



**BUSINESS STUDIES
PAPER 1**

EXAMINER: GL
MODERATOR: LF / TG / UM / GO / AK

DURATION: 2 HOURS
MARKS: 100 MARKS

SECTION A

QUESTION 1

1.1.1 B ✓✓

1.1.2 C ✓✓

1.1.3 B ✓✓

1.1.4 A ✓✓

1.1.5 D ✓✓

(10)

1.2.1 Leadership ✓✓

1.2.2 Middle management ✓✓

1.2.3 Institutional environment ✓✓

1.2.4 Private sector ✓✓

1.2.5 Goals ✓✓

(10)

NOTE: No mark awarded if both words are not given.
i.e. Must say "Private sector" to award TWO marks.
No marks are awarded if answer is just "Private"

TOTAL SECTION A: 20

SECTION B

QUESTION 2 BUSINESS ENVIRONMENTS

2.1 Challenges of competition

- Competition as one of the components of the market environment poses a challenge to businesses ✓ because it is not within the control of the business. ✓
- Consumers will buy from the business ✓ where they get the most value for money and they could choose the competitor. ✓
- Business could find that they are unable to make sufficient profit ✓ when the demand is not high enough. ✓
- Businesses could find it hard to differentiate itself from its competitors ✓ to gain a competitive advantage. ✓
- New entrants with better products can also enter the market ✓ and divide the market even more thus decreasing the businesses market share. ✓

(2)

2.2 Purpose of organisational culture

- The purpose of the organisational culture is to define the business' internal and external identity ✓ as well as it's core values. ✓
- A strong business culture has the power to turn employees ✓ into ambassadors of the business. ✓
- It helps businesses ✓ to retain its employees and clients. ✓
- It breaks down boundaries between teams, ✓ guides decision-making, and improves productivity. ✓

(4)

2.3 Scenario – Sisipho's Fruit Market

2.3.1 Organisational resource

	ORGANISATIONAL RESOURCE	MOTIVATION
1.	Human resources ✓✓	The business employs seven full time workers. ✓
2.	Physical resources ✓✓	They use specialised equipment to wash the fruit. ✓
3.	Financial resources ✓✓	She has borrowed money from CapitalGain Bank to expand SFM. ✓

(6)

NOTE: Mark TWO organisational resources only.

NO mark awarded for quote if quote is not given in full.

NO mark awarded for organisational resource if quote is incorrect.

Award mark for organisational resource if quote is correct but not in full.

2.4 Macro environment components

2.4.1 Political

- The political environment represents the government and its institutions, ✓ and the public and private stakeholders that influence businesses. ✓
 - The political environment refers to the actions taken by the government ✓ that affects daily business activities. ✓
 - The institutional environment refers to the three levels of government in South Africa, ✓ that puts in place laws and rules that regulate how businesses operate. ✓
 - All influences that a government has on businesses ✓ could be classified under this environment. ✓
- (2)

2.4.2 Social

- Social aspects include changes in culture ✓ and demographics. ✓
 - The social environment refers to the immediate physical and social setting in which people live, ✓ and the society in which businesses operate. ✓
 - The cultural environment affecting businesses includes religion, customs, and traditions ✓ that influence actions and decisions. ✓
 - The demographic environment refers to the socio-economic characteristics of a population ✓ that businesses use to identify the product preferences and purchasing behaviours of customers. ✓
- (2)

2.5 SWOT Analysis

2.5.1 Anavrin Boutique (AB) offers unique, eco-friendly clothing options that appeal to socially conscious consumers. ✓

2.5.2 The boutique has limited financial resources, which may restrict its ability to invest in marketing campaigns. ✓

2.5.3 The increasing popularity of online shopping provides an avenue for expansion. ✓

2.5.4 Rapid changes in fashion trends require the boutique to stay up to date. ✓

(4)

[20]

QUESTION 3

BUSINESS OPERATIONS

3.1 Factors that influence the organisational structure.

- Size of the organisation ✓
- Strategy ✓
- Technology ✓
- Resources ✓

(2)

NOTE: Mark the first TWO only.

3.2 Sources of Finance

	SOURCE OF FINANCE	MOTIVATION
1.	Angel Funding ✓✓	Tech Savvy approaches investors seeking capital in exchange for shares in the company. ✓
2.	Bank Loan ✓✓	Simultaneously, the company applies for a business loan from a local bank to cover operational expenses. ✓
3.	Grant ✓✓	Additionally, the Tech Savvy approaches the government for money to support its growth and expansion plans ✓

(9)

NOTE: NO mark awarded for quote if quote is not given in full.

