



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

CURRICULUM GRADE 10 -12 DIRECTORATE

NCS (CAPS) SUPPORT



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BUSINESS STUDIES PAPER 1 & 2

GRADE 12

2025

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BUSINESS ENVIRONMENTS: IMPACT OF RECENT LEGISLATION**ACTIVITY 1**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 This Act ensures that employers submit a workplace skills plan and provide evidence that it was implemented.

- A. Employment Equity Act (EEA) (Act no. 55 OF 1998)
- B. Skills Development Act (SDA) (ACT NO. 97 OF 1998)
- C. Labour Relations Act (LRA) (ACT NO. 66 OF 1995)
- D. Basic Condition of Employment Act (BCEA), 1997 (Act 75 Of 1997)

1.1.2 Employers have the rights to...employees who engage in unprotected strike.

- A. dismiss
- B. pay
- C. strike
- D. lockout



1.1.3 This Act allows employees who do the same work to be paid equally.

- A. Broad-Based Black Economic Empowerment 2003 (BBBEE) (Act 53 of 2003)
- B. Employment Equity Act (EEA) (ACT NO. 55 OF 1998)
- C. Compensation for Occupational Injuries Amendment Act (COIDA) (ACT NO. 61 OF 1997)
- D. Consumer Protection Act (CPA) (ACT NO. 68 OF 2008)

1.1.4 Employees are entitled to ...days paid sick leave in a three-year cycle.

- A. 10
- B. 36
- C. 14
- D. 30

1.1.5 The ...protects consumers against dishonest businesses such as fly-by-night franchisors.

- A. Skills Development Act (SDA) (ACT NO. 97 OF 1998)
- B. National Credit Act (NCA) (ACT NO. 34 OF 2005)
- C. Consumer Protection Act (CPA) (ACT NO. 68 OF 2008)
- D. National Credit Regulator



- A. train employees
- B. contribute 2% of their income to SARS
- C. eliminate discrimination in the workplace
- D. appoint accredited service providers

1.1.7 The...makes provision for the establishment of the CCMA and bargaining councils

- A. Broad-Based Black Economic Employment Act 2003 (BBBEE) (Act 53 of 2003)
- B. Employment Equity Act (EEA) (Act no. 55 OF 1998)
- C. Labour Relations Act (LRA) (ACT NO. 66 OF 1995)
- D. National Credit Act (NCA) (ACT NO. 34 OF 2005)

1.1.8 Employees are protected by the...against workplace illnesses and accidents that may occur while performing their duties

- A. Consumer Protection Act (CPA) (ACT NO. 68 OF 2008)
- B. Employment Equity Act (EEA) (Act no. 55 OF 1998)
- C. National Credit Act (NCA) (ACT NO. 34 OF 2005)
- D. Compensation for Occupational Injuries and Diseases Act (COIDA) (ACT NO. 61 OF 1997)

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1.1.9 Business must create jobs as...promotes local manufacturing

- A. ownership
- B. enterprise and supplier development
- C. skills development (SDA) (ACT NO. 97 OF 1998)
- D. management control

1.1.10 Blahman Pty(ltd) ensures that they disclose all the costs of loan/no hidden costs should be charged/added

- A. Consumer Protection Act (CPA) (ACT NO. 68 OF 2008)
- B. National Consumer Commission
- C. National Credit Act (NCA) (ACT NO. 34 OF 2005)
- D. Credit provider

1.1.11 This Act promotes diversity in the workplace by ensuring people of diverse backgrounds are appointed

- A. Basic Condition of Employment Act (BCEA),1997 (ACT 75 of 1997)
- B. Labour Relations Act(LRA), 1995 (ACT of 66 of 1995)
- C. Employment Equity Act (EEA),1998 (ACT 55 of 1998)
- D. Consumer Protection Act (CPA),2008 (ACT 68 of 2008)

