Limpopo Province Grade 11 Business Studies Term 1 Notes (2025)

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1. Business Environments

Businesses operate in three main environments: Micro, Market, and Macro. Understanding these environments helps a business to adapt and succeed.

The Micro environment refers to the internal environment of the business. This includes factors that the business can control such as management, employees, and the internal structure.

The Market environment includes external factors that affect the business but which it can influence to some extent. This includes customers, competitors, and suppliers.

The Macro environment consists of external factors that are outside the business's control. Examples include economic conditions, political changes, social trends, technological developments, legal regulations, and environmental factors.

Environment	Description	Examples
Micro	Internal environment controlled by the business.	Employees, Management, Internal policies
Market	External factors influencing the business.	Customers, Competitors, Suppliers
Macro	External factors outside business control.	Economy, Politics, Laws, Technology, Environmer

2. Challenges and Adaptation

Businesses face challenges in all environments. Micro challenges include poor management, absenteeism, and low employee skills. Market challenges involve competition and changing consumer preferences. Macro challenges include legislation, political changes, economic fluctuations, and environmental issues.

To adapt, businesses may use strategic planning, innovation, technology, staff training, networking, lobbying, and Corporate Social Responsibility (CSR) initiatives.

3. Socio-Economic Issues

Socio-economic issues are problems that affect both society and businesses. These include poverty, unemployment, strikes, inflation, and environmental degradation. Businesses need to understand these issues as they impact operations, employee relations, and profitability.

4. Business Sectors

Businesses are grouped into sectors according to their activities.

Sector	Description	Examples
Primary	Extraction of natural resources.	Mining, Farming, Fishing
Secondary	Manufacturing and processing of raw materials.	Factories, Construction
Tertiary	Provision of services to other sectors.	Transport, Banking, Tourism

5. Forms of Ownership

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Type	Description	Example
Sole Trader	Owned and managed by one person. Simple to start but unlimited liability.	Example: A local tuck shop.
Partnership	Owned by 2-20 people sharing profits and losses. Easier to raise capital.	Example: Law or medical practice.
Close Corporation (CC)	Small business with up to 10 members. Limited liability.	Example: Small construction company.
Private Company (Pty Ltd)	Owned by shareholders; shares cannot be sold to the public.	Example: Family-owned business.
Public Company (Ltd)	Shares sold to the public; limited liability; large capital.	Example: Shoprite Holdings Ltd.
State-Owned Enterprise (SOE)	Owned by the government to provide essential services.	Example: Eskom, Transnet.
Cooperative	Owned and run by members for mutual benefit.	Example: Agricultural co-op.

6. Advantages of Companies

• Separate legal identity – the company can own property and be sued in its own name.

• Limited liability – shareholders are not personally responsible for company debts.

• Perpetual existence – continues even if ownership changes.

• Easier access to capital – can raise funds through shares or investors.

• Professional management – usually managed by experts.

• Growth potential – can expand easily through investment and mergers.

7. Example Exam Questions

Short Questions:

• 1. Define Micro, Market, and Macro environments.

• 2. Give two examples of socio-economic issues that affect businesses.

• 3. Name three forms of business ownership.

Long Questions:

• 1. Explain how a business can adapt to challenges in the macro environment. Give examples.

• 2. Discuss the advantages of a private company compared to a sole trader.

8. Example Answers

• 1. Micro environment: internal factors like employees and management. Market environment: external factors like customers and suppliers. Macro environment: external factors beyond control like politics and economy.

• 2. Poverty and unemployment are socio-economic issues affecting businesses.

• 3. Sole Trader, Partnership, Private Company (Pty Ltd).

• 4. Businesses can adapt to macro challenges by using technology, lobbying, and strategic planning. For example, a business may adopt new software to increase efficiency during economic changes.

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• 5. Private companies have limited liability, can raise more capital, and have perpetual existence, unlike a sole trader who has unlimited liability and limited growth potential.

End of Term 1 Notes

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