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Academic Education CBSE › Class 11 Commerce › Business Studies

Nature and Purpose of Business

Understanding the Nature and Purpose of Business

DEFINITION

> Business refers to organized efforts to produce and sell goods or services for profit. Its main purpose is to meet consumer needs while generating revenue.

KEY CONCEPTS

Economic Activities

These are activities that involve the production, distribution, and consumption of goods and services.

Profit Motive

The primary goal of business is to earn profit, which motivates entrepreneurs to take risks.

Goods and Services

Businesses provide tangible products (goods) and intangible offerings (services) to satisfy customer demands.

Social Responsibility

Businesses have a duty to contribute positively to society and consider the impact of their operations.

Types of Business

Businesses can be classified into various types, such as manufacturing, trading, and service sectors.

EXAMPLES

→ A bakery selling bread and pastries.

→ A consulting firm providing expert advice to businesses.

→ An online store offering electronics.

MEMORY TIPS

★ Remember 'PEGS' for Profit, Economic activities, Goods, and Services.

★ Use the acronym 'BOSS' to recall Business, Organization, Social responsibility, and Services.

★ Visualize a pie chart to represent the balance between profit and social responsibility.

COMMON MISTAKES

✗ Confusing goods with services.

✗ Overlooking the importance of social responsibility.

✗ Assuming all businesses are for profit.

QUICK RECAP

Business is about producing goods and services to meet consumer needs while making a profit. Understanding its nature includes recognizing economic activities, profit motives, and social responsibilities.