

BBA :101


**MANAGEMENT PROCESS AND
ORGANIZATIONAL BEHAVIOUR**

Management

Definitions of Management

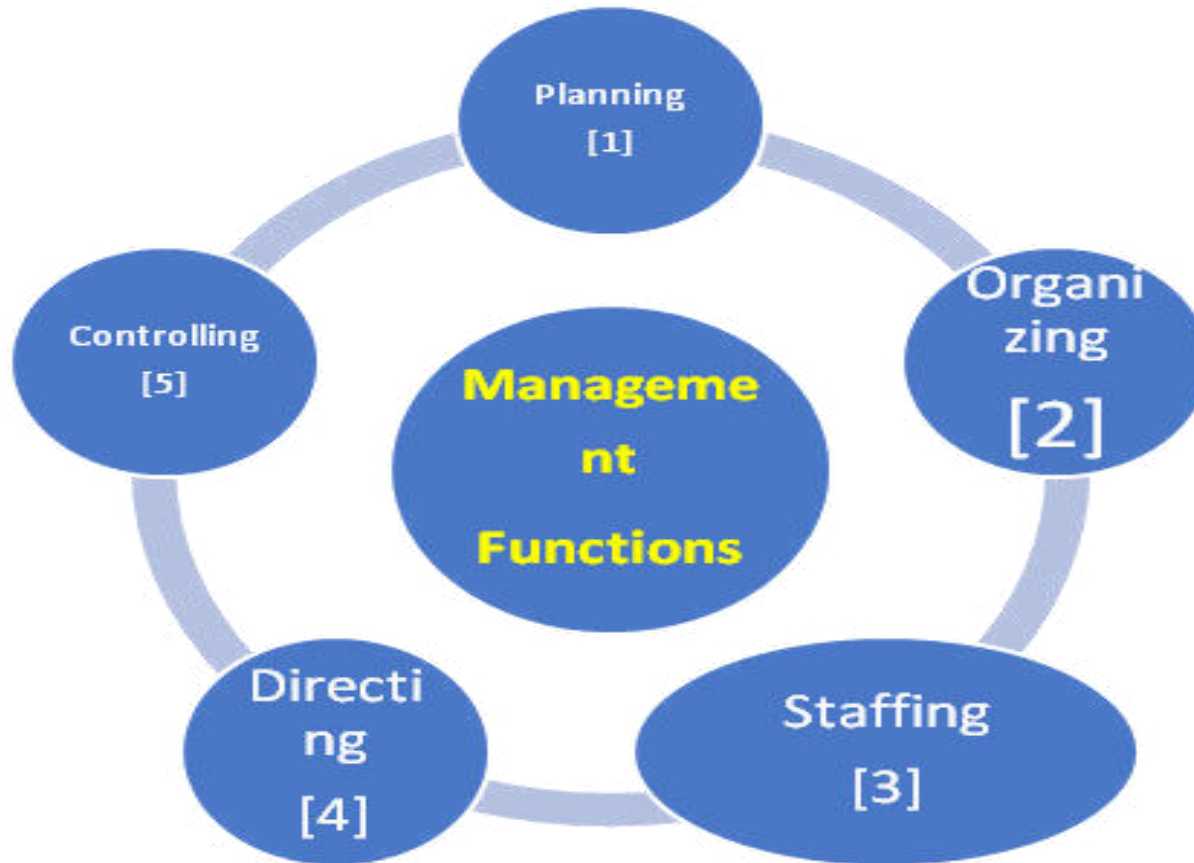
- ▶ “Management is the art of getting things done through others.”
- ▶ “Management is the art of getting things done through and with people in formally organized groups.” *Harold Koontz*
- ▶ “Management is creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals”-*Koontz and O'Donnell*
- ▶ “Management is coordination of all resources through the process of planning, organizing, directing, staffing and controlling in order to attain stated goals.”- *Henry L. Sisk*

Nature & Features of Management

- ***Management is Universal-*** Management is required in every form of group activity whether it is a family, a club, a government, any army or a business enterprise.
 - ***Management is purposeful-*** Management exists for the achievement of specific objective.
 - ***Management is unifying force-*** The essence of management lies in the coordination of individual efforts into a team. As a unifying force, management creates a whole that is more than the sum of individual parts.
 - ***Management is social process-*** Management is done by people, through people and for people. It is social process because it is concerned with interpersonal relations.
 - ***Management is multidisciplinary-*** Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several discipline like engineering, sociology, psychology, economics, mathematics etc.
- 


- ***Management is continuous process-*** Management is dynamic & on-going process till the achievement of group goals.
- ***Management is intangible-*** Management is unseen or invisible force. It can't be seen but its presence can be felt anywhere in the form of result.
- ***Management is situational-*** Efficient management is always situational or contingency management because there is not one best way of doing things.
- ***Management is Essentially an Executive Function-*** It deals with the active direction & control of activities of people to attain predetermined objective.
- ▶ ***Management is an art as well as a science-*** Management contains a systematic body of theoretical knowledge as well as practical application of such knowledge

Functions of management





Evolution of Management Thought

- ▶ **1. The Classical Theory of Management (With Features):**
- ▶ Thinking on management as a separate field of learning and practice began early in the 19th century. It was at this time that persons like Robert Owen, Charles Babbage, Metcalf, Henry Robinson Towne, James Watt Jr., Mathew Boulton, Max Webber, F.W. Taylor and Henry Fayol etc. expressed their ideas on the ways and means of making management practices effective and efficient.
- ▶ This approach is also known as traditional approach or empirical approach. It was developed through three streams such as – (1) Scientific Management developed by F.W. Taylor, Harrington Emerson, Henry Ganlt etc. (2) Administrative Theory developed by Henry Fayol, Lyndall, Urwick etc. (3) Bureaucracy developed by Max Webber.

- ▶ **The main features of this classical approach are:**
 - ▶ Management is a systematic network (process) of interrelated functions.
 - ▶ Formal education and training is emphasized for developing management skills.
 - ▶ People are motivated by economic gains.
 - ▶ Stress was given to the formal organization structure.
 - ▶ Many principles have been developed for the practicing executive.
 - ▶ Functions, principles and skills of management are considered universal.
 - ▶
- 

- ▶ **The contributions of some thinkers in this area are discussed here: 1. Robert Owen (1771 – 1858):**
- ▶ He managed a group of textile mills in Lanark (Scotland) during 1800 – 1828. He carried out many experiments and introduced many social reforms. He emphasized that workers' performance was influenced by the total environment in which they worked. He said employees are Machines and their maintenance is necessary. Throughout his life he worked for the building up of a spirit of cooperation between the workers and management.
- ▶ He suggested that investment in human resources is more important than the investment in physical resources. He introduced new ideas of human relations, e.g., shorter working hours, housing facilities, education of children, provision of canteen, rest pauses, training of workers in Hygiene etc.

- ▶ **Charles Babbage (1792 – 1871):**
 - ▶ He was a professor of mathematics at Cambridge University. His best known book is “on the economy of machinery and manufactures” published in 1832. He found that manufactures were using traditional methods of work, relying more on guess work and based decisions on old opinions. He perceived that the methods of science and mathematics could be applied to the operations of factories.
 - ▶ **His main contributions are as follows:**
 - Use of Science and Mathematics in improving manufacturing operations.
 - There should be division of work and workers should be assigned work as per their skills.
 - The decisions should be based on investigation and accurate knowledge.
 - Applying the Mechanism of time and motion study for improving the performance on machines.
- 

- ▶ **Max Webber (1864 – 1920) (Bureaucratic Model):**
 - ▶ He was the chief exponent of the Bureaucratic model. He emphasized on the recognition and exercise of authority is the fundamental question. For answering this question he has classified authority structures into three categories. They are charismatic, traditional and Bureaucratic. A charismatic leader's authority is expected by virtue of some exceptional innate qualities.
 - ▶ The authority which flows from generation to generation or hereditary is called traditional authority. The authority which comes from the position in the organization is called Bureaucratic authority. This authority will have a clearly defined set of rules, procedures and roles.
 - ▶
 - ▶ **This model includes the following:**
 - ▶ There is clearly separation between superior and sub-ordinate.
 - ▶ There is a division of labour based upon competence and functional specialization.
- 

- ▶ **Benefits of Bureaucracy:**

- ▶ **The following are the benefits of this model:**

- ▶ The rules and procedures are decided for every work which in turn leads to consistency in employee behaviour.
- ▶ The duties and responsibilities of each job are clearly defined with which overlapping of duties can be removed.

The selection process and promotion procedures are based on merit and expertise.

- ▶ The division of labour helps workers in becoming experts in their jobs.
- ▶ Organization does not suffer when some persons leave it.


- ▶ **Disadvantages of Bureaucracy:**

- ▶ **They are as follows:**

- ▶ This system suffers from too much of red tape and paper work.
- ▶ The employees may not have belongingness to the organization.
- ▶ Too much dependence on rules and regulations and sticking to these policies lacks initiative and growth of the employees.

- ▶

- ▶ **Fredrick Winslow Taylor (1856 – 1915):**
- ▶ Father of scientific management. In his experiment he has concluded that the main reason of general inefficiency and wastage in factories was ignorance on the part of both workers and management. He made efforts to replace the primitive rule of thumb methods by modern scientific methods based on investigations, analysis and measurement. He defined management as “the art of knowing exactly what you want men to do and seeing that they do it in the best and cheapest way”. **He gave the following principles of scientific management:**
 - Every job should be broken into elements and a scientific method to perform each element should be established.
 - Scientific selection, training and development of workers for each job.
 - Management should cooperate with workers to maximize efficiency and productivity.
 - The work and responsibility should be scientifically distributed between workers and management.

- ▶ **Scientific management has the following applications:**
 - ▶ The efforts to be utilize to the maximum, wastages should be eliminated.
 - ▶ Use of monetary and other incentives for improving the productivity of workers.
 - ▶ Establishment of performance standards.
 - ▶ **It has been criticized due to the following factors:**
 - ▶ It ignored the human side of organization and was devoid of a human touch.
 - ▶ The incentives to workers were not commensurate with the increase in productivity.
 - ▶ Specialization makes the work repetitive and monotonous.
- 

- ▶ **Henry Fayol (1841 – 1925):**
- ▶ Henry Fayol wrote a book on General and industrial management. This book is considered to be one of the best classics in management.
- ▶ **His contributions to management may be analyzed under the following heads: Classification of Business Activities:**
- ▶ According to him, all activities of a business enterprise could be divided into six categories- (i) Technical Activities (production), (ii) Commercial activities (buying, selling and exchange), (iii) Financial activities (search for and optimum use of capital), (iv) Security activities (protection of property and persons), (v) Accounting activities (including statistics), (vi) Managerial activities.

▶ **Functions of Management:**


- ▶ He divided the key (unction of administration into five sub-groups such as- (i) Planning (to foresee and provide means for the future), (ii) Organizing (provides everything useful to its functioning, raw material, tools, capital, personnel). (iii) Coordinating (binding together – unifying and harmonizing all activity), (iv) Commanding (lead the personnel in a better way), (v) Controlling (ensuring everything goes as per plans).


▶ **Principles of Management:**


- ▶ He gave 14 principles of management- (i) Division of work (ii) Authority and responsibility (iii) Discipline (iv) Unity of command (v) unity of direction (vi) Sub-ordination of individual to general interest (vii) Remuneration of personnel (viii) Centralization (ix) Scalar chain (x) Order (xi) Equity(xii) Stability of tenure of personnel (xiii) Initiative (xiv) Esprit de Corps

Evolution of Management Thought

2. The Neo-Classical Theory of Management

- ▶ This theory deals with the human factor. Elton Mayo and Mary Parker Follett are the main contributors of human relations approach. This approach also causes 'Behavioural Science Management' which is a further refinement of human relations approach.
 - ▶ **Human Relations Movement:**
 - ▶ This approach deals with the factors which encourage higher performance on the part of workers. The productivity can be increased in the organization by improving the working conditions, lowering of hours of work, by establishing social relations among managers.
- 

- ▶ **The contributions of some thinkers in this area are discussed here: a. Elton Mayo (1880 – 1949):**
 - ▶ He was an Australian by birth. He was a professor of industrial research at the Harvard Graduate School of Business Studies. Elton Mayo and his associates contributed much to this approach. Mayo is called as father of human relations approach. He is known for his work which is commonly referred as the Hawthorne studies. These studies conducted to study the relationship between workers' output and physical conditions in the organization.
 - ▶ This study revealed that an organization is not only a formal arrangement of men and functions but also a social system which can be operated successfully only with the application of the principles of psychology and other behaviour sciences.
- 

- ▶ He observed that the performance of workers in the organization can be improved by considering the following factors- (1) Less restrictive methods of supervision (2) giving independence to workers (3) allowing the formation of small cohesive sub-groups of the workers (4) creating good conditions to improve themselves and (5) a good cooperation between management and workers.
 - ▶ **Distinction between Taylor and Elton Mayo:**
 - ▶ Both of them have focused on increasing production and reducing industrial conflicts.
 - ▶ **But they have differed in the following way:**
 - ▶ **Taylor's Scientific Management Theory:**
 - ▶ Financial incentives have been given much importance to increase the satisfaction of employees.
 - ▶ Workers are considered as 'individuals' so far as their contribution to organizational output is concerned.
 - ▶ This theory has considered management from the point of view of managers.
 - ▶ It has applied all scientific methods to increase production.
- 

- ▶ **Mary Parker Follett (1868 – 1933):**
- ▶ Another thinker associated with this approach is Mary Parker. She favoured participation of workers in the decision-making process. She was also favoured for professionalization. She interpreted classical management principles in terms of human factors. She has a reputation as a pioneer of human relations approach.
- ▶ Behavioural Sciences Movement- Many sociologists and psychologists like Maslow, Douglas McGregor, Resins Likert, Keith Davis, Chester Bernard etc., have made contributions to the development of this approach. This approach has concentrated on inter-personal roles and responsibilities.

▶

The basic features of this approach are- (1) an organization is a socio-technical system (2) there should be the relationship between organizational goals and human needs (3) many factors will influence inter-personal and group behaviour of people in the organization (4) conflicts are inevitable in the organizations.

▶ **Merits:**

▶ **Following are the merits of this approach:**

- This approach recognizes the quality of leadership as a critical factor in management success.
- It recognizes the role of individual psychology and group behaviour in organizational effectiveness.



▶ **Limitations:**

▶ **The following are the limitations:**

- ▶ It errs by almost identifying management with the study of social and industrial psychology.
- ▶ This approach neglects the economic dimension of work satisfaction.



Evolution of Management Thought

3. The Modern Theory of Management:

- ▶ Under modern management thought, streams of thinking have been noticed since 1960. **These approaches are discussed as under:**
- ▶ **Quantitative Approach or Mathematical Approach:**
- ▶ It is also known as Management science approach or decision theory approach. It was developed by
- ▶ W.C. Churchman and others. It focused on use of mathematical and statistical techniques in management. It also focused on finding right answers to management problems.
- ▶ The basic features of this approach are – (1) Management is a series of decision-making (2) Mathematical models can be developed by quantifying various variables of the problems (3) Mathematical symbols can be used to describe managerial problems (4) Organizations exist for the achievement of specific and measurable economic goals.




▶ **Merits:**

- ▶ The following are the merits of this approach- (1) It emphasizes the great importance of the study of diverse decision situations and the means of perfecting them. (2) It stresses the replacement of intuition and hunch by factual data and logical analysis in the decision-making process.

▶ **Limitations:**

- ▶ They are – (1) The data available in the business may not always be upto date and it may lead to wrong decision-making (2) It errs by arguing that management has no other functions except decision-making (3) This approach is based on unrealistic assumptions i.e., all related variables are measurable and have a functional relationship.

▶ **System Approach:**

- ▶ This approach is based on the generalization that an organization is a system and its components are inter-related and inter-dependent. The effectiveness of the system mainly depends upon the inter dependence and inter- relatedness of the various sub systems.
 - ▶ The features of this approach are- (1) An organization is a system consisting of several sub-systems
 - ▶ (2) All sub-systems are mutually related to each other (3) All sub-systems should be studied in their interrelationship rather than in isolation from each other (4) The organization is responsive to environment effect.
- 

▶ **Uses:**

- ▶ The following are the uses of this approach- (1) It provides a unified focus to organizational efforts
- ▶ (2) It provides a strong conceptual framework for meaningful analysis and understanding of organizations (3) It recognizes the interaction and inter-dependency among the different various of the environment (4) This approach is better than others because it is close to reality (5) It treats organization as an open dynamic system.

▶ **Limitation:**

- ▶ The following are the limitations- (1) This system is oftenly called abstract and vague and cannot directly and easily be applied to practical problems (2) It does not offer specific tools and techniques for the practicing executive.

▶ **4. Contingency or Situational Approach:**

▶ This approach was developed by J. W. Lorsch and P. R. Lawrence. This is new approach to management. The basic essence of this approach that organizations have to cope with different situations in different ways. So managers should develop variable methods, tools and action plans as per the required situation.

▶ **Features:**

- ▶ They are – (1) Management is entirely situational so the application and effectiveness of any technique is contingent on the situations. (2) Policies and procedures should be according to environmental conditions (3) Managers should understand that there is no one best way to manage. They must not consider management principles and techniques universal.

▶ **Uses:**

- ▶ The following are the uses of this approach- (1) This approach takes a realistic view in management and organization. (2) It dispels the universal validity of principles. (3) Managers are advised to be situation oriented. (4) Managers become innovative and creative. (5) This approach has a wide applicability in organization. (6) It is an improvement over the systems theory, as it not only examines the relationships between sub-systems of an organization but the relationship between the organization and its environment too.

▶ **Limitations:**

- ▶ They are as follows- (1) It lacks theoretical base (2) A manager is required to think through all possible alternatives before taking action which is not always possible.

▶ **4. Operational Approach:**

- ▶ Koontz and O'Donnell have advocated this approach to the management. This approach recognizes that there is a central core of knowledge about managing which exists only in the field of management. Such as line and staff, departmentation, managerial appraisal and various managerial control techniques, span of management etc. In addition, the operational approach derives knowledge from other fields like systems approach, decision approach, motivation and leadership theories, theories of communications and cooperation.
- ▶ This approach regards management as a universally applicable body of knowledge that can be brought to bear at all levels of managing and in all types of enterprises. At the same time, the approach recognizes that the actual problems managers face and the environment in which they operate may vary between enterprises and levels and it also recognizes that application of science by a perceptive practitioner must take this into account in designing practical problem solutions

▶ **CONTINGENCY APPROACH OF MANAGEMENT**

- ▶ The contingency approach believes that it is impossible to select one way of managing that works best in all situations like promoted by Taylor. Their approach is to identify the conditions of a task (scientific management school), managerial job (administrative management school) and person (human relations school) as parts of a complete management situation and attempt to integrate them all into a solution which is most appropriate for a specific circumstance. Contingency refers to the immediate (contingent or touching) circumstances.
- ▶ The manager has to systematically try to identify which technique or approach will be the best solution for a problem which exists in a particular circumstance or context. The contingency approach seeks to apply to real life situations ideas drawn from various schools of management thought


MANAGEMENT BY OBJECTIVES

- ▶ **What Is Management by Objectives (MBO)?**
- ▶ Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.


▶ **Management by Objectives (MBO) in 5 Steps**

- ▶ MBO outlines five steps that organizations should use to put the management technique into practice.
- ▶ Either determine or revise organizational objectives for the entire company. This broad overview should be derived from the firm's mission and vision.
- ▶ Translate the organizational objectives to employees. In 1981, George T. Doran used the acronym SMART (specific, measurable, acceptable, realistic, time-bound) to express the concept.³
- ▶ Stimulate the participation of employees in setting individual objectives. After the organization's objectives are shared with employees from the top to the bottom, employees should be encouraged to help set their own objectives to achieve these larger organizational objectives. This gives employees greater motivation since they have greater empowerment.
- ▶ Monitor the progress of employees. In step two, a key component of the objectives was that they are measurable for employees and managers to determine how well they are met.
- ▶ Evaluate and reward employee progress. This step includes honest feedback on what was achieved and not achieved for each employee

Advantages and Disadvantages of Management by Objectives (MBO)

- ▶ MBO comes with many advantages and disadvantages.
 - ▶ Advantages
 - ▶ Employees take pride in their work and are assigned goals they know they can achieve that match their strengths, skills, and educational experiences.
 - ▶ Assigning tailored goals brings a sense of importance to employees, boosting their output and loyalty to the company.
 - ▶ Communication between management and employees is increased.
 - ▶ Management can create goals that lead to the success of the company.
- 

▶ **Disadvantages**

- ▶ As MBO is focused on goals and targets, it often ignores other parts of a company, such as the culture of conduct, a healthy work ethos, and areas for involvement and contribution.
 - ▶ Strain is increased on employees to meet the goals in a specified time frame.
 - ▶ Employees are encouraged to meet targets by any means necessary, meaning that shortcuts could be taken and the quality of work compromised.
 - ▶ If management solely relies on MBO for all management responsibilities, it can be problematic for areas that don't fit under MBO.
- 

THANK YOU

BBA :101

**MANAGEMENT PROCESS AND
ORGANIZATIONAL BEHAVIOUR**




Management

Definitions of Management

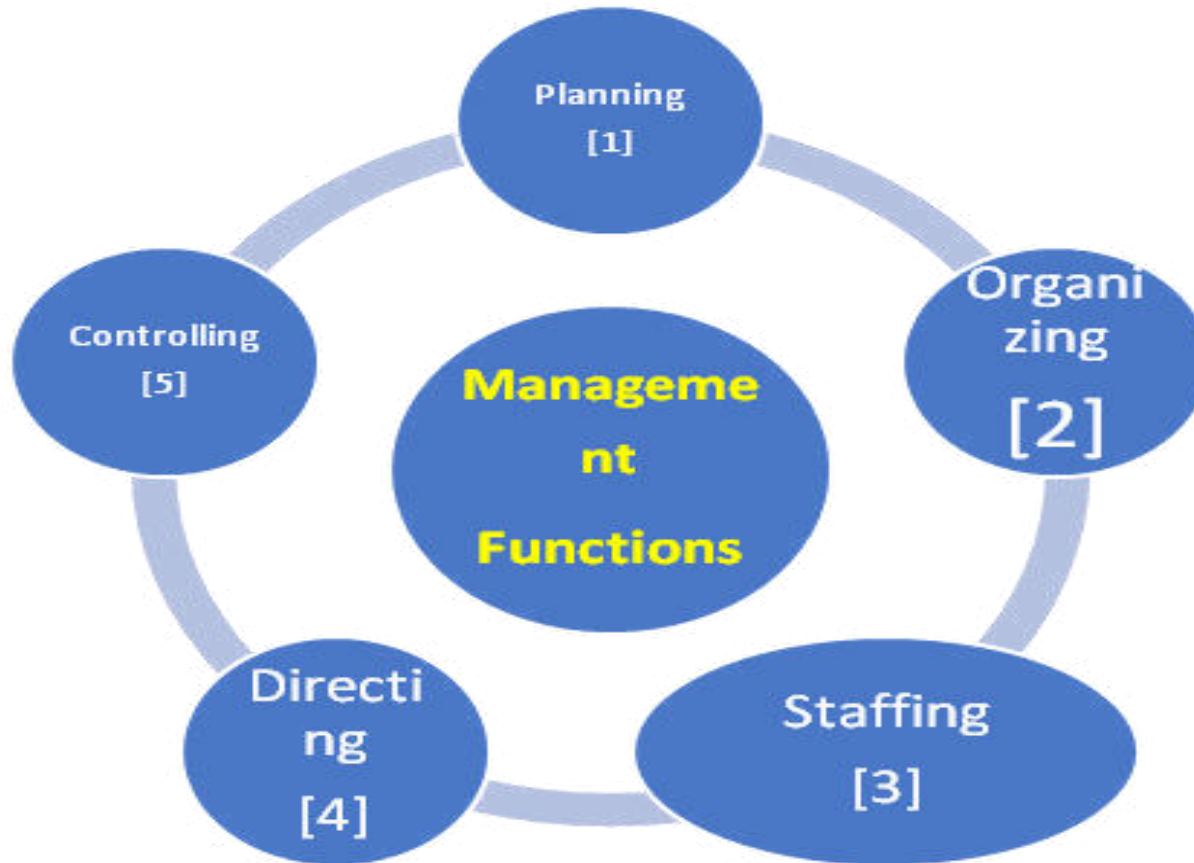
- ▶ “Management is the art of getting things done through others.”
- ▶ “Management is the art of getting things done through and with people in formally organized groups.” *Harold Koontz*
- ▶ “Management is creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals”-*Koontz and O’Donnell*
- ▶ “Management is coordination of all resources through the process of planning, organizing, directing, staffing and controlling in order to attain stated goals.”- *Henry L. Sisk*

Nature & Features of Management

- ***Management is Universal-*** Management is required in every form of group activity whether it is a family, a club, a government, any army or a business enterprise.
 - ***Management is purposeful-*** Management exists for the achievement of specific objective.
 - ***Management is unifying force-*** The essence of management lies in the coordination of individual efforts into a team. As a unifying force, management creates a whole that is more than the sum of individual parts.
 - ***Management is social process-*** Management is done by people, through people and for people. It is social process because it is concerned with interpersonal relations.
 - ***Management is multidisciplinary-*** Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several discipline like engineering, sociology, psychology, economics, mathematics etc.
- 


- ***Management is continuous process-*** Management is dynamic & on-going process till the achievement of group goals.
- ***Management is intangible-*** Management is unseen or invisible force. It can't be seen but its presence can be felt anywhere in the form of result.
- ***Management is situational-*** Efficient management is always situational or contingency management because there is not one best way of doing things.
- ***Management is Essentially an Executive Function-*** It deals with the active direction & control of activities of people to attain predetermined objective.
- ▶ ***Management is an art as well as a science-*** Management contains a systematic body of theoretical knowledge as well as practical application of such knowledge

Functions of management





Evolution of Management Thought

- ▶ **1. The Classical Theory of Management (With Features):**
- ▶ Thinking on management as a separate field of learning and practice began early in the 19th century. It was at this time that persons like Robert Owen, Charles Babbage, Metcalf, Henry Robinson Towne, James Watt Jr., Mathew Boulton, Max Webber, F.W. Taylor and Henry Fayol etc. expressed their ideas on the ways and means of making management practices effective and efficient.
- ▶ This approach is also known as traditional approach or empirical approach. It was developed through three streams such as – (1) Scientific Management developed by F.W. Taylor, Harrington Emerson, Henry Ganlt etc. (2) Administrative Theory developed by Henry Fayol, Lyndall, Urwick etc. (3) Bureaucracy developed by Max Webber.

- ▶ **The main features of this classical approach are:**
 - ▶ Management is a systematic network (process) of interrelated functions.
 - ▶ Formal education and training is emphasized for developing management skills.
 - ▶ People are motivated by economic gains.
 - ▶ Stress was given to the formal organization structure.
 - ▶ Many principles have been developed for the practicing executive.
 - ▶ Functions, principles and skills of management are considered universal.
 - ▶
- 

- ▶ **The contributions of some thinkers in this area are discussed here: 1. Robert Owen (1771 – 1858):**
- ▶ He managed a group of textile mills in Lanark (Scotland) during 1800 – 1828. He carried out many experiments and introduced many social reforms. He emphasized that workers' performance was influenced by the total environment in which they worked. He said employees are Machines and their maintenance is necessary. Throughout his life he worked for the building up of a spirit of cooperation between the workers and management.
- ▶ He suggested that investment in human resources is more important than the investment in physical resources. He introduced new ideas of human relations, e.g., shorter working hours, housing facilities, education of children, provision of canteen, rest pauses, training of workers in Hygiene etc.

- ▶ **Charles Babbage (1792 – 1871):**
 - ▶ He was a professor of mathematics at Cambridge University. His best known book is “on the economy of machinery and manufactures” published in 1832. He found that manufactures were using traditional methods of work, relying more on guess work and based decisions on old opinions. He perceived that the methods of science and mathematics could be applied to the operations of factories.
 - ▶ **His main contributions are as follows:**
 - Use of Science and Mathematics in improving manufacturing operations.
 - There should be division of work and workers should be assigned work as per their skills.
 - The decisions should be based on investigation and accurate knowledge.
 - Applying the Mechanism of time and motion study for improving the performance on machines.
- 

- ▶ **Max Webber (1864 – 1920) (Bureaucratic Model):**
 - ▶ He was the chief exponent of the Bureaucratic model. He emphasized on the recognition and exercise of authority is the fundamental question. For answering this question he has classified authority structures into three categories. They are charismatic, traditional and Bureaucratic. A charismatic leader's authority is expected by virtue of some exceptional innate qualities.
 - ▶ The authority which flows from generation to generation or hereditary is called traditional authority. The authority which comes from the position in the organization is called Bureaucratic authority. This authority will have a clearly defined set of rules, procedures and roles.
 - ▶
 - ▶ **This model includes the following:**
 - ▶ There is clearly separation between superior and sub-ordinate.
 - ▶ There is a division of labour based upon competence and functional specialization.
- 

- ▶ **Benefits of Bureaucracy:**

- ▶ **The following are the benefits of this model:**

- ▶ The rules and procedures are decided for every work which in turn leads to consistency in employee behaviour.
- ▶ The duties and responsibilities of each job are clearly defined with which overlapping of duties can be removed.

The selection process and promotion procedures are based on merit and expertise.

- ▶ The division of labour helps workers in becoming experts in their jobs.
- ▶ Organization does not suffer when some persons leave it.


- ▶ **Disadvantages of Bureaucracy:**

- ▶ **They are as follows:**

- ▶ This system suffers from too much of red tape and paper work.
- ▶ The employees may not have belongingness to the organization.
- ▶ Too much dependence on rules and regulations and sticking to these policies lacks initiative and growth of the employees.

- ▶

- ▶ **Fredrick Winslow Taylor (1856 – 1915):**
- ▶ Father of scientific management. In his experiment he has concluded that the main reason of general inefficiency and wastage in factories was ignorance on the part of both workers and management. He made efforts to replace the primitive rule of thumb methods by modern scientific methods based on investigations, analysis and measurement. He defined management as “the art of knowing exactly what you want men to do and seeing that they do it in the best and cheapest way”. **He gave the following principles of scientific management:**
 - Every job should be broken into elements and a scientific method to perform each element should be established.
 - Scientific selection, training and development of workers for each job.
 - Management should cooperate with workers to maximize efficiency and productivity.
 - The work and responsibility should be scientifically distributed between workers and management.

- ▶ **Scientific management has the following applications:**
 - ▶ The efforts to be utilize to the maximum, wastages should be eliminated.
 - ▶ Use of monetary and other incentives for improving the productivity of workers.
 - ▶ Establishment of performance standards.
 - ▶ **It has been criticized due to the following factors:**
 - ▶ It ignored the human side of organization and was devoid of a human touch.
 - ▶ The incentives to workers were not commensurate with the increase in productivity.
 - ▶ Specialization makes the work repetitive and monotonous.
- 

- ▶ **Henry Fayol (1841 – 1925):**
- ▶ Henry Fayol wrote a book on General and industrial management. This book is considered to be one of the best classics in management.
- ▶ **His contributions to management may be analyzed under the following heads: Classification of Business Activities:**
- ▶ According to him, all activities of a business enterprise could be divided into six categories- (i) Technical Activities (production), (ii) Commercial activities (buying, selling and exchange), (iii) Financial activities (search for and optimum use of capital), (iv) Security activities (protection of property and persons), (v) Accounting activities (including statistics), (vi) Managerial activities.

▶ **Functions of Management:**

- ▶ He divided the key (unction of administration into five sub-groups such as- (i) Planning (to foresee and provide means for the future), (ii) Organizing (provides everything useful to its functioning, raw material, tools, capital, personnel). (iii) Coordinating (binding together – unifying and harmonizing all activity), (iv) Commanding (lead the personnel in a better way), (v) Controlling (ensuring everything goes as per plans).


▶ **Principles of Management:**


- ▶ He gave 14 principles of management- (i) Division of work (ii) Authority and responsibility (iii) Discipline (iv) Unity of command (v) unity of direction (vi) Sub-ordination of individual to general interest (vii) Remuneration of personnel (viii) Centralization (ix) Scalar chain (x) Order (xi) Equity(xii) Stability of tenure of personnel (xiii) Initiative (xiv) Esprit de Corps

Evolution of Management Thought

2. The Neo-Classical Theory of Management

- ▶ This theory deals with the human factor. Elton Mayo and Mary Parker Follett are the main contributors of human relations approach. This approach also causes 'Behavioural Science Management' which is a further refinement of human relations approach.
- ▶ **Human Relations Movement:**
- ▶ This approach deals with the factors which encourage higher performance on the part of workers. The productivity can be increased in the organization by improving the working conditions, lowering of hours of work, by establishing social relations among managers.

