




INTRODUCTION TO BUSINESS

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A young man with curly brown hair, wearing a dark zip-up jacket, is shown in profile from the chest up. He is looking towards the right of the frame with a neutral expression. The background is dark and out of focus.

Successful
people always
have two things
on their lips.

1. Silence

2. Smile

Human activities

Economic activities

Non Economic
Activities

Business

Profession

Employment

Religious

Social

Parental

Patriotic

DIFFERENTIATION BETWEEN ECONOMIC AND NON-ECONOMIC ACTIVITIES.

Basis	Economic Activities	Non-economic Activities
Meaning	Economic activities are those by which we can earn our livelihood.	Non-economic activities are those performed out of love, sympathy, sentiments, patriotism etc.
Purpose/Motive/Expectation.	These activities are under taken to earn money and to create wealth.	These activities are undertaken to satisfy social, psychological and emotional needs.
Examples	<ul style="list-style-type: none"> • A worker working in a factory. • A doctor operating in his clinic. • A teacher teaching in a school. 	<ul style="list-style-type: none"> • A housewife cooking food for her family. • A boy helping an old man cross the road. • A person goes to temple to offer his prayer.
Outcome	Production, distribution and consumption of goods and services.	Mental/psychological satisfaction.
Types	Business, profession and employment .	Religious, social, parental and patriotic activities.

Business?

- **Business is an Economic activity which involves regular production and or exchange of goods and services with the main purpose of earning profits through the satisfaction of human wants.**

According to B.O Wheeler, “Business is an institution organized and operated to provide goods and services to society under the incentive of private gain.”



Characteristics of business

- **Economic Activity**
- **Production or procurement**
- **Dealing in goods and services**
- **Satisfaction of consumer wants**
- **Regular dealings**
- **Profit motive**
- **Uncertainty**
- **Risk element**
- **Creation of utility**

Basis	Business	Profession	Employment
Mode Of Establishment	Entrepreneur's decision and other legal formalities, if any.	Membership of a professional body and certificate of practice.	Appointment letter and service agreement.
Nature Of Work	Provision of goods and services to the public.	Rendering of personalised, expert services.	Performing work as per service contract or rules of services.
Qualification	No minimum qualification is necessary.	Expertise and training in a specific field is must.	Qualification and training as prescribed by the employer.
Reward/Return	Profit earned.	Professional fee.	Salary or wages
Capital Investment	Required as per size and nature of business.	Limited capital needed for establishment.	No capital required.
Risk	Profits are uncertain and irregular; risk is present.	Fee is generally regular and certain; some risk.	Fixed and regular pay; no risk.
Transfer Of Interest	Transfer possible with some formalities.	Not possible.	Not possible.
Code Of Conduct	No code of conduct is prescribed.	Professional code of conduct is to be followed.	Norms of behaviour laid down by the employer are to be followed.
Main Objective/Motive	Profit making	To provide services.	To earn income by satisfying the employer.

Changing Concept of business

•The environment of business is ever changing. Therefore the concept of business also changes. Such changes that happened so far are: Profit concept, Service concept and Modern concept.

Profit Concept

- Business is a commercial activity that aims at making profit.
- Profit maximization is the basic goal of a business enterprise
- Concept of business confined to commerce.

Service Concept

- Competition made profit maximization as less important objective and achieving recognition in the market and increasing the market share became important objective
- Sales maximization is the important goal of business enterprise
- Customer service and satisfaction became the way of achieving the goal.

Modern Concept

- Business is regarded as an integral part of social system aiming at accomplishment of social goals
- Its activities and attitudes are subject to public judgment.
- Therefore making profit by accomplishing social goals and satisfying the society became the objective of business.

Thank You!





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Video

Types of Business Objectives



OBJECTIVES OF BUSINESS





Human Objectives

- i. Economic wellbeing of the employees
- ii. Good working condition
- iii. Social and psychological satisfaction of the employees
- iv. Development of human resources
- iv. Participative management

National Objectives

- (i) Optimum utilization of resources**
- (ii) National self-reliance and export promotion**
- (iii) Contribution to national income**
- (iv) Development of backward areas**
- (V) Providing employment opportunity**
- (vi) Promoting social justice**
- (vii) Production according to national priority**

NECESSITY OF PROFITABILITY OBJECTIVE

- ACCORDING TO PETER. F. DRUCKER



“A BUSINESS MUST ACHIEVE SUFFICIENT PROFITS TO COVER THE RISKS OF ECONOMIC ACTIVITY AND THUS TO AVOID LOSS”

Source of income for businessmen

- As a source of income for the businessmen, profit provide the means of livelihood for them.

