careful plan of action. If this is not done, the business will fail.

Needs and wants and consumer behaviour

Needs
We all need to eat, wear clothes, stay healthy and clean, and have a home that gives us shelter and protects us. These are our most basic needs. Businesses that sell food, clothes, healthcare and hygiene products and building materials provide our most basic needs. These businesses will always have customers if their prices are reasonable.

People’s needs include education, travelling, staying in touch with friends and family, and sources of energy for cooking and warmth (such as wood, coal, paraffin or electricity)

Wants
Wants are luxuries – things that we want to have, and but do not really need to survive. An expensive watch and jewellery, a grand house, name-brand clothes and a flashy new car are examples of wants. Healthy food is a need because we need to stay alive and healthy. Junk food, sweets or expensive restaurant meals are wants.

Consumer Behaviour
Businesses try to convince people to buy their products. Businesses advertise products in television adverts, posters, display boards, etc. For example, they may advertise a product by showing ‘cool’ people wearing fashionable clothes and using and enjoying their product. Businesses do not care whether people actually need the products that they buy; they just want consumers to buy their products.
Clever consumers know that this is just a trick that businesses use to get people to buy their products. Clever consumers buy things that they really need. They do not spend most of their money on ‘unnecessary wants’. In this way, they save money that they can use to improve their lives.

**Businesses and consumer behaviour**

- Successful businesses study consumer behaviour. Consumer behaviour can be explained as shopping habits. Once they learn about shopping habits of their customers, they can offer the products and services that most customers need and want.
- These businesses know why their customers choose to buy certain products.
- Businesses that study consumer behaviour know, for example, that:
  - Customers compare prices before buying.
  - Customers normally buy from the shop with the lowest price.
- You can ask a higher price if you are the only shop that sells a product in a certain area.
- If your products are too expensive, customers will rather travel to another area where the product is cheaper.
- Shopping habits depend on the income of the consumers in the business area.
- Social groups (family, friends and cultural groups) influence shopping habits.
- Needs and wants are different at different times.
- Customers prefer to buy at shops that offer a friendly and helpful service.

**Activity 6**

1) Name the four basic needs that people have.
2) Why is it important for businesses to know about these needs?
3) Give two examples each of clothes that are needs and clothes that are wants.
4) Explain in table form, how the shopping habits of clever consumers differ from those of other consumers.
5) Give and explain four examples of consumer behaviour that businesses need to be aware of.
Lesson 7  
SWOT analysis and business goals  
What is a SWOT analysis?

SWOT stands for strengths, weaknesses, opportunities and threats. A SWOT analysis will be done to decide whether a business idea has the ability to be successful. Before starting a business, an entrepreneur first identifies a need of consumers and then thinks of a business idea then analysis the strengths, weaknesses, opportunities and threats of that business.

<table>
<thead>
<tr>
<th><strong>STRENGTHS</strong></th>
<th><strong>WEAKNESSES</strong></th>
</tr>
</thead>
</table>
| Strengths are internal – it is what the owner of the business is good at.  
(personal qualities, positive characteristics)  
You are able to talk to people easily therefore you will have a good relationship with your customers.  
High standards – business will produce high quality products.  
Staff have excellent training  
Business has a large number of loyal customers.  | Weaknesses are also internal. It is all the things that the owner or business is not good at doing. Weaknesses are things that we can control and try to overcome.  
The owner does not have the skills or knowledge to run a business.  
The owner does not have experience in managing a business.  
Not enough capital to buy the best machinery or pay for excellent staff. |

<table>
<thead>
<tr>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>THREATS</strong></th>
</tr>
</thead>
</table>
| Opportunities are external and come from outside the business environment. Opportunities are chances that you can use in order to improve the position that you are in.  
Example – you think of a new product that is not being sold in your area.  
There are very few other companies making the product.  
The factory or business has an excellent location.  
The demand for the product is increasing.  | Threats are external and come from outside the business environment. Threats are things that have a negative effect on you, your idea or your business. These are things that your business cannot control.  
New labour law makes it difficult to employ more staff.  
Other businesses copying the product.  
Cheaper versions of the product being imported. (e.g. from China)  
Petrol price increase means the costs of your product is going to increase. |
Activity 7
Imagine that you have opened a clothing shop in a new shopping mall.
Draw the SWOT analysis grid in your workbooks with the correct headings.
Identify at least two strengths, weaknesses, opportunities and threats that your clothing business may have to take into account in the shopping mall.