1.1.12 This Act allows consumers to apply for loans and to be free from discrimination

- A. Labour Relations Act (LRA),1995 (ACT 66 of 1995)
- B. Consumer Protection Act (CPA),2008 (ACT 68 of 2008)
- C. Skills Development Act, (SDA) 1998(ACT 97 of 1998)
- D. National Credit Act, (NCA),2005 (ACT 34 of 2005)

1.1.13 The purpose of the Labour Relations Act,1995 (ACT 66 of 1995) is to ...

- A. use the workplace as an active learning environment.
- B. provide a procedure for dispute resolution.
- C. ensure affirmative actions
- D. set the conditions for employment

1.1.14 This Act requires a business to provide pre-agreement statement to prospectus clients

- A. Consumer Protection Act, (CPA),2008 (ACT 68 of 2008)
- B. National Credit Act (NCA),2005(ACT of 34 of 2005)
- C. Employment Equity Act (EEA),1998 (ACT of 55 of 1998)
- D. Compensation for Occupational Injuries and Diseases Act, (COIDA) 1997(ACT 61 of 1997)

1.1.15 Ginger Ltd complied with the ...by providing the same work opportunities for people who are physically challenged

- A. Basic Conditions of Employment Act (BCEA),1997 (ACT 75 of 1997)
- B. Employment Equity Act(EEA),1998(ACT 55 of 1998)
- C. Labour Relations Act(LRA) 1995(ACT 66 of 1995)
- D. Compensation for Occupational Injuries and Diseases Act,(COIDA) 1997(ACT 61 of 1997)

1.1.16 Businesses that offer goods and services on credit are...

- A. credit provider
- B. National Credit Regulator
- C. debts counselling
- D. National Consumer Commissioner

1.1.17 The ...must be granted within six months after the leave cycle ended.

- A. annual leave
- B. public holiday
- C. overtime
- D. sick leave

1.1.18 National Credit Act makes a provision for the establishment of the ...

- A. National Consumer Commission
- B. Ombudsmen
- C. National Credit Regulator
- D. Debt review

1.1.19 The purpose of ... is to enable wealth to be spread more broadly across all population groups.

- A. Black Economic Empowerment
- B. Broad-Based Black Empowerment Act(BBBEE) (ACT 53 of 2003)
- C. Employment Equity Act(EEA), 1998(ACT 55 of 1998)
- D. Labour Relations Act(LRA) 1995(ACT 66 of 1995)

1.1.20 The ...guides work of SETAs/use of the National Skills Fund

- A. Human Resources Development Strategy
- B. Skills Development
- C. National Skills Development Strategy
- D. Employment Equity Plan

1.1.21 This Act compels businesses to display the prices of all goods and services:

- A. Consumer Protec/on Act, 2008 (Act 68 of 2008)
- B. National Credit Act (NCA), 2005 (Act 34 of 2005)
- C. Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)
- D. Skills Development Act, 1998 (Act 97 of 1998)

1.1.22 The aim of this Act is to protect consumers against unfair reckless lending by businesses:

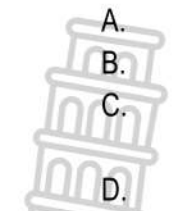
- A. Consumer Protec/on Act (CPA), 2008 (Act 68 of 2008)
- B. Employment Equity Act (EEA), 1998 (Act 55 of 1998)
- C. National Credit Act (NCA), 2005 (Act 34 of 2005)
- D. Labour Relations Act (LRA), 1995 (Act 66 of 1995)

1.1.23 Nibela Ltd complied with the ... by providing the same work opportunities for people who are physically challenged.

- A. Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997)
- B. Employment Equity Act (EEA), 1998 (Act 55 of 1998)
- C. Labour Relations Act (LRA), 1995 (Act 66 of 1995)
- D. Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)

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1.1.24 Employees are protected by the ... against workplace illnesses and accidents that may occur while performing their duties.