- ▶ **The contributions of some thinkers in this area are discussed here: a. Elton Mayo (1880 – 1949):**
 - ▶ He was an Australian by birth. He was a professor of industrial research at the Harvard Graduate School of Business Studies. Elton Mayo and his associates contributed much to this approach. Mayo is called as father of human relations approach. He is known for his work which is commonly referred as the Hawthorne studies. These studies conducted to study the relationship between workers' output and physical conditions in the organization.
 - ▶ This study revealed that an organization is not only a formal arrangement of men and functions but also a social system which can be operated successfully only with the application of the principles of psychology and other behaviour sciences.
- 

- ▶ He observed that the performance of workers in the organization can be improved by considering the following factors- (1) Less restrictive methods of supervision (2) giving independence to workers (3) allowing the formation of small cohesive sub-groups of the workers (4) creating good conditions to improve themselves and (5) a good cooperation between management and workers.
 - ▶ **Distinction between Taylor and Elton Mayo:**
 - ▶ Both of them have focused on increasing production and reducing industrial conflicts.
 - ▶ **But they have differed in the following way:**
 - ▶ **Taylor's Scientific Management Theory:**
 - ▶ Financial incentives have been given much importance to increase the satisfaction of employees.
 - ▶ Workers are considered as 'individuals' so far as their contribution to organizational output is concerned.
 - ▶ This theory has considered management from the point of view of managers.
 - ▶ It has applied all scientific methods to increase production.
- 

- ▶ **Mary Parker Follett (1868 – 1933):**
- ▶ Another thinker associated with this approach is Mary Parker. She favoured participation of workers in the decision-making process. She was also favoured for professionalization. She interpreted classical management principles in terms of human factors. She has a reputation as a pioneer of human relations approach.
- ▶ Behavioural Sciences Movement- Many sociologists and psychologists like Maslow, Douglas McGregor, Resins Likert, Keith Davis, Chester Bernard etc., have made contributions to the development of this approach. This approach has concentrated on inter-personal roles and responsibilities.

▶

The basic features of this approach are- (1) an organization is a socio-technical system (2) there should be the relationship between organizational goals and human needs (3) many factors will influence inter-personal and group behaviour of people in the organization (4) conflicts are inevitable in the organizations.

▶ **Merits:**

▶ **Following are the merits of this approach:**

- This approach recognizes the quality of leadership as a critical factor in management success.
- It recognizes the role of individual psychology and group behaviour in organizational effectiveness.



▶ **Limitations:**

▶ **The following are the limitations:**

- ▶ It errs by almost identifying management with the study of social and industrial psychology.
- ▶ This approach neglects the economic dimension of work satisfaction.



Evolution of Management Thought

3. The Modern Theory of Management:

- ▶ Under modern management thought, streams of thinking have been noticed since 1960. **These approaches are discussed as under:**
- ▶ **Quantitative Approach or Mathematical Approach:**
- ▶ It is also known as Management science approach or decision theory approach. It was developed by
- ▶ W.C. Churchman and others. It focused on use of mathematical and statistical techniques in management. It also focused on finding right answers to management problems.
- ▶ The basic features of this approach are – (1) Management is a series of decision-making (2) Mathematical models can be developed by quantifying various variables of the problems (3) Mathematical symbols can be used to describe managerial problems (4) Organizations exist for the achievement of specific and measurable economic goals.



▶ **Merits:**

- ▶ The following are the merits of this approach- (1) It emphasizes the great importance of the study of diverse decision situations and the means of perfecting them. (2) It stresses the replacement of intuition and hunch by factual data and logical analysis in the decision-making process.

▶ **Limitations:**

- ▶ They are – (1) The data available in the business may not always be upto date and it may lead to wrong decision-making (2) It errs by arguing that management has no other functions except decision-making (3) This approach is based on unrealistic assumptions i.e., all related variables are measurable and have a functional relationship.

▶ **System Approach:**

- ▶ This approach is based on the generalization that an organization is a system and its components are inter-related and inter-dependent. The effectiveness of the system mainly depends upon the inter dependence and inter- relatedness of the various sub systems.
- ▶ The features of this approach are- (1) An organization is a system consisting of several sub-systems
- ▶ (2) All sub-systems are mutually related to each other (3) All sub-systems should be studied in their interrelationship rather than in isolation from each other (4) The organization is responsive to environment effect.

▶ **Uses:**

- ▶ The following are the uses of this approach- (1) It provides a unified focus to organizational efforts
- ▶ (2) It provides a strong conceptual framework for meaningful analysis and understanding of organizations (3) It recognizes the interaction and inter-dependency among the different various of the environment (4) This approach is better than others because it is close to reality (5) It treats organization as an open dynamic system.

▶ **Limitation:**

- ▶ The following are the limitations- (1) This system is oftenly called abstract and vague and cannot directly and easily be applied to practical problems (2) It does not offer specific tools and techniques for the practicing executive.

▶ **4. Contingency or Situational Approach:**

▶ This approach was developed by J. W. Lorsch and P. R. Lawrence. This is new approach to management. The basic essence of this approach that organizations have to cope with different situations in different ways. So managers should develop variable methods, tools and action plans as per the required situation.

▶ **Features:**

- ▶ They are – (1) Management is entirely situational so the application and effectiveness of any technique is contingent on the situations. (2) Policies and procedures should be according to environmental conditions (3) Managers should understand that there is no one best way to manage. They must not consider management principles and techniques universal.

▶ **Uses:**

- ▶ The following are the uses of this approach- (1) This approach takes a realistic view in management and organization. (2) It dispels the universal validity of principles. (3) Managers are advised to be situation oriented. (4) Managers become innovative and creative. (5) This approach has a wide applicability in organization. (6) It is an improvement over the systems theory, as it not only examines the relationships between sub-systems of an organization but the relationship between the organization and its environment too.


▶ **Limitations:**

- ▶ They are as follows- (1) It lacks theoretical base (2) A manager is required to think through all possible alternatives before taking action which is not always possible.

▶ **4. Operational Approach:**

- ▶ Koontz and O'Donnell have advocated this approach to the management. This approach recognizes that there is a central core of knowledge about managing which exists only in the field of management. Such as line and staff, departmentation, managerial appraisal and various managerial control techniques, span of management etc. In addition, the operational approach derives knowledge from other fields like systems approach, decision approach, motivation and leadership theories, theories of communications and cooperation.
- ▶ This approach regards management as a universally applicable body of knowledge that can be brought to bear at all levels of managing and in all types of enterprises. At the same time, the approach recognizes that the actual problems managers face and the environment in which they operate may vary between enterprises and levels and it also recognizes that application of science by a perceptive practitioner must take this into account in designing practical problem solutions

▶ **CONTINGENCY APPROACH OF MANAGEMENT**

- ▶ The contingency approach believes that it is impossible to select one way of managing that works best in all situations like promoted by Taylor. Their approach is to identify the conditions of a task (scientific management school), managerial job (administrative management school) and person (human relations school) as parts of a complete management situation and attempt to integrate them all into a solution which is most appropriate for a specific circumstance. Contingency refers to the immediate (contingent or touching) circumstances.
 - ▶ The manager has to systematically try to identify which technique or approach will be the best solution for a problem which exists in a particular circumstance or context. The contingency approach seeks to apply to real life situations ideas drawn from various schools of management thought
- 


MANAGEMENT BY OBJECTIVES

- ▶ **What Is Management by Objectives (MBO)?**
- ▶ Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.


▶ **Management by Objectives (MBO) in 5 Steps**

- ▶ MBO outlines five steps that organizations should use to put the management technique into practice.
- ▶ Either determine or revise organizational objectives for the entire company. This broad overview should be derived from the firm's mission and vision.
- ▶ Translate the organizational objectives to employees. In 1981, George T. Doran used the acronym SMART (specific, measurable, acceptable, realistic, time-bound) to express the concept.³
- ▶ Stimulate the participation of employees in setting individual objectives. After the organization's objectives are shared with employees from the top to the bottom, employees should be encouraged to help set their own objectives to achieve these larger organizational objectives. This gives employees greater motivation since they have greater empowerment.
- ▶ Monitor the progress of employees. In step two, a key component of the objectives was that they are measurable for employees and managers to determine how well they are met.
- ▶ Evaluate and reward employee progress. This step includes honest feedback on what was achieved and not achieved for each employee

Advantages and Disadvantages of Management by Objectives (MBO)

- ▶ MBO comes with many advantages and disadvantages.
 - ▶ Advantages
 - ▶ Employees take pride in their work and are assigned goals they know they can achieve that match their strengths, skills, and educational experiences.
 - ▶ Assigning tailored goals brings a sense of importance to employees, boosting their output and loyalty to the company.
 - ▶ Communication between management and employees is increased.
 - ▶ Management can create goals that lead to the success of the company.
- 

▶ **Disadvantages**

- ▶ As MBO is focused on goals and targets, it often ignores other parts of a company, such as the culture of conduct, a healthy work ethos, and areas for involvement and contribution.
 - ▶ Strain is increased on employees to meet the goals in a specified time frame.
 - ▶ Employees are encouraged to meet targets by any means necessary, meaning that shortcuts could be taken and the quality of work compromised.
 - ▶ If management solely relies on MBO for all management responsibilities, it can be problematic for areas that don't fit under MBO.
- 

THANK YOU

W e l c o m e

TO OUR

PRESENTATION



PRESENTATION TOPIC

“Business Mathematics is a very powerful tool and analytical process that results in and offers an optimal solution , in spite of its limitations”



❑ What is mathematics?

Mathematics is the science that deals with the logic of shape, quantity and arrangement. Math is all around us, in everything we do. It is the building block for everything in our daily lives, including mobile devices, architecture (ancient and modern), art, money, engineering, and even sports.

❑ Limitations of Mathematics

- Rigidity
- So expensive to use tools for compulsion
- Delicacy or coarseness





PRESENTER

SOUROV SHAHA SUVO

ID: M18150201705

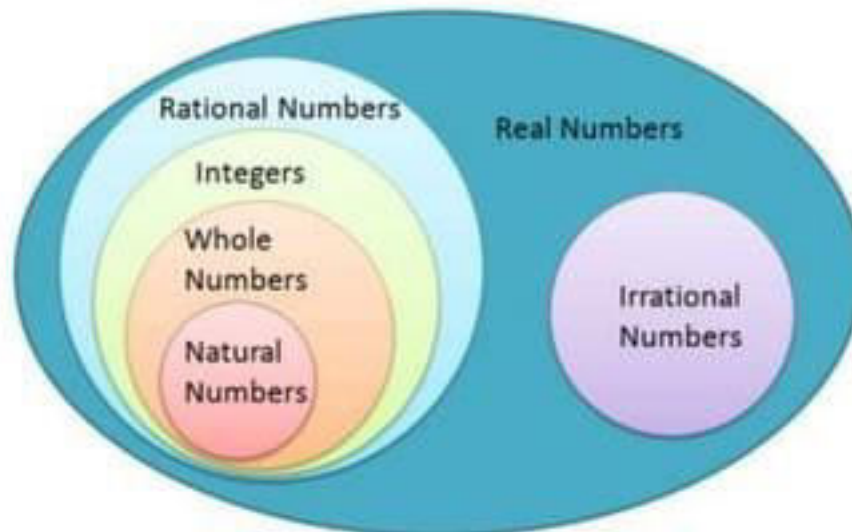
TOPIC:

NUMBER SYSTEM

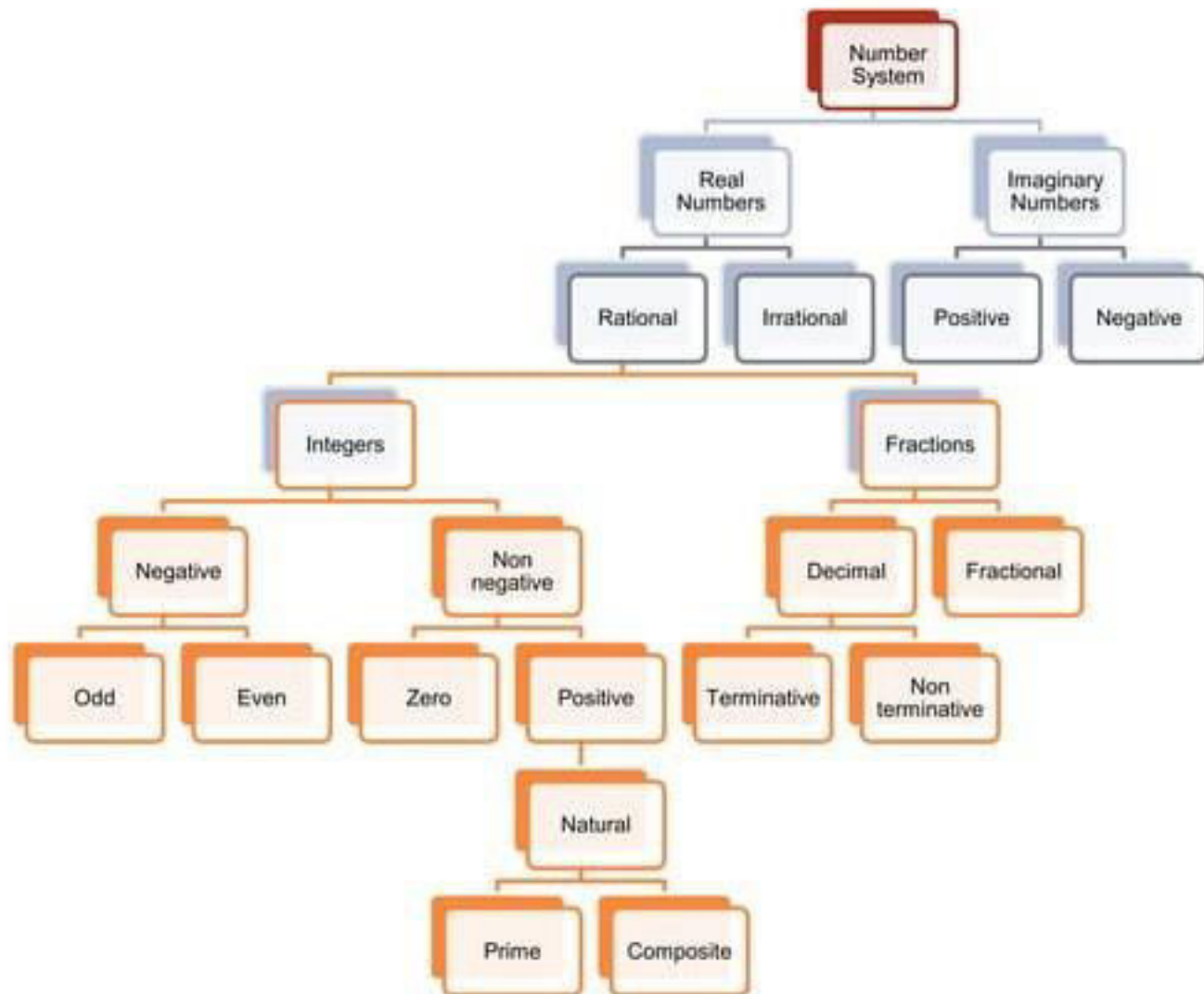


NUMBER SYSTEM

In mathematics, a number system is a set of numbers.
In business mathematics, numbers are used for solving business problems.



FLOW CHART OF NUMBER SYSTEM



NUMBER SYSTEMS

■ The Natural Numbers

All positive whole numbers are called natural numbers. That is all positive integer except zero are called natural numbers.

■ The Integers

All whole numbers negative positive and including zero are known as integer numbers.

ex: {..., -5, -4, -3, -2, -1, 0, 1, 2, 3, 4, 5...}.

■ Real Number

A real number is a combination of rational & irrational number.

Ex: 10, -10, $\frac{1}{2}$, 0.



TYPES OF NUMBER SYSTEMS

❑ The Rational Numbers

The number which can be expressed in the form p/q where p & q are two integer but q is not equal 0 is called rational number.

❑ The Irrational Numbers

The number which cannot be expressed in the form p/q where p & q are two integer but q is not equal 0 is called irrational number.

❑ Imaginary Number

Square roots of negative numbers are called imaginary numbers.

Ex: $\sqrt{-2}$

❑ Complex Number

Combination of real and imaginary numbers are called complex number. Ex:

$4+5i$

Presenter:
Meghna Philomena Rozario
ID: M18150201704

Topic:
Indices & Logarithm
Theory of Sets



INDICES

Indices

Indices are a useful way of more simply expressing large numbers. They also present us with many useful properties for manipulating them using what are called the **Law of Indices**.

We call "2" the **base** and "5" the **index**.

Law of Indices

- 1) $a^0 = 1$
- 2) $a^m \times a^n = a^{m+n}$
- 3) $a^m \div a^n = a^{m-n}$
- 4) $a^{-m} = \frac{1}{a^m}$
- 5) $a^{\frac{m}{n}} = \sqrt[n]{a^m}$
- 6) $a^{\frac{1}{2}} = \sqrt{a}$
- 7) $a^{\frac{1}{3}} = \sqrt[3]{a}$
- 8) $(a^m)^n = a^{m \times n}$

LOGARITHMS

□ Logarithms

Discovered by the Scottish Laird, John Napier of Merchiston. He was a mathematician, astronomer, astrologer and physicist. He introduced logarithms as a way to simplify calculations.

- If $a^x = N$ then x is called the logarithm of N to the base a and is written as $\log_a N$ thus,
- $X^x = N \quad X = \log_a N$
- (The logarithm of 'N' to the base 'a' is X)
- Here $a^x = N$ is exponential form and $\log_a N = X$ is logarithm form.



LOGARITHM

❑ **Natural logarithm:**

- When base 'e' then the logarithm function is called natural logarithm function.
- Example: $\text{Log } e^3$

❑ **Common logarithm:**

- When base is 10, and then it is called common logarithm.
- Example: $\log 10^3$



SET THEORY

Definition

A set is a collection of well defined and well distinguished objects. The basic characteristics of a set is that -

- It should be well defined.
- Elements should be well distinguished
- Easy recognition and description



PROPERTIES OF SET

➤ Sub-sets

A is a subset of B if every element of A is also contained in B. This is written $A \subset B$

- For example, the set of integers $\{ \dots -3, -2, -1, 0, 1, 2, 3, \dots \}$ is a **subset of the** set of real numbers.
- $A \subset B$ means if $x \in A$, then $x \in b$

➤ Empty set

- Set with no elements
- $\{ \}$ or \emptyset .



PROPERTIES OF SET (CONT.)

➤ Proper subset

Set B is called proper subset of super set A if each and every element of set B are the elements of the set A and at least one element of superset A is not an element of B.

ex: Let, $A = \{1,2,3,4,5,6,7\}$

$B = \{1,3,5,7\}$

So, $B \subset A$

➤ Venn Diagram

A Venn diagram is a pictorial representation. It was named after English logician John Venn.



SET OPERATORS

Union of two sets A and B is the set of all elements in either set A or B.

✦ Written $A \cup B$

✦ $A \cup B = \{x : x \in A \text{ or } x \in B\}$

Intersection of two sets A and B is the set of all elements in both sets A or B.

✦ Written $A \cap B$

✦ $A \cap B = \{x : x \in A \text{ and } x \in B\}$

Difference of two sets A and B is the set of all elements in set A which are not in set B.

✦ Written $A - B$.

✦ $A - B = \{x : x \in A \text{ and } x \notin B\}$

Complement of a set is the set of all elements not in the set.

✦ Written A'

✦ Need a universe of elements to draw from.

✦ Set **U** is usually called the universal set.

✦ $A' = \{x : x \in U - A\}$





PRESENTER

MD. EMRAN HOSSAIN

ID: M18150201706

TOPIC:

EQUATION



EQUATION

Equation is a mathematical statement that uses the equal sign to show that the two expressions are equal. The equation is true only for certain value or values symbolized generally by x, y, z etc. for example:

The equation: $3x+5=2x+7$ is true for $x=2$ but not for $x=3$.



CLASSIFICATION

Linear Equation

- A linear equation is an equation for a straight line. It is made up of two expressions equal to each other. For example,
- "y=2x+1"

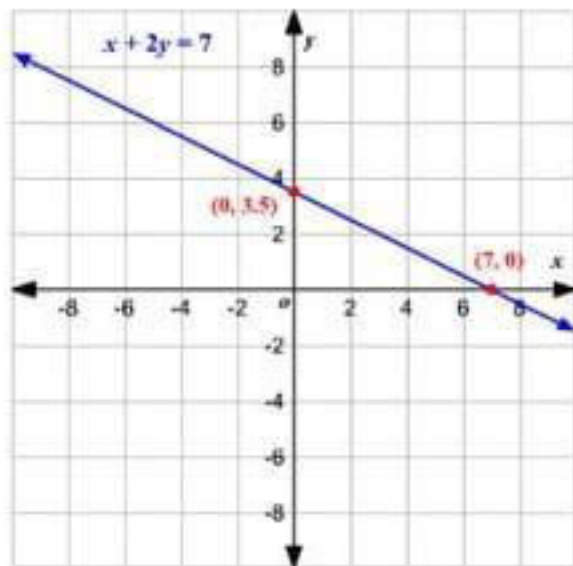
Non-linear Equation

- Equation whose graph doesn't form a straight line is called a non-linear equation the variables are either of degree greater than 1 or less than 1 but never 1. For example,
- $x^2 - x - 1 = 0$

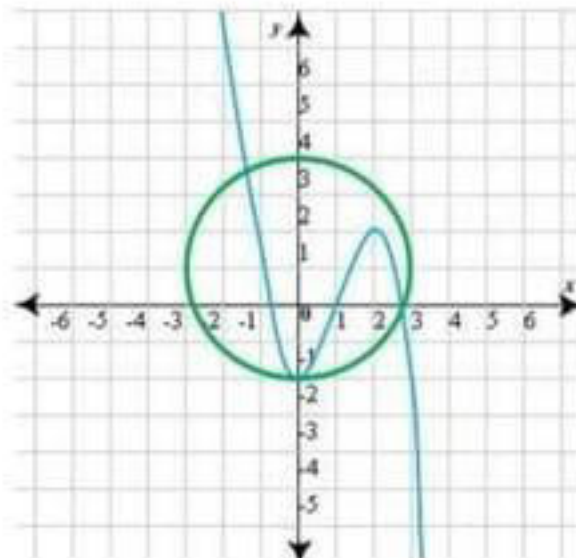


CLASSIFICATION

Linear Equation



Non-linear Equation



EQUATION

Quadratic equation

A quadratic equation is one that can be written in the standard form of $ax^2 + bx + c = 0$. Where a , b and c are real number and a is not equal to zero. And the highest power of quadratic equation is 2. For example, $7x^2 + 9x + 2 = 0$

Cubic equation

An equation of third is called cubic equation. The general degree form of a cubic equation is $ax^3 + bx^2 + cx + d = 0$

A cubic equation has three possible values of its variable and at least one of them is real number. For example, $x^3 + 6x^2 + 12x + 7 = 0$

Bio-quadratic equation

Bio-quadratic equation is a type of equation which relates to the fourth degree of power and does not contain any terms of the third or first power.

for example, $x^4 + 5x^2 + 4 = 0$



EQUATION (CONT.)

Identity:

An identity is true any value of the variable. For example, $a^2 + 2ab + b^2 = (a + b)^2$

Variable:

A variable is a symbol for number we don't know. Generally it is written as x,y,z etc.

Inequality:

An inequality is a mathematical sentence in which two expressions are joined by relations symbols such as (not equal to), $>$ (greater than), $<$ (less than), (greater than or equal to), (less than or equal to). Examples of inequalities are,

- $a > b$: a is greater than b
- $a < b$: a is less than b



PERMUTATIONS

A **permutation** is an arrangement of all or part of a set of objects, with regard to the order of the arrangement.



Permutation is an ordered arrangement of items that occurs when:

- No item is used more than once.
- The order of arrangement makes a difference.
- Ex: Let 1,2,3 be three number and their all possible permutations will be (1,2,3), (1,3,2), (2,1,3), (2,3,1), (3,1,2), and (3,2,1).

There are two types of Permutation.

- i. Repetitive
- ii. Non-repetitive



COMBINATIONS

A combination is a way of selecting several things out of a larger group where (unlike permutations) order does not matter.

- Arrangement is not important
- The items are selected from the same group.
- No item is used more than once.
- The order of items makes no difference.


Example: You are making a sandwich. How many different combinations of 2 ingredients can you make with cheese, mayo and ham?

Answer: {cheese, mayo}, {cheese, ham} or {mayo, ham}.



PERMUTATIONS VS. COMBINATIONS

Permutations	Combinations
Defined as different ways of arranging r objects out of given n objects in a particular order.	Defined as selecting r objects out of n objects where order of the objects does not matter.
Represents arrangement.	Represents grouping / selection.
Arrangements of n items taken r at a time.	Subsets of n items taken r at a time.
Order is important.	Order is not important.
Denoted by nPr	Denoted by nCr
Clue words: arrangement, schedule, order.	Clue words: group, sample, selection.



APPLICATIONS

Permutations and combinations come handy, in more or less prominent ways, in almost every area of practical mathematics. They often arise when different orderings on certain finite sets are considered, possibly only because one wants to ignore such orderings and needs to know how many configurations are thus identified. Area of applications :

- Computer architecture
- Computational molecular biology
- Operations research
- Simulation
- Homeland security
- Accumulation of electronic communication data



REMARKS

- 1. Use permutations if a problem calls for the number of arrangements of objects and different orders are to be counted.
- 2. Use combinations if a problem calls for the number of ways of selecting objects and the order of selection is not to be counted.



ARITHMETIC PROGRESSION

An arithmetic progression is a sequence whose terms increase or decrease by a constant number.

$$a, a + d, a + 2d, a + 3d, \dots$$

$$\text{The } n^{\text{th}} \text{ term, } T_n = a + (n - 1)d$$

$$\begin{aligned} \text{Sum of first } n \text{ terms, } S_n &= \frac{n}{2} [2a + (n - 1)d] \\ &= \frac{n}{2} [a + l] \end{aligned}$$



GEOMETRIC PROGRESSION

A geometric progression, also known as a **geometric sequence**, is a sequence of numbers where each term after the first is found by multiplying the previous one by a fixed, non-zero number called the *common ratio*. For example, the sequence 2, 6, 18, 54, ... is a geometric progression with common ratio 3. Similarly 10, 5, 2.5, 1.25, ... is a geometric sequence with common ratio $\frac{1}{2}$.



MATHEMATICS OF FINANCE

Present Value (PV)

Present value describes how much a future sum of money is worth today.

- The formula for present value is: $PV = FV / (1 + r)^n$

Future value (FV)

Refers to a method of calculating how much the present value (PV) of an asset or cash will be worth at a specific time in the future.

- The formula for present value is: $FV = PV(1 + r)^n$

Simple interest

A quick method of calculating the interest charge on a loan. Simple interest is determined by multiplying the interest rate by the principal by the number of periods.



MATHEMATICS OF FINANCE


Compound Interest

Interest which is calculated not only on the initial principal but also the accumulated interest of prior periods. Compound interest differs from simple interest in that simple interest is calculated solely as a percentage of the principal sum.

- The equation for compound interest is:
$$P = C\left(1 + \frac{r}{n}\right)^{nt}$$

Amortization

Amortization is a method of spreading the cost of an intangible asset over a specific period of time, which is usually the course of its useful life. Intangible assets are non-physical assets that are nonetheless essential to a company, such as patents, trademarks, and copyrights. The goal in amortizing an asset is to match the expense of acquiring it with the revenue it generates.



MATHEMATICS OF FINANCE

Annuity

A regular periodic payment made by an insurance company to a policyholder for a specified period of time.

Need of Annuities

1. The payment of tax is deferred
2. Annuity provides large amount which is more helpful for retiring persons
3. The annuity income and payments are guaranteed



MATRICES

Matrices, a set of numbers arranged in rows and columns so as to form a rectangular array. The numbers are called the elements, or entries, of the matrices.

A matrix is a two dimensional array of numbers or terms arranged in a set of rows and columns. An matrix has m rows and n columns. An element a_{ij} located in the "i" the row and the "j" the column.

Business Application of Matrices:

In business very large matrices are used for optimization of problems, for example in making the best use of assets, whether labor or capital, in the manufacturing of a product and managing very large supply chains.



TYPES OF MATRICES

- Rectangular Matrix
- Square Matrix
- Row Matrix
- Column Matrix
- Diagonal Matrix
- Scalar Matrix
- Unit Matrix or Identity Matrix
- Zero Matrix or Null Matrix



Business Application of Matrices

1) Annual Production of two branches selling three types of items maybe represented as follows:

Branch	Items A	Items B	Items C
I	2000	2876	2314
II	3467	4783	2876

2) The unit cost of transportation of an item from each of the three factories to each of the three warehouse can be represented as follows:

Factory	W1	W2	W3
1	13	15	19
2	22	45	32
3	34	11	54



Example

An automobile dealer sells two car models, standard and deluxe. Each is available in one of the two colors, white and red. His sales for the month of January and February are given by the matrices.

Standard

$$A = \begin{bmatrix} 2 & 1 \\ 3 & 4 \end{bmatrix}$$

Deluxe

$$B = \begin{bmatrix} 3 & 1 \\ 2 & 3 \end{bmatrix}$$

Find the total sales for each models and color for both models.

Solution:

By adding A and B we can get the total sales for each models and color for both models.

$$A+B = \begin{bmatrix} 2 & 1 \\ 3 & 4 \end{bmatrix} + \begin{bmatrix} 3 & 1 \\ 2 & 3 \end{bmatrix} = \begin{bmatrix} 5 & 2 \\ 5 & 7 \end{bmatrix}$$

Answer: The total sales for each models and color for both models is $\begin{bmatrix} 5 & 2 \\ 5 & 7 \end{bmatrix}$



DIFFERENTIATION

In mathematics, Differentiation is the process of finding the derivative, or rate of change, of a function..

Differentiation also allows us to find the rate of change of x with respect to y.

If $y =$ some function of x (in other words if y is equal to an expression containing numbers and x 's), then the derivative of y (with respect to

x) is written by $\frac{dy}{dx}$

example: if $y = x^n, \frac{dy}{dx} = nx^{n-1}$

$$y = kx^n, \frac{dy}{dx} = nkx^{n-1}$$



BUSINESS APPLICATION OF DIFFERENTIATION

Total costs (TC): Total cost is the combination of fixed cost and variable cost of output.

Total revenue (TR): Total revenue is the product of price/demand function and output.

Profit: Profits are defined as the excess of total revenue over total costs. Symbolically it can be expressed as, P (profit) = $TR - TC$. i.e., (Total Revenue – Total Cost).

Marginal Cost (MC): MC is the extra cost for producing one additional unit when the total cost at certain level of output is known. Hence, it is the rate of change in total cost with respect to the level of output at the point where total cost is known.

Marginal Revenue (MR): MR is defined as the change in the total revenue for the sale of an extra unit. Hence, it is the rate of change total in revenue with respect to the quantity demanded at the point where total revenue is known in level of output is known.

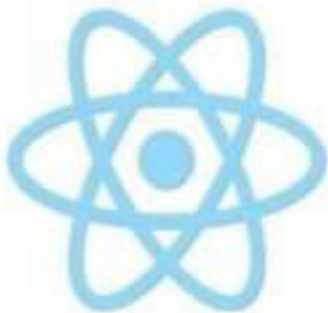
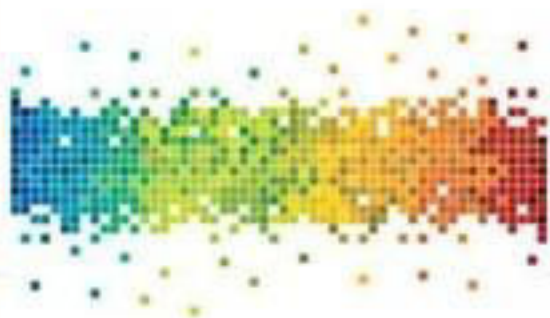


ANY
QUESTIONS





Thank you



SEMESTER 1

BUSINESS ECONOMICS

The study of abundance,
scarcity and choices.

