



SYLLABUS

Class: - B.B.A. I Year

Subject: - Business Organization and Communication

UNIT – I	Business Organization: Definition, Concept, Characteristics, Objectives, Significance, Components, Functions, Business, ethics, Social responsibilities of Business, Promotions of Business: Meaning, Functions, Stages of Promotions, Forms of Business Organization: Detailed Study of Sole Proprietorship and Partnership.
UNIT – II	Company Organization: Meaning, Definition, Formation of Private and Public Company, Merits and Demerits, types of Companies Co-operative Organization-Meaning, Significance and its Merits-Demerits. Public Enterprises-Concept, Meaning, Characteristics, Objectives and Significance, Business – Size and Location, Plant Layout and Business Combination.
UNIT – III	Introduction – Definition, Nature, Objects, Importance of communication to managers, elements of communication, Feedback, Dimension and directions of communications, means of communication – verbal communication, SWOT analysis, Leadership, Motivation, Theories of Motivation.
UNIT – IV	Non-verbal communication, body language, paralanguage, sign language, visual and audio communication, channel of communication, Barriers in communication. Written business communication – concept, advantages, disadvantages, importance, need of business letter and kinds of business letter, essentials of an effective business letter.
UNIT – V	Modern Form of Communication – Fax, E-mail, Video Conferencing, International Communication for Global Business.



UNIT 1

INTRODUCTION

We are living in a world which is totally networked with communication. With the advent of fast technology, the world has become a global village. The information sharing among various groups in society at national and international levels has become very smooth effective and efficient. With the click of small button on computer, you can easily get any information according to your needs and choice. You cannot just think of a world or situation where there is no exchange of ideas, feelings, emotions, reactions, propositions, facts and figures. From time immemorial, communication has been the most important activities of the human lives. The integration of the world economy has been made possible with strong and efficient channel of communication. The nature of communication has gone a significant change during the last decades. Now the economic power lies in the hands of the countries having very sound information technology network. Communication is important from the point of view of understanding it in terms of a process, system, interactional base and structuring.

The word communication originates from the Latin word “*communis*”, which means “common” and the word business stands for any economic activity which is undertaken with a view to earn profit and the communication undertaken in the process of this activity is termed as “business communication.

DEFINITION

W.H. Newman and C.F. Summer

“Communication is an exchange of facts, ideas, opinions, or emotions by two or more persons.”

Peter Little defines communication as follows:

“Communication is the process by which information is transmitted between individuals and / or organizations so that an understanding response results.”

Communication is defined as “The flow of material information perception, understanding and imagination among various parties”.

Communication is a process of passing information and understanding from one person to another.

Keith Devis

Communication is generally defined as the activity of conveying information. Communication has been derived from the Latin word “*communis*”, meaning to share.

Wikipedia

Communication is something people do to understand human communication process, one must understand how people relate to each other.

Wilbur Schramm

MEANING

Communication is defined as “The flow of material information perception, understanding and imagination among various parties”.

Business includes those organizations, which are engaged in the production and distribution of goods and services to earn profit. Therefore Business communication means, “Flow of information, perception etc. either within a business organization or outside the organization among different parties”.

Business Communication

- Though business communication is a specialized branch of general communication, there is no basic difference between the two. The process is the same and so are the principles that regulate them. The difference lies in their application to situations. Whereas general communication plays many roles in



the world at large, business communication is specifically concerned with business activities, which are well defined.

- Business activities are of two types, internal and external. Among the internal activities are: maintaining and improving the morale of employees, giving orders to workers, prescribing methods and procedures, announcing policies and organizational changes, and keeping the management informed. The external activities relate to selling and obtaining goods and services, reporting to the government and the shareholders on the financial condition and business operations, and creating a favorable climate for conducting business. Every activity, internal or external, leads to some result. Therefore the main purpose of every communication in business is to obtain some result that is, to secure an action by the receiver. The sender expects him to do something on receiving the message write a cherub, place an order, approve an action, send some information, etc. To achieve this purpose, the language used is direct, plain, concise and to the point, and the style concentrates on drawing attention, arousing interest or creating desire, developing conviction, and inducing action.
- The main features that lend business communication a distinct identity are as follows:
 1. It deals with various commercial and industrial subjects.
 2. It is characterized by certain formal elements such as commercial and technical vocabulary, the use of graphic and audio visual aids and conventional formats.
 3. It is impartial and objective as extreme care is taken to convey information accurately and concisely.
 4. It has comparatively a high concentration of certain complex writing techniques and procedures.
- To sum up, we may define business communication as the use of effective language for conveying a commercial or industrial message to achieve a predetermined purpose

OBJECTIVES & PURPOSE OF COMMUNICATION

The objectives of business communication would include the following:

- To give and receive information
- To provide advice
- To educate and train customer
- To issue orders and instruction
- To persuade target audience
- To receive suggestion
- To motivate and to integrate
- To relate and to entertain