- 
- A. Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
 - B. Employment Equity Act (EEA), 1998 (Act 55 of 1998)
 - C. Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)
 - D. Labour Relations Act (LRA), 1995 (Act 66 of 1995)

1.1.25 This Act creates a framework for acceptable employment practices and safety regulations in the workplace:

- A. Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997)
- B. Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)
- C. Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- D. Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003)

1.1.25 This Act requires businesses to provide pre-agreement statements to prospective clients:

- 
- A. Consumer Protection Act, 2008 (Act 68 of 2008) National
 - B. Credit Act, 2005 (Act 34 of 2005)
 - C. Employment Equity Act, 1998 (Act 55 of 1998) Occupational
 - D. Injuries Compensation and Amendment Act diseases, 1997 (Act 61 of 1997)

1.1.26 This Act promotes comprehensive safety regulations for employers and employees in the workplace:

- A. Skills Development Act (SDA), 1998 (Act 97 of 1998)
- B. Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- C. Labour Relations Act (LRA), 1995 (Act 66 of 1995)
- D. Compensation for Occupational Injuries and Diseases Amendment Act, 1997 (Act 61 of 1997)

1.1.27 Groovy Ltd used ... as a BBBEE pillar when they requested their black employees to participate in the decision-making process.

- A. ownership
- B. enterprise and supplier development
- C. skills development
- D. management control

1.1.28 Workers are entitled to a meal break of ... minutes after five continuous hours of work.

- A. 90
- B. 45
- C. 60
- D. 15

1.1.29 Employees are protected by the... against workplace illnesses and accidents that may occur while performing their duties.

- A. Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- B. Employment Equity Act (EEA), 1998 (Act 55 of 1998)
- C. Compensation for Occupational Injuries and Diseases Amendment Act (COIDA), 1997 (Act 61 of 1997)
- D. Labour Relations Act (LRA), 1995 (Act 66 of 1995)

1.1.31 This Act compels businesses to display the prices of all goods and services.

- A. Consumer protection Act, 2008 (Act 68 of 2008)
- B. National Credit Act (NCA) 2005 (Act 34 of 2005)
- C. Compensation for Occupational Injuries and Diseases Act (COIDA), 1997 (Act 61 of 1997)
- D. Skills Development Act, 1998 (Act 97 of 1998)

1.1.32 Cosmetics Ltd complied with the ... by providing the same work opportunities for people who are physically challenged.

- A. Basic Conditions of Employment (BCEA), 1997 (Act 75 of 1997)
- B. Employment Equity Act (EEA), 1998 (Act 55 of 1998)
- C. Labour Relations Act (LRA), 1995 (Act 66 of 1995)
- D. Compensation for Occupational Injuries and Diseases Act (COIDA), 1997 (Act 61 of 1997)

1.1.33 Workers are entitled to a meal break of ... minutes after five continuous hours of work.

- A. 90
- B. 45
- C. 60
- D. 15

1.1.34 The purpose of the... Act is to encourage workers to participate in learning programmes

- A. COIDA
- B. SDA
- C. LRA
- D. EEA

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1.1.35 Businesses must appoint black people in senior executive positions to apply... as a BBBEE pillar.

- A. ownership
- B. skills development
- C. enterprise and supplier development
- D. management control

1.1.36 According to Labour Relations Act, employers have a right to...

- A. join trade unions of their choice
- B. lockout
- C. refer unresolved disputes to CCMA
- D. to establish workplace forums

1.1.37 The responsibility of ... is to build career guidance and training centres

- A. Human Resource Development Strategy (HRDS)
- B. National Skills Development Strategy (NSDS)
- C. Human Rights Development Strategy (HRDS)
- D. Learnerships

1.1.38 Consumers have a right to fair and responsible credit marketing in the ...

- A. EEA
- B. LRA
- C. CPA
- D. NCA

(38x2) (76)

1.2 Complete the following statements by using the word(s) in the list below. Write only the word(s) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK.

