

Basic Concept of Business

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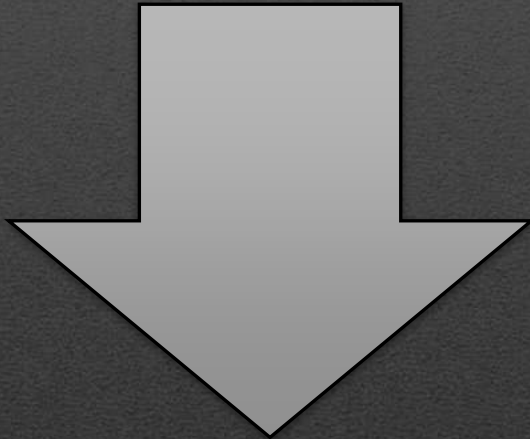
IN ECONOMICS

Business means an organization that sells goods or services to consumers or other business activities.



BROAD DEFINITION

A general term that describes all the activities of the institutions that produce goods and services in daily life



NARROW DEFINITION

A comprehensive system that combines smaller subsystems called industry. It means, every industry was formed of many companies that have various sizes with a variety of products it produces, including marketing activities, human resource development, financial management and management system.

Understanding of Business

Business is an activity undertaken by individuals or a group of people (organizations) that creates value through the creation of goods and to fulfill society needs and gain some benefits through the transaction
(Amirullah & Imam Hardjanto, 2005)

According to Experts

INDIVIDUAL AND GROUP ACTIVITIES

Business activities can be carried out either by individuals or groups (companies or organizations).

CREATE OF VALUE

Business was established to fulfill the society needs through the creation of four kinds of utilities: form utility, place utility, time utility, and possession utility.

CREATE OF GOODS AND SERVICES

People can choose to create goods or services to fulfill the society needs.

BENEFITS THROUGH TRANSACTIONS

Every effort was established to achieve certain objectives, one of it is a benefit.

Business Aspects

Business Functions

In terms of the interests of micro-economic and macro-economic.

Micro Business

As the ability of business activities that provide contribution to those who act directly in the value creation process:

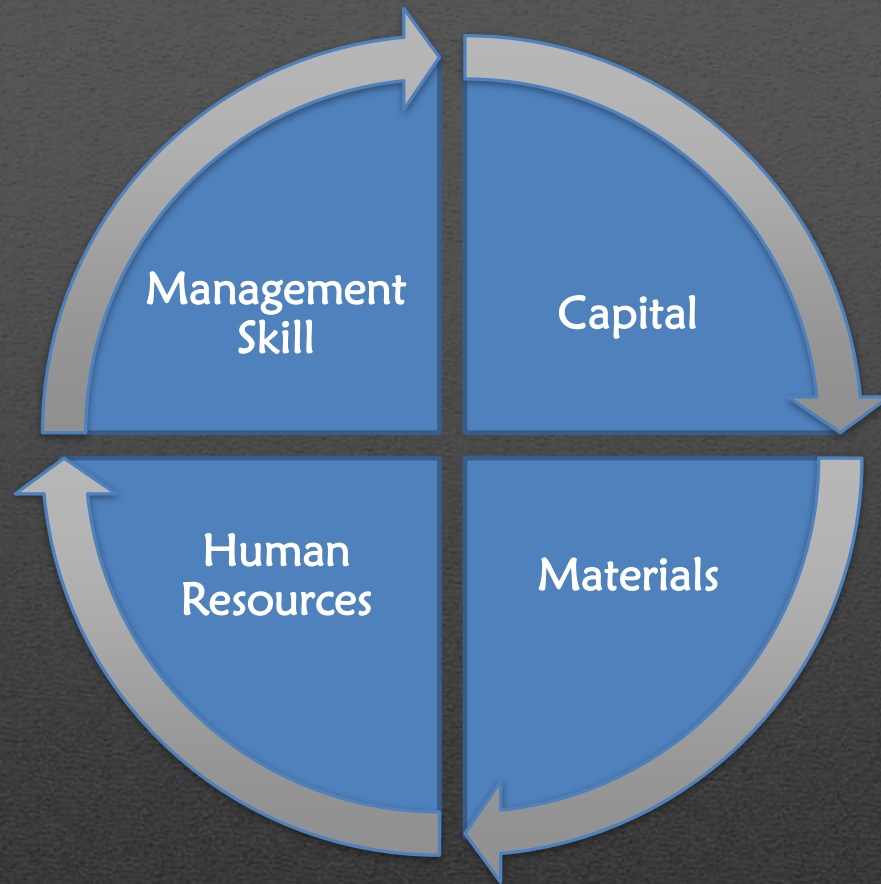
- Employees
- Board of Commissioners
- Shareholders

Macro Business

As the ability of business activities that contributes to the parties involved indirectly in the formation and control of the business,

- Society around the Company
- Nation and state
- Human Resources

Business Functions



Business Elements

CAPITAL

Material and non-material. Capital can be interpreted as the amount of money used to engage in business activities such as obtaining raw materials, labor and so on, the most important is "how to manage capital optimally to run business so it can be successful.

MATERIAL

Production factors in conducting business activities, in order to produce goods and services that society need. Noteworthy to achieve business excellence is the quality of the material because it can affect the quality of the product.

