**Pakistan School , Kingdom of Bahrain**

**E- Support and Learning Material / Session 2020-2021**

**Subject: P. Commerce Grade : 11**

**Book: P. Commerce FIRST TERM**

**Unit 1: Concept of Business Pg. No: 1-28**

**(SHORT ANSWERS)**

**Q #1: What is meant by un-commended human activities?**

Ans. Un-commanded activities include all those activities, taking place in the body, where we have no control of our own, e.g., the palpitation of heart and the working of stomach etc.

**Q.2 Define commanded human activities**.

Ans. The activities in which human desire plays an important part i.e., speaking, walking and thinking, etc. are called commanded human activities.

**Q.3 Define the term business.**

Ans. Any legal activity undertaken or performed for the purpose of earning profit is called business.

**Q.4 Define the term profession.**

Ans. When a person provides his services to society on the basis of his specialized knowledge and experience in a particular field, it is known as profession (e.g.) doctors, professors, engineers and accountants etc.

**Q.5 Define employment and give its types.**

Ans: When a person provides his services to another person or any institution on the basis of predetermined terms and conditions (fixed salary) is known as or employment or service This may be of three types:

**(a) Government Service**

**(b) Semi Government Service**

**(c) Private Service**

**Q #6: What are non-economic activities and give their examples**.

Ans: These activities are done for personal satisfaction and not to earn profit or income, eg,

**(1) Religious activities**

**(2) Rights of the parents and relatives**

**(3) Patriotism**

**(4) Social welfare**

**Q.7 Explain the objective of business management.**

Ans. Management is the backbone of a business. Every business, irrespective of its size and nature, has management to manage and control the various factors of production.

**Q.8 How a business can serve the society?**

Ans. Beside earning profit a business also provides many social services. For example:

1. **Production of quality goods at lower prices.**
2. **Availability of goods in all the areas.**
3. **Promotion and assistance in the cultural activities**

**Q.9: What is meant by favorable balance of payment ?**

The function and object of business is to make balance of payment favorable by increasing exports and decreasing imports. Because, this position intakes the country prominent in the world.

**Q.10 What is meant by economic / productive activities?**

Ans. All commercial and industrial activities, which are connected with the production and acquisition of wealth are known as economic / productive activities.

**Q.11: Why the effective management is important for a as business?**

Ans. Effective and good management solves many problems of the business. Therefore, good management is necessary to run the business efficiently.

**Q.12: How does a business make the savings of people profitable?**

Ans. Business provides following opportunities of investment to the people.

1. **Owners own investment (owners equity).**
2. **(ii) Investment by purchasing shares and debentures.**
3. **(iii) Investment in the shape of Partnership, Musharika or Modarba.**

**Q.13: How does a business improve the standard of living of people.**

Ans It is the national duty and object of business to provide better standard of living to the people. Because, the income of people increases with the expansion in business activities (e.g.) the developed countries are rich on account of stable business activities.

**Q.14: What is the role of planning in a good business?**

Ans. Good planning plays an important role in the success of business. Planning means to decide what, how and when the work has to be performed. Profit of business also depends upon successful and effective planning.

**Answer in Detail:**

**Q # 1: Define Business and Characteristics of business.**

**Ans:** . **Any legal activity undertaken or performed for the purpose of earning profit is called business.**

**CIHARACTERISTICS OF BUSINESS**

**1: Goods and Services**

Irrespective of its scale, every business deals with sale, some consideration. For this purpose, there are many factories, Banks, Insurance companies, doctors and lawyers etc. are in working.

**2: Profit Motive:**

A business is not the charity. Earning of profit and acquiring of wealth are the primary objectives of every business. If an enterprise doesn't have the aim of earning profit, it wouldn't be a business. Moreover, if a business does not earn profit then it cannot survive for long.

**3. Element of Risk:**

No doubt, business is started with a view to earn profit but it has to cope with some uncontrollable factors such as change in demand, taste, fashion and degree of competition etc. Hence, a business cannot run without some elements of risk.

**4:Management:**

Management is the backbone of a business. Every business, irrespective of its size and nature, has management to manage and control the various factors of production. The concept and importance of management

**5:Capital:**

Capital is a basic and essential part of every business. No person can even imagine carrying on business without capital. In case of shortage of funds, the owners may obtain loan from their friends, relatives and financial institutions.

**6. Employment**: A business is expected to provide the means of livelihood to the members of society. Thus, a business is not only a good source of self-employment for its owners but also offers variety of jobs to other people like agents, transporters and bankers etc.

**7: Regular Transactions**: A business involves a series of dealings. A single transaction cannot be called business. For instance, if a student sells his book to shopkeeper or to a student, it is not a business. On the other hand if he regularly purchases and sells books in his spare time, then it will be Considered as his business.

**8: Creation of Utility:**

Utility is an economic term. It refers to that characteristic of a certain commodity, which can satisfy any human need and which deliver satisfaction to entire society.

**9: Transactions for a price**:

In Business goods and services are produced or exchanged for some consideration (price) Il there is no sale, For instance, cooking food for personal consumption does constitute business But cooking food and selling it to others

**10. Reasonable Profit:**

Income from business is known as profit it is essential for the business. A businessman should not deceive anyone or misstate the facts to maximize his profit. He should charge reasonable prices to cover the costs and earn fair margin of profit.

