

Perspective

Business



Perspective Task Introduction A business perspective is the study of what pertains to commencement and the running of a business. This paper tries to find out how microeconomic factors affect business perspective.

Question #1(a).

Microeconomics is the study of how business, households and firms make decisions that pertain to their interaction with the market.

Opportunity cost

Opportunity cost is the alternative given up to obtain a particular good or service. What one opts to buy is one's choice, and what one chooses to give up is one's opportunity cost. Because of scarcity businesses needs to have choice and opportunity cost having both is not possible. Price changes both up and down have an influence on consumer opportunity cost, and hence affects business.

Supply and demand

Product or service price is a major factor in business decision making. To commence a business, it is important to bear in mind the prices of goods and services. It may not necessarily be the main deciding factor, but microeconomic principle assumes that all other factors kept constant, as the price of a product goes up, demand for the product declines. Based on pricing, a business can focus with accuracy what consumers will buy and what they will not buy (Mankiw, 62).

Question #1(b).

Economic systems

A planned Economy is an economic system in which it is directed by the state. The central government controls all decisions regarding distribution and production of goods and services. Certified planners come second in that
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hierarchy by distributing work among the labour force. In a free market economic system, groups seeking their own advantage make decisions pertaining production and pricing. In a Mixed Economy, there exist an assortment of government and free enterprise control, and in some cases, the government may have a monopoly (Peter, 14).

Question #1(c).

Business-Business and E-Business

(B2B) Business-to-Business is a trade market where one can buy anything at any time with a purpose of saving money and acquiring goods for immediate decision-making. Drawbacks of B2B include; it does not facilitate all types of businesses and possible lack of credit as big businesses may deliberately kill small businesses. Advantages of B2B include; the use of online means reduces cost of running a business, and it facilitates ease of tracing customer details.

E-business is a business process that aims to integrate consumers with suppliers via the internet. Advantages of E-business include; worldwide presence, effectiveness in marketing and promotion, better and personalised customer service and ease of development of competitive strategies. Some of its advantages are, costly business solutions and sector limitation in terms of some products being perishable (Iyer).

Conclusion

Several factors have influence on business perspective. These factors include economic factors, the economic system and the form of business itself. During business start-ups, it is important to keep these factors in mind.

Reference

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