Via Afrika Business Studies

Grade 11 Study Guide

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C. Chaplin

Study Guide

Business Studies

Grade 11



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Why Business Studies?

Business Studies is an important subject to study when you would like to follow a career in business management, finance, administration or marketing. Business Studies will also help you with many areas of your life and with whatever career you would like to pursue.

Business Studies will help you to:

- analyse the impact of changing and challenging environments on business practices,
- e.g. the increasing fuel price and the impact it has on businesses worldwide; devising strategies to cope with these challenges
- design and use a research instrument to assess needs and wants
- encourage creative thinking to generate entrepreneurial opportunities, e.g. opening an ice cream stall on Margate beach during peak season
- process and analyse data for decision making
- develop an action plan from a business plan
- understand the legal implications of contacts
- understand the implementation of the employment equity act and labour laws
- demonstrate and apply a range of management skills in all eight management functions: purchasing, production, financial, marketing, public relations, human resource management, information management and general management

It is an exciting subject – focused on your future! Business Studies will help you to plan ahead and to maintain a good work ethic. This means that you are going to have to work quite hard but not without rewards.

This Study Guide eBook was designed to help you to reach your goals for Business Studies. It is summarised in point form to make it easier for you to memorise. An effective way to use the Study Guide is by using it together with the SQ3R study method:

S Study	Use this Study Guide to get to know your work. Study small sections at a time and then continue to the next section. Use mindmaps and other visuals to make it easier for you to remember your work.
Q Questions	After every topic, there are questions that you can use to test your knowledge. Make sure that you can answer all of these questions.
R Read	Off course there will be questions that you will not be able to answer immediately. Go back to these sections and read them again.
R Recall	Check to see if you can recall the answers of questions you were unable to recall before.
R Revise	It is important for you to revise. Have a look at your summaries again. This can be done early the morning before you write your exam or test.

We hope you will enjoy this Study Guide and that it will help you to pass exams.
Aim for success!

The Author

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Term 1 Introduction

Topic 1 Influence on the business environments

Topic 1 introduces you to the influence the business has over its business environments.

Topic 2 Challenges of the business environments

Topic 2 gives an overview of the challenges that arise from the different environments. The challenges are linked to the different elements of the micro, market and macro environments.

Topic 3 Adapting to challenges in the business environments

Topic 3 deals with ways a business can adapt to challenges in the internal and external environments. This depends on the control or influence the business has over the environment (Topic 1) and how serious and complicated the challenges are (Topic 2).

Topic 4 Contemporary socio-economic issues

Topic 4 deals with the impact of contemporary socio-economic issues on the business and productivity. The topic also investigates the developments of industrial relations that relate to existing business practice. These include industrial action such as strikes, lock-outs and go-slows, as well as the history, role and functions of trade unions.

Topic 5 Business sectors

Topic 5 introduces you to the different sectors of the economy: primary, secondary and tertiary, as well as to the links between these sectors.

Topic 6 Benefit of a company over other forms of ownership

Topic 6 describes the benefits of forming a company over other forms of ownership. In Grade 10 you were introduced to the range of legally recognised forms of business ownership. In this topic, these various forms of ownership are described in greater detail, comparing them directly with each other in terms of their ownership, structure and legal requirements.

Topic 7 Avenues of acquiring a business

Topic 7 introduces you to different ways to acquire a business. The two basic ways are starting a new business or buying an existing business. These are extended by the options of franchising, outsourcing and leasing of assets. The advantages and disadvantages of the different options are explained.

