Bachelor of Business Administration(B.B.A.)			Semester-I
Course Title: Business Organization & Structure		**Course Code:**	**Type of Course: Major/Core**
Credit: 04	**Theory:04Hours**	**Practical: Nil**	**Teaching Hours: 60**
Internal Marks:50	**External Marks:50**	**Total Marks:100**	**External ExamTime:2 Hours**

COURSE OUT COMES:

- To make students familiar with the basic concepts of business, trade and commerce.
- To expose students to the modern business world.
- To them familiar with different forms of business organizations, their formation and management.

- **Pedagogy:** Interactive lectures, electronic media, Power Point presentations, problem-solving-based learning, case study method, project-based learning, performance-related tasks etc.

Unit -1	**Nature, Purpose and Scope of Business**	Hours: 12
	Business: Meaning and Definition, Characteristics, Objectives, Risk Involved in Business, Profession: Meaning and Definition, Characteristics Forms of Business Organization. Sole Proprietorship, Partnership, Joint Stock Companies & Co-operatives, Non-Profit Organization.	
Unit–2	**Sole Proprietorship and Partnership**	Hours: 12
	Sole Proprietorship: Meaning, Characteristics, Advantages and Disadvantages. Partnership: Meaning, Characteristics, Advantages and Disadvantages, Types of Partners, Partnership Deed, Difference between Partnership and Sole Proprietorship. LLP: Meaning, Features, Advantages and Disadvantages. Hindu Undivided Family: Meaning, Features, Advantages and Disadvantages.	
Unit -3	**Joint Stock Companies-& Co-operatives Society**	Hours: 12
	Joint Stock Company: Meaning and Definition, Features, Types of Companies, Difference between private and public company. Co-operative Society: Meaning, Characteristics, Advantages and Limitation, Difference between Company and Co-operative Society. Non-Profit Organization: Meaning, Characteristics, Advantages and Disadvantages,	
Unit–4	**Business Combination**	Hours: 12
	Business Combination Meaning Causes, Objectives, Types. Forms of combinations: Mergers, Take overs and Acquisitions–Merits & Demerits	
Unit–5	**Social Responsibility of Business**	Hours: 12
	Social Responsibility of Business: Concept and Definition. Social Responsibility of Business towards Customers, Owners and Investors, Employees, Suppliers and Creditors, Society and Government.	

Skill Development Activities: Industry Exposure.

REFERENCES

- Fundamental of Business Organization by Y.K. Bhushan –S. Chand and Sons.
- Business Organization and Management by Jallo – Tata Mc Graw Hill
- Business Organization and Management by Dr. C.B. Gupta

UNIT:1. NATURE, PURPOSE AND SCOPE OF BUSINESS

Q.1) What do you mean by term business? Discuss its major characteristics.

The term **business** refers to an organized economic activity involving the continuous production, purchase, sale, or exchange of goods and services. Its primary goal is to satisfy consumer needs while generating a financial profit.

A complete overview of the major characteristics and components of a business highlights the following:

1. Major Characteristics and Components

- **Economic Activity:**

Business is driven by the primary objective of earning money and creating wealth, rather than performing tasks out of love, charity, or personal emotion.

- **Sale, Transfer, or Exchange of Goods and Services:**

Business requires the transfer of ownership of goods (e.g., electronics, food) or the rendering of services (e.g., banking, transportation) in exchange for value, typically money. Producing or procuring items strictly for personal consumption is not a business.

- **Continuous Transactions:**

An isolated or single transaction of sale or exchange does not constitute business. The dealings must be conducted on a regular and ongoing basis.

2. Objectives and Profits

- **Profit Motive:**

Earning a profit is the lifeblood and primary objective of any business. It is the reward for taking risks and provides the necessary capital to survive, grow, and expand.

- **Different Objectives:**

While profit is crucial, modern businesses balance this with other vital objectives, including:

- **Market Standing:**

Winning customer trust and a competitive edge.

- **Innovation:**

Introducing new products or improving existing ones to meet changing consumer needs.

- **Social Responsibility:**

Operating ethically and contributing to the betterment of society.

3. Requirements, Risk, and Infrastructure

- **Need for Investment:**

Starting and running a business requires capital (investment) to acquire physical assets (land, machinery, raw materials) and sustain daily operations.

