



Entrepreneurship

FOR RWANDA

S1

Student's Book

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FOREWORD

Dear Student,

Rwanda Basic Education Board is honoured to present to you Entrepreneurship book for Senior One which serves as a guide to competence-based teaching and learning to ensure consistency and coherence in the learning of entrepreneurship subject. The Rwandan educational philosophy is to ensure that you achieve full potential at every level of education which will prepare you to be well integrated in society and exploit employment opportunities.

The government of Rwanda emphasizes the importance of aligning teaching and learning materials with the syllabus to facilitate your learning process. Many factors influence what you learn, how well you learn and the competences you acquire. Those factors include quality instructional materials available, assessment strategies for the learners among others. Special attention was paid to activities that facilitate learning process develop your ideas and make new discoveries during concrete activities carried out individually or with peers.

In competence-based curriculum, learning is considered as a process of active building and developing knowledge and meanings by the learner where concepts are mainly introduced by an activity, a situation or a scenario that helps the learner to construct knowledge, develop skills and acquire positive attitudes and values. For effective use of this textbook, your role is to:

- Work on given activities which lead to the development of skills
- Share relevant information with other learners through presentations, discussions, group work and other active learning techniques such as role play, case studies, investigation and research in the library, from the internet or from your community;
- Participate and take responsibility for your own learning;
- Draw conclusions based on the findings from the learning activities.

To facilitate you in doing activities, the content of this book is self-explanatory so that you can easily use it by yourself, acquire and assess your competences. The book is made of units whereby each unit comprises: the key unit competence, followed by the introductory activity before the development of entrepreneurship concepts that are connected to real world situation.

I wish to sincerely extend my appreciation to REB staff who organized the editing process of this textbook. Special gratitude also goes to lecturers, teachers, illustrators and designers who supported the exercise throughout. Any comment or contribution would be welcome to the improvement of this textbook for the next edition.

Dr. MBARUSHIMANA Nelson
Director General, REB

ACKNOWLEDGEMENT

I wish to express my appreciation to all the people who played a major role in editing process of this Entrepreneurship book for Senior One. It would not have been successful without their active participation.

Special thanks are given to those who gave their time to read and refine this textbook to meet the needs of competence based curriculum. I owe gratitude to different Universities and schools in Rwanda that allowed their staff to work with REB to edit this book. I therefore, wish to extend my sincere gratitude to lecturers, teachers, illustrators, designers and all other individuals whose efforts in one way or the other contributed to the success of this edition.

Finally, my word of gratitude goes to the Rwanda Basic Education Board staff particularly those from Curriculum, Teaching and Learning Resources Department who were involved in the whole process of editorial work.

Joan Murungi,

Head of Curriculum, Teaching and learning Resources Department

CONTENTS

Topic area 1 Entrepreneurial culture	1
Unit 1: Meaning, roles and characteristics of an entrepreneur	2
Unit 2: Personal values, skills and characteristics of an entrepreneur	17
Unit 3: Work in the society	32
Topic area 2 Business activities	45
Unit 4: Concepts of needs, wants, goods and services	45
Formal assessment	64
Topic area 3 Financial information and decision making	65
Unit 5: Financial awareness	66
Unit 6: Initiation to accounting	85
Formal assessment	96
Topic area 4 Business growth and ethics	97
Unit 7: Factors and indicators of business growth	98
Unit 8: Concept of standardisation	111
Formal assessment	124
Glossary	125
Index	127

How to use this book

The book is divided into units.


The key unit competence is from the curriculum.

The learning objective says what you will learn.

UNIT 1 **Meaning, roles and characteristics of an entrepreneur**

Key unit competence: To be able to analyse the desirable characteristics and role of an entrepreneur.

Learning objectives		
Knowledge and understanding	Skills	Attitudes and values
At the end of this unit, you should be able to:		
<ul style="list-style-type: none"> • Explain the concept of entrepreneurship • State the desirable characteristics of an entrepreneur • Explain the role of an entrepreneur in developing entrepreneurship 	<ul style="list-style-type: none"> • Distinguish an entrepreneur, enterprising person and an intrapreneur • Examine the characteristics of an entrepreneur • Analyse the role of an entrepreneur in entrepreneurship 	<ul style="list-style-type: none"> • Exhibit desirable characteristics for personal success • Appreciate the role of an entrepreneur in entrepreneurship development



2 Topic area 1: Entrepreneurial culture

Checklist of learning

Self-assessment

Checklist of learning

In this unit, I have learnt that:

- To be successful, an entrepreneur needs many personal qualities such as friendliness, respect, intelligence, caring, loyalty and honesty.
- Important personal qualities also include integrity, dignity, prudence, self-reliance and commitment.
- Personal qualities are important to the personal, social, emotional and economic well-being of a person.
- Entrepreneurs are creative people who can make decisions and are determined to succeed.
- Entrepreneurs set goals and show responsibility and commitment to their community. You can develop awareness and self-esteem, confidence and a positive attitude through mentorship.
- To be successful, it is important to make ethical decisions and to cooperate in the workplace.
- People make many different personal choices. It is important to respect and tolerate people's differences.
- A diverse society is stronger so supporting uniqueness amongst people in Rwanda is important for our future.

Self-assessment

1. Read the case studies on pages 18 and 20 and answer the questions.
 - a) In 'A commitment to Kenya's future' you learn that Wangari Maathai discovered a problem. How do you think her commitment to farming in Kenya changed the future?
 - b) In 'Holding the truth in India' you learn that Mohandas Gandhi developed a non-violent movement. Why do you think that he had the support of millions of Indians?
 - c) In 'A long walk to freedom in South Africa' you learn that Nelson Mandela did not tell people to stop protesting against the South African government. What price did he pay for his loyalty?
2. Write a paragraph where you explain the value of an entrepreneurial self-assessment.
3. Your friend has completed an entrepreneurial self-assessment. She is a very responsible person who works hard and does well at school. However, she is not very comfortable with different kinds of people. Explain to your friend why it is important that she learns to work with many different people.
4. Explain why diversity in business was less important a hundred years ago than it is today.

Unit 2: Personal values, skills and characteristics **29**

Cross-cutting issues are dealt with.

Every unit has activities and exercises.

There are exercises in each unit.

Service provision

A service is a form of work offered to a customer who needs a specific task done. Service businesses do not sell products. They sell a person's time and knowledge. A service satisfies a need or demand.

A service can be to repair a car that is broken. It can also be to serve a cup of coffee to a customer in a restaurant. A doctor that performs a medical check also provides a service.

Service businesses in Rwanda include banking, medical care, Internet and computer services, transport and tourism.


Activity 3.2

Tourism is one of Rwanda's growing industries. Discuss the following as a class. Explain which service is offered in the following examples:

1. A guide leads tourists on a hike to the Niyiragongo volcano.
2. A fisherman takes a tourist night fishing for *isumbaza* on Lake Kivu.
3. A guide tells tourists the history of the Hill of Resistance at Bisesero.

Exercise 3.1

1. Investigate the types of work in your community. Identify agriculture, manufacture, trading and service businesses.
2. Draw a map of your community. Then add the businesses to your map. Where do you find agriculture, manufacture, trading and service businesses?



We find agriculture, manufacture, trading and service businesses in different places in a community.

Unit 3: Work in the society 37

Formal assessment

Section A

In 2004, college learner Mark Zuckerberg saw that learners wanted to network with others and invented the online networking service, Facebook. Users create a profile and add other users as 'friends'. They can then exchange messages and post updates and photos. Facebook is popular. By 2012, there were one billion users. It is free to use Facebook. The company earns money from advertising.

1. Is Mark Zuckerberg an entrepreneur? Explain your answer. (2)
2. A good entrepreneur is innovative and creative. Does this apply to Mark Zuckerberg? Explain your answer. (2)
3. Facebook's users have access to the Internet via cell phones or computers. Is online networking a primary or secondary need? Explain your answer. (4)
4. Facebook's competition includes Instagram and SnapChat. Are these substitute goods? Explain your answer. (2)
5. To start Facebook, Mark Zuckerberg had to find and allocate business resources.
 - a) List three types of resources used to start a business. (3)
 - b) Which skills and knowledge did Mark Zuckerberg's employees need? (3)
6. Users on Facebook post personal pictures and images. Explain why it is important for Facebook to uphold moral and ethical values. (4)

Section B

As an entrepreneur you will need to hire employees from your community. Your workforce may be made up of individuals from different ethnic groups. Some of your employees may have disabilities. Because your business is small, everyone must work together closely and learn to get along with others.

1. Explain what is meant by diversity. (5)
 2. Why is diversity in business today more important than it was a hundred years ago? Explain your answer. (5)
 3. Every employee brings a different skill to his or her job. Discuss why this is important for your business. (5)
 4. Give a suggestion for how you can teach young Rwandans to respect personal choices and diversity. (5)
- [20]

Section C

Personal development is important for every entrepreneur. Identify skills that you need to develop, and design a personal development plan. (10)

Total marks: 50

Formal assessment with marks

1

Entrepreneurial culture

- Sub-topic area** Concept of entrepreneurship
- Unit 1** Meaning, roles and characteristics of an entrepreneur
- Sub-topic area** Personal development
- Unit 2** Personal values, skills and characteristics of an entrepreneur
- Sub-topic area** Work in socio-economic development
- Unit 3** Work in the society



There are many business activities in Rwanda.

Key unit competence: To be able to analyse the desirable characteristics and role of an entrepreneur.



Welcome to Entrepreneurship in Secondary 1! This year you will gain many new skills that will help you make important choices for a successful future.

Introductory activity

Your community is made up of many different people that fill different roles. Farmers work in rural areas, tourist guides in national parks and bankers work in towns. Each person fills an important role.

1. In a few years, it will be your turn to select a role. What would you like to do when you finish your studies? Why would you like to do this work?
2. Describe the work that you would like to do and share your ideas with the class.
3. Imagine that it is twenty years into the future. Pretend that you are working in the role that you wanted when you were at school. Tell the class about your future life.



What work do you want to do when you finish your studies?

Entrepreneurship process

What is missing in your world?



Come up with an idea or solution!



Write a plan for the business.



Make the product.



Sell the product and make a profit.



A successful business fills a need in the community.

Why do we study entrepreneurship?

Activity 1.1

In class, brainstorm the following:

1. Think of businesses that have solved problems in your community.
2. Which products or services do they offer?
3. How many different types of businesses did you find?

1.1 The concept of entrepreneurship

Entrepreneurship is the process of starting and running a business. This process starts with a good idea. The idea can be to sell something that solves a problem, for example, selling umbrellas when it rains. The business can sell a product or a service. The business can be as small as one person (the entrepreneur) selling vegetables at a market or as large as a business employing thousands of people.

Next, you need to use the idea to plan and develop the business. Finally, the business needs to sell the product or the service to **customers** to make money. A successful business must make more money than it spends. The difference between the money earned and the money spent is called **profit**.

Entrepreneurs use brainstorming to produce ideas and find ways to solve problems. When we **brainstorm** we write down as many ideas and facts as possible.

Life in Rwanda has changed over the past twenty years. Many new shops and banks have opened in Kigali. Tourists visit to see our wildlife, like the mountain gorilla. People are healthier and living longer.

Today, people have better jobs and more money, but there are still many poor people in Rwanda. Many rural people work hard to make a living and in the city it can be difficult to find work.

In Entrepreneurship you will learn how to create a better tomorrow by starting new businesses that can provide jobs and improve life in Rwanda.

Who is an entrepreneur, an intrapreneur and an enterprising person?

An **entrepreneur** is a person who uses an idea to start and run a business in the hope of making a profit. He or she is the owner of the business. It is the entrepreneur who is responsible for the success or failure of the business.

Many people have good ideas and important responsibilities, but they are not all entrepreneurs.

An enterprising person also has ideas and starts projects. Often an enterprising person is employed by a company. An intrapreneur is a person who acts as an entrepreneur for a company. The company asks the intrapreneur to come up with ideas. If the project is a success, the intrapreneur makes a profit for the company. The company is therefore responsible for the success or failure of the project.

Competence: Communication skills in language subjects

In business we often use words from other languages. 'Entrepreneur' comes from a French word that means 'to commit and start'.

Case study activity

Read the case study 'Success stories in Rwanda.' Then answer the questions.

Success stories in Rwanda

Read about three successful Rwandans.

1. Ishimwe Claudien Ngezahayo from Kicukiro develops new software programs (the programs used by a computer). He works for Jembi Health Systems where he develops software for Rwanda Health Enterprise Architecture, a project that aims to improve health care in Rwanda.
2. Eric Kabera is a journalist and filmmaker. He is famous for producing films such as the documentary *100 days*. He is the president of the Rwanda Cinema Centre (RCC). This organisation teaches film-making to young people and organises the annual Rwanda Film Festival.
3. Jean-Phillippe Kayobotsi used to work for large corporations and studied abroad. Today, he is the owner of Brioche, a bakery and coffee shop. He started the business a few years ago and now owns four shops in Kigali.

Questions

1. Describe the responsibilities of Ishimwe Claudien Ngezahayo.
2. Is Mr Ngezahayo an entrepreneur, an enterprising person or an intrapreneur? Provide a reason for your answer.
3. Why can you say that Eric Kabera is an enterprising person?
4. What idea did Jean-Phillippe Kayobotsi have a few years ago?
5. Is Jean-Phillippe Kayobotsi an entrepreneur? Explain your answer.
6. Do you think that enterprising persons often become entrepreneurs? Explain your answer.

1.2 Characteristics of a good entrepreneur

Entrepreneurs who are successful make a difference in their communities by providing goods and services, employing people and growing their businesses. However, it is also challenging to be an entrepreneur.

An entrepreneur needs many different qualities and characteristics to succeed.

Activity 1.2

Imagine the following. You have just returned from a trip to Nyungwe National Park. During your stay you discovered that a small plant has properties that can help relieve stomach ache. You have collected samples and want to grow and sell your new medicine for stomach-aches in Rwanda and abroad. As an entrepreneur you are very excited about this opportunity, but you know that you need the characteristics of a good entrepreneur to be successful.



A successful entrepreneur finds solutions to problems.



This person has the characteristics of a good entrepreneur. Fig 2

These qualities include:

- Innovative – finds new and creative solutions; able to find viable business opportunities
- Risk-taker – takes personal and financial risks when starting a business
- Decision-maker – makes many important decisions about the business and finances
- Persistent – does not give up; willing to persevere and continues to work hard in spite of difficulties
- Determined – motivated to succeed
- Hard working – works long hours.

1. Copy the table below. Describe the characteristics of a good entrepreneur in your own words with a partner.
2. Explain to your partner how you will use each of these characteristics to create a successful business.

Characteristics	Describe the characteristic in your own words	How will you use the characteristics to create a successful business
<i>Hardworking</i>		
<i>Innovative and creative</i>		
<i>Risk-taker</i>		
<i>Decision-maker</i>		
<i>Persistent</i>		
<i>Able to find viable business opportunities</i>		
<i>Seeks information</i>		
<i>Determined</i>		
<i>Perseverant</i>		

Exercise 1.1

Complete an assessment of your personal entrepreneurial characteristics (PECs).

1. Copy the table on the following page.
2. Compare the characteristics of a good entrepreneur in the first column with your own skills and qualities. When you can recognise a characteristic as one of your qualities, tick the box in the column with the heading 'This is what I am good at'. If you do not have the quality, then tick the box 'This is what I need to learn'.
3. For every tick in 'This is what I need to learn' explain how you are going to learn the characteristic.

4. Write a report and explain how you assessed your characteristics. Describe your findings and include the following information:
- Why you feel that you have or lack a specific characteristic.
 - Why the characteristics are important for you as an entrepreneur.
 - List your ideas on how to develop the characteristics that you currently lack.

Characteristics of a good entrepreneur	This is what I am good at	This is what I need to learn
<i>Hardworking</i>		
<i>Innovative and creative</i>		
<i>Risk-taker</i>		
<i>Decision-maker</i>		
<i>Persistent</i>		
<i>Able to find viable business opportunities</i>		
<i>Seeks information</i>		
<i>Determined</i>		
<i>Perseverant</i>		

1.3 Roles of an entrepreneur in entrepreneurship

An entrepreneur needs to fill many roles. To be successful, an entrepreneur must:

- Scan the environment
- Identify business opportunities
- Find and allocate necessary **resources**
- Set up and manage the business.

Scanning the environment

After school, walk through your local town or village. Can you identify a need for a business? Often an entrepreneur finds business opportunities because of a problem.

Case study activity

Read the case study about a company called The Office and discuss the questions that follow.

'The Office' solves a problem

The economy in Kigali is growing. There are many business opportunities but entrepreneurs often find the rent of office space too high. They also do not have a place to meet other business contacts or customers. This problem became a new opportunity for a business simply called The Office.

The Office rents communal office space to entrepreneurs where they can meet with customers and other business people. There is access to the Internet, mail collection and a conference room. The Office also offers business training.

This vibrant space offers a solution for Kigali's new entrepreneurs.

Questions

1. Does The Office sell a service or a product? Explain your answer.
2. Which problem did The Office identify?
3. How did The Office solve this problem for customers?
4. Do you think that a business like The Office could be successful in a rural area? Explain your answer.
5. Suppose you intend to start a business next door to The Office. What service or product would you sell?

Cross-cutting issue: Gender

In Rwanda many men and women have become successful entrepreneurs. Anybody can become an entrepreneur.



Many businesses are successful because they identified a problem that they could solve.

Identifying business opportunities

A business opportunity needs to:

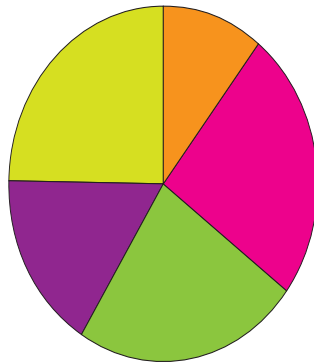
- Meet a need of customers
- Be different from the competition
- Complement your skills and interests.

Matching the needs of customers

We do not all buy the same things. The people that **entrepreneurs** sell products or services to are called customers. It is important that we learn as much as we can about our customers.

We call customers that are likely to buy a product or service our **target market**. To describe a target market, we divide people into small groups (or segments) with similar characteristics.

Population of Rwanda by province



Kigali	1,135,428
Southern Province	2,594,110
Western Province	2,476,943
Northern Province	1,729,927
Eastern Province	2,600,814

Competence: Numeracy

Do you recall how to draw up charts and graphs from studies in numeracy?

When we divide Rwanda's population into segments we can see where our customers live. [source: www.geojive.com/cntry/rwanda – 15 Aug 2015 at 9.23 a.m.]

We can divide people according to their:

- Geographic location – do they live in a rural area, town or city?
- Demographics – what is their age, gender, income, occupation or nationality?
- Interests – what hobbies, sports or interests do they enjoy?

To describe the target market of a business, think, for example, of the interest of a customer who buys a football or the demographic of a customer who buys shaving cream.

Exercise 1.2

Select a demographic quality to describe the target market for the following businesses.

1. A publisher starts a new magazine that covers music, fashion wear and art.
2. A manufacturer produces dolls with a range of clothes.
3. A store sells farming equipment and seeds.

Business opportunities and competition

All businesses have **competition**. Competitors are businesses that sell the same or similar product or service.

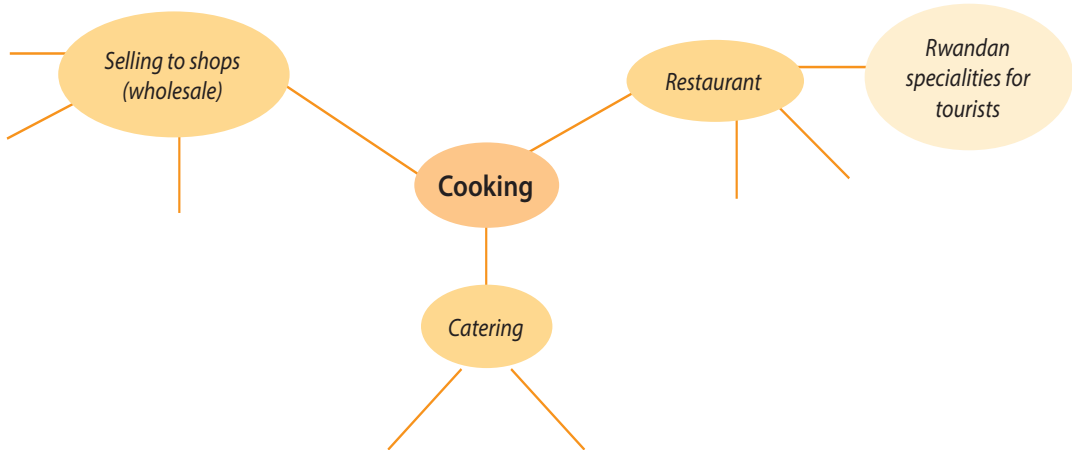
At the local market, for example, there is more than one stall that sells plantains.

A competitor can also sell an alternative. For example, if you sell tickets to a dance show on Saturday, then your competition might be the cinema that sells tickets to a film that is showing at the same time.

People must decide what to spend their money on and you need to find a reason why customers should buy your product or service.

A business that complements your skills

People have many different interests and skills. For example, you may enjoy cooking. To discover business opportunities for your skills, you can draw a mind map. The skill or interest is in the centre. Each branch is a business opportunity for using this skill to start a business. Each branch has further branches with business ideas.



A mind map can show business opportunities.

Exercise 1.3

1. Copy the mind map above. Complete the mind map and fill in business opportunities for a person that likes cooking.
2. Make a list of your skills and interests.
3. Create a mind map to discover how you can use your skills and interests to start a business.

Finding and allocating business resources

Every day we use things that help us. You may use a bicycle to get to and from school. You use knowledge to prepare a meal. These aids are called resources. Entrepreneurs use three types of resources to start a business:

- Natural resources – things from nature that we use such as wood, land and water
- Human resources – people who have skills and knowledge needed to produce and sell products and services
- Capital resources – money that we invest in a business.



Our forests are natural resources.

Cross-cutting issue: Environment and sustainability

The human race has had a negative impact on the environment. It is our responsibility to use resources responsibly.

