



**BUSINESS STUDIES
PAPER 1**

EXAMINER: GL
MODERATOR: LF / TG / UM

DURATION: 2 HOURS
MARKS: 150 MARKS

SECTION A

QUESTION 1

1.1.1 A ✓✓

1.1.2 B ✓✓

1.1.3 A ✓✓

1.1.4 C ✓✓

1.1.5 D ✓✓

(10)

1.2.1 Mass production ✓✓

1.2.2 Bait pricing ✓✓

1.2.3 Demographics ✓✓

1.2.4 Acquisition ✓✓

1.2.5 Patent ✓✓

(10)

NOTE: No mark awarded if both words are not given.

i.e. Must say "Bait pricing" to award TWO marks.

No marks are awarded if answer is just "Bait" or "Pricing"

1.3.1 J ✓✓

1.3.2 G ✓✓

1.3.3 D ✓✓

1.3.4 F ✓✓

1.3.5 E ✓✓

(10)

TOTAL SECTION A: 30

SECTION B

QUESTION 2 BUSINESS ENVIRONMENTS

2.1 Scenario – Sasha's Sportswear

- 2.1.1 1 - SS has hired ten stylists who are always late for work. ✓
2 - SS is situated in a location that has a high rate of unemployment and crime. ✓
3 - The management of SS purchases material from JTY Suppliers who charge high prices for their material. ✓ (3)

- 2.1.2 1 - Micro ✓
2 - Macro ✓
3 - Market ✓ (3)

- 2.1.3 1 - Full ✓
2 - None ✓
3 - Some ✓ (3)

NOTE: NO mark awarded if quote in QUESTION 2.1.1 is not given in full.
NO mark awarded for environment QUESTION 2.1.2 if quote is incorrect.
Award mark for environment QUESTION 2.1.2 if quote is correct but not in full.
Award mark for QUESTION 1.2.3 even if quote is incorrect but must correspond correctly with environment in QUESTION 1.2.2.

2.2. Market environment challenges

2.2.1 Challenges of competition

- Competition refers to businesses that produce/sell the same kind of goods ✓ or render similar services. ✓
- If a business cannot match the quality/prices of the goods or services of its competitors, ✓ it may lose its customers. ✓
- Increased competition forces businesses to decrease their prices ✓ and so their profit margins decrease. ✓
- This leads to some businesses closing down ✓ because they are not able to cover their cost of production ✓ (4)

2.2.2 Challenges of changes in consumer behaviour

- Economic conditions or fashions can cause changes in consumer taste and preferences, ✓ this could lead to fewer sales. ✓
 - Businesses, therefore, need to work harder in their marketing effort/s, ✓ or adapt their products or service to meet the requirements of the target market. ✓
 - Changes in consumers' needs may lead to stockpiling ✓ and reduced profit margins. ✓
 - Businesses are forced to continuously study these changes ✓ so that they can provide goods or services that consumers always need. ✓
- (4)

2.3 Socio-economic issues

2.3.1 sexual harassment / ethical misconduct ✓✓

2.3.2 illiteracy ✓✓

2.3.3 shortage of natural resources ✓✓

2.3.4 dumping ✓✓ (4 x 2) (8)

2.4 Scenario – Bonsai Beauty

2.4.1

	BUSINESS SECTOR	MOTIVATION
1.	Tertiary ✓✓	Bonsai Beauty (BB) sells a variety of different skin care products ✓
2.	Secondary ✓✓	BB buys their product, already packaged, from Nirvana Manufacturers (NM). ✓
3.	Primary ✓✓	NM acquires raw materials from AJ's Aloe Farm ✓

(9)

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

NO mark awarded for sector if quote is incorrect.

