GRADE 11 BUSINESS STUDIES TERM 1
INFLUENCES, CHALLENGES & ADAPTING TO THE BUSINESS ENVIRONMENT

TOPIC 1: THE BUSINESS ENVIRONMENTS

Businesses operate in THREE environments:

Environment	Meaning	Control
Micro	Internal factors inside the business	Full control
Market	Immediate external stakeholders	Partial control
Macro	Broad external forces	No control

1 THE MICRO ENVIRONMENT

Definition:
The internal environment of the business consisting of everything inside the organisation.

Components:

• Vision
Future goal of the business.

• Mission
What the business does and why it exists.

• Objectives
Short-term measurable goals.

• Organisational structure
How tasks and responsibilities are arranged.

• Organisational culture
Values, beliefs and attitudes in the workplace.

• Resources

- Human resources
- Financial resources
- Physical resources
- Information resources

Challenges in the Micro Environment

- Lack of managerial skills
- Poor leadership
- Low productivity
- Staff absenteeism
- Conflict in workplace
- Strikes
- Abuse of resources
- Lack of vision

Strike vs Go-slow vs Lock-out

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Term	Meaning
Strike	Workers refuse to work
Go-slow	Workers deliberately reduce productivity
Lock-out	Employer prevents employees from working

Strategies to Overcome Micro Challenges

- Training and development
- Performance management systems
- Clear policies
- Motivational strategies
- Team building
- Effective leadership

2 THE MARKET ENVIRONMENT

Definition:
The environment immediately outside the business that directly interacts with it.

Components:

- Customers
- Suppliers
- Competitors
- Intermediaries
- Trade unions
- Special interest groups

Challenges in the Market Environment

Competition
Rival businesses selling similar products.
Impact:

- Price wars
- Reduced profit
- Loss of customers

Strategy:

- Differentiation
- Improved service
- Innovation

Changes in Consumer Behaviour
Caused by trends, income levels, culture, demographics.
Impact:

- Reduced demand
- Need for product adaptation

Strategy:

- Market research
- Product redesign
- Promotional strategies

Supply Problems

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Shortage of raw materials or delivery delays.
Strategy:

- Multiple suppliers
- Strong supplier relationships

3 THE MACRO ENVIRONMENT

Definition:
Broad external forces affecting all businesses.
Businesses have NO control here — only adaptation.

PESTLE ANALYSIS

P – Political
Government policies, stability, taxation, trade regulations.

E – Economic

- Inflation
- Interest rates
- Exchange rates
- Unemployment
- Repo rate

Impact:

- Rising costs
- Reduced consumer spending

S – Social

- Population growth
- Cultural trends
- Education levels
- Income inequality

Impact:

- Changing demand
- Social pressure

T – Technological

- Automation
- E-commerce
- Artificial intelligence
- Cybercrime

Impact:

- Costly upgrades
- Skills requirements

L – Legal
Laws and regulations businesses must follow.

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Key Acts:
• Consumer Protection Act (CPA)
• National Credit Act (NCA)
• Basic Conditions of Employment Act (BCEA)
• Labour Relations Act (LRA)
• Employment Equity Act (EEA)
• Skills Development Act (SDA)
• COIDA
• BBBEE Act
For EACH Act you must teach:

- Purpose
- Impact on business

Example:
Consumer Protection Act
Purpose: Protect consumers from unfair practices.
Impact: Businesses must ensure product safety and honest marketing.

E – Environmental

- Climate change
- Pollution
- Renewable resources
- Sustainability

Impact:

- Green regulations
- Pressure to be environmentally responsible

MACRO CHALLENGES

Inflation
General increase in prices.
Impact:

- Higher input costs
- Reduced purchasing power

Strategy:

- Cost control
- Hedging
- Bulk buying

Income Inequality
Unequal distribution of wealth.
Impact:

- Limited target market
- Social instability

Strategy:

- Affordable pricing strategies
- CSR initiatives

Corruption & Economic Crime
Fraud, bribery, cybercrime.
Strategy:

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- Internal controls
- Ethical codes
- Compliance audits

□ CONTEMPORARY SOCIO-ECONOMIC ISSUES

For each issue teach:
Definition
Impact
Recommendation
Issues include:

- Unemployment
- Poverty
- HIV/AIDS
- Low literacy
- Corruption
- Crime
- Inequality
- Inflation

□ ADAPTING TO CHALLENGES

Businesses must adapt using:

1□ Strategic Responses

Intensive strategies

- Market penetration
- Market development
- Product development

Integration strategies

- Forward integration
- Backward integration
- Horizontal integration

Diversification
Entering new markets/products.