Lesson 8
Analysing, planning and setting business goals
SWOT Analysis

In pairs, read through the following TWO case studies.
Choose 1 case study to complete your SWOT analysis.

Case Study 1 – Setting up a music business
Kevin is about to set up a business manufacturing and selling traditional musical instruments. He is a musician himself and has a great deal of experience in playing and making instruments, including drums and xylophones. He intends to employ two other people to help him make these instruments and plans to sell them at a busy craft market in Boksburg. This craft market is a popular tourist attraction.

Case Study 2 – Setting up a baking business
Britney Smith, a Grade 9 learner from Benoni, has developed a novel idea of making biscuits covered in the flags of different countries. She gets the flags printed on rice paper so that the whole biscuit is edible. She then heat-seals the biscuits into see-through plastic bags and includes a card with interesting information about the country whose flag is displayed. Britney has named the business Flagos. Britney plans to sell her biscuits and a food market every Saturday.

Activity 8
In pairs, complete a SWOT analysis based on one of the case studies.
STRENGTHS          WEAKNESSES          OPPORTUNITIES          THREATS
Consider the following points when completing your SWOT analysis:

a) Is there a demand for this product or can one be created?

b) Is much capital needed to start this business?

c) Is there competition from others selling a similar product?

d) How will Kevin & Britney get the raw materials and deliver the finished product? (Consider transport and the cost of transport.)

e) Is the business able to grow? If so, how? What employees will be needed? Will the employees need to be trained?

f) What resources will both businesses need? (Premises, water, electricity, etc.)

g) What skills do both Kevin and Britney have? What will they have to learn or outsource? (Outsourcing is when you pay someone else to make part of the product)

Homework activity

Use magazines, newspapers or pamphlets and bring to class 3 or 4 different advertisements on different products or services for Lesson 9

Look at Lesson 9 and Activity 9 to help you with your selection of an appropriate advertisement.

Lesson 9

Advertising

Concept of advertising

Marketing means developing ways to increase the number of sales for a product. Marketing looks at the four P’s which are:

Product – What are you going to do that makes your product unique? What can you do to make people want to buy your product (packaging, ingredients)?

Price – How does the price compare to that of the competitors?

Place – Where is the best place to sell your product?

Promotion – Where is the best place to inform people about the product or service? (E.g. running a competition, advertising on radio or television.)
Media used for advertising

Entrepreneurs can use different media to get the message about their product or service to the customers. Media refers to places where business can advertise. There are 3 main categories:

- **Print media** – newspapers and pamphlets
  - Advantage – cheap, a large number of people can be reached.
  - Disadvantage – newspapers are in black and white, still pictures, limited space.

- **Broadcasting media** – radio and television
  - Advantages – a large number of people can be reached
  - Disadvantages – very expensive

- **Internet** – web pages, social networking
  - Advantages – new places that people are exploring
  - Disadvantages – limited market because not everyone has access.

Principals of Advertising

Advertising is used to give people information and to get them to buy the product so that the sales will increase. The following are criteria for a good advertisement:

- **Attention** – The advertising medium needs to attract the target market’s attention.

- **Interest** – Once it has the reader’s attention, the advertisement needs to keep the target market interested.

- **Desire** – The advertisement needs to create a desire for the product.
  - It must make the target market want the product.

- **Action** – The advertisement must lead the customer to take action and buy the product.

We call this the principles of **AIDA**.
**Activity 9: Analysing an advert**

Look at the 3 adverts that you have brought to class

Answer the following questions on each advert.

