

FOUNDATIONS OF BUSINESS

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CONCEPT OF BUSINESS

- What is Business?
- The term business is derived from ...
- being busy (local slang, *dhandho*)
- *Business refers to any occupation in which people regularly engage in an activity with a view to earning profit*
- What is Economics?
- Flute and Three Boys ...
- Economic activity may be further divided into
 - Business
 - Profession
 - Employment
- *Business may be defined as an economic activity involving the production and the sale of goods & services with a motive of earning profit*

CHARACTERISTIC OF BUSINESS ACTIVITIES

- ◉ An economic activity
- ◉ Production or procurement of goods and services
- ◉ Sale or exchange of goods and services for the satisfaction of (in)human needs
- ◉ Dealings in goods and services on regular basis
- ◉ Profit earning
- ◉ Uncertainty of return
- ◉ Element of risk

BUSINESS FUNCTIONS AT ENTERPRISE LEVEL

- ◎ Major functions which are performed by business enterprises to carry on business are:
 - Financing
 - Production
 - Marketing
 - Human resource management

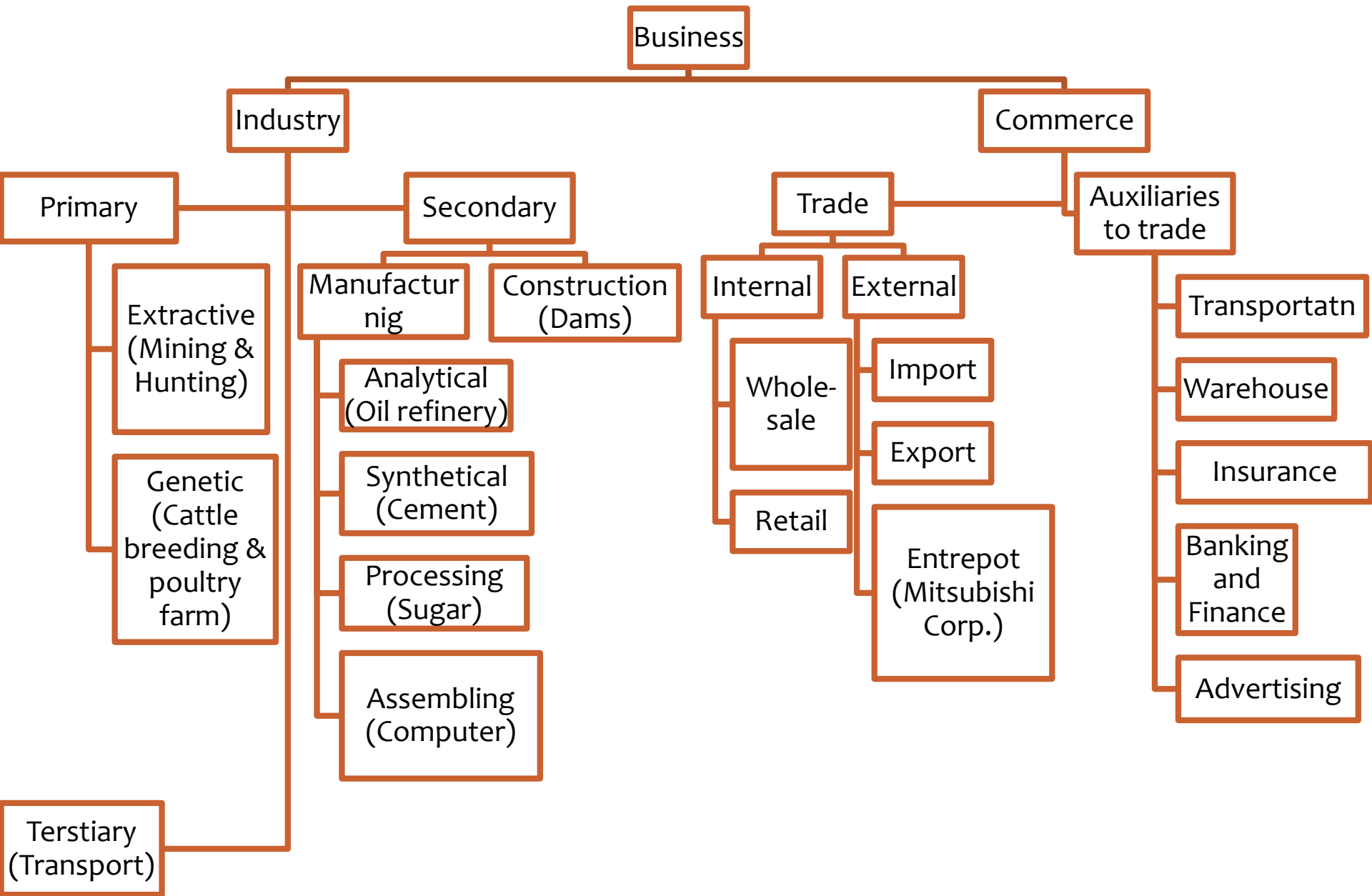
COMPARISON OF BUSINESS PROFESSION AND EMPLOYMENT

↓ Basic Aspects ↓	Business	Profession	Employment
Mode of establishment	?	?	?
Nature of work	?	?	?
Transfer of interest	?	?	?

