

Introduction to Business Studies - Form 1 Business Studies Notes

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Definition

- **Business:** Refers to all the activities carried out by an individual or an organisation involving the provision of goods and services with the aim of making profit
- **Business studies:** Refers to the study of the activities that are carried out in and around production, distribution and consumption of goods and services.

Basic Terms Used in Business Studies

- a. Goods
 - These are tangible items i.e. items that can be touched and felt e.g. furniture, fruits, goods etc.
- b. Services
 - Services are actions or activities that can be sold. They are intangible. Examples include; teaching, banking, shoe shining etc.
- c. Production
 - Production refers to the creation of goods and services. It also refers to the process of increasing the usefulness (utility) of goods and services.
 - People who are involved in production are known as producers. Examples of producers include: teachers, lawyers, doctors, farmers, constructors etc.
- d. Distribution
 - Refers to the movement of goods and services from producers to the users (consumers)
 - Some of the activities which take place during distribution may include:
 - i. Transportation
 - ii. Storage
 - iii. Insurance
 - iv. Advertising etc.
- e. Consumption
 - Refers to the final use of goods and services. People who use goods and services are known as consumers.
 - Consumption is the main objective of production

Components of Business Studies

- Components of business studies refers to the disciplines whose topics are covered in Business studies. These disciplines include:
 - Economics
 - Commerce
 - Accounting
 - Office practice
 - Entrepreneurship

- a. Economics

- Refers to the study of how human beings strive to satisfy their endless wants using the available limited (scarce) resources. Human wants are the desires of human wants. Resources are the things required by human beings to satisfy his wants.
- b. Commerce
 - Refers to the study of trade and aids to trade. Trade refers to the exchange of goods and services for other goods and services or for money whereas aids to trade refers to the human activities that facilitate trade. Examples of aids to trade are:
 - i. Transport
 - ii. Banking
 - iii. Warehousing
 - iv. Insurance
 - v. Communication
- c. Accounting
 - Refers to the systematic way of recording business activities for decision making purposes
- d. Office practice
 - Refers to all the activities that are carried out in the office. Such activities may include filing, clerical work, reproduction of documents etc.
- e. Entrepreneurship
 - Refers to the study of all the activities involving the identification of a business opportunity and acquiring necessary resources to start and run a business. The person who carries out entrepreneurship is known as an entrepreneur.

Importance of Business Studies

- a. Assists the learner to understand other subjects better e.g. mathematics, agriculture etc.
- b. Provides basic knowledge to facilitate further studies in Business studies
- c. Equips the learner with knowledge and skills that can enable him/her start and run a business
- d. Enables the learner appreciate the importance of business in the society
- e. Assist the learner to develop ability to inquire, think critically and develop rational judgement
- f. Enables the learner to appreciate the importance of ethical practices and efficient business management
- g. Enables the learner to acquire self-discipline and positive attitude towards work
- h. Assists the learner in enhancing cooperation and interrelation in society through trade
 - i. Enables the learner understand the role played by the government in business
 - j. Enables the learner appreciate the role played by communication and information technology in modern business management
- k. Helps the learner develop positive environmental and healthy practices
 - l. Equips the learner with skills and knowledge to enable him/her evaluate business performance
- m. Enables the learner appreciate the basic economic issues in the society
- n. Enables the learner appreciate the role of aids to trade (auxiliary services) in business
- o. Enables the learner appreciate the role market forces (demand and supply) in determining the price of goods and services
- p. Enables the learner to relate the knowledge, skills and attitudes acquired to the day to day business activities around the school and to the society in general
- q. Enables the learner appreciate the role of business in the provision of goods and services
- r. Enables learners and members of the society appreciate the need for good business management practices