There are two types of natural resources – renewable and non-renewable resources. A **non-renewable resource**, for example coal, does not grow or come back.

Renewable resources, such as trees or fish, grow and come back again. However, if we catch too many fish or fell too many trees we can also use up (deplete) a renewable resource.

As entrepreneurs it is our responsibility to ensure that we use resources responsibly.

Setting up and managing a business

Once you have identified a business opportunity and found and allocated resources, you need to set up and start the business. It is often difficult to start a business and you need all the characteristics of a good entrepreneur to be successful.

Case study activity

Read the case study ‘Fashion in the “Land of a Thousand Hills”’ Then answer the questions that follow in a class discussion.

Fashion in the ‘Land of a Thousand Hills’

In 2005, Spanish designers Ines Cuatrecasas and Marc Oliver travelled around Rwanda looking for a bold, creative and adventurous business opportunity. They found this when they met skilful and talented Rwandan artists and tailors.

Together the new team created the fashion label Mille Collines. The **motto** of the company is ‘Africa first’. All items are designed and produced in Rwanda. Today the fashion items are sold in Kigali and also from four stores in Nairobi, Kenya. Mille Collines is still owned and managed by the original team that started the business.

Ines chose Rwanda because it is an easy place to open a business and has low levels of **corruption**. She also saw new shopping malls being built in Kigali with many new high-end businesses opening.

As a fashion designer, Ines sees African fashion as a growing **trend**, both in Africa and in the west. She therefore feels that Mille Collines and other local designers should focus on growing local markets in Africa. She feels that the hunger for African products will only become stronger and that companies must be ready to expand outside the continent into international markets.

Questions

1. How did the Spanish designers scan the environment for business opportunities when they came to Rwanda in 2005?
2. How did the designers identify business opportunities?
3. Which resources did Mille Collines use to produce their fashion items?
4. Where did Mille Collines set up their business?
5. Who manages the business operations of Mille Collines?
6. Why did the Spanish designers first scan the environment?



Many fashion designers believe that African fashion is a growing trend.

Activity 1.4

1. Explain why entrepreneurs are important for the future of Rwanda.
 2. Look for three successful businesses in your community, for example, a bakery, a farm or a garage workshop. Contact the owner of each business and ask if you can interview him or her. You can ask questions such as:
 - a) Why did you decide to start your business?
 - b) How did you start the business?
 - c) What were some of the difficulties that you faced in starting your business?
 - d) Which personal qualities did you use to overcome difficulties?
 - e) Why do you think your business is successful?
 3. Present your findings to the class and explain what makes this business successful. If possible, invite the business owner to hear your presentation. Remember to thank the business owner for giving you his or her time.
-

Competences: ICT and digital competences

You can find information on many Rwandan businesses on the Internet and social media such as Facebook and Twitter.

Checklist of learning

In this unit, I have learnt the following:

- ✓ Entrepreneurship is the process of starting and running a business. The aim of the business is to make a profit.
- ✓ An entrepreneur uses an idea to start and run a business. An intrapreneur starts and runs projects for a company. An enterprising person has many ideas and often becomes an entrepreneur.
- ✓ An entrepreneur needs many important qualities to be successful. A good entrepreneur must be hardworking, innovative, creative, determined and persistent. An entrepreneur must also seek information, take risks and make decisions.
- ✓ An entrepreneur must scan the environment, identify business opportunities, mobilise and allocate resources, set up and manage the business.

Self-assessment

1. Emelienne Nyiramana was looking for job opportunities. She enjoyed sewing and making clothes so she developed Cocoki Cooperative with other women who had similar skills. The cooperative sells clothes and crafts in Rwanda and abroad. Her goal is to expand the business by training more women and by learning more skills such as selling and managing the money of a business.
 - a) In your own words write the definition of an entrepreneur.
 - b) Explain why enterprising people often become entrepreneurs. You can choose to use the story of Emelienne Nyiramana.
 - c) Which skills did Emelienne use to start a business?
 - d) Which skills did Emelienne lack and how does she aim to gain these skills?
 - e) Which desirable qualities of an entrepreneur do you think that Emelienne has?
2. A friend wants to start an Internet café in Muhanga and is asking for your help.
 - a) Explain how an Internet café could match the needs of customers in Muhanga.
 - b) Suggest ways in which that your friend's business could be different from existing Internet cafés in Muhanga.
 - c) Recommend skills that your friend should have before opening the business.
3. An entrepreneur needs to fill many roles to be successful. In your own words, explain how an entrepreneur can:
 - a) scan the environment for business opportunities
 - b) identify business opportunities
 - c) find and allocate resources
 - d) set up the business
 - e) manage the business.

Key unit competence: To be able to evaluate own values, skills, strengths and identify areas for development against common characteristics of entrepreneurs.



Introductory activity

Imagine that you have just finished your studies and that it is your first day at your new place of work. Think about how you would like to be treated by your new employer.

1. In class, brainstorm the personal values and characteristics that you would like your new employer to have.
2. Create a mind map on the board. In the centre write the word 'Success'.
3. Then add all the values and characteristics that will help you to be successful in your new place of work.



Cross-cutting issue: Peace and values education

Rwandan society flourishes when we all work towards a peaceful society. You probably know the golden rule, 'Treat others as you want to be treated yourself.'

The words that you choose are values and qualities that you should strive for.

2.1 Personal qualities

Our personal values show our sense of right and wrong. A value can be 'people should be treated with dignity and respect'. Our values therefore influence our behaviour and **attitudes**.

Many people have values because of their religion, but there are also many values which are universal – they are the same all around the world.

In this unit, we will discuss different personal qualities.

Developing good manners

Good manners are something that you show every day to make a good impression on others or to feel good about yourself.

These are three universal manners. Friendliness, respect and caring are three qualities that you should always strive for. You should always have regard for another person's feelings and wishes.

Manners often depend on our culture. Different cultures have their own ideas about what it means to show respect. In some cultures, professional persons are held in high regard. Other cultures value the experience of older persons.

Lifelong learning

Many values take a lifetime to learn. Here are some of the values that you should always strive to learn:

- **Intelligence** means to use reason and memory to solve problems. It also means to have **self-awareness** and that you can learn and communicate with others.
- **Prudence** means using caution and common sense when making a decision. A prudent person tries to think ahead to the many things that can happen. A prudent person does not spend all his or her money on fashion wear or a new phone, but saves up for an education.
- **Commitment** means being dedicated to something. This can be a cause or an activity, but you can also be committed to your friends, family, school and country.

Cross-cutting issue: Peace and values education

A very important quality to develop is to recognise the need to contribute to society.



It does not cost anything to be friendly and a smile can change how another person feels.

Case study activity



Wangari Maathai was an environmental leader in Kenya.

Read the case study. Then answer the questions.

A commitment to Kenya's future

Wangari Maathai is a good example of a committed person. She was an environmental and political leader in Kenya. After completing her education abroad, she returned to her family's land. Here she discovered that it was hard for farmers to grow their crops because of soil erosion (the top layer of fertile soil had washed away). Wangari Maathai therefore founded the Green Belt Movement. This is an environmental organisation that plants trees throughout Kenya.

By growing and planting trees, farmers reduced the erosion. The farm land therefore improved and farmers could grow their crops again. This meant that she reduced rural hunger.

She was awarded the Nobel Peace Prize for her commitment to **sustainable development**, democracy and peace.

Questions

1. Who was Wangari Maathai?
2. What was the problem she identified on her family's land?
3. How did she solve this problem?
4. What does this show about her personal qualities?

I wonder what would happen if...?



Games can help us to improve our creativity and innovation.

Creativity and innovation

To be creative and innovative means to have new ideas and to turn them into something useful. People have used these qualities to make everything that you use in your daily life, from inventing the wheel to the latest computer technology.

Self-reliance

We use **self-reliance** to reach our goals. A self-reliant person works towards goals without being told to. We say that a self-reliant person takes initiative.

An **accomplishment** is anything that we have completed successfully.

How to become self-reliant

Step 1: Take responsibility for your actions. If you have relied on your parents to wake you up every day so that you are not late for school, it is time to use your own alarm clock. Keep a calendar with important dates such as tests and exams. Work hard at school and apologise when you make a mistake. When you take responsibility you control your own life.

Step 2: Be informed. Read books, ask questions and talk to your parents, your teacher and older persons in your community. They can teach you how to solve problems and grow as a person.

Step 3: Make goals for yourself. Plan your future and set out tasks that will help you reach your goals.

Step 4: Make your own decisions.

Activity 2.1

Play the 'What if?' game in class.

In this game, one person selects a situation and asks 'What if?' The rest of the class must come up with creative answers to the situation.

For example:

- What if there was no Internet?
- What if electricity had never been invented?
- What if we had no way to tell the time?
- What if cars did not exist?
- What if you had the power to read people's minds?
- What if all your friends spoke only Chinese?

Moral and ethical values

Loyalty, honesty, dignity and integrity are important values

A person with integrity follows his or her moral or ethical beliefs. When you have integrity, you do what you believe is the right thing to do, even if no one is watching you. Having integrity means that you are true to yourself and would not do anything that demeans or dishonours you.

A person with dignity has self-respect and is worthy of honour and respect. The two case studies that follow are examples of people who are worthy of honour and respect.

Cross-cutting issue: Financial education

Economists use 'What if?' situations to try to predict what will happen to the economy in the future.



Former South African president Nelson Mandela.

Case study activity

Read the case study. Then answer the questions.

A long walk to freedom in South Africa

A good example of a person with a strong sense of loyalty and dignity is former South African president Nelson Mandela.

South Africa followed a discriminative system based on racial segregation (separating people according to their 'race'). This system was called apartheid. As a young man, Mandela fought this system and as a result was sent to prison. During his time in prison, the South African government tried to negotiate with Mandela and asked him to stop people from protesting against the apartheid system. Mandela refused to do so. He remained loyal to his cause and was therefore only released after serving twenty-seven years in prison.

Nelson Mandela became South Africa's first democratically elected president in 1994.

Questions

1. Explain what 'apartheid' was.
2. What happened when Mandela fought this system?
3. Why did the government ask him to stop people from protesting?
4. Why did he refuse?
5. What does this show about his value system?
6. Write down one question you would have liked to ask Mandela.

Activity 2.2

The World Health Organization (WHO) states that. 'Health is a state of complete physical, mental and social well-being and not merely the absence of disease or disability.'

This means that a healthy person has:

- Physical health – can see, hear, walk, jump and perform other activities without problems
 - Mental and emotional health – feels good emotionally and can reach his or her full **potential**
 - Social health – feels a sense of belonging to a community.
1. Discuss how good personal qualities are linked to the health of a person.
 2. How do personal qualities influence the personal, social, emotional and economic well-being of a person?

Exercise 2.1

1. Copy the table below and write down your personal strengths and weaknesses.
2. Analyse your personal strengths and weaknesses. How can you change your weaknesses into strengths?

Personal characteristics	Strengths	Weaknesses (areas for development)
<i>friendliness</i>		
<i>respect</i>		
<i>intelligence</i>		
<i>caring</i>		
<i>loyalty</i>		
<i>honesty</i>		
<i>integrity</i>		
<i>dignity</i>		
<i>prudence</i>		
<i>self-reliance</i>		
<i>commitment</i>		

2.2 Personal qualities in relation to;

a) Entrepreneurship

In business, we sometimes have to deal with moral and ethical problems. Business ethics are the principles that guide the way that a business behaves. Ethics are about choosing to behave in a correct and good way. It is important to make the right decisions as an entrepreneur and develop desirable business ethics. Problems involving business ethics include:

- Greed
- Lack of loyalty
- Selfishness
- Lack of consideration for others.



Which option would you choose to deal with greed and lack of loyalty in a business? Fig. 3



Which option would you choose to deal with selfishness and lack of consideration in a business? Fig. 4

Activity 2.3

Read through the scenarios in the photographs on pages 24 and 25. Divide into two groups and role play each scenario.

One group picks the business owner's first option and the other group the second option. Pretend that it is one year into the future and, in your groups, decide on the outcome of the decision. Put together a play for the class where you show the consequences of the business owners' choices.

Entrepreneurial self-assessment

An entrepreneurial self-assessment is a tool to help you to identify your strengths and areas for improvement. It can also help you to see how to become successful as an entrepreneur.

Exercise 2.2

Do your own entrepreneurial self-assessment by completing the questionnaire. For each question, select the option that is most accurate.

	strongly disagree	disagree	neutral	agree	strongly agree
Entrepreneurial values					
1. <i>I am curious and am always discovering new things.</i>					
2. <i>I am good at seeing and solving problems.</i>					
3. <i>I enjoy setting and achieving goals.</i>					
4. <i>I always try to learn from my mistakes.</i>					
5. <i>I take responsibility for my own success.</i>					
Personal development					
1. <i>I have lots of energy to tackle problems.</i>					
2. <i>I complete all tasks on time, even when they are not pleasant or easy.</i>					
3. <i>It is easy for me to motivate others to work with me.</i>					
4. <i>I always do my best in every situation.</i>					
5. <i>I am willing to work hard in order to succeed.</i>					
Role in society					
1. <i>I am comfortable with all kinds of people.</i>					
2. <i>I deal with people honestly and openly.</i>					
3. <i>I am good at talking with other people and have good relationships.</i>					
4. <i>I share my success by giving to others.</i>					
5. <i>I want to do something that will improve the lives of people in my community.</i>					

	strongly disagree	disagree	neutral	agree	strongly agree
Work in school and beyond					
1. <i>When I study for a test I know that I can get good results.</i>					
2. <i>I do my best in all my school work.</i>					
3. <i>I am a good leader and other people enjoy working with me.</i>					
4. <i>I am loyal towards my school, teachers and fellow learners.</i>					
5. <i>I believe that I can make a successful business after completing my studies.</i>					

There are no right or wrong answers in the entrepreneurial self-assessment. This tool can help you to identify your strengths and weaknesses. When you selected a low ranking, ask yourself how you can improve this area of your development.

b) Personal development

One of the most important skills that you need to become a successful entrepreneur is desirable business ethics. A **mentor** is a person with life experience that can help you with your personal development and teach you **life skills**.

Case study activity

Read the case study 'Mentorship helps create successful fashion brand' then answer the questions.

Mentorship helps create successful fashion brand

Michaela Rugwizangoga is creative and loves design. She entered an entrepreneurship competition where mentors helped her to develop her idea. She won the business plan competition and started her fashion collection and the brand Chicissime. Today, her elegant and creative accessories are sold online. She is an active community member that gives back to her community through a range of entrepreneurship networks.

Questions

1. Make a list of desirable personal values, skills and strengths that an entrepreneur should have.
2. Why do you think that Michaela Rugwizangoga needed a mentor to help start her business?
3. Which business ethics do you think the mentor taught her?

Exercise 2.3

Try to find someone in your community that you feel can inspire, help and assist you with your personal growth.

How to find a mentor

Step 1: Make a list of the people that inspire you. Include family, spiritual and world leaders, sports stars and successful business people.

Step 2: Select a mentor. If you can, contact your chosen mentor and ask if he or she is willing to mentor you. Explain which life skills you need help with. Set goals and develop a plan for how to reach them.

Step 3: Practise the skills that your mentor asks you to work on.

Step 4: Say thank you to your mentor. Remember to mention his or her name when you do well. One day, when you are a successful person yourself, set aside time to mentor others.

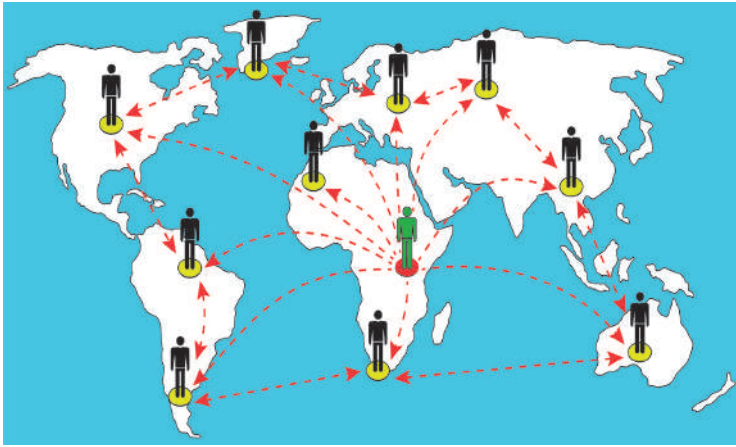
Networking and personal development

A network is a group of people who help each other. You can think of a spider web where each strand is connected to all the other strands. A network of people is similar to the spider web. Every person in the network interacts with all the other people. You have a network at school where you are connected to all the other learners, your teachers and the principal. These people all influence you. Networking is very important in business.

c) Living in the modern world

When your grandparents were young, they probably did not know many people who lived far from their town or village. Then, most people only knew people from their own culture. They spoke just one language and lived their lives in one place.

Today, life is very different. We sometimes call the modern world a 'global village'. This means that people today seem to be closer to each other. We can travel by bus, car and plane to other parts of Rwanda or even to other countries. We **import** products to Rwanda and sell our products to other countries. We also communicate with people all around the world through the Internet.



The world today is a global village.



Visitors to Rwanda have their own values and personal choices.

Respecting personal choices

In our daily lives and at school, it is important that we respect the personal choices of others. It is also important that your personal choices are respected.

Activity 2.4

Rwanda developed a new constitution in 2003. A constitution contains the basic laws that all citizens must follow. The new constitution also lists the rights and responsibilities of all Rwandans.

Research the Constitution of the Republic of Rwanda.

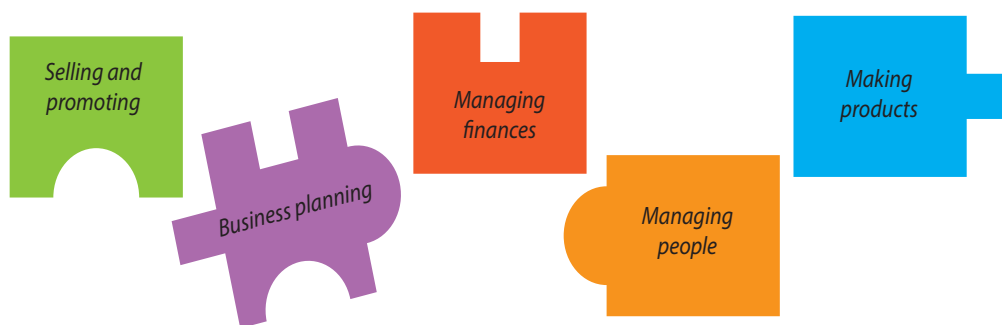
- As citizens, what are our rights and responsibilities?
- How does the Constitution of Rwanda protect our personal choices?

Activity 2.5

You and your class are the new managers of a guest house near Virunga National Park. Guests from all around the world come here to see the mountain gorillas. The guests have their own values and personal preferences.

Discuss, as a class, how you can use the diverse and unique skills of each person in the class to make sure that each guest feels welcome in your guest house.

Activity 2.6



It takes many different skills to run a successful business.

Copy and cut out the puzzle pieces. Then complete the business puzzle as follows:

1. Divide into groups of five. Discuss your unique skills, values and strengths.
2. Select a puzzle piece that suits you. Use the table below to assist you.
3. Present your puzzle business to the class and explain how your different personalities can create a successful business.

Personal description	Puzzle piece
<i>I am friendly, love being with people and am interested in the latest trends.</i> ➡	<i>Selling and promoting</i>
<i>I am attentive, patient and tolerant of people who are different to me.</i> ➡	<i>Managing people</i>
<i>I enjoy math, am prudent and good with money.</i> ➡	<i>Managing finances</i>
<i>I am practical and pay attention to detail.</i> ➡	<i>Making products</i>
<i>I am good at setting goals and making decisions.</i> ➡	<i>Business planning</i>

2.3 Diversity & Uniqueness as a source of success.

In the past, people learnt how to trade and sold their products at a local market. Today, we often compete with the whole world. Some of the clothes that you wear are probably made in another country. When you call a business, you sometimes talk with a person on another continent. Even products that are made in Rwanda are sometimes designed in other countries.

This means that we are working with many different people from around the world. To be successful, a business therefore needs people with many different values, skills and strengths. A business that employs diverse people becomes stronger.

Checklist of learning

In this unit, I have learnt the following:

- ✓ To be successful, an entrepreneur needs many personal qualities such as friendliness, respect, intelligence, caring, loyalty and honesty.
- ✓ Important personal qualities also include integrity, dignity, prudence, self-reliance and commitment.
- ✓ Personal qualities are important to the personal, social, emotional and economic well-being of a person.
- ✓ Entrepreneurs are creative people who can make decisions and are determined to succeed.
- ✓ Entrepreneurs set goals and show responsibility and commitment to their community. You can develop awareness, self-esteem, confidence and a positive attitude through mentorship.
- ✓ To be successful, it is important to make ethical decisions and to cooperate in the workplace.
- ✓ People make many different personal choices. It is important to respect and tolerate people's differences.
- ✓ A diverse society is stronger, so supporting uniqueness amongst people in Rwanda is important for our future.

