



UNDERSTANDING THE BUSINESS CONCEPT, TYPES AND DIFFERENT SIZES OF COMPANY

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Abstract

In this article, information about understanding the concept of business, its essence, types of business and different sizes of companies is covered based on analytical ideas.

Keywords: Business, small business, business purpose, commerce, entrepreneurship, enterprise, corporation, commodity.

INTRODUCTION

The term business means an organization or business entity engaged in commercial, industrial or professional activities. The purpose of business is to organize some kind of economic production of goods or services. Enterprises can be non-profit or commercial organizations that carry out a charitable mission and support a social purpose. Businesses grow in size and scope from sole traders to large international corporations. The term business also refers to actions and activities undertaken by individuals to produce and sell goods and services for profit.

- Business is defined as an organization or business entity engaged in commercial, industrial or professional activities.
- Enterprises can be commercial or non-commercial organizations.
- Business types vary from limited liability companies to sole proprietorships, corporations and partnerships.
- Some businesses operate on a small scale in a single industry, while others span multiple industries and operate on a global scale.
- Apple and Walmart are two prominent examples of famous and successful businesses.



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MAIN PART

The term "business" often refers to an entity operating for commercial, industrial or professional purposes. This concept usually starts with an idea and a name, and extensive market research may be required to determine the feasibility of turning the idea into a business. Businesses usually require business plans before starting operations. A business plan is a formal document that defines the company's goals and objectives and includes strategies and plans to achieve those goals and objectives. Business plans are especially important when borrowing capital to start operations.

Determining the legal structure of the business is an important factor, as business owners may need to obtain permits and licenses to legally operate, as well as comply with registration requirements. In many countries, corporations are treated as legal entities, meaning that businesses can own property, borrow money, and be sued in court.

Most businesses operate for profit and are often referred to as "for-profits". However, some businesses operate for a specific purpose without making a profit and are called "non-profit" or "non-profit" organizations. These entities may operate in the fields of charity, arts, culture, education and recreation, as well as political and advocacy groups or social service organizations.

Business activities usually involve buying and selling goods and services. Business activities can be done anywhere, for example in physical stores, online platforms or on the road. Anyone with financial income must report that income to the Internal Revenue Service (IRS). A company often defines its activity by the industry in which it operates. Examples include real estate, advertising, or mattress manufacturing. Business is a term that refers to transactions, often related to a product or service. For example, Exxon Mobil does its business by supplying oil.

RESULTS

Types of business can be divided into:

- **Sole Proprietorship:** As the name suggests, a sole proprietorship is owned and operated by one person. There is no legal separation between the business and



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the owner, meaning that the tax and legal obligations of the business fall on the owner.

- **Partnership:** A partnership is a business relationship formed by two or more persons to carry on business together. Each partner contributes resources and funds to the business and jointly shares profits and losses. These distributed profits and losses are reported on each partner's tax return.
- **Corporation:** A corporation is a form of business in which a group of people operate as a single legal entity. Owners are usually called shareholders, and they contribute money in exchange for receiving common stock in the corporation. Establishing a corporation relieves owners of financial responsibility for business obligations. However, it comes with unfavorable tax rules for corporation owners.
- **Limited Liability Company (LLC):** This is a relatively new business structure, first introduced in Wyoming in 1977 and other states in the 1990s. A limited liability company combines the tax pass-through benefits of a partnership with the limited liability benefits of a corporation.

Small businesses. Owner-owned small companies are called small businesses. They are usually run by one person or a small group of fewer than 100 employees. These types of companies include family restaurants, home-based companies, clothing, book and publishing companies, and small manufacturers. As of 2021, there are 33.2 million small businesses in the United States, employing 61.7 million people.

The Small Business Administration (SBA) officially defines a small business based on the number of employees the company employs and the amount of annual revenue. The SBA sets volume standards every five years for 229 industry sectors, ranging from engineering and manufacturing to food services and real estate. Businesses that meet SBA standards are eligible for loans, grants, and "small business allowances." These are agreements that the federal government restricts competition so that small businesses can compete and win federal contracts.