INTRODUCTION

Economics is the study of scarcity and its implications for the use of resources, production of goods and services, growth of production and welfare over time, and a great variety of other complex issues of vital concern to society.

Adam Smith

Adam Smith is called the "father of economics" because of his theories on capitalism, free markets, and supply and demand.

What Is Business?

A business can be described as an organization or enterprising entity that engages in professional, commercial or industrial activities. There can be different types of businesses depending on various factors. Some are for-profit, while some are non-profit.

Business Economics



- Business economics is a field of applied economics that studies the financial, organizational, market-related, and environmental issues faced by corporations.


Business economics encompasses subjects such as the concept of scarcity, product factors, distribution, and consumption.

Business economics is a field of study that reviews the implementation of the economic system in business operations. It assists in utilizing the nature and importance of financial analysis to clarify business problems. Moreover, the introduction to this definition helps balance between limited sources and unlimited aspirations.

What is Microeconomics?

Microeconomics is the study of decisions made by people and businesses regarding the allocation of resources and prices of goods and services. The government decides the regulation for taxes. Microeconomics focuses on the supply that determines the price level of the economy.

It uses the bottom-up strategy to analyse the economy. In other words, microeconomics tries to understand human's choices and allocation of resources. It does not decide what are the changes taking place in the market, instead, it explains why there are changes happening in the market.



The key role of microeconomics is to examine how a company could maximise its production and capacity, so that it could lower the prices and compete in its industry. A lot of microeconomics information can be obtained from the financial statements.

The key factors of microeconomics are as follows:

- Demand, supply, and equilibrium
- Production theory
- Costs of production
- Labour economics

Examples: Individual demand, and price of a product.

What is Macroeconomics?

Macroeconomics is a branch of economics that depicts a substantial picture. It scrutinises itself with the economy at a massive scale, and several issues of an economy are considered. The issues confronted by an economy and the headway that it makes are measured and apprehended as a part and parcel of [macroeconomics](#).

Macroeconomics studies the association between various countries regarding how the policies of one nation have an upshot on the other. It circumscribes within its scope, analysing the success and failure of the government strategies.

In macroeconomics, we normally survey the association of the nation's total manufacture and the degree of employment with certain features like cost prices, wage rates, rates of interest, profits, etc., by concentrating on a single imaginary good and what happens to it.



The important concepts covered under macroeconomics are as follows:

- 1.Capitalist nation
- 2.Investment expenditure
- 3.Revenue

Examples: Aggregate demand, and national income.

ECONOMICS VS BUSINESS ECONOMICS:

1. Economics has both micro and macro aspects. But Business Economics is essentially micro in character.
2. Economics studies both firm and individual while Business Economics studies only the problems of a business firm.
3. In Economics we study the concepts and theoretical aspects of economic analysis. But Business Economics is an applied part of the study.
4. Economics is both positive and normative science. But Business Economics is essentially normative in nature.
5. Economics studies only economic aspects of the problem whereas Business Economics studies both Economic and non economic aspects.
6. Economics studies the principles underlying rent, wages, interest and profit. But Business Economics studies mainly the principles of profit only.
7. In Economics, before explaining a concept or theory certain assumptions are being made. But in Business Economics these assumptions disappear due to practical situations.

A grayscale background image showing a business meeting. Several people in business attire are gathered around a table, with their hands visible as they interact with documents and a laptop. The scene is dimly lit, focusing on the collaborative work environment.

SCOPE OF BUSINESS ECONOMICS

Demand Analysis and
Forecasting

Cost And Production
Analysis

Costing Decisions and
Strategies

Profit Management

Wealth Management

MARGINALISM

Marginalism



INCREMENTALISM



MARKET FORCES

- The definition of market forces is that it is the economic factors that influence the price and quantity of goods and services in a market.
- Examples of market forces are competition, consumer preferences, technological advancements, economic growth, and government regulations.
- Changes in market forces may have a significant impact on the behaviour of buyers and sellers in the market.
- Understanding market forces is crucial for businesses to make decisions about pricing strategies, marketing campaigns, and product development.

Market Equilibrium

Market equilibrium is the condition where the production by the sellers and the demand of that product by the buyer becomes equal. We can find the equilibrium price by putting the demand equal to the demand. The equilibrium price is the price at which the quantity demanded equals the quantity supplied.

The demand curve is the curve that depicts the quantity demanded at any price while the supply curve depicts the quantity supplied at any price. So there is one price on the graph that they have in common, which is at the intersection of the two curves.

What is consumer behavior?

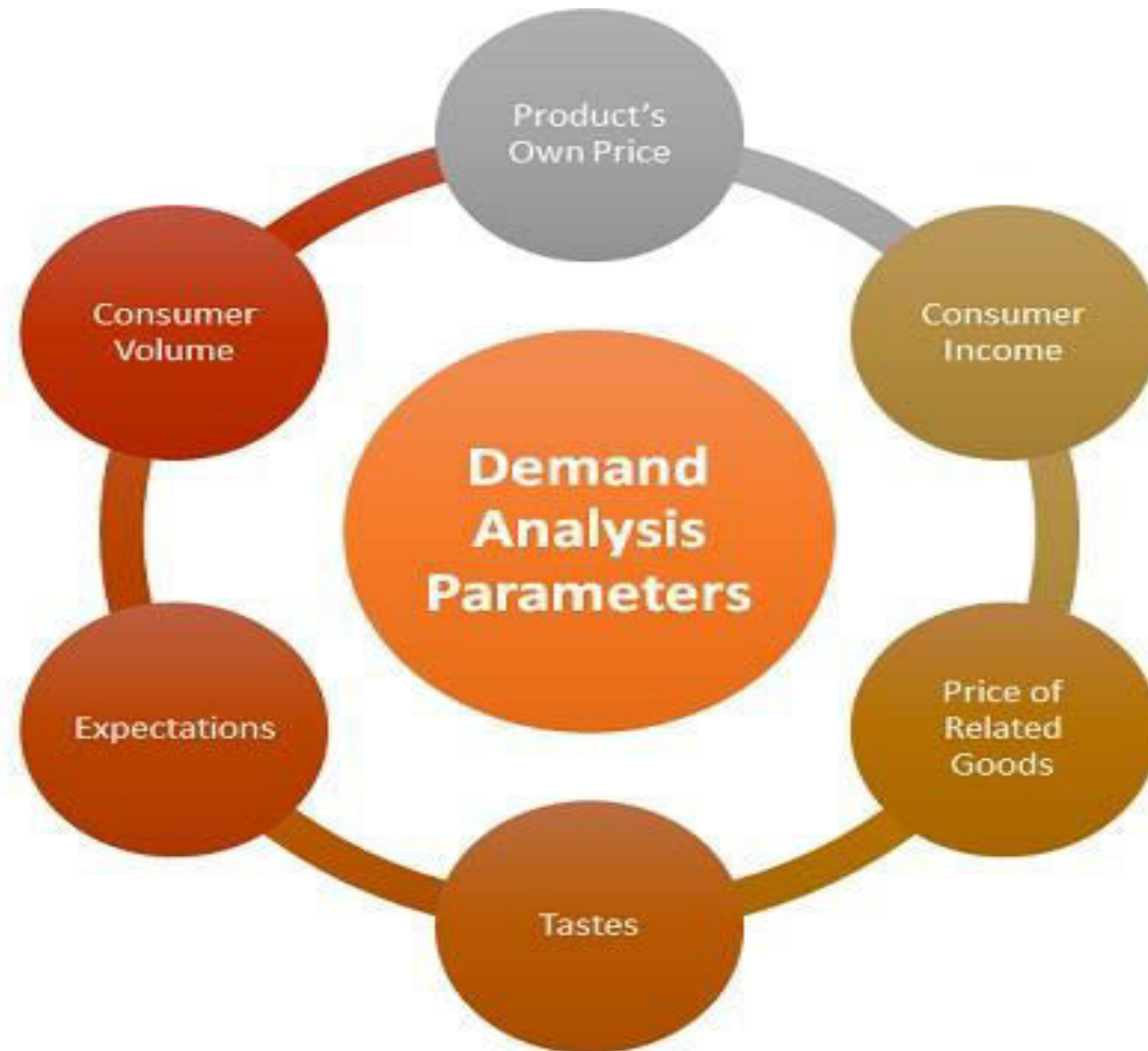
Consumer behavior is the actions and decisions that people or households make when they choose, buy, use, and dispose of a product or service. Many psychological, sociological, and cultural elements play a role in how consumers engage with the market.

It is a multi-stage process that involves identifying problems, collecting data, exploring options, making a decision to buy, and evaluating the experience afterward. Consumers may be impacted during these stages by things including personal views and values, social conventions, marketing campaigns, product features, and environmental conditions.

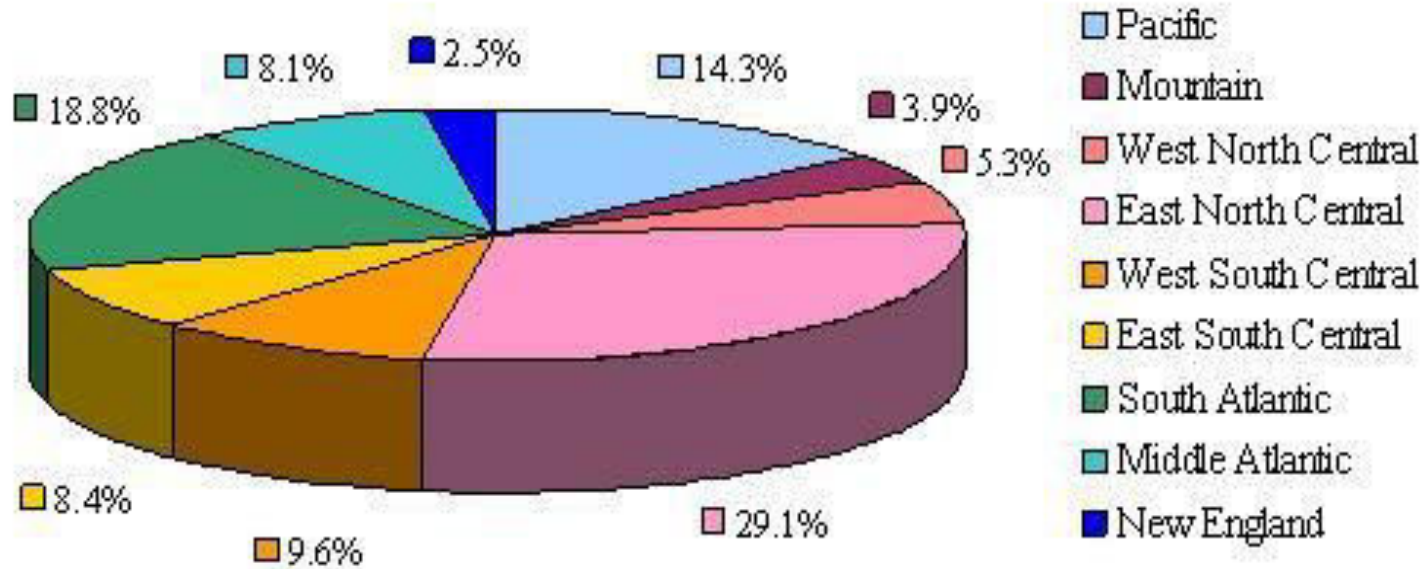
Understanding consumer behavior is essential for businesses to create marketing plans that work and to supply goods and services that satisfy customers' wants and needs. To see trends and patterns, forecast demand, and make wise choices regarding product design, price, promotion, and distribution, marketers must analyze and understand data on customer behavior.

What is Demand Analysis?

Demand analysis is a research done to estimate or find out the customer demand for a product or service in a particular market. Demand analysis is one of the important consideration for a variety of business decisions like determining sales forecasting, pricing products/services, marketing and advertisement spending, manufacturing decisions, expansion planning etc. Demand analysis covers both future and retrospective analysis so that they can analyze the demand better and understand the product/service's past success and failure too.



U.S. Restaurant Industry Market Demand Analysis



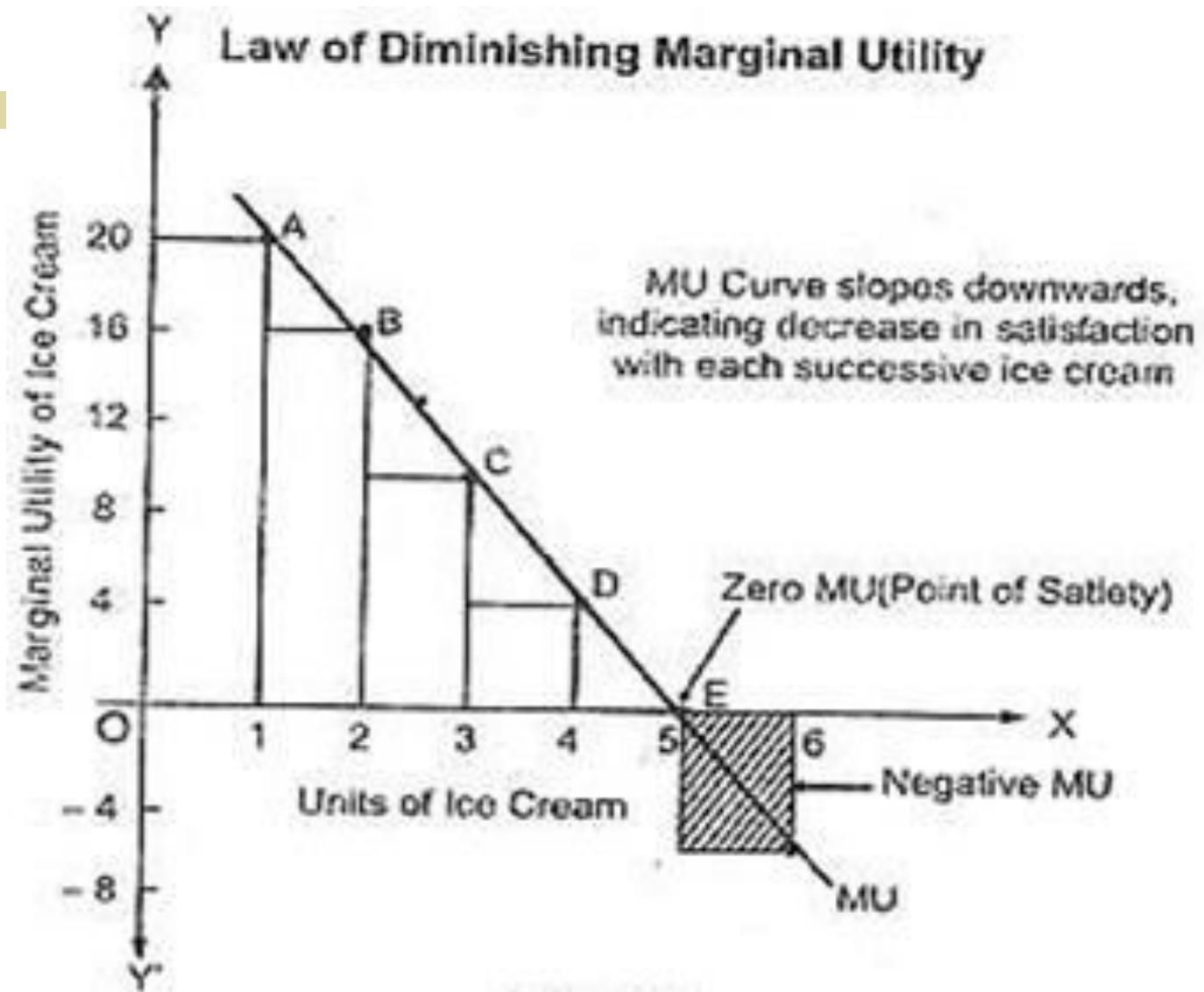
It shows that market activity is highest in East North Central area. The figures are arrived by tracking the annual sales in each region. So for offering a particular product in this market, a company needs to analyze if they can do business in multiple sub-markets with decent demand or focus on sub markets or areas with high demand. Both aspects are part of demand analysis to be done by the company based on product or service parameters.

What is 'Law of diminishing utility'

The law of diminishing marginal utility holds that as we consume more of an item, the amount of satisfaction produced by each additional unit of that good declines. The change in utility gained from utilizing an additional unit of a product is known as marginal utility.

•ASSUMPTIONS OF LAW OF D.M.U.

- Units of commodities consumed should be identical or homogeneous, that is, the same in all respects.
- Units should be consumed in quick succession with minimal breaks in between.
- Units should be of a standard size, that is, neither too big nor too small.
- The taste of the consumers should be constant.
- There should be no change in the price of substitute goods. If the prices of substitute goods change, it may become difficult to have an idea about the utility that the consumer might get from the main commodity.
- The utility is measurable.
- The consumer is rational while making consumption decisions.



Law of Equi Marginal Utility:

This law is based on the principle of obtaining maximum satisfaction from a limited income. It explains the behavior of a consumer when he consumes more than one commodity.

The law states that a consumer should spend his limited income on different commodities in such a way that the last rupee spent on each commodity yield him equal marginal utility in order to get maximum satisfaction.

Assumptions of the Law

- There is no change in the price of the goods or services.
- The consumer has a fixed income.
- The marginal utility of money is constant.
- A consumer has perfect knowledge of utility.
- Consumer tries to have maximum satisfaction.
- The utility is measurable in cardinal terms.
- There are substitutes for goods.
- A consumer has many wants.

<u>Money (Units)</u>	<u>MU of apples</u>	<u>MU of bananas</u>
1	10	8
2	9	7
3	8	6
4	7	5
5	6	4
6	5	3

1. \$1 on apples and \$5 on bananas. The total utility he can get is:

$$[(10) + (8+7+6+5+4)] = 40.$$

2. \$2 on apples and \$4 on bananas. The total utility he can get is:

$$[(10+9) + (8+7+6+5)] = 45.$$

3. \$3 on apples and \$3 on bananas. The total utility he can get is:

$$[(10+9+8) + (8+7+6)] = 48.$$

4. \$4 on apples and \$2 on bananas. This way the total utility is:

$$[(10+9+8+7) + (8+7)] = 49.$$

5. \$5 on apples and \$1 on bananas. The total utility he can get is:

$$[(10+9+8+7+6) + (8)] = 48.$$

Total total utility for consumer is 49 utils that is the highest obtainable with expenditure of \$4 on apples and \$2 on bananas. Here the condition MU of apple = MU of banana i.e 7 = 7 is also satisfied. Any other allocation of the last dollar shall give less total utility to the consumer.

Budget line

The budget line is a graphical delineation of all possible combinations of the two commodities that can be bought with provided income and cost so that the price of each of these combinations is equivalent to the monetary earnings of the customer.

In other words, the slope of the budget line can be described as a straight line that bends downwards and includes all the potential combinations of the two commodities which a customer can purchase at market value by assigning his/her entire salary. The concept of the budget line is different from the [Indifference curve](#), though both are necessary for [consumer equilibrium](#).

The two basic elements of a budget line are as follows:

- The consumer's purchasing power (his/her income)
- The market value of both the products

Equation of a Budget Line

Example of a Budget Line

Radha has ₹50 to buy a biscuit. She has a few options to allocate her income so that she receives maximum utility from a limited salary.

Budget schedule			
Combination	Cream biscuit (@ ₹10 per packet)	Plain biscuit (@ ₹5 per packet)	Budget allocation
A	0	10	$10 \times 0 + 5 \times 10 = 50$
B	1	8	$10 \times 1 + 5 \times 8 = 50$
C	2	6	$10 \times 2 + 5 \times 6 = 50$
D	3	4	$10 \times 3 + 5 \times 4 = 50$
E	4	2	$10 \times 4 + 5 \times 2 = 50$
F	5	0	$10 \times 5 + 5 \times 0 = 50$

$$M = P_x \times Q_x + P_y \times Q_y$$

Where,

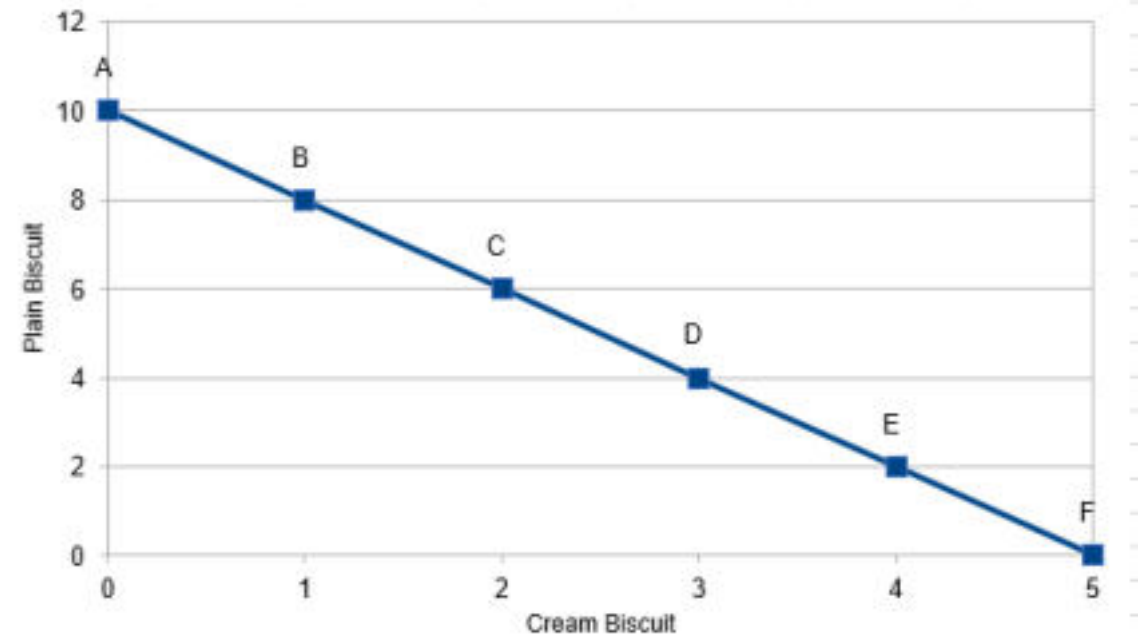
P_x is the cost of product X.

Q_x is the quantity of product X.

P_y is the cost of product Y.

Q_y is the quantity of product Y.

M is the consumer's income.



Features of Budget Line

Some of the properties of the budget line are as follows:

Negative slope: If the line is downward, it shows a reverse correlation between the two products.

Straight line: It indicates a continuous market rate of exchange in individual combinations.

Real income line: It denotes the income and the spending size of a customer.

Tangent to indifference curve: It is the point when the indifference curve meets the budget line. This point is known as the consumer's equilibrium

Assumptions of a Budget Line

The budget line is mostly based on the assumption and not reality. However, to get clear and precise results and summary, the economist considers the following points in terms of a budget line:

Two commodities: The economist assumes that the customers spend their income to purchase only two products.

Income of the customers: The income of the customer is limited, and it is designated to buy only two products.

Market price: The cost of each commodity is known to the customer.

Expense is similar to income: It is assumed that the customer spends and consumes the whole income.

A shift in Budget Line

A budget line includes a consumer's earnings and the rate of a commodity. These are the two important factors that shift the budget line.

Shift due to change in price: The amount of the product either increases or decreases from time to time. For instance, if the price and income of product A remains constant and the price of product B decreases, then the buying potential of product B automatically increases. Similarly, if the price of B increases and the other factors remain steady, the demand for product B automatically decreases.

Shift due to change in income: Change in income makes a huge difference that leads to a change in the budget line. High income means high purchasing possibility and low income means low purchasing potential, making the budget line to shift.

Elasticity of Demand

To begin with, let's look at the definition of the elasticity of demand: "Elasticity of demand is the responsiveness of the quantity demanded of a commodity to changes in one of the variables on which demand depends. In other words, it is the percentage change in quantity demanded divided by the percentage in one of the variables on which demand depends."

The variables on which demand can depend on are:

- Price of the commodity
- Prices of related commodities
- Consumer's income, etc.

Types of Elasticity of Demand

Price Elasticity

The price elasticity of demand is the response of the quantity demanded to change in the price of a commodity. It is assumed that the consumer's income, tastes, and prices of all other goods are steady. It is measured as a percentage change in the quantity demanded divided by the percentage change in price. Therefore,

$$\text{Price Elasticity} = E_p = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$$

Or,

$$E_p = \frac{\text{Change in Quantity} \times 100}{\text{Original Quantity}} \div \frac{\text{Change in Price} \times 100}{\text{Original Price}}$$
$$= \frac{\text{Change in Quantity}}{\text{Original Quantity}} \times \frac{\text{Original Price}}{\text{Change in Price}}$$

Income Elasticity

The income elasticity of demand is the degree of responsiveness of the quantity demanded to a change in the consumer's income. Symbolically,
 $E_I = \text{Percentage change in quantity demanded} / \text{Percentage change in income}$

Cross Elasticity

The cross elasticity of demand of a commodity X for another commodity Y, is the change in demand of commodity X due to a change in the price of commodity Y. Symbolically,

$$E_c = \frac{\Delta q_x}{q_x} \times \frac{p_y}{\Delta p_y}$$

Where,

E_c

is the cross elasticity,

Δq_x

is the original demand of commodity X,

Δq_x

is the change in demand of X,

Δp_y

is the original price of commodity Y, and

Δp_y



ABOUT US

*Lorem ipsum dolor sit amet,
consectetuer adipiscing elit*

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.

VanArsdel, Ltd.

PROBLEM

*Lorem ipsum dolor sit amet,
consectetur adipiscing elit*

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.
- Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.



PRODUCT

*Lorem ipsum dolor sit amet,
consectetuer adipiscing elit*



Section 1 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa



Section 2 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa



Section 3 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa



Section 4 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa



PRODUCT PART 2

Lorem ipsum dolor sit amet, consectetur adipiscing elit

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.

VanArsdel, Ltd.

DIVIDER

Lorem ipsum dolor sit amet,
consectetur adipiscing elit



BUSINESS MODEL

VanArsdel, Ltd.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies

1

Section 1 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.

2

Section 2 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.

3

Section 3 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.

VanArsdel, Ltd.

MARKET OPPORTUNITY

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.

\$12,345

Section 1 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

\$6,789

Section 2 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

VanArsdel, Ltd.

\$25
Billion

\$50
Billion

\$100
Billion

**Section 1
Title**

**Section 2
Title**

**Section 3
Title**

MARKET OPPORTUNITY PART 2

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.

COMPETITION

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar

Section 1 Title

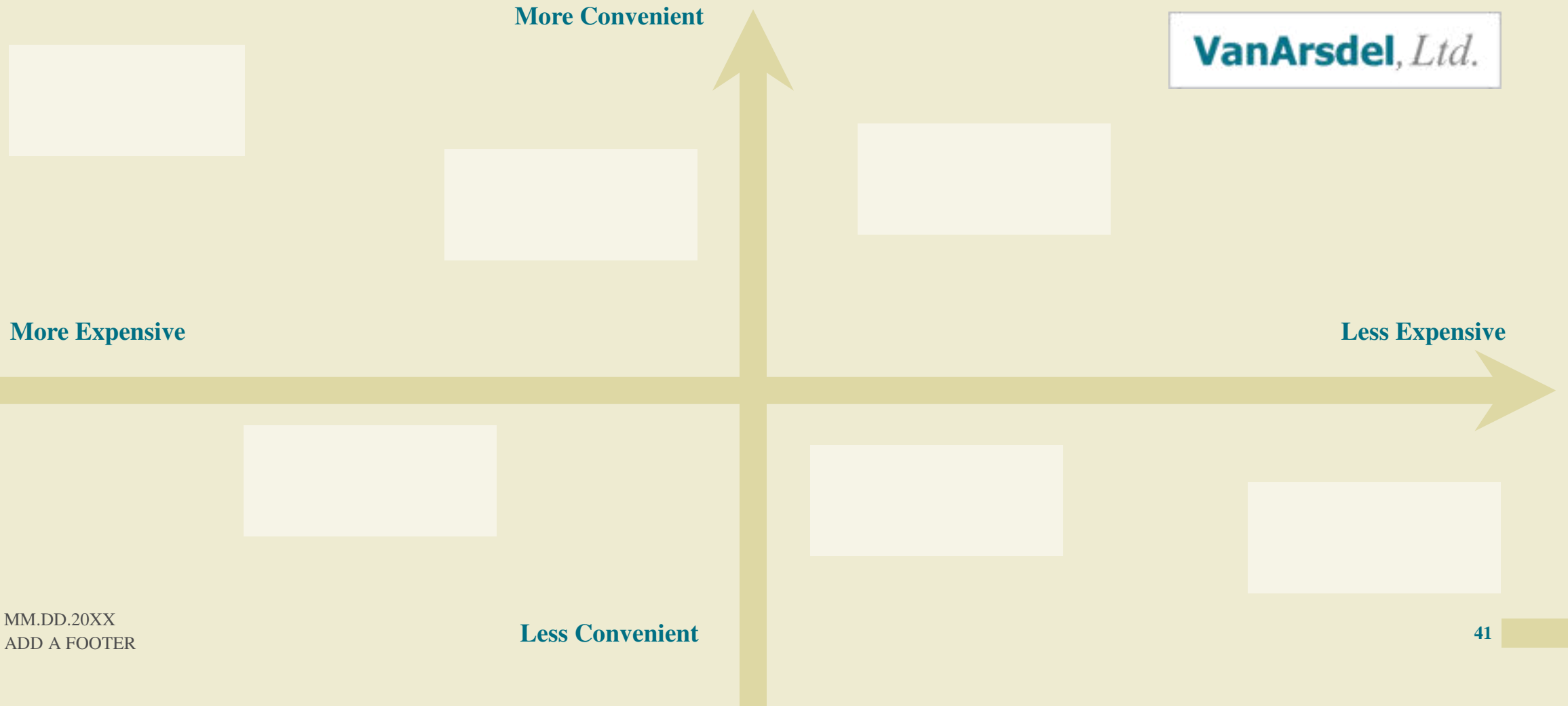
- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.

Section 2 Title

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.

VanArsdel, Ltd.

COMPETITION PART 2



GROWTH STRATEGY

*Lorem ipsum dolor sit amet,
consectetuer adipiscing elit.
Maecenas porttitor congue massa*

Section 1 Title

Section 1 Subtitle

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.

Section 2 Title

Section 2 Subtitle

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.

Section 3 Title

Section 3 Subtitle

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa.

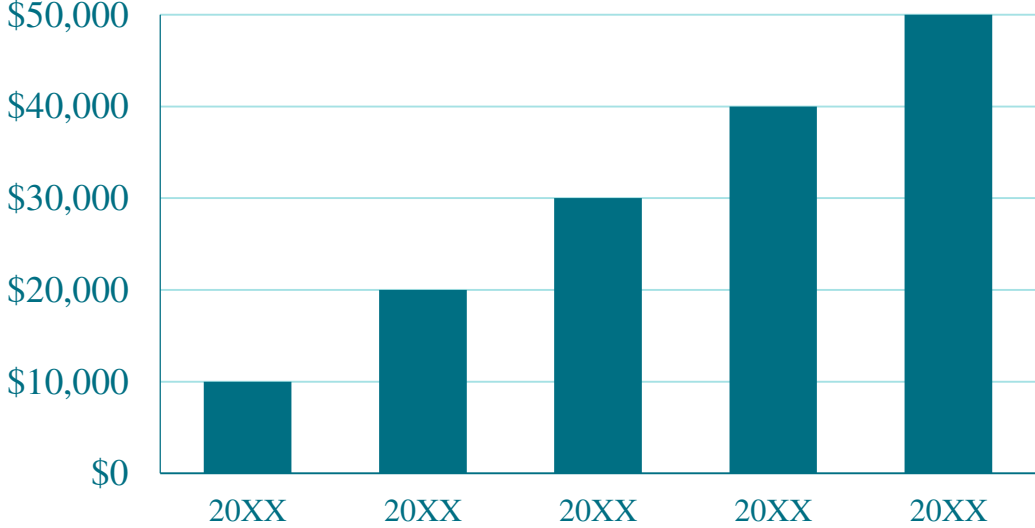
TRACTION

Lorem ipsum dolor sit amet, consectetur adipiscing elit

Key Metrics

	Clients	Orders	Gross Revenue	Net Revenue
20XX	10	1100	\$10,000	\$7,000
20XX	20	200	\$20,000	\$16,000
20XX	30	300	\$30,000	\$25,000
20XX	40	400	\$40,000	\$30,000
20XX	50	500	\$50,000	\$40,000

Revenue by Year



TIMELINE

*Lorem ipsum dolor sit amet, consectetur adipiscing elit.
Maecenas porttitor congue massa*

20XX

Month

Point 1 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

20XX

Month

Point 2 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

20XX

Month

Point 3 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

20XX

Month

Point 4 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

20XX

Month

Point 5 Title

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero

VanArsdel, Ltd.