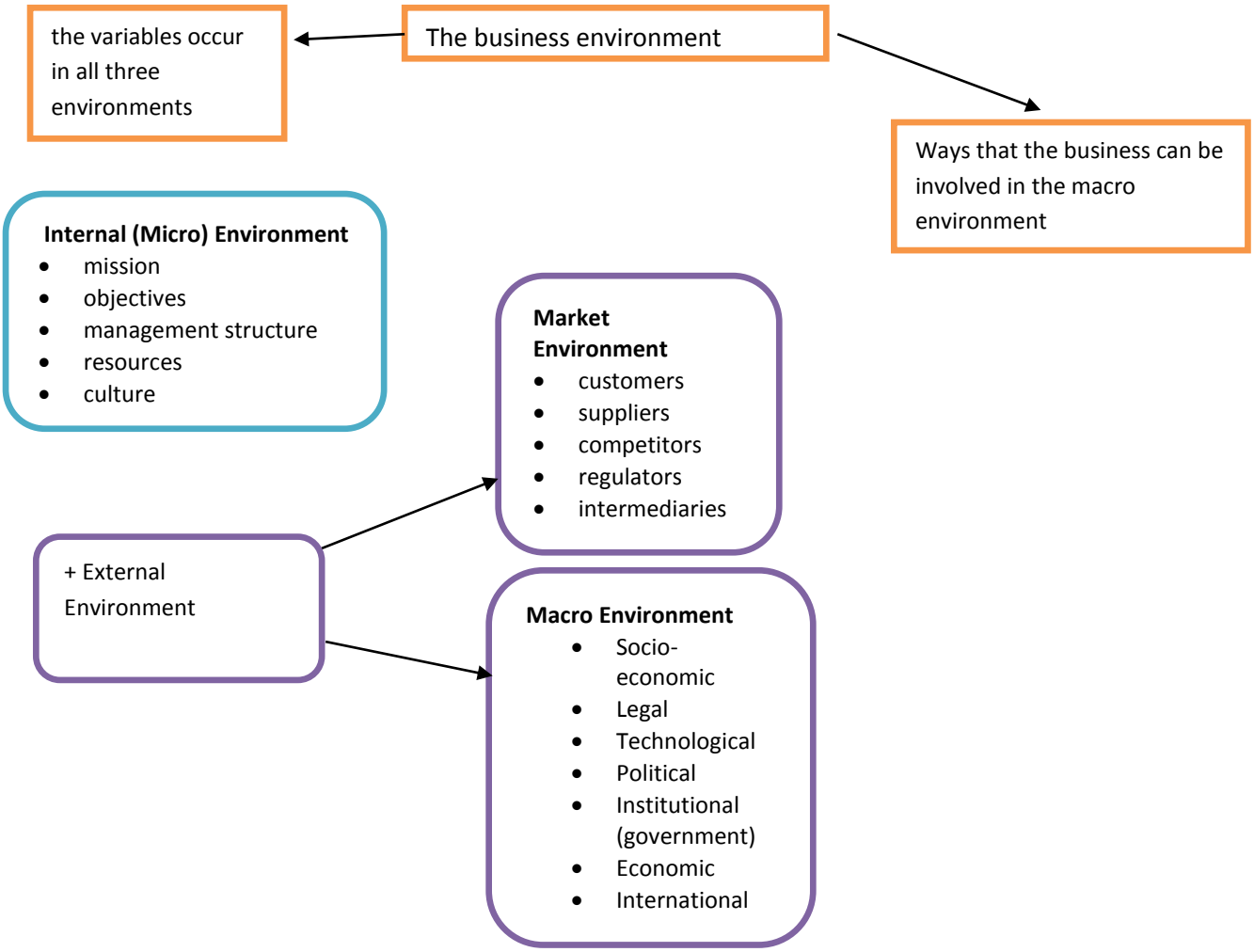


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Topic 1 Influences on business environments

Overview

- The micro, market and macro environment affect each other. Anything that can change in the environment is called a variable.
- The enterprise has most control over the micro environment, less control over the market environment and even less control over the macro environment.
- It is beneficial to the enterprise to be involved in the macro environment.



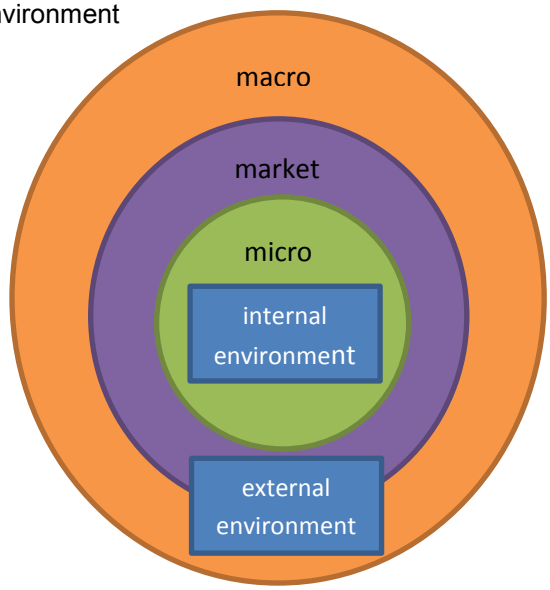
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1. Control factors in the business environments.

