Chapter-1

Business Concepts

Meaning of business:

Literally, the word "business" means the state of being busy. Generally, the term business includes all human activities concerned with earning money.

Business is an economic activity of people directed towards satisfying human wants at a profit in a valid way. A business is any activity that provides goods or services to consumers for the purpose of making a profit. The goods and services produced or purchased for personal use are not included in business.

According to Skinner and Ivancevich, "Business is the exchange of goods, services or money for mutual benefit or profit.”

According to Kith Davis, “Business may be defined as any form of commercial activity to satisfy the economic wants of people at a profit.”

Definition of business from the Cambridge Dictionary, "Business is the activity of buying and selling goods and services.”

According to Roger W. Babson, “Business includes those human activities relating to production and distribution of goods, services and ideas with a view to earning profit.”

Business includes all economic activities concerned with production and distribution of goods or services with the objectives of earning profit.

Basic Elements/Components of a Business

The basic elements of business may be described as follows–

1. Organization structure: Organization structure is an important factor of business. Every organization should have an organizational structure although the organization size is small.
2. Land: To run the business operation smoothly a certain place is required or important. The place is varying in accordance to the nature, scope and size of business. So, land is important component of business.
3. Capital: Capital is the lifeblood of business. Without capital the business operation is impossible. To run the business smoothly there are two types of capital is required. One is working capital and another is fixed capital.
4. Legality: Legality is compulsory for the business although earning profit is the objectives of business. If the functions of any business organization are not legal in the eye of law then it is not considered the business.
5. Employees: The employees are employed to create different types of utilities. In brief they are the soul of organization. Employees are essential to run smoothly the operation of any business organization.

6. Production: Production is the important element of business. Business mainly changes the figure of natural assets and is related to produce demandable and applicable goods. In this way business plays a vital role in economic prosperity.
7. Distribution: Without distribution, business cannot run successfully. Consumers' are the main target of producing products and services in business. So it is the primary activity of business to take the produced goods to the market place towards the consumers.
8. Profits: Earning profit is the main purpose of a business. With the hope of earning profit businessmen are investing their labor and talent with capital and taking a little risk to establish or run business.
9. Risk: Risk is another element of business. Mainly the uncertainty of earing profit is the risk. In business a businessman cannot neglect risk. Businessman can earn profit reward by taking risk. So we can say, "No risk no gain.
10. Financing: Capital is another element of business. By taking initiatives with risk any one can come forward for business. But no business cannot be established and run until arrangement of money.
11. Value: Each mutual transaction has a monetary value. That transaction cannot be a transaction in business which is not measurable in terms of money

At last we can say, any 1ypes of activity cannot business if there is no existence of the above.

<u>Basic features of business/ Nature of Business/ Characteristics of Business</u>

The following points state the nature of business in brief:

1. Profit Motive: Business activities are performed with the primary objective of earning income by way of profit. Without profit, it is not possible to survive for a long period. Earning of profit is also required to grow and expand the business.
2. Economic Activity: Business is an economic activity as it is concerned with creation of wealth through the satisfaction of human wants.
3. Haman Activity: Business is an economic activity and every economic activity is done by human beings. Thus, business is one of the most important human activities
4. Social Process: Business is run by owners and employees with the help of professionals and customers. Thus, business is a social process.
5. Risk and Uncertainties: We know that every business aims at earning a profit. The businessman who invests the various resources expects a fair amount of return. But, despite his/her best effort, the reward he/she gets is always uncertain. Sometimes he/she enjoys profits and also times may come when he suffers heavy losses. This happens because the future is unpredictable, and the businessman has practically no control over certain factors. Business is exposed into two types of risks such as Insurable and Non-insurable where Insurable risk is predictable.
6. Capital: Capital is the lifeblood of every business. It is the most essential and important clement of business. In case of deficiency, loans can be taken from various financial institutions

7. Creation of Utility: Utility is an economic term referring to that characteristic of a certain commodity, which can satisfy any human need. Business creates utility, which gives benefit to the entire society as well as the businessmen.
8. Dealing in Goods and Services: People in business are engaged in the production and distribution of goods and services. The goods may be consumer goods like bread, butter, milk, tea, etc. or capital goods like a plant, machinery, equipment, etc. The services may be in the form of transportation, banking, insurance, warehousing, advertising, and so on.
9. Exchange of goods and services: If a person produces or buys a product for self-consumption or for gifting it to another, he is not engaged in business. But when he produces or buys goods to sell it to somebody, he is engaged in business. Thus, in business, the goods and services produced or purchased must be exchanged for money or goods (under the barter system between the buyers and sellers. Without the sale or exchange of goods, the activities cannot be treated as a business.
10. Organization: Every business needs an organization for its successful working. A proper organization is helpful in the smooth running of business and achieving the objectives
11. Productions or Purchase of Goods: A businessman deals in production or purchase of goods. These goods are supplied to the people. So, it is necessary that more goods should be produced so that demand of people may be fulfilled
12. Regular Transaction: The production or buying and selling activities must be carried out regularly. Normally, an isolated transaction is not treated as a business. For example, if Adam sold his old Toyota car to Moses, it is not considered as business, unless he continues to carry the buying and selling of cars regularly.
13. Sale or Transfer for value: Another characteristic of business is the sale or transfer of goods for value. We can sale or transfer any goods or services for value by business transaction.

<u>Branches of Business</u>

The won Business" includes all human activities concerned with earning money. In other words, business is an activity in which various persons regularly produce or exchange goods and services for mutual gain or profit. Business has the following branches:

1. Industry
2. Commerce

1. Industry: Industry is connected with the production and preparation of goods and services. It is a place where raw material is converted into finished or semi-finished goods, which have the ability to satisfy human needs or can be used in another industry as a base material. In other words, industry means that part of business activity, which is concerned with the extraction, production and fabrication of products. Industry has the following types:
    A. Primary Industry
    B. Secondary Industry

A. Primary industry: Primary industry is engaged in the production or extraction of raw materials, which are used the secondary industry. Primary industry can be divided into two parts:

I. Extractive Industry: Extractive industries are those industries, which extract, raise or produce raw material from below or above the surface of the earth. For example, fishery, extraction of oil, gas and coal etc.
II. Genetic Industry: Genetic industries are those, which are engaged in reproducing and multiplying certain species of animals and plants. For example, poultry farm, fishing farm, dairy farm, plant nurseries etc.

B. Secondary Industry: These industries use raw materials and make useful goods. Raw material of these industries is obtained from primary industry. Secondary industry can be divided into three parts:
   I. Construction Industry: All kinds of constructions are included in this industry. For example, buildings, canals, roads, bridges etc.
   II. Manufacturing Industry: In this industry, material is converted into some finished goods or semi-finished goods. For example, textile mills, sugar mills etc.
   III. Services Industry: These industries include those industries, which are engaged in providing services of professionals such as lawyers, doctors, teacher etc.

2. Commerce: In simple words, trade and aids to trade" is called commerce. Commerce is the second component of business. The term "commerce" includes all activities, functions and institutions, which are involved in transferring goods, produced in various industries, from their place of production to ultimate consumers. In the words of Evelyn Thomas, "Commercial occupations deal with the buying and selling of goods, the exchange of commodities and distribution of the finished goods. Commerce can be divided into two types:
   A. Trade
   B. Aids to trade

A. Trade: Trade is the whole procedure of transferring or distributing the goods produced by different persons to their ultimate consumers. Trade is the act or process of buying and selling commodities at either wholesale or retail and either between domestic or foreign countries. There are two types of trade:
   I. Home Trade
   II. Foreign Trade

I. Home Trade: The purchase and sale of goods inside the country is called home trade. It is also known as domestic local or "internal trade'. Home trade has two types:
   a) Wholesale Trade: It involves selling of goods in large quantities to shopkeepers, in order to resale them to the consumers. A wholesaler is like a bridge between the producers and retailers.
   b) Retail Trade: Retailing means selling the goods in small quantities to the ultimate consumers. Retailer 1s a middleman, who purchase goods from manufacturers or wholesalers and provide these goods to the consumers near their houses.

II. Foreign Trade: Trade or exchange of goods and services between two or more independent countries for their mutual advantages is called foreign trade. It is also called international trade. Foreign trade has two types:
   a) Import Trade: When goods or services are purchased from other country it is called import trade.

b) Export Trade: When goods or services are sold to any other country it is called export trade.

B. Aids to Trade: Trade man's biting and selling of goods, whereas, aids to trade mean all those things which are helpful in trade.

1. Banking
2. Transportation
3. Insurance
4. Warehousing
5. Agent
6. Finance
7. Advertising
8. Communication

Role of Business in economic development of Bangladesh

The business delivers a higher living standard to the people by its different activities. The business has a vital role in socio-economic development and increasing standard of living. The role of business in the increasing of the living standard are described below:

1. Creation of utilities: Businesses are leading to the creation of utilities and thus satisfying human wants by modification of product features, size, style, design, etc. As a result, the standard of living is increasing.

2. Employment of Generation: Unemployment is a severe problem for a country. In a country, businesses employ the labour force and thus help to the socio-economic development and increase of living standard.

3. Formation of Capital: Business is a better area of investment of capital. Money makes money when it is invested in the business. So business is a better field to makes money through the investment of saving. Business accumulates peoples saving and invest it in a profitable venture.

4. Utilization of resources: Businesses utilizing our resources such as capital resources (fuel, raw materials, and money), natural resources (oil, natural gas, and water) and human resources (human talent, skills, and competence) available in the nation.

5. Protection of the environment: Suitable environment is needed for the existence of human being. In a country, business uses hazardous materials in different operation of the different industry to keep the environment safe.

6. Alleviation of Poverty: In the world, most of the people are poor. Business always tries to alleviate poverty by different venture.

7. Contribution to Education: Different business organizations help in the education sector by providing scholarship to the students.

8. Development of social infrastructure: Due to the growth of business in a different area the transportation facilities and other facilities are created which make a vital role in the development of a country.

9. Research, Development, and Innovations: In the world, businesses continuously making researches on alternative uses of resources, developing new products and methods, and making innovations.

10. Government revenue: Business firms provide tax revenue to the government of the country and enable it to undertake development projects and programs for the welfare of the citizens.

So by different activities, the business delivers a higher living standard to the people and make a vital role in the socio-economic development of a country.

Business environment

The external and internal elements of business that influence the business organization is called business environment. The success and failure of business organization largely depend on business environment.

Business Environment is sum or collection of all internal and external factors such as customers, competitors, stakeholders, suppliers, industry trends, regulations other government activities, social and economic factors and technological developments that affect the success or failure of business organization.

S. K. Kapur , "Environment mean the whole assay of conditions, factor and forces surrounding the business organization and his job that influence the functioning or success of the organization or manager".

So, Business environment is directly and indirectly, controlled and uncontrolled elements of all parties, forces and surroundings of business that affects the structure, management, effectiveness, efficiency and management of the business.

Factors/ elements/ components of business environment

There are two types of environment of business.

1. Internal Environment: Internal environment of business includes physical assets, technological capabilities, human, financial and marketing resources, management structure, relationship among various constituents, goods, objectives and value system prevailing. Elements of internal environment are:
   a) Owners and Shareholders: Owners are people who invested in the company and have property rights and claims on the organization. Owners can be an individual or group of persons who started the company; or who bought a share of the company in the share market. They have the right to change the company's policy at any time. Owners of an

organization may be an individual in the case of sole proprietorship business, partners in a partnership firm, shareholders or stockholders in a limited company or members in a cooperative society. In public enterprises, the government of the country is the owner. Whoever the owners, they are an integral part of the organization’s internal environment. Owners play an important role in influencing the affairs of the business. This is the reason why managers should take more care of the owners of their organizations.

b) Board of Directors: The board of directors is the governing body of the company who is elected by stockholders, and they are given the responsibility for overseeing a firm’s top managers such as the general manager.

c) Employees: Employees or the workforce, the most important element of an organization’s internal environment, which performs the tasks of the administration. Individual employees and also the labour unions they join are important parts of the internal environment. If managed properly they can positively change the organization’s policy. But ill-management of the workforce could lead to a catastrophic situation for the company.

d) Organizational Culture: Organizational culture is the collective behaviour of members of an organization and the values, visions, beliefs, habits that they attach to their actions. An organization’s culture plays a major role in shaping its success because the culture is an important determinant of how well their organization will perform. As the foundation of the organization’s internal environment, it plays a major role in shaping managerial behaviour. An organization’s culture is viewed as the foundation of its internal environment. Organizational culture (or corporate culture) significantly influences employee behaviour. Culture is important to every employee including managers who work in the organization.

e) Resources of the Organization: An organization s resources can be discussed under five broad heads: physical resources, human resources; financial resources, informational resources, and technological resources. Physical resources include land and buildings, warehouses, all kinds of materials, equipment and machinery. Examples are office buildings, computers, furniture, fans, and air conditioners. Human resources include all employees of the organization from the top level to the lowest level of the organization. Examples are teachers in a university, marketing executives in a manufacturing company, and manual workers in a factory. Financial resources include capital used for financing the operations of the organization including working capital. Examples are investment by owners, profits, reserve funds, and revenues received out of a sale. Informational resources encompass ‘usable data needed to make effective decisions. Examples are sales forecasts, price lists from suppliers, market-related data, employee profile, and production reports.

f) Organization’s image/goodwill: The reputation of an organization is a very valuable intangible asset. High reputation or goodwill develops a favourable image of the organization in the minds of the public (so to say, in the minds of the customers). ‘No-reputation’ cannot create any positive image. A negative image destroys the organization’s efforts to attract customers in a competitive world. The internal environment of an organization consists of the conditions and forces that exist within the organization.

2. External environment: External environment of business is composed of various organizations, institutions and forces operating outside the company, which exert influence individually and collectively as well on this environment. The external environment factors are follows:
   a) Economic environment: Economic environment includes economic conditions, economic policies and economic system of the country. Changes in economic environment can have an obvious impact on business activity. For example, an increase in the interest rates translates into fewer sales of major home appliances. Higher increase in interest rates results in higher mortgage rates and higher cost of buying a house. Most of the household goods are bought when people shift their houses. Higher costs of buying the house eat into the budget in appliances.
   b) Sociocultural Environment: Sociocultural environment regulates the values, morals and customs of society. The social environment of business includes social factors like customs, traditions, values, beliefs, poverty, literacy, life expectancy rate, etc. The social structure and the values that a society cherishes have considerable influence on the functioning of business firms. For example, during festive seasons there is an increase in the demand for new clothes, sweets, fruits, flower, etc. Due to increase in literacy rate the consumers are becoming more conscious of the quality of the products. Due to change in the family composition, more nuclear families with single-child concept have come up. This increases the demand for different types of household goods. It may be noted that the consumption patterns, the dressing and living styles of people belonging to different social strata and culture vary significantly.
   c) Legal/Regulatory Environment: Businesses have to operate within the framework of the prevailing legal environment. They have to understand the general legal aspects and those particular to the industry the company is in. Businesses have to understand the implications of such legislations and adapt themselves accordingly. This refers to set of laws, regulations, which influence the business organizations and their operations.
   d) Technological Environment: The technological environment consists of factors related to technology used in the production of goods and services that have an impact on the business of an organization.
   e) Political Environment: Politico-legal forces allocate power and provide laws and regulations that may constrain or protect the business. The political environment includes the political system, the government policies and attitude towards the business community and the unionism. All these aspects have a bearing on the strategies adopted by the business firms. The stability of the government also influences business and related activities to a great extent.
   f) Natural Environment: The natural environment includes geographical and ecological factors that influence business operations. These factors include the availability of natural resources, weather and climatic condition, location aspect, topographical factors, etc. Business is greatly influenced by the nature of natural environment. For example, sugar factories are set up only at those places where sugarcane can be grown. It is always considered better to establish manufacturing unit near the sources of input. Further, government's policies to maintain ecological balance, conservation of natural resources, etc., put additional responsibility on the business sector.

g) International Environment: The international or global environment consists of all those factors that operate at the transnational, cross-cultural and cross-border levels which have an impact on the business of the organization.

Definition of size of business:

The size of a business unit means the size of a business firm. It means the scale or volume of operation turned out by a single firm. The study of the size of a business is important because it significantly affects the efficiency and profitability of the firm. One of the most important entrepreneurial decisions in organizing a business is realizing its 'size' as it affects in company and profitability of business enterprises.

The term 'size of business' refers to the scale of organization and operations of a business enterprise. It is essential here to have a clear understanding of the terms' size' of the 'plant' size of 'firm' and the size of the industry.'

A 'plant' means an establishment of the manufacturing of goods. It represents a production unit where the due provision of all the activities facilitating the production process as made.

A 'firm' means as an organization that owns manages and controls a plant or number of plants and also arranges for the marketing of products, provision of finance, and other facilities to run the organization.

The term industry' implies the aggregate of all firm which manufacture similar types of products.

Factor affecting the size of business:

Business firms vary in size-small, medium, and large. To measure the size of a business unit, the standards of measurement can be grouped into the following two categories.

Capital Investment Factor: The capital employed by shareholders in the form of share capital, reserves, and surplus (net worth) determines the size of the business. It is mainly used to compare two firms or more that are producing similar or differentiated products.

Net worth: Net worth is the excess of assets over liabilities, as shown in the balance sheet of a firm. However, for all practical purposes, it refers to the amount of paid-up capital plays reserves and surpluses built up during business. This measure is appropriate for comparing the size of different firms in an industry or to measure the rate of growth for a particular firm.

Total assets: Another measure of size if the size of the total assets of a firm. The value of total assets is calculated by taking into account the amount invested in fixed (land, building, plant, and machinery), current (cash, short-term securities, stock, debtors, etc.) and intangible assets (goodwill, planet, rights, etc.). The total assets of any business determine its size. The value of all assets (current and fixed) is taken as a means of measure. It is used in both similar and differentiated firms.

Number of Employees: The number of employees employed by any business determines its size. This is done by comparing the wages paid to employees with other businesses.

This factor is used where firms produce similar goods. If you use it in comparing firms that are producing differentiated products, then you end up with false results.

Raw Materials Used: The annual consumption of raw materials of any firm determines its size. It used only on those firms that are producing similar products.

The volume of output: The number of goods produced or services rendered may also serve as a good basis for comparison between firms. The greater the number of goods and services produced, the larger the size. This factor is used for those firms that are producing homogeneous goods.

Value of Output: This is another factor that determines the size of any firm; however, this method is only effective in cases where firms produce a variety of products and where price levels remain constant.

In all these factors, the volume of output is the most effective and reliable factor in measuring the size of any business unit.

Nature of Industry: The nature of the industry has a direct influence on the size of the firm. Manufacturing industries are, by and large, bigger compared to trading and service firms.

Manufacturing industries heavy machinery, produce goods on a large scale, make higher capital investments, and therefore large.

Nature of Products: When the product is less standardized, the size of the firm is often small when the product is standardized, complex, and durable; the size of the firm is often big.

Size of the market: If the size of the market is large for the product, the firm will also be large and vice-versa.

Quality of management: The competence and integrity of management largely determine the size of a business unit. If the management is competent to manage the complex tasks of modern business, the firm can afford to be large.

Power Used: The amount of power used determines the size of the business. Business firms don’t rely on this factor as it is inaccurate because of the amount of power used by any business may be more or less.

<u>Factors to be considered in location decision of business</u>

The factors to be considered in location decision of business are given below-

1. **Transpiration and communication:** A business should determine such a location where buyers, suppliers, labour can easily communicate and use Tran’s rotation system.
2. **Nature of business:** For large scale, business one should choose centre point of a city for business location and for small scale business one can choose any location that he desires.
3. **Standard of customer:** Standard of customers includes the life styles of the customers, their demand, and their taste and so on which affects business

4. **Availability of workers:** Business should determine its location where there is easy availability of workers.

5. **Availability of power and water**: In regard to establishing an industry the availability of water and power is mandatory.

6. **Proximity to market:** Proximity means to close. So close to market which is an essential element of a business.

7. **Supply of raw materials:** A business man should determine its business location in such a place where raw materials can be easily supplied.

8. **Capital:** A business location also depends upon the capital which entrepreneurs can easily supply or afford.

9. **Opportunity for waste disposal:** Waste is an important side effect of modern industrial processes. Firms that produce a lot of toxic material (e.g. some chemical plants) will seek to locate where there are facilities available for recycling and safe disposal of their products.

10. **Availability of land:** is increasingly important today. Land is becoming increasingly scarce particularly in urban locations, forcing rental prices up. Property prices are particularly high in major city areas such as Central London and Birmingham. Companies like Land Securities are developing new sites that are suitable for modern businesses to locate to.

11. **Government incentives: Government incentives are** important in reducing costs of locating in certain areas. These incentives are in effect subsidies provided by European Regional Funds (from the European Union) and by the UK government.

Efficiency of business

The term efficiency can be defined as the ability to achieve an end goal with little to no waste, effort, or energy. Being efficient means you can achieve your results by putting the resources you have in the best way possible. Put simply, something is efficient if nothing is wasted and all processes are optimized. This includes the use of money, human capital, production equipment, and energy sources.

Business efficiency refers to how much a company or organization can produce as it relates to the amount of time, money and resources needed. In other words, a business's efficiency measures how well it can transform things like materials, labor and capital into services and products that produce revenue.

Parameters of measuring efficiency of a business organization

The parameters of measuring efficiency of a business organization are described below:

Marketing: To measure efficiency in marketing sector we have to always sales growth, market share, distribution method, sales force size, advertising budget and effectiveness, inventory level, delivery time, product quality, customer retention rates.

Production : To measure production related efficiency we have to determine plant capacity, locations and age, age of equipment, ability to expand capacity, skill & turnover of labor force, union relations, quality control, supplier retention, raw material sources.

Administrative: To measure administrative efficiency we have to determine employee turnover & age of facilities.

Management : Management efficiency depends upon experience, depth and turnover of top, middle & super rosary managers, effectiveness of communication systems, access to information, compensation plan, decision making speed, strategic planning ability.

Prerequisites of a Successful Business Organization

Business profit is not only the output of entrepreneurial effort; it is the logical sequence of favourable factors called prerequisites of business profit.

Social Responsibility of business and its implications.

Social Responsibility of business: Social responsibility of business implies the obligations of the management of a business enterprise to protect the interests of the society.

According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but also to serve and protect the interests of other members of a society such as workers, consumers and the community as a whole.

Socially responsible companies should adopt policies that promote the well-being of society and the environment while lessening negative impacts on them.

Social responsibility is the awareness that business activities have an impact on society and the consideration to that impact by firms in decision making.

N. Mishra- Social responsibility of business means the obligations business to the social.

Social responsibility in business, also known as corporate social responsibility (CSR), pertains to people and organizations behaving and conducting business ethically and with sensitivity towards social, cultural, economic, and environmental issues.

At the end, Organizational social responsibility refers to the obligation of an organization to seek actions that protect and improve welfare of society along with its own interests.

Business Ethics: Ethics are defined as the moral principles that govern the behaviour of an individual in conduct of his day-to-day activities. Ethics is simply the moral values that are inherited by an individual. While business ethics means the business moral values that help the business organization to endure and create a good impact on the society.

Responsibility of Business Enterprises towards Stakeholders and Society:

A business organization must have responsibility to the society. The economic and social responsibility of business organization are given bellow.

1. **Responsibility to Shareholders:**
   a) They should respect shareholders' right to information and respect their right to submit proposals to vote and to ask questions at the annual general body meeting.
   b) The corporate enterprise should observe the best code of conduct in its dealings with the shareholders.
   c) The corporate Board and management try to increase profits or shareholders' value.
2. **Responsibility to the employees**: No business enterprise can run its activities without the assistance of workers and staffs. So business firms have some responsibility to the employees. Major responsibilities to the employees' are-
   a) **Safety in the work place**: A safe working environment is essential for the employees. The business enterprise should be alert and take necessary steps for safety in the work place.
   b) **Pay minimum wage**: Business organizations have responsibility to pay employer's minimum wage in prescribed time determined by the labor law.
   c) **Well Behavior**: Employees have human rights to employer to get well behavior from their organization.
   d) **Equity in the work place:** The employer should maintain equity among the employee's regardless of race, gender, religion or nation.
3. **Responsibility to Consumers:**
   a) They should supply goods or services to the consumers at reasonable prices and do not try to exploit them by forming unions. This is more relevant in case of business enterprises producing essential goods such as life-saving drugs, vegetable oil and essential' services such as electricity supply and telephone services.
   b) They should not supply to the consumers' careless and unsafe products which may do harm to them.
   c) They should provide the consumers the required after-sales services.
   d) They should not misinform the consumers through inappropriate and misleading advertisements.
   e) They should make arrangements for proper distribution system of their products so as to ensure that black-marketing and profiteering by traders do not occur.
   f) They should acknowledge the rights of consumers to be heard and take necessary measures to redress their genuine grievances.
4. **Obligation towards the Environment:**
   a) Preventing air pollution: carbon monoxide and hydrocarbons that come from motor vehicles and smoke pollutes the air. Manufacturing firm which discharge smoke should take a step to catalytic converts which have been developed to help control air pollution.

b) Preventing land pollution: In different way business organizations pollute the land. So, business organizations should take steps to prevent land pollution.
c) Preventing water pollution: Dumping of toxic chemicals and garbage in river and canal pollute the water dangerously. So the organizations should take necessary steps to control this pollution.

5. **Responsibility to the Society:**
    1. They should appropriate measures to reduce level of pollution and adopt eco-friendly technologies.
    2. They should generate sufficient employment opportunities so as to make good contribution to the reduction of poverty in the country.
    3. Respect the rights of workers and other employees and take appropriate measures to ensure their safety and to improve their working conditions.
    4. They should provide quality healthcare to their employees.
    5. They should invest adequately in the research and development so as to make innovations to improve their productivity.
    6. They should not pay excessive remuneration to promoters and senior executives as it creates social offence.

So, to survive and grow business organization must have responsibility towards the community in which it operate.