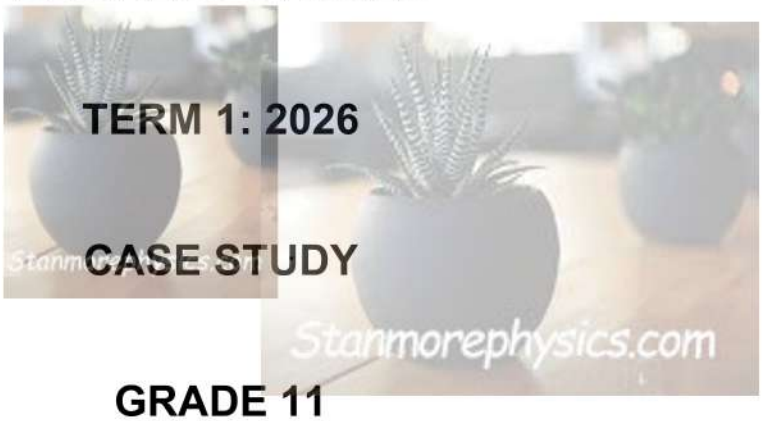
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KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

ILEMBE DISTRICT

BUSINESS STUDIES



TERM 1: 2026

CASE STUDY

GRADE 11

DURATION: 2 HOURS

MARKS: 50

TOPICS ASSESSED:

1. Influence on business environment.
2. Challenges of business environment.
3. Adapting to challenges of the business environment.
4. Contemporary socio-economic issues.
5. Business sectors.
6. Forms of ownership.

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INSTRUCTIONS:

- The case study must be administered and completed within two hours under the controlled conditions.
- The task must be completed individually. **Group work is not allowed.**

Read the case below and answer the questions that follow:

UPS to cut 30,000 jobs as it moves away from Amazon

Adam Hancock

Parcel delivery giant UPS says it will cut up to 30,000 jobs this year as it further reduces shipments for its biggest customer, Amazon. The world's largest package delivery company has been scaling back deliveries for the online retail giant, which it says are "extraordinarily dilutive" to its profit margins. UPS says the job cuts would be made through buyout offers to full-time drivers and by not replacing staff who leave the company voluntarily. It also forecast a surprise increase in revenue to $89.7bn for the year ahead. Last year, UPS said it would start to reduce its dependency on Amazon as part of a turnaround plan, which would see the company focus on more profitable customers like healthcare companies. It cut 48,000 jobs and closed 93 facilities in 2025 as it reduced its Amazon deliveries. The firm has a unionised workforce. UPS also said it was officially retiring its fleet of MD-11 cargo planes following a deadly crash in Louisville, Kentucky in November. The planes, which make up about 9% of the firm's fleet, had been grounded since the accident. In 2024, Amazon handled 6.3 billion deliveries in the United States, beating both UPS and FedEx. By 2028, Amazon is projected to overtake UPS for US delivery volumes, according to Pitney Bowes' parcel shipping index report.

Adapted from:
https://www.bbc.com/news/articles/cdxjpj7j7540 (28 January 2026)

QUESTIONS:

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1.1. Name TWO components of the micro environment highlighted in the case study above. (2)

1.2 Use the table below as a guide to answer this question

1.2.1 Challenges	1.2.2 Business environment	1.2.3 Extent of control

1.2.1 Identify THREE challenges faced by UPS from the case study above. (3)

1.2.2 Classify UPS challenges according to the THREE business environment. (3)

1.2.3 State the extent of control UPS has over EACH business environment mentioned in QUESTION 1.2.2. (3)

1.3 Quote THREE ways in which UPS adapt to challenges in the micro, market and macro environment. (3)

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1.4 Discuss the importance of Networking for UPS. (6)

1.5 Advise UPS on ways in which they can overcome competition in the market environment. (6)

1.6 Explain the impact of the following socio-economic issues on UPS:

1.6.1 Inflation (4)

1.6.2 Dumping (4)

1.6.3 Lack of skills (4)

1.7 Identify the business sector in which UPS operates. (2)

1.8 Describe the interrelationship between primary, secondary, and tertiary sectors (4)

UPS is one of the largest delivery companies globally

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1.9 Suggest the challenges of establishing a company versus other forms of ownership. (6)

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MEMORANDUM

TOPICS ASSESSED

1. Influences on business environment.
2. Challenges of business environment.
3. Adapting to challenges of the business environment.
4. Contemporary socio-economic issues.
5. Business sectors.
6. Forms of ownership.

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1.1. - Organisation resources (Human resources) √

- Vision √ (2X1)

1.2.

1.2.1. Challenges	1.2.2 Business environment	1.2.3 Extent of control
Parcel delivery giant UPS says it will cut up to 30,000 jobs this year as it further reduces shipments for its biggest customer, Amazon√	Micro √	Full control √
By 2028, Amazon is projected to overtake UPS for US delivery volumes.√	Market√	Partial/Some/Limited / Less control √
UPS also said it was officially retiring its fleet of MD-11 cargo planes following a deadly crash in Louisville, Kentucky in November. √	Macro √	No control √
Sub Max 3	Sub Max - 3	Sub Max- 3

(3 x 3)

NOTE: 1. The answer does not have to be in a tabular format.

2. Award marks for challenges even if the environment and extent of control are not mentioned.

3. Do not award marks for the business environment and extent of control if the challenges were incorrectly/not identified.

