



Province of the
EASTERN CAPE
EDUCATION

DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)

HOME SCHOOLING SELF-STUDY ANSWER SHEET

SUBJECT	BUSINESS STUDIES	GRADE	12	DATE	02/07/2020
TOPIC	BUSINESS ENVIRONMENTS	TERM 1 REVISION	x	TERM 2 CONTENT	

QUESTION 1: BUSINESS ENVIRONMENTS

1.1 Porter's Five Forces model.

- Threat of substitution/Substitutes✓
- Bargaining power of buyers✓
- Threat/Barriers to new entry to the market✓
- Power of suppliers✓ - Competitive rivalry✓

NOTE: Mark the first TWO (2) only.

(2)

1.2 Purpose of the Labour Relations Act (LRA), 1995 (Act 66 of 1995).

- Provides a framework/structure for labour relations between employers/ employees/trade unions/employer organisations. ✓✓
- Promotes/Facilitates collective bargaining at the workplace/at sectorial level. ✓✓
- Promotes workplace forums to accommodate employees in decision making. ✓✓
- Provides for the right to lock-out by the employer as a reaction to lengthy strikes. ✓✓
- Promotes fair labour practice between the employers and employees. ✓✓

- Clarifies the transfer of employment contracts between the existing and new employers. ✓✓
 - Promotes simple procedures for the registration of trade unions/employer organisations. ✓✓
 - Advances economic development/social justice/labour peace to ensure that the workplace maintains the basic rights of employees. ✓✓
 - Establishes the Commission for Conciliation, Mediation and Arbitration (CCMA) for dispute resolutions / Makes provision for settling labour disputes. ✓✓
 - Establishes Labour Courts and Labour Appeal Courts. ✓✓
- Any other relevant answer related to the purpose of the LRA. Max (8)

1.3 Consumer rights

- 1.3.1 Right to choose ✓✓
- 1.3.2 Right to privacy and confidentiality ✓✓
- 1.3.3 Right to equality in the consumer market place ✓✓ (6)

1.4 Porter's Five Forces Model

- 1.4.1 **Bargaining power of buyers/Power of buyers**
- Assess how easy it is for buyers/customers✓ to drive prices down. ✓
 - Determine the number of buyers/the importance of each buyer to the business✓ and the cost of switching to other products. ✓
 - A few powerful buyers✓ are often able to dictate their terms to the business. ✓
 - Buyers buying in bulk can bargain for prices✓ in their favour ✓.
 - If buyers can do without the business's products✓ then they have more power to determine the prices and terms of sale. ✓
 - Conduct market research✓ to gather more information about its buyers. ✓
- Any other relevant answer related to how businesses could apply the bargaining power of buyers/power of buyers to analyse the market environment. Max (4)

1.4.2 Competitive rivalry/Power of competitors

- Competitors selling the same/similar products/services√ may have a greater impact on the market of the business. √
- If competitors have a unique product/service√, then they will have greater power. √
- A business with many competitors in the same market√ has very little power in their market. √
- Draw up a competitor's profile√ so that they can determine their own strength as well as that of competitors. √
- Some businesses have necessary resources to start price wars√ and continue selling at a loss until some/all competitors leave the market. √
- Any other relevant answer related to how businesses could apply competitive rivalry/power of competitors to analyse the market environment.

Max (4)

1.5 Challenges of business environments and extent of control

CHALLENGES 1.5.1	BUSINESS ENVIRONMENT 1.5.2	EXTENT OF CONTROL 1.5.3
(a) His employees' lack good customer service.√	Micro √√	Full control√
(b) He lost most of his customers to Florah Bakeries.√	Market √√	Limited control / Little influence
(c) SB had to replace some of its stolen equipment due to the high crime rate in their area.√	Macro √√	No control√
Max (3)	Max (6)	Max (3)

1.6 Impact of the National Credit Act, 2005 (Act 34 of 2005) on businesses.

Positives/Advantages

- The whole credit process is transparent√ e.g. both businesses and customers know their responsibilities. √
- Lower bad debts√ resulting in better cash flow. √
- Protects businesses√ against non-paying consumers. √
- Increases cash sales√ because businesses only grant credit to qualifying customers/more customers are buying in cash. √
- Stamps out reckless lending√ and prevents businesses from bankruptcy. √

- Businesses do thorough credit checks√ and receive up-to-date documentation from the consumer as proof that they can afford the repayment. √
- Leads to more customers√ through credit sales as they are now protected from abuse. √
Any other relevant answer related to the positive impact/advantages of the NCA on businesses.

AND/OR

Negatives/Disadvantages

- Business can no longer √ carry out credit marketing. √
- The paperwork and administrative process required by the Act√ are costly and time consuming. √
- The business needs to appoint additional staff√ to deal with the extra administration. √
- Should the credit agreement be declared reckless√ the business can forfeit the outstanding debt and the goods. √
- Businesses that are official credit providers√, must submit a compliance report every year. √
Any other relevant answer related to the negative impact/disadvantages of the NCA on businesses.

Max

TOTAL

(6)
[40]