skills development ; ten ; labour court ; social responsibility ; National Credit Regulator ; rights to choose ; three ; CCMA ; right to complain; National Consumer Commission Consumer Protection Act 100;ownership;National Credit Act; collective agreement; SETAs; management control;50. National Skills Fund; . collective bargaining

- 1.2.1 Employers are entitled to compensation from the... if they suffered damages because of unprotected strikes.
- 1.2.2 The...is responsible for the regulation of the South African credit industry.
- 1.2.3 Employees may not work more than... hours of overtime per day.
- 1.2.4 Business must engage in black employees in ...initiatives
- 1.2.5 Consumers can request written quotation and cost estimated, this may be regarded as a.....

1.2.6 The ... was introduced to protect consumers against unfair and reckless credit granting by business.

1.2.7 Encourage small black investors to invest in big companies and share ...

1.2.8 Businesses with more than...employees must appoint a skills development facilitator

1.2.9 Receive 80% of the levy for organisational expenses and the remaining 20% is paid to

1.2.10 Negotiations between employers' associations and trade unions on matters such as remunerations/conditions of employment Is known as... (10X2)(20)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letter (A–J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g., 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Ownership	A. increases employee participation in lifelong learning
1.3.2 COIDA (ACT NO. 61 OF 1997)	B. an employer may request reasonable proof, before granting leave
1.3.3 National Credit Act (NCA) (ACT NO. 34 OF 2005)	C. a pillar that request their black employees to participate in the decision-making process
1.3.4 Family responsibility	D. promote the economic interest of consumers by providing them information so that they can make informed choices
1.3.5 Human Resources Development Strategy	E. promotes comprehension safety regulations for employers and employees in the workplace
	F. more opportunities are created for black people to become owners
	G. a medical certificate may be required before paying an employee
	H. provides for the participation of government
	I. provides clear terms and conditions of employment for employers and employees
	J. it was introduced to protect consumers against unfair and reckless credit granted by businesses

(5X2)(10)

ACTIVITY 2

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- 2.1 Name any FOUR provision of the Basic Condition of Employment Act (BCEA), 1997 (Act 75 of 1997) (4)
- 2.2 Outline the rights of consumers in terms of the National Credit Act (NCA), 2005 (Act 34 of 2005) (6)
- 2.3 Elaborate on the meaning of learnership (4)
- 2.4 Read the scenario below and answer questions that follow

ZEELA MINES(ZM)

Zella Mines extracts platinum. ZM registers their employees with the Compensation Commissioner/ Fund and provides the particulars of the business.

- 2.4.1 Identify the Act that ZM is complying with in the scenario above (2)
- 2.4.2 Explain the penalties that ZM may face for non-compliance to the Act identified in **QUESTION 2.4.1** (6)
- 2.5 Outline how SETAs are funded (6)
- 2.6 Elaborate on the meaning of Human Resources Development Strategy (4)
- 2.7 Discuss the following Types of leaves.
2.7.1 Maternity leave (4)
2.7.2 Paternity leave (4)
- 2.8 Read the scenario below and answer the questions that follow

DINING TECH(DT)

The management of Dining Tech complies with the Consumer Protection Act (CPA), 2008 (Act 68 Of 2008). They allow consumers to restrict unwanted direct marketing. DT ensures contracts and agreement are in plain language and easy to understand.

Identify TWO consumer rights, according to the Consumer Protection Act (CPA), applied by DT. Motivate your answer by quoting from the scenario above (6)

Use the table below as a GUIDE to answer question 2.8.

CONSUMER RIGHTS	MOTIVATION
1.	
2.	

2.9 Discuss the impact of Consumer Protection Act (CPA) (Act NO. 68 OF 2008) on businesses. (6)

2.10 Recommend ways in which businesses could comply with Skills Development Act (SDA) (Act no. 97 of 1998) (6)

2.11 Read the scenario below and answer the questions that follow

ZEEKO WHOLESALER (ZW)

Zeeko Wholesalers sells sports equipment. ZW ensure that consumers know what is included in their credit contracts.

