



UNIVERSITY
of
INFORMATION TECHNOLOGY

Introduction to Business

Faculty of Information Science

INTRODUCTION

1. Resources used to produce products or services
2. Key Stakeholders in a business

Lesson Objectives

- ❖ To explain resources used to produce products or services
- ❖ To recognize the key stakeholders in a business

1. Resources used to produce Products or Services

To produce a product or service, firms rely on the following factors of production:

- ☐ Natural resources
- ☐ Human resources
- ☐ Capital
- ☐ Entrepreneurship

Natural Resources

- ❖ Natural resources include any resources that can be used in their natural form.
- ❖ The most obvious natural resource that is commonly used by businesses to produce products or services is **land**.

Human Resources

- ❖ People who are able to perform work for a business.
- ❖ They may contribute to production by using their physical abilities, such as working in a factory to construct a product.

Capital

- ❖ Capital includes machinery, equipment, tools, and physical facilities.
- ❖ All of these types of capital are commonly used by human resources to produce products.
- ❖ Physical facilities are typically necessary to produce many services as well as products.

Entrepreneurship

The creation of business ideas and the willingness to take risk; the act of creating, organizing, and managing a business

Entrepreneurs

People who organize, manage and assume the risk of starting a business

2. Key Stakeholders in a Business

Five types of stakeholders are involved in a business:

- ❖ Owners
- ❖ Creditors
- ❖ Employees
- ❖ Suppliers
- ❖ Customers

Owners

- ❖ People will be willing to create a business only if they expect to be rewarded for their efforts
- ❖ Some people are motivated by the chance to earn a large income
- ❖ Most business owners would agree that all of these characteristics motivated them to start their own business

Stock and stockholders

- ❖ The investors who purchase stock are called stockholders (or shareholders) of those firms
- ❖ When a firm's performance improves, its value may increase as well, as reflected in a higher stock price for those who own the stock.

Creditors

- ❖ Many firms that need funds borrow from financial institutions or individuals called creditors, who provide loans

Employees

- ❖ Firms hire employees to conduct their business operations
- ❖ Employees who are responsible for managing job assignments of other employees and making key business decisions are called managers.
- ❖ Managers' good decisions can help a firm succeed; their bad decisions may cause a firm to fail.

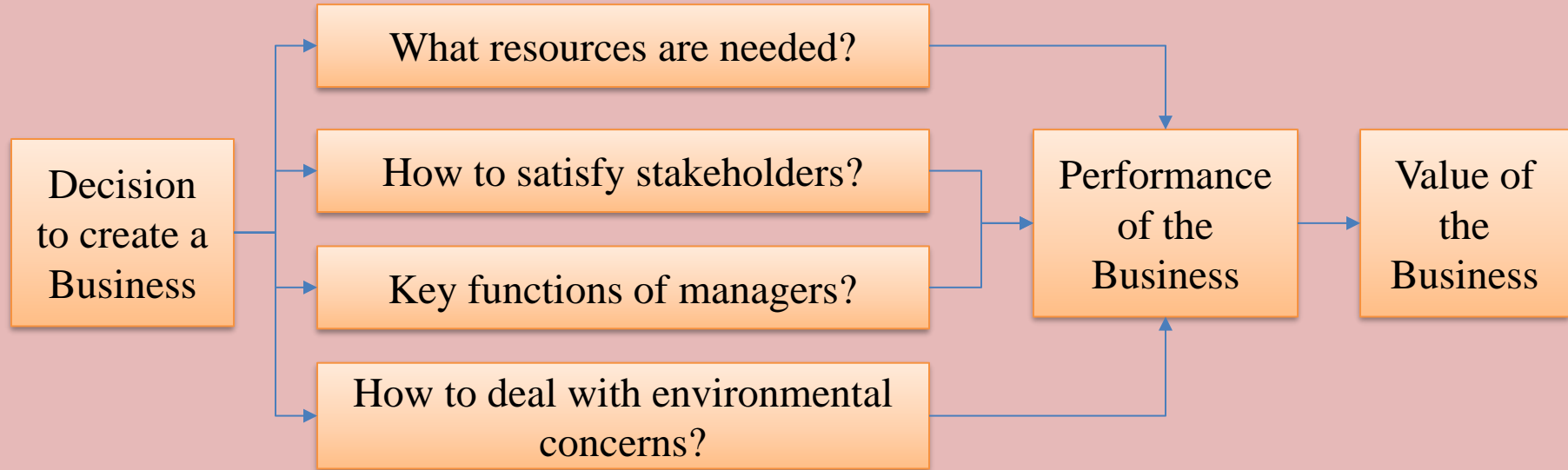
Suppliers

- ❖ Firms commonly use materials to produce their products.
- ❖ Firms cannot complete the production process if they cannot obtain the materials.
- ❖ Therefore, their performance is partially dependent on the ability of their suppliers to deliver the materials on schedule.

Customers

- ❖ Firms cannot survive without customers.
- ❖ To attract customers, a firm must provide a desired product or service at a reasonable price.
- ❖ It must also ensure that the products or services produced are of adequate quality so that customers are satisfied.

Key Stakeholders in Business



Summary

- ❖ Businesses use factors of production such as natural resource (land), human resources, capital and entrepreneurship.
- ❖ They use human resources to perform the production and make other business decisions.