ONE PAGE SUMMARY

Academic Education GSEB › 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 purpose is to meet customer needs while generating income.

KEY CONCEPTS

Economic Activity

Business involves activities that create value and contribute to the economy.

Profit Motive

The primary goal of business is to earn profit by providing goods or services.

Customer Satisfaction

Businesses aim to fulfill customer needs and preferences to ensure repeat purchases.

Risk and Uncertainty

Business operations involve risks, as outcomes are often uncertain and can affect profitability.

Social Responsibility

Businesses have a responsibility to contribute positively to society and the environment.

EXAMPLES

→ A bakery selling cakes to local customers.

→ An online store offering electronics worldwide.

→ A consulting firm providing business advice to startups.

MEMORY TIPS

★ Remember 'PECRS' for Profit, Economic activity, Customer satisfaction, Risk, Social responsibility.

★ Visualize a business as a tree: roots (risk), trunk (profit), leaves (customers).

★ Use the acronym 'BEEP' to recall Business, Economic activity, Earnings, Purpose.

COMMON MISTAKES

✗ Confusing business with non-profit organizations.

✗ Overlooking the importance of customer satisfaction.

✗ Neglecting the role of risk in business decisions.

QUICK RECAP

Business is an organized activity aimed at earning profit by meeting customer needs. It involves economic activities, carries risks, and has a social responsibility to the community.