**Paste each advert into your workbook before you answer the questions.**

1. Name two ways in which the advert tries to draw the reader’s attention.
2. Does the advert keep you interested? Give a reason for your answer.
3. Are you willing to buy the advertised product? Explain why.
4. How does the advert try to get people to buy the product?
5. Look at all the print media advertisements that were brought to class.
   Would you advertise these products on television? Give a reason for your answer.

**Homework activity**

Think about all you have learnt about advertisements so far.

Re-design your advert/poster that your group designed to advertise your stall and products during TNS Grade 7 Entrepreneurship Day.

Paste both posters in your workbook so that you can analyse both adverts that you have completed.

**Lesson 10**

**Using recycled materials**

Recycling means that we use waste (rubbish or waste materials) to make new products, instead of throwing these materials away. There are three key factors when we think about how to recycle – Reduce, Re-use & Recycle

Most materials like paper, plastic, furniture, clothes, wood, glass and even electrical equipment and cell phones can be recycled or re-used in a different way. If we reduce our use of something like plastic bags or electricity it means we have less of an impact on the environment and the resources we saved can be used for something else. We can re-use plastic or glass in different ways to
save money and make resources last longer. A number of buildings re-use building materials like window frames and floorboards when they build new buildings. Clean water is becoming scarce and it is important to recycle water to save our natural water resources.

**Benefits of recycling**

If we recycle, we use less of the resources (raw materials) we get from earth. If we use less wood and paper, we do not need to cut down so many trees and the damage of natural forests is reduced. If we recycle wood and paper, metal and plastics, our natural resources will last longer.

**Recycling helps save energy**: If we re-use metals such as iron then we do not need to use electricity to process iron ore. In this way, we will not use as much coal and uranium to produce electricity. These resources are limited and will be depleted or reduced if we continue using them at the current rate.

**Recycling reduces pollution**: What do we do with all the waste that people throw away? Some waste is buried in landfill sites. When it rains, water from the landfill sites pollutes the underground water system with dangerous chemicals. This water becomes unsafe. Waste is sometimes burned – burning waste causes air pollution.

**Activity 10**

**Identifying the benefits of using recycled materials**

1. Give two reasons why businesses may want to use recycled materials.
2. Explain how recycling helps to save energy?
3. How does recycling help reduce pollution?
4. Use your tablets to research the following:
   a) Three examples of products made from recycled materials.
   b) What recycled materials are used?
   c) What processes are involved in the making of the different products?
   d) What is the cost of making the product?
   e) What do these entrepreneurs sell these products for?
Lesson 11
Entrepreneurs’ Day
Prepare a summary of your group’s performance at TNS Grade 7 Entrepreneurs’ Day

Answer the following questions

1. What was your business plan?
2. What was the name of your stall.
3. Who was in your group?
4. What products did you sell?
5. What did you or your group do to prepare for the Entrepreneurs’ Day?
6. What was your role on the day? (What task did you perform?)
7. How would you rate your business plan at the end of the day? What problems did you experience? How could you have solved these problems?
8. Complete an Income and Expenditure statement for your business.

TOPIC 9
Poverty and Inequality

Lesson 12
The cause of socio-economic imbalance
Socio-economic imbalance is a term used to describe a situation where people do not have equal access to resources. Inequality is another word for imbalances. We say that there is social and economic inequality when one group of people have significantly more money, power or resources than another. This is another way of saying that there is a gap between rich and poor. There are some wealthy people in South Africa who earn a great deal of money, have access to resources and enjoy a high standard of living. There are also many people in our country who live in poverty. Those who live in poverty earn a low level of income. They also have limited access to basic resources such as water and electricity.
**What is inequality?**

Whenever some people have something other people do not have, there is inequality.

There are two kinds of economic inequality:

- **Inequality of income**: This means that some people have a large income (money), while other people have a small income or no income.