- **Element of Risk:**

Business inherently involves uncertainty. Because consumer preferences, market trends, and economic conditions fluctuate, there is always exposure to financial loss.

- **Need for Skills and Knowledge:**

Managing a business requires professional competence, strategic planning, managerial ability, and technical knowledge to operate efficiently in a competitive environment.

- **Infrastructural Facilities:**

Efficient business operations rely heavily on infrastructural facilities, which include banking, insurance, warehousing, transportation, and communication networks that facilitate trade and distribution.

Q.2) Write note:

1) **Risk involved in business**

Business risk refers to the probability that actual outcomes or profits will differ from expected results, threatening a company's success or survival. It is an inherent part of commerce that drives innovation and profitability, requiring careful balancing and continuous strategy to navigate effectively.

A quick, topic-wise summary of all the risk concepts you asked for:

1. **Concept of Risk**

- **Definition:**

Risk is the uncertainty of achieving expected results and the potential for financial loss or adverse outcomes.

- **Nature:**

It is probabilistic—no business is 100% immune to risk. The greater the uncertainty in a market, the higher the risk.

2. **Risk Element in Business**

- **What it means:**

A risk element is any specific factor, event, or condition that could negatively impact a business's goals.

- **Examples:**

Market fluctuations, supply chain disruptions, or the introduction of new technologies.

3. **Desirable Level of Risk**

- **Definition:**

This is the calculated, acceptable amount of risk a business is willing to take to achieve its strategic goals.

- **Trade-off:**

Without taking risks, businesses cannot grow or stand out in the market. The desirable level balances bold growth objectives with the organization's financial capacity to absorb potential losses.

4. **Risk and Return**

- **Core Principle:**

There is a direct relationship between the two. In business and investing, taking on higher, calculated risks is usually necessary to unlock higher potential profits. Low-risk decisions generally yield modest, safe returns.

5. **Risk Management**

- **Process:**

This is the systematic method of identifying, evaluating, analyzing, and controlling threats to an organization's earnings and capital.

- **Actions:**

Organizations mitigate risks by avoiding them, reducing them, transferring them (e.g., via insurance), or accepting them as part of their strategy.

6. **Impact of Risk on Stakeholders**

- **Stakeholder Groups:**

Every risk affects different people in a business.

- **Shareholders/Investors:**

Bear the financial impact of declining profits or stock values.

- **Employees:**

Face uncertainties regarding job security and compensation.

- **Customers:**

Might experience disruptions in product delivery or service quality.

7. **Business Risk vs. Financial Risk**

- **Business Risk:**

The overall uncertainty of making a profit, driven by operational factors, changing consumer tastes, and market competition.

- **Financial Risk:**

A specific subset of business risk dealing strictly with money, capital, and cash flow (e.g., debt obligations, credit risks, and market interest rate changes).

8. **Factors Triggering Risk in Business**

Risks are triggered by two main sources:

- **Internal Factors:**

Human resource issues, equipment failures, flawed management strategies, or poor liquidity management.

- **External Factors:**

Economic recessions, new government regulations, natural disasters, and unexpected actions by competitors

2) objectives of business

Business objectives are the fundamental goals and purposes an organization strives to achieve. They are broadly categorized into **Economic, Social, Human, National, and International (Global)** objectives, acting as the guiding framework for profitability, sustainability, and competitive growth.

1. Economic Objectives

These focus on the financial health, viability, and growth of the business.

- **Profit Earning:**

The primary goal of any business is to generate profit, which is essential for survival, expansion, and growth.

- **Customer Creation:**

Businesses aim to attract and retain customers by offering value.

- **Innovation:**

Continuously introducing new products, services, or improved production processes to maintain a competitive edge.

- **Optimum Use of Resources:**

Efficiently utilizing men, materials, money, and machinery to minimize waste and maximize output.

2. Social Objectives

These represent the company's responsibility and commitment to the society in which it operates.

- **Quality Goods & Fair Prices:**

Supplying high-quality products to consumers at reasonable, fair prices.

- **Fair Trade Practices:**

Avoiding unethical practices like hoarding, black-marketing, and misleading advertising.

- **Community Welfare:**

Contributing to the general upliftment of society by supporting education, healthcare, and rural development.