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

2.4.2 Relationship between the sectors

- The primary, secondary and tertiary sectors all work together ✓ to create an economic chain of production. ✓
- The primary sector extracts the raw materials, ✓ the secondary sector transforms the raw materials into products, ✓
- The tertiary sector sells the products ✓ and supports the activities of the other two sectors. ✓
- Business sectors are therefore interrelated ✓ and connected with each other. ✓

(6)

[40]

QUESTION 3 BUSINESS OPERATIONS

3.1 Roles of marketing function

- Identify the needs of customers ✓ and determine the value they place on getting those needs satisfied. ✓
- Share information gathered from customers with the production function ✓ to ensure that the products/services offered meet the customers' expectations. ✓
- Promote the products/services ✓ that the business offers to potential clients/customers. ✓
- Provide feedback from customers about the business' products/services ✓ and identify areas of improvement. ✓
- Shape the experience customers have ✓ after the products/services are delivered to them. ✓

(4)

3.2 Consumer Goods

- Convenience goods ✓
- Shopping goods ✓
- Speciality goods ✓
- Services ✓
- Unsought goods ✓

NOTE: Mark first THREE only.

(3)

3.3 Scenario – Brew Haven

3.3.1

	TYPE OF PACKAGING	MOTIVATION
1.	Packaging for double use ✓✓	Brew Haven sells its granulated coffee in decorative glass jars that can later be used as biscuit jars ✓
2.	Combination packaging ✓✓	The coffee jar is packaged alongside a packet of biscuits. ✓
3.	Kaleidoscopic packaging / Frequently changing packaging ✓✓	Brew Haven changes the design of the glass jars each month in solidarity of different issues in South Africa ✓

(9)

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

NO mark awarded for type of packaging if quote is incorrect.

Award mark for type of packaging if quote is correct but not in full.

3.4 Requirements of a good trademark

- A trademark must be attractive for the consumer. ✓✓
 - It is important that it suits the product. ✓✓
 - The trademark must be suitably designed for the target market. ✓✓
 - It must be different from its competitors. ✓✓
 - It must also promote the image of the enterprise. ✓✓
 - Enterprises use it for display and therefore it must be suitable for display purpose. ✓✓
 - It must be possible to link the product ✓ to its promotion strategy. ✓
 - It must indicate the name ✓ and contact details of the manufacturer. ✓
- (4)

3.5 Scenario – Techwave Solutions

3.5.1 Penetration pricing ✓✓ (2)

3.5.2 Input costs ✓

Demand for the product ✓

Target market ✓

Type of product ✓

(4)

3.6 Characteristics of batch production

- Products are not produced continuously✓, but rather in batches. ✓
- There can be flexibility✓ and a variety of different products. ✓
- The machinery used is not as expensive✓ as those used in mass production. ✓
- Workers can specialise in a certain part of the process, ✓ which will increase their productivity. ✓
- The quantity of the batches can be changed easily✓ and will reduce wastage. ✓
- New products ✓ can easily be included in the production process. ✓
- The cost can be higher than mass production, ✓ but not too high because large batches of similar products can be produced. ✓
- Larger quantities of raw material and final goods need to be stored ✓ and kept to accommodate different products and clients. ✓
- There can be time delays in waiting for one batch to finish✓ before the new batch is started. ✓

(6)

3.7 Tasks of SABS

- Sets and publishes national standards. ✓✓
 - Provides training regarding all aspects of standardisation. ✓✓
 - Provides information on international and national standards. ✓✓
 - Tests and certifies products and services against the standards. ✓✓
 - Monitors and enforces legal regulations. ✓✓
 - Promotes design excellence. ✓✓
- (8)

[40]

QUESTION 4: MISCELLANEOUS

BUSINESS ENVIRONMENTS

4.1 Impact of socio-economic issue

4.1.1 Low income levels

- Many South Africans live in poverty, ✓ which limit their buying power. ✓
- Because of this limited consumer spending, ✓ businesses are unable to grow and prosper. ✓
- Consumers opt to spend money ✓ on cheaper goods and products ✓.
- Low income earners mainly spend their money on basic goods and services, ✓ thus leading to lower profits for businesses. ✓

(4)

4.1.2 Lack of skills

- Unskilled employees could spend considerable time seeking assistance ✓ to perform their work. ✓
- They may perform tasks without the appropriate knowledge and expertise ✓ which could lead to poor performance. ✓
- The time spent on assisting unskilled workers ✓ can reduce productivity levels in the workplace ✓
- This could lead to errors ✓ and having to repeat or correct a work task. ✓
- Businesses may be required to increase the budget ✓ for skills development programme. ✓

(4)

4.2 Scenario – Medi-Mart

4.2.1

	UNETHICAL MISCONDUCT	MOTIVATION
1.	Economic Crime ✓✓	A sales representative at the company offers illegal kickbacks to doctors who prescribe a new medication. ✓
2.	Sexual harassment ✓✓	There have also been reports to that the sales representative has made inappropriate sexual comments to female colleagues. ✓

(6)

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

NO mark awarded for unethical misconduct if quote is incorrect.

