

Purchasing: tertiary sector of the economy



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Purchasing in different Sectors of the Economy/Organizations A nation's economy can be divided into various sectors to define the proportion of the population engaged in the activity sector. This categorization is seen as a continuum of distance from the natural environment. The continuum starts with the primary sector, which concerns itself with the utilization of raw materials from the earth such as agriculture and mining. From there, the distance from the raw materials of the earth increases. 1. Primary Sector

The primary sector of the economy extracts or harvests products from the earth. The primary sector includes the production of raw material and basic foods. Activities associated with the primary sector include agriculture (both subsistence and commercial), mining, forestry, farming, grazing, hunting and gathering, fishing, and quarrying. The packaging and processing of the raw material associated with this sector is also considered to be part of this sector. In developed and developing countries, a decreasing proportion of workers are involved in the primary sector.

About 3% of the U. S. labor force is engaged in primary sector activity today, while more than two-thirds of the labor force were primary sector workers in the mid-nineteenth century. No raw material purchase High capital usage spares and maintenance In remote places 2. Secondary Sector The secondary sector of the economy manufactures finished goods. All of manufacturing, processing, and construction lies within the secondary sector. Activities associated with the secondary sector include metal working and smelting, automobile production, textile production, chemical and engineering industries, aerospace manufacturing, energy utilities, engineering, breweries and bottlers, construction, and shipbuilding. Major

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manufacturing Supply continuity important Materials constitute high cost proportion Strong professionalism required Process Industry Raw materials is a major purchase I in high volumes Continuity of supply important Buying worldwide Flow Production Major say incorporate strategy Specialization activity wise: expediting, material control, inventory and inventory control

Purchasing activity is specialized: raw material buyer, electrical, mechanical etc. Distributive Goods sold as bought No perceived value added Customer related Buying around 80 % of total expenditure Inventory control important

3. Tertiary Sector The tertiary sector of the economy is the service industry. This sector provides services to the general population and to businesses. Activities associated with this sector include retail and wholesale sales, transportation and distribution, entertainment (movies, television, radio, music, theater, etc. , restaurants, clerical services, media, tourism, insurance, banking, healthcare, and law. In most developed and developing countries, a growing proportion of workers are devoted to the tertiary sector. In the U. S. , more than 80% of the labor force are tertiary workers. People with know how and technique Might have high capital goods expenditure: airline Most physical materials not 4. Public Sector There is huge amount of expenditure and is represented by: Utility industries Government/departments Local government Health Armed forces Not for profit and no sales Income from government taxes