Self-assessment

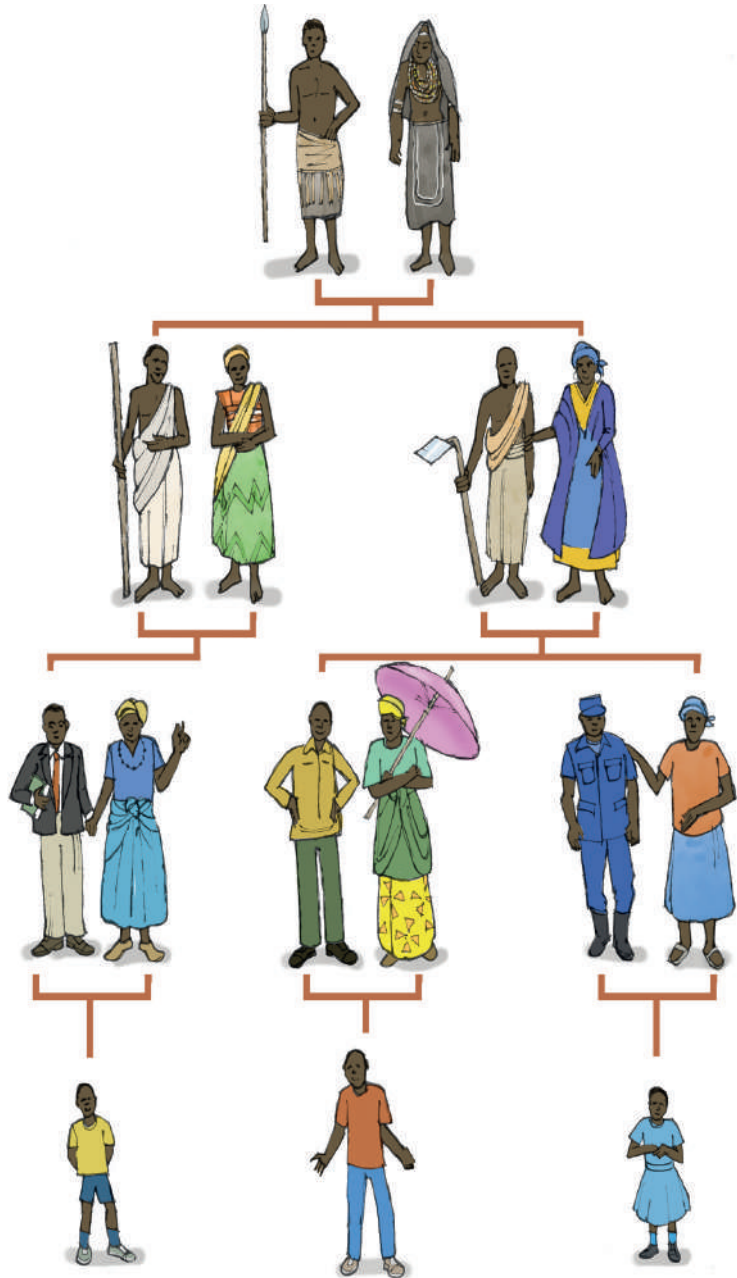
1. Read the case studies on pages 20 and 22 and answer the questions.
 - a) In 'A commitment to Kenya's future' you learn that Wangari Maathai discovered a problem. How do you think her commitment to farming in Kenya changed the future?
 - b) In 'A long walk to freedom in South Africa' you learn that Nelson Mandela did not tell people to stop protesting against the South African government. What price did he pay for his loyalty?
2. Write a paragraph where you explain the value of an entrepreneurial self-assessment.
3. Your friend has completed an entrepreneurial self-assessment. She is a very responsible person who works hard and does well at school. However, she is not very comfortable with different kinds of people. Explain to your friend why it is important that she learns how to work with many different people.
4. Explain why diversity in business was less important a hundred years ago than it is today.

Key unit competence: To be able to analyse the value of different work in the society



Introductory activity

1. Create your family tree on a poster and write down as many generations as possible.
2. Do you know what work your family members do? What work did your ancestors do? Ask older family members to help you find out what jobs your ancestors did. List your parents' and grandparents' jobs next to their names.
3. Are you planning to follow in their footsteps or do you want to do a different type of job? Write down the job that you want to do next to your name.
4. Present your poster and findings to the class in an oral presentation.



Are you planning to follow in the footsteps of your family members?

3.1 Work

Work is any activity that we do in order to receive a result. For example, we milk a cow to get milk or do office tasks at a company to receive money as payment. People work to provide food, clothes and shelter for themselves and their families. We have always needed to work to survive, but our idea of work has changed throughout history.



Pottery was one of the first specialised fields of work.

The history of work

In the Stone Age, people hunted animals and gathered plants for food. Later, people began to farm the land and keep animals. When tasks were difficult, such as hunting a large animal, people worked together in groups.

People used skills to make pottery and to make clothes from animal skins. They were self-sufficient, which means that they made all the products that they needed themselves.

As societies developed, people developed skills in specific fields. One person was a smith (made things from metal), another a baker and so on. As people became more skilful they made products more effectively. A baker, for example, can bake many more loaves in a day than a person who does not have this skill. As people became more effective, communities also became wealthier.

Today, very few people are self-sufficient. Most people work in a specific job, for example, as a plumber, teacher, engineer or farmer, where they do one specific job. They buy the products and services that they need from other people.

Classifying work

We can classify work as mental or physical work.

- Physical work means using more of your body muscles to do the work. This can be laying bricks or carrying water. Physical work is also called manual labour. It can be very hard to do physical work, so many people use their animals or machines to help them with the tasks.
- Mental work means using more of your mind to do the work or solve a problem. This can be teaching another language or designing a car. People learn how to do mental work at schools and universities. An architect, for example, studies for many years to learn how to design homes.



Building is mostly physical work.

Often we use the two types of work together. An engineer, for example, uses mental work to design a house. A builder then uses physical and mental work to read the plans and build the house from them.

Activity 3.1

Identify the work that you see in your community every day. Then classify each job as physical or mental work or a combination of the two. Write your list in your notebook.

3.2 Types of work

Today we do many different types of work. We can classify work as agriculture, manufacture, trading or service.

1. Agriculture in Rwanda

Agriculture or farming means growing crops or rearing animals to provide food, wool, meat and other products. When a farmer grows crops for a family's needs, this is called **subsistence** farming. When farmers plant crops to sell, these are called **cash crops**.

In Rwanda, most people live in rural areas. Agriculture is an important part of the economy.

Some food crops include bananas, maize, rice, sweet potatoes and Irish potatoes. Some cash crops include pyrethrum, tea and coffee.

Farmers grow coffee and tea on steep slopes with fertile volcanic soil.

Many farmers work with cooperatives that sell their products for **export**.

Animals raised in Rwanda include cows, goats, sheep, pigs and chickens. Farmers also keep bees and harvest their honey.

Fish is important for many people living in Rwanda. Many people catch fish in the lakes. Fish farmers also breed fish in ponds.



Fishing is important for people living on the shores of Lake Kivu.



Farming is an important part of Rwanda's economy.

2. Manufacturing in Rwanda

Manufacturing businesses make products on a large scale using machinery.

Manufacture in Rwanda includes processing agricultural products, beer, furniture, textiles and farming tools. Rwanda has many **raw materials** such as coffee, tea and other agricultural products. Another example of a raw material is the methane gas recently found in Lake Kivu.

Most manufacturing businesses are located close to the raw materials. They also need to be close to roads so that they can transport their products to the shops that sell them.

Manufacturing also includes making crafts by hand from metals, wood, fabric and other raw materials.

Cross-cutting issue: Environment and sustainability

Deep water in Lake Kivu contains methane gas that we use for energy. It also contains pockets of air with carbon dioxide (mazuku) that is dangerous to people and animals.

3. Trading

Trading means buying and selling goods and services for a profit. In the past, people traded at a central marketplace in the village where farmers and artisans brought their products on a certain day.

Today, there are many different ways to buy and sell goods:

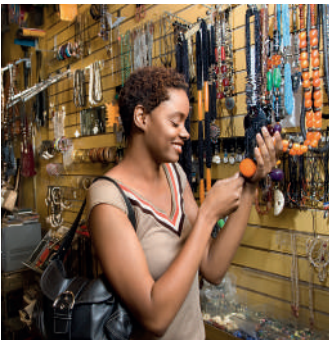
- Wholesale trading means selling in large quantities from a manufacturer to a shop
- Retail trading means selling products from shops to customers
- Online trading means selling products via websites on the Internet.

Wholesale traders or distributors are often located in towns. They need a lot of space to store their products, but they also need to transport their products to the shops so they must be close to the towns.

Retail traders are everywhere in Rwanda, selling goods to households and final consumers.

Import and export

When we **import** products, we buy products from businesses outside Rwanda. We export products that are made in Rwanda to other countries.



Products for sale at a market in Kigali.

Case study activity

Read the case study 'Kigali retail shop is busy as a bee'.

Kigali retail shop is busy as a bee

Inzuki Design sells products from a shop in Nyarugenge, Kigali. Here, at the centre of Kigali, customers can buy jewellery, accessories and interior décor items hand-made by Rwandan artisans. Teta Isibo, the founder of Inzuki Design, wants to expand to markets in the rest of Africa. She is also planning to start an online shop.

Questions

1. Why do you think Inzuki Design decided to open a shop at the centre of Kigali city?
2. Teta wants to start an online shop. Explain what this is.
3. Inzuki Design wants to grow. Suggest a location for a new shop. Explain why you chose this location.
4. Inzuki Design wants to export their products. Explain what this means.

Service provision

A service is a form of work offered to a customer who needs a specific task done. Service businesses do not sell products. They sell a person's time and knowledge. A service satisfies a need or demand

A service can be to repair a car that is broken. It can also be to serve a cup of coffee to a customer in a restaurant. A doctor that performs a medical check also provides a service.

Service businesses in Rwanda include banking, medical care, Internet and computer services, transport and tourism.

Activity 3.2

Tourism is one of Rwanda's growing industries. Discuss the following as a class. Explain which service is offered in the following examples:

1. A guide leads tourists on a hike to the Nyiragongo Volcano.
2. A fisherman takes a tourist night fishing for *isambaza* on Lake Kivu.
3. A guide tells tourists the history of the Hill of Resistance at Bisesero.

Exercise 3.1

1. Investigate the types of work in your community. Identify agriculture, manufacture, trading and service businesses.
2. Draw a map of your community. Then add the businesses to your map. Where do you find agriculture, manufacture, trading and service businesses?



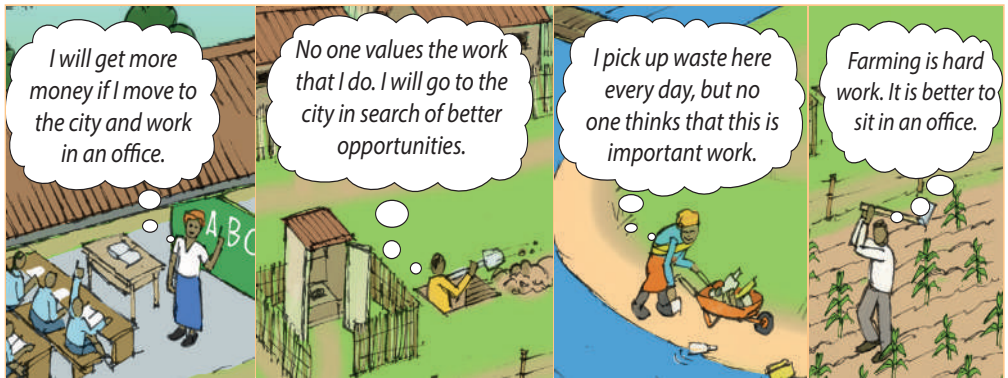
We find agriculture, manufacture, trading and service businesses in different places in a community.

3.3 Myths & beliefs about work.

Activity 3.3

Think about the different myths and beliefs about work that exist in our culture.

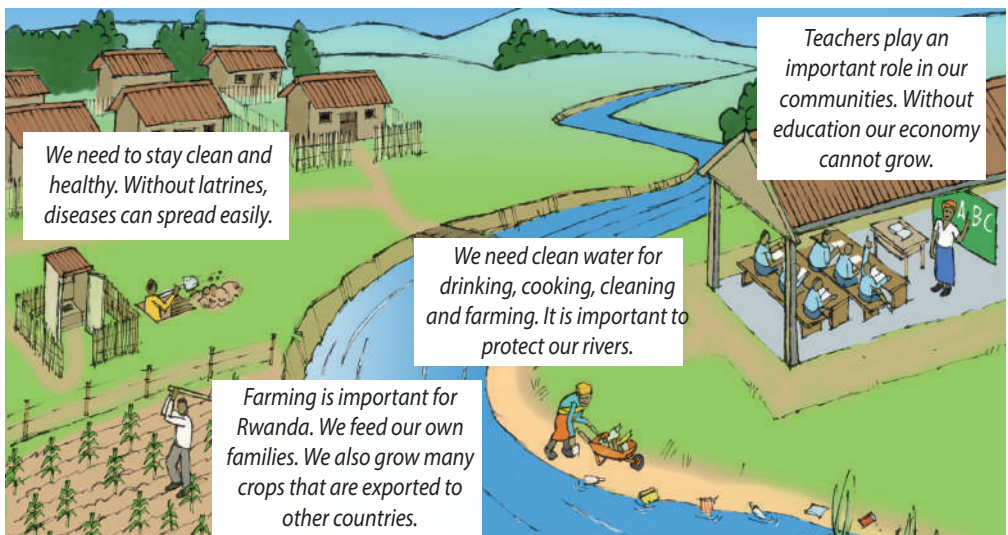
1. Write the script for a short theatre production. Include the four people in the picture and start your show with each person leaving his or her job. Each person should say what they did and why they are leaving.
2. Next, write what happens to the community when these jobs are no longer done.
3. Perform the show for your school.



Sometimes we do not think that our work has value to our community.

The value and importance of work

We have many different beliefs about work and how valuable it is to our community.



Every job is important for a healthy community.

Positive beliefs and negative beliefs about work

A myth or a stereotype is an idea or belief about a group. Think, for example, of words that we use to describe groups like young people, rural people, foreigners or women.

People often think in stereotypes because they do not know or understand a certain type of person. Stereotypes often are not true. However, they are so common or widespread that we think that they must be true.

We also stereotype different types of work. Some jobs are considered dignified and important and of value in society. Other jobs are considered to have little value.

Activity 3.4

Read the opinions below and then discuss the questions in class.

- Products made outside Rwanda are of a better quality than Rwandan products.
 - People in the city are smarter than rural people.
 - Women can only do certain jobs.
 - Young people are lazy and do not work hard.
1. Explain how you know that these are stereotypes.
 2. Why do you think that people believe stereotypes?
 3. Who can benefit from each stereotype?
 4. Explain how beliefs can be used to discriminate against people.
-

Activity 3.5

Study the cartoons. Explain the myths and beliefs about work that each learner has.

I don't need an education. I just want to start a business and make lots of money.

How will you manage your money if you don't study math?



Entrepreneurs are only rich because they cheat other people.



Communication is important in business. How will you communicate well if you don't study English and Kinyarwanda?

I work many hours and take many risks. I make money because I invest in my business, but it is not always easy to be responsible for everything. It is hard to make all the decisions all the time.

I know that hard work pays off, so I just need to start a business then I'll be rich.

It is true that hard work pays, but when you start a business you also take a risk. If people do not want your products or services, then you will not make money even if you work hard.



I don't want to cook. Housework is only for women.

Many women work outside the home. They are also tired when they return home. You should share the housework. Also, if you learn to cook really well, you could become a well-known chef one day.



There are many myths and beliefs about work.

Exercise 3.2

Prepare an oral presentation for your class where you explain which type of work you would like to do after school.

Include the following in your presentation:

- Would you like to work in agriculture, manufacture, retail or service?
- What type, or combination of types of work would you like to do – physical or mental, or both?
- What kind of education do you need to do the work?
- Where are there job opportunities in Rwanda or abroad?
- What value does your job add to your community?

You can include a poster or use PowerPoint slides in your presentation.

How to do a presentation

Step 1: Do your research. What information do you want to share? Make sure that all your facts are from a reliable source.

Step 2: Plan your presentation. Write down important points on notes or index cards.

Step 3: Practise your presentation. Practise in front of a mirror or ask family members to listen. Time your presentation – is it too long or too short?

How to deliver a presentation

Step 1: Before you start thank your teacher and the person that introduced you for giving you the opportunity to do your presentation.

Step 2: Feel confident – you have practised and are ready to share your presentation. Make eye contact with your audience and remember to smile.

Step 3: Be lively so that the audience will pay attention. You can copy the way that radio DJs vary their voices.

Step 4: Use a good ending and thank your listeners.

3.4 Dignity and the value of work

Many people work to earn an income. We need money to pay for food, clothes, education and many other things that we need every day. People also work in their fields to provide food for their families.

Most people spend many hours of their day working. As work is a large part of our lives, our self-image is influenced by the work that we do and how we are treated at our place of work.

Every person has the right to feel that the work that they do have value. Every person should also feel respected for the work that they do.

Dignity of work

Dignity is the value we attach to work, regardless of the money earned. Some jobs take place in a pleasant environment such as an office. Other jobs can be dangerous, such as mining, or hard and difficult, such as building stone walls. It is important that the way we do our work is as dignified as possible. If the work is dangerous, the employer must provide suitable protection for the worker.

The way that we treat each other at a workplace also influences the dignity of a person at work. In many countries in the world, laws protect employees against abuse or disadvantage. For example, in Rwanda we have laws that specify how many hours of work a person is allowed to work in one week. Every person should also have the opportunity to advance in their jobs and take on more important roles.



All work should be respected.

Workers who do mental work and workers who do physical work should be respected equally.

All work, both physical and mental, has dignity and adds value to society.

Business and workers

Every person who works does so to earn an income. We need money to pay for food, clothes, education and many other things that we need every day.

Every person also needs to be treated with dignity. We want to feel that the work that we do is valued.

The aim of a business is to make a profit. So how can a business make more money? How about employing people and making them work very long hours? Or how about paying them very little for their work?

This may seem like a good solution, but it is unfair. Workers should be treated with dignity.

Activity 3.6

Study the images alongside.

1. Explain how the rule in each caption ensures dignity at work.
2. Pick one of these subjects and write an essay to discuss the value and dignity of work.
 - a) Rwandan labour laws ensure that workers are treated with dignity by providing rules for the employer
 - b) When workers are able to learn more skills or further their education they can provide additional value to their workplace.

The value of work

Every job adds value to society. Each role fills a function that helps to keep our world safe and healthy.

Value of doing work

1. Protecting environment
2. Employment app
3. Source of income & tax
4. Improving standard of living etc.

Case study activity

Read the case study and answer the questions.

A simple flower can change the world

Rwandan pyrethrum farmers are producing an environmentally sustainable product and earning an income to support their families.

Pyrethrum is a chemical that is extracted (taken out) from the dried flower heads. This chemical is used to produce an effective insecticide (poison for pests).

Many farmers work in cooperatives where they grow, harvest and dry pyrethrum. Most of the pyrethrum is exported to the United States and other foreign markets, so the pyrethrum industry provides jobs and brings in foreign currency (money from other countries).

Questions

1. What is pyrethrum?
2. Where do farmers export pyrethrum too?
3. Which part of the plant is used for this product?



One of the types of flowers used for harvesting pyrethrum

Exercise 3.3

1. Arrange to follow a skilled person for one work day. You must assist the person, but your role is also to study and assess how that job is done. This is called 'job shadowing' because you become like the shadow of the skilled person.
2. After your job-shadowing experience, make a presentation to your class where you share your experiences.

Checklist of learning

In this unit, I have learnt the following:

- ✓ Work can be distinguished as mental or physical work.
- ✓ We can classify work as agriculture, trading, manufacture or service.
- ✓ People have developed many myths and beliefs about work. Many of these are not true. We need to promote positive beliefs and values about work.
- ✓ Every person needs to be treated with dignity in the workplace.
- ✓ All types of work have value for the community and for Rwanda.

Self-assessment

1. At Indego Africa, artisans work in cooperatives. One of these is Étainerie y'I HUYE where artisans work with tin to create bangles, necklaces, rings and other beautiful jewellery.
 - a) What type of activity is Étainerie y'I HUYE?
 - b) Is this mental or physical work? Explain your answer.
2. In each of the examples, the work carried out is either mental or physical. Identify the type of work. Then explain what each work entails. Then explain the value of the work in each example.
 - a) Zambian author Alexandra Fuller wrote and published the story of her childhood.
 - b) Tin miners work in the Rutongo mines in the Northern Province.
 - c) Workers pump methane gas out of Lake Kivu and make it into fuel.
3. Write a paragraph describing what has changed in the village since the people left.
 - a) Use the map to explain the value of work.
 - b) Give ideas for how you can promote positive values about work.
 - c) To preserve the dignity of work it is very important that workers are treated correctly. Create four rules that will ensure that workers are treated with dignity.



TOPIC AREA

2

Business activity

Sub-topic area Concept of business activities

UNIT

4

Concepts of needs, wants, goods and services

Key unit competence: To be able to make rational consumption decisions based on one's needs.



Introductory activity

In class, discuss and list what you need and want. Use the images below to give you ideas of products and services.



We have many primary and secondary needs.

There are many products and services that we cannot do without. These are called **primary needs** (sometimes we just call them 'basic needs'). Think, for example, of food, shelter and health care.

There are also many products and services that we would like to have. These are called **secondary needs** (or wants).

4.1 The concept of needs

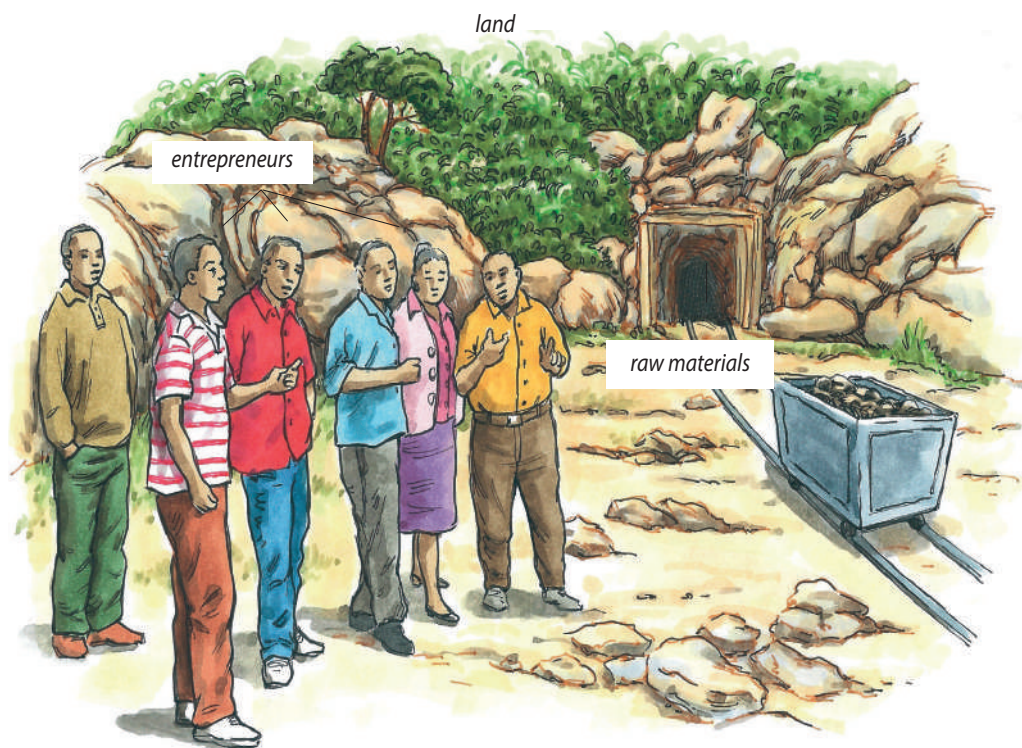
The relationship between entrepreneurship and economics

As an entrepreneur you play an important role in your community. You therefore need to understand how your community and the world function. To do this you need to know about **economics**, the study of how people choose to use resources. To do this, economics studies how people choose to use resources.