Importance of Business Communication

- Persuasion is one of the factors of marketing communications. Persuasion is the main reason companies engage in marketing: to persuade their target audience to take action, as in, buy their product or subscribe to their services, make a phone call, or donate money.
- All marketing communication is goal oriented, as the predetermine objective helps to create effective marketing communication strategy.
- Every successful marketing communications helps plan the marketing message at every contact point that are received by the target audience.
- It facilitates in controlling the performance and take necessary remedial actions on the basis of feedback information from them.
- Communication creates a meeting of minds and improve industrial relations. It helps to develop mutual co-operation and understanding thereby improving industrial productivity.
- Communication is indispensable for every organization to develop and maintain reputation or goodwill with its customers, investors, dealers, suppliers etc.



Principles and Nature of Communications

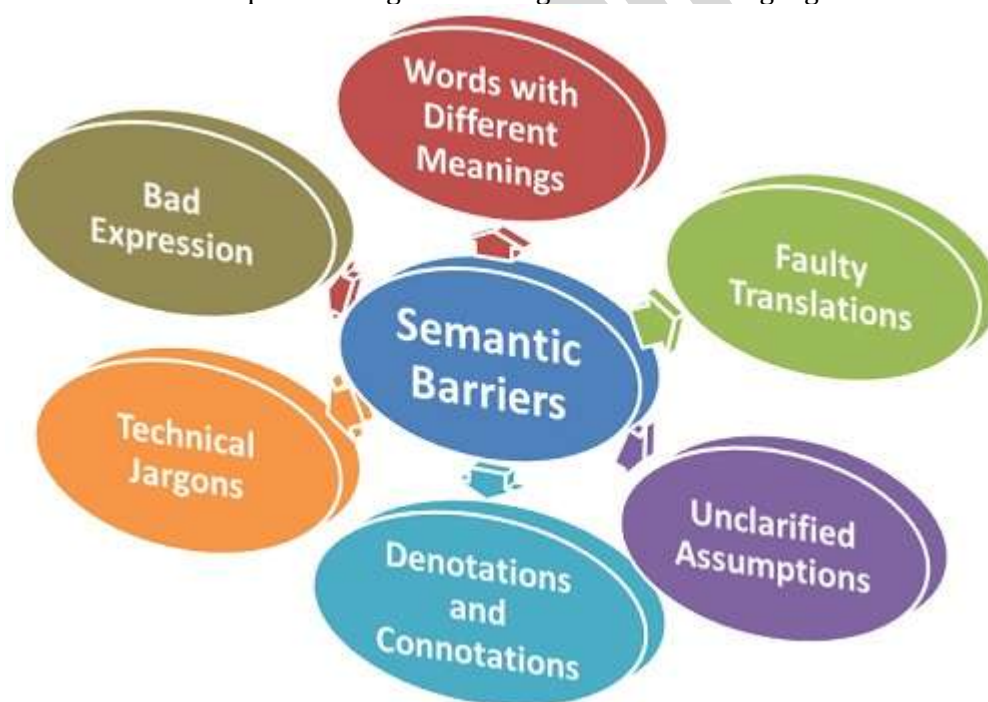
A business Organization is a group of people associated to earn profit. Various kinds of activities have to be performed by the people of an organization so as to earn profit. Business Communication is known as backbone of any Organization thus various activities in business need an effective and systematic communication. Without efficient communication, one cannot even imagine to do work and hence will be unable to earn profit. Since the aim of business organization is to earn profit, the organization will die without profit and this death is a result of the absence of communication. This is why communication is called life blood of a business organization. We can prove this statement more clearly through following points.

- Gain clarity over - WHO? WHERE? WHAT? HOW MUCH? FORM, CHANNEL, PERIOD and WHAT WAS IT?
- Communication involves plurality of persons
- Existence of message is essential which may be the orders, instructions or information about the managerial plans, policies, programmes
- It's a two way and continuous process
- Its primary purpose is to motivate a response
- Communication may be formal controllable or informal uncontrollable
- It can be in vertical, horizontal or diagonal

Barriers to Communication

Definition: The **Semantic Barriers** refers to the misunderstanding between the sender and receiver arising due to the different meanings of words, and other symbols used in the communication.

