

**Part I**

**Management**



# Chapter 1

## Introduction to Business

### Topics to cover later

1. Scope of business

### 1.1 What is Business

Business is the activity performed by an individual or a group of people with a view to earn profit within the government rules and regulations. Main purpose of business is to earn profit.

### 1.2 Elements of Business

Three (3) main components of business:

Trade: is the final stage of business activity and it involves sales and purchase of goods. It can be divided into two types such as:

Home trade: when trade takes place within the national boundaries.

Foreign trade: when trade takes place across the national boundaries.

Commerce: It is the process of buying, selling and other activities which facilitate trade such as storing, packaging, transportation, insurance, banking, finance and marketing promotion. The principle function of commerce is to remove the hindrances of person, place, time, exchange and knowledge.

Industry: Industry refers to that part of business activity which is engaged in rising, producing, processing, fabrication, extracting and conversion of goods.

### 1.3 Objective of business

- Profit, the main objective of business to earn it.
- Business Profit
- Economic Profit
- Survival
- Growth
- Social Responsibility: the responsibility of a businessmen is to supply goods and services in that way which are not harmful to the society.

### 1.4 Business Input and Output

Input:

- Human resource
- Capital
- Managerial resource
- Technological resource

Output:

- Product
- Service
- Profit
- Satisfaction
- Goal

## Chapter 2

# Sole Proprietorship

“Sole” means single and “proprietorship” means ownership. So, the business organization in which a single person owns, manages and controls all the activities of the business is known as sole proprietorship form of business organization. Or, a business enterprise exclusively owned, managed and controlled by a single person with all authority, responsibility and risk is called a sole proprietorship business.

Characteristics or Features of sole proprietorship business:

- Easy formation
- Single ownership
- No sharing of profit-loss
- Limited capital
- Full controlling power only goes to the sole.
- Unlimited liability
- Limited area of operation
- Freedom in selection of trade
- Secrecy
- Personal relations