The business environment is made up of all those variables that can influence the survival of an organisation.

These variables are divided into:

- The micro environment
- The market environment
- The macro environment



- The internal environment consists of the **micro** environment of the businesses that is the actual business itself.
- The external environment consists of the **market** and **macro** environments of the business. The market environment is its operating environment and the macro environment is the general environment surrounding the business.

1.2 Factors in the environments that affect the organisation.

Internal (Micro) Environment

- Vision, mission and goals
- Business structure
- Factors of production
- Business functions
- Management style
- Employees
- Business ethics
- Owners
- Business policies

External Environment

Market Environment

- Suppliers
- Competitors
- Intermediaries
- Customers
- Society

Macro Environment

- Socio-economic
- Legal
- Technological
- Political
- Institutional (government)
- Economic
- International
- Physical

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2. Characteristics of the business environment.

- The business environment is made up of many parts.
- All the parts are interdependent and interrelated.
- The business environment is uncertain and unstable and can vary from time to time.
- The business environment is dynamic and unstable. Businesses must be prepared to be both proactive and reactive, they must adapt to changes.
- Changes in the business environment can affect different businesses in different ways; a change can be positive for one business and negative for another.
- Changes in the business environment can have both short term and long term effects on a business.
- The external business environment can have a huge impact on a business that it must adapt to in order to survive. For example the current global recession.
- The business environment is complex and it is difficult for entrepreneurs to determine risk factors.

2.1 The control of the business over the business environment.

2.1.1 The Micro Environment

Control of the micro environment is achieved by using internal **control systems**. These aim to:

- Enable management to make sure that the objectives of the business are met.
- Make sure that reliable financial statements are prepared.
- Check that the business complies with all applicable laws and regulations.

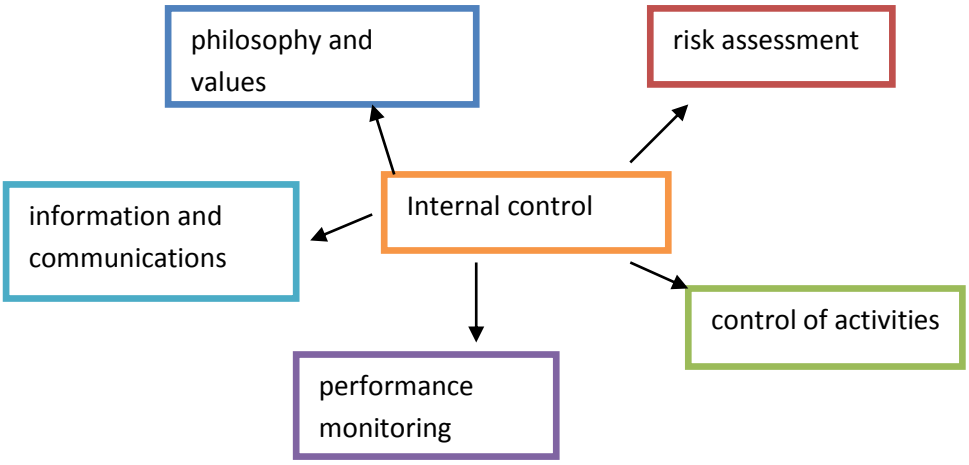
Controllable variables are:

- The mission, mission and goals of the firm.
- The firm's business structure.
- The organisation and use of factors of production
- The organisation of the eight business functions
- The management style
- Management of employees
- Choice of business ethics
- Type of ownership
- Implementation of business policies

Aspects of internal control:

- Controlling the philosophy and values of the business
- Creating efficient information and communication systems
- Monitoring performance
- Assessing risk
- Controlling the activities of the business

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2.1.2 The Market Environment

The business needs to be aware of the opportunities and threats in the market environment because these will affect its success or failure.

Opportunities include:

- Understanding the customer and their needs
- Making use of trade discounts
- Finding cheaper services or suppliers
- Making use of market research to create higher sales
- Creating a positive public image

Threats include:

- Lack of customer loyalty
- Increase in the cost of raw materials
- Unrest among workers
- Price wars
- Failure to lobby government.

