



Province of the  
**EASTERN CAPE**  
EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY ANSWER SHEET**

|                |                              |                        |           |                       |                   |
|----------------|------------------------------|------------------------|-----------|-----------------------|-------------------|
| <b>SUBJECT</b> | <b>BUSINESS STUDIES</b>      | <b>GRADE</b>           | <b>12</b> | <b>DATE</b>           | <b>02/07/2020</b> |
| <b>TOPIC</b>   | <b>BUSINESS ENVIRONMENTS</b> | <b>TERM 1 REVISION</b> | <b>x</b>  | <b>TERM 2 CONTENT</b> |                   |

**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√                        |
| <b>Max (3)</b>  | <b>Max (6)</b>             | <b>Max (3)</b>                     |

### 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]**