




Pakistan School
Kingdom of Bahrain








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.
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Unit # One

Concept of Business.





Lesson Objectives:

- By the end of this part of lesson, students will be able to:
 1. Analyse the objectives and functions of business.
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Brainstorming...

- What you think Why people want to earn money any four reasons?



Business Objectives

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graph TD; BO[Business Objectives] --> EO[Economic Objectives]; BO --> SO[Social objectives]; EO --> EP[Earning Profit]; EO --> MS[Market Standing]; EO --> I[Innovation]; EO --> OUS[optimum utilisation of resources]; EO --> IP[Improving Productivity]; SO --> QGS[Quality goods & service at fair price]; SO --> AAP[Avoidance of antisocial & unfair trade practices]; SO --> GE[Generation of employment]; SO --> EW[Employee welfare]; SO --> CS[Community service];
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Economic Objectives

- Earning Profit
- Market Standing
- Innovation
- optimum utilisation of resources
- Improving Productivity

Social objectives

- Quality goods & service at fair price
- Avoidance of antisocial & unfair trade practices
- Generation of employment
- Employee welfare
- Community service

The Good and the Bad Sides of Profit-Motive

1. Profit motive motivates people to do something meaningful, e.g., it gives human life a goal to pursue and something to live for.
2. Profit-motive promotes ingenuity and cleverness in running a business, e.g., business leaders and entrepreneurs have to struggle to overcome obstacles in order to achieve success.
3. Profit-motive makes people productive. Because of their desire for money businessmen have become productive and some of their products have been useful and have enhanced human life.
4. Profit-motive generates potential capital for the business. Profit is potential capital, something that can be invested to establish new businesses. In this way, profit also results in more jobs and more goods and services for the public and the society as a whole.



Social objectives



(iii) Employment Generation:

- Business should provide opportunities for gainful employment to members of the society.
- Therefore, provision of adequate and full employment opportunities is a significant service to society. If unemployment problem increases, the socioeconomic environment cannot be pleasant for the growth of business activities.

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
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Social Objectives

- To protect consumer interests
 - » to provide quality products
 - » to charge reasonably
 - » to provide the required after sales service
 - » avoid misleading by improper advertisements
 - » provide all details including adverse affect



3. Development of human resources

- ▶ Employees as human beings always want to grow. Their growth requires proper training as well as development.
 - ▶ Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time.
 - ▶ Thus, it is important that business should arrange training and development programmes for its Employees.
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National Objectives

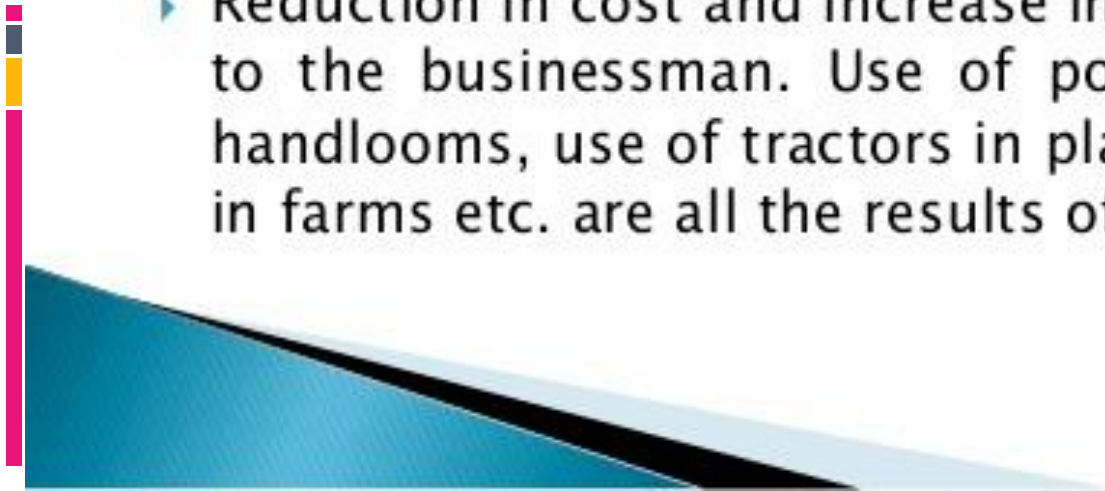
3. Production according to national priority

- ▶ Business units should produce and supply goods in accordance with the priorities laid down in the plans and policies of the Government.
 - ▶ One of the national objectives of business in our country should be to increase the production and supply of essential goods at reasonable prices.
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Economic Objectives

3. Regular innovations

- ▶ Innovation means changes, which bring about improvement in products, process of production and distribution of goods.
 - ▶ Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more customers because of improved products.
 - ▶ Reduction in cost and increase in sales gives more profit to the businessman. Use of power-looms in place of handlooms, use of tractors in place of hand implements in farms etc. are all the results of innovation.
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OBJECTIVES & FUNCTIONS OF BUSINESS

Objective or function of business means the purpose for which the business is established or run. Following are some important objectives or functions of the business:

1. Profit Objective:

The main objective of business is to earn profit. Businessmen go on searching profitable channels to invest their capital. Business should create wealth and earn profit without harming the society and fellow businessmen. If a business is producing only loss then it is closed or dissolved. Following are important reasons for earning profit:

- (i) To fulfill the personal needs of the owner.
- (ii) It creates the spirit of hard work.
- (iii) For expansion and development of the business.
- (iv) To earn RIZQ-E-HALAL.
- (v) For increasing National Income.