Land, raw materials, buildings and equipment are resources. Another resource is the time that we spend working. The skills and knowledge that we use to create useful products and services are also resources. Entrepreneurs use ideas to start new businesses, so ideas are also a resource.

Cross-cutting issue: Financial education

Economics is important for understanding how our economy works. Our resources such as land, machinery and money are also called factors of production.



Examples of different types of resources: entrepreneurs and raw materials

Investigating needs

We use resources to meet our needs.

- A basic or primary need is anything that we need to live. This includes food, water, clothes, shelter and health care.
- A secondary need is anything that we would like to have. These needs can be luxury items such as designer clothes. They can also be important things like an education.

Activity 4.1

1. Discuss your primary and secondary needs with a partner.
2. Discuss how our needs change as we grow older.
3. Explain how the secondary needs of you and your friend differ.
4. Explain how your parents' or grandparents' secondary needs differ from yours.
5. How do you think that the secondary needs of a teenager in Holland, Fiji or Greenland differ from yours?

The basic economic problem

To explain how we use resources in a community or in the world, **economists** use an idea called 'the basic economic problem'.

The basic economic problem says that people have unlimited needs, but that we have limited resources. Think for example of some of the things that you would like to buy. You do not have money for everything and will need to choose. In a country, there is usually not enough land,

machinery, time and so on for everything that we need or want. The result is that we need to make choices. We need to choose among things. For example, which crops to grow, how much money to spend on clothes, how much time to spend studying and so on.

The way we live are a result of our choices.

Economists use models to explain things. A model is a simplified version of a real situation. The basic economic problem is a model. We explain the basic economics problem by using specific terms and concepts.

The idea of scarcity

The basic economic problem is that we have limited resources for unlimited needs. This is called scarcity.

To be scarce means to lack or be insufficient. Because things are scarce, we need to make choices.

Here are some examples of choices that we need to make when using scarce resources.

I only have enough land to plant cassava OR maize.





Scarce resources mean that we must make choices.

Exercise 4.1

1. Identify and list the needs of your family, community and country.
2. How do you think that your family, community and country should prioritise these needs?
3. Rank the needs from most important to least important. Explain your choices.



If you plant cassava instead of maize, then maize is an opportunity cost.



If she chooses the pizza, the cold drink is an opportunity cost.



Everything we choose has an opportunity cost

The opportunity cost of a choice

The choices we make have a cost. We call this opportunity cost.

- When a farmer chooses to plant cassava in a field, he cannot plant maize in the same field. The maize is an opportunity cost.
- When a learner chooses to spend her evening studying, she cannot go to a party at the same time. The party is an opportunity cost.
- When the learner spends his money on a pizza, he cannot buy the cold drink. The cold drink is an opportunity cost.

In economics we say that when we need to make a choice between options, then an opportunity cost is the value of the next best option. It is the relationship between scarcity and choice.

Exercise 4.2

Think about how you prioritise needs in your family, community and country.

What are the opportunity costs of the following:

1. Your family investing in your education?
2. Your community building a new school?
3. The government investing in a new highway?

4.2 Goods and services

Every day we use many goods and services. Goods are products that we can see and touch. These include books, pens, shoes, hats, furniture and many other items. Services are benefits of facilities that are provided by other people such as doctors, barbers, bus drivers, teachers and tour guides. We cannot touch a service, so we say that a service is intangible.

Activity 4.2

Work in pairs and make a list of goods and services that you use. Compare your list with that of your partner.

Using goods and services

The way that we use goods and services depends on our primary and secondary needs. We first fill our primary needs and, if we can, we fill our secondary needs. Consumption is the use of goods and services to satisfy customer needs.

Activity 4.3

Imagine that your class are the citizens of this small green island called Ishuri. Here, you can produce all the products and services that you need. Every month each class member earns a hundred Ishuri francs. Your challenge is to choose how to spend your money so that you fulfil all your daily needs.

1. Set up your imaginary island in your classroom.
 - a) Select the products and services that you will produce.
 - b) Design and print Ishuri francs and distribute a hundred francs to each class member.
 - c) Hold an imaginary market day where each learner buys products and services.
2. Evaluate how you and your classmates chose to spend your money.
 - a) Did you meet all your daily needs?
 - b) What were the opportunity costs?

Cross-cutting issue: Financial education

Personal finance includes making decisions about what to spend your money on.

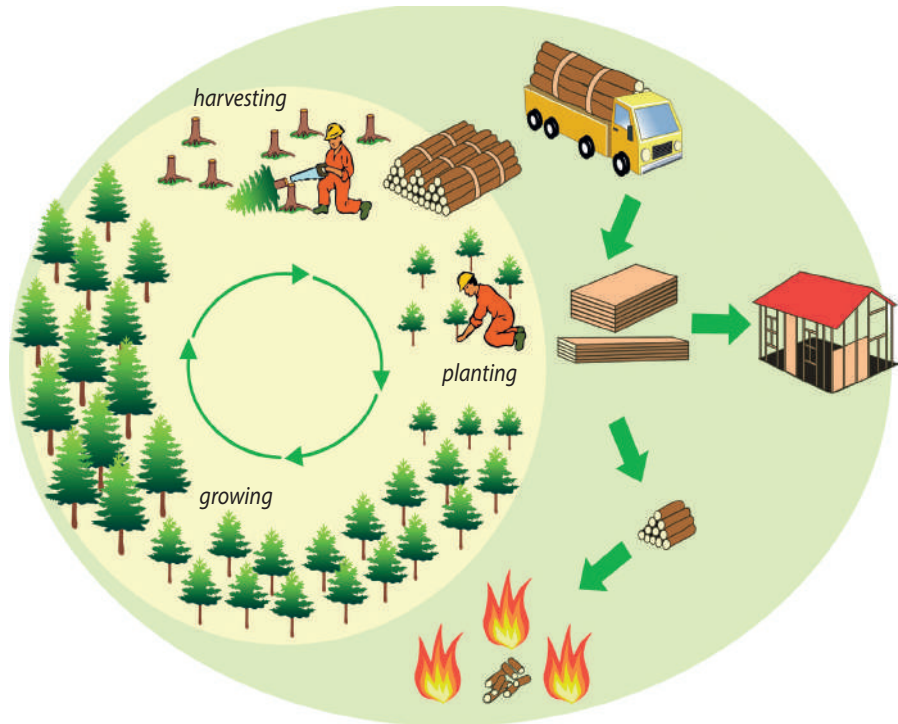


The economy of an imaginary island

Irrational and rational consumption of goods and services

Our future depends on how we use our resources.

For example, we use trees for building and firewood. Every time we cut a tree, we need to plant a new tree (rational use). In this way we make sure that we will always have building materials and firewood.

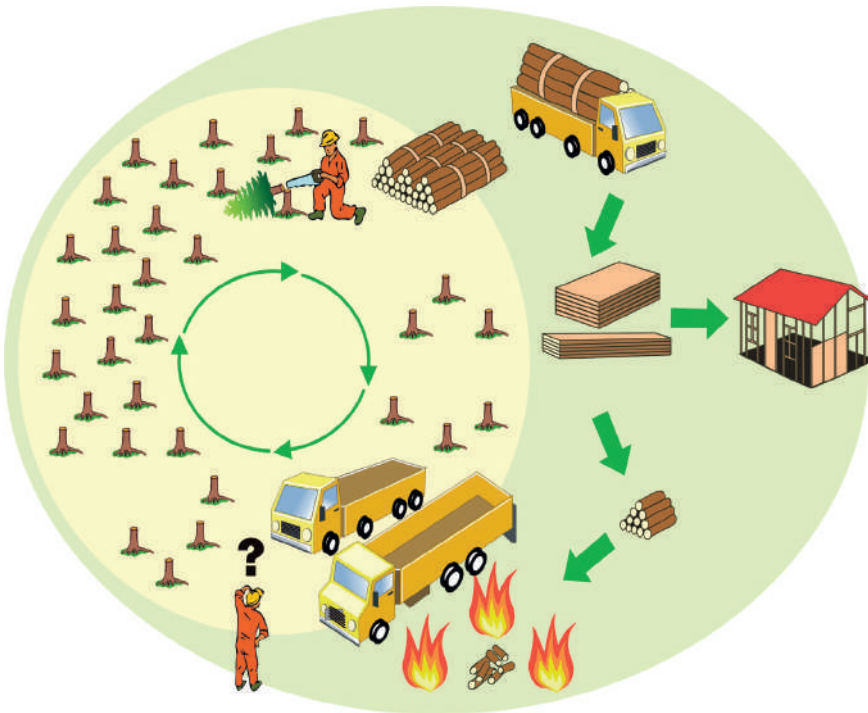


Rational consumption of our forests

Sustainability means using natural resources so that they are not damaged or permanently depleted. It means maintaining our resources forever. If you want to know if a resource is being used sustainably, ask yourself the question: 'Can I do this forever?'

When we use a resource, we need to act responsibly so that many generations to come can still use the resource.

Our actions today have an effect on the future. What would happen, for example, if we did not plant new trees when we felled trees for firewood? This is called irrational consumption (use) of our resources.



Irrational consumption of our forests

Activity 4.4

1. Discuss and explain how the listed problems are caused by irrational consumption of goods and services.
 - Pollution
 - Overfishing
 - Destruction of rainforest habitat for Rwanda's wildlife



Deforestation is a problem caused by the unsustainable use of resources.

Sustainable use of scarce resources

Rwanda is often called the 'Land of a Thousand Hills.' In the rural areas, farmers grow crops and keep livestock to support their families and to sell for export. At Lake Kivu, fishermen earn their living by catching fish.

We need to protect and pass down our scarce resources to the next generation of Rwandans.

Case study activity

Read the case study 'Cooperatives can increase food production' on your own and answer the questions that follow.

Cooperatives can increase food production

Rwanda has one of the highest **population densities** in Africa. Namibia in southern Africa has one of the lowest population densities. In an area where there is one person living in Namibia, there are more than a hundred people living in the same size area in Rwanda.

A high population density means that many people share the land. We are already farming all available **arable** land, so how can we manage this scarce resource so that there is enough for all Rwandans?

One way that Rwandan farmers can make the most out of their land is to work in cooperatives. A cooperative is an organisation that is owned by its members. The members share all profits.

Many cooperatives train farmers in better farming methods that can improve production, for example, how to store rainwater, avoid erosion and manage pests. It is also easier to sell products for export in large quantities.



Rice and potatoes are grown by many cooperatives in Rwanda.

Questions

1. Land is a scarce resource in Rwanda. Working in a cooperative is a way to manage this resource sustainably.
 - a) List three other scarce resources.
 - b) Suggest ways to manage these scarce resources.
2. Some communities feel that converting land from national parks to farm land will help create more jobs in Rwanda.
 - a) Explain why a national park is a resource for Rwanda.
 - b) Do you feel that conserving land for national parks is important? Explain your answer.
 - c) Propose another option to the community for creating more jobs.
3. Present your findings to the class as a poster, or an oral.

4.3 Categories & types of goods

There are different types of goods.

1. According to scarcity

a. Economic goods

An economic good is a good or service that we need and want to buy. There are limited amounts of economic goods, so they all have a degree of scarcity. An economic good therefore also has an opportunity cost.

b. Free goods

A free good is a good that does not cost anything. There is as much as we need of a free good, so it has no scarcity or opportunity costs.

There are only a few free goods. One example is air. It does not matter how much air you breathe, the person next to you still has enough air for him- or herself. Sometimes people share ideas freely. These ideas are also free goods.

In the past, water was a free good. Today, it is only a free good if you live near a river with clean water where you can use as much as you like without depleting the river. Many people today pay to use water, so it is no longer a free good.

Since they don't cost anything and there is enough for everyone, we cannot trade free goods.

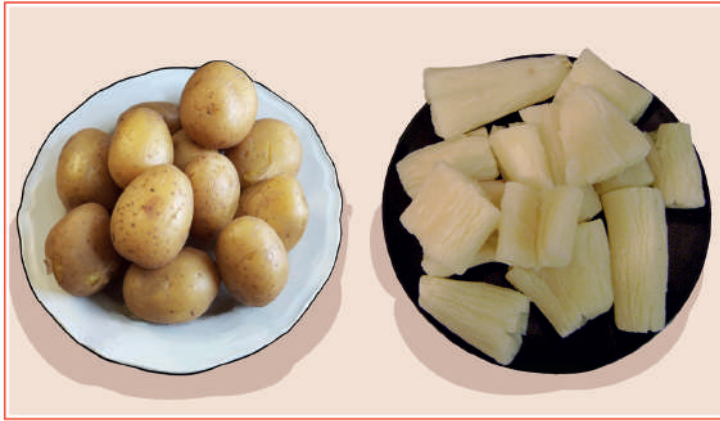


Sharing ideas and breathing air are free. What other free goods can you think of?

2. According to the use / utility

Substitute goods

Substitute goods are two goods that can be used for the same purpose. We can therefore choose to buy one or the other good. When you are hungry you can substitute a banana with a sweet potato. You can also substitute rice with ubugari, but you cannot substitute milk with beer or a shirt with a pair of pants.



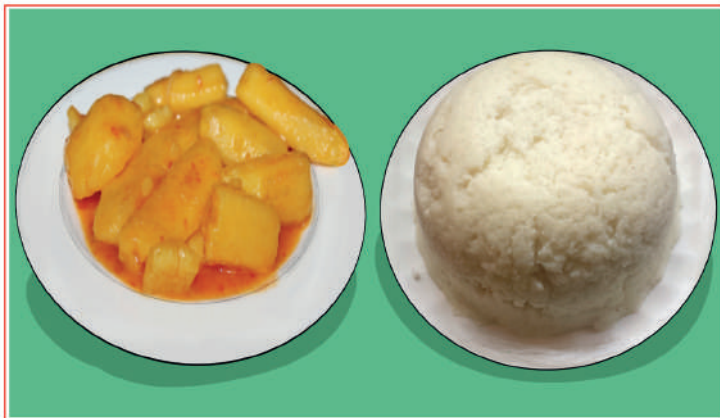
Potatoes

Cassava

Potatoes and cassava are substitute.

Complementary goods

Complementary goods are products that go together. If you buy one of the products, then you also need the other. For example, we buy fish with rice and we buy a pair of shoes with shoelaces. If we buy a flashlight we also need batteries. Computer hardware and software, DVD players and DVDs are also examples of complementary goods.



Matoke and ugari are complementary.

3. According to life span / Durability

a. Durable goods

Durable goods are goods that last for a long time. We therefore do not buy durable goods often. Examples of durable goods include metal cooking pots, hand tools, cars, refrigerators, furniture, electronic equipment and jewellery.

Activity 4.5

Make a list of durable goods that are found in your home. Compare your list with your partner's list.

b. Perishable goods

Perishable goods do not last for a long time. Examples are food that can spoil, decay or become unsafe to eat. Food products include vegetables, meat, poultry, fish, milk and other dairy products.

One way to make perishable goods last longer is to preserve them.

Case study activity

Read the case study 'The importance of processing food'. In class, discuss the questions.

The importance of processing food

We have many different ways to preserve food today. In the past, people preserved many food products, such as fish, by salting them. Salt was therefore an important good.

In Rwanda, food is dried to preserve it. We dry maize, beans and sorghum.

The Roman Empire built trade routes to transport salt and many wars were fought over salt.

Historians believe that the word 'salary' comes from a Roman term that refers to the money paid to soldiers so that they could buy salt.

Questions

1. Do you think that salt was a primary or secondary need in the past? Explain your answer.
2. List three perishable goods. How can you preserve these goods?
3. People started wars because of salt. Which goods do countries fight over today?

4. According to decomposition

Biodegradable and non-biodegradable goods

Some goods are biodegradable. This means that they can decompose (decay or rot).

All fresh food products are biodegradable. Vegetables, for example, rot and break down.

Many other products break down slowly. If it takes a very long time for a product to decay, we say that it is non-biodegradable.

The table shows how long it takes products to biodegrade.

Table 4.1 Biodegradable and non-biodegradable goods

Product	Time to biodegrade
<i>Paper towel</i>	<i>2 – 4 weeks</i>
<i>Milk carton</i>	<i>3 months</i>
<i>Plastic bag</i>	<i>10 – 20 years</i>
<i>Tin can</i>	<i>50 – 100 years</i>
<i>Hard plastic</i>	<i>400 years</i>
<i>Glass bottles</i>	<i>Not determined</i>

Waste management

As an entrepreneur we need to sell products and services. We also need to be responsible citizens that care for our environment.

You can help to stop non-biodegradable products from filling up landfills by practising the three Rs of waste management: Reduce, reuse and recycle.

- Reduce – only buy the things that you need. Use durable items rather than disposable items.
- Reuse – find new uses for items, for example, a glass jar can be used to store other items.



Reduce, reuse and recycle

- Recycle – tin, glass and many other products can be converted back into usable material. Tin cans, for example, are melted and shaped into new sheets of tin.

Activity 4.4

1. Identify and list biodegradable and non-biodegradable products that are used in your family, school and community.
 2. Create a poster where you show how to manage the waste from non-biodegradable products.
-

4.4 Factors influencing consumption of goods and services

There are many factors that influence how we consume goods and services.

Consumption and price

The price of a good or service influences how many we buy and how often we buy.

Consumers want to buy goods and services as cheaply as possible. Sellers want to make as much money as possible so they want to charge as much as possible.

When the price of a product increases, consumers have a few choices. They either buy less of the product and/or they look for substitute goods. If they cannot buy less or find a cheaper alternative, then consumers save money on other products.

For example, let's say that the price of cassava increases. Consumers will look for alternatives to cassava. They may buy more rice or other staples. Since cassava is a primary need, consumers must buy the product (or an alternative). They will therefore have less money to buy other products that fill secondary needs.

Consumption and income

How much money we earn also influences which products or services we buy. People who have a low income may only have enough money to satisfy their primary needs. People that earn a higher income can satisfy their primary needs and then choose to spend the remaining money on their secondary needs.

Tastes and preferences influence consumption

Tastes and preferences change all the time.

Consumption and culture

A culture is the characteristics of a particular society. Our culture is defined by our language, religion, food, music and art.

The goods and services that we consume therefore also depend on our culture. Think, for example, of the music that you listen to. Do you think that a person living in New Zealand listens to the same artists? How about the food that you eat? Would a person living in Russia eat similar dishes?

Activity 4.5

In class, discuss and list the goods and services that are influenced by our culture.

Consumption and social structure

We are all part of a family. Each family lives in a community that in turn is part of a country. Our social structure also determines how we consume goods and services. For example, people who are wealthy buy more luxury products. Teenagers buy more fashion wear and parents buy school books and other items for their children.



A rural homestead



An example of popular fashion

Consumption and fashion

Your style of clothing, hairstyle and accessories are determined by the current fashion. Fashion often spreads around the world. Today, many people in Rwanda wear similar fashions to people in London or Paris. Most cultures also have their own fashions, for example, popular music by local artists. A successful entrepreneur will always try to produce and sell products that are in fashion.

Consumption and expectations

The way we feel about the future influences how we buy products and services. When we feel good about the future of our community or country, we often spend more money. For example, if a new shopping centre is being built in Kigali, entrepreneurs who open shops there are usually confident about finding customers.

When we are concerned about the future, then we save our money and wait for better times.



Consumers spend more money when they feel good about the future of a country.

Exercise 4.3

Explain which factors changed the consumption of goods and services in the examples below:

1. Giramata is an entrepreneur. She opened a beauty salon and has developed a new style of braids. Luckily, one of her customers was an actress that starred in a popular Rwandan movie. Giramata had to hire new braiders to keep up with the growing demand for braiding.
2. Keza works for Cards for Africa. She creates hand-made Christmas cards. During the month of November, Keza had to work extra hours to keep up with the demand for her cards.
3. Yves works for a company that imports cell phones. Since the government improved the communication network, Yves' orders for cell phones have increased.

Checklist of learning

In this unit, I have learnt the following:

- ✓ We can classify needs as primary needs and secondary needs. It is important to prioritise our needs.
- ✓ Economics is the study of how we use scarce resources to satisfy our needs.
- ✓ We need to make choices. Every choice has an opportunity cost. It is the cost of the next best alternative.
- ✓ We can distinguish between durable goods and perishable goods, economic goods and free goods.
- ✓ We can identify substitute goods and complementary goods.
- ✓ We need to use our scarce resources in a sustainable way so that we can pass resources to the next generation of Rwandans.
- ✓ There are many factors that influence the consumption of goods and services.

Self-assessment

1. Your friend wants to buy a fashionable necklace at a boutique in Kigali.
 - a) Explain the difference between primary and secondary needs.
 - b) Suggest needs that your friend should satisfy before she buys a necklace.
 - c) List three opportunity costs of buying the necklace.
2. Your time and money are examples of scarce resources.
 - a) Explain what is meant by a scarce resource.
 - b) Describe the relationship between a scarce resource and an opportunity cost.
3. A friend has just arrived in your community. He needs to buy a list of items but is concerned that he does not have enough money to buy all of them. Here is his list: cell phone, blanket, rice, cassava, school shoes, notebook, pens, sunglasses, leather jacket.
 - a) Assist your friend by ranking the items on his list according to primary and secondary needs.
 - b) Identify complementary goods from the list.
 - c) Suggest substitute goods where possible.
4. Rwanda, Uganda and the Democratic Republic of the Congo (DRC) are the only places in the world where visitors can safely observe wild mountain gorillas.
 - a) Explain how we can ensure the sustainability of our national parks and wildlife for future generations.
 - b) What is the opportunity cost of maintaining our national parks as wildlife reserves?

