



RKDF University, Bhopal
Open Distance Learning (ODL) Material

Faculty of Commerce

Semester –I

Subject- BUSINESS ORGANIZATION AND COMMUNICATION

Syllabus

Units	Topic	Duration (In Hours)	Marks
I	INTRODUCTION: Trade, Industry and Commerce, Classification, Relationship between Trade, Industry, and Commerce. Business Organization-Concept, Characteristics, Importance and Objectives. Functions of Business and Social Responsibility of a business, Business Ethics, Steps to Start an Enterprise.	10	20
II	FORMS OF BUSINESS ORGANIZATION: Business Organization- Classification-Factors Influencing the Choice of Suitable Form of Organization. Sole Proprietorship and Partnership - Meaning, Definition, Characteristics, Advantages and Disadvantages. Co-Operative Organization-Meaning, Functions and Limitations of Co-operatives Societies.	20	20
III	ORGANIZATION OF COMPANIES: Concepts, Meaning, Formation, Characteristics, Types of Companies, Significance of Private Company and Public Company. Multinational Companies (MNC) and their Challenges in India. COMMUNICATION: Definition, Nature, Importance, Objectives of Communication. Elements of the communication process. Barriers to Communication-Linguistic Barriers, Psychological Barriers, Interpersonal Barriers, Cultural	15	20

	Barriers, Physical Barriers, Organizational Barriers.		
IV	<p>WRITTEN COMMUNICATION: Writing techniques and Guidelines. Letter writing – Basic Principles, Purpose, Types of business letters, Report writing, types of reports, Drafting of the report. Oral Communication: Speeches for different occasions, Guidelines for effective listening, Job interviews, Type of information.</p>	30	20
V	<p>Modern forms of Communication- E-mail, Video Conferencing, International Communication for Global Business.</p> <p>Information Technology: Forms of technology and its uses in modern communication systems. Role of social media in modern business.</p>	15	20

UNIT – I

INTRODUCTION

Trade-

Trade is the voluntary exchange of goods or services between different economic actors. Since the parties are under no obligation to trade, a transaction will only occur if both parties consider it beneficial to their interests

Commerce –

Commerce is defined as the exchange of goods and services between two or more entities. It typically involves buying and selling things of value. Commerce can take place between businesses, between consumers, or between businesses and consumers.

Industry-

Industry is concerned with the processing of materials and production of goods, whereas commerce is concerned with the distribution of those materials and goods.

Relationship between Trade, Industry, and Commerce

There is a close interrelationship between the different branches of business described above.

One cannot function without the support of others. Commerce helps industry before and after production through the purchase of materials and the sale of finished products. Production of goods and services is meaningless unless they are distributed among the consumers. Trade, involving buying and selling of goods, maintains a smooth flow of commerce and thereby supports industry. At the same time, industry provides the goods and services for distribution and thereby gives rise to commerce. As industry develops, trade and commerce also grow.

Business –

Business implies those activities which are carried on with a view to earn profit/wealth. It is the human activity directed towards the acquisition of wealth through the production and exchange of goods and services.

Features or characteristics of business:

- 1) Activity of Human Beings
- 2) Monetary gains
- 3) Exchange of goods & services
- 4) Continuity & regularity
- 5) Creation of utility
- 6) Existence of risk elements
- 7) Organized & systemized institutions
- 8) Entrepreneurship
- 9) Financial Management
- 10) Development of Vasudhaiv Kutumbkam : It implies that whole universe is my family.
- 11) Social commitment
- 12) Consumer is monarch
- 13) It is very comprehensive & wide activity
- 14) A pluralistic institutions: A business organization is a pluralistic institution. Its success is based on united efforts of various categories of people such as its promoters, investors, employees, government and public.
- 15) Different forms: There are different forms of business organization like sole trading, Partnership, company, departmental organization, corporations, trusts, boards etc.
- 16) An institution with multiple objectives
- 17) Dynamic environment
- 18) Government control and regulation
- 19) An organ of the society
- 20) Innovation and marketing as basic function
- 21) Customer Satisfaction

Objectives of Business:

Object of Business: The following are the main objects of business:

- (a) Economics object or profit motto.
- (b) Social object or service motto.
- (c) Human object.
- (d) National object.

(a) Economic object or profit motto.

- (1) For expansion of business
- (2) Profit is a Reward of Entrepreneur
- (3) Protection against future risk
- (4) Basis of investment
- (5) Barometer of efficiency and success
- (6) Safeguard of employees economic interest
- (7) Creation of Goodwill
- (8) Source of public Revenue
- (9) For existence of business

(b) Service Motto/Social object

- 1) Each business activity is undertaken keeping in view the interest of consumers because there is noexistence of business without customers.
- 2) The object of business must be maximum satisfaction for the customer.
- 3) The entrepreneur must always accept reasonable price for the article sold by him because reasonable price policy makes the customer permanent.
- 4) The businessmen must always produce or manufacture and sell articles of a high standard andquality.
- 5) The businessmen must always try to improve the quality his product. This helps the consumer in getting good services and the future of business remain bright.

(c) Human Object:

Day-to-day work of the business is done by employee and workers. Thus, to keep in view the satisfactionof all the people connected with the business comes within the purview of human object.

(d) National Object:

The fourth object of business is national object national object means conduct of business protecting the interest of the nation, Conduct of business free from hording, profiteering, smuggling comes within the scope of national object.

Organization –

An organization is a group of people intentionally organized to accomplish an overall, common goal or setof goals.

Characteristics of Organization –

- 1) Division of labour
- 2) Coordination
- 3) Accomplishment of common objectives
- 4) Authority responsibility structure
- 5) Communication

Business Organization –

Business organization is concerned with the study of the methods and procedures of establishing and operating business enterprises with the purpose of earning profits by rendering service to the society. The scope is very wide. It comprises business ownership, the types of traders engaged in the supply of goods and services, the institutions which facilitate trade, the financial arrangements used to conduct business, the problems of location and layout of the undertaking, the principles of management, forms of combinations, methods of wage payment, etc.

