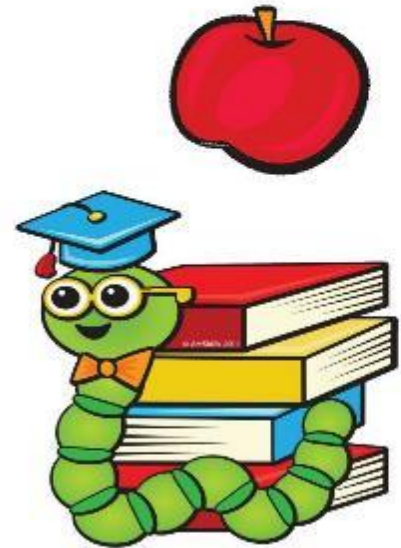
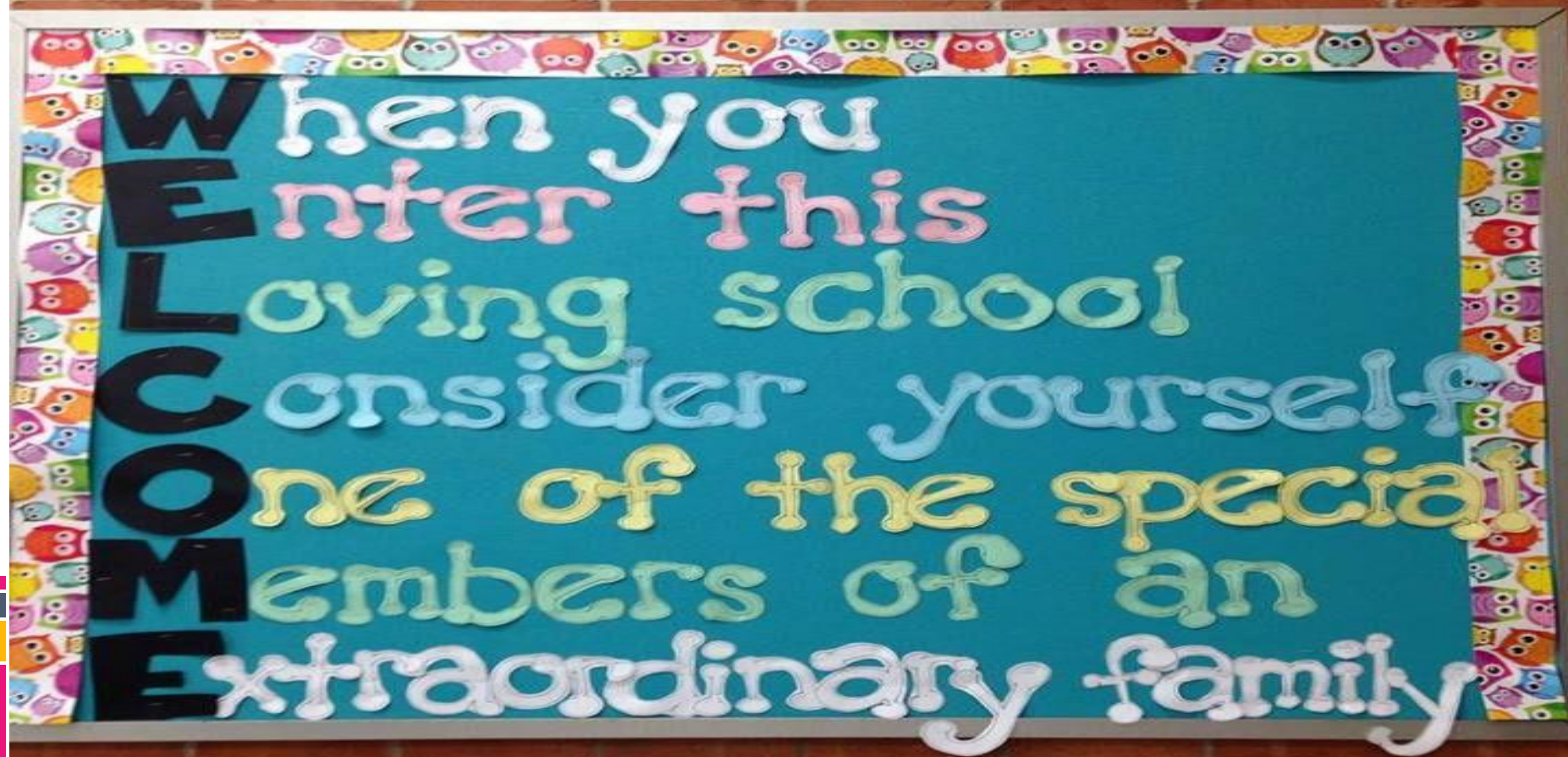





Pakistan School
Kingdom of Bahrain

**WELCOME
BACK
STUDENTS!**






When you
Enter this
Loving school
Consider yourself
One of the special
Members of an
Extraordinary family



We are going to start our online commerce class today. I hope we all will enjoy and learn.

