

Chapter – 2

Objectives of Business

I. Choose the Correct Answer

Question 1.

The Primary objective of a business is

- (a) Making Profit
- (b) Not Making Profit
- (c) Special skill
- (d) None of the above

Answer:

- (a) Making Profit

Question 2.

Occupation of a Doctor is

- (a) Employment
- (b) Business
- (c) Profession
- (d) Sole Proprietor

Answer:

- (c) Profession

Question 3.

The following does not characterize business activity?

- (a) Production of goods and services
- (b) Presence of Risk
- (c) Sale or exchange of goods and services
- (d) Salary or wages

Answer:

- (d) Salary or wages

Question 4.

Activities undertaken out of love and affection or with social service motive

are termed as

- (a) Economic activities
- (b) Monetary activities
- (c) Non-Economic Activities
- (d) Financial Activities

Answer:

(c) Non-Economic Activities

II. Very Short Answer Questions

Question 1.

Define Economic Activities.

Answer:

Activities undertaken with the object of earning money are called economic activities. E.g Production of goods by manufacturer, selling by the retailer, accounting practice by chartered accountants.

Question 2.

What do you mean by Business?

Answer:

Business refers to any human activity undertaken on a regular basis with the object to earn profit through production, distribution, sale or purchase of goods and services.

Question 3.

Define Profession.

Answer:

A profession is any type of work that needs special training or a particular skill, often one that is respected because it involves a high level of education. It is something which is more than a job. Those engaged in a profession are called professionals and they earn income by charging professional fees.

Question 4.

What do you mean by Employment?

Answer:

It refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.

III. Short Answer Questions

Question 1.

What do you mean by human activities? Explain.

Answer:

An activity performed by a human being to meet his/her needs and wants or maybe for personal satisfaction. It can be categorized into economic and non-economic activities.

Economic Activities: Activities undertaken with the object of earning money are called economic activities.

E.g Production of goods by manufacturer, selling by the retailer, accounting practice by chartered accountants.

Non-Economic Activities: Activities undertaken to satisfy social and psychological needs are called non-economic activities. E.g: Cooking food for the family, Doing meditation, Celebrating festivals.

Question 2.

Write short notes on:

1. Business
2. Profession

Answer:

1. Business refers to any human activity undertaken on a regular basis with the object to earn profit through production, distribution, sale or purchase of goods and services.

2. Professions are those occupations which involves rendering of personal services of a special and expert nature. A profession is something which is

more than a job. It is a career for someone who is competent in their respective areas.

Question 3.

Explain the classification of 'Business'.

Answer:

Any human activity is undertaken on a regular basis with the object to earn profit through production, distribution, sale, or purchase of goods and services. It can be defined as "an activity involving regular production or purchase of goods and services for sale, transfer, and exchange with an object of earning profit". Business activities are connected with increasing, producing, or processing goods. It is done by the industries. Industries brought goods for intermediate consumption (i.e., semi-finished goods into finished goods) or final consumption by consumers.

Question 4.

Briefly state the human objectives of a business.

Answer:

Human objectives refer to the objectives aimed at the well – being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well – being of the employees, social and psychological satisfaction of employees and development of human resources.

IV. Long Answer Questions

Question 1.

Explain the characteristics of Business.

Answer:

Definition of Business: According to Stephenson, "The regular production pi purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants.

The essential characteristics of the business are as follows:

1. Production or procurement of Goods: Goods must be produced or procured in order to satisfy human wants.

2. Sale, Transfer, or Exchange: There must be a sale or exchange of goods or services. Then a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

3. Dealing in Goods and Services: Goods produced or procured may be consumer goods like cloth, pen, brush, bag, etc., or producer-goods like plant and machinery. Services refer to activities like a supply of electricity, gas or water, transportation, banking, insurance, etc.

4. The regularity of Dealings: The business activities should be a regular and continuous process. A single dealing in buying and selling does not constitute a business. The process of buying and selling must be recurrent to constitute a business.

5. Profit motive: An important feature of the business is profit motive. Human beings make their living through business. By the attraction of the profit, only people are interested to do business.

6. The element of Risk: The profit in a business is uncertain. It depends upon a number of factors beyond the control of the businessman. The factors may be in the following forms, i.e change in consumer preference, shortage of raw material, transport bottlenecks, power crisis, etc., the undefined changes may lead to a loss. That is why profit is said to be a reward for risk-taking. Thus, any business activity includes an element of risk too.

Question 2.

Compare business with profession and employment.

Answer:

		Business	Profession	Employment
1.	Mode of Establishment	Promoter's decision registration and other formalities as prescribed by law	Membership of a professional body or certificate of practice	Service contract or letter of appointment
2.	Nature of Work	Goods and services provided to the public	Personalized service of expert nature	Performing work assigned by the employer
3.	Qualifications	No minimum qualifications is essential	Education and training in specialized field	Minimum qualification is essential
4.	Basic Motive	Earning profits by satisfying needs of society	Rendering service	Earning wages or salary by serving the employer
5.	Capital	Capital investment required as per size of the firm	Limited capital necessary for establishment	No capital required
6.	Reward	Profits	Professional fee	Salary or wages

Question 3.

Discuss any five objectives of the business.

Answer:

Every business enterprise has certain objectives which regulate and generate its activities. Objectives are needed in every area where performance and results directly affect the survival and prosperity of a business.

The following are the various objectives:

Economic Objectives:

It refers to the objective of earning profit and also other objectives are necessary to be pursued to achieve the profit objective, which includes the creation of customers, regular innovations, and the best possible use of available resources.

Social Objectives:

The objectives are desired to be achieved for the benefit of society. Since business operates in society by utilizing its scarce resources, the society

expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society.

Organizational Objectives:

to accomplish during the course of its existence in the economy like expansion and modernization, supply quality goods to consumers, customer's satisfaction, etc.

Human Objectives:

The objectives aimed at the well-being as well as the fulfillment of expectations of employees as also of people who are disabled, handicapped, and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees, and development of human resources.

National Objectives:

The goal of the country may be to provide employment opportunities to its citizen, earn revenue for its exchequer, become self-sufficient in the production of goods and services, promote social justice, etc. Business activities should be conducted keeping these goals of country in mind, is known as national objectives of the business. These are all the objectives of the business.

Question 4.

Distinguish between economic and non – economic activity.

Answer:

		Economic Activities	Non-economic Activities
1.	Definition	Economic activities are those activities which are undertaken to earn money or financial gain for livelihood.	Non-economic activities are those activities which are undertaken for the sake of pleasure, performed out of love, sympathy, sentiments etc.
2.	Motive	Sole motive is to earn money or financial gain.	Undertaken for satisfaction of social, psychological or emotional needs.
3.	Money Measurement	All economic activities can be valued in monetary terms.	Non-economic activities cannot be valued in monetary terms. These are an expression of a thought, feeling or a gesture.
4.	Relationship	Economic activities are related to creation of wealth.	Non-economic activities do not create wealth.
5.	Outcome	All economic activities result in production, procurement, distribution and consumption of goods and services.	The end result of a non-economic activity is the mental, emotional or psychological satisfaction of the person doing the activity.