Hayatullah Afghan

ID: 16988

Course: BBA

Teacher: Shoala Resheed Khan

Subject: Introduction to Business

Question 1 a: Define industry? Explain the two types of industry?

Question 1 b: What are the basic factors of production? Explain any two?

Answer 1 a: It is a place where raw material is converted into finished or semi-finished goods, which have the ability to satisfy human needs or can be used in another industry as a base material.

According to activity industry is divided into three major types; primary, secondary and tertiary industry.

Primary Industry: is an industry concern with the extraction of natural resources, and there are two types of primary industry; Extractive and Genetic industry.

Extractive industry: extract products from natural resources. e.g. minerals from earth, fish from rover.

Genetic raising and breeding of living organism (birds, plant). e.g. raising of cattle for milk, raising of plants in nursery.

Secondary industry: convert raw material into finished product.

Secondary industry is subdivided into three types;

a) manufacturing industry, e.g. making of sugar from sugar cane.
b) constructive industry, e.g. construction of buildings, Dames, roads etc.
c) service industry, e.g. transport banking etc.

Answer 1 b. Factors of production are the resources or components that are required for the production goods or services. There are four factors that are used for production of goods or services.

1) labor

2) capital
3) entrepreneurship
4) physical resource

Labor: people who work in an organization and provide physical and mental efforts in production.

Capital: amount of money or other assets invested by investors.

Question 2: Explain SWOT analysis.

Answer 2: SWOT analysis or SWOT materials is designed for the initial stages of decision making process and can be used as a tool for appraisal of the strategic position of an organization.

SWOT stands for Strengths, Weakness, Opportunity and Threats

Strength is the first and internal factor of SWOT are:

- Things your company does well
- Qualities that separate you from your competitors
- internal resources such as skilled staff
- tangible assets such as intellectual property, capital, technology etc.

Weakness: are the second and internal factor and are:

- *things your company lakes.
- things your competitors do better than you
- resource limitations
- unclear unique selling proposition

Opportunity: is the third and external factor and are:

- underserved markets for specific products
- few competitors in your area
- emerging need for your products or services
- media coverage of your company
- Threats: is the last and external factor and are:
- emerging competitors
- changing regulatory environment

- negative media coverage
- changing costumer attitudes toward your company.

Question 3 a. What is sole proprietorship? Write down its five characteristics, five advantages and disadvantages?
Question 3 b. What is partnership? Write down the characteristics and advantages of partnership?

Answer 3 a. sole proprietorship is A business that legally has no separate existence from its owner. Income and losses are taxed on the individual's personal income tax return.
According to D.W.T. Stafford, " It is the simplest form of business organization, which is owned and controlled by one man".
The sole proprietorship is the simplest business form under which one can operate a business. The sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts. A sole proprietorship can operate under the name of its owner or it can do business under a fictitious name, such as Ahmad's Salon. The fictitious name is simply a trade name--it does not create a legal entity separate from the sole proprietor owner.
The sole proprietorship is a popular business form due to its simplicity, ease of setup, and nominal cost. A sole proprietor need only register his or her name and secure local licenses, and the sole proprietor is ready for business.

The advantages of a sole proprietorship include:

1. Owners can establish a sole proprietorship instantly, easily and inexpensively.
2. Sole proprietorships carry little, if any, ongoing formalities.
3. A sole proprietor need not pay unemployment tax on himself or herself (although he or she must pay unemployment tax on employees).
4. Owners may freely mix business or personal assets.
5. Easy transfer of ownership.

6. Direct relation with workers

The disadvantages of a sole proprietorship include:

1. Owners are subject to unlimited personal liability for the debts, losses and liabilities of the business.
2. Owners cannot raise capital by selling an interest in the business.
3. Sole proprietorships rarely survive the death or incapacity of their owners and so do not retain value.
4. Lack of advertisement
5. Lack of capital

Characteristics of Sole Proprietorship:

1. Sole Proprietorship:

The individual carries on business exclusively by and for himself. He invests his own capital and controls the whole business. He bears all the risks and is the master of all the profits.

2. Free from Legal Formalities:

A sole trade business is not expected to meet any legal requirement. A sole trader may engage in any business unless license is required under law.

3. Sole Management:

The sole trader manages the whole business himself. He prepares the plans and executes them under his own supervision. He is not required to consult anyone else in taking decisions. The ultimate authority to manage and control rests with the proprietor.

4. Secrecy:

It is also an important characteristic of sole proprietorship. All the decisions are taken by the proprietor himself. He is in a position to keep his affairs to himself and maintain perfect secrecy in all matters.

5. Freedom regarding Selection of Business:

A sole trader is at freedom to select any business of his choice. He has not to depend on others.

6. Proprietor and Proprietorship Are One:

It is a fact that the sole trader and his business are not separate entities. Loss in the business is his loss. Liabilities in the business are his liabilities. He bears all the risks and is the master of all the profits.

Answer 3 b. A legal form of business operation between two or more individuals who share management and profits. The federal government recognizes several types of partnerships. The two most common are general and limited partnerships.

Partnership features:

- Two or more persons in business
- Governed by state laws
- Each partner invests in the business
- Share in profits
- Unlimited personal liability for the partnership's debts.

Advantages of partnership:

- Simplicity in formation
- Simplicity in dissolution
- Sufficient capital
- Skilled workers
- Sense of responsibility.