Source of funds for business growth

- Profits can be a source of finance for meeting growth and expansion requirements of business.

Role of profit in business

Index of performance

- Profits indicate whether a business is being managed efficiently or not. It is a measure of performance and success of a business.

Reward of risk taking

- It is in the hope of earning sufficient profits that a businessman invests money in business and undertakes risks. profit is essential for covering costs and risks of the business.

A BUSINESS MUST EARN ADEQUATE PROFITS BECAUSE OF THE FOLLOWING REASONS;

- MEANS OF LIVELY HOOD
- RETURN TO INVESTORS
- REWARD FOR RISKS
- SOURCE OF FINANCE FOR GROWTH AND EXPANSION
- INDICATOR OF EFFICIENT WORKING
- GOODWILL OR REPUTATION

The argument against the profit maximization are;

- Profit maximization ignores the interests of labor, customers, and the society.
- Unfair means such as hoarding, black marketing or adulteration may be followed to maximize profits.
- Long term interest of the business may be ignored to maximize profits in the short run.
- In the present day environment, a business can't be effective with the sole objective of profit maximization. It must also set objectives in areas like customer satisfaction, employee welfare, community development, environment protection etc..

Multiplicity objectives of a Business

- According to Peter F. Drucker remarked “To manage a business is to balance a variety of needs and goals. And this requires multiple objectives”
- He suggests 8 areas where objectives must be set.

Multiplicity objectives of a Business

- 1 market standing (eg; Bata)
- 2 Innovation (eg; Hero Honda)
- 3 productivity(It is the ratio b/w output and inputs in production process. it is considered as the efficiency of the enterprises.)
- 4 Human organization-workers attitude and performance
- 5 Physical and financial resources
- 6 managarial performance
- 7 social rresponsibility
- 8 profitability-reasonable rate.

Thank You!





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எங்க காலத்தில் Facebook, Whatsapp... எதுவும்
இல்லை... அதனால் நீங்க இப்ப LIKE .. 



Divisions of Business

Industry

- Industry refers to economic activities which are connected with conversion of resources into useful goods.



Business activities

Commerce

- Commerce includes all those activities which are necessary for facilitating the exchange of goods and services.

INDUSTRY

PRIMARY

THESE INDUSTRIES
ARE CONNECTED
WITH:

THE EXTRACTION
AND PRODUCTION
OF NATURAL
RESOURCES

REPRODUCTION
AND DEVELOPMENT
OF LIVING
ORGANISMS .

SECONDARY INDUSTRY

THESE INDUSTRIES
ARE CONCERNED
WITH :

USING THE MATERIALS
EXTRACTED AT THE
PRIMARY STAGE TO
PRODUCE GOODS FOR FINAL
CONSUMPTION OF FOR
FURTHER PROCESSING BY
OTHER INDUSTRIAL UNITS.

TERTIARY INDUSTRY

THESE INDUSTRIES
PROVIDE SERVICE
FACILITIES.

PRIMARY INDUSTRY

EXTRACTIVE

THESE INDUSTRIES EXTRACT
OR DRAW OUT VARIOUS
PRODUCTS FROM NATURAL
RESOURCES.

FARMING

MINING

FISHING

GENETIC

GENETIC MEANS HEREDITY OR
PARENTAGE. THESE INDUSTRIES
INVOLVE BREEDING OR REPRODUCTION
OF PLANTS AND ANIMALS.

CATTLE
BREEDING
FARMS

POULTRY
FARMS

FISCICULTURE

SECONDARY INDUSTRY

MANUFACTURING INDUSTRY

These industries convert raw materials or semi-finished products into finished products.

Analytical industry:
basic raw material is analysed or separated into a number of products.

An oil refinery separates crude oil into kerosene, diesel, petrol.

Synthetical industry:
two or more materials are combined or mixed together to manufacture a new product.