- **Inequality of opportunity**: This means that some people have opportunities that other people do not have. These opportunities (chances) include the opportunity to have a good education, the opportunity to have goods and services available to meet their needs and the opportunity to have possibilities of employment.

**What is poverty?**

We measure poverty by comparing peoples’ incomes. People who have an income that is too low to meet their basic needs (such as food, shelter, health and education) are said to be poor or living in poverty.

- **The poverty line** is the minimum income needed to meet a person’s basic needs. If you live below the poverty line, it means you do not have enough money to meet your basic needs.

- **The poverty cycle** is the circle of events that keep people poor. Poor people do not have enough money and resources to buy food or to pay for education and healthcare. If you are uneducated or ill, it is difficult to find a job. Even if you can find a job, it will probably be a badly paid job. This means that you will not have enough money to meet your basic needs and so the poverty cycle will continue. Once people are trapped in the poverty cycle, it is very difficult for them to escape it.

**Economic inequality and its causes**

Economic inequality refers to the gap in the levels of wealth and income between rich and poor. Wealth refers to the value of all the goods a person owns together with the money they have saved. The main reason for economic inequality is the difference in the wages and salaries that people earn. The differences in the level of income cause economic inequality.
Reasons for the difference in income:

Education and training: People with skills and education are able to earn more money than those without an education. The level of education and the amount of training and experience will influence how much someone earns.

Sexism refers to a situation where someone is discriminated against because of their gender. In some societies men are paid more than women for the same work. Women are discriminated against and not allowed to do certain types of works or get promotions.

Racism refers to a situation where someone is discriminated against because of the colour of their skin or the ethnic group they belong to.

Personal preference: Some people choose to do work that is poorly paid because they enjoy the work, e.g. a person who works for a charity organisation is doing so to help other people.

Innate ability: Some people have special talents and abilities that enable them to earn more money than others, e.g. sports stars, actors, singers

Nepotism: Some people are able to get jobs because of the people that they know, e.g. Some individuals are employed by their parents or family members or friends in a business. The level of their income is determined by who they know or who they are related to.

Activity 12

1. What is the difference between inequality and poverty?
2. In your own words, explain what is meant by economic inequality.
3. Explain the different causes of economic inequality.

Lesson 13 (CASS Assessment – Research project)

Inequality in South Africa

South Africa is a country where there are high levels of social and economic inequality. Although there are many wealthy people in SA, there are also many poor people. Although some people have access to social and economic life, others are denied access because of discriminating policies and prejudice.

To find out what caused the imbalances, we need to look at the history of our country before the first democratic election in 1994 when apartheid was the rule of law.
Socio economic inequality in South Africa

What was Apartheid?
The word ‘Apartheid’ comes from the Afrikaans word for ‘apartness’. Apartheid was a system that discriminated between different people on the basis of their skin colour. All South Africans were divided into one of four race groups: Black African, White, Coloured (of mixed race) or Asian (Indian, Chinese, etc.)

Apartheid was introduced by the National Party when they came to political power in 1948. Apartheid was also called ‘separate development’ as it tried to ensure that there were different rules for different race groups.

Apartheid economic policies
Before Apartheid began, in 1948, there were racial inequalities in South African laws: Blacks, Coloureds and Indians could not vote for the government. Only Whites could vote. In 1911, new laws that kept well-paid mine jobs for whites were made.

The Land Act of 1913 and 1936 – The law divided the land between blacks and whites. No whites could own land in African areas and no Africans could own land in white areas. The law gave black South Africans access to less than 8% of South Africa’s land.

The Native Act of 1923 (Urban Areas) – was introduced to control black workers.

The Pass Laws only allowed blacks into white areas when they were working there. In 1948, the National Party was voted into power by the white South Africans. Forty years of Apartheid rule followed. According to Apartheid policies, each race had to be kept separate culturally, educationally, economically and politically. Several Laws were introduced to ensure this happened.

The Population Registration Act of 1950 was passed, which classified all South Africans according to their race.