4. Accept responses in any order .

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1.3. Quote 3 ways UPS have adapted to challenges in the micro, market and macro environment

- "UPS says the job cuts would be made through buyout offers to full-time drivers and by not replacing staff who leave the company voluntarily"√

- "UPS said it would start to reduce its dependency on Amazon as part of a turnaround plan, which would see the company focus on more profitable customers like healthcare companies." √

- "The planes, which make up about 9% of the firm's fleet, had been grounded since the accident." √ (3 X 1)

1.4 Discuss the Importance of networking

- Businesses can attract new customers√ resulting to increased market share and profitability. √
- Networking can be an excellent source of new perspectives√ and business ideas. √
- Allows managers to build new businesses 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. √
- Any other relevant answer to the importance of networking

(3X 2)

1.5. Ways in which a business can overcome competition in the market environment

- Businesses must ensure that they produce unique/ differentiated goods or services for the target market. √√
- Businesses need to provide more personalised services by being responsive to their customer's needs/wants. √√

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- Goods/services must be priced lower than competitor's goods/services in the market. Businesses must produce high-quality goods/services that the customers might be interested in. √√
- Create a positive image/publicity through regular engagements in community development projects. √√
- Businesses must improve on customer services and keep customers happy. Businesses must create a positive outlook by regularly renovating their premises and improving their systems. √√
- Businesses must undertake good marketing campaigns that will draw the attention of the target market. √√
- Businesses must offer low-cost extras such as improved credit terms/loyalty schemes, and so on. √√
- Businesses must ensure that they have well-trained and dedicated employees that create a better working atmosphere. √√
- Management must ensure that the business differentiates itself from the competitors by tapping into what the customer wants. √√
- Offering more personal services by being responsive to the customer's needs/ expectations. √√
- Offering low-cost extras such as improved credit terms/discounts/loyalty schemes etc. √√
- Charging the lower prices than that of the other businesses. √√
- Selling products of a superior quality/new products/services that the customers might be interested in. √√
- By being the best employer that has well trained/knowledgeable staff members that create a better working atmosphere. √√
- Stepping up the marketing of the business by using promotional ideas such as posters or campaigns on social media. √√
- Updating the image of the business such as painting the front of the premises/ making the business looking modern/ inviting. √√
- Keeping up with developments in the sector of the business sector, following consumer trends/investing in new technology. √√
- Improving on customer services and keeping them happy. √√
- Any other relevant answer

(2X3)

1.6. Impact on socio-economic issues

1.6.1. Inflation

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- Inflation increases the costs √of raw materials and other inputs. √
- This leads to optimum productivity √whereby businesses have to produce the maximum possible output using the least possible input.√
- decreases consumer spending resulting in decreased sales√ and profitability.√
- Employees may be retrenched which increases unemployment √and decreases buying power even further. √
- Business sales will decrease√ because of reduced consumer spending in goods and services.√
- Business will have less money to spend on producing goods√ if the cost of raw materials increases. √
- Reduced sales figures√ could lead to the businesses implementation cost saving model. √
- Any other relevant answer

(2 X 2)

1.6.2. Dumping



- Loss of profits √as some local producers cannot compete with cheaper prices. √
- Businesses may lose revenue √and be forced to shut down their operations. √
- Can lead to a decrease in local production√ and loss of jobs. √
- Local businesses are unable to produce the same products√ at an equal or lower price.√
- Any other relevant answer

(2X2)

1.6.3. Lack of skills

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- Businesses cannot find candidates√ with adequate skills and experience. √
- Businesses end up appointing a candidate who lacks certain skills√ resulting in poor products and services. √
- Training employees is expensive √and productivity will be affected as it takes time for newly trained employees to learn his/her new jobs. √
- The cost of labour becomes expensive √as some businesses recruit candidates from abroad. √
- 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.√
- Any other relevant answer

(2X2)

1.7. Tertiary Sector √√ (2)

1.8. The interrelationship between the primary, secondary and tertiary sectors

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- The primary sector depends on the secondary sector for manufactured goods √such as machinery/equipment/fertilisers e.g. a farmer may require seeds from another farm. √
- The primary sector depends on the tertiary sector √for its customer needs. √
- The secondary sector processes the raw materials√ obtained from the primary sector into more useful products. √
- The secondary sector depends on the primary sector√ for raw materials and products. √
- The secondary sector depends on other secondary industries√ e.g. BMW needs tyre from DUNLOP another secondary sector player√
- Secondary sector needs the tertiary sector to sell their processed√ or manufactured goods and for services such as banks, insurance, transport and communication.
- The tertiary sector depends on the primary sector for raw materials √that do not need processing by the secondary sector.√
- The tertiary sector depends on the secondary sector for manufactured goods √such as office machines/office furniture/stationery etc. √

(2x2)

1.9. Suggest the challenges of establishing a company versus other forms of ownership

- Directors may not have a personal interest in the business, and this could prevent the business from gaining maximum growth and profits. √√
- Directors who do not have a personal interest in the business may not attract investors. √√
- There may be conflict between the owners of the company and management in control. √√
- The more shares there are the less profit per share. √√
- A company is required to submit a full report to all stakeholders each financial year.√√
- The limited liability aspect of the company generates more paperwork in the registration process. √√
- The owners of the company have more liability. Directors might not have a personal stake in the company.√√

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- When directors change there could be a lack of continuity in management.√√
- Companies have more taxation requirements and other taxes are high. √√
- They are required to disclose all financial information which could provide their competitors with an unfair advantage. √√
- Politics can get in the way and managers are appointed for the wrong reasons. √√
- State owned companies often deliver non-profitable services that lead to government losing money through the business. √√
- A company can stop existing if deregistered by the Registrar of Companies.√√
- A large amount of money of funds is spent on financial audits and accounting fees due to government regulations.√√
- Any other relevant answer

(2X3)

Total: 50