**11. Exchange of Ideas:**

The experts of different departments exchange their views for the smooth working and promotion of business, Sometimes, the traders and customers also share their ideas for the growth of business. capital harming the

**12. Creating Customers:**

Profits are not created by God or by the forces of nature. They arise from the businessmen's efforts by satisfying the needs and wants of customers. A businessman can earn profits only when there are enough customers to buy and pay for his goods and services, The customer is the foundation of business and keeps it in existence.

**13. Innovation:**

Business undergoes dynamism and change. In these days of competition a business can be successful only when it creates new designs, better quality, improved techniques, new varieties, etc. Modern science and technology have created a great scope for innovation in the business world.

**Q # 2: Write the Elements of Good Business**.

Ans: **ELEMENTS OF A GOOD BUSINESS**

**1:The Expert Management:**

Human factor plays important role in improving the performance of a business. Effective and good management solves many problems of the business. Therefore, good management is necessary to run the business efficiently and effectively.

**2. Large Capital:**

Large capital or finance is required for successful operation of business. It has the same importance in business as blood in human body. It plays a vital role in the establishment and expansion of a business. Businessman can manage finance / capital through equity or loans.

**3. Planning:**

Good planning plays an important role in the success of business. Planning means to decide what, how and when the work has to be performed. It is also helpful to go. fixing the responsibility of each worker and to delegate the authorities. Profit of business depends upon successful and effective planning.

**4. Innovation:** Innovation means to discover new means for improving the goods and services. In modern era there is a tough competition in the market.

**5. Use of Technology:**

Use of technology is another important element of successful business. A businessman uses technology and modern methods of production according to the nature of business. This strategy helps to increase the production

**6 Quality Product:**

The owner of successful business always tries to improve the quality of product. Quality products not only strengthen the goodwill of business but also increase the profit.

**7. Increase in Sale:**

success Sale of goods or services is an important function of business and it cannot be flourished without sale. So, the marketing department should be very effective and efficient in successful business. In this regard, the advertisement and agents can play vital role. S-und Organizational Structure: Sound organizational structure is basic element of successful business because it brings benefits to the business and makes it prosper. Division of work and good relationship between owner and workers are guarantor of success

**8. Reasonable Profit:**

The first and foremost objective of a business is to earn profit. A successful businessman cams reasonable profit after rendering useful services or providing quality products to the people.

**9. Ideal Location:**

The success of business is very much dependent on the site or place of business. So, the trader should try to establish

**11. Modern Machinery :**

The use or role of modem machinery in the success of business is quite prominent The use of machinery cause to increase in production, improve quality of product and less wastage of raw material.

**12. Regular Demand:** successful business because regular sale depends on corresponding regular demand of products. So, owner makes effective arrangements for creating demand of his products.

**Q No 3: Define Businessman and his qualities.**

**BUSINESSMAN** :Every person who is connected with any legal activity for the purpose of making profit. The person may be a distributor of goods or consultant or owner of a factory.

**QUALITIES OF A GOOD BUSINESSMAN**

Due to scientific and technological advancement, it is necessary that a businessman should possess the basic skills and knowledge about his business. The success or failure of a business mostly depends on the person who runs it. So, a businessman must have the following qualities:

**1: Foresight:**

A good businessman should be careful about the future expectations and has the ability of foreseeing. If he fails to anticipate the demand for his goods then he can suffer loss,

**2: Courteous:**

A good businessman must have the quality of courtesy. It means that he must be polite with his employees and customers in any personal or business dealing. In this way he can win their trust and earn more profit.

**3. Hardworking:**

A good businessman must be industrious and hardworking. He should be well balanced and cool minded and have the ability to work for long hours. A lazy person can be harmful for the business.

**4: Honest:**

A businessman should be honest and sincere in his dealings. Goodwill of the business depends on his honesty. There should be no fraud or deceit in the business.

**5: Man of Principles:**

A good businessman must follow the basic standards and principles of morality and ethics in business dealings. This strategy helps to expand the business.

**6. Confident:**

A good businessman must be confident. This personal quality puts the businessman in a position where he can work with great determination even in unfavourbale circumstances.

**7: Leadership:**

A man who wants to get success in business must have the quality of leadership. The workers and subordinates work wholeheartedly if they have the influence of the owner (businessman) on their minds.

**8. Patience:**

Patience is an asset for a businessman. He has to meet with many persons for the business matters. So, there is always a need of patience. If the trader looses his temper then he may face problems and suffer loss. aur [PROFESSIONAL QUALITIES]

**9. Ability to Plan and Organize:**

It is essential for a businessman to have the ability to plan and organize the business affairs effectively. He should consider all different available alternatives before making decision. A good planner can make the best decisions for his business.

**10. Capital:**

Capital is necessary for business. A good businessman gets capital from all available sources according to the need of business because capital is a key to success in business.

**11. Experienced:**

Experience in managing business affairs and dealing necessary to run the business successfully. A businessman can earn more profit as inexpenenced trader

**12. Desire of Progress:**

A good businessman always desires to earn huge profit. by expanding his business activities. The desire of progress e trader puts the business on the path of progress and prospenity

**13. Ability of Innovation**:

It is a common observation that modern and new produce attracts the customers. A good businessman should have ability to produce new goods according to new trends so the goods could attract the customers.

**14. Coordination:**

Coordination is necessary for business. A businessman should be able to coordinate the various sections of business with the help of employees to make the activities beneficial for business. 16. Business Knowledge: A good businessman should not only have the degree in business education, but also he must have proper training regarding he process of production and distribution of goods. Moreover, I must be familiar with legal provisions of his business affairs.