<u>Business Sectors</u>

3 Stages of production

- *Primary sector*
    - Taking natural resources such as extraction, harvesting and minerals as a factor of production. Primary resources are then sent to the secondary sector to produce finished products.
    - Ex) Wood, Metal Ore, etc.
- *Secondary sector*
    - Use raw materials from the primary sector and produce produced or useable products to sell.
    - Ex) Pharmaceutical companies, construction firms, clothes manufacturers, etc.
- *Tertiary sector*
    - Businesses that provide services to their private and corporate customers.
    - Ex) education, tourism, entertainment, insurance, etc.

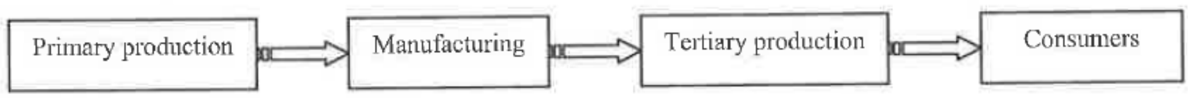

Figure 1.1c The chain of production

<u>Changes in economic structure</u>

<u>Structural change</u>- a shift in the relative share of national output and employment that is attributed to each business sector.

The shift towards the tertiary sector being the predominant sector in developed countries occur due to changes in factors such as:

- Higher household incomes
- More leisure time
- Larger focus on customer relations management
- Increasing reliance on support services

*<u>Business activity</u>- Process of turning factor inputs (4ps) into outputs of goods and services in order to meet the needs and wants of different customers.