2□ Mergers, Takeovers, Acquisitions

- Merger: Two businesses combine.
- Takeover: One business buys another.
- Acquisition: Purchase of controlling shares.
- Strategic alliance: Cooperation agreement.

3□ Information Management

- Collect data
- Analyse data
- Store securely
- Use IT systems

4□ Lobbying

Definition: Influencing government decision-making.
Methods:

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- Bargaining sessions
- Negotiation
- Influencing regulators
- Hedging against inflation

5 Networking
Building professional relationships.
Benefits:
- Business opportunities
- Partnerships
- Market information

6 Power Relationships
Businesses use power to influence:
- Suppliers
- Government
- Investors

CONTROL OVER ENVIRONMENTS (Important Exam Section)

Environment	Level of Control	Strategy
Micro	Full	Direct management
Market	Partial	Influence & negotiate
Macro	None	Adapt & comply

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GRADE 11 BUSINESS STUDIES – TERM 1

INFLUENCES, CHALLENGES AND ADAPTING TO THE BUSINESS ENVIRONMENT

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1 THE BUSINESS ENVIRONMENTS

Introduction

A business does not operate in isolation. It functions within different environments that influence its success. These environments can create opportunities or challenges. Businesses must understand these environments to survive and grow.

There are **three business environments**:

1. Micro Environment
2. Market Environment
3. Macro Environment

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2 THE MICRO ENVIRONMENT

(Internal Environment – Full Control)

Definition

The micro environment consists of all internal factors within the business. Management has **full control** over this environment.

Components of the Micro Environment

1. Vision

A vision statement describes what the business wants to achieve in the long term.

Example:
“To become the leading eco-friendly clothing brand in South Africa.”

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2. Mission

A mission statement explains the purpose of the business and how it will achieve its vision.

Example:
“We provide affordable and sustainable fashion to environmentally conscious consumers.”

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3. Objectives

Specific, measurable short-term goals.

Example:
Increase sales by 15% within 6 months.

Objectives must be:

- Specific
- Measurable
- Achievable
- Realistic
- Time-bound (SMART)

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4. Organisational Structure

The way in which tasks and responsibilities are arranged in the business.

Types include:

- Functional structure
- Divisional structure
- Flat structure

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5. Organisational Culture

The shared values, beliefs and attitudes of employees.

Example:
A culture of teamwork, innovation and respect.

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6. Resources

• Human resources – Employees and managers
• Financial resources – Money and capital

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• Physical resources – Equipment and buildings
• Information resources – Business data and records

Challenges in the Micro Environment

1. Poor Leadership

Leaders who cannot motivate or manage effectively.

Impact: Low morale and poor productivity.

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2. Lack of Managerial Skills

Managers lack planning or organisational ability.

Impact: Poor decision-making.

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3. Low Productivity

Employees produce less than expected.

Impact: Reduced profits.

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4. Conflict in the Workplace

Disagreements between employees or management.

Impact: Disruption and inefficiency.

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5. Absenteeism

Employees frequently absent from work.

Impact: Reduced output and increased costs.

Strike vs Go-Slow vs Lock-Out

• **Strike** – Employees refuse to work.
• **Go-slow** – Employees deliberately reduce productivity.
• **Lock-out** – Employer prevents employees from working.

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Strategies to Overcome Micro Challenges

• Staff training and development
• Performance appraisal systems
• Motivation strategies (bonuses, incentives)
• Clear communication
• Strong leadership

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3 THE MARKET ENVIRONMENT

(Partial Control)

Definition

The market environment includes external stakeholders that directly interact with the business. Businesses have **limited control** but can influence them.

Components of the Market Environment

1. Customers

People who buy goods or services.

