

DOI: <http://dx.doi.org/10.30970/meu.2024.51.0.5110>

УДК 338.242.2, JEL M20

## THE EPISTEMOLOGICAL DEFINITION OF THE ESSENCE OF BUSINESS

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**Abstract.** *The purpose of the article is to outline the conceptual guidelines of the scientific study of the definition of «business» and the formation of structural and functional features of «business», signs and characteristics of the concept of «business», classification of business entities. The article considered the essence of the concept of «business», and highlighted signs and characteristics of the concept of «business», the classification of business entities and structural and functional features of the business. The term «business» can be considered from such aspects (structural and semantic features) as earnings, money, profit; enterprise, firm, organization (entrepreneurship); organized economic and commercial activity, efficiency; economic relations; effort; managing affairs; sector and structural element of the market economy, the union of productions; an element of the market economy, a source of transformations. The proposed author's interpretation of the concept of business. The classification of business entities should be carried out according to the qualitative and quantitative signs. It is proposed to classify business according to functions, by the influence of constant external changes, by the influence of constant internal changes, according to the types of introduced innovations. The following main structural and functional features of business are highlighted: business object, business subjects, basic principles, functions, main goals, types of tasks to achieve goals, and business participants.*

**Keywords:** *business, activity, structural and functional features, management, business entities*

**Formulation of the problem.** A significant segment of theoretical and empirical research over the past decades has been devoted to the business phenomenon. Today, the humanities have accumulated theoretical and empirical material on various aspects of business development. However, there are many unfinished points of a conceptual and applied nature. Today, discussions regarding the content of the «business» category, as well as signs and criteria for business identification in the socio-economic system of an innovative type of development, cannot be considered complete. Of interest is the manifestation of specific traits and potential business identifiers that appear at all hierarchical levels of management. Theoretical and methodological ones remain poorly studied aspects of business development research, its essential features and criteria.

**Analysis of recent research and publications.** Most academics consider business as a predetermined object of research. Taking into account the variety of economic directions that encompass the concept of «business», it is necessary to clarify the essence of this concept and its inherent characteristics and signs.

Such scientists were occupied in the study of issues devoted to the content of business, Borowiecki R. [1], Burton W. [2], Melnyk L. [4], Karintseva O. [4], Handy C. [5], Horbatenko V. [6], Kozlovskyy V. [7], Vorotina L. [8], Odnorog M. [9], Pieper N. [12], Stephenson J. [13], Sullivan A. [14], Sheffrin S. [14], Summers D. [15] et al.

The question of content of the «business» category under conditions of information impact, development of competition, digitalisation of the global economy was considered in the works of Borowiecki R. [1], Burton W. [2], Kozlovskyy V. [7], Pieper N. [12], Stephenson J. [13], Summers D. [15]. Melnyk L. [4], Karintseva O. [4], Horbatenko V. [6] examine the main approach to the formation of business, and peculiarities of conducting business in market economic conditions. Handy C. [5], Vorotina L. [8], Odnorog M. [9], Sullivan A. [14], Sheffrin S. [14] put a special emphasis on the study of impact of various factors on business development.

Despite the numerous scientific works of national and foreign scientists in the field of management and different interpretations of the concept of «business», we think that these issues have not yet been satisfactorily researched.

**Research objectives.** The purpose of the article is to outline the conceptual guidelines of the scientific study of the definition of «business» and the formation of structural and functional features of «business», signs and characteristics of the concept of «business», classification of business entities.

**Research methods:** generalization, analysis, and synthesis to reveal the economic meaning of the concept of «business»; systematization to identify signs and criteria of business; schematic and graphic images for visual display of research results.

**Presenting main material.** The concept of «business» is the object of wide interest in many areas of science. A large number of scientists of different generations paid attention to the study of the definition of «business» [1; 2; 4-9; 11-15]. This term is interpreted in different ways and it cannot be unified even within one field of activity. This especially applies to the science of management. Table 1 gives signs and characteristics of the «business» concept.

