

Importance of production

Definition:

Creation of value

Goods and services are produced to satisfy needs and wants of the people.

Chain of production

The chain of production involves a series of stages, which add value to the end product.

Production chain is the steps taken to convert raw materials into goods

Primary, Secondary and Tertiary

Branches of production

Primary production

Secondary production

Tertiary production

Primary production

Primary sector involves changing natural resources into primary products

The primary sector of the economy extracts or harvests products from the earth.

Examples:

- Fishing , mining
- Farming
- Forestry

Secondary production

Secondary sector converts the primary goods into manufactured goods

The secondary sector of the economy manufactures finished goods.

Examples:

- Construction
- Textile production
- Processing

Tertiary production

Tertiary sector is the service industry which only provides services to its customers.

Examples:

- Banking
- Haircutting
- Teaching

Types of industries

- Extractive industries
- Manufacturing industries
- Construction industries
- Tertiary industries

Extractive industries

The extractive industry is concerned with the physical taking out of metals and minerals from the Earth

Examples:

- Mining
- Quarrying
- Dredging

Manufacturing industries

The industry where raw materials are converted to finished goods by the use of tools and machines

Examples:

Car manufacturing
Textile manufacturing

Construction industries

The industry where land development is done.

Repairing, building or renovating

Examples:

- House building
- Plaza building

Tertiary industries

The industries which are providing services

Examples:

- Banking
- Haircutting
- Doctors

Specialisation and Division of Labour

Specialisation

To do something at which you are best

Division of labour

To divide the work into stages

Separation of work process into tasks, and each task is performed by a separate person or group

