

WHAT IS A
BUSINESS?

- What is business ?
- How we identify it is a business?
- Do we need a permanent place to start the business ?
- What is the ultimate aim behind business?
- Find some business organization around your
- Locality?

BUSINESS ?

- Business is an Economic activity which involves regular production and or exchange of goods and services with the main purpose of earning profits through the satisfaction of human wants.



FAMILIAR THE MEANING OF BUSINESS?

- Business involves production and exchange of goods.
- It's main aim is to earn profit.
- It must satisfy human wants.
- "These activities are organised and performed under the framework of an institution known as business organisation /firm/ enterprise."

“

**BUSINESS IS AN INSTITUTION ORGANISED
AND OPERATED TO PROVIDE GOODS AND
SERVICES TO SOCIETY UNDER THE
INCENTIVE OF PRIVATE GAIN.**

— *B.O. Wheeler*

”

BUSINESS ?

- Business pervades all human activities directed towards earning profits or economic gains.
- Industry, trade, Banking, Transport, Insurance, warehousing, advertising etc are integral part of modern business.



TYPES OF ECONOMIC ACTIVITIES

BUSINESS

TRADE
INDUSTRY
BANKING
TRANSPORTATION
INSURANCE
WAREHOUSING
ADVERTISING
ETC.

PROFESSION

MEDICAL
LEGAL
CHARTERED ACCOUNTANT

EMPLOYMENT

MANAGER
FOREMAN
CLERK
SALESPERSON
WORKER
ETC.

DEFINITION OF THE BUSINESS

- Business refers to all those activities which are concerned with the production and /or purchase and sale of goods or services with the purpose of selling them at a profit.



CHARACTERISTICS OF BUSINESS

- Economic Activity
- Production or procurement (acquisition of goods for the purpose of sale)
- Dealing in goods and services;(goods are consumer goods and capital goods)
- Satisfaction of consumer wants
- Regular dealings (continuous supply of goods and services)
- Profit motive
- Uncertainty.
- Risk element
- Creation of utility

OBJECTIVES OF BUSINESS

- Business objectives as the purpose or the reason for the existence of the business in the society



OBJECTIVES OF BUSINESS

- Business activities broadly divided in to three;
- They are,
 - a) Economic objectives,
 - b) Social objectives
 - c) Human objectives



ECONOMIC OBJECTIVES

- EARNING OF PROFIT
- CREATION OF CUSTOMERS
- INNOVATION
- EFFECTIVE UTILISATION OF RESOURCE

SOCIAL OBJECTIVES

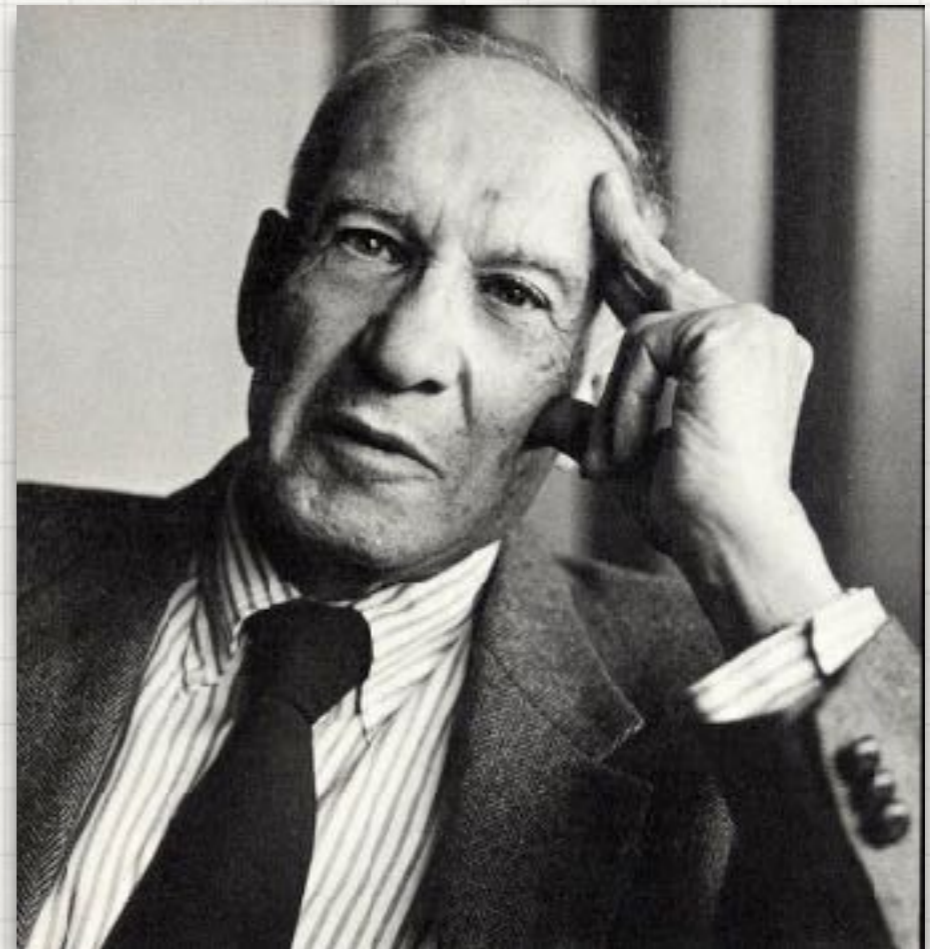
- BETTER QUALITY PRODUCTS
- FAIR TRADE PRACTICES
- COMMUNITY SERVICE
- PROTECTION OF EMPLOYMENT



