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SUBJECT : INTRODUCTION TO BUSINESS

DEPARTMENT: BBA1ST SEMESTER

PAPER : MID TERAM

Q 1: DEFINE INDUSTRY? EXPLAIN TWO MAJOR TYPES OF INDUSTRY?

ANS: INDUSTRY:

An industry is a sector that produces goods or related services within an economy. The major source of revenue of a group or company is an indicator of what industry it should be classified in. When a large corporate group has multiple sources of revenue generation, it is considered to be working in different industries.

There are two types of industries **PRIMARY INDUSTRY** & **SECONDARY INDUSTRY.**

**PRIMARY INDUSTRY:**

The primary sector of the economy includes any industry involved in the extraction and production of raw materials, such as farming, forestry, fishing and mining.

The primary sector tends to make up a larger portion of the economy in developing countries than it does in developed countries. For example, in 2018, agriculture, forestry, and fishing comprised more than 15% of GDP in sub-Saharan Africa but less than 1% of GDP in North America.

In developed countries the primary sector has become more technologically advanced, enabling for example the mechanization of farming, as compared with hand-picking and -planting in poorer countries.

**SECONDARY INDUSTRY:**

The secondary sector of the economy including industries that produce a finished, usable product or are involved in construction.

This sector generally takes the output of the primary sector and manufactures finished goods or where they are suitable for use by other businesses, for export, or sale to domestic consumers. This sector is often divided into light industry and heavy industry. Many of these industries consume large quantities of energy and require factories and machinery to convert raw materials into goods and products. They also produce waste materials and waste heat that may cause environmental problems or cause pollution. The secondary sector supports both the primary and tertiary sector.

Q1 pB: WHAT ARE THE BASIC FACTOR OF PRODUCTIO? EXPLAIN ANY TWO?

ANS: There are four basic factor of production

1: LAND

2: LABOUR

3: ENTREPRENEUR

4: CAPITAL

**TWO FACTOR OF PRODUCTION**

**1: LABOUR;**

Labor refers to the workers necessitated to produce goods and services. The factory workers, office workers, marketing staff, and sales staff of the paper company would all be considered labor. Labor includes not just the number of employees but also the various abilities called for from workers. The labor needs of a paper company would probably differ substantially from the labor needs of a computer company, even if both needed the same number of employees.

**2: CAPITAL:**

Capital refers to the human-made equipment required to produce goods and services. The paper company’s factory, machinery, office building, and delivery trucks would be examples of capital. Sometimes capital is also defined to include the money used to buy such equipment and to start and maintain business operations.

Q2: EXPLAIN SWOT ANALYSIS?

ANS: SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy. In accordance with the System Approach, organizations are wholes that are in interaction with their environments and consist of various sub-systems. In this sense, an organization exists in two environments, one being in itself and the other being outside. It is a necessity to analyses these environments for strategic management practices. This process of examining the organization and its environment is termed SWOT Analysis.

“SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the external threats to its future

**COMPONENTS OF SWOT ANALYSIS:**

1: **STRENGTH:**

Strength at organizational level involves properties and abilities by which an organization gains an advantage over other organizations and competitor organizations that are revealed as a result of the analysis of its internal environment. In other words, organizational strength defines the characteristics and situations in which an organization is more effective and efficient compared to their competitors. An organization can be described as strong, equal or weak compared to their competitors based on five criteria’s: Relative market situation, relative financial structure, relative production and technical capacity, relative research and development potential, relative human capacity and management effectiveness.

2: **WEEKNESS**;

A weakness is something an organization lacks or does poorly -in comparison to others- or a condition that puts it at a disadvantage” In this context “a weakness is a limitation or deficiency in resource, skills, and capabilities that seriously impedes an organization’s effective performance. Facilities, financial resources, management capabilities, marketing skills, and brand image can be sources of weaknesses”

3: **OPPURTUNITES**;

Opportunity means a situation or condition suitable for an activity. Opportunity is an advantage and the driving force for an activity to take place. For this reason, it has a positive and favorable characteristic. For organizational managements, an opportunity is the convenient time or situation that the environment presents to the organization to achieve its goals.

4**: THREATS**;

Threat is a situation or condition that jeopardizes the actualization of an activity. It refers to a disadvantageous situation. For this reason, it has a negative characteristic that should be avoided. For organizational managements, a threat is the element that makes it difficult or impossible to reach the organizational goals. Threats are the situations that come out as a result of the changes in the distant or the immediate environment that would prevent the organization from maintaining its existence or lose its superiority in competition, and that are not favorable for the organization . They can constitute an impediment to the success of the organization, and cause unrecoverable damage.

Q3: WHAT IS SOLE PROPRIETORSHIP? WRITE DOWN FIVE CHARACTERISTIC, FIVE ADVANTAGES, AND FIVE DISADVANTAGES?

ANS: **PROPRIETORSHIP:**

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 CHACHA PAN SHOP. The fictitious name is simply a trade name--it does not create a legal entity separate from the sole proprietor owner.

**CHARACTERISTIC:**

1: Ownership of Business

2: Source of Capital Funds,

3: No sharing of Profit & Loss,

4: Stability,

5: Single Man Control,

6: Provide Employment Opportunities,

**ADVANTAGES**:

1: you're the boss.

2: you keep all the profits.

3: start-up costs are low.

4: you have maximum privacy.

5: establishing and operating your business is simple.

6: you can easily wind up your business.

**Disadvantages**:

1: Limited Capacity of Individual,

2: A huge competition,

3: Technological Advancement,

4: Difficulty in Raising to Capital,

5: Lack of Managerial Experience,

6: Everything controlled by an own

Q3 pB: WHAT IS PARTNERSHIP? WRITE DOWN CHARACTERISTIC AND ADVANTAGES OF PATNERSHIP?

ANS: **PATNERSHIP:**

A partnership is a form of business where two or more people share ownership, as well as the responsibility for managing the company and the income or losses the business generates. That income is paid to partners, who then claim it on their personal tax returns – the business is not taxed separately, as corporations are, on its profits or losses.

**CHARACTERISTIC:**

**1:**

**2:** Existence of an agreement:

3: Existence of business:

4: Sharing of profits:

5: Agency relationship:

6: Membership:

7: Nature of liability:

8: Fusion of ownership and control:

9: Non-transferability of interest

**ADVANTAGES:**

1: two heads (or more) are better than one.

2: your business is easy to establish and start-up costs are low.

3: more capital is available for the business.

4: you'll have greater borrowing capacity.

5: high-caliber employees can be made partners**.**

THE END