**BUSINESS NOTES**

**WHAT IS BUSINESS?**

* Business is an activity in which people exchange goods or services for mutual gain or profit.
* business is an economic activity which involves regular/recurring purchase and sale of goods and services with the purpose of earning profits.
* it involves repeated dealing rather than single transaction.
* According to L.R. Dicksee "Business is a form of activity pursued with the objective of earning profits for the benefit of people".

**FEATURES OF BUSINESS**

1. It involves dealing in goods or services. Goods may be consumer goods or producer goods. Services like transportation, warehousing, banking etc. are involved in business
2. Dealing in goods and services becomes business only if it is undertaken on a regular basis.
3. Business involves transfer or exchange of goods and services for some consideration. Consideration may or may not be in monetary terms.
4. The primary aim of business is to earn a profit. Profits are essentials for survival as well as growth of business.
5. Profit is the reward of assuming risk and risk is the part and parcel of business.
6. Business is an economic activity that is it involves production and distribution of goods and services for earning money. Non-economic activities does not constitute business.
7. Business is an art as well as a science. It is an art because it requires personal skills and experience. It is a science because it is based on certain principals and laws.

**OBJECTIVES OF BUSINESS**

1. ECONOMIC OBJECTIVES

Business is an economic activity therefore its primary objectives are economic in nature.

1. Earning profits.
2. Creating customers.
3. Making innovations.
4. SOCIAL OBJECTIVES

Business is a part of society it cannot grow or even survive without the support of society. Business have some social responsibilities. The social objectives of business are as follows: -

1. Employment generation.
2. Social Welfare.
3. Fare returns to investors.
4. Supplying goods at reasonable prices.
5. Human Objectives
6. HUMAN OBJECTIVES

Business is run by the people and for the people. Human objectives are concerned with the wellbeing of labor. Human objectives are as follows: -

1. Labor welfare.
2. Developing human resource (providing training to employees).
3. Involving lower-level employees in decision making.
4. NATIONAL OBJECTIVES

Following given below are some national objectives: -

1. Optimum utilization of resources (Minimum wastage with maximum output).
2. Development of small-scale industries.
3. Development of backward areas.
4. Control over pollution (letting people live a healthy life).

**BUSINESS ENVIRONMENT**

Business environment refers to the surroundings in which business exists. Every organization has impact of environment on it. No company/Business can survive ignoring the effect of business environment. Business environment provides opportunities as well as impose restrictions on businesses.

FEATURES OF BUSINESS ENVIRONMENT

* Business environment is influenced by external forces.
* Business environment is uncertain and cannot be predicted.
* Business environment is dynamic in nature.
* Business environment is complex that is not easy to understand.
* Business environment is a relative concept and differs from country to country.

IMPORTANCE OF BUSINESS ENVIRONMENT

Understanding business environment is crucial for managers for properly managing organizations.

* It enables organizations to identify opportunities and getting first mover advantage (Example Maruti *udhyog* becomes the leader in the small car market because it was the first company to recognize the need of small cars in India because of rising petrol prices and a large middle population).
* It helps the firm to identify threats and early morning signals (Example: if an Indian firm finds a foreign company entering market, it should act as a warning signal).
* It helps in tapping useful resources.
* It helps in coping with rapid changes.
* It helps in improving performance.

TYPES OF BUSINESS ENVIRONMENT

Business environment can be classified into 2 types: -

1. Internal Environment –

1. It is an environment which is present within an organization.
2. Organizations have control over the factors affecting internal environment.
3. It is controllable and manageable.

2. External Environment: -

1. It is an environment present outside the organization.
2. Organizations do not have control over the factors affecting external environment.
3. It is uncontrollable

DIMENSIONS OF BUSINESS ENVIRONMENT

There are various factors/forces which have direct and indirect impact over business

1. Economic Environment – Economic factors such as GDP, per capita income, monitory policy, fiscal policy have immediate and direct impact on business.
2. Social Environment – Factors such as taste, preference, customs, traditions etc. has a great impact on business.
3. Political Environment – All the factors related to government affairs such as type of government, attitude of government, policy changes etc. has immediate and great impact on business.
4. Legal Environment – It consist of laws and regulations. Every business have to comply with laws. Hence, the legal environment also affects business.
5. Technical Environment – Every business should monitor and implement technological changes taking place in the industry, otherwise it will be outdated.

**MANAGEMENT**

The term management is derived from Greek word “nomos” which means management.

Management is the art of getting things done from others.

According to hicks “management is the process of getting things done by the people and through the people”.

Management is defined as the process of planning, organizing, actualizing, and controlling the operations of an organization in order to achieve coordination of human and material resources essential in effective and efficient attainment of objectives.

Management is essential for all organizations. Management is necessary so that individuals make best contribution towards group objectives.

CHARACTERSTICS OF MANAGEMENT

* Management is a goal-oriented process.
* Management is all pervasive – Every type of organization whether big, small, profit making, non-profit making, providing services or manufacturing goods require management.
* Management is multi-dimensional – Management is a complex activity that has three dimensions
* Management of work.
* Management of people.
* Management of operations
* Management is a continuous process – Management is a series of continuous but separate functions. It involves planning, organizing, directing, staffing, and controlling. All these functions are always performed by various managers.
* Management is a group activity – Every organization have various individuals and management requires contribution of all individuals to achieve required goals.
* Management is a dynamic function that is must be performed according to changing environment.
* Management is an intangible force – Management cannot be seen in an organization but its presence can be felt.
* Management involves decision making – All managers while managing must take various decisions to accomplish stated objectives.

