

Business in-class 1/6/15

Two market segments- low tech and high tech (based on size and performance)

-They drift over time as costumers want smaller and faster gadgets

Functional areas of Business

- Research and Development
- Marketing/Sales
- Production
- Finance

Basic Economic concepts-

- Economics: The study of distributing resources for the production of good and services within a social system
- Resources: Raw materials, tools, machinery, capital (\$), and people (factors of production)
- Demand, Supply, and Price: The principle elements of economics
- Economic Systems: Command (communism, socialism), free market, and mixed
- Command economics: The government controls what goods, services are produced, their quantity, and prices
- Free market system (private enterprise or capitalist): What goods and services are produced, their quantities and prices are based upon consumers (demand) and supply (producers). Government's role: encourage free and fair competition between private producers

Adam Smith- wrote the Wealth of Nations, 1776, promoted idea of unrestricted free trade

Wealth of Nations-

- Invisible Hand: An economic principle holding that the greatest benefit to a society is brought about by individuals acting freely in a competitive marketplace in the pursuit of their own self-interest
- If each consumer is allowed to choose freely what to buy and each producer is allowed to choose freely what to sell and how to produce it, the market will settle on a product distribution and prices that are beneficial to all the individual members of a community

Individual self-interest

- Promotes: competition, innovation (product and process), greater value (the worth, importance, or usefulness of something to somebody)
- Benefits: All members of the community, not just each individual
  - More products (more choices)
  - New products (additional wealth)
  - Lower prices

-Yields: Efficient allocation of resources especially through the division of labor (specialization of tasks matched to each individual's skills)

Free market requirements include-

- Private property
- Freedom of choice
- Fair competition
- Right to keep profits