Table 1

**Signs and characteristics of the concept of «business»**

<b>Signs</b>	<b>Treatment</b>
Earnings, money, profit	- earning a living or money through the production or purchase and sale of products (goods and services) [15] - the practice of earning a living by doing commerce [11], any activity carried out to obtain profit [2]
Enterprise, firm, organization	an enterprise or firm (organization) engaged in production, trade in products or provision of services to consumers [14, c. 29]
Organized economic activity, efficiency	- organized economic activity in which goods and services are exchanged for an appropriate reward, the purpose of which is to provide society with desired goods and services in an efficient manner [1] - activity that is taking place or is planned to be carried out with the use of assets of a complete property complex [6]
Economic relations	a form of manifestation of economic relations both inside the company and outside [4]
Commercial activity	commercial activity by current legislation to obtain profit [12]

Effort	efforts carried out by individuals for the production and sale of goods and services to obtain profit and meet the needs of society [13]
Business management	the organizational form of conducting any economic activity [4], managing the current state of affairs in the organization [5]
Sector and structural element of the market economy, union of productions	the sector and structural element of the market economy, the association of productions for the implementation of economic activity, includes a large number of spheres of the economy that are related to the production and sale of services and products (for example, tourism, agricultural business) [9]
An element of the market economy, a source of transformations	an element of the market economy, a source of progressive economic transformations [8]

Source: compiled by the author

So, the term «business» can be considered from such aspects (structural and semantic features) as earnings, money, profit; enterprise, firm, organization (entrepreneurship); organized economic, business and commercial activity, efficiency; economic relations; effort; managing affairs; sector and structural element of the market economy, the union of productions; an element of the market economy, a source of transformations.

In the doctrine of management, the term «business» has three main meanings:

- the entity for which the business appears as an independent, self-governing, self-supporting, effective natural or legal entity;
- objective, for which the business appears as an organized set of intangible and tangible assets intended for carrying out the economic activity;
- functional, for which business is an economic activity.

For management, it is important to have an objective attitude to business and perceive it through the prism of factors influencing it. On the other hand, a subjective approach that considers business as an element that has an impact on the economic environment seems important. Differences in objective and subjective approaches are significant, as they form signs and characteristics of business functioning and development.

The state of business determines the level and size of consumption and other types of social behaviour.

Business entities have the right to make decisions in the field of entrepreneurship, thus influencing the state of the market [7, c. 65].

In our opinion, the term «business» refers to an enterprise, firm, organization (entrepreneurship), which are different in scale and spheres of activity, engaged in economic activity, exist to create value and are a structural element of economic relations regarding the purchase and sale of goods and services and the basis of changes.

The task of business is to create value. A narrow, short-term understanding limits that value to financial gain. A more sustainable, meaningful, responsible view of creating value includes making a positive social impact [1].

The classification of entrepreneurial business subjects in terms of qualitative and quantitative characteristics is given in the table. 2.

Business development means a change in its quality, a transition from one qualitative state to another from the moment of creation to the moment of liquidation. That is, business is in constant motion and under the influence of continuous internal and external changes, and is a source of change.

Table 2

**Classification of business entities**

<b>Signs</b>	<b>Characteristic</b>
Qualitative signs	
According to the registration form	- subjects of entrepreneurial activity - legal entities; - natural persons - entrepreneurs; - subjects of entrepreneurial activity without the right of a legal entity
By organizational and legal forms of business	all business entities are divided into 43 business forms defined by Ukraine's legislation. Organizational and legal forms of management reflect the internal, meaningful processes that take place in the subject of entrepreneurial activity, namely: they determine the rights, duties and responsibilities of business founders (owners), the procedure for creating and liquidating a business subject, the procedure for distributing profits and compensation for damages, etc
By name	businesses are divided into factories, factories, studios, workshops, shops, publishing houses, agencies, bureaus, salons, farms, etc. The name of the business entity must correspond to the type of activity that is characteristic of this type of business
By form of ownership	- private (individual, based on the property of one person without the right to hire labour; family, based on the property and labour of one family; private, based on the property of one person with the right to hire labour); - collective; - state; - communal; - joint
According to the method of formation	- unitary; - corporate
By purpose and nature of the activity	- commercial - the goal is to make a profit; - non-commercial - do not aim to obtain monetary economic results (charitable foundations and organizations)
By ownership of capital	- national; - foreign - the capital of the enterprise is completely owned by foreign citizens; - mixed - the capital of the enterprise belongs to citizens of different countries
By type of activity	The business will be divided according to the classification of types of economic activity (KVED)
By the direction of the creation of goods and provision of services	- industry (transformation of resources into goods ready for use); - commerce (buying and selling of goods), which covers two types of activities: trade and auxiliary activities in trade
Quantitative signs	
By the volume of activity, the amount of profit and the number of employees	- micro-enterprises (the average number of employees for the reporting period (calendar year) does not exceed 10 people and the annual income from any activity does not exceed the amount equivalent to 2 million euros, determined at the average annual exchange rate of the NBU), the book value of assets - up to 350 thousand euros; net income from the sale of products (goods, works, services) - up to 700 thousand euros; - small (the average number of employees for the reporting period (calendar year) does not exceed 50 people and the annual income from any activity does not exceed the amount equivalent to 10 million euros, determined at the average annual exchange rate of the NBU), the book