The semantic barriers usually arise when the information is not in the simple language and contains those words or symbols that have multiple meanings. Following are the main language barriers:



1. **Bad Expression:** The message is not formulated properly and the language used is so difficult that it could be misinterpreted by the recipient. The message is said to be badly expressed if the wrong words are chosen, the sentences are not sequenced properly, and there is a frequent repetition of words or sentences. The badly expressed messages consume a lot of time as it requires corrections and clarifications and also the impact of the message gets reduced.
2. **Symbols, or Words with Different Meanings:** There are several words that carry different meanings and often, people get confused with these words and interpret these differently due to the difference



in their educational and social backgrounds. Such as, the word “Crane” has different meaning as shown in the sentences below:

- **The bird sanctuary is full of cranes.**
 - **The builder used a crane to lift heavy steel rods.**
 - **The girl has to crane her neck to watch the movie.**
3. **Faulty Translation:** Sometimes, the sender translates the message as per his level of understanding irrespective of the recipient’s comprehension level. For example, a manager collected information from his superiors and subordinates and translated the same information to all his employees, according to the understanding level of the superiors, and this led to the misinterpretation of the message. Thus, it is required to mold the message according to the understanding levels of the employees to have an intended response.
4. **Unclear Assumptions:** Sometimes the sender creates assumptions about certain things which he feels the receiver must be knowing about it and focus only on the subject matter. But in the case of a special message, if the assumptions are vague and unknown to the receiver then the communication might get adversely affected.
5. **Denotations and Connotations:** The denotation means the literal meaning of the word, it just shows the name of the object and does not imply any negative or positive qualities. The denotation barriers arise due to the sender and receiver using a different definition and meaning of the word used in the message. Such as word crane is used in the context of bird species but it is interpreted as a vehicle that lifts the objects. Whereas the implied meaning of the word is called connotation that arouses personal reactions and qualitative judgments. The connotation barriers arise when the people use words that hold different meanings in different abstract situations, contexts, feelings, etc. For example, the word beautiful and confidence has a positive connotation, but can have any of the meaning depending on the context in which it is used.
6. **Technical jargons:** Often people working in the technical groups such as engineers, production managers, IT managers, etc. use the technical jargons in their communication which is quite difficult for the layman to understand. Thus, the use of technical jargons in communication can act as a barrier.

Thus, semantic barriers lead to misunderstanding of the information and the objective of communication, i.e. for which it was intended, gets disrupted.

Psychological Barriers:

Definition: The **Psychological or Emotional Barriers** refers to the psychological state i.e. Opinions, attitudes, status consciousness, emotions, etc. of a person that deeply affects the ability to communicate. The communication largely depends on the mental condition of a person, if the person is not mentally or emotionally sound, then he cannot communicate effectively either as a sender or a receiver.

The main kinds of Psychological or Emotional Barriers are:





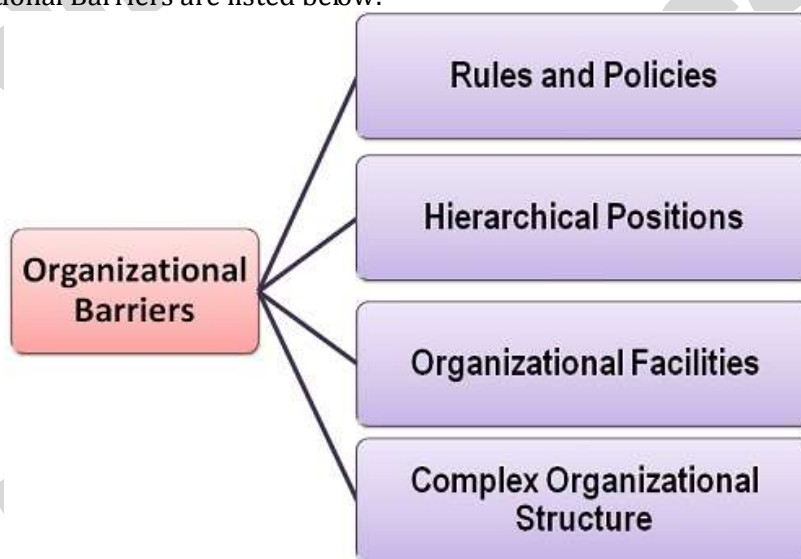
1. **Lack of Attention:** When the person is pre-occupied by some other things and do not listen carefully what the other person is speaking, then arises the psychological barrier in the communication. When the person does not listen to others, then he won't be able to comprehend the message as it was intended and will not be able to give proper feedback.
2. **Premature Evaluation:** Many people have a tendency to jump to the conclusions directly and form judgments without considering all the aspects of information. This is generally done by the people who are impatient and resort to a selective listening. This premature evaluation of the information acts as a barrier to the effective communication and lowers the morale of the sender.
3. **Poor Retention:** The retention refers to the capacity of a brain to retain or store things in the memory. The brain does not store all the information came across but in fact, retain only those which deems to be helpful in the future. Therefore, much of the information gets lost during the retention process, and this acts as a barrier to the effective communication.
4. **Loss by Transmission:** The loss by transmission means, whenever the information exchanges hand its credibility reduces. It is most often observed in the case of an oral communication where people handle information carelessly and transmits the information which has lost some of its truth. Thus, the improper and lack of information being transmitted to others acts as a hindrance in the communication process.
5. **Distrust:** To have an effective communication, it is must that both the communicators (sender and receiver) trust each other. In case there is a lack of trust between both the parties, then they will tend to derive negative meaning out of the message and often ignore what has been communicated. If the receiver has no trust, then he will not listen to whatever is being said by the sender, and this will result in a meaningless communication.
6. **Emotions:** The communication is greatly influenced by the emotions of a person. If a person is not in a good temperament, then he would not listen properly to whatever is said and might say things offending the sender. Several other emotions such as anger, nervousness, confusion, restlessness, etc. affects the communication process.