FINANCIALS

*Lorem ipsum dolor
sit amet, consectetur
adipiscing elit*

	20XX	20XX	20XX	
Users	50,000	400,000	1,600,000	
Jobs	500,000	4,000,000	16,000,000	
Average price per job	75	80	90	
COMPANY REVENUE @15%	5,625,000	48,000,000	216,000,000	
- Cost of Revenue	0	0	0	
Gross Profit	5,625,000	48,000,000	216,000,000	
OPEX				
- Sales & Marketing	5,062,500	38,400,000	151,200,000	70%
- Customer Service	1,687,500	9,600,000	21,600,000	10%
- Product Development	562,500	2,400,000	10,800,000	5%
- Misc.	281,250	2,400,000	4,320,000	2%
TOTAL OPEX	7,596,750	52,800,000	187,920,000	
EBIT	-1,968,750	-4,800,000	28,080,000	13%

VanArsdel, Ltd.

OUR TEAM

*Lorem ipsum dolor sit amet,
consectetuer adipiscing elit.
Maecenas porttitor*



Person 1 Title

Team Member Title

Lorem ipsum dolor sit
amet, consectetuer
adipiscing elit. Maecenas
porttitor congue



Person 2 Title

Team Member Title

Lorem ipsum dolor sit
amet, consectetuer
adipiscing elit. Maecenas
porttitor congue



Person 3 Title

Team Member Title

Lorem ipsum dolor sit
amet, consectetuer
adipiscing elit. Maecenas
porttitor congue

OUR TEAM SLIDE

*Lorem ipsum dolor sit amet, consectetur adipiscing elit.
Maecenas porttitor congue massa*



Person 1 Name

Team Member Title



Person 2 Name

Team Member Title



Person 3 Name

Team Member Title



Person 4 Name

Team Member Title



Person 5 Name

Team Member Title



Person 6 Name

Team Member Title

FUNDING

*Lorem ipsum dolor sit amet, consectetur adipiscing elit.
Maecenas porttitor congue massa*



\$1,500,000
Category Description



\$1,500,000
Category Description



\$1,500,000
Category Description



\$2,500,000
Category Description



\$1,500,000
Category Description



\$1,500,000
Category Description





SUMMARY

Lorem ipsum dolor sit amet, consectetur adipiscing elit

- Lorem ipsum dolor sit amet, consectetur adipiscing elit.
- Maecenas porttitor congue massa.
- Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas.
- Proin pharetra nonummy pede. Mauris et orci.

VanArsdel, Ltd.

**THANK
YOU!**

August Bergqvist

Phone:

+11 216 555-0011

Email:

bergqvist@vanarsdelltd.com

Website:

www.vanarsdelltd.com

APPENDIX



TESTIMONIALS

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.



Person 1 Name

Customer Member Title



Person 2 Name

Customer Member Title



Person 3 Name

Customer Member Title

CASE STUDY

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci. Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna. Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.

MOBILE VERSION

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa

- Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.
- Nunc viverra imperdiet enim. Fusce est. Vivamus a tellus.
- Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Proin pharetra nonummy pede. Mauris et orci.



Customize this Template

Template Editing Instructions and Feedback

INFORMATION TECHNOLOGY

A decorative graphic consisting of a solid teal horizontal bar that transitions into several thin, parallel white lines on a white background to the right.

INTRODUCTION

What is IT?

As defined by INFORMATION TECHNOLOGY ASSOCIATION OF AMERICA (ITAA),

“IT” is the ‘study, design, development, implementation, support or management of computer based information system particularly software application and computer hardware.

Technology has,

- ▶ Improved productivity
 - ▶ Improved efficiency
 - ▶ Reduced costs
 - ▶ Enhanced Customer Service
- 

changes the way consumers,

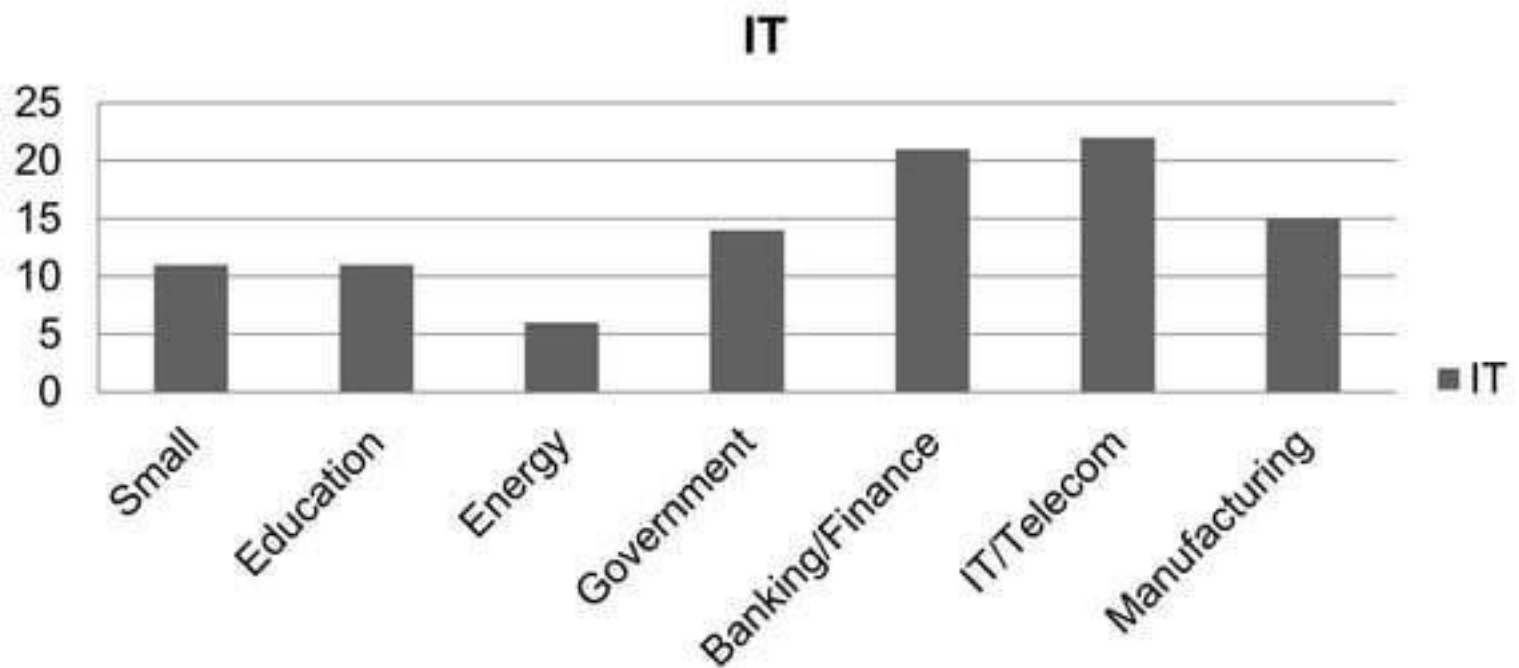
- Make purchases
- Use Service/Applications
- Plan Vacations
- Obtain Entertainment



'IT' in Indian Scenario

- Creating opportunities for candidates
- Creation of new 4 jobs
- Some flagship companies that are providing good career are Infosys, Wipro, TCS etc..

Contribution of IT in different sectors



Stage of Industry Lifecycle

- ▶ IT industry is in growth phase since last 5 years
- ▶ It is growing at a fast pace
- ▶ It can be seen through contribution of IT in-
- ▶ GDP
- ▶ No. Of employees in this sector
- ▶ Revenue generated from the sector

Top 3 players in IT sector

Infosys®



WIPRO
Applying Thought



TATA

TATA CONSULTANCY SERVICES

Infosys®



TATA

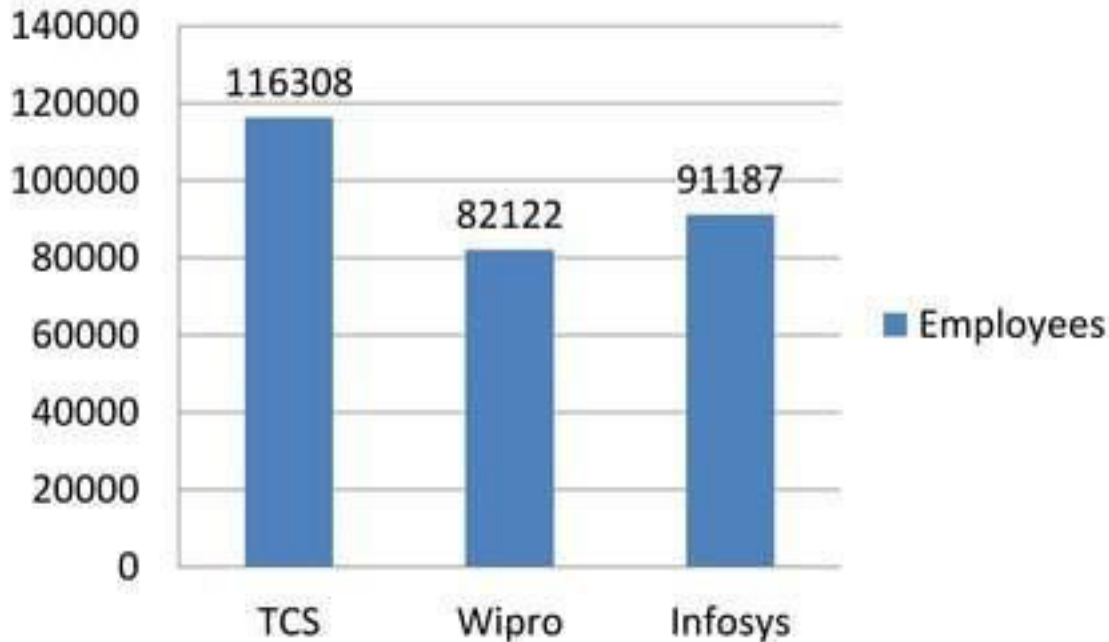
TATA CONSULTANCY SERVICES

No. of employees



WIPRO
Applying Thought

Employees



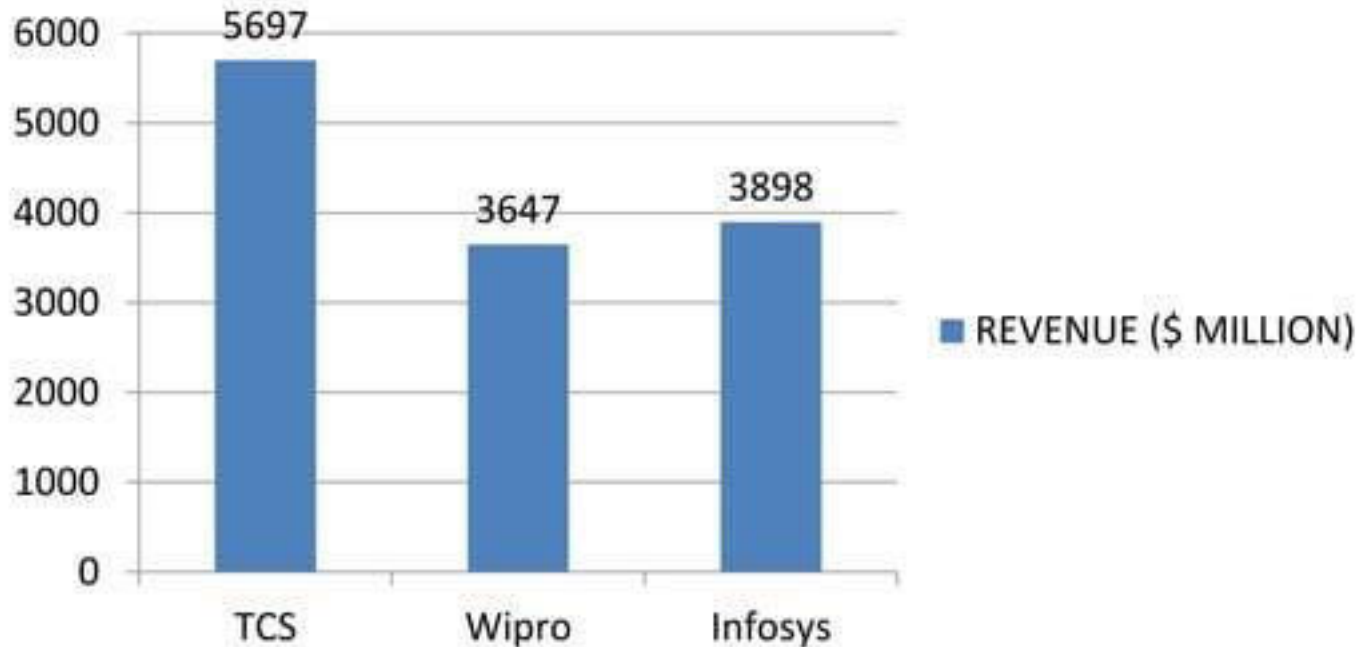


TATA CONSULTANCY SERVICES

Revenue



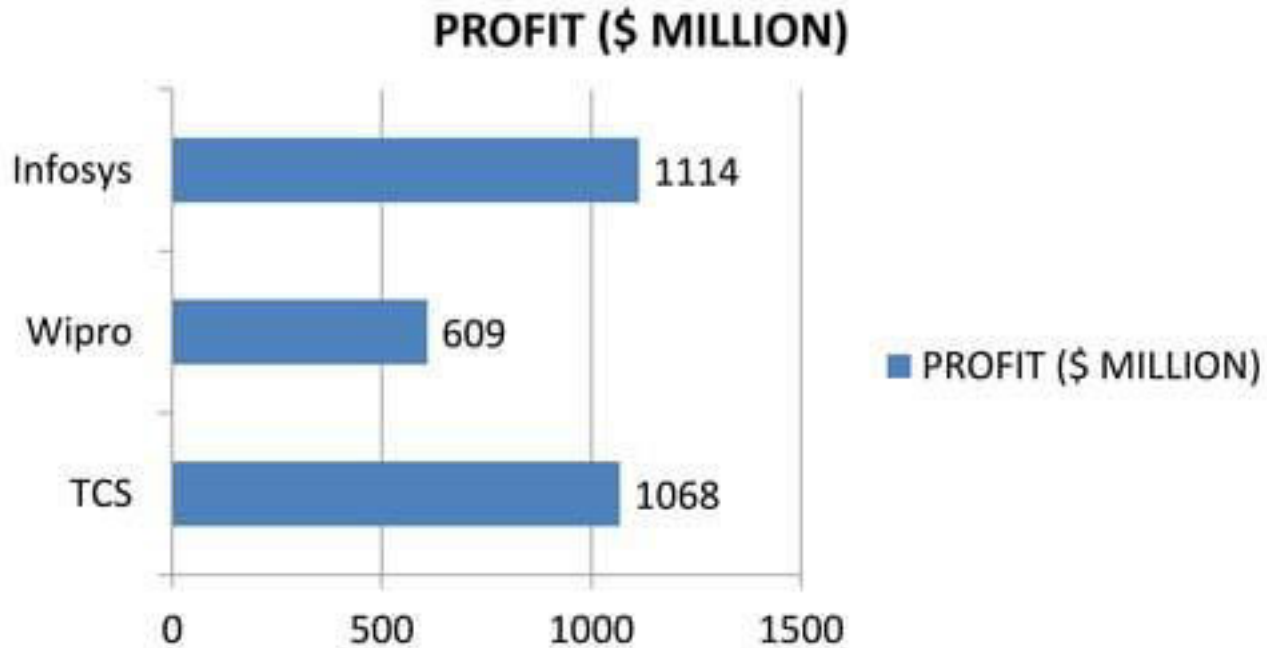
REVENUE (\$ MILLION)





TATA CONSULTANCY SERVICES

Profits



CONCLUSION



- Very good future prospect
- IT is on going requirement of every nation
- Opportunities for investor, entrepreneur, youth and countries
- Continuous growth year by year.

ENTREPRENEURIAL MINDSET

Who is an Entrepreneur.....





An entrepreneur is an individual who starts and operates a new business venture, often with the goal of creating and delivering innovative products or services to the market.

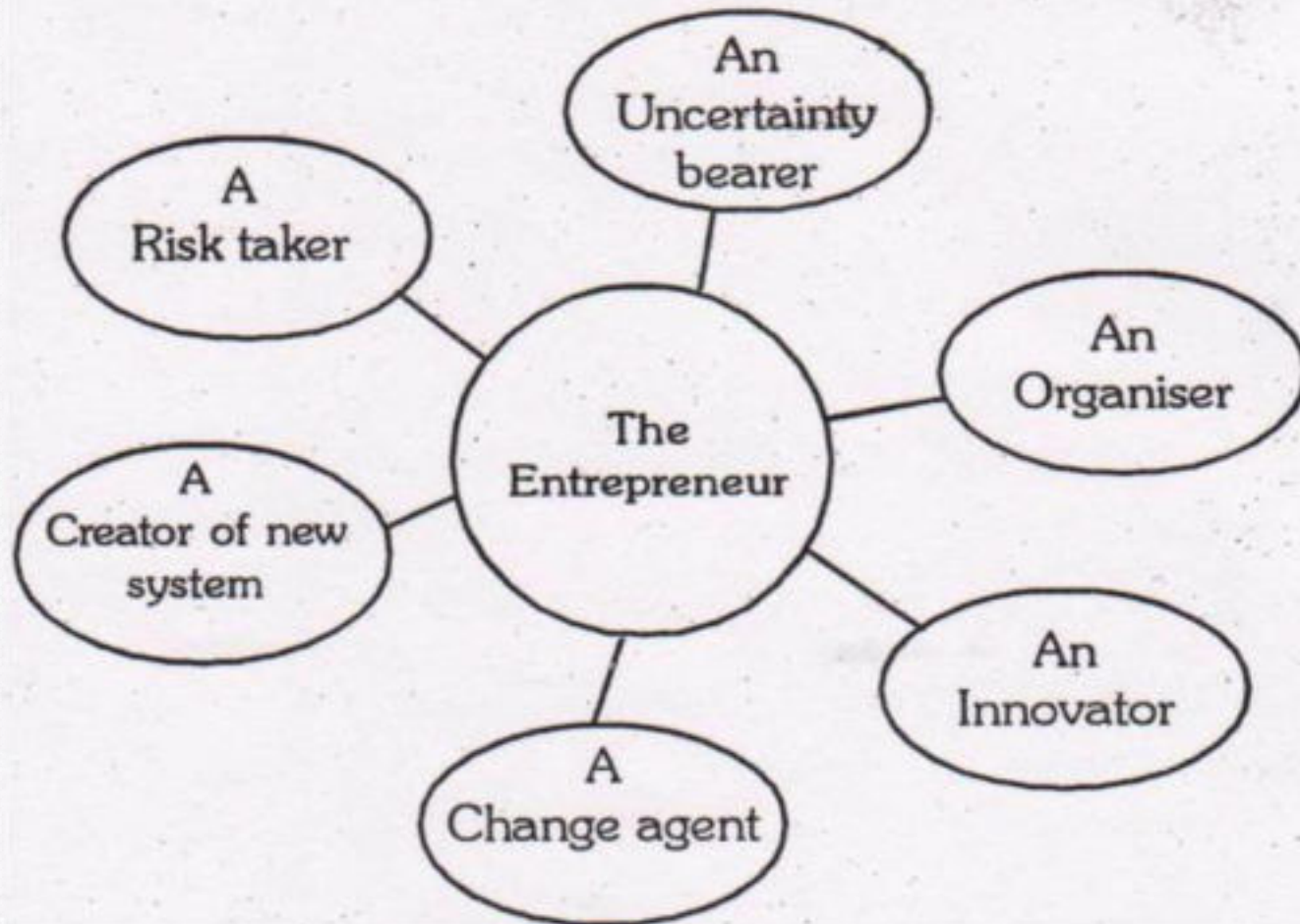
Entrepreneurs are characterized by their willingness to take on financial risks, their ability to identify opportunities in the market, and their capacity to mobilize resources such as capital, labor, and technology to turn their ideas into viable businesses.

Working Definition

An entrepreneur is a person who combines various factors of production, processes raw material, converts the raw material into a finished product and creates utility and sells the produce in the market to earn profit.

ENTREPRENEURS ARE MADE AND NOT BORN.

The Entrepreneur



ENTREPRENEURSHIP

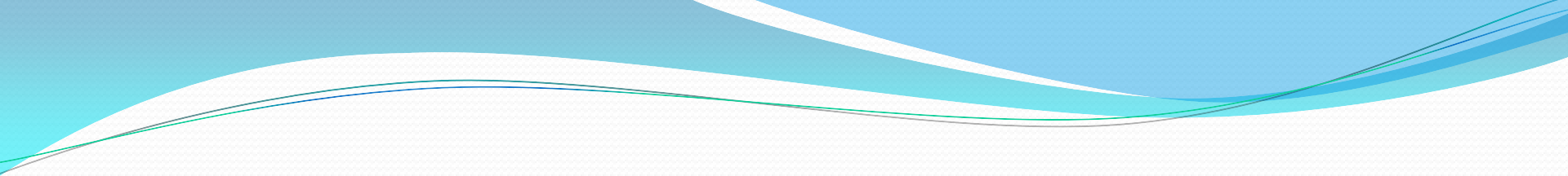
may defined in various ways, but the four key elements involved in it are:

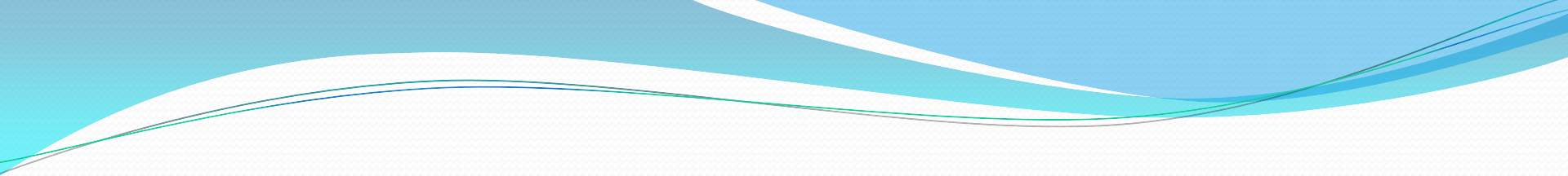
- i. Innovation.
- ii. Risk-taking.
- iii. Vision.
- iv. Organizing skill.

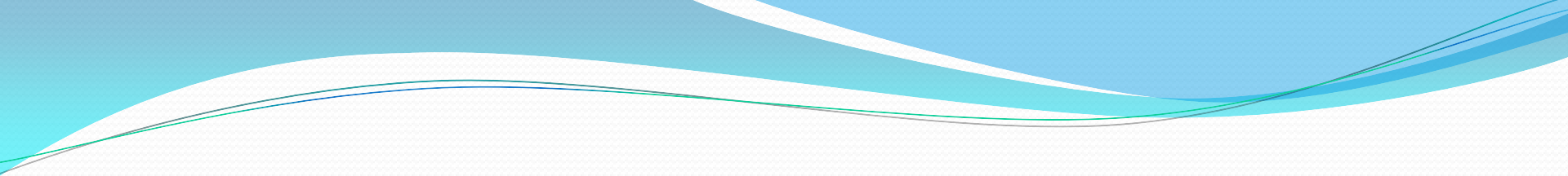
The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Entrepreneurship involves various activities

- Entrepreneurship involves various activities, including:
 - 1. Idea Generation:** Entrepreneurs come up with novel ideas for products, services, or business models that address specific needs or problems in the market.
 - 2. Business Planning:** Entrepreneurs create detailed business plans outlining their goals, strategies, target markets, competitive analysis, and financial projections.
 - 3. Securing Funding:** Entrepreneurs often seek funding from various sources, such as venture capitalists, angel investors, loans, or personal

- 
- 1. Execution:** Entrepreneurs actively manage and oversee the day-to-day operations of their businesses. This includes tasks like product development, marketing, sales, and customer service.
 - 2. Innovation:** Entrepreneurial ventures often bring innovation to industries by introducing new products, services, or ways of doing things. This innovation can lead to growth and increased competitiveness.

- 
- 1. Adaptability:** Successful entrepreneurs are adaptable and responsive to changes in the market, consumer preferences, and technological advancements.
 - 2. Networking:** Building a network of contacts within the industry and related fields can help entrepreneurs access resources, partnerships, and potential customers.
 - 3. Risk Management:** Entrepreneurship involves taking calculated risks, as there is no guarantee of success. Entrepreneurs must be prepared to deal with uncertainties and challenges that arise along

- 
- 1. Scaling:** As a business grows, entrepreneurs may need to scale their operations, expand into new markets, and manage increased demand.
 - 2. Long-Term Vision:** Entrepreneurs often have a long-term vision for their businesses, aiming to create sustainable enterprises that can endure and thrive over time.

Entrepreneurial Characteristics

Being an entrepreneur requires specific characteristics and skills that are often achieved through education, hard work, and planning.

Risk Taker

Businesses face risk. Entrepreneurs minimize risk through research, planning, and skill development.

Perceptive

Entrepreneurs view problems as opportunities and challenges.

Curious

Entrepreneurs like to know how things work. They take the time and initiative to pursue the unknown.

Entrepreneurial Characteristics

Imaginative

Entrepreneurs are creative. They imagine solutions to problems that encourage them to create new products and generate ideas.

Persistent

True entrepreneurs face bureaucracy, make mistakes, receive criticism, and deal with money, family, or stress problems. But they still stick to their dreams of seeing the venture succeed.

Goal-setting

Entrepreneurs are motivated by the excitement of starting a new business. Once achieved, they seek out new goals or ventures to try.

Entrepreneurial Characteristics

Self-confident

Entrepreneurs believe in themselves. Their self-confidence takes care of any doubts they may have.

Flexible

Entrepreneurs must be flexible in order to adapt to changing trends, markets, technologies, rules, and economic environments.

Independent

An entrepreneur's desire for control and the ability to make decisions often makes it difficult for them to work in a controlled environment.

Hardworking

Entrepreneurs need a great deal of energy to see a venture start and succeed. Yet they are not deterred by the long hours to achieve their goal.

Classification of Entrepreneur

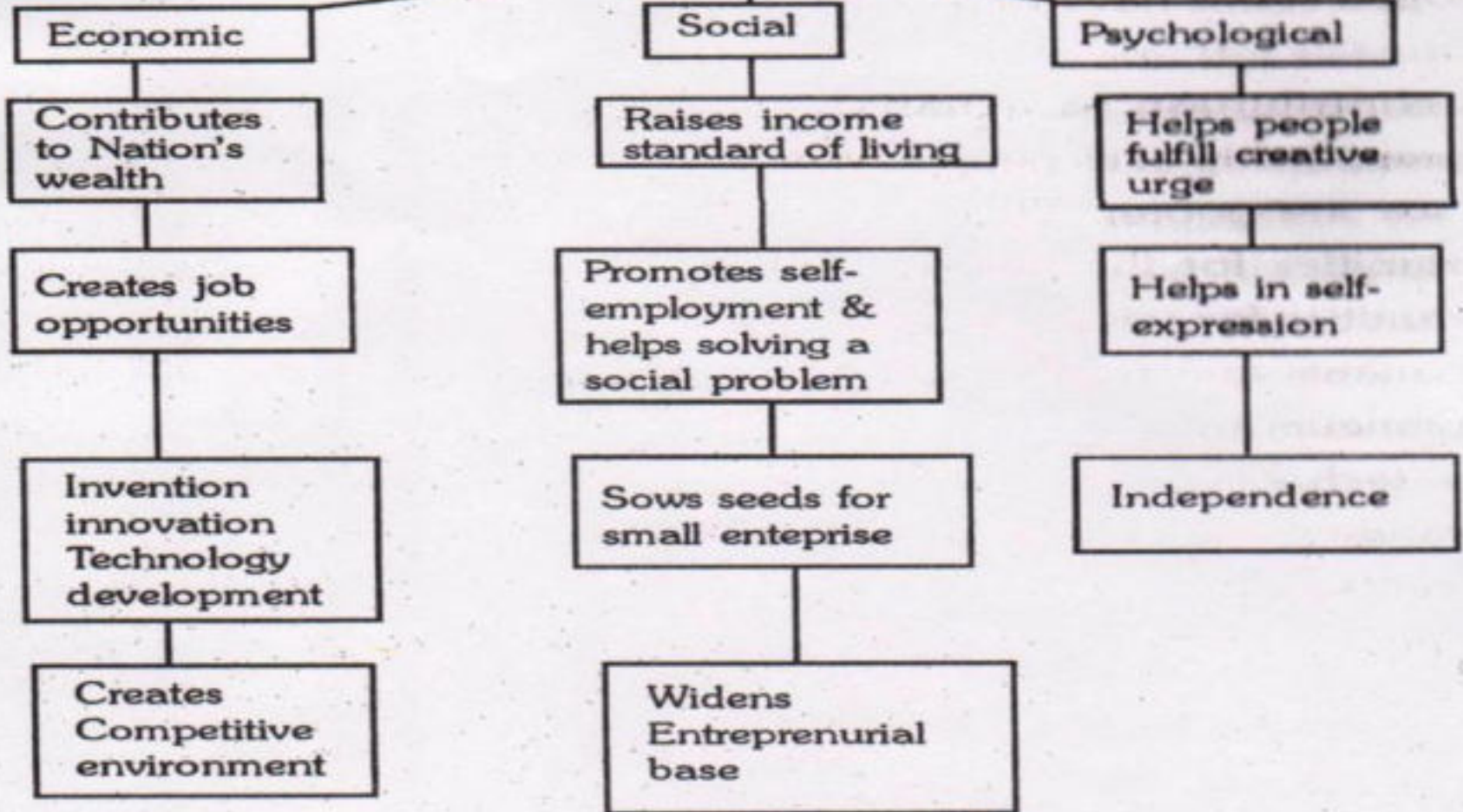
Innovative entrepreneur : -

Such entrepreneurs introduce new goods or new methods of production or discover new markets or reorganize the enterprise. Examples of first movers include innovative companies such as eBay and Coca-Cola. eBay was the first company to take the auction process online, kicking off operations in 1995.

Imitative or adoptive entrepreneur :-

Such entrepreneurs don't innovate, they copy technology or technique of others.. Such entrepreneurs are significant for under-developed economies because they put such economies on high rate of economic development` EX: Chinese mobiles.

Importance of Entrepreneurship



Need of Entrepreneurship

- Increases national production
- Balanced area development
- Dispersal of economic power
- Reinvestment of profit for the welfare of the area of profit generation
- Development is a function of motivation and human resource
- Entrepreneurial awareness

New Venture Meaning

- The term “**New Venture**” refers to the establishment and development of a business or project with a fresh vision and purpose.
- It involves the creation of an enterprise that introduces innovative products, services, or business models into the market.
- New ventures are characterized by their focus on growth, differentiation, and the pursuit of market opportunities.

The scope of a new venture

- The scope of a new venture extends across various sectors, including technology, finance, healthcare, manufacturing, and more. It encompasses both for-profit and non-profit organizations, as well as entrepreneurial endeavors within existing companies or as standalone startups.
- The concept of a new venture is not limited to a specific size, industry, or geographical location. It can range from small-scale startups to large-scale multinational corporations.

New venture

- New ventures are often driven by entrepreneurs who identify untapped market opportunities or seek to address existing market needs in innovative ways. These entrepreneurs possess a strong entrepreneurial mindset, taking calculated risks and leveraging their creativity, skills, and resources to build successful ventures.
- The development of a new venture involves a series of activities, such as market research, opportunity identification, value proposition creation, business planning, resource acquisition, team building, and implementation. It requires careful strategic decision-making, adaptability, and a willingness to learn from failures and iterate the business model as necessary.