NO mark awarded for source of finance if quote is incorrect.

Award mark for source of finance if quote is correct but not in full.

3.3 Activities of the purchasing function

- The purchasers should have expert knowledge of the product/s they need to buy ✓ and about the market in which they operate. ✓
- The purchasing manager should find out the needs ✓ of other departments. ✓
- They look for suitable, new and better suppliers. ✓✓
- They ensure that there is enough stock available ✓ for continuous production and sales. ✓
- Make follow up on orders ✓ placed with suppliers. ✓
- Ensure that ordered products ✓ are delivered on time. ✓
- Keep the correct stock levels for stock on hand. ✓✓
- Record the cost prices ✓ and selling prices of stock. ✓

(6)

3.4 Scenario – Let's Glow Cosmetics

3.4.1 Consumer Rights

- apply for credit ✓
- receive information in their official language ✓
- be protected from unfair discrimination in granting credit ✓
- be given reasons why a credit application is refused ✓

(3)

[20]

QUESTION 4

BUSINESS ENVIRONMENTS

4.1 Challenges of technological environment

- Businesses may not be able to keep up ✓ with/be aware of the latest technology. ✓
- Employees may not be skilled ✓ to operate/maintain new technology/equipment. ✓
- Staying up to date with the latest and greatest technology ✓ can be expensive. ✓
- Businesses experiencing systems failure will be rendered paralysed, ✓ which will cause businesses to lose capital due to stalling in operations. ✓
- Business's IT systems may be hacked by fraudsters, ✓ and this could expose its confidential information/be damaging to the business. ✓

(2)

4.2 Formal vs Informal sector

FORMAL SECTOR	INFORMAL SECTOR
Businesses in the formal sector are registered with CIPC. ✓ Businesses pay tax to SARS on turnover and profit made. ✓	Businesses in the informal sector are not registered with CIPC. ✓ Businesses do not pay tax on the profits of the business. ✓
Formal sector activities are monitored by the government. ✓✓	These businesses are not monitored by the government. ✓✓
These businesses are controlled ✓ by the laws and regulations of the government ✓	Government laws and regulations pertaining to businesses do not apply to the informal sector ✓ but must adhere to municipal regulations. ✓
All contributions of these businesses are recorded ✓ in the total value of the goods and services produced in a country. ✓	It is difficult to calculate its contribution ✓ to the total value of the goods and services produced in a country. ✓
The business contributes to the GDP of the country. ✓✓	The business does not contribute to the GDP of the country. ✓✓
Employees are protected by legislation ✓ such as Basic Conditions of Employment Act, No. 75 of 1997 (BCEA), Compensation ✓ for Occupational Injuries and Diseases Act, No. 130 of 1993 (COIDA), Unemployment Insurance Fund (UIF), and so on.	Employees are not protected by any Legislation ✓ and can easily be exploited. ✓
Sub-max 4	Sub-max 4

(8)

Also consider:

Formal Sector

- The formal sector is mainly characterised by small, micro, medium and large businesses ✓ with specific working hours and monthly salaries or weekly wages. ✓
- These businesses have a specific aim ✓ of making a profit. ✓
- Examples of businesses in the formal sector include mines, farms, manufacturers, ✓ construction, retailers, and insurance companies. ✓

Informal Sector

- The informal sector consists of small businesses ✓ with long working hours and irregular income. ✓
- These small businesses are mostly started by the unemployed people ✓ who need to earn an income to buy necessities or pay for things such as water and electricity. ✓
- Examples of businesses in the informal sector include food and flea markets, ✓ street vendors, and spaza shops. ✓
- With increasing unemployment in South Africa, the informal sector is growing bigger ✓ since many people are using their entrepreneurial skills to generate some form of income to survive. ✓

4.3 Organisational structure

4.3.1 Functional organisational structure

- Employees get instructions ✓ from more than one manager. ✓
- The plans to be executed ✓ determines who will be giving instructions. ✓
- This structure confuses employees ✓ because they report to more than one manager. ✓

(2)

4.3.2 Matric organisational structure

- Structured around projects ✓ but employees remain in their departments. ✓
- A project must be completed ✓ up to a certain point. ✓
- The project is then passed on to the next team ✓ that will carry out the next phase of the project. ✓

(2)

4.4 Scenario – TechNova Mobile

4.4.1

	METHOD OF PUBLIC RELATIONS	MOTIVATION
1.	Media ✓✓	The company advertises on television and social media. ✓
2.	Social responsibility ✓✓	The business donates 10% of their income to an underprivileged school. ✓

(6)

NOTE: NO mark awarded for quote if quote is not given in full.
NO mark awarded for method of PR if quote is incorrect.
Award mark for method of PR if quote is correct but not in full.