Thus, every human being has a unique mind which is composed of varied emotions, beliefs, perceptions, opinions, and thoughts that facilitate different forms of communication

Organizational Barriers

- **Definition:** The **Organizational Barriers** refers to the hindrances in the flow of information among the employees that might result in a commercial failure of an organization.

The major Organizational Barriers are listed below:

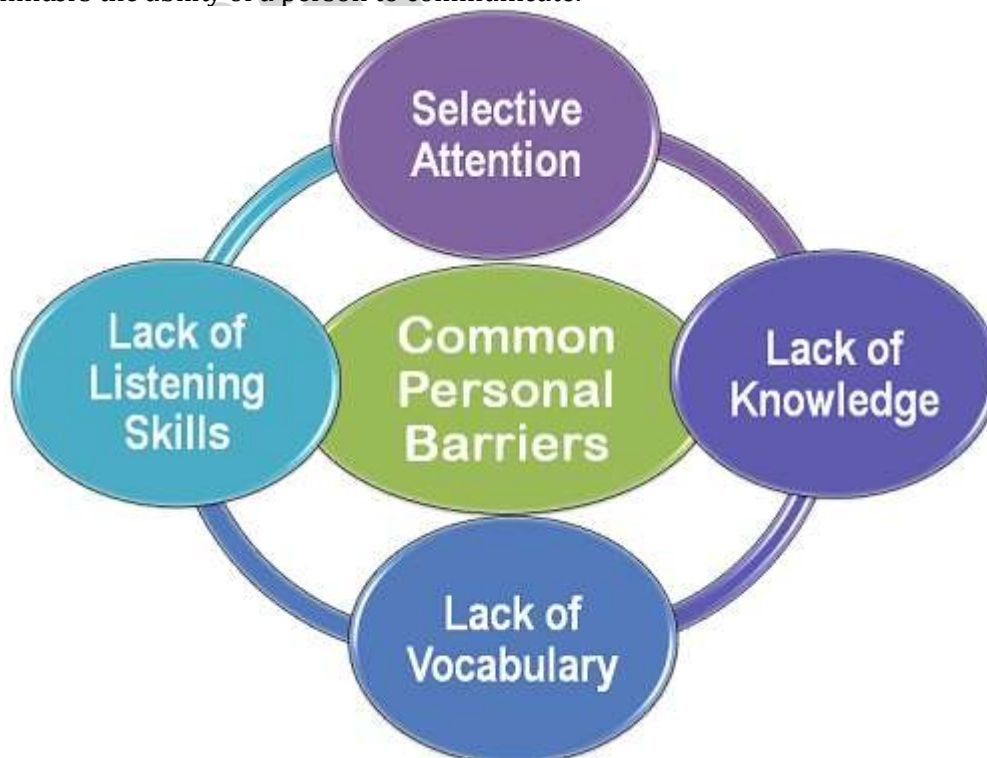




- **Organizational Rules and Policies:** Often, organizations have the rule with respect to what message, medium, and mode of communication should be selected. And due to the stringent rules, the employees escape themselves from sending any message. Similarly, the organizational policy defines the relationship between the employees and the way they shall communicate with each other maintaining their levels of position in the organization. Such as, if the company policy is that all the communication should be done in writing, then even for a small message the medium used should be written. This leads to delay in the transmission of the message and hence the decision making gets delayed.
 - **Status or Hierarchical Positions in the Organization:** In every organization, the employees are divided into several categories on the basis of their levels of the organization. The people occupying the upper echelons of the hierarchy are superior to the ones occupying the lower levels, and thus, the communication among them would be formal. This formal communication may often act as a barrier to the effective communication. Such as the lower level employee might be reluctant in sending a message to his superior because of a fear in his mind of sending the faulty or wrong message.
 - **Organizational Facilities:** The organizational facilities mean the telephone, stationery, translator, etc., which is being provided to employees to facilitate the communication. When these facilities are adequately offered to the employees, then the communication is said to be timely, accurate and according to the need. Whereas, in the absence of such facilities, the communication may get adversely affected.
 - **Complex Organizational Structure:** The communication gets affected if there are a greater number of management levels in the organization. With more levels, the communication gets delayed and might change before reaching the intended receiver.
- Thus, communication is the key factor in the success of any firm, and the communication is said to be effective when the employees interact with each other in such a way that it results in the overall improvement of the self as well as the organization.

Personal Barriers:

Definition: The **Personal Barriers** relate to the factors that are personal to the sender and receiver and act as a hindrance in the communication process. These factors include the life experiences, emotions, attitudes, behavior that hinders the ability of a person to communicate.