❖ Rules for class:

- 1) Be on time for all your classes.
 - 2) Respect all the participants of the class.
 - 3) Do not create any disturbance.
 - 4) Pay attention to your teacher.
 - 5) Raise hand if you have a question.
 - 6) Enter the class with your actual name to mark your attendance
 - 7) Ask any relevant question according to topic taught only.
- 




Unit # One

Concept of Business.





Lesson Objectives:

- By the end of this part of lesson, students will be able to:
 1. Define businesses.
 2. Analyse the characteristics of business.
- 



Brainstorming...

- Which business would you like to start and why?
- 

Definition of Business

“Business is the exchange of goods, services, or money for mutual benefit or profit.” – **Skinner and Ivancevich**

“Business may be defined as any form of commercial activity to satisfy the economic wants of people at a profit.” - **Keith Davis**

“Business is any enterprise engaged in production and distribution of goods for sale in a market or rendering services for a price.”- **Professor Owen.**

Nature of Business

Regular Process

Economic Activity

Creates Utility

Capital Requirement

Deals in Goods and Services

Risk

Profit Earning Motive

Satisfaction of Consumer's Need

Involves Buyer and Seller

Social Obligations



Business

Characteristics

PROFIT MOTIVE

1. People are free to risk what they own in order to make even more money.
2. Chance of economic success is incentive to entrepreneurs
3. Definitions

-PROFIT: how much better of a person or business is after a period of time

-PROFIT MOTIVE: the force that makes people and businesses want to earn more money.



INTRODUCTION

An **essential element** in the strategy of any organization **is to minimize business risk** to a level that ensures the security market.

To **ensure efficiency and competitiveness**, it is required from the organization to:

- ⊙ implement a system and a comprehensive approach to risk management and therefore
- ⊙ to identify effective methods for identifying, analyzing, monitoring and mitigation of risk.

Capital and the Economics of Business

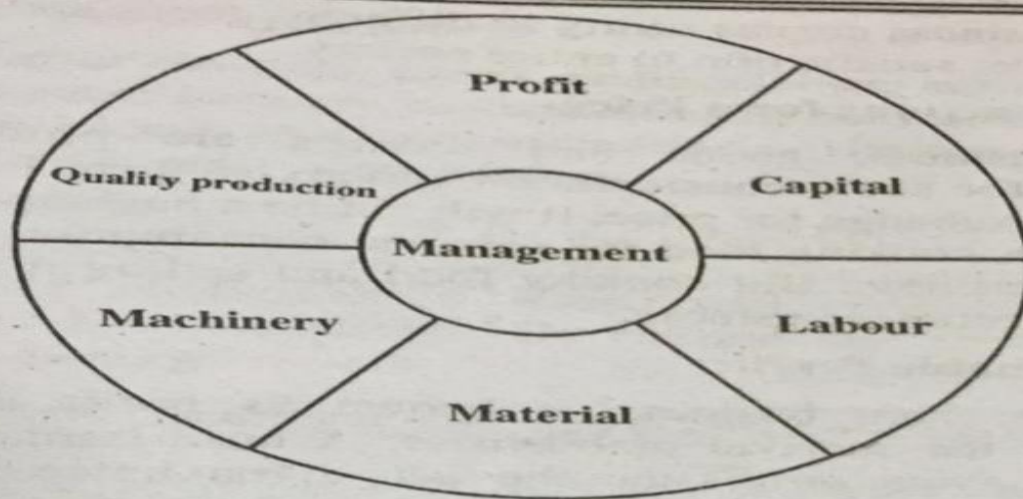
Importance of Capital

- A measure of performance
 - A factor in compensation/employment
 - A factor in stock value
 - Determines economics of transactions
 - Limits size of businesses
-

Business Management



While all are unique, they still rely on each other to run smoothly.



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 character of a certain commodity, which can satisfy any human need.

want. A business creates utility in different goods and services, which deliver satisfaction to entire society.

9. Transactions for a Price:

In business, goods and services are produced or exchanged for some consideration (price). If there is no sale, transfer or exchange for price, it will not be a business activity. For instance, cooking food for personal consumption does not constitute business. But cooking food and selling it to others for a price becomes business.

10. Reasonable Profit:

Income from business is known as profit and it is essential for the survival of 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.

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.





14. Services of Middlemen:

Most of the time, agents or middlemen not only help in making contact between buyer and seller, but also assist for the formation of sale or purchase contracts. The remuneration of these agents is called commission.

15. Culture:


The culture and civilization cannot be ignored during the process of production of goods and services, because a customer always considers his cultural and social values in business dealings.

IMPORTANCE



- Middlemen are very important players in the market.
- Both the consumers and producers gain immensely from the roles of middlemen who insures that there is a seamless flow of goods in the market by matching supply and demand.
- Middlemen provide feedback to the producers about the market, thus influencing the decisions made by the manufacturers.
- Buyers on the other hand ; gain from the services offered by middlemen, such as promotion and delivery.
- buyers can get the right quantity they want; as intermediaries are able to sale in small units.





Thank you. See
you in the next
lesson.