Award mark for unethical misconduct if quote is correct but not in full.

4.3 Difference between forward and backward link

Forward link: when businesses sell goods and services to businesses ✓ in the same sector or to businesses in another sector. ✓

Backward link: when businesses buy goods and services from businesses ✓ in the same sector or from businesses in another sector. ✓

(4)

4.4 Purpose of the LRA

- The act provides the structure for governing the relations ✓ between an employer and their employees. ✓
- It encourages collective bargaining processes ✓ to take place in the workplace. ✓
- It also encourages the establishment of workplace forums ✓ to support employees in decision-making. ✓
- The act further encourages fair labour practices ✓ between the employer and its employees. ✓
- It makes provision for the establishment of the Labour and Labour Appeal Courts ✓ and allows for the establishment of the Commission for Conciliation, Mediation and Arbitration (CCMA) for dispute resolutions. ✓
- The transfer of employment contracts ✓ between the existing and new employers are explained. ✓

BUSINESS OPERATIONS

4.5 Types of agents

4.6.1 A buying agent: ✓✓

Has the authority of a business to buy certain goods on the business' behalf. ✓

A selling agent: ✓✓

Brings buyers and sellers together and helps with the transactions, for example, selling houses. ✓
Sometimes selling agents take control of pricing, selling, and advertising. ✓

Export or import agents: ✓✓

They ensure that the export/import process runs smoothly. ✓

(9)

4.6.1 Sale Promotions

	PRACTICAL EXAMPLE OF SALES PROMOTION	MOTIVATION
1.	Point of sale promotions ✓✓	They display the snacks and treats in the check-out isle. ✓
2.	Competitions ✓✓	If a customer spends more than R500 at Greenway Groceries, they are automatically stand a chance to win a car. ✓

(6)

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

NO mark awarded for example of sales promotion if quote is incorrect.

Award mark for example of sales promotion if quote is correct but not in full.

4.7 Components on production costs

- The direct cost of raw material ✓
- Direct labour cost ✓
- Fixed overhead expenses ✓
- Variable overhead costs ✓

(3)

NOTE: Mark the first THREE only.

4.8 **Break-even point.**

The break-even point refers to the amount of revenue necessary ✓ to cover the total fixed and variable expenses of a company within a specified period. ✓

It means that the company breaks even where its total cost = total income. ✓ Only after the breakeven point, profits start to accumulate. ✓

(2)

[40]

TOTAL SECTION B: 80

SECTION C

QUESTION 5 BUSINESS ENVIRONMENTS

5.1 Introduction

- Lobbying is an organised process where individuals, businesses, and organisations use their influence to change government policy. ✓
 - It is done by various people with similar motives, beliefs, or commercial positions. ✓
 - It involves an attempt by businesses to try and influence situations to meet their specific needs and activities. Businesses try to influence legislation or the government decision-making process. ✓
- Max.** (2 x 1)(2)

NOTE: Consider any other relevant introduction.
ONE mark awarded per fact.

5.2 Reasons why businesses lobby

- Businesses or people lobby or change laws ✓ like child labour laws, clean air and water laws and municipal regulations. ✓
 - The views of lobby groups are important and make a difference ✓ by giving solutions to business challenges. ✓
 - Lobbying advances what the business must deliver on ✓ and builds public trust. ✓
 - Lobbying helps to find solutions ✓ to emerging generic challenges. ✓
 - Lobbying advances a cause ✓ and builds public trust. ✓
- Max.** (8)