1. **Lack of Listening Skills:** The efficiency of communication process gets disturbed when the receiver listens only with ears but do not apply his mind. Often, the receiver listens what he wants to listen and give no attention to other aspects of the information, thereby acting as a hindrance to the effective communication.
2. **Selective Attention:** This problem arises when the person is impatient and put his objective above all. He gives ears to only that part of the information which is helpful for him and fulfills his objective and ignores all the other aspects.
3. **Lack of knowledge:** Also, the communication process suffers if the sender and receiver have less knowledge about the subject matter.
4. **Lack of vocabulary:** Often, the communication problem arises when the sender uses some words which are difficult for the receiver to comprehend correctly.

In the organizational context, both the superiors and the subordinates have their personal barriers that impede them to communicate effectively. These barriers are:



Barriers Related to the Superiors in the organization

1. **Less faith in subordinates:** Often, the superiors have a lack of confidence in the subordinates and, therefore, doubt on their capacity to provide relevant information. They deliberately ignore the suggestions and recommendations from the subordinates and discourages them to further communicate. This lowers the morale of the employees and hinders the communication process.
2. **Fear of challenge of Authority:** There is a fear in the minds of the superiors that if they will not perform in line with their authority, they will be demoted to the lower levels. And, thus in order to maintain their level they intentionally hide their weaknesses by not communicating their ideas to others.

Barriers related to the subordinates in the organization

1. **Lack of Incentives:** Often, the subordinates give their suggestions and recommendations with an objective to earn incentives. The incentives are given to the subordinates to motivate them to give suggestions and to acknowledge their suggestions as important for the success of the organization. If there is a lack of incentives, then the subordinate is not likely to communicate and hence the communication process gets adversely affected.
2. **Unwillingness to communicate with the Superiors:** Often the subordinates do not communicate with their superiors with an intention to conceal the information which is of a negative nature and can have an adverse effect. If the subordinate is required to inform his superior then, he modifies the



information in such a way that it does not have a negative impact. Thus, by not providing the information in its actual form, the communication process is tempered.

Thus, there are several personal factors, varying from person to person, influences the communication to a great extent and might obstruct the purpose for which the communication was intended.

Physical or environmental barriers:

1. **Noise** - The noise created by external factors like traffic, playing of loud music, trains and airplanes, or by crowds of people, affects our communication.
2. **Time & distance** - Time becomes a physical barrier when people have to communicate across different time zones in different countries. The physical distance between people who need to communicate can also cause problems because it does not allow oral or face-to-face communication.
3. **Defects in communication system** - Mechanical problems and defects in instruments of communication also create physical barriers, as in a faulty fax machine or typewriter. Similarly, a computer that hangs, or a dead telephone line can lead to non-transmission of messages. eg. No range in mobile, technical problem in mike or speakers.
4. **Wrong selection of medium** - The sender selects the medium which is not familiar to the receiver.
5. **Physiological defects** like stammering, hearing defects, mumbling while speaking etc

The Seven Cs of Communication help overcome barriers: Effective Communication.

Definition: An **Effective Communication** is a communication between two or more persons wherein the In other words, the communication is said to be effective when all the parties (sender and receiver) in the communication, assign similar meanings to the message and listen carefully to what all have been said and make the sender feel heard and understood. In the business context, the communication is effective if the information shared among the company employees contributes towards the organization's commercial success.

The effective communication includes not just the way you use the words but also covers several other skills such as, non-verbal communication, ability to understand your own emotions as well as of the other person with whom you are communicating, engaged listening, ability to speak assertively, etc.intended message is successfully delivered, received and understood.

Effective communication in the organization enables the employees to deepen their connection with others and improve teamwork, decision-making, and problem-solving capacity. The communication is a skill which is learned, and an individual can gain spontaneity in it by putting in his extra efforts and participating in more public conversations

1. Consideration: consideration states that every message should be prepared keeping in mind the person who will be the receiver of the message. Receiver's interest should be kept in mind while drafting the message. Specific ways to indicate candidness are: -

- Focus on "you" attitude instead of "I" on "We"
- Material or content of the message should be from reader's point of view.
- Use of positive words should be allowed so that positive reaction could be received by the readers.
- Benefits of readers should be the prominent part of message.

Examples:

We Attitude: I am delighted to announce that there will be extra classes for the students in college to clarify their problems.

You Attitude: You will be able to clarify your problems in the extra classes organized in college.

2. Clarity: Clarity is most important characteristic of communication especially in case or oral Communication/Presentation. Clarity in words, language of expression is very important to ensure proper presentation of ideas, message one wants to communicate during conversation.

Clarity can be achieved through following ways:

- Precise, familiar use of words or language during communication, Effective sentences should be framed,
- There should be unity in all one words of message so that the main idea of message can be properly communicated.