[20]

TOTAL SECTION B: 40

SECTION C

QUESTION 5 BUSINESS ENVIRONMENTS

5.1 Introduction

- The market environment refers to the immediate external components that directly affect the ability of the business to operate. ✓
- For the business to be successful it must be able to influence the components in this environment. ✓

NOTE: Consider any other relevant introduction
ONE marks awarded for TWO facts.

(2 x 1) (2)

5.2 Components of the Market Environment

Consumers/customers/market ✓✓

- Consumers/customers refer to individuals or other businesses ✓ that purchase products and services from a business. ✓
- Consumers are the final users ✓ of the product/service ✓
- The market is the new and old customers ✓ who have money to buy goods/services. ✓
- Customer's preferences and taste does change as time goes by, so it is essential for businesses to conduct market research ✓ to ensure that their target market's changing needs are continuously met. ✓
- If customers are not happy with the products or services of a business, ✓ they will turn to a competitor. ✓

Sub-max (6)

Suppliers ✓✓

- Suppliers are individuals or other businesses that provide/supply businesses with the inputs or resources that they need ✓ in order to produce/manufacture their product or services. ✓
- If suppliers fail to provide businesses with quality resources/inputs or if the suppliers don't deliver these resources/inputs on time or at the right prices, ✓ then the businesses will not be able to meet their goals/objectives. ✓
- Businesses need to ensure that they identify reliable suppliers in the market. ✓✓
- Businesses can establish a good relationship with their suppliers ✓ by signing long-term contracts for their raw materials at fixed prices. ✓

Sub-max (6)

Intermediaries ✓✓

- These are individuals or businesses that distribute ✓ and sell the products/ services of a business. ✓
- Intermediaries bridge the gap ✓ between producers and consumers. ✓
- Intermediaries include: wholesalers, retailers, agents, brokers, transportation services, etc. ✓✓
- Some intermediaries assist businesses with packaging ✓ and advertising of their products and services. ✓
- Examples of intermediaries include stores like Spar, Pick 'n Pay, Big Daddy, Woolworths, and CNA. ✓✓ (for two examples)

Sub-max (6)

Competitors ✓✓

- Competitors refer to businesses/organisations that provide or sell ✓ more or less the same goods/services. ✓
- Businesses will be forced to offer quality product or services at the lowest possible prices ✓ or else they will lose their customers to their competitors. ✓
- Businesses should monitor the activities of their competitors ✓ so that they could produce goods or services that are of better quality than their competitors. ✓
- Competition is beneficial to customers ✓ because it keeps prices down. ✓
- Examples of competitors in the retail market include: Spar and Shoprite, Woolworths and Truworths, MTN and Vodacom, etc. ✓✓ (for two examples)

The following Porter's Five Forces influence competition: ✓

- Power of consumers. ✓
- Threats of substitute products/services. ✓
- Competitive rivalry. ✓
- Power of suppliers ✓
- New entrants to the market ✓

Sub-max (6)

Community-based organisations (CBOs) ✓✓

- Community-based organisations (CBOs) are established to assist the community with job creation, ✓ socio-economic development, and becoming self-sufficient. ✓
- They are local organisations that operate in the community ✓ to provide social services with aim of social upliftment. ✓
- They focus on socio-economic issues such as:
 - HIV/AIDS ✓
 - Unemployment ✓
 - crime ✓
 - illiteracy. ✓

Sub-max (6)

Non-governmental organisations (NGOs) ✓✓

- Non-governmental organisations (NGOs) are non-profit organisations ✓ that operate separately from the government. ✓
- They are established to fulfil important needs in the community ✓ by addressing some socio-economic issues. ✓
- They are part of the market environment because they supply consumer goods and services ✓ and they are concerned about the welfare of others. ✓

Sub-max (6)

Regulators

- Regulators are government bodies that make rules and regulations ✓ to control the activities of businesses. ✓
- These rules and regulations are put in place ✓ to ensure that businesses do not exploit their customers or employees. ✓
- Examples of these government bodies/organisations include the South African Bureau of Standards (SABS), Airports Company South Africa (ACSA), etc. ✓✓ (for two examples)

Sub-max (6)