Cement, soaps, plastics, paints, fertilizers etc.

Processing industry:
involves successive stages for manufacturing finished products.

Sugar,
paper

Assembling industry:
various components or parts are brought together to produce a finished product

TV, car,
computer,
watches etc.

CONSTRUCTION INDUSTRIES

These industries are engaged in construction of buildings, bridges, roads, dams, canals etc using the products of extractive and manufacturing industries like bricks, sand, cement, Iron and steel wires etc.

COMMERCE

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graph TD; A[COMMERCE] --- B[TRADE]; A --- C[AUXILIARIES TO TRADE]; B --- D[TRADE REFERS TO BUYING AND SELLING OF GOODS AND SERVICES WITH THE OBJECTIVE OF EARNING PROFIT.]; C --- E[ACTIVITIES WHICH ARE MEANT FOR ASSISTING TRADE ARE KNOWN AS AUXILIARIES TO TRADE.]
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TRADE

TRADE REFERS TO BUYING AND SELLING OF GOODS AND SERVICES WITH THE OBJECTIVE OF EARNING PROFIT.

AUXILIARIES TO TRADE

ACTIVITIES WHICH ARE MEANT FOR ASSISTING TRADE ARE KNOWN AS AUXILIARIES TO TRADE.

Types of trade

Internal trade: which takes place within a country

External trade: which takes place between two or more countries.

Wholesale trade

Retail trade

Import trade

Export trade

Entrepot trade

Wholesale trade refers to buying and selling of goods and services in large quantities for the purpose of resale or intermediate use.

Retail trade refers to buying of goods and services in relatively small quantities; and selling them to ultimate consumers.

If goods are purchased from another country, it is called import trade.

If goods and services are sold to other countries, it is called export trade.

Where goods are imported for export to other countries, it is called entrepot trade.

AUXILIARIES TO TRADE

Transport and communication

- Transport (road, rail or coastal) facilitates movement of –raw materials to the place of production, and –the finished goods from factories to the place of consumption
- Communication facilities like postal services and telephone facilities enable businessmen to exchange information with one another.

Banking and finance

- Business needs funds for acquiring assets, purchasing raw materials and meeting day-to-day expenses.
- Necessary funds can be obtained by businessmen from commercial banks.
- Thus banking helps business activities overcome the problem of finance.

Warehousing

- It refers to the holding and preservation of goods until they are finally consumed.
- It helps business firms to overcome the problem of storage of goods and facilitates the availability of goods when needed.
- Warehousing creates time utility.

Advertising

- Advertising brings goods and services to the knowledge of prospective buyers.
- With the help of such knowledge, consumers can obtain better value for their money
- Thus, advertising helps to promote the sale of products like electronic goods, automobiles, soaps etc by providing information about them.

Requisites of Successful Business

- Clear –cut Objectives
- Efficient Business planning
- Proper Size ,Location and Layout
- Sound Organization / Financial Planning
- Good Marketing network
- Development of human potential
- Dynamic Management
- Cordial Human Relations
- Research & Development
- Ethical practices

Qualities of a Successful Businessman

- Wide Knowledge
- Initiative
- Physical energy
- Foresight
- Business Morality
- Dependability & consistency
- Ability to cooperate
- Self-Confidence
- Aptitude for research & Analysis
- Winning Personality

Qualities of a successful businessman

- Risk bearing
- Locus of Control
- Perseverance
- Positive self concept
- Openness to feedback & learning from Experience
- Time Orientation
- Innovative
- Leadership

Thank you!
Jimmy





Introduction To Business

-Business Environment

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தடம் பார்த்து நடப்பவன் மனிதன்

தடம் பதித்து நடப்பவன் மாமனிதன் !!!



Business Environment - Meaning

- **Environment** means Circumstances, influences, and factors that effect the survival, operations, and growth of an organization.
- **Business Environment** means “ *The Aggregate of all conditions, events and influences that surround and affect business.* ”

- Keith Davis

CHARACTERISTICS OF BUSINESS ENVIRONMENT

Business environment is internal and external.

It is complex in nature.

It is multi dimensional.

It is ever changing.

It may be favourable or unfavourable.

It demands a high degree of adaptability.