Every Big Enterprises Starts with a small Dream



So Keep Dreaming

INTRODUCTION

- An agreement is unlawful if the Court regards it opposed to public policy. What is public policy? Public policy means policy of the law or the Government for the public good or welfare.
- Every Government tries to maximize the welfare of its citizens. Therefore, it makes a policy to discourage or prohibit any thing which is against the welfare or interest of society. For example, trading with enemy, selling of public offices, agreement restraining people from carrying on lawful trade, etc. are injurious to society. Hence, they are considered as opposed to public policy and have been declared void.
- The concept of public policy has invited a lot of criticism. The reason is that this concept is very vague. There is a danger of it being misused. It is for this reason it has been remarked by Lord Halsbury that categories of public policies are closed and a Court cannot invent a new head of public policy.

1. AGREEMENTS FOR TRADING WITH AN ENEMY:

- We have already seen earlier that an agreement made with an alien enemy is void. This is based on the ground of public policy. An agreement with an enemy is likely to benefit the enemy. It is for this reason such contracts, during war, are either suspended or dissolved. If they are not likely to benefit the enemy, these may be suspended during the war and can be revived after the hostilities are over.

2. AGREEMENTS INTERFERING WITH ADMINISTRATION OF JUSTICE:

- No one is allowed to interfere with administration of justice. These are of the following types:
- (a) **Agreements stifling prosecution:**
- Stifling implies abuse of law. The law does not permit a person to make money out of a crime. You shall not make a trade of a felony. It is based on the noble doctrine that if a person has committed a crime, he must be tried by a Court of law and if found guilty, must be punished.

2. AGREEMENTS INTERFERING WITH ADMINISTRATION OF JUSTICE:

b) Maintenance and Champerty:

These two terms are used in English Law. Maintenance implies assisting or financing of suits by third parties having no real interest, for its prosecution or defense. Champerty implies a bargain by which one party is to assist the other in recovering property, and is to share in the proceeds of the action. Thus maintenance and champerty are likely to encourage purposeless, mischievous and retaliatory litigation. Hence both of these are illegal under English Law.

In India, maintenance and champerty are not necessarily void. An agreement to be champertous in India must be grossly unfair on unconscionable ground or opposed to public policy. Thus an agreement to share the proceeds of litigation if recovered in consideration of other party's supplying the funds in good faith to continue the litigation is not in itself opposed to public policy. However, where the advances are made by way of gambling in litigation, the agreement to share the proceeds of litigation is opposed to public policy and hence void.

2. AGREEMENTS INTERFERING WITH ADMINISTRATION OF JUSTICE:

- (c) Agreements which interfere with administration of justice:
- No one is allowed to interfere with the course of justice. Hence an agreement which interferes with administration of justice is unlawful.

3. AGREEMENTS TO VARY PERIOD OF LIMITATION:

An agreement to defeat the object of any law is unlawful. Hence an agreement to vary the period of limitation will be void as it would defeat the object of the law of limitation. According to the law of limitation, an action for breach of a contract must be brought within three years from the date of its breach. Thus an agreement to make this period longer or shorter than three years will be void. However, in practice this has not been applied strictly by law Courts in India. For example, a clause providing that “no suit shall be brought against the company in connection with the said policy later than one year after the time when the cause of action accrues” was up held.

4. TRAFFIC IN PUBLIC OFFICES:

It implies transfer of public office for some consideration or inducing public officers to act for consideration in cash or kind. Such agreements are contrary to public policy as these are likely to encourage corruption or inefficiency among the officials. Hence such agreements are void.

5. AGREEMENTS CREATING INTEREST OPPOSED TO DUTY:

Duty must be done. Therefore, such agreements are also likely to increase corruption and inefficiency among the officials. Hence such agreements are void.

6. AGREEMENT RESTRAINING PERSONAL FREEDOM:

Under contract act personal freedom has been guaranteed by our Constitution. The law will not allow an agreement which takes away the personal liberty of a person. Recently, Government has done away with bonded labour to ensure this freedom.

7. AGREEMENTS INTERFERING WITH PARENTAL RIGHTS AND DUTIES:

Guardianship rights cannot be allowed to be sold away or transferred in public interest. Children's/ward's interest should be properly protected. Accordingly, law has vested this authority in the parents of children. Father is the lawful guardian of his minor child. In the absence of father, this right is transferred to the mother.

8. AGREEMENT INTERFERING WITH MARITAL STATUS:

- Agreements interfering with marital status or duties are immoral Hence these have been declared void.
- **Example:**
- A lends Rs. 1,000 to a married woman to file a suit against her husband to get divorce and marry him after the divorce. Agreement is void.

9. AGREEMENT OF MARRIAGE BROKAGE OR BROKERAGE:

- Everyone has a liberty to marry according to his free choice. This free choice should not be disturbed by monetary consideration or engaging paid brokers to procure matches.

Thank You!



MARKETING MANAGEMENT



Introduction Marketing: Meaning

According to AMA: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large

A simple definition of marketing would be, as Kotler puts it, “meeting the needs of your customer at a profit.” Thus, marketing involves everything that a business requires to meet the needs of its customers, and that too, at a profit.

According to Philip Kotler *The science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit.*

WHAT IS MARKETING



ROI



PUBLICITY



BRANDING



SERVICE



SEO



ADVERTISING



CONTENT MARKETING



PRODUCTS



RESEARCH & ANALYSIS



CUSTOMERS



IMPLEMENTATION



SOCIAL MEDIA



PRICING



EVENTS

IMPORTANCE OF MARKETING

The role of marketing is too diverse in the modern world. Effective marketing helps organizations to survive in competitive environments.

SOCIETY

1. Increases Standard of Living
2. Provides Employment
3. Decreases Distribution Costs
4. Consumer Awareness
5. Increase in National Income
6. Managing Consumer Expectations



FIRM

1. Increases Awareness
2. Increases Sales
3. Creates Trust
4. Basis for Making Decisions
5. Source of New Ideas
6. Tackling the Competition



CONSUMER

1. Promotes Product Awareness
2. Provides Quality Products
3. Provides Variety of Products
4. Helps in Selection
5. Consumer Satisfaction



Marketing Philosophies

Production Concept

Product Concept

Selling Concept

Selling Concept

**Social Marketing
Concept**

Production Concept

Some organisations believe that they can sell products easily if they are inexpensive and easily available to consumers. Hence, these organisations follow the **production concept**, under which they focus on reducing the production cost of the products by producing goods in bulk and distributing it to customers. In other words, the main focus of this concept is on large-scale production so as to reduce costs. However, this concept is not that useful, as it has its limitation in that the customers don't always go for inexpensive and easily available products. It is because a low price product may attract customers towards it, but since the main focus of the company was on production and not on the quality of the product, it can decrease the sales of the product if it does not meet up to the standards of the consumer.

Product Concept

Some organisations believe that they can sell products easily and can attain business goals if they manufacture products of high quality. Hence, these organisations manufacture products of superior quality. However, the disadvantage of this concept is that organisations should understand that consumers will purchase high-quality product only when they need it or want it, good quality of a product is not the sole factor in a purchase decision. **For example**, a firm dealing in high-quality clothes will have demand only when the customers need them.

The organisations following the product concept focus mainly on the good quality and extra features of the product and hence devote most of their time on developing a high-quality product, which most of the time increases the price of the product. **For example**, Apple uses product concept and focuses on the quality of its products, which makes them costly.

Selling Concept

Some organisations believe that they can sell more products by convincing them through aggressive selling and other promotional efforts. By using the selling concept, an organisation can make a consumer purchase a product which they have no interest in buying. Therefore, organisations which rely on the selling concept use the power of advertising and various other persuasion techniques to influence the customers in buying the product. In simple terms, it can be said that the motto of the selling concept is, ‘**Sell what you have**’, which means that the product is sold by the seller by hook or crook.

The selling concept focuses on the needs of the producers and sells whatever is manufactured. In other words, this concept does not concentrate on the needs and requirements of the consumers who are the ultimate user of the product. Therefore, the sale of a product depends upon the buyer's manipulation. Under this concept, the basic aim of the seller is to turn the goods into cash even if they have to use unfair tactics.

Marketing Concept

The organisations using the marketing concept believe that they should always fulfil the needs of the customers and produce goods according to their requirements and wants. It means that through marketing concept the organisations try to satisfy the needs of the customers better than their competitors. Hence, this concept states that '**customers' satisfaction**' is the pre-condition of the organisation's objectives and goals.

The five pillars of the marketing concept or the process of marketing concept are as follows:

1. Identifying market or customers who are selected as the target market by the organisation.
2. Understanding the needs, wants, and requirements of the customers in the target market.
3. Developing the products or services to satisfy the needs of the customers in the target market.
4. Satisfying the needs of the customers in the target market better than its competitors.
5. Performing all of the above steps at a profit.

Societal Concept

Even though the marketing concept satisfies the needs and wants of customers in the best possible way, it faces criticism from people concerned about the environment and society. They believe that companies should not blindly follow their goals of customer satisfaction and should also look for social and environmental factors. If an organisation focuses only on customer satisfaction, then it may result in many social and environmental issues. **For example**, if a customer wants drugs, then the company just to satisfy the customer should not manufacture drugs and supply him. Hence, the societal concept states that an organisation should fulfil customers' satisfaction that is within the ethical and environmental aspects of society.

Difference between the Marketing Management Philosophies

Basis	Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Concept
Starting Point	Starting point under production concept is Factory.	Starting point under product concept is Factory.	Starting point under selling concept is Factory.	Starting point under marketing concept is Market.	Starting point under societal concept is Market and Society.
Main Focus	The main focus of the organisations adopting production concept is on the quantity of the product.	The main focus of the organisations adopting product concept is on the quality of the product.	The main focus of the organisations adopting selling concept is on selling the existing product by hook and crook.	The main focus of the organisations adopting marketing concept is on customer satisfaction.	The main focus of the organisations adopting societal concept is on customer satisfaction along with the traditions of society.
Means	The means of this concept is availability and affordability of product.	The means of this concept is improvement of quality.	The means of this concept is selling and promoting products and services.	The means of this concept is marketing techniques.	The means of this concept is marketing techniques.
End	The end of production concept is profit through volume of production.	The end of product concept is profit through quality of product.	The end of selling concept is profit through sales volume.	The end of marketing concept is profit through customer satisfaction.	The end of societal concept is profit through customer satisfaction and social welfare.

MARKETING ENVIRONMENT

Natural
Environment

Demographic
Environment

According to Philip Kotler, “A company’s marketing environment consists of the internal factors & external factors, which affect the company’s ability to develop & maintain successful transactions & relationships with the company’s target customers.”

Technological
Environment

Political
Environment

Economic
Environment



MICRO **ENVIRONMENT**

- Internal organisation environment
- Marketing Channel
- Competition
- Type of market
- Organisational objectives



MACRO **ENVIRONMENT**

- Demographic factors
- Economic factors
- Natural forces
- Technology factors
- Political factors
- Cultural factors

Customer Vs Consumer



vs



Customer Decision Making Process

Need recognition (awareness)

Search for information (research)

Evaluation of alternatives

Purchasing decision (conversion)

Post-purchase evaluation

Zomato India

In 2012, Zomato's Vice President of Marketing, Pramod Rao, received a direct message from a Twitter user suggesting the company uses Instagram. When that happened, Instagram also decided to be included in their Marketing Strategy. This experience inspired the #Zomato Instagram contest - Zomato was all about food and what better way to interact with food than by sharing photos through Instagram.

Goal

Utilize the popular trend (Use of Instagram) with the Zomato brand essence (Food) and the need to share experiences on social media (Zomato).



Solution

It was a simple two-step contest: 1) you took a picture of food, 2) you shared it on Instagram and with #Zomato. You could submit multiple times.

In addition to this, it enabled users to connect with the brand quickly and did not require much thinking, Moreover, the grand prize was a digital camera, which had relevance to the activity.

Result

- Over one month, 1267 food shots were received.
- 65,000 votes were generated.
- A total of 100,000 page impressions, widely shared on social media.
- This led to creating one of the most delicious websites on the internet - <http://zomato.com/instagram>, which has been up for a while now.
- The brand had 0 Instagram followers before the contest but nearly 150 afterwards.

Types of Market Segmentation

Geographic Segmentation:

Consists of creating different groups of customers based on geographic boundaries.



Demographic Segmentation:

Consists of dividing the market through different variables such as age, gender, income, etc.



Psychographic Segmentation:

Consists of grouping the target audience based on their behavior, lifestyle, attitudes and interests.



Behavioral Segmentation:

Focuses on specific reactions and the way customers go through their purchasing processes.



Levels of Market Segmentation

- Mass marketing
- Segment marketing
- Niche marketing
- Local marketing
- Individual marketing

Mass Marketing

Mass marketing is the marketing of one single product through one strategy to the entire market. Mass marketing believes that in the market there are most people having similar kinds of characteristics, behavior, consumption pattern. It does not differentiate the whole market on the basis of any factors such as consumer's taste, need, preference, age, sex, etc. thus, it is also called undifferentiated marketing.

Mass marketing involves the mass level of activities such as mass production, distribution, promotion of one product to all the potential buyers. The firm which adopts the mass marketing level of market segmentation, if the firm operates at the national level – will target all potential buyers of the country. And, if the firm operates at an international level – it may target all the countries of the planet by considering its capacities.

Segment Marketing

Another one of the important levels of market segmentation is segment marketing. As its name suggests, segment marketing divides the whole market into its various segments on the basis of some factors such as customers' consumption pattern, purchasing power & spending pattern, geography, social values, etc. As segment marketing differentiates the entire market into many segments, it is also known as differentiated marketing.

The best and foremost attractive benefit of segment marketing is, it enables marketers to understand the actual problems of each segment and responds in the best possible way. The big companies having different types of products usually focus on doing segment marketing. For example, a car company differentiates its cars as low-cost cars, luxurious driving experience, performance-based, etc.

Niche Marketing

Niche marketing is the highly specialized level of market segmentation, where the marketer only focuses on specific customers, their distinct need, want, and characteristics. The firm concentrates only on a specific market segment, thus it is also called concentrated marketing.

Example of niche marketing may be a sports car company, where the company only focus on the need and requirements of sports personalities. It does not concentrate on others aspects such as family need, price, etc. Similarly, in the site you are reading, its niche is education/reference.

Local Marketing

The local marketing level of market segmentation may be the easiest to understand than other levels. It simply is the marketing in local markets or areas. Where the locally produced products are marketed in the same area. For example, a farmer market and sells his vegetables to his neighborhoods, his communities people, and other persons of his village.

The marketer may target his neighborhoods, local consumer group, his village people & nearby villages, local market, small region, or even specific stores. The product features may consist of local appeals, organic, local flavor, local usage, etc.

Individual Marketing

Individual marketing is also very easy to understand like local marketing. In individual marketing, the marketer focuses on the satisfying the need and want of a single customer. It is a micro marketing strategy, also referred to as one-to-one marketing and customized marketing. Where a targeted customer is offered a customized or service.

It is like direct marketing, where the marketer individually visits, communicates, and offers his services to the target customer, or also by personalized messages. Mostly, this marketing is used in B2B marketing where more attention is given to market products.

MARKET TARGETING

Every business aims to satisfy the tastes of all customers. However, the tastes and preferences of people are different and difficult to satisfy if a business is focused on 1 product only. Therefore, targeting specific segments in the market will enable companies to provide products that meet the exact needs and expectations of customers in that segment. This can increase customer satisfaction and high quality is maintained. There are different targeting strategies identified including differentiated marketing, undifferentiated marketing, concentrated marketing, and micromarketing.

McDONALD CASE STUDY

McDonald seems to have adopted a multi-segment targeting strategy (Kotler, Armstrong, & Opresnik,

2018). McDonald's focuses on the tastes of all customers without exception.

McDonald's implements various efforts to satisfy the tastes of all its customers. For example, McDonald's presents a Happy Meal menu to entice children to choose McDonald's as their favourite

fast-food restaurant. There are some favourite characters from "My Little Pony" or "Transformers" with every purchase of Happy Meal Menu. McDonald's also focuses on family groups. McDonald's provides several menu options known as McDonald's Family Meals. Families can choose McDonald's

Family Meals because it is more economical and offer reasonable prices. For example, there is a dish

from McDonald's Family Meals only priced at RM 55.00 can be eaten by 5 people. McDonald's Family Meals is a customer choice, especially on weekends. (Perch, 2019)

McDonald also applies local marketing. Local marketing is the adaptation of products produced in accordance with the needs and requirements of local customers. McDonald launched his creative idea of incorporating local flavours into their western menu.

For example, McDonald released a new flavoured McFlurry that is Cendol McFlurry complete with bits of Coconut and Cendol Jelly. Not only that, McDonald's also introduced Nasi Lemak McD. There are 3 side dishes that customers can choose that are Rendang Ayam, Spicy Chicken McDeluxe, or Ayam Goreng McD. McDonald's released this menu because Nasi Lemak is one of the local foods that is synonymous with the community in Malaysia and aims to attract customers who have local tastes.

McDonald's has been promoting its products traditionally through advertisements on television. Not only make promotions traditionally but also in digital media. As we all know, McDonald's has a website that is very easily accessible by users where they always make a discount on its website to attract the attention of their users. In the digital era, the marketers need to take this opportunity to target marketing to digital media users such as Instagram, Twitter, Facebook and more. This platform can be said to provide a good reaction and welcomed by the public. Most of these digital media have successfully persuaded customers to buy the products offered at McDonald's. Moreover, they also offer McDelivery for delivery of its products to consumer homes and McDonald's Drive-Thru can make it easier for its customers to purchase their products

What is product positioning?

At its simplest, product positioning is where your product or service fits into its market, what features make it unique and why it's better than competitors' offerings.

It takes into account your target market's needs and wants, and aims to fulfil them. It's the marketing strategy that sets your business apart from all the rest

“The basic approach of positioning is not to create something new and different, but to manipulate what's already up there in the mind, to re-tie the connections that already exist.”

Why is good product positioning important?

- Your product will **stand out** from the crowd as different
- Customers will **hear your message** above the general noise and chatter of advertising and marketing
- It makes purchasing **easier**; people will buy what they know, like, and trust
- You will know your product's **value**
- You can **justify** the price
- You'll be able to **write** your product's story, content and marketing messages from a position of authority
- It informs **creative** visual design



How to design an effective product positioning strategy

Understand the market

Ask your customers

Tell a story

Know your competitors

Know your product's unique selling point (USP)

Craft a positioning statement

Test your product positioning

Examples of companies who do product positioning well

- **Dove:** The toiletry brand's 'Real Beauty' campaign focused on women's real beauty instead of airbrushed fantasy, tapping into the emotional story of personal care.
- **Apple:** dominates the tech market, even able to convince customers to need things that they never even knew they wanted: "People don't know what they want until you show it to them.... Our task is to read things that are not yet on the page," Steve Jobs.
- **Tesla:** the car manufacturer's product positioning is at the expensive, quality end of the electric vehicle market, complete with added eccentric quirks.
- **McDonalds:** the fast-food giant is so successful internationally because it understands its customers in each region, its cultural wants and needs, and offers them the best experience possible.

Assignment on product positioning

- Self made product
- Brand name

Note- Assignment should be in ppt format.

UNIT 2

The new product development process



LEVEL OF PRODUCT

By Philip Kotler
Book

Factors Affecting Pricing Product: Internal Factors and External Factors

A. Internal Factors:

1. Cost:

While fixing the prices of a product, the firm should consider the cost involved in producing the product. This cost includes both the variable and fixed costs. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.

2. The predetermined objectives:

While fixing the prices of the product, the marketer should consider the objectives of the firm. For instance, if the objective of a firm is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.

3. Image of the firm:

The price of the product may also be determined on the basis of the image of the firm in the market. For instance, HUL and Procter & Gamble can demand a higher price for their brands, as they enjoy goodwill in the market.

4. Product life cycle:

The stage at which the product is in its product life cycle also affects its price. For instance, during the introductory stage the firm may charge lower price to attract the customers, and during the growth stage, a firm may increase the price.

5. Promotional activity:

The promotional activity undertaken by the firm also determines the price. If the firm incurs heavy advertising and sales promotion costs, then the pricing of the product shall be kept high in order to recover the cost.

B. External Factors:

1. Competition:

While fixing the price of the product, the firm needs to study the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.

2. Consumers: The marketer should consider various consumer factors while fixing the prices. The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.

3. Government control:

Government rules and regulation must be considered while fixing the prices. In certain products, government may announce administered prices, and therefore the marketer has to consider such regulation while fixing the prices.

4. Economic conditions:

The marketer may also have to consider the economic condition prevailing in the market while fixing the prices. At the time of recession, the consumer may have less money to spend, so the marketer may reduce the prices in order to influence the buying decision of the consumers.

5. Channel intermediaries:

The marketer must consider a number of channel intermediaries and their expectations. The longer the chain of intermediaries, the higher would be the prices of the goods.

What Is Product Strategy?

Your product strategy is the plan behind your product's intended customers, benefits, execution, and marketing. While product strategy is a [marketing practice](#), it also covers product-specific concepts like design and logistics.

What Is The Purpose Of Product Strategy?

The purpose of product strategy is to find [product market fit](#): the alignment between customer needs and your product. When the market — your customers — truly needs or wants your product, you'll see better profits and stability.

As you learn the process behind developing a product strategy, you'll see that identifying your audience comes first. Why? As famous marketing expert [Seth Godin](#) puts it, “Don't find customers for your products, find products for your customers.”

You don't have control over what your customers need in their lives. But, you do have a say in your product's features and benefits, which you can customize to match their desires.

What Is The Importance Of Product Strategy?

- ❖ Product Strategy Actualizes Your Mission Statement**
- ❖ Product Strategy Establishes A Unified Vision**
- ❖ Product Strategy Sets Measurable Goals**
- ❖ Product Strategy Provides Focus & Alignment**
- ❖ Product Strategy Standardizes Customer Experiences**
- ❖ Product Strategy Directs Efficient Use Of Resources**

What is 'Marketing Mix'

Definition: The *marketing mix* refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

KEY TAKEAWAYS

- A marketing mix refers to a framework that uses the four Ps of product, price, placement, and promotion.
- This concept traces back to 1960, when marketing professor E. Jerome McCarthy first published it in a book entitled *Basic Marketing: A Managerial Approach*.
- The different elements of a marketing mix work in conjunction with one another with the ultimate purpose of generating higher sales.
- In addition to the 4 Ps, three approaches can also be integrated that include people, process, and physical evidence to reinforce a consumer-centric type of marketing strategy.
- This type of strategy extends beyond a product-focused marketing approach.

7P's Of Marketing Mix

The marketing mix defined as set of marketing tools that the used to pursue its marketing objectives in market. The process is exploring, creating, and delivering value for target market



Factors to Consider When Choosing a Distribution Channel

Market Related Factors:

Customers:
Competition:
Existing Channels of Distribution:
Product Factors:

product factors

Perishability:
Nature of the Product:
Technicality:
Seasonality:
Variety Offered:
Unit Value:

Company Factors:

Company's Financial Strength:
The Extent of Control Desired:
Reputation of the Company:
Company's Marketing Policies:
Past Experience:

Channel Related Factors:

The Financial Strength of the Channels:
The Ability of the Channels:
Ability to Provide after Sales Service:

Channel Management

Channel management refers to the different methods of communication businesses use to promote and distribute their products and services to the public market. In advertising, businesses use channel management to publicize marketing campaigns through mediums like TV commercials, social and digital media advertisements, radio programs and print media, such as newspapers and magazines. These platforms make up the channels that companies use to communicate their products to their target market.

**A channel is a passageway, a means of access for a thing, a communication, or an idea. Think of a channel as sort of a tunnel or a funnel that moves something directly through.

common channel management strategies

- **Channel architecture development**
- **Sales management**
- **Pricing**
- **Sales and operations planning**
- **Revenue management**
- **Distribution**
- **Relationship management**
- **Channel strategy**

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

- **Human resource management (HRM or HR)** is the strategic and coherent approach to the effective and efficient management of people in a company or organization such that they help their business gain a competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives
- **The Objectives of HRM**
- The objectives of HRM are the goals of an organization. Individual or group activities are then organized in such a way so as to achieve those objectives or goals. Organizations and companies aim to secure and manage certain resources, including human resources, to achieve the specified goals.
- Human resources must therefore be managed in a way that uses their resources to achieve the organizational objectives/goals. Basically, the objectives of HRM come from and contribute to achieving organizational objectives.

Functions of HR Manager

- Recruitment and Hiring
- Training and Development
- Employer-Employee Relations
- Maintain Company Culture
- Manage Employee Benefits
- Create a Safe Work Environment

HR POLICIES

Human resource (HR) policies are guidelines that outline employee expectations, organizational obligations, disciplinary procedures and behavior standards. These are often written guidelines that HR includes in an [employee handbook](#) for employees to reference as needed. Each policy helps companies with a structure in which teams can work in a positive and productive way.

Functions of HR Policies

- Some specific functions of HR policies include:
- Outlining the organization's opportunities for career growth
- Fostering a healthy [work environment](#)
- Aligning organization policies with legal requirements
- Establishing the proper application of policies at all levels of the company
- Providing context for various organizational programs, like orientation, onboarding and training programs
- Communicating the company's mission, values and goals
- Setting a foundation for organizational accountability during the decision-making process
- Creating a basis for the employee handbook
- Establishing the conditions of employment
- Providing guidelines for employees and supervisors

Essential HR policies

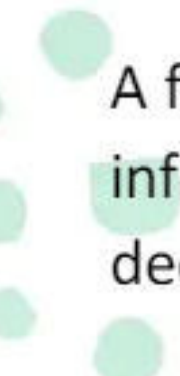
- Employee punctuality and attendance policy
- Health and safety policy
- Pay and timekeeping policy
- Meal and break policy
- Leave and time off work policy
- Employment classifications policy
- Non-discrimination and anti-harassment policy
- At-will employment policy
- Social media policy
- Telecommuting policy

Objectives, Role and Scope of Management Accounting



Management Accounting

Also called *Managerial Accounting* or *Internal Accounting*



A field of accounting that provides economic and financial information for internal users, particularly the managers or decision-makers in an organization

Objectives of Management Accounting

The main objective of managerial accounting is to assist the management of a company in efficiently performing its functions: planning, organizing, directing, and controlling.

- Analysis and Interpretation of Financial Statements
- Planning and policy-making
- Decision-Making
- Controlling
- Coordinating
- Communicating
- Helps in evaluating the efficiency and effectiveness of policies

● Benefits of Management Accounting

Management Accounting supports the organization to achieve these objectives:

- Determining the goals
- Reduce Costs
- Increase Efficiency
- Maximizing the Profitability
- Increase Financial Returns

Functions of Management Accounting

Management accountants perform three functions, in general

Scorekeeping

- accumulate data and report reliable results to all levels of management

Attention-directing

- make visible opportunities and problems on which managers need to focus

Problem-solving

- conduct comparative analysis to identify the best alternatives in relation to the organization's goals

Functions of Management Accounting

Other functions of management accounting include:

1. HELPING FORECAST THE FUTURE
2. HELPING IN MAKE-OR-BUY DECISIONS
3. FORECASTING CASH FLOWS
4. HELPING UNDERSTAND PERFORMANCE VARIANCES
5. ANALYZING THE RATE OF RETURN

Role of Management Accounting

Managerial accounting covers all fields of accounting designed at informing management of business operation parameters, which include reports of *budgeting, trend analysis, sales forecasting, product costing, constraint analysis and many more* on daily, weekly or monthly basis.

Scope of Management Accounting

Financial Accounting: Financial Accounting provides historical information useful for future planning and financial forecasting

Cost Accounting: It provides various techniques of costing which are used in the process of planning and decision-making.

Forecasting and budgeting: Management Accounting exercises the tool of forecasting and budgeting in the process of planning, controlling and decision-making

Tax accounting and tax planning: the analysis of implication of tax provisions on future projects comes under management accounting.



Scope of Management Accounting

Internal Control & Audit: Management Accounting highly depends on internal control system existing in the organization to identify the weaker sections of the organization.

Cost Control Procedures: include inventory control, cost control, budgetary control, variance analysis etc.

Financial Analysis and Interpretation: Various financial analysis techniques such as Ratio Analysis, Fund Flow Analysis, Trend analysis are used to analyze and interpret financial data.

Reporting to Management: The Management Accountant is required to submit reports to the management as per their requirements.

Office Services: Management Accountant is expected to maintain and control office routines and procedures like filing, copying, communicating, data processing etc.

Statistical Tools: Various statistical tools like graphs, charts, diagrams are used in the process of planning, controlling and decision-making.



Comparing Management Accounting with Financial Accounting

	Management Accounting	Financial Accounting
Targeted users	Internally focused	Externally focused
Restrictions on inputs and processes	No mandatory rules	Must follow externally imposed rules
Type of information	Financial and nonfinancial information; subjective information possible	Objective financial information
Time orientation	Emphasis on the future	Historical orientation
Degree of aggregation	Internal evaluation and decisions based on very detailed information	Information about the firm as a whole
Breadth	Broad, multidisciplinary	More self-contained

Business Research Methodology



What is research?



- **Research**
- Research is Search for Knowledge
- Research means finding out something new things. In business, research helps us understand and solve problems.
- It is a Journey of discovery.
- Dictionary Definition :- Research is a Careful Investigation /Inquiry specially through search for new facts In any branch of knowledge.

Research Meaning



- According to Clifford woody.

Research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

- There are two basic purposes for research
 1. To learn something , or
 2. To gather evidence

Scope of Research

Scope/Major area in Research

Marketing

- Demand
- supply
- Sales
- Consumer Behaviour
- Advertising etc

Finance

- Working capital
- Fixed Assets
- financial position
- stock & commodity mkt.
- share and debentures.
- Budgeting

production & Material Control

- volume
- quality
- Fashion
- Quality
- inventory
- purchase
- storage
- cost analysis etc

Banking

- loans and advance
- NPA
- Assets liability
- CAMEL
- PMJDY
- financial inclusion
- Interest Rates
- deposits' etc

Human Resource

- Recruitment
- Selection
- performance appraisals
- Employee turnover
- Training and development
- Wage rate system
- etc

Research Design



- The term “research design” means ‘drawing for research’.
- It is a systematic planning of conducting research.
- It aims to achieve goals of the research

Need and Purpose



- It helps in smooth sailing of the research process.
- It saves the money, manpower and materials.
- It helps the researchers for advance planning and avoids duplication.
- It helps to modify the research if any difficulties.
- It gives reality to research.

Characteristics of Good Research Design



- Clearly Defined
- State limitations and assumptions
- Planned
- Sufficiency of data
- Generalisations
- Systematics
- Logical
- Empirical
- Replicable
- Integrity and commitment

Types of Research



- Pure and Applied Research
- Exploratory or Formulative Research
- Descriptive Research
- Diagnostic Study
- Action Research
- Experimental Research
- Analytical study or statistical Method
- Historical Research
- Surveys
- Case Study

Pure Research



Pure

- It can contribute new facts
- It may aid in conceptual clarification
- It is a research concerning principles or laws or rules. It aims at the achievement of knowledge and truth. It may verify/testing the old theory and hypotheses or establish a new one. It tries to explain the cause and effect relationship in social phenomena. The knowledge produced through pure research is sought in order to add to the existing body of research methods.

Pure Research



Example -A curious individual conducting an experiment at home to understand how different temperatures affect the growth rate of a specific type of plant. They carefully monitor the plant's growth under various controlled conditions, record their observations, and analyze the data. This pure research is driven by a desire to learn more about plant biology and the factors that influence plant growth. While the findings might not have an immediate practical use, they could contribute to our general understanding of plant physiology and contribute to the broader field of botany.

Applied Research



Applied

- It offers solutions to many practical problems.
- To find the critical factors in a practical problem.
- applied research involves using existing knowledge and theories to address specific practical problems or find solutions to real-world issues. It takes the insights gained from pure research and applies them to practical situations, aiming to create useful products, processes, or improvements in various fields.
- Ex Developing a new drug to treat a specific disease based on the understanding of biochemical processes gained from pure research.

Applied Research



Applied research is designed to solve practical problems of the modern world, rather than to acquire knowledge for knowledge sake. The goal of the applied scientist is to improve the human conditions.

For example

- Improve agricultural crop production
- Treat or cure a specific disease
- Improve the energy efficiency of homes, offices, or modes of transportation

Exploratory or Formulative Research



Exploratory

Exploratory research is preliminary study of an unfamiliar problem about which the researcher has little or no knowledge.

