

# Chapter 01

## Concepts in Business

### ❖ **Characteristics of Successful Business Owners**

#### **1) Have a Crystal-Clear Vision**

If you don't have a crystal-clear vision of the company you are trying to create, you can't possibly create it.

Figure out exactly the type of company you are trying to build. For example, in five years how many customers will you have? How many employees? What will your revenues be?

#### **2) Have a Written Strategic Plan**

Your vision is your dream. Your plan details how you will achieve that dream.

Your plan should identify what you must accomplish in the next twelve months to get on the right path to achieving your long-term vision. Among other things, your plan must document your product strategy, marketing strategy and human resource strategy.

#### **3) Set Shorter-Term Goals**

The most successful entrepreneurs and business owners also set shorter-term goals. Specifically, they identify what they and their company need to achieve in the next quarter, monthly and week to meet their annual goals.

They also meet with their teams to ensure all employees understand these goals and work together to achieve them.

#### **4) Ongoing Education**

To succeed requires continual education. This includes reading books and magazines (offline and online), attending events and networking with other successful entrepreneurs and business owners.

Having business mentors is another great way to get ongoing education and advice.

#### **5) Satisfy Your Customers**

If you can't satisfy customers, your business will fail.

Always keep your customers top of mind. Focus relentlessly on their needs; not just on your needs.

#### **6) Be a Great Marketer**

If you are truly satisfying your customers, you will grow through word of mouth.

But in most cases, you want or need to grow even faster. So, make sure you have a comprehensive marketing plan in place. Of particular importance is your promotion plan, or your plan to attract new customers.

The key to your promotion plan is to leverage as many marketing channels as possible. For example, if you are attracting new customers from radio ads, pay-per-click advertising, partnerships, direct mail and newspaper ads, you will get many more new customers than competitors who may only leverage one of these channels.

### **7) Be Laser-Focused in Your Work**

As an entrepreneur or business owner, you are constantly faced with new opportunities and ideas. The key to your success is staying focused. By creating plans and setting (and sticking to) goals, you will achieve more.

That's not to say to avoid all new opportunities. Rather, make sure you focus on hitting your short-term goals first, and then set up periodic meetings (perhaps monthly) to consider new ideas or opportunities.

### **8) Never Give Up**

The life of an entrepreneur or business owner isn't easy. There's always more work to be done. And on any given day there may be significant ups and downs, such as landing or losing a big client.

Never give up. Build up a tolerance to the downs and realize that if you keep focusing on attaining your goals, you will.

We should all cherish the opportunity we have to run a business. By following these eight practices listed above, you can get the most out of your business and achieve the success you desire.

## ❖ Business ethics

**Business ethics** are moral principles that guide the way a business behaves. The same principles that determine an individual's actions also apply to business. Acting in an ethical way involves distinguishing between 'right' and 'wrong' and then making the 'right' choice. It is relatively easy to identify unethical business practices. It is the study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities. For example, companies should not use child labor. They should not unlawfully materials and processes. They should not engage in bribery.

According to Andrew Crane –

“Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed.”

So, in shortly, Business ethics is a form of applied ethics or professional ethics that ethical principles and moral or ethical problems that arise in a business environment. It ensures that a definite obligatory stage of faith exists between customers and various forms of market participants with businesses. For example, a portfolio executive must give the similar thought to the portfolios of family members and small individual investors. Such practices ensure that the public receives reasonable conduct.

## ❖ Characteristics of Business Ethics

To understand business ethics, it is necessary to know its important characteristics. These are:

### **(i) A Discipline:**

Business ethics are the guiding principles of business function. It is the knowledge through which human behavior is learnt in a business situation.

### **(ii) Ancient Concept:**

Business ethics is an ancient concept. It has its origin with the development of human civilization.

### **(iii) Personal Dignity:**

The principles of ethics develop the personal dignity. Many of the problems of ethics arise due to not giving dignity to individual. All the business decisions should be aimed by giving dignity to the customers, employees, distributors, shareholders and creditors, etc. otherwise they develop in immorality in the business conducts.