2.11.1 Identify the Act that is applicable to ZW. Motivate your answer by quoting from the scenario above (3)

2.11.2 Discuss actions that may be regarded as non-compliance of the Act identified in QUESTION 2.11.1 (4)

2.12 Read the scenario below and answer the questions that follow.

PREM DISTRIBUTORS (PD)

Prem Distributors complied with the Labour Relations Act (LA), 1995 (Act 66 of 1995) by observing the rights of employees in the workplace. Employees took part in legal strikes without fear of victimisation. They were also locked out by PD to prevent damage to property. Trade union representatives are allowed time off to attend to their respective duties.

Quote TWO rights of employees observed by PD, in line with the Labour Relations Act from the scenario above (2)

2.13 Explain other rights of employees in terms of the Labour Relations Act (6)

2.14 Explain the purpose of the Labour Relations Act (LRA), 1995 (Act 66 of 1995). (6)

2.15 Outline the rights of employees in terms of the Labour Relations Act (LRA), 1995 (Act 66 of 1995). (6)

2.16 Read the scenario below and answer the questions that follow.

GOLDEN ENGINEERING (GE)

Golden Engineering is planning to use the services of Sector Education and Training Authorities (SETAs) in supporting the implementation of the Skills Development Act (SDA), 1998 (Act 97 of 1998). They have established that SETAs develop skills plans for the various economic sectors. SETAs also promote various learnerships. GE should ensure compliance with the SDA.

2.16.1 Quote TWO roles of SETAs from the scenario above. (2)

2.16.2 Outline THREE other roles of SETAs in supporting the implementation of the SDA. (6)

2.16.3 Elaborate on the meaning of learnerships. (4)

- 2.17 Explain the impact of the SDA on GE as a business. (6)
- 2.18 Suggest ways in which GE can comply with the SDA. (6)
- 2.19 Read the scenario below and answer the questions that follow.

CHETTY SUPPLIERS

Martha, an employee at Chetty Suppliers, was unfairly dismissed for late coming due to road closures because of a service delivery protest. She referred the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA) as she was not happy with her dismissal.

- 2.19.1 Identify the Act that is applicable to CBS. Motivate your answer by quoting from the scenario above. (3)
- 2.19.2 Explain other actions that could be regarded as discriminatory according to the Act identified in QUESTION 2.5.1. (4)
- 2.20 State any FOUR consumer rights as stipulated in the National Credit Act (NCA), 2005 (Act 34 of 2005). (4)
- 2.21 Explain the implications of the following Broad-Based Black Economic Empowerment Act (BBBEE) pillars for businesses:
- 2.21.1 Management control (4)
- 2.21.2 Skills development (4)
- 2.22 Describe the role of SETAs. (6)
- 2.23 Explain the advantages of intensive strategies. (6)
- 2.24 Suggest ways in which businesses could apply the following BBBEE pillars
- 2.24.1 Enterprise and supplier development
- 2.24.2 Skills development
- 2.24.3 Management control

ACTIVITY 3

The Broad-Based Black Economic Empowerment Act (BBBEE), 2003 (Act 53 of 2003) amended in 2013 was introduced in order to ensure full economic participation of previously disadvantaged individuals. Businesses must be able to differentiate between BBBEE and BEE. It is important for businesses to understand the implication of ownership, skills development and enterprise and supplier development as BBBEE pillars. Business must comply with BBBEE to avoid penalties for not complying.

You specialise in guiding businesses on the implementation of Broad-Based Black Economic Empowerment Act (BBBEE) (Act 53 of 2003). Write an essay on the following aspects:

- Outline the purpose of BBBEE
- Explain the difference between BEE and BBBEE.