Formal assessment

Section A

In 2004, college learner Mark Zuckerberg saw that learners wanted to network with others and invented the online networking service, Facebook.

Users create a profile and add other users as 'friends'. They can then exchange messages and post updates and photos.

Facebook is popular. By 2012, there were one billion users.

It is free to use Facebook. The company earns money from advertising.

1. Is Mark Zuckerberg an entrepreneur? Explain your answer. (2)
 2. A good entrepreneur is innovative and creative. Does this apply to Mark Zuckerberg? Explain your answer. (2)
 3. Facebook's users have access to the Internet via cell phones or computers. Is online networking a primary or secondary need? Explain your answer. (4)
 4. Facebook's competition includes Instagram and SnapChat. Are these substitute goods? Explain your answer. (2)
 5. To start Facebook, Mark Zuckerberg had to find and allocate business resources.
 - a) List three types of resources used to start a business. (3)
 - b) Which skills and knowledge did Mark Zuckerberg's employees need? (3)
 6. Users on Facebook post personal pictures and images. Explain why it is important for Facebook to uphold moral and ethical values. (4)
- [20]

Section B

As an entrepreneur you will need to hire employees from your community. Your workforce may be made up of individuals from different ethnic groups. Some of your employees may have disabilities. Because your business is small, everyone must work together closely and learn to get along with others.

1. Explain what is meant by diversity. (5)
 2. Why is diversity in business today more important than it was a hundred years ago? Explain your answer. (5)
 3. Every employee brings a different skill to his or her job. Discuss why this is important for your business. (5)
 4. Give a suggestion for how you can teach young Rwandans to respect personal choices and diversity. (5)
- [20]

Section C

Personal development is important for every entrepreneur.

- Identify skills that you need to develop, and design a personal development plan. (10)
- [10]

Total marks: 50

3

Financial information and decision making

- Sub-topic area** Managing finances
- Unit 5** Financial awareness
- Sub-topic area** Basic accounting
- Unit 6** Initiation to accounting



An entrepreneur uses financial information to make important decisions about a business.

Key unit competence: To be able to access finance and make financial decisions.



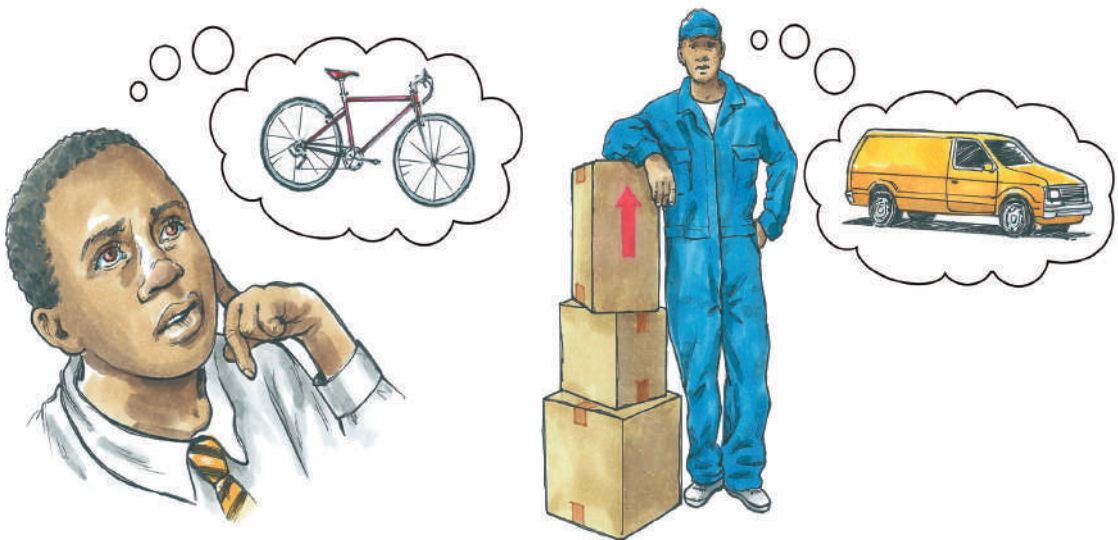
Introductory activity

Ruti is a learner. He lives far from his school and is planning to buy a bicycle.

Mugisha is a business owner. He delivers bread to many hotels and restaurants in Kigali and is planning to buy a delivery van.

Answer the questions about Ruti and Mugisha.

1. Why do you think that Ruti would like a bicycle?
2. Give ideas for how Ruti could pay for the bicycle.
3. Why do you think that Mugisha would like a delivery van?
4. Give ideas for how Mugisha could pay for the delivery van.
5. Discuss the difference between the cost of things that a private person would like and the things that a business needs.
6. What are the similarities between the things that a private person needs and the things that a business needs?
7. Do you think that a business and a private person obtain (get) money to buy items in the same way? Explain your answer.



We need money to buy the things that we want or need.

5.1 Concept of finance

To make a **budget** we need to know where our money comes from. In a business, money can come from the sales of products or services. An individual usually earns money from a salary, or from providing goods or services. **Finance** is money or funds needed for business or personal reasons.

To make a budget, we also need to know the cost of things that we need or want to buy. If we do not have enough money to buy the things straight away, then we have different options. We can first save the money. We can also obtain money from:

- other people who want to invest in a business
- loans.

Obtaining money to buy things for a business or a private person is called financing.

Why do we need financing?

Many items that we want or need are very costly. Some things like a bicycle or a delivery van can help us to do the tasks that we need to do every day.

It is not easy to save large amounts of money. We therefore use loans from banks or ask other people to invest in a business so that we can obtain the money. This is called getting **financing**.



Sometimes we need to buy useful items that are expensive.

Personal and business finance

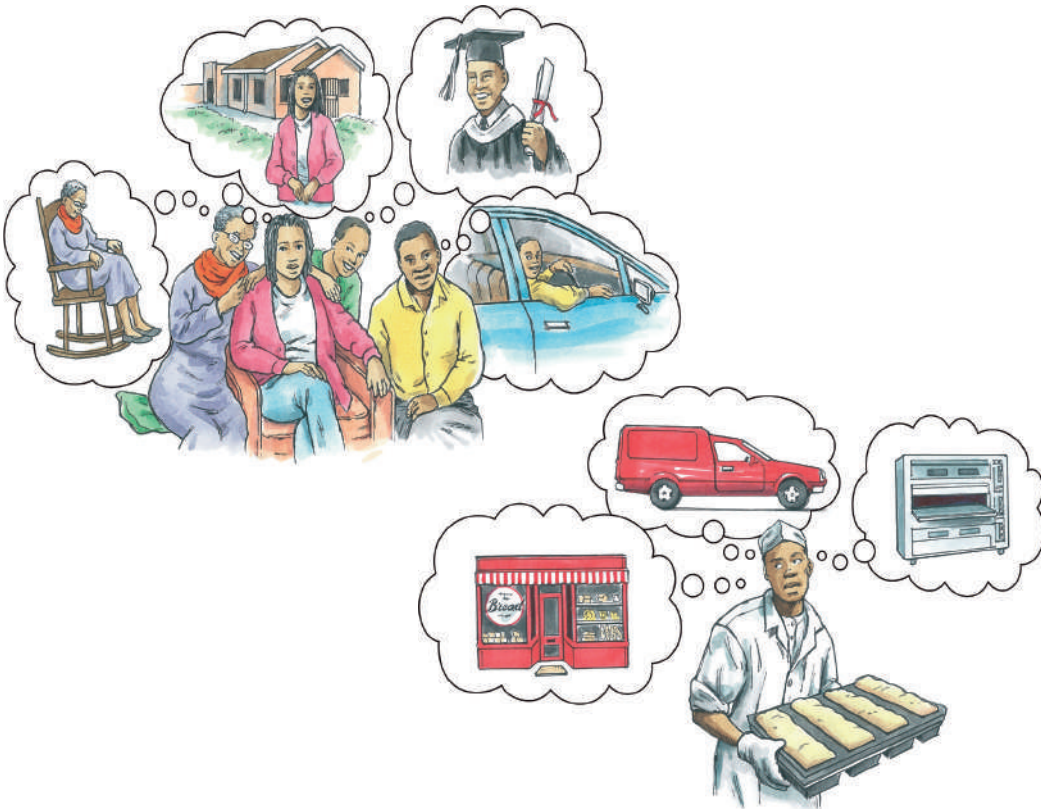
Personal finance means to manage money and plan for the future of an individual or a family unit. An individual needs to manage the salary that he or she receives. Costly personal items include buying a home, a car or paying for an education. Individuals also need to save up for **retirement**.

Business finance means to manage money and plan for the future of a business.

A business earns money by selling goods and services. The business needs money to buy raw materials, rent or buy buildings and to buy the machinery needed to produce the goods and services. A business owner usually wants to grow the business and needs to plan how much money is needed in the future.

Activity 5.1

Study the images below and answer the questions that follow.



We need personal and business finance to obtain many important things.

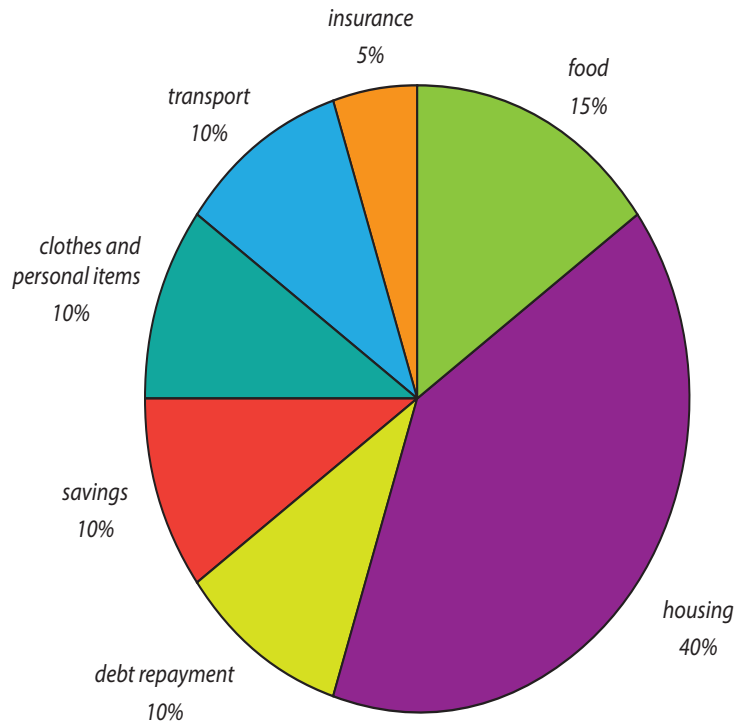
**Competence:
Numeracy**

Do you recall how to interpret charts from your studies in numeracy?

1. Explain the difference between personal and business finance.
2. What do the family members in the picture on page 69 need to save up for? How will these items benefit the family?
3. What does the business owner in the picture on page 64 need to save up for? How will these items benefit the business?

Exercise 5.1

Ngoga is a young person living in Kigali. He has made a budget for his monthly costs. The pie chart shows the percentage of each cost.



A pie chart of monthly expenses

1. What is Ngoga's greatest cost every month?
2. What debt do you think that Ngoga has to repay? Make three suggestions.
3. Ngoga could buy more clothes if he stops his monthly savings. Explain why this is not a good idea.

5.2 How to access business finance?

A business that needs money has two options. The owner can use his or her own savings. This is called **equity**. The owner can also borrow the money. This is called **debt**.

Business owners can obtain money from:

- Personal savings. This is money saved up by the business owner.
- Loans from banks and **micro lenders**.
- Selling a part of the business. This is called a share. A person that owns shares in a business is called a **shareholder**.
- Relatives and friends who want to invest in a business. This money can be a loan that must be repaid. The money can also be an investment that makes the relative a shareholder of the business.
- The government or other organisations that want to invest in the future of Rwanda. This money is paid as a **grant**. Most grants do not need to be repaid.

A business owner who buys raw materials or products to sell can also ask for **trade credits**. A trade credit means that the supplier lets you pay for the products later.

Activity 5.2

Uwera is an entrepreneur. She has used her savings to start a furniture business. Recently, Uwera received a large order from a hotel in Kigali. She needs money to buy leather and other raw materials.

Uwera saves in a collective saving scheme with her five best friends. Her uncle thinks that Uwera is very talented and that her business will grow.

Uwera can source the money by:

- Asking her uncle to invest in her business
- Borrowing from her collective saving scheme
- Asking for a bank loan.

Answer the questions on your own.

1. What is the difference between debt and equity?
2. Why does Uwera need money?
3. Write a list of the advantages and disadvantages of Uwera's three options.
4. What do you think will happen to the order from the hotel if Uwera cannot buy the raw materials?



Uwera needs money to buy raw materials to make furniture.

5.3 What is saving and how do we save?

Saving is putting aside money in a safe place like a bank account, on a regular basis, so that you have a store of money saved up. People save to buy something expensive in the future, like a bicycle or a car. People also save so they have money if there is an emergency. The best way to save money for something that you need or want is to set a savings goal.

Step 1

Write down what you want to save up for. Are you saving for an education, a personal computer (PC) or a bicycle? Cut out pictures of the item that you are saving for and make a poster. This helps you to continue to save when you are thinking of using your money for other things.

Step 2

Calculate how much money you can save every month. Then divide the cost of the item into the number of months and calculate how many months you need to save for. For example, let's say that you are saving up for a computer that costs RWF 180,000 and you can save RWF 12,000 per month. It will take you $(180,000 \div 12,000 = 15)$ fifteen months to save up for the computer.

Step 3

If you have a **savings account** in a bank, set up a **standing order**. You can also ask a parent or other family member to keep your savings for you.

Step 4:

Look around for the best prices for the item that you want to buy.

Ways of saving

There are different ways to save. Some people save together in a joint account. These are called collective savings schemes or investment funds. You can also open a savings account at a bank where you can save up for a home or payment for an education.

When you save, you plan for future expenses. You also avoid paying interest on loans.

Buying a fixed asset eg. Land, opening savings bank account, starting a business.

Why is saving important?

Sometimes we want to buy expensive things such as a bicycle or a computer. We usually do not have the money so we need to save up over a period of time.

As we do not know what the future holds, it is also important to save in case we are sick or lose our jobs. A person that owns a home will need to save in case the house needs repairs. A business person needs to save to invest in more machines or to grow the business.

Exercise 5.2

1. What is your savings goal? Write down a plan for how you will save for the item that you would like to buy.
2. Ruti would like to buy a bicycle for RWF 100,000. He can save RWF 5,000 per month. How many months will it take for Ruti to save for the bicycle?



How long will it take you to save for the things you would like to buy?

Exercise 5.2

1. Investigate collective savings schemes in your community. Make a presentation to the class and explain how people use collective savings schemes to save in your community.
2. Visit a local bank. Ask how to open a savings account. Make a presentation to your class where you explain how to save money using a savings account.

5.4 Borrowing money

To borrow money means to receive money on a temporary basis from an individual or a business.

When we borrow money we need to pay it back at a later stage. We also need to pay interest on the loan. Interest is money that the bank charges to lend you the money. We usually calculate interest as a percentage of a loan. If you borrow RWF 100,000 at an **interest rate** of 10%, then you need to pay back RWF 110,000.

Why do we need to borrow money?

A new business usually needs to buy machinery and raw materials before it can start. A business also often needs to borrow money when it is growing, for example, if it needs more machinery or a larger factory.



A business needs to borrow money for many different things.



Farmers need money to buy seed for new crops.

Activity 5.4

Mutoni Kaliza is a farmer that grows cassava. Her crops are selling well and she wants to plant more for the next season. Mutoni therefore needs money for seeds.

1. Mutoni has a savings account at I & M Bank and would like to ask this bank for a loan. Assist Ms. Kaliza by making a presentation to the bank manager where you explain why she needs to borrow money.
2. Duterimbere Microfinance Ltd agrees to lend Mutoni RWF 200,000 at an interest rate of 12%. I & M Bank lends money at an interest rate of 7%.
 - a) How much interest will Mutoni pay if she borrows from Duterimbere Microfinance Ltd?
 - b) How much interest will she pay if she borrows from I & M Bank?
 - c) Which institution do you think Mutoni should borrow the money from? Explain your answer.

Exercise 5.4

1. List the differences between a commercial bank, an investment bank and a microfinance company.
 2. Cyusa wants to sell his vegetables from a small stall in Kigali. Which institution do you think will offer him a loan to start his business?
 3. Mutesa wants to open a tourist lodge in Volcanoes National Park. Where can she apply for money for this project?
 4. Investigate the financial institutions in your community. List them under the headings Commercial Bank, Investment Bank and Microfinance Company.
-

Using banking services

If you want to use the services from a bank, you need to follow certain rules. These are called terms and conditions.

Let's say that you want to open a savings account where you will save money for your university education. The terms and conditions can be:

- Minimum opening deposit of RWF 50,000
- Equal monthly deposits
- Interest is payable monthly
- One free **withdrawal** every six months.

If you want to open a **current account**, the bank can ask you to provide:

- A completed application form
- Photocopy of your ID card
- Two photographs
- Letter from your employer to confirm employment and address.

Collateral for a loan

When you borrow money, the bank needs to make sure that you will pay it back. The bank therefore often asks for **collateral**.

Collateral is something that has value for the bank. This can be a house or savings. If you do not repay the loan, the bank can take the collateral instead.

Activity 5.4

1. Visit a local commercial bank. Ask for forms to open a:
 - a) Current account
 - b) Savings account
 - c) Business loan
 - d) Personal loan.
2. Read through the terms and conditions. Explain, using your own words, what the terms and conditions for using each bank service mean.

Cross-cutting issue: Financial education

Making good financial decisions is part of lifelong learning.

Managing debt

When you borrow money, it is very important to manage the repayments. Many businesses fail because they cannot pay back the money that they borrow. Individuals who cannot pay back loans can lose their homes and the chance for their children to have an education.

To manage debt, follow the guidelines below:

- Don't spend money on things that you do not need. You can save money by only buying the things that are necessary.

- Don't borrow more money. Plan ahead and save for the things that you need.
- Don't buy anything expensive while still in debt. First pay back the money that you owe, and then plan to buy new things.

Ways of saving

There are many different ways to save. Some people save together in a joint account. These are called collective savings schemes or investment funds. You can also open a savings account at a bank where you can save up for a home or payment for an education.

When you save, you plan for future expenses. You also avoid paying interest on loans.

Buying a fixed asset eg. Land, opening savings bond account, starting a business.

Activity 5.6

Last month, your friend Munyana bought new shoes and this month she is looking at a new dress. She still owes her parents money for the shoes but says that the shop is willing to sell her the dress on a loan with interest.

Role play a visit to Munyana where you:

1. Explain why it is important to manage debt.
2. Show why Munyana will pay more money for the dress if she buys it now than she will if she saves the money first.
3. Suggest how Munyana can buy both the shoes and the dress by planning her savings.



A collective savings scheme is a good way to save and avoid debt.

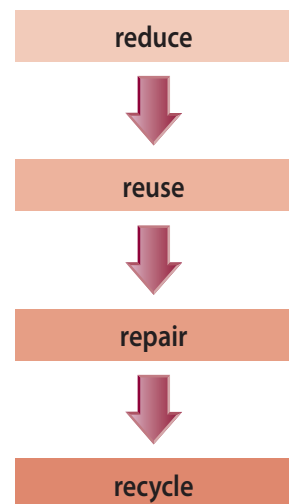
5.6 Managing money

It is important to manage money, both for an individual and for a business.

How to reduce expenses

You can reduce costs by only buying things that you need. When you buy items such as clothes or shoes that will last a long time, you do not have to replace them often. For example, one good suit is better than three poorly made suits. You can also reduce expenses by:

- Using public transport such as buses instead of driving in a car
- Repaying debt as soon as possible to avoid having to pay a lot of interest
- Saving on electricity by always turning off the light when you



- leave a room and by turning off the water heater during the day.
- Making use of inexpensive entertainment such as the library or public parks
 - Cooking at home rather than eating at a restaurant
 - Growing your own fruit and vegetables and raising chickens for meat and eggs.

Can you think of other ways to reduce expenses?

Reuse items that are still in good condition

Take good care of machines, cars and expensive items so that you can use them for a long time.

Proper record keeping

A successful business keeps information about many things. We say that the business keeps records.

Here are some examples:

A record of maintenance to a vehicle means that we can see when it needs to go to the mechanic again.

A record of hours worked means that you can see how much you need to get paid.

A record of stock (the goods kept at a shop for resale) means that you can check that there is no theft.

A record of money earned or spent in a business means that you can see how well a business is doing.



Activity 5.7

Record keeping is important for a business. In groups, draw up a list of records that are important for the following businesses:

1. a mechanic
2. a supermarket
3. a hairdresser
4. a taxi service.

Case study activity

Read the case study 'Physical and financial health' and then do the activity in question 1.

Physical and financial health

Meet Ngoga. He is a long-distance runner. Every morning he wakes up early and eats a healthy breakfast. Then he trains for many hours. He drinks plenty of water and goes to bed early to make sure that he gets enough rest. Ngoga is physically fit and healthy.

A business can be healthy too, just in a different way. A business can be financially healthy. By carefully planning how to make and spend money, you can make sure that your business becomes successful, just like a sportsman can make sure that he will do well in a race by making the right decisions about his health.



This sportsman is physically fit.

Question

1. Prepare a presentation where you compare financial health to physical health. You can use the example of Ngoga or any other sportsperson that you know.

Separating personal from business finance

As a business owner it is important to separate personal money from the money in your business. There are many reasons for this, for example:

- to pay **taxes** to Rwanda Revenue Authority (RRA). Individuals and businesses follow different tax rules so you need to keep a separate record.
- to see how well your business is doing. If you spend business money as personal money, it is difficult to see how well your business is doing.

Activity 5.8

Kirezi owns Kirezi Hairdressing. While she does braiding, she offers her clients coffee or tea. Kirezi says that she also drinks the coffee at home. She also uses her cell phone for private calls and takes home shampoo and other hair products. Kirezi says that it does not matter if she uses business items for personal use as she is the business owner.