### **(iv) Related to Human Aspect:**

Business ethics studies those activities, decisions and behaviors which are concerned with human aspect. It is the function of the business ethics to notify those decisions to customers, owners of business, government, society, competitors and others on good or bad, proper or improper conduct of business.

### **(v) Study of Goals and Means:**

Business ethics is the study of goals and means for the rational selection of sacred objects and their fulfillment. It accepts the principles of "Pure goals inspire for pure means" and "Means justifies the end". It is essential that goals and means should be based on morals.

**(vi) Different from Social Responsibility:**

Social responsibility mainly relates to the policies and functions of an enterprise, whereas business ethics to the conduct and behavior of businessmen. But it is a fact that social responsibility of business and its policies is influenced by the business ethics.

**(vii) Greater than Law:**

Although the law approves various social decisions, but the law is not greater than ethics. Law is usually related to the minimum control of social customs whereas ethics gives importance to individual and social welfare actions.

## ❖ Social Responsibility of Business

The subject of business and society covers relationships to the broader social system outside its own organization. In an age of discontinuity, the public expects business to develop a greater social conscience, social concern, and social responsibility relating to its actions. Social responsibility is defined, as the obligation of decision makers to pursue actions which protect and improve the welfare of society as a whole, rather than only their oval interests.

In the words of Bushee- “Social Responsibility rises from the social effects which arise from a performance of business’s economic functions and society also help to solve a number of general social problems that only indirectly relate to business activities”.

Social responsibility is a moral theory, in which individuals are responsible for fulfilling their civic duty; the actions of an individual must advantage the entire of society. In this method, there must be an equilibrium between financial growth and the benefit of society and the environment.

Finally, business and society interact in a system framework which creates certain responsibility for both business and society.

## ❖ Areas of Social Responsibility to Business

Social responsibility creates a better environment for business operations as it improves Quality of life and standard of living of people. So, business will get a better community to conduct business. It is an ethical framework and suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large. Proposed areas of social involvement include the following:

### **Ecology and environmental quality**

- (a) Cleanup of existing pollution,
- (b) Design of process to prevent pollution,
- (c) Aesthetic improvements
- (d) Noise control
- (e) Dispersion of industry
- (f) Control of land use
- (g) Required recycling

### **Consumerism**

- (a) Truth in lending, in advertising, and in all business activities
- (b) Product warranty and service
- (c) Control of harmful products.

### **Community needs**

- (a) Use of business expertise and community problems
- (b) Reduction of business role in community power structure
- (c) Aid with healthcare facilities

(d) Aid with urban renewal.

### **Governmental relations**

(a) Restrictions on lobbying

(b) Control of business political action

(c) Extensive new regulation of business

(d) Restrictions on international operations.

### **Business giving**

(a) Financial support for artistic activities

(b) Gifts to education

(c) Financial support to assorted charities.

### **Minorities and disadvantaged persons**

(a) Training of hardcore unemployed

(b) Equal employment opportunity and quotas for minority employment

(c) Operation of programs for alcoholic and drug addicts

(d) Employment of persons with prison records,

(e) Building of plants and offices in minority areas

(f) Purchasing from minority businessman

(g) Retraining of workers displaced by technology.

## **Labor relation**

- (a) Improvement of occupational health and safety
- (b) Prohibition of 'export of jobs' through operations in nations with low labor costs
- (c) Provision of day care centers for children of working mothers
- (d) Expansion of employee rights
- (e) Control of pensions
- (f) Impatience with authoritarian structures.

## **Stockholder relations**

- (a) Opening of boards of directors to public members representing various interest group
- (b) Prohibition of operations in nations with 'racist' or 'colonial' governments
- (c) Improvement of financial disclosure.

## **Economic activities**

- (a) Control of Conglomerates
- (b) Breakup of giant industry
- (c) Restriction of patent use.