5.3 Types of lobbying

5.3.1 Hedging against inflation ✓✓

- Businesses use hedging to protect their financial investments ✓ by spreading the risk. ✓
- For example, they invest surplus funds ✓ so that its value grows at a faster rate than inflation. ✓
- They can hedge against inflation by investing their surplus assets or money ✓ in investments with intrinsic value, ✓ for example, gold, oil, and property.
- Businesses use hedging by buying bonds, shares, property, or buying precious metals like gold ✓ to protect capital from the effects of inflation. ✓

Sub-max (8)

5.3.2 Bargaining sessions between management and unions ✓✓

- These sessions enable employees to negotiate with employers ✓ as a group to protect employees' rights and prevent labour strikes. ✓
- Businesses make sure that their representatives are trained/skilled ✓ to negotiate on their behalf. ✓
- The purpose of bargaining sessions ✓ is to find a win-win situation for all parties. ✓
- Management will try to convince the union to accept its proposal ✓ and the union will try to persuade management to accept their demands. ✓
- The outcome of a successful bargaining session can protect the business ✓ from the negative impact of strikes and loss in productivity. ✓
- Businesses need to be fair/transparent ✓ to establish trust and good communication with unions. ✓

Sub-max (8)

5.3.3 Influencing supervisor body / regulators ✓✓

- There is a large number of supervisory bodies and regulators ✓ who operate in the business environment. ✓
- Businesses take an active role ✓ in professional bodies. ✓
- Through their membership/advocacy/submissions ✓ they may be able to influence changes to existing regulations. ✓
- Business managers are involved in debates and discussions ✓ that shape public policies. ✓
- Businesses influence and negotiate with these regulators ✓ to protect their sustainability. ✓
- It is in the best interest of businesses to adhere to the guidelines ✓ and restrictions of these bodies to stay in business. ✓

Sub-max (8)

Max. (24)

5.4 Advantages of networking

- Businesses can attract new customers ✓ resulting in increased market share and profitability. ✓
- Networking can be an excellent source of new perspectives ✓ and business ideas. ✓
- Allows managers to build new business relationships ✓ and generate new business opportunities. ✓
- Plays a role in the marketing ✓ and expansion of a business. ✓
- Assists businesses in making future business decisions. ✓✓
- Businesses can gain support ✓ when representation to various authorities is planned. ✓

Max. (8)

5.5 Meaning of power relationships.

- Power relations can be described as a measure of a business' ability ✓ to control its environment and the behaviour of other businesses. ✓
- Power relations exist in all relationships in society. ✓✓
- When two or more businesses negotiate a transaction, ✓ one of them may be in a stronger position than the others. ✓
- The power that the business has on the environment ✓ determines the status it holds within its industry. ✓
- A business can form relationships with its environment ✓ and markets. ✓

Max. (8)

5.6 Conclusion

- Networking refers to a coordinated activity where people who have similar objectives meet and exchange information and ideas. ✓✓
- During a networking session, entrepreneurs can meet new people and build alliances with others. ✓✓
- The goal of networking is to reach as many people as possible and to make every connection count. ✓✓
- Businesses could become a member of the chamber of commerce and industry, professional business club, and informal social groupings to meet new contacts. ✓✓

- Networking assists in acquiring new business leads. ✓✓
- Networking benefits the business by helping to identify best practice. ✓✓
- Networking can help the business identify new business trends. ✓✓

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

Max. (2)

QUESTION 5: BUSINESS ENVIRONMENTS		
Introduction	2	MAX 32
Reasons for lobbying	8	
Types of lobbying	24	
Advantages of networking	8	
Power relations	8	
Conclusion	2	
LASO		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		40

[40]

QUESTION 6 BUSINESS OPERATIONS

6.1 Introduction

- The production function involves the process by which raw materials are transformed ✓ into finished goods of high quality to meet the demands of customers. ✓
- To ensure that this process is efficient and effective, businesses need a good production management system.

A system is an orderly arrangement of parts to achieve a specific outcome, ✓ therefore businesses must decide which production system will best suit their needs. ✓

Max. (2 x 1)(2)

NOTE: Consider any other relevant introduction.
ONE mark awarded per fact.