Unions ✓✓

- Unions are established bodies ✓ that protect the interest of workers. ✓
- They have the right to call for industrial actions ✓ such strikes or go-slows if their demands are not met by organisations or the government. ✓
- They constantly negotiate for better wages and salaries ✓ for their members and also safeguard their members against unfair dismissal. ✓
- They also negotiate for better working conditions for their members ✓ and may represent them during disciplinary hearings. ✓

Sub-max (6)

Strategic allies ✓✓

- Strategic allies are businesses that combine their resources ✓ to undertake a project that will benefit all of them. ✓
- They may share their expertise and information ✓ to benefit all their members. ✓
- These relationships help businesses to explore new markets ✓ and also gain competitive advantage. ✓

Sub-max (6)

Max (24)

5.3 Meaning of opportunities and threats

Meaning of opportunities

- Opportunities are any factors in the external environment ✓ that will contribute or is already contributing to the success of the business. ✓
- Businesses need to constantly seek opportunities in their external environment ✓ in order to remain competitive. ✓

Sub-max (4)

Meaning of threats

- Threats are any factors in the external environment that will stand in the way ✓ or is already standing in the way of businesses achieving their goals. ✓
- Businesses have a challenge of constantly identifying threats in the external environment ✓ and devising strategies to turn them into opportunities otherwise they will not be successful. ✓

Sub-max (4)
Max (8)

5.4 Macro environment

- The macro environment is a condition that exists in the economy as a whole ✓ rather than in a particular sector or region. ✓
- It refers to the interaction ✓ of businesses with forces outside of themselves. ✓
- The macro environment is also known as the external environment. ✓✓
- The external environment presents both opportunities and threats. ✓✓
- It is always changing and developing. ✓✓
- Businesses have no control over this environment. ✓✓

Max (8)

5.5 Challenges of the economic environment

- Rising costs due to inflation/petrol price ✓ could affect business sales and profitability. ✓
- High interest rates ✓ mean that loans will become more expensive. ✓
- The price of credit ✓ impacts the willingness and ability of banks to lend money. ✓
- Fluctuations in foreign currency ✓ may restrict imports. ✓
- Recession restricts businesses ✓ with adequate support to continue operating. ✓

Max (8)

5.6 Conclusion

- Businesses have no control over the macro environment. ✓✓
- This environment is always changing and therefore leads to challenges for businesses. ✓✓
- A change in one of the environments in the macro environment can affect any of the other environments, which will then impact on businesses. ✓✓
- Consider any other relevant conclusion of the market environment

NOTE: Consider any other relevant conclusion
TWO marks awarded for ONE fact. (2)

[40]

QUESTION 5: BUSINESS ENVIRONMENTS		
Introduction	2	MAX 32
Market Environment	24	
Opportunities and threats	8	
Macro environment	8	
Challenges of economic	8	
Conclusion	2	
LASO		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		40

QUESTION 6 BUSINESS OPERATIONS

6.1 Introduction

- The management tasks are tools used by an organisation to help complete projects more efficiently ✓ by organising and prioritising related tasks. ✓
- These tasks address a general need to organise, ✓ prioritise and visualise work. ✓
- Part of being organised includes setting priorities for tasks, ✓ visualising the progress of tasks as they pass through stages of completion ✓, and compiling analysis ✓ or reports to direct future tasks and workflows. ✓

NOTE: Consider any other relevant introduction
ONE marks awarded for TWO facts. (2 x 1) (2)

6.2 Management Tasks

Planning ✓✓

- This task evaluates ✓ the existing activities and goals. ✓
- This includes scheduled activities ✓ that will lead to achieving those goals. ✓
- The top management ✓ formulates strategic plans. ✓
- The middle management ✓ formulates tactical plans. ✓
- It includes getting all the information ✓ you need for planning. ✓
- The lower management ✓ formulates operational plans. ✓
- Different plans are considered ✓ to achieve set goals. ✓
- Backup plan/s are put in place ✓ if the chosen plan becomes impossible. ✓
- The chosen plan is implemented. ✓✓ **Sub-max (6)**

Organising ✓✓

- This task brings resources together ✓ to achieve the set goals. ✓
- Resources include materials, ✓ human and financial resources. ✓
- It is the mechanism ✓ used to execute the plan. ✓
- Involves breaking a plan into actions. ✓✓
- The activities are assigned/delegated ✓ to specific individuals. ✓
- Training is included ✓ to ensure that the job/s are carried out successfully. ✓
- The tasks are coordinated ✓ to keep resources moving efficiently toward set goals. ✓
- Resources are prioritised ✓ to essential areas at any given time. ✓
- Organise the jobs ✓ within specific functions or departments. ✓ **Sub-max (6)**