Discuss these questions in class.

1. List three items that are used for both personal and business purposes in Kirezi Hairdressing.
 2. Explain to Kirezi why it is important to separate personal and business finances.
 3. Make a suggestion to Kirezi about how she can separate personal and business finances.
 4. Lately, Kirezi Hairdressing only shows a small profit even though Kirezi does the same amount of braiding. Explain how using business items for personal use makes it look like the business is not doing well.
-

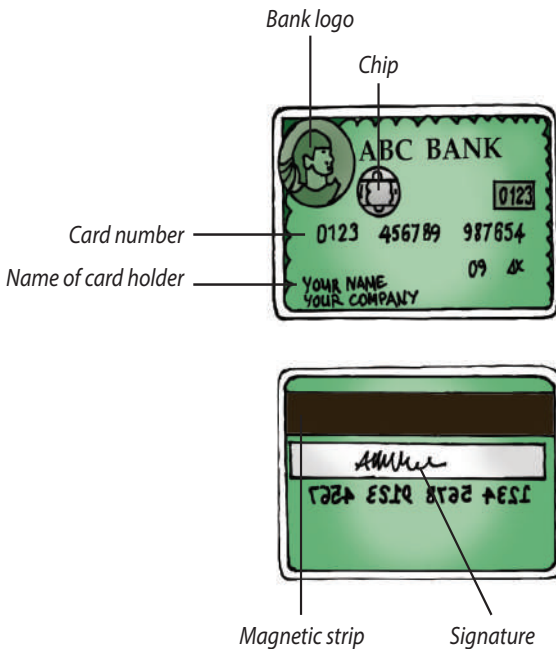
5.7 The use of debit and credit cards

Today, many people prefer to use cards instead of cash.

It is easy to steal cash. A card has a secret code, called a **PIN** (**Personal Identification Number**). You can only use the card if you know the PIN. It is therefore safer to use a card than cash.

Debit cards

A **debit card** is also called a bank card. It is a small plastic card that can be used to draw money out of your account. The card has a chip or a magnetic strip where the bank account information is stored. Some debit cards show the name of the card holder and the card number; others are blank cards that only have this information in the magnetic strip.



Information on debit and credit cards

Credit cards

A **credit card** looks similar to a debit card. A debit card uses money that you already have in an account. When you pay with a credit card you are borrowing **credit** from the bank. This means that the bank has agreed to a certain amount that you can use, but you must pay it back. If you do not pay back all the money back at the end of the month, the bank charges interest on the money owed.

Using debit and credit cards



It is important to keep your PIN secret.

We use debit and credit cards in the same way. Shops have point of sale machines where you can either swipe the card or insert the card so that the machine can read the chip.

You can also use a card to draw cash from an ATM (Automated Teller Machine).

To use a card, you need to have a PIN number. This is a secret number that only you must know. If another person knows your PIN number, they can use your card to draw cash or buy goods. You must therefore always take care that no one sees your number when you use your card.

To use a debit and credit card properly:

- Always keep the card clean and ensure that the magnetic strip is not scratched.
- Be careful when drawing money at an ATM. Do not tell your PIN code to anyone.
- Keep a record of the money in your account. You can only draw the money in your account from a debit card. When using a credit card, ensure that you do not spend money that you cannot pay at the end of the month.



Many shops accept credit and debit cards as payment.

Advantages and disadvantages of credit and debit cards

When you use a debit card, you can only spend the money that is in your account. A credit card has a line of credit that you can spend. You need to keep the slips of every payment so that you can calculate how much money you have left or how much credit you still have.

Exercise 5.5

Copy the tables and list the advantages and disadvantages of using a credit card and a debit card. See the example below.

Debit card

Advantages	Disadvantages
<i>Safer than cash</i>	<i>If someone has your PIN, then they can use your card.</i>

Credit card

Advantages	Disadvantages
<i>You can buy an item even if you have not saved the money.</i>	<i>You pay interest if you cannot pay back the full amount at the end of the month.</i>

Checklist of learning

In this unit, I have learnt the following:

- ✓ Finance means how we obtain, budget, save and spend money.
- ✓ Personal finance is managing money for an individual or family and business finance is managing money for a business.
- ✓ We can access money for a business using debt or equity. Debt is money that must be repaid. Equity is money invested in a business by the owner.
- ✓ A good way to save is to make a savings goal.
- ✓ A new business often needs to borrow money. A business that is growing also needs money for new machinery or raw materials.
- ✓ There are different sources of business finance. In Rwanda, we use commercial banks, investment banks and microfinance companies.
- ✓ We need to agree to terms and conditions when using bank services.
- ✓ It is important to manage debt.
- ✓ Different options for managing money include reducing expenses, reusing items that are in good condition and keeping records.

Self-assessment

1. Alice is an entrepreneur who wants to start a boutique in Kigali. She plans to sell accessories.
 - a) Explain the term 'finance'.
 - b) What is the difference between personal and business finance?
 - c) Make a list of items that Alice will need in her new business.
 - d) Why should Alice separate personal and business money?
2. A friend needs to borrow money for a growing business.
 - a) List the different options for borrowing money.
 - b) What is the difference between debt and equity?
 - c) Your friend offers you a share in the business. Explain what it means to be a shareholder.
3. Ngoga wants to buy a personal computer (PC).
 - a) Draw up a savings goal for Ngoga. The computer will cost RWF 200,000 and he can save RWF 100,000 per month.
4. What is the difference between a savings account at a bank and a collective savings scheme?
5.
 - a) List three examples of terms and conditions from a bank.
 - b) What is collateral?
 - c) Why do you think that a bank asks you to agree to terms and conditions before you can borrow money?
6. Your sister has just started her first job. She wants to apply for a card at a bank. Should your sister apply for a credit card or a debit card? Explain your choice.

Key unit competence: To be able to analyse the importance of accounting to the business.



Introductory activity

Every day people spend money. Usually we receive a till slip or a **receipt**. A receipt is proof that we have paid for the goods or services that we bought.

Collect receipts from your family or a business and bring them to school. In class, discuss the receipts.

- What information is on the receipts?
- Why do we keep the receipts?
- How can the receipts help us to manage money better?



A receipt is proof that we have paid for the things that we bought.

6.1 What is accounting?

Accounting is the process of keeping financial accounts. When we buy a product or service we receive a **receipt**. The receipt tells us what we have bought and how much money we have paid.

In a business we must write a receipt when we sell a product or service. A business owner must also write a pay slip that shows each employee how much money they have earned and what deductions have been made.

When we keep the receipts for goods and services that we have bought and add up the amounts on the receipts, we can see how much money we have spent. From the receipts that we give to our customers, we can also see how much money we have earned. The system that we use to add up receipts and store the information is called **bookkeeping**.

Bookkeeping is a very useful tool. It is a record of the money that we spend and receive.

Accountants use the records from bookkeeping to draw up **financial statements** about how the business managed its money. They also use the information to plan for the future. This is called **accounting**.

The difference between bookkeeping and accounting

Bookkeeping is keeping a record of the money that we have spent and received.

Accounting uses the information from bookkeeping to make financial reports, often called financial statements. These reports have information that the owner of the business can use to plan for the future. The statements are also important because the government and other stakeholders want to see how much money the business makes.

Exercise 6.1

1. Explain the difference between bookkeeping and accounting.
2. Describe the importance of bookkeeping and accounting for:
 - a) A family
 - b) Business
 - c) School.

Cross-cutting issue: Financial education

We also use bookkeeping and accounting to manage our personal finances.

3. Do the people in the images below use bookkeeping or accounting? Explain your answer.



We use bookkeeping and accounting to manage the money of a business.

6.2 Why is accounting important?

Accounting is an important tool for a business. We use accounting to control and plan what happens to the money in a business.

Profit and loss

When we do bookkeeping for a business, we add up all the money that we receive and all the money that we spend. We use accounting to calculate if we made a profit (we received more money than we spent) or a loss (we spent more money than we earned).

Evaluating a business

Accountants analyse and interpret financial information. This information helps business owners and managers to make good decisions.

Accounting tells us if the owner invested his or her own money or if the money is a loan from a bank. We can see if the business is growing every year and if it is making a profit or a loss. This information helps us to make important decisions. For example, if we are selling more and more products every year, we can invest in a truck to deliver the products.

We can also see how many products we need to sell before we start making a profit.

Competences: ICT and digital competencies

Many businesses today use an accounting program on a computer.

Exercise 6.2

Study the two pictures.



Accounting can help us to make important decisions.

1. How does the owner of Shop A know that the red dress is popular?
2. What do you think happens when there are no more red dresses in Shop B?
3. How does accounting help the person in Shop A to pay out the correct money for work done by her employees?
4. If Shop B simply adds RWF 100 to the cost of, for example, a handbag, do you think that they make a profit? Explain your answer.
5. Use Shop A and Shop B to explain why bookkeeping and accounting are important for a business.

6.3 Users of accounting

Accounting is a control and information tool for a business. Many different people use the information from bookkeeping and accounting.

The people that own or work for the business are called **internal** users. People who need to see accounting information but work outside the business are called **external** users.

Internal users of accounting

The owner of a business is an internal user. The owner uses the information from bookkeeping and accounting to make important decisions about the business.

An employee is also an internal user. As an employee you need to know how much salary you earn. Sometimes an employee like a salesperson earns **commission**. This means that the salesperson earns a certain amount for every product he or she sells.



We use bookkeeping to determine how many products a salesperson sells.

A shareholder is a person who owns part of a business. Shareholders receive some of the profit of a business. The share of the profit depends on how much of the business the shareholder owns.

A manager also needs to control how a business spends or earns money. Managers are therefore also internal users.

Activity 6.3

1. List three different internal users of accounting in a business.
2. Shema is a shareholder in a business. He owns 25% of the shares. At the end of a year, the profit of the business is RWF 1,000,000. How much money will Shema receive?
3. Bwiza is a manager of a business that sells earrings. Suggest accounting information that Bwiza can use to manage the sales of earrings in the business.
4. Jabo is employed by a business where he drives a delivery van. He says that he does not work with the money of the business, so he is not an internal user. Explain to Jabo why employees are internal users of accounting.

External users of accounting

A business needs to keep a record of how it spends money and makes money. This information is mostly secret. No one outside the business knows this information, except for external users.

External users need to know accounting information for different reasons.

Government authorities

The government authorities of Rwanda are external users. Every business in Rwanda pays tax to the government. This tax is used to build roads, schools and hospitals and to provide many other services in Rwanda. The Rwanda Revenue Authority (RRA) collects the tax and therefore needs to know the information from a business so that the business can pay the correct amount of tax.

Other external users

Sometimes a business also has other external users. If a business needs a loan, the bank becomes an external user. The bank wants to see the accounting information to decide if the business can afford to pay back the loan.

A supplier can also be an external user. If a business wants to buy products on credit, then the supplier needs to know that the business will have enough money to pay for the products in the future.

Customers are also external users of accounting. They use accounting information to manage their monthly expenses. Investors are also external users; they use accounting to manage the money they have invested in different businesses.

Competences: Citizenship and national identity

It is the responsibility of all Rwandans to pay the correct amount of tax to assist the government with developing Rwanda.

Case study

Read the case study as a group and then answer the questions.



Shema borrowed money to buy his truck. He has a debt to pay back at the bank.

Shema is the owner of a transport business. He transports fruits and vegetables from farmers to Kigali. To buy his trucks, he borrowed money from the Bank of Kigali. He employs five drivers.

Questions

1. Why are bookkeeping and accounting important to Shema?
2. Identify internal and external users of accounting for Shema's business.
3. Explain why each user you identified in question 2 needs the accounting information.

6.4 Business transactions

A business transaction happens when the business buys or sells a product or service. Business transactions can be cash or credit transactions.

Cash transactions

When we buy a product or service and pay at the same time, then we conduct a cash transaction. For example, if you go to a hairdresser and pay after receiving a haircut.

When we conduct a cash transaction we can pay with cash (money that you hand over) or with a debit card.

Credit transactions

We can also pay on credit. This means that we pay for the product or service at a time in the future. Credit transactions are usually thirty days in the future. This means that we pay one month after we buy the product or service.

When we buy on credit, the business must trust that we are going to make the payment.

Paying in instalments

Sometimes we buy expensive things that we cannot pay for in one go. Then we can pay in **instalments**. If an item costs RWF 100,000, then we can pay ten instalments of RWF 10,000 each.

When we use instalment payments, we usually need to pay interest. For example, if an item costs RWF 100,000 with a 10% interest payment, then we need to pay ten instalments of RWF 11,000 each. We will then pay RWF 110,000 for the item.

Competence: Numeracy

Do you recall how to calculate interest from studies in numeracy?.



A business transaction happens when a business sells a product or service.

Advantages and disadvantages of cash and credit transactions

When we pay cash for an item, we need to save up the money first and then buy it.

When we buy on credit, we can have the item straight away, but then we still need to pay later. We will also have to pay interest. This means that we pay more.

Activity 6.4

Copy the table below and describe the advantages and disadvantages of paying with cash and credit.

	Advantages	Disadvantages
<i>Cash transactions</i>		
<i>Credit transactions</i>		

Modes of payment

Cash: We pay for cash transactions with cash. In Rwanda, we use Rwandan Francs. Our bank notes range from RWF 100 to RWF 5,000.

Bank: A bank can also assist with making a payment from a bank account. We can ask the bank to transfer the money to another person's or business' account.

Electronic: We can use the Internet to make electronic payments. We can access the account using the Internet. Then we can transfer the money to another account.

Prepayment: Sometimes we need to pay for an item before we receive it. This is called prepayment.

Activity 6.2

1. Role play a range of business transactions. Then ask your classmates to identify cash transactions, credit transactions and instalment payments.
 2. Discuss different situations where your family has paid for different products or services. Explain which mode of payment they used and why. What was the advantage and disadvantage of this mode of payment?
-

Checklist of learning

In this unit, I have learnt the following:

- ✓ Bookkeeping and accounting are important tools for a business.
- ✓ Bookkeeping means keeping track of money earned and spent. Accounting means keeping financial records.
- ✓ We can distinguish between internal and external users of accounting. A business owner is an internal user. The Rwanda Revenue Authority (RRA) is an external user.
- ✓ We can pay for business transactions using cash, credit, instalments or prepayments.

Self-assessment

1. Mugeni wants to be a business owner.
 - a) Explain why bookkeeping is an important tool for her business.
 - b) How can Mugeni use accounting information to plan for the future of her business?
2. List two examples of internal and external users of accounting information.
3. List three different modes of payment.
4. Explain which mode of payment is suited for:
 - a) food and clothes for your family
 - b) university education
 - c) buying a car.
5. In a paragraph, discuss the advantages and disadvantages of cash and credit transactions.

Formal assessment

Section A

Shema wants to start a new business. He wants to open a bakery that sells from a shop and delivers bread to supermarkets. To start his business he needs to invest in an oven, a delivery van, advertising, flour and other ingredients for his bread. He is renting a shop in the centre of Muhanga and wants to hire two bakers. Shema has been working for a baker for the past five years and has savings in the bank.

1. Shema would like to pay for the oven and the van with his savings, but he does not have enough savings. Explain why a new business needs financing. (5)
 2. Shema's brother wants to invest in his business.
 - a) What is the difference between debt and equity? (4)
 - b) List one advantage and one disadvantage of each option. (4)
 3. How can Shema use accounting information to make decisions about his business? (5)
 4. List two external users of accounting information for Shema's business. (2)
- [20]

Section B

Dianne is an entrepreneur who sells crafts at a market in Kigali.

1. Explain the difference between personal and business finance. (4)
 2. Dianne wants to buy a new range of crafts. She can pay by cash or by credit. Evaluate the modes of payment by providing a table with disadvantages and advantages of each option. (8)
 3. List three internal users of accounting and describe how each user makes use of accounting information to make decisions. (8)
- [20]

Section C

Financial awareness is an important skill for every entrepreneur. Identify a savings goal. Then develop and design a personal savings plan. (10)

[10]

Total marks: 50

4

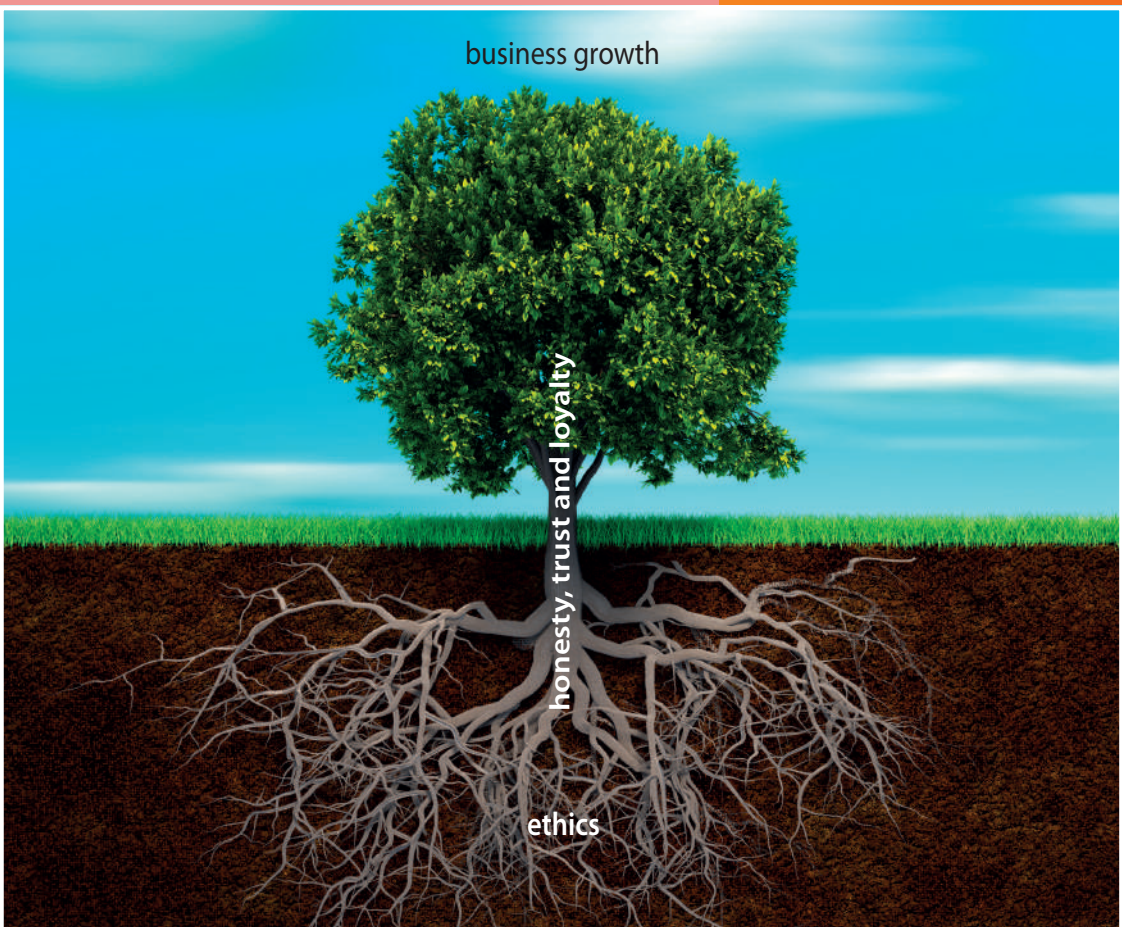
Business growth and ethics

Sub-topic area Business growth

Unit 7 Factors and indicators of business growth

Sub-topic area Standardisation

Unit 8 Concept of standardisation



Roots are important for the health of a tree. In the same way, ethics are important for the health of a business.

Key unit competence: To be able to analyse factors that influence business growth.



Introductory activity

Many of us dream of owning a computer or tablet.

Discuss the following questions.

1. A tablet is expensive. Why do you think that people want to buy a tablet?
2. Since introducing the tablet, the leading company has sold more than 200 million tablets worldwide.
 - a) Why do you think that tablets are so popular?
 - b) Do you think that the company can continue to sell this many tablets in the future?



Today many people buy electronic devices such as laptops and tablets.

7.1 Growth

There are many different ways to grow. Every one of us starts to grow as soon as we are conceived. This growth is physical; we grow taller and develop into young men and women.

We also grow mentally and emotionally. We learn to believe in our own abilities and to manage challenges in life.

Case study activity

Read the case study 'Life without limbs' and answer the questions.

Life without limbs

Nick Vujicic is an Australian motivational speaker. A motivational speaker makes speeches to motivate or inspire people. Nick was born without arms and legs. As a child he struggled, but as a young man he began to travel worldwide to talk about how to live with disability and find hope and meaning in life.

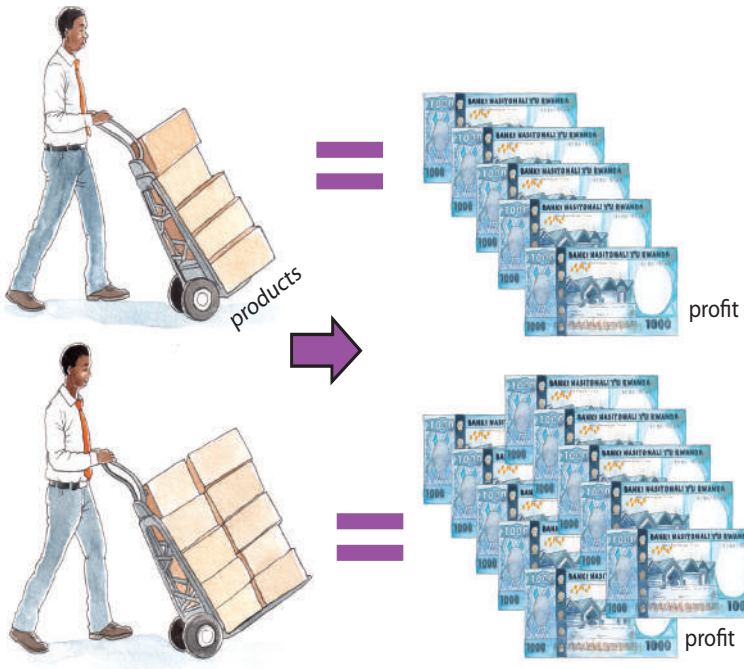
Today, Nick is the director of an organisation called 'Life without limbs'.

