



Part 1 :Entrepreneurship

CHAPTER 2: The Concept of Business

I. The concept of business

1. Definition

The term business refers to an organization or enterprising entity engaged in commercial, industrial, or professional activities. The purpose of a business is to organize some sort of economic production of goods or services. Businesses can be for-profit entities or non-profit organizations fulfilling a charitable mission or furthering a social cause. Businesses range in scale and scope from sole proprietorships to large, international corporations.

The term business also refers to the efforts and activities undertaken by individuals to produce and sell goods and services for profit. *Source: investopedia*



I. The concept of business

2. The role and Objectives

a)The Role of Business

The business role define organizational structure which is broken down into three main parts (executive ,managerial and operational).

- C.F.O** (Chief Financial Officer)
- Accountant**
- Manager** (Top, bottom)
- C.E.O** (Chief Executor Officer)



I. The concept of business

2. The role and Objectives

b) Objectives:

The Objectives of Business are its driving force. These are the factors that keep the business running.

b.1.Goals/Objectives

b.1.1- Economic objectives:

- Profit Earning (to survive & grow)
- Market Share / Creation of Customers (no customers no profit)
- Innovation & Utilization of Resources (dynamism & proficiency)
- Increasing Productivity (optimal use of resources)



I. The concept of business

2. The role and Objectives

b)Objectives:

The Objectives of Business are its driving force. These are the factors that keep the business running.

b.1.Goals/Objectives

b.1.2- Social objectives:

According to Dayton Hudson “The business of business is serving s

- Providing Goods & Services at Reasonable Prices ()
- Employment Generation
- Fair Remuneration to Employees
- Community Service

(building schools,libraries, sport team, help NGOS, weaker section of society)



I. The concept of business

3. Business classification:

Various business activities can be classified into two categories:
Industry & commerce

A. Industry

Conversion of raw materials into useful forms of finished products(**consumer goods** or **capital**).

Industry can be classified into three broad categories.

- Primary industry
- Secondary industry
- Tertiary industry



I. The concept of business

3. Business classification:

Various business activities can be classified into two categories:
Industry & commerce

A. Industry

1-Primary industry:

This is also known as extractive industries and they are subdivided as follows:

a. Extractive industry

These industries extract or draw out products from natural sources.

Exemples: farming, hunting, fishing operation, mining,...

b. Genetic industry

The industries involved in the activities of rearing & breeding of living organism i.e. birds, plants, animals etc. Example:poultry farm,growing fish in ponds,rearing of cattle for milk,...



I. The concept of business

3. Business classification:

A. Industry

2-Secondary industry

Here it's about converting raw material into finishing product. The materials which have already been extracted at the primary stage in primary industry.

The secondary industry can be subdivided as follows:

a. Manufacturing industries:

These do the process of conversion of raw materials or semi-finished goods into finished goods.

b. Construction industries:

These industries are concerned with the construction of buildings, dams, roads etc. These industries use the products of manufacturing industries such as cement, iron & steel, lime etc.



I. The concept of business

3. Business classification:

Various business activities can be classified into two categories: Industry & commerce.

A. Industry



-Tertiary industry

These industries are concerned with providing those services which facilitate a flow of goods & services. This industry helps in the activities of the primary & secondary industry. Example Transport, Delivery, ...



I. The concept of business

3. Business classification:

B. Commerce:

Direct or indirect activity that facilitate the exchange of goods.

It is subdivided as follows:

a. Trade

1-internal trade (Whole sale, Retail)

2-external trade (import-export)

b. Auxiliaries Trade

(Banking, advertisement, warehousing, transport, ...)



I. The concept of business

3. Types of Business:

a. Sole proprietorship(1)

Example: store

b. Partnership (2-20)

Example: Small size to medium business

c. Cooperative(10+)

Example:Credit,consumer,farmer,...

d. Company (C, S, non-profit)

Example:Amazon,microsoft,apple,..

e. LLP(limited lialibity partnership)



II. Business environment

1. Definition

Business Environment is sum or collection of all internal and external factors such as employees, customers needs and expectations, supply and demand, management, clients, suppliers, owners, activities by government, innovation in technology, social trends, market trends, economic changes, etc.

There are two factors that can influence a business: internal and external .



II. Business environment

2. The relationship between the company and its environment.

a- Internal factors:

- Values**
- Vision,mission and objectives**
- Organizational structure**
- Corporate culture**
- Management style**



II. Business environment

2. The relationship between the company and its environment (cont)

a- Internal factors:

- Human resources**
- Labor unions**
- Physical & technological resources**



II. Business environment

2. The relationship between the company and its environment (cont)

b- External factors:

- Political & legal environment
- Economical environment
- Social environment
- Competitive environment
- Geographical environment



II. Business environment

2. The relationship between the company and its environment (cont)

b- External factors:

- Demographical environment
- Global environment
- Social environment
- Technological sectors
- Natural environment

NB: Managers must consider all these factors while planing and deciding.



III. Characteristics of Business

Characteristics are the features which are necessary to classify the business. There are as follows:

- Economic activity**
- Sale or Exchange of Goods and Services**
- Regularity in Dealing**
- Profit Earning**
- Risk factor**
- Uncertainty of returns**
- Legal activity**



Conclusion

- Business?
- Business Role & objectives
- Business classification
- Business types
- Business environment
- Business Characteristics

How can we create , run & register a business sucessfully?

Sources: www.toppr.com/guides-business-study;
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<https://www.google.com/search?q=business%20success%20images&tbm=isch&hl=en&client=ubuntu&sa=X&ved=BBH&biw=1310&bih=656#imgsrc=v8kzCHJHFYfqAM&imgdii=XGdAfyVEfy9HcM>
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Thank you