

Department of Management Studies
University of Rajshahi
Master of Business Administration (Evening)
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1st Lecture

BUSINESS

Business is the process of exchanging goods and services for the earning profit.

Business is an economic activity, which is related with continuous and regular production and distribution of goods and services for satisfying human wants.

All of us need food, clothing and shelter. We also have many other household requirements to be satisfied in our daily lives. We met these requirements from the shopkeeper. The shopkeeper gets from wholesaler. The wholesaler gets from manufacturers. The shopkeeper, the wholesaler, the manufacturer are doing business and therefore they are called as Businessman.

Stephenson defines business as, "The regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants."

According to **Dicksee**, "Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted."

Lewis Henry defines business as, "Human activity directed towards producing or acquiring wealth through buying and selling of goods."

FEATURES OF BUSINESS

- **Exchange of goods and services:** all business activities are directly or indirectly concerned with the exchange of goods or services for money or money's worth.
- **Deals in numerous transactions:** in business, the exchange of goods and services is a regular feature. A businessman regularly deals in a number of transactions and not just one or two transactions.
- **Profit is the main Objective:** the business is carried on with the intention of earning a profit. The profit is a reward for the services of a businessman.

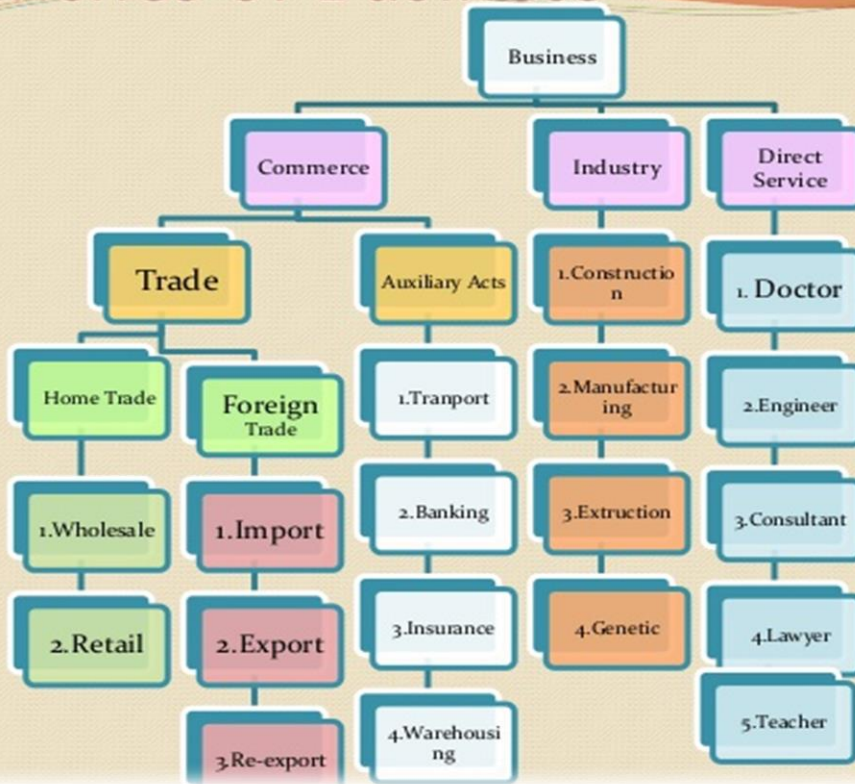
- **Business skills for economic success:** anyone cannot run a business. To be a good businessman, one needs to have good business qualities and skills. A businessman needs experience and skill to run a business.
- **Risks and Uncertainties:** business is subject to risks and uncertainties. Some risks, such as risks of loss due to fire and theft can be insured. There are also uncertainties, such as loss due to change in demand or fall in price cannot be insured and must be borne by the businessman.
- **Buyer and Seller:** every business transaction has minimum two parties that is a buyer and a seller. Business is nothing but a contract or an agreement between buyer and seller.
- **Connected with production:** business activity may be connected with production of goods or services. In this case, it is called as industrial activity. The industry may be primary or secondary.
- **Marketing and Distribution of goods:** business activity may be concerned with marketing or distribution of goods in which case it is called as commercial activity.

Deals in goods and services: in business there has to be dealings in goods and service.

Goods may be divided into following two categories:-

- ✓ **Consumer goods:** Goods which are used by final consumer for consumption are called consumer goods e.g. T.V., Soaps, etc.
- ✓ **Producer goods:** Goods used by producer for further production are called producers goods e.g. Machinery, equipments, etc. Services are intangible but can be exchanged for value like providing transport, warehousing and insurance services, etc.
- **To Satisfy human wants:** the businessman also desires to satisfy human wants through conduct of business. By producing and supplying various commodities, businessmen try to promote consumer's satisfaction.
- **Social obligations:** modern business is service oriented. Modern businessmen are conscious of their social responsibility. Today's business is service-oriented rather than profit-oriented.

Branches of Business



TYPES OR FORMS OF BUSINESS



MANAGEMENT

According to **Harold Koontz**, management is the art of getting things done through and with people in formally organized groups.

According to **Henri Fayol**, to manage is to forecast and to plan, to organize, to command, to coordinate and to control.

According to **Peter Drucker**, management is a multi-purpose organ that manages business and manages managers and manages workers and work.

According to **Mary Parker Follet**, management is the art of getting things done through people.

