

UNIT 1

author : Sachwlang

Business Organization

→ According to Urwick and Hunt BO is any enterprise which makes, distributes or provide any service which other member of the community need and are willing to pay for it.

Nature of BO

1. Production or Acquisition of goods

→ BO involves producing, manufacturing or acquiring and then to supply those produced, manufactured or acquired goods to one in needs for a price

2. Profit (main motive of business)

→ Profit is the stimulus and motivation of business to continue, profit ensures survival of business, profit reward those involves in particular business

3. Risk (uncertainty of future)

→ Business involves risk and uncertainty, Business activity deals with future and future is uncertain resulting in the risk and uncertainty of business

4. Dealing in goods and services

→ Business involves dealing with good and service and to supply those who are in need and are willing to pay

5. Regular Dealing

→ It involves regular dealing of goods and services to supply those who are in need and are willing to pay

Trade

→ buying and selling or exchange of goods and services

Commerce

→ buying and selling or exchange of goods and services as well as all such economic activity such as banking, insurance, transportation, warehousing, advertisement, merchantile agents that aids the product reach to final consumer

Scope of Business

[Industry]

1. extracting : extract raw material from above or beneath earth surface(eg mining, fishery, agriculture, forestry)

2.manufacturing : convert raw material or semi finished product into finished product(eg – shoe company)

3.genetic : reproducing or multiplying certain species of plants and animal (eg – poultry farming, cattle farming, plant nurseries)

4.construction : construct building, dam, road etc

5.assembly : assembling different components part to produce finished product (eg - car company)

6.service : manufacturing of intangible goods (eg – doctor, teacher)

[Trade and Commerce]

(1.Trade)

1.Inland

#Wholesale Trade : Buy product from producer in huge quantity and sell it to retail trader

#Retail Trade : Buy product from wholesale trader and sell it to final consumer

2.Foreign Trade

#import and export

(2.Aids to Trade)

banking,insurance,transportation,warehousing,advertisement,mercantile agents

Difference between BP and Profession

Difference	Business person	Profession
Education	No need	need
Expertise in field	No need	need
Personal attention	Only business	Only self
Code and Ethics	Makes rule and regulation	Follows rule and regulation
Motivation/Reward	Profit	Salary,promotion
Governing Body	Independent	Follow orders
Advertisement	Promote its own product	Promote other Product

Objective of Business Organization

1. Economic

→ profit earning,regular innovation,best possible use of resources,customer creation

2. Social

→ adoption of fair trade practices,contribute to general well being of society

3. Human

→ economic well being of employee, social and psychological satisfaction of employee,human resource development,well being of social and economic backward people

4. Nation

→ contribute to revenue of nation,production according to nation need,creation of employee

5. Global

→ raise standard of living,reduce desperation among nations,make available competitive globally available goods and services

Characteristics of BO

1. economic activity

2. buy and sell

3. continuous process

4. profit

5. risk

6. creative and dynamic
7. customer satisfaction
8. social activity
9. government control
10. optimum use of resources

Evolution of BO

Barter System

→ exchange of goods for goods,earlier system of production and procuring make way for barter system,increase in demand of goods and surplus in its own production lead to finding some one who wants to exchange goods for goods,problem of measuring

Village Economy

→ Settled,formed community,splits land among community to families, start producing and specializing in particular goods,so needs of exchange arises

Introduction of money

→ problem in barter system lead to finding common medium of exchange,first money rock,shell,feather, were valued for exchange of goods,second money metal gold,silver,copper , lastly money

Town economy

→ volume of trade increased after introduction of money,division of labour,started producing for whole village,market was set up

Industrial revolution

→ in England ,innovation of machines,division of labor ,machine used for production,improved mode of transportation ,sole proprietorship to joint stock company

Changes brought by industrial revolution

1. Development of engineering
 - it brought changes or development in engineering skills
2. Revolution in Iron making
 - casting of iron to manufacture machines
3. Use of steam engine in textiles
 - it raises production
4. Rise in chemical industry
 - it change the process of dying,bleaching and printing
5. Development in Coal mining
 - inter dependent
6. Revolution in mode of transportation
 - inter dependent

Modern Business

1. Build around a purpose that enlist employee, partner and customer to help achieve purpose
2. Design workplace and culture that instill employee with passion, autonomy and harmony and holistic work environment
3. Transparent, open, sharing nature by default
4. Primarily profit through eliminating waste and breaking barrier within its own industry
5. Deliver real value to people and employee, build relationship with customer not transportation
6. Make real progress against social and commercial goals