JNAN CHANDRA GHOSH POLYTECHNIC, KOLKATA--23.

Subject: Industrial Management. DETCE/S6.

Teacher Name: UTTAM KUMAR PODDER.

Chapter 1. Overview of Business

Business is the activity of making one's living or making money by producing or buying and selling products (such as goods and services).

A business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities. Businesses can be for-profit entities or non-profit organizations that operate to fulfill a charitable mission or further a social cause.

The term business also refers to the organized efforts and activities of individuals to produce and sell goods and services for profit. Businesses range in scale from a sole proprietorship to an international corporation. Several lines of theory are engaged with understanding business administration including organizational behavior, organization theory, and strategic management.

People have conducted business since ancient times; historically, businesses have involved mercantile operations, trade guilds, or shared agricultural production.

The Basics of a Business:

Generally, a business begins with a business concept (the idea) and a name. Depending on the nature of the business, extensive market research may be necessary to determine whether turning the idea into a business is feasible and if the business can deliver value to consumers. The business name can be one of the most valuable assets of a firm; careful consideration should thus be given when choosing it. Businesses operating under fictitious names must be registered with the state.

Businesses most often form after the development of a business plan, which is a formal document detailing a business's goals and objectives, and its strategies of how it will achieve the goals and objectives. Business plans are almost essential when borrowing capital to begin operations.

It is also important to determine the legal structure of the business. Depending on the type of business, it may need to secure permits, adhere to registration requirements, and obtain licenses to legally operate. In many countries, corporations are considered to be juridical persons, meaning that the business can own property, take on debt, and be sued in court.

KEY POINTS

- A business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities.
- Businesses can be for-profit entities or non-profit organizations that operate to fulfill a charitable mission or further a social cause.
- Businesses range in scale from a sole proprietorship to an international corporation.

Business Structures:

Many businesses organize themselves around some sort of hierarchy or bureaucracy, where positions in a company have established roles and responsibilities. The most common structures include sole proprietorships, partnerships, corporations, and limited liability companies, with sole proprietorships being the most prevalent.

A sole proprietorship, as its name suggests, is a business owned and operated by a single natural person. There is no legal separation between the business and the owner; the tax and legal liabilities of the business are thus that of the owner.

partnership is a business relationship between two or more people who join to conduct business. Each partner contributes resources and money to the business and shares in the profits and losses of the business. The shared profits and losses are recorded on each partner's tax return.

A corporation is a business in which a group of people acts together as a single entity; most commonly, owners of a corporation are shareholders who exchange consideration for the corporation's common stock. Incorporating a business releases owner of financial liability of business obligations; however, a corporation has unfavorable taxation rules for the owners of the business.

For this reason, a relatively new (first available in Wyoming in 1977 and other states in the 1990s) business structure, a limited liability company (LLC), is available; this structure combines the pass-through taxation benefits of a partnership with the limited-liability benefits of a corporation.

Business Sizes:

Business sizes range from small owner-operated companies, such as family restaurants, to multinational conglomerates such as General Electric. Larger businesses may issue corporate stock to finance operations. In this case, the company is publicly traded and has reporting and operating restrictions. Alternatively, smaller businesses may operate more independently of regulators.

Types of Business:

A business entity is an organization that uses economic resources to provide goods or services to customers in exchange for money or other goods and services.

Business organizations come in different types and in different forms of ownership.

A. Service Business

A service type of business provides intangible products (products with no physical form). Service type firms offer professional skills, expertise, advice, and other similar products.

Examples of service businesses are: salons, repair shops, schools, banks, accounting firms, and law firms.

B. Manufacturing Business

Unlike a merchandising business, a manufacturing business buys products with the intention of using them as materials in making a new product. Thus, there is a transformation of the products purchased.

A manufacturing business combines raw materials, labor, and overhead costs in its production process. The manufactured goods will then be sold to customers.

C. Merchandising Business or Trade

This type of business buys products at wholesale price and sells the same at retail price. They are known as buy and sell businesses. They make profit by selling the products at prices higher than their purchase costs.