Management brings together all **Six Ms** i.e. Men and Women, Money, Machines, Materials, Methods and Markets. They use these resources for achieving the objectives of the organization such as high sales, maximum profits, business expansion, etc.

Simply, management is the process of designing and maintaining an environment under which a people or a group of people work(s) together effectively and efficiently for the purpose of achieving a desire goal(s).

FEATURES OF MANAGEMENT

1. Continuous and never ending process

Management is a Process. It includes four main functions, viz., Planning, Organizing, Directing and Controlling. The manager has to Plan and organize all the activities. He has to give proper Directions to his subordinates. He also has to Control all the activities. The manager has to perform these functions continuously. Therefore, management is a continuous and never ending process.

2. Getting things done through people

The managers do not do the work themselves. They get the work done through the workers. The workers should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favorable work environment should be created and maintained.

3. Result oriented science and art

Management is result oriented because it gives a lot of importance to "**Results**". Examples of Results like, increase in market share, increase in profits, etc. Management always wants to get the best results at all times.

4. Multidisciplinary in nature

Management has to get the work done through people. It has to manage people. This is a very difficult job because different people have different emotions, feelings, aspirations, etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as Economics, Information Technology, Psychology, Sociology, etc. Therefore, it is multidisciplinary in nature.

5. A group and not an individual activity

Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of a group (consumers). Nowadays, importance is given to the team (group) and not to individuals.

6. Follows established principles or rules

Management follows established principles, such as division of work, discipline, unity of command, etc. These principles help to prevent and solve the problems in the organization.

7. Aided but not replaced by computers

Now-a-days, all managers use computers. Computers help the managers to take accurate decisions. However, computers can only help management. Computers cannot replace management. This is because management takes the final responsibility. Thus Management is aided (helped) but not replaced by computers.

8. Situational in nature

Management makes plans, policies and decisions according to the situation. It changes its style according to the situation. It uses different plans, policies, decisions and styles for different situations. The manager first studies the full present situation. Then he draws conclusions about the situation. Then he makes plans, decisions, etc., which are best for the present situation. This is called Situational Management.

9. Need not be an ownership

In small organisations, management and ownership are one and the same. However, in large organisations, management is separate from ownership. The managers are highly qualified professionals who are hired from outside. The owners are the shareholders of the company.

10. Both an art and science

Management is result-oriented. Therefore, it is an Art. Management conducts continuous research. Thus, it is also a Science.

11. Management is all pervasive

Management is necessary for running a business. It is also essential for running business, educational, charitable and religious institutions. Management is a must for all activities, and therefore, it is all pervasive.

12. Management is intangible

Management is intangible, i.e. it cannot be seen and touched, but it can be felt and realized by its results. The success or failure of management can be judged only by its results. If there is good discipline, good productivity, good profits, etc., then the management is successful and vice-versa.

13. Uses a professional approach in work

Managers use a professional approach for getting the work done from their subordinates. They delegate (i.e. give) authority to their subordinates. They ask their subordinates to give suggestions for improving their work. They also encourage subordinates to take the initiative. Initiative means to do the right thing at the right time without being guided or helped by the superior.

14. Dynamic in nature

Management is dynamic in nature. That is, management is creative and innovative. An organization will survive and succeed only if it is dynamic. It must continuously bring in new and creative ideas, new products, new product features, new ads, new marketing techniques, etc.

THE FOUR FUNCTIONS MANAGEMENT

Four basic functions of management process are:



1. PLANNING

The first of the managerial functions is planning. In this step, the manager will create a detailed action plan aimed at some organizational goal.

For example, let's say Melissa the marketing manager has a goal of increasing sales during the month of February. Melissa needs to first spend time mapping out the necessary steps her and her team of sales representatives must take so that they can increase sales numbers. These steps might include things like increasing advertisements in a particular region, placing some items on sale, increasing the amount of required customer-to-sales rep contact, or contacting prior customers to see if they are interested in purchasing additional products. The steps are then organized into a logical pattern so that Melissa and her team can follow them.

Planning is an ongoing step, and can be highly specialized based on organizational goals, division goals, departmental goals, and team goals. It is up to the manager to recognize which goals need to be planned within his or her individual area.

2. ORGANIZING

The second of the managerial functions is organizing. This step requires Melissa to determine how she will distribute resources and organize her employees according to the plan. Melissa will need to identify different roles and ensure that she assigns the right amount of employees to carry out her plan. She will also need to delegate authority, assign work, and provide direction so that her team of sales representatives can work towards higher sales numbers without having barriers in their way.

3. LEADING

The third basic managerial function is leading. The skills of influencing people for a particular purpose or reason are called leading. Leading is considered to be the most important and challenging of all managerial activities. Leading is influencing or prompting the member of the organization to work together with the interest of the organization.

4. CONTROLLING

Monitoring the organizational progress toward goal fulfillment is called controlling. Monitoring the progress is essential to ensure the achievement of organizational goal. Controlling is measuring, comparing, finding deviation and correcting the organizational activities which are performed for achieving the goals or objectives. Controlling consist of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations. Control activities generally relate to the measurement of achievement or results of actions which were taken to attain the goal.

Source:

Harold Koontz : *The Management Theory Jungle*
Henri Fayol : *Industrial and General Administration*
Peter Drucker : *The Principles of Management*