- Short length sentences of average 17 to 20 words should be preferred.

3. Completeness: Complete message is very important to communicate the main idea or information behind the message. Oral presentations should be as far as possible planned on restructured and all the information related to message should be properly communicated.

Guidelines for ensuring completeness are as follows:

- Provide all necessary information required for accurate understanding of message.
- All Questions asked by the audience should be properly answered by presenter during oral presentation/communication.
- Some extra information when ever desirable should be given to audience to make the presentation topic more clear, specific of complete.

4. Conciseness: Conciseness is the essential requirement of oral communication. Concise message saves time on expense for both sender on receiver concise means brief, short on informative message which is able to explain the idea of message with minimum words. Words in message should not be repetitive in nature & only relevant information should be communicated in message.

5. Correctness: In oral communication grammatical errors should be avoided. Right level of language should be used both in formal & informal communication. Use of accurate words and spellings should be considered.

6. Concreteness: it means specific, definite on valid use of information than vague or general. Concrete facts on figures should be used to make the receivers know exactly what is required or desired. Concrete language on information helps in interpreting the message in same way as communicate intend to communicate the message.

7. Courtesy: A proper decorum of speaking should be maintained while making oral communication/presentation. One should say things with force of assertive without being rude. Polite or humble language shall be used which should not be insulting, against the religious, social as personal values of listener. Discriminatory language based, on gender, race, age, colour, cost creed, religion etc should be avoided.

ELEMENTS IN COMMUNICATION

1. Sender:

Someone who is sending the message to someone else. For example, in ad the brand being advertised is 'Pantaloons'. Naturally, the maker of this brand is the sender of the advertising message.

2. Encoding:

When we address someone, we use language, visuals, body gestures, etc. to communicate. All these are called symbols. The process of putting our thought into symbolic forms is called encoding. In a following Ad, you see a face full of wrinkles. Then you read the headlines which simply say: "Wrinkle free." This process of communication is called encoding.

3. Message:

The symbols themselves constitute the message. Hence, the visuals, headlines body copy, tag line, brand name, logo, etc., are all parts of the message. If you have already heard the name of 'Pantaloons', then the message being given to you is that are dealing with a known company.

4. Media:

The channels used for sending the message across to the receiver (customer) is called medium (or media; note that media is also singular). This Ad has appeared in the print media (just for the sake of knowledge, TV is an audio-visual medium, radio is an audio medium, etc. You will learn more about media in the second year). An individual member of the medium is called a vehicle. Here, India Today is the vehicle. A vehicle is the carrier of the message.

5. Decoding:

Once we receive the message, we start interpreting it. For example, when you look at the wrinkled face shown in the Ad, you realize how bad it looks. The implication is that your clothes will also look as bad if they were not wrinkle free. Likewise, there are visuals of a shirt and a pair of trouser. These immediately give you the message that the Ad is perhaps for readymade clothes. At the bottom, the message given is that the brand is available at various cities and Pantaloon Shoppes.

6. Receiver:

A receiver is one who reads/listen hears the message of the communicator. For example, any reader of



India Today who is likely to see this Ad, is the receiver of the message. It may be noted, however, that the communicator (in our example, the manufacturer of Pantaloons) is not interested in just any receiver (i.e. any reader of India Today) but only those who would be interested in using his product. Thus, if never wear trousers, then the company will not be interested in me.

