

BUSINESS SECTORS



PAPER



TOPIC

Name THREE types of business sectors: primary, secondary and tertiary.

PRIMARY SECTOR

- The **primary sector** focuses on activities related to the extraction of natural resources.
- It is often referred to as extractive industry as it involves acquiring natural resources/raw materials.
- The primary sector is dependent on nature because it uses the earth's natural resources, land, minerals, and vegetation.
- The primary sector plays a critical role in production activities, because without it, further production activities would be impossible in the secondary sector.

SECONDARY SECTOR

- The **secondary sector** focuses on activities related to the production/manufacturing of products.
- It uses the natural resources sourced by the primary sector and adds value to them.
- The secondary sector is often referred to as manufacturing industries because valuable products are created/manufactured/produced so that these products can serve a meaningful function/purpose to customers.
- It transforms/processes natural resources into meaningful products/semi-finished products.

TERTIARY SECTOR

- The **tertiary sector** focuses on activities related to providing final products and **services** to customers.
- It is often referred to as the services sector because a variety of commercial services are provided to customers.
- The tertiary sector involves all activities aimed at making the distribution of products/services possible.
- It plays a unique role because it allows natural resources that were collected and transformed available to customers.

Identify/Name a business sector from given scenarios/statements.

BUSINESS CHALLENGES

Identify business challenges from given scenarios/case studies and classify them according to the THREE business environments.

NOTE: You will not need to list the challenges, but rather be able to identify the challenge from a scenario by quoting it and knowing which environment it belongs to. See example on pg 3.

Business environments	Common challenges
Micro environment	<ul style="list-style-type: none">• Difficult/Unmotivated employees• Lack of adequate management skills• Lack of vision/mission• Strikes/go-slows• Outdated goals/objectives• Lack of human resource capacity• Various business functions working/operating inefficiently• Poor working conditions
Market environment	<ul style="list-style-type: none">• Competition• Supply shortages• Changes in consumer behaviour• Demographics/Psychographics• Socio-cultural factors
Macro environment	<ul style="list-style-type: none">• Changes in income levels• Political changes• Contemporary legislation• Labour restrictions• Globalisation/international changes• Socio-economic issues• Technological advances

BUSINESS ENVIRONMENTS

State the extent to which a business (operating in any of the three sectors) can control the three business environments from given scenarios and case studies.

ENVIRONMENT	EXTENT OF CONTROL
Micro	Full
Market	Some/Little
Macro	None

EXEMPLAR ACTIVITY

QUESTION 1

1.1 Read the scenario below and answer the question that follows.

NALEDI SOLAR DISTRIBUTORS (NSD)

The government has increased the corporate tax rate payable by Naledi Solar Distributors. The management of NSD indicated that they might not be able to pay tax because of financial constraints. Customers have decided to buy affordable solar products from another cheap rival.

Use the table below as a GUIDE to answer QUESTIONS 1.1.1 – 1.1.3.

	CHALLENGES (1.1.1)	BUSINESS ENVIRONMENTS (1.1.2)	EXTENT OF CONTROL (1.1.3)
1.			
2.			
3.			

1.1.1 Quote THREE challenges for ND from the scenario above. (3)

1.1.2 Classify ND's challenges according to the THREE business environments. (3)

1.1.3 State the extent of control ND has over EACH business environment named in QUESTION 1.1.2. (3)

SUGGESTED ANSWER

	CHALLENGES (1.1.1)	BUSINESS ENVIRONMENTS (1.1.2)	EXTENT OF CONTROL (1.1.3)
1.	The management of NSD indicated that they might not be able to pay tax due to financial constraints.	Micro environment	Full/complete control
2.	Customers have decided to buy affordable solar products from another cheap rival.	Market environment	Some/limited/less/partial control
3.	The government has increased the corporate tax rate payable by Naledi Solar Distributors.	Macro environment	No control