

THE BUSINESS ENVIRONMENT

An overview

What is business?

□ Short answer

- Production and sale of goods and services
- Influential part of Canadian society
 - We all make, buy, sell or exchange goods and services
- Revolves around two interest groups
 - Producers
 - Make Good
 - physical items
 - provide services
 - Helpful acts
 - Consumers
 - Buy and use them

Types of Producers



- Manufacturers
 - ▣ Company or business that produces the goods
- Suppliers
 - ▣ Provides the consumer with the goods or services
 - May also be in the business of manufacturing their goods

Who producers supply to



- Ultimate consumers
 - ▣ Consumer who purchases for his or her own use
 - Consumer goods
- Industrial consumer
 - ▣ Purchase for the purpose of providing goods and services to further consumers
 - Industrial goods

What businesses are trying to satisfy

□ Needs

- Essential things that people lack and must be fulfilled in order for people to live
 - Food
 - Shelter
 - Clothing
 - Safety and security
 - Sense of self

What businesses are trying to satisfy

- Wants
 - ▣ Things we enjoy having but that are not essential for our survival
 - Car
 - Stereo
 - Second pair of runners
- Needs and wants change as society changes

Functions of Business

- Considerations of a business can be categorized into five functions (areas) of businesses
 - Production
 - Marketing
 - Finance
 - Human Resources
 - Management

Production



- Process of converting a business's resources into goods and services
- Factors of production
 - Land – natural resources used to produce goods and services
 - Capital – machinery and equipment required to produce goods and services
 - Labour – human element of production and includes all mental and physical work put in by people
 - Technology – application of scientific research to improve production and distribution
 - Entrepreneurship – brings together all the factors of production and starts the business

Marketing

- All business activities to plan, price, promote and distribute goods or services to satisfy consumer needs and wants

Finance

- Keeping accurate records of the money that is coming into and going out of the business
 - Who owes money
 - To whom money is owed
 - How money is spent
 - How much is being made
 - What money can be invested

Human Resources

- “people aspect” – hiring, training and maintaining employees

Management

- The planning and organizing of the business activities
 - Creating short and long term goals

Interdependence

- Mutual reliance between consumers and producers
 - Consumers need someone to provide goods and services
 - Producers need someone to purchase their goods and services
- Enables businesses to run efficiently and allows consumers input

Factors That Effect the Success of a Business

- Competition
 - ▣ Similar businesses
- Service
 - ▣ Quality
- Satisfaction
 - ▣ Customer's
- Investment
 - ▣ Furtherment of the business
- Profit
 - ▣ Sales – expenses
- Risk
 - ▣ Level

Current changes

- Growth of small business
- Growth in environmental concerns
- Technology
- Ethics
- Service