Objectives of Business Organization

- 1) Unity of objectives
- 2) Efficiency
- 3) Division of work
- 4) Span of control
- 5) Scalar principle
- 6) Delegation
- 7) Functional definition
- 8) Absoluteness of responsibility

Functions of Business Organization –

- 1) Production function
- 2) Marketing function
- 3) Finance function
- 4) Personnel function
- 5) Other functions

Significance of Business Organization –

- 1) Facilitates administration
- 2) Ensures specialization
- 3) Facilitates growth and diversification

- 4) Encourages creativity
- 5) Optimum use of technological improvements
- 6) Facilitates coordination

Components of Business Organization –

Commerce

Commerce means those activities which are done from production of commodities and their supply to consumers with the object of earning profit.

Characteristics-

- (i) Trade is included in commerce.
- (ii) Subsidiary activities of trade like insurance, banking, transportation are also included in commerce.
- (iii) Commerce is a link between a producer and a consumer.
- (iv) Commerce creates time and place utility.

Trade

Purchase and sale of goods in a business in order to earn profit is called trade. Thus the following are the characteristics of trade-

- (i) Purchase and sale of commodities and services.
- (ii) Two parties- Buyer and sellers. Middleman are also included in it.
- (iii) The main object of trade is to earn profit.
- (iv) Medium of trade is money.
- (v) Element of risk and enterprise exists in trade.
- (vi) Business activities remain regular and continues.

Social Responsibility of Business

Social responsibility means the objective concern for the welfare of society.

“Social responsibility is to pursue those policies and decisions or to follow those lines of actions which are desirable in terms of the objective and value of our society.”

Features:

1. Social responsibility is a two-way traffic
2. It is related with business organizations
3. Universal concept
4. Supremacy of public interest
5. Scope of social responsibility is not limited
6. Establishes new socio-economic values: it establishes new economic and social values such

as decentralization of power, equal and justified distribution of resources, business morality, etc.

7. Source of gaining social power
8. Basis of business success

Objectives:

1. Social Welfare
2. Satisfaction of human wants and improvement of standard of living.
3. Promotion of business
4. Creation of positive public image

Methods of Discharging Social Responsibility

1. Adoption of different types of social programs

- (a) Pursuing the goal of economic growth and efficiency by improving productivity and cooperating with the government.
- (b) Helping colleges and universities through grants, donations, funding of research programme, maintenance of interaction, training and placement of students.
- (c) Retraining and placement of disadvantaged or retiring workers.
- (d) Undertaking urban development programmes such as low cost housing, adoption of backward areas.
- (e) Pollution and effluent control.
- (f) Ecological conservation and recreation.
- (g) Patronizing art and culture through and to institutions engaged in such tasks.
- (h) Designing low cost medical care programmes.
- (i) Improving management in government.

2. Substituting optimum profits against maximum profits When a company is operating under voluntarily imposed restraints, it is said to be satisfying rather than maximizing profits.

3. Cooperating with various Stockholder

4. Causes for growing concern for social responsibilities

1. Public Opinion.
2. Trade Union Movement
3. Consumerism
4. Education
5. Public Relation

Business Ethics:

- (a) Business ethics is a practice that determines what is right, wrong, and appropriate in the workplace. Business ethics is often guided by laws, and these principles keep companies and individuals from engaging in illegal activity such as insider trading, discrimination and bribery.
- (b) By definition, business ethics refers to the standards for morally right and wrong conduct in business. Law partially defines the conduct, but “legal” and “ethical” aren't necessarily the same. Business ethics enhances the law by outlining acceptable behaviors beyond government control.
- (c) The seven business ethics principles are accountability, care and respect, honesty, healthy competition, loyalty and respect for commitment, information, respect for rule of law.
- (d) Some examples of business ethics are treating workers fairly, charging fair prices from customers, providing good quality goods and services, earning reasonable profits, using accurate and fair weights of the goods.

Steps to Start an Enterprise:

Starting a business can seem like a lot, but following these steps will help make sure you're successful:

- (a) Make a business plan.
- (b) Secure funding.
- (c) Surround yourself with the right people.
- (d) Follow the right legal procedures.
- (e) Establish a location.
- (f) Develop a marketing plan.
- (g) Build your customer base.
- (h) Plan to change.

UNIT-2
FORMS OF BUSINESS ORGANIZATION

Sole Proprietorship

Meaning

“The sole proprietorship is that form of business ownership which is owned and controlled by a single individual. He receives all the profits and risks all of the property in the success or failure of the enterprise.”

Features of sole proprietorship business:

1. Easy formation
2. No separate legal entity
3. Unlimited liabilities
4. Individual risk bearing
5. Freedom of operation
6. Full Mgt.
7. One man control
8. Continuity

Advantages of sole proprietorship

1. Easy to form and dissolve
2. Direct motivation and incentive
3. Quick decision and prompt action
4. Economy and elimination of wastage
5. Flexibility
6. Personal touch
7. High Secrecy
8. Benefit of inherited goodwill

Disadvantages of sole proprietorship

1. Limited resources
2. Limited managerial skill & abilities
3. Unlimited liabilities
4. Temporary existence
5. Limited scope for expansion
6. Difficulty of personal contact in widely separated areas
7. Monotony and hard work

Partnership

Definition of Partnership:

“Partnership is the relation existing between person competent to make contracts who have agreed to carry on a lawful business in common, with a view of private gain”

The Indian Partnership Act 1932 defines “Partnership” as the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting jointly”

Characteristics of Partnership:

1. Formation (two more person)
2. Agreements- among partners
3. Legal business as per the registration under partnership Act.
4. Profit Motive
5. Unlimited liability
6. Non transferability of share
7. Full management and control
8. Mutual agency
9. Utmost good faith
10. Individuality of the partner
11. No Separate entry

Advantages of Partnership

1. Easy formation
2. Benefit of greater resources
3. Sharing of risks
4. Protection of minority interests
5. Flexibility
6. Balanced judgment
7. Personal supervision
8. More scope for expansion
9. Free from various expenses
10. Benefit of personal contracts of partners

Disadvantages of Partnership

1. Unlimited liability

2. Limited resources
3. Non-Transferability of shares
4. Instability
5. Lack of quick decisions
6. Lack of public confidence
7. Conflicts
8. Lack of secrecy and privacy
9. Absence of separate legal status

Partnership Deed

Meaning

The partnership Deed is a document which embodies the terms and conditions of the partnership agreement laying down the mutual rights, duties and obligations of partners. The deed is stamped in accordance with the stamp Act.