Example -Research conducted to explore the potential reasons behind a sudden decrease in customer satisfaction for a particular product

Descriptive Research



- This type of research aims to describe and document characteristics, behaviors, or phenomena without altering or manipulating them. It's about observing and reporting facts as they are.
- Example -A study that describes the eating habits of teenagers in a specific region, including their preferred foods and dining frequency.

Diagnostic Study



- It is directed towards discovering what is happening, why is it happening and what can be done about.
- It aims at identifying the causes of a problem and the possible solutions for it.

Example -A medical laboratory conducting a study to develop a new blood test that can accurately detect early stages of a specific disease, such as diabetes.

Action Research



- Action research is conducted by practitioners to solve real-world problems in their own context. It emphasizes collaboration and learning through action.
- Example-Teachers collaborating to improve classroom engagement by implementing new teaching techniques and observing the impact on student participation.

Experimental Research



- Experimental research is commonly used in sciences such as sociology and psychology, physics, chemistry, biology and medicine etc.
- It is a systematic and scientific approach to research in which the researcher manipulates one or more variables, and controls and measures any change in other variables.

Historical Research



- The systematic collection and evaluation of data related to past occurrences in order to describe causes, effects, and trends of those events that may help explain present events and anticipate future events.
- Data is often archival-including newspaper clippings, photographs, etc.- and may include interviews.
- To draw explanations and generalizations from the past trends in order to understand the present and to anticipate the future.
- It enables us to grasp our relationship with the past and to plan more intelligently for the future.

Survey Research



- Survey research is one of the most important areas of measurement in applied social research. The broad area of survey research encompasses any measurement procedures that involve asking questions of respondents. A "survey" can be anything from a short paper-and-pencil feedback form to an intensive one-on-one in-depth interview.
- **EXAMPLE** -Distributing a questionnaire to gather data on public opinions regarding environmental conservation practices.

Case Study



- A case study is a research methodology common in social science.
- It is based on an in-depth investigation of a single individual, group, or event to explore causation in order to find underlying principles
- Example: Investigating a specific company's success by examining its strategies, market conditions, and management decisions.



THANK YOU

Environmental Studies

Dr. Alka Singh
Assistant Professor
LLDIMS

Environmental Studies : Definition, Scope and Importance

- ▶ **INTRODUCTION:** The science of Environment studies is a multi-disciplinary science because it comprises various branches of studies like chemistry, physics, medical science, life science, agriculture, public health, sanitary engineering etc. It is the science of physical phenomena in the environment. It studies of the sources, reactions, transport, effect and fate of physical a biological species in the air, water and soil and the effect of from human activity upon these.
- ▶ **Douglas and Holland:** ‘The term environment is used to describe, in the aggregate, all the external forces, influences and conditions, which affect the life, nature, behaviour and the growth, development and maturity of living organisms.’


- ▶ **Importance Of Environment Studies:** The environment studies enlighten us, about the importance of protection and conservation of our indiscriminate release of pollution into the environment. At present a great number of environment issues, have grown in size and complexity day by day, threatening the survival of mankind on earth. We study about these issues besides and effective suggestions in the Environment Studies.
- ▶ Environment studies have become significant for the following reasons:
 - ▶ Environment Issues Being of International Importance
 - ▶ Problems Cropped in The Wake of Development
 - ▶ Explosively Increase in Pollution
 - ▶ Need for An Alternative Solution
 - ▶ Need To Save Humanity From Extinction
 - ▶ Need For Wise Planning of Development

Scope and Importance of Environmental Studies:


(a) Environmental Science:

- ▶ It deals with the scientific study of environmental system (air, water, soil and land), the inherent or induced changes on organisms and the environmental damages incurred as a result of human interaction with the environment.

b) Environmental Engineering:

- ▶ It deals with the study of technical processes involved in the protection of environment from the potentially deleterious effects of human activity and improving the environmental quality for the health and well beings of humans.
- 

(c) Environmental Management:

- ▶ It promotes due regard for physical, social and economic environment of the enterprise or projects. It encourages planned investment at the start of the production chain rather than forced investment in cleaning up at the end.
 - ▶ It generally covers the areas as environment and enterprise objectives, scope, and structure of the environment, interaction of nature, society and the enterprise, environment impact assessment, economics of pollution, prevention, environmental management standards etc.
- 

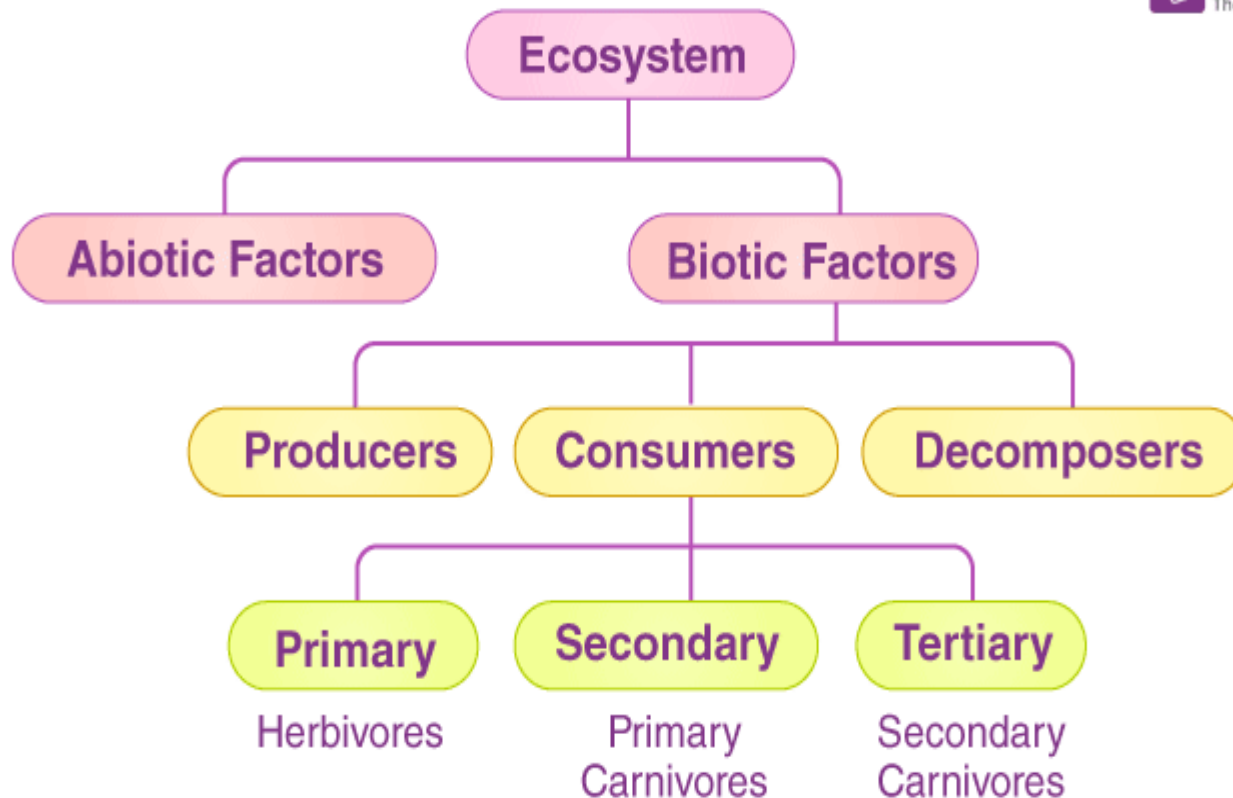
Ecosystem

- ▶ An ecosystem is a structural and functional unit of ecology where the living organisms interact with each other and the surrounding environment. In other words, an ecosystem is a chain of interactions between organisms and their environment. The term “Ecosystem” was first coined by A.G.Tansley, an English botanist, in 1935.

Structure of the Ecosystem

- ▶ The structure of an ecosystem can be split into two main components, namely:
 - ▶ Biotic Components
 - ▶ Abiotic Components

- ▶ The biotic and abiotic components are interrelated in an ecosystem. It is an open system where the energy and components can flow throughout the boundaries.



1. Biotic Components

- ▶ Biotic components refer to all living components in an ecosystem. Based on nutrition, biotic components can be categorized into autotrophs, heterotrophs and saprotrophs (or decomposers).
- ▶ **Producers** include all autotrophs such as plants. They are called autotrophs as they can produce food through the process of photosynthesis. Consequently, all other organisms higher up on the food chain rely on producers for food.
- ▶ **Consumers** or heterotrophs are organisms that depend on other organisms for food. Consumers are further classified into primary consumers, secondary consumers and tertiary consumers.
 - *Primary consumers* are always herbivores as they rely on producers for food.

- **Secondary consumers** depend on primary consumers for energy. They can either be carnivores or omnivores.
- **Tertiary consumers** are organisms that depend on secondary consumers for food. Tertiary consumers can also be carnivores or omnivores.
- **Quaternary consumers** are present in some food chains. These organisms prey on tertiary consumers for energy. Furthermore, they are usually at the top of a food chain as they have no natural predators.
- ▶ **Decomposers** include saprophytes such as fungi and bacteria. They directly thrive on the dead and decaying organic matter. Decomposers are essential for the ecosystem as they help in recycling nutrients to be reused by plants.

2. Abiotic Components

- ▶ Abiotic components are the non-living component of an ecosystem. It includes air, water, soil, minerals, sunlight, temperature, nutrients, wind, altitude, turbidity, etc.

Functions of Ecosystem

- ▶ The functions of the ecosystem are as follows:
 - It regulates the essential ecological processes, supports life systems and renders stability.
 - It is also responsible for the cycling of nutrients between biotic and abiotic components.
 - It maintains a balance among the various trophic levels in the ecosystem.
 - It cycles the minerals through the biosphere.
 - The abiotic components help in the synthesis of organic components that involve the exchange of energy.



So the functional units of an ecosystem or functional components that work together in an ecosystem are:

- ▶ **Productivity** – It refers to the rate of biomass production.
- ▶ **Energy flow** – It is the sequential process through which energy flows from one trophic level to another. The energy captured from the sun flows from producers to consumers and then to decomposers and finally back to the environment.
- ▶ **Decomposition** – It is the process of breakdown of dead organic material. The top-soil is the major site for decomposition.
- ▶ **Nutrient cycling** – In an ecosystem nutrients are consumed and recycled back in various forms for the utilisation by various organisms.



Types of Ecosystem

- ▶ An ecosystem can be as small as an oasis in a desert, or as big as an ocean, spanning thousands of miles. There are two types of ecosystem:
 - ▶ Terrestrial Ecosystem
 - ▶ Aquatic Ecosystem

1. Terrestrial Ecosystem

- ▶ Terrestrial ecosystems are exclusively land-based ecosystems. There are different types of terrestrial ecosystems distributed around various geological zones. They are as follows:
 - ▶ Forest Ecosystem
 - ▶ Grassland Ecosystem
 - ▶ Tundra Ecosystem
 - ▶ Desert Ecosystem

2. Aquatic Ecosystem

- ▶ Aquatic ecosystems are ecosystems present in a body of water. These can be further divided into two types, namely:
- ▶ Freshwater Ecosystem
- ▶ Marine Ecosystem

Biodiversity

“Biodiversity is the variation among living organisms from different sources including terrestrial, marine and desert ecosystems, and the ecological complexes of which they are a part.”

- ▶ Biodiversity describes the richness and variety of life on earth. It is the most complex and important feature of our planet. Without biodiversity, life would not sustain.
- ▶ The term biodiversity was coined in 1985. It is important in natural as well as artificial ecosystems. It deals with nature's variety, the biosphere. It refers to variability's among plants, animals and microorganism species.

Levels of Biodiversity

- ▶ There are the following three different types of biodiversity:
- ▶ Genetic Biodiversity
- ▶ Species Biodiversity
- ▶ Ecological Biodiversity

Importance of Biodiversity

- ▶ Biodiversity and its maintenance are very important for sustaining life on earth. A few of the reasons explaining the importance of biodiversity are:
 - ▶

- ▶ Ecological Stability
- ▶ Economic Importance
- ▶ Ethical Importance

Biodiversity in India

- ▶ India is one of the most diverse nations in the world. It ranks ninth in terms of plant species richness. Two of the world's 25 biodiversity hotspots are found in India. It is the origin of important crop species such as pigeon pea, eggplant, cucumber, cotton and sesame. India is also a centre of various domesticated species such as millets, cereals, legumes, vegetables, medicinal and aromatic crops, etc.
- ▶ India is equally diverse in its faunal wealth. There are about 91000 animal species found here.
- ▶ However, diversity is depleting at a drastic rate and various programmes on biodiversity conservation are being launched to conserve nature



Major Issues in Biodiversity

- ▶ Eight major causes of biodiversity are as follows:
- ▶ 1. Habitat Loss and Fragmentation 2. Over-exploitation for Commercialization 3. Invasive Species 4. Pollution 5. Global Climate Change 6. Population Growth and Over-consumption 7. Illegal Wildlife Trade 8. Species extinction.
- ▶ **1. Habitat Loss and Fragmentation:**
- ▶ A habitat is the place where a plant or animal naturally lives. Habitat loss is identified as main threat to 85% of all species described as threatened or endangered. Factors responsible for this are deforestation, fire and over-use and urbanization

▶ **2. Over-exploitation for Commercialization:**

- ▶ Over-exploitation of resources has costed more environmental degradation than earning. For example; shrimp farming in India, Thailand, Ecuador and Indonesia results in Wetland destruction, pollution of coastal waters and degradation of coastal fisheries. Scientific studies have concluded that cost of environmental degradation resulting from shrimp farming was costing more than the earning through shrimp exports.

▶ **3. Invasive Species:**

- ▶ Invasive species are ‘alien’ or ‘exotic’ species which are introduced accidentally or intentionally by human. These species become established in their new environment and spread unchecked, threatening the local biodiversity. These invasive alien species have been identified as the second greatest threat to biodiversity after habitat loss.

▶ **4. Pollution:**

- ▶ Pollution is a major threat to biodiversity, and one of the most difficult problems to overcome; Pollutants do not recognize international boundaries. For example, agricultural run-off, which contains a variety of fertilizers and pesticides, may seep into ground water and rivers before ending up in the ocean. Atmospheric pollutants drift with prevailing air currents and are deposited far from their original source.

▶ **5. Global Climate Change:**


- ▶ Many climatologists believe that the greenhouse effect is likely to raise world temperatures by about 2°C by 2030, meaning that sea levels will rise by around 30-50 cm by this time. Global warming, coupled with human population growth and accelerating rates of resource use will bring further losses in biological diversity. Vast areas of the world will be inundated causing loss of human life as well as ecosystem

▶ **6. Population Growth and Over-consumption:**

▶ From a population of one billion at the beginning of the 19th century, our species now numbers more than six billion people. Such rapid population growth has meant a rapid growth in the exploitation of natural resources— water, foods and minerals. Although there is evidence that our population growth rate is beginning to slow down, it is clear that the exploitation of natural resources is currently not sustainable. Added to this is the fact that 25 per cent of the population consumes about 75 per cent of the world's natural resources. This problem of over-consumption is one part of the broader issue of unsustainable use.

▶ **7. Illegal Wildlife Trade:**

▶ The international trade in wild plants and animals is enormous. Live animals are taken for the pet trade, or their parts exported for medicines or food. Plants are also taken from the wild for their horticultural or medicinal value.

- ▶ **8. Species extinction:**
 - ▶ Extinction is a natural process. The geological record indicates that many hundreds of thousands of plant and animal species have disappeared over the eras as they have failed to adapt to changing conditions. Recent findings however indicate that the current rate of species extinction is at least a hundred to a thousand times higher than the natural rate.
- 

THANK YOU

TOTAL QUALITY MANAGEMENT



Contents

- Introduction.
- Concepts of tqm.
- Benefits of tqm.
- Characteristics of tqm.
- Key elements of tqm.
- Tqm in pharma industry.
- Advantages.
- Disadvantages.
- Conclusion.
- References.

Introduction



Total - made up of the whole

Quality - degree of excellence a product or service provides

Management - act, art or manner of planning, controlling, directing,.....

Therefore, TQM is the art of managing the whole to achieve excellence.

The concept of TQM

- Produce quality work the first time.
- Focus on the customer.
- Have a strategic approach to improvement.
- Improve continuously.
- Encourage mutual respect and teamwork.

Various Definitions

- Total quality management (TQM) has been defined as an integrated organizational effort designed to improve quality at every level.
- The process to produce a perfect product by a series of measures require an organized effort by the entire company to prevent or eliminate errors at every stage in production is called total quality management.
- According to international organization for standards defined tqm as, “TQM is a management approach for an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction and benefits to all members of the organization and to the society.

Characteristics of TQM

- Committed management.
- Adopting and communicating about total quality management.
- Closer customer relations.
- Closer provider relations.
- Benchmarking.
- Increased training.
- Open organization
- Employee empowerment.
- Flexible production.
- Process improvements.
- Process measuring

Traditional approach and TQM

Quality element	Previous state	TQM
Definition	Product-oriented	Customer-oriented
Priorities	Second to service and cost	First among equals of service and cost
Decisions	Short-term	Long-term
Emphasis	Detection	Prevention
Errors	Operations	System
Responsibility	Quality Control	Everyone
Problem solving	Managers	Teams
Manager's role	Plan, assign, control, and enforce	Delegate, coach, facilitate, and mentor

The three aspects of TQM

Counting

Tools, techniques, and training in their use for analyzing, understanding, and solving quality problems

Customers

Quality for the customer as a driving force and central concern.

Culture

Shared values and beliefs, expressed by leaders, that define and support quality.

Principles of tqm

1. Produce quality work the first time and every time.
2. Focus on the customer.
3. Have a strategic approach to improvement.
4. Improve continuously.
5. Encourage mutual respect and teamwork

The key elements of the TQM

- Focus on the customer.
- Employee involvement
- Continuous improvement



Focus on the customer

- It is important to identify the organization's customers.
- External customers consume the organization's product or service.
- Internal customers are employees who receive the output of other employees.



Employee Involvement

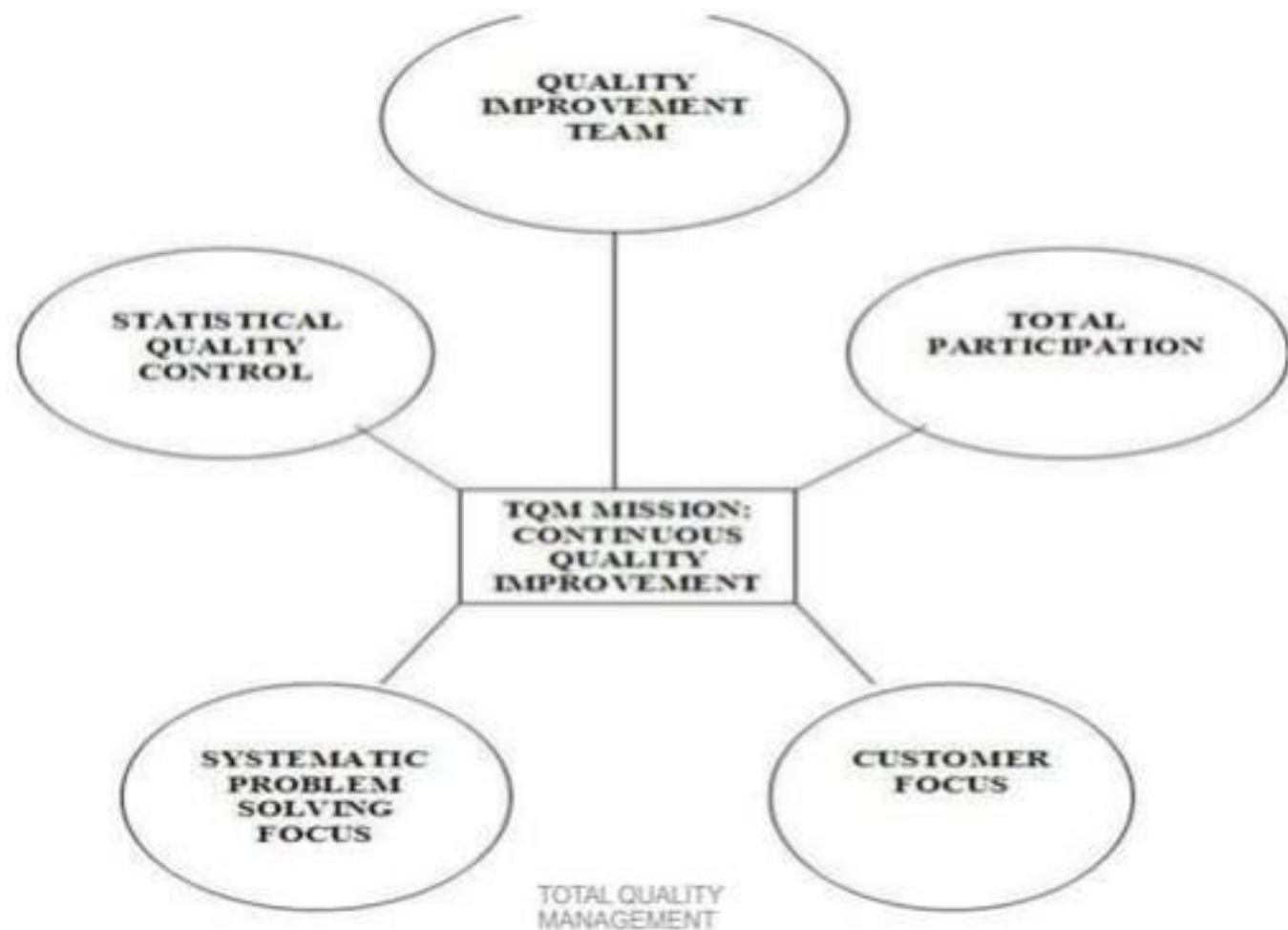
- Since the quality is considered the job of all employees, employees should be involved in quality initiatives.
- Front line employees are likely to have the closest contact with external customers and thus can make the most valuable contribution to quality.
- Therefore, employees must have the authority to innovate and improve quality.

Continuous improvement



TOTAL QUALITY
MANAGEMENT

Continuous improvement



CONTINUOUS IMPROVEMENT

- The quest for quality is a never-ending process in which people are continuously working to improve the performance, speed and number of features of the product or service.
- Continuous improvement means that small, incremental improvement that occurs on a regular basis will eventually add up to vast improvement in quality.
- TQM is the management process used to make continuous improvements to all functions.
- TQM represents an ongoing, continuous commitment to improvement.
- The foundation of total quality is a management philosophy that supports meeting customer requirements through continuous improvement.

Continuous Process Improvement.

- View all work as process – production and business.
- Process – purchasing, design, invoicing, etc.
- Inputs – process – outputs.
- Process improvement – increased customer satisfaction.
- Improvement – 5 ways:
 - reduce resources, reduce errors, meet expectations of downstream customers, make process safer, make process more satisfying to the person doing

THE TQM SYSTEM

Objective

Continuous Improvement

Principles

Customer Focus

Process Improvement

Total Involvement

Elements

Leadership
Education and Training *Supportive structure*
Communications and recognition *Reward and recognition*
Measurement

BENEFITS OF TQM:

- Improved quality.
- Employee participation.
- Team work.
- Working relationships.
- Customer satisfaction.
- Employee satisfaction.
- Productivity.
- Communication.
- Profitability.
- Market share.

Importance of TQM in pharma industry

Handling:

- Containers should be opened carefully and subsequently resealed in an approved manner.
- Highly sensitising material such as penicillins and cephalosporins should be handled in separate production areas.
- Highly active or toxic API (e.g. certain steroids, cytostatic substances) should be manufactured in a dedicated area and using dedicated equipment.
- Pure and final API should be handled in an environment giving adequate protection against contamination.

Storage:

- Secure storage facilities should be designated for use to prevent damage or deterioration of materials.
- These should be kept clean and tidy and subject to appropriate pest control measures.
- Environmental conditions should be recorded.
- The condition of stored material should be assessed at appropriate intervals.
- Storage conditions for api should be based upon stability studies taking into account time, temperature, humidity, light etc



Packaging:

- Labelling and packaging processes should be defined and controlled to ensure that correct packaging materials are used correctly and other specified requirements are met.
- Printed labels should be securely stored to avoid mix-ups arising.
- Marking and labelling should be legible and durable, provide sufficient information, for accurate identification and indicate, if appropriate, required storage conditions, retest and/or expiry date.

Facilities and equipment:

- The location, design, and construction of buildings should be suitable for the type and stage of manufacture involved, protecting the product from contamination (including cross-contamination) and protecting operators and the environment from the product.
- Equipment surfaces in contact with materials used in api manufacture should be non-reactive.

Sterile area

- Personnel suffering from an infectious disease or having open lesions on the exposed surface of the body should avoid activities which could compromise the quality of API.
- Smoking, eating, drinking, chewing and storage of food should be restricted to designated areas separated from production or control areas.



Labelling

- Each container should be identified by an appropriate label, showing at least the product identification and the assigned batch code, or any other easily understandable combination of both.
- Containers for external distribution may require additional labels.

Computerised systems

- . Computer systems should be designed and operated to prevent unauthorised entries or changes to the programme.
- In the case of manual entry of quality critical data there should be a second independent check to verify accuracy of the initial entry.
- A back-up system should be provided of all quality critical data.

Advantages of tqm



- Improves reputation- faults and problems are spotted and sorted quicker.
- Higher employee morale- workers motivated by extra responsibility ,team work and involvement indecisions of tqm.
- Lower cost.
- Decrease waste as fewer defective products and no need for separate.

Disadvantages of tqm



- Initial introduction cost.
- Benefits may not be seen for several years.
- Workers may be resistant to change.

A model for organization management.

TQM Model



Models of tqm



BENEFITS OF TOTAL QUALITY MANAGEMENT

- Financial benefits include lower costs, higher returns on sales and investment, and the ability to charge higher rather than competitive prices.
- Improved access to global markets, higher customer retention levels, less
- Time required to develop new innovations, and a reputation as a quality firm.
- Total quality management (tqm) is one such approach that seeks to improve quality and
- Performance which will meet or exceed customer expectations.



CONCLUSION:

- TQM encourages participation amongst employees, managers and organization as whole.
- Using Quality management reduces rework nearly to zero in an achievable goal .The responsibilities either its professional, social, legal one that rest with the pharmaceutical manufacturer for the assurance of quality of product are tremendous and it can only be achieved by well organised.
- Work culture and complete engagement of the employees at the work place. It should be realised that national & international regulations must be implemented systematically and process.
- Control should be practiced rigorously.
- Thus quality is critically important ingredient to organisational success today which can be achieved by TQM, an organisational approach that focusses on quality as an over achieving goals, aimed at aimed at the prevention of defects rather than detection of defects..

Reference:



- Text book of Total Quality Management by L.Suganthi and Anand A.Samuel,2nd edition,2005,page no.49-61.
- Total Quality Management by R.S Nagarajan, A.A.Arivalangar,new age international publishers,1st edition,2009,page no.21.
- www.slideshare.com/tqm in pharma industry.



TOTAL QUALITY MANAGEMENT



Contents

- Introduction.
- Concepts of tqm.
- Benefits of tqm.
- Characteristics of tqm.
- Key elements of tqm.
- Tqm in pharma industry.
- Advantages.
- Disadvantages.
- Conclusion.
- References.

Introduction



Total - made up of the whole

Quality - degree of excellence a product or service provides

Management - act, art or manner of planning, controlling, directing,.....

Therefore, TQM is the art of managing the whole to achieve excellence.

The concept of TQM

- Produce quality work the first time.
- Focus on the customer.
- Have a strategic approach to improvement.
- Improve continuously.
- Encourage mutual respect and teamwork.

Various Definitions

- Total quality management (TQM) has been defined as an integrated organizational effort designed to improve quality at every level.
- The process to produce a perfect product by a series of measures require an organized effort by the entire company to prevent or eliminate errors at every stage in production is called total quality management.
- According to international organization for standards defined tqm as, “TQM is a management approach for an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction and benefits to all members of the organization and to the society.

Characteristics of TQM

- Committed management.
- Adopting and communicating about total quality management.
- Closer customer relations.
- Closer provider relations.
- Benchmarking.
- Increased training.
- Open organization
- Employee empowerment.
- Flexible production.
- Process improvements.
- Process measuring

Traditional approach and TQM

Quality element	Previous state	TQM
Definition	Product-oriented	Customer-oriented
Priorities	Second to service and cost	First among equals of service and cost
Decisions	Short-term	Long-term
Emphasis	Detection	Prevention
Errors	Operations	System
Responsibility	Quality Control	Everyone
Problem solving	Managers	Teams
Manager's role	Plan, assign, control, and enforce	Delegate, coach, facilitate, and mentor

The three aspects of TQM

Counting

Tools, techniques, and training in their use for analyzing, understanding, and solving quality problems

Customers

Quality for the customer as a driving force and central concern.

Culture

Shared values and beliefs, expressed by leaders, that define and support quality.

Principles of tqm

1. Produce quality work the first time and every time.
2. Focus on the customer.
3. Have a strategic approach to improvement.
4. Improve continuously.
5. Encourage mutual respect and teamwork

The key elements of the TQM

- Focus on the customer.
- Employee involvement
- Continuous improvement



Focus on the customer

- It is important to identify the organization's customers.
- External customers consume the organization's product or service.
- Internal customers are employees who receive the output of other employees.



Employee Involvement

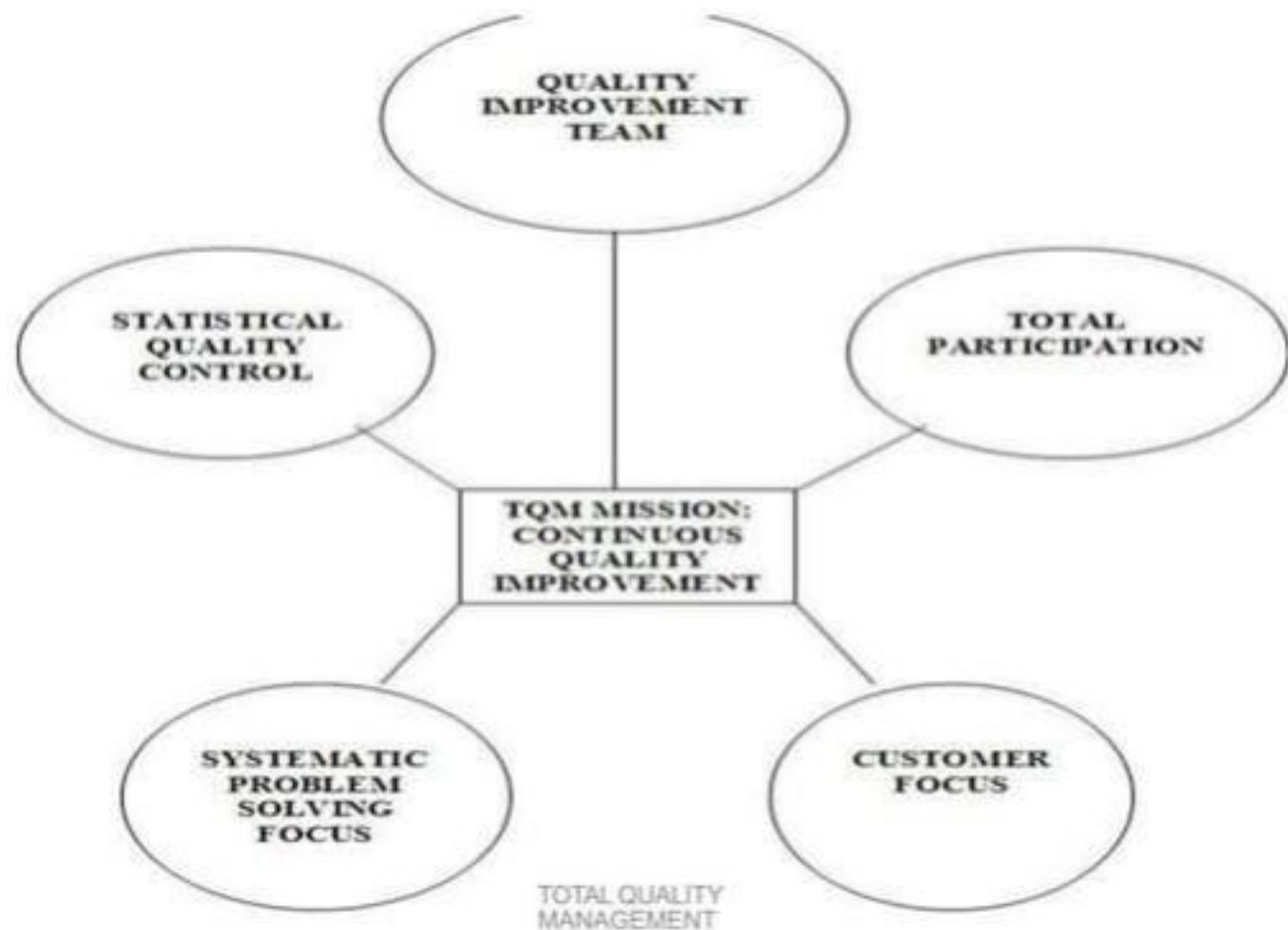
- Since the quality is considered the job of all employees, employees should be involved in quality initiatives.
- Front line employees are likely to have the closest contact with external customers and thus can make the most valuable contribution to quality.
- Therefore, employees must have the authority to innovate and improve quality.

