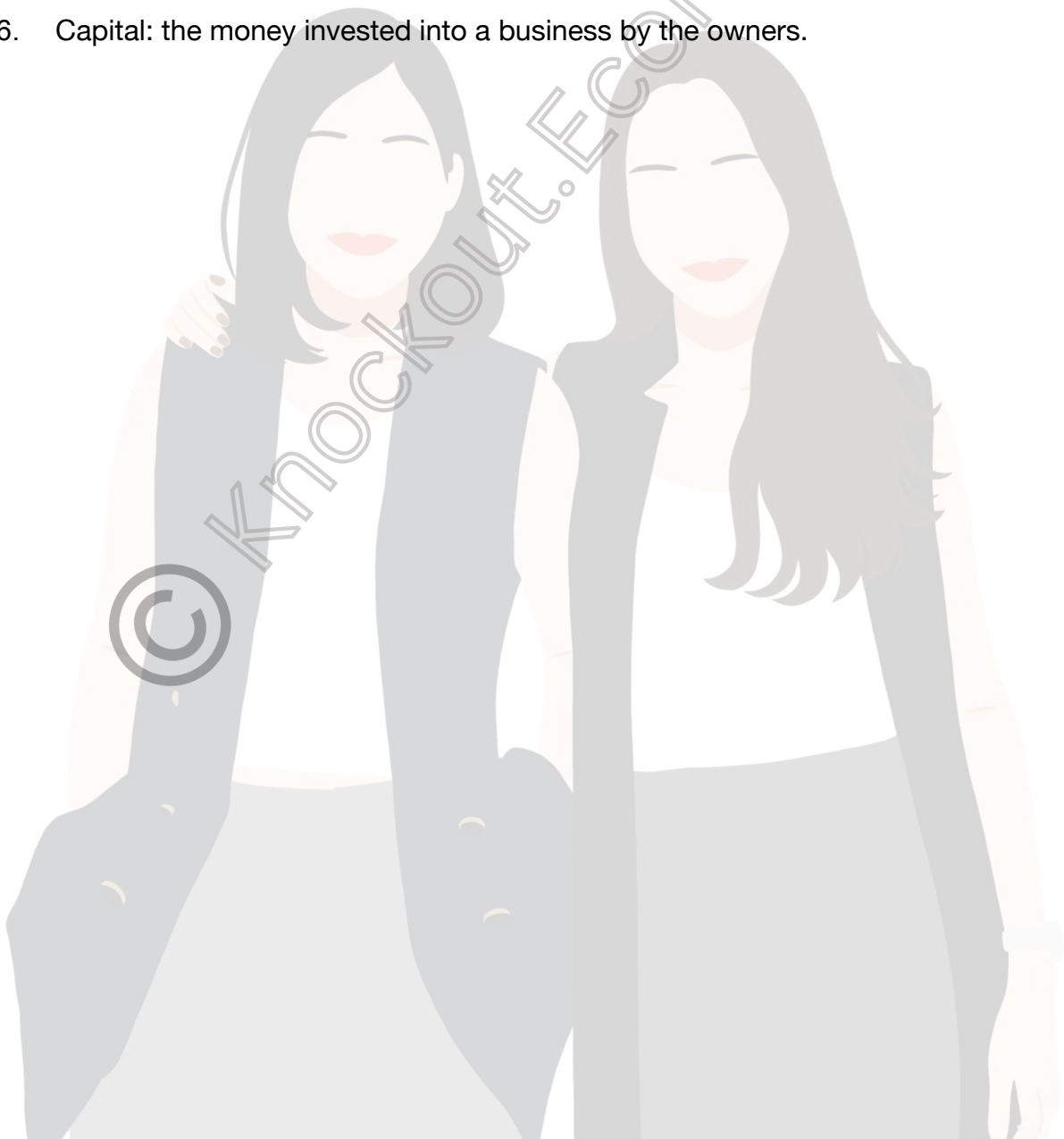


Chapter 2: Classify of Business

Key terms

1. Primary sector: industry extracts and uses the natural resources of the earth to produce raw materials used by other businesses.
2. Secondary sector: industry manufactures goods using the raw materials provided by the primary sector.
3. Tertiary sector: industry provides services to consumers and the others sectors of industry.
4. De-industrialisation: occurs when there is a decline in the importance of the secondary, manufacturing sector of industry in a country.
5. Mixed economy: has both a private sector and a public(state) sector.
6. Capital: the money invested into a business by the owners.



1. **Economic activity**

: action involves production/distribution/consumption of goods and services at all levels of society.

2. **Type of economic activity classified by activities:**

1. **Primary sector:** involves extracts natural material; agriculture, fishing, forestry and farming.
2. **Secondary sector:** involves taking raw materials from the primary sector to produce products. It includes manufacture, building, and construction.
3. **Tertiary sector:** involves providing services and distribution. It includes retails, department stores, insurance services, hairdressing, banking.

3. **Type of economics activity classified by ownership:**

- **Private sector:** Organized by private companies. The objective is to maximize profit
- **Public sector:** Organized by government or state-owned enterprises.

The objective is to improve social welfare. eg. Government provides education to improve people's living standards.

4. **Reasons for the changing importance of business classification**

- **In developing countries,** there are a larger proportion of people working in the agricultural sector than in the manufacturing and service sector. Then, when the countries become more developed, there will be more workers in the manufacturing and service sector as wage and working conditions are better.
- **In developed countries,** there are a large proportion of people working in the service sector.