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ICT TEACHING-LEARNING CENTRE

PAPER NAME- BUSINESS ORGANIZATION AND MANAGEMENT

TOPIC: FUNCTIONS OF BUSINESS

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FUNCTIONS OF BUSINESS/FUNCTIONAL AREAS OF BUSINESS

There are several functions that are performed by a business enterprises. However, there are two basic functions: namely production and the other is marketing. It would be better to clarify here that these functions cannot be performed without the help of other functions such as planning, financing, staffing, purchasing and controlling, etc. Therefore, proper coordination is necessary among the other subsidiary functions to achieve the objectives. In other words, the management of the business enterprise has to integrate all the functions to accomplish the organisation objectives. Some of the important functions are discussed below:

1. **Production Function**-Manufacturing function involves the process through which raw materials are converted into the finished products. Production is a highly specialized and mechanised system. Production department is established for all these activities. Production department is concerned with plant location and layout, production planning and control, quality control, equipment design and development, repairs and maintenance of plant and quality control, equipment design and development, repairs and maintenance of plant and machinery etc. In a nutshell, the production department performs the following functions:

- (a) Production planning
- (b) Purchasing and storage of raw material
- (c) Material handling and inventory control
- (d) Product designing
- (e) Plant layout
- (f) Research and development, etc.

2. Marketing Function- Another function of business is marketing of product. Marketing function involves the distribution of goods and services. It involves development and use of appropriate marketing mix consisting of product, price, physical distribution and promotion. Generally, marketing department is established to perform as below:

- (a) Product designing according to changes
- (b) Packaging the product
- (c) Branding and labelling
- (d) Pricing the product
- (e) Deciding distribution channel
- (f) Advertising and personal selling etc.

3. Finance Function- Finance is the lifeline of a business. Finance is needed for fixed capital and working capital. In a healthy enterprise, there should be a regular flow of funds. For all these tasks, a finance department is established, which performs the following functions:

- (a) Financial planning, i.e., estimation of financial requirements.
- (b) Determination of sources of finance.
- (c) Deciding about capital structure.
- (d) Management of working capital.
- (e) Deciding the dividend policy, etc.

4. **Personnel Function**- It is concerned with the selection, training, and maintenance of workforce in the business enterprise. The quality of manpower largely affects the quality of product. This function involves:

- (a) Manpower planning
- (b) Recruitment and selection
- (c) Orientation and training of workers
- (d) Appraisal and promotions
- (e) Labour welfare services
- (f) Industrial relations etc.

Apart from the above functions, there are many other functions that are also performed by the management of the business enterprise. These are discussed in brief as follows:

- 1. Planning:** Planning is future oriented and determines the organisation's direction. It is a systematic way of making decisions that may affect the future of the business enterprise.
- 2. Organising:** Organising involved the determination of activities that need to be done to achieve the objectives. It requires a formal structure of authority. Organising is concerned with:
 - (a) Identifying the task
 - (b) Assigning these tasks to different personnel
 - (c) Delegating the authority to personnel
 - (d) Co-ordinating the activities.

3. **Staffing:** It is the same as personnel function like: whom to recruit, when to recruit.
4. **Directing:** It is concerned with leadership, motivation and supervision, so that employees can perform their duties in most efficient manner. Under this function communication must be open both ways. Motivation is very important because motivation of employees results into good performance. In the similar way, supervising subordinates would give progress report of the employees.
5. **Controlling:** Controlling involves establishing standards for work performance, measuring performance and comparing it with standards and taking corrective measures, if required controlling in the most effective part of all these.