01 Background of a Business

1.1 Basic concepts about businesses
- **Business concept**
- **Business objectives**
- **Consumer needs and wants**
- **Manufacturing businesses**
- **Factors of production**

1.2 Stakeholders of businesses

- **Stakeholders**
- **Objectives of stakeholders**

<u>Human Needs /Wants</u>
Ways and means of satisfying the human needs are known as wants.
Various forms used to fulfill basic requirements are called WANTS.

This may different from person to person.

E.g.1.
For the same sickness 1 person would go to Asiri Hospital and another would go to General Hospital.

NEED – Health
WANT - Government Hospital Service
         Private Hospital Service

Comparison Between Needs & Wants

NEEDS	WANTS
Common to all	Different person to person
Not complex	Complex
Limited / Can not be created by business	Unlimited / business can create wants
Satisfaction is compulsorily	Satisfy secondarily
Eg : Food	Eg : rice , sandwich, biriyani, fish & chips , grams , pizza
Eg: Shelter / Security	Eg : Apartments , Caves , single stored house, bunglows
Eg : Education	Eg: University , School , Professional institutes, international school
Eg: Medicine / Health	Eg : Private hospitals , Government hospitals
Eg : Entertaiment	Eg : Sports , movies, dress making
Eg: Clothing	Eg : Skirts , Saree , Trousers , sarongs
Eg : Communication , Transport	Eg: Road, rail, air transport / internal & external communication

***** Business is an ACTIVITY (Production, Distribution, Marketing, Accounting & finance) Consists with many PEOPLE (individual or group) which satisfies human NEEDS & WANTS

Types of business

1.Commodity manufacturing Business

- Manufacture tangible things
- Produce things by considering consumer taste, income level ,social status to ease the life style of the human
- Ex : processed goods, furniture, electronic items

2. Service manufacturing business

- Any process rendered to consumers by a business
- Satisfy human needs and wants
- Ex : Retail & whole sale business, Insurance, educational institute

Barter System

Ancient People had very few wants to be satisfied, they achieved it by them selves, but due to following disadvantages direct production does not suits for today, when humans produced more than what they required they starts to exchange the excess production this introduced the barter system.
 Goods exchanged to goods are known as barter system this is the beginning of Trade.

1. Need of double coincidence

2. Difficult to divide the value to small amount (problem in measuring values)

3. Difficult to remember all ratios of exchanging (problem in divisibility)

Business Concepts

Following are the Objectives of the business

- o **Customer satisfaction**
- o Maximization of sales
- o **Maximizing profits**
- o Maximizing market price of a share
- o Survival / growth
- o Business goodwill
- o **Employee welfare & customer satisfaction**

Concept checker 01: What is the main aim of the State sector???

Concept checker 02: What is the main aim of the business??