Continuous improvement



TOTAL QUALITY
MANAGEMENT

Continuous improvement



CONTINUOUS IMPROVEMENT

- The quest for quality is a never-ending process in which people are continuously working to improve the performance, speed and number of features of the product or service.
- Continuous improvement means that small, incremental improvement that occurs on a regular basis will eventually add up to vast improvement in quality.
- TQM is the management process used to make continuous improvements to all functions.
- TQM represents an ongoing, continuous commitment to improvement.
- The foundation of total quality is a management philosophy that supports meeting customer requirements through continuous improvement.

Continuous Process Improvement.

- View all work as process – production and business.
- Process – purchasing, design, invoicing, etc.
- Inputs – process – outputs.
- Process improvement – increased customer satisfaction.
- Improvement – 5 ways:
 - reduce resources, reduce errors, meet expectations of downstream customers, make process safer, make process more satisfying to the person doing

THE TQM SYSTEM

Objective

Continuous Improvement

Principles

Customer Focus

Process Improvement

Total Involvement

Elements

Leadership
Education and Training *Supportive structure*
Communications and recognition *Reward and recognition*
Measurement

BENEFITS OF TQM:

- Improved quality.
- Employee participation.
- Team work.
- Working relationships.
- Customer satisfaction.
- Employee satisfaction.
- Productivity.
- Communication.
- Profitability.
- Market share.

Importance of TQM in pharma industry

Handling:

- Containers should be opened carefully and subsequently resealed in an approved manner.
- Highly sensitising material such as penicillins and cephalosporins should be handled in separate production areas.
- Highly active or toxic API (e.g. certain steroids, cytostatic substances) should be manufactured in a dedicated area and using dedicated equipment.
- Pure and final API should be handled in an environment giving adequate protection against contamination.

Storage:

- Secure storage facilities should be designated for use to prevent damage or deterioration of materials.
- These should be kept clean and tidy and subject to appropriate pest control measures.
- Environmental conditions should be recorded.
- The condition of stored material should be assessed at appropriate intervals.
- Storage conditions for api should be based upon stability studies taking into account time, temperature, humidity, light etc



Packaging:

- Labelling and packaging processes should be defined and controlled to ensure that correct packaging materials are used correctly and other specified requirements are met.
- Printed labels should be securely stored to avoid mix-ups arising.
- Marking and labelling should be legible and durable, provide sufficient information, for accurate identification and indicate, if appropriate, required storage conditions, retest and/or expiry date.

Facilities and equipment:

- The location, design, and construction of buildings should be suitable for the type and stage of manufacture involved, protecting the product from contamination (including cross-contamination) and protecting operators and the environment from the product.
- Equipment surfaces in contact with materials used in api manufacture should be non-reactive.

Sterile area

- Personnel suffering from an infectious disease or having open lesions on the exposed surface of the body should avoid activities which could compromise the quality of API.
- Smoking, eating, drinking, chewing and storage of food should be restricted to designated areas separated from production or control areas.



Labelling

- Each container should be identified by an appropriate label, showing at least the product identification and the assigned batch code, or any other easily understandable combination of both.
- Containers for external distribution may require additional labels.

Computerised systems

- . Computer systems should be designed and operated to prevent unauthorised entries or changes to the programme.
- In the case of manual entry of quality critical data there should be a second independent check to verify accuracy of the initial entry.
- A back-up system should be provided of all quality critical data.

Advantages of tqm



- Improves reputation- faults and problems are spotted and sorted quicker.
- Higher employee morale- workers motivated by extra responsibility ,team work and involvement indecisions of tqm.
- Lower cost.
- Decrease waste as fewer defective products and no need for separate.

Disadvantages of tqm



- Initial introduction cost.
- Benefits may not be seen for several years.
- Workers may be resistant to change.

A model for organization management.

TQM Model



Models of tqm



BENEFITS OF TOTAL QUALITY MANAGEMENT

- Financial benefits include lower costs, higher returns on sales and investment, and the ability to charge higher rather than competitive prices.
- Improved access to global markets, higher customer retention levels, less
- Time required to develop new innovations, and a reputation as a quality firm.
- Total quality management (tqm) is one such approach that seeks to improve quality and
- Performance which will meet or exceed customer expectations.



CONCLUSION:

- TQM encourages participation amongst employees, managers and organization as whole.
- Using Quality management reduces rework nearly to zero in an achievable goal .The responsibilities either its professional, social, legal one that rest with the pharmaceutical manufacturer for the assurance of quality of product are tremendous and it can only be achieved by well organised.
- Work culture and complete engagement of the employees at the work place. It should be realised that national & international regulations must be implemented systematically and process.
- Control should be practiced rigorously.
- Thus quality is critically important ingredient to organisational success today which can be achieved by TQM, an organisational approach that focusses on quality as an over achieving goals, aimed at aimed at the prevention of defects rather than detection of defects..

Reference:



- Text book of Total Quality Management by L.Suganthi and Anand A.Samuel,2nd edition,2005,page no.49-61.
- Total Quality Management by R.S Nagarajan, A.A.Arivalangar,new age international publishers,1st edition,2009,page no.21.
- www.slideshare.com/tqm in pharma industry.



SERVICE MARKETING

MEANING

- ⦿ a **service** as an act or performance that one party can offer to another that is basically intangible and **does** not result in the ownership of anything. Its production may or may not be tied to a physical product.
- ⦿ *Services are activities, benefits or satisfactions which are offered for sale or are provided in connection with the sale of goods.*

MEANING SERVICE MARKETING

- ◎ **The American Marketing Associations defines services as “(1) activities, benefits or satisfaction which are offered for sale, (2) are provided in connection with the sale of goods”. The services described in the second half of the definition are those included in the sale of goods to the customer, viz., pre-sale and after sale services, e.g., services on installation of machinery, its maintenance and repairs, credit and delivery services etc.**

WHAT IS SERVICE MARKETING - BASIC CONCEPT

- ◉ There are two main segments in the consumers market. One is the 'products segment' and the other one is the 'services segment'. The products segment is the basic and old and hence well-known and understood by its consumers.
- ◉ **for the services sector, the marketing concept was not recognized earlier due to following reasons not warranting the needs of marketing efforts:**
 - ◉ i. Services sectors were initially in the limited areas like, Banks, insurance, hospitals,
 - ◉ ii. These were mostly in government sectors,
 - ◉ iii. Number of players was very small; hence there was no competition environment.

WHAT IS SERVICE MARKETING - DEFINITIONS:

- ◉ The most comprehensive definition of a service has been given by Philip Kotler, who defines a service as an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

SERVICE MARKETING - CHARACTERISTICS:

- ◉ Intangibility (there is no tangible product that the customer can be seen or touched)
- ◉ Perishability: (services can not be saved, stored, resold, or returned)
- ◉ Inseparability: ((simultaneous activity of production and consumption being performed)
- ◉ Variability: (can not be uniform)
- ◉ Involvement (a service can not be separated from its provider, but neither can it be separated from its user.)

SERVICE MARKETING - CLASSIFICATION

- ◉ **On the Basis of End User:**
- ◉ **i. Consumer services** - These are directly provided to end users like hair; dressing, laundry, package holiday, counseling etc.
- ◉ **ii. Business to business services** - These are provided to businesses like consultancy, marketing research, advertising etc.

- ◉ **2. On the Basis of Tangibility:**
- ◉ **i. Tangible services** - These are services which are connected to the period to which the products are purchased from the seller like televisions, laptops, cars, watches etc.
- ◉ **ii. Intangible services** - These are the services which do not provide customers with any tangible products. Examples- consultancy, services at a spa and massage centres.

- ⦿ **On the Basis of Specialization:**
- ⦿ i. *Professional services* - These are services which can be provided only by sufficiently qualified and experienced persons. Some of such service providers also have recognition by the required authorities. Examples - counseling, audit, legal services, health care etc.
- ⦿ ii. *Nonprofessional services* - These are services which can be provided even by persons not possessing any educational or professional qualifications. Examples - domestic servants, gardening, painting etc.

- ⦿ 4. On the Basis of Profit Orientation:
- ⦿ i. Commercial services - These are the services offered on business lines with an intention of earning profit. Examples- private banking, beauty parlors etc.
- ⦿ ii. Social services - These are the services offered on **philanthropic** lines without any intention of earning profit. These are provided with the intention of serving the society and are therefore also called social services. Examples - services rendered by charitable trusts etc.

SERVICE MARKETING - EXAMPLES OF SERVICES

- ◉ **Food Services:**
- ◉ **Hotels and Motels:**
- ◉ **Personal Care Services:**
- ◉ **Car Service Firms (Garages):**
- ◉ **Entertainment Services:**
- ◉ **Transport Services:**
- ◉ **Communication Services:**
- ◉ **Insurance Services:**

SERVICE MARKETING MIX

- ⦿ Product
- ⦿ Price
- ⦿ Place
- ⦿ Promotion
- ⦿ Process
- ⦿ Physical evidence
- ⦿ People

- ◉ **Products** are the means by which firms seek to satisfy consumer needs. A product in this sense is anything which the firm offers to potential customers, whether it is tangible or intangible. most marketers talk about an intangible service as a product.

brand quality, look, size ,color ,packaging, competitors, point of diff .

- ◉ **Price -(skimming and penetration)**
- ◉ **promotion** mix includes various methods of communicating the benefits of a service to potential consumers. The mix has been traditionally consisting of advertising, sales promotion, personal selling and public relations.

- ◉ **Place** decisions can involve physical location, decisions about **which intermediaries** to use in making a service available to a consumer and non-location-decisions which are used to make services available.
- ◉ **(Process)**
- ◉ The actual procedures, mechanisms, and flow of activities by which the service is delivered include the service delivery and operating systems.

- ⦿ **People:**
- ⦿ For most services, people are a very important element of the service marketing mix. All of the participants who play a part in service delivery influence the buyer's perceptions, namely, the firm's personnel, the customer and other customers in the service environment.
- ⦿ **Physical evidence** is the environment in which the **service** is delivered and where the firm and the customer interact and any **tangible** commodities that facilitate performance or communication of the **service**.

SERVICE ENVIRONMENT

- ⊙ There are two types of
- ⊙ environment in which a service firm works:
- ⊙ □ The *general or external or macro-environment*.
- ⊙ □ The *task or internal or micro-environment*.



- ⦿ The *general or external or macro-environment*---The general environment factors are those that affect all service firms. Task environmental factors are internal to the organization and affect the individual service firm directly. The firm can control and influence its task environment factors for decisive competitive advantage.

- ⊙ The external or the macro environment of a service firm consists of the following SLEPT factors:
 - ⊙ □ Socio-Cultural factors
 - ⊙ □ Legal factors
 - ⊙ □ Economic factors
 - ⊙ □ Political factors
 - ⊙ □ Technological factors

- ⦿ **Socio-Cultural Factors---**
- ⦿ **Legal Factors , Political Factors----**
- ⦿ **Economic Factors-**
- ⦿ **Technological Factors**

- **Internal or Micro Environment—**
- The internal or the micro-environment factors of a service firm consist of the following:
 - □ External customers/consumers
 - □ Internal customers/channel partners/providers
 - □ Competitors
 - □ Suppliers

THE FIVE SERVQUAL DIMENSIONS ARE:

- ⦿ TANGIBLES
- ⦿ RELIABILITY-
- ⦿ RESPONSIVENESS-
- ⦿ ASSURANCE-
- ⦿ EMPATHY

ENTREPRENEURIAL MINDSET

Who is an Entrepreneur.....





An entrepreneur is an individual who starts and operates a new business venture, often with the goal of creating and delivering innovative products or services to the market.

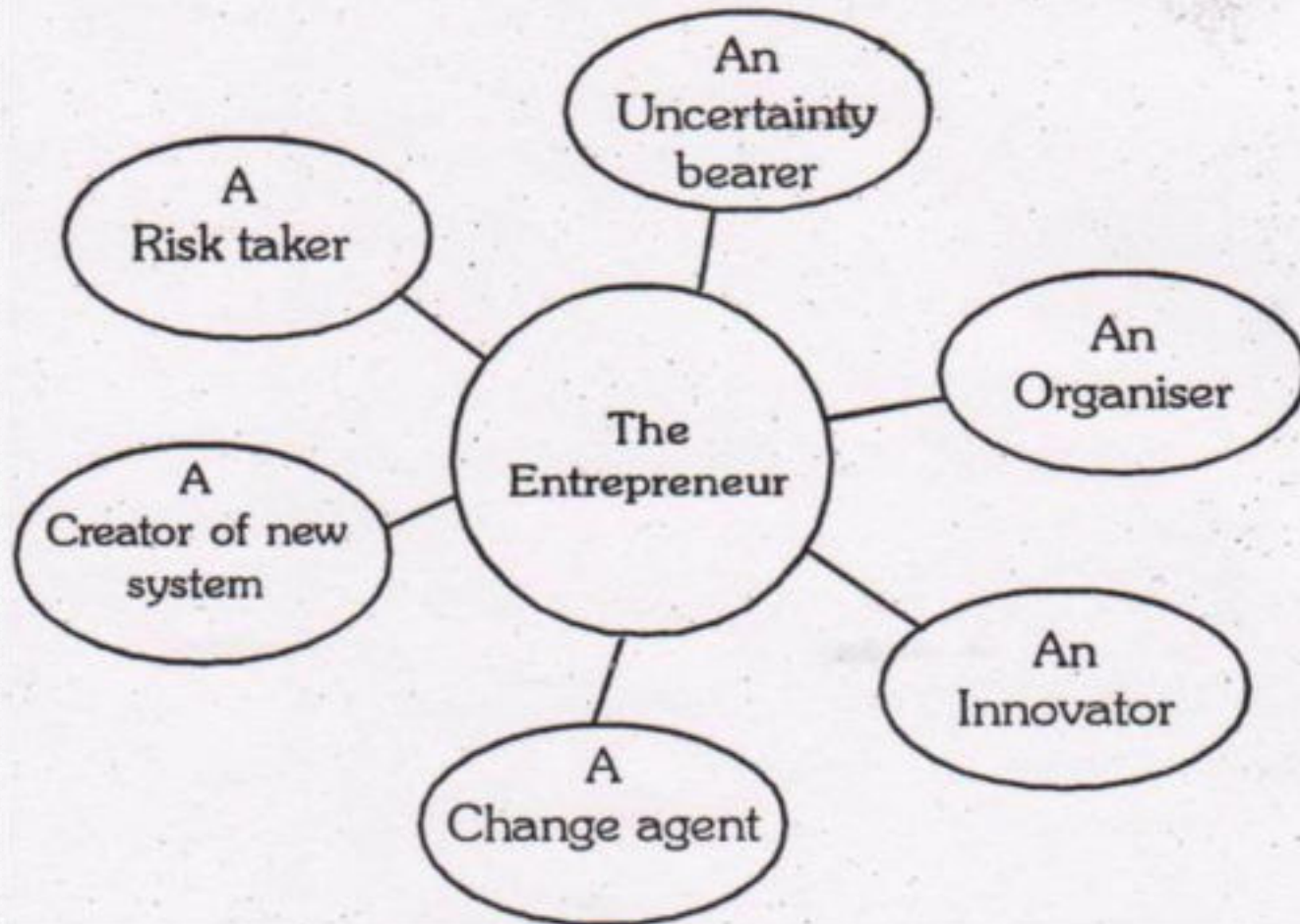
Entrepreneurs are characterized by their willingness to take on financial risks, their ability to identify opportunities in the market, and their capacity to mobilize resources such as capital, labor, and technology to turn their ideas into viable businesses.

Working Definition

An entrepreneur is a person who combines various factors of production, processes raw material, converts the raw material into a finished product and creates utility and sells the produce in the market to earn profit.

ENTREPRENEURS ARE MADE AND NOT BORN.

The Entrepreneur



ENTREPRENEURSHIP

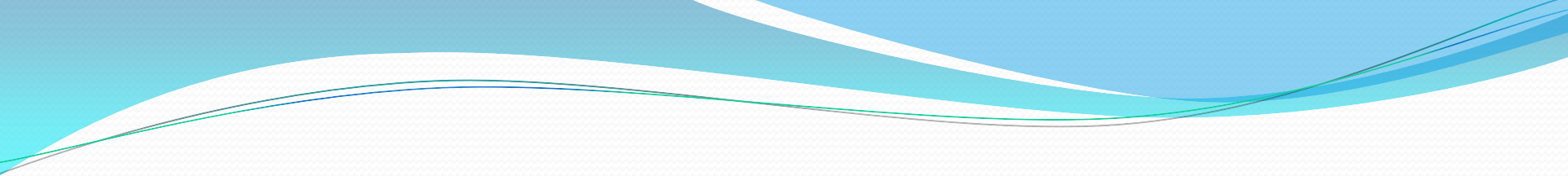
may defined in various ways, but the four key elements involved in it are:

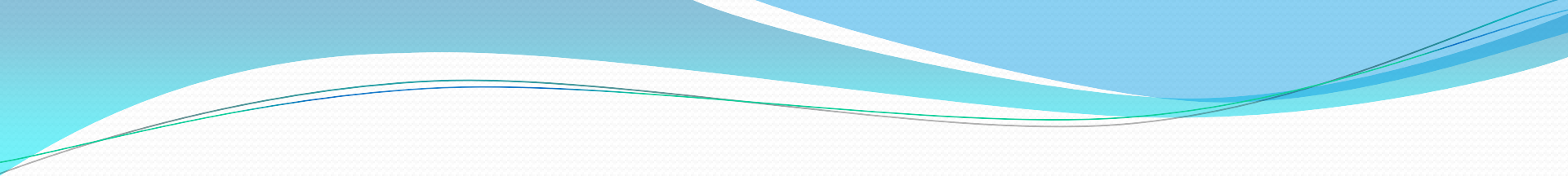
- i. Innovation.
- ii. Risk-taking.
- iii. Vision.
- iv. Organizing skill.

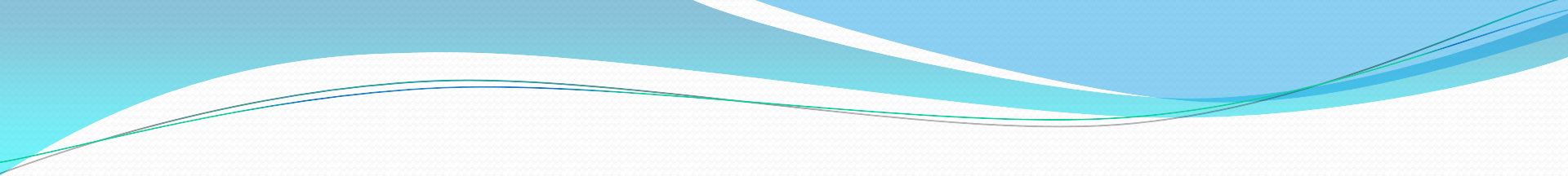
The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Entrepreneurship involves various activities

- Entrepreneurship involves various activities, including:
 - 1. Idea Generation:** Entrepreneurs come up with novel ideas for products, services, or business models that address specific needs or problems in the market.
 - 2. Business Planning:** Entrepreneurs create detailed business plans outlining their goals, strategies, target markets, competitive analysis, and financial projections.
 - 3. Securing Funding:** Entrepreneurs often seek funding from various sources, such as venture capitalists, angel investors, loans, or personal

- 
- 1. Execution:** Entrepreneurs actively manage and oversee the day-to-day operations of their businesses. This includes tasks like product development, marketing, sales, and customer service.
 - 2. Innovation:** Entrepreneurial ventures often bring innovation to industries by introducing new products, services, or ways of doing things. This innovation can lead to growth and increased competitiveness.

- 
- 1. Adaptability:** Successful entrepreneurs are adaptable and responsive to changes in the market, consumer preferences, and technological advancements.
 - 2. Networking:** Building a network of contacts within the industry and related fields can help entrepreneurs access resources, partnerships, and potential customers.
 - 3. Risk Management:** Entrepreneurship involves taking calculated risks, as there is no guarantee of success. Entrepreneurs must be prepared to deal with uncertainties and challenges that arise along

- 
- 1. Scaling:** As a business grows, entrepreneurs may need to scale their operations, expand into new markets, and manage increased demand.
 - 2. Long-Term Vision:** Entrepreneurs often have a long-term vision for their businesses, aiming to create sustainable enterprises that can endure and thrive over time.

Entrepreneurial Characteristics

Being an entrepreneur requires specific characteristics and skills that are often achieved through education, hard work, and planning.

Risk Taker

Businesses face risk. Entrepreneurs minimize risk through research, planning, and skill development.

Perceptive

Entrepreneurs view problems as opportunities and challenges.

Curious

Entrepreneurs like to know how things work. They take the time and initiative to pursue the unknown.

Entrepreneurial Characteristics

Imaginative

Entrepreneurs are creative. They imagine solutions to problems that encourage them to create new products and generate ideas.

Persistent

True entrepreneurs face bureaucracy, make mistakes, receive criticism, and deal with money, family, or stress problems. But they still stick to their dreams of seeing the venture succeed.

Goal-setting

Entrepreneurs are motivated by the excitement of starting a new business. Once achieved, they seek out new goals or ventures to try.

Entrepreneurial Characteristics

Self-confident

Entrepreneurs believe in themselves. Their self-confidence takes care of any doubts they may have.

Flexible

Entrepreneurs must be flexible in order to adapt to changing trends, markets, technologies, rules, and economic environments.

Independent

An entrepreneur's desire for control and the ability to make decisions often makes it difficult for them to work in a controlled environment.

Hardworking

Entrepreneurs need a great deal of energy to see a venture start and succeed. Yet they are not deterred by the long hours to achieve their goal.

Classification of Entrepreneur

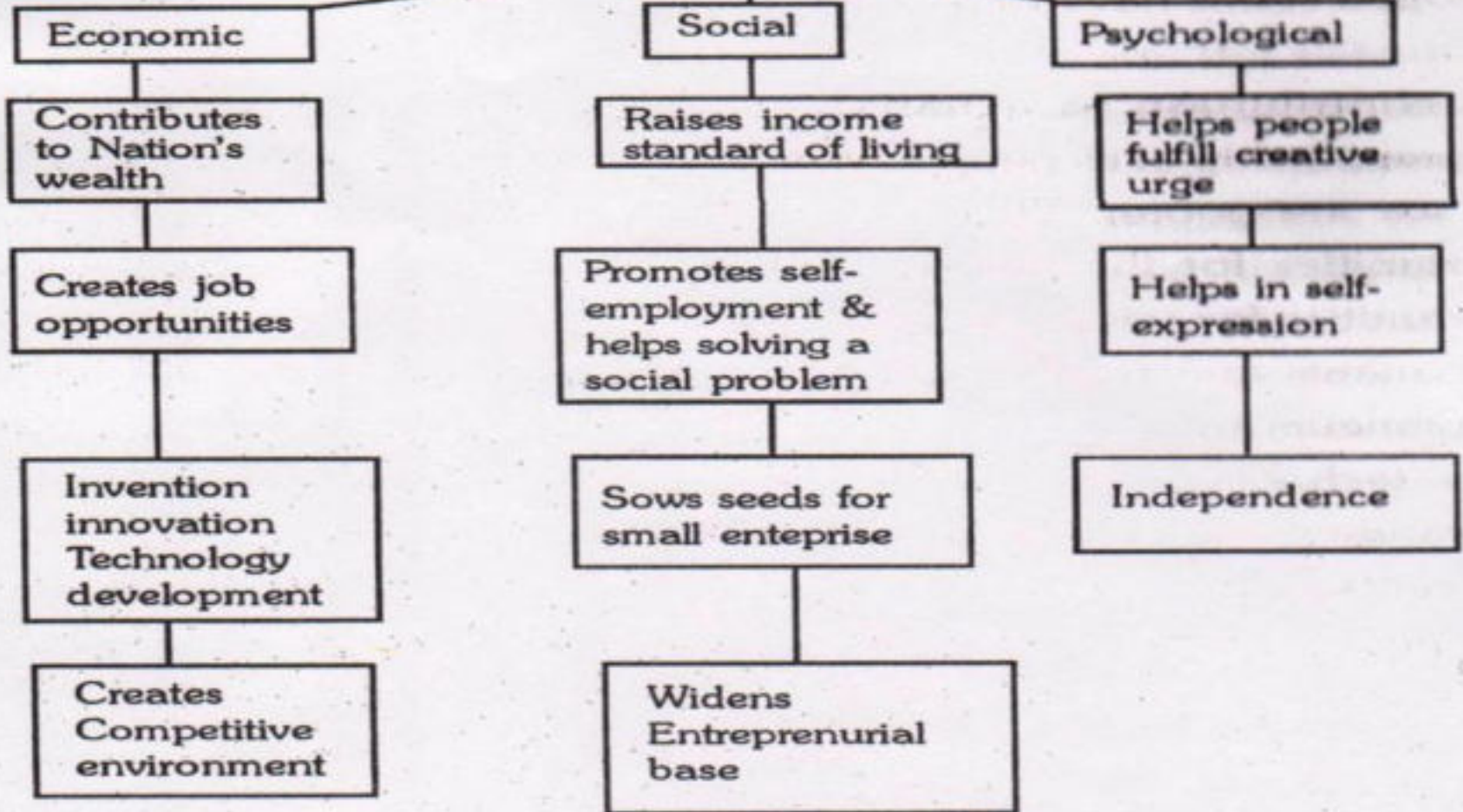
Innovative entrepreneur : -

Such entrepreneurs introduce new goods or new methods of production or discover new markets or reorganize the enterprise. Examples of first movers include innovative companies such as eBay and Coca-Cola. eBay was the first company to take the auction process online, kicking off operations in 1995.

Imitative or adoptive entrepreneur :-

Such entrepreneurs don't innovate, they copy technology or technique of others.. Such entrepreneurs are significant for under-developed economies because they put such economies on high rate of economic development` EX: Chinese mobiles.

Importance of Entrepreneurship



Need of Entrepreneurship

- Increases national production
- Balanced area development
- Dispersal of economic power
- Reinvestment of profit for the welfare of the area of profit generation
- Development is a function of motivation and human resource
- Entrepreneurial awareness

New Venture Meaning

- The term “**New Venture**” refers to the establishment and development of a business or project with a fresh vision and purpose.
- It involves the creation of an enterprise that introduces innovative products, services, or business models into the market.
- New ventures are characterized by their focus on growth, differentiation, and the pursuit of market opportunities.

The scope of a new venture

- The scope of a new venture extends across various sectors, including technology, finance, healthcare, manufacturing, and more. It encompasses both for-profit and non-profit organizations, as well as entrepreneurial endeavors within existing companies or as standalone startups.
- The concept of a new venture is not limited to a specific size, industry, or geographical location. It can range from small-scale startups to large-scale multinational corporations.

New venture

- New ventures are often driven by entrepreneurs who identify untapped market opportunities or seek to address existing market needs in innovative ways. These entrepreneurs possess a strong entrepreneurial mindset, taking calculated risks and leveraging their creativity, skills, and resources to build successful ventures.
- The development of a new venture involves a series of activities, such as market research, opportunity identification, value proposition creation, business planning, resource acquisition, team building, and implementation. It requires careful strategic decision-making, adaptability, and a willingness to learn from failures and iterate the business model as necessary.

Every Big Enterprises Starts with a small Dream



So Keep Dreaming

**INTRODUCTION TO
MANAGEMENT AND
ENTREPRENEURSHIP
DEVELOPMENT**

UNIT 1

Entrepreneurship

Concept of Entrepreneurship

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Meaning of Entrepreneur

The entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a start up venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovators, and bring new ideas in the market by replacing old with a new invention.

It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur makes is with a combination of land, natural resources, labour and capital.

In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

What are the 4 Types of Entrepreneurship?

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Scalable Start up Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.

•**Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.

•**Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.

•**Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Factors affecting entrepreneurship

Entrepreneurship is a human skill, which can be developed. Due to entrepreneurship development, living standards of society can tend to rise, new opportunities of employment can be created and rapid economic and industrial development become possible. There are a number of factors affecting entrepreneurship or motivating entrepreneurs as follows.

•Individual

Entrepreneur is an individual having specific knowledge, skills and efficiency. Any new enterprise is created by an individual or group of individuals. The creativity of an individual encourages him to establish a new enterprise. Creativity consists of innovation, search and research. Personality, social conditions, social support, education and training etc. factors lay an important role for developing such skills and motivate an individual to become an entrepreneur.

•Industrial development

More suitable the industrial environment in a nation, more rapid development of entrepreneurship. More favourable industrial environment is one, where transportation, communication, electricity, labour, water, raw materials etc are easily available. Such industrial environment by and large affect entrepreneur development.

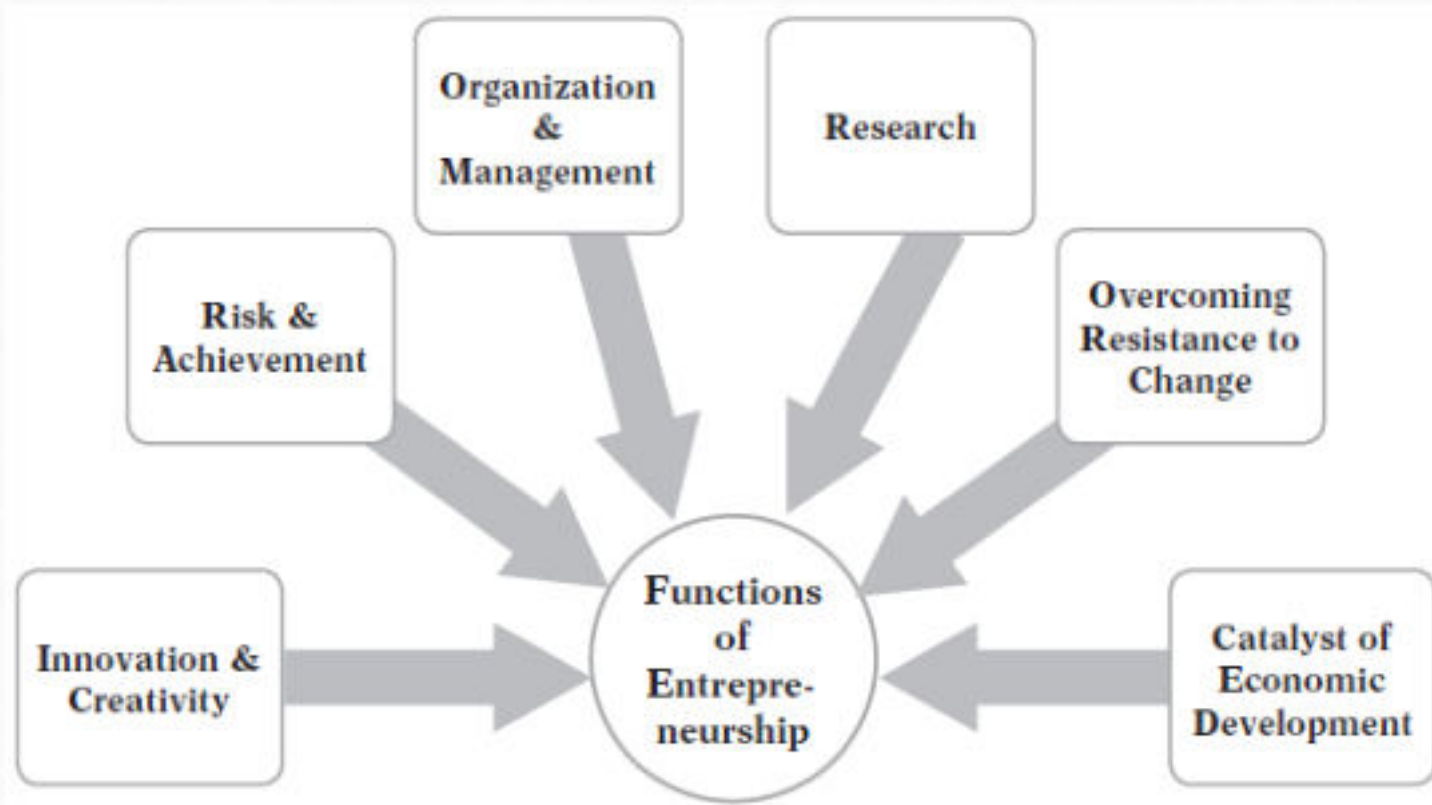
•**Social environment**

Social system plays a vital role in social environment. As an individual is born and developed in a family and society, social values, ethical standards, family structure, caste and religious attitudes of social environment affect entrepreneurship development.

