**Assignment(1)**

**Class:BBA-I(Sem-I)**

**Subject: Business Organization and Management**

**Principles-I**

## Topics: Business organization and forms of business organization,Management and concept,scope,functional area of management

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**Ques1:What is Business Organization and define the forms of business organization?**

**Ans.** A business owner’s first decision while starting a business is to decide what form of business he wants to venture. To choose the business type is essential because it will determine how much tax needs to be paid, the quantity of paperwork, individual liability, and how much to invest etc. The business formation is regulated by the state law where the company is established.

**Business organisation Definition**

A business organisation is an establishment intended to carry commercial business by producing goods or services and meet the customers’ needs. Most of the organisations have a standard such as social structure, purpose goals, utilisation of resources, rules and regulations, etc.

The state law regulates the establishment of the business, and IRS law controls the tax incurred for business. So, how much tax business should pay depends on what form of business one owns.

Lets us now understand what are these forms of business organisation

**Forms of Business Organisations**

There are many forms in the business world, but the most common forms of business organisation are.

* **Sole Proprietorship –** This is the traditional and popular form of business organization. Its formation is simple, and the owner controls the complete operations of a business and is liable for all financial burdens and debts. A long as they are the only owner, they have the right to operate any category of business. These businesses operations include.
  1. Shop or retail business
  2. Home-based company
  3. Individual consulting firm
* **Partnership –**In partnership, two or more individuals come together to start a business. Each individual gives their share of capital, property, employment or experience, and expects some profits or losses from the business share. All the partners must report their percentage of share on the tax return even if it’s not distributed. In a partnership business, partners are not defined as employees, so taxes are not retained from any distributions.
* **Corporation –**It is the most complicated business structures because it adds more laws and tax claims. Corporations are established under the laws of each state and are subjected to all the corporate income tax. All the profits issued to shareholders as dividends are taxed as per the individual tax rates on their private annual tax returns. Under this structure, the corporation is displayed as an entity that manages the duties of a business. Similar to a person, the corporation is taxed and held responsible if the company is liable for any legal action. In simple words, if a business is registered under a corporation, then the owner is not personally responsible for its debts (however, this situation differs according to the state law).
* **‘S’ Corporation –** The ‘S’ Corporation is a variety of a standard corporation. The ‘S’ corporation authorise profit or losses to be transferred to individual tax returns.
* **Limited Liability Company (LLC) –**This is a new form of business structure and gained its popularity in the short-term because the owner has limited individual liability for the debts and actions of the LLC. It had similar features like a partnership such as administration flexibility and the advantage of passing the taxation. The proprietor of LLC is known as members as they can include many, corporations, additional LLC and foreign entities.

## Ques2: Definition of Mangement?Concept,Scope ,Functional area of Mangement?

## Ans.Definitions of Management

Management may be defined in many different ways. Many eminent authors on the subject have defined the term “management”, some of these definitions are reproduced below:

According to Lawrence A. Appley, **“**[Management](https://www.geektonight.com/what-is-management/#definitions-of-management) is the development of people and not the direction of things**”**.

According to Joseph Massie, **“**Management is defined as the process by which a co-operative group directs action towards common goals**”**.

In the words of George R Terry, **“**[Management](https://www.geektonight.com/what-is-management/#definitions-of-management) is a distinct process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources**”**.

According to James L Lundy, **“**Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective**”**.

In the words of Henry Fayol, **“**To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control**”**.

According to Peter F. Drucker, **“**[Management](https://www.geektonight.com/what-is-management/#definitions-of-management) is a multi-purpose organ that manages a business and manages managers and manages worker and work**”**.

In the words of J.N. Schulze, **“**Management is the force which leads guides and directs an organization in the accomplishment of a pre-determined object**”**.

In the words of Koontz and O’Donnell, **“**Management is defined as the creation and maintenance of an internal environment in an enterprise where individuals working together in groups can perform efficiently and effectively towards the attainment of group goals”.

According to Ordway Tead, **“**[Management](https://www.geektonight.com/what-is-management/#definitions-of-management) is the process and agency which directs and guides the operations of an organization in realizing of established aims**”**.

According to Stanley Vance, **“**Management is simply the process of decision-making and control over the actions of human beings for the express purpose of attaining pre-determined goals**”**.

## Concept of Management

The concept is the idea or image or understanding about things, activity or a person that emerges in the mind of a person. There are several different concepts about management. Economists have treated management as a factor of production; sociologists have treated it as a class or group of persons; practitioners have treated it as a process comprising different activates.

