

INTERRELATIONSHIP BETWEEN ENVIRONMENTS



PAPER

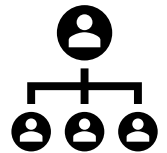


TOPIC

Explain/Describe the link/relationship between the features/components of the micro-environment:

• Functions

- The 8 functions within the business depend on each other to achieve their goals and objectives
- The General Management function coordinates all the other functions in the business in an efficient and effective way to achieve the mission and vision of the business.



• Departments

- The departments within the business depend on and influence each other when they perform their duties and responsibilities
- The marketing department also provides the production department with feedback from customers so that the production department could produce goods and services that will meet consumers expectations.

• Employer and employee

- The employer (business) depends on the employees (workers) to perform certain duties and responsibilities for the business and the employers also remunerate employees for offering their services to the business
- Employers also consult their employees when it comes to devising strategies to achieve the goals and objectives of the business.



Explain the interrelation between micro (internal) and market environments.

Give examples of the relationship between the business and the following:

○ Business and consumer

- Consumers depend on businesses for their goods and services to satisfy their needs and wants and businesses also depend on consumers for their income when they buy from them
- The public relations department must ensure that the business always maintains a positive image so that its customers remain loyal
 - Example: Current or future parents will shop at Baby Boom or Toys R us as they sell products that provide a good / service that is relevant to them.



○ Business and suppliers

- Businesses depend on suppliers for their raw materials and other inputs. Without raw materials from suppliers a business cannot produce its goods or services
- Supply shortage is one of the challenges in the market environment. Businesses need to honour their commitments to their suppliers by paying for their supplies on time, so that they maintain a good relationship with their suppliers
 - Example: AGRI Poultry are the supplier for KFC – the supplier not providing products at a good price and quality will negatively impact the business and the customers of KFC.



○ Business and intermediaries

- Intermediaries distribute and sell the goods or services of a business: they are the link between the business and the consumers
- Intermediaries are also the customers of the business and so businesses need to always treat them with care
 - Example: Phyll's who sells biscuits and rusks sells them through Spar in the Eastern Cape. Spar is used as an intermediary to reach a larger number of customers.



○ Business and competitors

- Some businesses may form alliances to control the prices of goods and services. Businesses in an alliance sometimes share information or join their resources to undertake projects or programmes that will benefit all their members
- Businesses must be up to date with the current trends and the latest technology to remain competitive in the market
 - Examples: McDonald's and Burger King are in competition with each other as they sell similar products and satisfy the same needs which is convenient take-aways to the public.



Explain/Discuss the relationship between micro, market and macro environments.

- Changes in the macro environment may affect the micro environment which may then affect the market environment.
- Businesses (the micro environment) are in constant interaction with components of the market and macro environment.
- Businesses are challenged by changes in the market and macro environment which cannot be controlled by the business.
- Changes in the market environment may affect the micro environment.