

Classification of Business

IndustryTypes

- 1) Primary- Producers who produce raw materials Eg Farmers, Fishermen, Miners
- 2) Secondary- Producers who take a raw material and process it into something more useful eg Builders, Car makers
- 3) Tertiary- People who work in an industry that provides a service. Eg Lawyers, doctors, politicians
- 4) Quaternary- A particular type of tertiary industry. ie) It involves the processing and transfer of knowledge. Eg Communications, education, property, financial advice.
- 5) Quinary- Services that have traditionally been performed in the home. Eg Childcare, hospitality

Businesses operating across more than one country----- **Multinational companies** with branches adding value to products across a range of countries with co-ordination and control in a central headquarters.

Other terms- **Transnational company, Global business** which see the whole world as their operating zone and potential market.

Eg Apple computers.

Corporate Legal Structures.

- 1) **Sole Trader.** Include a definition/explanation and at least two advantages and disadvantages.
- 2) **Partnership**
- 3) ***Limited Liability Companies**(Incorporated Companies) and Partnerships p 21-22
Limited liability means that investors or partners are not personally liable for the debts of the company or partnership. If the business goes bankrupt the partner or investor can lose the money they put into the business but their other assets (house, car, bank accounts) cannot be taken to pay company debts.
Investors are much more likely to put their money into companies with limited liability than if they were risking all other assets.
Companies with Limited Liability have Ltd after their name. Eg BHP Ltd
- 4) **Types of Companies**
 - a) **Private Companies** Definition/explanation + advantages/disadvantages
 - b) **Public Companies** Definition/explanation + advantages/disadvantages Include **Prospectus, Stock Exchange, ASIC**

5) Government Businesses (GBE's) and Statutory Bodies

Providers of services or goods that are wholly or partially government owned. Eg ABC or SBS television Australia Post.

Should GBE's be retained or sold.

Argument for selling.

Private business has a need to maximise profit and is best able to run an enterprise in the most efficient manner.

Money earned from selling Government Business Enterprises can be used to reduce government debt or buy goods for the general public.

Arguments against selling

Government can provide essential services to the public at a reasonable price that is not just about profit.

Sale of government assets is a "once only" deal and any money earned by government business would have to be forgone.