	value of assets - up to 4 million euros; net income from the sale of products (goods, works, services) - up to 8 million euros; - average (average number of employees - up to 250 people, the book value of assets - up to 20 million euros; net income from sales of products (goods, works, services) - up to 40 million euros); - large (the average number of employees for the reporting period (calendar year) exceeds 250 people and the annual income from any activity exceeds the amount equivalent to 50 million euros, determined at the average annual exchange rate of the NBU), the book value of assets is more than 20 million euros; net income from the sale of products (goods, works, services) - more than 40 million euros
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Source: compiled by the author based on [7, p. 65; 3; 10; 16]

Figure 1 shows the classification of business units proposed by the author.

Signs	Characteristic
According to the function	<ul style="list-style-type: none"> <li>- operating activity;</li> <li>- investing activity;</li> <li>- financial activity;</li> <li>- innovative activity (research and development)</li> </ul>
In accordance with the influence of continuous external changes	<ul style="list-style-type: none"> <li>- a business undergoing transformational change;</li> <li>- a business that is amenable transformative change;</li> <li>- a business that functions on the basis of developmental changes</li> </ul>
In accordance with the influence of continuous internal changes	<ul style="list-style-type: none"> <li>- a business undergoing strategic change;</li> <li>- a business that is amenable tactical change;</li> <li>- a business that functions on the basis of operational changes</li> </ul>
According to the types of introduced innovations	<ul style="list-style-type: none"> <li>- a business that implements product innovations,</li> <li>- a business that implements process innovations,</li> <li>- a business that implements marketing innovations,</li> <li>- a business that implements organizational innovations</li> </ul>

**Fig. 1. Classification of business entities proposed by the author**

Source: developed by the author

Forms of business ownership differ by jurisdiction, but several generalized and common structures can be distinguished, such as sole proprietorship (sole trader), partnership, corporation (public or private, commercial or non-commercial), cooperative (commercial or non-commercial, consumer or labour), etc.

Table 3 shows the structural and functional features of the business.

Business covers all relations that appear between all subjects of the market economy and involves both entrepreneurs and consumers and employees.

Table 3

**Structural and functional features of business**

<b>Criteria</b>	<b>Characteristic</b>
Business object	reproduction process at all stages
Business subjects	legal and effective citizens and legal entities that have a property in any form
Basic principles	<ul style="list-style-type: none"> <li>• independence, self-sufficiency;</li> <li>• initiative and economic freedom;</li> <li>• responsibility and planning;</li> <li>• availability of plans and forecasts, including a business plan;</li> <li>• compliance with laws;</li> <li>• legal equality between all forms of ownership;</li> <li>• economic interest;</li> <li>• orientation to market needs;</li> <li>• free competition;</li> <li>• innovative search;</li> <li>• riskiness;</li> <li>• mobility;</li> <li>• business ethics.</li> </ul>
Functions	<ul style="list-style-type: none"> <li>• general economic (performance of works, creation of goods and services, sale to consumers);</li> <li>• resource (use of various types of resources to obtain profit and increase the efficiency of the economy);</li> <li>• innovative or creative (presupposes the presence of elements for growth, application of innovations, new ideas);</li> <li>• social (satisfying the needs of the population, realizing business opportunities, ensuring employment)</li> </ul>
Main goals	<ul style="list-style-type: none"> <li>• economic goals - making a profit;</li> <li>• social goals - advantages that it is desirable to achieve for the benefit of society, for example, production and supply of quality goods and services, goods at reasonable prices;</li> <li>• human-related goals: protecting the interests of employees, ensuring well-being, for example, ensuring better working conditions;</li> <li>• national goals - relate to meeting the needs of the national level, for example, creating opportunities for employment, promoting social justice and paying taxes;</li> <li>• global goals - solving problems related to global standards, for example, ensuring access to competitive goods at the global level</li> </ul>
Types of tasks to achieve goals	<ul style="list-style-type: none"> <li>• a set of tasks, the implementation of which has a positive effect on innovativeness in the process of conducting business;</li> <li>• a set of tasks related to increasing the efficiency of the production process, providing services, and intermediary activities that were carried out earlier or started to be carried out</li> </ul>
Business participants	<ul style="list-style-type: none"> <li>• business owners who make a profit (makes it possible to invest more and get more income) are top managers;</li> <li>• employees who receive income that allows them to satisfy their personal needs, non-material incentives, work experience and other values;</li> <li>• the government, which acts as a legislative body and performs fiscal functions;</li> <li>• a society that receives socio-cultural benefits from business activities under corporate social responsibility</li> </ul>

