



# RAMA UNIVERSITY

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## **FACULTY OF COMMERCE & MANAGEMENT**

**COURSE: BBA-DM 2<sup>nd</sup> SEMESTER**

**SUBJECT: BUSINESS ENVIRONMENT**

**SUBJECT CODE: BBA204**

**LECTURE: 1**

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# Lecture-1



# Unit I

## **Introduction: Concept, Nature and Scope of Business**

The concept of business has emerged, ever since the exchange activity took place or from the stage of trade economy in the economic process. The business is an activity which is primarily pursued with the object of earning profit. A business activity involves production, exchange of goods and services to earn profit or earn a living.

The word 'business' literally means a state of being busy. Every person is engaged in some kind of occupation, a farmer works in the field, a worker works in the factory, a clerk does his job in the office. They earn their livelihood. While doing some work. Business comprises all profit-seeking activities and enterprises that provide goods and services necessary to an economic system.

## **Meaning**

In general terms business is nothing but buying and selling of goods in the market at a reasonable price.

Business is an economic activity, which is related with continuous and regular production and distribution of goods and services for satisfying human wants.

It is a process where the goods and services are exchanged among buyers and sellers for money or profit.

## **Definition**

According to Stephenson defines business as "the regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants."

"Business is that complex field of a commerce and industry in which goods and services are created and distributed for the sake of earning profit within a framework of laws and regulation".

## **Scope**

Business is an integral part of modern society. It is an organized and systematized activity for profit.

1. **Improvement in standard of living:** - Business helps people in general to improve their standard of living.
2. **Proper utilization of resources:** - it leads to effective utilization of the scarce resources of society. It provides facility of mass production.
3. **Better quality and large variety of goods and services:** - it involves production, purchase and sale of goods and services for price. Customer satisfaction is the backbone of modern business. Services such as supply of water, electricity etc.
4. **Creates utilities:** - business makes goods more useful to satisfy human wants. It adds to products the utilities of person, time, place, knowledge etc. thus, people are able to satisfy their wants effectively and economically.
5. **Employment opportunities:** -It provides employment opportunities to large number of people in society.

**Workers welfare:** - business organizations these days take care of various welfare activities for workers. They provide safer and healthier work environment for employees.

#### **Objectives of business**

1. Profit making
2. Growth
3. Power
4. Employee satisfaction and development
5. Quality of product and services
6. Market leadership
7. Challenging
8. Service to society
9. Good corporate citizenship

6. **Profit making:** profit is the backbone of any business. Without which no business can survive in a competitive market. Profit is the main motivator, strong sustainer and judicious allocator of resources. it helps to the business men not only to earn their living but also to expand their business activities by reinvesting a part of the profit.
7. **Growth:** growth is another primary objective of business. It should grow in all directions over a period of time. Some of the strategies adopted to achieve growth. They are:
  - i. Add more and more products.
  - i. Integration forward or backward.
  - ii. Increase market share.
  - iii. Diversify business into new areas.
  - iv. Expand markets.
  - v. Increase productivity.
2. **Power:** business has vast resources such as money, materials, men and know- how. These resources confer enormous economic and political power on owners and managers of business venture.
3. **Employee satisfaction and development:** employee satisfaction covers the basic concerns and needs of employees. concern for employees should be an important aspect in spite of automation of business. Business concern which attach utmost important to employee's satisfaction can survive.
4. **Quality of products and services:** the important objective of business is to providing Sand stayed ahead of others on the market. The quality earns brand loyalty, a vital ingredient of success.
5. **Market leadership:** this is another major objective of business to earn a share position in the market, innovation is the key factor, innovation may be product, advertising, and in any field.
6. Example: SUMSUNG Smartphone

7. **Challenging:** business offers vast scope and formidable challenges. The real worth of an individual is tested more in business than in any other profession.
8. **Service to society:** business is a part of society and has several obligations towards it. The following are:
  - i. Providing safe and quality of goods at reasonable price.
  - ii. Providing employment.
  - iii. Patronizing culture and religious activities.
  - iv. Maintaining and protecting environment.
9. **Creation of joy:** it is through business strategies know ideas & innovation are given a shape and are converted in to use full products and services for the benefit of customers.
10. **Good corporate citizenship:** citizenship implies that the business unit complies with the rules of the land, pay taxes to the government regularly discharges
11. its obligation to society and cares for its employees and customers

