

# **Producer Services, Transaction Activities, and Cities Rethinking Occupational Categories in Economic Geography**

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## ***Abstract***

Applying insights from 'new institutional economics' to classify economic activities or occupations avoids some problems for which conventional classifications of services and particularly producer services have long been criticized. In institutionalist thinking the mixture of organizational forms such as market, hierarchy or network in an economy is mainly determined by transaction costs, which can in turn be correlated to specific 'transaction activities'. Typical transaction activities can be identified in markets and in other institutional arrangements, allowing the classification of real economic activities, occupations or firms as transactional or not. Many other commonly applied labels like informational related activities appear comparatively imprecise. This categorization and differentiation sheds new light on discussions about spatial development, from the world city debate to claims about the presumed role of high-tech occupations in metropolitan areas. It is argued that transactional occupations, especially those requiring higher qualifications, can be expected to be highly concentrated in larger agglomerations. In contrast, many non-transactional occupations though requiring high qualifications and usually also regarded as basic for metropolitan economies, like parts of R&D, are not necessarily concentrated there.

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