BUSINESS

PAPER

1

TOPIC

SECTORS

Define/Explain the meaning of the primary, secondary and tertiary sectors.

Primary Sector

Businesses extract raw materials and natural resources.

Examples: Fishing, Mining

Secondary Sector

Businesses transform raw materials from primary sector into finished or semi-finished products.

Examples: Factories, manufacturing

Tertiary Sector

Businesses that offer services to other businesses and consumers.

Examples: Storage, Tourism, Banking

Explain/Describe/Discuss the relationship between these sectors.

- The sectors work together to create an economic chain of production.
- The primary sector gathers the raw materials, the secondary sector transforms the raw materials into useful goods.
- The tertiary sector sells the goods or services and supports the activities of the primary and secondary sectors

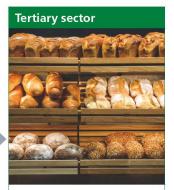
Make a collage showing the relationship between the primary, secondary and tertiary sectors



Wheat needed for bread is grown on a farm, the farm sells the wheat grains to a bread company, for example Sasko Bakery

Secondary sector

Sasko Bakery processes the wheat into flour at the flour mill the flour is used to produce bread the bread is packaged and sold to retailers, for example, Shoprite/Checkers and Pick 'n Pay



The final product, bread, is transported to retailers retailers sell the bread to consumers

Define/Elaborate on the meaning of the <u>formal</u> and <u>informal</u> sectors. Give practical examples of each.

Formal Sector

- The formal sector is mainly characterised by small, micro, medium and large businesses with specific working hours and monthly salaries or weekly wages.
- Examples of businesses in the formal sector include mines, farms, manufacturers, construction, retailers, and insurance companies.

Informal Sector

- The informal sector consists of small businesses with long working hours and irregular income.
- Examples of businesses in the informal sector include food and flea markets, street vendors, and spaza shops.

Conduct research on the importance of the <u>formal</u> and <u>informal</u> sector.

The importance of the formal sector

- Business activities are included in the GDP figures of the country.
- Companies pay taxes on their profits.
- People who are employed at companies pay personal income tax.
- Provides employment to highly skilled, semi-skilled and unskilled labourers.

The importance of the **informal sector**

- Encourages entrepreneurship and self- employment.
- Provides employment opportunities for communities and contributes to poverty alleviation.
- People start informal businesses to supplement their income earned in the formal sector.
- It is easy to enter this sector and serves the needs of individuals.

Explain/Differentiate/Distinguish between the formal and informal sectors.

| FORMAL SECTOR | INFORMAL SECTOR |
|---|---|
| Businesses in the formal sector are | Businesses in the informal sector are not |
| registered with CIPC. Businesses pay tax | registered with CIPC. Businesses do not |
| to SARS on turnover and profit made. | pay tax on the profits of the business. |
| Formal sector activities are monitored by | These businesses are not monitored by the |
| the government. | government. |

Define/Elaborate on the meaning of the public and private sector.

The meaning of the public sector

Comprises of various business enterprises owned and managed by the government.

The meaning of the private sector

Consists of business activity that is owned, financed and run by private individuals.

Explain the purpose of the public and private sector.

Purpose of the **public sector**

- provides public goods and services such as water and electricity to meet the needs of its people
- improves the general standard of living of all its citizens
- ensures equal distribution of wealth

Purpose of the **private sector**

- offers a large variety of goods and services to meet the demands of consumers
- provide job opportunities for people who have different skills in all sectors
- provide employment and contributes to tax revenues.

Explain/Differentiate/Distinguish between the <u>public</u> and <u>private</u> sectors.

| PUBLIC SECTOR | PRIVATE SECTOR |
|---|---|
| The public sector comprises of various | The private sector consists of businesses |
| business enterprises and institutions | that are owned, financed and run by |
| owned and managed by the government. | private individuals. |
| They provide public goods and services | They offer a large variety of goods |
| such as water and electricity to meet the | and services to meet the demands |
| needs of its people. | of consumers. |