

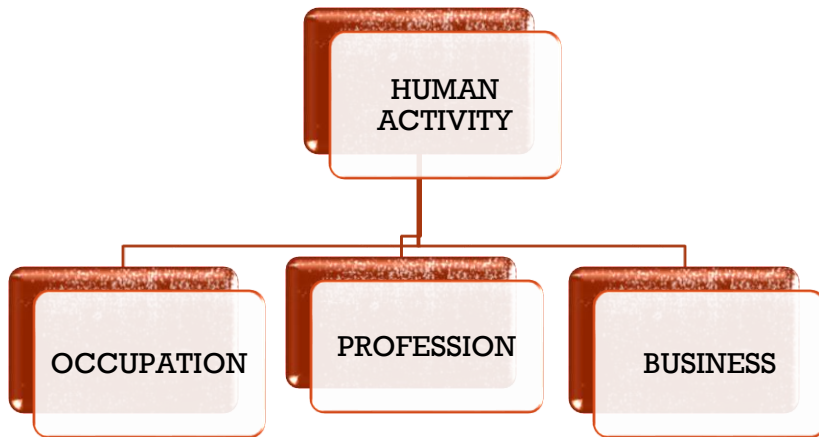
INTRODUCTION TO BUSINESS

MODULE – I

CHAPTER - 1



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- The human activities that are undertaken with an objective to earn money or livelihood are called economic activities. Whereas the other types of activities that are undertaken to derive self-satisfaction, are called non-economic activities.
- A farmer growing crops, a worker working in a factory for wage/salary, a businessman engaged in buying and selling of goods are examples of economic activities.
- While activities like meditation, engaging in sports for physical fitness, listening to music, providing relief to flood victims etc., are examples of non-economic activities.

HUMAN ACTIVITIES

- All those economic activities which involves the rendering of personal service of specialised and expert nature based on professional training and skill and require the observance of certain rules and regulations (code of conduct) are termed as **Professions**.
- The economic activity, rendered by one person to another, under a contract of service, for some remuneration, is called **employment/ Occupation**
- **Business** may be defined as an activity involving regular production or purchase of goods and services for sale, transfer and exchange with an object of earning profit.

BUSINESS

- You must have heard about Tata Companies. They manufacture so many things from salt to trucks and buses and sell these to individuals like you and me. In the process, they earn a profit.
- Look at a shopkeeper nearby. What does he do? He buys products in bulk and sells us in small quantities. He also earns some profit in the process. Similarly, the cable TV operator provides us a connection at a price so that we watch various channels on our television set. In this process the cable TV operator earns a profit.
- All of them are said to be engaged in business and are called businessmen. They all perform their activities regularly to earn profit.
- Thus, the term 'business' refers to human activities which involve production or exchange of goods and services regularly with the object of earning profit

MEANING – BUSINESS

- B. O. Wheeler – Business is an institution organised and operated to provide goods and services to society under the incentive of private gain.
- Keith Davis – Business is an organised effort by individuals to produce goods and services, to sell these goods and services in market place, and to reap some reward for this effort.
- L. H. Haney – Business is a human activity directed towards producing or acquiring wealth through buying and selling activities.

FEATURES

1. ORGANISED ACTIVITY- identify requirements of the customers, produce , obtain feedback

2. Profit motive – The business is carried on with the intention of earning a profit. The profit is a reward for the services of a businessman.

3. Degree of scale – sole trading , partnership, joint stock
large scale, medium , small, cottage
local, regional, national, international/global

4. Regularity in dealings – In business, the exchange of goods and services is a regular feature. A businessman regularly deals in a number of transactions and not just one or two transactions.

e.G On selling furniture of his household with a view to replace it with new one is not business. But if the same person procures a variety of furniture, keeps the stock and sells them to the consumers, he carries on a business dealing in furniture.

5. Risks & Uncertainties – insurable risks : loss by fire, theft, flood etc
non-insurable risk: change in fashions, changes in government policy, changes in technology, market recession

6. Societal interest – profits + consumer satisfaction + Public interest

CONTD...

- **Social responsibility – towards employees, customers, government, shareholders, competitors, society. Modern business is service oriented. Modern businessmen are conscious of their social responsibility. Today's business is service-oriented rather than profit-oriented.**
- **Customer satisfaction – by giving quality products, efficient service, after sale service, reasonable price, customer delight**
- **Creative & dynamic – innovative goods & services**

- **Business functions- production, finance, marketing , human resource**
- **Government control – various acts : factories act, 1948, competition act, companies act, food adulteration act etc.**