Questions

1. Describe some of Nick's challenges as a child.
2. As a young man, Nick grew mentally and emotionally. How do you think this helped him to manage his challenges?
3. Which skills and talents do you think Nick used to start his organisation, Life without limbs?

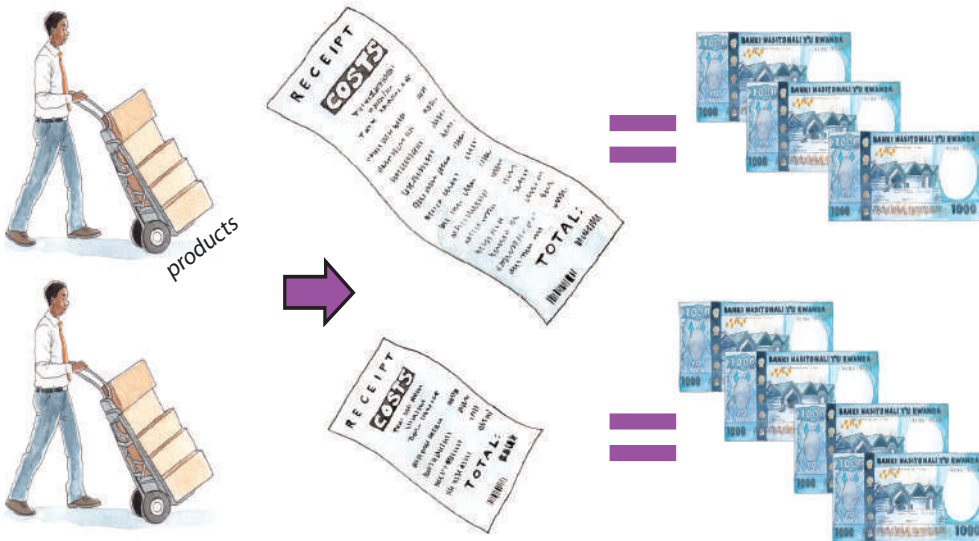
Two types of business growth

A business can grow in two ways. Firstly, a business can sell more products and services. Often this means that the business needs to hire more people, move to larger premises or invest in a delivery van. This growth is therefore easy to see.



1. A business can grow by selling more products.

The second way that a business can grow is by decreasing costs. A business aims to make a profit. Profit is the difference between the income of the business and the costs. If the business can decrease the costs, then the profit increases. This is also business growth.



2. A business can grow by decreasing costs and thereby increasing profits.

Exercise 7.1

Read the examples of business growth below. Then answer the questions.

- A. Kamana owns a restaurant in Remera. He has found a new supplier who sells vegetables at a lower cost.
 - B. Jabo sells pens, paper and other office supplies to companies in Kigali. Recently, a large corporation ordered a large amount of supplies from Jabo's business.
 - C. Lemigo Hotel in Kigali recently designed a new website. Yesterday, the hotel signed an agreement with a tour company from China.
1. Describe the type of business growth in each example.
 2. What do you think the business owner did to grow each business? Make suggestions for actions that each business owner took.

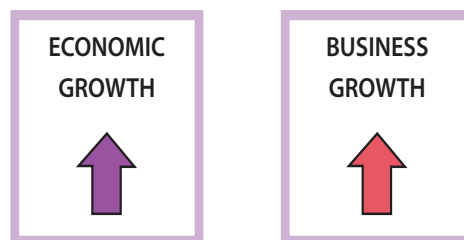
Business growth and economic growth

If businesses in Rwanda produce more goods and services this year than they did last year, we say that the economy of Rwanda has grown.

In the news, we often hear about events that affect the economy of Rwanda. If we have bad weather, for example, this affects the farmers' crops.

For the past twenty years, Rwanda has been a peaceful country. This means that more tourists come to visit Rwanda. Businesses that sell products and services to tourists therefore also grow.

It is always easier for a business to grow when an economy grows, but many businesses can still be successful even if the economy is not growing.



It is easier for a business to grow when an economy grows.

Activity 7.1

In a discussion, find examples of businesses that can grow even when the economy is not growing.

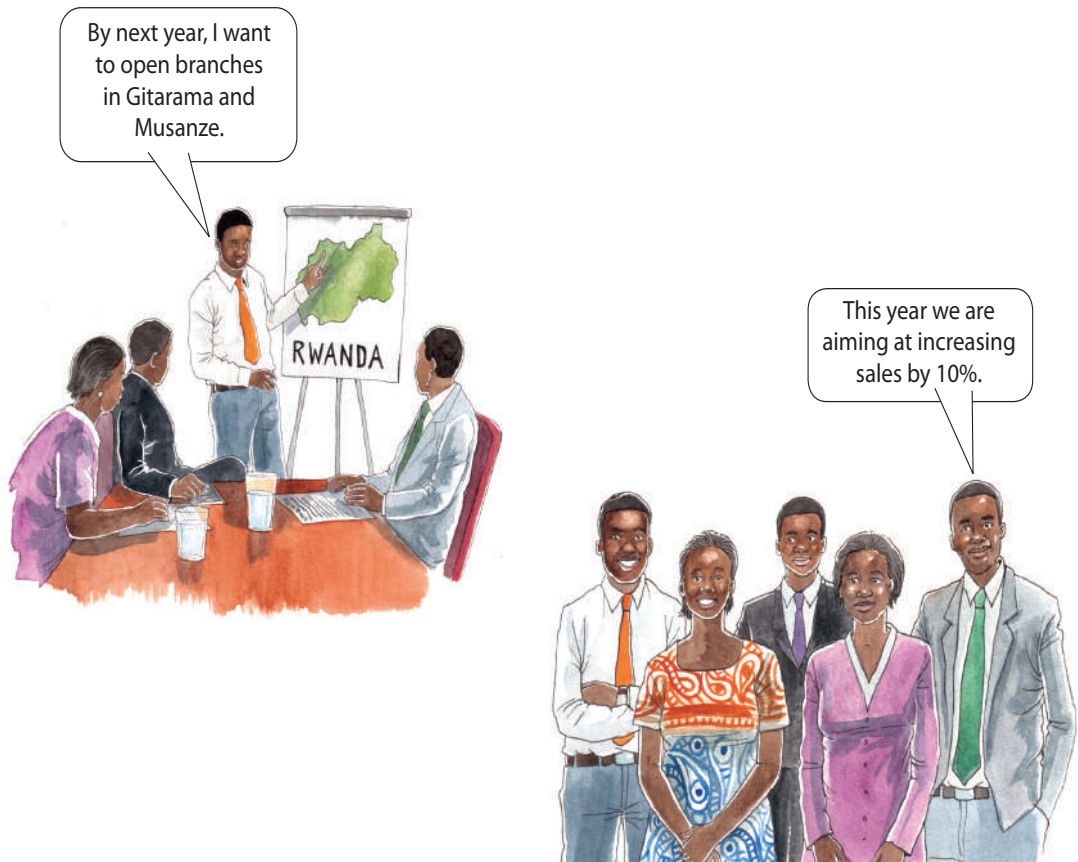
7.2 Factors contributing to business growth

There are many different reasons for business growth.

Business goals

To grow, a business owner needs to set the **objectives** for growth. This means that the business owner must set goals.

To set an objective, you need to describe how you plan to grow. Then you need to follow your plan. Make sure that your plan is clear and easy to follow.



Examples of good business objectives

Business location

We can classify a business as agriculture, manufacture, trading and/or service. Each of these business types needs a specific type of location.

- An agriculture business is located in a rural area. When the roads to markets in the city are good, it is easier for the farmer to transport crops.

- A manufacturing business must be located close to the raw materials. For example, a business that makes tea should be close to tea plantations. A manufacturing business must also be close to roads or trains so that it can transport its products to retail businesses in the cities.
- A trading or service business needs to be close to customers. A busy market or a shopping mall, for example, is a good location for a hair dresser or a craft shop. It is also important to be near the type of customer who wants to buy your product. If you are selling gifts to tourists, your shop should be in an area that tourists visit.

Business support services

Every business needs products and services from other businesses and from the government. A business needs the government to provide infrastructure such as roads and airports.

A business also needs banks, accounting services and repairs to machinery.

Case study activity

Read the case study 'Quality teas from Africa to the world'. In the case study, identify the following types of businesses: agriculture, manufacture and trading.

Quality teas from Africa to the world

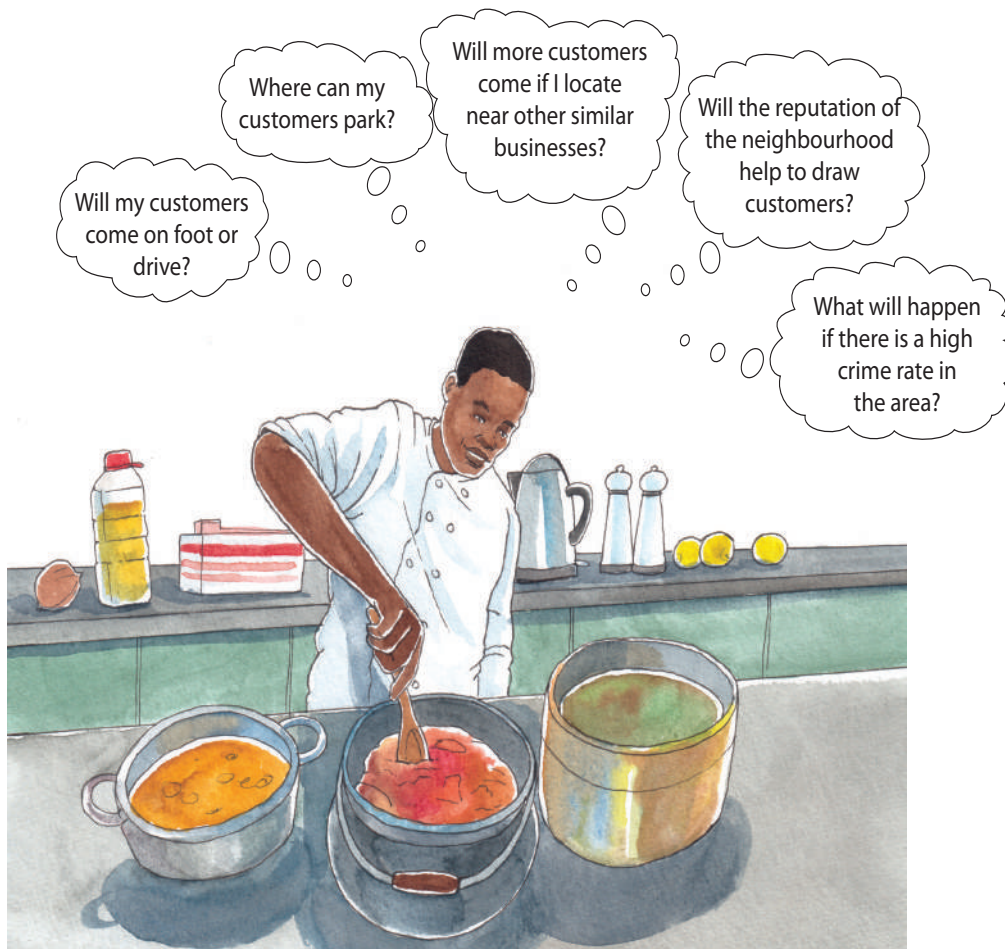
The Excellent Tea Company is a business based in New York in the United States of America. The company imports tea from Rwanda. Farmers grow tea in the Virunga area. A cooperative sells the tea to The Excellent Tea Company. The tea is sent to Kigali where it is flown to the business in New York. The Excellent Tea Company is a trading business that sells the tea to shops in the United States.

Questions

1. Where is each type of business located?
2. Why are these locations suited for each business type?
3. Identify factors that make The Excellent Tea Company successful.

Activity 7.2

Kamana wants to sell hot meat stew with ugali from a small café in Kigali. Help him to find a suitable location for his new business by answering his questions.



The location of a business can determine its success or failure.

Exercise 7.2

Bwiza owns a salon where she offers beauty treatments.

1. What type of business is a beauty salon?
2. Make a list of support services that Bwiza needs.
3. Bwiza wants to open a new branch. Select a suitable area for her new salon in your community. Explain your choice.

7.3 Constraints to business growth

There are many different factors that can limit business growth. The entrepreneur can address many of these factors.

Customer relationships

Every business needs customers. A business needs to sell products or services to customers to make a profit. The relationship between a business and its customers is therefore very important.

Customers and social media

The Internet can be used to develop a good **reputation** for a business, but it is also a tool that customers can use if they had a bad experience with a business.

In the past, customers would share bad experiences with their friends and family members. Today, unhappy customers often use **social media** such as Facebook and Twitter to share their opinions. The business gets a bad reputation if many people share their negative experiences in this way.

Who are customers?

- Customers are people who bring us their wants and needs. It is our job to handle them professionally.
- Customers are the most important people ever to come into this office.
- Customers are not dependent on us. We are dependent on them.
- Customers are not an interruption of work. They are the purpose of it.
- Do not argue with customers!

Here is an example of a poster.

Activity 7.3

1. In groups, discuss an example where a customer shared a bad experience with a business using social media. How did this change your view of the business?
 2. Design a poster to encourage employees to serve customers well.
-

Management of stock

A manufacturing business and a retail business need to keep track of raw materials and the stock of items for resale.

If a manufacturing business runs out of a raw materials, then it cannot produce any items.

Some businesses need to keep track of many items. For example, if a manufacturing business that makes bicycles has wheels and frames in the storeroom but no handlebars, then the business cannot make a bicycle.

Management of stock is also important to ensure that there is no theft.

Activity 7.4

As a class, visit a business in your community that has a large amount of stock. Ask the business owner to explain how the business controls its stock.

Exercise 7.3

Keza sells cleaning products from a retail shop. Her stock includes dishwashing liquid, carpet cleaner, toilet cleaner and many other items. Keza finds it hard to keep control of her stock.

1. Explain to Keza why it is important to keep control of her stock.
 2. Suggest a method that Keza can use to make sure that she always has enough stock in her shop.
 3. What can Keza do with the stock of products that do not sell well?
-

Management of business finance

It is very important to control the management of money in a business. Misuse of money makes it very difficult for a business to succeed.

Misuse of money happens when the owner uses business money for private purposes.

Activity 7.5

Find newspaper articles about businesses in your community that have failed. Try to find out why each business failed.

Make a presentation to the class where you:

- explain why the business failed
 - make suggestions about how the business could have overcome the obstacles that it faced.
-

7.4 Indicators of business growth and success

When we want to assess if a business is successful we can use **indicators**.

A farmer who wants to know if his coffee beans are ready to be harvested can pick and check a few beans. A biologist who wants to know if a natural environment is healthy can check the number of a few animal and plant species. In business, we also use indicators to check if the business is successful.

Sales volume

One of the ways to grow a business is to increase the volume of sales. We can compare how much a business sold last year to how much it sells this year.

A business can increase its sales volume by:

- Selling more products
- Selling new products.

Business profit

A business can increase profit by either increasing sales volume or by reducing costs. To see if a business is successful, we can compare the profit of the business in previous years to the profit of the business this year.

Business branches

A growing business often opens new branches.

Activity 7.6

1. a) Select and research one of these businesses:
 - A. Great Lakes Energy
 - B. RwandAir
 - C. Bralirwa Brewery
 - D. I & M Bankb) Assess the success of the business by selecting an indicator for growth and success.
 2. Arrange a visit to a local business. Ask the business owner to describe which indicators he or she uses to assess the success and growth of the business.
-

7.5 Indicators of business failure

Indicators are also useful for predicting **business failure**.

A coffee farmer checks beans for diseases such as mites and scale. In the same way, a biologist also checks for signs of problems in a natural environment.

In a business, we can use certain indicators to warn us of business failure.

Business losses

The profit of many businesses changes from year to year. When a business has a loss (when costs are higher than income), this is a sign of failure. If the losses continue to increase, the business owner needs to carefully calculate costs and check if the business is still viable (can succeed).

Empty stock

A manufacturing business that has little or no raw materials cannot make products to sell. A retail business that has no stock has no products to sell. Stock levels are therefore an important indicator of business success or failure.

Low sales

Sales volume decreases when there are fewer customers, or when there are the same number of customers but they spend less. Low sales are an important indicator of business failure.

As an entrepreneur, you need to assess the reason for decreasing sales. For example, does a competitor sell the same products cheaper? Is your quality poor? Or is your product no longer fashionable?

Exercise 7.4

Gisa works with his father in his father's business 'Kigali by Fax'. The business sells fax machines to businesses in Rwanda. For the past few years, their sales volume has decreased. Gisa says that people today send emails rather than faxes. He suggests that they should open an Internet café instead.

1. Explain how to use an indicator to show signs of business failure.
2. Gisa uses sales volume as an indicator. Suggest two other indicators that he can use.
3. Do you think that Gisa's father should take Gisa's advice? Explain your answer.
4. Suggest to Gisa and his father how they can use their skills and knowledge from the current business to make sure that they have a successful business in the future.

Checklist of learning

In this unit, I have learnt the following:

- ✓ A business can grow when sales volumes increase or when costs decrease.
- ✓ Factors that contribute to business growth include clear objectives, suitable business location and the availability of business support services.
- ✓ Constraints to business growth and success include poor handling of customers, poor management of business stock and misuse of business finances.
- ✓ Indicators of business growth or success include an increase in sales volume, profit and in number of branches.
- ✓ Indicators of business failure include increased business losses, empty stock and low sales.

Self-assessment

Read the passage 'The growth of Haguminshuti's chicken empire' and answer the questions.

The growth of Haguminshuti's chicken empire

In 2003, Dieudonne Haguminshuti worked on a project in Kanombe and Kabuga that would change his life. While developing poultry and piggery projects for people living with HIV, he saw that there were many business opportunities in agriculture.

After overcoming many initial challenges, Dieudonne is today the proud owner of a farm in Bugesera district in the Eastern Province. The farm contains four chicken houses with 25,000 birds each. The farm sells to many different markets, including supermarkets such as Nakumatt and Simba.

1. Explain the term 'business growth' using your own words.
2. List three factors that contribute to business growth.
3. Dieudonne Haguminshuti's first application for a loan was rejected. When the Rwanda Development Bank eventually agreed, they had many conditions for the loan. Why do you think Dieudonne did not give up his idea of starting an agricultural business?
4. It takes 42 days for a chicken to mature. Then it is sent to the slaughter house. Explain why stock control is important for a chicken farm.
5. Dieudonne's research showed that meat consumption in Rwanda is increasing, but that the production of meat is decreasing. Explain the importance of these indicators for the success of his agricultural business.
6. The business today sells whole chickens. In the future, Dieudonne plans to produce products such as hot dogs, chicken sausages and meatballs. How do you think that selling additional products will influence the success of the chicken farm?

Key unit competence: To be able understand basic concepts of standardisation.



Introductory activity

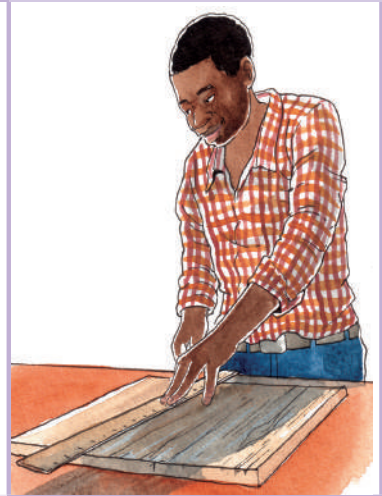
A standard is a way of doing things that everyone uses. We use standards every day. Look at the pictures below. Then discuss the questions in class.

1. Which standards can you see in the three pictures?
2. Suggest other standards that you use every day.
3. Why do you think that standards are important?

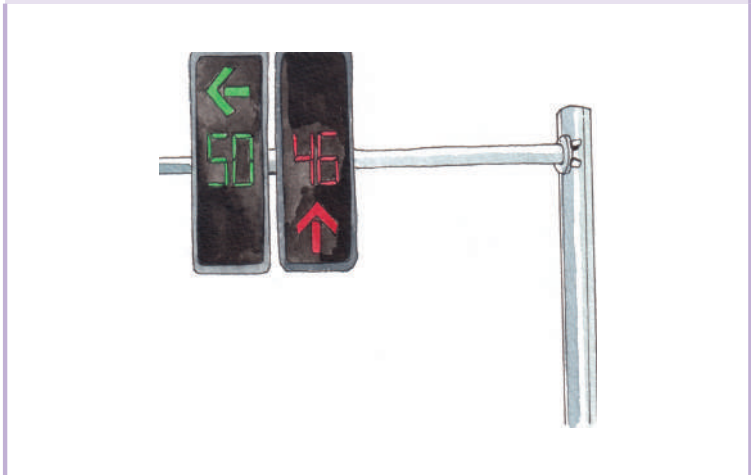
Braille is a system of raised dots representing letters that people read with their fingertips.



We use the metric system to measure height and length.



Everywhere in the world, red means stop and green means go.



We use standards every day.

8.1 Standards

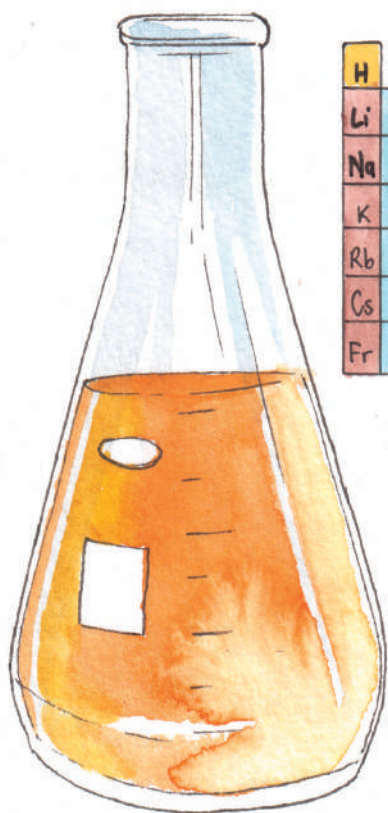
A standard is a way of doing things that follows guidelines or regulations. Many standards follow rules that are set by an organisation. We use standards for many different reasons.