2. Social Services:

Business benefits the people by providing them large number of services. Businessmen use modern techniques to produce the quality goods at lower cost. Business facilitates the society by providing it following important services:

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.

- (i) To produce and supply of quality and standard goods.
- (ii) To provide goods according to the latest design and fashion.
- (iii) To provide goods at lower prices.
- (iv) To provide goods in all areas of the country.
- (v) To save the society from harmful effects e.g. pollution etc.
- (vi) To help and encourage the cultural activities.

3. Employment:

Business provides employment opportunities not only to the owners but also to other people. Business creates employment opportunities for the following:

- (i) Investors (Owners)
- (ii) Industrial workers.
- (iii) Experts/professionals e.g. doctors, professors, engineers, accountants etc.
- (iv) Middlemen, traders, agents etc.
- (v) Employees of supporting institutions e.g. bankers, Insurers, transporters etc.

4. Investment:

Another important purpose of business is to use national savings in profitable and useful way. It provides more opportunities of investment to the people to earn profit by investing their surplus money. Following are the methods of investment:

- (i) Owner's own investment (owner's equity).
- (ii) Investment by purchasing shares and debentures.
- (iii) Investment in form of *Partnership, Musharika or Modarba*.

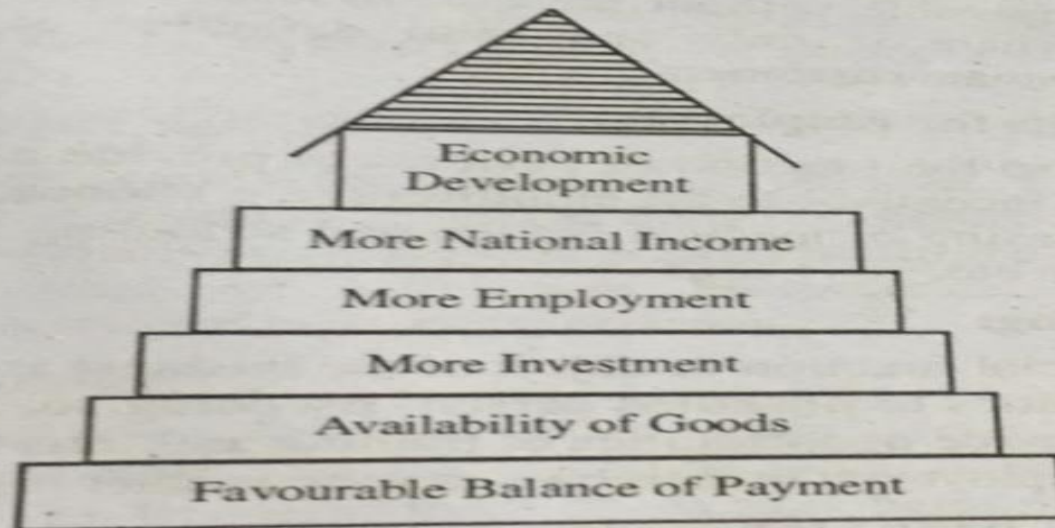
5. National Interests:

Some businesses are started with a view to secure the national interests and to strengthen the economy and defense system of the country. Such types of businesses are established under the supervision of the government e.g.

- (i) Industry of weapons for defence.
- (ii) Modern institutions for research like PCSIR etc.

6. Economic Development:

All business activities have their ultimate target of economic development of the country. The optimal use of local and foreign resources is possible only with the help of business. A successful and profitable business helps in the economic development of country. Following figure states the fact:



7. Innovation:

A business should use new and modern methods or tools for the production of goods. Because, it will not only increase the production and profit but the people also get the benefits of new inventions.

8. Use of Technology:

The use of technology is included in the objects and functions of the business. Because, a businessman can increase the production and profit margin by using latest technology according to the nature of business.

9. Optimum Combination:

A businessman tries his best to make optimum combination of available factors of production. Business activities are performed in such a way that results in the lowest cost of production. Thus, the profit of the business may be maximized.

10. Sales Function:

A sale is an important function or objective of the business, because the expansion in business and increase in profit is impossible without increase in sale. In the words of Drucker, "There is only one valid definition of business purpose, to create customers".

11. Benefits for Employees:


It is also the function of business to provide a variety of benefits and incentives to the employees (e.g.) bonus, over time payment, housing or medical facility and schooling facility for their children etc.

12. Training:

The social function or object of the business is to provide training facilities to unskilled person. By doing so, the owners or traders provide opportunities of training and thus less trained people get employment in their own or various other organizations.

13. Better Living Standards:

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. For example, the developed countries are rich on account of stable business activities while the under developed countries are poor due to less business.



Thank you. See
you in the next
lesson.