

Name \_\_\_\_\_

## The Free Enterprise System

**What is Business?** -- All of the activities involved in \_\_\_\_\_  
\_\_\_\_\_ goods and services.

### Types of Businesses

#### • Size and Scope

— \_\_\_\_\_ – size – small businesses have less than 100 employees, large more.

— \_\_\_\_\_ – domestic market is a single country, global is among nations.

#### • Purpose

— \_\_\_\_\_ (Microsoft, McDonald's) vs. \_\_\_\_\_ (YMCA, Boys/Girls Clubs of America)

— \_\_\_\_\_ (government services) vs. \_\_\_\_\_

Public organizations provide a non-profit service or are associated with the government.

#### • Industry and Markets

— \_\_\_\_\_ consists of a group of establishments primarily \_\_\_\_\_  
\_\_\_\_\_ the same product or service

• \_\_\_\_\_ uses a six-digit \_\_\_\_\_ to classify all economic activity into 20 industry sectors.

— Consumer, Industrial and Service Markets are interrelated because of the economic concept of derived demand.

**Derived Demand** -- \_\_\_\_\_ in the industrial market  
\_\_\_\_\_ on, or derived from, the demand for \_\_\_\_\_.

• **Example:** \_\_\_\_\_  
\_\_\_\_\_

### The Functions of Business

•Regardless of the type of business, there are four main function involved in an organization's operation

• \_\_\_\_\_ – the process of creating, growing, manufacturing, or improving goods and services.

– \_\_\_\_\_ – involves buying and reselling goods that have already been produced.

• \_\_\_\_\_ – all activities from the time a product leaves the producer or manufacturer until it reaches the final consumer.

• \_\_\_\_\_ – the process of achieving company goals by effective use of resources through planning, organizing, and controlling

• \_\_\_\_\_

–Finance involves \_\_\_\_\_ management

– \_\_\_\_\_ keeps track of a company's financial situation