

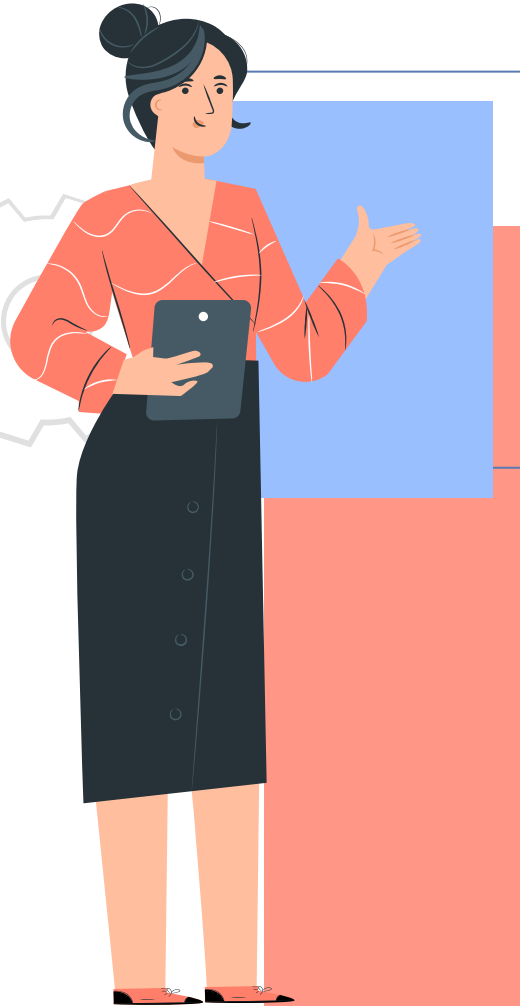
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CHAPTER 2

CLASSIFICATION OF BUSINESS

CLASSIFICATION OF BUSINESS (BY ACTIVITY)



- PRIMARY SECTOR
- SECONDARY SECTOR
- TERTIARY SECTOR

PRIMARY SECTOR

Firms whose business activity involves the extraction of natural resources.

farming, fishing, forestry, mining

SECONDARY SECTOR

Firms that process and manufacture goods from natural resources.

Refining, manufacturing, construction

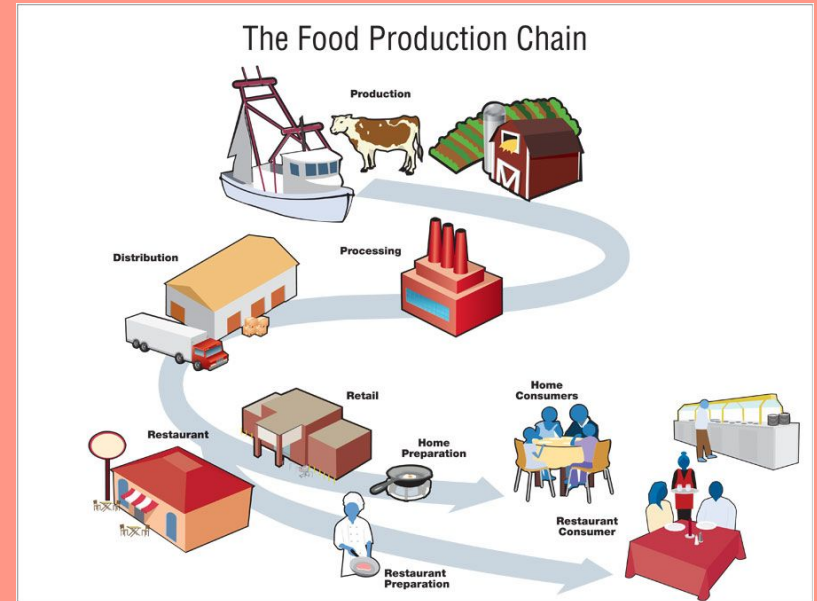
TERTIARY SECTOR

Firms that supply a service to consumers and other businesses.

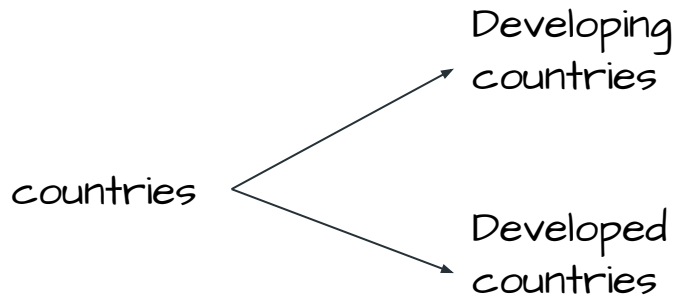
Shops, banks, restaurants, cinemas, airlines

CHAIN OF PRODUCTION

The production and supply of goods to the final consumer involves activities from primary, secondary and tertiary sector businesses.



BUSINESS CLASSIFICATION CHANGES



industrialisation = the growing importance of secondary sector business activity and the reduced importance of primary sector business activity.

De-industrialisation = the growing importance of tertiary sector business activity and the reduced importance of secondary sector business activity.



Employment data 2008 as % of total employment			
Country	Primary	Secondary	Tertiary
United Kingdom	2	20	78
China	44	24	32
Ghana	54	20	26

CAUSES OF CHANGING IMPORTANCE OF BUSINESS CLASSIFICATION



- **Higher incomes** - consumers demand better quality and a wider choice of products
- **Better education** - consumers expect better products and know that they can purchase goods through e-commerce.
- **More leisure time** - demand for leisure activities, such as cinemas and restaurants has increased.