6.2 Aspects of production control

6.2.1 Dispatching ✓✓

- This stage of the process involves issuing production orders ✓ to start production. ✓
- It converts planning into action. ✓✓
- Dispatch will provide orders for:
 - the movement of materials, tools and equipment to the necessary locations ✓✓
 - checking the time and costs involved in the process ✓✓
 - checking the flow of work according to the routing ✓✓
 - supervising the whole process. ✓✓
- Therefore dispatch is the process of identifying the person who will do the work ✓ and supplying him/her with specifications and a materials list. ✓

Sub-max. (8)

5.2.2 Inspection ✓✓

- Inspection involves checking the quality of the process ✓ and the final product. ✓
- It can be done at regular intervals during the production process, ✓ and at the end. ✓
- Inspection methods include the following:
 - random selection and testing of products ✓✓
 - viewing of products ✓✓
 - sampling and testing of products. ✓✓
- During the control process, the legal and regulatory processes are also checked ✓ to ensure that the necessary standards are met. ✓

Sub-max. (8)

5.2.3 Follow Up ✓✓

- During the follow-up process, the business makes sure the scheduling ✓ and production systems are running according to plan. ✓
- The follow-up process will evaluate the following aspects:
 - unplanned issues or problems ✓✓
 - any misunderstandings in terms of job process requirements ✓✓
 - indicating whether the activities are happening as planned. ✓✓
- Following up on the progress is essential and helps to prevent bottlenecks ✓ and misunderstandings. ✓

Sub-max. (8)

5.2.4 Corrective Action ✓✓

- Corrective action must involve any adjustments to the planning process. ✓✓
- Corrective actions can include activities like:
 - service and repairing of machines ✓✓
 - adjustments on routing, scheduling and loading ✓✓
 - training of workers and sorting out other staff issues ✓✓
 - transferring workers to other departments. ✓✓

Sub-max. (8)

Max. (24)

6.3 Characteristics of job production

- Each client will give his/her unique ideas, ✓ which must be included in the final product. ✓
- The machines used tend to be for general purposes ✓ and can be used for different products. ✓
- The cost of items will be higher ✓ because products are customised. ✓
- The quality of each product is excellent ✓ because it is made to a customer's specifications. ✓
- Workers are skilled ✓ and the cost of the work will be higher. ✓
- The process takes longer ✓ because each item is unique. ✓
- Raw material cannot be bought in bulk ✓ and will cost more. ✓

Max. (8)

6.4 Aspects of workplace safety policy

- It must acknowledge the right of each employee ✓ to work in a safe and healthy environment. ✓
- It must be visible ✓ and displayed for all workers to see. ✓
- It must recognise the need to comply ✓ with the minimum standards of the OHSA. ✓
- It must recognise the priority and safety ✓ in relation to other organisational goals and policies. ✓
- There must be a starting date ✓ and a date when the policy will be reviewed. ✓
- The policy must include the signature of the CEO. ✓✓
- It must stipulate the responsibility of management ✓ for occupational health and safety programmes. ✓

Max. (8)

6.5 Complying with Occupational Health and Safety Act

- Provide workers with protective gear ✓ to protect themselves against potentially dangerous situations. ✓
 - Ensure that first aid boxes are readily available at the workplace and in the factory. ✓✓
 - Make fire extinguishers available at the workplace or in the factory. ✓ These fire extinguishers need to be serviced regularly. ✓
 - Machinery must be maintained at regular intervals ✓ and repaired promptly. ✓
- Max. (8)**

6.6 Conclusion

- The purpose of the OHSA is to protect the health and safety and welfare of employees. ✓✓
- OHSA outlines the roles and responsibilities of employers, employees, manufacturers and suppliers regarding health and safety in the workplace. ✓✓
- Production control will control each individual task and action during the production process. ✓✓
- It will also establish the starting and finishing of each task. ✓✓

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

QUESTION 6: BUSINESS ENVIRONMENTS		
Introduction	2	MAX 32
Aspects of production control	24	
Job production	8	
Workplace safety policy	8	
Comply with OHSA	8	
Conclusion	2	
LASO		
Layout	2	MAX 8
Analysis	2	
Synthesis	2	
Originality	2	
TOTAL		40

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150