3. Human (Individual) Objectives

These center on the well-being, growth, and satisfaction of the workforce.

- **Fair Remuneration:**

Providing adequate wages, salaries, and performance-based incentives.

- **Safe Working Conditions:**

Ensuring a healthy and secure work environment to protect employees from occupational hazards.

- **Employee Development:**

Offering training and career advancement opportunities to foster job satisfaction and professional growth.

4. **National Objectives**

These align the business goals with the broader socio-economic priorities of the country.

- **Employment Generation:**

Creating gainful job opportunities to help reduce unemployment.

- **Payment of Taxes:**

Honestly and regularly paying corporate taxes and dues to the government exchequer.

- **Balanced Regional Development:**

Setting up industries in economically backward or rural areas to ensure equal economic growth.

5. **International (Global) Objectives**

These involve a company's goals to expand and compete effectively on the world stage.

- **Market Expansion:**

Entering new international markets to reach a broader global customer base.

- **Global Competitiveness:**

Producing goods and services that meet international quality and pricing standards.

- **Foreign Exchange:**

Earning valuable foreign exchange through exports to strengthen the home country's economy.

Q.3) Define profession and discuss its characteristics.

A profession is an occupation that requires specialized advanced education, training, and mastery of a complex set of skills. It primarily involves rendering expert services to others rather than producing goods, and is governed by strict ethical standards.

The fundamental characteristics that define a profession include:

- **Existence of Specialized Knowledge:**

Every profession is grounded in a well-defined body of theoretical knowledge and intellectual techniques acquired through dedicated study.

- **Need of Formal Education and Training:**

Entry into the field is restricted to those who have completed prescribed formal education, often followed by practical internships or institutional training.

- **Service Motive:**

While professionals earn a living, the primary objective is to provide expert, objective counsel and service, prioritizing the client's or society's needs over mere profit.

- **Professional Association:**

Most professions are regulated by official governing or licensing bodies (e.g., medical councils or bar associations) that control entry, regulate practice, and enhance professional status.

- **Code of Conduct:**

Professionals are bound by a formalized set of ethical rules and codes of behavior that mandate integrity, confidentiality, and responsibility beyond basic personal moral obligations.

- **Continuous Development:**

Because fields evolve, practitioners must participate in ongoing education and development to maintain competency and stay current with new research.

- **Personal Factor:**

While theoretical knowledge is universal, success heavily relies on the practitioner's personal judgment, emotional intelligence, and ability to apply expertise to individual cases.

- **Reward or Remuneration:**

Professionals do not sell goods for "profit"; instead, they are compensated for their intellectual services and time in the form of a professional **fee.**

Q.4) Explain in brief major forms of business organisation.

Here are the major forms of business organizations. Choosing the right structure depends on your capital, control, liability, and tax needs.

- **Sole Proprietorship:**

A business owned and managed by a single person. It is easy to start with minimal legal requirements. However, the owner bears complete risk and has **unlimited personal liability** for business debts.

- **Partnership:**

Formed when two or more people agree to run a business together. Governed by agreements, profits are shared among partners, but they generally hold joint and unlimited liability.

- **Limited Liability Partnership (LLP):**

A modern hybrid combining the operational flexibility of a traditional partnership with the legal protection of a corporate structure. Here, a partner's personal assets are protected from the business liabilities and debts of others.

- **Company (Private or Public):**

A distinct legal entity separate from its shareholders, offering complete limited liability. It is governed by complex regulations (e.g., the Companies Act in India) but allows the business to scale and raise massive capital.

- **Cooperative Society:**

An association formed for the mutual welfare and benefit of its members rather than maximizing profit. It operates on democratic principles where members democratically elect a management committee.

Q.5) Explain :

A. joint stock Company

A joint stock company is a voluntary, profit-motivated business entity created by law. Its capital is divided into transferable shares, with ownership determined by the number of shares held. It functions as an artificial person, completely distinct from its shareholders.

Key Characteristics

- **Separate Legal Entity:**

The company operates independently of its owners; it can own property, enter contracts, and be sued in its own name.

- **Limited Liability:**

Shareholders are not personally responsible for the company's debts beyond the unpaid value of their shares.

- **Perpetual Succession:**

The life of the company is continuous. It remains unaffected by the death, retirement, or insolvency of any shareholder.