HUMAN RESOURCES

Human resources employed in a company must be qualified: it has the competitive ability (Competitive Human Resource) and has the ability of high-quality (Qualified Human Resource).

MANAGEMENT SKILL

The most important skill is a skill allows managers to help others (in this case the employee) to be more productive in the workplace. Basic skills of managers consists of three categories; conceptual skills, human skills, technical skills.

Business System

Business can be viewed as a whole system composed of smaller subsystems such as production, marketing, human resources, finance and so on.

Input

Business receive input and operate within the constraints of the physical environment, economic, politic, law, technology, and social.

Process

Business process input in the most efficient way to organize resources, motivating human resources and applying the right technology.

Output

Business produce goods and services to satisfy consumers and also to create economic and social benefits as well as improving the living standards of society.

Business System

Complexity and Diversity

For example: industry groups from various sectors.

Changes and Innovations

Interdependence

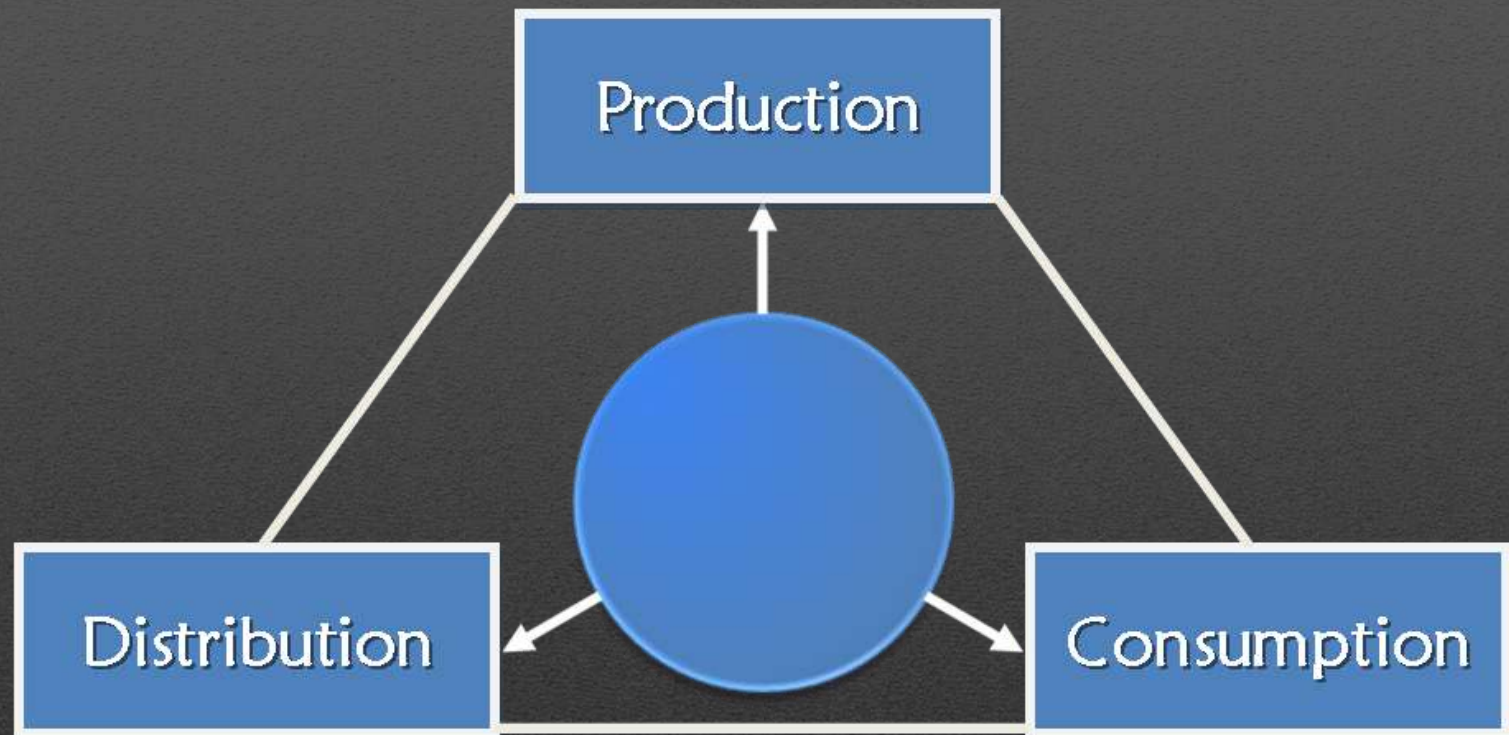
Mutual need between the company; The output produced by a company will be the input for another company: This kind of dependency relationship in economic terms called downstream and upstream industry.

Required to deal with rapidly changing business environment, in order to fulfill the needs and give satisfaction to the consumer. The alternatives are develop an existing product or creating a completely new product.

Characteristics of Business System

Business Activities

Basically, business activities can be grouped into three main activities: production activity, distribution activity, and consumption activity.



Production

Any activity that produce goods or services. Companies can choose from three alternative types of goods or services to be produced, which is primary, secondary or tertiary product.

Distribution

Business activities of the transfer of goods and services from one place to another such as a business in the field of cargo services.

Consumption

Company's ability to create demand of goods & services offered, based on how much the sale that acquired by the company. To increase consumption activity, the role of distribution & production activities are very helpful.

Business Activities
