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Business Studies: The Business Environment

Business Studies

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1. What is a Business?

A business is an entity that produces or sells goods or services to make a profit. It operates within an environment that affects how it functions.

2. The Business Environment

Micro Environment

Factors INSIDE the business that management can control: employees, management, board of directors.

Market Environment

Factors in the immediate surroundings of the business: suppliers, customers, competitors.

Macro Environment: PESTLE Analysis

- Political: government policies, stability, laws, taxes
- Economic: interest rates, inflation, GDP, exchange rates, unemployment
- Social (Demographic): population growth, age distribution, lifestyle trends, education
- Technological: new inventions, automation, the internet, R&D
- Legal: labour laws, consumer protection, environmental regulations
- Environmental: climate change, natural disasters, sustainability

3. Business Sectors

- Primary sector: extraction of raw materials (mining, agriculture, fishing)
- Secondary sector: manufacturing and construction
- Tertiary sector: services (banking, retail, healthcare, education)
- Quaternary sector: knowledge and information services (research, IT)

4. Types of Business Ownership

- Sole trader: one owner, unlimited liability
- Partnership: 2-20 partners, shared liability
- Private company (Pty Ltd): limited liability, not listed on stock exchange
- Public company (Ltd): listed on stock exchange, shares sold to public
- Close Corporation (CC): smaller, fewer formalities (phased out)