

Chapter 9

Business sectors and their environments

INTRODUCTION

There are three types of business sectors in the economy namely; primary, secondary and tertiary sectors.

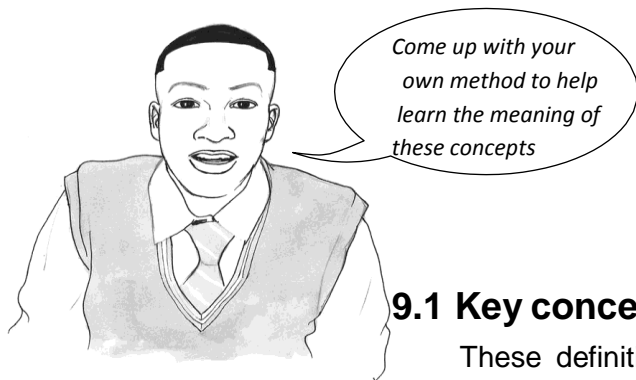
These business sectors operates in the three business environments, i.e. micro, market and macro.

The owners of these sectors have a certain amount of control over the three business environments.



Overview

TOPIC	CONTENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
Business sectors and their environments	<ul style="list-style-type: none"> • Business sectors • Business environments • Extent of control 	<ul style="list-style-type: none"> • Identification of business sector (primary, secondary and tertiary). • Identification of business environments from each sector (micro, market and macro). • Extent to which a business can control the three business environments.



9.1 Key concepts

These definitions will help you understand the meaning of key Business Studies concepts that are used in this chapter. Understand these concepts well.

Term	Definition
Business Sector	A business sector is a sub division/subset of the economic activities, e.g. primary, secondary and tertiary.
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 services.
Business Environments	All the internal and external factors that affect the functioning of a business, e.g. micro, market and macro environments.
Micro environment	This environment is the business itself, it consists of all the elements inside the business.
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 environments.

9.2 Business sectors



Do not confuse the business sectors with the business environments. The table below reminds you of grade 10 content.

Business Sectors	Definition	Examples of industries
Primary	<ul style="list-style-type: none"> This business sector extracts its raw materials from the earth. It makes use of natural resources direct from nature, such as coal, gold, fish and livestock. 	<ul style="list-style-type: none"> mining fishing agriculture forestry farming
Secondary	<ul style="list-style-type: none"> This business sector is responsible for changing the raw materials into useful products. It comprises of manufacturing factories, construction and energy generation. 	<ul style="list-style-type: none"> manufacturing building and construction clothing food processing
Tertiary	<ul style="list-style-type: none"> This sector renders services to the public and the businesses. The services ranges from transport, banking and health. 	<ul style="list-style-type: none"> distribution transportation banking insurance retail entertainment tourism



ACTIVITY 1

1.1 Read the case study below and answer the question that follow.

MAC FORESTRY PLANTATIONS (PTY) LTD

The founders of Mac Forestry Plantations (Pty) Ltd supplies timber to Swazi Timber Ltd, who manufactures furniture. Mac Plantation (Pty) Ltd borrowed capital from Peoples' Bank to finance expansion.

1.1.1 Identify THREE business sectors represented in the scenario above. Support your answer by mentioning the names of businesses from the scenario. (9)
Use the table below to present your answer.

SECTOR	BUSINESS

ANSWERS TO ACTIVITY 1.1.1

SECTORS	BUSINESS
Primary ✓✓	Mac Forestry Plantations (Pty) Ltd ✓
Secondary ✓✓	Swazi Timber Ltd ✓
Tertiary ✓✓	Peoples' Bank ✓
Sub max (6)	Sub max (3)
Max (9)	

9.3 Business environments



NOTE: It is important to revise the features/elements/components of the THREE business environments to be able identify the business environments in a given scenario.

Business Environments	Features/Elements/Components
Micro	<ul style="list-style-type: none"> • Vision, mission and objectives • Organisational resources • Organisational culture • Organisational structures • Business functions • Management levels
Market	<ul style="list-style-type: none"> • Suppliers • Customers • Competitors • Intermediaries • Civil society
Macro	<ul style="list-style-type: none"> • Political • Environment • Social • Technological • Legal • Economical

9.4 Extent of control

BUSINESS ENVIRONMENT	EXTENT OF CONTROL OVER THE ELEMENTS/COMPONENTS	EXPLANATION
Micro	Full control	Businesses have full control over all the features/elements/components of the micro environment. E.g. A business determines its own mission, organisational structure and resources.
Market	Little/limited control	Businesses have little control over all the features/elements/components of the market environment. E.g. A business cannot force its suppliers to reduce the prices of their goods but it can buy goods in bulks and claim discounts.
Macro	No control	Businesses have no control over all the features/elements/components of the macro environment. E.g. A business cannot control the increase in the price of petrol announced by the Central Energy Fund but can outsource the transport function to reduce delivery of costs.



ACTIVITY 2

2.1 Read the case study below and answer the questions that follow.

BHEKI'S CHICKEN FARM (BCF)

Bheki's Chicken Farm's employees are regularly absent on Mondays. Their suppliers of chicken feed do not deliver stock on time. The storeroom and office block of BCF was destroyed by a heavy rain.

- 2.1.1 Quote THREE challenges that BCF is facing from the scenario above. (3)
 2.1.2 Classify the challenges according to the THREE business environments. (3)
 2.1.3 State the extent of control BCF has over each businesses environment mentioned in QUESTION 2.1.2. (6)

Use the table below in your ANSWER BOOK to present your answer.

CHALLENGES 2.1.1	BUSINESS ENVIRONMENT 2.1.2	EXTENT OF CONTROL 2.1.3

ANSWERS TO ACTIVITY 2.1

CHALLENGES 2.1.1	BUSINESS ENVIRONMENT 2.1.2	EXTENT OF CONTROL 2.1.3
Employees are regularly absent on Mondays. ✓	Micro✓	Full control✓✓
Suppliers of chicken feed do not deliver stock on time. ✓	Market✓	Less control✓✓
The storeroom and office block of BCF was destroyed by a heavy rain. ✓	Macro✓	No control✓✓
Sub max (3)	Sub max (3)	Sub max (6)