CONSTITUENTS OF BUSINESS ENVIRONMENT

Business environment

Internal environment

External environment

INTERNAL ENVIRONMENT

- Forces operating within the organisation.
- The firm has control over these factors.




DETERMINANTS OF INTERNAL ENVIRONMENT OF AN ORGANISATION


- Mission & vision of the organisation
 - Organisational structure.
 - Management strategy
 - Industrial relations
 - Corporate culture & values
 - Line & staff relations
 - Quality control system
 - Team spirit among employees
 - Work culture
 - Compensation system
 - Career progression of employees
 - Organisational resources.
 - Company image and brand equity.
- 
- 



EXTERNAL ENVIRONMENT



Regarded as uncontrollable factors: by
and large beyond the control of
company.



EXTERNAL ENVIRONMENT



External
environment

External
micro
environment

External
macro
environment

EXTERNAL MICRO ENVIRONMENT

- **External micro environment** : micro environment is also known as the task environment or operating environment.

1. **Firm**
2. **Suppliers**
3. **Distributors**
4. **Customers**
5. **Competitors**
6. **Public**

EXTERNAL MACRO ENVIRONMENT

- The macro environment is also known as general environment or remote environment.

1. Physical environment.

2. Demographic environment.

3. Economic environment.

4. Political environment.



5. Social and cultural environment.

6. Technological environment.

7. International environment.





DOMESTIC MACRO ECONOMIC ENVIRONMENT

- Economic system
 - Growth & distribution environment
 - Macro economic stability (price level, exchange rate, interest rate, money supply, aggregate demand, BOP, employment rate)
 - Economic policy (monetary policy, fiscal policy, industrial policy, trade policy)
- 
- 



DOMESTIC MACRO NON ECONOMIC ENVIRONMENT

- 
- Political environment
 - Social / cultural environment
 - Demographic environment
 - Technological environment
 - Natural environment
 - Historical environment
- 



DETERMINANTS OF INTERNATIONAL ENVIRONMENT FOR BUSINESS

- State of world economy
- International economic cooperation
- Role of multilateral economic institutions
- International economic laws, agreements, codes
- Political condition & system in different countries
- Cultural factors across countries
- Growth & spread of MNCs
- Technology growth & transfer
- International market structure & competition
- Barriers to international trade & investment

BUSINESS ENVIRONMENT

Macro Environment

Micro Environment

Internal Environment

Financiers
Suppliers
Customers
Competitors
Public
Mktg Intermediaries

Mission / Objectives
Management Structure
Internal Power Relationship
Physical Assets & facilities

**Business
Decision**

Company image
Human resources
Financial Capabilities
Technological Capabilities
Marketing Capabilities

Economic
Technological
Global
Demographic
Socio-Cultural
Political

Thank You!