7. **Response:**

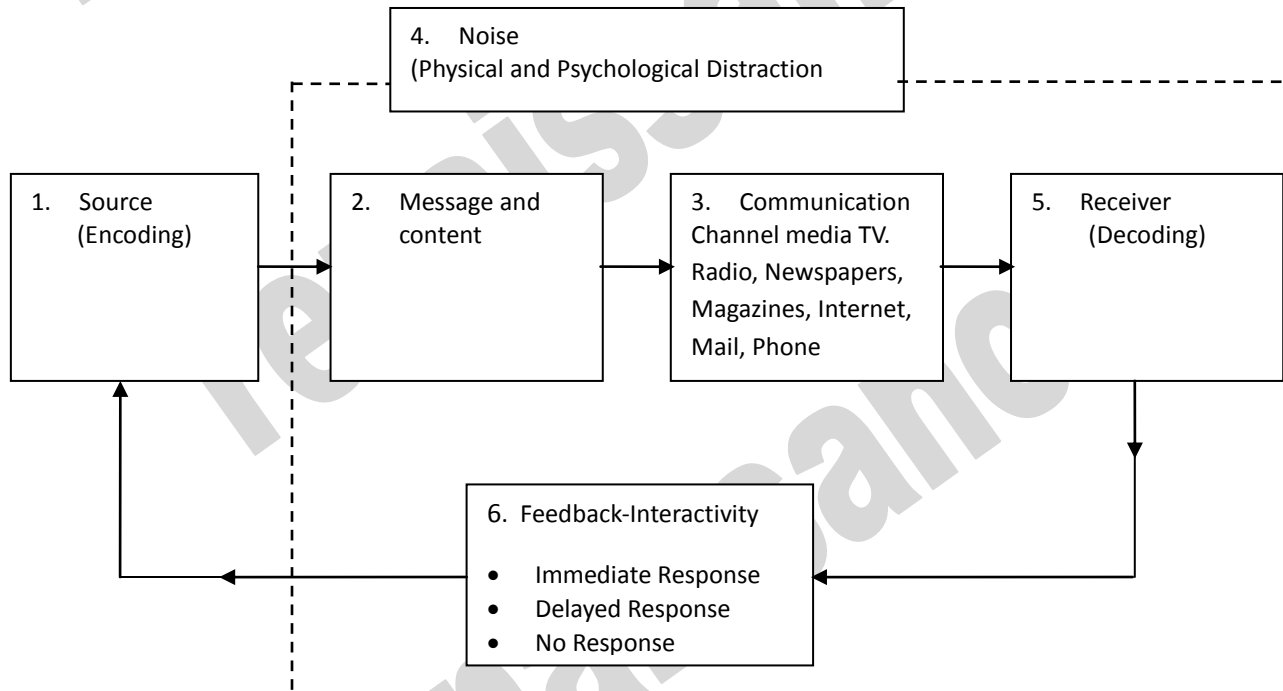
After having read the ad, I will react to the message. My reaction (alternatively known as response) could be objective (if I accept what the sender of the message is saying) or negative (If I don't accept the message). For example, the body copy in the Ad says: "Pantaloons presents T 2000...." I may get impressed by the fact that the range has T 2000 choices available! But I may also reject the claims made in the body copy in case I find them unbelievable.

8. **Feedback:**

Every communicator waits to know whether the message (a) has reached the target audience or not, and (b) whether it has been accepted or not. In other words, one waits for feedback from the audience. The most desirable form of feedback from the marketer's point of view, of course, would be the purchase of the product by the customers. Thus, after this Ad is released in the media, if the sale of such trousers goes up significantly, the feedback is said to be positive. Similarly, if the company conducts a surveys and questions about the intention to buy; and customers say that they will buy the brand, again, the feedback is positive.

PROCESS OF COMMUNICATION

The process of communication involves two or more persons participating through a medium that carries the information or message for a particular purpose which is mutually understood by both the sender and receiver. Only when these conditions are fulfilled, a significant communicative situation will take shape



The receiver is anyone who is exposed to a message. Once receiver, receive a message, they decode it. Decoding is the process of interpreting what a message means. After customers decode a message, they respond in some way, indicating to what extent the message was received, properly decode, and persuasive. This response is called feedback, which is a response that conveys a message back to the source.

The communication process occurs in a context or environment where other things are going on-competitive brand message, people walking by, a telephone ringing, as well as thoughts inside customers' heads. These



“other things” are called noise-interferences or distractions that can negatively affect the transmission and reception of a message.

FEEDBACK AND MEASURING COMMUNICATION RESULTS

After implementing the communications plan, the communications director must measure its impact on the target audience. Members of the target audience are asked whether they recognize or recall the message, how many times they saw it, what points they recall, how they felt about the message & their previous & current attitude towards the product & the company. The communicator should also collect behavioral measures of audience response such as how many people bought product, liked it & talked to others about it.

Essentials of Good Communication – Seven C’s of Communication

1. **Clarity:** - Clarity of idea, facts, and opinion in the mind of communication should be clear before communication. It is a thinking process to conceive the subject.
2. **Information:** - All communication contains information while all information cannot communicate a message.
3. **Completeness:-** The subject matter to be communicated must be adequate and full so that receiver' get the message.
4. **Emphasis on Attention:** - communication is one in which receiver interest is created and they should pay proper attention to the message.
5. **Consistency:-** The message transmitted should not be contradictory
6. **Simplicity:-** Avoid using superfluous words Unnecessary prepositions, jargon.
7. **Follow up on Communication:-** The language should be simple & only common words be used.
8. **Support words with deeds**
9. **Be a good listener**
10. **Credibility:**
11. **Context:** The communication program must square with the qualities of its environment.
12. **Content:** - The message must have meaning for the receiver.
13. **Capability:-** Communication must take into a Count the capability of the audience.
14. **Channels:-** Channel of communication should be use according to receivers respects

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. By definition, Strengths (S) and Weaknesses (W) are considered to be internal factors over which you have some measure of control. Also, by definition, Opportunities (O) and Threats (T) are considered to be external factors over which you have essentially no control.

SWOT Analysis is the most renowned tool for audit and analysis of the overall strategic position of the business and its environment. Its key purpose is to identify the strategies that will create a firm specific business model that will best align an organization's resources and capabilities to the requirements of the environment in which the firm operates.