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- Discuss the implications of the following BBBEE pillars on businesses:
 - Ownership
 - Skills development
 - Enterprise and supplier development
- Advise businesses on penalties they could face for non-compliance with the BBBEE (40)

ACTIVITY 4

The Employment Equity Act (EEA)(Act 55 of 1998) was introduced to promote equity in the workplace. It is important for business to understand the impact of EEA. Businesses will be penalised for not complying with the Act. Adherence to ways of compliance is critical for businesses.

As an expert on recent legislation, write an essay on the following Employment Equity Act (EEA) (Act no. 55 OF 1998) aspects:

- Outline the purpose of the Employment Equity Act (EEA) (Act no. 55 OF 1998)
- Explain the impact of the Employment Equity Act on businesses.
- Discuss the consequences/penalties that businesses may face for not complying with the EEA.
- Suggest ways in which businesses can comply with EEA. (40)

ACTIVITY 5

The Labour Relations Act (LRA) (Act 66 of 1995) makes provision for the rights of employees in the workplace. Businesses are expected to have a sound knowledge of this Act for effective implementation. Many businesses implement legal advice to avoid penalties for non-compliance with the LRA.

Write an essay on the Labour Relations Act (LRA) (Act 66 of 1995) in which you include the following aspects:

- Outline the rights of employees in terms of the Labour Relations Act.
- Explain the purpose of the Labour Relations Act.
- Discuss the impact of the Labour Relations Act on businesses.
- Advise businesses on penalties they may face for non-compliance with this Act (40)

ACTIVITY 6

The Basic Conditions of Employment Act (BCEA), 1997 (Act 75 of 1997) was introduced to redress the imbalances of the past. The provisions of the BCEA protect employees and provide guidelines to employers on how they should comply with this Act. Businesses may face penalties for non-compliance with the BCEA.

Write an essay on the BCEA (BCEA),1997(Act 75 Of 1997) in which you include the following aspects:

- Outline the purpose of the BCEA.
- Explain the following provisions of this Act:
 - Termination of employment
 - Prohibition of employment of children and forced labour

- Discuss the impact of the BCEA on businesses
- Advise businesses on penalties that they may face for non-compliance with this Act.

(40)

BUSINESS STRATEGIES

ACTIVITY 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number.

1.1.1 Tiny Tots applies the ... to scan the macro environment.

- A. SWOT analysis
- B. PESTLE analysis
- C. Porter's five forces model
- D. Kurt Lewis model

1.1.2 Vivian Motors applied the ... as part of Porter's Five Forces when they assessed how easy it is for buyers to drive prices down.

- A. power of suppliers
- B. competitive rivalry
- C. threat of substitution
- D. power of buyers

1.1.3 ABC Wholesalers implemented the defensive strategy of ..., when they terminated the employment contracts of employees for operational reasons.

- A. retrenchment
- B. divestiture
- C. liquidation
- D. divestment

1.1.4 A/An ... is a specific plan of action to solve a problem.

- A. action
- B. goal
- C. strategy
- D. objective

1.1.5 Julio Dairy applied ... integrations when they took over Alex Dairies which sells similar products.

- A. intensive
- B. forward vertical
- C. backward vertical
- D. horizontal

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1.1.6 Flavoufil Milkshakes implemented the ... diversification strategy when they added fruit shakes to their existing menu.

- A. vertical
- B. concentric
- C. horizontal
- D. conglomerate

1.1.7 Businesses may lose many clients when their prices are increased because of an increase in interest. This is an example of the ... factor as a PESTLE element.

- A. technological
- B. economic
- C. political
- D. environmental

1.1.8 It was easy for Wholesome Seafoods to acquire a trading licence. This refers to ... as an element of Porter's Five Forces.

- A. power of suppliers
- B. threat of substitution/substitutes
- C. power of buyers
- D. threats/barriers of new entrants to the market

1.1.9 Thulani a fruit farmer, implemented the ... integration strategy when he bought the fruit and vegetable stall that sells his products.