Contents: The common contents of Partnership Deed are

1. Name of the firm
2. Name and address of the partners
3. Nature of the business
4. Capital contributed by each partner
5. Proportion of division of profit and losses
6. The duties, powers and obligations of the partners
7. The mode of maintaining accounts
8. Management of business
9. Provision regarding retirement and dissolution
10. Arbitration in case of dispute among partners
11. Whether loans will be accepted from a partner
12. The amount salary payable to partners
13. The rate of interest payable to partners on their capital
14. The amount to be allowed as drawings and the rate of interest on amount withdrawn by them

Different types of Partnership

1. **Partnership at will:** The partnership formed to carry on business without specifying and period of time is known as partnership at will
2. **Particular partnership:** When a partnership is formed for a fixed period or for a completion of a definite venture.

3. **Joint venture:** it is organized for a specific venture for a specified period. Members of joint venture do not enjoy general agency rights. No member can withdraw from joint venture before the completion of specific venture.
4. **Limited Partnership:** In this liability of partners is limited except that of one or more partners

Different kinds of partners:

1. **Active Partner:** a partner who is actively engaged in the conduct and management of the business.
2. **Sleeping or dormant partner:** The partner who does not participate in the management of the firm. They contribute capital and get share in the profit or loss of the firm.
3. **Nominal Partner:** Nominal partner is a partner who lends his name to the firm without having any interest in the management and profit of the business.
4. **Partner in profit only:** Such partner is a partner who shares the profits of the business without making himself responsible for the losses.
5. **Limited partner:** Limited partner is a partner whose liability is limited to the amount he has invested in the firm as capital.
6. **Sub Partner:** When a partner enters into a new agreement to share his profits with an outsider, such an outsider is known as partner.

Partner by estoppel of holding out: It is a person who represents to the outside world by words spoken or written or by his conduct or by lending his name, that he is a partner in a certain partnership firm, such a person is estopped or holding out.

Requisites of an ideal partnership:

1. Mutual faith and understanding
2. Common approach
3. Minimum number and mutual confidence
4. Skills and talents of partners
5. Adequate long term capital
6. Long duration
7. Written agreement
8. Registration

REGISTRATION OF PARTNERSHIP

Under the Partnership Act, it is not compulsory for a firm to be registered, but there are certain disabilities to an unregistered firm which are desirable, even virtually compulsory, that the firm be

registered.

Procedure of Registration

The statement should contain information relating to the following particulars:

- (i) The name of the firm
- (ii) The principle place of business
- (iii) Name of other places where the firm carries on business
- (iv) The dates on which various partners joined the firm
- (v) The names in the full and addresses of the partners and
- (vi) The duration of the firm.

DISSOLUTION OF PARTNERSHIP

According to section 39 of the Indian Partnership Act, 1932, the dissolution of partnership between all the partners of a firm is called the dissolution of the firm. Section 48 of the partnership act, 1932 lays down the following procedure for the settlement of accounts between partners after the dissolution of the firm:

1. Losses including deficiencies of capital should be made good
 - (a) First of profits
 - (b) Then out of capital
 - (c) If need be out of personal contributions of partner in their profit sharing ratios.
2. The assets of the firm including any sum contributed by partners to make up deficiencies of capital will be applied for settling the debts of the firm, in the following order, subject to any agreement to the contrary.
 - a) First, in paying of the debts of the firm due to third parties.
 - b) Then in paying to each partner ratably any advance or loans given by him in addition to or apart from his capital contribution.
 - c) If any surplus is available after discharging the above liabilities, the capital contributed by the partner may be returned, if possible, in full or otherwise ratably.
 - d) The surplus, if any, shall be divided among the partner in their profit sharing ratios.

MODES OF DISSOLUTION

(A) DISSOLUTION WITHOUT INTERVENTION OF COURT

1. Dissolution by agreement.
2. Dissolution by notice.
3. Dissolution on the happening of certain contingencies.
 - i. By the expiry of the term of duration of the firm.
 - ii. By the completion of the adventure or task of which the firm was constituted.

- iii. By the death of a partner.
 - iv. By the adjudication of a partner as insolvent.
1. Compulsory dissolution:
 - a) When all the partner except one become insolvent.
 - b) When all the partners become insolvent.
 - c) When the business becomes illegal.
 - d) When the number of partners exceeds twenty in case of ordinary business and ten in case of banking business.

(B) DISSOLUTION BY COURT

1. When a partners becomes of unsound mind.
2. When a partner suffer from permanent incapacity and become permanently incapable of performing his duties as a partner.
3. When a partner is guilty of misconduct affecting the business of the rm.
4. When a partner commits willful or persistent breaches of agreement.
5. When a partner has transferred the whole of the interest in the firm to third party.
6. When the business of the firm cannot be carried on except al a loss.
7. When the court is satisfied as to grounds which render it just and equitable to dissolve the firm

CO-OPERATION ORGANIZATION

Meaning:- Co-operation is a form of organization, where in persons voluntary associate together ashuman being on the basis of equality for the promotion of economic interest of them self.