Other aspects for comparison: Qualification, Reward (or, Return), Capital Investment, Risk, Code of Conduct

CLASSIFICATION OF BUSINESS ACTIVITY

- ◉ Two ways → guess?
- ◉ **Industry and Commerce**
- ◉ Industry is concern with the production or processing of goods and materials.
- ◉ Commerce includes all those activity which are necessary for facilitating the exchange of goods and services.



OBJECTIVES OF BUSINESS(?)

- ◉ Formally ... they are stated as 😊
- ◉ Market Standing
- ◉ Innovation
- ◉ Productivity
- ◉ Physical and financial resources
- ◉ Earning profits
- ◉ Manager performance and development
- ◉ Worker performance and attitude
- ◉ Social responsibilities

CAUSES OF BUSINESS RISK

- ⦿ Natural causes
- ⦿ Human causes
- ⦿ Economic causes
- ⦿ Other causes

STARTING A BUSINESS: BASIC FACTORS(?)

- ◎ Selection of line of business
- ◎ Size of the firm
- ◎ Choice of form of ownership
- ◎ Location of business enterprise
- ◎ Financing the proposition
- ◎ Physical facilities
- ◎ Plant layout
- ◎ Competent and committed worked force
- ◎ Tax planning
- ◎ Launching the enterprise

REFERENCES

- ◎ Business Studies Text Book of Class XI by NCERT, URL to download:
<https://www.dropbox.com/s/m9efw2a1b692gek/NCERT-Class-11-Business-Studies.pdf?dl=0>

CHECK YOUR KNOWLEDGE

- Which of the following does not characterize business activity
 - a) Production of goods and services
 - b) Presence of risk
 - c) Sale or exchange of goods and services
 - d) Salary or wages

CHECK YOUR KNOWLEDGE

- Which of the broad categories of industries covers oil refinery and sugar mills
 - a) Primary
 - b) Secondary
 - c) Tertiary
 - d) None of the above

CHECK YOUR KNOWLEDGE

- Which of the following cannot be classified as an auxiliary to trade
 - a) Mining
 - b) Insurance
 - c) Warehousing
 - d) transport

CHECK YOUR KNOWLEDGE

- The occupation in which people work for others and get remunerated in return is known as
 - a) Business
 - b) Employment
 - c) Profession
 - d) None of the above

CHECK YOUR KNOWLEDGE

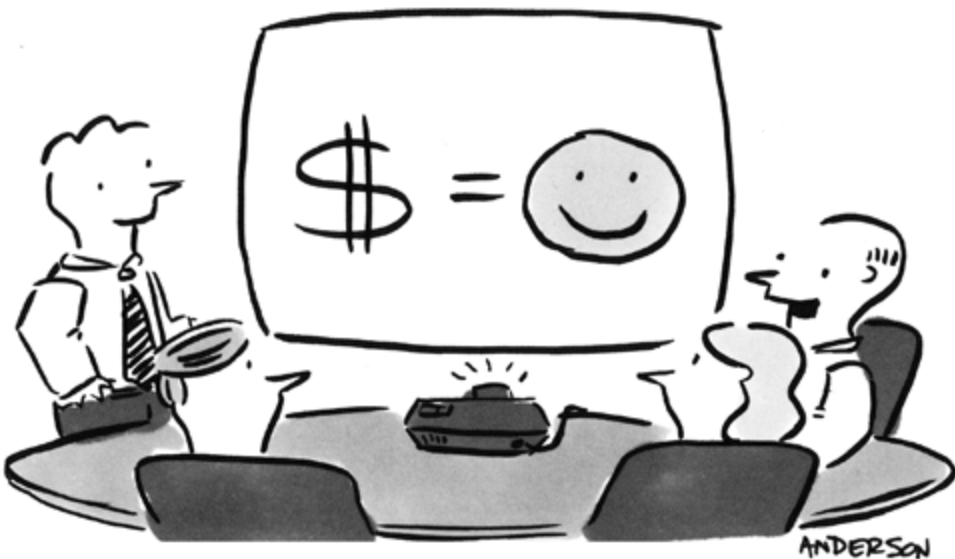
- The industries which provide support service to other industries are known as
 - a) Primary industries
 - b) Secondary industries
 - c) Commercial industries
 - d) Tertiary industries

CHECK YOUR KNOWLEDGE

- Which of the following cannot be classified as an objective of business
 - a) Investment
 - b) Productivity
 - c) Innovation
 - d) Profit earning

CHECK YOUR KNOWLEDGE

- ⦿ Business risk is not likely to arise due to
 - a) Changes in government policy
 - b) Good management
 - c) Employee dishonesty
 - d) Power failure



"I love your business model!"

THANK YOU



"We use the term 'human resources' pretty loosely around here."