The business has limited control over the market environment. The market environment can be divided into four main areas:

- Customers
- Suppliers and intermediaries.
- Competitors
- Civil Society

Opportunities and threats in the market environment

Opportunities	Threats
Customers	
Creating customer loyalties	Lack of customer loyalty
Suppliers	
Possibility of trade discount	Increase in cost of raw materials
Intermediaries	
Alternative or cheaper services	Unrest amongst workers
Competitors	
Market research and higher sales	Price war
Civil Society	
Positive public image	Negative public image

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2.1.3 The macro-environment

The business has no control over the macro environment but can control how it reacts to challenges in the macro environment.

Examples of areas of the macro environment include the following:

- Physical environment
- Economic environment
- The socio-economic environment
- Legal environment
- Technological environment
- Political environment
- Institutional (government) environment
- International environment



A change in the business environment can be positive for one business and negative for another.

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3. Ways that the business can be beneficially involved in the macro environment.

By being positively and actively involved in the macro environment, businesses can improve the economic and social conditions within South Africa.

Ways in which the business can be involved in the macro environment:

- Collective bargaining or lobbying to improve working conditions or change government regulations.
- Private-public partnerships, such as crime watches or social upliftment.
- Privately owned services for the community or country such as schools or water supply.
- Job creation
- Social responsibility initiatives
- Government tenders to bid for large state contracts.
- Expansion into other African countries to create export markets and more jobs.
- Improving technology to streamline economic growth.

End of topic questions

Multiple Choice

Select the correct answer from the alternatives.

1. The marketing function of Gizmo Toys (Pty) Ltd would be part of the .....environment.

A. Micro
B. Market
C. Macro
D. Internal (2)

2. A change in the immigration policy of the country would take place in the .....environment.

A. Micro
B. Market
C. Macro
D. Business (2)

3. Which of the following is NOT a characteristic of an entrepreneur?

A. The need for achievement
B. Focus of control
C. Propensity for risk-taking
D Ability to solve problems (2)

True or False

Answer only true or false.

4. The market environment is always under the control of the business. (2)

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5. Making sure all employees are trained to do their jobs properly is part of the micro environment. (2)

6. Variables such as changes in Employment Laws do not affect the business because they are beyond the control of the business. (2)

Short questions

7. Explain the meaning of the micro business environment. (6)
8. Make a list of 5 variables (challenges) of the micro business environment. (10)
9. Describe the market business environment and name 4 variables (challenges). (10)
10. List four parts of the macro environment. (8)

Essay Question.

11. Responsible businesses become actively involved in their macro environment. Discuss this statement and suggest ways that businesses can be positively involved in the economic structure of the country. (40)

End of topic answers

1. B (2)

2. C. (2)

3. C. (2)

True or False

4. F (2)
5. T (2)
6. F (2)

Short questions

7. Consists of the business itself √√and is controlled by management. √√ The business can control the variables in this environment. √√
(6)

8. (any 5 x 2 = 10)
   - Vision, mission and goals√√
   - Business structure√√
   - Factors of production√√
   - Business functions√√
   - Management style√√
   - Employees√√
   - Business ethics√√
   - Owners√√
   - Business policies √√ (10)

9.
   - Consists of suppliers, customers and competitors. √√ (2)
   - Lack of customer loyalty√√
   - Increase in the cost of raw materials√√
   - Unrest among workers√√
   - Price wars √√
   - Failure to lobby government. √√ (any 4 x 2 = 8) (10)

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10.

- Physical environment√√
- Economic environment√√
- The socio-economic environment√√
- Legal environment√√
- Technological environment√√
- Political environment√√
- Institutional (government) environment√√
- International environment√√ (any 4 x 2 = 8)

[8]

Essay Question.

11.

The business has no control over the macro environment√√ but can control how it reacts to challenges in the macro environment. √√

Examples of areas of the macro environment include the following:

- Physical environment√√
- Economic environment√√
- The socio-economic environment√√
- Legal environment√√
- Technological environment√√
- Political environment√√
- Institutional (government) environment√√
- International environment√√ (20)

By being positively and actively involved in the macro environment, √√ businesses can improve the economic and social conditions within South Africa. √√

Ways in which the business can be involved in the macro environment:

- Collective bargaining or lobbying to improve working conditions or change government regulations. √√
- Private-public partnerships, such as crime watches or social upliftment. √√
- Privately owned services for the community or country such as schools or water supply. √√
- Job creation√√
- Social responsibility initiatives√√
- Government tenders to bid for large state contracts. √√
- Expansion into other African countries to create export markets and more jobs. √√
- Improving technology to streamline economic growth. √√ (20)

[50]

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