Characteristics of co-operative organization

1. Association of persons
2. An economic enterprise
3. Voluntary organization
4. Democratic organization
5. Equality of voting rights
6. Co-operative efforts Distribution of profit
7. No transfer of shares
8. Liability
9. Cash Trading

Types of co-operative

1. **Consumers' Co-operative:** A consumer co-operative store ensures supply of consumer

services of standard quality to its members, at fair prices. It purchases goods on wholesale basis and sells to its members on retail basis at reasonable prices.

2. **Producers' or Industrial co-operative societies:** Generally, small-scale and cottage industries are set up under the system of co-operative organization. Industrial co-operative is undertake the functions of purchasing and supplying raw materials. Tools and equipment to its members, marketing their finished goods, securing contracts from government, public bodies and other and setting hem executed with the help of members.
3. **Co-operative marketing societies:** Marketing co-operative are established by producers for selling their products at remunerative prices. Modern marketing is a complicated procedure. It involves various marketing functions like standardization, grading, warehousing, branding, packing and packaging, advertising and promotion.
4. **Co-operative housing societies:** Low and middle income group, especially in metropolitan cities, may find it difficult to construct their own houses. Housing co-operative help people to construct their own houses.
5. **Co-operative credit societies:** such societies are formed by socially and economically backward sections of society such as industrial workers, agriculturists, artisans, salary earners, etc. in order to meet their financial demands.
6. **Co-operative farming societies:** Co-operative farming societies are formed by the farmers, who pool their land jointly conduct their agricultural operations.

Co-operative Society:

Co-operative society may be defined as a voluntary association of persons organized to look after their common interests through manual Co-operation.

According to India Cooperative Societies Act, 1912. A co-operative society is a society which has its objects its promotion of the economic interests of its embers in accordance with co=operative principles.

In sense, it is nothing but self help made effective by organization.

Main Features:

1. Voluntary organization
2. Democratic management
3. Service motive
4. Equal voting right

5. No dividend hunting and fair return on capital
6. Government control
7. Mutual relation (Limited we stand divided we fall)
8. Non Transferability of shares
9. Cash sale
10. Training grounds for mutual solidarity

Advantages of Co-operatives-

1. Easy formation
2. Limited liabilities
3. Perpetual existence
4. Open membership
5. Availability of Government assistance
6. Social service
7. Development of human values
8. Reduction in the cost of marketing
9. Tax advantage
10. Democratic management (one member one vote)

Disadvantages:

1. Lack of secrecy
2. Lack of initiative and incentive
3. Specialized management is not always possible
4. Excessive state participation
5. Lacks business leadership
6. Limited scope
7. Good ground for selfish interest
8. Lack of mutual interest.

Formation of Co-operative:

To get a co-operative society registered there must be at least ten adult persons. These persons will have to submit a joint application for registration to registrar. It contain following information-

1. The name of the society.
2. The aims of objectives
3. Division of share capital
4. Names & addresses of the embers

5. Two copies of the bye-laws
6. Two copies of the rule and regulation of the society.

One receipt of the application, the Registrar will scrutinize it and he will issue a certificate of registration.

UNIT-2

ORGANIZATION OF COMPANIES

JOINT STOCK COMPANY

Definition & Meaning: - A company is a voluntary association of persons formal and registered under the present company act, or under any previous laws. In the eyes of law. It is an artificial person having separate entity from its members, with perpetual succession and common seal. The capital of the company is divided into transferable shares and shareholders are called members.

Characteristics of Company:-

1. Members/subscribers
2. Artificial person
3. Separate legal entity
4. Perpetual succession
5. Common seal
6. Limited liability
7. Share capital
8. Transferable shares
9. Separate property
10. Capacity to sue & to be sued
11. Limited capacity to contract
12. Management team
13. Existence Independent
14. Statutory obligation
15. Business or property on the name other than its own
16. Registered voluntary association/body corporate

I. On the basis of incorporation or Registration

- a. **Chartered Companies:** Most of the early companies were set up through a Royal charter issued by the state or monarch.
- b. **Statutory Company:** A statutory company comes into existence by a special act of the parliament or legislature of the nation of the state. Its rights, duties, liabilities, powers objects, scope, etc. are clearly defined in the Act, which brings the company into existence.

- c. **Registered Company:** Companies which are registered under the provisions of the Companies Act of the nation concerned are known as “Registered Companies”.

II. On the basis of Liability

- a. **Companies with Unlimited Liability:** In the case of unlimited liability, a shareholder has
- b. to meet the debts of the company even from his private property in the event of winding up of a company.
- c. **Company with liability limited by guarantee:** The liability of members in such a company is limited to a specific amount guaranteed by the members. The purpose of such a guarantee is to enable the company to have funds to meet its liability at the winding up of accompany.
- d. **Companies with liability limited by shares:** The liability of members in such a company is limited only to the amount of the shares held by them.

III. Companies on the basis of Public Interest

- a. **Private Limited Company:** A private company is one which, by its Articles:
 - Limits the number of its members to fifty, excluding past and present employees:
 - Restricts the right of the members to transfer the shares; and
 - Prohibits the invitation to public to subscribe to the company’s shares and debentures
- b. **Public Limited Company:** A public company does not limit the number of members to fifty, it does not restrict the right of members to transfer their shares and finally it does not prohibit invitation to public to subscribe to its shares and debentures.
- c. **Government Companies:** A government company is one in which at least 51% of the paid up capital is held by the Central Government or by any State Government or partly by the Central Government and partly by one or more State Government.

