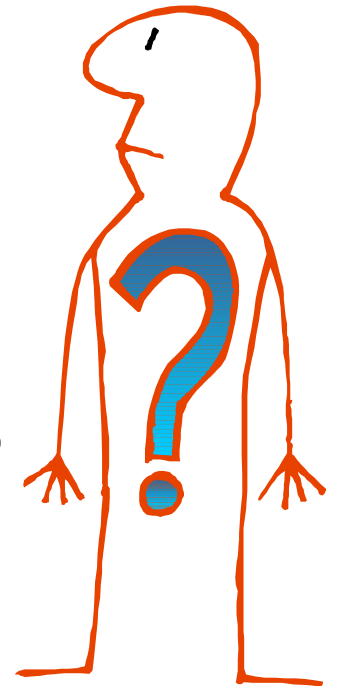




What Is A Business?

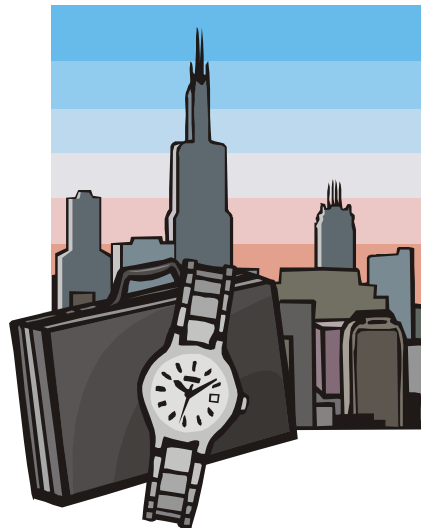
- Which of the following statements **BEST** describes what a business is?
 - Its an organisation that tries to make as much profit as possible
 - It is something that produces goods and/or services
 - It is something that governments encourage because they provide people with jobs
 - It is an organisation where ideas are developed into products and/or services





What is Business Activity?

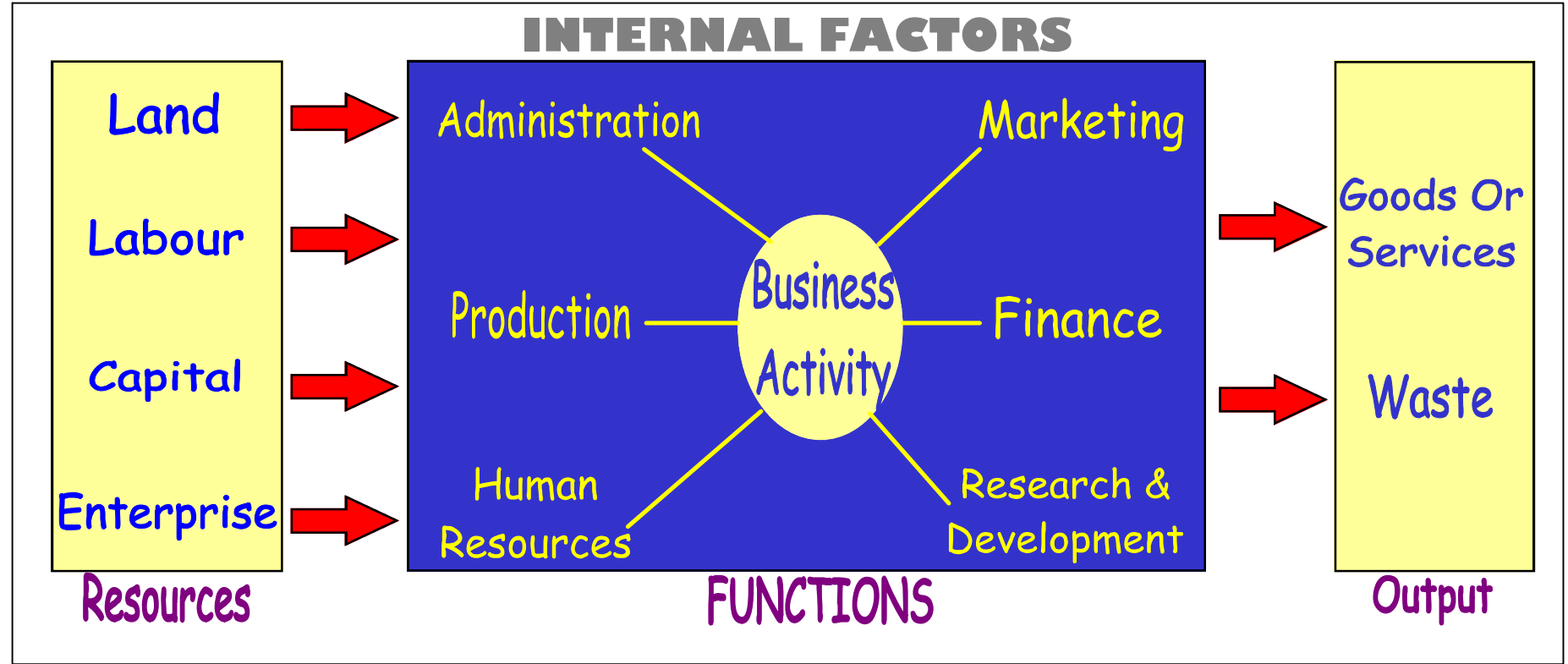
- Businesses have a number of common elements:
 - They require **resources** to produce their product or service
 - The **4 factors of production**
 - A number of **functions** that allow production to take place
 - They produce an **output** – either a good or a service
 - Their output is **consumed** by customers
 - They will be affected by **external factors** – i.e. competitors
- So businesses are affected by many different things





Internal & External Factors

Population Trends
Government
Economic Climate
World Affairs
Social Factors



Legislation & Regulation
Pressure Groups
Competition
Consumers
Environmental Factors



The Four Factors of Production

LAND

Any natural resource. Owners receive rent from those who use it

CAPITAL

Resources that have been made by labour (possibly other businesses). They are used to produce. Owners receive interest if others borrow it



LABOUR

Any human input. Workers are paid either a salary or a wage for the work that they do

ENTERPRISE

People who have ideas, and then take risks by organising the other 3 factors of production. They receive profit for taking this risk



Different Types of Goods & Services

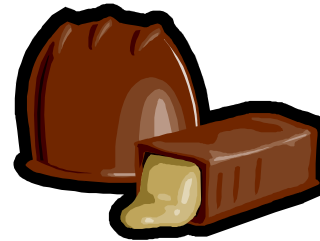
- There are 2 types of goods and services

- A good is tangible
- A service is a non-tangible asset

- Consumer Goods & Services

- There are 2 types of these:

- Single use e.g. Chocolate bar
- Durable use e.g. Chair



- Capital Goods & Services

- There are goods sold to other businesses (b2b transactions)

- Single use e.g. raw materials
- Durable e.g. machinery

