



BUSINESS STUDIES
GRADE 12
TERM TWO
CHAPTER 9
NOTES ON BUSINESS SECTORS AND THEIR ENVIRONMENTS
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This chapter consists of 6 pages

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES**Learners must be able to:**

- Name THREE types of business sectors: primary, secondary and tertiary.
- Identify/Name a business sector from given scenarios/statements.
- Identify business challenges from given scenarios/case studies and classify them according to the THREE business environments.
- State/Explain the extent to which a business (operating in any of the three sectors) can control the three business environments from given scenarios and case studies.

TERMS AND DEFINITIONS

TERM	DEFINITION
Business Sector	A business sector is a sub division/subset of the economic activities, e.g.
Primary sector	This sector deals with extraction of raw materials and natural resources.
Secondary sector	This sector processes raw materials into finished goods.
Tertiary sector	This sector renders services to other businesses/provides auxiliary
Business Environments	All the internal and external factors that affect the functioning of a
Micro environment	This environment is the business itself, it consists of all the elements
Market environment	This environment exists immediately outside the business.
Macro environment	This environment exists outside the micro and the market environments.
Extent of control	The amount of influence that a business has on the business

Introduction

Learners are supposed to select a business from each sector and describe the three environments related to these sectors and the extent to which a business can control these environments.

They are supposed to describe the three business environments related to the three business economic sectors and give an explanation of the extent to which a business can control these environments.

Business sectors

Business sectors are sub divisions/subsets of economic activities, e.g. primary, secondary and tertiary.

1 Types of business sectors

1.1 Primary sector

- This sector deals with extraction of raw materials and natural resources.
- Natural resources which are not man made like coal, gold, fish and livestock are extracted from this sector.
- Examples the primary sector industries; mining, mining, fishing, agriculture, forestry and farming

1.2 Secondary sector

- This business sector is responsible for changing the raw materials acquired from the primary sector into useful products.
- It includes the manufacturing factories, construction and energy generation
- Examples of the secondary sector industries; manufacturing, clothing, food processing, building and construction are found in this sector.

1.3 Tertiary sector

- This sector renders services to the public and businesses.
- It includes services from transport, banking, legal and health.
- Examples of the tertiary sector industries; distribution, banking, insurance, tourism, transportation, entertainment, retail and legal services.

NOTE: You must be able to name the above mentioned business sector from given scenarios/statements

2 Possible business challenges, their environments and extent of control

Possible challenges	Business environment	Extent of control
<ul style="list-style-type: none"> • Difficult employees/ High rate of absenteeism • Lack of vision and mission • Lack of adequate management skills • Unions, strikes and go-slows 	Micro environment	Full control
<ul style="list-style-type: none"> • Competition • Shortages of supply • Demographics and psychographics • Socio-cultural factors 	Market environment	Partial/Some/Limited/Less control
<ul style="list-style-type: none"> • Change in income levels • Contemporary legislation • Labour restrictions • Political changes • Interest rates • Socio-economic issues • HIV and AIDS • Globalisation and International challenges 	Macro environment	No control

NOTE: You will only be able to do the following:

- Quote business challenges from the scenario
- Classify these challenges according to the business environments
- The challenge must be linked to the business environments
- State the extent of control businesses have over each business environment.
- The extent of control must be linked to the business environment

Examples of how the business sectors and their business environments can be assessed

Example 1: Business in the primary sector

Read the scenario below and answer the questions that follow:

DUKA MINES (DM)

Duka Mines specialises in the extraction of platinum. Their suppliers of mining equipment have increased their prices by more than 20%. The supervisor does not have a good working relationship with his employees. DM can no longer export their products due to an increase in the exchange rate.

You need to identify the business sector in which Duka Mines operates and motivate your answer by quoting from the scenario.

Duka Mines is operating in the primary sector because the business specialises in the extraction of mines.

You need to quote challenges from the above scenario, classify EACH challenge according to business environment and state the extent of control DM has over EACH business environment

CHALLENGES	BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
1 Their suppliers of mining equipment have increased their prices by more than 20%.	Market environment	Partial/Some/Limited/Less control
2 The supervisor does not have a good working relationship with his employees.	Micro environment	Full control
3 DM can no longer export their products due to an increase in the exchange rate.	Macro environment	No control

Example 2: Business in the secondary sector

Read the scenario below and answer the questions that follow:

SUPER ENERGY ENTERPRISE (SEE)

Super Energy Enterprise produces maize meal and instant soft porridge. They buy their raw material from Early Bird Maize Farm which is out of stock sometimes. SEE employees are regularly absent from work. The local government has instructed the management of SEE to register their products with the South African Bureau for Standards.

Name the business sector in which Super Energy Enterprise is operating

SECONDARY SECTOR

Identify THREE challenges for SEE's business and classify EACH challenge according to the business environment.

CHALLENGE	BUSINESS ENVIRONMENT
(a) SEE employees are regularly absent from work	Micro environment
(b) They buy their raw material from Early Bird Maize Farm which is out of stock sometimes.	Market environment
(c) The local government has instructed the management of SEE to register their products with the South African Bureau of Standards.	Macro environment

Example 3: Business in the tertiary sector

Read the scenario below and answer the questions that follow:

TIMOTHY LEGAL SERVICES (TLS)

Timothy Legal Services (TLS) is situated at the Pretoria CBD. TLS's assistant lawyers are not trained to handle criminal cases. Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS. TLS can no longer pay their bank loan due to an increase in interest rates.

Name the business sector in which TLS is operating. Motivate your answer by quoting from the scenario above.

Business sector: Tertiary sector

Motivation: Timothy Legal Services (TLS) is situated at the Pretoria CBD

Identify THREE challenges for TLS business and classify EACH challenge according to the business environment. State the extent of control TLS has over EACH business environment

CHALLENGE	BUSINESS ENVIRONMENT	EXTENT OF CONTROL
TLS's assistant lawyers are not trained to handle criminal cases.	Micro environment	Full control
Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS.	Market environment	Partial/Some/Limited/Less control
TLS can no longer service their bank loan due to an increase in interest rates.	Macro environment	No control

NOTE: You may sometimes asked to name three business environments and explain the extent of control businesses have over EACH business environment e.g.

BUSINESS ENVIRONMENTS	EXTENT OF CONTROL
Micro environment	Full control
Market environment	Partial/Some/Limited/Less control
Macro environment	No control