Advantages of Joint Stock Company

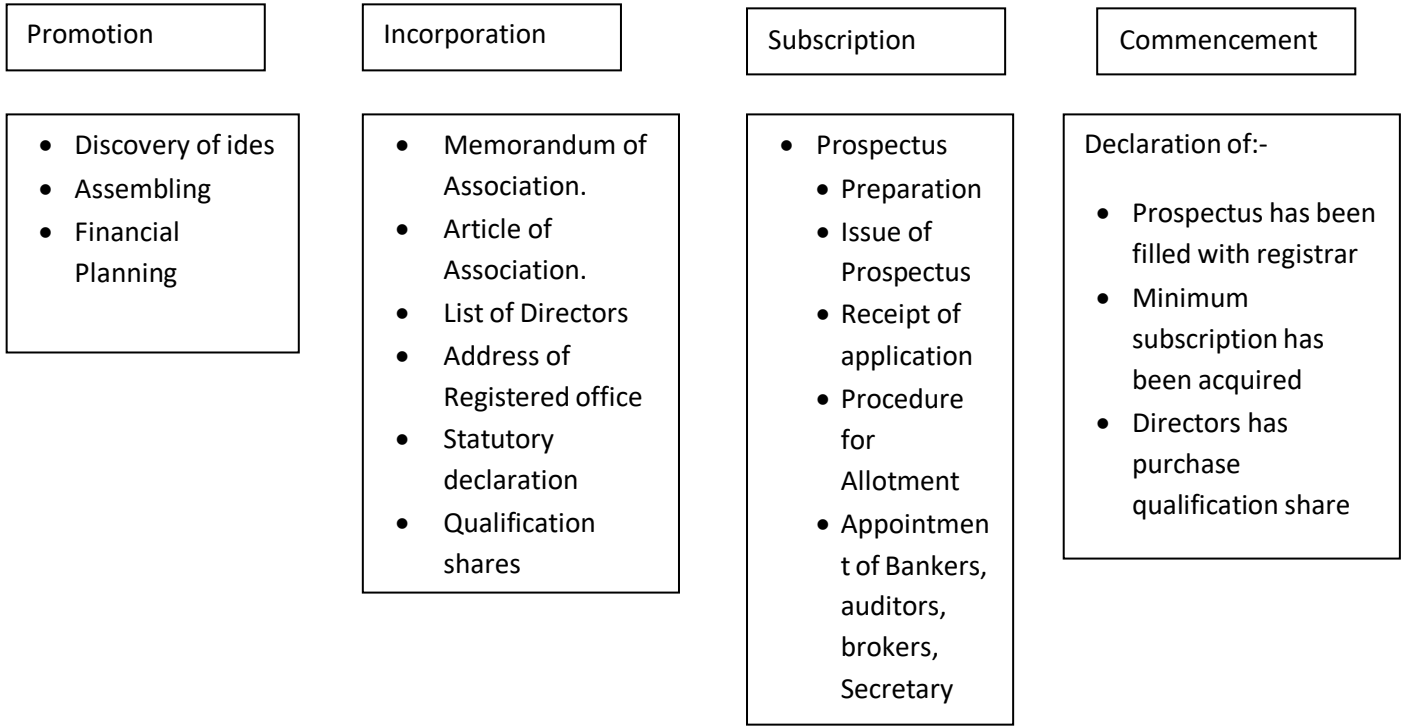
- a. Large Financial Resources
- b. Limited Liability
- c. Democratic Management
- d. Economies of Large Scale Operations
- e. Statutory Regulations
- f. Public Confidence
- g. Availability of Expert Services
- h. Research and Development

- i. Tax Concession
- j. Bolder Management
- k. Contribution to Society
- l. Economic Development
- m. Social Desirability

Disadvantages of Joint Stock Company

- a. Difficult in Formation
- b. Bureaucratic Administration
- c. Lack of Personal Touch
- d. Excessive Government Control
- e. Concentration of Economic Power and Wealth
- f. Undue or Reckless Speculation in shares
- g. Lack of Motivation
- h. Delay in Policy Decisions
- i. Incapable Management and Fraudulent Tactics
- j. No Business Secrecy
- k. Conflicts of Interest

Company Formation



Memorandum of Association:-

According to section 2 (28) of the Companies Act “memorandum means the memorandum of Association of a company as originally framed or as altered from time to time in pursuance of any previous companies law or of this act.

Features

1. Fundamental document
2. Essential for every company
3. Originally framed
4. Limitations for power
5. Unalterable

Contents Memorandum of Association:-

1. Name clause
2. Registered office clause

3. Object clause
4. Liability clause
5. Capital clause
6. Association of subscriber clause

Article of Association

Article of Association is the document of a company which contains rules, regulation or laws of company

Content of Articles

1. Share capital and rights attached to different clauses of shares.
2. Adoption of Preliminary contract
3. Calls & lien on shares
4. Redemption, Transfer, forfeiture of share
5. Alteration capital
6. General meetings
7. Appointment & removal of directors
8. Dividend relevance.
9. Accounting related

Prospectus

A prospectus any document which is described or issued as a prospectus by a company for any or the following purpose.

1. For inviting deposits from the public
2. For inviting offers from public for purchasing of share and debenture.

Contents of Prospectus

1. Objective of company
2. Information related to share capital
3. Information related to Directors
4. Information related to auditing
5. Remuneration relate to promoters
6. Preliminary expenses
7. Reserve & surplus
8. Auditing

Statement in lieu of Prospectus

1. Condition of filing
2. Contents
3. Delivery to registrar
4. Signature
5. Penalty
6. Liability for untrue statement
7. Voidable allotment

COMMUNICATION

Communication is defined as “The flow of material information perception, understanding and imagination among various parties”.

Business includes those organizations, which are engaged in the production and distribution of goods and services to earn profit. Therefore Business communication means, “Flow of information, perception etc. either within a business organization or outside the organization among different parties”.

We can extract the following points from the above definition;

(i) Flow between two or more parties. In business communication the material flow from one person to another person or from many persons to different people. This flow may either be inside the organization or outside the organization.

(ii) Flow of information, perception, imagination etc. Flow of information takes place when a party transfers the material to another mind. For example, when a news caster says, “India has conducted nuclear test on 28th May 1998”. This is a flow of information from news caster to the listeners. Flow of perception means transfer of different feelings. Finally, flow of imagination that occurs when a painter conveys his/her imaginations through a portrait.

