

**People's Democratic Republic of Algeria**  
**University of Jijel**  
**Department of Economy**

**Academic year: 2023/2024**

### **I) Free Enterprise Economy**

Free enterprise economy, also called The capitalist economic system is a politico-economic mode of production in which all decision on the management of the community are made by individuals this type of economy is based on the following criteria.

- Private property, i.e. private ownership and control of the means of production.
- Private profit, i.e. creation of economic activities by individuals in order to make more profit.
- Creation of market structure which regulates these economic activities.
- Laissez-faire principles which lead to competition between the different supplies of goods and services.

In this mode of production, the state does not intervene in other economic sphere. Its role is supportive rather than interventionist. In other words, the state seeks to provide the conditions which are necessary for the economic framework to prosper.

In the later forms of capitalism, the role of the state has become more influential and significant, in the sense that it attempts to control the economy. The aim of such interventions is to create stability and to protect local capital.

### **II) The definition of some business terms**

#### **Elasticity of supply and demand**

##### **Elasticity of supply:**

responsiveness of output to change in price ; computed as the percentage change in the quantity supplied divided by the percentage change in the price. Supply is said to be elastic( inelastic) if the elasticity exceeds ( is less than 1) . the more elastic supply is, the more will change in price increase production.

##### **Elasticity of demand :**

responsiveness of buyers to changes in price, defined as the percentage change in quantity demanded divided by the percentage change in price. Demand for luxury items may slow dramatically if prices are raised, because these purchases are not essential and can be postponed.

**Employment agency:** public or private organization providing employment services for those seeking employment as well as for potential employers seeking employees. Public agencies provide a wide range of services, most of which are supported by employer contributions to state unemployment funds. Private agencies play a major role in recruiting professional and managerial candidates.

**Enterprise** business firm: the term often is applied to a newly formed venture.

**Entrepreneur:** individual who initiates business activity. The term is often associated with one who takes business risks.

**Estimate :**

*1- To approximate*

*2- In statistics, single value ( point) or interval ( range) of an unknown population parameter based on a sample of the population .*

**European central bank (ECB):** bank founded to oversee monetary policy for the 11 countries that converted their local currencies into EUOR on January 1,1999. The bank's primary mission is to maintain price stability and issue euro currency. Industrial products include heavy machinery, raw materials, typewriters, tools, and cash registers.

**Leadership :** upper level of management that provides vision and direction for the company.

**Liquidity :** ability for individual or company to convert assets into cash or cash equivalents without significant loss.

**Macroeconomics:** study of the aggregate forces of a nation's economy as a whole. Using such data as price levels, unemployment, inflation, and industrial production.

**Management :**

1. Combined fields of policy and administration and the people who provide the decisions and supervision necessary to implement the owners' business objectives and achieve stability and growth . the formulation of policy requires analysis of all factors having an effect on short –and the long term profit.

2. Key people in an organization . those who make the most important decisions are called top management.

**Management science :** study of management, school of management emphasizing the use of mathematics statistics as an aid in resolving production and operations problems. A major objective is to provide management with a quantitative basis for decisions.

**Manager :** person charged with the responsibility of administrating and directing an organization' s activities.

**Market :** public place where products or services are bought and sold , directly or through intermediaries ; also called marketplace.