- **Transferable Shares:**

Ownership stakes can be freely bought and sold (and in some cases transferred) without disrupting operations.

- **Common Seal:**

As an artificial person, the company uses an official common seal as a signature on legal documents.

Major Types

- **Public Limited Company:**

Can invite the public to subscribe to its shares, which are freely tradable on registered stock exchanges.

- **Private Limited Company:**

Restricts the right to transfer shares and does not allow public trading, keeping ownership within a limited group of people.

Advantages

- Ability to raise massive capital pools for large-scale operations by distributing shares to thousands of investors.
- Reduced risk for individual investors due to limited liability protections.
- Separation of daily management from ownership, allowing professional experts to run the business.

B. joint Hindu family firm

A Joint Hindu Family Business, also known as a Hindu Undivided Family (HUF) business, is a unique business structure exclusive to India, owned and operated by members of a single family. It is governed by Hindu law, where membership and ownership arise automatically by birth rather than through a formal contract.

<u>Core Structure</u>

- **Karta:**

The head of the family (traditionally the eldest male) who manages the day-to-day operations and business affairs.

- **Coparceners:**

The other family members who hold equal ownership rights in the ancestral property. By law, membership extends to three successive generations.

<u>Key Characteristics</u>

- **Formation:**

It requires at least two family members and the presence of inherited ancestral property. No formal agreement or registration is required to start the business.

- **Unlimited Liability of the Karta:**

While the liability of the coparceners is limited to their share in the business property, the Karta bears unlimited liability—meaning their personal assets can be used to settle business debts.

- **Continuity:**

The business is not terminated by the death of the Karta. The next eldest member automatically takes over as the Karta.

- **Control:**

The Karta has absolute decision-making power and full control over the family business.

C. Non-profit organisation

A **Non-Profit Organization (NPO)** is an entity formed for charitable, educational, religious, or social purposes rather than to generate profit. Instead of distributing wealth to owners, any generated surplus is fully reinvested into the organization to advance its mission and support the community.

<u>Core Characteristics</u>

- **Service Motive:**

The primary goal is public welfare or member service rather than maximizing financial returns.

- **No Profit Distribution:**

Founders and members do not receive dividends from surpluses.

- **Separate Legal Entity:**

The organization operates independently of its members, meaning it can own assets and enter into contracts.

Common Funding Sources

Instead of selling commercial goods or services, NPOs rely on:

- Donations from individuals and private foundations
- Government grants and aid
- Membership fees and subscriptions
- Corporate sponsorships

Legal Structure in India

In India, NPOs typically register under one of three forms:

1. **Trusts:** Commonly used for managing properties or specific charitable funds.
2. **Societies:** Formed by a group of people for purposes like literature, science, or fine arts.
3. **Section 8 Companies:** Corporate structures incorporated under the Companies Act, 2013 explicitly for promoting commerce, art, charity, or religion.

Key Accounting Differences

Unlike for-profit businesses that calculate profitability using a Trading and Profit & Loss Account, NPOs focus on transparency and accountability. They maintain:

- **Receipt and Payment Account:** A summary of actual cash inflows and outflows.
- **Income and Expenditure Account:** Determines the surplus or deficit for a specific period.
- **Balance Sheet:** Summarizes the organization's total assets and liabilities.

D. partnership

Partnership firm is owned by a few persons (minimum two and maximum 20 members), called the partners.

A partnership is a formal business arrangement where two or more individuals co-own and operate a company to share its profits and liabilities. It is built on mutual agreement, shared responsibility, and combined resources.

Key Characteristics

- **Agreement:**

Formed through a legal document called a Partnership Deed.

- **Mutual Agency:**

Every partner can act on behalf of the business and the other partners.

- **Unlimited Liability:**

Partners are personally responsible for the business's debts and legal obligations.

- **Profit/Loss Sharing:**

Earnings and losses are divided among partners based on a pre-agreed ratio.

Types of Partnerships

- **General Partnership:**

All partners share equal rights, management duties, and financial liabilities.

- **Limited Partnership (LP):**

Features "general partners" who run the business and "limited partners" who are mostly passive investors with capped liability.

- **Limited Liability Partnership (LLP):**

Protects partners' personal assets from the business's debts and other partners' misconduct