There are three basic concepts of Management

1. [**Management as a Discipline**](https://www.geektonight.com/what-is-management/#management-as-a-discipline)
2. [**Management as a Group of People**](https://www.geektonight.com/what-is-management/#management-as-a-group-of-people)
3. [**Management as a process**](https://www.geektonight.com/what-is-management/#management-as-a-process)

### ****Management as a Discipline****

Discipline refers to a field of study having well-defined concepts and principles. When we refer to management as a discipline, we include in it the various relevant concepts and principles, the knowledge of which aids in managing.

### ****Management as a Group of Peopl****e

We refer to management as a group of people in which we include all those personnel who perform managerial functions in organizations. We refer to two distinct classes or groups of personnel in the organization.

In the first category, we include all those persons who are responsible for managerial functions and in the second category, we include non-managerial personnel.

### ****Management as a process****

In studying management discipline, we generally refer to management as a process. A process can simply be defined s a systematic method of handling activates. However, the management process can be treated as a complex one which can be referred to as an identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective or set of objectives.  
  
It is a concept of dynamic rather than static existence in which events and relationships must be seen as dynamic, continuous, and flexible, and as such, must be considered as a whole. Thus, management as a process includes various activities and sub-activities.  
  
The new concept of management is to build a long term relationship based on professionalism, communication, integrity and trust.

## Scope of Management

The scope of management is too wide to be covered in a few pages. It is very difficult to precisely state the scope of management. However, management includes the following aspects:-

* [**Economic Resource**](https://www.geektonight.com/what-is-management/#economic-resource)
* [**System of Authority**](https://www.geektonight.com/what-is-management/#system-of-authority)
* [**Class or Elite**](https://www.geektonight.com/what-is-management/#class-or-elite)
* [**Subject-matter of Management**](https://www.geektonight.com/what-is-management/#subject-matter-of-management)
* [**Functional Areas of Management**](https://www.geektonight.com/what-is-management/#functional-areas-of-management)
* [**Management is an Inter-Disciplinary Approach**](https://www.geektonight.com/what-is-management/#management-is-an-inter-disciplinary-approach)
* [**Principles of Management**](https://www.geektonight.com/what-is-management/#principles-of-management)
* [**Management is an Agent of Change**](https://www.geektonight.com/what-is-management/#management-is-an-agent-of-change)
* [**The Essentials of Management**](https://www.geektonight.com/what-is-management/#the-essentials-of-management)

### ****Economic Resource****

Business Economics classifies the factors of production into four basic inputs, viz. land, labour, capital and entrepreneur. By the use of all these four, basic production can be done. But to turn that into a profitable venture, an effective utilization of man, money, material, machinery and methods of production has to be ensured.

This is guaranteed by the application of management fundamentals and practices. The better is the management of an enterprise; the higher is its growth rate in terms of profit, sales, production and distribution. Thus management itself serves as an economic resource.

### ****System of Authority****

As already discussed, management is a system of authority. It formalizes a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

### ****Class or Elite****

Management is considered to be a distinct class that has its own value system. Managerial class, often referred to as a collective group of those individuals that perform managerial activities is essential component of each organization. The importance the class has become so huge that the entire group of mangers is known as “management” in every organization.

### ****Subject-matter of Management****

Management is considered as a continuing activity made up of basic management functions like planning, organizing, staffing, directing and controlling. These components form the subject matter of management.

### ****Functional Areas of Management****

Management covers the following functional areas:-

* **Financial Management:** Financial management includes forecasting, cost control, management accounting, budgetary control, statistical control, financial planning etc.
* **Human Resource Management:**Human Resource Management covers the various aspects relating to the employees of the organization such as recruitment, training, transfers, promotions, retirement, terminations, remuneration, labour welfare and social security, industrial relations etc.
* **Marketing Management**: Marketing management deals with marketing of goods, sales promotion, advertisement and publicity, channels of distribution, market research etc.
* **Production Management:** Production Management includes production planning, quality control and inspection, production techniques etc.
* **Material Management:**Material management includes purchase of materials, issue of materials, storage of materials, maintenance of records, materials control etc.
* **Purchasing Management:** Purchasing management includes inviting tenders for raw materials, placing orders, entering into contracts etc.
* **Maintenance Management:** Maintenance Management relates to the proper care and maintenance of the buildings, plant and machinery etc.
* **Office Management:** Office management is concerned with office layout, office staffing and equipment of the office.

### ****Management is an Inter-Disciplinary Approach****

Though management is regarded as a separate discipline, for the correct application of the management principles, the study of commerce, economics, sociology, psychology, and mathematics is very essential. The science of management draws ideas and concepts from a number of disciplines making it a multi-disciplinary subject.

### ****Principles of Management****

The principles of management are of universal application. These principles are applicable to any group activity undertaken for the achievement of some common goals.

### Management is an Agent of Change

The techniques of management can be improved by proper research and development.

### ****The Essentials of Management****

The essentials of management include scientific method, human relations and quantitative techniques.