ROLE OF EFFECTIVE BUSINESS COMMUNICATION WITHIN AND OUTSIDE THE ORGANIZATION

Business Communication is called, “Life blood” of an Organization. A business Organization is a group of people associated to earn profit. Various kinds of activities have to be performed by the people of an organization so as to earn profit. These activities need an effective and systematic

communication. Without efficient communication, one cannot even imagine to do work and hence will be unable to earn profit. Since the aim of business organization is to earn profit, the organization will die without profit and this death is a result of the absence of communication. This is why communication is called life blood of a business organization. We can prove this statement in the following manner.

IMPORTANCE OF COMMUNICATION FOR AN INDIVIDUAL (Manager) AND FOR AN ORGANIZATION COMMUNICATION:-

Definition: “Communication is the process by which information is transmitted between individuals and organization, so that an understanding response results”.

OR

“Communication is the process which involves transmission and accurate replication of ideas, ensured by feedback for the purpose of eliciting action which will accomplish organizational goals”.

IMPORTANCE OF COMMUNICATION FOR A MANAGER

(1) Helps in getting a desired job:-

Getting a desired job is not an easy task. It requires a person to be excellent, especially in terms of communication abilities. Communication abilities can be classified into five categories that is reading, writing, speaking, listening and observing. If a candidate is a good reader of not only text books and reference books but also of newspapers and magazines, this would help him developing confidence level at the time of interview. Writing skills are necessary for preparing an appropriate Biodata and covering letter, so that a better initial impression could be created. No doubt, conversational skill right at the time of interview is equally countable towards success of the candidate. Listening abilities on the other could prove to be fruitful especially when the interviewer is making a comment or asking a question. In short we can say that the presence of above mentioned five communication skills could give a better chance of being selected during an interview.

(2) Help in maintaining social relationships:-

We as human beings live in a cobweb of relationships rather social relationship. These social relations compel us to act simultaneously in the capacity of father, child, husband, uncle, neighbour, cousin, teacher, nephew and so on. All these relationships especially near one's could be maintained properly if we can communicate well to all these relations, that we are here to take care of them and our services are always there to help them in case of any needs.

(3) Helps in getting on the job promotion:-

Perhaps finding a job would not be a big deal in case of if the candidate is well connected and belongs to a well off family. But promotion on the job requires some extra skills on the part of the candidate. Amongst those skills, communication abilities rank on the top. If a person can speak well during interactive and presentation sessions, can reports properly, he will automatically be in the eyes of the management and whenever a chance for promotion comes, he will be on the top of the list.

(4) Helps in solving other's problems:-

It is commonly observed that around us there are so many people whom we like to meet, their company is a source of enrichment for us. When we are with them we feel secured. The only reason for such types of feelings is that such type of people are not only good listeners but they also know it well that whenever they would speak, it would only be for the sake of encouraging, not discouraging others, only for solving other's problems and not for creating problems for others. Such people are no doubt excellent communicators.

DIFFERENTIATE BETWEEN FORMAL AND INFORMAL LANGUAGE;

Formal language: Informal Language:

- (1) It is the language spoken in office, business and other formal places.
- (2) Proper and standard words are used.
- (3) It consists of specific purpose words like manager, supervisor, owner, employer etc.
- (4) It is used comparatively less than informal language.

(5) It is used when the speaker is relaxed.

PROCESS OF COMMUNICATION

“Communication is a two way process of exchanging ideas or information between two human beings”. Communication simply means exchange of ideas & information between two persons. A person sends a message to another person and gets the response from the receiver on the message. This whole phenomenon can be explained as under.

1. Sender’s thoughts:-

The very first step in the process of communication is generation of thought in the sender’s mind. These thoughts may be about a request, order, inquiry production or any other such activity.

2. Encoding / Message:-

The thought generated in the mind of sender is ambiguous and unable to be communicated unless it is put into a receivable form. This step is known as encoding where the sender converts his thought into a message by means of a language. For example, a sender thinks about having a job. Now, he will put his thought on a paper. That is called job application. In his way, his thought becomes a message.

3. Transmission through media:-

Once a thought is converted into message, it should be transmitted to the receiver through a suitable medium. This media might be electronic media as T.V., E-mail, radio etc. or it may be print media like newspaper, magazines, letters or merely sound that is transmitted through the medium fair.

4. Noise and Barriers:-

While transmitting the information to the receiver, the sender faces lots of barriers. These noise and barriers are explained as under:

(i) **On sender’s side:-** Noise and barriers may take place during the

process of encoding. Some of them may be caused by distraction, lack of concentration, typing mistake, poor language etc.

(ii) In the medium:- Some barriers are caused by medium such as poor transmission on T.V. and radio misprinting in newspapers etc.

(iii) On receiver's side:- The receiver can also create certain barriers to the receiving of message such as poor reading ability, emotions, lack of concentration etc.

5. Decoding by Receiver:-

Having received the message from the sender, the receiver attempts to understand and interpret the message. This process of converting the language of message into thoughts is known as decoding. For instance, the receiver, having received job application, reads the application and understands the message conveyed by the applicant.

6. Idea Received:-

As soon as the process of decoding is finished, the idea given by the sender is received by the receiver. It means the thought that was generated in the mind of sender has been transmitted to the mind of receiver. In our example, the sender wanted to inform the receiver about his thought of having a job. Now the sender has got this idea.

7. Feedback:-

Process of communication is incomplete until the receiver responds to the sender. This response may be negative, positive, or for further enquiry. It means when the receiver of job application welcomes or regrets the sender, the process of communication is deemed to be complete.

FIVE ELEMENTS (FACTORS) OF THE PROCESS OF COMMUNICATION:

Communication is the exchange of ideas between two minds. This process of exchanging idea is based on following five factors.

