



Economical Waves

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The Four Economical Waves

1st Wave Agricultural and mining Industrial based Knowledge based Information based

1st Wave

2nd
Wave

3rd Wave

4th Wave

First Wave

- During the first wave economies were mining and agriculturally based, these economies are now known as the primary sector.

Second Wave

- The second wave was brought on by the Industrial Revolution from the 18th to the 19th century in the United Kingdom and subsequently spread to other parts of the world.
- It was a period where major changes in agriculture, manufacturing, mining, transportation, and technology.
- The second wave involves a shift in

Third Wave

- This economical wave arose from the development of Information and Communications technology, as the basis for conducting business.
- While the second wave is defined by geography, bricks and mortar, the third wave is defined by information and knowledge which transcends physical boundaries.
- During the third wave countries began to make use of technology and information to enhance their production and remain constantly innovative and ahead of other economies.
- During this wave the economies became driven by a tertiary sector that is known as the 'service industry'.

Fourth Wave

- Rabelani Dagada (2009) refers to the fourth wave as 'Broadcom'. Broadcom involves broadcasting, telecommunications (especially the use of Broadband), and computing.
- It involves a shift from physical to intellectual resources.
- This economy is driven by information and communication technology, and the globalisation of economic activities.
- The fourth wave is a period when there will be a convergence of all technologies impacting every aspect of life.

Characteristics of the fourth economical wave

- The expansion and development of more knowledge based organisations (such as KPMG, Accenture, Multichoice, and Dimension Data.

Which wave is SA currently in

The South African economy is largely still stuck in the first wave, but has adopted aspects of the third wave (such as communications innovations).

- Large percentage of the population is still rurally based
- SA has become a net importer of agricultural produce. The local farmers are not subsidised by government, hence import from the EU, which drives up local produce prices
- Raw materials are exported from SA, manufactured and then re-imported back into SA. 71% of exports to china constituted base metals and minerals however in the same year 64% of china's export to SA constituted manufactured goods.
- Our GDP is largely based on the production and

Which wave is SA currently in

- Since 1994 our economy has become more open being able to adopt aspects of the 3rd economical wave.
- Developments in financial Institutions
- Developments in the banking industry
- Growth and innovation in the telecommunications industry

However SA has been largely unable to embrace the knowledge economy, and much remains a new concept

- Short term Benefits
- The SA economy that is based on the export of raw materials, has benefits such as an immediate reduction in the

Steps that South Africa can take in order fast-track our economy into the fourth economical wave

- Become a knowledge based economy.
- Develop the infrastructure that is necessary to support a knowledge based economy
- Information and communication technology (ICT)

Challenges in moving South Africa into the fourth economical wave

- High unemployment levels and unskilled labour
- Brain-drain and the HIV&AIDS pandemic
- A lack of infrastructure
- Insufficient legal and regulatory frameworks and government strategy
- Others: corruption and lack of access



The End?