In the US, there is no clearly defined criteria for defining a medium or mid-sized company. However, when evaluating businesses operating in major cities such



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as Philadelphia, Baltimore and Boston, a mid-sized company is defined as one with 100 to 249 employees or \$10 million to \$1 billion in total annual sales.

Large businesses typically have 250 or more employees and gross annual revenues of more than \$1 billion. They may operate as a publicly traded company by issuing shares to finance operations. Large enterprises may be located in one country, but operate internationally. They are often divided into departments, such as human resources, finance, marketing, sales, and research and development. Unlike small and medium-sized businesses, large organizations typically separate their tax liability from their owners because they do not manage their companies. Instead, an elected board of directors makes many business decisions.

Apple (AAPL) is known for its innovative products, including personal computers, smart devices, and music and video streaming services. Founded in 1977 by Steve Jobs and Steve Wozniak, Apple became the first publicly traded company to reach \$1 trillion. The company's shares closed the trading day on May 23, 2023 at about \$172. Its market capitalization was almost 2.7 trillion dollars.

The company employs more than two million people, including 80,000 directly employed by Apple. The remaining jobs include suppliers, manufacturers and others supported through an Apple Store. The company had net sales of \$394.33 billion for the 12 months ended September 24, 2022.

The key to Apple's success lies in its product family and its ability to innovate. The company focuses on design and quality—both of which were key parts of Jobs' corporate vision. The products that Apple makes and sells use the same operating system, which allows consumers to synchronize products with each other, and also reduces the company's costs. Apple's ability to create, develop, and sell new products and services puts it ahead of its competitors.

Walmart (WMT) is one of the world's largest retail chains and operates as an international corporation. The company was founded by Sam Walton in Arkansas in 1962. Walmart has more than 10,500 stores in more than 20 different countries and employs more than 2.1 million people. The company went public in 1970 and is traded on the New York Stock Exchange (NYSE). Walmart stock traded above \$148 on May 23, 2023, with a market capitalization of \$399.79



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billion. The company generated revenue of \$611.3 billion during 2022, which is 6.7% more than the previous fiscal year.

Walmart's success depends on several factors, including its brand name, pricing policy, diversification (especially the addition of its online marketplace), effective supply chain management, and financial strength. There are several important steps to take to start a business. This includes: market research, developing a business plan, seeking capital or other financial sources, choosing a location and business structure, choosing the right name, filing registration documents, obtaining tax documents (employer and taxpayer IDs), and obtaining licenses and permits. It is also a good idea to open a bank account at a financial institution to facilitate your daily banking transactions.

Starting an online business involves some of the same steps as starting a traditional business, but there are a few differences. Instead of finding a physical location, we choose a platform and design our website. Before launching a business, we need to find a way to build our target audience, which can be done through traditional marketing tools or creative methods like social media.

DISCUSSION

A business name should match the type of organization we want to run and should be catchy and memorable. The name should also allow us to associate ourselves with the products and services we want to sell. It is important to be original. Most importantly, this name must not be used by anyone else. Check the business name through an online search to see if it exists or is registered. A business plan is important to running our business and helps us obtain the necessary financing to begin operations. We can choose between a traditional or a "lean" (mid-range) plan.

A traditional business plan contains many details, including company overview, plans for success, market analysis, management, products and services, marketing, and sales projections. Lean formats contain shorter and more useful information such as partnership details, business activities and customer relationships, cost structures and revenue streams. Templates are available online or we can design our own business plan.



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Business financing is often provided through loans. Government-backed loans offered through traditional lenders or the Small Business Administration are two options. Potential lenders, especially for new startups, want to see business details. Make sure you prepare your business plan, which should outline your expenses and income streams, and ensure you have a good credit rating. If the loan is approved, we may require a guarantee to secure the loan.

CONCLUSION

Businesses are the backbone of the economy. They provide products and services that are purchased by individuals and other companies.

Businesses range in size from small to large and operate in a variety of industries. And business structures vary from sole partnerships to large corporations that provide owners with ownership through shares. When starting a business, do your research and develop a business plan. This will help us raise the funds we need to start operations.

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