Think, for example, of scientists who work in different countries and need to share their ideas and findings with each other. The metric system is an example of a standard used in science. We measure items using metres and centimetres.

We also use a standard way of writing the symbols for chemicals. Think, for example, of scientists working with the metal gold. In French, gold is 'or' and in Kinyarwanda it is 'zahabu', but a scientist will always use the symbol 'Au' for gold. In this way, the scientist can share knowledge with scientists in other countries.

Cross-cutting issue: Standardisation culture

It is important to strive to improve the standard of all parts of our business. This will allow the business to grow.



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The metric system and the periodic table of elements are two standard ways of doing things. A ruler provides a standard for measuring distances.

Activity 8.1

Here are some examples of standards. Discuss how and why we use each standard.



The rims and tyres on a bike have a standard size.



The QWERTY system means that the letters on a keyboard are always in the same place.



Musicians around the world use musical notation.

Case study activity

Read the case study 'Following food safety standards to grow export'. Then answer the questions.

Following food safety standards to grow export

If Rwandan food producers want to export products to other countries, they need to make sure that there are no harmful bacteria in their products.

Today, the producers can follow a food safety standard called Hazard Analysis and Critical Control Points (HACCP). This system checks that bacteria do not get into the food at any point from harvest to packaging. The system is used around the world and Rwandan producers who follow this system can export their products to other countries.

Questions

1. What is HACCP?
2. Why do producers need to follow HACCP?
3. HACCP is a standard used in agriculture, food and business. Do research and give an example of a standard used in the following fields:
 - a) transport
 - b) housing
 - c) medicine
 - d) education.

Standardisation

Standardisation is the process of setting standards. When we set a standard we need to decide what we can measure and check. For example, we can measure the size of a bicycle tyre using the metric system and we can check that there are no bacteria in food using the HACCP system.

Case study activity

Read the case study 'Setting Fairtrade standards'. Discuss the questions that follow in class.

Setting Fairtrade standards

Fairtrade is a system of standards developed for producers and traders. Many customers today want to know where the products that they buy come from and how they were produced. Fairtrade standards are used for producers of many food products, such as nuts, coffee and fresh fruit. A trader who follows Fairtrade standards must pay a minimum price to the producer. The producer must work as a cooperative and follow health and safety standards.



Many cooperatives in Rwanda follow Fairtrade standards.

Questions

1. List three rules of Fairtrade standards.
2. Fairtrade standards prohibit (forbid) child labour. Why do you think that this is important?
3. **a)** Why do you think health and safety standards are important?
b) List two examples of health and safety hazards (dangers) to farm workers.
4. The Fairtrade standard was introduced to reduce poverty. How do you think following a Fairtrade system can reduce poverty?

Standards body

A standards body is an organisation that sets and controls standards. The Rwanda Standards Board (RSB) sets standards that protect customers and promote trade for Rwandan businesses.

The International Organization for Standardization (ISO) sets standards for many different industries. These standards all start with the letters ISO. For example, the standard number for environmental management is ISO 14000.



ISO sets standards for looking after the environment.



We need to ensure that standards are followed.

Activity 8.1.2

Create and name a standard body for your class. Then set a standard that everyone in the class must follow for one week. This standard must be something that you can measure and control. You can, for example, decide that every learner must wear an armband or bring an unusual item such as a toothbrush to school every day.

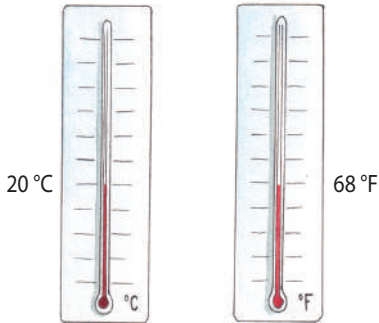
Draw up a control sheet and do spot checks every morning. A spot check means selecting a random number of learners.

After completing this activity, discuss your standard as a class. How well did the class follow and control the standard that was set?

Standards harmonisation

Sometimes standards in different countries are not the same. We can measure the size of a shoe, for example, using different systems. Some countries also use different systems for measuring distance or temperature.

To harmonise standards, we agree on one standard that we should follow. When we harmonise standards, we make the standard easier for everyone to understand, follow and control.



We use different systems when standards are not harmonised.

Case study activity

Read the case study 'Tax harmonisation in East Africa'. Then answer the questions.

Tax harmonisation in East Africa

The East African Community (EAC) is harmonising tax laws so that they are similar in all the countries in the region. This means that some countries have increased taxes and others have reduced taxes.

Questions

1. Explain what is meant by standard harmonisation.
2. The East African Community (EAC) acts as a standards body.
 - a) Give the name of another standards body.
 - b) Explain what work the standards body does.
3. The EAC wants to harmonise tax laws to promote free trade and protect citizens. Explain how harmonising tax laws can help achieve this goal.

8.2 The importance of standardisation

Standards are important for many different reasons. When a product follows standards, we know what the quality of the product is and what materials are used to make it. **A product that follows standards can be sold to other countries.**

Some standards give us important information, for example, that the business that made the product did not harm the environment. **A standard can also protect workers**, for example, health and safety standards. Customers also need to know that products are safe to use.

Activity 8.3

Divide into groups and role play a visit by the Rwanda Standards Board (RSB) to a business that wants to start aquaculture (fish farming) using tilapia. Select one of the following scenarios:

- A.** The RSB representative explains that following standards means that the business can export their products.
- B.** The RSB representative explains that the business must follow standards to ensure that the fish is fresh and safe to eat.
- C.** The RSB representative explains that they will check that the standards are followed and that it is important to be reliable and honest.



Standards are important for many different businesses.

Standards in business

Standards are an important method of control in business. When you follow standards, you can manage your business better.

Important standards in a business include:

- The quality of a product or service
- The quantity of materials that are used to produce a product
- The time that it takes to make a product or provide a service
- The safety and health of workers that produce the product or provide the service
- The cost of producing the product or service.

Activity 8.2.2

Work in groups to pretend that you have a business that makes paper chains. Your school is celebrating an important occasion and has ordered paper chains to decorate a classroom.

1. Read the order from the school below.
2. Elect three class members to act as inspectors from the school.
3. Work for twenty minutes to make the paper chains.
4. At the end of the twenty minutes, investigate the following for each group:
 - a) Did the inspectors accept the quality of the chain?
 - b) Did the group predict the length of chain correctly?
 - c) Did the group make a profit or a loss?
5. Evaluate the results of the investigation and discuss the importance of setting and following standards.

Endless chains



Order form

Please supply one paper chain.

Cost: RWF 300 per loop.

Notes on the order:

The school will only buy high-quality paper chains. The school also needs to know how long your paper chain will be. Please tell the representative how many loops you will deliver before you start making the chain.

You will need: A4 paper, scissors, staplers, rulers, pencils
You have: a business with five workers and twenty minutes to complete the task

You can:

- Hire any number of workers from your group
- Rent any number of tools to complete the task
- Buy as many sheets of paper as you like (but you cannot return paper).

The costs for your business

- Wages for one worker are RWF 1,500 for twenty minutes
- Rent for one pair of scissors is RWF 1,000 for twenty minutes
- Rent for one ruler and pen is RWF 1,000 for twenty minutes
- Rent for one stapler is RWF 1,000 for twenty minutes
- One sheet of A4 paper costs RWF 1,400.

How to make a paper chain

1. Use a ruler to measure strips of paper. Each strip must measure 3 cm × 30 cm.
2. Use the scissors to cut the paper into strips.
3. Fold the first strip into a loop and use the stapler to staple the ends together to make a circle.
4. To make a second loop, put another strip of paper through the first loop and staple the ends together. Continue to make loops.

8.3 Fields of standardisation

We use standards in all fields.

Activity 8.3

Match the standard with the field.

1. Science	A. Standards for accounting (Generally Accepted Accounting Principles (GAAP))
2. Education	B. Standards for safety inspections of vehicles
3. Commerce	C. Standard for conducting and reporting on findings of experiments
4. Housing	D. Standards for setting tests and exams in secondary schools
5. Transport	E. Standards for using safe building materials
6. Textiles	F. Standards for sizes of clothes

8.4 Levels of standardisation

There are different levels of standardisation:







- International standardisation means that all countries make use of the standard. An example is standards set by the International Organization for Standardization (ISO).
- Regional standardisation means that countries from a specific region use the standard. Examples include European Standards (EN) and standards used by the East African Community (EAC) or the European Union (EU).
- National standardisation is specific to one country. An example is the Rwanda Education Board that sets the standards for grades and progression to the next stage of education in Rwanda.

Activity 8.6

1. Invite a guest speaker to the class who can share his or her knowledge on standards.
2. Write a definition for the following terms and select an example for each type:
 - a) International standardisation
 - b) Regional standardisation
 - c) National standardisation.

8.5 Types of standards

We use many different types of standards.

<p>1. A basic standard is a broad and general standard. For example, which metal to use to make a 20 Franc coin.</p>	<p>2. A product standard is specific for a product, for example an A4 sheet of paper has a standard size.</p>	<p>3. A terminology standard specifies which terminology (words) to use. Doctors, for example, use standard terminology for diseases.</p>
		
<p>4. A testing standard is used for different tests. We use testing standards in exams and also when we test the quality of products.</p>	<p>5. A service standard describes what you can expect from a business that sells a service. We sometimes use rating systems. For example, hotels can rate their services using stars. A five star hotel shows a promise of what you can expect to receive.</p>	<p>6. A process standard shows how something should be done. An example is an assembly line in a factory.</p>
		

Activity 8.5

Imagine that you are a consultant who has been asked to assist a coffee cooperative.

1. Write a paragraph to explain to the cooperative why standards are important.
2. Describe a process standard that the cooperative could adhere to (follow).
3. Draw a sketch that shows the space that you will use to test the standards used in the cooperative.

Checklist of learning

In this unit, I have learnt the following:

- ✓ A standard is a way of doing things that follows guidelines or regulations. Standardisation is the process of developing standards.
- ✓ A standards body sets and controls standards.
- ✓ Standards harmonisation means agreeing to one standard that we should follow and control.
- ✓ Standards are important for many different reasons. Standards give us information about the quality and quantity of materials used. Standards are also rules for how to treat people and the environment.
- ✓ Standards are used in many different fields, such as engineering, industry, commerce, science, education, transport, housing, food, agriculture, forestry, textiles and chemistry.
- ✓ Standards can be international, regional or national.
- ✓ We use many different types of standards, for example basic standards, product standards, terminology standards, testing standards, codes of practice, service standards and process standards.

Self-assessment

The high altitude, rainfall patterns and volcanic soils around the Kivu, Kizi, Akagera, Muhazi and Virunga regions provide excellent growing conditions for rich and aromatic coffee. KZ Noir in Kimihurura supports over 10,000 farmers throughout Rwanda and produces quality coffee for export, picked and graded according to quality standards.

KZ Noir was the first Rwandan coffee company to be Rainforest Alliance certified. To achieve this, KZ Noir had to follow standards such as soil quality and protection of workers.

1. What is a standard? List two standards that KZ Noir follows.
2. Is Rainforest Alliance a standards body? Explain your answer.
3. KZ Noir is also Fairtrade certified.
 - a) What does standards harmonisation mean? Use Fairtrade and Rainforest Alliance in your explanation.
 - b) Give an example of how standards can be harmonised using Fairtrade and Rainforest Alliance.
4. Rainforest Alliance is an international standard.
 - a) Explain what an international standard is.
 - b) Give definitions for regional and national standards.

Formal assessment

Section A

Frederick Nshimiyimana is the owner of Mutunda Clays, a business he started in 2012. Since consulting with a mentor, his profits have increased by 5%.

1. Explain the difference between personal growth and business growth. (5)
 2. List two ways that Mutunda Clays can increase profit. (5)
 3. What type of business is Mutunda Clays? (2)
 4. Suggest a good location for Mutunda Clays in your community. (3)
 5. Mutunda Clays sells bricks and tiles. Suggest a product standard and a process standard that this business follows. (5)
- [20]

Section B

1. As an entrepreneur you need to pay attention to indicators of business growth and success as well as indicators of business failure.
 - a) Explain what is meant by an indicator of business growth and list three examples. (5)
 - b) Why is empty stock an indicator of business failure? (2)
 2. All successful businesses follow standards.
 - a) Discuss why following a standard is important for a business. (5)
 - b) List three different types of standards. (3)
 - c) What is the role of a standards body? List an example of a standards body. (5)
- [20]

Section C

Imagine that you are selling honey in jars at a local market. Develop and design a product standard and a testing standard for producing and selling your honey. (10)

[10]

Total marks: 50

Glossary

accountant – a person who keep financial accounts

accounting – the work of keeping financial accounts

arable – land usable for growing crops

attitude – approach to life

bookkeeping – keeping records of financial transactions in a business

brainstorm – group discussion to produce ideas and ways of solving problems

budget – a plan that shows how you are going to manage money

business failure – when a business cannot sell enough products or services to pay for expenses

business finance – financial management for a business

cash crops – crops sold at a market

collateral – something offered as security for repayment of a loan, to be forfeited if the loan is not paid

collective savings scheme – a group of people save their money in one fund

commission – a fee that is a percentage of a sale

competition – a business that sells a similar product, service or offers an alternative

corruption – dishonest conduct by a person in power, typically involving bribery

credit card – small plastic card that allows the holder to buy goods or services on credit

current account – account where money can be withdrawn without notice

customers – people who buy a product or service

debit card – small plastic card that allows the holder to pay money from their bank account electronically

debt – owing money to a person or an institution

economics – social science studying how people choose to use resources

economist – a person who studies economics

equity – money invested in a business by the owner

export – send goods and services to another country for sale

external – outside

financial statements – formal record of financial activities

grant – money given by a government or other organisation for a particular purpose

import – bring goods and services into a country from abroad to sell

indicator – measurement that shows the state of something

innovative – original and creative in thinking

instalment – a number of equal payments spread over a period of time

interest rate – proportion of a loan that is charged as interest to the person borrowing

internal – inside

life skills – skills needed to deal with problems in everyday life

loan – money that must be paid back

mentor – a person who can help you with your personal development

micro lenders – types of banks that lend small amounts of money to people

motto – a short statement describing a goal or an ideal

objectives – things aimed for; goals

personal finance – financial management for an individual or a family

PIN (personal identification number) – a unique code used for debit and credit cards

population density – the number of people per square kilometre

potential – the capacity to develop one's abilities

primary needs – goods or services that we need, for example, food, clothing, shelter and health care

profit – the difference between the amount earned and the costs

raw materials – basic material from which a product is made, for example, wood or iron

receipt – a bill that is marked as paid

reputation – an opinion held about a person or a business

resources – something that we have and can use to assist us

retirement – when a person stops working, usually at sixty five years of age

risk – the possibility of failure

savings account – an account provided by a bank to save money and earn interest

secondary needs – goods or services that are not necessary, but that we desire or wish for, for example, designer clothes

self-awareness – being able to identify and recognise your own emotions, personal strengths and interests

shareholder – a person who owns a part of a business

social media – tools that allow people to share information via Internet networks, for example, Facebook and Twitter

standard – a way of doing things that has been approved or accepted by a recognised organisation

standing order – instruction to a bank to add a fixed amount into an account every month

subsistence – growing crops to meet your family's needs

sustainable development – development that does not use up (deplete) resources

target market – a group of customers with similar characteristics that the business wants to sell to

tax – money paid to the government of a country

trade credit – an agreement where a customer can buy goods and pay the supplier at a later date

trend – change in a general direction

viable – capable of success

withdrawal – taking money out of an account

Index

- A**
- accountants 87–8
 - accounting 87–92, 95–6, 104, 121
 - agriculture 35, 37, 41, 44, 75, 103
 - ATM 82
 - Automated Teller Machines *see* ATM
- B**
- bank 4, 37, 68, 71–77, 81, 84, 88, 91–2, 94, 96, 104, 108, 110
 - basic economic problem 48
 - bookkeeping 87–90, 92, 95
 - branches, business 108
 - BRD *see* Development Bank of Rwanda
 - business
 - diversity in running a 29
 - ethics 24, 27–8
 - evaluating a 88
 - finance 69, 71, 75, 80, 84, 96, 107, 110
 - location 103, 110
 - opportunities, identifying 11
 - setting up and managing a 14
 - support services 104, 110
 - transactions 92, 94–5
- C**
- case studies
 - commitment to Kenya's future 20, 31
 - cooperatives can increase food production 54
 - fashion in the 'Land of a Thousand Hills' 14
 - following food safety standards to grow export 114
 - growth of Haguminshuti's chicken empire 110
 - importance of processing food 58
 - Kigali retail shop is busy as a bee 36
 - life without limbs 100
 - long walk to freedom in South Africa 22, 31
 - mentorship helps create successful fashion brand 28
 - 'The Office' solves a problem 10
 - physical and financial health 79
 - quality teas from Africa to the world 104
 - setting Fairtrade standards 115
 - success stories in Rwanda 5
 - tax harmonisation in East Africa 117
 - cash 35, 81–3, 85, 92, 94–6,
 - choices 3, 17, 25, 29, 31, 48–50, 60, 63, 64, 85
 - costs 50–1, 55, 63, 70, 72, 77, 93, 101, 108–110, 120
 - credit 71, 75, 81–5, 91–6
 - cards 41, 62, 81–3
 - collective saving 71–4, 77, 84
 - customers 4, 10–2, 16, 36, 62, 87, 91, 104–6, 109–10, 115–6, 118
- D**
- debit cards 81–3
 - demographics 12
 - Development Bank of Rwanda (BRD) 75, 127
 - dignity and the value of work 41
 - diversity in running a business 29
- E**
- EAC *see* East African Community
 - East African Community (EAC) 117, 121
 - economic goods 55, 63
 - economics 47, 48, 50, 63
 - environment, scanning the 9,
 - equity 71, 84, 96
 - expenses 68, 70, 77, 78, 84, 91
- F**
- factors of production *see* resources
 - failure, business 108, 109, 110, 124
 - fishing 35, 37, 53
- G**
- global village 28, 29
 - goals 20, 21, 26, 27, 30, 31, 103
 - goods and services 6, 36, 45, 47, 49–51, 53, 55, 57, 59–63, 69, 87, 102
 - government authorities 91
 - grants 71
- H**
- HACCP *see* Hazard Analysis and Critical Control Points
 - Hazard Analysis and Critical Control Points (HACCP) 114
 - health and health care 5, 46–7
- I**
- ideas 3–5, 9, 13, 16, 19–20, 44, 46–7, 55–6, 67, 113
 - imports 62, 104
 - indicators of business failure 108, 110, 124
 - growth and success 107–8, 110, 124
 - instalments, paying in 93, 95
 - interest 11–3, 30, 72, 74–7, 81, 83, 93–4
 - rate 25–6, 31, 74–5, 80, 84, 105, 119, 122
 - International Organization for Standardization (ISO) 116, 121
 - internet 10, 15–6, 21, 28, 36–7, 64, 94, 106, 109
 - intrapreneur 2, 5, 16
 - investment banks 75, 84
 - ISO *see* International Organization for Standardization

L

lifelong learning 19, 76
loan 66, 68, 71, 74-77, 88, 91, 110
location, business 103, 110
losses, business 109-10

M

manufacturing in Rwanda 35, 104,
106, 109
mentors 28, 31
microfinance companies 75, 84
moral and ethical values 21, 24, 64

N

needs 4, 6, 9, 11, 16, 29, 31, 35, 37,
42, 44-5, 47-53, 55, 57, 59-61,
63, 67-9, 71, 73-4, 76, 78, 84,
90-2, 96, 100, 103-4, 105-6,
109, 119
networking 28, 64

O

opportunity cost of a choice 50

P

payment 33, 70, 76-7, 82-3, 89,
93-6
personal 7, 8, 15, 19-31, 51, 64,
68-72, 76, 80-1, 84, 87, 96, 124
personal development 26-8, 64
finance 30, 68, 69, 71, 74-5, 80,
84, 96, 107, 110
qualities and entrepreneurship
24
Personal Identification Number *see*
PIN
PIN 81
prepayments 95
prices 72
primary needs 46, 51, 60, 63
products 4, 11, 13-4, 24, 28-30,
34-41, 46-7, 50-1, 54, 57-62,
68, 71, 80, 88, 90-1, 94, 100-2,
104, 106-7, 110, 114-5, 118,
122
profit 4, 16, 24, 36, 42, 80, 89-90,
101, 106, 108-10, 119, 124
prudence 19, 23, 31,

R

raw materials 35, 47, 69, 71, 74, 84,
104, 106, 109
receipts 86-7
record keeping, *see* also accountants
and accounting; bookkeeping
78
repayments 76, 95
reputation 105-6
resources 9, 13-4, 16, 45, 47-9,
52-3, 55, 63-64
retail 36, 41, 104, 106-7, 109
retirement 69
reuse 59, 77-8
RRA *see* Rwanda Revenue Authority
RSB *see* Rwanda Standards Board
Rwanda Revenue Authority (RRA)
80, 91, 95
Rwanda Standards Board (RSB) 116,
118

S

salary 58, 68, 69, 90
sales 68, 90-91, 101, 103, 108-110
saving 70-77, 84, 96
scarcity 48, 50, 55
secondary needs 46, 48, 51, 60, 63
shares and shareholders 90
skills 3, 7-8, 11, 13, 16, 19, 21, 23,
25, 27-31, 34, 42, 45, 47, 64, 66,
85, 98, 100, 109, 111
social media 15, 106
structure and consumption 61, 104
standards 112, 114-124
stereotypes 39
stock 54, 78, 106, 107, 109-10, 124
subsistence farming 35
substitute goods 56, 60, 63-4

T

target market 11-12
taxes 80, 117
terms and conditions 76, 84
tourism 37, 75
trade credits 71
trading 35-7, 44, 103, 104
transport 35-7, 58, 70, 77, 92, 103,
114, 121, 123

U

users of accounting 90, 91, 92, 95, 96

V

values, moral and ethical 21, 24, 64

W

wants 16, 36, 45-7, 49, 51, 53, 55, 57,
59, 61, 63, 69, 74-5, 84, 91, 95,
96, 104-107, 117-8
waste management 59
WHO *see* World Health
Organization
World Health Organization (WHO)
23