- A. forward
- B. backward
- C. intensive
- D. horizontal

1.1.10 Homer Ltd sold some of their assets to improve their cash flow. This business strategy is known as ...

- A. liquidation
- B. retrenchment
- C. divestiture
- D. diversification

1.1.11 Mercy Traders implemented ... when they re-examined their vision statement

- A. strategic management process
- B. strategy evaluation
- C. intensive strategy
- D. integration strategy

1.1.12 Aqua Traders compiled a ... to investigate the reasons for poor management in the business.

- A. PESTLE analysis
- B. Porter's Five Forces Model
- C. SWOT analysis
- D. Kurt Lewis Model

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1.1.13 A growth strategy, where businesses aim to sell its existing products in new markets is known as ...

- A. product development
- B. market development
- C. divestiture
- D. conglomerate

1.1.14 Penny Manufacturers implemented the defensive strategy of... when they let go of redundant workers in the business.

- A. liquidation
- B. divestiture
- C. concentric
- D. retrenchment

1.1.15 As part of the defensive strategy, Dingane Enterprises used ...when they stopped operating and sold all their assets to pay off debts.

- A. liquidation
- B. retrenchment
- C. divestiture
- D. concentric

1.1.19 It is easy for Power Electric to influence prices as there are limited businesses that provide electricity. This refers to the ... as an element of Porter's Five Forces model.

- A threats/barriers for new entrants to the market
- B threat of substitution/substitutes
- C power of buyers
- D power of suppliers

1.1.20 The cashiers at Sunshine Supermarket lack the skill of how to operate the new cash registers. This is an example of a/an ... in a SWOT analysis.

- A strength
- B weakness
- C opportunity
- D threat

1.1.21 A business that takes over its suppliers to reduce the risk of dependency applies the ... integration strategy.

- A. forward vertical
- B. backward vertical
- C. horizontal
- D. conglomerate

1.1.22 Teddy Car Manufacturers implemented the ... integration strategy when they bought Tail Motors Spares.

- A horizontal
- B intensive
- C forward
- D backward

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1.1.23 Businesses add unrelated products to their existing products which may appeal to new customers. This is an example of a ... diversification strategy.

- A conglomerate
- B horizontal
- C concentric
- D diagonal

1.1.24 A business that takes over its suppliers to reduce the risk of dependency applies the ... integration strategy.

- A forward vertical
- B backward vertical
- C horizontal
- D conglomerate

1.1.25 Jerome, a farmer, applied the... integration strategy when he bought the fruit and vegetable stall selling his products.

- A forward
- B conglomerate
- C horizontal
- D backwards

1.1.26 Sue Stationery applied the ... diversification strategy when they added cleaning materials to their product range that could appeal to new customers.

- A concentric
- B horizontal
- C conglomerate
- D vertical

1.2 Complete the following statements using the words provided in the list below. Write only the word(s) next to the question number.

strength; backward vertical; legal; conglomerate; market ; economic; concentric; forward vertical; weakness; product
--

1.2.1 The employees of Viva Traders rendered effective customers services; this is an example of a/an ... in SWOT analysis.

1.2.2 The challenges emanating from the ... factor as a component of PESTLE include high costs in obtaining a trading licence, which may prevent some business establishment.

1.2.3 Swift Manufacturers implemented ... development by aiming to sell its existing products into new markets.

1.2.4 Nolwandle spices decided to add new spices to increase the product range that will appeal to existing customers, this is known as ... diversification.

1.2.5 Waltons Butchery bought Milton Cattle Farm to have greater control over the supply of meat products. This is known as the ... integration strategy.

5 x 2) (10)

1.3 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the Letter(A-J) next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK, e.g., 1.3.6 K.

