- Clothes
- Furniture
- Mobile phones
- Computers
- Cars
- Electrical goods

Tertiary (the provision of services - intangible)
- Shipping
- Tourism
- Banking
- Medical care
- Education
- Servicing of cars
- Gyms
- Theaters/cinemas

Quaternary (focus on information technology (IT)/businesses/information service providers)
-Research and Development
-Business consulting
-Gathering of information

Changes in economic structure-sectoral change
Importance of each sector in a country's economic structure changes overtime. Industrialization is the growing importance of the secondary sector. The importance of each sector is measured by employment levels/output levels. In the emerging economies, secondary sector is increasing.

Benefits
- GDP increases —> standards of living increase
- Greater output of goods can result in greater exports and less imports
- Increase in employment levels
- Profitable firms pay more tax to the government
- Value is added to the country's raw materials

Problems
- Increases in manufacturing results in movement of people from the countryside to the towns —> social and housing problems. Depopulation of rural areas —> problems for primary sector businesses to find labor.
- May make it difficult for businesses to recruit and retain workers
- Inputs of raw materials/components are often needed increasing import costs
- Pollution may add to environmental factors
- Expansion of MNC's and all the problems that come with these

INCORPORATED BUSINESS

THE LIMITED COMPANY

The capital of a limited company is divided into shares.
Limited companies are run by a board of directors.
Limited companies must produce:

The Memorandum of Association
&
The Articles of Association
to the
Registrar of Companies
To receive

A Certificate of Incorporation

PRIVATE SECTOR BUSINESS
(INCORPORATED BUSINESS)

Micro-financiers

This is to provide small amounts of finance to those who would not normally have access to (e.g. low-income individuals, families in rural communities, and women). The money is lent with specified conditions of use and scheduled repayments. The loans are small, and the interest rates are low. The main aim is to help those to take the first steps towards economic independence if they have good ideas and a strong work ethic.

PUBLIC-PRIVATE ENTERPRISE (PARTNERSHIP)

Introduced in 1992, PPP involves the private sector being involved in operations of the public sector. The 'Private Finance Initiative' is the most frequently used scheme where a project, such as a school, a hospital or housing estate needs to be designed, built, financed and managed by a private concern. The company is paid by the government depending on its performance and the achieving of performance targets. The main advantages are:

- Avoids large increases in taxation when the government funds large 'one off' projects.
- Risk involved in large projects is transferred to private sector.
- Since the government is not financing the project, the amount spent does not cause public borrowing to rise.

However, these schemes are often criticised by trade unions as they involve more private sector activity in the public sector.

Some possible disadvantages are:

- Concern over private sector companies providing public sector goods
- Ownership and control of valuable assets can be transferred into the private sector with profits being generated for shareholders
- It is argued that vital areas of infrastructure, such as a major motorway or a port, to be outside of state control

FACTORS THAT AFFECT THE SETTING OF OBJECTIVES

Size and status

Power of the stakeholders

Ownership

Long-term and short-term objectives

External and internal pressures

Corporate and business culture

Risk

Objectives cannot be reached without:

STRATEGY which refers to the long-term plans developed by a company. This is long term, affects all the company and are decisions made by the board of directors or senior management.
plus
TACTICS which refers to the short term, routine, day to day activities of the business which implement the developed strategy. These decisions are made lower down in the hierarchy based on the overall corporate aims and objectives.

The need for organizations to change objectives and innovate in response to changes in internal and external environments

Overtime business objectives change in response to internal (resource constraints/organizational change) and external factors (the social and economic environment)

- Survival objectives may change into growth and increased profit objectives
- Change of management approaches (leadership styles)
- Growth into foreign markets apart from the domestic market
- Competition may force us to change our objectives (the 4 P's)

ANSOFF MATRIX

A business analytical matrix that defines possible strategies for growth and the level of risk involved.

PRODUCT

MARKET	EXISTING	NEW
EXISTING	**Market Penetration** - Increasing brand loyalty - Encouraging more use	**Product Development** **-** Launching a new product - Modifying an existing product - Extension strategy
NEW	**Market Development** - A way of entering into foreign markets - An expansion into the domestic market	**Diversification** - Risk bearing - Usually only large companies can do this - Developing a conglomerate

<u>BUSINESS STAKEHOLDERS</u>

<u>Definition:</u> *An individual or a group who have an interest in a business because the behaviour of the business affects them.*

The level of interest stakeholders have in a business will vary depending on the scale of their stake. There is often conflict between stakeholders as each one has different obj***ectives.***

<u>Stakeholders include:</u> (objectives)

internal

OWNERS/SHAREHOLDERS

- High Profits

Globalization

Multinational companies - companies which have significant production or service operations in at least two countries. Most MNCs operate largely in developed countries, where their share holders, headquarters, markets are located. MNCs can either produce in another country to supply that domestic market or they take advantage of the low cost of production.

- **Why do they exist?**

- Economies of scale
- Knowledge and innovation
- Branding and marketing
- Market and political power

- **Advantages to be gained through cost reduction**

- Labour
- Location
- Raw materials
- Utilities
- Administration
- Taxation
- Possible gvmt Assistance

- **Advantages to the host country**

- International competitiveness
- Transfers of capital
- Transfers of knowledge
- Employment
- Pay tax
- Wider consumer choice
- Exports
- Economic growth

- **Possible negative impact on individual economies**

- Lack of accountability
- Loss of national identity
- Destruction of the environment
- Exploitation of poor countries
- They have the power to move production from country to country and can destroy jobs and prosperity

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