The Group Areas Act of 1950 (1966), made it law that people of different racial groups had different residential and business areas. This law did not allow any social contact between the races and there were separate schools, buses, beaches, park benches and entrances to certain buildings for white and non-white people. The Group Areas Act led to forced
removals where people were made to move out of racially-mixed areas that had been declared ‘white’. Some of the most well known forced removals were in District Six, in Cape Town (1966), and Sophiatown, in Johannesburg (1955). The Group Areas Act, along with the Land Acts and the Population Registration Acts, were ended in 1991.

The Abolition of Passes Act, in 1952 introduced the book or ‘dompas’ which all black South Africans had to carry. This supported the 1923 pass laws and meant that black workers could not look for work where and when they liked. The pass laws were abolished in 1986.

The Bantu Authorities Act of 1951 changed parts of South Africa into African areas called ‘homelands’. All black South Africans had to become a citizen of one of the homelands and they lost their citizenship in South Africa. Africans living in the homelands needed a passport to enter South Africa.

Bantu Education Act of 1953 changed the school syllabus so that black children were only taught the skills necessary to become workers and labourers. Black students were prevented from attending university.

Activity 13
a. List the laws that were passed during the Apartheid era in South Africa. Draw a time line.
b. How would the 1913 Land Act affect ownership, poverty, wealth and equality?
c. Which law do you think was the most unfair to black people? Explain why you think so.
d. How do you think these Apartheid laws contributed to the current levels of social-economic inequality in South Africa? Write a paragraph to explain your ideas.
e. For each of the Apartheid laws after 1948, explain how the Act would affect ownership, poverty, wealth and equality?
Lesson 14
The need for education and skills

The relationship between low levels of education and poverty
There is a direct relationship between low levels of education and poverty. People with no schooling or only a little primary schooling are very likely to live in poverty because they cannot find employment, or, the jobs that are available are poorly paid. People who have completed school and studied further are unlikely to live in poverty because there are more well-paid employment opportunities available to them.

The quality of education than children receive has an effect on their chances in life. When children receive a good quality of education, the chances are better that they will find good, decent paying jobs. If good quality of education is available to everyone, South Africans can reduce inequalities and break out of the cycle of poverty

The poverty cycle can be illustrated as follows:
**Activity 14**
Explore the need for education and the skills required to solve imbalances.

Use a spider diagram to brainstorm what you think can be done to solve the problem of socio-economic imbalances. Remember to think of problems as well as solutions.

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**Lesson 15**

**Urban and Rural challenges**

**Urban Area**
An urban area is an area where many people live and is densely populated. Urban areas are built up areas with many houses, shops, offices, entertainment centres, and public buildings. Urban areas have well-developed infrastructure such as roads, electricity, sewerage works and running works.

**Rural Area**
A rural area is an area where not many people live and has a low population density. Rural areas are not well developed or built up and they have a great deal of open spaces. They consist of natural countryside and farming land. Rural areas have poorly developed infrastructure (public services like running water and electricity may not be well developed.)

The socio-economic challenges faced by rural areas differ from those in urban areas.
Socio-economic challenges in urban areas

- High cost of living
- Pollution
- Influx of people
- Traffic congestion

Socio-economic challenges in rural areas

- Lack of infrastructure
- Inadequate access to public services
- Lack of employment opportunities.

Activity 15

1. In table form, explain the difference between a rural and urban area.
2. Do you live in an urban or rural area? Give a reason for your answer.
3. Explain the socio-economic challenges that exist in urban areas.
4. Explain the socio-economic challenges that exist in rural areas.

Homework Research Task

Creating sustainable job opportunities

- Many people in South Africa are unemployed.
- Unemployment rates in South Africa are generally higher among women, young people, disabled people and those without education and training.

Strategies to create employment include:

- Promoting entrepreneurship and new business
- Stimulating business development
- Encouraging manufacturing
- Improving the infrastructures

1. Explain how promoting entrepreneurship and new businesses, creates job opportunities. What is meant by the term infrastructure?
2. What can the government do to encourage manufacturing?