COLUMN A	COLUMN B
1.3.1 Porter's five forces model	A requires businesses to lower the prices of new products introduced in the existing market.
1.3.2 Market penetration	B business sells some assets that are no longer profitable/productive.
1.3.3 Horizontal diversification	C business add new products that are unrelated to existing products, that may appeal to existing customers.
1.3.4 Liquidation	D used by businesses to gain control over suppliers/distributors/competitors.
	E is an analysis tool used to analyse the position of the business in the market.
	F the business adds new products that are unrelated to existing products which may appeal to new groups of customers.
	G selling all assets due to the inability to pay creditors.
	H an industrial tool that enables a business to study the internal and external environments of a business.

(5 x 2) (10)

ACTIVITY 2

- 2.1 Name any THREE PESTLE factors. (3)
- 2.2 Outline the advantages of diversification strategies. (4)
- 2.3 Identify the business strategy applied by Viola Motors in each statement below.
- 2.3.1 Combines with or takes over its distributors down the supply chain.
- 2.3.2 New products penetrate the existing market at a low price, until it is well known to the customers and then price increases.
- 2.3.3 Adds a new product or service that is related to existing products, and which will appeal to new customers.
- 2.3.4 Disposes/sells some assets/divisions that are no longer profitable/ productive.
- 2.3.5 Combines with/merges/takes over its suppliers up the supply chain/production chain.
- 2.3.6 A growth strategy where the aim is to sell its existing products in new markets.
- 2.3.7 Adds new products or services that are unrelated/ different to existing products, but which may appeal to existing/current customers.
- 2.3.8 Terminates the employment contracts of employees for operational reasons.
- 2.3.9 Takes control of/incorporates other businesses in the same industry/which produce/sell the same/similar goods/services.
- 2.3.10 A growth strategy where businesses aim to introduce new products into existing markets/modifies an existing product.
- 2.3.11 Adds new products or services that are unrelated to existing products which may appeal to new groups of customers.
- 2.3.12 All assets are sold to pay creditors due to a lack of capital/cash flow. (24)

MASTER ENGINEERS (ME)

Master Engineers are responsible for inspecting housing projects. The management of ME set specific dates for control and follow up as part of their inspection programme. They also implement corrective actions when deviation occur. ME also continuously reviews its mission statement.

- 2.4.1 Quote TWO steps in strategy evaluation implemented by ME from the scenario above. (2)
- 2.4.2 Explain other steps in strategy evaluation. (6)

- 2.5 Discuss any TWO types of defensive strategies. (6)

- 2.6 Read the scenario below and answer the questions that follow.

PONZA SUPPLIERS (PS)

Ponza Suppliers have been in operation for the past 20 years. PS provides good quality raw materials and has a good clientele. PS has noticed that over the past month, many of their customers have been purchasing materials from Toga Suppliers. PS discovered that Toga Suppliers were selling raw materials at lower prices.

- 2.6.1 Identify the Porter's force applied by in the scenario above. Motivate your answer by quoting from the scenario. (3)
- 2.6.2 Explain how businesses can to apply the Porter's force identified in QUESTION 2.5.1. to analysis their position in the market. (4)
- 2.7 Recommend ways businesses can deal with challenges posed by the following PESTLE factors:
- 2.7.1 Legal (4)
- 2.7.2 Environmental (4)
- 2.8 Identify the force of Porter's Five Forces model that applies to Louisa's Hair Salon in EACH statement below:
- 2.8.1 Lwazi opened a new hair salon across the street offering services at lower prices than Louisa's Hair S Salon. (4)
- 2.8.2 Louisa's Hair Salon is highly profitable and attracts many new entrepreneurs to enter this market. (4)
- 2.9 Explain TWO types of defensive strategies. (6)
- 2.10 Identify the PESTLE elements that pose a challenge to Berry Farm in EACH of the following statements:
- 2.10.1 Employees are unable to operate the modern machinery that has been purchased recently.
- 2.10.2 Management received a fine for dumping their waste material in the river.
- 2.10.3 Berry Farm can no longer export their products due to the unfavourable exchange rate. (6)