“
A BUSINESS MUST ACHIEVE SUFFICIENT
PROFITS TO COVER THE RISKS OF
ECONOMIC ACTIVITY AND THUS TO
AVOID LOSS

— *Peter Drucker*

”



BUSINESS MUST EARN PROFIT

- MEANS OF LIVELY HOOD
- RETURN TO INVESTORS
- REWARD FOR RISKS
- SOURCE OF FINANCE FOR GROWTH AND EXPANSION
- INDICATOR OF EFFICIENT WORKING
- GOODWILL OR REPUTATION

CAN PROFIT BE THE SOLE OBJECTIVE

- A lay man may say that business is carried on for profit only. But a good business man cannot afford to keep profits as his sole objective.
- "earning of profits cannot be the objective of a business any more than eating is the objective of living"



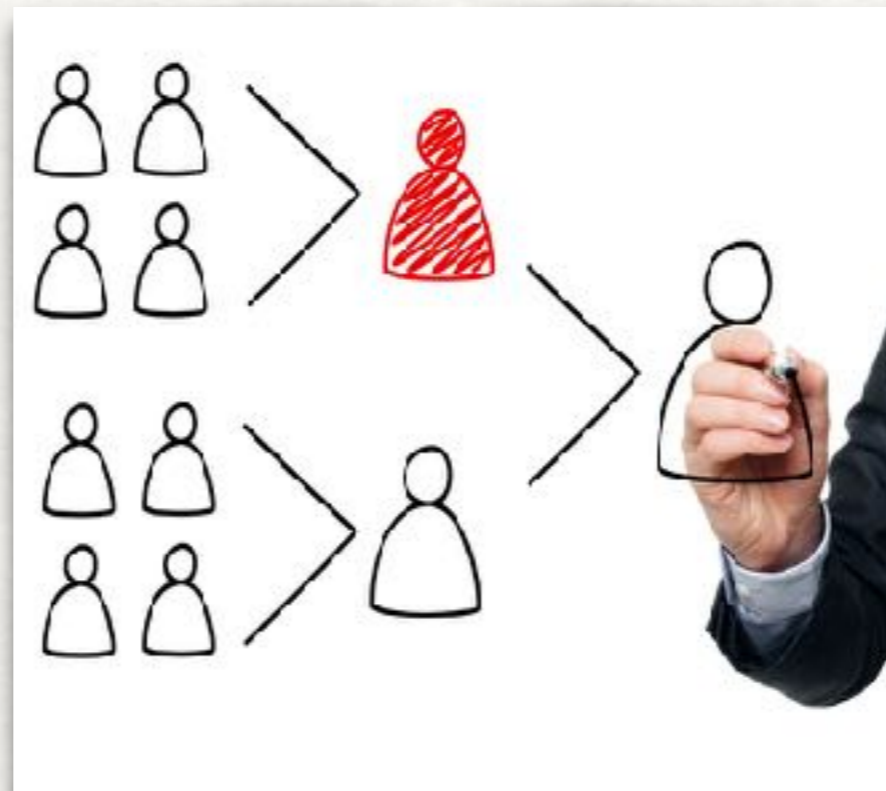
ARGUMENTS AGAINST PROFIT MAXIMIZATION

- Interests of labour, customers, and the society.
- Unfair means
- Long term interest
- Set objectives in areas like customer satisfaction, employee welfare, community development, environment protection etc..



MULTIPLICITY OBJECTIVES OF A BUSINESS

- According to peter f Drucker remarked "To manage a business is to balance a variety of needs and goals. And this requires multiple objectives"
- He suggests 8 areas where objectives must be set.



- Market standing
- Innovation
- Productivity
- Human organization
- Physical and financial resources
- Managarial performance
- Social rresponsibility
- Profitability-reasonable rate.



CLASSIFICATION OF BUSINESS ACTIVITIES

- size
- ownership
- function



SIZE

- small scale
- large scale



OWNERSHIP

- public sector
- private sector
- joint sector



FUNCTION

- Industry
- Commerce



REVIEW OF BUSINESS ACTIVITIES

- Industrial activities or Enterprise
- Commercial activities
- Trading activities or firms
- Service activities

TYPES OF INDUSTRIES

TYPES OF INDUSTRIES

- primary
- secondary
- manufacturing and construction
- analytical
- syntethic

MANUFACTURING INDUSTRY

- Processing
- Assembly line



CONSTRUCTION INDUSTRY

- Roads
- Bridges
- Canals



WHAT IS TRADE

TYPES OF TRADE

- area
- volume

INTERNAL TRADE

- Wholesale
- Retail



EXTERNAL TRADE

- Import
- Export



AUXILIARIES TO TRADE

- Banking
- Insurance
- Warehousing
- Advertising
- Packaging



HOME ASSIGNMENT

DIFFERENTIATE BETWEEN INDUSTRY, COMMERCE AND TRADE

Industry

Commerce

Trade

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THANK YOU!