

# Business Connections

Business and Society

**Types of businesses**

**Businesses' role**

**Social responsibility**

**SAMPLE  
PAGE**



Intel recalls  
more chinese



# All Kinds of Industry

When you think of different types of businesses that operate in our society, you might think of grocery stores, restaurants, and dry cleaners, but there are actually three broad categories that cover all “types of businesses.” They are producers, trade industries, and service industries. Let’s take a closer look at each.

## Meet the producers

People who make or provide goods and services are **producers**. Three kinds of producers are raw-goods producers, manufacturers, and builders.

*Raw-goods producers.* These producers provide goods in their natural, or raw, states. They include businesses such as farms, mines, fisheries, and lumber companies. Without **raw-goods producers**, we wouldn’t have cars to drive, a variety of foods to eat, or houses to live in.



Business is a very integral part of our society and our daily lives. If we were talking about a play or a movie here, business would have a leading role. Businesses rely on customers and vice versa. Without customers, businesses would have no way to make money and stay in business. They would also be missing out on that all-important “word-of-mouth” communication that can provide. Customers purchase the want and need. Business also benefits society in a number of other ways. Learn more about the interesting and dynamic relationship between business and society.

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## Objectives:



Describe the types of business that operate in our society.



Explain how business serves society.





- **By vending machine**—You know you can get a can of Coke or a Snickers bar out of a vending machine. However, the use of these machines is rapidly evolving. In many locations, you can now purchase iPods, digital cameras, and high-quality skincare products from vending machines as well.
- **On street corners**—On your lunch break from work, you buy a hot dog from a street vendor.
- **Online**—Online retailing has exploded in recent years. Most major retailers offer online shopping for their customers, and many **e-tailers** (retailers that operate exclusively online) are now operating as well. These businesses save a lot of money by not having to provide a real-life shopping premise for their customers.

Wholesalers also use a variety of business premises. Some maintain warehouses that buyers can visit. Others maintain storage facilities but don't make them accessible to buyers. Instead, buyers order from catalogs by mail or by telephone. Some wholesalers sell goods directly from their trucks. This method is used a lot for perishable products. Other wholesalers don't take possession of the products they sell. Therefore, they don't have any products on hand and don't need any storage facilities.

### Service with a smile

**Service businesses** perform intangible activities that satisfy the needs and wants of consumers and industrial users. People buy the service that is being provided, not a good. Therefore, this category does not include businesses such as department stores that offer services associated with the goods they sell. It does include businesses that may not even sell goods or other services. And, if a good is used in performing the service, its title, or ownership, is not given to the customers. So, what are these service businesses? Most can be classified in the following manner:

- **Housing**—hotels, motels, apartments
- **Household operations**—utilities, housecleaning, home repair, landscaping, appliance repair
- **Recreation**—amusement parks, sporting events, theaters, rental and repair of recreational equipment
- **Personal care**—beauty salons, dry cleaners, photo studios, fitness centers
- **Medical and other health care**—doctors, dentists, psychiatrists, optometrists, nurses, hospitals
- **Private education**—driving classes, computer classes, photography classes, skiing lessons, golf lessons
- **Business services**—bookkeepers and accountants, consultants, computer programmers, lawyers, advertisers

- **Insurance and financial**—business and personal insurance, credit card and loan services, tax advisors, investment brokers
- **Transportation**—car rental and repair, freight and passenger service
- **Communications**—telephone, broadcast, Internet, cellular service

### Summary

Businesses can be categorized as producers, trade industries, and service businesses. Producers may be raw-goods producers, manufacturers, or builders. Trade industries are either retailers or wholesalers. They differ based on a number of factors. Rather than providing goods as trade industries do, service businesses provide intangible services.

1. What three broad categories cover all types of businesses?
2. Describe three types of producers.
3. What are trade industries?
4. Describe the difference between retailers and wholesalers.
5. Trade industries differ based on what factors?
6. Give a few examples of service businesses.

### The Gray Zone

Sometimes businesses may contribute to public interest that employees find controversial. Employees may have sensitive issues such as... and they may disagree with... the issue. What do you think... ers have sole discretion on... contributions, or do employees' opinions count?

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## Who benefits?

In addition to being socially responsible to the users of their products, businesses are responsible to their communities, to their employees, and to their companies. Let's look at each in more detail.

**Product users.** Every business has the responsibility of producing and/or offering safe, quality products. Businesses are able to provide these products by conducting research to determine consumer desires, developing the desired products, and testing their quality and safety.

If businesses fail to be sensitive to the well-being of their product users, not only will the businesses' products not sell, but the businesses will probably fail. Imagine what would happen to toy manufacturers if they were not concerned about making their toys safe for children. When producers recognize that there is a safety problem with their products, they often issue product recalls to fix the problem or to replace the product.

**The community.** If you stop to think about it, many of the decisions that business owners make affect not only the business but the community in which the business exists. How could a business's decisions about production, employment, taxes, or pollution control affect your community? What about a business's contributions to educational, cultural, and training programs?

**Employees.** To continue to exist, businesses must be socially responsible to their employees. They must provide safe, secure working environments. They must make employees aware of possible working hazards and take precautions to reduce those conditions. For example, steel-toed boots should be required for construction jobs, and machinery should be equipped with emergency switches to be used in case of accidents.

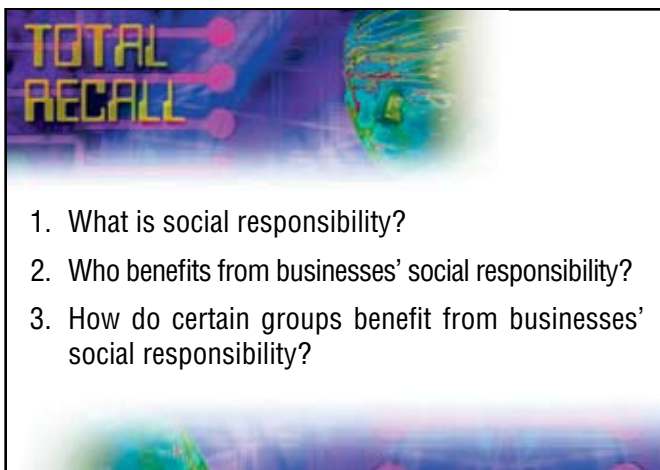
Businesses need to consider the quality of the working environment as well. Is work interesting and challenging to employees? Do employees receive satisfaction from their work? Many businesses now recognize that they have a social responsibility to the overall well-being of employees. They want their employees to be mentally satisfied with their jobs. They feel that workers cannot be focused on their work if their attention, interest, or motivation is divided. To help with this, businesses may offer such things as:

- Counseling for personal and professional problems
- Career planning
- Day-care centers for children of employees
- Retirement planning
- Flexible scheduling
- Training

**The company itself.** The business is socially responsible for maximizing its profits so that the company can grow and prosper. In this way, the company's owners can make as much money as possible on their investments.

## Summary

Most businesses recognize that they have a social responsibility, or a duty to contribute to the well-being of society. Businesses demonstrate social responsibility in two ways—by maximizing their profits and by contributing to public interests. Businesses are responsible to their product users, the community, employees, and themselves.



**TOTAL RECALL**

1. What is social responsibility?
2. Who benefits from businesses' social responsibility?
3. How do certain groups benefit from businesses' social responsibility?



**Make It Pay!**

List some examples of producers, trade industries, and service businesses that operate in your local community. How do these businesses demonstrate social responsibility? Which community benefited most from their social responsibility?

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