

Business Venture

A business is a set of activities, which leads to the manufacturing of goods or provision of services to satisfy the consumers at a profit. In other words, any activity conducted by an individual or group of individuals which involves the accumulation of resources (materials, capital, information, labour, equipment and tools) for the provision of goods and services to satisfy the needs of a consumer for a profit, is regarded as a business. On the other hand, a venture is an undertaking involving uncertainty as to the outcome, especially a risky one. Therefore, a social venture is an undertaking by a firm or organization established by a social entrepreneur that seeks to provide systemic solutions to achieve a sustainable, social objective.

Social ventures may be structured in many forms, including sole proprietors, for-profit and not-for-profit firms, non-governmental organizations, youth groups, community organizations, and more. The distinguishing characteristic of the social venture versus the business venture is the primacy of their objective to solve social problems and provide social benefits. The social venture may generate profits, but that is not its focus. Rather profits are a possible means to achieve sustainability in providing a social benefit. The problems addressed by social ventures cover the range of social issues, including poverty, inequality, education, the environment, and economic development. The context in which social ventures operate is very complex as they are trying to bring about solutions where markets or governments may have failed or impede solutions. Further, these ventures are trying to provide solutions where money is usually in short supply often these ventures have little assurance that their services can be paid for by those they seek to serve, hence they keep seeking new ways to fund their services.

Scope of Business Ventures

The scope of business or social venture covers all the activities related to production and distribution of goods and services from the place of production to the final consumers with an aim to earn profit. There are two types of business activities known as business components, which are defined as the scope of business. Whether as a business or a social venture the scope of activities is well defined. This scope involves the industrial sector, commercial sector, and service sector

1. Industrial Sector: The word industry refers to that part of business activities which is concerned with the extraction, production or fabrication of products. The products which are raised, produced

or processed by an industry may either be used by the ultimate consumer or by another for further production. If the goods produced by an industry are consumed by the final customers, they are consumer goods e.g., clothes. If the goods are used for further production of wealth, they are called producer or capital goods. In case the goods produced by an industry are further processed into finished products by another industry they are known as intermediate goods. i.e Plastic. There are different types of industry which are

- Extractive Industries are those industries which extract, raise or fabricate raw materials from above or beneath surface of the earth. i.e. Mining, fisheries forestry, agriculture.
- Genetic Industries are those industries which are engaged in reproducing and multiplying certain species of animals and plants and selling them in the market for profit are named as genetic industries. i.e. Cattle breeding farms, poultry farms, plant nurseries.
- Constructive Industries are engaged in the construction of building, canals, bridges, dams, roads etc.
- Manufacturing Industries are those which are concerned of converting raw material or semi-finished products into finished products. E.g. Shoes Company, Textiles Mills

2. Commercial Sector: The second element that comes in the scope of business is commerce. It is a very important component of business and is concerned with the buying and selling of goods. It includes all the activities which are connected to the transfer of goods from the place of production to the ultimate consumers. The whole range of commercial activities is classified as trade, which is the process of buying and selling of goods. It is the exchange of goods and services among buyers and sellers in which both parties received a benefit. Trade is classified into two types.

- **Internal Trade** The process of buying and selling of goods within the edge of a country is called internal trade. This could be wholesale trade or retail trade.
 - **Wholesale Trade:** The process of purchase of goods in huge quantity from producers and their resale to retailers is known as wholesale trade. The retailer then further sells these goods to the final consumers.
 - **Retail Trade:** The purchase of goods or services from the wholesalers and selling in small quantity to the ultimate consumers is known as retail trade.

- **External Trade** The purchase and sale of goods between two countries are called external trade. It is also called foreign trade. There are two types of external trade. These are import trade and export trade.
 - **Import Trade:** This involves the purchase of goods from foreign countries to be sold in the home country.
 - **Export Trade:** This involves the purchase of local goods to be sold in foreign countries.

3. **Service Sector:** Service sector is usually engaged in the provision of intangible products which cannot be seen. The sector is made up of direct and indirect services. The direct services are those services that are provided by professionals, such as health care, teaching, legal services, etc. The indirect services are those that are offered to enhance the activities of industrial and commercial sectors. In business parlance, they are called aids to trade. These aids to trade include: -

- **Transport:** The different ways of transport help in carrying goods from the places of production to centers of utilization e.g. Railways, ships, airlines etc.
- **Insurance:** Insurance is very essential aid to trade. The risk of damage of goods due to fire, flood, earthquake or other causes is covered by insurance.
- **Warehousing:** Warehousing is a kind of storeroom. Nowadays most of the goods are produced in anticipation of demand. They are stored in safe places and are released as and when demanded in the market. Warehousing thus helps in overcoming the barrier of time and creates time utility.
- **Banking:** The commercial banks play a vital role in financing the different trade activities. They are funding the traders for stock holding and transportation of goods. They also support the buyers and sellers of goods in receiving and making payments, both at the national and worldwide level. The credit facility in the form of cash credit, overdrafts and loans is provided to the traders.
- **Advertisement:** Advertising the product through newspapers, magazines, radio and television has greatly helped the consumers in choosing the goods of their taste thereby increasing sale of goods.