1. Sender:-

Sender is the person who initiates the process of communication. He generates an idea in his mind regarding production invention, innovation, request, order, enquiry etc. So, he is the first factor of communication process

and his function is to generate an idea. Therefore, it is necessary that the idea should be clear, and convertible into message. For this purpose, the sender needs to apply his knowledge and imaginative power.

2. Message:-

The idea in the mind of sender is transformed into words that is called message. The sender decides on the length, style, organization and tone of the message. The message may be presented in many ways, depending on the subject, purpose, audience, personal style, mood and cultural background.

3. Media:-

The media of transmission of message are electronic media as T.V., radio, computer and print media as newspapers, letter, magazine etc. media play a very important role in helping the receiver's understand the message. A wrongly chosen medium can interrupt the process of communication, Selection of medium depends upon message, audience, urgency and situation.

4. Receiver:-

Receiver is the person who gets the message from the sender, decodes it, understands it and interprets it.

5. Feed Back:-

Having understood the message, the receiver responds to the sender in yes or no or asks further questions. This process is called feedback.

Barriers to Communication

Introduction – No matter how good the communication system in an organization is, unfortunately barriers can and do often occur. This may be caused by a number of factors which can usually be summarized being as due to physical barrier, languages, organizational, emotional, personal barriers.

A communication becomes successful only if the receiver understands what the

sender is trying to convey. When your message is not clearly understood, you should understand that your message is facing a barrier.

Commonly Experienced Barriers

- Noise
- Lack of planning
- Wrong & unclarified assumption
- Culture
- Social –psychological barriers
- Emotions
- Filtering information
- Loss by transmission
- Goal conflict
- Offensive style
- Time & distance
- Noise
- Improper Time
- Physical Distance
- Information Overload

2) Language barrier –

The barrier created due to the improper use of language, words, phrases, etc.

Variety of Meaning: For example: a person may be present at function and receive a present and present some thoughts on budget.

3) Cultural barrier –

- Values & norms
- Social relationship
- Concept of time
- Concept of space
- Thinking process
- Non verbal communication

- Perception
- Use of voice
- Specialist language
- Appearance (we react unconsciously to the biological appearance color & texture of skin, color of eyes, Body structure, way of dressing etc.)

Organizational barrier - The factors internal to the organization which adversely affect the flow of communication are called organizational barriers.

This includes –

- Organization policy
- Rules and regulations
- Status difference
- Complex organizational structure
- Facilities
- Wrong choice of channel

1) Psychological or emotional or perceptual barrier & personal-

One of the chief barriers to open & free communication is the psychological or emotional barrier. It is comprised mainly of fear, mistrust & suspicion. The roots of our emotional mistrust of others lie in our childhood & infancy when we were taught to be careful for what we said to others.

This includes-

- Selective listening,
- Premature evaluation,
- Psychological & emotional barriers,
- Emotional attitude,
- Inferring.
- Barriers due to resistance to change,
- Lack of trust & confidence,
- Lack of ability to communicate,
- Inattention,
- Difference in speed of talking & listening.

- Defensiveness: (fear of boss)
- Status block
- Self-centered attitude
- Attitudinal clash with sender
- Group identification (belonging to a group like family, locality, city, our religion group, age group, nationality, economic group) we tend to reject an idea which goes against the interest of the group.

How to overcome communication barriers-

- Shortening the line of communication.
- Use of simple and meaningful language.
- Developing patience to listen & understand others.
- Keeping it short.
- Utilizing the feedback
- Developing mutual trust
- More use of informal & face-to-face talks
- The communication audit
- By avoiding pre-mature evolutions
- Giving due importance to gesture & tone
- Co-ordination
- By communicating so as to express & not to impress
- By having a personal touch in communication

UNIT-IV

WRITTEN COMMUNICATION

The five steps of writing a letter are – writing the name, contact information, and date, writing the receiver's name and information, writing the greeting and main body of the letter, writing complimentary closure, your name, and signature, and sending the letter.

A business letter is used primarily to request or provide information, to relate a deal, to bring or continue conversation, and/or to discuss prior negotiations. A business letter can be classified as private, however, it is typically not circulated to others, but rather meant for the eyes of the participants involved.

Writing Techniques and Guidelines:

1. Basic Principles of Writing:

- Clarity: Ensure your writing is clear, concise, and easy to understand.
- Coherence: Organize your thoughts and ideas in a logical flow.
- Consistency: Maintain a consistent style, tone, and formatting throughout your writing.
- Conciseness: Avoid unnecessary words and phrases, and get to the point.
- Correctness: Proofread your work and ensure there are no grammatical or spelling errors.

2. Letter Writing - Basic Principles:

- Audience: Consider the intended recipient and tailor your tone and language accordingly.
- Structure: Organize your letter with a clear introduction, body, and conclusion.
- Tone: Maintain a professional and courteous tone, even when addressing sensitive topics.
- Language: Use simple, clear, and polite language, avoiding slang or jargon.
- Format: Adhere to the standard letter format, including the date, address, salutation, and signature.

3. Purpose of Letter Writing:

- Informative: Provide information, updates, or instructions to the recipient.
- Persuasive: Convince the recipient to take a specific action or consider a proposal.
- Requisitive: Ask the recipient for something, such as information, a favor, or a response.
- Responsive: Reply to a previous letter or communication.

4. Types of Business Letters:

- Inquiry Letters: Requesting information or clarification about a product, service, or policy.
- Sales Letters: Promoting a product or service and persuading the recipient to make a purchase.
- Complaint Letters: Addressing a problem or issue and requesting a resolution.
- Recommendation Letters: Providing a positive endorsement for an individual, product, or service.
- Cover Letters: Accompanying a resume or job application and highlighting the applicant's qualifications.
- Thank-You Letters: Expressing gratitude for

Report Writing:

Report Writing is a structured and systematic method of conveying information, findings, and analysis to a specific audience. Reports are typically used in academic, scientific, business, and professional settings to account for research, experiments, investigations, or other activities.

