

Title:

How to Define a Business

Word Count:

429

Summary:

Businesses are everywhere. They are the units that perform most of the economic activity in our economy. Most businesses exist to generate a profit.

Keywords:

business, manufacturing, financial, banks, transport, utilities, money, profit

Article Body:

Businesses are everywhere. They are the units that perform most of the economic activity in our economy. Most businesses exist to generate a profit. There are some businesses that exist to perform a function other than profit, such as cooperatives and non-profit organisations. The traditional definition of a business is an entity that brings together time, effort and capital in order to produce a profit.

There are different ways of classifying businesses but here are the main types:

- These take raw materials and make finished products, which they then sell. They make a physical good such as a car or a sofa.
- Service businesses do not produce a physical product but offer a service to consumers. They make a profit by charging for their skills and labour.
- Retailers and distributors. These businesses facilitate the chain of supply. They buy goods from the producers or wholesalers and sell them on to consumers at a higher price.
- Agriculture and mining. These businesses are also known as extraction industries as they make their profit by taking raw materials out of the ground. Forestry, fishing and coal mining would be in this group.
- Financial businesses include banks, insurance companies and investment funds. They offer financial services to consumers and other businesses and generate a profit by managing capital for others.
- Utilities are companies that provide vital public services like heat, electricity, gas, water and sewage treatment.
- Real estate is the business of buying, selling and developing land and buildings. These can range from homes to commercial properties to factories.

 Transportation businesses move people and goods around the world. These would include taxi and bus companies, freight companies, shipping companies and airlines.

Businesses can either be privately owned or publicly owned by the government. Government usually regulates business for a variety of purposes. This will include collecting corporate taxes. Also certain business pose a risk to the public and so must be regulated. Some businesses, especially extraction and manufacturing but also others, have a significant impact on the environment. If they were left unregulated, they could, while carrying out their functions for profit, do irreparable harm to the environment. Others, such as drug companies and pharmaceuticals must be regulated so that safety and health standards can be maintained. Drugs must be monitored so that any that begin to cause serious side effects are quickly taken off the market.

Most people hold the view that it would not be successful to have businesses regulate themselves when it comes to vital areas of the public interest.