



**BUSINESS STUDIES**  
**GRADE 12**  
**TERM TWO**  
**CHAPTER 9**  
**NOTES ON BUSINESS SECTORS AND THEIR**  
**ENVIRONMENTS**  
**2019**

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

- Name THREE types of business sectors
- Identify/Name a business sector from given scenarios/ statements
- Identify the business environment from given scenarios/ statements and state the extent to which a business may control each of these environments
- Classify a business challenge according to the THREE business environments from given scenarios
- State the extent of control businesses have over each environment e.g micro: full control, market: little control, macro: no control.

**Terms and definitions**

<b>Term</b>	<b>Definition</b>
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 business,
Micro environment	This environment is the business itself, it consists of all the elements inside
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.

**Types of business sectors****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

**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.

**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.

## Business environments, possible challenges and the extent of control

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

**NOTE:** You will only be able to identify the business sectors and environments from given scenarios and statements if you understand the meaning and examples of each business sector and 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/Limited/Little control/No control, but can influence
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

**NOTE THE FOLLOWING MARKING PRINCIPLES THAT WILL BE USED TO MARK THIS TOPIC:**

- You will not be awarded marks for challenges that are not fully quoted from the scenario
- You will not be awarded marks for business environments if it is not linked to the challenges.
- You will not be awarded marks for the extent of control if it is not linked to the business environment.
- You will not be awarded marks for the extent of control if the business environment is not mentioned.

**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
(b) They buy their raw material from Early Bird Maize Farm which is out of stock sometimes.	Market
(c) The local government has instructed the management of SEE to register their products with the South African Bureau of Standards.	Macro

### 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 service 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	Full control
Another law firm, Mbuzi Inc. has set up a law practice in the same office block as TLS.	Market	Partial/Limited/ Little control/No control, but can influence
TLS can no longer service their bank loan due to an increase in interest rates.	Macro	No control

**NOTE:** Sometimes the examiner may ask you to just 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/Limited/ Little control/No control, but can influence
Macro environment	No control