Source: compiled by the author based on [1; 13; 17; 18]

Business is forced to function and develop in conditions of change. Market changes occur spontaneously and are usually manifested in differences, for example, in the level of income of buyers, fluctuations in the prices of raw materials and goods, and new trends. Business is affected by non-market factors, such as demographic, climatic and atmospheric, preferential and socio-political changes. As noted by R. Borowiecki [1, c. 23], the orientation of business to changes occurring in its macro- and micro-environment, and subordination to its present and future needs is a condition for the existence of business and its development. Such activity makes it possible to multiply the value of business capital and maximize its market value from a strategic perspective.

**Conclusions.** The article considered the essence of the concept of «business», and highlighted signs and characteristics of the concept of «business», the classification of business entities and structural and functional features of the business. The term «business» can be considered from such aspects (structural and semantic features) as earnings, money, profit; enterprise, firm, organization (entrepreneurship); organized economic and commercial activity, efficiency; economic relations; effort; managing affairs; sector and structural element of the market economy, the union of productions; an element of the market economy, a source of transformations. It is proposed to classify business according to functions, by the influence of constant external changes, by the influence of constant internal changes, according to the types of introduced innovations.

The classification of business entities should be carried out according to the following signs: qualitative signs (by organizational and legal forms of business, name, a form of ownership, purpose and nature of the activity, ownership of capital, type of activity, the direction of the creation of goods and provision of services and according to the method of formation) and quantitative signs (by the volume of activity, the amount of profit and the number of employees). The following main structural and functional features of business are highlighted: business object, business subjects, basic principles, functions, main goals, types of tasks to achieve goals, and business participants.

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## ЕПІСТЕМОЛОГІЧНЕ ВИЗНАЧЕННЯ СУТНОСТІ БІЗНЕСУ

Юлія Цвілій

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**Анотація.** На сьогодні не можна вважати завершеними дискусії щодо змісту категорії «бізнес», а також ознак і критеріїв ідентифікації бізнесу в соціально-економічній системі інноваційного типу розвитку. Цікавим для науки є вивчення специфічних рис і потенційних ідентифікаторів бізнесу, які з'являються на всіх ієрархічних рівнях управління.

Метою статті є окреслення концептуальних засад наукового дослідження поняття «бізнес» та формування структурно-функціональних ознак «бізнесу», характеристик поняття «бізнес», класифікації бізнес-одиниць.

Методи дослідження: узагальнення, аналіз і синтез для розкриття економічного змісту поняття «бізнес»; систематизація для виявлення ознак і критеріїв бізнесу; схематичні та графічні зображення для наочного відображення результатів дослідження.

У статті розглянуто сутність поняття «бізнес», висвітлено характеристики риси поняття «бізнес», класифікацію бізнес-одиниць та структурно-функціональні ознаки бізнесу. Термін «бізнес» можна розглядати з таких аспектів (структурно-семантичних



ознак), як заробіток, гроші, прибуток; підприємство, фірма, організація (підприємництво); організована економічна, комерційна діяльність, ефективність; економічні відносини; зусилля; ведення справ; сектор і структурний елемент ринкової економіки, об'єднання виробництв; джерело перетворень. Запропонована авторська інтерпретація поняття бізнесу. Класифікацію бізнес-одиниць варто проводити за такими ознаками: якісні ознаки (за організаційно-правовими формами діяльності, найменуванням, формою власності, метою та характером діяльності, формою власності, видом діяльності, напрямком створення товарів і надання послуг та за способом утворення) та кількісними ознаками (за обсягом діяльності, розміром прибутку та чисельністю працівників). Автором запропоновано класифікувати бізнес відносно функцій, за впливом постійних зовнішніх змін, за впливом постійних внутрішніх змін, за видами впроваджених інновацій. Основними структурно-функціональними ознаками бізнесу є: об'єкт господарювання, суб'єкти господарювання, основні принципи, функції, основні цілі, види завдань для досягнення цілей, учасники бізнесу.

**Ключові слова:** бізнес, діяльність, структурно-функціональні ознаки, управління, бізнес-одиниці.

*Стаття надійшла до редколегії 01.06.2024*

*Прийнята до друку 13.06.2024*