IMPORTANCE OF MANAGEMENT

Management is a universal activity and is very important for the effective functioning of an organization and attainment of desired objectives.

* Management helps in achieving group goals.
* Management increases efficiency that is reduces cost, minimizes wastage and increases productivity.
* Management creates a dynamic organization that is it helps people to adapt changes so that organizations are able to maintain their competitive edge.
* Management helps in achieving personal objectives.
* Management helps in development of society.

OBJECTIVES OF MANAGEMENT

* To achieve maximum output with minimum efforts.
* Optimum utilization of resources that is reducing wastage, proper use of resource, saving time, money and efforts.
* For smooth and coordinated functioning of organization, appropriate management is required.
* For human betterment and social justice management is essential.

**MANAGEMENT AS A SCIENCE/ART/PROFESSION**

MANAGEMENT AS A SCIENCE

Science is a specialized / systemized body of knowledge that explain certain laws. The basic features of science are:

* Systematized body of knowledge.
* Principles based on experiments.
* Universal validity

Management is considered as a science but it is not exact science because:

* Management deals with complex human concepts.
* Management principles are worldwide accepted.
* Management is a systematic collection and processing of information.

MANAGEMENT AS AN ART

Art means something which is refined through practice. Art is practical application of theoretical knowledge.

* Management is considered as an art because it involves use of knowledge and skills.
* It is creative.
* It is personalized.
* It involves use of technical know how

MANAGEMENT AS A PROFESSION

Profession is an occupation which requires knowledge and application of it. A profession has following characteristics:

* Well defined body of knowledge.
* Restricted entry.
* Professional association.
* Ethical code of conduct.
* Service motive.

Management does not exactly need the criteria of a profession. However, it has some features of profession:

* It is a systematic/Well defined body of knowledge.
* There are several associations for practicing managers in India such as AIMA (All India Management Association)
* The basic purpose of management is to help organizations to achieve desired objectives.

**LEVELS OF MANAGEMENT**

Management is a universal term used for various functions performed by individuals in an enterprise every individual is responsible for successful completion of a particular task. There are three levels of management.

TOP-LEVEL MANAGEMENT

It consists of senior executives such as chairman, CEO, CFO, President, Vise President etc. The top-level managers are responsible for welfare and survival of the organization. They analyze business environment and the organization as a hole and is responsible for all the activities of the business.

MIDDLE-LEVEL MANAGEMENT

It is the link between the top level and the lower level. They are subordinate to top managers and superior to lower-level managers. They are usually division head and are responsible for implementing and controlling plants and strategies. At the same time, they are responsible for all activities of lower-level management.

LOWER-LEVEL MANAGEMENT

Supervisors and foreman comprise lower-level management. Supervisors directly oversee the efforts of workforce and their responsibility is limited according to the plans developed by top management. They are the people who directly interact with the workforce and pass the instructions of middle-level managers to the workforce, at the same time they pass suggestions from the workforce to the middle level managers.

CEO, CFO, President etc.

Top-level management

Department Hands

Middle-level management

Foreman, Supervisors

Lower-level management

**MANAGEMENT PROCESS**

Management is defined as a continuous process of following functions.

PLANNING

It involves deciding in advance what to do? how to do? when to do? and who is going to do it? This function implies setting goals in advance and developing an efficient way to achieve such goals. It involves setting steps to be performed and helps in filling gap between present and future.

ORGANIZING

Organizing is a management function which involves assigning duties, grouping task, establishing authorities, and allocating resources. It determines what activities are required to be performed and what resources are required to achieve the stated objectives.

STAFFING

It involves putting right person at the right job. It is very important to ensure that persons are placed according to there qualification and experience. It is a human resource function which involves recruitment, selection, placement, and training of personnel.

DIRECTING

This function of management is concerned with leading, influencing, and motivating employees to perform task. It involves issuing orders instructions, guiding subordinates so as to ensure performance in accordance with plan.

CONTROLLING

It is the last function of management which involves following steps:

* Establishing standards.
* Measuring actual performance.
* Comparing actual performance with standard performance.
* Identifying radiations.
* Taking corrective actions.

**FUNCTIONS OF MANAGEMENT**

Various authors define various functions of management.

According to Henry Feol, there are five management functions:

* Planning.
* Organizing.
* Commanding.
* Coordinating.
* Controlling.

According to Luther Gullick, following are the various functions of management:

* Planning
* Organizing
* Staffing
* Directing
* Coordinating
* Reporting
* Budgeting

According to Newmann and Summer, there are four functions of management:

* Organizing
* Planning
* Heading
* Controlling

**QUALITIES OF A PROFESSIONAL MANAGER**

Every manager should have following qualities:

* He should be objected, performance oriented and focused.
* He should be capable of meeting challenges of business.
* He should be creative.
* He should be flexible that is willing to adapt the challenges/changes in the business.
* He should follow the world-wide accepted principles, theories of management etc.