**What is a Company - Transcript**

Since the earliest moments in human history, humans have been cooperating and trading to create wealth and gain access to goods and services in various markets. In this fashion, a hunter traded meat for a stone tool, or two farmers exchanged corn for carrots. In short, people conducted business in a personal capacity. As humanity left behind the dark Middle Ages and launched itself into the Industrial Revolution, all sorts of scientific discoveries and technological advances emerged. Wealth generation, up to this point, was a function of how much land you happened to own and how many poor peasants you could make work the land.

New wealth was generated by trade and by entrepreneurial pursuit to invent new technologies like the steam engine, the rail, the industrial machine. As this transition gained speed through the 1600s, the old concept of business done on one's private capacity became a problem. How would a man, as rich as he might be, take upon himself the liabilities associated with a large-scale rail track laying company or risk all his fortune by sending trade ships to India to bring the black pepper, also known as the black gold, to Britain, when pirates might bankrupt the whole thing. In short, business became a high-risk, high-investment, and high-return proposition to what used to exist in past agricultural ages.

We owe the idea of a company as we know it today to a couple of wig-wearing lords in the British House of Lords and a bootmaker named Solomon. In 1896, these gentlemen brought into being the concept of a fictitious invented identity that could be created by individuals and could get into business and succeed or fail independently from its owners. The new idea soon spread across continental Europe and America and became what we know today. And so came into being a limited liability company whereby a man would be able to do business through an independent legal identity. The owners would have a right to the assets and rights to the management of the company. When a company had several owners, their relative rights would be determined according to their share of those rights, property and management. Through the following ages, very little change has been made to these basic principles. Today, there are many types of companies, certainly in different countries, but the same basic concepts remain.

1. A company is incorporated, set up, by individuals.

2. Who wish to limit their personal liability and separate and protect their personal assets in case of a lawsuit or claims against their business entity.

3. Who own the company per their individual share of the rights in the company, also known as shares, usually representing how much they invested in the said business.

4. Who then have a right in decision making and in profit distribution. Types of regulations regarding companies develop during the years in various countries to allow kings and parliaments access to tax revenues by forcing companies to report their income. In some cases, the shares of companies can be traded on specific markets, in which case the company becomes a public company.