

What is Business?

A business is usually defined as being a commercial enterprise. Some businesses consist of only one person, who carries out all of the required functions. Other businesses employ thousands of people in providing goods and services to customers all over the world. Each business can be defined, or described, by its type of ownership, the goods produced or services offered, the types of jobs provided, or by the different functions that it performs in your community.

What has business done for you today? Your house or apartment building was constructed through the co-operation of hundreds of businesses. Some provided raw materials such as lumber, nails, and shingles; others provided skilled services to construct and equip the dwelling. Each of these businesses was started by an entrepreneur who saw a need, recognized it as an opportunity for a business venture, and went into business to meet that need. Television repair, plumbing, painting, and home-repair service businesses are common in Canada. Goods are delivered by transportation companies and sold to your family by stores - another type of business.

Business revolves around people who start businesses, manage them, and work in them. Without people to buy their products or services, businesses would have no need to produce anything. Each new business creates jobs. Entrepreneurship is good for business and for the people whose needs and wants are met.

Automation, which is the use of machines rather than people to produce items, also plays a major role in business today, as technological advances become available in the marketplace. Some advantages of these changes in an exercise-equipment assembly plant, for example, could include increased production, better quality control, and cost savings. The most significant disadvantage of these changes is the possibility that some people might lose their jobs as robots, or robotic devices, replace workers in some industries.

Consumers and business depend on each other. Business keep the economy going by creating jobs, and harvesting and purchasing raw materials, equipment, machinery, and land from other people and businesses. As consumers, we depend on business for many of the essential goods and essential services we need to survive. These include food, housing, clothing, water, and heat. Business also provides luxury goods and luxury services such as sports cars, yachts, banana splits, holidays, and rock concerts. We also depend on business to provide us with jobs. The money we receive from these jobs is used to buy essential and luxury goods and services.

Businesses in fact have many stakeholders that are any person, organization or thing that has an interest in the success of a business. Customers depend on businesses for products or services. Managers and employees depend on their earnings to live off of. Owners of businesses would hate to see their hard work and financial investment all be for not. The local community, environment, suppliers, government, and creditors also all have a vested interest in the success of a business.

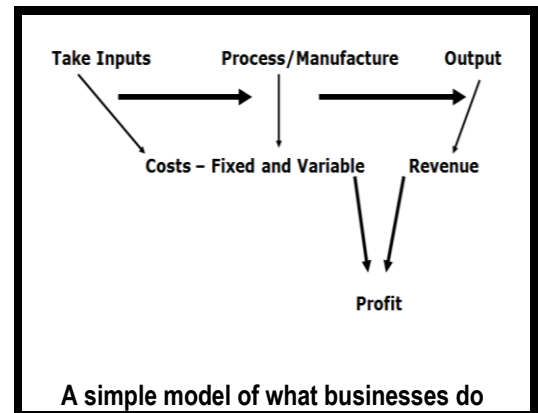
Modern business is very complex. When we shop for sports equipment or a magazine, we usually think only of the end product, that is, the item that sits on the shelf waiting for us to buy it. We seldom think or realize that parts of this product were once raw materials growing in forests or buried underground or that businesses must consider other factors such as focusing on efficient use of its resources and watching its bottom line (profits and surplus).

Industry

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A group of businesses that all produce similar products or service: is called an industry. For example, the automobile industry is made up of all of the businesses that produce automobiles and automobile parts. The financial industry is made up of Canada's banks, trust companies, credit unions, and finance companies. The mining industry includes companies that mine, smelt, and refine iron, nickel, uranium, and gold ores, and many other minerals.

Industries are usually separated into three categories – primary, secondary, and tertiary – depending on the stage of development of



the products.

PRIMARY INDUSTRIES

Primary industries are those involved in the first stage of the development of products. They take the raw materials from the land or water that are later used in the manufacture of the products. Examples of primary industries are mining, fishing, agriculture, forestry, and oil and gas extraction.

Many primary industries require a large amount of money for research, equipment, and machinery. The chance of making a profit, therefore, is often very small. Although production in this industry has increased, a smaller percentage of the labour force is employed in primary industries. Industries are using more machines, to reduce labour expenses. Natural resource products for the Canadian and export markets, however, remain very important to our economy.

SECONDARY INDUSTRIES

Secondary industries manufacture raw materials into finished products. For example, gold and silver ores are refined and made into jewellery. Iron ore is processed into ingots and steel sheets, and then into car bodies or appliances. Crude oil is refined into machine oil and gasoline or processed into synthetic fabrics or kitchen utensils. Wheat is milled into flour and baked into bread, cakes, or cookies.

In recent years, secondary industries have experienced major technological innovations. Automation, robotics, and computer-assisted design and manufacturing have resulted in greater production, using fewer workers.

TERTIARY INDUSTRIES

Tertiary industries provide services to consumers and to other businesses. These services often involve selling or using products produced by secondary industries. The largest employers in Canada, the various levels of government, are each classified as a tertiary industry.

Unlike primary and secondary industries, many tertiary industries are expanding rapidly. Several factors account for this growth:

- Continuing rapid advances in technology demand equally rapid expansion in the fields of electronics, communications and telecommunications, computer sciences, and aerospace.
- An aging population (there are now more older people than young people) requires more health and medical services.
- Busy consumers with little time to spare are increasingly using services provided by house-cleaning, home-repair, and garden maintenance businesses.
- When consumers have time to relax, they expect a wide variety of entertainment choices.
- When consumers travel for business or pleasure, the level of service provided by transportation businesses; hotels, motels, restaurants, and special attractions is of prime importance to them.

This rapid growth of tertiary industries means that more job opportunities exist in service occupations. An important factor in this growth is that many tertiary industries cannot use machines to replace people, as can most primary and secondary industries. People are the main providers of services.

Most first-time workers enter tertiary industries. Many workers who have been replaced by machines in primary and secondary industries take retraining and enter tertiary industries. As our economy continues to develop and change, workers will be encouraged and forced to make these changes.