Example: Teenagers buying sneakers.

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2. Suppliers

Businesses that provide raw materials.

Example: A textile company supplying fabric.

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3. Competitors

Rival businesses selling similar products.

Example: Nike vs Adidas.

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4. Intermediaries

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Businesses that help distribute products.

Example: Retailers and wholesalers.

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5. Trade Unions

Organisations representing employees.

Challenges in the Market Environment

1. Competition

Rivalry between businesses.

Impact: Lower prices and reduced profit margins.

Strategy:
Product differentiation and improved service.

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2. Changing Consumer Behaviour

Trends, income changes, cultural shifts.

Impact: Decreased demand.

Strategy:
Market research and product redesign.

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3. Supply Shortages

Delays or lack of raw materials.

Strategy:
Use multiple suppliers.

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4 THE MACRO ENVIRONMENT

(No Control – Adapt Only)

Definition

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The macro environment consists of broad external forces affecting all businesses. Businesses cannot control these forces and must adapt.

PESTLE ANALYSIS

P – Political

Government policies, stability and taxation.

Example: Increase in VAT affects pricing.

E – Economic

Includes:

- Inflation
- Interest rates
- Exchange rates
- Unemployment

Inflation

General increase in prices.

Impact:
Higher production costs and reduced consumer spending.

S – Social

Includes:

- Population growth
- Education levels
- Cultural trends
- Income inequality

Impact:
Changes in demand patterns.

T – Technological

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Includes:

- Automation
- Artificial intelligence
- E-commerce
- Cybercrime

Impact:
Need for expensive upgrades and training.

L – Legal

Businesses must comply with legislation.

Key Acts:

• Consumer Protection Act (CPA)
Protects consumers from unfair practices.

• Basic Conditions of Employment Act (BCEA)
Regulates working hours and leave.

• Employment Equity Act (EEA)
Promotes equal opportunity in the workplace.

• Labour Relations Act (LRA)
Regulates employer-employee relations.

• National Credit Act (NCA)
Regulates credit and prevents reckless lending.

• Skills Development Act (SDA)
Encourages employee training.

• COIDA
Compensates employees for workplace injuries.

• BBBEE Act
Promotes economic transformation.

E – Environmental

Includes:

- Climate change
- Pollution
- Sustainability
- Renewable energy

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Businesses must adopt environmentally friendly practices.

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5 CONTEMPORARY SOCIO-ECONOMIC ISSUES

Socio-economic issues affect both businesses and society.

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1. Inflation

Increase in general price levels.

Impact: Increased costs.

Solution: Cost control and pricing strategies.

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2. Unemployment

Lack of job opportunities.

Impact: Reduced consumer spending.

Solution: Skills development programs.

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3. Income Inequality

Unequal distribution of wealth.

Impact: Smaller target markets.

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4. Corruption

Dishonest or illegal behaviour.

Impact: Financial losses and damaged reputation.

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5. Crime

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Theft, fraud and cybercrime.

Impact: Increased security costs.

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6 ADAPTING TO CHALLENGES

Businesses must adapt using strategic responses.

Intensive Strategies

• Market penetration – Increase sales in existing markets.
• Market development – Enter new markets.
• Product development – Introduce new products.

Integration Strategies

• Forward integration – Control distribution.
• Backward integration – Control suppliers.
• Horizontal integration – Buy competitors.

Diversification

Entering new markets with new products.

Mergers, Takeovers and Alliances

• Merger – Two businesses combine.
• Takeover – One business buys another.
• Strategic alliance – Cooperation agreement.

Lobbying

Influencing government decisions.

Networking

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Building professional relationships for business growth.

Information Management

Collecting, storing and analysing data for decision-making.

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7 EXAM TECHNIQUE

Use the PEEL method:

Point
Explain
Example
Link

Always:
✔ Define the term
✔ Explain the impact
✔ Provide an example
✔ Suggest a strategy

If you would like next, I can:

• Add structured exam-style questions after each section
• Turn this into a condensed distinction memory grid
• Or expand legislation even more (advantages & disadvantages)

You're building Katy's understanding properly now — not just memorising, but actually understanding the content

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