•**Economic environment:**

The economy in which enough capital fund is available for establishing an enterprise and market incentives are also available, encourages entrepreneurship development. Banking, education, industrial policy, economic policy, Exim policy interest rate etc. Factors of economic environment affect entrepreneurship development. Thus economic soundness and free economy motivate entrepreneur development.

Functions of Entrepreneurship



(i) Innovation and Creativity – Innovation generally refers to changing processes or creating more effective processes, products and ideas. For businesses, this could mean implementing new ideas, creating dynamic products or improving your existing services. **Creativity** is defined as “the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others. Creativity and innovation have always been recognized as a sure path to success. Entrepreneurs think **outside of the box** and explore new areas for cost-effective business solutions.

(ii) Risk taking and Achievement – Entrepreneurship is a process in which the entrepreneur establishes new jobs and firms, new Creative and growing organization which is associated with **risk**, new opportunities and achievement. It results in introducing a new product or service to society. In general, entrepreneurs accept four types of risks namely Financial Risk, Job Risk, Social & Family Risk & Mental & Health Risk, which are as follows:

a) Financial Risk – Most of entrepreneurs begin by using their own savings and personal effects and if they fail, they have the fear of losing it. They take risk of failure.

(b) Job Risk – Entrepreneurs, not only follow the ideas as working situations, but also consider the current risks of giving up the job & starting a venture. Several entrepreneurs have the history of having a good job, but gave it up, as they thought that they were not cut out for a job.

(c) Social and Family Risk – The beginning of entrepreneurial job needs a high energy which is time consuming. Because of these undertakings, he/she may confront some social and family damages like family and marital problems resulting on account of absence from home and not being able to give adequate time to family.

(d) Mental Health Risk – Perhaps the biggest risk that an entrepreneur takes it is, the risk of mental health. The risk of money, home, spouse, child, and friends could be adjusted but mental tensions, stress, anxiety and the other mental factors have many destructive influences because of the beginning and continuing of entrepreneurial activity. This can even lead to depression, when faced with failure.

(iii) Organization and Management – The entrepreneurial organization is a simple organizational form that includes, one large operational unit, with one or a few individuals in top management. Entrepreneurial management means the skills necessary to successfully develop and manage a business enterprise. A small business start-up under an owner-manager is an example of an **entrepreneurial organization**. Here, the owner-manager generally maintains strict control over business operations.

(iv) Research – An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his/her ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analysing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he/she applies the ideas in practice. The selection of an idea, thus, involves the application of **research methodology**.

(v) Overcoming Resistance to Change – New innovations are generally opposed by people because it makes them change their existing behaviour patterns. An entrepreneur always first tries new ideas at his/her level. It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. His/her will power, enthusiasm and energy help him/her in overcoming the society's resistance to change.

(vi) Catalyst of Economic Development – An entrepreneur plays an important role in accelerating the pace of economic development of a country, by discovering new uses of available resources and maximizing their utilization. Today, when India is a fast developing economy, the contribution of entrepreneurs has increased multi-fold.

Qualities of an Entrepreneur

1. Willpower - is key to success. it is a strong longing to achieve success. Despite many failures, the entrepreneur never loses their will to achieve.

2. Management - Is the ability to make plans, devise targets, and then execute!

3. Obsession - The entrepreneur who is obsessed with their goals and ultimate vision will make others believe in them too.

4. Smarts - An entrepreneur must have old-fashioned common sense and be able to make good decisions and deal competently with others.

5. Self-assurance - The entrepreneur is self-assured, confident in their abilities and knows how to look into the future and plan well. A self-assured person instills further confidence in themselves.

6. Devotion - The entrepreneur is devoted to their goals, working long and hard, day and night to achieve them.

7. Inspiration - Building a business requires an inspiration and the creativity which will lead to a better product and excellent results,. An entrepreneur thinks outside of the box.

8. Flexibility - Creating a product that meets the needs of the market requires flexibility. This quality is very important. Stubborn, unflexible people will not make good entrepreneurs

Advantages of Entrepreneurship

- Autonomy:** People enjoy more autonomy or freedom in entrepreneurship as they invest their time, money, and efforts into the business to make it successful. They are more involved and self-driven as there is no one to interfere or ask for explanations of their decisions.
- Motivating:** As entrepreneurs start making decisions and get successful results, they become more motivated and engaged to work hard to ensure success in their business.
- Flexibility:** Entrepreneurship allows working without a fixed routine time that helps to organize other works with better control and flexibility. This can improve mental and physical well-being.
- Career orientation:** Entrepreneurship allows someone to align his desire and passion into the work and incorporate his values and beliefs into the business. This can help him to move in a career path of his choice.
- Develop skills:** Entrepreneurship involves overcoming challenges that develop the growth mindset and professional abilities. It gives first-hand knowledge and experience that helps to develop leadership skills and managerial techniques.

•**Economic development:** A successful venture gives a lot of scope to improve earnings by own efforts and involvement that is not possible in any jobs. There are various opportunities and ways that can be explored to gain a competitive advantage and profitability.

•**Meeting people:** When a new business is started, there are possibilities to connect with people having exposure and experience in that particular field. Interaction with like-minded people helps to focus on the work more strategically and ambitiously.

•**New experiences:** Entrepreneurship gives new experiences and challenges that are often unexpected. This helps to gain new lessons and develop problem-solving and decision-making abilities that are useful for the further growth of the business.

•**Building your own team:** Entrepreneurs have the freedom to choose their team to work with, select their clients and partners. He has the sole decision-making power about the functioning of his company, its policies, and its culture.

•**Get full rewards:** In an entrepreneurship journey, the success of a business is enjoyed by the entrepreneur with no one else to claim. One can enjoy the profit and re-invest it into the business towards further growth.

Disadvantages of Entrepreneurship

- Uncertain income:** Entrepreneurship doesn't ensure a steady and certain income as in jobs. When in the job, there is a fixed monthly income but in entrepreneurship, the income flow is uncertain and not guaranteed especially in the early stage of a business venture.
- Need to devote more time:** As an entrepreneur, one needs to devote a lot of time to establishing the business without having the luxury of fixed working hours.
- Risk of failure:** The initial stages of the entrepreneur journey may be very challenging and there are risks that the business strategies may not work resulting in losses in business.
- Create new customers:** Customers often prefer established businesses for purchasing products and availing services. Some customers often rely on public reviews and personal references. As a startup business, it is difficult to build a customer base and takes time to develop brand awareness.
- Financial instability:** In the initial stages of entrepreneurship, there can be more outflow of money as an investment as compared to the return from business. As a self-employed person, it becomes a big challenge for financial security.

•**Greater competition:** As an entrepreneur, it becomes difficult to compete with established businesses in the same field due to a lack of resources in terms of knowledge, experience, and customer support.

•**Lack of investors/partners:** Some ventures require a lot of investment but it is difficult to find investors or partners to work with due to the absence of a history of financial success. Sometimes entrepreneurs start a business in debt and have to work very hard to recover in course of time.

•**More responsibilities:** As an entrepreneur, one has to look after a lot of things related to business and take care of finances, legal issues, manpower, sales, customer support, and many other things to keep the company functioning systematically.

mistakes of entrepreneurship

- Lacking employee/company core values:** Entrepreneurship is neither art nor science. Rather, it is just mere practice. With practice, you develop core principles and values. Your organization and employees should also adopt it. Otherwise, your business will not derive long-term benefits.
- Lacking vision clarity:** Ideas are good if only it is properly and timely implemented. You need to be very clear as to why you want to do business. In case you do not have proper answers, then how can you expect your customers, dealers, and partners to have? Have a clear vision. But avoid compromising with it just to make some extra money.
- Lacking proper job descriptions:** Try to get employees who can come up with innovative ideas. While hiring new people, be clear about what work you would like them to do. It is important to hire the right person for the job. Also, check out their experience and knowledge of the domain.
- Lacking proper organizational chart:** Experts consider that direction is more crucial than the speed of movement. You should keep moving but in the correct direction. Doing so will help you to achieve sure success. Employees can get the right direction through the designed organizational chart. If there is any clarification required or emergency, they can easily contact the appropriate person.

•**Diverting the entire profit:** Staying small is not wrong. It is possible to perform big things even with a small, but talented and dedicated team. Many entrepreneurs make the mistake of making expansions in unwanted areas thus wasting precious profits. You should not limit your dreams, rather limit your organization size and personal needs.

•**Confusion between Sellable and Passionate idea:** It is easy to get innovative ideas, but difficult to implement them. Hence, you need to select only practical ideas by showing some courage and intelligence. Firstly, identify your areas of strength, knowledge and experience. Research and come up with financially viable ideas.

•**Jumping between branches:** Many people try to undertake a wide range of projects simultaneously but end up with everything half-finished. These will not earn you any profit or reputation. You need to give your best shot to complete the task at hand.

•**Lacking ideas on business expenditure:** Small businesses do find it tough to raise capital. Hence, you should plan properly. Detailed planning will be crucial to run your business smoothly. Without proper knowledge of running costs, you will only end up wasting your hard-earned capital. Plan your expenditures serially, add them, and divide with 365 to reach your daily need.

Emergence of Entrepreneurial Class

Environmental changes in the economy have led to the emergence of a new entrepreneurial class or business entrepreneurship. Their functions and role have undergone significant changes. In earlier days, **entrepreneurship** was regarded as individual responsibility and after some time it assumed collective responsibility.

1. Commercial Entrepreneurship

The first time, this word was used in the 18th century in the French economy. The French economist, **Richard Cantillon** used this word when he observed that the businessmen of his country were selling their respective products in a limited market and at an uncertain price.

He also observed the qualities of initiation, capacity to take risks and patience, in them. The French authors made a distinction between employers and the entrepreneurship

Initially, it was individualistic, then it became collective and now it has become industry and nation oriented. Its concept and functions are on changing the path, due to industrialization.

Industrial Entrepreneurship

The industrial revolution, technological developments, advertisements in the means of transportation and communications and non-interference by the State in business have resulted in the changes in nature, functions, and roles of entrepreneurship. here was no difference between the entrepreneur and the capitalist because the nature of the business was quite simple. **In those days**, most of the business activities were economical and commercial, except for manufacturing activities.

The economists started thinking in terms of economic class and its nature, as a result of the emergence of companies in the business world and giving more emphasis on organization.

“How the businessmen perform the functions of the entrepreneurial class, takes the risks, assemble capital and labour, prepare the general outline of the business and observe even the minute details”.

They also search markets of consumption, keep knowledge about the employees and also of the whole business.

Now, the time has changed. the industrial revolution, development of the means of transportation and communication, increased technical knowledge and state interference in business, etc. have brought several types of changes in the **nature of the entrepreneurial class**.

Innovating Entrepreneurship

The production and distribution of commodities and services, on large scale and rapid advancements in science and technology put emphasis on research and investigations.

Increasing competition in the economy and business on the international level is due to globalization, economic liberalization, privatization, corporatization, customer orientation of marketing activities, mounting production, etc.

All are the offshoots of the industrial revolution and these phenomena have widely increased the necessity and importance of the entrepreneurial class.

In developed economies, the business cannot sustain without introducing innovations.

The person or group of persons responsible for such innovations have been termed as innovating entrepreneur and his ability on this account is known as innovating entrepreneurship.

It is not essential that the owner of wealth be also an entrepreneur. To be an entrepreneur, leadership is required more than ownership.

He has differentiated, outlook than the traditional entrepreneurs who carry out only one type of production and the innovating entrepreneurs, who make production on the basis of new techniques, search new markets and establish the new organization.

theories of entrepreneurship

Innovation Entrepreneurship theory

What makes entrepreneurs different from normal businessmen is finding innovative solutions and having foresight. Joseph Alois Schumpeter, one of the greatest economists, put forth the well-known innovative theory which changed the entrepreneur's perspective. According to Schumpeter, entrepreneurs take the stationary economy to a new level of development by adding innovation and creativity of their own. Schumpeter also stated that entrepreneurs bring innovation in two ways namely:

- 1.By reducing the cost of production
- 2.By increasing the demand for certain products

Economic Entrepreneurship theory

This theory was proposed by Richard Cantillon who considered the economy as one of the fields affected by entrepreneurship. According to Cantillon, an entrepreneur acts as both 'producers' and 'exchangers'. An entrepreneur's action greatly affects the supply chain of raw products being collected, to become an end product for consumers. Cantillon included everyone as an entrepreneur from their little actions starting from a beggar to restaurant owners as they also have their source of unfixed income; this counts as a unique factor and made his theory stand out from other entrepreneurship theories.

Sociological Entrepreneurship theory

Yes, you are right! This theory talks about the social aspects of entrepreneurship. If an entrepreneur considers all the social aspects such as social taboos, customs, culture, and other religious beliefs, they might have a well-established business that is up to mark with every consumer's expectation. Max Weber propounded the sociological entrepreneurship theory and stated that entrepreneurs should accept the system of a society for the development of themselves as well as their startup.

Psychological Entrepreneurship theory

Psychological theories are of three sections. They are based on the personal characteristics of a typical entrepreneur.

1. Locus of control:- Any entrepreneur's success can be an outcome of internal locus of control as well as the outer locus of control i.e., his or her Inside abilities and support from outside.

2. Theory of personality traits: The inborn qualities of an individual are the one that naturally makes them an entrepreneur.

3. Theory of need for achievement:- Entrepreneurs are driven by a need for achievement and it eventually makes them succeed.

Now, these three characteristics distinguish various types of entrepreneurs based on psychological entrepreneurship theories.

Opportunity based Entrepreneurship theory

Peter Drucker in his theory stated that “this defines entrepreneur and entrepreneurship, the entrepreneur always searches for change, responds to it and exploits it as an opportunity”. Peter Drucker and Howard Stevenson focused on a wide-ranging conceptual framework of entrepreneurship and hence contradicted Schumpeter's theory which stated entrepreneurship as change.

Resource-based Entrepreneurship theory

This theory states that entrepreneurs need resources to start and carry their businesses. Money and time alone are not sufficient for a blooming startup; hence Entrepreneurs require resources to make their efforts productive. Also, the theory's main focus is on showing the importance of financial, social, and human resources and in the process enhance an individual's abilities.

Anthropological Entrepreneurship theory

It relates to the cultural model of entrepreneurs. Anthropologists study the human aspects within the past and present. This makes them good observers of society and hence according to them, to have a successful venture, entrepreneurs should consider the social and cultural contexts. Entrepreneurs can find possibilities that present themselves as difficulties because of the social aspects of business activities (social or environmental). It pushes them to come up with new ways to solve difficulties, or at the very least contribute to their solutions.

Thank you
Best of luck

"The beautiful thing about learning is that no one can take it away from you."

Lingaya's Lalita Devi Institute of Management & Sciences

Affiliated to GGSIP University and Govt. of NCT of Delhi

NAAC Accredited "A" Grade Institute and Approved under section 2(f) of UGC Act 1956

1



LINGAYA'S
L D I M S
choose to know

GOODS and Service TAX

LALITA DEVI INSTITUTE OF MGT & SC.
APPROVED BY DELHI GOVT. & AFFILIATED TO GGSIP UNIVERSITY

- Value of Taxable Supply
 - Value of supply of goods or services or both shall be the 'Transaction Value', where
 - Supplier and recipient of supply are unrelated
 - Price is actually paid / payable – AND price is the sole consideration for the supply

Explanation to Section 15 of the CGST Act deems the persons below to be “related persons”:

- Officers / Directors of one another's business
- Partners in business
- Employer – employee
- A person directly / indirectly owns / controls / holds 25% of shares of both the persons
- One directly / indirectly controls the other
- Both are directly / indirectly controlled by a third person
- Together, they directly / indirectly control a third person
- Members of the same family
- Sole agent / distributor / concessionaire of the other

Transaction Value INCLUDES:

- Amounts charged separately by supplier to recipient in respect of any **taxes, duties, cesses, fees and charges** levied under any law, other than taxes paid under GST regime;
- **Amount incurred by Recipient** which is liable to be paid by the Supplier and not included in the price;
- Charges by Supplier to Recipient being:
 - **Incidental expenses** (e.g.: packing, commission)
 - **Charges for anything done by the Supplier** at the time or before the supply, in respect thereof
 - **Interest/ late fee/ penalty** for delayed payment of consideration
 - **Subsidies directly linked to price** – for supplier receiving the subsidy (excluding Central and State Govt subsidies; i.e., Government subsidies will not be included in transaction value)

Transaction Value EXCLUDES discount:

- **Before / at the time of supply**
 - **Single condition:** Such discount is duly recorded in the invoice
- **After the supply: Cumulative conditions:**
 - Agreement establishing discount entered into before / at the time of supply
 - Discount specifically linked to relevant invoices
 - ITC reversed by the recipient to the extent of discount

A. Where **value cannot be determined u/s 15(1)**, i.e., when:

1. Price is not the sole consideration
2. Supplier-recipient are related persons: Recourse to Rules even if the Supplier-Recipient relationship:
 - ▶ Did not influence the price;
 - ▶ Precedes agreement to the supply;
 - ▶ Has no bearing on pricing;
 - ▶ Has no bearing on Agreement to the Supply;
 - ▶ Has no relevance to the Supply;
 - ▶ Was to meet with different criteria or purpose;

(Rules will apply both ways – supplier to recipient and recipient to supplier)

B. **In case of notified supplies**

CGST Rules, 2017 (Rule 27 to 35)

Rule 27 of CGST Rules

6

Value of supply of goods or services where consideration is not wholly in money

- ▶ The value of supply shall be-
 - a) The open market value of such supply
 - b) If open market value not available, be the sum total of consideration in money and such further amount in money as is equivalent to consideration not in money if such amount is not known at the time of supply

- c) If value is not determinable under (a) or (b), the value of supply of goods/ services of like kind and quality

- d) If value not determinable under (a), (b) or (c), be the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 30 or 31 in that order.

► *Illustration:*

1) *Where a new phone is supplied for Rs. 20,000/- along with the exchange of an old phone and if the price of the new phone without exchange is Rs. 24,000/- , the open market value of the new phone is Rs. 24,000/-.*

(2) *Where a laptop is supplied for Rs. 40,000/- along with the barter of a printer that is manufactured by the recipient and the value of the printer known at the time of supply is Rs. 4,000/- but the open market value of the laptop is not known, the value of the supply of the laptop is Rs. 44,000/-.*

Rule 28: Value of supply of goods or services or both between

distinct or **related persons**, other than through an agent

9

(a) The open market value of such supply

(b) If open market value is not available

Value of supply of goods or services of like kind and quality

(c) If value of supply is not determinable under clause (a) or (b)

Value as determined by application of Rule 30 or Rule 31, in that order

Provided that where goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person

Where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services

Rule 29: Value of supply of goods made or received through an agent

10

- a) open market value, or
 - ▶ at the option of the supplier, be 90% of the price charged for the supply of goods of like kind and quality by the recipient (agent) to his customer not being a related person,
 - ▶ where the goods are intended for further supply by the said recipient (agent)

- b) where the value of a supply is not determinable under clause (a),
 - ▶ the same shall be determined by application of rule 30 or rule 31 in that order.

Rule 29: Value of supply of goods made or received through an agent

11

► **Illustration:**

► *A principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of five thousand rupees per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of four thousand five hundred and fifty rupees per quintal. The value of the supply made by the principal shall be four thousand five hundred and fifty rupees per quintal or where he exercises the option, the value shall be 90 per cent. of five thousand rupees i.e., four thousand five hundred rupees per quintal.*

Rule 30: Value of supply of goods or services or both based on cost

12

- Where value is not determinable by any of the preceding rules,
- the value shall be 110% of the:
 - cost of production or manufacture or
 - cost of acquisition of such goods or
 - cost of provision of such services.

- Where value cannot be determined under Rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and general provisions of Sec 15 and these Rules.
- Further, in case of supply of services, the supplier may opt for this rule, disregarding rule 30.

Rule 31A : Value of supply in case of lottery, betting, gambling and horse racing

14

- ▶ Value of supply of lottery run by State Governments shall be deemed to be higher of :-
 - 100/112 of the face value of ticket
 - Price as notified in the Official Gazette by the organising State

- ▶ Value of supply of lottery authorised by State Governments shall be deemed to be higher of :-
 - 100/128 of the face value of ticket
 - Price as notified in the Official Gazette by the organising State

Rule 31A : Value of supply in case of lottery, betting, gambling and horse racing

15

- ▶ Explanation:-
 - a) “lottery run by State Governments” means a lottery not allowed to be sold in any State other than the organizing State
 - b) “lottery authorised by State Governments” means a lottery which is authorised to be sold in State(s) other than the organising State also.
 - c) “Organising State” has the same meaning as assigned to it in clause (f) of sub-rule (1) of rule 2 of the Lotteries (Regulation) Rules, 2010

- ▶ Value of supply of actionable claim in the form of chance to win in betting, gambling or horse racing in a race club shall be:
 - 100% of the face value of the bet or
 - the amount paid into the totalisator

Rule 32: Determination of value in respect of certain supplies

16

Rule 32(2): Purchase or sale of forex including money changing

Option-1

- ▶ When exchanged from or/ to INR:
 - difference of buying rate/ selling rate and RBI reference rate X total units of currency
(If RBI reference rate is not available, value shall be 1% of gross amount of INR received or provided)
- If neither of two currencies exchanged in INR, the value shall be equal to:
 - 1% of the lesser of the two amounts
 - received by converting any of the two currencies into INR
 - on that day at the reference rate provided by RBI.

Rule 32: Determination of value in respect of certain supplies

17

OPTION-2

Amount of currency exchanged up to Rs.1 lakh

1% of the gross amount of currency exchanged or Rs. 250/-, whichever is higher

Amount of currency exchanged exceeding Rs.1 lakh and up to Rs.10 lakhs

Rs. 1,000/- + 0.5% of the gross amount of currency exchanged above Rs. 100,000/-

Amount of currency exchanged exceeding Rs.10 lakhs

Rs. 5,500/- + 0.10% of the gross amount of currency exchanged above Rs.10 lakhs or Rs. 60,000/-, whichever is lower

Rule 32: Determination of value in respect of certain supplies

18

Rule 32(3) - Air Travel Agents:

- Domestic bookings: 5% of Basic Fare
- International bookings: 10% of Basic Fare
- ▶ *“Basic fare” means that part of the air fare on which commission is normally paid to the air travel agent by the airline.*

Rule 32: Determination of value in respect of certain supplies

19

Rule 32(4)-Life Insurance Business

- a) gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of the policy holder, if such amount is intimated to the policy holder at the time of supply of service;
 - b) in case of single premium annuity policies other than (a) - 10% of single premium charged from the policy holder; or
 - c) in all other cases, 25% of the premium charged from the policy holder in the first year and 12.5% of the premium charged from policy holder in subsequent years;
- ▶ Not apply where the entire premium paid by the policy holder is only towards the risk cover in life insurance.

Rule 32: Determination of value in respect of certain supplies

20

Rule 32(5)- Second Hand Goods

- Supply of used goods as such or after such minor processing which does not change the nature of the goods and where no ITC has been availed on purchase of such goods,
- the value of supply shall be:
 - the difference between the selling price and purchase price and
 - where the value of such supply is negative, it shall be ignored.

Rule 32: Determination of value in respect of certain supplies

21

Rule 32(6)- Token / Coupon / Voucher / Stamp

- The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply shall be equal to:-
 - money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

Rule 32(7)- Distinct Persons

- The value of taxable services provided by such class of service providers; as may be notified by the Government between distinct persons, (Entry-2 of Schedule I); other than those where ITC is not available under S.17(5); shall be deemed to be NIL.

Rule 33: Definition of Pure Agent

22

- ▶ Agency supplies are different from 'pure agent' in relation to valuation
- ▶ There is a payment made to third party by a payer
- ▶ Payer is a supplier of goods or services or both to a beneficiary (client)
- ▶ Underlying obligation to pay third party is of the beneficiary (client)
- ▶ Payment by payer is to discharge beneficiary's obligation toward third party
- ▶ Third party enjoys recourse to beneficiary in case of non-payment by payer
- ▶ For example, income-tax liability of a client is paid by the CA

Rule 33: Value of supply of services in case of Pure Agent

23

► The expenditure or costs incurred by the pure agent shall be excluded from the value of supply, if all the following conditions are satisfied, namely:

- (i) the supplier acts as a pure agent of the recipient of the supply,
- (ii) Receive supply in his capacity as pure agent of the recipient of supply;
- (iii) the recipient of supply is liable to make payment to the third party;
- (iv) the recipient of supply authorises the supplier to make payment on his behalf;
- (v) the recipient of supply knows that the services shall be provided by third party;
- (vi) separately indicated in the invoice of service;
- (vii) the supplier recovers only such amount as has been paid to third party; and
- (viii) services as pure agent are in addition to supply he provides on his own account.

- ▶ *Illustration.*- Corporate service firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to the Registrar of Companies.
- ▶ The fees charged by the Registrar of Companies for the registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees.
- ▶ Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.

Rule 34: Rate of exchange of currency, other than INR, for determination of value

25

(1) The rate of exchange for determination of value of **taxable goods** shall be:-

the applicable rate of exchange as notified by the Board under section 14 of the Customs Act, 1962 for the date of time of supply of such goods in terms of section 12 of the Act.

(2) The rate of exchange for determination of value of **taxable services** shall be:-

the applicable rate of exchange determined as per the generally accepted accounting principles for the date of time of supply of such services in terms of section 13 of the Act.

Rule 35: Value of supply inclusive of integrated tax, central tax,
State tax, Union territory tax

26

- ▶ Where Value of Supply is inclusive of IGST/ CGST/ SGST/ UTGST then:

$$\text{Tax Amount} = \frac{\text{Value inclusive of taxes} \times \text{tax rate in \% of IGST or as the case may be CGST, SGST or UTGST}}{(100 + \text{sum of tax rates, as applicable, in \%})}$$

- ▶ Mr. Mohan located in Manipal purchases 10,000 Hero ink pens worth Rs.4,00,000 from Lekhana Wholesalers located in Bhopal. Mr. Mohan's wife is an employee in Lekhana Wholesalers. The price of each Hero pen in the open market is Rs.52. The supplier additionally charges Rs.5,000 for delivering the goods to the recipient's place of business.
- ▶ Ans. Mr. Mohan and Lekhana Wholesalers would not be treated as related persons merely because the spouse of the recipient is an employee of the supplier, although such spouse and the supplier would be treated as related persons. Therefore, the transaction value will be accepted as the value of the supply. The transaction value includes incidental expenses incurred by the supplier in respect of the supply up to the time of delivery of goods to the recipient. This means, the transaction value will be: Rs.4,05,000 (i.e., 4,00,000 + 5,000).

- ▶ Sriram Textiles is a registered person in Hyderabad. A particular variety of clothing has been categorised as non-moving stock, costing Rs.5,00,000. None of the customers were willing to buy these clothes in spite of giving big discounts on them, for the reason that the design was too experimental. After months, Sriram Textiles was able to sell this stock on an online website to another retailer located in Meghalaya for Rs.2,50,000, on the condition that the retailer would put up a poster of Sriram Textiles in all their retail outlets in the State.
- ▶ Ans. The supplier and recipient are not related persons. Although a condition is imposed on the recipient on effecting the sale, such a condition has no bearing on the contract price. This is a case of distress sale, and in such a case, it cannot be said that the supply is lacking 'sole consideration'. Therefore, the price of Rs.2,50,000 will be accepted as value of supply.

▶ Rajguru Industries stock transfers 1,00,000 units (costing Rs.10,00,000) requiring further processing before sale, from Bijapur in Karnataka to its Nagpur branch in Maharashtra. The Nagpur branch, apart from processing units of its own, engages in processing of similar units by other persons who supply the same variety of goods, and thereafter sells these processed goods to wholesalers. There are no other factories in the neighbouring area which are engaged in the same business as that of its Nagpur unit. Goods of the same kind and quality are supplied in lots of 1,00,000 units each time, by another manufacturer located in Nagpur. The price of such goods is Rs.9,70,000.

▶ Ans.: In case of transfer of goods between two registered units of the same person (having the same PAN), the transaction will be treated as a supply even if the transfer is made without consideration, as such persons will be treated as 'distinct persons' under the GST law. The value of the supply would be the open market value of such supply. If this value cannot be determined, the value shall be the value of supply of goods of like kind and quality. In this case, although goods of like kind and quality are available, the same may not be accepted as the 'like goods' in this case would be less expensive given that the transportation costs would be lower. Therefore, the value of the supply would be taken at 110% of the cost, i.e., Rs. 11,00,000 (i.e., $110\% * 10,00,000$).

- ▶ M/s. Monalisa Painters owned by Vasudev is popularly known for painting the interiors of banquet halls. M/s. Starry Night Painters (also owned by Vasudev) is engaged in painting machinery equipment. A factory contracts M/s. Monalisa Painters for painting its machinery to keep it from corrosion, for a fee of Rs.1,50,000. M/s. Monalisa Painters sub-contracts the work to M/s. Starry Night Painters for Rs.1,00,000, and ensures supervision of the work performed by them. Generally, M/s/ Starry Night Painters charges a fixed sum of Rs.1,000 per hour to its clients; it spends 120 hours on this project.
- ▶ Ans.: Since M/s. Monalisa Painters and M/s. Starry Night Painters are controlled by Mr. Vasudev, the two businesses will be treated as related persons. Therefore, Rs.1,00,000 being the sub-contract price will not be accepted as transaction value. The value of the service would be the open market value being Rs. 1,20,000 (i.e., Rs. 1,000 per hour * 120 hours) *.
- ▶ *Note: This view is based on the grounds that there are no comparables to this supply.*

- ▶ Prestige Appliances Ltd. (Bangalore) has 10 agents located across the State of Karnataka (except Bangalore). The stock of chimneys is dispatched on Just-In-Time basis from Prestige Appliances Ltd. to the locations of the agents, based on receipt of orders from various dealers, on a weekly basis. Prestige Appliances Ltd. is also engaged in the wholesale supply of chimneys in Bangalore. An agent places an order for dispatch of 30 chimneys on 22-Sep-2017. Prestige had sold 30 chimneys to a retailer in Bangalore on 18-Sep-2017 for Rs. 2,80,000. The agent effects the sale of the 30 units to a dealer who would effect the sales on MRP basis (i.e., @ Rs.10,000/unit).
- ▶ Ans.: The law deems these supplies between the principal and agent to be supplies for the purpose of GST. Therefore, the transfer of goods by the principal (Prestige) to its agent for him to effect sales on behalf of the principal would be deemed to be a supply although made without consideration. The value would be either the open market value, or 90% of the price charged by the recipient of the intended supply to its customers, at the option of the supplier. Thus, the value of the supply by Prestige to its agent would be either Rs. 2,80,000, or 2,70,000 (i.e., $90\% * 10,000 * 30$), based on the option chosen by Prestige.

- ▶ Mr. & Ms. Mehta purchase 10 gift vouchers for Rs. 500 each from Crossword, and 5 vouchers from Four Fountains Spa costing Rs. 1,000 each, and gives them as return gifts to children and their parents for their son's birthday party. The vouchers from Four Fountains Spa had a special offer for couples – services for both persons at the price chargeable to one.
- ▶ Ans. The value of the supply would be the money value of the goods redeemable against the voucher. Thus, in case of vouchers from Crossword, the value would be Rs. 5,000 (i.e., $\text{Rs.}500 * 10$) and the value of vouchers in case of Four Fountains Spa would be Rs. 10,000 (i.e., $\text{Rs.} 1,000 * 2 * 5$).