

Basic concepts of a business system



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Basic Concepts of a Business System paper? This article provides information about the Basic Concepts (or Features) of a Business System: 1. Purpose: A system is purposeful, goal-oriented entity. Purpose is the basic reason for a systems existence. Purpose provides a sense of direction to a system.

The purpose of a business system, for instance, is to earn profits through provision of goods and services to the society. 2. Environment: Each system is a part of its environment, called suprasystem. Environment includes all those factors external to a system that affect it and are uncontrollable to a large extent.

There is a constant interaction between a system and the environment. The impact of these environmental factors is so powerful on the functioning of a system that it is almost impossible for a system to exist and grow without taking them into account. The environment of a business system, for instance, includes all those economic, legal, technological, political, and social factors which influence its functioning, but are outside its control purview to a great extent. 3. Sub-systems: Sub-system constitutes the operating level of a system. The parts that make up the structure of a system are called sub-systems.

And each sub-system, a system in itself, in turn, may be a sub-system of a still larger whole. Thus, a department is a sub-system of a company, which may be a sub-system of a conglomerate (group of companies), which is a sub-system of the national economy as a whole, which is a sub-system of the world system. 4.

System boundary: Each system has a boundary, this means choosing which entities are inside the system and which are outside-part of the environment. In a closed system this boundary is rigid and solid; in an open system, the boundary is more flexible and porous. In the context of a business organisation, it has many boundary contacts or interfaces with many external systems like suppliers, creditors, customers, government agencies, etc. 5.

Input-output conversion process: A business system involves input-output conversion process. The essence of this process lies in the fact that a business system imports inputs (like materials, equipment, human effort, technology, and information) from external environment, transforms them (through the organisational and managerial processes adopted by the sub-systems), and exchanges or exports output (like goods and services) to the external environment. The whole process is a source of energy for the organisation. The output is worth more than the input " some value is added by the transformation process.

The output exported into the environment provides the source of energy for the organisation to recycle the process continuously. The organisation renews itself, survives, and grows by the recycling of energy on a sustained basis. 6. Feedback: Feedback is the key to system enrols. As operations of the system proceed, information is fed back to the appropriate people or perhaps to mechanical devices so that the work can be assessed and, if necessary, corrected.

7. Synergy: Synergy means that the whole is greater than the sum of its parts. It means $2 + 2 = 5$. In organisational terms, synergy means that as separate departments within an organisation cooperate and interact, they become more productive than if each had acted in isolation. The enumeration of the various basic concepts (or features) of a business system unmistakably suggests that a business enterprise is an open, adaptive, goal-oriented system with its environment acting as supra-system. () paper? paper
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