Types of Report Writing :

Formal, Informal, Special, Informative, Long & Short.

How to write a report

- 1 Choose a topic based on the assignment.

- 2 Conduct research.
- 3 Write a thesis statement.
- 4 Prepare an outline.
- 5 Write a rough draft.
- 6 Revise and edit your report.
- 7 Proofread and check for mistakes

Oral Communication: Speeches for different Occasions, Guidelines for Effective Listening, Job Interviews, and Types of Information are topics related to communication and public speaking, rather than coding.

1. Speeches for Different Occasions:

- Speeches can be delivered for various purposes, such as informative, persuasive, commemorative, or ceremonial events.
- Each type of speech requires a different approach in terms of content, structure, and delivery.
- Examples of different occasions include graduation ceremonies, award presentations, political rallies, and community events.

2. Guidelines for Effective Listening:

- Effective listening involves active engagement with the speaker, including maintaining eye contact, avoiding distractions, and asking clarifying questions.
- Listening skills can be improved through practice, such as focusing on the speaker's main points, taking notes, and summarizing the key information.
- Effective listening is crucial for understanding the speaker's message, building relationships, and improving communication.

3. Job Interviews:

- Job interviews are an opportunity for candidates to showcase their qualifications, skills, and fit for a specific role.

- Effective communication during the interview, including answering questions clearly and confidently, is essential to leave a positive impression on the interviewer.
- Preparing for common interview questions, practicing responses, and researching the company and position can help candidates perform well in job interviews.

4. Types of Information:

- Information can be categorized into different types, such as factual, conceptual, procedural, or metacognitive.
- The type of information being presented or discussed can influence the communication approach and the way it is organized and presented.
- Understanding the different types of information and their characteristics can help communicators tailor their messages to the audience's needs and expectations.

UNIT-V

MODERN FORMS OF COMMUNICATION

The Modern Means of Communication in India

The means of communication help us to send our messages and ideas from one place to another. In the modern world the means of communication have become very important. In old days it was very difficult to send our messages and receive messages from far off places. This sending and receiving of messages and ideas is known as communication. In modern times we can communicate with far off places easily and quickly. The means of transportation and the means of communication are closely related. They are inter-dependant. The following are the main means of communication.

Email –

It's difficult to imagine life without email now. Business people exchange ideas on it, friends keep in touch by it and marketing teams thrive on it. It's hard to believe it's only been around since the 70s.

Instant messaging and Skype (Video Conferencing) –

Instant messaging tools such as MSN Messenger and Skype have been around for a while, but look set to remain a feature of life both online and offline. Skype is particularly brilliant for communicating with friends and family abroad, as it allows free calls over the internet. – doesn't this rather under value Conf now by saying it's free.

International Communication for Global Business.

International Communication for Global Business is a field that focuses on the effective communication strategies and practices required for successful business operations in a global context. It encompasses various aspects of intercultural communication, cross-cultural management, and the challenges of communicating across linguistic and cultural boundaries.

Some key aspects of International Communication for Global Business include:

1. **Cultural Awareness and Sensitivity:** Understanding the cultural differences, values, and communication styles of different countries and regions, and adapting communication approaches accordingly.
2. **Language Proficiency:** Developing proficiency in multiple languages, or utilizing effective translation and interpretation services, to facilitate communication with international partners, clients, and stakeholders.
3. **Nonverbal Communication:** Recognizing and interpreting nonverbal cues, such as body language, gestures, and eye contact, which can vary significantly across cultures.
4. **Negotiation and Conflict Resolution:** Developing the skills to negotiate effectively and resolve conflicts in a global business environment, where cultural differences can lead to misunderstandings.
5. **Virtual Communication and Technology:** Leveraging digital communication tools and platforms to collaborate and coordinate with global teams, while considering the challenges of time zones, language barriers, and technological limitations.
6. **Ethical and Legal Considerations:** Understanding the legal and regulatory frameworks, as well as ethical norms, that govern international business practices and communication.

Information Technology:

Forms of Information Technology and Their Uses in Modern Communication Systems:

1. **Computers and Mobile Devices:**
 - Computers (desktops, laptops, tablets) and mobile devices (smartphones, tablets) are the primary platforms for accessing and exchanging information.
 - They enable various communication methods, such as email, messaging, video conferencing, and social media.
2. **Internet and Networking Technologies:**

- The internet, as a global network, allows for the seamless exchange of information across vast distances.
- Networking technologies, such as Wi-Fi, Bluetooth, and cellular networks, enable connectivity and data transmission.

3. Cloud Computing:

- Cloud-based services, such as cloud storage, software as a service (SaaS), and platform as a service (PaaS), provide remote access to computing resources and data storage.
- They facilitate collaboration, data sharing, and remote work.

4. Multimedia and Streaming Technologies:

- Audio and video technologies, including streaming platforms, enable real-time communication, content sharing, and entertainment.
- Examples include video conferencing, online video platforms, and streaming services.

5. Artificial Intelligence and Machine Learning:

- Advancements in AI and machine learning have enabled intelligent communication systems, such as chatbots, virtual assistants, and language translation services.
- These technologies enhance user experiences and automate certain communication tasks.

6. Internet of Things (IoT):

- The interconnection of various devices, sensors, and appliances through the internet allows for remote monitoring, control, and data exchange.
- IoT applications can improve communication and coordination in areas like smart homes, transportation, and industrial automation.

Role of Social Media in Modern Business:

1. Marketing and Branding:

Social media platforms provide businesses with powerful tools for marketing, brand building, and customer engagement.

Businesses can create and share content, run targeted advertising campaigns, and interact with their audience.

2.Customer Communication and Feedback:

Social media enables businesses to communicate directly with customers, address their concerns, and gather valuable feedback.