In other words, it is the foundation for evaluating the internal potential and limitations and the probable/likely opportunities and threats from the external environment. It views all positive and negative factors inside and outside the firm that affect the success. A consistent study of the environment in which the firm operates helps in forecasting/predicting the changing trends and also helps in including them in the decision-making process of the organization.

An overview of the four factors (Strengths, Weaknesses, Opportunities and Threats) is given below-

Strengths - Strengths are the qualities that enable us to accomplish the organization's mission. These are the basis on which continued success can be made and continued/sustained.

Strengths can be either tangible or intangible. These are what you are well-versed in or what you have expertise in, the traits and qualities your employees possess (individually and as a team) and the distinct



features that give your organization its consistency.

Strengths are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees, etc.

Weaknesses - Weaknesses are the qualities that prevent us from accomplishing our mission and achieving our full potential. These weaknesses deteriorate influences on the organizational success and growth. Weaknesses are the factors which do not meet the standards we feel they should meet.

Weaknesses in an organization may be depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making, etc. Weaknesses are controllable. They must be minimized and eliminated. For instance - to overcome obsolete machinery, new machinery can be purchased. Other examples of organizational weaknesses are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage of raw materials, etc.

Opportunities - Opportunities are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. Organizations can gain competitive advantage by making use of opportunities.

Organization should be careful and recognize the opportunities and grasp them whenever they arise. Selecting the targets that will best serve the clients while getting desired results is a difficult task. Opportunities may arise from market, competition, industry/government and technology. Increasing demand for telecommunications accompanied by deregulation is a great opportunity for new firms to enter telecom sector and compete with existing firms for revenue.

Threats - Threats arise when conditions in external environment jeopardize the reliability and profitability of the organization's business. They compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake. Examples of threats are - unrest among employees; ever changing technology; increasing competition leading to excess capacity, price wars and reducing industry profits; etc.

Advantages of SWOT Analysis

SWOT Analysis is instrumental in strategy formulation and selection. It is a strong tool, but it involves a great subjective element. It is best when used as a guide, and not as a prescription. Successful businesses build on their strengths, correct their weakness and protect against internal weaknesses and external threats. They also keep a watch on their overall business environment and recognize and exploit new opportunities faster than its competitors.

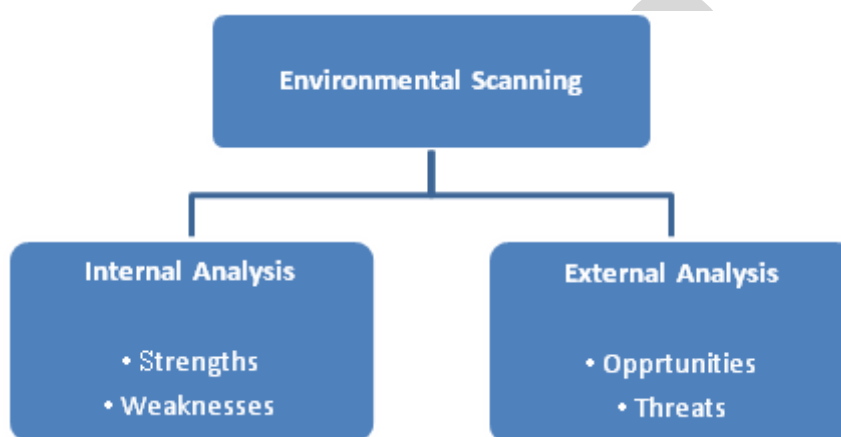
SWOT Analysis helps in strategic planning in following manner-

- It is a source of information for strategic planning.
- Builds organization's strengths.
- Reverse its weaknesses.
- Maximize its response to opportunities.
- Overcome organization's threats.
- It helps in identifying core competencies of the firm.
- It helps in setting of objectives for strategic planning.
- It helps in knowing past, present and future so that by using past and current data, future plans can be chalked out.



SWOT Analysis provide information that helps in synchronizing the firm's resources and capabilities with the competitive environment in which the firm operates.

SWOT ANALYSIS FRAMEWORK



Limitations of SWOT Analysis

SWOT Analysis is not free from its limitations. It may cause organizations to view circumstances as very simple because of which the organizations might overlook certain key strategic contact which may occur. Moreover, categorizing aspects as strengths, weaknesses, opportunities and threats might be very subjective as there is great degree of uncertainty in market. SWOT Analysis does stress upon the significance of these four aspects, but it does not tell how an organization can identify these aspects for itself.

There are certain limitations of SWOT Analysis which are not in control of management. These include-

- Price increase;
- Inputs/raw materials;
- Government legislation;
- Economic environment;

Searching a new market for the product which is not having overseas market due to import restrictions; etc.

- Internal limitations may include-
- Insufficient research and development facilities;
- Faulty products due to poor quality control;
- Poor industrial relations;
- Lack of skilled and efficient labour; etc
- Strategy should be devised around strengths and opportunities



The key words are **match** and **convert**:

