



THEORY OF FREE MOVEMENTS OF ACTIVITIES OF BUSINESS – THE COMPAS OF THE QUALITY OF BASIC DECISIONS OF A BUSINESS

Dr. Bhisham Kapoor

Associate Professor, Faculty of commerce and Business administration

M.M.H. College, Ghaziabad (Affiliated to C.C.S. University, Meerut)

ABSTRACT

If we analyse the basic decisions of a business as selection of location, selection of form of organisation, selection of products, selection of technique of production, Inventory management, selection of distribution system, selection of source of funds etc., we can easily find that all the decisions are taken to maintain the friction free or hurdle free movements of activities of the business. The quality of decisions taken is reflected in the capacity of free movements of business in hard times. The basic motives of decision making in business to provide free and friction free or hurdle free environment to the business. However it is not possible to make long lasting hurdle free to a business. The basic idea is decision-making of a business in such a way to remove maximum hurdles in free movements of activities of a business. This is not a static work or one time work in nature but it is dynamic in nature and regular work. Present article is showing an idea or base to judge the quality of decision-making for a business.

Key Words: Business activities, Free movements, Basic decisions,

Introduction

Free and smooth movement of activities is very important need of a business. Administration and policies of various businesses are designed to remove the anticipated hurdles of the

business. What is a good location of business and how it was solved by Weber? Its answer is, Location which is helpful in moments of raw material, finished goods and labor with minimizing the caring cost as much as possible. Theory of international trade explains the benefits of trade or movement of goods between nations. It explains the benefits of specialization caused by international trade or moments of goods. Theory of Product life cycle explains the life cycle of products it is also caused by movements in taste, interest and wants of consumers. It can be said that movements or change is the basic charechter of our environment. If we analyse the basic decisions of a business as selection of location, selection of form of organisation, Inventory management, selection of distribution system, selection of source of funds etc., we can easily find that all the decisions are taken to maintene the friction free or hurdle free movements of activitiess of business. The quality of management or decisions taken is reflected in the capacity of free movements of business in hard times. Only those business can survive in regular changing environment which can make in active in the situation where others go for a shut-down. Following examples are quoted to explain the theory of Free movements of activities of business.

Case Study (1) - Selection of Location and Free and smooth movements of input, output and labor

Selection of location of a business is a very important decision of a business. Various factors are considered at the time of selection of location like availability of raw material, availability of labor power, supply of electricity, tax benefits of special economic area, facilities of transportation, demography of location, market access and many more factors. Main motive of considering the best location according to the resources of business is to achieve the objectives of business and it is possible only by the hurdle free movements of business activities which could be affected by a bad location of business.

Case Study (2) - Selection of organization – Free and smooth movements of Decisions

At the time of formation of business, stakeholders of business have to choose the form of organization from various alternatives like proprietorship, partnership, private company, public company etc. At the time of selection of organization various factors are considered as availability of capital, easy management, quick decision making, scale of business, legal aspects, ownership retention with family, life of organization etc. this decision is taken with

the consideration of present and future activities of a business. Main motive of these decisions are to minimize the interruptions and hurdles in business activities.

Case Study (3) - Selection of Technology – Free and smooth conversion of raw material to finished goods

Production is considered as value addition process. There may various techniques of production of a product of a business. All the techniques of production is classified into two major categories first is capital intensive technique and second is labor intensive technique. At the time of selection of technique of production various factors are considered. Cost of production, Quality of production, time taken is important factors which are related with the decision. Selection of technique highly affects the profitability and activities of business. The technique which assures minimum interruptions in term of cost or money may select by the business. Another angle of view is, Main motive of this decision is to minimize the interruptions and hurdles in business activities.

Case Study (4) - Selection of mode of promotion – Free and smooth movements of Output and Ideas

In present scenario of thought-cut competition, nobody can deny the importance of sales promotion activities of a business. Sales promotion activities are non recurring activities to boost the sales. It is helpful in clearing of undesired or unplanned stock of a business. Removal of unplanned stock releases the capital and helpful in better use of resources. In case of problems in release of resources, free movements of business activities are impossible. Business has to choose the mode or method of sales promotion, which is most effective according to situation of business. Another angle of view is, Main motive of this decision is to minimize the interruptions and hurdles in business activities and assure the free or friction free movement of activities of a business.

Case Study (5) - Selection of Distribution System – Free and smooth movements of physical production

Distribution system is used to physical distribution of output of a business. There are various types of distribution like zero level, one level, two levels, three level etc. Selection of distribution system is taken after consideration of various aspects like cost, efficiency, area of market, scatterings of customer, features of products, policy of business, legal aspects etc.

Business has to choose the mode of distribution with assurance of friction free movement of activates of a business.

Case Study (6) – Inventory Management – Free and smooth movements of production process

Inventory management is a very important function of a business. It works like a electronic capacitor where electronic capacitor absorb the variation in flow of electronic current just like it inventory management system handle the variation in requirment for production and variation in supply of material. Another way of thinking that inventory management is useful in maintain the normal activities of a business which is hurdle free from variation in supply and variation in requirment for production. The quality of inventory management of a business is reflected as how much it is maintening the smooth and friction free production process.

Conclusion

Above examples are showing the nessecity of smooth and free movements of activities of a business. It is very popular in business that, success of today is the result of good decisions of tommorow. Long term success of a business depends upon the quality of basic decisions of the business. However all the situations and future conditions cannot be estimated, but a good start provides a edge for success to the business. The basic motives of decision making in business to provide free and friction free or hurdle free environment to business. But it is not possible to provide long lasting hurdle free environment to a business. The basic idea is taking decisions of the business in such a way to remove maximum hurdles in free movements of activities of a business. This is not a static work or one time work in nature but it is dynamic in nature and regular work. It is hoped that the theory of free movements of business activities is working as a compas for showing the quality of decision making by a business.

References

1. Aaker, David A. and Joachimsthaler, Erich (2000), Brand Leadership, Free Press, New York.
2. Beckman, Theodore N., Davidson, William R. and Maynard, Harold H (1967), Marketing: Ronald Press Co, New York.

3. Best, R.J. (2004), "Market Based Management: Strategies for Growing Customer Value and Profitability", Prentice Hall.
4. Boone L., Kurtz D. (1992) - Contemporary Marketing, Dryden Press, Texas.
5. Etzel, Michael J., Bruce J.Walker and William J. Stanton, (2010)
- Fundamentals of Marketing, McGraw Hill, New York
6. Gunter Barrie and Adrian Furnham (1992) Consumer profiles: An introduction to psychographics, Routledge, London
7. Gupta C B - Essential of Marketing Management (2014), Sultan Chand & Sons, New Delh
8. Halbert, Michael (1965); The Meaning and Sources of Marketing Theory, McGraw-Hill, New York.
9. Kapferer, Jean-Noel (1992), Strategic Brand Management, New York: Free Press.
10. Kotler Philip and Kevin Keller (2008), Marketing Management, Pearson Prentice – Delhi,
11. Kotler, Philip, Armstrong, Gary, Saunders, John and Wong, Veronica (1999), Principles of Marketing, Prentice Hall
12. Mahajan J P and Mahajan, Anupma (2014), Marketing Management, Paperback, New Delhi.