A merchandising business sells a product without changing its form. Examples are: grocery stores, convenience stores, distributors, and other resellers.

Industrial Sectors:

Industrial sector is also known as secondary sector. Industrial sector or secondary sector is one of the 3 sectors that make up a country's economy. The other two are the primary sector (includes agriculture, fishing, and mining) and service sector (includes hospitality, consultancy and nursing).

Industry refers to a specific group of companies that operate in a similar business sphere. Essentially, industries are created by breaking down sectors into more defined groupings. Therefore, these companies are divided into more specific groups than sectors. Each of the dozen or so sectors will have a varying number of industries, but it can be in the hundreds.

sector is one of a few general segments in the economy within which a large group of companies can be categorized. An economy can be broken down into about a dozen sectors, which can describe nearly all of the business activity in that economy. Economists can conduct a deeper analysis of the economy by looking at each individual sector.

There are four different sectors in an economy:

Primary Sector: This sector deals with the extraction and harvesting of natural resources such as agriculture and mining.

Secondary Sector: This sector comprises construction, manufacturing, and processing. Basically, this sector comprises industries that relate to the production of finished goods from raw materials.

Tertiary sector: Retailers, entertainment, and financial companies make up this sector. These companies provide services to consumers.

Quaternary sector: The final sector deals with knowledge or intellectual pursuits including research and development (R&D), business, consulting services, and education.

Engineering Industry:

Engineering industry primarily deals with the design, manufacture and operation of structures, machines or devices. Engineering industry primarily comprise of sectors like civil, industrial, mechanical and chemical.

Engineering can take a variety of forms—civil, military, or mechanical—but the term 'engineering industry' is normally used in a more limited sense to describe the industry devoted to the manufacture of engines, machine-tools, and machinery.

Process Industry:

It is concerned with the processing of bulk resources into other products.

The process industries are those industries where the primary production processes are either continuous, or occur on a batch of materials that is indistinguishable. For example, a food processing company making sauce may make the sauce in a continuous, uninterrupted flow from receipt of ingredients through packaging. Or batches may be produced depending on the cook kettle sizes but immediately combined and re-routed. In either case, there is no concept of a unit of sauce while it is being processed. Examples of the process industries include food, beverages, chemicals, pharmaceuticals, petroleum, ceramics, base metals, coal, plastics, rubber, textiles, tobacco, wood and wood products, paper and paper products, etc.

Textile Industry:

The textile industry is primarily concerned with the design, production and distribution of yarn, cloth and clothing. The raw material may be natural, or synthetic using products of the chemical industry.

Chemical Industry:

The chemical industry comprises the companies that produce industrial chemicals. Central to the modern world economy, it converts raw materials (oil, natural gas, air, water, metals, and minerals) into more than 70,000 different products. The plastics industry contains some overlap, as most chemical companies produce plastic as well as other chemicals.

Agro Industry:

Agro-industries provide a primary means of converting raw agricultural materials into value added products, while generating income and employment and contributing to overall economic development. They employ a range of technologies, ranging from very simple technologies such as drying of a single product, to more complex technologies such as the irradiation of formulated products.

Globalization:

Globalization is the connection of different parts of the world resulting in the expansion of international cultural, economic, and political activities. It is the movement and integration of goods and people among different countries.

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Countries have built economic partnerships to facilitate these movements over many centuries. But the term gained popularity after the Cold War in the early 1990s, as these cooperative arrangements shaped modern everyday life. This guide uses the term more narrowly to refer to international trade and some of the investment flows among advanced economies, mostly focusing on the United States.

The wide-ranging effects of globalization are complex and politically charged. As with major technological advances, globalization benefits society as a whole, while harming certain groups. Understanding the relative costs and benefits can pave the way for alleviating problems while sustaining the wider payoffs.