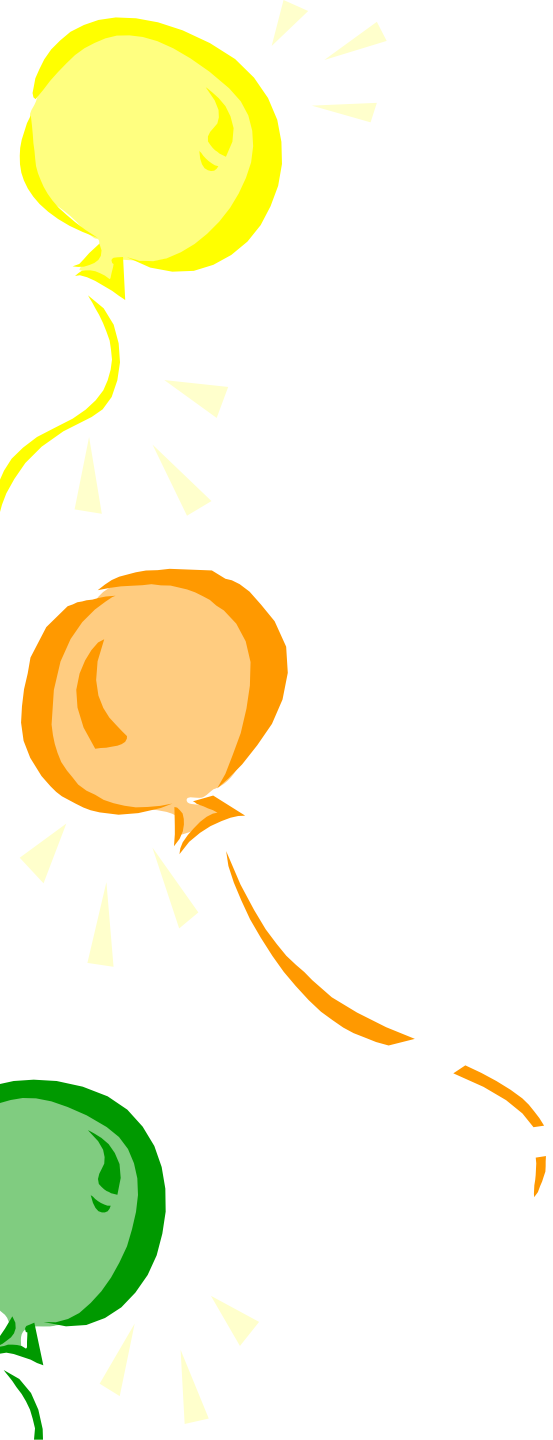


A decorative graphic on the left side of the slide features three balloons: a yellow one at the top, an orange one in the middle, and a green one at the bottom. Each balloon is attached to a string and has several small, light-colored triangular shapes radiating from it, suggesting movement or light. The balloons are positioned vertically along the left edge of the slide.

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-Business Environment

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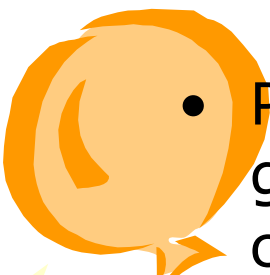



Video1

Video2



POLITICAL ENVIRONMENT

- Political stability- changes in the form & structure of government administration
 - Political organisation- ideology of ruling government; influence of premier groups; conflicting role of public & private sector
- 
- 



Example:

- *Nehru: transformation of agrarian economy into industrialised economy*
- *Indira Gandhi: state became active in agriculture sector (subsidised fertilisers, expansion of institutional credit); tightening of state control over industrial finance, foreign investment, trade*
- *Since 1990-91, political environment changed- economy increasingly being liberalised*



Example:

*In 1977, Janata govt came to power:
Coca cola, IBM had to leave country. All
liquor cos had to close operations.*



*1991 new economic order presented
new opportunities for business & also
threat to inefficient organizations.*

REGULATORY & LEGAL ENVIRONMENT



- Legal policies- formulation & implementation
- Economic legislations- facilitator and/ or restrictor
- Plays a vital role- dictating dos & don'ts of business
- Flexibility & adaptability of law- constitutional amendments
- Foreign policy- tariffs, custom duty etc
- Consumer legislation



SOCIO- CULTURAL ENVIRONMENT

- Attitude & belief system of people
- Historical events & ideologies

(Example: business environment in a number of newly independent nation's status has been determined by the colonial status that these countries had.)

- 
- Diversity in culture
 - The lifestyle of the people
 - Difference in Social Problems
 - Growing consumerism
 - Era of societal marketing
- 

DEMOGRAPHIC ENVIRONMENT

- **Size & growth rate of population**

(Growing population- a boon: Increase in productive forces, Bigger market for products)

(Growing population- a bane: Adverse impact on per capita income & standard of living, savings, capital formation and employment situation, Increasing pressure on agriculture)

- **Age structure of population**

(It determines: Productivity level, Demand pattern)

- **Urban- rural population**

(Proportion of urban rural population increasing)

- **Sex wise composition of the population**

- **Difference in socio-economic status of population**



TECHNOLOGICAL ENVIRONMENT

- Refers to body of skills, knowledge & procedures for making, using & doing useful things

(Positive effects :Increased productivity, Goods of standardised quality, Product innovation, Improvement in physical facilities)

(Negative effects: Displacement of labour, Environmental pollution)

- 
- Level of technological development
 - Frequency of technological changes
 - Importance to research and development



NATURAL ENVIRONMENT

- Industrial activity not entirely independent of nature. Nature supplies the raw materials
- Geographical and climatic conditions determines the need and production of products
- Availability of natural resources determines industrial growth and export potential

Thank you!
Jimmy