Leading/Directing/Activating ✓✓

- Letting staff know what needs to be done, ✓ and by when it needs to be done. ✓
- The employees are motivated ✓ to contribute to the success of the business. ✓
- Supervise staff while motivating teams ✓ through guided leadership communicated in clear ways. ✓
- Inspire employees to carry out their tasks ✓ to the best of their abilities. ✓
- Establish a productive working climate. ✓✓
- Motivate employees to achieve set goals/targets. ✓✓
- Guide employees in the right direction ✓ so that the business can achieve its goals. ✓
- Motivate workers to use their skills ✓ and resources to their best ability. ✓ **Sub-max (6)**

Controlling ✓✓

- Establish performance standards ✓ and ensure that those standards are met. ✓
- Ensure that the business achieves its goals. ✓✓
- Ensure activities are carried out as planned. ✓✓
- Enable the business to take corrective measures ✓ if the objectives are not achieved. ✓
- The risk ✓ can be identified during control. ✓
- Compares actual results ✓ with goals set by management ✓
- Corrective measures must be taken ✓ if there is a difference between actual results and the goals sets out by the business. ✓
- Continuous control ensures ✓ that the business runs smoothly. ✓

Sub-max (6)

Risk management ✓✓

- Identify possible risk ✓ by finding risk-bearing activities (that is, activities which could go wrong) within the organisation. ✓
- Assist businesses to analyse each possible risk ✓ and how likely it is that the risk will happen. ✓
- Evaluate the potential impact of risks ✓ in terms of financial liability. ✓
- Controls/monitors the risk by studying reports and trends in the environment ✓ so that measures can be taken to prevent it from happening. ✓
- Handle the risk by determining what actions to take should the event happen ✓ using available resources and contingency plan and communication with stakeholders. ✓

Sub-max (6)

Max (24)

6.3 Importance of stock control

- Enables businesses to determine the amount/value of stock. ✓✓
- Businesses can check the cost ✓ and selling price of products. ✓
- Ensures that there is enough stock ✓ to meet the normal demand of customers. ✓
- Keeps the correct levels of stock on hand. ✓✓
- Records the cost prices ✓ and selling prices of stock. ✓
- Identifies theft in the business ✓ when the physical stock count is compared with the electronic stock control system. ✓

Max (8)

6.4 Importance of public relations

- Businesses get publicity for promotional events ✓ and information through media. ✓
- News conferences may be called to release information, ✓ which will ensure the survival of the business. ✓
- Employees may volunteer to spend time with people in need, ✓ for example, volunteering at orphanages/hospitals/schools, and so on. ✓
- Businesses could sponsor community events. ✓✓
- Businesses should produce Annual Reports ✓ in which they review the activities and achievements of the business. ✓
- Brochures can also be used ✓ to distribute information about the company. ✓

Max (8)

6.5 Purpose of CPA

- Promotes responsible consumer behaviour. ✓✓
- Strengthens a culture of consumer rights and responsibilities. ✓✓
- Establishes national standards to protect consumers. ✓✓
- Establishes a National Consumer Commission (NCC). ✓✓
- Ensures that consumers have access to information ✓ they need to make informed choices. ✓
- Provides guidelines for better consumer information ✓ and prohibits unfair business practices. ✓
- Empowers consumers to take legal action ✓ if their rights are not upheld. ✓
- Promotes consumer safety ✓ by protecting them from hazardous products/services. ✓
- Promotes fair/accessible ✓ and sustainable places for people to sell their products. ✓
- Protects consumers against contracts that include unfair terms ✓ which limit the liability of suppliers. ✓

Max (8)

6.6 Conclusion

- The CPA was introduced to prevent consumers from exploitation by businesses. ✓✓
- It ensures the full participation of previously disadvantaged individuals in the economy. ✓✓
- It applies to all businesses that sell goods and services to consumers. ✓✓

NOTE: Consider any other relevant conclusion
TWO marks awarded for ONE fact.

(2)

[40]

QUESTION 6: BUSINESS OPERATIONS		
Introduction	2	MAX 32
Management tasks	24	
Importance of stock control	8	
Importance of PR	8	
Purpose of CPA	8	
Conclusion	2	
LASO		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		40

TOTAL SECTION C: 40

GRAND TOTAL: 150