Advantages:

1. Globalisation helps to boost the long run average growth rate of the economy of the country through: (a) Improvement in the allocative efficiency of resources;
   (b) Increase in labour productivity;
   and (c) Reduction in capital-output
   ratio.
2. Globalization paves the way for removing inefficiency in production system. Prolonged protective scenario in the absence of globalization makes the production system careless about cost effectiveness which can be attained by following the policy of globalization.
3. Globalisation attracts entry of foreign capital along with foreign updated technology which improves the quality of production.
4. Globalisation usually restructure production and trade pattern favoring labor-intensive goods and labor-intensive techniques as well as expansion of trade in services.
5. In a globalized scenario, domestic industries of developing country become conscious about price reduction and quality improvement to their products so as to face foreign competition.
6. Globalisation discourages uneconomic import substitution and favor cheaper imports of capital goods which reduces capital-output ratio in manufacturing industries. Cost effectiveness and price reduction of manufactured commodities will improve the terms of trade in favor of agriculture.
7. Globalisation facilitates consumer goods industries to expand faster to meet growing demand for these consumer goods which would result faster expansion of employment opportunities over a period of time. This would result trickle-down effect to reduce the proportion of population living below the poverty line
8. Globalisation enhances the efficiency of the banking insurance and financial sectors with the opening up to those areas to foreign capital, foreign banks and insurance companies.

Disadvantages:

1. Globalisation paves the way for redistribution of economic power at the world level leading to domination by economically powerful nations over the poor nations.
2. Globalisation usually results greater increase in imports than increase in exports leading to growing trade deficit and balance of payments problem.
3. Although globalisation promote the idea that technological change and increase in productivity would lead to more jobs and higher wages but during the last few years, such technological changes occurring in some developing countries have resulted more loss of jobs than they have created leading to fall in employment growth rates.
4. Globalisation has alerted the village and small-scale industries and sounded death-knell to it as they cannot withstand the competition arising from well-organized MNCs.
5. Globalisation has been showing down the process to poverty reduction in some developing and underdeveloped countries of the world and thereby enhances the problem of inequality.

6.Globalization is also posing as a threat to agriculture in developing and underdeveloped countries of the world. As with the WTO trading provisions, agricultural commodities market of poor and developing countries will be flooded farm goods from countries at a rate much lower than that indigenous farm products leading to a death-blow to many farmers.

7.Implementation of globalization principle becoming harder in many industrially developed democratic countries to ask its people to bear the pains and uncertainties of structural adjustment with the hope of getting benefits in future.

Intellectual Property Rights:

Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.

Intellectual property rights are customarily divided into two main areas:

(i) Copyright and rights related to copyright.

The rights of authors of literary and artistic works (such as books and other writings, musical compositions, paintings, sculpture, computer programs and films) are protected by copyright, for a minimum period of 50 years after the death of the author.

Also protected through copyright and related (sometimes referred to as neighboring) rights are the rights of performers (e.g. actors, singers and musicians), producers of phonograms (sound recordings) and broadcasting organizations. The main social purpose of protection of copyright and related rights is to encourage and reward creative work.

(ii) Industrial property.

Industrial property can usefully be divided into two main areas:

Industrial property can usefully be divided into two main areas:

> One area can be characterized as the protection of distinctive signs, in particular trademarks (which distinguish the goods or services of one undertaking from those of other undertakings) and geographical indications (which identify a good as originating in a place where a given characteristic of the good is essentially attributable to its geographical origin).
>
> The protection of such distinctive signs aims to stimulate and ensure fair competition and to protect consumers, by enabling them to make informed choices between various goods and services. The protection may last indefinitely, provided the sign in question continues to be distinctive.
>
> Other types of industrial property are protected primarily to stimulate innovation, design and the creation of technology. In this category fall inventions (protected by patents), industrial designs and trade secrets.
>
> The social purpose is to provide protection for the results of investment in the development of new technology, thus giving the incentive and means to finance research and development activities.
>
> A functioning intellectual property regime should also facilitate the transfer of technology in the form of foreign direct investment, joint ventures and licensing. The protection is usually given for a finite term (typically 20 years in the case of patents).

While the basic social objectives of intellectual property protection are as outlined above, it should also be noted that the exclusive rights given are generally subject to a number of limitations and exceptions, aimed at fine-tuning the balance that has to be found between the legitimate interests of right holders and of users.