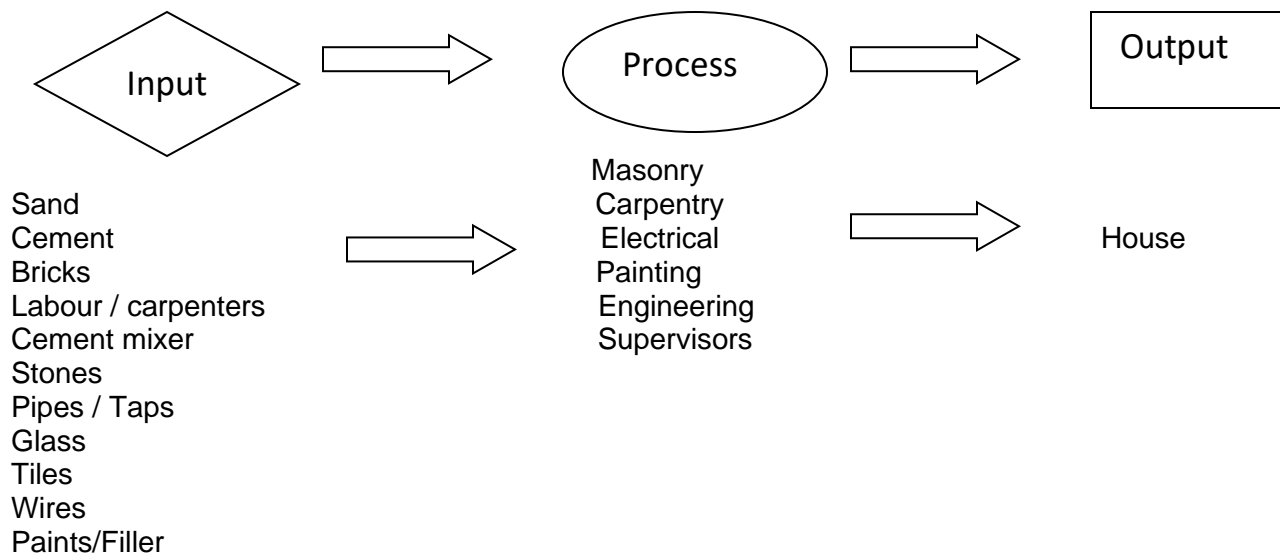PRODUCT: Any thing which can satisfy human needs & wants it can be places, organizations, or activities

Eg:

Goods	Services	Ideas
Tangible	Intangible	Effective advices
Storable	Non storable	Techniques
Standard price can be charged	Different price can be charged	Methods
Goods can be separated from the producer	Can not be separated from the producer	
Consumed after the production	Consumed at the time of production	Eg: Management consultancy services
Eg : Tables ,chairs, stationary	Eg : Auxiliary services	Eg: Management techniques

Production Process and Factors of Production

In the production process change the nature of inputs, products are created by changing different inputs. There four production factors are needed, such as

- Land which include all natural resources like Air , water , the owner of the Land receive RENT
- Labour , the work force of the business the work force paid WAGES & SALARIES
- Capital refers to the tools , machinery & equipment that paid INTEREST as the return
- Entrepreneurship develop business ideas & organize it, the PROFIT of the business belongs to the entrepreneur.

Eg : Production process of constructing house

Input → Process → Output

Sand
Cement
Bricks
Labour / carpenters
Cement mixer
Stones
Pipes / Taps
Glass
Tiles
Wires
Paints/Filler

Masonry
Carpentry
Electrical
Painting
Engineering
Supervisors

House

1.2 Stake holders

1.Owners

Provide required capital (cash)

The entrepreneur skills (business knowledge)

Expect the growth of a business

Expecting to earn sufficient profit

2.Managers

Decision makers to achieve organizational Goals & objectives

An owner can be a manager

Expecting promotions and Job satisfaction

3. Employees

Implement Managers decisions in order to achieve organizational objectives.

Job security

Receiving fair salary

4. Competitors

Similar organizations that produce similar goods & Services,

They compete with many activities, price, quality & marketing techniques that closely influence the business.

5. Suppliers

Provide raw materials & other services.

Securing Orders continuously.

6. The State/Government :

The government collecting tax

Power & the capacity is limited to certain level

Generating employment opportunities

7. Customers :

They buy goods & get the services from organizations.

Business organizations should find out customers requirement properly,

Customers can influence business organizations mostly other than any party.

BuSINESS ENVIRONMENT

UNIT 2

2.1 Business environment and business activities

Business environment

Business activities

2.2 Technological and Economic environment

Technological environment

Economic environment

2.3 Global environment and business activities

Global environment

Business activities

2.4 Importance of studying business environment

SWOT Analysis

BUSINESS ORGANIZATION

UNIT 3

3.1 Basic information on the types of business organizations

- Classification of business organizations
- Types of business organizations and their characteristics

3.2 Selecting an appropriate business organization

- According to the objectives
- According to the scale

- According to the management procedures

3.3 Registration of a Sole Proprietorship

- Steps to be followed for registration
- Documents needed for registration
- Advantages of registering the business name